

Forest Governance, Timber Trade Legality and Ethnic Conflict in Myanmar



Forest Trade and Finance

October 2015

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Outline

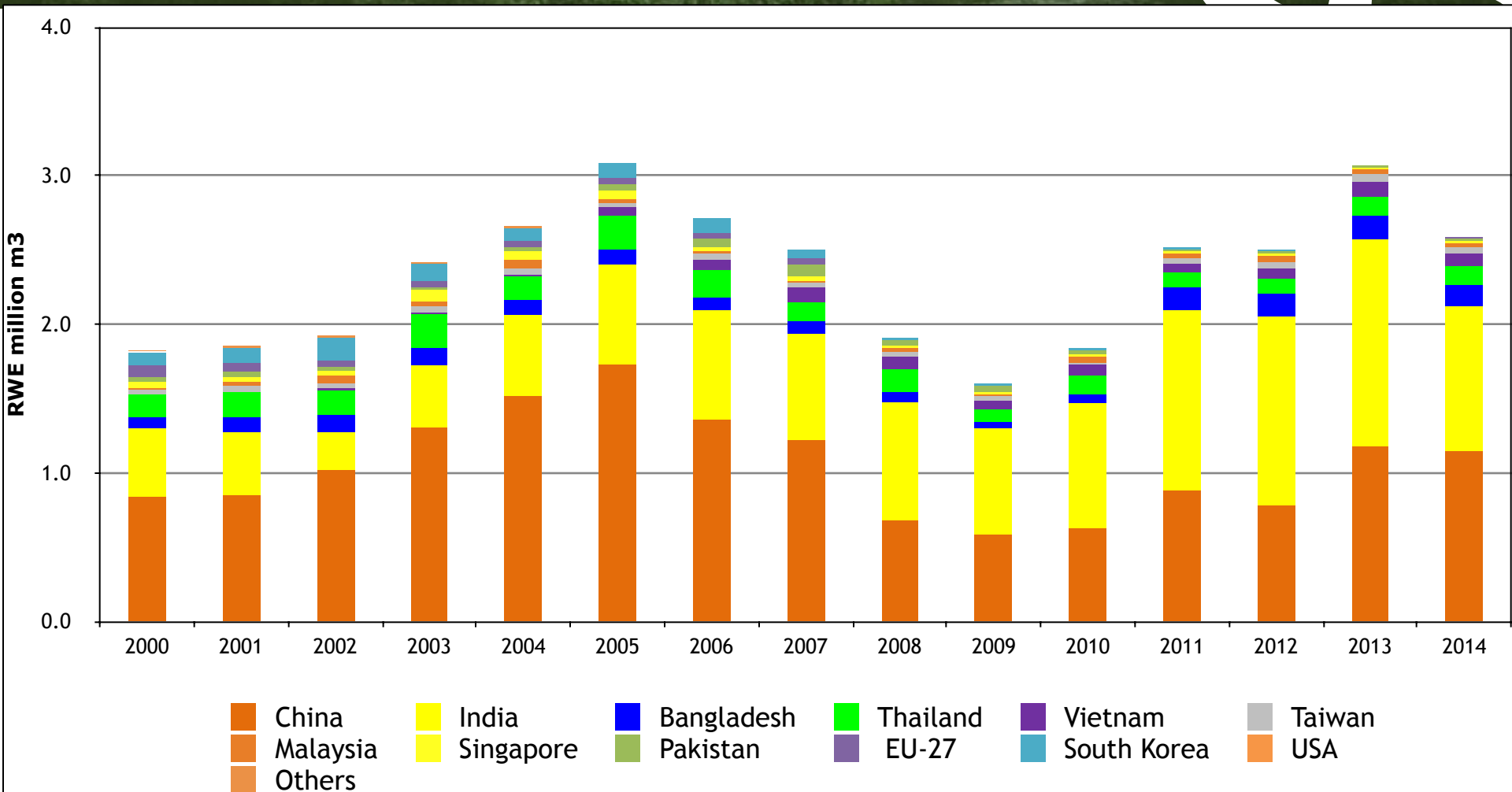


- Overview of Forestry Timber Trade Sector Reform
- Timber trade patterns: India & China
- International / Western interventions
- Political Economy Timber Trade
 - Wood Sources, Actors, Markets, Conflicts
- Legality Implications
- Conclusions / Recommendations

