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COMMENT

History of the Forestry Industry in Solomon Islands:

The Case of Guadalcanal

Forestry is the biggest industry in Solomon Islands. It earns about 60% of the country's foreign exchange and accounts for approximately 30% of gross domestic product. In 2005, total log exports were 1.1 million cubic metres, which generated around US\$67 million in foreign exchange earnings. Only 91,148 cubic metres (8.2%) of this annual log output is from plantation forest; overwhelmingly the logs come from primary forest. Although forestry is the biggest industry in the country, commercial logging on Guadalcanal is slight compared with other provinces. Out of total log exports in 2005, Guadalcanal Province accounted for only 0.9%, while Western Province continued to dominate with 794,171 cubic metres or 71% of annual output. Isabel Province followed with 7.9%, Choiseul Province 6.8%, Makira/Ulawa Province 6.4%, Malaita Province 3.9%, and Central Islands Province 3.1%.¹ From 1994 to 2003, only 358,000 cubic metres were exported from Guadalcanal, which was well below total log output from Western (3.2 million cubic metres) and Isabel (1.1 million cubic metres) or about 7% of national log export within the same period.²

Guadalcanal Province is in a unique position, largely saved from excessive logging by its own geography and other compensatory economic developments along the north coast and surrounding the national capital Honiara. Nevertheless, the province has been adversely affected by logging, in addition to urbanisation, immigration from other parts of the Solomons and the alienation of indigenous lands for national economic gain. Over several decades, discontent among the Guale (the people of Guadalcanal) has grown, erupting in 1998 when a Guadalcanal militia group, Isatabu Freedom Movement, forced the evacuation of 20,000 fellow citizens from Guadalcanal to their islands of origin. In the ensuing 'crisis years' (1998–2003), a counter-militia, the Malaita Eagle Force was formed and, in 2000, the democratically elected government of Prime Minister Ulufa'alu was overthrown. Previous analysis of the reasons for the ethnic and economic tensions on Guadalcanal has concentrated on the alienation of urban land, the presence of diverse ethnic groups, and the low economic returns from alienated agricultural estates and mining lands.³

¹ Central Bank of Solomon Islands (CBSI), *2005 CBSI Annual Report* (Honiara 2006), 1.

² Solomon Islands Government, *Solomon Islands Forestry Management: national forest resources assessment, report* (Honiara 2003), 14.

³ Analyses of the ethnic tension or conflict in Solomon Islands include: A.V. Hughes, *Solomon Islands: the Guadalcanal insurgency and the Policy and Structural Reform Programme*, Solomon Islands Government (Honiara 1999); Tarcisius Tara Kabutaulaka, *The Guadalcanal Issue: a frank talk*, Pts I and II, Iumi Nao Network (25 May 1999); Kabutaulaka, 'Beyond ethnicity: understanding the crisis in the Solomon Islands', *Pacific News Bulletin* (May 2000), 5–7; Kabutaulaka, 'Beyond ethnicity: the political economy of the Guadalcanal Crisis in Solomon Islands', Working Paper 01/1, State, Society and Governance in Melanesia, Australian National University (Canberra 2001); A.H. Nori, 'June 5 in perspective', *Horizon Newsletter*, 1:1 (Honiara 2002), 1–4; Clive Moore, *Happy Isles in Crisis: the historical causes for a failing state in Solomon Islands, 1998–2004* (Canberra 2004), 93–122; Jon Fraenkel, *The Manipulation of Custom: from uprising to intervention in the Solomon Islands* (Wellington 2004), 45–7, 189–96.

Here I suggest that another factor, logging, though more obvious in other provinces, also contributed to tensions on Guadalcanal. I also argue that only logging companies and a small sector of the Guale community benefit from logging. My discussion draws on my own experience. I come from Guadalcanal and have worked for more than three decades in development, especially with non-government organisations and communities, but also with government. Over the last 25 years, logging has funded political corruption, caused environmental destruction and brought social instability to communities both on Guadalcanal and throughout the country.

Land Use and Development on Guadalcanal

Guadalcanal covers 5,040 square kilometres or 538,700 hectares and is the biggest island in Solomon Islands. Guadalcanal Province is home to 17% of the nation's rural population. The island has five distinctive physiographic regions. First is the Weather Coast, with its mountainous spine lying closely parallel to the southern coast. Immediately north of this spine is the Central Hills (an east–west band of aligned ridges and hills), which merge northwards to the Northern Foothills, then the Northern Plains, and finally the island's North Western corner.⁴ The great physical variation among these regions translates into large differences in villagers' welfare and infrastructure including roads, health and education services.⁵ Environmental conditions on the Weather Coast, home to about a third (18,920 or 31%) of the total population of Guadalcanal Province, severely limit opportunities for forestry and agriculture. The main economic activity is subsistence food production, with sweet potato, cassava, yam, taro and some leafy vegetables as staple food.⁶ In contrast, significant development has taken place on the north and northwest coast, including smallholder agriculture and forestry, large-scale estates development and commercial logging with heavy machinery (see Figure 1). The large estates produce copra, cocoa, rice, cattle and oil palm.

Guadalcanal Plains is the most productive area in the north, and land alienation for development began there in the 1890s and early 1900s, after the establishment of the British Protectorate in 1893. About 30,000 hectares were alienated, including the Lungga, Tenaru and Teterere areas that were under Levers Pacific Plantation Ltd (later Levers Solomon Ltd) and Solomon Development Company, a Burns Philp subsidiary.⁷ These companies established large coconut plantations. Some of the alienated lands were in areas that had been declared 'wasteland'⁸ by the colonial administration, but most had been offered by individuals and tribes to expatriate traders, planters and missionaries in exchange for goods such as tobacco, firearms, clothes, steel axes and knives.

After World War II, the relocation of the capital from Tulagi in the Gela Group to Honiara on the north Guadalcanal coast further concentrated economic development in

⁴ J.R.D. Wall and J.F.R. Hansell, *Land Resources of the Solomon Islands*, vol. 2: *Guadalcanal and Florida Islands*, Land Resources Study 18 (London 1974).

