Global Trends and Issues in Forests and Forestry

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Forest Trends

Huáng Shan 2001 Conference
Major Conflicts and Debates Underway: Globally

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

What’s driving these conflicts and debates?

What are the major trends in the forest sector?

What are some key innovations and opportunities to sustain forests and communities?
What’s Driving the Conflicts and Debates?
Deforestation and Forest Degradation

Net decline of 180 million ha worldwide from 1980 - 1995

- Frontier forest 8,000 years ago
- Frontier forest today
Environmental Damage: Social and Economic Costs

- Floods
- Loss of Biodiversity
- Climate change
- Local and global scales
Over-harvesting: Boom and Bust 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:** At least 25% of all logging is illegal.
- **Indonesia:** Estimated 75% of all logging and exports are illegal.
- **Burma:** Widespread and rampant illegal logging.

US $ Billions of lost government income; Public forests devastated
Increasing Power of Civil Society and Communities

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

Advancing transparence and accountability
Looking Forward:

Key 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
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.
Changing Forest Industry

- **Pulp and paper:**
  - *consolidation*
  - *increasing* 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.

- *Interest in* selling forest services: biodiversity, water, carbon.

- Growing distinction between socially responsible and bad actors.
To meet future demand of 3.0 billion m$^3$, 2 options:

1. **Mining**: double extent of industrial logging

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

Source: John Spears, 2000
Innovations and Opportunities to Sustain Forests and Communities

- Reforming Policies
- Transforming Markets
- Contributing to Community Development
Reforming Policies: From “commands” to “incentives”

From:
- Bans on logging, export, etc.
- Blanket national policies, complex regulations and management plans

Towards:
- Clear legal codes and taxation, secure property rights
- Responding to local variation
- Voluntary adoption of practices and transparent, participatory monitoring
- Paying forest landholders for environmental services from forests
### Voluntary mechanisms with increased transparency

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<tr>
<th>Montana</th>
<th>California</th>
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<td>Voluntary “Best Management Practices”</td>
<td>Mandatory regulation and forest practices</td>
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<td>Participatory stakeholder audit</td>
<td>Requires complicated management plans</td>
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<td>Costs US $40,000/year covers 5 million acres</td>
<td>Costs US$ 2 million/year</td>
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<td>98% compliance</td>
<td>Government dominated process: Many conflicts and mistrust</td>
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<td>Active role of community, industry, and non-governmental organizations</td>
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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
Investing in Natural Forests

Real value of stumpage increasing by 2.15% per annum

Source: USDA Forest Service
Forestland: Negative Correlation with Stocks

Source: C. Zinkhan
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.
Improving Forestry’s Contribution to Community Development and Poverty Alleviation

- Remove market distortions, subsidies to parastatals and large industry: let communities compete
- Recognize ownership, strengthen security and increase access to public forests
- Provide support services to community enterprise
- Pay them for environmental services from their forests
Sustainable forests and sustainable jobs

Source: R. Schneider, et al. 2001