Logging concessions; basis of an industry, or political control?

Over the last two decades, massive tracts of virgin tropical forests have come under exploitation, in all three underdeveloped regions. That exploitation, with a few honourable exceptions, has been reckless, wasteful, even devastating. Nearly all the operations have been enclavistic, that is to say they have had no profound or durable impact on the social and economic life of the countries where they have taken place... Local needs are not being met; the employment opportunities are trifling. A significant part of the exports, as logs or as primary processed timber, is exported within the firm, and transfer values are fixed to facilitate the accumulation of profits outside the country... The contribution of forestry to improving the lot of the common people has been negligible so far".

Jack Westoby, The Purpose of Forests, 1987, Page 264-5.

When Jack Westoby wrote the above, it was not only a deep snub to the prevailing orthodoxy of forest exploitation as a tool for 'development' of poor countries, but also an honest admission of the failure of policies which, as Director of Forestry for the UN Food and Agriculture Organisation (FAO) he himself had promoted. For, from the late 1950s, Westoby had been in the forefront of international efforts to use the timber industry as a means of kick-starting the economies of developing countries, almost exclusively through the allocation of large tracts of land to commercial forestry operators, hopefully accompanied by the growth of nearby manufacturing bases.But the origin of the large-scale concession long predates the period to which Westoby referred. The concept means "a territory within a country that is administered by an entity other than the state which holds sovereignty over it" – often primarily for the production or extraction of a specific commodity. It pre-dates the colonial era, and is rooted in European imperial expansion to the New World, Africa and parts of southern and south-east Asia, though perhaps found its strongest expression in the 19th century. The term derives from the same Latin root as "concede", and is an arrangement that usually results from the surrender by a weaker state to a stronger power.Possibly the first example of a concession specifically for logging was the East India Company's acquisition of rights from the British crown to the teak forests of the Malabar region in south-western India in the early 1800s, mainly for the purpose of supplying the shipbuilders for the British Navy. By then, though, huge areas of tropical forest had already been cleared under agricultural (especially sugar-growing) concessions in the new world.As Westoby well understood, forestry is a *political* activity, and there was nothing more political than imposing privatised administrative control over large tracts of land in weaker countries for the purpose of resource extraction. But by the time Westoby had joined the FAO, technology had also started to greatly change the way timber extraction was being done in the tropics and elsewhere. The

development, following the Second World War, of high-powered diesel-driven tank-tracked bulldozers and tractors, and large portable chainsaws, meant that logging operations could penetrate areas of tropical forest previously impossible to operate. Much larger trees could be felled and handled. Rapidly expanding consumption and wealth in Europe, North America and Japan and the development there of large-scale integrated wood products' manufacturers, meant that tropical timbers were not only being used for mostly artisanal high quality joinery, and became relied on for their consistency and stability, ideal for production-line mass processing. Linked with a long-standing European tradition of 'sustainable' natural forest management for wood production, the notion evolved that the forests of some poor tropical areas, most of which were still under colonial rule, could become long-term providers of the raw material for wood-based industries.

From being an essentially pre-colonial construct for territorial conquest and pacification, the 'concession' had thus become a central part of the strategy for what was believed to be an emerging global forest economy. However, the incorporation of the concession system as a basis for this new wealth-generating 'industry' rested on a huge, untested and, as it turns out, fallacious, assumption: that the conditions which permitted temperate zone forests to be (very broadly speaking), managed and sustained over long periods of time for timber production, could be translated wholesale to the tropics. In doing so, foresters had underestimated the ecological and silvicultural challenges of tropical forests, and did not foresee the consequences of huge expansions in developing country populations linked with universally insecure tenure rights for peasant farmers. Most importantly (and perhaps most understandably), they failed to understand the realities of the rapidly changing political dynamic of 'decolonialisation' within which they were operating. Talking of the cadre of foresters that emerged to administer the forest resources of the newly independent countries, which were increasingly being parcelled up into concessions, Westoby wrote in his final work that "though forest services were built up, their principle task was to facilitate the operations of the loggers, native or foreign. It was no fault of young foresters that many of them became unwilling accessories to the reckless depletion of their natural resource heritage". (1) In short, the new forestry administrations became the handmaidens of the concessionaires; many of them remain so.

The large-scale logging concession, though it could never succeed as a basis for sustainable timber production and economic growth, was itself a highly valuable commodity in the internal power struggles and elite ascendancies which came to dominate the politics of many post-colonial countries, especially in Africa. In a 2007 essay, myself and Arnaud Labrousse, a French researcher, expert and writer on Francophone African logging, attempted to list the *real* purposes that logging concessions are fulfilling in the political economy of Central Africa. (2) It was a long list, which included: enriching the Presidential family and his extended clan; rewarding political and business cronies for services rendered; financing "election" campaigns; encouraging loyalty among high and middle-ranking military and police officials; placating or co-opting potential political rivals or opponents; supplementing the legal income of senior members of government, often including the Forestry Minister and his senior staff; facilitating the trade and supply of bushmeat; legitimising "forest sector investments" of international donor agencies such as the World Bank; camouflaging unlicensed and illegal extraction of other precious resources, such as diamonds and gold; developing infrastructure and services in favoured areas, such as the President's or a Minister's home region ; repopulating rebellious or unstable regions with pro-regime families; sedentarising nomadic peoples; "reimbursing" regional allies for military assistance; providing a means to embezzle foreign aid; creating a pretext for international conservation initiatives, the funds of which can also be embezzled; laundering the proceeds of international crime, and; purchasing weapons.

