

# Teak as social engineer

**Floresteca says that its teak operations are performing significant social services in a poor region of Mato Grosso**

**by Sylvio de Andrade Coutinho**

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**I**N contrast to the thousands of years of history behind the production and trade of teak in Asia, this wood-producing species was first introduced to Brazil less than 80 years ago. Nevertheless, it has proven to be well suited to Brazilian conditions and the area of teak plantations has expanded significantly in recent years.

The first person to experiment with teak in Brazil was Mr Navarro de Andrade, a railway engineer who sought species that could meet future demand for sleepers and firewood. Mr de Andrade was also responsible for the introduction of *Eucalyptus*, which has now become the principal raw material for the paper industry.

Private landowners, companies and big investors in Brazil have invested heavily in forestation in the last 50 years. While most of southern Brazil's plantations comprise fast-growing tropical pines, elsewhere *Eucalyptus* has been the predominant species because of its high growth rates and suitability for the manufacture of paper.

Teak has been less favoured than pine or *Eucalyptus* because of its relatively low growth rates and therefore length of time before harvest and return on investment. Nevertheless, Brazil's teak plantation estate now exceeds 45 000 hectares, the largest in South America. Most of this has been established in the last ten years, but substantial quantities of teak logs and sawn goods are already being exported to India, Southeast Asia, Europe and the United States.

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## **Floresteca**

Floresteca is a forestry company created in 1994 with the financial support of more than 10 000 private Dutch investors. It aims to exercise social and environmental responsibility while optimising the economic return in the production and marketing of high-quality teakwood. Already the company has established 17 000 hectares of plantation teak, in the process becoming the single-largest teak plantation owner in the Americas; plantations are continuing to be established at the rate of about 3000 hectares per year. In total Floresteca manages an area of about 50 000 hectares, including plantations and about 10 000 hectares of nature reserves; in the latter, ecologists and biologists from the region help in identifying and monitoring rare and threatened species, and a ban on



**Grandis production:** the Floresteca nursery has supplied sufficient seedlings for the planting of 17 000 hectares of teak plantation. Photo: Floresteca

hunting and fishing is ensuring that these reserves serve a valuable conservation function.

## **Certification**

All of Floresteca's plantations have been certified since 1997 by SGS Forestry under the Forest Stewardship Council scheme with the aim of reassuring customers (and investors) that the plantations are managed to high ecological and social standards. It is true that certification raises the cost of operations. However, Floresteca believes that the cost is worthwhile, particularly for maintaining and improving market share in Europe and the United States.

## **Social benefits**

Poverty is widespread in the region in which the Floresteca plantations are growing; there is no significant industrial or commercial activity and cattle-raising dominates the local economy. The Floresteca operations have brought significant social benefits to several small village communities, providing employment for more than a thousand people. It also provides a range of facilities for employees, including transportation from the villages to the plantations, meals, safety equipment, ongoing training and medical care. The company also offers financial assistance to local schools and medical centres and promotes health and environmental education. The company benefits from its positive relationship with communities: employees are highly motivated, have a high level of job satisfaction and are very productive.

The company's commitment to environmental and social responsibility would be much harder to meet if the teak operation was not profitable. The future of the operation therefore hinges to a large extent on the price that can be commanded by our teak in the market place. Fortunately, prices are reasonable at the moment and the global demand for plantation teak shows no sign of diminishing. Teak has always been a valuable timber, one that is sought after and valued by the international market. Teak grown in Brazilian plantations looks capable of living up to the reputation of its natural-grown kin.