

Impact of Tropical Hardwoods Campaign

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ABSTRAK

Satu survei telah dibuat untuk menilai kesedaran serta kesan terhadap eksport hasil kayu Semenanjung Malaysia akibat dari kempen kayu keras tropika. Maklumat diperolehi dari jawapan kepada soalselidik yang dihantar oleh tiga puluh dua pengeksport hasil kayu, daripada seratus yang dihubungi. Kesedaran terhadap kempen kayu keras tropika dikalangan pengeksport adalah tinggi. Kesedaran yang sama tinggi tidak didapati untuk kempen pemulauan dan pensijilan hasil kayu tropika. Tidak ujud perbezaan kesedaran tentang pensijilan hasil kayu tropika dikalangan pengeksport. Walau bagaimanapun, pengeksport ke negara Eropah, khususnya ke Belanda, lebih menyedari kempen pemulauan kayu keras tropika. Berbanding dengan pengeksport ke negara lain, pengeksport ke negara Belanda lebih cenderung untuk mengatakan yang kempen kayu keras tropika menjejaskan eksport mereka ke negara tersebut. Majoriti pengeksport merasakan yang kempen kayu keras tropika tidak seburuk masalah kekurangan bekalan kayu balak yang sedang dihadapi pada masa ini.

ABSTRACT

A survey was conducted to assess the awareness of the tropical hardwoods campaign and its impact on exports of timber products from Peninsular Malaysia. Information was obtained from the questionnaire answers of thirty-two exporters, from one hundred contacted. There is a high degree of awareness of the tropical hardwoods campaign among the exporters. The same level of awareness is not shown for boycott and certification of tropical timber products. There is no difference in awareness of certification of tropical timber products among the exporters. However, exporters to Europe and in particular to the Netherlands are more aware of the campaign to boycott tropical timber products than exporters to other destinations. Exporters to the Netherlands are more likely to report that their exports are adversely affected by the tropical hardwoods campaign. A majority of exporters feel that the tropical hardwoods campaign is less serious than the problem of diminishing log supply that they are currently facing.

INTRODUCTION

Timber trade policy initiatives, such as the tropical hardwoods boycott and tropical timber certification, embodied in the tropical hardwood products campaign orchestrated by many Western environmental non-governmental organizations (NGOs) could have short-term as well as long-term impacts. These initiatives are essentially non-tariff trade barriers and could theoretically restrict the trade in tropical hardwood products.

It is expected that, in the short term, the volume of imports of tropical hardwood products will be reduced as a result of the

campaign to ban the import of tropical hardwood products or boycott their use. This effect will be greater in countries where the boycott policy is more regulated. A survey conducted in Ghana found that timber industry managers were reluctant to invest further in the wood processing industry because they perceived that the boycott campaign in Europe has reduced demand for their timber products (Eastin *et al.* 1992).

In principle, timber certification can discriminate against the use of tropical hardwood products as those which do not come from sustainably managed tropical forests will

no longer be purchased by consumers who traditionally use these products (Baer 1992). This is particularly true for countries which strongly urge the certification of tropical hardwood products based on some type of sustainability criteria. As a result of discrimination against their use, tropical hardwood product imports into the relevant countries will be adversely affected.

According to proponents, boycott and certification initiatives should promote sustainable management of tropical forests in the long run. Those who support boycott initiatives believe that commercial logging is one of the major causes of tropical deforestation, and that restricting the trade in tropical timber will improve the situation (Vincent 1990). They also feel strongly that individual consumers have a moral imperative not to participate in a market that contributes to the destruction of tropical forests (Willie 1991). Supporters of timber certification, on the other hand, see certification as an economic incentive to encourage tropical producer countries to practise sustainable forest management. Environmental organizations assure producing countries that certified timber will have a competitive edge in the marketplace (Williams 1992).

While the call for a boycott on tropical hardwood products has moderated recently, heated debate continues regarding the issue of tropical timber certification. There appears to be consensus that after the year 2000 all tropical hardwood exports should come from sustainably managed forests. In order to assess the short-term impact of the tropical hardwood campaign, the perceptions of timber exporters in Malaysia were obtained. To date very few reports of such studies have been published.