⁵ M.G. Allen, R.M. Bourke, B.R. Evans, E. Iramu, R.K. Maemouri, B.F. Mullen, A.A. Pollard, M. Wairiu, C. Watoto, and S. Zotalis, *Solomon Islands Smallholder Agriculture Studies*, vol. 4: *Provincial Reports* (Canberra 2006), 35.

⁶ Murray Chapman and Peter Pirie, *Tasi Mauri: a report on population and resources of the Guadalcanal Weather Coast* (Honolulu 1974); Kastom Gaden Association, *People on the Edge: a report on the assessment of food security, agricultural pests and diseases, small scale food processing and village energy options along the Guadalcanal Weather Coast* (Honiara 2005), 10.

⁷ J. Ipo, 'Land and Economy', in H. Laracy and S. Alasia (eds.), *Ples Belong Umi: Solomon Islands, the past four thousand years* (Suva 1989), 121–36. The 30,000 hectares was calculated from information provided in this paper.

⁸ Uninhabited or undeveloped areas declared 'wasteland' by the colonial administration became government property.

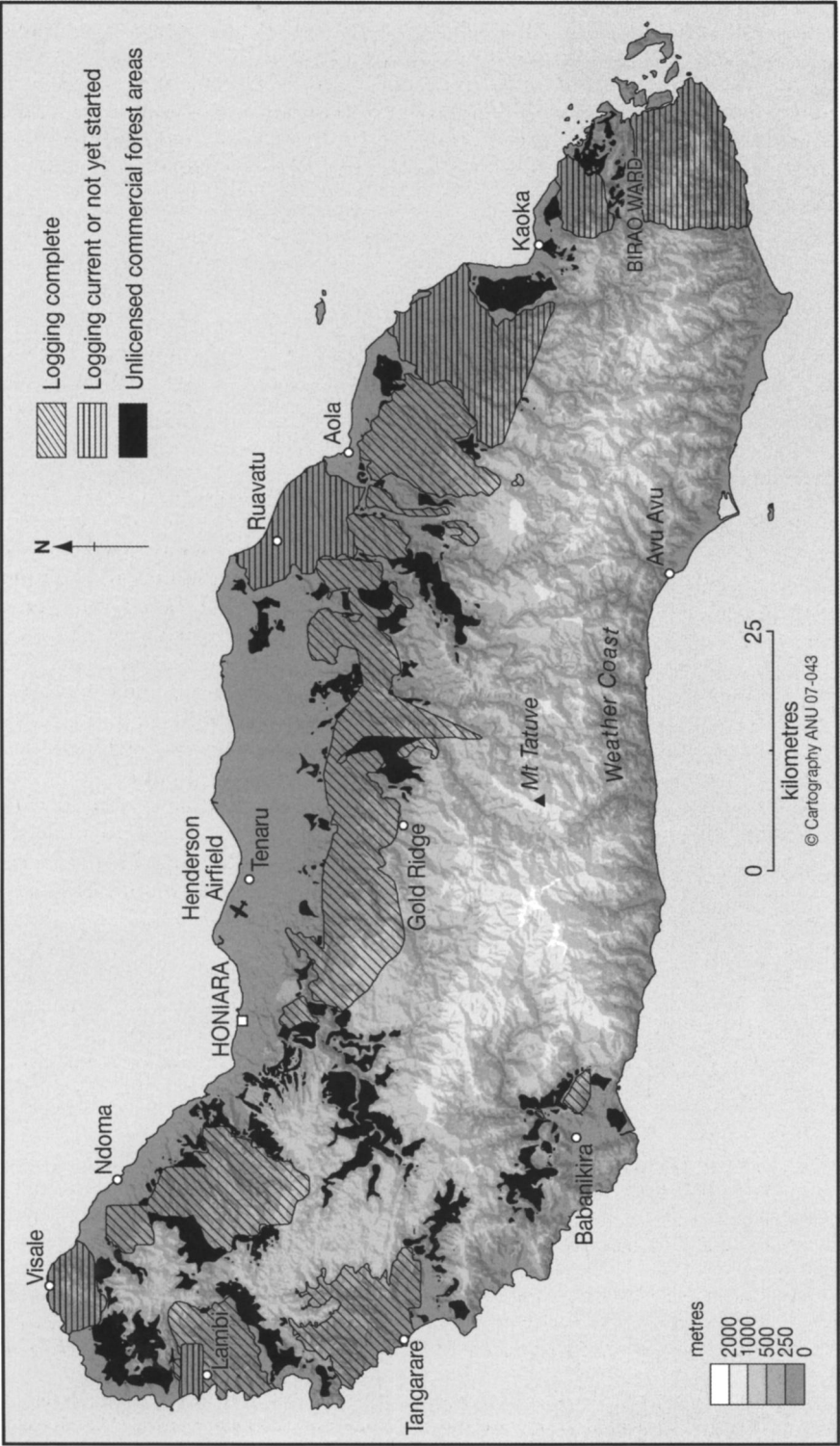


FIGURE 1: Map of Guadalcanal, showing logging concessions. Source: Department of Forestry, Environment and Conservation, *National Forest Resource Assessment Update 2006, Solomon Islands Forestry Management Project II* (Honiara 2006), 40. (Anthony Bright, Coombs Cartography, Australian National University).

