



PNG FOREST SECTOR

AN OVERVIEW

42nd ITTC MEETING

PORT MORESBY

MAY 2007

R.TATE

PNGFIA

PNG Forest Sector

- **Total land area of 46 m ha. Forested area is 39.3 m ha of which 15.2 m ha (39%) has been classified as Productive with 11.2 m ha having harvest rights secured by Government.**
- **National allowable cut is quoted as 3.9 m m³ but the actual annual harvest is nearer to 3 m m³.**
- **Log exports currently at a level of 2.5 m to 3.0 m per annum.**
- **About 80% of export logs go to China and 10% to Japan.**

PNG Forest Sector

- **Ownership of almost all forested land in PNG remains with the traditional landowners and access can only be gained to these after Government has negotiated an agreement with these landowners.**
- **Monitoring and control of all forest operations is the responsibility of the PNG Forest Authority (PNGFA).**
- **PNGFA has appointed SGS (since 1994) to monitor all export log shipments on its behalf.**
- **PNGFA continues to monitor all processed forest product exports.**

PNG Forest Sector

	PNG	<u>E.Asia/Pacific</u>
• Population (millions)	5.8	<u>n.a.</u>
• Urban population (%)	13.2	40.6
• GNI per capita (US\$)	560	1416
• Forest area (% of total land)	65.0	28.4
• Deforestation (% 1990-2006)	0.4	+0.2
• Protected areas (% of total land)	2.3	<u>n.a</u>

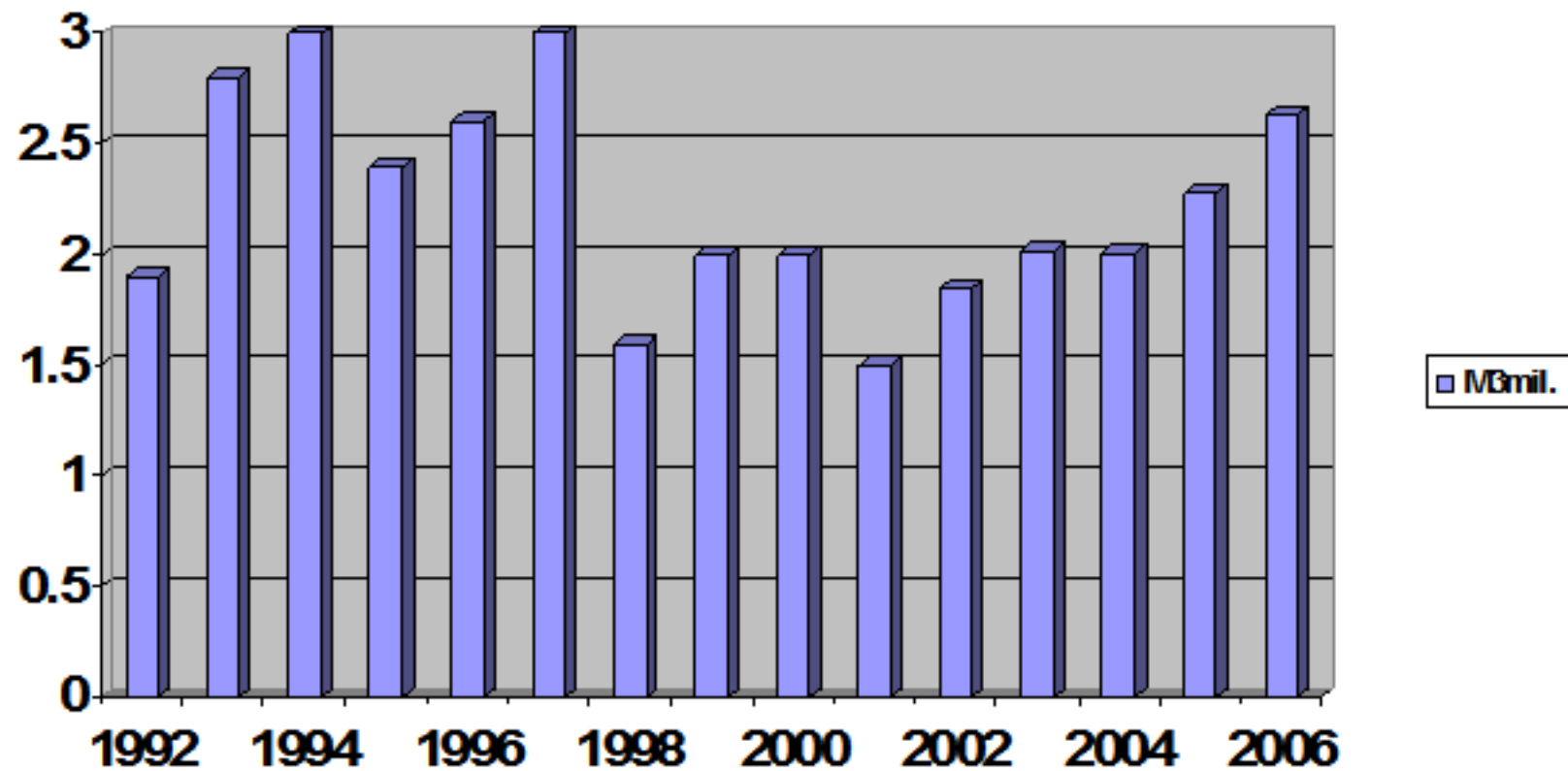
Source : World Bank, Little Green Data Book, 2006

