

International Tropical FOREST

UPDATE

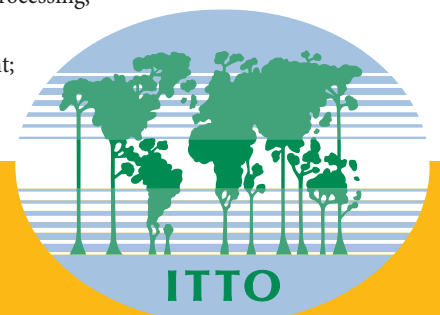
A newsletter from the International Tropical Timber Organization to promote the conservation and sustainable development of tropical forests



Sustainable forest industries

The tropical forest industry has had its share of bad press, unfortunately sometimes deservedly so. While the negative stories of unsustainable practices seem to always garner the most attention, an equally compelling case can be made for the transformative effect forest industries can have on tropical economies and sustainable development.

The many positive direct impacts of forest industries include much-needed investment in local processing; foreign exchange earnings through exports; employment; technology transfer; training



Inside: Kalimantan's forest industry, Nigeria's forest industry, plantation expansion ...

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Images: Timber production in a community-owned wood industry in Ixtlan, Oaxaca, Mexico. *Photo: T. Yanuariadi/ITTO* (cover); Small-scale charcoal plant in Indonesia. *Photo: A. Jauhari* (above)

and capacity building; and contributions to government budgets through the payment of taxes and royalties. In addition to these direct impacts, many forest industries in tropical countries also perform social functions that governments are unwilling or unable to provide, such as health care, education and infrastructure development.

What are the prerequisites for sustainable forest industries? As laid out in the article in this issue on a long-term plan for South Kalimantan's wood products industry by Jauhari et al. (page 3), an initial step is determining raw-material availability and ensuring that planned capacity development is consistent with the sustainable wood supply; too often, this calculation only takes place after new mills are given the go-ahead. In many countries, plantations will be a key component of long-term, sustainable wood supplies (see article by Barua and Lehtonen, page 11).

A thorough analysis of markets and comparative/competitive advantages is also required to ensure that resources are allocated optimally and that products will be able to be sold. In his study of Nigeria's wood products sector, Molinos (page 7) also identifies good governance—including effective and not unduly burdensome administrative and regulatory requirements, appropriate taxation/incentive policies and stable and supportive trade policies—as a key requirement for building sustainable forest industries and a sustainable forest sector.

Tropical forest products industries also need to ensure that their contributions to sustainable development are well known, including through active engagement in relevant international processes and effective marketing and public relations campaigns. A good example of this is the Brazzaville Declaration, a joint agreement to combat illegal timber trade in the Congo Basin that arose from the recent ITTO co-sponsored International Forum on the Sustainable Development of the Wood Industry in the Congo Basin. Several key timber industry representatives participated in this meeting, agreeing to the Brazzaville Declaration together with governments and civil-society organizations from Africa's main timber-

producing countries. This kind of engagement is essential for the widespread recognition of the positive impacts of sustainable tropical forest industries and to ensure continued access to markets concerned about unsustainable forestry practices in the tropics and elsewhere.

Of course, ITTO has a role to play in promoting efficient and sustainable tropical forest industries, as set out in the International Tropical Timber Agreement. The Organization will continue to support countries in this regard through its project program and, should donors make funding available, it will also launch its Thematic Program on Industry Development and Efficiency as another element of its support.

One person who knows well the transformative power of sustainable forest industries on tropical economies is Amha bin Buang. Amha's keynote address to a recent Indonesian high-level market forum highlighted many of the challenges and opportunities facing tropical forest industries – an abridged version is reproduced in this issue's *Market Trends* (page 28). Amha retired from the ITTO Secretariat on 1 November 2013 after more than two decades serving ITTO, first as Producer Spokesperson and for the last 15 years as a key member of the Secretariat. We will miss him and wish him well in his retirement.

Steve Johnson
 Editor

ITTO surveys technology transfer in tropical forest products sector

ITTO is undertaking a survey to assess the extent of and opportunities for technology transfer in the tropical forest products sector. Responses are sought from small and medium-sized enterprises, tropical timber buyers, suppliers of technical services, training and machinery, and other relevant stakeholders in the tropical forest products sector. Please go to http://fluidsurveys.com/s/itto_cons/ to complete and submit the survey on-line in English, French or Spanish. The process should take less than 15 minutes to complete. For more details or to report problems completing the survey, contact surveyt@itto.int.