This paper describes an exploratory survey of the impact of the tropical hardwood products campaign on Peninsular Malaysia's wood-based industry. The main objectives of the survey were to assess the awareness of mill managers about the tropical hardwood campaign as well its impact on their wood products exports.

TROPICAL TIMBER CERTIFICATION INITIATIVE

Certification is carried out to inform consumers that a product meets a set of quality standards or criteria established by a specific certifying organization (Salzhauser 1991). In the case of tropical wood products, the main intention of certification is to enable consumers to distinguish wood products sourced from sustainably managed forests from those that are not. Certified wood products are guaranteed by the certifiers to have been manufactured from wood grown in a sustainable manner. Producers perceive that there is a demand for certified tropical wood products in consuming countries, particularly in Europe. Certified tropical timber products are presumably assured of a ready market and, therefore, have a competitive advantage over non-certified products. In this context, certification also serves as an incentive for producers to practise sustainable forest management.

There are several tropical timber certification initiatives. One of these, which is called "country certification" proposes that tropical wood products be labelled with the country of origin. The main argument underlying this initiative is that consumers, particularly those in the importing countries, should be given the power of choice about which tropical woods to buy.

Another type of certification, which has been more aggressively promoted, proposes that tropical wood products be labelled to indicate the ecological sustainability of the forests from which the wood was harvested. Usually referred to as "concession" labelling, this strategy would certify that the timber produced within a specific concession is sustainably harvested. Concession certification requires the formulation of ecological standards against which sustainability is measured. In this manner, certification is intended to indicate to consumers that these forests are sustainably managed.

Several international and national level NGOs have designed their own certification schemes. In addition to the certification

programme currently being developed by the Forest Stewardship Council (FSC), which is an international NGO, at least four other certification programmes are operational while three are in the planning phase (Ghazali and Mikula 1994: 30-32). Almost all of these programmes are being developed by NGOs either in the United Kingdom or the United States.

The FSC has developed its Principles and Criteria of Forest Management to act as a common standard for sustainable forest management practices in all forested regions of the world. The main objective of the principles and criteria is to provide a consistent framework and mechanism for measuring, monitoring, and evaluating continual improvement in forest practices. The FSC will evaluate requests from certifiers before giving its accreditation and certifiers must demonstrate that they satisfactorily adhere to the Principles and Criteria as well as to the FSC Guidelines for Certifiers (Ghazali and Mikula 1994: 121-123).

In USA, an environmental NGO, the Rainforest Alliance, has implemented a certification scheme called the Smart Wood Certification Program (SWCP), focused on the sellers of tropical wood products. Its main objective is to "identify and promote the use of tropical woods whose harvesting does not contribute to the destruction of tropical forests" (Rainforest Alliance 1991). By implementing certification, the Rainforest Alliance "hopes to increase harvesters' incentives to adopt sustainable forestry practices that meet long term environmental and social needs".

Under the programme, a Smart Wood certification is given to companies using woods from tropical forests that are sustainably managed, based on criteria set by the Alliance, which conducts the necessary evaluation, including an audit of all pertinent records and facilities it deems necessary to verify the source of the company's tropical wood products. The costs of this evaluation are paid by the companies seeking certification.

Ghazali and Mikula (1994: 32) estimated that about 1.5 million m³ of timber and

timber products were certified in 1993 and about 35 suppliers were certified. Most of the certified timber originated from tropical countries and was sold in the US market.

TROPICAL HARDWOODS BOYCOTT

The campaign to ban the import or boycott the use of tropical wood products was aggressively launched in the early 1990s, particularly in Europe and USA. The campaign has since lost its momentum, but not without leaving a lasting impact by convincing some importing countries to regulate or even prohibit the use of tropical wood products.

