

# MOVING TO A SUSTAINABLE FUTURE

As logging in natural forests winds down, the forestry industry in the Solomons is adopting sustainable practices.

**R**ick N Houenipwela, Governor of the Solomon Islands Central Bank, stated at the beginning of 2008 that 'logging accounts for as much as 40% of government revenue, around 70% of export receipts, and in terms of its share of GDP, it's probably 16–17%.'

The bad news is that much of this growth has been driven by a logging industry operating at unsustainable levels (output rose from 750,000 cubic metres in 2005 to 1.4 million in 2007), and the International Monetary Fund has predicted that GDP growth could slump from 10.3% to just 1.5% per year by 2010 as this sector goes into decline.

## DECLINE EXPECTATIONS

With logging employing around 5000 people in the Solomons, the implications for the local economy are clear. Estimates about the timing and severity of this downturn vary wildly, with some (mainly outsiders) claiming the country will soon be stripped bare. Austin Holmes, Secretary of the Solomon Forest Association, is more phlegmatic:

'There could well be a sharp tail-off in five years, but it is exaggerating to say that the sector's output will ever drop to zero.'

## NEED FOR RATIONALISATION

Both Houenipwela and Holmes concur that there is no need for the Government to introduce new legislation to reform the sector,

but rather to simply enforce the existing legislation, in particular the Code of Logging Practice.

'The sector needs to be rationalised,' adds Holmes, who is also CEO and General Manager of Malaysian-owned Pacific Timber. 'There are too many players, including small operators who have a very short-term outlook.'

Houenipwela has also called on the Sikua Government to set a determined price in the sector, to ensure greater returns for resource owners and government over the next few years.

## A SECOND WIND

There are some promising developments. The Department of Forestry, Environment and Conservation has started to establish commercial plantations in partnership with private investors. In the long term these, along with the regrowth of natural forests and locally run village plantations, will provide the industry with a second wind (see box on Kolombangara Forest Products below). Pacific Timber, formerly the largest timber processor in the country, is close to completing a US\$4.5million project to revive its timber processing plant. Its strategy is to move towards further downstream activities. Austin Holmes comments that because of the cost of freight between the Solomons and their key Asian markets, these activities will need to involve high-quality, high-value tree species in order to be commercially viable. ■

## CASE STUDY: A SUSTAINABLE FORESTRY PLANTATION



Kolombangara Forest Products Limited (KFPL) is setting an example of sustainable forestry in the Solomons.

The company has pioneered sustainable forestry practices in the Solomon Islands and is at

present the only certified sustainable operation. In 1999, it became the first company in the South Pacific to receive the internationally recognised Forest Stewardship Certification, which is based upon the key tenets of sustainability.

Established in 1989 by the Solomon Islands Government and the Commonwealth Development Corporation (CDC), KFPL manages a 12,000 hectare plantation on the island of Kolombangara, in the Western Province of the Solomon Islands.

KFPL has received a substantial injection of capital over the past two years courtesy of the European Union, the European Investment Bank and a private investor. The company now exports around 100,000 cubic metres of tropical hardwood per year, to a handful of clients in South East Asia, turning over around US\$7 million in the process. But operating in such a remote location is never going to be easy. According to General Manager Simon Le Gassicke, a Briton who arrived at the company seven years ago as a CDC employee, infrastructure and communication issues provide a major challenge for the company:

'When we need a piece of equipment, the lead-time can be up to three months,' he says. 'You really need to have two of every thing.'

Sourcing human resources for such a remote location is not easy either. 'It is hard to recruit and retain the right staff,' says Le Gassicke, who is one of five expat employees. All the same, the size of KFPL's operation has nearly doubled in the past two years and Le Gassicke believes there is still scope to triple the current output.