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Forests, Wood and Livelihoods: Finding a Future for All

Alexander Downer

Paper prepared for presentation at the “Forests, Wood And Livelihoods: Finding A Future For All” conference conducted by the Crawford Fund for International Agricultural Research, Parliament House, Canberra, Australia, 16 August 2005

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OPENING ADDRESS¹

Forests, Wood and Livelihoods: Finding a Future for All

**THE HON. ALEXANDER DOWNER MP
MINISTER FOR FOREIGN AFFAIRS**

Introduction

It has been my pleasure to open this event for several years now and I am grateful once again for the opportunity to be among so many specialists from the international agricultural sector.

I would like to pay special thanks to Tim Fischer who has just ended a six-year term as chairman of the Crawford Fund. Tim has been a passionate advocate for the Fund for a long time and his contribution and his conviction are greatly appreciated. With Tim's departure, I am very pleased that we have been able to find such capable hands as those of Neil Andrew to take on the role.

Neil's extensive background in agriculture from a very early age, his keen interest in aid and development, and his experience with the South Australian State Committee of the Crawford Fund make him an excellent choice as chairman.

I am also pleased to welcome Dr David Kaimowitz, the Director-General of the Centre for International Forestry Research in Bogor, Indonesia.

THE HON. ALEXANDER DOWNER has been Australia's Minister for Foreign Affairs since the election of the Howard Government in March 1996, and has held the seat of Mayo for the Liberal Party continuously since 1984. Born in 1951, Mr Downer was educated at Geelong Grammar School, Victoria; Radley College, Oxford, United Kingdom; and the University of Newcastle on Tyne, United Kingdom. He holds a Bachelor of Arts (Hons) in Politics and Economics and is a Doctor of Civil Laws (*honoris causa*). Mr Downer is a member of the National Security Committee of Cabinet.

Australia — helping drive the international agenda

Australia has a proud record of contributing to international efforts to manage forests sustainably, including through the United Nations Forum on Forests and the Montreal Process for developing and implementing criteria and indicators for sustainable forest management.

We invest in international forestry research through organisations such as the Australian Centre for International Agricultural Research and the CSIRO. We have worked with ASEAN countries to formulate a common approach to eco-labelling and certification in forestry and to advance their interests in the World Trade Organization and global forums that consider global standards in forest management and trade. And, over the past four years, we have invested millions of dollars through the aid program in forestry projects in developing countries.

Australia contributes to international sustainable forestry efforts because we recognise the critical and multi-dimensional role forests play developing countries, particularly in the Asia-Pacific region.

For many in developing countries, forests are a source of life's essentials. They provide food, shelter, fuel, medicines and income. Such disproportionate dependence on a single natural resource highlights the need for sustainable management of forests to protect and enhance people's livelihoods, today and into the future.

The Australian aid program's rural development strategy promotes sustainable forestry practices

¹This is an edited version of the Minister's speech

that balance income generation with resource sustainability. Forestry practices should improve income from activities that value the non-timber components of forests, recognise and respect the social and cultural importance of forests to local communities, and support the conservation of non-renewable resources. Given that 70% of poor people in developing countries live in rural areas, sustainable forestry has an important role in ongoing agricultural productivity. Poor management of forests can accelerate erosion and contribute to water pollution. Effective forest management plays a vital role in maintaining soil health and water quality, and in supporting agricultural and fisheries production.

Helping poor farmers achieve income from forest resources both today and beyond is an essential part of a strong rural economy, but this must be accompanied by appropriate policy so these benefits also increase national economic growth and reduce poverty.

When opening my remarks I also mentioned the Center for International Forestry Research in Bogor, Indonesia.

Australia, led by the ACIAR, was a major player in the push to establish the Center. CIFOR, as the Center is known, plays an active role in working to shape the global forest agenda and has certainly earned the respect it now enjoys. ACIAR was also involved in strategic planning for CIFOR's research program. The effectiveness of the Center's activities since that time reflects both the relevance of this planning, and the cooperation of those involved in the Center's establishment.

The centrality of governance

While sustainable resource management is vital to the economic fortunes of most developing countries, it is an unattainable goal without considerable improvement in institutional and political governance.

Resource-rich countries, and there are many in our region, will not prosper in the long term if they do not have strong legal and regulatory frameworks, accountable institutions, effective law enforcement and well-trained staff to ensure their natural resources are sustainably managed and public revenue is not squandered or lost to corruption.

At present, where these arrangements are not in place, illegal logging and corruption are frankly

rife, and nations derive a fraction of the benefit that they should from forestry. Over the past few years the Australian aid program has steadily increased its emphasis on governance to the point where governance activities now account for just over one-third of our aid budget. In time, effective public sector governance will flow through to the forestry sector and facilitate sound planning and management, effective enforcement of forestry regulations and prudent, accountable use of revenues for the benefit of a nation. That is not to say that putting in place good forestry practices and governance is easy — far from it.

