Major Trends and Issues in Forests and Forestry: Globally and in Russia

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Major Conflicts and Debates Underway: Globally

- **USA**: Banning new roads and logging in public forests
- **Canada**: Negotiating tenure and reducing logging in natural forests
- **Bolivia, Peru**: Reforming forest policies
- **South America**: Recognizing indigenous rights
- **PNG**: Logging moratorium
- **Cameroon**: Recognizing illegal logging and reforming concession policy

Forests and forestry in transition
Organization of this Presentation:

What’s driving these conflicts and debates?

What are the major global trends in the forest sector?

What are the major trends and issues in the Russian Far East?
What’s Driving the Conflicts and Debates?
Deforestation and Forest Degradation

Net decline of 180 million ha worldwide from 1980 - 1995: huge environmental, social and economic costs

- Frontier forest 8,000 years ago
- Frontier forest today
Over-harvesting: Boom and Bust Cycle of Development, US Example

Source: Thomas Power
Social Consequences: Loss of Jobs in Industry

Source: Thomas Power
Corruption and Illegal Logging in Public Forests

- **Cambodia:** Over 70% of export volume of “unreported” logs in 1997.

- **Cameroon:** Only 50% of companies have documented logging rights.

- **Russia:** Estimated 25% of all logging is illegal.

- **Indonesia:** Estimated 75% of all logging and exports are illegal.

- **Burma:** Widespread and rampant illegal logging.

US $ 10 - 15 Billions of lost government income; public forests devastated, reduced incentive to invest in sustainable forestry
Increasing Power of Civil Society and Communities

- Exposing illegal logging and corruption
- Boycotts, market campaigns
- Monitoring forest cover, forest practice, trade
- Participating in forest policy and planning
- Claiming recognition of traditional rights

Advancing transparency and accountability, requiring a “social license” to operate
Looking Forward:
Global Trends in The Forest Sector
Continued Growth in Roundwood Demand

Declining Commodity Prices

The Economist industrial commodity-price index, in real* $ terms

Since 1997, average return on capital in the forest product industry is 4.1%

*Adjusted by US GDP deflator
Changing Forest Industry

- Pulp and paper:
  - consolidation
  - increasingly efficient and competitive
  - increasing investment in plantations, from “North” to “South”
  - increasing use of smaller, lower quality wood.

- Timber/ Lumber:
  - Decreasing resources
  - some experimentation with sustainable natural forest management.

Growing distinction between socially responsible and bad actors
Increase in protected areas (1900 - 1990)

Cumulative growth of the world’s protected areas

Source: IUCN (1998)
Shift Towards Community Ownership and Reserves

- Public: 79%
- Communities and indigenous groups: 11%
- Private: 10%

Community ownership and access more than doubled in last 15 years, and can be expected to do the same in next 15 years.
Paying for Environmental Services

- **Watershed protection:**
  - New York City: improved water quality
  - Quito, Ecuador: improved quality and quantity
  - Costa Rica and Colombia: reduce sedimentation in hydroelectric reservoirs

- **Biodiversity protection**
  - Costa Rica: gas tax to pay for natural forest conservation
  - Brazil: value-added tax to pay for natural forest conservation
• A growing, global phenomenon

• Driven by retailers: supply about 50% of US market.

• Buyers groups in 17 countries; producer groups in 4 countries.

• 9 Chain of Custody certifications in China, 6 additional underway.
Investing in Natural Forests

Real value of stumpage increasing by 2.15% per annum

Source: USDA Forest Service

Timberland: 9% return since 1960

Source: USDA Forest Service
Which Way Forward with Natural Forests?

To meet future demand of 3.0 billion m³, 2 options:

1. Mining: double extent of industrial logging, shift to plantations, collapse of local, regional economies

2. Sustainable Management:
   - 40% protected
   - 40% community/indigenous
   - 17% secondary forest
   - 3% plantations

But: achieving management requires: policy and property reform, new investment, and new ways of managing the forest

Source: John Spears, 2000
Major Trends and Issues in the Russian Far East
In contrast with world deforestation: Russian Far East reported increasing forest area.

**Age Structure of Density Forests in the RFE**

However: forest quality is decreasing, a result of overharvesting and high-grading.
* There is big gap between AAC and harvesting.

AAC Utilization in RFE, 2000

Non-used
89%

Used
AAC
11%

* However there is "hidden over-cutting" as result of selective high-grade cutting.

* Implementation of such methods makes all harvesting illegal.
One of the main conflicts:

- Separation of population and forest managing after the October Revolution in 1917;
- as a result - indifference of the most people to forest problems especially forest conservation.
In contrast to world trends, local wood processing is declining.

This decline is main driver of high grading.
No incentive to use forest resources sparingly because they are very cheap

Average stumpage fee, example of Khabarovskiy krai

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In the RFE and other heavy forested Russian regions there are many other conflicts:

• Big forest fire area versus limited possibility for their control;

• State centralization of forest ownership and management versus lack of rights of local authorities and private owners shapes forest use;

• Domination of export markets versus decline of domestic market;

• High degree of corruption;

• Lack of information openness;

• Retention of old (Soviet) mentality and managing behavior; etc.

All of these makes forest use improper, depletable
Does it mean that there are only bad trends?

No, there is some good news.

1. Continually increasing share of protected area (1st group forests and reserves) reflecting appreciation of the ecological role of forests.

Share of the protected area in the forest land use.
2. Voluntary certification is beginning in the Asiatic part of Russia including RFE.

Taking into account close linkage with international market, voluntary certification can play crucial role to shift to sustainable forest management.
But this is insufficient.

A shift to sustainable management requires:

* Strong political will and effective implementation of a proper forest policy;

* Improvement of common economic situation including attracting new investment;

* Catalyzing civil society: increasing social awareness and popular participation in forest management.

These conditions don’t currently exist and achieving them requires our joint effort.