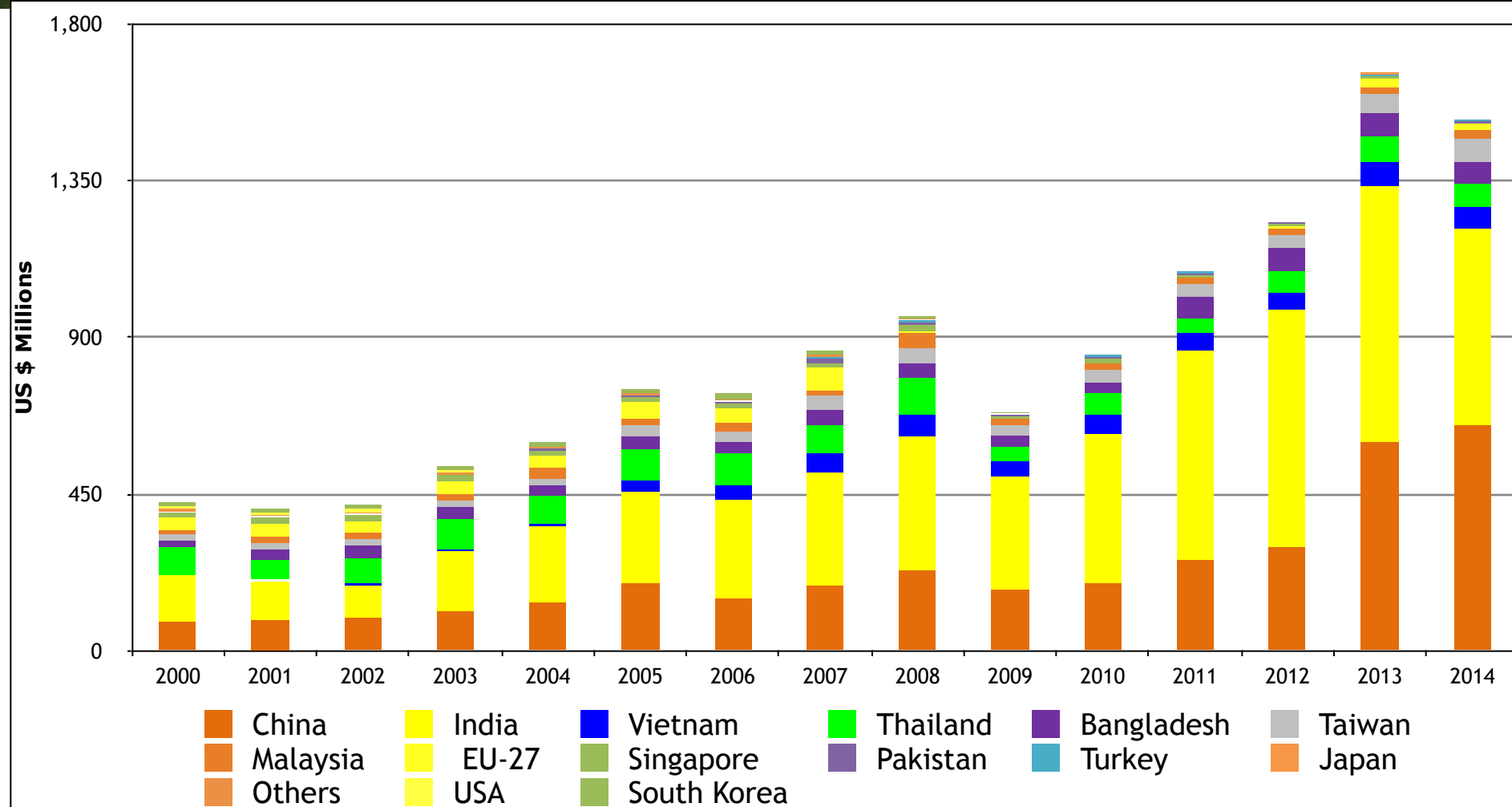
Forestry Reform



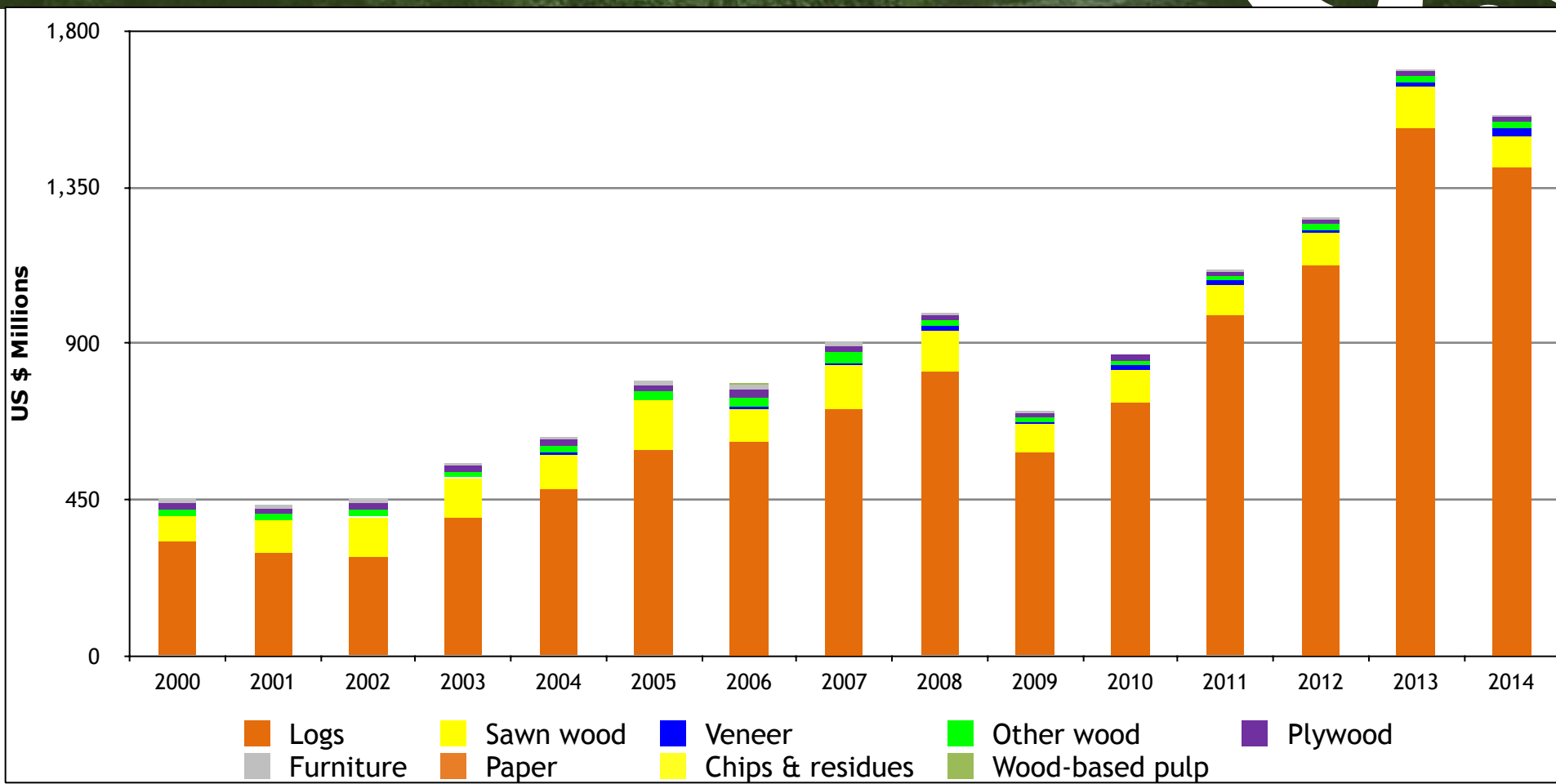
- Conservation-focus overhaul
- One of world's highest deforestation rates
 - Annual forest loss: ½ million ha (1.15 million acres), 1.2% forest cover
 - Total > 7.5 million ha (18.5 million acres), 19% total forest cover (1990-2010)
- Gradual decrease annual wood quotas over time
 - Question of effective implementation
- Log export ban since April 2014
 - China et al not honouring
- Cultivation rights granted to communities in forest reserves
 - With exceptions, not yet implemented
- Push to demarcate more protected forest parks (REDD+)
 - Issues of forest/land/agricultural rights, historical claims (IDPs/refugees), state territorialization



