

Commercial forestry can make a difference

Scoping dialogue on poverty reduction through commercial forestry

19–21 June 2006

Richards Bay, South Africa

This meeting of The Forest Dialogue (TFD) brought together 27 experts to discuss approaches to maximizing forestry's potential for reducing poverty. Representing forest companies, non-governmental organizations (NGOs), intergovernmental organizations, labour, development agencies and research institutions, participants shared knowledge and experience to highlight some of the key challenges to and opportunities for pursuing commercial wood production (hereafter called 'commercial forestry') as a mechanism for lifting people out of poverty. While the meeting was global in scope, South Africa featured prominently through field visits and presentations. Local initiatives such as outgrower schemes in rural communities enriched discussions by offering pragmatic examples of 'pro-poor' forestry which participants could discuss, challenge and assess.

The meeting aimed to:

- examine illustrative cases and identify obstacles to replication elsewhere;
- clarify the stakeholder roles, commitments and actions necessary to realize the potential of commercial forestry to reduce poverty; and
- advise TFD's full dialogue on this topic in early 2007.

Participants explored the potential and drivers of pro-poor commercial forestry, and barriers to scaling up. The first day was spent in the field, visiting and discussing the small-grower schemes and community development initiatives of two forestry companies operating in South Africa—Mondi and SAPPI—as examples of pro-poor forestry. The second and third days consisted of presentations, discussions and working groups to further distil key issues and obstacles and to frame the scope of the full dialogue. Presentations commenced with a review of the meeting's background paper, *Poverty reduction through commercial forestry: what evidence? what prospects?* by James Mayers. Subsequent presentations featured reflections on pro-poor forestry from the forest industry (Peter Gardiner and Sakhile Ngcobo, Mondi, and Rosanne Monteiro Borges, Aracruz), labour (Inviolata Chinyangara, Building and Woodworkers International), an NGO (Dale Dore, Shanduko), government (John Cantrill, South African Department of Public Enterprise) and investment (Gerhard Dieterle, World Bank). The discussion that followed shared lessons from several approaches to pro-poor commercial forestry and identified challenges and mechanisms for assessing the potential of pro-poor forestry.

Main conclusions

Commercial forestry has real potential to produce wealth: the potential of forestry to produce wealth for poor people through timber or fibre production and processing has been under-emphasized compared to the safety-net functions of forests, which reduce poverty through the provision of fuelwood, grazing and non-timber forest products (such as fruits). However, commercial forestry can also offer safety nets and address other non-income environmental deprivations facing the poor, as well as deprivations in terms of rights, skills and connections. But this is not automatic: the way that commercial forestry is operated is key. Factors such as efficiency and effectiveness are important, but careful consideration of equity in structuring, corporate-community partnerships and formal/informal employment relationships is also necessary.

Pro-poor commercial forestry can take many different forms: models of pro-poor commercial forestry may include: the effective management of public forests, efficient revenue capture, and expenditure of this revenue on a variety of pro-poor developments; small and medium-sized enterprises run by, and/or employing, poor people; and large enterprises that engage directly in equitable partnerships with poor people. However, the precise economics and social implications of such models are not yet entirely clear. For instance, the discussion highlighted the complexities of outsourcing silvicultural treatments and harvesting and hauling functions, as well as the conflicting role of technology that increases productivity but reduces employment. Clearly, finding a balance between profit optimization and equitable benefit-sharing between poor people and forest companies will be essential for realizing pro-poor forestry.

Enabling conditions and key drivers steering commercial forestry towards poverty reduction: through discussions and working groups, participants identified a number of enabling conditions and key drivers that are helping to realize forestry's potential for reducing poverty. Significant progress could be made when several of these conditions and drivers are more strongly linked.

Extracted from the co-chairs' summary by Steve Bass, Peter Gardiner and Bill Street, which—along with all presentations—is available at <http://research.yale.edu/gisf/tfd>

Whoa on Doha

Informal meeting of the World Trade Organization Trade Negotiations Committee

24 July 2006

Geneva, Switzerland

The Doha Round of trade negotiations has been put on hold after a meeting of ministers from six key trading

nations collapsed over divisions on how to cut farm subsidies and tariffs. It is not clear when—or if—the talks, which started nearly five years ago, will resume. Kamal Nath, India's Commerce Minister, said that the round, though not dead, was “between intensive care and the crematorium”. While some civil-society groups lamented the breakdown as a missed opportunity for balancing the multilateral trade system, others welcomed it as a chance to completely revise the approach to multilateral trade.

