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## PNG fights back ITTO report on forest certification helping to protect investment, jobs

By JIM BOWDEN

NEW investment in the expanding commercial forest industry in Papua New Guinea and the jobs of thousands of workers are again under threat from unsubstantiated claims about illegal timber trading by environmental NGOs.

The industry is fighting back with fresh outcomes from a project funded by the International Tropical Timber Organisation that has found member companies of the PNG Forest Industries Association are fully compliant with laws on certification and chain of custody systems.

"The association will continue to promote the legality verification system to all its members, particularly those that export processed products



Timber workers in Papua New Guinea .. jobs and better living conditions.

to developed markets where, increasingly, independent certification is a requirement," executive officer Bob Tate said from Port Moresby.

"It is established policy that all timber produced by its

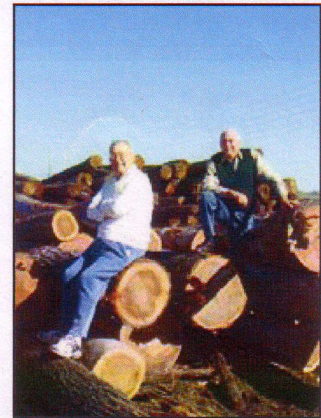
members must be legal. In fact, most timber exports from PNG have been demonstrably legal for a long time.

"To ensure royalties and taxes are paid on products exported,

*Cont Page 3*

### THIS ISSUE

- ForestWorks conference focuses on industry jobs
- Forest investment must be more attractive



- ▲ Human face of timber: Enright brothers get it right
- WA seminar on carbon reduction scheme
- Timber treatment standards not very well treated
- FSC illegal logging forum in Melbourne
- Events – what's on?

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# Wood processing now fastest growing manufacturing sector in PNG economy

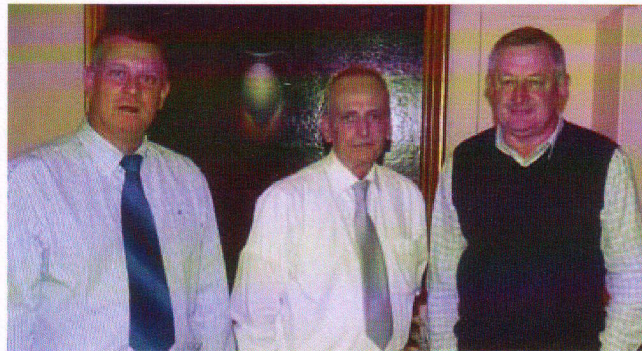
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SGS [the Swiss-based inspection agency] already independently verifies their origin and export documentation.

"There is some illegal logging and processing in PNG, but it is a small share of production, and is conducted by companies and individuals that are not members of the association."

Australia and Papua New Guinea have formally agreed to join forces to tackle illegal logging. After months of detailed negotiations, Australian Minister for Forestry Tony Burke and PNG Minister for Forests Belden Namah signed a Memorandum of Understanding in August this year.

It was the second formal agreement on illegal logging



*Talking PNG forestry issues at a recent Sydney code of conduct workshop on legally-verified wood-based products are Axel Wilhelm, Rimbunan Hijau, Bob Tate, PNG Forest Industries Association, and Joe Chapman who has more than 13 years' experience in PNG and now runs the Queensland-based TLB Timbers.*

between the Rudd Government and a key regional partner. An MOU was signed with Indonesia in 2008.

The PNG forest industry is also fighting back against unsubstantiated claims about human rights abuse included

in a report by the Centre for Environmental Law.


The report makes wide-ranging criticisms of the forest industry. A review of the report examining every allegation in detail has found most extreme allegations have little or no substantiation and the general allegations do not stand scrutiny.

Members of the PNG Forest Industries Associations account for about 85% of total forest industry production in PNG, which contributes around 5% of PNG's GDP.

Most exports are logs, but the industry has plans to significantly build on the already expanding output of processed products.

