

PRESS RELEASE

June 2008

## The paperwork never ends

*Paper consumption growth in Indonesia is one of the highest in the region, with each employee using an average of 300 sheets of paper a month. Corporate use of paper in the country is rising among 40% of companies surveyed, despite paper-saving efforts.*

### High Paper Consumption among Indonesian Companies

Although there are efforts by Indonesian companies to reduce paper usage and prevent wastage, far more companies are still increasing their usage of paper versus those reducing it, noted Spire Research and Consulting (Spire) in a recent survey.

"Increasing computerization and environmental concerns have not reduced paper usage in the business sector. More than half of locally-based companies have no guidelines on minimizing paper usage," said Spire's ASEAN Managing Director Jeffrey Bahar.

The survey of 100 companies in Indonesia conducted in March 2008<sup>2</sup> found that:

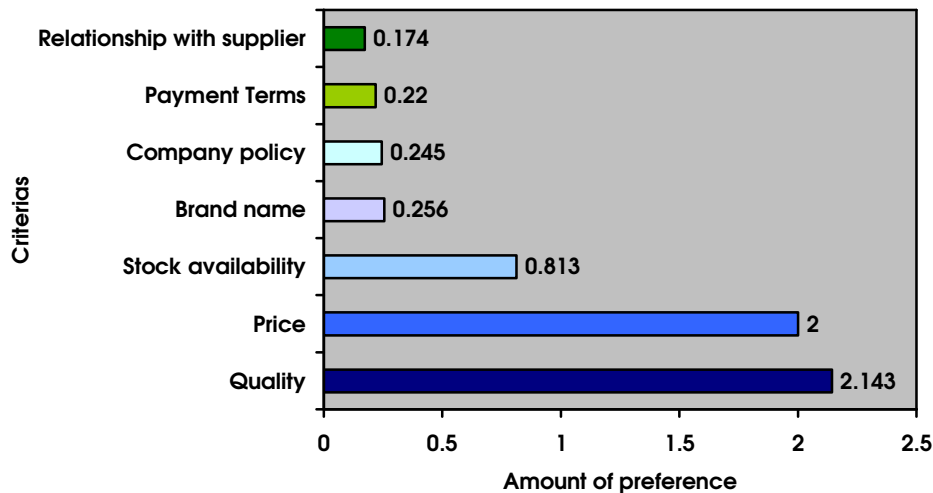
- 40% of the companies interviewed have witnessed an increase in paper usage within the last two years. Only one-fifth have decreased paper usage in the office and the other 40% had no significant change.
- Reasons for increase in paper consumption in Indonesia:

Ranking	Reason	% to Respondents
1	Increase in business volume	61%
2	Increase in headcount	25%
3	Increase in printing of documents for reports, fax and photocopying	9%
4	Others	5%

<sup>2</sup> The survey included a mix of large corporations and small and medium businesses (SMBs), which spanned a range of industries, from business services, through to logistics and retail. Respondents comprised executives with knowledge of and/or responsibility for paper purchasing in each company.

- The Finance, Insurance, Real Estate (FIRE) sector had the biggest percentage of companies (53.3%) who increased their paper consumption levels over the past two years. This was in line with the overall trend of paper consumption in the FIRE sector over the entire Asia-Pacific region. FIRE was followed closely by the “other services” sector (logistics and distribution, healthcare, software, advertising and media) at 51.5% and the wholesale and retail sector at 38.5%.
- The marketing department is seen to be the heaviest consumer of paper with 24% of all Indonesian companies indicating so. Finance was the next heaviest user, (11%), with administration in third place (9%).
- Of the many usages of paper, printing reports consumed the most paper as described by 36% of Indonesian respondents. Tied in second place were photocopying, printing proposals, printing sketches, and tender printing at 5% each.
- Less than 4% of Indonesian companies interviewed use PBSM (Produced by Sustainable Method) paper. Many are deterred by the higher price. Considerations for paper purchases are as follows (Figure 1):

