

Trading the Forest Away

Trade is almost a dirty word amongst environmentalists. Yet it is almost impossible to imagine human civilisation *without* trade – the world's second oldest profession – and it has been at the basis of virtually every society since long before the dawn of history. Even most hunter gatherer societies trade between groups and trade can, at best, act as a powerful binding force between what might otherwise be disparate groups of peoples and cultures.

However, trade has a downside as well. Traders always need something to trade, and the planet's resources have long been the major source of goods. Pressure to trade has led, time and again, to overexploitation – of the forests of the Mediterranean, the baleen from the great whales and feathers from exotic birds – resulting in profit for a minority at the cost of general loss. Other forms of trade have led to intense human suffering as when the health and welfare of workers has been sacrificed at the altar of greater profits.

Today trade is at a crossroads. Rising environmental and social awareness, and changing attitudes within industry, are together gradually encouraging or forcing a reduction in many of the most intense human and environmental costs associated with trade. On the other hand, changing terms of trade, and particularly the move towards free trade and the rising power of transnational companies and the World Trade Organisation (WTO), could in a worst scenario undermine many of positive gains made over the past half century. Power is slipping away from the hands of governments and towards an ever-smaller group of massive corporations. The WTO is accelerating this process by undermining – and in some cases destroying – the rights of individual governments to control trade with respect to environmental and social issues.

Even voluntary controls, such as forest certification, could be challenged under current free trade agreements as being too restrictive, literally making it illegal for people to have a guarantee that the timber they buy has not been produced in environmentally and socially destructive ways.

It is hard to avoid thinking that a large proportion of the world has been well and truly conned. Even in countries where fear of "foreign" influence is strongest, the debate about the role of the WTO has been minimal. In the USA for example, where a significant number of people seriously believe that UN troops are clandestinely flying around the country in black helicopters waiting to 'take over', the population has stood by while the government has signed away a large proportion of its traditional power. The sharp end of the debate has been relegated away from traditional international power bases to some of the developing countries, for example India, where level of awareness is extremely high.

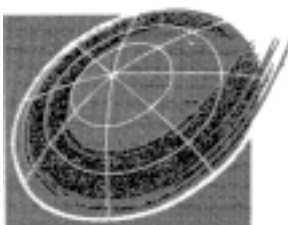
It is not an exaggeration to say that these changes pose a serious challenge to democracy. Serious but not overwhelming; experience over the last few years has shown that environmental groups can influence negotiations and that the largest companies remain extremely sensitive to outside criticism. The forthcoming meeting in Seattle is a critical step in the debate about the future of trade and will do much to determine whether trade remains the villain of the piece or, as it could be a more consistent contributor to human welfare. As a contribution to this debate, *Taiga News* has therefore dedicated most of this issue to discussing implications of trade negotiations to the boreal forest.

Nigel Dudley
Co-Editor, *Taiga News*

newsletter
on boreal
forests

Issue 29

October 1999



Trade in the Boreal Region
Plus news and reviews and the TRN 2000 Conference

Europe

Sámi activist – charges dropped

In October the judge in Ostersund, Sweden, decided to drop all charges against TRN board member and Sámi activist Olof Johansson. Olof, who in March this year was accused on suspicion of being involved in the plotting of sabotage of power lines (see *TN* issue 27), has now claimed more than SEK 1 million (US\$125,000) in damages. Olof has stated that any financial compensation will be donated to the youth activities carried out by the Sámi organisation Sáminuorra.

Contact: Olof Johansson email: otj_glen@algonet.se

Artists for the old-growth forests

"Where nature is being destroyed, also national culture and identity, our common heritage and source of power is being destroyed."

In September, a group of Finnish 'Artists for the Old-Growth' joined an appeal to halt the logging of old-growth forests.

So far 152 artists from the worlds of photography, theatre, music and literature have signed the appeal, which was distributed to the biggest owner of the Finnish old-growth forests – the state enterprise Forest and Park Service.

More information about the artists' appeal:
<http://www.luontoliitto.fi/forest/artists>
 Or contact Mr. Tuomas Rantanen, +358-40-5077-165, rantanen@siili.sll.fi



Old-growth logging continues in Finland

In each issue of *Taiga News* this year we have reported on the logging of old-growth (OG) forest in Finland by the Finnish Forest and Park Service (FPS). The problems continue. Road construction is taking place in Surmansuo, site number 115 on the valuable OG-forest map made by Finnish environmental NGOs, on the border zone between Finland and Russia, south from the Ulvinsalo Strict Nature Reserve. Laamasenvaara OG-forest (site number 116 on the map) adjacent to the Ulvinsalo Strict Nature Reserve is threatened. And in Kuhmo, Vattuvaara OG-forests (site number 108) is slated to be logged this autumn.

In Malahvia wilderness area, in Suomussalmi municipality, FPS wants to remove windfalls from a storm damaged area, despite being against FPS' own guidelines on how to manage Malahvia area., which states that "logging in the area will increase biodiversity, e.g. by mimicking storms". And in Jämäsvaara area in Kuhmo, the most valuable unprotected site in Finland according to the local environmental NGO, FPS is planning a recreation forest with over half of the area to be managed as a commercial forest.

Contact: Matti Liimatainen, Finnish Nature League, liimatainen@sll.fi

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UK Woodland Assurance Scheme (UKWAS)

The FSC compatible UKWAS was signed on June 3rd in London by over 30 organisations, including forest owners associations, forest industry, 95+Group companies and environmental groups. Steve Howard, Head of WWF's Global Forest and Trade Initiative, pointed out that the UKWAS represents, for the first time in international history, a consensus on a forestry performance standard at a national level.

Contact: showard@wwfnet.org

Swedish state continues to log old-growth

In September TRN, in cooperation with the Swedish Society for Nature Conservation and the local forest group Steget Före, arranged a seminar on the future of the old-growth forests in Jokkmokk municipality. The seminar revealed a new logging scandal of the highly criticised (see TN 26) Swedish National Real Estate Board (Statens Fastighetsverk). The authority conducted a logging operation in 40 ha of old growth forest 40 km west of the village Jokkmokk in Northern Sweden. Local forest activists have found ten red-listed species in the area and 30 stumps of 500 year old pines. Pine trees of this age are extremely rare in Sweden and play an important role as breeding sites for large bird of preys, such as the white tailed eagle and the osprey. The logging has started an intense national debate on forestry on state-owned land in Sweden.

Contact: Taiga Rescue Network, taiga@jokkmokk.se

Source: personal communication and SSNC press statements

North America

Home Depot: environmental wood purchasing policy announced

Home Depot, the world's largest home improvement store announced in August that it would stop selling goods made from wood cut in ancient forests and other ecologically sensitive areas by 2002. The company also urged other US retailers to join the efforts to save endangered forests.

According to Home Depot spokeswoman, Kimberly Woodbury, the company is trying to piece together a comprehensive wood purchasing policy, including working with the FSC on sourcing certified timber.

The announcement comes as a result of a two year international campaign run by environmental NGOs, including the Rainforest Action Network (RAN), to urge Home Depot to stop selling old-growth wood.

Source: *Globe and Mail*, August 28

Contact: Michael Brune: mbrune@ran.org
Web: <http://www.ran.org>

Canada may face NAFTA probe

The Secretariat of the North American Free Trade Agreement (NAFTA) environmental commission has called for an investigation into whether Canada is adequately enforcing federal laws to conduct environmental assessments and to protect fish habitat. The Secretariat's recommendation is in response to the Friends of the Oldman River's (FOR) October 1997 submission under Article 14 of the North American Agreement on Environmental Cooperation. FOR has alleged that the Government of Canada is failing to apply, comply with and enforce the Fisheries Act and the Canadian Environmental Assessment Act (CEAA).

Contact: Martha Kostuch, FOR, tel: +1-403-845-4667

Alberta's Foothills - Rescue Mission

The Alberta Wilderness Association (AWA) is working on a 'Rescue Mission' to put aside the best remaining examples of the diverse ecosystems within Alberta's Foothills Natural Region (FNR) as a network of protected areas. The campaign is based on the document 'Selecting Protected Areas: The Foothills Natural Region of Alberta' by Alberta Department of Environment.

There are many threats to the ecology of the region. A large portion of the Foothills is allocated for various types of industrial development. For example, a critical area of old-growth forest in Chinchaga is threatened with cutting this winter by Manning Diversified Forest Products and Daishowa Marubeni International. There is also a pulp and paper mill, Grande Alberta Paper, in the planning stages.

Contact: AWA's 'Wilderness Walk-In Centre' at tel: +708-988-5487, nawa@freenet.edmonton.ab.ca

Russia

New nature reserve in the Far East

On July 7 the Vostochny reserve on Sakhalin Island was established. The reserve, covering more than 65,000 ha of forestland, borders the Okhotsk sea and protects two spawning rivers.

The conservation guidelines contain a strategy for forest protection. For instance, there is a logging ban and heavy restrictions on thinning, renewing loggings and sanitary loggings.

