



## **Tropical timber and sustainable development: is the trade delivering?**

**T**HE TROPICAL timber industry and its associated trade employ millions of people and make large contributions to livelihoods and export earnings in some of the world's poorest countries. On the other hand, the industry has been criticised for, among other things, causing forest degradation and paying insufficient attention to community concerns.

In June and July 2004, ITTO convened two panel discussions, one in São Paulo, Brazil and the other in Guadalajara, Mexico, to discuss the question: 'is the tropical timber trade contributing to sustainable development?' It brought together prominent people in industry, government, trade and civil society and invited participation from a total audience of nearly 300 people. This report summarises the outcomes of these two panels.

### **Background**

The first panel was conducted on 16 June 2004 in cooperation with the Secretariat of the United Nations Conference on Trade and Development (UNCTAD) during UNCTAD XI in São Paulo, Brazil. The second was convened on 1 July 2004 in cooperation with the Forestry Commission of Mexico in Guadalajara, Mexico during the 2nd Mexican Forestry Expo. The following ten senior policymakers and practitioners were invited as panellists:

- **Alhassan Attah**, Manager, London Office, Ghana Forestry Commission (São Paulo panel);
- **David Boulter**, independent, and former Chair of the International Tropical Timber Council (moderator of the Guadalajara panel);
- **José Carlos Carvalho**, Secretary of Environment, State of Minas Gerais, Brazil (São Paulo and Guadalajara panels);
- **Scott Poynton**, Executive Director, Tropical Forest Trust (Guadalajara panel);

- **Saúl B. Monreal Rangel**, Manager of Commercial Forest Plantations, National Forestry Commission of Mexico (CONAFOR; Guadalajara panel);
- **Brigid Shea**, Manager of Government and Environmental Affairs, International Wood Products Association (Guadalajara panel);
- **Ivan Tomaselli**, Vice President, Brazilian Association for Mechanically Processed Timber, Brazil and President, STCP Consulting (moderator of the São Paulo panel);
- **Eduardo Viadas**, Host of the 'Planeta Azul' radio program, Mexico City (Guadalajara panel);
- **Jorge Viana**, Governor, State of Acre, Brazil (São Paulo panel); and
- **Virgilio Maurício Viana**, Secretary of Environment & Development, Amazonas State, Brazil (São Paulo panel).

The UNCTAD event was opened by Carlos Fortin Cabezas, Deputy Secretary-General of UNCTAD, and Manoel Sobral Filho, ITTO Executive Director. The Mexican event was opened by Carlos González Vicente, Coordinator General of Production and Productivity of CONAFOR, and ITTO representative Steven Johnson.

The main points raised during the dialogue at these two events are summarised in this article, which has been compiled by the ITTO Secretariat with the aim of informing work to promote a tropical timber trade based on sustainably managed forests. The intention of the dialogue was not necessarily to provide a yes-or-no answer to the question of whether the timber trade is contributing to sustainable development, or to try to quantify the contribution, but to explore the nature of and limits to any contribution and to suggest ways in which it could be increased.

### **Recognise the efforts of tropical countries**

The tropical timber industry gets a bad press, particularly in developed countries, but many positive initiatives have been taken and success stories in sustainable tropical forest management are becoming more common.

Jorge Viana, the governor of Acre state, described a project (financed by ITTO) being conducted in the newly created Antimary State



Forest in his state. A forest management plan for sustainable, multiple use has been prepared and is now in the early stages of being implemented. The project warrants particular attention for three particular achievements. First, it has resolved longstanding land ownership and tenure problems, granting legal rights to the forest's inhabitants—106 rubber-tapping families—to participate in the management of the forest and to benefit from its use. Second, it has facilitated the organisation of these families into associations and provided them with assistance to improve their production of and trade in non-wood products, including rubber, Brazil nut and oils such as copaiba oil. And, third, it has established a system of sustainable commercial timber production—the first ever in a publicly owned forest in the Brazilian Amazon—in which a large share of the timber stumpage revenues is paid to the rubber-tapping families. According to Governor Viana, this project is serving as a model for the development of a sustainable forest-based industry in the rest of Acre state.