All of the above could be illustrated with examples from within just the few countries of the Congo Basin. Further reasons for the continued existence of logging concessions could no doubt be added

from other regions, such as their allocation in areas in which foreign corporations or international agencies like the World Bank had a particular interest, and providing a vehicle for donor agencies to continue their financing of a development model based on large-scale concessions for export crops or resources.

This helps to explain why efforts such as the development of concepts like ‘sustained yield’, ‘sustainable forest management’, ‘multi-stakeholder management’ ‘certification’ etc. have failed to make any significant changes to the overall outcomes of logging concessions in the developing world; they assume that the over-riding purpose of the logging concession is for the production of timber, which with the right technical tweaks can be made ecologically and economically sustainable and socially beneficial - whereas it is in fact primarily an expression of, and used to maintain, inequity in power and wealth. It is like trying to collect water from a stream more efficiently by improving the design of a pitchfork.

Seen in this light, some of the more recent dismally failed attempts to use the logging concession system as a positive driver of economic growth and environmental sustainability are a little easier to understand. In the Democratic Republic of Congo in the early 2000s, for example, the World Bank set out projections that could have led to the creation of up to 60 million hectares of new logging concessions, promising the country to become the continent’s largest timber exporter and benefiting from hundreds of millions of dollars in annual revenues. The Bank’s plans were curtailed by a successful appeal by local indigenous peoples’ organisations to the World Bank Inspection Panel, but the 15 million or so hectares of concessions which did materialise are, between them, generating only a minuscule US$2 million per year in governmental taxes, and the sector remains mired in illegalities, corruption, human rights abuses and malpractices. In Peru, from 1999 onwards, the World Bank-WWF Forest Alliance set out to ‘regularise’ rampant illegal logging by creating 3.2 million hectares of new concessions for “sustainable management”, yet within 10 years it had become clear that illegal logging had if anything worsened, with up to 90% of exported mahogany originating from illegal sources.

Why do agencies such as the World Bank continue to promote this self-evidently flawed model? There seem to be two basic ways of answering this. The first, most generous, explanation is that, despite what Westoby realised more than 40 years ago, economists and technicians from Washington, Paris, Rome and Tokyo, still believe that large-scale temporary forest land-holdings by mostly foreign—owned companies can help ‘kick-start’ the economies of poor countries. In purely economic terms, natural forests are an unused asset, which should be exploited to improve the national balance sheet. The logging of natural forests is extremely attractive to some development economists, because it is a very easy business to enter; it requires little expertise or capital investment, relies mostly on cheap labour, has reliable markets, is generally poorly regulated, and carries relatively little risk.

A second explanation is that, in some cases, the international promoters of the logging concession system are well aware of its shortcomings; indeed, they have decades of empirical evidence, files full of project completion reports, evaluations on forest sector interventions and wood industry development schemes and attempts to re-organise forestry into ‘sustainable concessions’ that conclude, at best, “*Only moderately successful*”. But they are also aware of the deeper reality of tropical forest logging concessions: the vested interests in them held by decision-makers (which is one of the key factors rendering them ungovernable), and the money which illicitly flows from them to the private bank accounts of ministers and heads of state and their cronies and families is *precisely* what is of most value. Viewed cynically, in serving this role, they help maintain the status quo in often fundamentally unstable governments. They are grease in the cogs of patron-client power structures.

They help ensure misgoverned countries do not collapse completely into anarchy and conflict, can repay their international debts and remain accessible to national and transnational corporations interested in the resources extracted from these concessions areas. In fact the very factors which make logging concessions attractive to economists are also what make them uniquely prone to political patronage, intervention and outright corruption. The persistent ungovernability of the landmass covered by concessions is thus viewed as an unfortunate but unavoidable side-effect in service of a much greater cause. Hence, for example, the refusal of agencies such as the World Bank to uphold conditionalities or rigorously pursue programme objectives in the face of egregious non-compliance with forest sector reforms by local governments.

Jack Westoby had already realised before he retired from the FAO in 1974 that the good intentions of his earlier career had foundered on hard reality. Were he still alive (he died in 1988) he might be astonished that global institutions such as the World Bank and the FAO have continued to this day in promoting the large-scale industrial tropical forest concession model. That the concept still remains the dominant tenure/exploitation model for tropical forests more than 40 years later, despite the mountain of evidence as to its wholesale failure, attests to its utility as a political instrument and mechanism for capturing and then securing land, and expressing political dominance and patronage. The mistake is ever to confuse it with the basis for a rational ‘industry’ that might benefit poor communities in poor countries.

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(1) Westoby, J 1987, Introduction to World Forestry, 1989, Wiley.

(2) Counsell S and Labrousse A, 2007, The political economy of the African logging concession system and the complicity of international donors, in RFUK and Forests Monitor, Concessions to Poverty; The environmental, social and economic impacts of industrial logging concessions in Africa's rainforests, February 2007, London and Cambridge.