**Figure 1. Company criteria when selecting paper**



Source: Spire interviews with companies in Asia

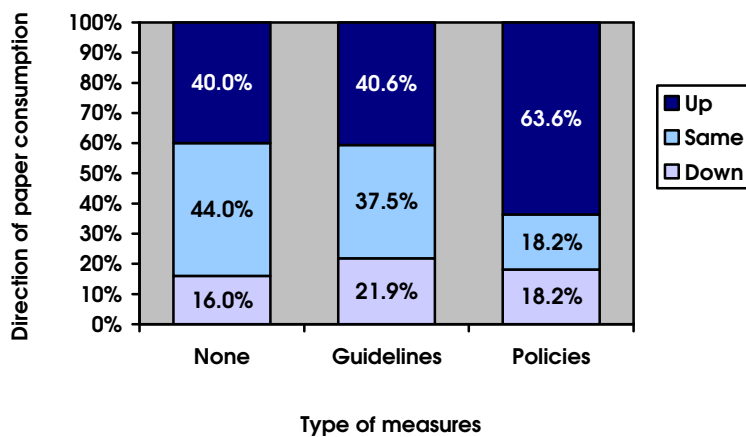
### **Lack of Guidelines on Paper Use in most Indonesian Companies**

In spite of the increasing attention given to document management:

- A quarter of the companies surveyed said that they had no existing policies or guidelines governing the use of paper – employees were free to use as much as they needed. While larger businesses were stricter with controlling paper usage, 30% of SMBs in Indonesia did not have any policies or guidelines stipulated to help address the problem of rising paper usage, a figure lower than the Asian average for SMBs of 35.6%.

- Indonesia has one of the lowest rates of recycling among corporations in the region, with only 12.1% practising it.
- Interestingly, the implementation of policies has a negative correlation with the amount of paper consumed by these companies in Indonesia – more than 60% of the companies who had stricter policies on paper usage consumed more paper over the past two years as when compared to companies who had casual guidelines or no rules at all (Figure 2), suggesting that such guidelines are mainly a reaction to high paper usage.

**Figure 2. 2006-2008 consumption trends of businesses in Indonesia according to policies**



Source: Spire interviews with companies in Asia

### Indonesian Pulp and Paper market

The capacity of pulp mills in Indonesia expanded rapidly during the 1990s, increasing from 1 million tonnes a year in 1990 to 5.9 million tonnes a year by 2001<sup>4</sup>. During this same period, the consumption of paper per person increased by three times to nearly 24 kg. By 2005, the figure had gone down to slightly more than 20kg.

Tropical rain-forests cover 70% of Indonesia's land mass. An area the size of Belgium is wiped out annually according to a report by Friends of the Earth. Only 10% of the trees cut down for paper in Indonesia are farmed, although the industry had committed to replanting its clear-cuts with fast-growing acacia trees<sup>5</sup>.

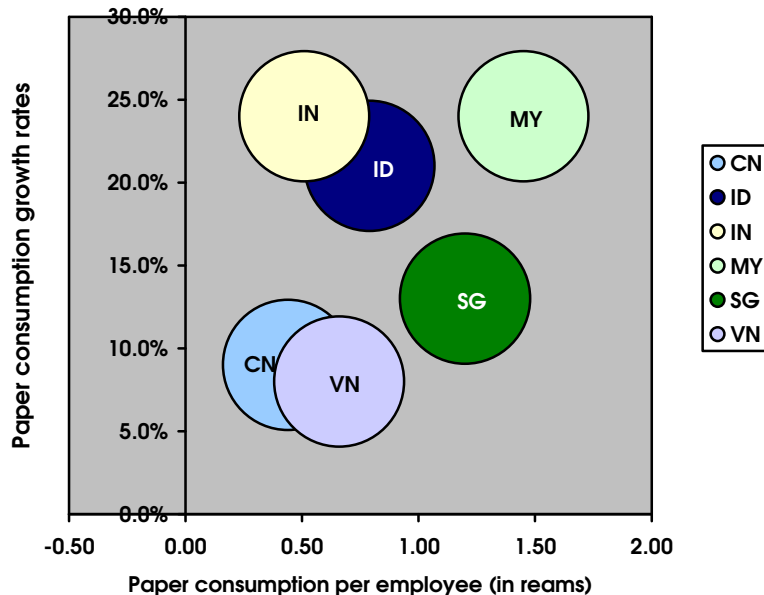
### Asia-Pacific set to be Key Market for Paper

