

**Comprehensive Study on :
CONTRIBUTION OF PEOPLE'S FORESTS TO DEVELOPMENT OF INDONESIAN
TIMBER INDUSTRY 2008
March 2008**

Illegal logging, forest fires and nomadic farmers have caused extensive damage to the country's tropical forest in the past decade. The impact was devastating with not only losses in valuable trees for timber processing industry, but floods and landslides that have caused countless loss in property, not to mention losses in lives. An estimate said the country's tropical forests, which are the second largest in the world after those of Brazil, were 2.83 million hectares smaller every year.

More extensive forest destruction might have been caused by licensed logging companies, or forest concessionaires (HPH). Many HPH companies abandoned their concessions after all trees they needed were cut, although they were required to plant tree seedlings as many as they cut.

In order to reduce forest destruction, the government set limit to supply of forest trees for timber industries from natural forests with annual quota system. Currently the total logging quota is set at 8,152,250 cubic meters a year. The quota is much short of the total requirement of around 80 million cubic meters. Large deficit had resulted in rampant illegal logging as many timber processing factories were forced to use illegally cut trees or they had to stop operation. The government, therefore, allows log imports.

Meanwhile, the government has encouraged development of plantation forests or industrial timber estates (HTI) and people's forests. However, it takes years for HTI to be ready for harvest. Currently there are around 2,882,575 hectares of HTI not including 1,938,257 hectares of plantation forests of state-owned forestry company Perhutani and 1,279,580 hectares of people's forests. Based on its Strategic Plan for 2005-2009, the Forestry Ministry sets a target of 5 million hectares for HTI and 2 million hectares for people's forests. The man-made forests are expected to be able to cope with shortage in log supply in the country in the future and preserve natural forests.

Trees from people's forests and plantation trees including ones produced in the process of land clearing and replanting could contribute substantially to reducing deficit in local supply of logs. A survey by the Forest Products Research Center shows only 20% of the people's forests and 5% of land clearing trees have been utilized in the country. Based on official data in 2006, the country had 1.28 million hectares of people's forests that could produce 42.97 million cubic meters of logs that year. Including plantation trees cut for replanting such as rubber, coconut, oil palm and other hard crop trees, the supply was potentially much higher. The potential production could even save the country from having to rely on imports.

The technology has been available that could make oil palm trees and other plantation trees which so far have been thrown away or burned as waste, highly valuable. Oil palm trees could be used as basic material for furniture, door and window shutters, etc. Similarly, cotton and candle nut trees could be used for the same purpose. Investors in timber processing industry could benefit from the availability of the technology that could cope with scarcity in log raw material.



PT Media Data Riset (Mediadata) has carried out studies on the prospects of people's forests and their potential role to support and revive the country's ailing timber processing industry. The results of the comprehensive studies have been compiled in a report.

For detail of the report, please find enclosed the Report Outline and its ORDER FORM or please contact us anytime through mobile phone : 0852 1706 1945 or through e-mail: info@mediadata.co.id / mediadatariset@yahoo.com or click our website <http://www.mediadata.co.id> for other enquiries.

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Yours faithfully

Mansur S.
Sales Manager

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CONTRIBUTION OF PEOPLE'S FORESTS
TO DEVELOPMENT OF INDONESIAN
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DIREKTORY OF INDONESIAN TIMBER INDUSTRIAL COMPANIES

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