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## A Coordinated Plan for Advancing Sustainable Forestry in the Pacific Rim<sup>a</sup>

### Why the Pacific Rim?

The forests of the Pacific Rim are critically important—in both global and local terms, are seriously threatened, and thus merit priority attention from conservationists, governments and private industry. The Pacific Rim has a large percentage of the remaining natural forest in the world. This includes the largest contiguous forest area in the world—the temperate/boreal forest of the Russian Far East and Siberia, and the second largest tropical forest area in the world, in Indonesia.<sup>1</sup> The Pacific Rim also has high concentrations of globally significant biodiversity: 13 of 25 global biodiversity hotspots are located in the region.<sup>2</sup> The human dimension is critical as well. Hundreds of millions of people, including many indigenous forest dwellers threatened with cultural extinction, depend on these forests for their subsistence and livelihood. These people either own or claim an important portion of the forest estate in many of these countries.<sup>3</sup>

The Pacific Rim also contains the world's three leading importers of wood and wood products, Japan, USA and China as well as the leading exporters, Canada, USA and the Russian Federation (Fig.1).<sup>4</sup> The USA, the Russian Federation, Australia, Malaysia, Chile are the primary exporters of industrial roundwood to Japan, China, and South Korea. Canada is by far the largest exporter of sawn

wood and wood pulp, and is second only to Indonesia in export of woodpanels.

These high levels of trade and dependence are primary drivers of other notable features of the region: deforestation and conflict over resource tenure. The Pacific Rim has some of the world's highest national rates of deforestation. In 1990–95, for example, deforestation rates in Philippines, Thailand, and Malaysia were greater than 2 percent per year, and were between 1 to 2 percent per year in Cambodia, Vietnam, Burma, Laos, and Indonesia.<sup>5</sup> With extensive forest fires in Indonesia and increases in logging pressure in South East Asia, the deforestation rates for 1995–2000 may well be higher.

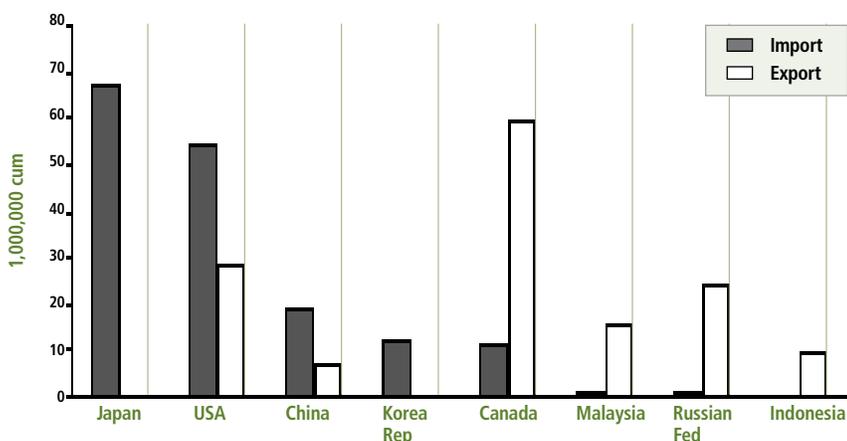
Indigenous and community tenure claims have been ignored and abused in many countries in the region. These conflicts stem from either a lack of adequately defined property rights in the first place or a lack of enforcement and respect by both governments and industry. In either case, insecure tenure and access remain a fundamental social and political issue and preclude the option of sustainable forest management in many areas. The federal government is yet to settle indigenous land claims in British Columbia, Canada, where First Nations claim 97% of all land. Similarly, communities in Indonesia claim up to 70% of forest lands under traditional *adat* rights. In Southern Sumatra, Indonesia, for example, all

81 of the oil palm companies have land disputes with local communities, affecting over 11% of the total area of oil palm plantations.<sup>6</sup>

Overall, policy and market failures, inappropriate government subsidies, non-discriminating investments and demand, illegal logging and trade, have all driven over-exploitation and inefficiency in the production and use of wood products in many countries in the