There are very real challenges.

In the Solomon Islands, for example, the forestry sector contributes a significant part of Government's foreign exchange and revenue, and provides employment for thousands of workers. At the present rate of logging, however, suitable forests will be logged out within the next decade. The capacity of Solomon Islands Government to deal with these difficult issues by itself is limited. Australia is working with the industry and public officials to improve government revenue capture, generate more income to forest owners and support better forest management. Australia's continued presence will be critical to ensure vital revenue streams, minimise opportunities for corruption — which are substantial —, maximise benefits to landowners and reduce environmental damage.

Papua New Guinea faces similar difficult issues with its forestry sector. The country has good legislative and political frameworks to guide sustainable forestry management, but implementing policy and enforcing legislation remain ongoing challenges. This was evidenced by the cancellation of the World Bank's forestry and conservation program earlier this year. In recent years Australia has scaled down its direct support to the forestry sector due to concerns about poor governance and because our support for reform of the sector to date has had limited success. However, Australia recognises the importance of well-managed forests to PNG and has repeatedly highlighted the need for the PNG Government to tackle corruption in all sectors, including forestry.

A large focus of our aid program is to support the PNG Government's efforts to improve governance and tackle corruption through AusAID's governance and law and justice programs. The Australian Government's Department of the Environment and Heritage is also working with counterparts in PNG

to reduce conflict over forestry decisions and to give more protection to the country's biodiversity and fragile environments. Recent amendments to the PNG Forestry Act which would increase government and industry control over the National Forest Board are of concern.

I have dwelled on governance because of its importance in strengthening the building blocks of states, in managing natural resources sustainably and in reducing poverty.

There are two other key areas that Australia is working in with partner countries to maximise the potential of forests while minimising impact. One is research and development, and the other is income generation. The two are tightly linked.

Research

Increasing yields and developing species for production of high-quality timber is necessary if we are to maximise opportunities from forest products.

Through ACIAR and other institutions we have been successfully doing this. One outstanding example is the development of high-yielding eucalypt plantations in China. Eucalypts were first introduced to China in 1890 as ornamental species. In the 1950s the Chinese started setting up eucalypt plantations in the warmer southern provinces; by the 1980s, about 600 000 ha had been planted. However, the largely ornamental eucalypts used were poorly suited, and were planted on infertile soils with little or no added fertiliser. Yields failed to meet expectations. Twenty years later new plantations are being established, but now using eucalypts that have substantially greater growth rates.

This is a direct result of the work done by AusAID, ACIAR and China to introduce new species of eucalypts that were suitable for local conditions and to improve the management of plantations, including through the application of fertiliser. Today China boasts 1.5 million ha of eucalypt plantation, much of it based on new species yielding three times more wood than did those used in the early 1980s. It is estimated that by 2020 this venture will have reaped returns of about \$1.3 billion. This very large return is from a research investment of \$12 million. It is an exceptional result.

A similar outcome is now emerging in Vietnam, through the use of fast-growing acacia species — an investment of around \$1 million is reaping estimated returns of \$150 million.

In Nepal we have had a long-standing partnership with the Government to strengthen the country's forestry sector. A key achievement of the project is the reforestation of about 22 000 ha with productive pine plantations. This is providing ongoing income for forest-user communities and has addressed a serious problem of soil erosion.

In the Pacific, with CSIRO, we have an exciting forest genetic resources program underway that will help Pacific Island countries conserve, improve and better promote the use of particularly valuable species such as sandalwood and mahogany that can be used in cosmetics, soaps, aromatherapy, perfumery and medicines, as well as for high-value solid wood products.

Income generation

This sort of research and development demonstrates that the potential of trees to provide income for the rural poor is not limited to cutting and felling.

In such cases trees can act as a 'living savings bank'. These 'saving banks' can be harvested at a future date, to fund a child's education or as a source of emergency funding. AusAID, through ACIAR, works with smallholders to help develop industries based on indigenous species. Often substantial returns are possible if smallholders have some involvement in processing. These returns, and projects supporting smallholder forest management and agroforestry, help to create sustainable forest industries and support long-term growth.

An essential component of all of this work is building the skills of researchers and forest managers in the region who work to protect these vital resources from diseases and pests. A recent ACIAR project has trained forest researchers and plantation managers in Fiji, Samoa, Tonga and Vanuatu to identify diseases quickly and respond effectively. Any loss of income, either from exports or by poor farmers, is crucial in these countries where forest resources are so vital to livelihoods.

Conclusion

There is no question that the world's forest cover is in decline; in many countries forests are not being managed sustainably.

It is vital, in developing countries in particular, that the many benefits of forests and wood are not lost through poor management or — importantly

— through corruption. While we all lose under this scenario, it is the poor who are most disadvantaged.

Australia will continue to work in different ways with countries in our region to ensure that in forests there is a future for all.