Non-timber forest product extraction is allowed, providing this is carried out in a sustainable manner. This is a change in policy away from the traditional management of nature protection in this kind of reserves (zakaznik), where people were not allowed to collect mushrooms, berries etc, but logging operations were legal.

Contact: Sakhalin Environment Watch
E-mail: watch@sakhalin.ru

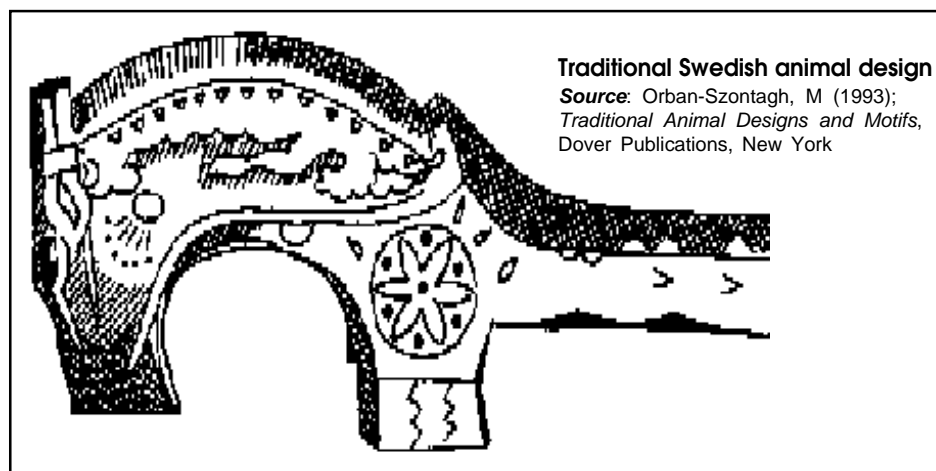
Source: Russian Forest Update

Russian Conservation News Focus on Forests Certification

A special issue (no 20) of *Russian Conservation News* (RCN) on conserving Russia's forests focusing exclusively on the theme of voluntary forestry certification is out now.

The issue provides a comprehensive analysis of certification, and provides an update on the four regions - the Karelian and Komi Republics and the Krasnoyarsk and Khabarovsk Krai - where working groups on voluntary certification have already been created or are in the process of being created.

To obtain a copy of this issue, please contact Stephanie Hitztaler, assistant editor, rcn@glasnet.ru or tel: +7 -095-332-40-66.





The Boreal Forest Network, the North American affiliate of TRN, is focusing its campaign efforts on four major hotspots. In the last issue of *Taiga News* we focused on the indigenous hotspots, Grassy Narrows and the East side of Lake Winnipeg, where local communities are in conflict with industrial companies to preserve their homeland and traditional lifestyle.

In the issue of *Taiga News*, we move the focus to the Liard Valley, where logging activity is not only effecting the livelihoods of indigenous communities, but also one of the western boreal regions major rivers.

The later impacts have been brought sharply into focus following the findings of two Canadian biologists, published in the October's *Conservation Biology*. The research states that there "is compelling evidence that North American freshwater biodiversity is diminishing as rapidly as that of some of the most stressed terrestrial ecosystems on the planet". The researchers predict that freshwater species will go extinct at a rate of 3.7 per cent every decade. That compares to an extinction rate of less than 1 per cent for birds, reptiles, land and marine mammals. Based on these predictions, the study concludes, hundreds of freshwater animal species will vanish in the 21st century.

Source: *Globe and Mail*, October 6. Web: <http://www.theglobeandmail.com/gam/International/19991004/UWATEN.html>

Liard Valley

Beginning in the Northern Rockies near Watson Lake on the border of B.C. and the Yukon, the Liard River winds east, just south of the 60th parallel until it reaches the Yukon/NWT border, where it curves north to meander northwest through the NWT, meeting the Mackenzie at Fort Simpson, and continuing north to the Beaufort Sea (Arctic Ocean). Along its way it cuts through a diverse variety of northern ecosystems, from the mountainous region near its source and the second most significant hotsprings ecosystem in North America, to the wide plateau east of the Rockies. Its ever-changing serpentine course creates an alluvial floodplain giving rise to the nutrient rich conditions which allow for one of Canada's most productive, and largely intact boreal forest ecosystems, to flourish along its borders.

The Liard is unique among the great north flowing rivers that form the Northern River's Basin and flow into the Mackenzie and ultimately the Arctic Ocean. The Liard is the only one of Canada's great western boreal rivers which flows unimpeded from its source to the sea, and which has not been used as a natural sewer for industrial waste. The Peace, the Athabasca, the Smokey, Wapiti, and Mackenzie, have all been turned into open sewers from the toxic effluent of the numerous mills along their shores.

The most productive forest along the Liard lies mostly in B.C., near the junction of B.C., the Northwest Territories, and the Yukon. Still largely intact, this area is increasingly threatened as logging companies find themselves pushed north due to years of shortsighted over-cutting to the south. One such company is Slocan Forest Products whose recent logging activities in the region have caused great concern among the extended First Nations Bertrand family. The Bertrands are members of the Slavey nation, whose traditional lifestyle is intimately connected to the health of this land. The Bertrand family keep to the old ways, living off the land, trapping, hunting, and spending a large portion of each year moving between camps along the river.

In recent years the Bertrands have seen Slocan Forest Products clearcut their traplines and traditional territories at an alarming rate. In the 2 weeks I spent travelling along the Liard River with the Bertrands last Fall during their annual Moose hunt, I photographed vast clearcuts, needless destruction of a beaver lodge, and massive amounts of waste wood left behind for no apparent reason. All of this was done in the last year by Slocan Forest Products.

From the air I was able to get a clearer idea of the level of destruction which Slocan Forest Products has inflicted on this region. Vast clearcuts, stretching to the very edge of the Liard and its tributaries, mar the otherwise pristine landscape. With feller bunchers and other heavy mechanisation, Slocan Forest Products has torn through a substantial chunk of this region in a relatively short time. Without a widespread and committed effort this destruction will continue and very soon the Liard river and its forests will suffer the same fate as the other major river ecosystems in the western boreal. The Bertrand family and others in the region are doing all they can to ensure that this area is not destroyed, but without outside help it is hard to see how they can prevail against large corporations like Slocan Forest Products and governments committed to maintaining unsustainable cutting levels in this region.

Garth Lenz

This article was the result of a photographic assignment commissioned through the Valhalla Wilderness Society in association with EarthWitness Media Foundation. NGOs and publications interested in photographs from this area can contact Garth Lenz or Mary Lloyd of EarthWitness at e-mail: lenz@islandnet.com or tel: +1-250-995-2967.

This feature has been researched by Chanda Meek, of the Boreal Forest Network. Tel:+1-204-947-3081, e-mail: belukha@hotmail.com

And in brief.....

• North West Territories: Gas Exploration

The area around Fort Liard has also seen three massive gas finds in the past two years. Oil companies have fueled a mini boom in the NWT as they return to search for massive pools of natural gas. They are now busy preparing for more exploration this winter, upgrading roads and conducting seismic testing.

• Sticks and Moans

The Chinese government is considering a ban on disposable chopsticks in an effort to conserve its rapidly diminishing forests, reports the *New Internationalist* (April 1999). Each year, 25 million trees are felled to manufacture the 45 billion pairs of chopsticks the Chinese use and export. The effects of the manufacture of chopsticks are not reserved to China alone. A large chopstick factory in Fort Nelson, British Columbia, for example, is fed with timber from the Fort Liard Dene community's traditional land area.

The Timber Trade in the Boreal Forest

The timber trade is playing an important role in the continued loss and degradation of forests in Canada, Scandinavia and north west Russia and is increasingly affecting parts of Siberia and the Russian Far East.

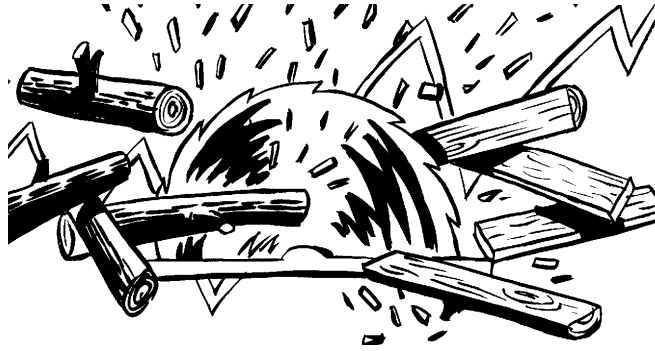
Canada and Russia are net timber exporters. Together with Finland and Sweden, they are responsible for 39 per cent of the global exports of wood and wood products (FAO, 1999). Although foreign investments are currently limited in the boreal region, increasing attempts by transnational companies to build up their forestry activities in

Canada and Russia. Japanese companies such as Mitsubishi and Daishowa as well as some US investors have been actively involved in logging Canadian boreal forests for many years. In Russia, the Malaysian company Rimbunan Hijau recently obtained a 49 year lease in the Khabarovsk region, and growing demand from China and Japan are likely to increase timber trade and pressure on forests in the region. The involvement of the Scandinavian forest industry in north west Russia is also important. Last year, Finnish forestry companies imported more wood from Russia than ever before. More than 100 Finnish companies are involved in forestry operations in north west Russia, but as the globalisation of markets is increasing, Scandinavian companies are also diversifying their investments and expanding their operations to Southern countries - i.e. Stora-Enso in Brazil, Thailand and China, UPM-Kymmene in Indonesia, etc (see pages 10-11).