this area and drew migrants to Honiara and the surrounding region. When Honiara was chosen for the capital, most of Honiara was already foreign owned. For example, Honiara is made up of three land leases from the 19th century. The main area from Point Cruz to Tenaru (known as Kukum or Matanikau) was purchased from Woothia of Lungga, Allea of Manago and his son Manungo in 1886, by Thomas Garvin Keely, John Williams and Thomas Woodhouse for £60 worth of trade goods. The area to the west, called 'Ta-wtu' or Mamara Plantation was purchased by Oscar Svensen and his partners Joe d'Oliverya and Mr Rubuth in 1907. The area to the east, named 'Tenavatu' (Tauvatu), was purchased by William Dumphy in about 1910. Kukum and Tauvatu were sold to Levers Pacific Plantations Pty Ltd early in the early 20th century as part of a much larger Levers holding on the north coast of Guadalcanal, and Svensen held Mamara until 1950.⁹ One reason for transferring the capital to Honiara was to utilise the basic infrastructure that had already been built on alienated land during World War II, so the issue of landowner rights or consultation with them was not considered at the time. Subsequently, Honiara expanded both in physical size and population. In the 1999 census, its population was recorded as 49,107, although the real population of Honiara and its environs may have been closer to 70,000.¹⁰ The population of Guadalcanal Province, excluding Honiara, was 60,275, revealing the relative demographic weight of Honiara.¹¹ The position, growth and proportionate influence of the capital have always been a great concern to landowners, who feel that they were never consulted nor compensated for the location Honiara on their land. This was a prominent grievance in the bona fide demands of Guale people in 1999.¹²

The development of large-scale agricultural estates expanded during the last four decades of the 20th century. Rice plantations, introduced by Guadalcanal Plains Ltd in the 1960s, were sold out to Brewers Solomon Agriculture Ltd in the 1970s. The palm oil plantations begun by Solomon Islands Plantation Ltd in 1971 are now controlled by Guadalcanal Plains Palm Oil Ltd. Also gold had been mined on a small scale for several decades, but was replaced by a large mine, Gold Ridge Mining Ltd, during the 1990s.¹³ Alienated land, mostly on North Guadalcanal, amounts to about 54,000 hectares or 10% of total land area. About 83% of the province's land is still customary owned by various tribes, with the balance owned by the central government (4%) and other private owners (2%).¹⁴

Employment opportunities provided by Honiara city and the large estates attracted large numbers of people from other provinces, notably neighbouring Malaita. They migrated and settled on Guadalcanal from the late 1940s. Some came with their extended families and either married into Guadalcanal families, thereby gaining customary access to land, or purchased land individually according to laws of the country. Some attained economic advantage, which was often resented by Guale. Furthermore, because traditional land tenure systems have no concept of freehold, Guale people, like other Solomon Islanders, still regard land as theirs, despite its legal status as

⁹ I.Q. Lasaqa, 'Melanesians' choice: a geographical study of Tasimboko participation in the cash economy, British Solomon Islands', PhD thesis, Australian National University (Canberra 1968), 421–6; Graeme A. Golden, *The Early European Settlers of the Solomon Islands* (Melbourne 1993), 119–21, 143–6; Solomon Islands National Archives, Honiara, British Solomon Islands Protectorate 18/I/2 and 18/II/5, Lands Commission Matanikau Claims by Lever's Pacific Plantation Ltd.

¹⁰ Solomon Islands Government, *Household income and expenditure survey 2005/06: provincial report*, pt 2 (Honiara 2006). Honiara's population in 2005 was 69,189 and Guadalcanal's was 84,838.

¹¹ Solomon Islands Government, *Report on 1999 Population and Housing Census — Basic Tables and Census Description* (Honiara 2000).

¹² Guadalcanal Province, 'Demands of the Bona Fide and Indigenous People of Guadalcanal', petition to the Government, Honiara, 4 Feb. 1999.

¹³ Moore, *Happy Isles in Crisis*, 73–5.

¹⁴ Allen et al., *Solomon Islands Smallholder Agriculture Study*, vol. 4: *Provincial Reports*, 36.

alienated or sold.¹⁵ Their resentments over the use of Guadalcanal land and other resources, especially by settlers, and the disrespect shown for Guale culture were some of the causes of the ethnic and political tensions that began in 1998.

Despite such resentments, Guale landowners continue to allow foreign-owned logging companies to exploit their forests. For some, logging royalty is their only income opportunity, but for others it is a much easier and faster way of making money than working their land to produce commodities such as copra and cocoa. Customary landowners gave over about half (38,000 hectares) of the commercial forest area to foreign logging companies between 1980 and 2000.¹⁶ Logging ceased on Guadalcanal in 2001 because of the tensions, but resumed at a low level when security on the island improved after the arrival of the Australian-led intervention force, the Regional Assistance Mission to Solomon Islands (RAMSI) in July 2003.¹⁷ As Figure 1 shows, most of the logged areas are on the North Coast and in the Central Hills, where large estate developments provide good infrastructure.

Development of the Solomon Islands Forest Industry

A brief summary of the development of the forest industry in the Solomon Islands can indicate how it came to spread rapidly with few controls to many parts of the country including Guadalcanal.¹⁸ The industry began in the 1920s with small logging and milling operations on most major islands. Until 1960, these operations remained small and suffered such constraints as a lack of equipment, poor extraction techniques, high production costs and weak markets. Many operations failed.

Large-scale commercial logging began from 1960 on government-owned and government-leased land after external market demand for timber increased. Government land, mostly 'wasteland', comprised about 10% of the country's total area.¹⁹ Since logging was restricted to government-owned lands, very little took place on Guadalcanal. The commercial or merchantable forest on Guadalcanal was only around 15% (81,000 hectares) of the province's total land area, and most was on customary land. Little or no merchantable forest was left on lands that had been alienated in the early years of the Protectorate. Moreover, the three companies that dominated the forest industry from 1960 till the late 1970s — Levers Pacific Timbers Ltd (a subsidiary of the United Africa Company [Timber] Ltd), Allardyce Lumber Company (an Australian company) and Kalena Timber Company Ltd (from the US) — concentrated on large tracts of accessible government land with higher commercial forest stocks in Western and Isabel Provinces. At that time, economic development on

¹⁵ Gideon Zoleveke, 'Traditional ownership and land policy' in Peter Larmour (ed.) *Land in Solomon Islands* (Suva 1979), 1–9; Colin H. Allan, *Customary Land Tenure in the British Solomon Islands Protectorate*, Report of the Special Lands Commission (Honiara 1957), 82–111, particularly 84. Judith A. Bennett, *Wealth of the Solomons: a history of a Pacific archipelago, 1800–1978* (Honolulu 1987), 4–5, 124. Murray A. Bathgate, *Fight for the Dollar: economic and social change in western Guadalcanal, Solomon Islands* (Wellington 1993), 282–305.

