

# Forest Governance, Timber Trade Legality and Ethnic Conflict in Myanmar



Forest Trade and Finance

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## **Kevin Woods**

Senior Policy Analyst, Forest Trends  
PhD Candidate, UC-Berkeley  
Research Fellow, ISS-Hague

# 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

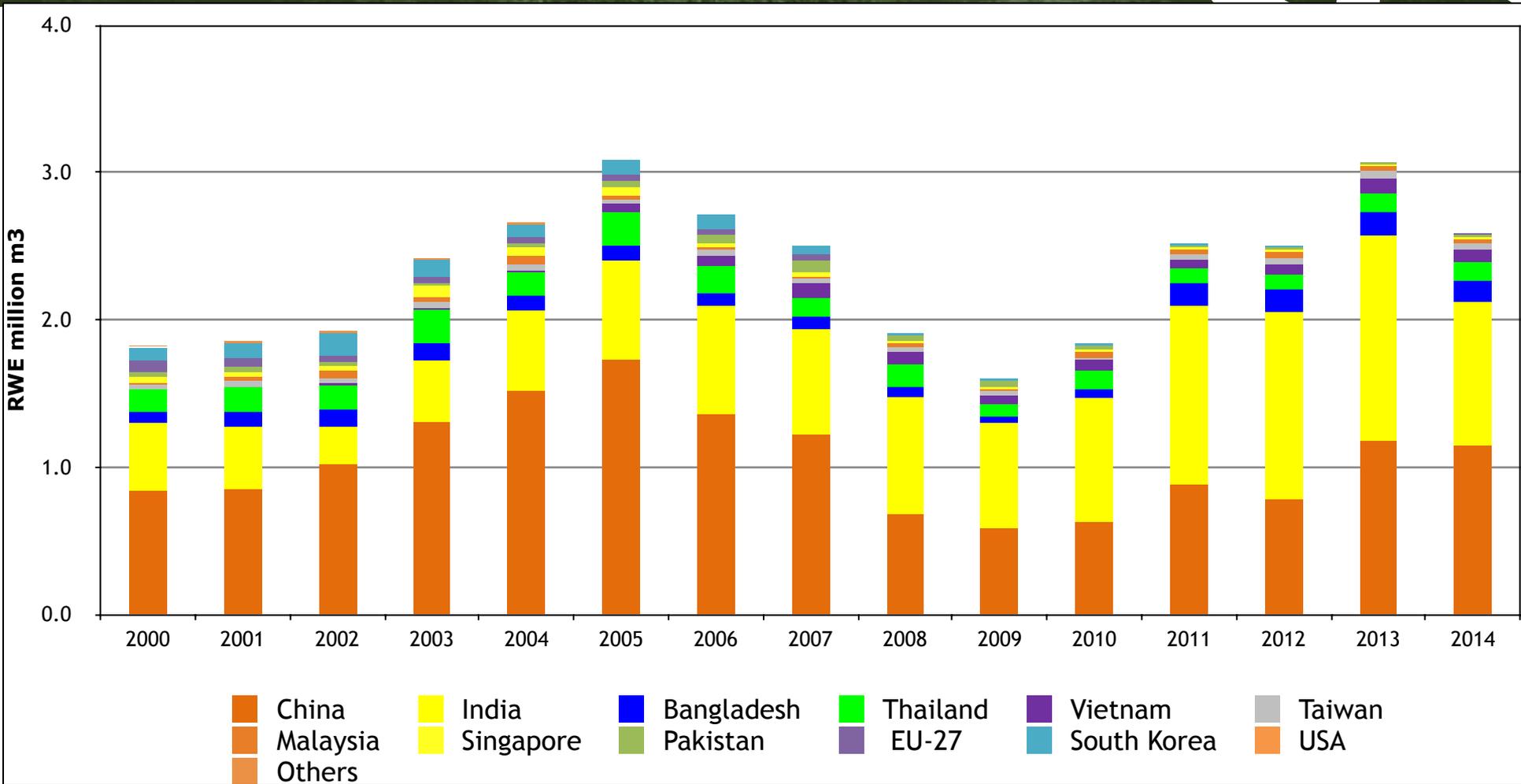
