



OVERVIEW OF THE FORESTRY SECTOR IN PAPUA NEW GUINEA

*A way Forward- Needs, Challenges and Opportunities for Papua New Guinea
on Climate Change, Land Use and Forest Resource Management and
Payments for Environmental Services/REDD+*

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Presentation Outline



Overview and Performance of the Forestry Sector

- PNGs Forest Resource Base
- Resource Acquisition & Allocation Process
- Forestry Management Standards
- General Contribution by the Sector
- Log harvest and Royalties 2000-2011
- Timber Processing
 - Round Log Export, Earnings and Duty: 2000-2011
 - Annual Log Export Volume 2000-2011
 - Trends in Log Harvest, Exports and Processing 2000-2011

National Forest Development Program

- Government Ten (10) Impact Projects
- Non-Impact Projects
- Forest Clearance Authority Projects (1-3)
- Forest Plantation Development

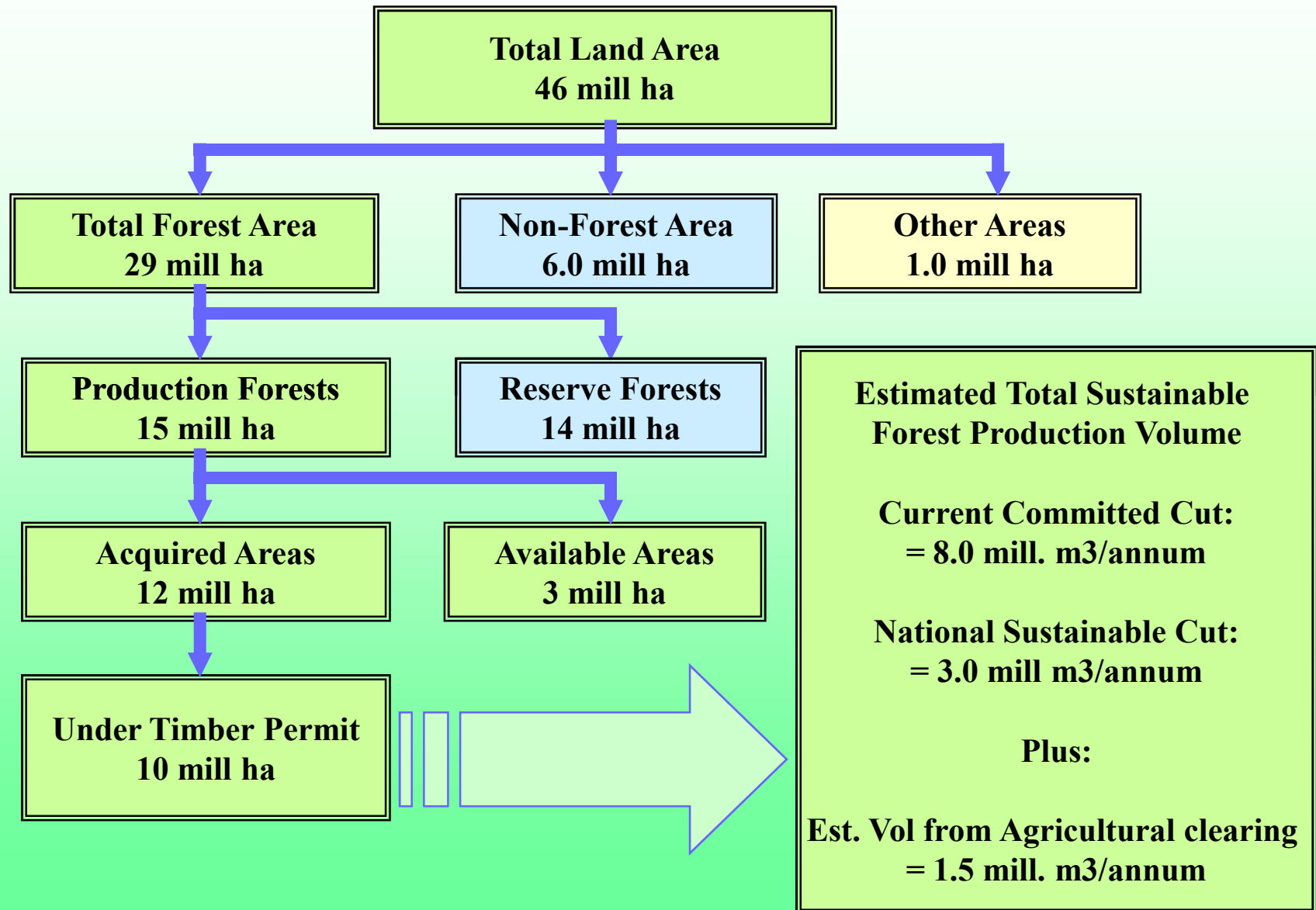
Conclusion



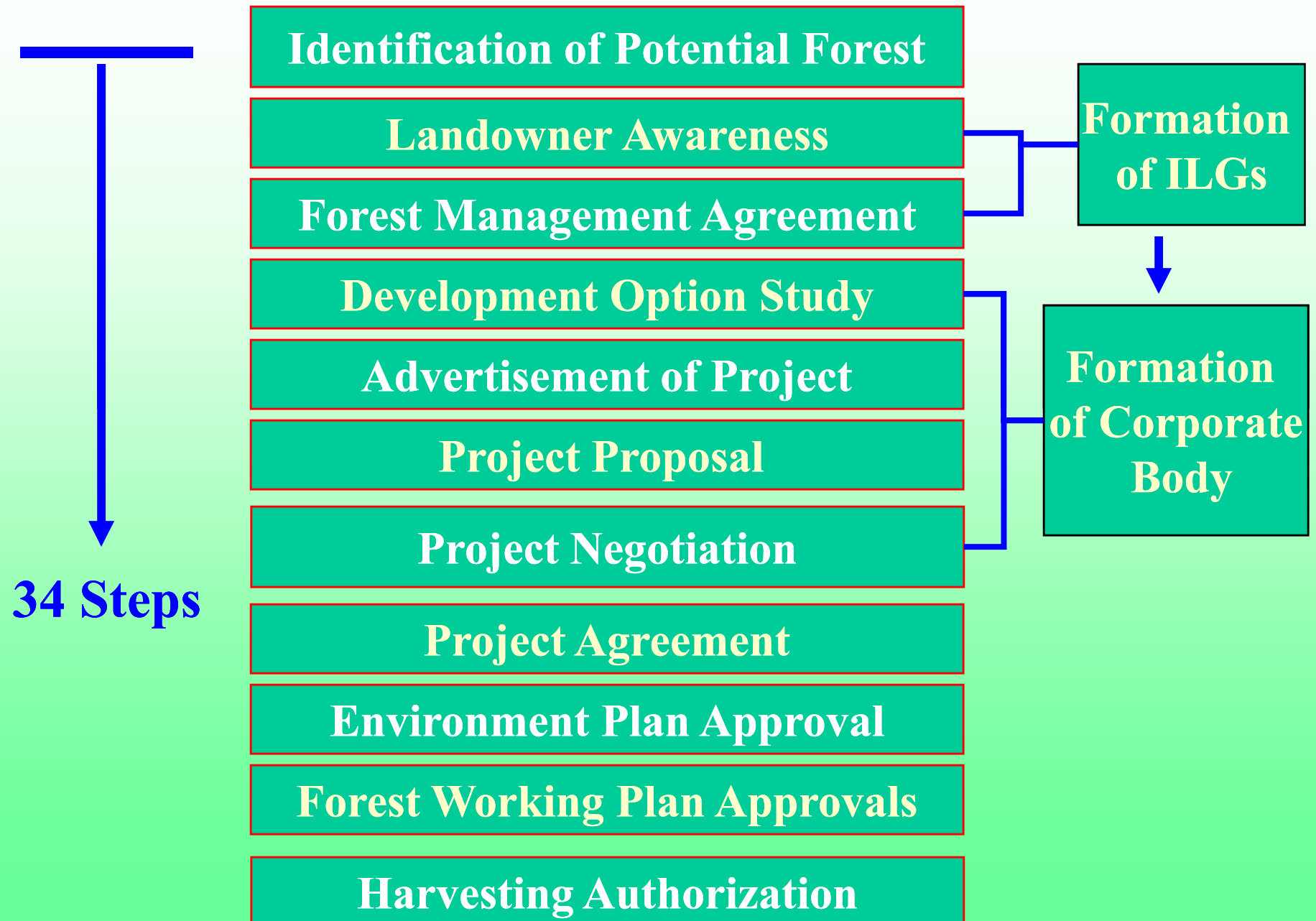
Overview and Performance of the Forestry Sector

