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INDONESIAN PULP AND PAPER INDUSTRY'S PERSPECTIVE ON FSC'S POLICY ON CERTIFICATION OF PLANTATIONS

A Discussion Paper for the FSC Plantation Review

Executive Summary

Many plantation forest enterprises are willing to commit themselves to the FSC Principles & Criteria for forest stewardship but FSC 10.9 and Principle 6.10a are strong dis-incentives to pursue forest certification as many of the planted areas were originally converted from natural forests.

The FSC policy on not certifying post-1994 converted plantations in the context of Indonesia fails to recognize:

- That conversion forestry is an important national policy instrument in national, **regional and local** land-use, conservation and sustainable development planning;
- The crucial role of productive converted-forest plantations in eliminating the imbalance of wood demand and supply from natural forests or as important sustainable **alternative source** of wood from natural forests;
- That in many circumstances, managed and well-planned forest conversion and plantation development based from the best available scientific information on an integrated approach and through participatory land-use planning, are necessary for biodiversity conservation.
- That there are no net environmental gains in the exclusion of post-1994 converted plantations;
- The significant social and economic contribution of forest plantations, particularly in poverty alleviation.

APKI's Key Positions on the review of FSC Principle 6.10a and Principle 10.9 in the context of Indonesia are :

- FSC to repeal FSC Principle 10.9 and Principle 6.10a and to recognize that 'well-managed' and 'well-planned' conversion forest plantations even beyond 1994, significantly contribute to the social, environmental, conservation and economic development of the country ;
- Support moves for the development of a new set of Principles and Criteria specific for forest plantations;
- The two principles coupled with the recent narrow interpretation of partial certification provides a very strong disincentive to develop renewable plantations on scrubland or wasteland which might otherwise be eligible for certification.

INDONESIAN PULP AND PAPER INDUSTRY'S PERSPECTIVE ON FSC'S POLICY ON CERTIFICATION OF PLANTATIONS

A Discussion paper by the Indonesian Pulp & Paper Association (APKI)

1. INTRODUCTION

Many plantation forest enterprises are willing to commit themselves to the FSC Principles & Criteria but cannot embark on certification due to the non-eligibility of their forests if established after 1994 as some of the planted areas were originally classified as natural forests. The cut-off date of 1994 was set to discourage further conversion of natural forests (FSC 2003). The legitimate motive behind this stipulation was that conversion to forest plantations is globally perceived as a key driver of natural forest loss. However, between 1990-2000 total deforestation in tropical countries was still as high as 15.2 million ha per year, of which only 1 million was attributable to conversion to forest plantations (FAO 2000), while the majority resulted from conversions to other land uses (mainly agriculture).

The purpose of this discussion paper is to analyze the impacts and implications of the FSC policy on not certifying plantations on lands converted from natural forests. The paper is based on the Indonesian situation but also draws on some international data.

2. CERTIFICATION OF PLANTATION FORESTS IN THE WORLD

FSC's certified plantation forests in developing countries are concentrated in two main countries, i.e. Brazil and the Republic South Africa (71% of the total developing countries) and these plantations are located in the non-tropical zone. In tropical Asia, the largest FSC-certified plantation is a rubber estate in Malaysia while the others are smaller areas in Sri Lanka. Certifying rubber plantations raises several sustainability issues which are not discussed here.

Expansion of new plantations is expected to continue further, particularly in the tropics. This is demonstrated by the regional trends in Table 1. According to the World Bank, about 50% of the global timber and fiber supply would come from plantations by year 2050. This scenario may be realized even earlier in view of the increasing pressures to limit harvesting from natural forests.

A combination of various land types will be used for the expansion of plantation area, including degraded natural forest, unproductive grasslands and other marginal areas. For industrial plantations, productive soils will be given preference in order to achieve high growth rates and to limit areal needs for conversion. There are no hard data to estimate how large a share of the new plantations could be in natural forests but in any case it will be significant.

The current situation suggests that FSC-certified forest area is not expanding in the focal areas of plantation development apparently due to non-eligibility because of the post-1994 clause and Principle 6.10a. Out of the 136 mill. ha of forest plantations in developing countries in 2000, 110 mill. ha have been established after 1994. Every year the share of “post-1994” plantations will increase further. It is not, however, known how much of them could be considered FSC-eligible according to Principle 10.9 and Principle 6.10a. The share is in any case rapidly shrinking.

It is also noted that FSC is contradicting itself in its definition of plantations and its policy. Apart from forests that have been established by artificial regeneration, the FSC definition comprises naturally regenerating forests that have lost the key elements of the native forest ecosystem through application of silvicultural measures (FSC 2003). Strictly speaking, the FSC definition can be taken to imply that the conversion of natural forest into plantations is acceptable if it takes place through silviculture. It is not clear why this would be different from replacing a degraded stand with a newly planted forest.