# Forestry Reform



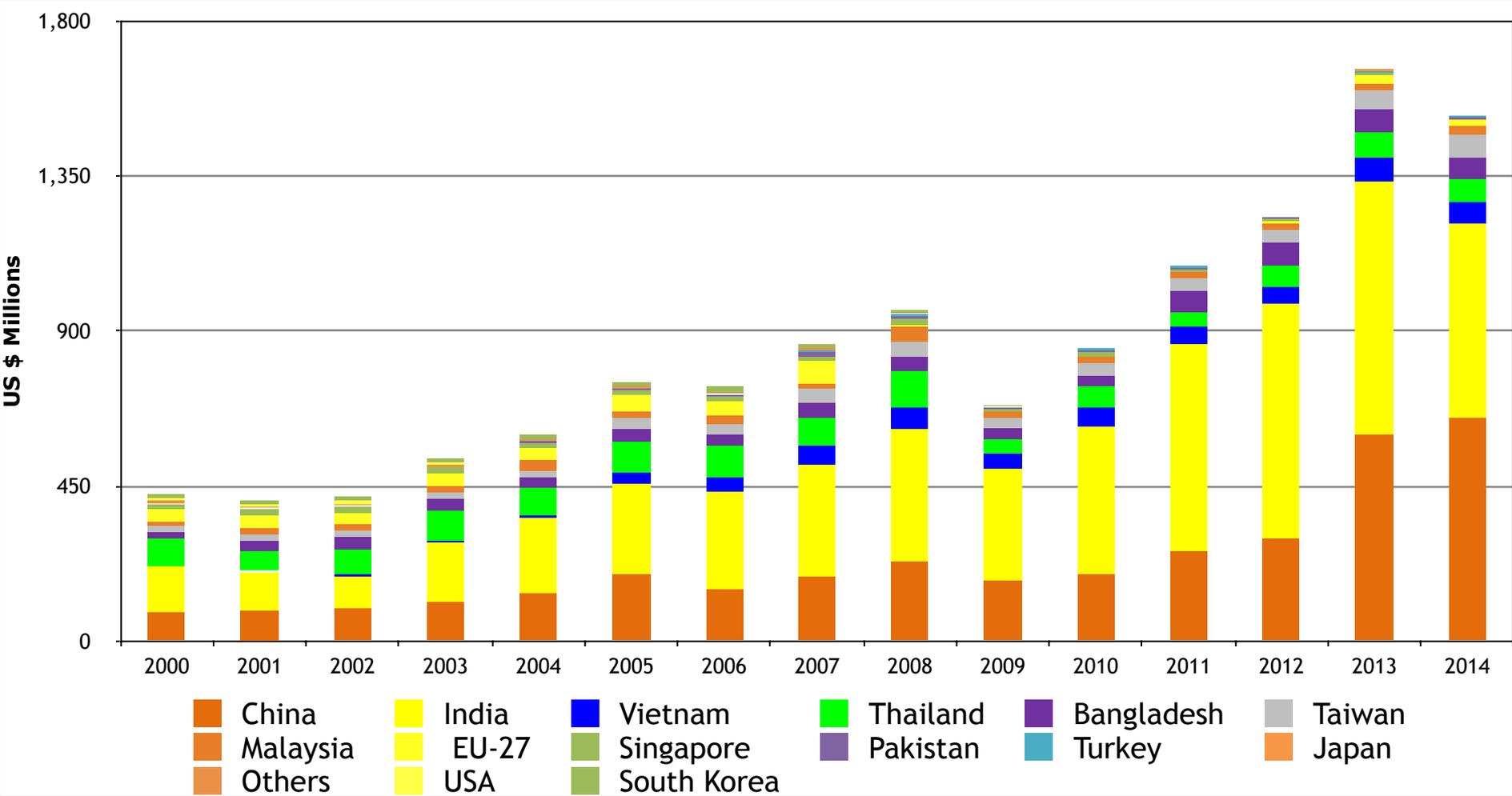
- Conservation-focus overhaul
- One of world's highest deforestation rates
  - Annual forest loss: ½ million ha (1.15 million acres), 1.2% forest cover
  - Total > 7.5 million ha (18.5 million acres), 19% total forest cover (1990-2010)
- Gradual decrease annual wood quotas over time
  - Question of effective 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