Trade in itself is neither bad nor good. However, the current trade liberalization is increasingly concentrating economic power in the hands of a few very large companies, leaving little benefit to local forest-based communities. The removal of governmental restrictions on foreign investment and reduction in tariffs and other 'trade barriers' (environmental and social safeguards) have formed the driving force behind the globalisation of the forestry sector. The upcoming third ministerial conference of the World Trade Organization (WTO) in Seattle, will discuss the launch of a new round of negotiations, which would include apart from agriculture and services, further reduction of tariffs on forest products. Such reduction is expected to lead to a significant increase in global wood consumption. NGOs across the world are urging WTO members to refrain from negotiating a forest product agreement until an assessment of the social and environmental impacts of timber trade liberalisation has been conducted (see pages 6-7).

TRN has been active on trade issues for several years. The Forest Club of Russian NGOs and European organizations such as the Finnish Nature League has been comparing timber trade operations with the location of forests with high conservation value. Attempts to monitor and certify changes within the timber trade has led to the establishment of a voluntary wood logging and purchasing moratorium by a few major Scandinavian players

Today, the timber trade is arguably the primary threat to the worlds' remaining old-growth forests in the boreal region. Elisa Peter of TRN introduces this special Taiga News Feature



in the regions of Karelia and Murmansk until adequate consensus has been reached concerning the use of the areas.

However, there is still room for improvement in logging operations in the region. For instance, it is estimated that 20 per cent of all timber traded from European Russia and the Russian Far East (RFE) is illegal and goes unreported (Russia's Institute for Economic Research in TN 22). In Canada, old-growth forest is still being logged and exported to the US market for paper production (see pages 13-14).

Consumers are increasingly

demanding wood products coming from ecologically and socially well-managed forests and increased openness, accountability and transparency of forestry operations. Only with co-operation from the industry will it become possible to know where wood products come from, how they are produced and the likely impact of their trade. Only then will it be possible to phase out products that do not come from independently certified well-managed forests. Giant US firm Home Depot has taken the first step in this direction by announcing the adoption of a new wood products purchasing policy phasing out wood from old-growth forests. In Sweden, 30 publishers are demanding chlorine free FSC paper. It is hoped that many more companies around the world will follow this move in the near future.

In this special feature devoted to trade we highlight some of the more damaging effects of the timber trade on the forests – both on those within the boreal region and those beyond the taiga where companies from the boreal region are active. The feature begins with a discussion of the issues at stake during the WTO meeting in Seattle – where the one overriding theme is the wish to increase the amount of timber being traded. We then move on to look at three crucial areas where the actions of the timber industry, big and small, do not live up to the ecologically and socially well-managed forests that consumers are demanding. In particular we look at:

- **Protected areas**, where the drive to protect more areas of forest is being met by an equally forceful drive to log these areas before official protection is granted.
- **Double standards**, which are operated by many companies who are prepared to give way to consumer and NGO pressure in one forest area, whilst carrying out practices which are heavily criticised elsewhere.
- **Illegal logging**, which remains a key problem in the timber trade, particularly in the vast forests of the boreal region.

We complete the feature with a look at the timber trade in the Russian Far East - concentrating specifically on RFE trade with Japan, China and South Korea - and how a WTO decision to eliminate non-tariff barriers on raw log exports would halt any attempts to develop timber processing in Russia.

The Future of the World's Forests - The Impact of the World Trade Summit

by Saskia Ozinga, Fern

Just about everyone in the NGO community agrees that the forthcoming world trade summit in Seattle could have a major impact on the future of the world's forests. However, the difficult bit comes in deciding precisely what that impact will be. There may well be an agreement reached to accelerate the elimination of remaining tariffs on forest products and the extension of the concept of 'non-tariff barriers to trade' that are deemed to impede the free flow of goods. The biggest concern, is the prospect of enhanced powers and new areas of responsibility for the World Trade Organisation (WTO) itself. The idea that this body could acquire further authority is truly frightening, and has major implications for anyone concerned about forest loss.

Tariff reduction is undoubtedly the issue that has received most attention from forest campaigners in the run up to Seattle. Concern has been expressed at plans – strongly supported by the US, the most influential trading power – for 'accelerated trade liberalisation' with regard to forest products. This would mean the complete elimination of remaining import tariffs by the year 2002. The worry is that the end of tariffs would mean lower prices in consuming economies and thus higher demand for forest products and more rapid forest loss. This clearly would be extremely damaging. However, it should be born in mind that agreed tariffs on forest products (except manufactured products) are already low; in most cases they rarely exceed five per cent of the value being imported, and in the case of pulp and paper the major importers, including Japan, the US and the European Union, they are zero. Further elimination of tariffs on forest products would increase world consumption by about 3 to 4 per cent according to one widely quoted industry estimate. That is a significant amount but not very large in relation to the expected 70 per cent increase over the coming 10 years. The one major exception of the overall picture of low tariffs on non-manufactured wood products is China, which sets tariffs of around 20 per cent. China is not (yet) a member of the WTO and so its import policies would not immediately be affected by decisions began in Seattle.

The second major concern is the question of so-called non-tariff measures (NTMs) held to restrict trade. The worry is that eco-labelling/certification, import/export quota, requirements for recycling and waste recovery, log-export bans and subsidies could be ruled out or further limited on trade grounds. The Asia Pacific Economic Co-operation Forum (APEC), with member states accounting for over half of world trade, has taken a lead on this issue, by commissioning a study on the trade impact of NTMs. A first draft of the APEC study shows that export bans, quotas and licenses, as well as afforestation subsidies, are having the most obvious impact on forest product trade, all of which are prevalent in a majority of APEC countries. However, the study states that there is little evidence of certification being a significant barrier to trade. Its final conclusion is that environmentally-motivated NTMs are not having a significant effect on trade. One would hope that this would stop the APEC countries from adding NTMs on to the WTO agenda. Nonetheless Japan has already made clear in its official position that it wants to challenge the log export bans, aiming at the bans which are in place in the US Pacific North West, and in the past Canada has indicated its unhappiness with the FSC. It is therefore important NGOs keep fighting these issues off the agenda.

The most worrying debate that may take place at Seattle is one about the nature of the WTO itself. The European Union in particular, wants to use the meeting as a springboard for a wide reaching so-called *Millennium Round* of further trade liberalisation. This would go far beyond specific measures that may affect forests such as tariff elimination. The EU would like to expand the powers of the WTO beyond purely trade matters to include issues such as investment decisions, competition policies and government procurement, environment and labour standards. The WTO has already shown itself to be biased towards vested interests, opaque in its operations and uninterested in anything but the narrow agenda of extending trade liberalisation. Arguably the influence of the WTO stems from the power of its disputes panel to make binding decisions. The Millennium Round should be about stopping the WTO from expanding its powers beyond trade matters, opening it up by ensuring proper participation of all Major Groups, ensuring equal access to its dispute panel and restructuring and possibly relocating the panel. The fact that the WTO is being pushed into expanding its powers without any impact assessment being carried out on the effects of the current trade regime on the environment, democracy and human rights, is unacceptable.

Saskia Ozinga, Fern/ WRM. web site: www.gn.apc.org/fern tel: 44-1608-652895, email: saskia@gn.apc.org



EU update

At a meeting with the European Commission, at which Fern presented the statement against further tariff liberalisation on forest products, the Commission stated for the first time that it was against the plans for an Accelerated Tariff Liberalisation of forest products before a sustainability impact assessment had been carried out.

As forests are 'natural resources' it was essential to carry out such an impact before any decision was made, according to the Commission. The EU has commissioned a sustainability impact assessment and the Commission hopes to have a draft analysis of the impact of their proposals before the Seattle meeting.

Despite Clear Ecological Risks, Global Free Logging Agreement Advances at WTO

by Paige Fischer, PERC, USA

Timber corporations and environmentalists seem to agree on one thing when it comes to the WTO: liberalising trade will increase wood consumption and do away with environmental regulations, opening more of the world's forests up for business. Despite these clear risks and despite the high profile campaign that groups in the US, Japan and the EU have mounted against the Global Free Logging Agreement the US and other governments are still trying to drag the proposal into the WTO.

A recent report by several US environmental groups called *'Our Forests at Risk'* asserts that the "WTO threatens to fuel the destruction of the world's remaining forests. This threat arises out of existing rules, and a proposed "global free logging agreement" that would expand those rules...The WTO should review and repair the damage its rules cause to forests before expanding." The report was released after forest activists and trade experts from around the world came together outside of Seattle to understand how the WTO threatens forests.

