What is “conversion timber”?

Timber generated during the conversion of natural forest areas to non-forest or plantation use:

- Infrastructure development (dams, roads)
- Agricultural development (large-scale commercial)
- *In August 2014, the Government of Indonesia announced plans to clear 14 million hectares of forests by 2020 to provide more space for infrastructure, energy, and food supply (Jakarta Post 2014).*
How important a timber source?

Global trade in tropical timber shifting away from origins in selectively logged forests to those being clear-cut for other land uses (esp agriculture: oil palm, soy, beef, etc)

- In Indonesia, conversion timber 37% > 72% of total production between 2005-12 (Blundell 2014).
- In Brazil, conversion timber 4–14m m3 compared with total production of 24.5m m3 (Grieg-Gran, 2007)
- Little to no conversion timber from Africa but this will change: large new oil palm developments.
How important a timber source?

- Very few trade statistics:
  - almost no producer country publishes data on volumes of wood from conversion sites vs official forest estates
  - ITTO nor FAO do not request this breakdown
- Important to know the true drivers:
  - Demand for agricultural commodities? Development?
  - Increasing regulatory control (and cost) on managed forest sources, making agricultural clearance permits a more attractive option for accessing timber.
How important a timber source?

- PNG streamlined process for issuing agricultural permits >> 20% increase in log exports due almost entirely to forest clearance for conversion.

- 5.1 million hectares in PNG (11% total land area) now under SABLs, covering designated intact natural forest landscapes and protected areas.

- Only nine of the 72 SABLE titles are held by listed agricultural companies, potentially indicating that access to timber resources is the driving factor.
Est’d 50% of tropical timber on int’l markets from forest conversion

<table>
<thead>
<tr>
<th>Country</th>
<th>Total RWE* primary tropical product exports 2012, million m³</th>
<th>% of exports from forest conversion (main estimate)</th>
<th>Implied conversion exports RWE 2012, million m³</th>
<th>% of exports from forest conversion (low-end sensitivity analysis)</th>
<th>Implied conversion exports RWE 2012, million m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>15.6</td>
<td>65%</td>
<td>10.1</td>
<td>65%</td>
<td>10.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10.4</td>
<td>75%</td>
<td>7.8</td>
<td>75%</td>
<td>7.8</td>
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<tr>
<td>Papua New Guinea</td>
<td>3.2</td>
<td>30%</td>
<td>1.0</td>
<td>30%</td>
<td>1.0</td>
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<tr>
<td>Burma</td>
<td>2.6</td>
<td>50%</td>
<td>1.3</td>
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<tr>
<td>Solomon Islands</td>
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<td>15%</td>
<td>0.3</td>
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<tr>
<td>Cameroon</td>
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<td>5%</td>
<td>0.1</td>
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<tr>
<td>Laos</td>
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<tr>
<td>Brazil</td>
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<td>0.1</td>
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</tr>
<tr>
<td>Gabon</td>
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<td>0.1</td>
<td>0%</td>
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</tr>
<tr>
<td>Congo</td>
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<td>2%</td>
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<tr>
<td>Ivory Coast</td>
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<td>4%</td>
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<td>0%</td>
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<tr>
<td>Ghana</td>
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<td>1%</td>
<td>0.0</td>
<td>0%</td>
<td>0.0</td>
</tr>
<tr>
<td>Others</td>
<td>3.4</td>
<td>14%</td>
<td>0.5</td>
<td>0%</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>44.4</td>
<td></td>
<td>22.2</td>
<td></td>
<td>18.9</td>
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<tr>
<td>% Conversion</td>
<td></td>
<td></td>
<td>50%</td>
<td></td>
<td>43%</td>
</tr>
</tbody>
</table>
Tropical deforestation due to

- Commercial agriculture: 71%
- Illegal conversion for commercial agriculture: 49%
- Illegal conversion for commercial agriculture for export: 24%

*Midpoint estimates used in sensitivity analyses*
Illegality in major countries

**BRAZIL [30.6 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 17% exported BEEF
  - 75% exported SOY
  - 90% deforestation due to commercial agriculture (agro-conversion)
  - 79% illegal agro-conversion
  - 30% illegal agro-conversion exported

**MALAYSIA [4.7 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 90% exported OIL PALM
  - 87% deforestation due to commercial agriculture (agro-conversion)
  - 43% illegal agro-conversion
  - 86% illegal agro-conversion exported

**INDONESIA [15.5 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 75% exported OIL PALM & PULP PLANTATION
  - 80% deforestation due to commercial agriculture (agro-conversion)
  - 80% illegal agro-conversion
  - 75% illegal agro-conversion exported

**BOLIVIA [2.8 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 75% exported SOY
  - 75% deforestation due to commercial agriculture (agro-conversion)
  - 90% illegal agro-conversion
  - 66% illegal agro-conversion exported

**PARAGUAY [2.4 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 94% exported SOY
  - 79% deforestation due to commercial agriculture (agro-conversion)
  - 42% illegal agro-conversion
  - 80% illegal agro-conversion exported

**PAPUA NEW GUINEA [0.6 Mha]**
Total forest loss 2000-2012

- **Drivers of deforestation:**
  - 100% exported OIL PALM, COCOA, OTHERS
  - 50% deforestation due to commercial agriculture (agro-conversion)
  - 90% illegal agro-conversion
  - 100% illegal agro-conversion exported
% of global exports from illegal deforestation

- Soy: 19% Low, 27% High
- Beef: 11% Low, 14% High
- Leather: 5% Low, 7% Mid, 9% High
- Palm Oil: 27% Low, 39% High
- Tropical Timber: 16% Low, 31% High

1/30/2015
Definition of Legality / Illegality

- Legality determined by laws & regulations of producer countries, at the time of deforestation
- Illegalities of past 20-30 years only, directly or indirectly caused by commercial agriculture
- Does not include international commitments (ILO 169, UNDRIP, etc)
- Does not include customary rights unrecognized by statutory law
Only focuses on violations with large impact

- Issuing of licenses / permit
  - Corruption / bribery
  - Example PNG: Parliamentary Inquiry found 90% Special Agriculture and Business Leases (SABLs) obtained through corrupt/fraudulent means

- Clearance
  - No permit, permit non-compliance, in advance of permit
  - Clearance in prohibited zones
  - Failure to compensate affected communities
Legality issues associated with conversion timber

• Are the legality issues different from conventional forest concessions?

• More emphasis on early processes of land acquisition, auctions, permitting, process by which forest lands are degazetted into other categories (e.g. agriculture)

• Many of the most egregious practices relate to basic human rights (access to resources for livelihoods) – but are officially legal. Legality is far below “international best practice”

• Laws and regulations often dispersed across many different, uncoordinated government agencies responsible for land management (forestry, agriculture, rural development, national land use planning, etc)
Conversion Timber

- Mechanisms designed to address illegal logging were designed in the 1990s and early 2000s before forest conversion (agricultural land) boom
- Certification standards and legality verification schemes designed for selective logging context
- VPAs now focusing on timber conversion, or are being reviewed (Africa)
- To some segments of the markets, conversion timber will never be acceptable (non-sustainable)
Recommendations

If “legal conversion timber” is acceptable to the market:

• Greater understanding of “due diligence” in a much more complex and often vague regulatory setting

• greater emphasis on processes to define of legal forest conversion across multiple government agencies and stakeholders (e.g. agriculture)

• More attention to earlier stages of land acquisition

• More attention to issues of “elite” corruption

• Need to raise the floor of legality, to ensure that “legal” does not include human rights violations
Thank you

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