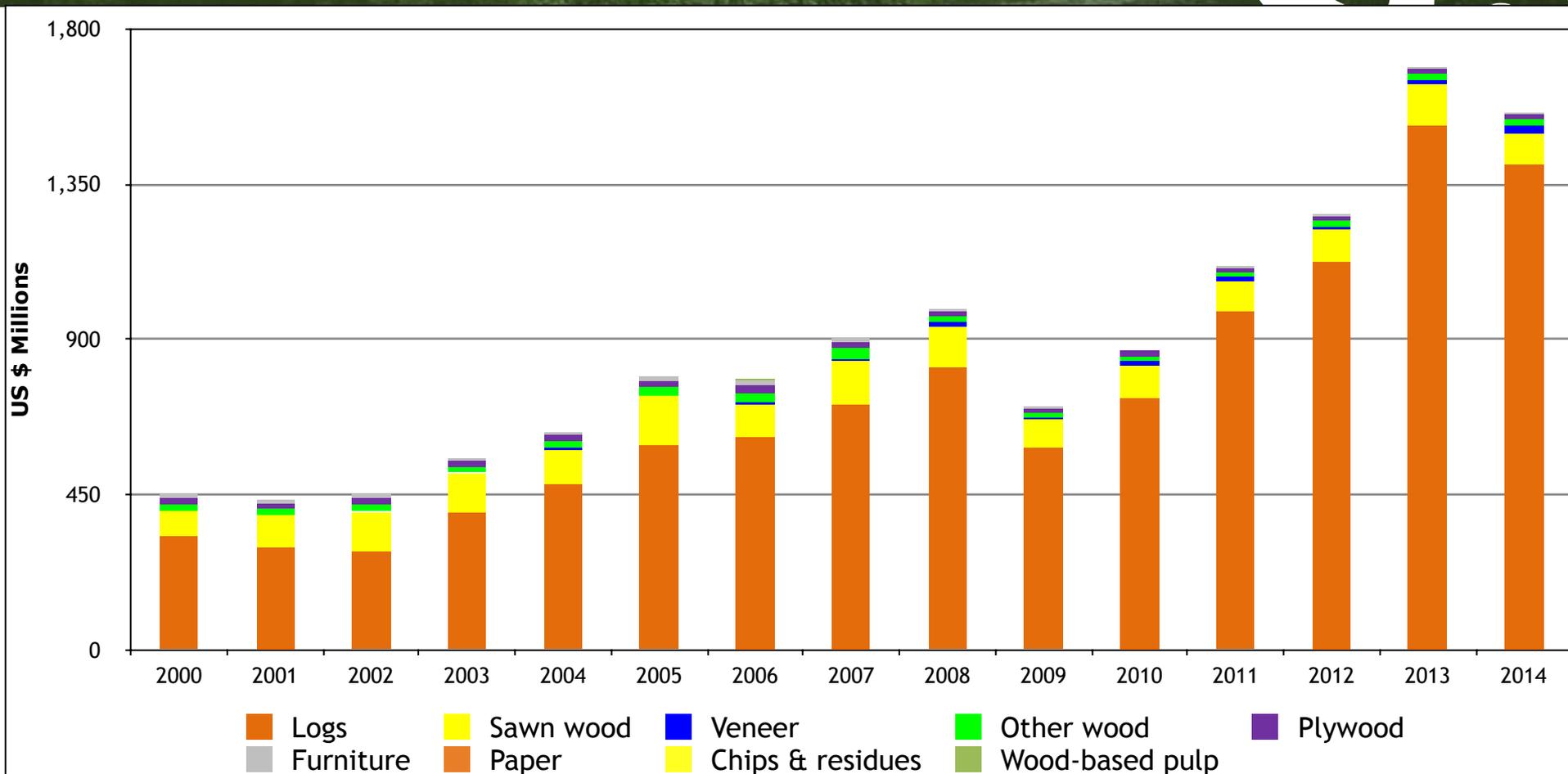
# Myanmar-World: Wood export, Volume



# Myanmar-World: Wood export, Value



# Myanmar-World: Wood type, Value



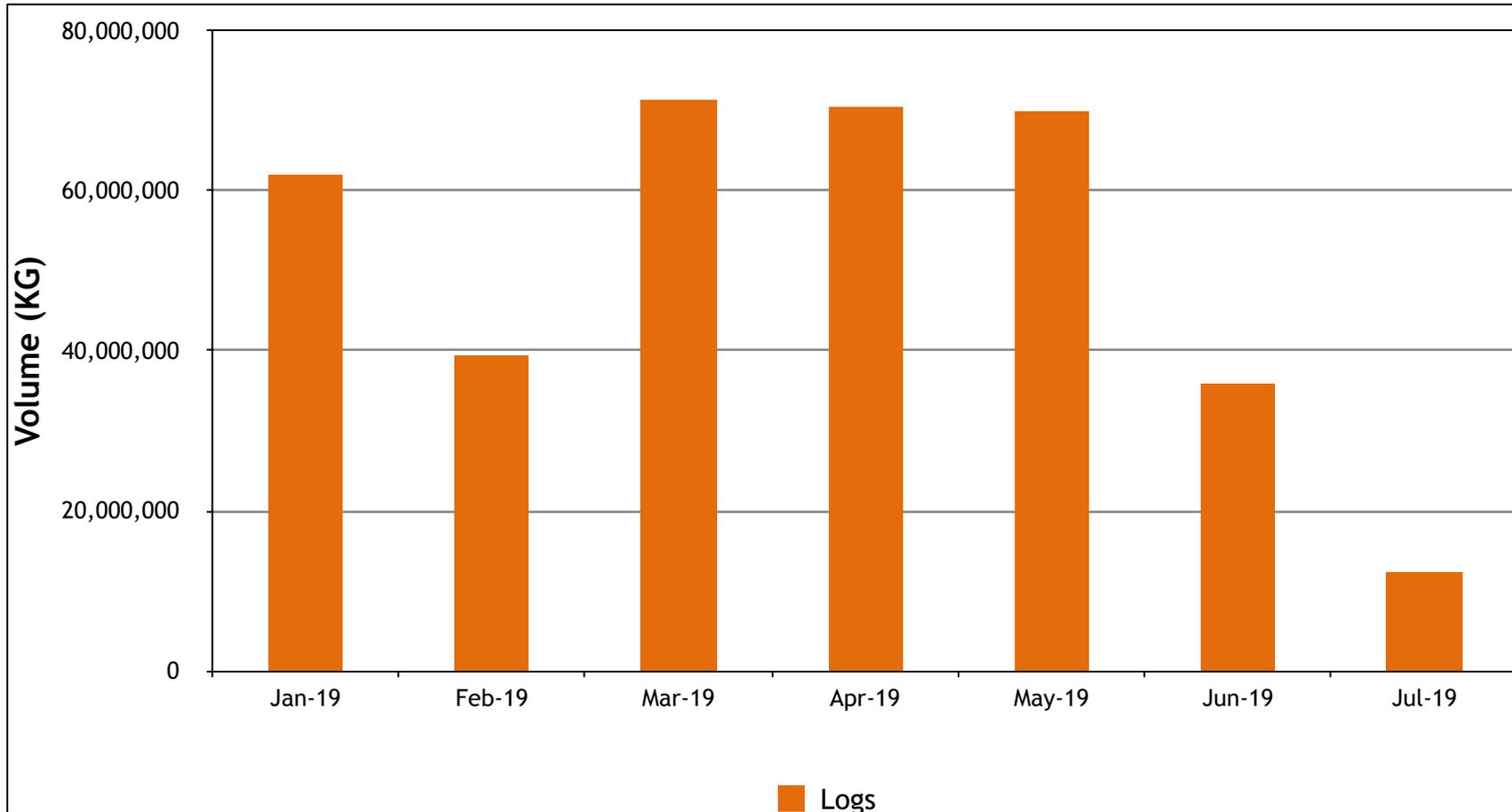
# Myanmar-**India** timber trade



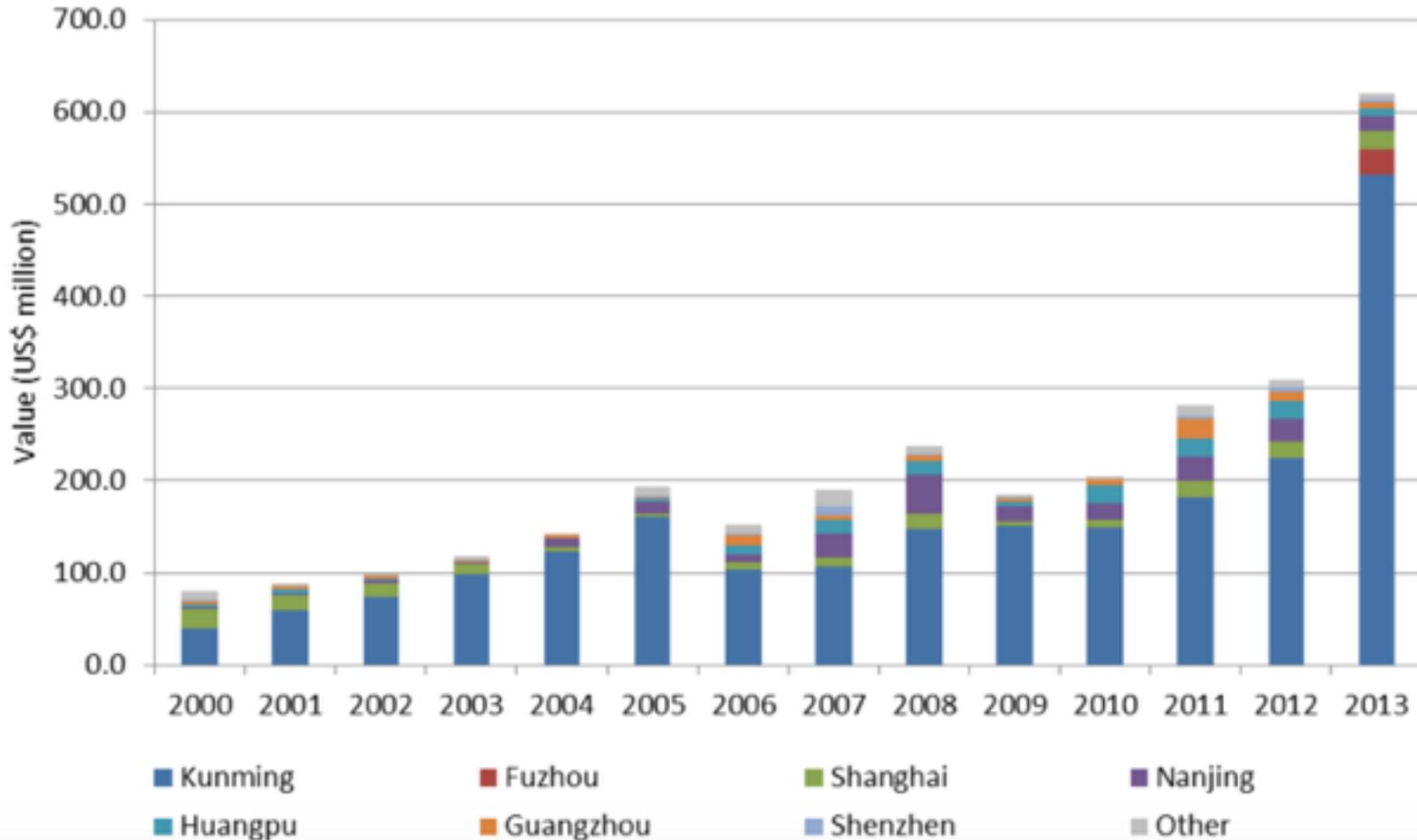
- Biggest player (volume, value) for Myanmar timber sector
  - Often overlooked
  - Lack of studies to better understand this trade
  - Mostly via Yangon (legal)
  - Suspect big change in trade volumes since log export ban (2014)



# Myanmar-China: 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

Land conversions

Government managed forests

Tree plantations

Community forests

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

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

"Crony" companies, MTE

Domestic private sector and MOECAF

Local community subsistence 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

SMEs (domestic private processing)