Environmental groups are convinced that they can stop the agreement from reaching the WTO's table. In addition to providing an alternative analysis of what the WTO means for forests, environmental groups have sued the US government over the undemocratic way it makes trade policy by consulting

almost exclusively with timber corporations. The US Trade Representative seeks regular advice regarding forest trade matters almost exclusively from Industry Sector Advisory Committees, which are government appointed groups made up of representatives from corporations and industry groups such as International Paper, Weyerhaeuser, and American Forest and Paper Association. US Citizens have also pressured 48 of their government representatives to request that President Clinton halt the agreement and require environment and trade agencies conduct an assessment of the Global Free Logging Agreement.

In Japan, environmental groups have been conducting groundbreaking meetings with their Ministries of International Trade and Industry and Foreign Affairs about the ecological justifications for resisting the Global Free Logging Agreement.

An international day of action is being planned for November 4 to demonstrate to the world the wide opposition to any timber trade talks at the WTO. November 4 will be a sneak preview to the myriad of campaign activities that will take place on Environment Day, November 29, in Seattle during the WTO Ministerial.

For information about what you can do on this day of action, please contact Paige Fischer at PERC, e-mail: perc@igc.org

NGO Statement of Opposition to the Proposed Liberalisation of the Forest Products Sector

We, the undersigned non-governmental organizations representing citizens concerned about environment and development, oppose the proposal by the US and other members of APEC to create a 'free trade agreement' for forest products.

We condemn the proposal because, if implemented, we fear it will lead to increased logging and consumption of ecologically and socially valuable forests around the globe. We also condemn the proposal because of the undemocratic and ecologically irresponsible manner in which it is being developed.

We are deeply worried about the proposal's content: the intention is to eliminate tariffs on wood products. This could stimulate increased production and consumption. Another potential agenda item could be the elimination of non-tariff measures (NTMs) which may make it impossible to maintain environmental safeguards such as third-party certification and eco-labelling, strong phytosanitary controls on imports of wood products that carry exotic pests and pathogens, and regulations to promote local industries.

We call on the members of the WTO to refrain from negotiating a forest products agreement until an independent assessment has been made of the social and environment impacts of trade liberalisation on forests and forest people, and effective steps have been taken to mitigate those impacts on, and avoid future harm to, forest ecosystems and peoples.

We call on the CSD to fulfil its commitment of developing a framework for assessing environmental and social impacts of trade policies and agreements by its next meeting in April 2000.

We also condemn the forest products agreement for the economic paradigm that it perpetuates: the WTO and its members have ignored the potential adverse effects of trade liberalisation on forest ecosystems and forest communities by failing to assess the environmental and social impacts of timber trade liberalisation and on liberalisation in other sectors that affect forests and forest peoples. The WTO and its members have also failed to adequately involve civil society in timber trade and other liberalisation discussions.

The proposal for a forest products agreement reflects an economic agenda which prioritises trade liberalisation as an end in itself rather than as a means which, in some circumstances, may be useful for improving environmental protection and quality of life. This agenda does not take into consideration the concerns of the people and communities who are ultimately affected.

We the undersigned look forward to responses from our governments, the CSD and the WTO regarding our concerns over the proposed forest sector liberalisation.

The statement reproduced above was first published in May 1999 (updated with additional sign-ons October 1999). More than 100 organisations from across the world have signed on to this statement, including many participants of TRN. Among the signatories are: World Wide Fund for Nature, Greenpeace, World Rainforest Movement, Fern, Friends of the Earth (in 13 countries), Netherlands Committee for IUCN, Forest Peoples Program, Global Witness, SEED Europe and Japan, Fallsbrook Centre, RAN, JATAN, Workshop for all beings, Dwars, SCC-Japan, JMA, PERC, International Network of Forests and Communities, Native Forest Network, Biodiversity Conservation Center, Friends of Siberian Forests, Saskatchewan Environmental Society, Sakhalin Environmental Watch, and the Socio-Ecological Union.

Are protected areas really protected?

Protected areas provide vital habitat for wildlife. Yet many protected areas are not quite as "protected" as governments would like us to believe and trade pressures are posing challenges to the integrity of many national parks, wilderness areas and nature reserves. **Nigel Dudley** introduces a growing problem in the boreal region.

The idea that areas of land should be set aside from normal use as a refuge for nature – and for the human spirit – goes back hundreds and in some cases thousands of years. But it is only during the twentieth century, with heightened awareness of the limitations of the planet and an intense pressure on land, that protected areas have come to be seen as the cornerstone of any conservation policy. While they cannot be the *only* element – most biodiversity will for example continue to exist outside protected areas – they are the critical ecological "safety net" in biodiversity conservation strategies. In addition to providing habitat for fragile or keystone species, they are also increasingly seen as vital space for people to travel, practise sports, relax and enjoy aesthetic or spiritual experiences. In the many cases where protected areas provide shelter for vulnerable human communities, including particularly indigenous communities, nature protection and cultural protection go hand in hand.

However, protected areas are often controversial: protection usually means that someone, somewhere, is prevented from doing what they want on the land and protected areas often have to fight for survival in the face of legal and illegal challenges to their existence. In Canada, the government of British Columbia's decision to set aside 12 per cent of the land area as protected areas has resulted in forest companies such as Macmillan Bloedel receiving millions of dollars of compensation for the loss of harvesting rights.

The battle over the future of protected areas looks set to intensify in the early years of the next century, adding an important new dimension to environmental concerns.

In the boreal region, protected areas might be expected to be quite secure. Low human populations, coupled with the generally low economic value of land have resulted in the formation of large protected areas in parts of the Russian

Federation, Canada, Alaska and Lapland. New boreal protected areas continue to be created. In the Russian Federation, for example, the Sakha government recently set aside a quarter of its forests into protected areas and protection now covers 32 per cent of the Kamchatka peninsula in the far east. There have also been major new protected areas formed in the last few years in northern Canada and in Scandinavia.



Threat to the Planned Udege Legend Nature Park

by Mikhail Karpachevskiy

The planned Udege Legend Nature Park is a local level nature reserve in Primorsky Krai in the Russian Far East (RFE). It is within the official programme for the creation of new protected areas in Russia and is an environmental hotspot in the RFE according to IUCN and FoE-Japan (see *TN 25*, August 1998). The area is also included in the nomination of the Sikhote Alin as a UNESCO World Nature Heritage Site being prepared by Greenpeace Russia.

However, this year several hundred hectares were logged by a local forest company. The logging was stopped in the summer following pressure from local environmental authorities and activists, but the foresters appealed for a revision of the decision to create a new protected area.

This autumn saw the resumption of logging activities. The company has a long-term lease agreement for some plots within the parks territory, which, according to the Regional Forestry Agency, they are allowed to log until the park is created. In addition, the nomination of the World Heritage site has been postponed until next year, as the Federal Forest Service (FFS) documents giving approval for the park's creation was absent. Documents, which according to the regional authorities had been sent by the FFS in the summer, mysteriously disappeared on the way to Moscow.

Meanwhile, the logging company is lobbying the regional and local administrations to refuse plans to create the park. It would seem that the local authorities are almost ready to give in to the foresters' demands, their justification being that the difficult economic situation in the district is leading to a dependency on logging activities. Under these conditions, the local authorities do not see how a new protected area can help the local people. The organising director of the nature park, Fedor Kronikovskiy, is thus appealing for fund-raising support for the new protected area and asking for help in promoting sustainable resource use, which will contribute to improving the livelihoods of local people.

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Protected areas at risk

But are these protected areas really so secure? *Taiga News* has constantly reported on a range of threats and the boxes in the current article detail two new problem areas. In many cases designation of a protected area is just the start of the process of genuine protection. A recent survey carried out for WWF and the World Bank concluded that only 3 per cent of Russian protected areas are well managed, with 2 per cent showing serious gaps in management, 63 per cent with minimal management and 32 per cent with no management at all. The "paper parks" phenomenon – designated protected areas that have never been properly implemented and remain as vague lines drawn on a map – is increasingly recognised. Even when protected areas are managed, hard-pressed and under-funded staff members often have problems in addressing the range of threats facing the most vulnerable areas.

Increasing pressures from trade

To some extent, low human populations in most of the boreal region have insulated protected areas from the kinds of pressures from encroachment and illegal use that exist, for example, in Europe or parts of Africa. But in counterbalance to this, the relative absence of human populations can also *reduce* real controls as well. In the absence of sufficient resources – the chronic state for most of the world's protected areas – long-term security relies on the willingness and efforts of people living in the area far more than it does on state conservation departments miles away in the capital. Today, many of the threats to boreal protected areas come from outside – principally as a result of extractive industries such as mining, oil drilling and hydroelectric power – in places where there are not enough people living to create an effective opposition. Trade pressures are thus directly impacting on protected areas.

The trade lobby is putting protected areas under pressure in three main ways:

- Trying to get access to existing protected areas
- Lobbying for changes in the law to weaken protected area legislation
- Short-term opportunism in *proposed* protected areas

Threats to existing protected areas

Protection alone does not necessarily prevent exploitation. Some protected area designations specifically *allow* continued exploitation by parts of the trade – for example in several countries protection is no guarantee against exploitation of valuable minerals. Even when protection exists, corporations are sometimes lobbying for access. The continuing pressure on the Alaska National Wilderness Area from major oil companies is an example of the latter case. Protected areas can also be affected by polluting activities taking place nearby. In Kamchatka, in the Russian Far East, the Bystrinsky Nature Park, a World Heritage Site since 1995, has been threatened by exploitation of various gold mines within a few kilometres of the protected area. Several protected areas were severely polluted in Alaska as a result of the Exxon Valdez oil spill in 1989 and continuing low-level spills and tank washings have continued to pollute the Alaska coast.

