



THE FORESTS DIALOGUE

TFD STEERING COMMITTEE 2007

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The Forests Dialogue

Dialogue on Intensively Managed Planted Forests in Indonesia

The Forests Dialogue (TFD) will convene a multistakeholder dialogue with associated field visits in Sumatra, Indonesia in March 2007 to continue its exploration of intensively managed planted forests (IMPFs). The objective of this dialogue initiative is to identify the conditions under which IMPFs can deliver an optimal and equitable mix of economic, social and environmental benefits both locally and globally. The Indonesia dialogue is a follow-on from the IMPF China dialogue of April 2006 and is the second in a series of dialogues and field visits by this working group to key IMPF regions around the world. It aims to expand the working group's knowledge of IMPFs and contribute to ongoing national policy discussions on the role of IMPFs in meeting Indonesia's future fiber demands. Summaries of previous TFD dialogues on IMPFs can be found at:

www.theforestsdialogue.org/ifm.html

Dates Monday 5th - Thursday 8th March 2007

Location Pekanbaru, Sumatra, Indonesia

Overview

The shift from natural forest management to IMPFs is one of the most important trends in sustainable forestry today. IMPFs contribute one-third of the world's industrial wood supply, and technological change and increasing global demand for forest products are projected to favor IMPFs over alternative forest resources in the future. Given these trends, the challenge is to optimize the social and environmental benefits of IMPFs while maintaining their competitive advantage and profitability.

IMPFs in Indonesia

From 1950 to 2000, 40% of Indonesia's forests were cleared, with forest cover reduced from 162 million ha to 98 million ha. Since 1985, approximately 2.6 million ha have been cleared for oil palm plantations and nearly 9 million ha allocated to IMPF development (WRI). Agriculture has been another key driver of deforestation. In recent years, Indonesia's pulp and paper industry has become one of the country's most dynamic sectors, growing by almost 700% since the 1980s. From 1988 to 1999, annual pulp production capacity grew from 606,000 to 4.9 million metric tons, and paper processing capacity rose from 1.2 million to 8.3 million tons per year (CIFOR). Rapid expansion has created increased demand for wood and fiber. The introduction of new pulp mills and the expansion of existing facilities in Sumatra have increased wood demand to 24 million m³ per year (CIFOR). Indonesia is currently among the world's top 10 pulp and paper producers.

Pulpwood plantation (IMPF) development has not kept pace with the rapid rise in production capacity, and the industry currently faces a shortage of sustainably-sourced wood fiber. Of the 100 million m³ of wood consumed by the pulp industry from 1988-1999, a mere 8% was sourced from IMPFs (CIFOR). This supply shortfall has led pulp mills to rely on native forests for their fiber needs. By 1999, Indonesia's native rainforest had become the 'lifeblood of Indonesia's pulp and paper industry' (U.S. International Trade Administration). It is estimated that over 800,000 ha of native forest has been cleared for pulp needs, with as much as 70% of the supply obtained by illegal logging (CIFOR, WWF).

Intensive and illegal timber extraction and the conversion of native forest to plantations to supply pulp and paper mills have created serious social problems. These include: conflicts with the needs and rights of indigenous peoples and settlers; insecurity of tenure for companies and communities alike; and involvement of local communities in illegal logging networks. While logging, plantations, and mills have generated significant local employment, workers have voiced concerns about: inadequate health and safety; low wages; poor housing and working conditions; discriminatory treatment of women; obstacles to the recognition of workers' rights to organize, represent themselves and freely negotiate their pay and conditions.

From an environmental perspective, the prominence of land-use change and deforestation in Indonesia and the implications for investment decision processes are much more critical than in China. Accordingly, in addition to exploring the pressure placed on forests by the growth of Indonesia's pulp and paper industry, the Indonesia dialogue will explore land-use change and deforestation issues in greater depth. Participants will be asked to consider IMPFs within this broader context. Questions posed will include: What role can IMPFs in Indonesia play to reduce this pressure as well as to provide procurement alternatives to illegal logging? Are IMPFs capable of meeting the high demand of Indonesia's pulp and paper industry? If so, what needs to change in current development, investment, and management practices? How can the benefits of an expanding IMPF estate reach the rural poor, decrease land conflicts, protect remaining natural forest fragments and strengthen landscape-level ecological integrity?