Domestic black market

MTMA member companies

Legal export to foreign buyers

MARKET

# 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

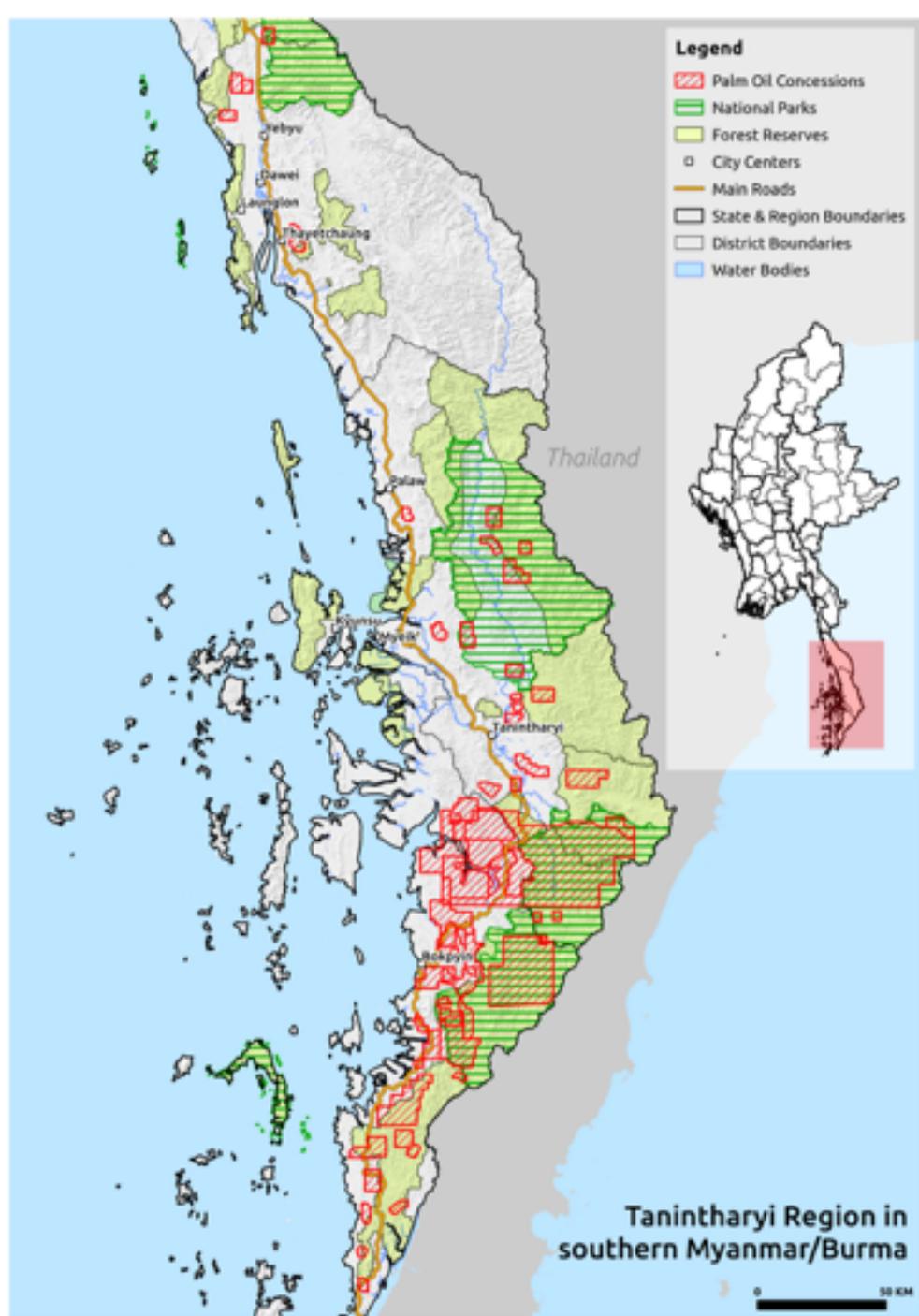
## 2. *Official production areas ('managed forests')*

