

have been in a state of rapid decline due to pressures from local populations, cattle, and theft. Forests are the main source of fuelwood in India. They are also the main source of fodder and non-wood forest products such as oils, medicinal plants, silk, resins, dyes, fibres, and leaves. This situation has been a source of concern for the government, society and pulp and paper manufacturers.

The Forest Conservation Act of 1980, controls diversion of forest land for non-forest purposes. During the 1980's country wide wasteland reforestation and social forestry programs were launched covering about 1.5 million ha/year (40-50% farm forestry). The National Forest Policy was revised in 1988 to improve environmental stability and the maintenance of ecological balance. The policy advocates increasing the forest or tree cover (to 33% of land area) and allows use of forestry areas to meet requirements of rural and tribal populations for fuelwood and fodder while industries as far as possible are to arrange for raw materials from farm forestry. The policy focused heavily on social issues and in the eyes of some western observers did not realistically integrate commercial and economic considerations. The first Five Year Plan (1992-1997) emphasized investments for rehabilitation of degraded forests (10 million ha) including farm forestry. It also supports forest and wildlife management, research, extension and training.

Today there are roughly 53 million ha of forests and woodland in India, 16% of the geographical area. About half of this area is reserved for the production of timber and other forestry products. Timber, firewood and charcoal are the chief products; minor products include lac (resin) for export. Depletion of forest resources is still a concern. The government actively encourages the use of wood substitutes for a variety of items such as railway ties. In the area of paper, the government encourages the use of alternative materials for paper production. As a result a large number of paper mills have come into existence during this decade using cellulosic raw-materials like paddy, straw, waste paper, gunny waste, bagasse etc. The large mills are continuing to use bamboo and hard wood as raw materials. The use of these and other unconventional/alternative raw materials helped the industry in meeting the demand. Almost half of the industry's output comes from these mills.

MARKET POTENTIAL

All of the previous analyses indicates that India is a market with potential. Simply put, demand exceeds (and always has exceeded) domestic supply. India's ability to meet increasing demand and, therefore, Canada's ability to assist them depends on the following factors.

Exports (Canada)

Canada is the largest single producer of newsprint and accounts for over 60% of North American output.