FIG. 1 Trade in Wood 1997 (industrial roundwood, sawn wood, wood-based panels)



<sup>a</sup> This initiative focuses on the key areas of demand and supply for forest products in the Pacific Rim region, including the Russian Far East, China, South Korea, Japan, Hong Kong, Taiwan, Singapore, Vietnam, Burma, Laos, Cambodia, Malaysia, Indonesia, Philippines, Solomon Islands, Papua New Guinea, Australia, New Zealand, Chile, US Pacific Northwest (Oregon, Washington, Alaska), and British Columbia, Canada.

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region.<sup>7</sup> Misguided policies and uninformed consumers have wasted national forest resources that, if managed appropriately, could contribute to sustained economic development and poverty alleviation across the region.

The status of forests and forest dependent people threatens to worsen with increased economic development, consumption and trade. Ironically, measures such as logging bans to protect remaining forest, as in Philippines, Thailand and most recently,

capita consumption will shift toward the USA and Canadian rates and have a tremendous effect on regional and global forests.

Despite these challenges, several features of the Pacific Rim offer opportunity to promote sustainable forest management. First, there is growing awareness of the problems facing forest conservation in the region, including the importance of addressing indigenous and tenure security issues. Second, private sector investment is growing in the region and playing an increasing role in meeting this consumption. In

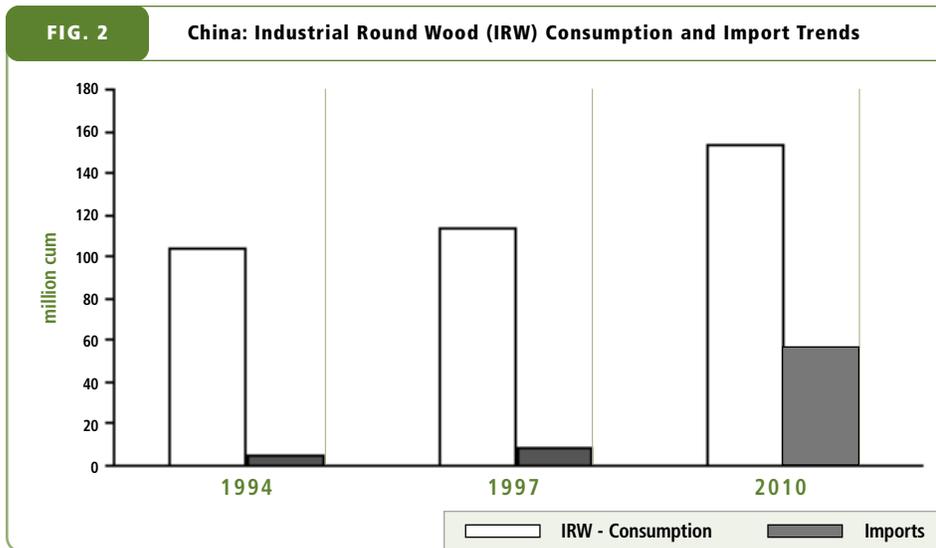
## Lessons from Past Efforts and Current Trends:

A large number of initiatives have attempted to improve forest management in the region, and a large number of projects are underway. Unfortunately, the impact of these investments has often not met expectations and many promising initiatives remain isolated in need of complementary support.

There are, at least, three lessons from this history: first, **the region should be treated as a system, with trade and capital flows linking the disparate countries.** Capital from Singapore, Hong Kong and Japan fuels deforestation and industry over-capacity in Indonesia, South East Asia and the Russian Far East to meet demand for low-cost and quality imports to Japan, South Korea and China. Logging bans in China and Thailand fuel over-harvesting and irregular operations in Burma, Cambodia and the Russian Far East where governance is weak. Malaysian and South Korean logging companies scout the region for the next primary forest to log. Discrete actions in one country can have a tremendous impact on the practice of forestry in another.