Changing the rules

The trade lobby has also been active in trying to change the very meaning of protected areas to allow greater resource exploitation. Over the past few years, for example, there has been a continuing battle about the definition of a “protected area”. This is a long way from a rarefied academic debate. Companies and some governments have been proposing a definition of “protected area” that is so loose as to provide very little real protection at all. Serious proposals made in Ontario during 1998 suggested that protection could include clearcutting of forests and “rotating” protection, so that forests would be cut, protected for a hundred years, and then in theory cut again. The proposals drew a strong response from the World Commission on Protected Areas (WCPA): “WCPA believes that large-scale commercial activities such as clearcutting, plantation establishment and other forms of industrial management, unrestrained tourism and other major infrastructure projects are not compatible with any protected area designations”.

Beating the legislative deadline

A new phenomenon, created by globalisation and the opportunities created by new technology, is of companies rushing into areas identified as needing protection and getting out as many resources as possible before legislation is introduced. For the next few years, these may well be the most acute threats facing many of the richest boreal habitats. Recent logging in Norway and the examples quoted in the boxes are illustrative of this growing phenomenon.

Such problems occur all over the world. But they are perhaps particularly acute in the boreal region precisely because there are relatively few other pressures. One of the problems for NGOs concerned about this issue is the scarcity of information. Detailed monitoring in some areas is countered by almost total lack of knowledge in others and many of the examples we report in *Taiga News* are necessarily anecdotal and incomplete. A valuable first step in addressing this problem would be to conduct a more detailed survey of status and threats to the key protected areas throughout the boreal – drawing on expertise of professionals and NGOs in the region. The next TRN conference might well be a good target for completion of an initial report.

Malaysian corporation moves into proposed protected area in the Russian Far East



In 1994, as a result of recommendations from the Institute for Water and Ecological Problems in Khabarovsk, the pristine forest of the Upper Sukpai watershed was included in a list of strict nature reserves recommended for creation by 2005. However, in December 1997 the same area was proposed for international tender for logging rights; a tender that was won by the Malaysian company Rimbunan Hijau. The decision was justified by the claim that the area had already lost its conservation values as a result of wildfires and logging, but independent analysis by the Biodiversity Conservation Centre has found no evidence to support this.

Rimbunan Hijau has invested heavily in the area, restoring a railway line, building roads, bringing in equipment and building its own electricity generating station. By next year the company is planning to reach a harvest of 300,000 m³ per year with an eventual harvest rate of 500,000 m³. Independent assessment suggests that this will only be possible if the company allows serious violation of environmental requirements such as water conservation, preservation of slopes greater than 30 degrees and protection of habitat of red-listed species. Road construction is also isolating other protected areas. Local hunters and fishers oppose the operation because of the loss of resources and although the company is paying some local people, wages are reported to be lower than for Russian timber companies in the same area. Logging is likely to destroy the non-timber forest products industries that currently support local people and also to increase downstream flooding.

This box based on an article by D Aksenov and M Karpachevskiy in the Russian NGOs Forest Club – <http://www.ecoline.ru/forest-club/reports/sukpai-e.htm>

A Global Trade—but not a Global Standard

Double-standards!

However hard local communities, consumers, environmental campaigners and even legislative bodies push for ecologically and socially well-managed forests, the fate of many forests in the boreal region lies in the hands of a few companies in the timber trade. Their logging and purchasing policies are crucial in determining the future of our forests. Every issue of Taiga News documents these problems. From highlighting the positive stories of increasing timber certification, the power of buyers groups demanding certified timber, the results of consumer boycotts and voluntary moratoriums, to cataloguing the actions of timber companies who continue to ignore the value of anything apart from the profits of wood and pulp products, we report on the forces changing the taiga forest environment.

In many cases, the environmental policies of the forestry companies have improved. For instance, the forest holdings in Sweden of all the major Swedish forestry companies are now certified by the Forest Stewardship Council. In Finland, after becoming a target of international attention, Enso (now Stora-Enso) announced at the end of 1996, that it would stop old-growth forest logging in the Republic of Karelia and in the Murmansk Oblast. Soon after that, UPM-Kymmene (Stora-Enso and UPM-Kymmene dominate imports from Russia to Finland – being responsible for 75 per cent of imports) and most of the other major Finnish companies followed by joining the so-called moratorium on old-growth forests.. However, despite these positive actions many companies involved in the timber trade are operating double standards. Whilst agreeing to moderate their activities in one area, in another their practices remain detrimental to both the forests and the local people.

For instance, despite being part of the old-growth moratorium in Karelia and Murmansk, Stora-Enso has postponed the expansion of the moratorium to the forests of Arkhangelsk and Komi, the largest old-growth forests in Europe, despite the publication of a map of the old-growth areas in March 1999, by Greenpeace Russia and the Biodiversity Conservation Center.

Another example of these double standards is the actions of UPM-Kymmene. Although their track record with regard to logging old-growth forests, whether in Europe or overseas, is not exactly exemplary, they have signed up to the moratorium on old-growth logging in Karelia and Murmansk. Their actions overseas have however been the focus of a long-term campaign – in particular by Friends of the Earth.

Source: *The Finnish Forest Industry in Russia on the Thorny Path Towards Ecological and Social Responsibility* (ISBN 951-97204-3-X) by O Ovaskainen, M Pappila, and J Potry may be ordered from the Taiga Rescue Network office for the price of EURO 14 / US\$15.

Pulping the Forest's of the South

by Sarah Tyack, Friends of the Earth, UK

Through its massive investments in Asia Pacific Resources International Holdings Limited (APRIL), UPM-Kymmene is the first western forest company to be directly involved in pulping rainforest in Indonesia, a country that has lost most of its primary forest to runaway and illegal logging activities. UPM is also the first company in Europe to be marketing fine paper made from rainforest through the APRIL brand 'PaperOne'.

In November, two activists from Indonesia will be coming to the UK to talk to buyers of 'PaperOne' paper about the social and environmental impacts of the massive APRIL pulp mill in the Riau province in Sumatra. Also as part of Friends of the Earth's work in highlighting the role of investment in environmental destruction, the activists will be visiting Norwich Union and Legal and General two large British insurance companies who invest in UPM.

Friends of the Earth will be starting a campaign to get large UK insurance companies to screen their investments using environmental and social criterion. This action aims to drive home to UK insurance companies the impacts of their investments. FOE will be calling on customers of insurance companies to raise concern about the multinational companies that they are investing in.

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Saving the Old Growth Forest!

By Arjan Alkema, Friends of the Earth – the Netherlands

The Forest Campaign of Friends of the Earth – the Netherlands (Milieudefensie) provides a good example of how working with industry can reap positive results.

Since 1995, with the launch of the international Taiga Terminator Campaign, Milieudefensie has been campaigning to save old growth forests in Scandinavia (in close cooperation with Finnish Nature League). By working with Dutch publishing houses, Milieudefensie succeeded in getting all major publishers of daily newspapers to sign a statement now known as the *Dutch Declaration of Concern*, in which the publishers call on stakeholders in Finland to refrain from logging old growth forests. The cooperation between Milieudefensie and the corporations culminated in a joint visit to Finland and Finnish old growth forests at the invitation of Nature League in the Autumn of 1997.

Since then pressure has remained on Finnish suppliers like Enso and UPM-Kymmene. However, Finnish suppliers have not been willing to move an inch and behind the scenes negotiations between WWF Finland and the Finnish industry have, as yet, been unsuccessful.

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The Boreal Influence - UPM-Kymmene in Indonesia Rainforest destruction and land alienation accelerates

by Marko Ulvila, FoE Finland

In September 1997, UPM-Kymmene, the world's third largest paper company based in Finland, announced an alliance with an Indonesian pulp manufacturer APRIL with the aim of integrating the fine paper operations of the two companies. The decision of UPM-Kymmene was immediately criticised by environmental citizens' organisations throughout the world as APRIL's pulp operations in Sumatra had caused irreversible environmental damage, violated the basic human rights of the local communities and upheld the oppressive regime of President Suharto. Despite the protests UPM-Kymmene has gone ahead with the alliance in a somewhat revised form and become the first western Paper Company directly involved in rainforest destruction.

Due to the economic crisis in Indonesia APRIL has not been able to build the third paper plant planned by the alliance. The companies announced in September 1999, therefore, that they will not work to their original plan but will continue with the arrangements that have been in place during the past two years. These include joint ownership of a paper plant in Shuzou, China, UPM-Kymmene's US\$210 million loan to APRIL's pulp mill in Riau, Sumatra and the agreement of UPM-Kymmene to market APRIL's paper in Europe.

