

THE GLOBAL FOREST ALLIANCE

Building Market Linkages to Protect Indonesia's Forests

program information

Forest Certification provides an independent third-party assurance that a forestry operation meets environmental standards set by a certification program. Companies apply voluntarily, and government has no direct role in the process.

Alliance Partners

The Nature Conservancy
Worldwide Fund for Nature
Indonesia's Ministry of Forestry
U.S. Agency for International Development
U.K. Dept. for International Development
Center for International Forest Research
World Resources Institute
Tropical Forest Foundation

Private Sector Partners

ABN AMRO Bank
BP
Carrefour
Edelman Worldwide Communications
ESRI
Global Forest and Trade Network
Goldman Sachs Investment Bank
IKEA
Indonesian forest companies
Lowe's Companies
The Forests Dialogues
Homebase UK
The Home Depot
Texas Pacific Group
Tropical Forest Trust



Indonesian forest ©Jez O'Hare

Indonesia's tropical forests—the largest and richest in Asia—are in crisis. These forests are being lost at the alarming rate of over five million acres per year—the equivalent of 300 football fields per hour. As these forests disappear, so does habitat for threatened species, including orangutans, tigers, and rhinos.

Much of Indonesia's forest loss is driven by high demand for timber and pulp within Asia. Uncontrolled logging and clearing are the greatest direct threats, and an estimated two-thirds of this activity is illegal. In Indonesia, damage to forests not only hurts the environment, but also harms its economy and people. Fires

linked to illegal logging and forest clearing, combined with the resulting loss in tax revenues, cost the economy billions of dollars annually. About 30 million Indonesians directly depend on forests for their livelihoods.

But there is hope for Indonesia's forests. Awareness of the crisis is increasing among timber producers and consumers, and there is growing political support for reversing these destructive trends. The government is taking steps to slow the forest crisis, but its action is limited. Successful conservation of Indonesia's threatened tropical forests will depend on support from other parties.



Logging ©Donald Bason/The Nature Conservancy

Greening Asia's Markets & Promoting Responsible Investment

Asian wood markets are seeing an emerging momentum for change due to shifts in business practices and government policies. In North America and Europe, markets already favor environmentally friendly forest products. Major retailers, including IKEA, The Home Depot, Lowe's, and Carrefour, have announced policies to exclude illegally cut timber from their supplies.

These market changes have a major impact on suppliers. To increase competitiveness, forest product companies in Indonesia are starting to improve their forest management practices. Companies manufacturing furniture, plywood, and other wood products in Asia are seeking third-party verification of responsible practices to gain preferential access to high-value markets in North America and Europe.

Investment banks, financial analysts, insurers, and banks also play important roles in determining the fate of forests. Their support for pulp and paper mills, wood panel plants, and infrastructure can be highly destructive unless linked to sustainable forest management. Screening tools that weigh potential investments

based on their conservation values are urgently needed to help investors make responsible choices.

An Alliance to Conserve Indonesia's Forests

To promote responsible forest management in Indonesia, The Nature Conservancy and the World Wildlife Fund (WWF) are leading a Global Alliance that brings together business, governments, and environmental groups to combat illegal logging and create market links to promote wood from well-managed forests. The Alliance will share the methods and lessons learned from this initiative to help protect other forests throughout the world.

The Alliance is already working with Indonesian forest producers to help them meet higher forestry standards. While demand is strong for Indonesian wood products from well-managed forests, the supply of such products is very limited and the standards for responsible forest management are challenging. The Alliance is providing technical assistance to companies and communities in Indonesia to identify and manage forests of high conservation value. In addition, we are forming partnerships with communities to assist in

the production of certified plantation teak, and working to facilitate communication between "green" buyers and Indonesian suppliers. The Alliance has also developed a multilingual website for producers, buyers, governments, and NGOs in Indonesia, Malaysia, China, and Japan: (www.forestandtradeasia.org).

In the next five years, the Alliance will work to:

Create market links to combat illegal logging. We will promote products from well-managed forests and reduce the market for illegally cut wood products in Japan, China, and other key Indonesian export markets.

Increase the supply of Indonesian wood products from well-managed forests. The Alliance will help companies and community enterprises in Indonesia improve their forestry practices and achieve certification.

Demonstrate practical solutions to identify legal and illegal supplies in three Indonesian provinces. This work will focus on forest concessions in East Kalimantan, smallholder teak plantations in Java, and industrial pulpwood plantations in Riau.

Reduce investment in companies engaged in destructive or illegal logging. We will promote investment screening tools to ensure that investments are economically and environmentally sound.

Widely share lessons learned from this project. We will monitor project impacts and share our findings to support other forest conservation work around the world.

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