The second lesson is that **interventions can be most effective when they simultaneously integrate the pull of the market with a push in policy reform, and when they explicitly address the different real interests of the key actors - industry, governments, NGOs and indigenous and local communities.**

Interventions that encourage countries and firms to adopt appropriate policies and practices without offering better prices or market share are usually ineffective. Likewise, investments that are disconnected from policy reform and institutional strengthening often lead to increasing debt burdens and unbridled exploitation and corruption. Sustainable forest management can only become firmly established in the region when responsible industry, governments and NGOs act in concert to ensure that the market recognizes and rewards sound practice.



China, can have a perverse effect—shifting deforestation to offshore countries with still remaining forests.

For example, China's wood imports doubled between 1994–97 (Fig 2). It now imports 40 percent of all commercial timber consumed domestically. Pressures from these rising imports are now being felt in South East Asia, the Amazon, the Congo Basin and the Russian Far East.

Given this pattern of increasing imports, the effect of economic development on consumption of wood products in the region is of great concern. For example, China's per capita wood consumption is now 16 times lower than the USA and 70 times lower than Canada. With economic growth, China's per

China, for example, investment flows have risen dramatically from \$900 million in 1997, to \$1 billion in 1998, and \$2 billion in 1999.<sup>8</sup>

Third, the Pacific Rim includes regions such as the North American Pacific Northwest, Chile, New Zealand and Australia that are among global leaders in new technology and forest management offering an opportunity for technology transfer in the region. Industry in these countries adheres to some of the most stringent environmental regulations globally, but is competing in the same markets as producers with environmentally and socially destructive harvesting practices. The prospect of leveling the playing field and finding higher prices, with more discerning consumers, is in the interest of industry. 🌱

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The third lesson comes not from the Pacific Rim but from recent progress in promoting sustainable forestry in Europe and North America: **independent, third party certification can effectively reward sustainable forest management, and that NGOs, indigenous people and industry can collaborate to use this tool to advance their common interests.** The evolution of forestry in the last several years has proceeded differently in Europe and in North America, but in both cases independent, third party certification is now widely accepted, and it is now mostly a matter of time before it becomes standard practice. Forest and Trade Networks, formerly known as buyers groups, are also proving to be an effective new instrument in the marketplace, linking producers of certified products to retailers.

In addition, many countries are in the process of developing new codes of practice and regulations that include criteria and indicators for good forest management. These include initiatives to promote low-cost, third party verification of forest practice. Now that these changes are underway, the climate is much more conducive for collaboration between industry and NGOs in the Pacific Rim, where there are easier distinctions between responsible and irresponsible actors, and where the more responsible firms are forced to compete with irregular operators.

In considering these lessons, it is important to recognize how the Pacific Rim is different

from Europe and North America and even more challenging. Five characteristics come to mind: **(1)** the tremendous diversity in forests, cultures and types of governments; **(2)** the widespread prevalence of illegal logging and irregular trade—estimated to be as high as 70% of all volume traded in some countries;<sup>9</sup> **(3)** the high proportion of subsistence demand on trees and forests in many countries (fuelwood is estimated to comprise 70% of all wood harvested, in China, and over 80% in India);<sup>10</sup> **(4)** the high percentage of total industrial wood harvested outside of forests;<sup>11</sup> and **(5)** the high percentage of the forest estate owned or claimed by indigenous peoples, and the human rights issues associated with these claims.<sup>12</sup> To be effective, any new effort must take these lessons and characteristics into account. 🌱

### The Initiative: Purpose, Strategy, and Specific Objectives

In February 2000, a small group of representatives from industry, non-governmental organizations (NGOs), and research institutions with interests and expertise from around the region met to devise a collaborative agenda for reforming forestry in the Pacific Rim and identify new ways of mutual support. These results were reviewed and endorsed by a set of external reviewers who joined the meeting on the last day.