¹⁶ Solomon Islands Government, *Solomon Islands Forest Management: national forest assessment report*, 14. This Report is part of Forest Management Project funded by the Australian Government.

¹⁷ Department of Forestry, Environment and Conservation, National Forest Resource Assessment Update 2006, Solomon Islands Forestry Management Project II (Honiara 2006), 10.

¹⁸ For detailed accounts, see Judith A. Bennett, *Pacific Forest: a history of resource control and contest in Solomon Islands, c.1800–1997* (Leiden/Cambridge 2000) and Tarcisius Tara Kabutaulaka, 'Paths in the jungle: landowners and the struggle for control of Solomon Islands' logging industry', PhD thesis, Australian National University (Canberra 2001). Kabutaulaka cited specific examples of logging operations and problems from Western, Central and Makira Provinces but not from Guadalcanal.

¹⁹ M. Wairiu, 'Forest certification in Solomon Islands', in B. Cashore, F. Gale, E. Meidinger and D. Newsom (eds), *Confronting Sustainability: forest certification in developing and transitioning countries* (New Haven, Conn. 2006), 137–61.

Guadalcanal centred on plantation and mineral prospecting. Honiara's expansion also provided economic opportunities.²⁰ Little consideration was therefore given to logging.

Two major changes in the forestry industry occurred in the 1980s. Logging shifted from government-owned to customary land, and many Asian logging companies came to operate in the country. New measures, particularly during the governments of Solomon Mamaloni (1981–84, 1989–93), made forests on customary owned land, which accounted for 90% of land in Solomon Islands, accessible for development on approval through customary processes. In the case of forests, logging companies applying to obtain concessions or timber rights need to consult landowners, a process known as Timber Rights Hearings. Landowners or whole tribes granted timber rights to foreign logging companies, mostly Asian, in return for royalty payments and the promised provision of infrastructure such as roads, clinics and schools.

Initially, logging companies went through the normal Timber Rights Hearing process but found it cumbersome, time consuming and expensive. It caused long delays to log production. To accelerate negotiations for timber rights and logging licences, companies took shortcuts by hiring individuals from landowning groups or other Solomon Islanders as middlemen or by allocating shares in the logging companies to individual landowners. The logging companies exploited the fact that most landowner groups or tribes are fragmented, with individuals and sub-groups competing for control of logging benefits. In some cases, companies take advantage of particularly influential individuals who seek to strengthen their power base within tribes or groups through working closely with logging companies.²¹ These tactics enabled loggers to move into other provinces, including Choiseul, Malaita, Makira/Ulawa, Central Islands and Guadalcanal. The huge South Korean Hyundai Group, for instance, set up the Hyundai Timber Company and began logging on Guadalcanal in 1983, and Eagon Resources Development Ltd set up on Choiseul Island in 1989. Many more Malaysian and other smaller foreign companies moved in from 1991, while former employees of bigger Asian logging companies took out incorporation status in the country. About 75% of the log export in the 1990s was controlled by eight foreign companies, mainly from Malaysia, while Hyundai and Eagon controlled around 14% of the market.²² Log production and export increased from an estimated 200,000 cubic metres in 1977 to 230,000 cubic metres per year in 1985,²³ and by 1990 the volume of logs exported increased to 399,000 cubic metres valued at US\$7.5 million.²⁴

Logging on Guadalcanal

Early operations on Guadalcanal included a sawmill at Mamara, Northwest Guadalcanal, in 1911 and a private logging operation by Leif Schroder on North Guadalcanal in the mid-1920s. Tenaru Timbers Ltd operated in the 1950s on land leased from Levers Pacific Plantations Ltd between the Lungga and Ngalimbiu Rivers, exporting logs to Australia. It later built a sawmill at Tenavatu to produce timber for the domestic market but went into voluntary liquidation in 1957 owing to a shortage of logs as a result of poor extraction patterns and lack of equipment.²⁵

²⁰ M. Bathgate, *Fight for the Dollar: economic and social change in Western Guadalcanal, Solomon Islands*, Solomon Island Reports Monograph No. 1 (Wellington 1993).

²¹ Kabutaulaka, 'Paths in the jungle', 1–273.

²² Ian Frazer, 'The struggle for control of Solomon Islands forests', *The Contemporary Pacific* 9:1 (1997), 44–52.

²³ Log production figures are from the *Forest Review 1995* unofficial report based on figures from Timber Control Unit Project in the Ministry of Forest, Environment and Conservation.

²⁴ Based on log exports data for the period 1994 to 2003, obtained by the author in 2004 from the Economics Department, Central Bank of Solomon Islands.

²⁵ Bennett, *Pacific Forest*, 143.

Despite income opportunities from other economic developments on Guadalcanal, when commercial logging shifted to customary lands in the 1980s, Guadalcanal hosted numerous operations in North, Central, West and East Guadalcanal. From 1994 to 2000 about 358,000 cubic metres (an average of 51,000 cubic metres per year) were exported. Forestry Division records show that there were 15 completed logging concessions (large tracts of forest areas that were logged) on Guadalcanal by 2000.²⁶ From 1994 to 2003, total harvest volume per hectare for Guadalcanal was only 14 cubic metres per hectare, compared with much higher volumes in Western (41), Choiseul (41), Makira/Ulawa (35) and Isabel (23) Provinces.²⁷ Although the tensions and unrest between 1998 and 2003 slowed and eventually stopped logging operations, by 2004 the pace had resumed.

The operations of Pacific Timbers Limited on Guadalcanal exemplify many common features and trends of the industry. A local subsidiary of the Malaysian company Earth Movers Limited, in the 1980s Pacific Timbers logged in Northeast and Central Guadalcanal around the Tenaru and Malango areas to supply its mill at Tenaru, which Earth Movers Ltd had bought from Foxwood Timbers, a Queensland-based company. Pacific Timbers logged inland into the interiors of central Guadalcanal and parts of Northeast Guadalcanal, to the dissatisfaction of some landowners. They complained that the company destroyed their garden lands and polluted the rivers, while only a few people benefited from timber royalty payments. The company continued to operate its Tenaru sawmill until it was destroyed during the ethnic tension in 2000.²⁸ In 2005, a new agreement was signed between the landowners from Malango area and Earth Movers Ltd to reopen their sawmill and start log extraction from customary land. The agreement was facilitated by a former employee of Pacific Timbers Ltd, Walton Naezon, who was the Minister of Trade and Commerce, and Member of Parliament for Central Guadalcanal.