“It will not be possible to finish the round by the end of 2006,” WTO Director-General Pascal Lamy told an informal meeting of all member delegations the day after ministers from the European Union, the US, Australia, Brazil, India and Japan—the so-called G6—failed once again to bridge their differences. Saying that “the gaps remain too wide”, he recommended suspending all negotiations currently under way at the WTO indefinitely. This time-out, Lamy suggested, would be an opportunity for members to examine what was at stake and to reconsider their positions. The WTO's General Council did not take a formal decision to suspend the talks; this means that another formal decision will not be necessary to restart the negotiations.

Lamy has long held that unblocking the negotiations would require parallel progress on a ‘triangle’ of issues: the US would have to agree to deeper cuts to domestic farm support, the EU to increased agricultural market access, and developing countries such as Brazil and India to lower industrial tariffs. Each group has been urging the others to budge first.

Furious recriminations have followed the breakdown, particularly between the EU and the US. Brussels blames Washington for refusing to offer any new cuts to farm subsidies; the latter counters that the EU gave too little on market access to make any such movement possible. Many of the ministers maintained that the divisions were not insurmountable. Brazilian Foreign Minister Celso Amorim attributed the collapse to a lack of “political will”. Nath said that the notion that subsidy cuts should be paid for in market access represented a “gap in mindset” that would need to be transcended for the round to succeed.

The reaction of civil-society groups to the breakdown has been mixed. Some development groups pointed to the missed opportunity to address unfair trade rules. Oxfam warned that the suspension would continue to allow rich countries to dominate multilateral trade, deny better market access to developing countries and open other countries' markets to their exports through bilateral trade arrangements. “The cost of delay is too big and the potential for development too great for these talks to be left to wither on the vine,” said Celine Charveriat of Oxfam's Make Trade Fair campaign. Some environmental groups, however, were more upbeat, hailing the collapse as an opportune moment for a complete overhaul of the multilateral trade system.

Some trade analysts believe that the negotiations might be able to resume after the US elections this fall. Others think that the round may be frozen until 2009.

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ITTO and FAO team up on forest law enforcement

Application of Forest Law Enforcement in the Amazon

29–31 August 2006

Sao Paulo, Brazil

ITTO and FAO joined the Amazon Cooperation Treaty Organization (ACTO) and the Government of Brazil in hosting this meeting, which brought together over 50 legal and forestry experts from the eight ACTO members (Bolivia, Brazil, Colombia, Ecuador, Guyana, Suriname, Peru and Venezuela—all also ITTO members) as well as representatives of intergovernmental organizations such as the World Bank and IUCN. The meeting was the first of four planned by ITTO with FAO under ITTO's 2006–2007 Work Programme to promote awareness and uptake of the joint 2005 FAO/ITTO publication *Best practices for improving law compliance in the forestry sector*.

The meeting, one of the first such gatherings of technical experts from the Amazon region, heard detailed summaries of the status of forest law enforcement (FLE) in each of the eight countries, and examined opportunities to further improve the development and enforcement of forest laws. Several countries have relatively new forest legislation and/or forest administrations in place (eg Bolivia and Brazil) and there was substantial discussion on the implications of such developments on FLE. Group work focused on the themes covered in the *Best practices* publication, which were the political and legal framework, institutional structure and opportunities for social participation, and technology and information.

The report of the meeting will include recommendations for national and regional action, including better coordination on monitoring and controlling frontier areas as appropriate. The report should be available prior to the 41st session of the International Tropical Timber Council in November this year and will be posted on the ITTO and FAO websites.

The remaining workshops under this work program element are scheduled to be convened in December this year (for Central African countries) and in the first and second halves of 2007 (Central America in the first half, Southeast Asia in the second half). In Africa and Asia, the workshops will be convened in close cooperation with existing regional forest law enforcement and governance processes. For more information contact the ITTO Secretariat (johnson@itto.or.jp).

