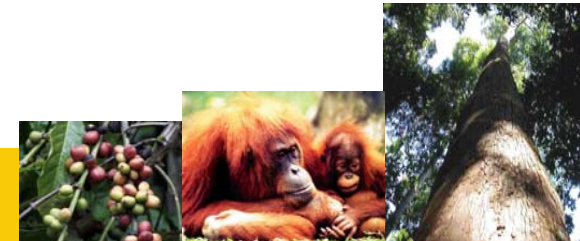


INDONESIAN FORESTRY OUTLOOK 2020

by
Ministry of Forestry – the Republic of Indonesia



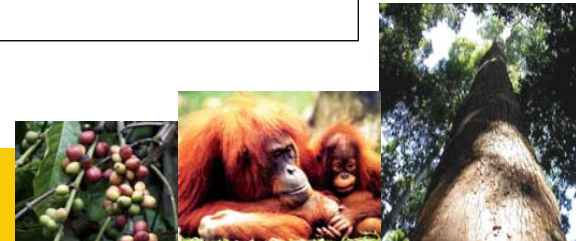
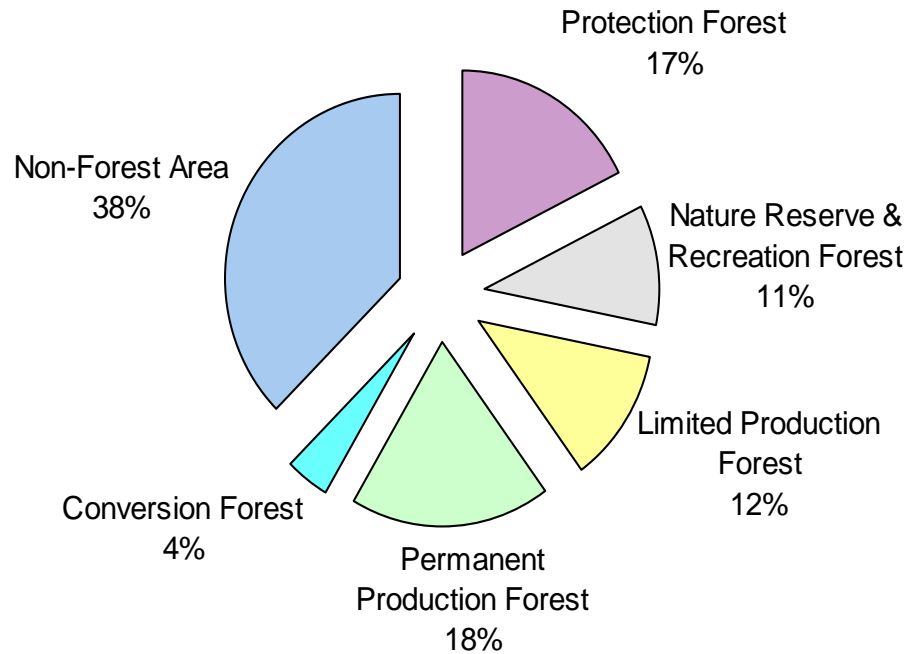
Outline

- Current state of forests and forestry
- Key issues
- Key drivers
- Probable scenarios



