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Fast and effective policy alerts

Is illegal logging bad for business?

You can make a fortune logging illegally. It is usually much cheaper to pay bribes than to make serious management plans, pay taxes and royalties, and harvest fewer logs.

Companies that play by the rules think that isn't fair. Having so much illegal timber on the market drives down the prices they receive and gives the whole industry a bad reputation. The fact that some armies use timber to finance wars doesn't help either.

That is why the American Forest and Paper Association (AF&PA) hired Seneca Creek Associates and Wood Resources Institute to write "*Illegal Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood Products Industry*". Their paper looks at illegal logging in Brazil, Central and West Africa, Indonesia, Malaysia, and Russia and at suspicious forest product imports into China, Europe, and Japan. It also presents results from a simulation model that analyzes the effect of illegal logging on world trade.

The authors conclude that:

- Each year \$23 billion dollars of forest products are produced globally from illegally harvested timber. About \$5 billion of that is traded internationally.
- Timber of suspicious origin is involved in between 5% and 10% of the logs, lumber, and panels traded globally (measured in terms of value).
- Almost one quarter of hardwood lumber and 30% of hardwood plywood traded globally is of suspicious origin.
- If all exports associated with illegally harvested logs were phased out by 2007, international roundwood, lumber, and wood panel prices would rise by 19%, 7%, and 16%, respectively, and companies operating legally would earn much more money.
- Without illegal logging, the United States would have exported \$4.6 billion more roundwood, sawnwood, and wood panels between 2002 and 2012.

Given that, you might expect to see American forestry companies out protesting alongside Greenpeace to stop imports of illegally-harvested timber. Actually, they oppose such measures, because they are worried they would make it more expensive for companies to operate legally. Their solution is for each government to enforce its own laws.

Don't hold your breath.

To request a free electronic copy of the paper in pdf format or to send comments or queries to the authors you can write Amy Mullins at: amy_mullins@afandpa.org

The full reference of the article is: Seneca Creek Associates, LLC and Wood Resources International. 2004, "*Illegal*" Logging and Global Wood Markets: *The Competitive Impacts on the U.S. Wood Products Industry*, Poolesville, Maryland, Seneca Creek Associates, November.

The Center for International Forestry Research (CIFOR) established the (CIFOR-POLEX) electronic listserv in July 1997 as a free information service to the global forest community. Previous CIFOR POLEX messages can be found at the CIFOR website: www.cifor.cgiar.org

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