Myanmar-World: Wood export, Value



Myanmar-World: Wood type, Value

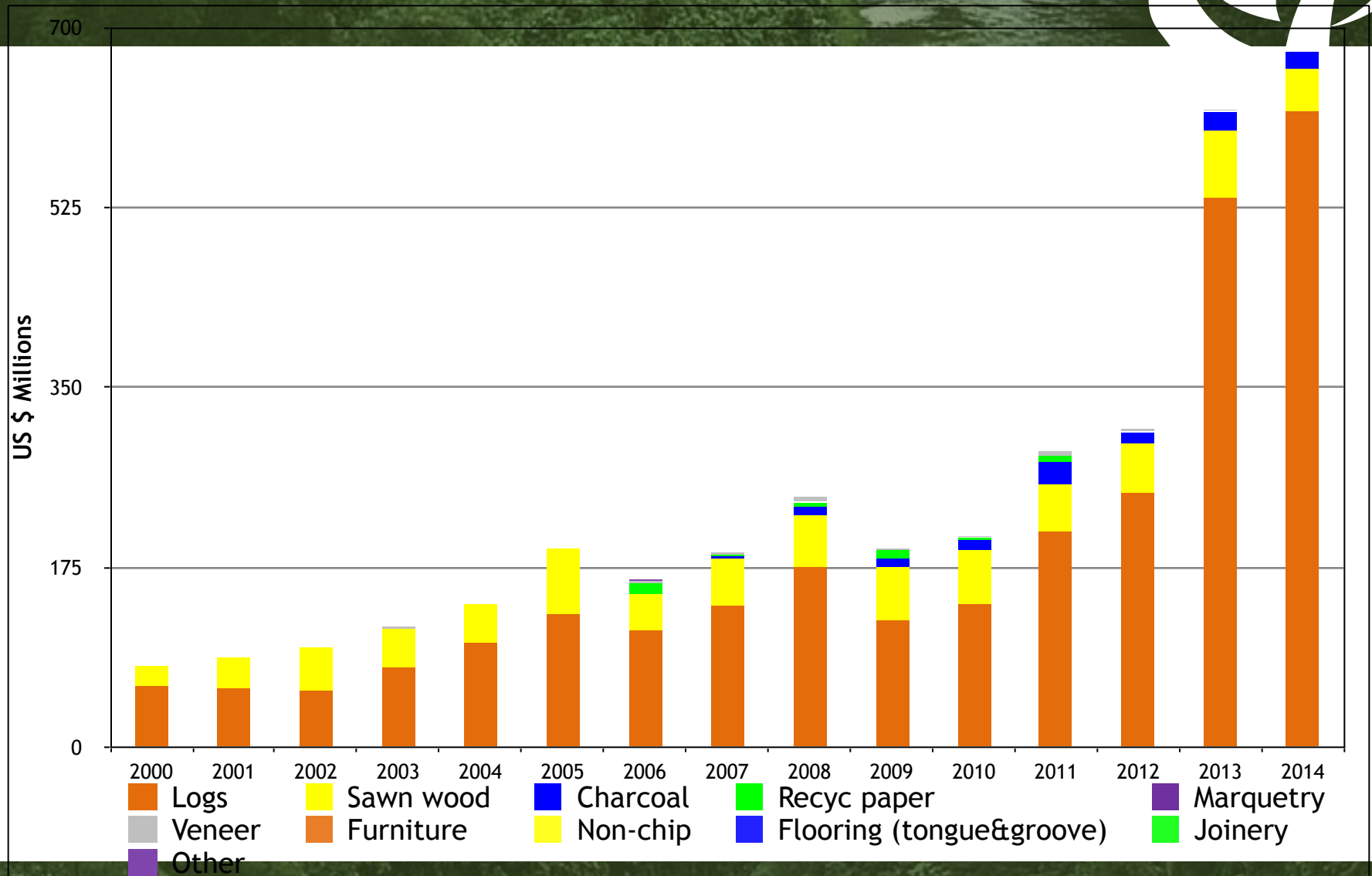


Myanmar-**India** timber trade

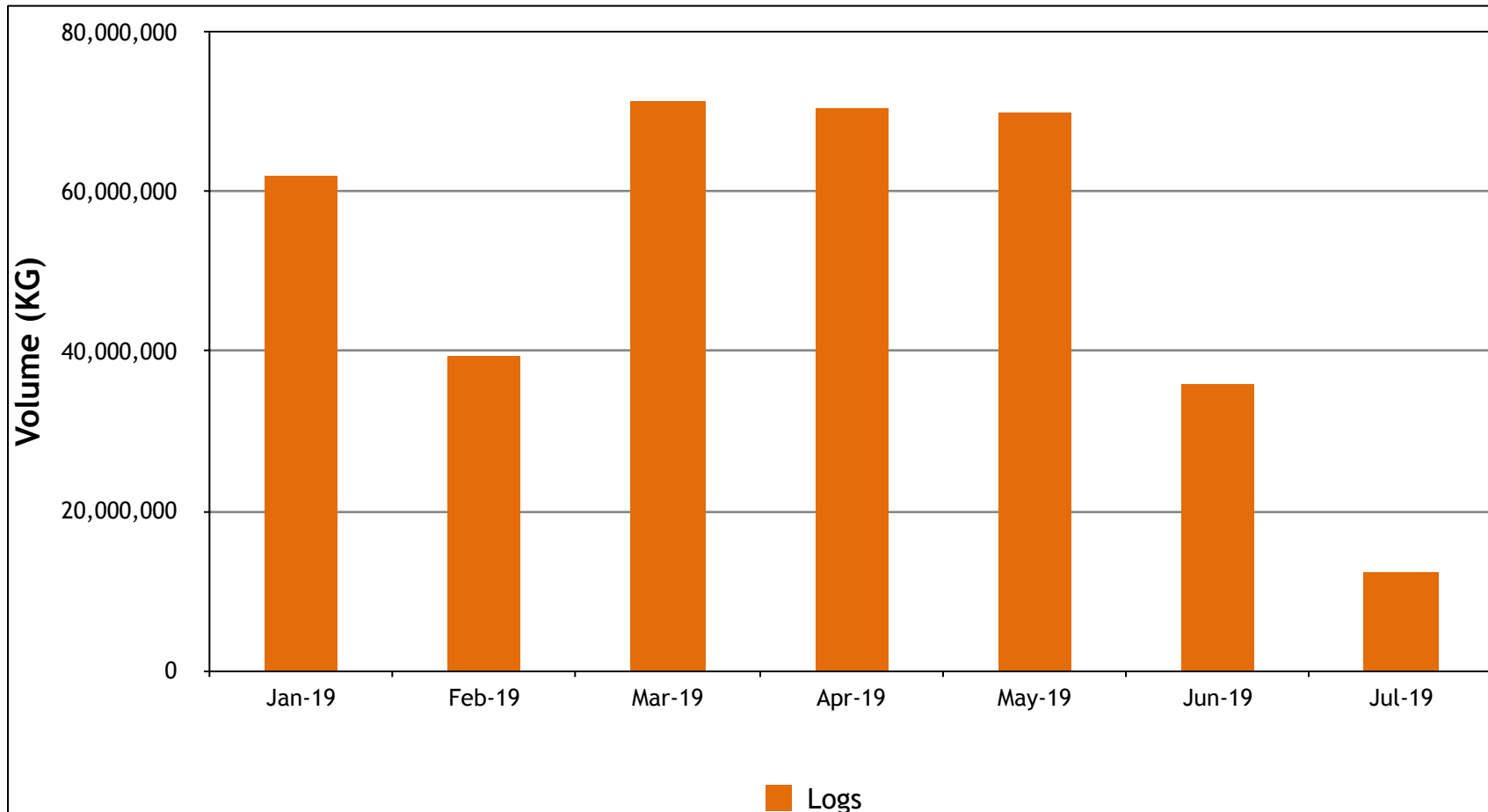


- Biggest player (volume, value) for Myanmar timber sector
 - Often overlooked
 - Lack of studies to better understand this trade
 - Mostly via Yangon (legal)
 - Suspect big change in trade volumes since log export ban (2014)