<sup>4</sup> Pulp Mill Watch Organization, "Indonesia"

<sup>5</sup> EMagazine.com, "The Paper Chase," May/June 2004

Global production in the pulp, paper and publishing sector is expected to increase by 77% from 1995 to 2020<sup>6</sup>. The Asian paper market is estimated to account for approximately 32%<sup>7</sup> of total global consumption. According to Spire's survey, Indonesia's paper consumption growth is the third highest in the region, following Malaysia and India (Figure 3).

**Figure 3. Consumption of paper per employee in Asia against the companies' paper consumption growth rates (2006-2008)**



\*1 ream = 500 sheets  
 Source: Spire interviews with companies in Asia

The consumption of paper is linked not only to the GDP per capita of a country but more so to IT penetration. A company's use of e-mail causes an average 40% increase in paper consumption<sup>8</sup>. Typically paper consumption sees a jump with the advent of mass computerization and office automation, but then slows down to a stable, single digit growth rate as a result of increasing awareness of cost issues and environmental concerns.

Asia offers great potential for the paper and paper-related products industry, given the economic development in the region and the growth of computerization in the emerging countries. More paper, printing equipment and consumables will be used for work and leisure. A strong growth in the education sector and urbanization are also factors driving demand in these countries.

**Conclusion – Office Paper Use is still Up**

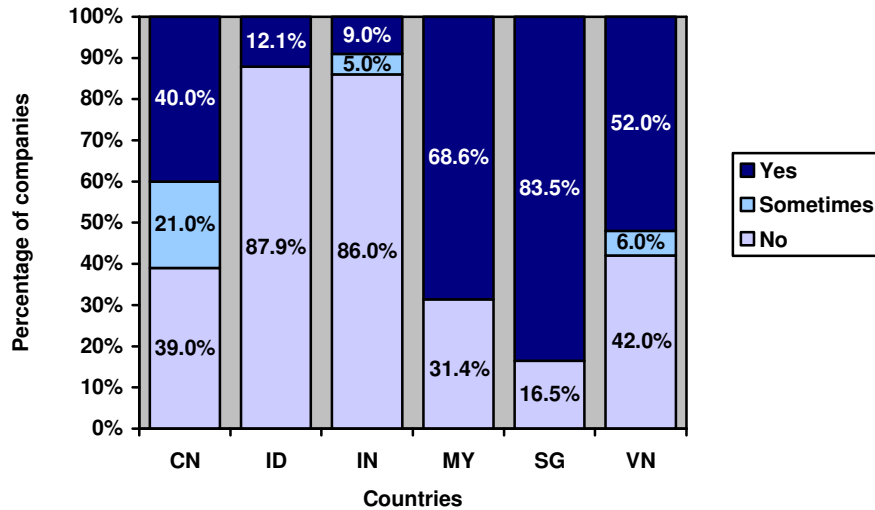
<sup>6</sup> OECD Environmental Outlook, "A Common Vision for Transforming the Paper Industry: Striving for Environmental and Social Sustainability", 20 November 2000

<sup>7</sup> Star Paper Mills Ltd, annual report

<sup>8</sup> Sellen, Abigail J. & Harper, Richard H.R., "The Myth of the Paperless Office", 2001

