

PRIVATE SECTOR INVESTMENTS IN SFM



IVAN TOMASELLI
www.stcp.com.br

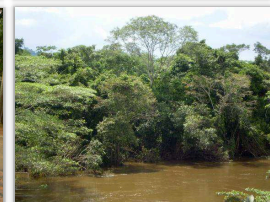
UNFF12 PANEL DISCUSSIONS
NEW YORK, USA
MAY 2017

1

WHY PRIVATE SECTOR WOULD INVEST IN SFM?

✓ TO ENSURE THE SUPPLY OF FOREST GOODS (AND SERVICES)

- TIMBER
- NON TIMBER PRODUCTS
- TOURISM??
- WATER??
- OTHERS??



2

TIMBER CONSUMPTION AND SOURCES

✓ GLOBAL CONSUMPTION: 4 BILLION M³/ YEAR

✓ POTENCIAL SOURCES

- FOREST PLANTATIONS
 - 290 MILLION HA
 - 1.5 – 2.3 BILLION M³/ YEAR
- NATURAL FORESTS
 - 4 BILLION HA
 - 2.0- 2.8 BILLION M³/ YEAR



3

INVESTMENTS REQUIRED TO MANAGE THE FORESTS

- ✓ FOREST PLANTATIONS
 - USD 55-70 BILLION/YEAR
- ✓ NATURAL FORESTS
 - USD 70-90 BILLION/YEAR



4

SFM REQUIRES

- ✓ INVESTMENTS
- ✓ EXPERTISE/ TECHNOLOGY



PRIVATE SECTOR INVESTMENTS

- ✓ DOMESTIC- DDI
- ✓ FOREIGN- FDI
 - INDUSTRY
 - INSTITUCIONAL INVESTORS (TIMOS)
 - PRIVATE INVESTORS (PROFESSIONALS, LAND OWNERS, ETC)
 - PHILANTROPIC ORGANIZATIONS
 - OTHERS



PRIVATE SECTOR INVESTMENTS

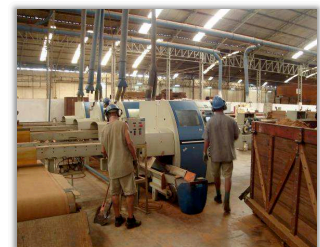
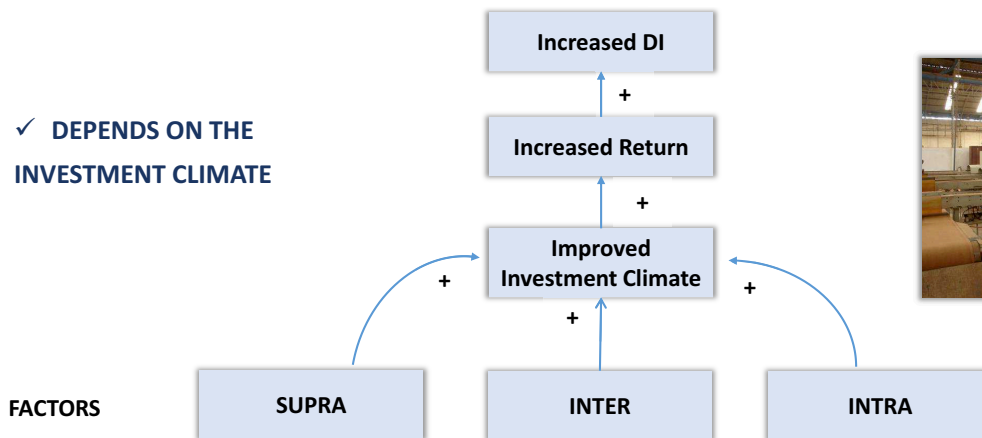
✓ INVESTMENT DECISION

BASED ON THE ASSESSMENT OF FACTORS THAT ARE DIRECTLY OR INDIRECTLY AFFECTING THE STRATEGY OF MAXIMIZING ITS ECONOMIC VALUE



PRIVATE SECTOR INVESTMENTS

✓ DEPENDS ON THE INVESTMENT CLIMATE



INTRA SECTORIAL FACTORS

✓ ARE THE MOST RELEVANT TO IMPROVE INVESTMENT CLIMATE

✓ INCLUDE:

- FOREST POLICY
- AVAILABILITY OF FOREST RESOURCES AND FOREST VOCATION LANDS
- MARKET AND MARKET ACCESS
- INFORMATION
- TECHNOLOGY AND EXPERTISE
- LIMITATIONS/ RESTRICTIONS AND TRANSACTION COSTS



INSTITUTIONAL INVESTORS

✓ GAINING IMPORTANCE

- EQUITY FUNDS, PENSION FUNDS, INSURANCE COMPANIES, LARGE FORTUNES

✓ TIMOS

- CURRENTLY MORE THAN 100 IN OPERATION
- 30 LARGEST TIMOS: MANAGE AROUND USD 60 BILLION ON FOREST ASSETS
- REPLACED INDUSTRY



✓ STRATEGY

- INVESTMENT EXIT: 10 – 15 YEARS
- TIMBERLANDS MANAGED TO MAXIMIZE RETURNS
- IMPLICATION ON RESEARCH AND DEVELOPMENT (EXPERTISE)

