

Dawn of a new era?

Random reflections from the World Forestry Congress, Buenos Aires, 18-23 October

"We are at the dawn of a new era for forestry," said Tim Rollinson, Director General of the UK Forestry Commission, at the thirteenth World Forestry Congress (WFC 2009) in Argentina. Mr Rollinson, chairing a forum on forests and climate change, urged those present to be optimistic about the future and to send a strong message to world leaders that responsible and truly sustainable actions can be implemented by the forestry community to deal with climate change.

Avrim Lazar, CEO of the Forest Products Association of Canada, spoke passionately about climate change which was already hitting people and businesses in the forestry sector hard. Mr Lazar said that 25,000 people in Canada had already lost their livelihoods because of climate change. Though often discussed as something which will happen in the somewhat distant future, in Canada, "Climate change is something which is happening today." When asked whether his presentation on the devastation caused by mountain pine beetle was a metaphor for future climate threats, he replied that the devastation was a reality bitterly experienced by real people with real lives and real business interests. Mr Lazar reminded Congress that although climate change was mostly spoken of as something that will destroy the geosphere, effects on the biosphere were of huge importance. His powerful message from Canada to the rest of the world was that, "People are organisms interdependent with the rest of the biosphere. Climate change has hit us so hard in the head, in the heart, in the soul. It's something we have experienced in our homes."

The problems of climate change and deforestation dominated WFC 2009, which was billed as the first to be carbon-neutral. The Congress attracted over 7000 participants to Buenos Aires for a programme covering a wide range of topics from 'People and forests in harmony' through 'Conservation and management of genetic diversity' to 'Industrial biofuels', all under the umbrella conference theme 'Forests in development: a vital balance'.

The World Forestry Congresses serve as a forum for governments,

universities, civil society and the private sector to exchange views, discuss experiences and formulate recommendations to be implemented at national and global levels. This year, with the Copenhagen climate talks looming large as a possible tipping point for decisions that recognise forestry's role in climate mitigation and adaptation, the formal Congress recommendations were of particular interest. They would be the last unified voice of the forestry sector to inform the climate debate.

During the opening ceremony, Tim Rollinson delivered a strong message from the Prince's Rainforests Project, established in 2007 by HRH the Prince of Wales, that forestry provides a bridge between mitigation and adaptation and should be considered 'one of the key pillars of the architecture of sustainable development'.

The Prince himself appeared on the giant video screens in the auditorium warning that the battle against climate change would be lost if destruction of old growth tropical forests continued. "The only sustainable way of saving forests," he said, "was to ensure that those who depended on them benefited from maintaining forest ecosystem services." The tropical forest has to be 'worth more alive than dead'. He urged participants to send a clear message that deforestation could be solved if political will was there.

Amongst all the talk of forest conservation and mechanisms for bringing about Reduced Emissions by Deforestation and Forest Degradation (REDD) to support the aims outlined by the Prince, the conference recognised the importance of a thriving forest industry based on environmentally responsible wood harvesting and processing. It was recognised that after many years of lack of support, the forest industries of some countries had made progress in addressing environmental and social issues. There were, however, many others which had no explicit policies or mechanisms for fostering development of a thriving forest industry.

A novel, and welcome, aspect of WFC 2009 was the decision taken by the organisers to involve the private sector in the conference. In addition



Leopoldo Montes, Secretary General of the World Forestry Congress 2009.

to the exhibition area where forest industries were able to promote their activities and products, two special events were organised to enable members of the sector to meet with one another, exchange business ideas, make contacts and discuss issues of pressing concern. These were a round-table session of face-to-face meetings between businesses – a facilitated high-octane networking occasion – and a round-table on investment and financing. More than 200 companies took part in the business rounds and identified an extraordinary \$36million worth of potential new business. Jukka Tissari, Food and Agriculture Organization of the United Nations, summarising the two days of deliberations, said that many in the sector believed the old economic model of large-scale forest industries had fallen and that there was a real need in this time of economic crisis to investigate new business models.

Participants in the financing round-table felt that, although there is a fundamental crisis in the forestry sector, it is not affecting all segments of the sector in the same way. In the pulp and paper industry there has been insufficient innovation in higher quality and higher value products, and still too much emphasis on cost-cutting. Poor financial performance has largely been a result of a failure to invest in innovation and developing strategies. Analysis of the past 10 years' performance of the pulp and paper sector in different countries has revealed, somewhat surprisingly to many, that the most profitable has not been Finland, Sweden or Canada, but India.

The path out of the crisis, felt Mr Tissari, is for the industry to decide who its new friends and allies are

and how it must work together with other sectors to develop new strategies.

Leopoldo Montes, Secretary General of WFC 2009, said that forests are now seen as source not only of timber but a reservoir of carbon. Business opportunities will arise when society decides where the balance lies in using carbon for three purposes: carbon in traditional wood products (the business-as-usual scenario); carbon locked in forest products for bioenergy; and carbon in the natural resources which provide environmental services (the developing carbon markets being an example of an early adopter of this new way of viewing business opportunities in forests). Corporations are getting increasingly interested in trading in all three aspects of forest within the same company.