After the announcement Friends of the Earth Finland issued a statement that UPM-Kymmene must stop funding APRIL's pulp production, discontinue using the pulp in the Shuzou mill and abstain from marketing APRIL's paper in Europe. This is because APRIL has not met the demands put forward by dozens of environmental citizens' organisations during the past two years: stop destroying valuable forest habitats, end alienating land from local communities and pay compensation for the damage that has taken place.

Increasing environmental damage in Riau

Although there have been some minor improvements in the field operations in the APRIL's Riau mill in Sumatra since the entry of UPM-Kymmene, the problems are far from being solved. The companies are planning to almost double the pulp production from current 750,000 ton per year (tpy) to 1.3 million tpy. This will accelerate the land conflicts and increase the loss of valuable rainforest habitats.

APRIL's concessions in Riau are mostly covered with lowland and swamp rainforests, the most species-rich ecosystems on earth. The majority of APRIL's forests have been selectively logged – i.e. the largest trees have been cut for timber industries. Although some of the species are already lost, these logged-over forests remain nevertheless an important habitat for many endangered species. APRIL's clear-cutting results in thousands of plants and animals – including endangered timber trees, and the Sumatran tiger and elephant – losing an important part of their habitat and being driven closer to extinction. Part of APRIL's concessions were listed by the World Resources Institute as one of Sumatra's three remaining frontier forest areas capable of preserving ecological functions of forest if left standing.

Land alienation and conflicts grow

In Indonesia local communities have had very weak rights to their customary land and livelihood, although there are legal provisions for this. In the case of APRIL's pulp mill in Riau there have been numerous conflicts where local communities have demanded their land rights in areas assigned as APRIL's concessions. In the estate where the mill was built in 1993, three villages have been severely affected: Sering, Kerinchi and Delik. Their determined protests have led to some compensation but the conflict of interests has not been settled.

Also in the forest concession areas there are continuous and escalating conflicts because village land is being logged and planted with *Acacia*. Local communities have laid claims to over 50,000 ha, but in reality there may be much more than this as not all cases are recognised until the logging operations start. In many cases the villages have lost trust in the formal process and staged demonstrations to advance their rightful demands. These have been met with oppression by the Indonesian State and by APRIL's personnel. For example, in July 1998, Mr. Rasyid of Lubuk Jambi village was stabbed to death by a member of APRIL staff in the course of a demonstration. In October 1997, a road block of set up by Delik villagers was violently broken down by a special mobile police unit called in by APRIL, and the legal advisor of the villagers, Mr. Marganti Manalu, was arrested. Later he was convicted under a clause typically used for political activists.

The campaign goes on

Environmental organisations are determined to carry on exposing the damage done by APRIL and UPM-Kymmene in Indonesia and demanding the rights of the local communities. Until the end of the year the focus is on the expansion of the Riau pulp mill which UPM-Kymmene is funding with the USD 210 million loan. UPM-Kymmene has an option expiring December 31 to transfer this loan to the shares of the Riau pulp mill. Environmental organisations will try to convince the company that this is not a good idea.

Another focus is the role of UPM-Kymmene in marketing APRIL's paper - brand name PaperOne - in Europe. The main outlet is the German paper plant of UPM-Kymmene, Nordland Papier, which has agreed together with other German paper producers and publishing houses not to use rainforest wood in paper production. This contradiction needs to be pointed out to the customers of UPM-Kymmene especially in Germany. Otherwise there is a general call for not using PaperOne and products of UPM-Kymmene as long as it remains involved in rainforest destruction.

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Plundering Russia's Far Eastern Taiga

Rampant illegal logging and growing consumption for specific timber species in China and Japan are now the primary threats to Russia's rich temperate forests of Eastern Siberia and the southern Russian Far East. Josh Newell of FoE-Japan reports.

Domestic demand for timber in Russia has plummeted over the past ten years and the timber industry now focuses exclusively on export markets; at least 50 per cent of all timber produced in the Russian Far East is exported. Withdrawal of subsidies for timber transport by rail has led to localized logging near consumer markets.

Demand in the primary markets of Japan, China, and South Korea now determines the type of species that gets logged, the size of the logs, and, to some degree, where the logging takes place. Control over timber resource use by government agencies is weakening due to declining budgets and unclear and often contradictory relationships between the numerous federal and regional government agencies. Regulatory bodies, such as the forest service, are poorly equipped to control the explosion of small logging firms and exporters that have cropped up since Perestroika. To conceal profits so as to avoid taxes, these same firms have developed clever and complex methods of documentary fraud and bribes.

To secure hard currency, the Leshozes (local branches of the Russian Federal Forest Service) have become some of Russia's most active loggers. Abusing loopholes in 'Sanitary' logging regulations, Leshozes log or issue licenses to log commercially valuable ash, Korean pine, and oak trees. These Leshozes, ironically, are the government bodies responsible for monitoring logging operations and maintaining the health of the forest. This 'dual function' of the Leshozes has left most of the logging operations in the forest out of control.

The Russian government must take action now to bring illegal logging and export under control. Measures needed include: eliminating commercial 'sanitary logging by Leshozes, providing more funds to control illegal logging, instituting a 10-day holding period on timber exports, reducing the number of export points and exporters, opening up customs data to third party inspection, developing an effective method to track the chain of custody of timber flows. In the long-term, the government should consider raw log export bans on some endangered, and possibly all, timber species. Japanese, Chinese, and Korean governments must open up customs data to third party (NGO) inspection and develop measures to reduce wasteful consumption.

Money can 'buy' almost any necessary license, certificate, or export document

Forged logging licenses, timber certificates, and export papers are widely available in Primorye and Khabarovsk regions. In Rosshino village, in the Primorye region, we were offered a certificate to log and transfer timber complete with the embossed seal of the forest service on the black market for US\$300 (Newell, 1998). The document includes data about the logging site, species, and amount to be logged, truck license numbers, names

of drivers, official stamp, and number of logging license. Armed with this certificate one can proceed through militia and customs checkpoints legally.

There are a number of other loopholes. One can log without a license at all, pay off the militia at the checkpoint, and then sell the timber to a wholesaler who then prepares forged documents to present to customs. According to Alexander Kichigin, director of the firm 'Belogorka' in Rosshino, "Any consignment can get through the militia point for 200-300 dollars." This timber is then often taken to a wholesale timber yard for sale and then export. In March 1999, FoE and the Bureau for Regional Public Campaigning (BRPC) found this to be a common strategy in the city of Dalnereshensk, where illegally logged timber, after passing the militia checkpoint, is transferred to a large lumber facility that has been turned into a wholesale point controlled by Chinese exporters. According to Pavel Soldotov, Chief of the Committee of Ecology in Krasnoameiskiy region (Primorye), as well this process of faked documents and bribing militia points, "US\$200-500 will get you through the militia point; the price depends on how good the faked documents are, the amount ash, the amount of people involved. One typical procedure for dealing with the militia is to send a scout ahead of the log trucks to bribe the militia officer, then the truck can proceed."

Other strategies include: faking the list of stored timber and prices in the consignment, purposefully mislabelling species to avoid taxes (some species such as ash are taxed less heavily), creating fake export contracts that undervalue the timber and then settling the deal in cash. As the Vladivostok News reported last year, Viktor Doroshenko, general director of Primorsky Region's largest logging firm Primorklesprom, admits that, as much as 40-50 per cent of Russian timber is "...sold to Pacific Rim countries under dumping prices and faked contracts."

Dr. Vsevod Rozenberg, considered the most experienced and knowledgeable forest specialist of the Ussuri taiga estimates that, "timber harvest in Primorye and Khabarovsk regions is underreported by 100 per cent to avoid taxes. So if the annual harvest rate was 1 million cu.m. then the real amount logged is more like 2 million cu.m. And this does not take into account the timber that is felled but left at the logging site; this figure can reach about 50 per cent of the total cut."

Russian ecologists are concerned that illegal logging may permanently impact the Russian's Far East's forest ecosystems by reducing its ability to regulate water levels leading to flooding during rainy months. Valuable timber species such as ash and Korean pine are often logged along legally protected river basins, as illegal loggers drive up the frozen rivers and log the large trees along the river edge. Anatoly Dudov, chief forest inspector of the Primorskiy Krai Forest Service, is most concerned about this kind of cut and run practice. Most of these loggers are small operations that log at night and disappear.

Booming demand for ash logs

Demand for large, high quality ash logs is booming, particularly in Japan and China, where they are prized by the housing industry. This has localised logging, putting pressure on the rich Ussuri Taiga (Primorye and southern Khabarovsk region) where ash grows. The largest ash trees grow along river basins; most of these forests are protected as Group I forest due to their role in regulating water levels and controlling erosion. Ash exports to China from the Primorye region have almost doubled over the past five years; from 212,000 cu.m. in 1995, to 363,000 cu.m. in 1998.