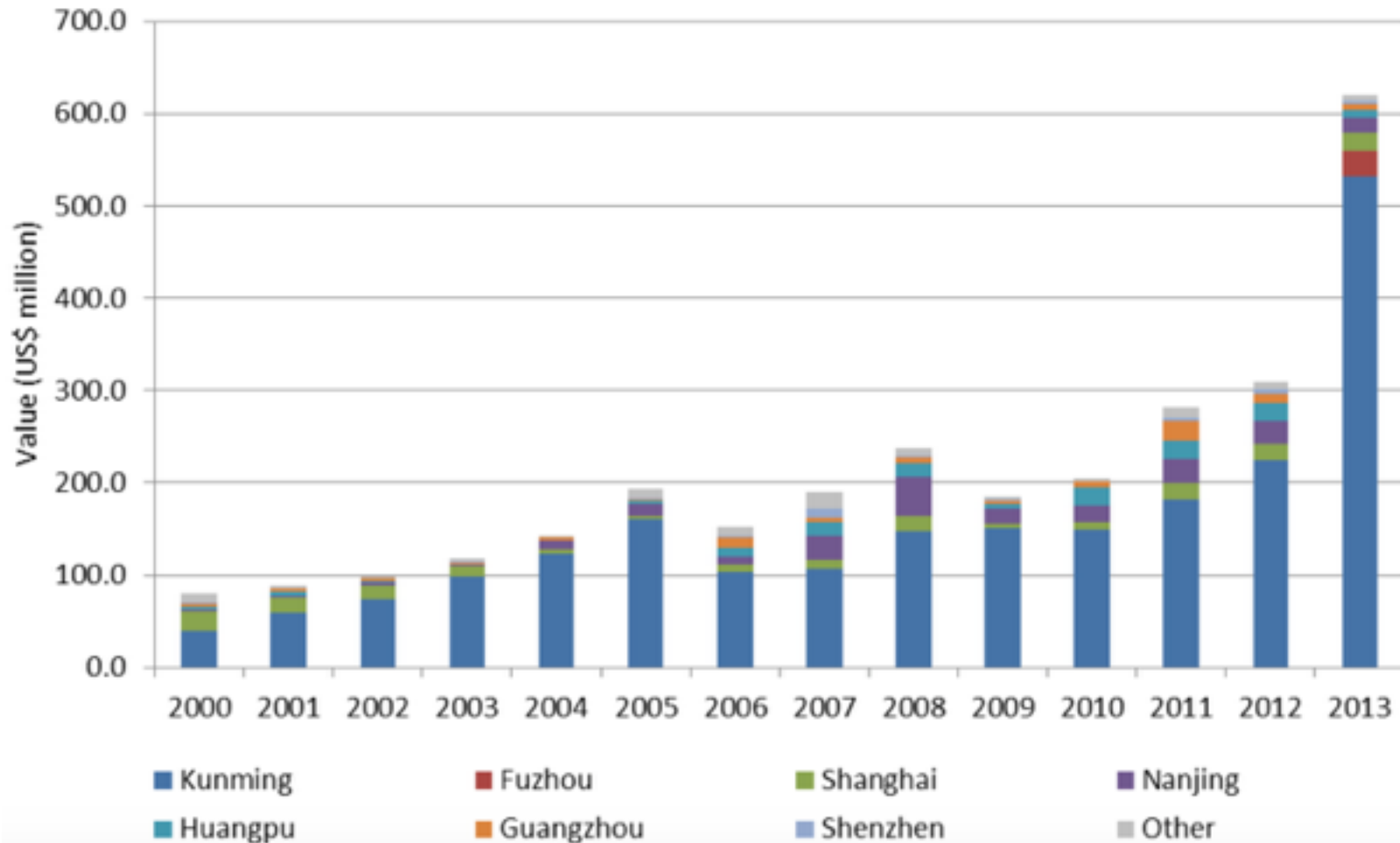
Myanmar-China: Wood type, Value



Myanmar-China: Logs, Volume, Jan-July 2015



Myanmar-**China**: wood destination



Myanmar-**China** Timber Trade Issues



LEGALITY considerations / complications

- 2006 bilateral cross-border timber trade agreement
 - If certain Chinese/Burmese companies or gov't checkpoint = legal
- 2014 log export ban
- China's domestic policies - temporary close down of border to timber
- Non-government entities involved (e.g., KIO) = illegal
- ***China-MN Bilateral meetings to determine timber trade legality***
 - Undermining forest governance reform efforts

International Arena: US / EU



- **IWPA:** MTE sanctions exemption renewal granted
 - Conduit for MTE reform or undermining FLEGT-led governance reform efforts?
 - “Forest Fences” vs. Governance reform
- **Lacey Act / EUTR:** “implementation hurdles”
- **FLEGT:** multi-stakeholders approach with diverse approaches
 - Socially-legitimated legality definition crucial
- Overplaying importance of EU/US in Myanmar timber trade?
- **REDD+** : support or undermine forest governance and land rights?

Political Economy Timber Trade



1. At least 5 different *timber sources / trade routes*
2. Each different ‘timber flow’ has different *actors, geographies, politics*
 - E.g., Ethnic conflict / territories, “crony companies”
3. Each timber trade flow therefore requires different *approaches to address legality* issues
 - E.g., ‘Conversion timber’; cross-border trade
4. Major *environmental, social & rights/justice* concerns
 - Land use rights, historical/current land use claims, ethnic territories

ACTORS

Log concessions in ethnic border areas

Local elites + "Cronies", cross-border companies, non-state armed groups, para-militaries

Land conversions

Para-militaries "Crony" companies, local elites, Non-state armed groups

Government managed forests

"Crony" companies, MTE

Tree plantations

Domestic private sector and MOECAP

Community forests

Local community substance use (commercial harvesting illegal)