## Our Vision

The forests of the Pacific Rim will be well managed providing sustained environmental, social and economic benefits to all sectors of society. There will be an increase in forest area and quality and the delivery of all forest services and products. Fiber and wood supply will be secure and there will be broad recognition by the market of the value of products from well-managed trees and forests.

**Purpose.** The purpose of the Initiative is to achieve more efficient and effective action by groups promoting improved forestry in the region, and to build momentum and additional support for those and other critical actions.

**Strategy.** The Initiative will encourage greater communication and collaboration between industry, NGOs, donors and research organizations across the region and promote activities that integrate considerations on both the policy and market sides. The Initiative will promote actions that complement ongoing work, and will take advantage of the regional linkages and the comparative advantage of different institutions. Among other activities, the Initiative will support certification as a critical new instrument in reforming forestry as well the adoption of indicators and codes of practice in the forest areas that are less likely to be certified. The initiative will also encourage measures to reduce illegal logging and strengthen tenure security and access by indigenous groups and forestry communities.

**Specific Objectives of the Initiative.** The Initiative will focus on strategic and complementary interventions that: **(1)** raise the standard and increase the transparency of forest management; **(2)** facilitate the market demand for products and services of sustainably managed forests; **(3)** promote policies that encourage sustainable forest management; and **(4)** encourage more discerning investment in forestry. 🌱

#### PARTICIPANTS INCLUDE REPRESENTATIVES FROM:

World Wide Fund For Nature—Global Forest and Trade Initiative (WWF-GFTI)  
Mater Engineering  
Forest Trends (FT)  
Port Townsend Paper  
Pacific Environment and Resources Center (PERC)  
Chinese Research Center for Environmental and Ecological Economics (RCEEE)  
WWF Forest Futures Programme  
Center for International Forestry Research (CIFOR)  
WWF-World Bank Alliance

Earth Rights International  
Forestry Department, University of British Columbia (UBC)  
Certified Forest Products Council (CFPC)  
Weyerhaeuser Company  
Department of Natural Resources, State of Washington  
Department of Economic Development, State of Oregon  
International Sustainable Development Foundation, Oregon

## A Coordinated Agenda: Current and Proposed Strategic Interventions

**Objective 1: Raise standards and increase transparency.** Jointly, standards for forestry practice and transparency in their application can significantly improve chances of sustaining forests. Priority activities include the following:

- Initiated**
- ✦ Promote certification pilot projects in China
  - ✦ Conduct workshop to identify trade flow issues between producers and buyers, in China-Russia
- Proposed**
- ✦ Research and compare monitoring systems and standards across the region
  - ✦ Promote the linking of access to timber concessions to social and environmental performance.
  - ✦ Promote information exchange through partnerships focusing on Sustainable Forest Management in forestry universities & training institutions.

**Objective 2: Facilitate discriminating market demand for products and services.** Undiscriminating market demand is arguably a key factor in degrading and depleting forests. Priority activities include the following:

- Initiated**
- ✦ Assess extent and impact of market failure in wood markets in key countries
  - ✦ Undertake research on market structure and trends in key market areas, starting with Japan
- Proposed**
- ✦ Engage leading retailers in the region to purchase wood from well managed forests
  - ✦ Establish and promote Forest and Trade Networks in NW US region of the Pacific Rim

**Objective 3: Promote policies that encourage sustainable forestry.**

Positive policy frameworks in consonance with market based instruments will be critical to improve forestry in the region. Priority activities include the following:

- Initiated**
- ✦ Support ongoing work by CIFOR, World Bank, and others on irregular forest activities in Indonesia and Malaysia as well as workshops to devise strategies to reduce forest crimes.
  - ✦ Field test the new framework developed by the WWF/WB Alliance to identify complementary and strategic interventions for policy reform in the region.
- Proposed**
- ✦ Prepare a policy brief describing ways in which certification can complement government regulatory mechanisms
  - ✦ Promote cross-country learning on critical policy issues including forestry taxation, tenure, and forestry export restrictions.