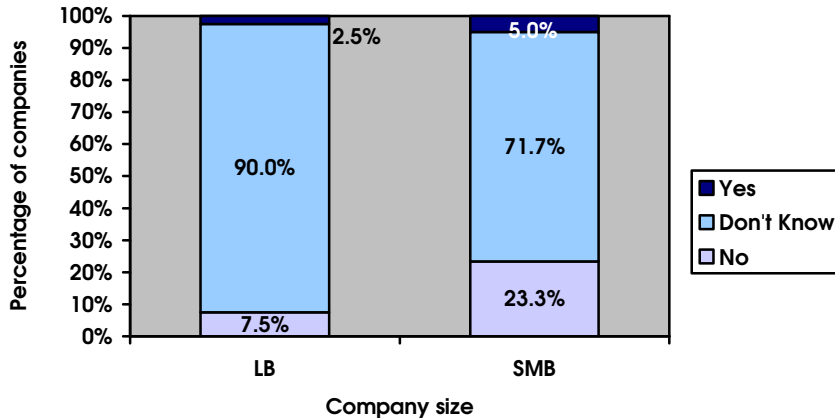
Even though recycling among Indonesian offices is at 13%, it has been noted that amongst the companies that recycle, there is a higher percentage of companies who have increased their paper consumption over the past two years as compared to companies who do not recycle (Figure 4).

**Figure 4. Recycling practices among businesses in Asia**



Source: Spire interviews with companies in Asia

**Figure 5. Percentage of Indonesian companies who use paper produced by sustainable methods according to company size**



Source: Spire interviews with companies in Asia

There is no significant pattern in the usage of paper produced by sustainable method between companies of different company sizes. However, SMBs tend not to use paper produced by sustainable methods far more than large businesses (LBs) – as indicated by nearly a quarter of the small companies, compared to 7.5% of the LBs (see Figure 5).

While the paperless society is currently still a long way from reality, recycling and reducing paper usage has clearly taken off within the business community. As a double-edged sword, though, recycling may feed the impression that paper reduction is unnecessary and, paradoxically, increase the tendency to use paper.

Most people have a deep-seated familiarity with processing information in paper form. As such, any drive towards complete "paperless-ness" should perhaps be reconsidered, in favor of policies promoting sensible recycling of paper and sustainable paper production.

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**Annex**

## Sustainable paper use

Paper minimization office practices in the office and at home hold out the prospect of at least 20% reduction in paper use<sup>9</sup>. These techniques make use of technology and result in cost savings by reducing paper purchases, decreasing storage space for filing cabinets, lowering postage costs, reducing long-distance phone charges for faxes and lowering energy costs of operating office machines.

Techniques<sup>10</sup>:

### Memos and internal documents

- Distribute memos via email.
- Share internal documents through the intranet.
- Store office records on CD-ROMs.
- Request electronic or CD-ROM versions and share subscriptions.
- Share one "master copy" of hard documents and edit documents on a single circulating draft.
- Adjust page settings (e.g., margins, line spacing and font size) on drafts to give smaller allowance of page wastage.
- Use scrap paper for drafts or notepaper.
- Print on both pages of a sheet.

### Business documents

- Use electronic business forms.
- Print letterhead directly from staff computers.
- Eliminate cover or divider pages.

### Fax

- Replace fax cover sheets with stick-on labels.
- Send and receive faxes via personal computers to avoid printing.
- Print fax confirmation sheets only when there is a failed transmission.

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## About Spire Research and Consulting

Spire Research and Consulting is Asia's leading strategic market intelligence consultancy. Spire's competitive advantage lies in its ability to deliver to its clients actionable intelligence on the external business environment in support of their strategic decision-making in marketing and business development. Spire is one of the few companies in its industry to be headquartered in Asia. Spire's clients include over 20 Fortune 500 organizations as well as Government agencies in 10 countries. For more information, visit us at [www.spireresearch.com](http://www.spireresearch.com).

### **For media enquiries, please contact:**

**Ernawati**

**PT Spire Indonesia**

**Phone: (62 21) 5794 5800 ext. 132**

**E-mail: [ernawati@spireresearch.com](mailto:ernawati@spireresearch.com)**

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<sup>9</sup> [www.woodconsumption.org/products/paper.pdf](http://www.woodconsumption.org/products/paper.pdf)

<sup>10</sup> [www.woodconsumption.org/products/paper.pdf](http://www.woodconsumption.org/products/paper.pdf)