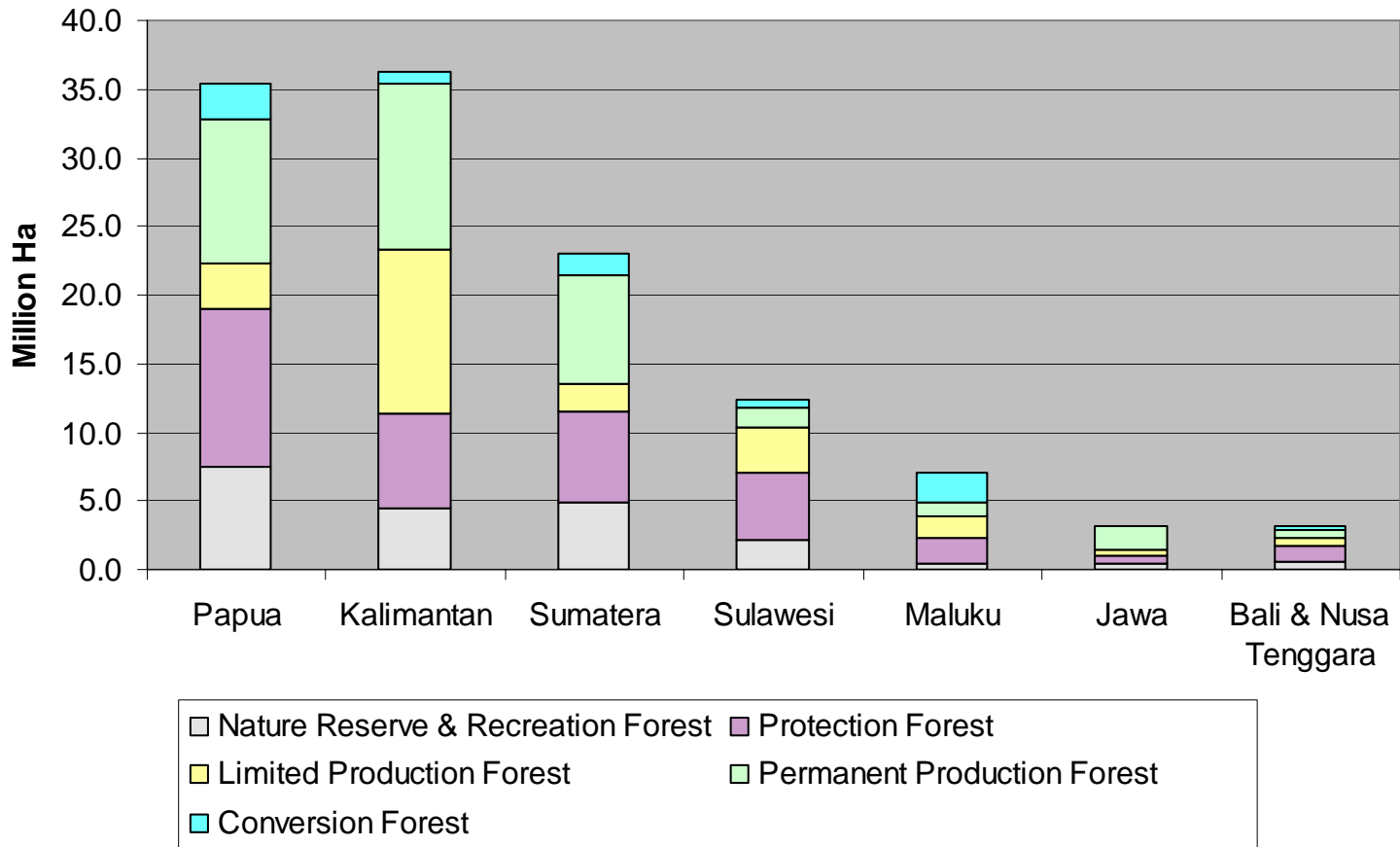
Land Use in Indonesia

Total Land Area 192.3 million ha