Objectives

TFD's objectives for the Indonesia dialogue are:

- ➔ Learn about current and future plans for planted forests in Indonesia while understanding the context of the larger landscape and competition for land use from other sectors
- ➔ Raise awareness about the unique issues presented by IMPFs in Indonesia
- ➔ Review and solicit input on systems of best management practices in the context of their implementation in Indonesia, with consideration of lessons learned from experience to date
- ➔ Explore social aspects such as tenure, property rights and environmental concerns of large-scale plantations and balancing supply and demand drivers of major investment projects in Indonesia with capacity
- ➔ Explore the use of technology to improve IMPF development as well as biodiversity preservation in core habitats

The Indonesia dialogue will also expand on the themes discussed in the TFD China Dialogue that are of global import to IMPFs:

- ➔ Use of best practices models to guide IMPF development strategies, build partnerships, encourage government towards more progressive and enabling frameworks, and identify and replicate best practices to allow newly-developing countries to leapfrog ahead in technology
- ➔ Creation of a common standard for reporting to facilitate independent analysis of company performance and practices, create transparency, help level the playing field, and strengthen partnerships between NGOs and business
- ➔ Participation of additional sectors (particularly banking and finance) to promote the progress of equitable, sustainable, and competitive IMPF management, reduce poverty in remote rural areas, and create conditions that favor forests and forestry as a profitable engine of sustainable development

Engaging with and learning from local actors will be an important component of the Dialogue to deepen participant understanding of community attitudes towards IMPFs, illegal logging, and biodiversity conservation. Engagement with the investment sector will also be important.

Expected Outcomes

- ➔ Test and refine the improved understanding that came from the IMPF China meeting through comparison with the current context and future potential of Indonesian IMPF development
- ➔ Contribute to national IMPF policy discussions in Indonesia through report back to Indonesian decision makers and by linking them into the TFD network of learning on planted forests
- ➔ Contribute the working group's collective learning and knowledge to the ongoing development of best management practice systems and a sustainable development framework for IMPFs in Indonesia.

Format and Content

Field visits will precede the dialogue. Two days will be spent in the field examining different IMPFs in Riau province on the island of Sumatra. Following the site visits, the group will meet in Pekanbaru, Sumatra for 2 days to hear from Indonesian and international experts and review what was learned on the visits, followed by a discussion among all dialogue participants. Participants will aim to strengthen future collaboration among stakeholders working on IMPF issues.

Preliminary Itinerary

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| 4 March | Arrive in Pekanbaru (Riau province, Sumatra)
Stay at Aryaduta Hotel |
| 5 March | Visit plantations – industry, government, community |
| 6 March | Additional plantation visits |
| 7 March | Dialogue |
| 8 March | Dialogue and adjourn by 17:00 |
| 9 March | Travel from Pekanbaru to international airports |

Event Follow-Up

Following the dialogue, a summary of the outcomes will be distributed broadly. The group and the TFD Steering Committee will then discuss the next phase of this IMPF dialogue and begin planning for the next site visits (to be held in the U.S. Southeast or Brazil). It is anticipated that most of the participants of this dialogue will participate in future dialogues and site visits.

Participants

Approximately 40 invited participants will participate in the Indonesia IMPF dialogue. Participants will include leaders from environmental and social NGOs, forest owners, forest products industry, pulp and paper associations, retailers, researchers, intergovernmental organizations, investors, academics, and Indonesian central and provincial government authorities. Although there is no fee for participation, participants are expected to cover their own travel-related expenses. Those invited participants who are unable to do so should contact the TFD Secretariat immediately to discuss the options for support (info@theforestdialogue.org).

Planning and Organization

A small group of TFD Steering Committee Members and local partners are working to develop this IMPF dialogue series. They include Mubariq Ahmad (WWF-Indonesia), Gerhard Dieterle (World Bank), James Griffiths (WBCSD), Stewart Maginnis (IUCN) and Jouko Virta (APRIL) with Gary Dunning (TFD's Secretariat).

More Information

For information about The Forests Dialogue as well presentations and publications related to previous IMPF dialogues, please see the website at www.theforestdialogue.org or email info@theforestdialogue.org.