**Objective 4: Encouraging More Discerning Investment in Forestry.**

Information is the key to good business decisions. Better information, leads to better decisions that support sustainable forestry practices. Priority activities include the following:

- Initiated**
- ✦ Prepare a policy brief describing the history of poor investment decisions and lessons learned.
- Proposed**
- ✦ Prepare a policy brief analyzing capital flows in forest in forest products in the Pacific Rim
  - ✦ Prepare a report card on positive forestry investment criteria.
  - ✦ Prepare a position paper analyzing illegal logging and tenure conflicts in the Pacific Rim

### NOTES:

- 1 The temperate/boreal Russian Far East and Siberia has the largest block of intact forest.
- 2 The Asia-Pacific region has 13 of 25 biodiversity hot-spots identified for conservation priorities (Myers et al, 2000, Biodiversity hotspots for conservation priorities, Nature, Vol. 403).
- 3 Estimates of dependence vary widely, depending on how dependence is defined (WB, 2000, A Review of the World Bank's 1991 Forest Strategy and Its Implementation Vol. 1: Main Report, p14).
- 4 FAO, 1999, FAO Yearbook—Forest Products 1993–97.
- 5 Annual average deforestation rates, 1990–95: Philippines, Thailand, and Malaysia (>2% pa) and Cambodia, Vietnam, Burma, Laos, Indonesia (1–2% pa) (World Resources 1998–99 Database CD-ROM, World Resources Institute).
- 6 Poorly recognized rights of local people lead to agrarian disputes with plantations, loggers and affect rural resource use. In Indonesia, Adat (traditional) forest land claims are marginalized by the Basic Forestry Law of 1967. Lack of de jure rights of small holders opens them to takeover, likely without compensation, by tree crop or timber plantation companies, leading to and large-scale land disputes and occasional looting. (Kartodihardjo H, Supriono A, 2000, The impact of sectoral development on natural forest conversion and degradation: The case of timber and tree crop plantations in Indonesia, Occasional Paper No. 26(E), Center for International Forestry Research (CIFOR)).
- 7 World Bank, 2000, A Review of the World Bank's 1991 Forest Strategy and Its Implementation Vol 1: Main Report.
- 8 Chinese Academy of Forestry, International Institute for Environment and Development, Overseas Development Institute, 2000, China Country Study: Work Plan.
- 9 E.g. Cambodia in the late 1990s. In 1997, at estimated 94% of timber production was illegal (Development Alternative Inc, 1998, Findings and Recommendations of the Log Monitoring and Logging Control Project).
- 10 China and Indonesia rank 2nd and 3rd in worldwide fuelwood and charcoal consumption, after India. Annual consumption, total and cum/1000 capita was estimated at 204 million cum and 164 cum (China), 154 million cum and 760 cum (Indonesia) and 281 million cum and 293 cum/1000 (India) in 1997 (FAO, 1997).
- 11 The percentage of total wood production potential from trees outside forests, varies from low levels, Cambodia (4%) and Vietnam (17%), to a third—Malaysia (29.6%), Philippines (36%), Thailand(39%) to half or more in South Asia [ Pakistan (46%) Sri Lanka (55%), India (57%) and Bangladesh (87%)] (Bull, Gary, 2000, Personal Communication).
- 12 Unlike the US, where native peoples have clear rights in areas they control, poorly recognized rights of local people leads to agrarian disputes with plantations, loggers and outside settlers across the region—as in Indonesia. The question of rights is a live issue in, for example, the Russian FarEast, Australia, New Zealand, Indonesia, and British Columbia. In Papua New Guinea, where almost 97% of land is under local control, in practice, logging companies almost always have the upper hand.

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*For further information please contact:*  
Chetan Agarwal at Forest Trends  
([cagarwal@forest-trends.org](mailto:cagarwal@forest-trends.org), T: 1-202-530-2028. F: 1-202-530-2021).