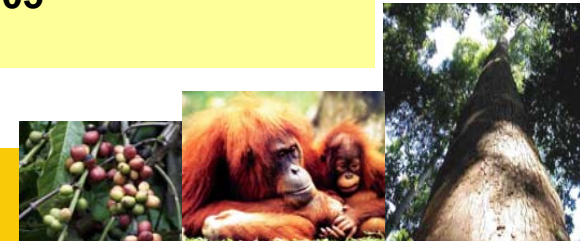
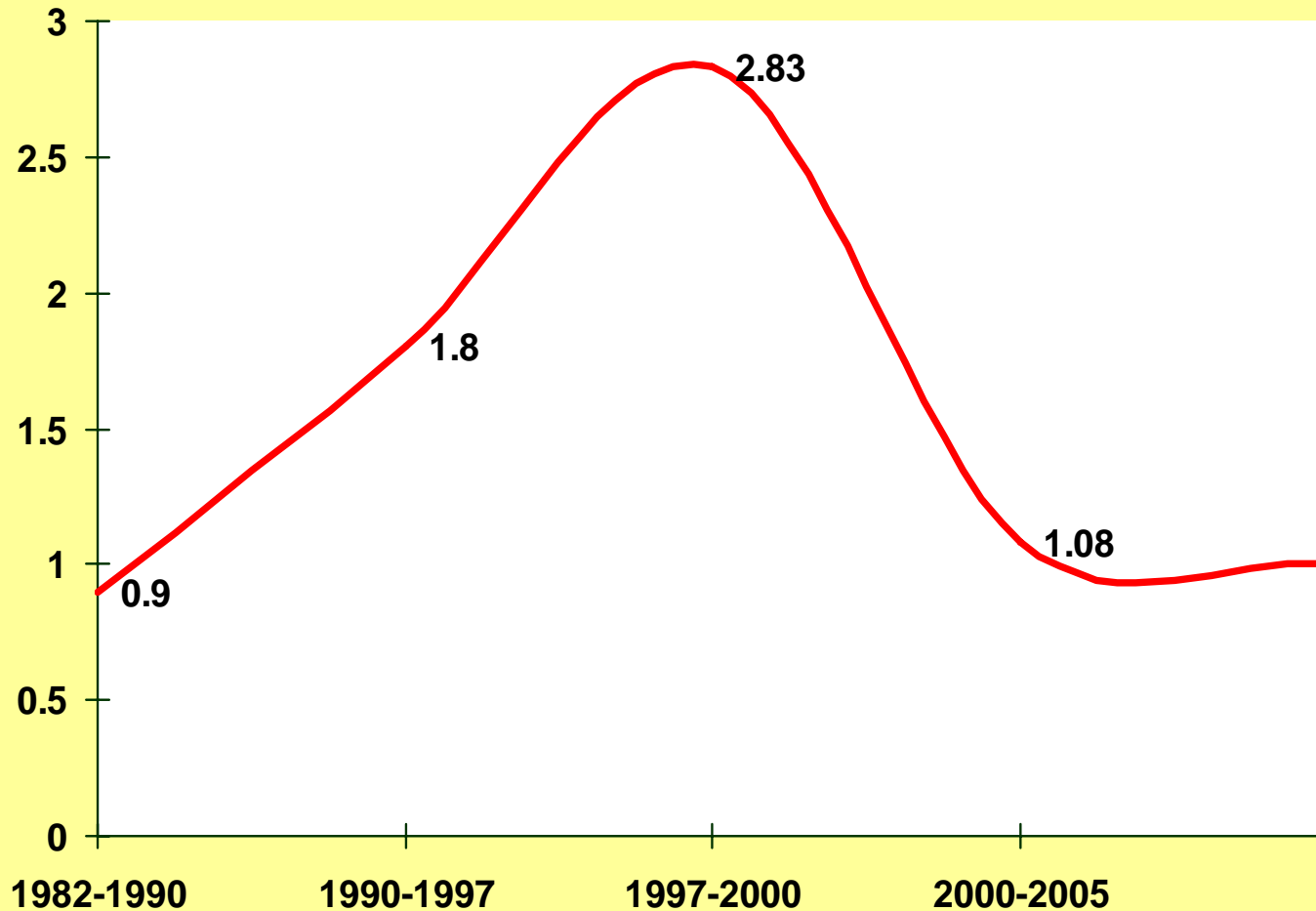


