



Carbon Sequestration: A Forest Products Company View

Presented to:

*USDA's Third Symposium on Greenhouse Gases and
Carbon Sequestration in Agriculture and Forestry*

By:

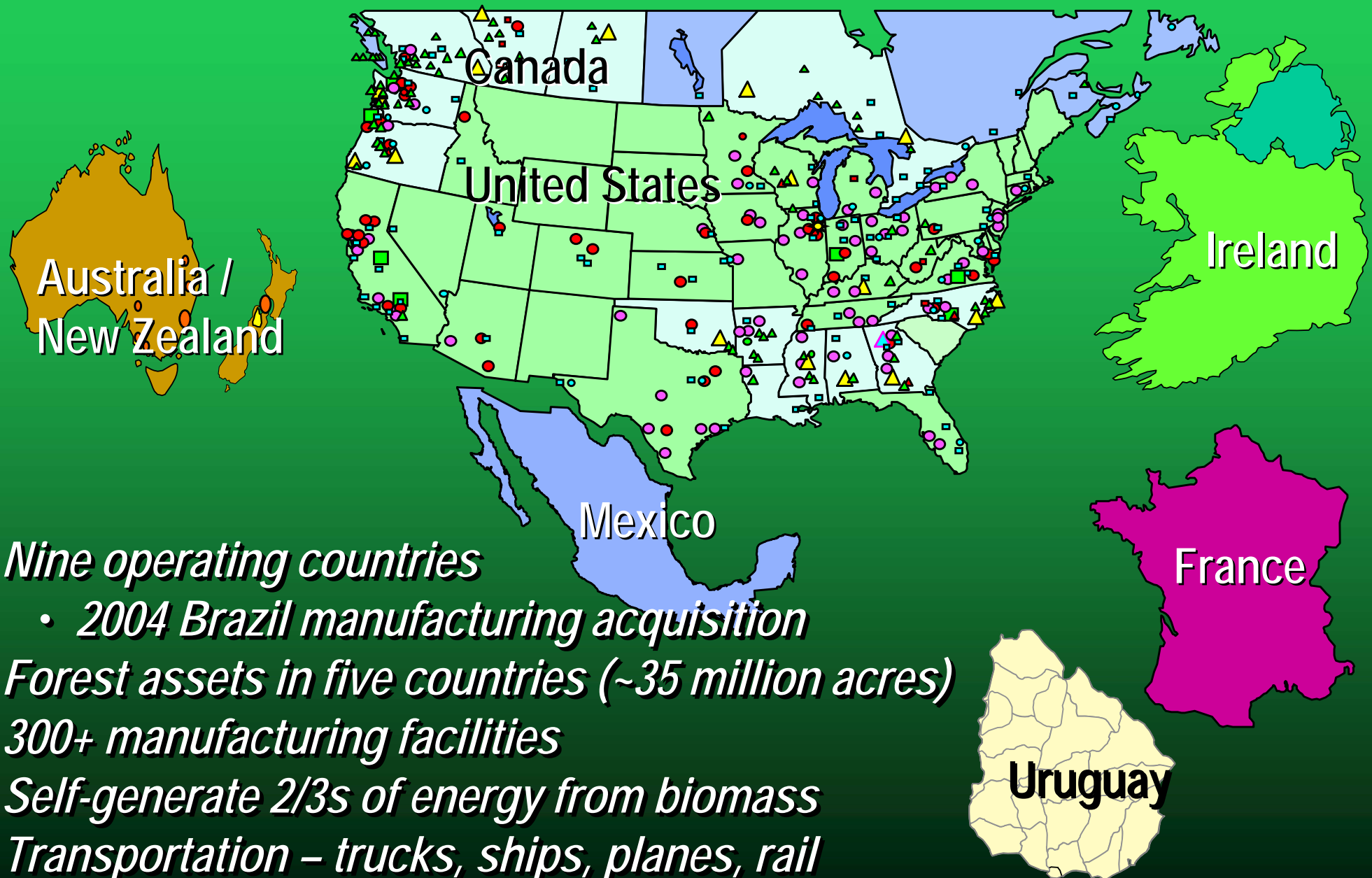
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Our view is global...as are the challenges



- *Nine operating countries*
 - *2004 Brazil manufacturing acquisition*
- *Forest assets in five countries (~35 million acres)*
- *300+ manufacturing facilities*
- *Self-generate 2/3s of energy from biomass*
- *Transportation – trucks, ships, planes, rail*
- *Products for housing, packaging, consumer products*

- Both elements make a significant contribution
- Can be a major “bridge” over the next few decades until other mitigation options are more fully developed
- CORRIM II study affirms the significant energy efficiency and GHG benefits from using wood products in home construction
- Most “Kyoto” signatory countries are now recognizing and more open to embracing forest carbon sequestration

Capturing the “Carbon Dividend”...

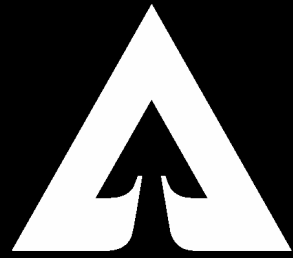
- Key challenge: Improving our ability to reliably measure carbon stock changes cost effectively for different objectives
 - Afforestation
 - Mine land reclamation
 - Forest restoration
 - Biomass energy
 - Forest preservation
 - Wood products
 - Urban Forestry
 - *Conservation zones within managed industrial forests*
 - *Managed forest “carbon management units”*

Measurements must be more precise...

- The reasons we need to improve our ability to measure carbon stock changes over time are more demanding than in the past
- Forest carbon is becoming an “asset” that must be managed with respect to both liabilities and equity values
 - External reporting of year-to-year changes
 - Annual improvement increments more narrow than uncertainty bands
 - Third party verification of total stocks and annual stock changes to support GHG credit trading objectives
 - Management of the liabilities associated with carbon stock losses in a trading program
 - The need to track forestland acquisitions, divestitures, use changes (LULUCF)
 - Reduce the costs of accurate measurement on large tracts
 - Support of dual valuation models: timber and/or carbon yield opportunities

What we need...

- Significant expansion of the forest carbon data base, across types, regimes, age classes, management practices
- The impossible: more accurate AND more cost-effective measurement methodologies
- The ability to accurately measure all forest carbon sub-pools
 - Stem/bole, crown, root, soil, DOM/litter
- National and international policies that recognize the total contribution that forest and forest products can make to the climate agenda:
 - “Symmetry Principle” - all forest lands should be eligible to be included in assessments of emissions and reductions through sequestration



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