Reported by Steve Johnson

ITTO & CITES work on improving mahogany management

CITES Bigleaf Mahogany Working Group meeting

29 June–1 July 2006

Lima, Peru

ITTO provided financial and technical support to this third meeting of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Bigleaf Mahogany Working Group (MWG), which was convened immediately prior to the 16th Session of the CITES Plants Committee. ITTO has a long history of working with CITES, originally through its Timber Working Group and more recently to improve management of mahogany, ramin and other tropical species listed in the CITES appendices. This meeting was attended by representatives of Bolivia, Brazil, Chile, the Dominican Republic, Ecuador, the European Union, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Spain, the UK, the US and the secretariats of CITES, ITTO and the Amazon Cooperation Treaty Organization, as well as invitees from several trade and environmental NGOs.

The MWG heard reports from all range states on progress in implementing earlier CITES recommendations on mahogany, namely to implement management plans, undertake forest inventories, improve capacity to oversee and secure CITES paperwork, and to establish national working groups (as necessary) for mahogany. Members of the MWG also exchanged information on recent trade trends and statistical discrepancies. For example, the Dominican Republic reports mahogany sawnwood imports of hundreds of thousands of cubic metres from Fiji, a country that exports at most a few thousand cubic metres of plantation-grown mahogany per year; it also reports imports from Brazil, which bans exports. Nicaragua reported that it had recently imposed an export ban on mahogany.

The MWG had a substantive discussion on the Peruvian export quota (Peru is the largest mahogany exporter by far) and its efforts to undertake non-detriment findings (NDFs—scientific assessments showing that trade in the species is not detrimental to the species' long-term survival). A representative of the University of Molina, the CITES scientific authority in Peru, informed the MWG that an ITTO project (PD 251/03 REV. 3 (F)) to establish mahogany stocking levels was improving the ability to undertake NDFs in Peru. Some importers and environmental NGOs urged Peru to show more progress in implementing the CITES listing requirements on mahogany, with one influential NGO calling for a moratorium on trade. Many countries noted that they had difficulties in carrying out NDFs on mahogany.

ITTO and CITES made a presentation to the MWG on a multi-million dollar, multi-year collaborative project that would provide region-specific assistance to countries throughout the tropics to design forest management plans/inventories, provide guidelines and case studies for making NDFs, and develop and disseminate timber identification tools, etc. This project, which could play an important role in implementing several of the recommendations of the MWG and CITES Plants Committee on mahogany and other timber species in CITES appendices, is scheduled to commence in 2007.

In its consideration of the MWG report at its meeting the following week, the CITES Plants Committee recommended that by the end of the year:

- the Plants Committee support development of further guidance on non-detriment findings for timber species and the organization of a workshop on this matter;
- parties should report on implementation of CITES Decision 13.58 by 30 November 2006, ensure that no mahogany exports take place without NDFs and verification of legal origin of the timber, and refuse to import mahogany accompanied by a CITES permit issued under a court order, unless NDFs have been confirmed by the Scientific Authority of the country of origin (the latter at the request of Brazil); and
- the CITES secretariat report mahogany enforcement and compliance problems to the CITES Standing Committee and investigate the high volume of mahogany imports reported by the Dominican Republic.

Despite calls from environmental NGOs and some importers for mahogany to be subject to the CITES Review of Significant Trade procedure (which can lead to recommendations for remedial actions when CITES requirements are not being met, including uplisting to the more restrictive Appendix I and trade moratoria), the Plants Committee decided not to call for such a step at this time.

In other developments relevant to ITTO at the Plants Committee meeting, the Netherlands proposed that *Cedrela odorata* (cedrela), *Dalbergia retusa* (cocobolo) and *Dalbergia stevensonii* (Honduras rosewood) be considered for inclusion in Appendix II. The chair of the Plants Committee requested members to compile information on these species to inform any future discussions. Italy presented a proposal on standardizing measurements for appendices II- and III-listed timber species, noting existing discrepancies in measuring shipment volumes and weights, particularly due to varying water content.

Reported by Steve Johnson