



Stemming the Flow of Illegal Wood: Experiences from Indonesia and the Region

*Jack Hurd
The Nature Conservancy
March 8, 2007*

Indonesia: The Issue



- Illegally obtained timber is laundered through permitted 'legal' activities
- Illegally obtained timber enters international trade through the weak export control system
- Regional cooperative information-sharing & enforcement mechanisms are insufficient
- Markets do not necessarily distinguish between "good wood" and "bad wood"
- Lack of incentives to manage legally/responsibly

Indonesia: The Impact



- Lost government revenues – taxes, duties, etc.
- Responsible forest producers undermined - reducing market access and product competitiveness
- Increased social conflict over access to forest resources - 30 million forest dependent people in Indonesia
- Environmental degradation:
 - Loss of biodiversity
 - Fires, haze pollution & carbon emissions
 - Watershed damage and sedimentation



Indonesia: Some Results 2003-'06

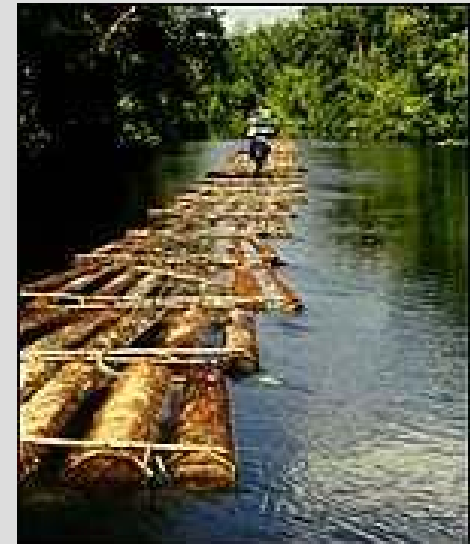


- Integration of HCVF into East Kalimantan land-use plan
- FSC & LEI certification of the 270,000 ha Sumalindo II concession, East Kalimantan
- Model of collaborative management between communities and concessionaires, East Kalimantan
- Adoption of piloted draft legality standard
- Extension of the piloted timber tracking mechanism



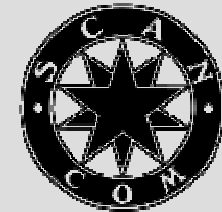
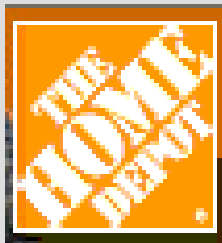
Indonesia: Lesson Learned

- Enabling Environment
- Forest Management Performance
- Collaborative Management
- Market Linkages
- High Conservation Value Forests





Southeast Asia: Responsible Asian Forest & Trade (RAFT) Program



RAFT – Desired Outcomes

- Legality standards
- ASEAN-wide principles of legality
- Investment screening
- HCVF skills development
- Certification of forest operators
- CoC and supply chain management
- AFP/FLEG process engagement
- Regional training/networking in certification
- Customs Cooperation and Mutual Administrative Assistance Agreement



China: Import-Export Markets



- Build transparency into import-export markets
- Promote “green” procurement policies in the public and private sectors
- Secure domestic supply of sustainably managed wood



United States: Demand-Side Measures



- Private Sector
 - Corporate Procurement
 - Forest products companies
 - End-users and retailers of all stripes
 - Financial Investment
- Public Sector
 - Federal/state legislation
 - Bi-lateral agreements
 - US-Indonesian MoU
 - US-Malaysia FTA
 - Agency procurement (federal/state)