The problem of illegal logging and export of ash has become so widespread that government officials in the Primorye region openly admit the problem. The Primorsky Krai government has repeatedly tried to restrict hardwood, particularly ash, export volumes to Japan and China due to flooding of these markets with illegally harvested timber. In a letter dated May 25, 1999, Primorye's head of Foreign Economic Relations, Vladimir Stegni, wrote to the Russian Ministry of Economy in Moscow asking for export licenses with strict quantity limitations. The letter makes it clear the extent to which illegally logged timber is being exported through false documents 'Timber hardwood export volumes from Primorye to Japan and China are constantly increasing and much more than the legal allowable cut volume. The Governmental Decree dated 5 January 1999 "On additional measures of governmental regulation of logging and export timber of valuable species", did not solve the problem.

Ash log exports to China from Primorye Region (1995 - Q1 1999)

1995	212,000 cu.m.
1996	276,000 cu.m.
1997	423,000 cu.m.
1998	363,000 cu.m.
Q1 (1999)	450,000 cu.m.

Source: Primorsky Krai Forest Service, 1999

Providing export licenses without quantity limitations gives no result. From 15/2 through 20/5/1999 there were licenses delivered

on hardwood logs export in a volume of 930,900 cu meters (both Primorye and Khabarovsk), while the legal quota in Primorye for these species equals for 1999 is for 260,000 cu.m.'

Not only ecologically destructive, illegal logging is also bad economics, and the Primorsky government has started to recognize this fact. Stegni continues in his letter, "this commercial activity jeopardizes the economic interests of Russia. Our country does not receive proper benefit from such timber export, as raw logs of ash are sold by dumping prices as \$ 50-80 per cu meter, although they cost about \$300 cu.m. on the global markets". Not only has the Russian government been unable to control the amount of exports, but more importantly since so much timber is being logged illegally, they are not receiving stumpage fees and other taxes that would be normally be generated from legitimate logging operations. Many regional government officials would like to establish a ban or strict limitations on ash logs exports, but have been unable to do so due to resistance from Moscow. Some analysts speculate that the Russian federal government will not do so due to IMF policies that may restrict non-tariff barriers such as log export bans.

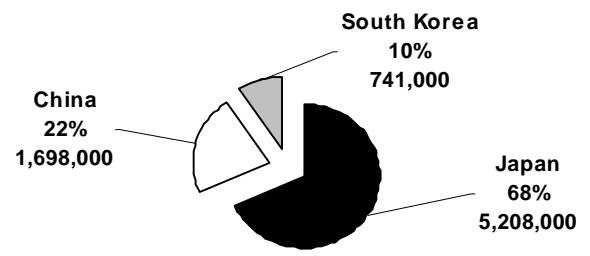
Consuming the Taiga

The trade in RFE and Eastern Siberian Timber

by Josh Newell, FoE Japan

Japan, China, and South Korea are the primary importers of timber from the southern Russian Far East (RFE) - Khabarovsk, Primorye, Sakhalin, Amur and Eastern Siberia - Irkutsk region. As Chart 1 shows, Japan is by far the largest consumer of Russian timber; about 95 per cent of these imports are logs. China and South Korea import almost exclusively logs. About 75 per cent of RFE timber imported is used in housing construction, primarily for non-structural timber and for plywood; Siberian larch is gradually replacing tropical logs as a preferred choice of the Japanese plywood industry. Imports of Russian logs to Japan have steadily increased from 1991 (4.3 million cu.m.) reaching a high of 5.77 million cu.m in 1997 (Ministry of Finance, Japan, 1998). In the mid to long-term, barring significant environmental restrictions and collapse of the Japanese housing market, Russian logs imports will continue to increase. Russia has emerged as the primary source of raw logs for Japan. In Japan, houses last between 30-35 years due to a 'scrap and build housing' policy supported by the government, finance, and insurance sectors in Japan. This is leading to massive over-consumption of the world's forests.

RFE Timber Exports 1998 (cu.m.)



Wasteful housing construction methods must be changed, building codes need to be revised to include non-timber sources, loan policies and regulations that limit the life span of houses need to be dissolved, and there needs to be a gradual decentralization of the housing construction industry.

South Korea, whose own forests were devastated during WW II and the Korean War, imports about 90 per cent of its timber products, including about 8 million cu.m of raw logs yearly. While New Zealand (NZ) remains S. Korea's largest log supplier, Russia has emerged as a major source with 925,000 cu.m. in logs imported from Eastern Russian forests in 1997 – double what was imported in 1993. Russia is now South Korea's third largest log supplier after NZ and Chile. Analysts predict that Korean imports of Russian logs will increase as Russian old-growth is of better quality than NZ or Chilean plantation timber, even though prices are comparable. Korean timber importers, not sticklers for quality, place a premium on price unlike their Japanese counterparts. Therefore, demand for medium and pulp grade logs is high; larch pulp logs, in particular, are often converted into sawnwood.

Growing Chinese timber consumption poses perhaps the greatest long-term threat to the RFE taiga. Massive flooding in China in 1998 forced the Chinese government to strictly limit timber harvests. And despite the endless stream of propaganda from the government that China will strive for timber self-sufficiency through massive plantation efforts and increasing harvesting efficiency, the reality is clear: China will become a major timber importer in the next ten years. The Economic Information Daily reports that China faces an annual shortfall of timber by 45 million cu.m. by 2000, based on total demand prediction of 110 million cu.m. and 65 million cu.m. of domestic supply. In the first six months of 1999 alone, Chinese imports of logs surged 87 per cent to 4.22 million cu.m. The Center for International Trade in Forest Products (CINTRAFOR), an influential US-based think-tank, predicts that by the year 2025 under a low growth scenario that China could face a deficit of 200 million cu.m. annually!

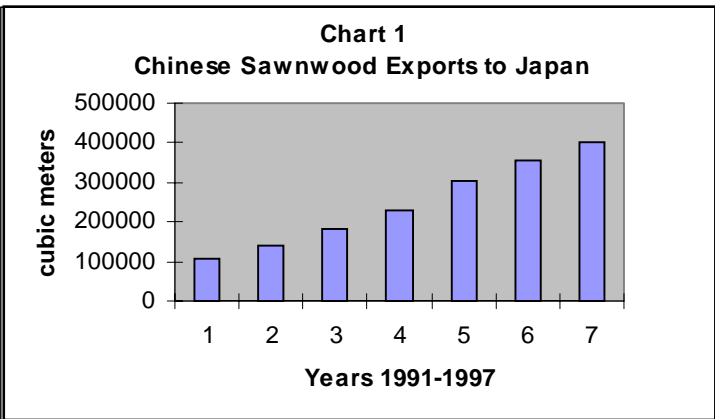
Russia certainly will become a major supplier. In 1997, Russian log exports to China totalled about 941,000 cu.m, while in 1998 this figure almost doubled to 1,698,000 cu.m. Just this year, the Russian Ministry of Foreign Trade and Economic Cooperation gave the Harbin International Economic and Technological Cooperation Corp, located in NE China, permission to cut three million cu.m. of timber in the Khabarovsk region, where the forests have been ravaged by fires. Reportedly all of this timber will be sent to China for sale. Dr. Changjin Sun, forest program officer at WWF-China, writes *“Large diameter logs are in huge demand in China. We are close to running out of timber. Lester Brown asks who will feed China? Well, the question should be, Who will house China?”*

There are also fears that China not only plans to import large amounts of Russian logs for its own needs, but also plans to modernize their huge sawmill industry and export sawnwood, made from Russian logs. These fears may be justified. Over the past five years, sawnwood exports to Japan have grown dramatically (See Chart 1). Tragically, it is Russians that need to develop a timber processing industry.

Companies involved in the Russian-Chinese-Korean-Japanese Timber Trade

A multitude of Russian firms exports timber from Russian Far East land and seaports. To Japan and Korea most timber is shipped by sea and to China most is shipped by rail. Some of the largest Russian exporters include Dallexportles, Dalles, Irkutsklesprom, Sibexportles, and Dallesprom. Foreign timber exporters to NE Asian markets are relatively small as there is still very limited foreign company involvement in the RFE.

Top 10 Importer of Russian Timber (Logs- cu.m.) to Japan 1997		Major Chinese Importers of Russian Timber - Heilongjiang Province (1999)	
Nisso Iwai	858,655	Ji Xin Timber Company	
Nichimen	524,755	Wan Tong Company	
Dzalen Y	432,868	He Xin Timber Industry Co., Limited of Mu Danjiang City	
Sumitomo	339,392	Timber Industry Co., Limited of RFE	
Orient	291,442	Sui Fenhe Import and Export Group	
Marubeni	278,463	Sui Fenhe Trading Port Committee	
Itochu	271,059	Sui Fenhe Foreign Transport Company	
Mitsui	246,520	Ha Deli Business Group	
Uasa	229,356	Sui Fenhe Zhong Tai Timber Industry Co., Limited	
Troika	225,367		



This is, however, changing. Rimbunan Hijau has just secured a 49-year lease to log forests in Khabarovsk region. And Pioneer group, based in Boston (US), is now the second largest timber producer in Khabarovsk, producing 260,000 cu.m. in 1997. It is unclear to what extent Chinese financing is behind Russian timber firms. However, there are numerous reports that Chinese middlemen are funding many of the smaller firms.