Forming joint ventures with local communities or individuals (a development that will be discussed in greater detail below) and evading or contravening legal requirements became common practices. For instance, the expatriate McArthur family company obtained a saw-milling licence in 1980 but wanted to extract and export round logs from Northwest Guadalcanal. Under the current Forest Resources and Timber Utilization Act 1969, timber milling and logging licence are issued for separate operations. The Guadalcanal Provincial Government refused to grant the McArthur Company a logging business licence because they only possessed a milling licence. A year later, 'Snow' McArthur formed a new joint venture company with the landowners under the company name Solmac, planning to log the same area. Yet once more McArthur failed because he lacked a logging licence. Another company, Cape Esperance Ltd, which was part-owned by Peter Salaka, the then Minister of Natural Resources, successfully obtained a logging licence in 1981 but lacked capital. It invited Kayuken, a company owned by two ethnic Malaysians who were Australian citizens, to operate under its licence. The Forestry Division suspended the operation in 1984 due to non-compliance with the logging agreement and conflict with some landowners. The company had destroyed water sources and was involved in several corrupt practices, including the harvest of protected tree species such as *ngali* nut (*Canarium spp*), transfer pricing and tax evasion. The suspension was cancelled by Solomon Islands Prime Minister Sir Peter Kenilorea the same year, and Kayuken continued to operate until 1985.²⁹ In 1980, another private operator, B.K. Maurice, secured a logging concession in West Guadalcanal and invited Dalsol Company to operate under the concession. Dalsol was purchased by Zhong Xing

²⁶ Solomon Islands Government, *Solomon Islands Forest Management*, 50.

²⁷ Solomon Islands Government, *Solomon Islands Forest Management*, 18.

²⁸ From the author's personal observation and knowledge.

²⁹ Bennett, *Pacific Forest*, 228–9.

Group from China in 1989 and logged most forest areas on West Guadalcanal. Although Dalsol's operations destroyed water sources and caused considerable damage to cultural or *tambu* sites, they were allowed to continue because of ineffective monitoring by the Department of Forestry.³⁰

In 1980, Integrated Forest Industries began logging in the Valasi area, while the Hyundai Timber Company attempted to secure timber concessions on South Guadalcanal and in the Marau to Moli area on East Guadalcanal. These attempts were unsuccessful owing to opposition from local people. In 1983, however, Hyundai began logging on Northeast Guadalcanal around Aola and, by 1987, had moved into the Longu-Valasi area. The logging licence was obtained under suspicious circumstances, again involving the same Minister for Natural Resources. Hyundai's reckless operations resulted in land disputes and court cases between the company and some landowners. In 1988, the Ombudsman investigating Hyundai's Guadalcanal operations and found many irregularities.³¹

In 1994, a Malaysian-based conglomerate, Berjaya Group negotiated with Guadalcanal Provincial Government for around 300,000 hectares of land for logging. The negotiation between Guadalcanal Premier Gideon Moses and the director of Berjaya Group further proposed establishing a timber processing and plywood factory on Guadalcanal. The proposed operation never started, and Berjaya Group withdrew after their director was accused of bribery, implicating the Hon. Joses Tuhanuku, Minister for Trade and Commerce at that time.³²

South Guadalcanal is the only area on the island that has not been logged, largely because of the Weather Coast's rugged topography.³³ Unfortunately, Guale elsewhere gained little from the exploitation of their forests. In keeping with a common pattern, promises of infrastructure have usually disappointed, and only a few landowners have benefited financially. Most have experienced only negative impacts of logging, in land disputes and the degradation of land and water sources. Women and children are in most cases the direct victims. Although land is inherited through the female lineage, women have no say in the formal processes, and only men grant timber licences.³⁴

Landowners' Logging Licences and Joint Ventures

In the 1990s, national log exports jumped to 700,000 cubic metres per annum, almost three times the sustainable harvest level, considered to be 250,000 cubic metres per year.³⁵ About 90% of the harvest was exported as unprocessed round logs. While the 1990s export levels were extremely high, by 2005 total log exports had reached an incredible 1.1 million cubic metres.³⁶ The current extraction rate is totally unsustainable, and it is predicted that production in merchantable natural hardwood forest will start to decline in year 2010 and become exhausted by year 2015.³⁷ This steep increase in log production and export follows from another major change in the forest industry in the 1990s, when some landowners obtained their own timber rights and logging licences and sub-contracted to foreign logging companies. In 2005, about 24 foreign companies were

³⁰ Bennett, *Pacific Forest*, 311.

³¹ Bennett, *Pacific Forest*, 225–8.

³² Bennett, *Pacific Forest*, 309–10.

³³ Bennett, *Pacific Forest*, 312.

³⁴ Bennett, *Pacific Forest*, 331.

³⁵ P. Sheehan, 'The Solomon Islands Forest Sector', *Pacific Economic Bulletin* 15:1 (2000), 126–31.

³⁶ Central Bank of Solomon Islands (CBSI), *2005 CBSI Annual Report*, 14.