A strong advocate of boycotting tropical timber products in USA is the Rainforest Action Network (RAN), an environmental NGO based in San Francisco. RAN chose to implement a tropical timber ban resolution passed by the World Rainforest Movement in 1989 (Roselle and Katelman 1989: 7-8). Partly as a result of RAN's efforts, certain state and local governments (including New York, Arizona, Baltimore, San Francisco, Santa Monica, and Bellingham) have passed regulations prohibiting the use of tropical hardwood products in state or local projects (Adams 1991: 14).

A network of NGOs in Europe has also been actively involved in campaigning for the boycott of tropical wood products (Ghazali 1990). About 400 communities in Germany and 20 communities in Belgium have instituted regulations and administrative action banning or restricting the use of tropical timber in public works and buildings. In the Netherlands, some provincial authorities are banning the use of tropical timber and replacing it with temperate wood and other materials (Lim 1994: 5).

Several arguments are levelled at boycotts as being counter-productive. Boycotting tropical timber products restricts tropical timber markets, depresses their prices, and reduces the value of standing forests (Vincent 1990; Hamilton 1991). The end result could be further destruction of tropical forests as these forests experience pressure to be converted to non-forest use. Moreover,

because the strategy imposes trade restrictions it runs contrary to the philosophy that industrialized countries should aid developing countries by providing a market for their products (Laarman and Sedjo 1992: 186). In addition, some experts believe that restricting trade through boycotts runs foul of the principles of free trade espoused by the General Agreement on Tariffs and Trade (Shrybman 1990: 30-34).

SURVEY METHOD AND ANALYSIS

In order to assess the impact of the tropical hardwood campaign, a survey was directed at wood products exporters based in Peninsular Malaysia. One hundred exporters were randomly selected from the list of wood product exporters in the "Directory of Timber Trade, 1993" of the Malaysian Timber Industry Board. This number of exporters represents about 10% of the registered wood products exporters in Peninsular Malaysia. A survey questionnaire was developed and mailed to the respondents in November 1994. The questionnaire was developed based on pre-survey discussions with several mill managers in the state of Negri Sembilan. At the end of January 1995, thirty-two mills responded to the survey, representing a response rate of 32%.

For purposes of analysis, the exporters were differentiated on the basis of whether or not they export to Europe. Those who do export to Europe were asked to indicate whether or not the Netherlands is one of their export destinations. This categorization was done in order to determine the impact of the relatively more strict policy on the use of tropical hardwood products being developed in the Netherlands than in other European

countries. Wherever applicable, chi-square analysis was employed to compare the impact of the campaign on the various categories of exporters.

RESULTS

Awareness of Tropical Hardwoods Campaign

The respondents indicated that they were fully aware of the tropical hardwoods campaign. Almost every respondent in the survey (97%) had heard about the tropical hardwoods campaign (Table 1). There is no significant difference in the awareness of the various groups of exporters of the tropical hardwoods campaign ($p = 0.75$). In other words, awareness is independent of the type of exporter. Exporters as well as non-exporters to Europe indicated a high degree of awareness of the tropical hardwoods campaign. Less than 10% of the respondents have not heard about the campaign; all of them do not export their products to Europe.

Awareness of Policy Initiatives

In order to enquire further about the respondents' awareness, they were asked to indicate whether or not they have heard about two of the policy initiatives embodied in the tropical hardwoods campaign. These policy initiatives are tropical timber certification and tropical hardwood products boycott.

Nearly four out of every five respondents are aware of the certification initiative. Awareness is particularly high among respondents who export their products to Europe and, in particular, among those who export to the Netherlands. Seventy-five per cent of the former and about 90% of the latter indicated that they have heard about the initiative

TABLE 1
Percentage of exporters who have heard about the tropical hardwood campaign

	Non-exporters to Europe	Exporters to Europe*	Exporters to the Netherlands	Total
Yes	92.8	100.00	100.00	96.9
No	7.2	0.00	0.00	3.1

*other than the Netherlands
chi-square = 1.4, $p = 0.75$

TABLE 2
Percentage of respondents indicating awareness of certification initiative

	Non-exporters to Europe	Exporters to Europe*	Exporter to the Netherlands	Total
Yes	69.2	75.0	90.9	78.1
No	23.0	12.5	9.1	15.6
No answer	7.6	12.5	0.0	5.3