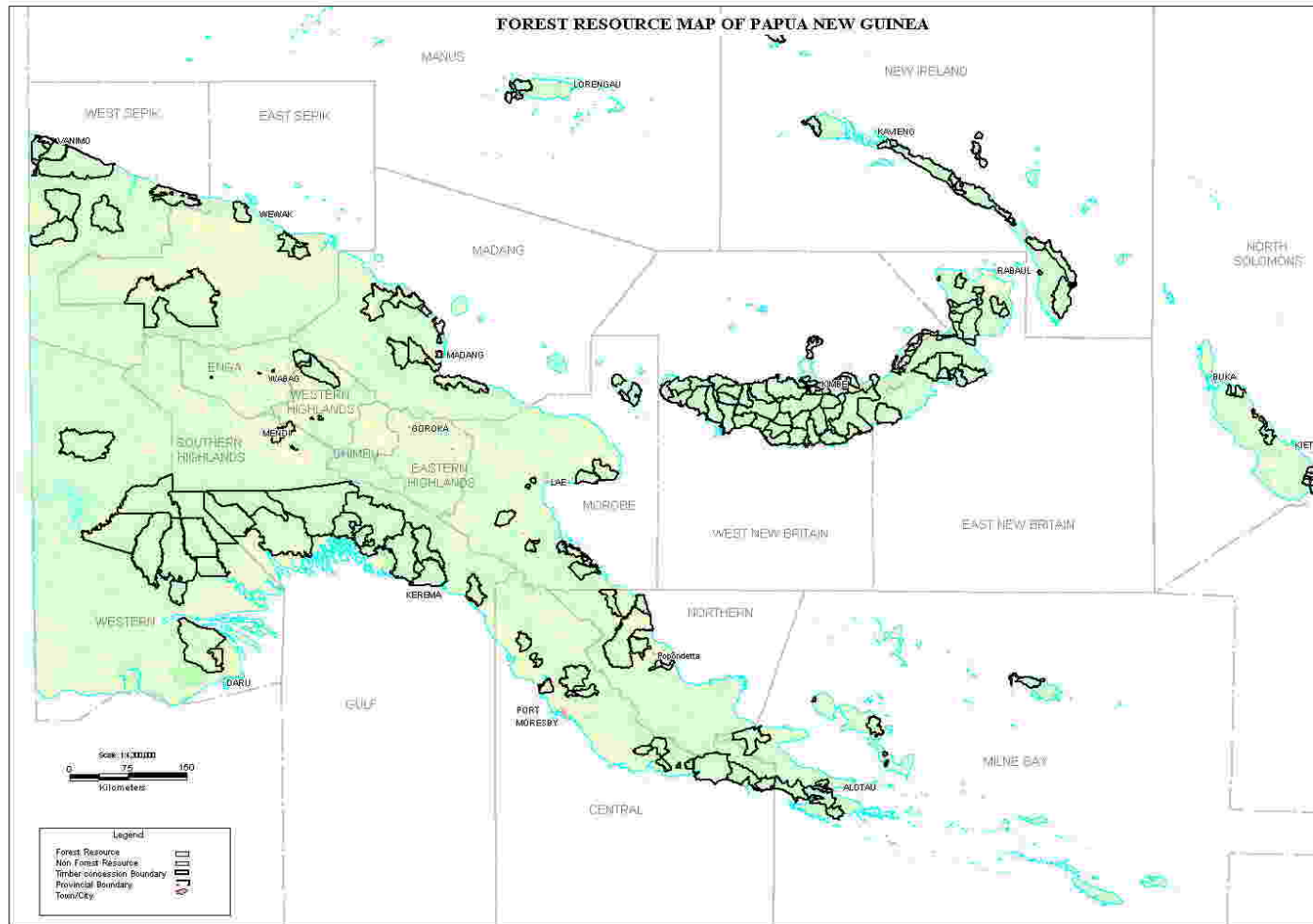


PNGs Forest Resource Base



Resource Acquisition & Allocation Process





FORESTRY CONCESSIONS

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Forestry Management Standards

- 1991 National Forest Policy
- Forestry Act 1991 (as amended)
- Forestry Regulations
- National Forestry Development Guidelines
- Code of Logging Practice
- 24 Key Standards
- Planning Monitoring & Control Procedures
- 5 Year Forest Working Plan
- Annual Logging Plans
- Set-up Plans and Approvals
- Forestry and Climate Change Framework for Action



General Contribution by the Sector

- **Economic and Social well-being of the rural population**
- **Provides K600 million on average annually to GDP**
- **Provides K200 million on average annually in taxes**
- **Provides K92 million in royalties and levies to landowners**
- **Provides infrastructure - roads, bridges, wharfs, jetties etc..**
- **Provides community services - schools, health, transport etc..**
- **Provides employment - >8,000 employees – rural and urban**



Log harvest and Royalties 2000 – 2011

Year	Volume Harvested (m ³)	Royalties (K)
2011	4,054,187	65,258,849
2010	3,756,105	62,763,467
2009	2,862,852	45,725,183
2008	2,755,554	41,436,054
2007	3,481,617	34,816,170
2006	3,389,891	33,898,910
2005	2,832,162	27,465,254
2004	2,776,900	28,347,957
2003	2,100,284	21,136,044
2002	2,140,953	21,425,672
2001	1,646,047	16,470,431
2000	1,876,196	18,761,960

Source: PNGFA Field Services Division



TIMBER PROCESSING

The industry in PNG is:

- **Relatively dormant and not a real force in the industry**
- **Current export “zero tax” incentive is having low impact**
- **80% of log harvest is round log export and 20% processing**
- **The Log Export & Processing “dual policy” needs reviewing**