Christer Segersteen, President, Confederation of European Forest Owners (CEPF), discussing bioenergy developments from the perspective of family forest owners, noted that over 60% of forests in Europe are owned by families in mostly small-scale holdings. He said the EU's decision to increase renewable energy use to 20% by 2020 from the current 8.5% represented a 'Significant opportunity for forest owners', provided they increase forest production in a sustainable way, balancing forest production and biodiversity.

John Saddler, University of British Columbia, and Michael Jack of Scion, New Zealand, spoke about current initiatives in their countries to look at opportunities for large-scale bioenergy production from forests and 'biorefining' activities in the forest sector. Participants in the business forum concluded that large energy and oil companies

will not wait patiently for the forest industry to wake up to the opportunities which exist for utilising wood for liquid biofuels; they will move into that sector themselves.

New green chemicals coming from the forest industry are a genuinely exciting prospect, which could generate good returns for the forest sector. They are potentially very much more valuable than the standard products which the forest industry produces today. Most private sector delegates were agreed that the next five years will see some dramatic changes in the structure of the forest industry, with partnerships emerging between forest companies and energy and oil industries. Tomorrow's forest industries will be structured in smaller, agile and more versatile units than before, with revenues coming from more value-added and special products rather than today's bulky products.

A common thread running through the Congress was the thorny issue of corruption, good governance and workable policy and financial instruments to incentivise good practice. David Brown, Overseas Development Institute (ODI), described the role of institutions in building national capacities for forest governance reform, and discussed industry efforts to improve governance. In his view large enterprises consolidate operations and raise standards, while small and medium enterprises (SMEs) have lower standards and levels of compliance because of their fragmented operations.

David Carter, Minister of Agriculture, Biosecurity and Forestry of New Zealand, in a wide ranging discussion of environmental, economic and social challenges facing forests, outlined the effects of illegal logging on timber prices and on carbon emissions. Agustinus Taufik, Transparency International,

presented encouraging results of a five-year project to reduce corruption, bribery, and timber laundering. Rubén Darío Moreno, Forest Law Enforcement, Governance and Trade (FLEGT), addressed the issue of corruption in regulatory implementation, particularly for SMEs.

Jukka Tissari argued that although technology for tracking timber exists, there are cost implications for introducing the technology into businesses. The challenge is to have a price premium in the market for sustainably and legally sourced wood so that the use of tracking technology becomes attractive and easy to implement. In many of the leading importer markets, in Europe and the US, for example, tracking and legality is becoming a market benchmark – almost a market access requirement – which is promoted by public and private procurement policies of buyers in those markets.

One of the busiest stands in the Congress exhibition was that of Helveta Ltd, which was demonstrating just such a timber supply chain technology. They used the Congress to launch 'Forest Express', a new private sector software application built on software applications already in use at the national government level in Liberia and Ghana.

Forest Express allows private timber operations to monitor their own supply chains and provide fully auditable traceability of wood and wood products that are managed and processed in the forest or sawmill. The location, status and ownership of wood moving through the supply chain from forest to export depot can be tracked in near-real-time using a combination of handheld electronic field equipment, barcodes and an online database. In addition to capturing resource data such as tree species, volume



Helveta had one of the busiest stands at the Congress, demonstrating supply chain monitoring equipment and software.

and location, the system provides a mechanism for capturing and monitoring operations data such as fuel consumption, equipment status, and market prices. Martín de la Serna, Vice President of Sales and Marketing for Helveta, explained that the system had been designed to support timber companies who want certification of their timber chain of custody.

Verification of forest resources, whether the wood, the growing trees or the tradable carbon locked up in the forest biomass and soils, is clearly of huge interest to industry and to policy-makers alike. Mechanisms and tools, such as the ones demonstrated by Mr de la Serna would appear to have great potential for promoting good governance and supporting healthy profits.

It is always instructive to get a politician's view of all the science and technology at gatherings such as this. Summing up the conference, John Kigyagi, MP for Mbarara Municipality and Vice-Chair for the Parliamentary Forum on Climate

Change in Uganda, said that he shared much of Tim Rollinson's optimism. The Copenhagen climate talks would take forestry issues raised at the Congress seriously, he thought.

As a representative of a large urban area, however, he was concerned that more notice should be taken of the needs of expanding urban communities for forest products and services. The growing international policy interest in REDD was also very encouraging, but Mr Kigyagi, echoing the points made by the Confederation of European Forest Owners, was anxious that small-scale forest owners, who own some 75% of forest in his own country, were not ignored when policy instruments are discussed and financial incentives are allocated. "Forestry is back in focus," he said, "but let's not ignore the many, many small forest owners."

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