Table 1 Plantations in 1990-2000

1 000 ha	Total 1990*	Total 2000	Tropical	Non-tropical	Unspecified
Africa	4 416	8 036	3 825	2 226	1 985
Asia	22 634	115 847	64 955	35 500	15 392
Oceania	149	2 848	170	83	2 595
Europe		32 015		32 015	
North America		16 283		15 033	1 205
Latin America	7 765	11 705	6 298	5 292	115
World	68 445	186 734	75 248	90 149	21 292

* Only developing countries included

Source: FAO 2001

3. FAILURES OF NOT CERTIFYING POST-94 CONVERTED PLANTATIONS

3.1 Converted Plantations as Land Use Policy Instrument and as an Agent for Sustainable Development

In Indonesia, the Ministry of Forestry is developing plantation forestry in designated areas consistent with approved national, regional and local land-use plans, to capture the productive capacity of degraded forest lands and to ease pressure on natural forests. In the country, designated conversion of degraded natural forest into productive plantations often serves these dual purposes. If the potential offered by the wise use of this approach is ignored, the country will be deprived of one essential way to develop its economy. This also raises ethical questions when it is recalled that, e.g. in Europe, large areas of natural forests have been converted into plantations already centuries or decades ago and some of these areas are now FSC certified.

While there are circumstances where conversion into forest plantations can have predominantly negative developmental and environmental effects on the environment, such a conversion can effectively serve sustainable development goals of a nation, including maintenance of biodiversity. If conversion is based on approved regional/zonal land-use plans prepared through a broad-based participatory process, various goods and services derived from these lands can be weighted properly and taken into account in land-use decisions. Box 1 identifies the key policy instruments used in Indonesia to ensure that designated plantation conversion takes place with the framework of sustainable development. Conversion into forest plantations is closely regulated and can take place only in areas which have been designated in provincial spatial (land-use) plans. Forest certification with its inherent 3rd party verification process, will be the main driver that these conditions e.g. legal compliance, integrated landscape conservation planning, participatory land-use planning, take place sustainably.

Box 1 Key Policy Instruments in Indonesia

Instrument	Purpose
1. Agenda 21 Indonesia or the Indonesia strategy and program towards sustainable development	Guidelines and strategic interventions for sustainable development
2. Spatial (land-use) plan sanctioned by local and national governments	Definition of areas for different purposes on provincial and local levels.
3. National Biodiversity Strategy and Action Plan (2003)	Strategic interventions and key actions for conservation of biodiversity
4. Feasibility study and Environmental Impact Assessment	Avoidance of non-feasible investment and prevention/mitigation of adverse environmental impacts

The effects of any plantation development program should always be assessed based on “with and without scenarios” taking into consideration broader regional implications. The main positive impact is an increased timber and fiber supply from the forest plantations which reduces the need to exploit other natural forests, a key aim of FSC. Adequate measures should be taken to mitigate the negative impacts of the chosen development option.

Compared to other strategies, the conversion of degraded forests has one clear advantage; it provides a direct and powerful incentive for the industry to engage in the battle against forest degradation. By developing appropriate and mutually beneficial arrangements (e.g. through participatory land-use planning) the responsible industries could make a significant contribution to sustainable forest development on a broader national and regional scale. This is a unique opportunity for the Indonesian forest sector and it is unfortunate that the current policy of FSC does not encourage such development.

3.2 Imbalance between Timber Demand and Supply

The existing natural forests in Indonesia are rapidly degrading because the selective cutting regimes in natural forest (HPH) concessions are failing and illegal logging is effectively destroying or has already destroyed the regeneration capacity of the forest. Suffice to mention that in 2002 the sustainable timber supply from natural forests was assessed at a much lesser volume than the actual industrial consumption which was estimated at 68 million m³ (MoF 2003). While the accuracy of the figures can be debated, the gap between them is so large that it puts the feasibility of achieving sustainable timber harvesting from natural forests in serious doubt - at least in the short term.

It is acknowledged that eliminating such an imbalance could and should be done applying a host of different means ranging from strengthening the institutional and law enforcement capacity to reducing demand for timber from natural forests. Both the industries and the government have a role to play in these efforts. Conversion of degraded forests into productive forest plantations is one of the necessary measures in addressing the issue of imbalance.

The key benefit of converting degraded forests into plantations is the resulting increase in forest productivity. Compared to sustainably managed natural forests, plantations need only a fraction of the land area required to produce the same amount of timber or fiber. For instance, the entire pulp industry in Indonesia could be supplied from a minimum 1.1 million ha of fast-growing plantations. In terms of land area, this is equivalent to about 1% of total forest area¹. Plantation development can be implemented in such a way that biodiversity in the area and other conservation and environmental objectives are maintained.

3.3 Plantations and Biodiversity Conservation

Contrary to a popular belief, properly managed forest conversion does not destroy forest biodiversity and in many circumstances it can even make a substantial contribution to biodiversity maintenance. A more serious threat than designated, well-managed conversion, is posed by unplanned and illegal activities in natural forests taking place without any regard for biodiversity, environmental or social values.