Nevertheless, the capacity to create such a regime remains very low in many countries. Mr Attah, for example, spoke about the low literacy rates in many African countries, particularly in rural areas, which can limit the negotiating power of such communities and their ability to benefit from logging and trade. Mr Viadas reported a survey undertaken in Mexico City for the purpose of the dialogue in which people were queried on the role of tropical forests in sustainable development. A large majority of respondents (83%) had no idea either of what sustainable development was or what role tropical forests might play in it.

### **Illegal logging and illegal trade must be conquered**

Several speakers noted that illegal logging and illegal trade were major hindrances to sustainable development. Scott Poynton said that illegally produced and traded timber undercut the markets for legally produced timber, reducing prices and threatening the financial viability of the legal trade. The continuing presence of significant quantities of illegal and unsustainable timber in international markets led Mr Poynton to conclude that the timber trade was not contributing to sustainable development.

Brigid Shea, on the other hand, felt that the trade was contributing to sustainable development in most countries despite problems caused by a few unscrupulous operators. She believed that identifying legally produced timber in the market should take priority over the certification of good forest management. Illegality and corruption are potent scourges of sustainable development and a major threat to the tropical timber trade. Ms Shea also felt that the trade's contribution to sustainable development needed to be reviewed regularly and further enhanced. Several speakers from the floor at the Guadalajara event noted the problems with illegal felling of forests in their country and called for more local control over forests as a step towards combating this problem.

## **Definitions**

The definition of 'tropical timber trade' used in the discussions was:

*the sale and shipment to international destinations of products containing timber derived from tropical forests*

Certification was defined as:

*the (independent) verification of the sustainability of a forestry operation and/or the timber arising therefrom*

### **Certification is a useful mechanism**

Certification can be a useful tool in the pursuit of sustainable forest management. Mr Attah, for example, said that market demand for sustainably produced timber has been a key driver for improvements in forest management in some forests of the tropics. Certification, he said, had the potential to increase the contribution of the timber trade to sustainable development, but only if it was used as an incentive for development rather than a barrier to trade.

Mr Attah said that many tropical producers lacked the expertise to introduce sustainable forest management practices overnight; the international community, and the buying public, needed to be patient while skills were learned. Closing markets to non-certified timber would be disastrous to the economies of many tropical countries and counter-productive to the stated aim of encouraging sustainable forest management. Mr Attah and others stressed the need for the various certification schemes to stop fighting each other and instead devote their energies to promoting best forest practices in the tropics.

Brigid Shea pointed out that certification was still very much a creature of developed countries, with more than 90% of the certified forest area in either North America or Europe. She also said that demand for certification was being driven more by retailers than by final consumers, and that it was not yet an important marketing tool in the United States.

Scott Poynton remarked that while his organisation was an enthusiastic supporter of certification, it would be some time before this tool could be applied widely in many parts of the world. In the meantime, simply demonstrating the legality of timber would have a "massive" impact on the levels of returns generated from investments in forest management and wood-processing.

### **Supplement timber with payments for ecological services**

Jose Carlos Carvalho said that tropical forests performed services that were valuable to the global community, such as biodiversity conservation and the storage of vast quantities of carbon, but these services were not being paid for. Add this to the generally low prices received for most tropical timber and it wasn't difficult to see why forests were being replaced with more remunerative land-uses such as agriculture and cattle-grazing.

Virgilio Viana said that people outside the Amazon often said how important tropical forests there were, particularly for their conservation value, but Amazonian people lived in often appalling conditions. In effect, the rest of the world was asking these people to put their aspirations for development on hold for the greater good, and the world was taking a "free

► continued on page 29

## ProForest Summer Training Programme

11–15 July 2005

Cost: £200–850 (depending on the number of days)

Oxford, UK

Language: English

This program provides a range of courses dealing with current issues for those involved in forest management, forest product supply chains, certification and sustainable natural resource management. Training courses will be available in the following subject areas:

- Introduction to Certification and Standards (1 day);
- Forest Certification in Practice including Practical Auditing (4 days);
- Responsible Purchasing in Practice including Product Tracing and Chain of Custody (2 days);
- High Conservation Value Forests (HCVF) and Biodiversity Monitoring (2 days); and
- Climate Change Policy and Forests (1 day).