Forest Area, by Function and Island

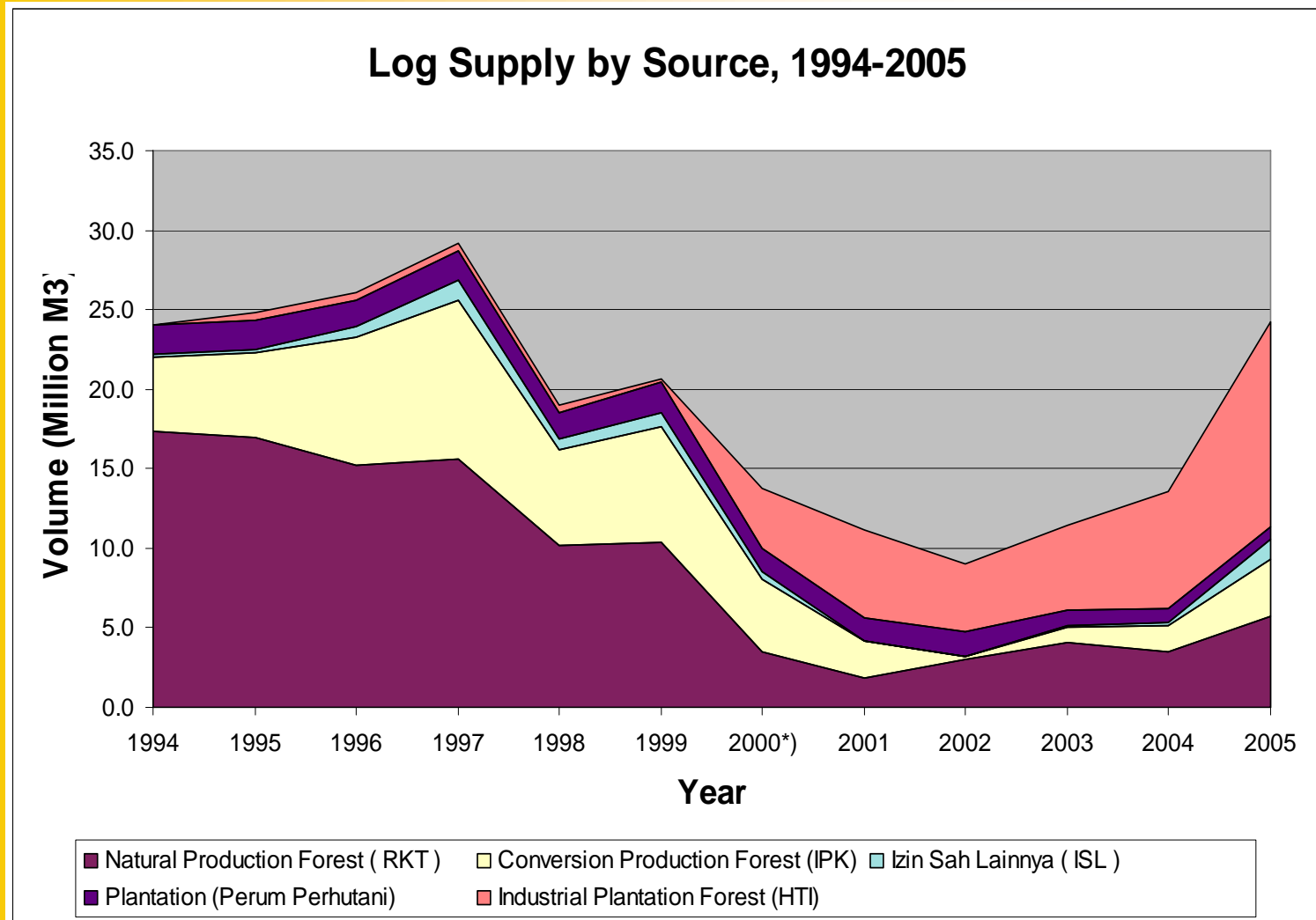
Total Forest Area 