Non-MTE cross-border illegal trade

Myanmar Timber Enterprise (MTE) "legal" timber

Log & wood processing lots

Myanmar Timber Merchants Association (MTMA)

"Crony" companies

DOMESTIC

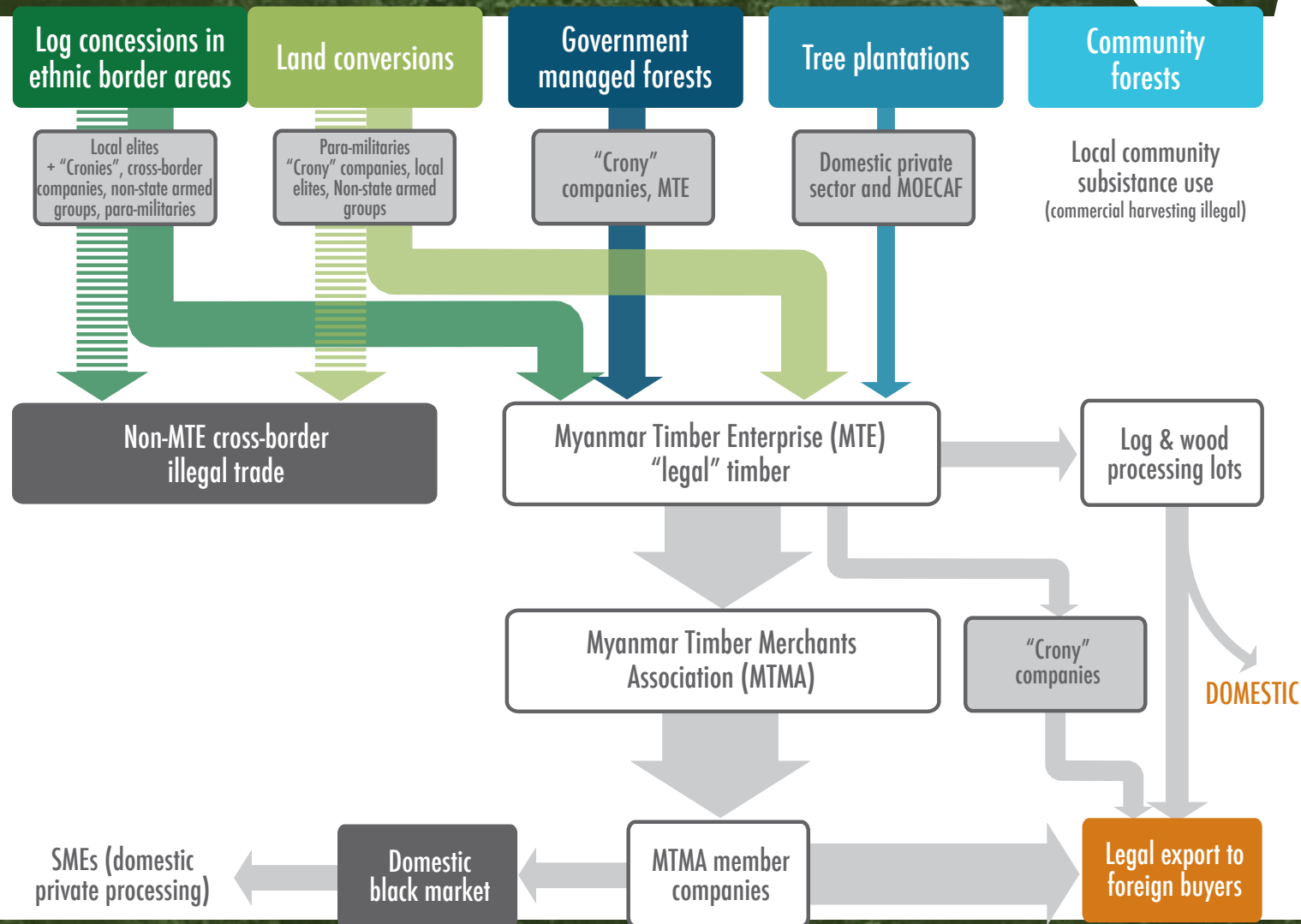
MARKET

SMEs (domestic private processing)

Domestic black market

MTMA member companies

Legal export to foreign buyers



Timber Sources + Related Issues



1. *'Natural' forest areas*

- Ethnic border territories: (post-) conflict areas
- Mostly controlled or influenced by ethnic armed groups
- Peace process ('dividends') open forests to predation
 - ***Ceasefires will greatly influence exploitation and grievance-generated patterns***
- Very limited statutory land/forest tenure use rights acknowledged
- Mostly transported across the border, less so via Yangon