* other than the Netherlands
chi-square = 1.083, p = 0.58

TABLE 3
Percentage of respondents indicating awareness of the boycott initiative

	Non-exporters to Europe	Exporters to Europe*	Exporters to the Netherlands	Total
Yes	46.1	100.0	100.0	78.1
No	46.1	0.0	0.0	19.3
No Answer	7.8	0.0	0.0	6.0

*other than the Netherlands
chi-square = 11.78, p = 0.002

(Table 2). Similarly, almost 70% of those respondents who do not export to Europe have heard about the certification initiative. Thus there does not appear to be a difference in awareness of certification between those who export and those who do not export their products to Europe. This is supported by the statistical analysis that indicates these differences are not significant ($p = 0.58$). Awareness of certification initiative is statistically independent of the type of exporter.

The percentage of respondents who indicated awareness of the tropical timber products boycott initiative is equally high. Nearly 80% of the respondents have heard about the initiative (Table 3). There is greater awareness of tropical timber boycotts among those respondents who export their products to Europe, including the Netherlands, than those who export their products elsewhere. All who export to Europe and the Netherlands have heard about tropical timber boycotts. In comparison, less than half of those who export to non-European countries are aware of the boycott initiative. Awareness of tropical timber boycotts is dependent of the type of exporter ($p = 0.002$).

Sources of Campaign Information

How do the respondents get to know about the tropical hardwood products campaign? As shown in Table 4, there are many sources from which the respondents receive campaign information. Newspapers, timber trade magazines and fellow exporters are among the more important ones. Importing agents in various countries do play a small role in channelling information about the campaign.

Impact on Volume of Exports

The tropical hardwoods campaign started in the mid-1980s. If really effective, it should

TABLE 4
Sources of campaign information

Source of information	Percentage of Exporters
Newspapers	84.8
Magazines	75.7
Fellow exporters	60.6
Television	54.5
Radio	36.3
Importing agents	21.2

already have had a measurable impact on Malaysia's timber exports. Data on exports to the relevant countries may not be reliable indicators of the impact of the campaign because it is also influenced by many other factors. Consequently, the respondents were asked to indicate, based on their experience, whether or not the campaign has affected their exports to Europe, in particular to the Netherlands.

Seventy-five per cent of the respondents who export to other European countries said that their exports have not been affected by the campaign (Table 5). There is a significant difference in the impact felt by the two groups of exporters ($p = 0.01$). The effect on exports, however, is more likely to be felt by those who export to the Netherlands than those who export to other European countries. More than 70% of those who export to the Netherlands indicate that the campaign has reduced their exports to that country.

Perceived Seriousness of Tropical Hardwood Products Campaign

Table 6 shows the respondents' assessment of the campaign in relation to the problem of diminishing supply of logs from natural forest.

Three out of every four respondents who export to other European countries feel that the campaign is less serious than the problem of diminishing supply of logs. However, 45% of those who export to the Netherlands feel otherwise. There is no significant difference in the perception of seriousness of the campaign among the exporters ($p = 0.88$). Exporters to Europe and the Netherlands are equally likely to indicate that the campaign is less serious than the problem of shortage of logs.

DISCUSSION AND CONCLUSIONS

Whether intentional or otherwise, the tropical hardwoods campaign has had a substantial impact on the wood-based industries of Peninsular Malaysia. At the very least, there is now a high degree of awareness of the existence of the campaign among wood products exporters. News about the tropical hardwoods campaign has successfully permeated the wood-based industries to the extent that almost all exporters surveyed had heard about the campaign. Awareness about the campaign is equally high among those who do not export their wood products to Europe.

