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Editor's Note: For the report and supplementary materials, please go to http://forest-trends.org/releases/p/myanmar_conversion_timber. Username: embargoed; password: myanmar

Forest conversion for commercial agriculture now a top driver of deforestation in Myanmar; puts country at high risk of illegality and land conflicts

WASHINGTON, DC (12 March 2015) – An exclusive new analysis reveals that the Government of Myanmar has allocated at least 5.2 million acres and has identified another 11 million acres of some of Southeast Asia's last remaining biodiversity rich high value forests as suitable clear-cutting to make way for large-scale, private agribusiness projects that often never materialize.

Many of these forest areas overlap with historical land claims made by Myanmar's ethnic minority groups who could permanently lose their land, further enflaming decades-old armed conflicts with the national government. As local communities lose land, wildlife habitat is destroyed and carbon emissions increase, while elite businessmen with strong connections to military-state officials profit.

This 170 percent increase in the amount of land slated for agribusiness, much of it under forest cover, since Myanmar's new government took office, and the additional millions of acres identified as available for agricultural conversion, contradicts national statements purporting to protect Myanmar's remaining forests and land rights. It's an unprecedented rate of land and forest clearance in the country, creating a volatile situation of forest conservation, land confiscation and corrupt business interests. And the timber clear-cut from these lands is some of the world's most valuable wood marked for international trade, despite increasing scrutiny on whether imported wood products have been legally or ethically sourced.

The analysis, *Commercial Agricultural Expansion in Myanmar: Links to Deforestation, Conversion Timber, and Land Conflicts*, reveals the growing impacts of Myanmar's plans to use Southeast Asia's last remaining high-value conservation forests for commercial agriculture.

"As Myanmar opens to global markets and concessions for global food production are on the rise, agribusiness has become the primary driver of deforestation in Myanmar. Clearly, forests, agriculture, and land governance must be at the center of Myanmar's forthcoming National Land Use Policy to properly address resource management and land conflicts," said Michael Jenkins, President and CEO of Forest Trends, a Washington-based non-profit organization that released the report.

Many of these forest lands given to large agribusiness companies are situated in existing national forest reserves. These figures are therefore likely an underestimate as they do not include those areas managed by authorities other than the national government (i.e., provincial, military, and ethnic armed groups).

“Claims that agribusiness ventures bring employment and economic development to local communities are left as hollow promises when villagers’ farming fields and forests are confiscated. Seventy-five percent of these cleared lands – nearly four million acres – are still not planted, and concessions do not follow any kind of regulation to protect the environment or local communities from negative impact,” said report author Kevin Woods.

Case studies illustrate political and ecological impacts of agribusiness expansion into old growth forest areas also embroiled in armed conflict

The report specifically investigated agriculture-driven deforestation in two regions: Kachin State along the China border, where forests are making way for rubber and biofuel plantations, and the Tanintharyi Region near the Thailand border, where oil palm and rubber plantations have led to the clearcutting of the region’s most biodiverse forests.

These two regions are also where some of the most intense, protracted armed conflicts between ethnic minority groups and the Myanmar government have occurred. They also represent two regions of the country where the most commercial agribusiness concessions have been allocated, together amounting to nearly 3.3 million acres, or 60% of Myanmar’s total concession area. At the same time, however, agricultural crops are planted in only 15% of the area as of 2013 – the lowest rate in the nation.

“The remaining natural forests in the country’s resource-rich, ethnic-populated states are essentially outside of any effective controls, and thus even more prone to extensive logging and forest conversion,” said Kerstin Canby, Director of Forest Trade and Finance at Forest Trends. “As it has become more difficult to obtain logging rights in Myanmar, businesses are seeking to obtain the rights of oil palm concessions that would allow them to clear-cut this valuable timber. They may or may not ever plant the oil palm and may just ‘flip’ the land later, thereby profiting from speculation.”

Compounding land conflicts

The number and intensity of local land and livelihood conflicts have increased in parallel with the increase in the government allocations of commercial agricultural concessions. No laws or policies in Myanmar officially recognize the customary laws or practices upon which many communities rely. No land use or access rights are officially granted to people in designated forest reserves or areas cornered off as private agricultural concessions, despite long histories of cultivation and occupation by local communities. Farmer-led protests against forced evictions, often for agribusiness ventures, are spreading across the country, some turning violent. This presents new challenges not only to agricultural production, but also to conservation initiatives and the legality and ethics of timber production.

Implications for timber export markets

The timber clear-cut from these lands are now dominating Myanmar’s exports of wood products. Between 2011 and 2013, the value of timber product exports jumped from US\$1 billion to about US\$1.6 billion. Since Western sanctions have been suspended, Myanmar timber producers and traders are gearing up to export high-value timber, such as Burmese teak, to European and North American markets. Yet these are also the markets which are now governed by legislation which prohibits the import of wood products that are illegally harvested and traded – the European Union Timber Regulation (EUTR), and the US Lacey Act – and therefore the conditions under which timber is being harvested are coming under increased scrutiny.

However, the legality of timber harvested from the cleared lands is questionable and difficult to verify. The laws, regulations, and procedures governing agribusiness concessions are spread across numerous uncoordinated government agencies and are rife with legal loopholes, special permits, and/or exemptions. Individual government officers can relatively easily override any possible legal restrictions, creating incentives for bribery. “Myanmar timber entering international markets will remain at high risk, with severe logistical and legal challenges to prove a clean chain-of-custody for legal wood products,” noted Woods.

Tackling the legality of timber in Myanmar must also highlight the lack of any social and environmental safeguards in place to regulate forestland conversion. “Addressing legality and rights issues will be critical to the sustainability of the forest product trade and relevant policy initiatives, such as the Forest, Law, Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) under the EUTR,” concluded Jenkins.

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Forest Trends is a Washington D.C.-based international non-profit organization that was created in 1999 by leaders from conservation organizations, forest products firms, research groups, multilateral development banks, private investment funds and philanthropic foundations. Its mission is four-fold: to expand the value of forests to society; to promote sustainable forest management and conservation by creating and capturing market values for ecosystem services; to support innovative projects and companies that are developing these markets; and to enhance the livelihoods of local communities living in and around those forests. It does this by analyzing strategic market and policy issues, catalyzing connections between forward-looking producers, communities and investors, and developing new financial tools to help markets work for conservation and people. Forest Trends’ approach integrates the fundamental dimensions of ecology, economy, and equity because our goal is to have an impact on a scale that is meaningful globally and for a diverse set of stakeholders.