³⁷ Solomon Islands Government, *Solomon Islands Forest Management: national forest assessment report*, fig. 9.1 and *national forest assessment update 2006*, fig. 3.3: Projected Log Production in Solomon Islands to 2050, 14; Commonwealth of Australia, *Pacific 2020: challenges and opportunities for growth* (Canberra 2005), 117.

working under contractual agreements with about 89 'local companies' or licence holders.³⁸

These arrangements, arising from the interaction between customary land tenure systems and the logging industry, produced a corrupt hybrid culture, which encourages and facilitates individual wealth accumulation at the expense of traditional wealth distribution.³⁹ Landowners who benefit from logging carve out a 'big-man' status for themselves in their community and use their wealth to influence decisions amongst tribal members. To maintain power and status, some landowner representatives seek control of larger amounts of logging money and become directly engaged in the promotion of new schemes. Out of the 38,000 hectares of commercial forest logged on Guadalcanal from 1980 to 2000, only 12,000 hectares were logged over 13 years (1980–1993) with 68% (26,000 hectares) logged in just six years from 1994 to 2000, most under the new sub-contracting arrangement, and most in the years of Prime Minister Solomon Mamaloni's second government. To my knowledge, even Mamaloni owned a logging business called Solma Logging Company under the new sub-contracting arrangement in the 1990s.

Foreign logging companies have favoured the sub-contracting scheme, under which the local company is recognised as the logging company, because they can thus bypass the Foreign Investment Board (FIB), responsible for approving logging applications and setting conditions for foreign logging companies. This shortcut is faster and less costly, because landowner representatives simply grant timber rights — either legally according to the procedures specified by the current Forest Resources and Timber Utilization Act or, more often, illegally, owing to the government's failure to implement the legislation effectively and the ignorance of other tribal members about the timber rights procedures. Those in authority, within for instance the Department of Forestry and Provincial Governments, who are directly involved in regulating the timber rights process, are not assisting the tribes to ensure that members make informed decisions about logging. Disputes among tribal members and lengthy litigation often result, with communities sometimes taking the law into their own hands. The police are also ignorant of the timber rights process and act only on criminal cases, often arresting the very people trying to protect their forest against loggers and their associates who are the real criminals. Most illegal loggers are therefore left to operate freely.

Although the logging industry did not figure prominently in the tensions on Guadalcanal during the crisis years, the increased strain on Guale should be factored into any explanation of the events of the 'crisis years'. Logging on Guadalcanal gradually increased during the 1990s, from 55,100 hectares in 1995 to 76,500 hectares in 1996, fell back slightly in 1997 to 75,200 hectares, then peaked at 99,900 hectares in 1998, the year that the 'crisis years' began.⁴⁰ Logging was certainly implicated in common Guale grievances. Local level conflicts both within and between landowning groups and between Guale and logging companies sometimes involved company employees from other islands. Since many employees of companies operating on Guadalcanal, including logging companies, come from Malaita, these conflicts contributed to the ethnic tensions.⁴¹ Guale discontent over the redistribution of logging revenues also fed into longstanding grievances over the allocation of earnings deriving from Guadalcanal resources and industries. While the general

³⁸ T.T. Kabutaulaka, 'Global capital and local ownership in Solomon Islands' forestry industry' in S. Firth (ed.), *Globalisation and Governance in the Pacific Islands* (Canberra 2006), 239–57.

³⁹ T.T. Kabutaulaka, 'Rumble in the jungle: land, culture and (un) sustainable logging in Solomon Islands', in A. Hooper (ed.), *Culture and Sustainable Development in the Pacific* (Canberra 2000), 88–97.

⁴⁰ Department of Forestry, Environment and Conservation, *National Forest Resource Assessment Update 2006, Solomon Islands Forestry Management Project II* (Honiara 2006), 10.

⁴¹ For the employment of Malaitans in logging, cf. Ian Scales, 'The coup nobody noticed: the Solomon Islands Western State Movement in 2000' in this issue. For linked Guadalcanal and Malaitan logging operations, see Bennett, *Pacific Forest*, 228–30.

political and security conditions prevailing from 1998–2003 slowed and eventually halted logging operations on Guadalcanal, the destruction of the Tenaru sawmill in 2000 was one example of a logging company that became a target of violence.

Improved security since 2003 and the rapid shrinkage of forest in Western Province renewed the interest of foreign logging companies in sub-contracting opportunities on Guadalcanal. Earth Movers Ltd, for instance, was sub-contracted by Tarariua Forest Resources Company, a local landowner company, to log its concession in the Marau area, while Pacific Metro Logging Company has sub-contracted to Valepelo Company to log in the Marau and Birao areas. Other logging companies, including Success Logging Company and Dalgro Ltd, are operating as sub-contractors. In 2005, Earth Movers Ltd also began logging in the Marasa area in South Guadalcanal. Predictions are that logging will increase to an average of 71,000 cubic metres per year compared with 51,000 cubic metres per year before the ‘crisis years’.⁴² This will soon exploit the remaining 44,000 hectares of commercial forest on Guadalcanal.

Attempts to Control Logging

The government has attempted to control logging on several occasions through enacting legislation and devising measures to improve surveillance and monitoring. The current Act was introduced in 1969 as the Forest and Timber Utilization Act and has been amended nine times, including three major amendments in 1977, 1984 and 1990. Under the 1984 Act (renamed the Forest Resources and Timber Utilization Act 1984), a Standard Logging Agreement was gazetted in mid-1987. Monitoring of the Standard Logging Agreement on customary land, carried out by government officers on behalf of landowners, has always been ineffective. Even the amended Act was difficult to follow and consequently bypassed and ignored.⁴³ A new Forest Act was developed in 1999 and passed by Ulufa’alu’s Solomon Islands Alliance for Change Government and became the Forest Act 1999, but was not gazetted, hence never became law. Some of its clauses were, however, implemented, and one was the substitution of Provincial Governments for Area Councils in conducting timber rights negotiations with landowners. Some Provincial Government politicians, and certainly those from Guadalcanal, are ignorant of the timber rights process and have not been performing their statutory obligation, with logging disputes and litigation often resulting. The Forest Act 1999 was again reviewed in 2000 and presented to Cabinet in 2004 as the Forest Bill 2004 but was deferred for further consultations with resource owners, leaving the Department of Forestry with outdated legislation — essentially a late colonial Act that was never intended to cope with the changed nature of forest exploitation since the 1980s. In the mid-1980s, Guadalcanal Provincial Government took some initiative to control logging by using its 1985 Protection of Historical Places Ordinance,⁴⁴ under which the province gained the legal power to protect burial sites and traditional or cultural important places. Logistical limitations and lack of resources prevented proper inspection of sites prior to logging, so this attempt at control was ineffective.