120.35 million Ha



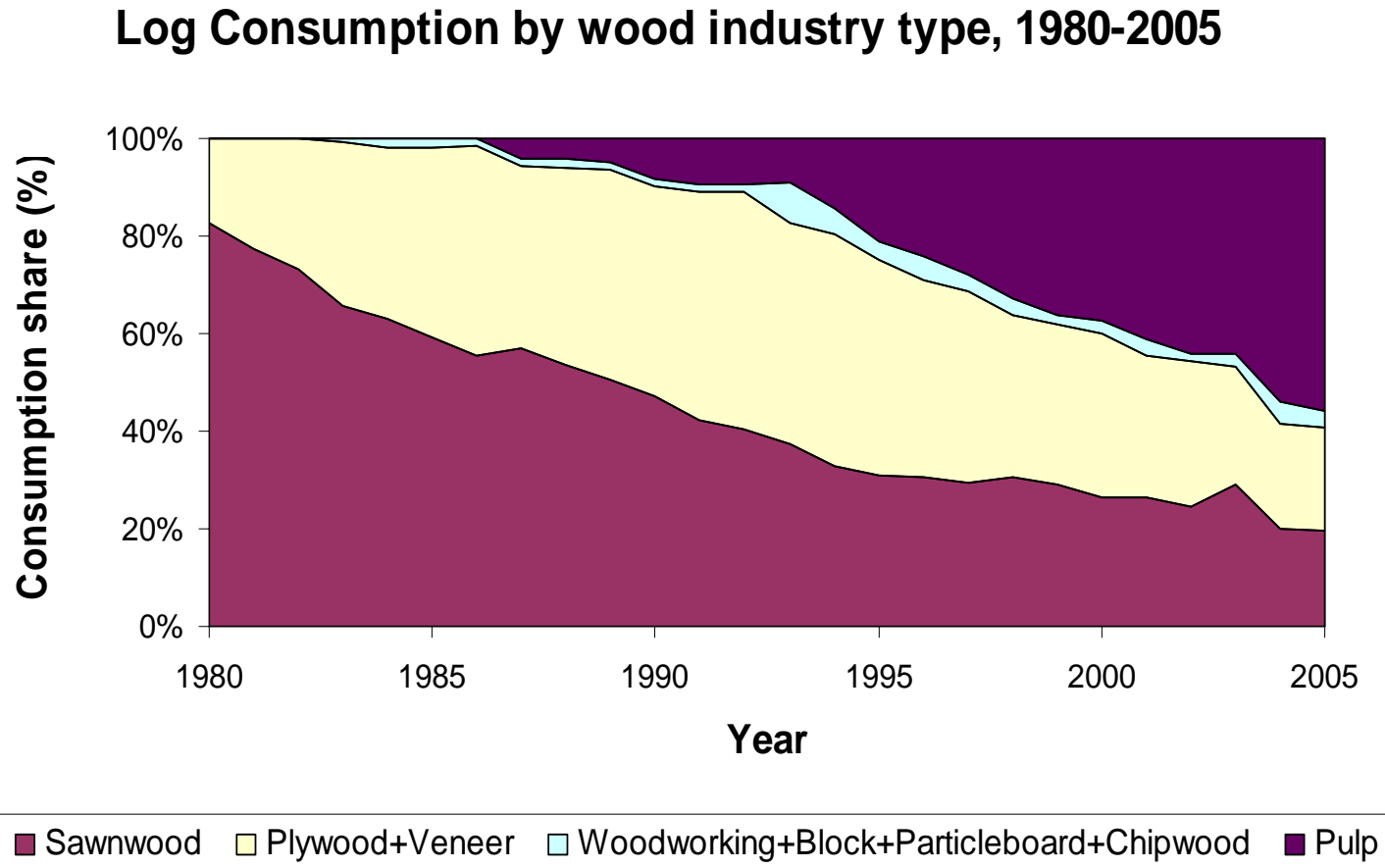
Deforestation Rate in Indonesia