The CIFOR study (2000) on mineral soils in Indonesia concluded that about 80% of species diversity on the regional scale can be captured by setting aside 25% of the total area as protected natural forest. There are already tools available such as the Indonesian High Conservation Value Forest (HCVF) Toolkit to help in identification of such areas. The current legal requirements for forest plantations result in 20-25% of the total plantation area being set aside for protection. If this area were used effectively concentrating on HCVFs, a substantial portion of on-

¹ Assuming a total forest area of 105 million ha, total pulp mill intake capacity of 22 743 000 m³/a (Ministry of Forestry 2003) and a estimated average yield of 20 m³/ha/a from plantations.

site biodiversity values on conversion sites could be protected in perpetuity as part of sustainable land management in the forest plantation landscape.

Also, with proper planning, conversion of degraded forest into productive forest plantations can have favorable impacts beyond the plantation site. A good example of a positive contribution made by plantation forestry to protection of biodiversity is the Teso Nilo area in the Riau province. The globally unique biodiversity values (including habitat of Sumatran tiger and elephant) found in this area are being rapidly depleted by rampant illegal logging and encroachment. The resources available for law enforcement are insufficient and it is also difficult to find alternative employment for people engaged in illegal activities. Applying an innovative approach, APRIL is developing protective plantation "belt" around the core Teso Nilo area. Once the belt is established by converting the degraded forest used into plantations, entering of illegal loggers and encroachers into the core area can be effectively prevented. An additional strategy is establishment of plantations that can serve as ecological corridors for primate species whose habitats are shrinking and fragmenting due to population pressure.

Strict adherence to the FSC principle that no forest conversion should take place would not have been able to protect the biodiversity in Teso Nilo. By converting a minor portion of degraded forest into forest plantations, the key biodiversity values can be protected – a true win-win solution which can be replicated in many parts of Indonesia and probably elsewhere in the tropics as well. The example serves to show that blunt rules for plantation establishment is not an appropriate approach if the goal is to preserve biodiversity in natural forests.

Only a landscape-level approach can be effective in conserving all the components of biological diversity and other forest goods and services when plantations are established (cf. Cossalter & Pye-Smith 2003). Large-scale plantation projects are large enough to integrate landscape-level issues in their sustainable land development strategies. Precautionary measures are also important but they alone have proved to be often ineffective in preventing forest fragmentation and loss of goods and services and far more disastrous consequences without a well-planned and active forest plantation management.

3.4 Social Impacts of Plantations

The positive social impacts of plantations through income and employment creation in rural areas are well documented and need not be repeated here. These impacts can be further enhanced by small-scale tree farm and social forestry programs. Communities and land-owners often allocate degraded areas for plantation development but if these are classified as natural forest their certification may remain uncertain.

The potential adverse social effects of forest conversion are usually related to property and user rights of local people. These effects can be minimized by following appropriate and broadly accepted procedures and principles (e.g. those of FSC). The Indonesian pulp and paper companies have accumulated positive

practical experience on how disputes related to land and land-use rights can be settled through well-established fair procedures. The increased employment in plantation production and downstream industries adds to the benefits countervailing the potential negative effects.

4. CONCLUSIONS

Fast-growing industrial plantations are a major opportunity for sustainable development in Indonesia. Such plantations can be established with due precautions to ensure that their environmental impacts are mitigated and their social contributions are ensured. Land conversion is inevitable when plantations are established. In some cases, natural forest has to be converted to form part of feasible management units.

The Indonesian experience suggests that plantations can be designed and used as an effective agent to protect biodiversity which would otherwise be lost due to illegal logging or conversion to unsustainable agriculture. In such situations conversion of natural forests can become justified also for environmental reasons.

Industrial plantations often support pulp and paper industry which employs highly capital-intensive technology with no real options. Therefore, the mill sizes are large and the land area requirements for adequate wood supply are also extensive. It is only in exceptional cases that only degraded lands within an economic transportation distance from the mill are large enough to supply the needs of an industrial plant. Therefore, in practice, a combination of land types has to be converted in order to provide the required wood volume.

No environmental gain is obtained through the exclusion of post-1994 from FSC certification when plantations are established in accordance with the following principles and provisions:

- only areas which are designated are used for conversion
- designation is based on spatial (land-use) plans approved by national and local governments
- guidelines of the national biodiversity strategy and action plan are followed
- national and local land regulations are complied with
- environmental impact assessment has been carried out and the overall feasibility of investment has been established
- the forest manager is committed to sustainable forest management and FSC certification including an integration of landscape conservation in forest management planning

Reduction of pressure on other forests is recognized by FSC as the main justification for plantation forestry (FSC 2003). The current policy regarding forest conversion effectively sidelines FSC in the Indonesian forestry sector. By not considering modifications to its current policy on forest conversion, FSC falls into a hypocritical position, where it will be unable to contribute to sustainable land and

resource management in areas where the bulk of the future timber supply will come from.

This paper has advocated for the removal of the 1994 cut-off date of the FSC P&C. As an alternative, Principle 10.9 and Principle 6.10a and its criteria could be modified to accommodate necessary avoidance of inappropriate conversion of natural forests into plantations along the lines as already practiced in Indonesia.

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2 September 2004

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