In the late 1980s, the Australian Government assisted Solomon Islands Government to establish a Timber Control Unit in the Department of Forestry for the monitoring of logging and the sale of export logs. The intention was to prevent timber wastage on both government and customary land. The Unit was successful in assisting logging companies to avoid timber wastage, but owing to the lack of ongoing support from the national government, coupled with the lack of real power under the Act adequately to monitor

⁴² Solomon Islands Government, *Solomon Islands Forest Management*, 14.

⁴³ Sheehan, ‘The Solomon Islands forest sector’, 126–31.

⁴⁴ Bennett, *Pacific Forest*, 311.

logging especially on customary land, the Unit never met its objectives. The reformist governments of Francis Billy Hilly (1993–94) and Bartholomew Ulufa'alu (1997–2000) attempted further controls. Moratoria were placed on the issue of new logging licences, and export taxes were raised, but lack of enforcement left logging still uncontrolled. Both governments were opposed by logging interests. With the support of loggers, Francis Billy Hilly's precarious government was forced from office by Solomon Mamaloni's opposition group. The Mamaloni Government (1994–96) then revoked all its predecessor's logging control measures. From 1992 to 2004, the Australian Government spent in excess of A\$26 million in support of the forestry sector, with the aim of building capacity and strengthening regulation, surveillance and monitoring to ensure maximum revenue capture and benefit to the country.⁴⁵ In 1995, the Australian Government cut A\$2.2 million from the forestry programme in an attempt to pressure the Mamaloni Government into controlling illegal logging and the granting of exemptions. When the Mamaloni Government lost power in 1997, Australian aid to the forest sector resumed, but the problems persisted.

Forest Industry — the Beneficiaries

There is no avoiding the fact that the forest industry is the government's major revenue earner, through log export taxes, corporate taxes on royalty payments and profits, provincial government fees for logging business licences, and royalties from operations on government land. Yet the government has been unable to maximise its revenue capture from the industry, because no one government agency is responsible for regulating, monitoring and collecting the fees. Log export and exemptions from export taxes are issued by the Department of Finance, following recommendations by a special committee on log duty exemptions. Customs and Excise and Inland Revenue Divisions collect the export and corporate taxes. Logging companies working on government land pay royalties to Treasury through the Department of Forestry. The Department of Forestry is responsible for regulating the nation's forests, while the Foreign Investment Board in the Department of Commerce and Trade is responsible for approving applications and setting conditions for foreign logging companies. Provincial governments directly collect their licence fees from logging companies and rates vary between provinces. To avoid paying taxes and fees, logging companies exploit transfer pricing, tax exemptions, the under- or mis-reporting of log prices, log species and volumes, and the fragmentation of responsibilities between different agencies.

The actual extent of the corruption has been very difficult to measure, even though the processes have been obvious for many years and the Central Bank of the Solomons under Ric Houenipwela and the *1995 Forestry Review* drew public attention to lost revenue.⁴⁶ The first large-scale, solid evidence came from the 2005 audit report on forestry, which showed that at least US\$5.3 million in revenue had been foregone through log export duty exemptions from a total export value of US\$13.3 million during the 2003–04 financial year. Logging might have been slowed by the tensions of 1998–2003, but log export duty exemptions increased by 200% between 2003 and 2004. During the same period, about US\$556,550 worth of royalties due to government from logging companies were not collected, another US\$87,200 were incorrectly classified in the Consolidated Fund, and US\$194,400 were fraudulently diverted as unauthorised allowances. Unlawful ex-gratia payments by the Department of Forestry were estimated at US\$200,000. The 2005 audit report further highlighted

⁴⁵ Moore, *Happy Isles in Crisis*, 59, 77.

⁴⁶ Bennett, *Pacific Forest*, 347; Edvard Hviding and Tim Bayliss-Smith, *Islands of Rainforest: agroforestry, logging and eco-tourism in Solomon Islands* (Aldershot 2000), 268–9.

that procedures had been blatantly breached and records poorly maintained, with more than a suspicion that some records had been deliberately destroyed to cover corrupt activities.⁴⁷ Even during the RAMSI years, the government has failed miserably to regulate, control and maximise revenue capture from the industry.

Some logging companies do provide basic social services and infrastructure such as clinics and roads. Often, however, this infrastructure is sub-standard and does not last very long. Some landowners also benefit from timber royalties. It is estimated that landowners receive a royalty payment of 15% of the total log value, equivalent to US\$10 per cubic metre.⁴⁸ Sometimes logging companies collect tax exemptions money from the government on behalf of landowners but never pay them in full; and the same is true of royalty payments. Then, when this money reaches landowners, it is often unfairly distributed to only a few, who squander it mostly on consumables. Thus the majority receive little or no benefit while suffering disastrous environmental and social impacts.

Foreign logging companies, their local partners and associates profit directly from poor governance and corruption. Yet, despite the problems associated with logging, the industry continues to expand like a cancerous growth that within a few years will have destroyed the body on which it feeds.

Reform and Alternatives to Commercial Logging

Over the last 15 years some non-government organisations (NGOs) have promoted community forest management as a solution to the problems caused by commercial logging operations. Community forest management involves participation of communities in extracting their own timber following a forest management plan that is sustainable and environmentally conscious. Programmes have been run by the Foundation for People of South Pacific International through Solomon Islands Development Trust (SIDT), by the European Union Sustainable Forest Management Project, Solomon Western Isles Fair Trade, Solomon Islands Eco-forestry Programme (run by Greenpeace and SIDT) and the Natural Resources Development Programme.⁴⁹ In 2003, the Environmental Concerns Action Network of Solomon Islands, which I serve, and Solomon Islands Forest Management Project in the Department of Forestry started separate forest advocacy and training programmes for landowners to help them understand their rights according to the current outdated Forest Resources and Timber Utilization Act. However, many of the NGO initiatives rely heavily on donor funding and some have ceased to operate.