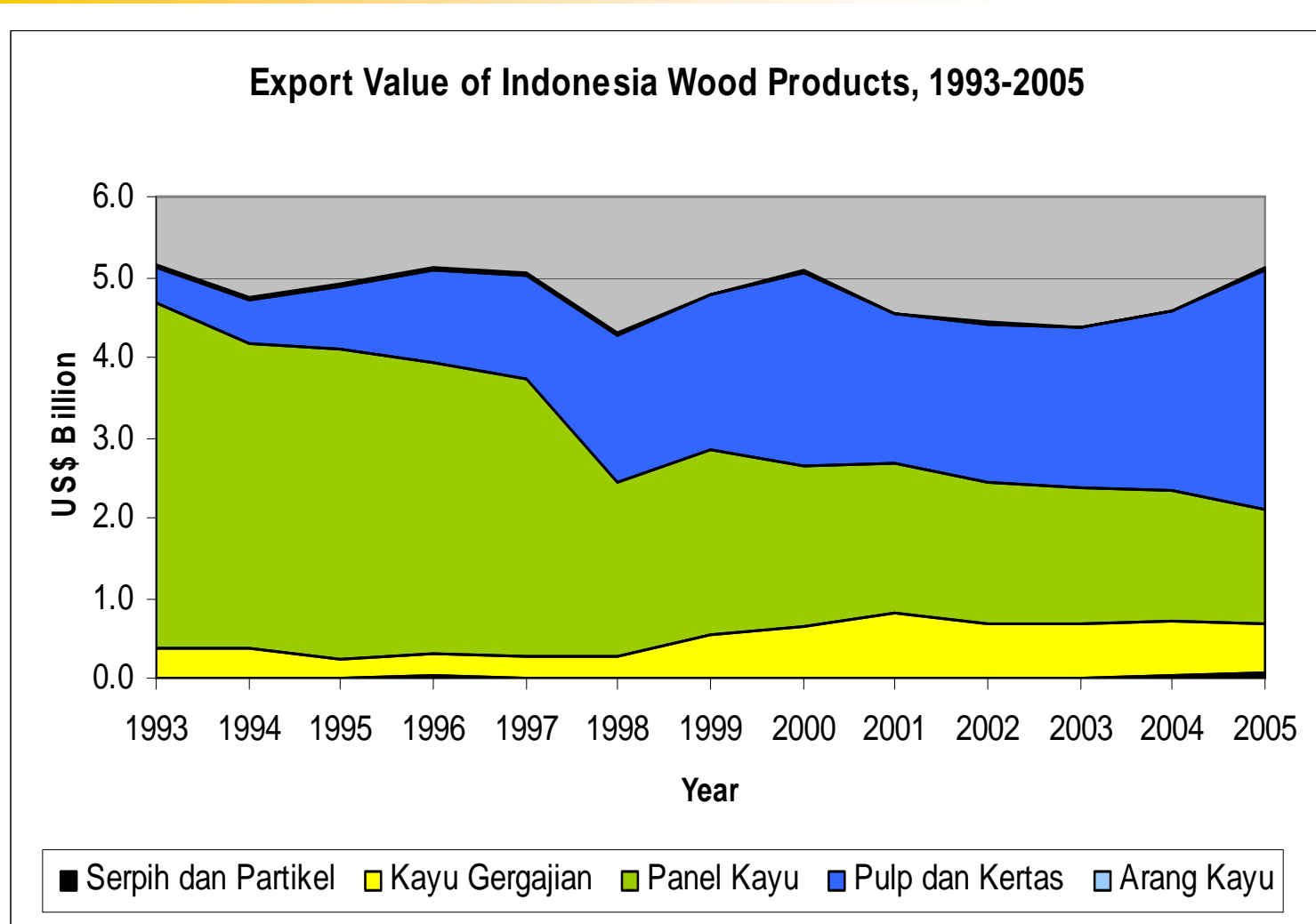
Decrease in log production and Changes in log sources