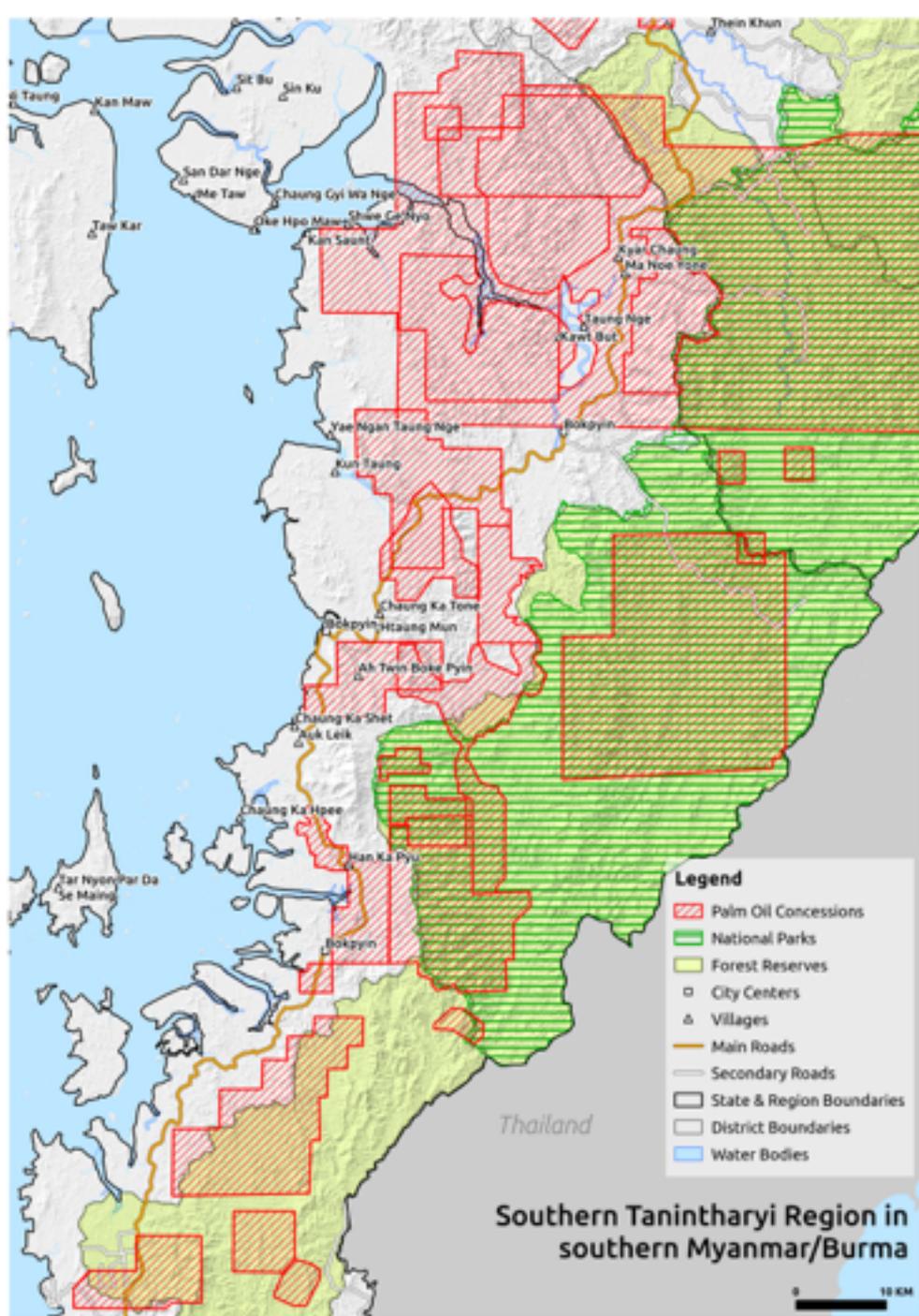
- Located in Bama/Burman areas, central Myanmar
- Under control of military / government
- Myanmar Selection System (MSS), Annual Allowable Cut (AAC)
- Promoted as *\*the\** source of timber for international markets



### 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

A scenic landscape of rolling green hills and a dense forest under a cloudy sky. The foreground is filled with lush green trees, while the background shows layers of hills fading into the distance under a bright, overcast sky.

# Thank you

Kevin Woods

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