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Illegal Logging Threatens Ecological and Economic Stability

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Extensive floods in Indonesia during early 2002 have killed hundreds of people, destroyed thousands of homes, damaged thousands of hectares of rice paddy fields, and inundated Indonesian insurance companies with flood-related claims. Rampant deforestation, much of it from illegal logging, has destroyed forests that stabilize soils and regulate river flow, causing record floods and landslides.

In just 50 years, Indonesia's total forest cover fell from 162 million hectares to 98 million. Roads and development fragment over half of the remaining forests. More than 16 million people depend on fresh water from Indonesia's 15 largest watersheds, which between 1985 and 1997 lost at least 20 percent of their forest cover. Loggers have cleared almost all the biologically diverse lowland tropical forests off Sulawesi, and if current trends continue, such forests will be gone from Sumatra in 2005 and Kalimantan by 2010.

Domestic wood supply in Indonesia was documented at 20 million cubic meters in 2000, while demand stood at some 60 million cubic meters. Thus legal supplies of wood fiber fall short of demand by up to 40 million cubic meters per year. Illegal logging fills the gap-- accounting for almost 70 percent of wood supply. All told, illegal logging alone has destroyed 10 million hectares of Indonesia's rich forests, an area the size of Virginia in the

United States.

Indonesia's situation is not unique. The Philippines once held 16 million hectares of forests but is now down to less than 700,000 hectares. In this country where illegal logging runs rampant, forest loss from tree felling and conversion to agriculture is cited as the cause of flooding, acute water shortages, rapid soil erosion, river siltation, and mudslides that have taken lives, destroyed properties, and wreaked environmental damage.

In 1989, Thailand banned the logging of natural forests in direct response to devastating floods and landslides that had taken 400 lives the year before. Though illegal logging is now at lower levels than before the ban, it is still widespread. More recently, massive flooding of China's Yangtze River in 1998, which was linked to the removal of 85 percent of the upper river basin's original tree cover, propelled China to issue a ban on logging in the upper reaches of the Yangtze and Yellow Rivers and to begin a reforestation campaign.

China consumes nearly 280 million cubic meters of timber a year, but domestic supply currently provides only 142 million cubic meters. As production shrinks, China is turning to imports and illegal logging to make up for the shortfall. The International Tropical Timber Organization forecasts that within the next few years China will become the world's largest log importer, edging out the United States and eclipsing Japan, whose massive imports have already destroyed many of the rainforests of the Philippines and much of Borneo.

Fifty-seven percent of the logs brought into China originate in Russia, where poor law enforcement, corruption, and the abandonment of local timber-processing plants have led people to illegally cut trees for companies that send raw materials to China for processing. At least one-fifth of Russia's timber harvest is taken illegally or drastically violates existing

legislation.

To China's south, Burma (Myanmar) holds about half of mainland Southeast Asia's forests. These contain a variety of tropical hardwood species that are increasingly drawing interest from China. On paper, Burma supplies less than 10 percent of China's log imports, but industry workers say the numbers must be at least twice as high. Burmese log exports to China are growing much faster than the trees, many of which are hundreds of years old, can be replaced. In 1949, tropical forests covered 21 percent of the country's land area, but now less than 7 percent of Burma is forested.

In Laos, where the volume of illegal logging is the equivalent of at least one sixth of the legal harvest, the army openly cuts forests. Now less than 40 percent of the country is forested, down from 70 percent in 1940. In Cambodia, over 70 percent of the timber export volume consists of unreported logs. And Viet Nam could lose all substantial forest cover by 2020 if the current rate of deforestation continues.

As the growing Asian timber market has exhausted supplies over much of the continent, wood imports to Asia from Africa have steadily increased. From 1993 to 1999, Europe imported 40 percent of central African logs, but since 1996, rising demand from Asia has made that region the number one importer of African timber.

Forest products are the second largest export for both Cameroon and Gabon, generating about 20 percent and 13 percent of respective export revenues. Between 1990 and 1995, the share of Cameroonian logs going to Asia soared from 7 percent to 50 percent.

Unfortunately, only half the logging companies in Cameroon are licensed, and among these companies, violations such as felling trees smaller than the legal size and cutting outside

concession boundaries are common.

These examples cover only a portion of the global timber market. Uncontrolled deforestation abounds in other countries--in Brazil, with the world's highest deforestation rate, where an estimated 80 percent of logging is illegal; in Mexico, which is losing over 1 million hectares each year; and in Ethiopia, where in just 40 years forest cover has plummeted from around 40 million hectares to 2.7 million, only half of which is natural forest. Rarely, though, is deforestation purely a local issue.

The world's eight largest industrial countries plus the rest of the European Union buy 280 million cubic meters of timber and timber products from abroad each year, accounting for 74 percent of the world's timber imports. Most of this wood comes from countries where illegal tree felling is the norm. In 2000, the United States alone imported over \$450 million worth of timber from Indonesia, which given Indonesia's illegal logging rate could represent \$330 million worth of timber from illegal sources.

If importing countries insist that timber and timber products are certified under internationally recognized environmental and social standards like those of the Forest Stewardship Council, illegal logging becomes more difficult. Exporting countries would profit by protecting the integrity of forest ecosystems, and could secure higher prices for certified wood on international markets. Russia, for instance, which loses \$1 billion in export revenues each year because its wood is not certified, is now developing a mandatory certification system for standing forests.

Certification along with existing international agreements, such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora, can help to prevent illegal logs from crossing international borders--if laws and standards are upheld. Recycling

and reduced use of throwaway timber products can lower the demand for timber that has made illegal logging profitable. As the Chinese government has recognized, the services that forests provide, such as flood control, can be worth far more than the lumber they contain.

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FOR ADDITIONAL INFORMATION

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FWI/GFW, **The State of the Forest: Indonesia** (Bogor, Indonesia: Forest Watch Indonesia, and Washington, DC: Global Forest Watch, 2002).

Susan Minnemeyer, **An Analysis of Access Into Central Africa's Rainforests** (Washington, DC: Global Forest Watch and World Resources Institute, 2002).

LINKS

Center for International Trade in Forest Products

<http://www.cintrafor.org>

Forest Stewardship Council _

<http://www.fsc.org/en/>

Forest Trends

<http://www.forest-trends.org>

Global Forest Watch

<http://www.globalforestwatch.org>

International Tropical Timber Organization

<http://www.itto.or.jp>

UN Food and Agriculture Organization Forest Resources Assessment

<http://www.fao.org/forestry/fo/fra>

US Department of Agriculture Forest and Fishery Products Division

<http://www.fas.usda.gov/ffpd/fpd.html>