	PNG	Target	Sustainable Harvest met =100
• Sustainable harvest rate	0.7	3	100

Source : Yale University, School of Forestry, Environmental Performance Index Pilot Study, 2006

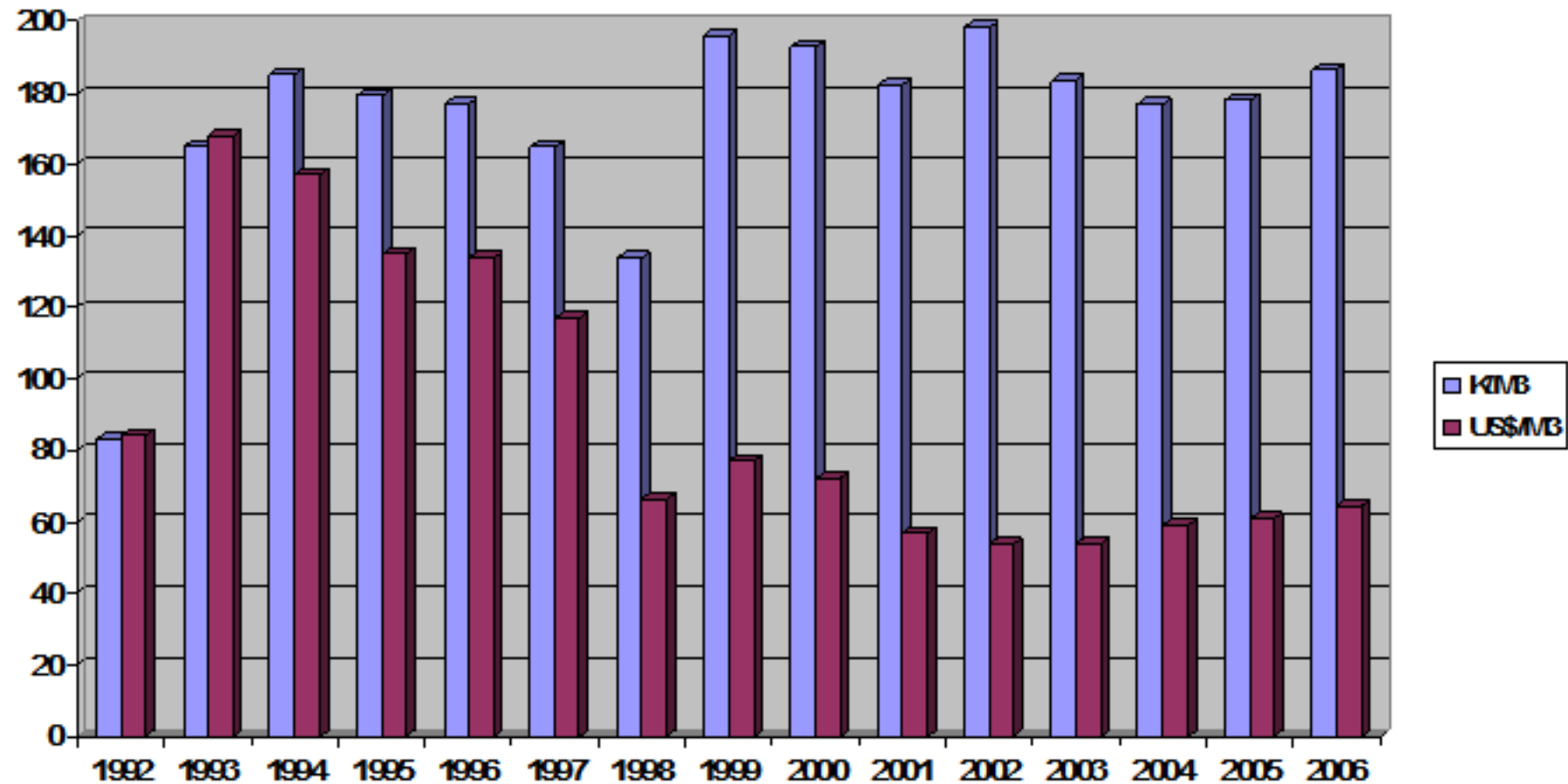
PNG Forest Sector

Log Exports 1992 – 2006 (million M3)



