Forest Industry in Transition:  
*From “Big, Logging” to a (Robust, Resilient, Responsible, and Rich) New Forest Economy?*  
What is our vision, and who/what do we support?
What is the “Forest Industry”?

1. Always been incredibly diverse – timber, non-timber, plantation, natural, eco-tourism, etc.
   - Non-wood > wood (in-terms of economic activity) in many countries in the world, international trade (World Bank, ITTO);

1. Always been incredibly “informal” and small-scale:
   - 30 of 47 million jobs in wood sector are “informal” (ILO 2002), majority of 17 million “formal” jobs are in SMFEs;
   - Vast majority of enterprises are “small” in both “North” and “South”; EU ~ 90% of firms have 20 employees or less; US ~ 90%

   **But: our Vision, and Support has been:** bigger is better, logging, export-oriented
### Contributions of SMFEs in the Developing World

<table>
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<th>Brazil</th>
<th>China</th>
<th>Guyana</th>
<th>India</th>
<th>South Africa</th>
<th>Uganda</th>
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<tbody>
<tr>
<td>Number of SMFEs as a proportion of total forestry enterprises</td>
<td>49.5%</td>
<td>50.0%</td>
<td>75.0%</td>
<td>97.1%</td>
<td>25.0%</td>
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<tr>
<td>Number of SMFE employees as a proportion of total forestry employment</td>
<td>60.0%</td>
<td>50.0%</td>
<td>75.0%</td>
<td>97.1%</td>
<td>25.0%</td>
<td>60.0%</td>
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<tr>
<td>SMFE revenues as a proportion of total forestry revenues</td>
<td>75.0%</td>
<td>43.0%</td>
<td>50.0%</td>
<td>82.0%</td>
<td>3.0%</td>
<td>60.0%</td>
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1. Large industry (in north) is downsizing, still going south and east - some “niches” left when the big guys leave – so growing market “space” for SMFE’s;

2. Continued growth in domestic demand in “south” for both wood and non-wood – more opportunity for SMFE’s;

3. Large industry diversifying – Logging concessions, logging off and selling carbon? Plantation – shifting to bioenergy biofuel etc?

4. Continued growth in eco-markets, consumer preference for social/env standards (in “north”) - providing opportunity for small, local, niches (in North and South);

5. Tenure and policy reforms in “south” - more opportunity for small scale producers, enterprises, in both wood and eco-markets

• All – encouraging greater diversification and often, small-scale. So, is it “back to the future”?
Swedish sawmilling sector
Total employment and proportion of employment attributed to firms with fewer than 20 and 50 employees
Growing Space for SMFEs: Experience in the “North” (2)

United States wood household furniture sector.
Total employment and proportion of employment attributed to firms with fewer than 20 and 100 employees

Three Major Market Shifts

1. Large plantation industry shifting to agro-industrial/fibre/fuel (REDD?) enterprises—food too, beyond the control of forest agencies?

2. Growing importance of non-timber production and enterprises, based on natural forests

3. Growing roles/importance/potential contributions of small-scale enterprises in both N and S
1. Globally, micro-enterprises account for 50-60% of all businesses, in Africa nearly 90% (*Economist, Nokia*) *same is true for forest sector*

2. Small enterprises key “engine” of economic growth,
   • especially “widely-shared”, “balanced” growth (World Bank);
   • more “resilient” to market, political, climate (?) shifts?
   • provide >50% of government revenues in many countries
   • Important in helping avoid the “resource curse”

1. Small enterprises, key role in developing local economies, capacity, “governance” (World Bank)
Challenges for Forest Agencies

1. Identifying, learning about, and supporting non-timber and SMFEs
   • new constituencies for many agencies – who are they, what do they want, what can they do?

1. Dealing with vested interests in unsustainable industry (& conservation)
   • how to shift support (subsidies) to innovation, diversification, SFM?

1. Managing climate change finance to help advance transition
Towards a Renewed, Robust, Resilient, Responsible, and Rich Forest Economy

1. Address tenure insecurity and lack of access to forest resources by local people and their enterprises

2. Reduce, remove policy and regulatory barriers (and associated corruption) to communities and SMFEs
   - Excessive plans, permits, taxes

4. Help build SMFE capacity
   - market information, credit and finance, business development assistance, SFM

5. Embrace the new lobbies for alternative, sustainable industry – DON’T LET BIG, Non-SFM INDUSTRY CAPTURE CLIMATE CHANGE/REDD – or “Game Over”!
Thank You

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