Change in Indonesian wood industry structure



Trends of Indonesia wood products export value



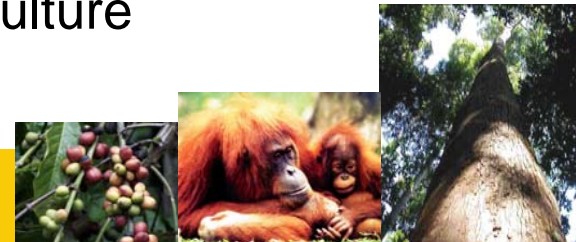
Contribution of Indonesia Forest sector to national economy

- Gross Domestic Product: 3.3% - 4.3% (1993 - 2005)
- Foreign Exchange: US\$ 6.24 bn or 11.7% (1997) , US\$ 5.41 bn or 6.3% (2005)
- Government Revenue: Rp 1.16 tn or 1.7% –Rp 3.37 tn or 0.7% (1993-2005)
- Direct Employment: 500 – 600 thousand employees (not including SME wooden furniture and handicraft)
- Total export values of NTFP for the period 2001-2005 was US\$ 2.46 billions (MOF, 2006)



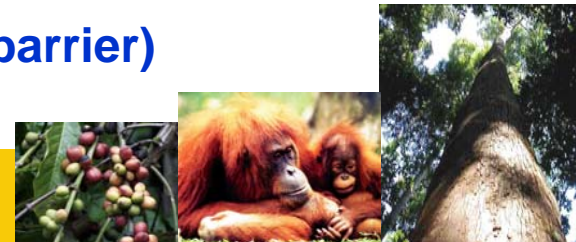
Efforts of Indonesia in forestry sector

- Afforestation (5.0 mn ha up to 2009):
 - Pulp plantations (1.5 mn ha in 2005 to 2.8 mn ha in 2009)
 - Wood construction plantations (0.9 mn ha in 2005 to 2.2 mn ha in 2009)
- Community timber plantation (5.4 mn ha up to 2016)
- Forest rehabilitation (5.0 mn ha up 2009)
- Forest conservation (Of more than 50 units, 21 units was designed as National Parks Model)
- Productivity Improvement:
 - Plantation (seed quality improvement)
 - Natural production forest (intensive silviculture practices)



Key issues:

- **In Forest Resources**
 - Deforestation and natural forest degradation
 - Illegal logging activity
 - Open access of forest area
 - Land tenurial disputes: land security, encroachment
 - Forest conversion into Mining, Crops estates, Bio-fuel plantation
 - Establishment of Community forest: poverty alleviation, human resources improvement,
 - Establishment of Forest Management Unit
- **In Wood Industry**
 - A huge gap between demand and log supply
 - Industrial over capacity
 - Inefficient in wood processing industry
 - Declining in competitiveness
 - Trade liberalization (tariff and non-tariff barrier)



Key drivers

- Demographic changes (population growth, population density)
- The political and institutional environment (decentralization, forest governance)
- Economics changes (government revenue, job creation)
- Future energy demand (bio-fuel)
- Global impacts (trade liberalization,, trans-boundary)
- Technological changes
- Environmental issues and policies (climate changes, forest and forest product certification)



Probable Scenarios

CURRENT FOREST MANAGEMENT

Forest Rehabilitation

Community Forest Development

Downsize Industry

Industrial forest plantations

ALL OF THESE CONTRIBUTE TO...

Costly, not enough for timber supply

Huge employment benefits
Large net economic benefits
Limited only by land allocation

Major help on timber gap, IL, forest damage
Consistent with current low capacity utilization

Sufficient timber supply
Large financial benefits

SUSTAINABLE FOREST MANAGEMENT

