

# Solomon Islands & Forestry

*Oxfam Australia*

Today the logging industry is the single most significant economic sector in the Solomon Islands, to the extent that it causes much concern within the Central Bank of Solomon Islands. The Bank is aware of the impending revenue gap as natural forest logging comes to an end (in less than 10 years time) and alternative revenue streams of equivalent size come on stream.

In countries with weak governance such as the Solomon Islands, logging has numerous negative externalities. These include illegal and uncontrolled exploitation of the resource, smuggling, misclassification, transfer pricing, and corruption at different levels and scale. The consequences of these activities include environmental degradation, diminished livelihoods, loss of state revenues, an erosion of democratic principles, and a direct contribution to conflict. Many of these factors are present in the Solomon Islands.

## **Rapid resource depletion through natural forest export logging**

Sustainable yield is 255,000m<sup>3</sup>/yr. Cut volumes were 740,000m<sup>3</sup> in 2003 and more than 1,000,000m<sup>3</sup> in 2004. The current legally licensed quota is over 4 million m<sup>3</sup> annually, far in excess of sustainable harvest levels. At these rates large-scale logging is projected to finish around 2015, as all accessible forest will be exhausted.

## **Limited Solomon Islands Government capacity to regulate the industry**

Legislation governing the sector dates from 1969 and is inadequate to govern a vastly expanded industry. Companies are rarely fined or suspended or face licence cancellations despite generally poor (and sometimes illegal) logging practices. Logging companies have been major beneficiaries of (occasionally illegally granted) duty remissions but have rarely complied, or been made to comply, with requirements to use these savings for reforestation or other works at community level.

## **Corruption**

Transparency International Solomon Islands Country Study (2004) reported that:

*'...logging companies have played an important role in the development of corrupt practice in the Solomon Islands' and that 'the issuance and maintenance of logging licenses and work permits for foreigners are regarded to be the most compromised official activities in the government system'.*

This case study was written as a contribution to the development of *From Poverty to Power: How Active Citizens and Effective States Can Change the World*, Oxfam International 2008. It is published in order to share widely the results of commissioned research and programme experience. The views it expresses are those of the author and do not necessarily reflect those of Oxfam International or its affiliate organisations.

## Conflict

The relevant factors include:

- Ignorance of appropriate legal processes and procedures amongst community members and the inaccessibility and cost of legal proceedings acting as a deterrent to seeking advice and recompense.
- Lack of consultation between tribal members about logging proposals; negotiations with logging companies conducted with and by the elite few within a community and little communication about the process with other tribal members.
- The inability of the responsible government (central and provincial) authorities to ensure appropriate procedures are followed and the conflict of interests of these institutions, which often also facilitate the process for logging companies in order to secure revenues.
- Negotiations leaving community concerns unresolved over likely damage to forestland areas, community food gardens, hunting grounds, drinking water sources and sources of building materials.
- Benefits (financial) accruing to only a few individuals and not to all tribal members as anticipated, and/or lower than expected royalties.
- The ineffectiveness of traditional community governance systems to deal with disputes and disagreements arising from the logging process complicated by the involvement of traditional leaders in some of the more questionable activities.

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