In spite of the above, awareness of certification and boycotts is not as high as

TABLE 5
Percentage of exporters indicating negative impact of campaign on exports

	Exporters to Europe*	Exporters to the Netherlands
Yes	12.5	72.7
No	75.0	27.2
No answer	5.4	0.0

*other than the Netherlands
chi-square = 5.844, $p = 0.01$

TABLE 6
Percentage of exporters indicating seriousness of campaign relative to the problem of log supply

	Exporters to Europe*	Exporters to the Netherlands
Less serious	75.0	54.5
More serious	12.5	45.4
No answer	12.5	0.0

* other than the Netherlands
chi-square = 1.87, $p = 0.88$

awareness of the tropical hardwood campaign itself. Almost one in every five respondents has not heard about these two policy initiatives, an indication that information about specific strategies employed in the tropical hardwoods campaign has not been as thoroughly disseminated as news about the campaign itself.

The media, particularly newspapers and magazines, play an important role in disseminating general as well as specific information about the campaign. Wood products exporters in the survey primarily rely on these two sources for information about the campaign. Information reported in the newspapers and magazines will likely shape the managers' perception about the campaign. Therefore, it is important that newspapers and magazines report unbiased and up-to-date information about the campaign.

Wood products exporters surveyed depend less on fellow exporters than either newspapers or trade magazines for information on the tropical hardwoods campaign. Despite this, it appears that there is substantial consultation among exporters on issues related to the campaign. In contrast, there has been little exchange of campaign information between exporters and importing agents. Only one in every five exporters reported that their import agents have been providing them with information about tropical hardwoods campaign activities.

The findings reveal that exporters to Europe, including the Netherlands, are more likely than those who export to other destinations to have heard about tropical hardwood boycott activities. This is not surprising since the tropical hardwood boycott campaign has been more vigorous in Europe, particularly in the Netherlands, than in other importing countries. News on tropical certification, on the other hand, appears to have spread evenly among the exporters as well as non-exporters to Europe, perhaps because the issue of timber certification is still current and being aggressively discussed and reported comprehensively in the media.

Exporters to the Netherlands, rather than to other European countries, are more likely

to feel the adverse impact of the tropical hardwoods campaign because strict regulations are enforced in the Netherlands and in other European countries (Germany, for example) on the import of tropical hardwoods. As mentioned earlier, some local authorities in the Netherlands and Germany have banned the use of tropical timber in construction projects. This policy seems to be effective in reducing the demand for tropical timber. This finding partially supports the perception of timber industry managers in Ghana that the boycott campaign has reduced the demand for their timber products.

Despite these factors, the exporters surveyed feel that the problem of diminishing log supply from the natural forests is a more serious problem than the tropical hardwoods campaign. The fear of diminished log supply is more profound than the fear from the threat of boycotts and the requirement of certification. This fear is founded on the grounds that the hardwoods campaign has a certain maximum issue attention cycle. Sooner or later the campaign will fade away, especially when the public loses interest in the issue of tropical deforestation. This will probably start to happen after the year 2000 when the timber certification policy is fully implemented. By then, consumers in the industrialized countries would have less to demand when their desire to use sustainable tropical wood products is fulfilled. Unless other tropical forest matters are brought to the attention of the public, the issue attention cycle of the hardwoods campaign would be minimized.

The problem of diminishing log supply from the natural forests will not be resolved in the near future. This is especially true as the resource base continues to shrink while the industries dependent on this resource keeps on growing or are maintained at the current level. The wood-based industries will then have to rely on foreign countries, such as Indonesia and Vietnam, for logs to feed their mills. Since imported logs cost more than locally produced logs the production cost for Malaysia's wood-based industries will increase. When this happens Malaysia will no

longer have the comparative advantage that it currently enjoys in the wood products market. The implications of diminishing log supply seem to be more serious than those of tropical hardwoods campaign. The exporters in the survey have valid reasons to be more worried about the log supply problem than the tropical hardwoods campaign.

Only a small segment of the wood products exporters of Peninsular Malaysia apparently feel the adverse impact of the tropical hardwoods campaign. This segment comprises those who export their wood products to the Netherlands. These exporters have seen their volume of exports reduced as a result of the campaign. Otherwise the hardwoods campaign has managed to create awareness of its presence as well as its policy initiatives in the form of a tropical hardwood products boycott and tropical timber certification.

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