Round Log Export, Earnings and Duty: 2000-2011



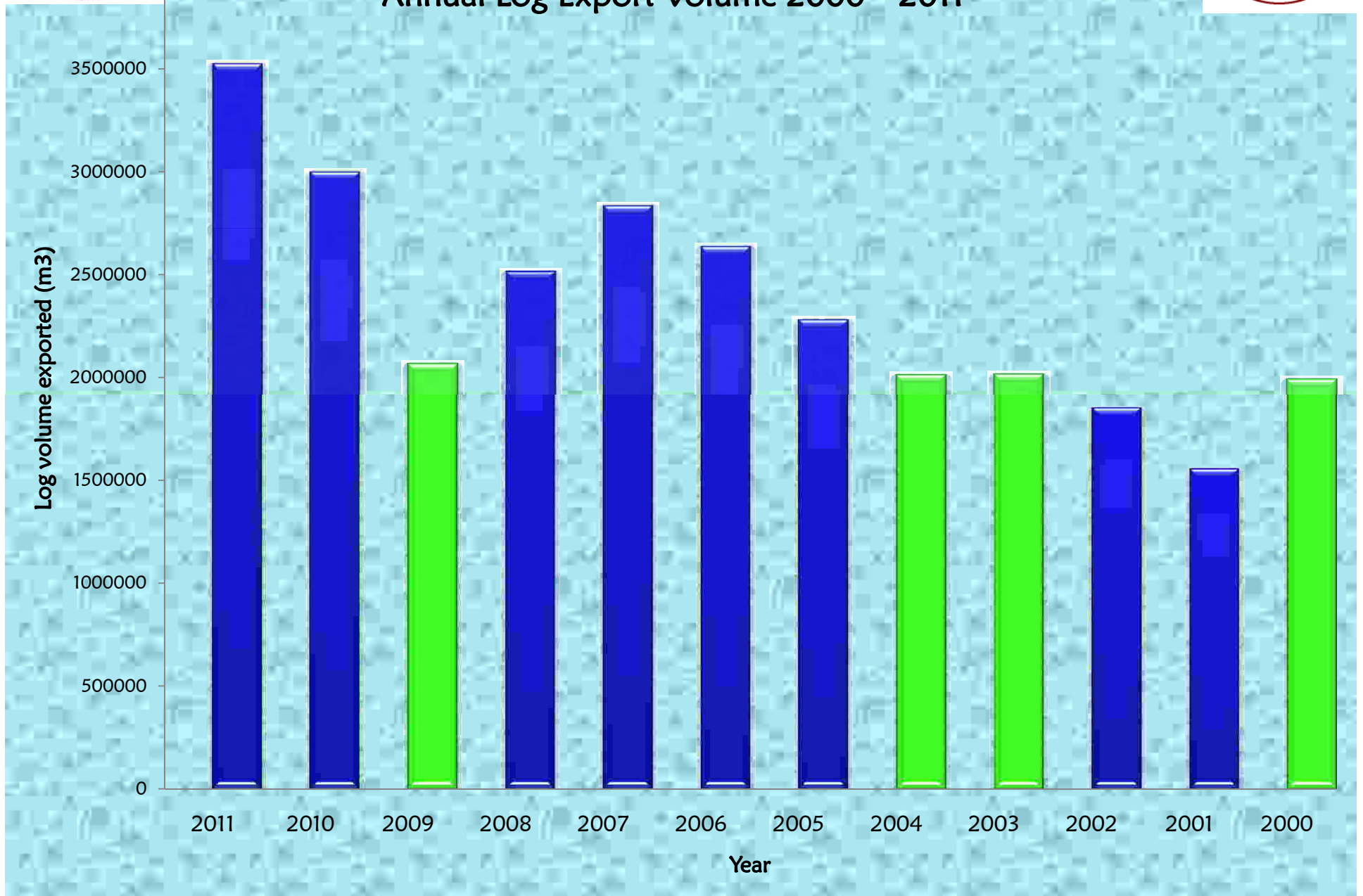
Round log exports has increased steadily from abt 1.5 mill. m³ in 2001 to over 3.5 mill. m³ to date.

Year	Volume Exported (m ³)	FOB Value (K)	Export Duty (K)	Export Dev. Levy (K)
2011	3,525,898	732,072,434	202,027,410	27,001,666
2010	2,999,467	705,841,529	194,082,717	23,080,752
2009	2,066,854	439,288,853	119,961,857	15,891,994
2008	2,514,915	467,876,726	127,150,732	19,168,373
2007	2,835,402	570,588,726	155,515,952	21,677,021
2006	2,638,296	489,463,821	168,370,911	168,370,911
2005	2,282,414	405,370,831	129,997,020	129,997,020
2004	2,012,136	355,660,116	104,208,412	104,208,412
2003	2,015,208	369,556,781	111,247,250	111,247,250
2002	1,853,549,	367,043,758	112,692,563	112,692,563
2001	1,556,220	283,089,897	95,770,091	95,770,091
2000	1,992,527	383,744,200	135,876,046	135,876,046