**Contact:** ProForest, 58 St Aldates, Oxford, OX1 1ST, UK; Tel 44-1865-243439; Fax 44-1865 790441; [info@proforest.net](mailto:info@proforest.net); [www.proforest.net](http://www.proforest.net)

## Masters degree in management, access, conservation and trade of species: the international framework

3 October–15 December 2005

Language: Spanish and English (with simultaneous interpretation)

Universidad Internacional de Andalucía, Baeza, Spain

This contributes towards a master's degree that will provide participants with the tools for understanding how major international multilateral agreements work. The course is appropriate for those who are involved in, or wish to become involved in environment-related policymaking or the implementation of international agreements at the executive level. A small number of scholarships are available.

**Contact:** Rector, International University of Andalusia, Sede Antonio Machado, Palacio de Jabalquinto, Plaza de Santa Cruz, s/n. 23440 Baeza, Jaén, Spain; Tel 34-953-742775; Fax 34-953-742975; [machando@unia.es](mailto:machando@unia.es); [www.unia.es](http://www.unia.es)

*Courses are in English unless otherwise stated. By featuring these courses ITTO doesn't necessarily endorse them. Potential applicants are advised to obtain further information about the courses of interest and the institutions offering them.*

## Small-grants program for community forestry in South and Southeast Asia expands

The European Union-funded, UNDP-managed small-grants program for activities which promote tropical forests in South and Southeast Asia (SGP PTF) has been expanded. The SGP PTF provides small grants of €20 000–150 000 on a competitive basis for community-led initiatives that promote the sustainable management of tropical forests. Since January 2003 the SGP PTF has received a total of 724 formal proposals from community groups in Pakistan, Philippines, Thailand and Vietnam and, of these, 69 have received funding.

The SGP PTF has now expanded into Indonesia, Malaysia and Sri Lanka. Formal calls for proposals have been announced in Malaysia and Sri Lanka and a formal call for proposals in Indonesia is expected in January 2005. A total of 171 formal applications for funding have so far been received in Malaysia and Sri Lanka. Efforts are under way to further expand the SGP PTF activities into Cambodia and Lao PDR and, if successful, calls for proposals are expected to be announced in the first quarter of 2005. The SGP PTF is mandated to carry out grant-making activities until December 2007 and has a total budget of €15.1 million.

The SGP PTF focuses on the rural poor who live in or are from forests in the region. The practice and principle of the SGP PTF is that individual country programs are country-led both in terms of their overall strategy and project selection. Application procedures for grants take into account the generally low capacity of community groups and applications in the form of short concept papers in local languages are encouraged.

*For further information on this funding facility go to the SGP PTF website at [www.sgpptf.org](http://www.sgpptf.org) or contact the Regional Program Coordinator, Mark Sandiford, at [mark.sandiford@undp.org](mailto:mark.sandiford@undp.org)*

### ► continued from page 31

ride" on the services rendered by tropical forests. Therefore, the challenge was to make the tropical timber trade a catalyst for sustainable development and to increase the currently very low level of international payments for the ecosystem services provided by forests.

## Reform government regulations

Several speakers argued that government policies towards the timber trade must provide more incentive to the timber industry to introduce sustainable forest management practices. Scott Poynton called on governments around the world to examine ways in which they could act to reduce the trade in illegal wood products, a prerequisite for increasing prices for legally produced timber. Virgilio Viana proposed that all certified timber from natural tropical forests should be exempt from taxes and duties, which would amount to a payment for the environmental services provided by tropical forests.

Several panellists and participants also called for an end to perverse subsidies in agriculture and forestry that distorted land-use decisions and deprived developing countries of export revenues that could be channelled back into conservation and sustainable management of forests.

Panelists and participants also spoke of the need for clearer and more secure property rights over forests.

Saúl Monreal and other participants in the Mexican event referred to the role of plantations in reclaiming degraded land, relieving pressure on natural forests and contributing to sustainable development. Several speakers from the floor were plantation owners themselves, and a discussion of the pros and cons of exotic species and the underlying causes of land-use change helped to clarify some of the important forestry issues in Mexico.

## The full deal for forests

Governor Viana said that the policies of his government had earned Acre the nickname of 'the forest state'. He said that the Antimary State Forest example showed that it was possible to create, in a remote forest, a sustainable development regime. The timber industry was playing a crucial role in this; equally crucial, he said, was that the communities living in the Antimary forest were the biggest beneficiaries of the sustainable management regime. Those people loved the forest and wanted to keep it for their children, and for their children's children. The timber industry, if promoted in the right way, would help them do that.