The processing sub-sector has been the fastest growing

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**FWPA recites new ideas**  
Highlighting R&D technologies and innovations


FWPA will be holding an ideas fair designed to highlight the vital contribution R&D makes to the industry. The ideas fair will give key researchers the opportunity to discuss their activities and the benefits to industry.

**DATE:**  
Tuesday 20th October, 2009

**VENUE:**  
MELBOURNE RECITAL CENTRE  
Cnr Southbank Boulevard & Sturt Street Southbank, Victoria

Attendees of the Ideas Fair will receive complimentary tickets to the Australian Timber Design Awards, valued at \$44 but places are limited so book now.

**To RSVP or for further information, please contact Amarjot Kaur:**  
info@fwpa.com.au or 03 9614 7544



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# Regaining investor confidence is big challenge for PNG

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manufacturing sector of the economy over the last 10 years. In 2008, log exports were 2.5 million cub m, valued at \$US184 million; processed exports were 290,000 cub m, valued at \$US35 million.

"The industry provides vital hard and soft infrastructure, including education and health facilities in remote areas in PNG where, unfortunately, provision of government services has been declining in recent years," Mr Tate said.

"Some of these NGOs and Greenpeace people have no concept of what it's like for villagers to exist out in the bush. If they took the time to walk to government aid posts – and it would be a three-day hike – they'd see just how neglected these people are," Mr Tate told T&F enews.

Mr Tate said Greenpeace had never produced a report which provided technical substantiation of its claims that forestry was destroying the Paradise Forests in PNG and that time is running out for them.

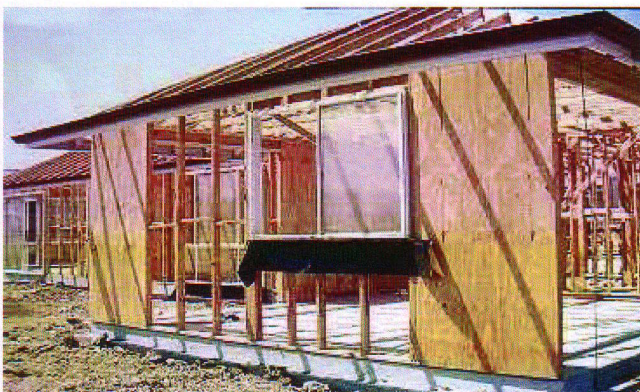
"Consider instead the implications for the people of PNG if Greenpeace's preferred approach to forestry – eco-forestry or community forestry – were adopted. There would be a loss of around 15,000 long-term jobs, forgone taxes of around \$US100 million each year and the loss of annual exports worth more than \$US200 million," Mr Tate said.

"The eco-forestry model that Greenpeace advocates is unviable without subsidies. Not only would the economic returns of commercial forestry (not just the jobs and income, but the infrastructure provided

in remote rural areas) be lost, but there would be a drain on government revenue to support semi-subsistence livelihoods.

"That Greenpeace considers this to be an appropriate development model in areas of PNG where high percentages of children do not attend secondary school and health services are inadequate is the greatest moral indictment of all."

Mr Tate has welcomed the contribution of Malaysian investors to the development of Papua New Guinea.



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"It's time to stop constant references by environmentalists to the Malaysian owners of large PNG timber businesses.

"This type of innuendo is totally out of place in a country like PNG where ethnicity is a very sensitive issue," he said.

Rimbunan Hijau has invested around \$US300 million in PNG, employs more than 5000 people and has built the country's leading manufacturing business. In addition, it is developing a major hotel, commerce and convention centre that will support PNG's tourism industry. It also provides transport services to remote areas.

Numerous challenges still face Papua New Guinea, including regaining investor confidence, restoring integrity to state institutions, promoting economic efficiency by privatising moribund state institutions, and balancing relations with Australia, its former colonial ruler.

PNG has a land footprint of about 45 million ha. It is estimated that about 30 million ha is forested. Due to the rugged terrain and inaccessible nature of significant areas, the estimate of the potential area suitable for forestry is around 15 million ha.