One programme that has survived is the joint Solomon Islands Development Trust/Greenpeace Ecoforestry Programme, also involving the New Zealand Imported Tropical Timber Group. Since 1995, this programme has been helping village communities to organise themselves, manage their forests sustainably, and then mill and market their timber. Between August 1997 and April 2002, it exported 715 cubic metres of milled hard wood to overseas eco-forestry markets worth US\$220,000, and the money went directly to landowners. Currently, 24 landowners, mostly on Northeast Guadalcanal, are working

⁴⁷ Solomon Islands Government, *Special Audit Report into the Financial Affairs of the Department of Forestry, Environment and Conservation* (Honiara 2005), 1–72. It is called a special report because it is the first report produced after 20 years and made possible only through support for economic governance under the RAMSI.

⁴⁸ Solomon Islands Government, *Solomon Islands Forest Management*, 19.

⁴⁹ Greenpeace, *Working together: sustaining forests and communities in Melanesia* (n.p. 1996), 6–9; Regina Scheyvens, 'Sustaining women whilst sustaining the land? Engendering eco-timber production in the Solomon Islands', Women in International Development Working Paper 262, Michigan State University, (East Lansing 1997); Hviding and Bayliss-Smith, *Islands of Rainforest*, 74–284; Bennett, *Pacific Forest*, 268–74.

with the programme, but it is only a small operation compared with the actual scale of logging in the province.⁵⁰

Other projects operate elsewhere. In Makira/Ulawa Province, a local NGO, Makira Community Conservation Foundation continues to set up forest conservation areas, encourage ecotourism and campaign against commercial logging.⁵¹ In Marovo, NGOs including the World Wide Fund for Nature and Greenpeace, together with the Rural Development Trust Board and the International Waters Project, are working with landowners to establish conservation areas and promote ecotourism.⁵² The intention is to discourage landowners from giving up their forest for large-scale commercial logging and to provide alternative ways of earning income. Regardless of their good intentions, these are small-scale programmes and limited only to certain areas in the country.

On a national scale, reforming the relevant legislation and improving its administration remain crucial for the promotion of sustainable forest use and management. The lack of up-to-date legislation to counter current corrupt practices is a major obstacle to positive change. Responsible state institutions, such as the Department of Forestry and provincial governments, which are directly involved in the timber rights process also need to be strengthened and resourced so that they can carry out their statutory obligations effectively and impartially. In a country like Solomon Islands, where there is little sense of belonging to a nation, it is difficult to mobilise civil society to push collectively for change on a national issue such as logging, where large sums of money are involved.

When Guale went head-to-head against the national government and the Malaita militants, they made no explicit mention of logging in their economic grievances.⁵³ But as I have argued here, Guadalcanal has suffered quite badly from logging operations and pressure from logging was part of the discontent that led to the 'crisis years' just as surely as the other factors. Logging on Guadalcanal had almost doubled between 1995 and 1998.⁵⁴

Sadly, even after the 'crisis years', little has changed to remedy the abuses of the industry. The reconstruction under RAMSI has not reduced logging. The opposite has occurred: it has speeded the process. Because logging is the country's major revenue earner, coupled with the power of the loggers, moves in the direction of sustainable forest management, regulation and control will meet resistance, while landowners will continue to give up their forest for exploitation, as logging is an easy way to make money. Commercial logging is depleting the Solomon Islands natural hardwood forest at a rate now 400% over what is considered sustainable.

The most recent assessment of Solomon Islands forestry was released in mid-2007. Landsat 7 satellite imagery was used to determine the extent of logging since the last survey in 2003, and also to check for logging occurring outside known licence boundaries. As predicted, the current rate of harvesting from natural forests will drop significantly before 2010, then continue to taper off until 2014 and reach total exhaustion by 2015. About 22,200 hectares of 'industrial' plantations have been planted in Western and Temotu Provinces, but regrowth, village plantings and these 'industrial' plantations will

⁵⁰ Wairiu, 'Forest Certification in Solomon Islands' 137–61; Greenpeace, *Working together*, 6–9.

⁵¹ WWF (World Wide Fund for Nature), *For a Living Planet: a forests strategy for Solomon Islands 2006–2011* (n.p. 2005), 24, 30.

⁵² Hviding and Bayliss-Smith, *Islands of Rainforest*, 308–11.

⁵³ Petition by the Indigenous people of Guadalcanal to the Solomon Islands Prime Minister, Alebua, 24th March 1998, Honiara, Solomon Islands; Guadalcanal Provincial Government Taskforce on Guadalcanal Demands presentation to Solomon Islands Prime Minister, Honourable Bartholomew Ulufa'alu, 2nd March 1999, Prime Minister's Office, Honiara, Solomon Islands.

⁵⁴ Department of Forestry, Environment and Conservation, *National Forest Resource Assessment Update 2006*, 10.

not be a sufficient substitute for the natural forests. This will have a significant fiscal impact on the Solomon Islands Government and landowners and will affect rural employment. Guadalcanal currently has only 40,200 hectares of unlogged commercial natural forest remaining and only 300 hectares of 'industrial' and village plantations.⁵⁵

So on Guadalcanal, just as in other areas of Solomon Islands, while the remaining commercial forest seems set to disappear, the social, economic and environmental problems associated with logging will continue to increase, and conflict has sprung up around recent logging operations on the island. For instance, the licence obtained in 2003 by Tarariua Forest Resources Company to log a concession in Birao, east Guadalcanal, resulted in land disputes within and between landowning groups.⁵⁶ Unless the new Sogavare Government is serious about rural development and enforcing controls — which requires passing the stalled 2004 Act, cutting back licences, enforcing regulations, educating the public and providing alternative sources of income for rural people — there is no long-term future at all for the largest industry in Solomon Islands and, meanwhile, logging will continue to threaten peace and security.

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⁵⁵ Department of Forestry, Environment and Conservation, *National Forest Resource Assessment Update 2006*, iv–ix.

⁵⁶ Wairiu, *Forestry Case Study: logging and conflict in Birao Ward, East Guadalcanal* (Honiara 2005), 1–16.