Source: PNGFA –SGS monthly reports and database

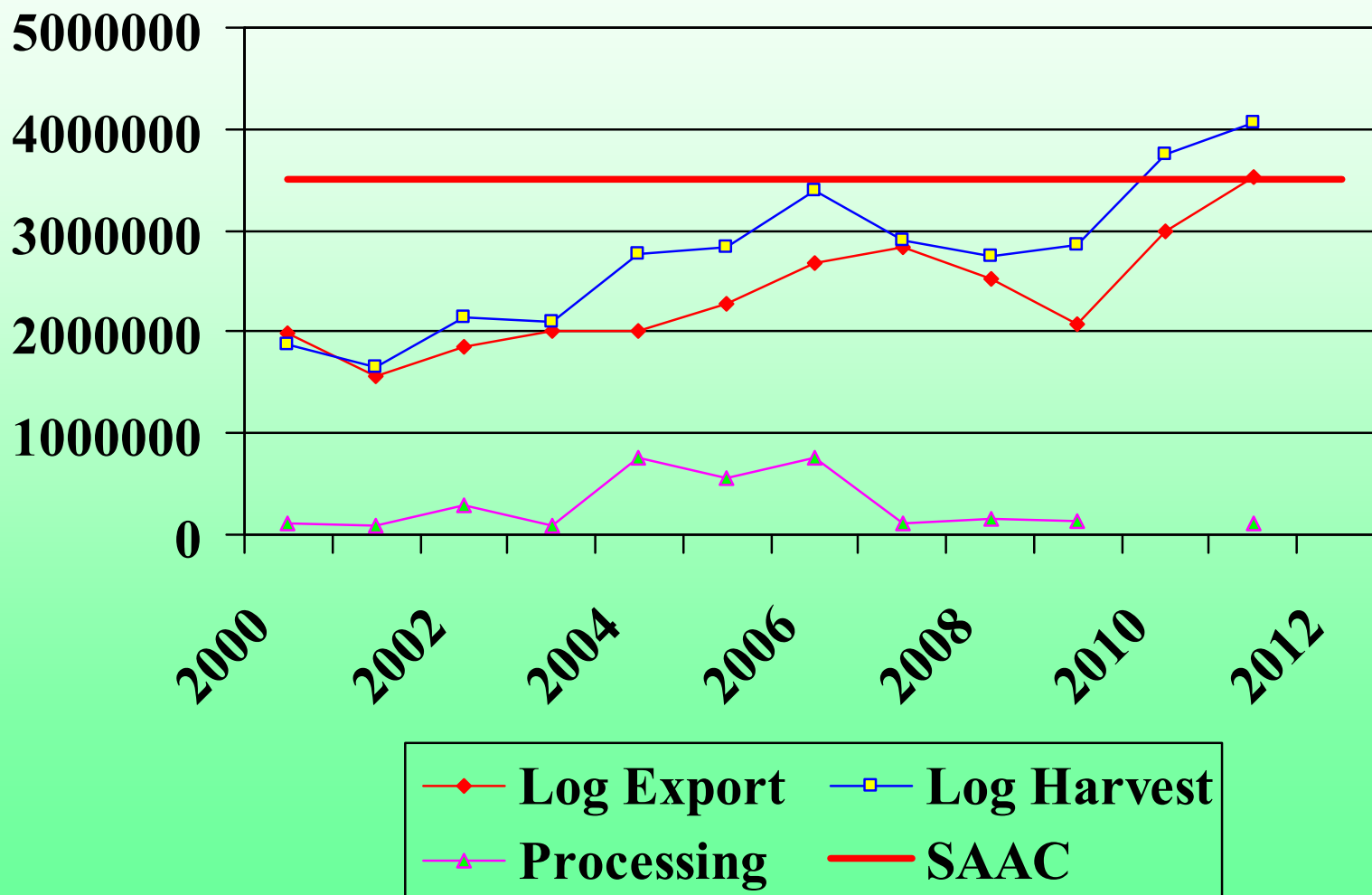


Annual Log Export Volume 2000 - 2011





Trends in Log Harvest, Exports, & Processing 2000 -2011





National Forest Development Program



GOVERNMENT TEN (10) IMPACT PROJECTS



Status of Implementation is as follows:

Project Name	Province	Progress
Amanab 1-4 & Imonda FMA Consolidated	West Sepik	Completed and operational
Asengseng	West New Britain	Completed and operational
Rottock Bay	West New Britain	Completed and operational
Cloudy Bay	Central	Completed and operational
East Awin	Western	Completed and operational, now in Court
Amanab 5-6	West Sepik	Completed and operational
Aitape Lumi	West Sepik	Completed and operational
Middle Ramu Blk 1	Madang	Completed and operational under a new operator
East Pangia	Southern Highland	Completed but affected by Court injunction
Kamula Doso	Western	Project aborted, LOs prefer other dev. option (SABL Col)

Source: PNGFA Project Allocation Directorate



NON – IMPACT PROJECTS



Medium Scale Projects Approved for Implementation

Project Name	Province	Progress
Wipim Tapila	Western	TP granted in March 2012 – operational
Ioma Block 5	Oro	Negotiations to be held in September, 2012
Josephstaal	Madang	Negotiations to commence in September, 2012
Ongga Waffa	Morobe	On halt due to FMA on Mining Lease Land
Nunguia Bongos	East Sepik	FMA cancel, LOs prefer FCA



FOREST CLEARANCE AUTHORITY PROJECTS (1)

Project Name	Province	Progress
Illi Wawas	East New Britain	Operational
Toriu-Inland Lassul Baining	East New Britain	Operational
Danfu	New Ireland	Operational
Aitape East	West Sepik	Operational
Aitape West	West Sepik	Operational
Scotchiau	West Sepik	Operational

Source: PNGFA Project Allocation Directorate



FOREST CLEARANCE AUTHORITY PROJECTS (2)

Project Name	Province	Progress
Wewak Turubu	East Sepik	Operational
Marienberg	East Sepik	FCA approved, pending operation
Tufi Wanigela	Oro	Operational
Wanigela	Oro	Operational
Mekeo	Central	FCA approved, pending operation
Abeda	Central	Complete, mobilisation

Source: PNGFA Project Allocation Directorate



FOREST CLEARANCE AUTHORITY PROJECTS (3)

Project Name	Province	Progress
Bewani	West Sepik	FCA approved, pending operation
Drimgas Road	Western	FCA approved, pending operation
Suikol	East New Britain	Operational
Sigite Mukus	East New Britain	Operational
Mukus Melkoi	East New Britain	FCA approved, pending operation
Lolobao	West New Britain	FCA approved, pending operation
Central New Hanover	New Ireland	Operational
Walsa	West Sepik	FCA approved, pending operation



Forest Plantation Development



The total area of planted forests to date is 60,000 hectares scattered in the highlands, coastal and island regions of the country. The major planted forest areas are located at;

➤ Bulolo-Wau	Pine forest	12,000 hectares
➤ Wahgi	Eucalyptus	2,143 hectares
➤ Lapegu	Pine	2,723 hectares
➤ Fayantina	Pine	1,500 hectares
➤ Gogol	Acacia/Eucalyptus	8,000 hectares
➤ Hoskins	Mix Hardwoods	12,000 hectares
➤ Open Bay	Eucalyptus	13,000 hectares
➤ Brown River	Teak	2,000 hectares

Conclusion

- **The State of PNG's Forests, including Deforestation/Forest Degradation and determinants will continue to decline if we continue "Business As Usual" (BAU)**
- **However, with the identified three (3) Priorities for the PNGFA we hope to make a difference in 2013 and beyond.**



Thank you