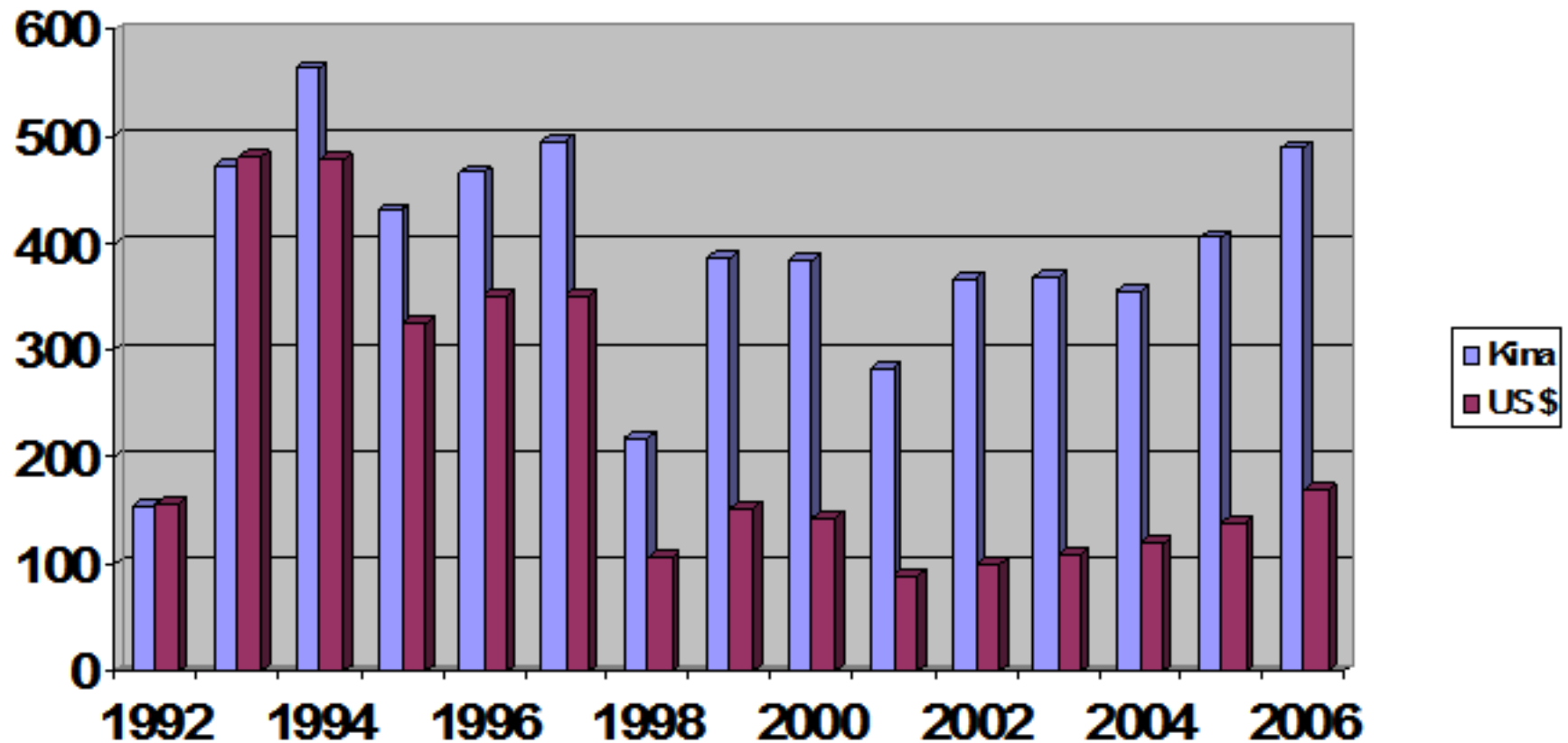
PNG Forest Sector

Log Export Value Per M3



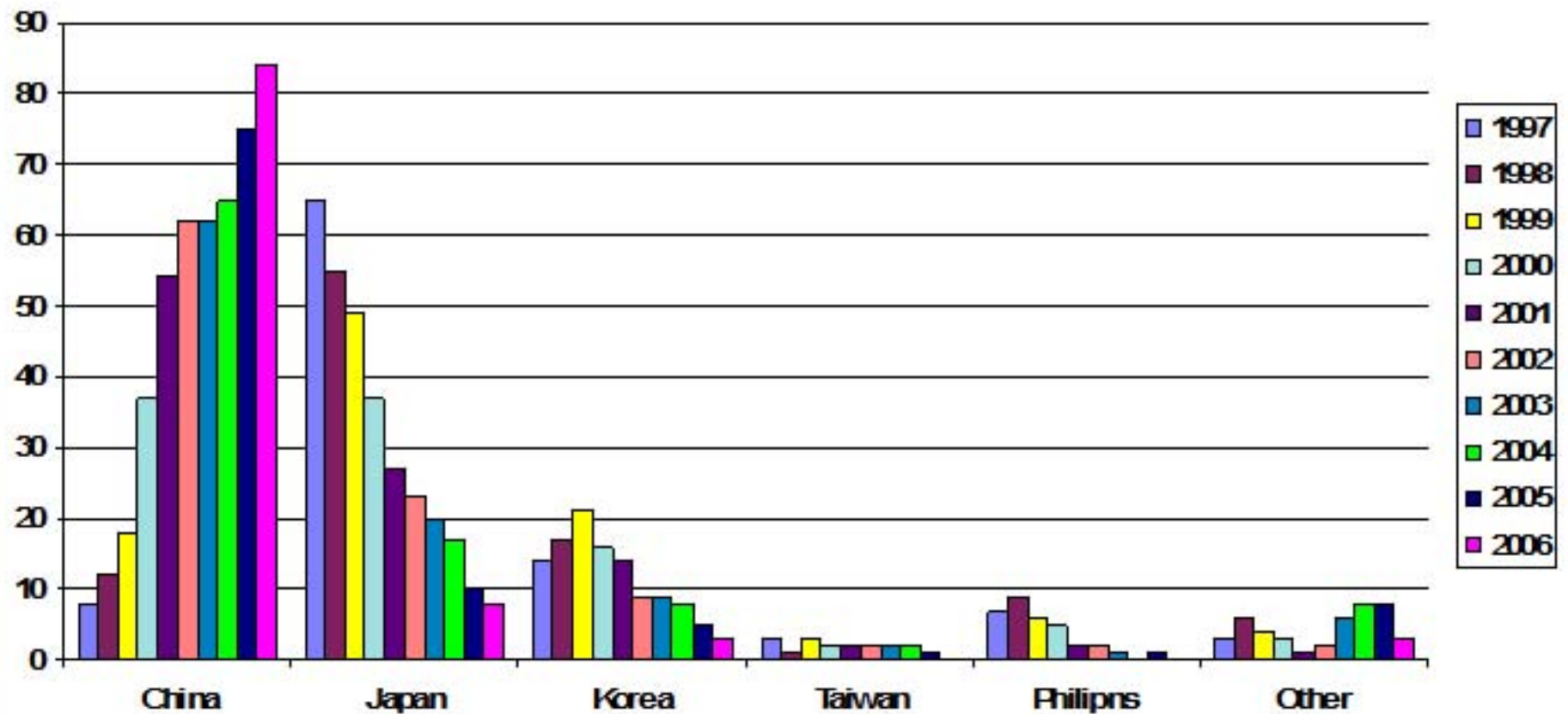
PNG Forest Sector

Total Value Log Exports (millions)



PNG Forest Sector

Log Exports By Destination %



PNG Forest Sector

Export Tax and Landowner Payments As % FOB Value

- From 1-01-07 export tax is 28.5% of FOB
- Landowners will receive K10/m³ royalty, K8/m³ development levy and K14/m³(est) cash and in kind payment
- Plantation log exports are exempt from export tax and the levy



PNG Forest Sector

Production and exports of processed products has grown steadily in response to changing market demand and new processing plant investment. Wood processing has been one of the fastest growing manufacturing sectors of the PNG economy over the last 10 years.

Exports	Year	<u>US\$mil.</u>	Vol. '000M3
