PNGFRI’s Views on Round Log Exports and Downstream Processing

“Scientific Evidence is Available to Inform and Support Government Initiatives”

Goodwill Amos, Nalish Sam and Anton Lata

Papua New Guinea Forest Research Institute

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Prime Minister Hon James Marape recently addressed the importance of the partnership that the government and businesses can foster to discuss policy, financial barriers, technology and innovation so that growth in business can be accelerated. He highlighted this during the Business Council of PNG's Back to Business Breakfast which was held on the 30th of August at the Stanley Hotel and attended by Ministers of State, executives of the business council and members of the private sector. The Prime Minister's address was followed by a panel discussion and a question-and-answer session with "key economic ministers". As this was the PM's second business breakfast, he said "businesses are key drivers of the economy that I acknowledge, so conducive policy, and a regulatory business environment are key ingredients". "Last year when I addressed the business council I stated that the government will be responsive to create a conducive environment for business, trade, and investment. The consultation of the private sector is significant in putting together policies so that interventions can be established to grow the private sector".
PM’S CHALLENGE

“PM NEEDS NUMBERS”

- “How many (logs) are leaving our shores this week?”,
- “How many have we exported already this year?
- How many ships with logs left our shores?
- “What’s the Kina value of those logs that have gone out?
- “How much have we earned this year?
MINISTER’S DIRECTION AND SUPPORT

- Downstream processing
- State marketing agency
- State purchase option
- Carbon trade

“MINISTER TARGETS DOWNSTREAM PROCESSING”
Managing Directors Challenge

“BUILD A COMPLETELY NEW FORESTRY”

• Many things happening at the political/government level
  • Competing interest in carbon, many critics, etc...

• Copy of budget & revenue generation plan given to PM
  • Will require justification, supporting documentation, etc..

• PLANS are key to effective operation
  • Urgency of the NFDP – officially launched by Minister last week

• Total accounting of the forest ecosystem
  • Payment for Ecosystem services – wood products, carbon offset, plant genetic resources, etc.. etc...

• Review of Forestry Act – to include carbon trade
Have we captured the PM, Minister and MDs visions. Directions and challenges?

YES - NFDP OUTCOMES

1. Completion of Forest Plans (NFP/PFP)
2. Amending the Forestry Act and Policies
3. Extension and expansion of plantation
4. Diversification of revenue options
5. Magnifying the development of alternative forest products
6. Improving monitoring and compliance
7. Improved landowner participation
8. Through the instruments of science and research provide justification to our cause, options to consider, to ensure suitability of the forest industry and the forest

Do we have the resources and capacity to implement?
THE SCENARIO

The current government’s emphasis on
1. Cutting down on round log exports,
2. Promotion of downstream processing of logs, and
3. Expansion of forest plantations through reforestation/afforestation activities;

The above can be realized through a strategic and systematic approach focusing on a few high value timber tree species which is currently known and highly sought after in the market. This approach is feasible considering the fact that there is sufficient baseline scientific information and expertise available to support initiatives in these 3 areas.
Round Log Exports

PNG Forest Authority inventory data and log export reports from SGS and Bank of PNG will clearly show where logs are coming from, the species composition, the volume, and where the logs are going to.

• Currently, between 80 – 90 percent of our logs end up in China.
• Most of these logs comprise of Taun, Kwila, Malas and Calophyllum.
• A quick desk-top analysis to trace the logs can give an indication of the level of processing applied to our logs when they end up in China, where they are re-exported to in various processed forms and the final end products.
Where are the logs coming from and where are they going to?

### Log Volume (m³) Exported x Province

Source: SGS Report

### % of Total Log Volume Exported x Destination

Source: SGS Report
Taun (*Pometia pinnata*) – a potential plantation/woodlot species to promote

- Community woodlot arrangement
- Harvesting after 20 years
- @K1,000.00 per tree
What FRI can Contribute

• The underlying science **exists to guide improved practice**
  • Forest Growth Data
    • forest growth model **demonstrated** that current logging levels, using a felling cycle of 35 years and a 50 cm diameter cutting limit, **results in an initial felling that is excessively heavy**
    • Subsequent cycles have lower yields
    • initial post-logging period shows substantial stand damage

• Potential Indigenous Species for Plantation
  - Growth information on Taun, teak, Calophyllum

• Wood properties
  • Information on wood properties
Data and Information from our PSP Research

**Information**
- Growth increments
- Species composition
- Regeneration capacity
- Tree health/damage condition

**Application**
- Predict yield over time
- Establish condition of regenerating forest
- Estimate next harvest
- Estimate carbon accumulation over time/stock
Promotion of Downstream Processing

• Based on information derived from round log export, the few highly-sought-after timber tree species listed above (taun, kwila, malas and calophyllum) can be the first to be reduced or excluded from round log export and encouraged for downstream processing at various levels targeting existing domestic and international markets.

• The wood properties of these species are known and their potential for development as plantation species have been researched and recommended by PNGFRI. Wood properties are the primary characteristic that dictates its utilization.
Promotion of plantation

1. Taun
2. Calophyllum
3. Walnut
4. Malas

Teak seed source at Situm, Morobe Province