2. *Official production areas ('managed forests')*

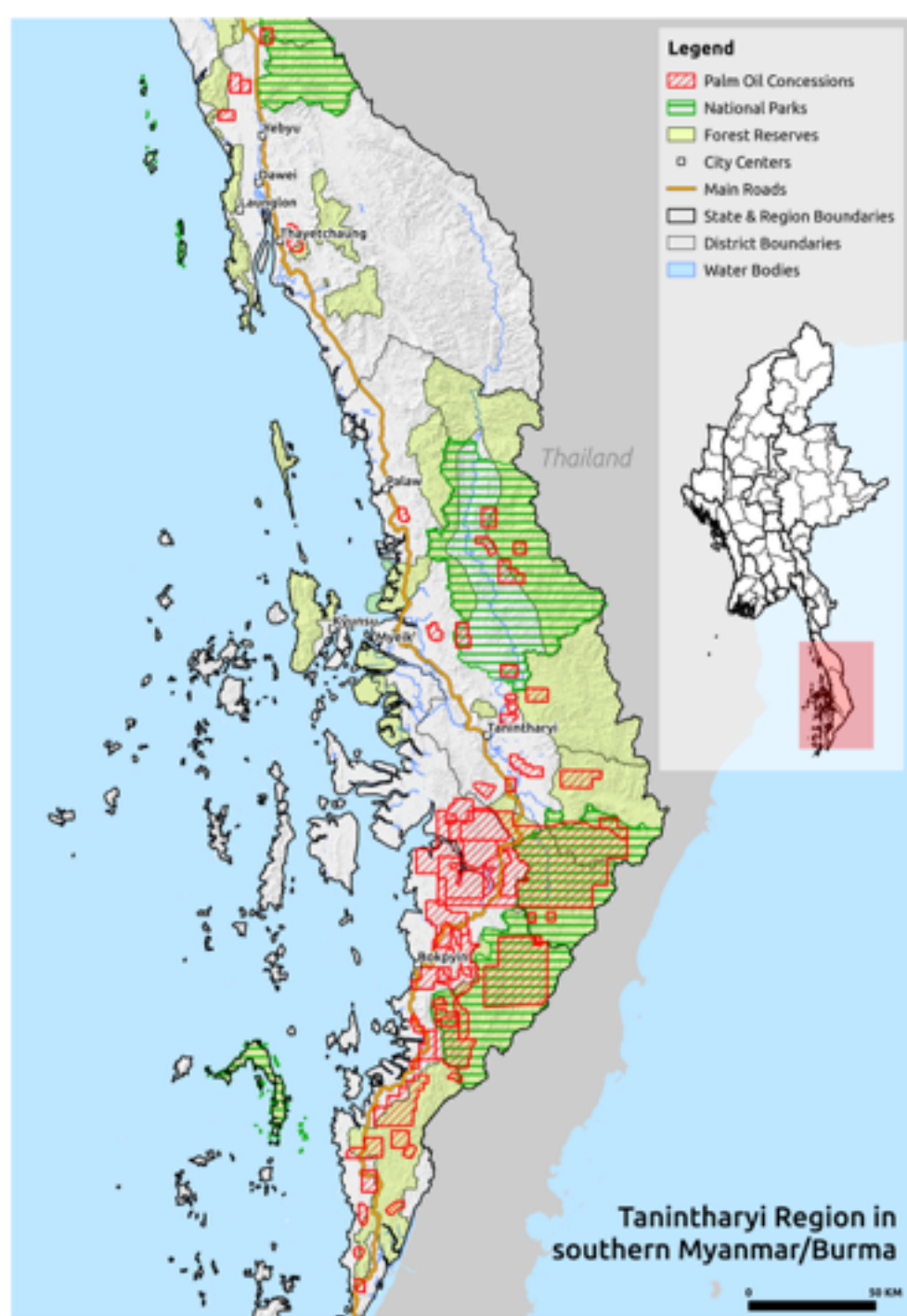
- Located in Bama/Burman areas, central Myanmar
- Under control of military / government
- Myanmar Selection System (MSS), Annual Allowable Cut (AAC)
- Promoted as **the** source of timber for international markets