	1995	9.8	<u>n.a.</u>
	1996	12.0	<u>n.a.</u>
	1997	17.0	<u>n.a.</u>
	1998	9.5	<u>n.a.</u>
	1999	18.4	126.9
	2000	27.9	259.9
	2001	28.8	249.9
	2002	32.0	265.7
	2003	34.3	319.6
	2004	40.0	260.5
	2005	32.1	232.2

PNG Forest Sector

Exports of Processed Forest Products (M3'000, US\$'000)

Product	Year	2000	2001	2002	2003	2004	2005
Furniture	M3			0.3	0.5	0.3	0.6
	\$			195	219	140	306
Plywood	M3		0.9	1.7	3.7	4.6	10.9
	\$		347	678	1362	1771	5049
Lumber	M3	33.6	39.8	42.2	41.4	49.4	28.1
	\$	12940	15357	14269	13798	15853	9694
Veneer	M3	32.7	59.1	71.4	77.8	79.8	72.5
	\$	5692	9306	12306	13901	18501	14039
Woodchips	M3	193.6	149.9	150.1	196.3	126.3	120.3
	\$	9270	3838	4554	5030	3764	3060

Source : PNGFA Export Price Barometer

PNG Forest Sector

Exports of Processed Forest Products by Destination and Value (US\$'000)