From government documents and testimony from officials and those in industry, it does appear that Chinese timber brokers are aggressively moving into the Russian Far East and that many of them are working illegally, without visas. Chinese operator's control wholesale timber yards in Primorye's cities of Luchegorsk, Dalnerechensk, Lesozavodsk, Ussurisk and others. Many Chinese import firms are listed under false names and aliases; this allows them to hide cash operations (See the list below for some Chinese import companies.) Little is known about Korean companies importing Russian timber.

Japanese direct investment in Russia's timber industry is at its lowest level in twenty years. Most of the Japanese importers are large trading companies that simply negotiate with Russian exporters when purchasing timber (see list). There are complaints by Russian exporters, however, that Japanese importers purposely refuse to buy high-grade logs so that they can purchase them as pulp logs; this is done because pulp logs are cheaper and import taxes, as a result, lower. However, there may be collusion by both parties as Russian exporters also pay lower export taxes on pulp logs.

WTO and Eastern Russian Forests

If Russia joins the WTO and decisions are made to eliminate non-tariff barriers such as raw log exports, this may greatly affect regional government efforts in Eastern Russia to establish log export bans on endangered but commercially valuable species such as ash. Giorgi Markov, Deputy Chairman of the timber industry department of Khabarovsk region, proposes an export ban on all raw logs. He feels that with this ban in place, exporters will be *“forced to come to the RFE to process the timber, this will provide jobs and bring in greater revenues.”* The key point, according to Markov, is to get the federal government to accept and enforce this ban. Something that to date, Moscow officials have been resistant to implement. The Japanese recently called for an end to the log export ban in Canada and cited WTO initiatives to eliminate such non-tariff barriers.

Contact: Josh Newell of FoE Japan. E-mail: siberia@foejapan.org

Losing the Resource Base

Buying Destruction: a Greenpeace report for corporate consumers of forest products names more than 150 companies producing or trading in forest products coming from ancient forests. Much of the report focuses on the situation in Canada where more than half of British Columbia's lowland coastal rainforest has been logged, and, as the resource base is destroyed, harvesting is increasingly being carried out in more remote areas. It is estimated, for example, that harvests of the lesser-used boreal species including birch, aspen and poplar could triple by 2020.

The Greenpeace report also profiles major logging and wood trading companies active in the ancient forests of Brazil, Guyana, Suriname, Chile, Russia, Cameroon, Gabon, Indonesia, Papua New Guinea and the Solomon Islands. According to Greenpeace forest campaigner, Patrick Anderson, "Greenpeace is calling all the companies using wood and paper products to find out where their wood comes from and to end their role in ancient forest destruction ... The companies profiled in this report represent only a fraction of the companies operating in these regions but together they log more than one quarter of the total roundwood produced there annually. They have access to a total forest area of well over 80 million hectares."

Of the top 20 companies profiled, seven are Canadian-owned, four fully or part-owned by Malaysia, three by France and two by the US. Those operating in the temperate and boreal forests of Canada and Russia represent some of the world's largest forest companies and of the nine largest companies listed all are active in Canada.

The company profiles also include a breakdown of the types of forests where logging takes place - the figures on 'old-growth' logging and 'frontier forests' (areas of relatively intact natural forest identified by the World Resources Institutes) highlight many of the concerns about the impact of trade on the forests of the north highlighted in the previous pages of *Taiga News*.

In all the report suggests that at least 7.2 million ha of frontier or other ancient forests are logged each year and in total 72 per cent of the frontier forests are threatened by logging. Most of the annual loss is from clearcuts operations in Canada and Russia. In 1996, Canada was the second-highest producer of industrial roundwood after the US, accounting for 12 per cent of global production with a yield of more than 183 million m³. In some Canadian regions it is estimated that up to 90 per cent of logs cut come from ancient forests.

Examples of the companies currently logging in Canada's old-growth and frontier forests include:

- **Alberta-Pacific:** 20 per cent of the almost 3 million m³ annual allowable cut (AAC) is 'old-growth' and operations affect over 40 native settlements
- **Kruger:** nearly 50 per cent of the company's 1,991,100 m³ AAC comes from frontier forests
- **Daishowa Paper:** an estimated 20 per cent of the company's 1,603,561 m³ AAC comes from 'old-growth' forest
- **Donohue:** of the company's AAC of 5.5million m³ an estimated 68 per cent comes from frontier forests.
- **Produits Forestiers Alliance:** Of the total AAC of 2,032,500 m³ about 68 per cent comes from frontier forests.
- **Uniforet:** The total AAC of 2,260,000 m³ comes from frontier forests

The report is available in English, French, Spanish, Russian, Japanese with summaries in German, Portuguese and Indonesian. To order a copy contact: The Forest Campaign, Greenpeace International, Keizersgracht 176, 1016 DW Amsterdam, Netherlands, Fax: +31-20-523-6200 E-mail: forests.publications@ams.greenpeace.org. Buying Destruction is available on the web:<http://www.greenpeace.org/~forests/>

Our Forests at Risk: The World Trade Organization's Threat to Forest Protection

Co-authored by Earthjustice Legal Defense Fund and Northwest Ecosystem Alliance, in collaboration with American Lands Alliance, Asia Pacific Environmental Exchange, International Forum on Globalization, Pacific Crest Biodiversity and Pacific Environment and Resource Center.

The report spells out the likely consequences of what forest advocates call the Global Free-Logging Agreement. Focusing on the situation in the US, the co-authors say that as a member of the WTO, and a key proponent of the "Global Free-Logging Agreement," the US has the ability to affect trade policy and trade rules, and that negotiators must do a better job of maintaining US environmental standards.

The report can be found on the web: <http://www.earthjustice.org/>

Events

**Training to Work in the Forest
A First Nation Forestry Program
Conference and Workshop
February 15 - 17, 2000
Winnipeg, Manitoba, Canada**

The conference and workshops are intended to highlight the value of training and to provide participants with introductory training on a variety of forestry related activities that have relevance to Aboriginal communities.

Contact: Joe De Franceschi at the Canadian Forest Service on Tel: +1-780- 435-7270

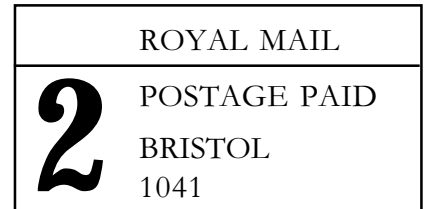
**The third international workshop on
disturbance dynamics in boreal forests
August 21-25, 2000
Kuhmo, Finland**

The aim of the workshop is to bring together scientists studying disturbance dynamics and related phenomena in boreal forests. The main theme of the workshop will be restoration and management of biodiversity. The purpose is to focus attention on the interplay between disturbance, successional, and population processes in maintaining biodiversity in boreal forest ecosystems, with appropriate attention to the functional role of biodiversity.

Contact: Conference organisers: IAVS (International Association of Vegetation Science) and FIBRE (Finnish Biodiversity Research Project). E-mail: DIST2000@Helsinki.fi

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Join us in Moscow Next Year!

Boreal Forests of the World V Moscow, September 2000

Conference Theme

In less than a year, the Taiga Rescue Network will hold its fifth international conference on boreal forests. It will focus on how to "Live *with* the Taiga" and on the important role of multiple-use forestry, both in forest use and its protection. Presentations, workshops, panel discussions and poster presentations will look at community forestry, development of non-timber forest product enterprises and forest recreation, as well as traditional and indigenous forest management patterns as viable economic and social options in the discussion over the future of the boreal forests. The Socio-Ecological Union will host the conference.

An invitation to visit the Russian forests

Russia was chosen because Russian Northern forests alone represent the largest expanse of unbroken 'frontier forests' – large, ecologically intact and relatively undisturbed natural forests. Mapping work and forest inventories carried out by members of the Forest Club of Russian Non-Governmental Organisations (including several TRN participants) have been instrumental in locating and defining these areas in north west Russia.

However, these forests are under threat due to large-scale industrial operations, primarily forestry and oil and gas exploitation. The concentration on industrial forestry compared with the increasing need for a more locally based, multiple use forestry, has led communities and organisations to question the long-term economic and ecological sustainability of current forest policies and management practices in the region.

This is why TRN has decided to present, document and publicise inspiring alternatives to the dominant forestry model and to promote constructive dialogue among stakeholders

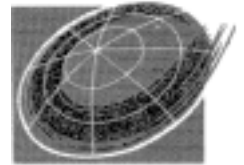
on solution-oriented and positive alternatives to the current management system in the boreal ecosystem.

Post conference trips will be organised for those interested in forest issues in other parts of Russia.

Call for speakers and posters

We are currently looking for speakers on the focused topics. If you are interested in giving a presentation, please contact the International Coordination Centre. There is also space for poster presentations. Further details of the conference will be included in the next issues of *Taiga News*.

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**The Taiga Rescue Network is looking
for a new editor/s of *Taiga News*, to
start working in November 1999 on
issue 30 (to be published in January
2000).**

**The focus of the next issue will be on
the environmental successes that have
been achieved in the
boreal forests over the
last few years.**

**If you would like more
details about the
editorship or would like
to contribute to the
next issue please
contact TRN at the
address given above**