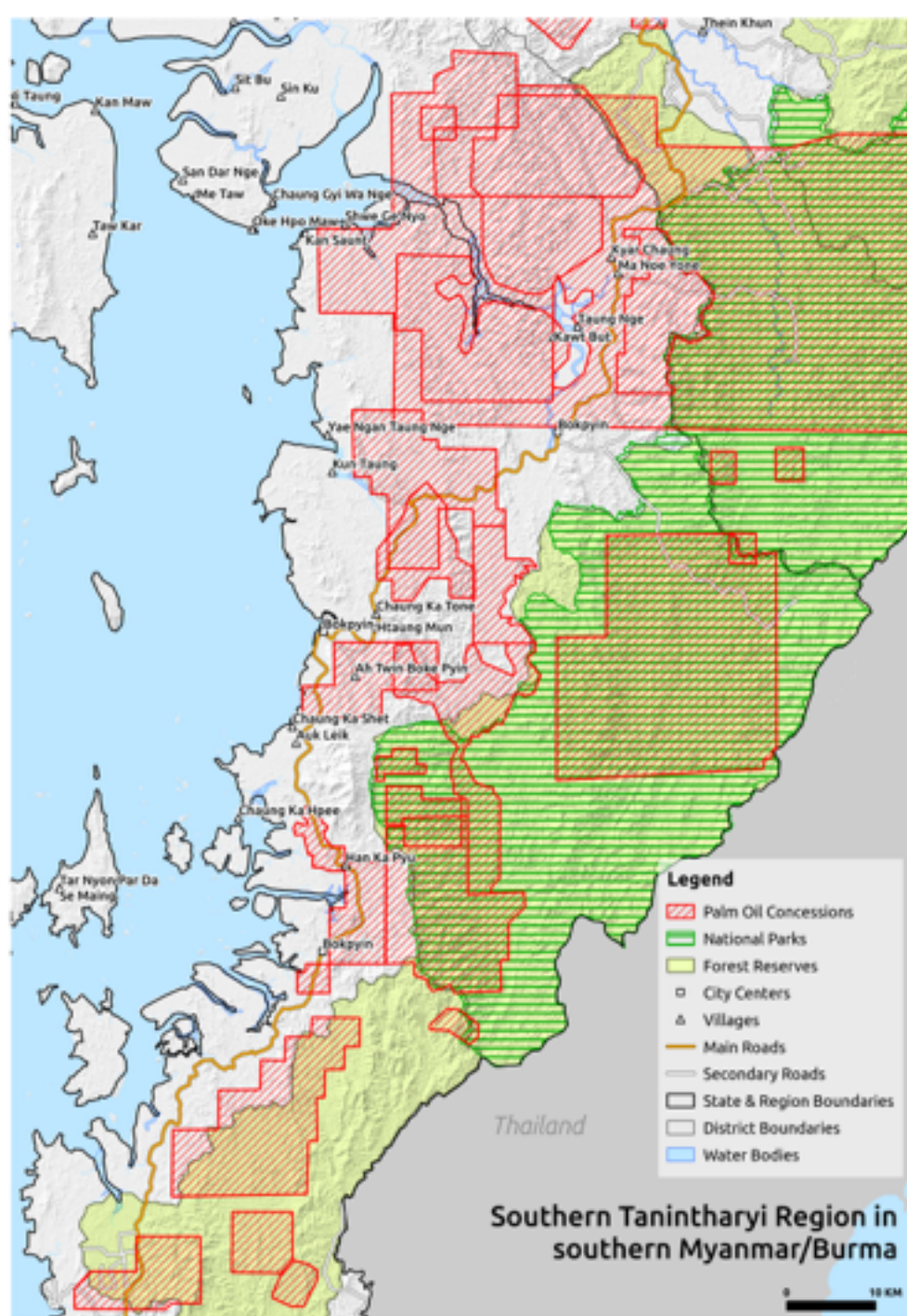
Timber Sources + Related Issues



3. *Land conversion ('conversion timber')*

- Extensive throughout country, especially forest-designated ethnic areas
- Drastically increasing private agribusiness concessions allocated
 - Now **>5 million acres** allocated
 - 170% increase in acres allocated since new gov't
 - But <1/3 of total acreage actually planted
 - Hottest hotspots in two most forested areas: Kachin State (Chinese biofuel crops, rubber); Tanintharyi Region (palm oil, rubber)
- Perhaps largest source of timber
- No estimates on volumes available from government
- Permits from Forestry Ministry and Agric Ministry
 - 'Legal' but unsustainable
- No statutory land tenure use rights acknowledged





Timber Sources + Related Issues



4. *Plantations*

- Mostly teak, some ironwood and rosewoods
- Very limited in extent, private sector push
- Very under-represented, many problems
- Private land tenure insecurity issues

5. *Community Forests*

- Not yet harvesting at significant scale
- Not included as source of wood in government plans
- Some push for CF Enterprises, ***community commercial harvesting+trade***

Land and Resource Rights



- Local land and livelihood conflicts now surfacing, hot issue
- Local communities often denied statutory (and customary) land use rights and claims
 - No land use rights within state forest, agricultural “wasteland”, or agribusiness concession
- Not much discussion yet on lack of community rights in forests

Legality Definitions



1. All timber should be harvested / transported / exported by the *Myanmar Timber Enterprise (MTE)* or their private contractors
 - Contracting process dubious ('crony companies')
2. All timber must be *exported via Yangon*
3. Ban on all *cross-border overland exports (?)*
4. Ban on *log exports*, 2014

Summary: Only legal if through military-state channels, military-backed companies, rule by decree in practice

- E.g., cross-border, conversion timber

Fight over Legality



Legality playing into *ethnic conflict politics*: (il)legal for whom?

- Legality as military-state monopoly over resource rents
 - Complicated when conducted in contested ethnic territories
 - “Strategic political deployment of ‘legality’”, highly selective application of ‘rule of law’
 - Context of war: self-autonomy / determination and resource benefit-sharing
 - Divert timber rents away from armed group (e.g., KIO)
- Dangerous for international arena to fall for ‘*legality trap*’
 - Need socially-legitimated legality definition to avoid continued conflict over extraction/trade, renewed local grievances, associated production of ‘conflict timber’

Conclusions / Recommendations



Forestry Sector reform:

(1) Timber *Legality* definition:

- Socially-inclusive, process-oriented, multi-stakeholder approach
- Define and differentiate wood source types
- Include agribusiness and conversion timber

(2) Beyond legality - Forest *Governance and Rights*:

- ‘Rights’ - land, water, forests, territories, use rights and historical claims...more than just community forestry
- Social and environmental safeguards and justice
- Breaking MTE monopoly (and role of military institution)
- Decentralisation over resource rents (equitable share)
- Socially-sanctioned process with buy-in from civil society
- Not “Forest Fences” approach

(3) *Ethnic politics, peace and federalism*: guiding posts for processes of reform

(4) *Sustainability*: not about defining who gets resource rents

The background of the slide is a photograph of a lush, mountainous landscape. In the foreground, there is a dense, vibrant green forest. Beyond this, the terrain rises into rolling hills and valleys, some of which are covered in forest while others appear more open or grassy. The hills recede into the distance, creating a sense of depth. The sky above is filled with soft, white and grey clouds, suggesting an overcast day. The overall tone of the image is natural and serene.

Thank you

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