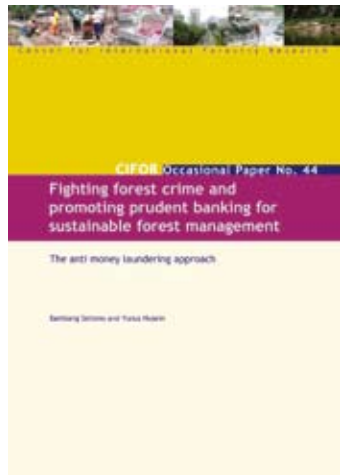




Unless Indonesia's timber industry significantly reduces processing capacity, the country will continue to lose its forests at an alarming rate. Training in timber tracking in Berau, East Kalimantan. (Photo by Agung Prasetyo)



A future for Indonesia's forests?

Indonesia's forests are disappearing at an alarming rate. Every year, timber-related industries consume the equivalent of some 50–60 million cubic metres of round wood. Yet the sustainable yield from natural forests earmarked for production is around 8–9 million cubic metres a year, while plantations currently yield less than that. Another 7 million or so cubic metres are probably harvested legally – but not sustainably – from land cleared for new plantations. This still leaves an enormous gap between demand and legal supply. The result is rampant illegal logging, significant loss of income for government and the destruction of resources used by local communities.

In 2005, Indonesia's Ministry of Forestry, CIFOR and the UK Department for International Development's Multistakeholder Forestry Programme (MFP) collaborated on a report on industrial revitalisation – one of the five priorities identified by the Ministry for the period 2004–2009. 'Three significant studies had already been undertaken during the previous year, related to timber supply and the need to restructure the country's timber industries,' explains CIFOR policy scientist Chris Barr, 'and senior managers at the Ministry of Forestry asked us to provide a synthesis of their findings and recommendations.'

Working closely with FORDA, the Ministry's research branch, CIFOR gathered together analysts who had been involved in the three studies and hired economist Timothy Brown to co-ordinate the work of the synthesis team. The team decided to present its findings in the form of future scenarios. 'Researchers have been telling policy-makers for years that the country is losing 2 million hectares of forest a year, but this hasn't had great impact,' explains Brown. 'We decided to look forward and use economic arguments to show what the implications of these losses will be in 10

or 20 years – for the industry, employment, tax revenues and the landscape.'

The synthesis team came up with three contrasting scenarios. The first of these – business-as-usual – shows that if current trends continue, illegal logging, forest degradation and declining industrial output are inevitable. The second scenario envisages an increase in plantations and imports. This is an improvement on the business-as-usual scenario, but even with a strong plantations programme and a significant increase in imports, illegal logging will continue to be a major problem for at least another 15 years.

The third scenario – favoured by the authors – envisages an increase in both plantations and imports, accompanied, crucially, by significant restructuring of the industry's processing capacity. This shows that illegal logging can be brought under control within a reasonably short period of time, but that will only happen if timber-dependent industries reduce their production.

When the report was presented by FORDA to Minister M.S. Kaban in September 2005, it was warmly received. According to David Brown, an economist with MFP, the Minister recognised that the report represented a credible, quantitative assessment of Indonesia's timber industry, and the need to restructure it.

At the meeting it was agreed that CIFOR, FORDA and MFP would organise a national seminar on forest-industry restructuring. This was held in Jakarta in December 2005, and among those who attended were representatives from the Ministries of Forestry, Industry and Trade, as well as key individuals from five provincial forestry offices, various industry groups, civil society organisations and donor agencies.