

GLOBALIZATION AND SOCIAL SUSTAINABILITY – THE FORESTRY & WOOD INDUSTRY ON THE MOVE

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International Labour Office, 2001

AN INDUSTRY ON THE MOVE? SOME INDICATORS

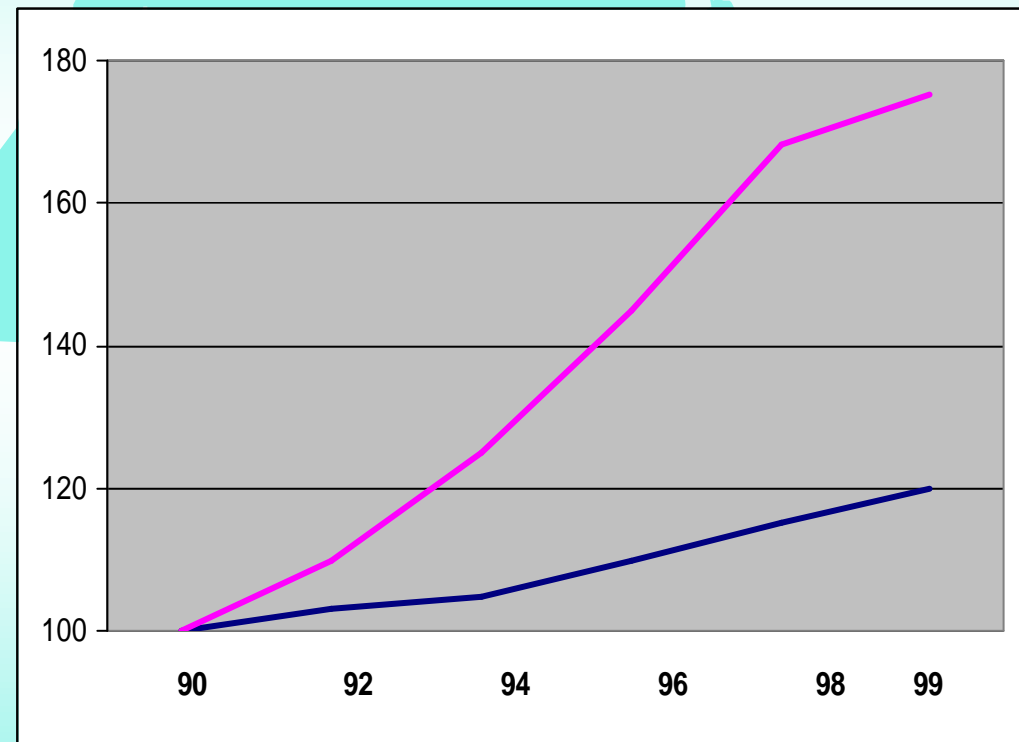
- ✍ Trade is outgrowing production
- ✍ World market prices
- ✍ Foreign direct investments (FDI)



WORLD TRADE DEVELOPMENT 1990 - 1999

World merchandise
exports vs. GDP

[volume, 1990=100]

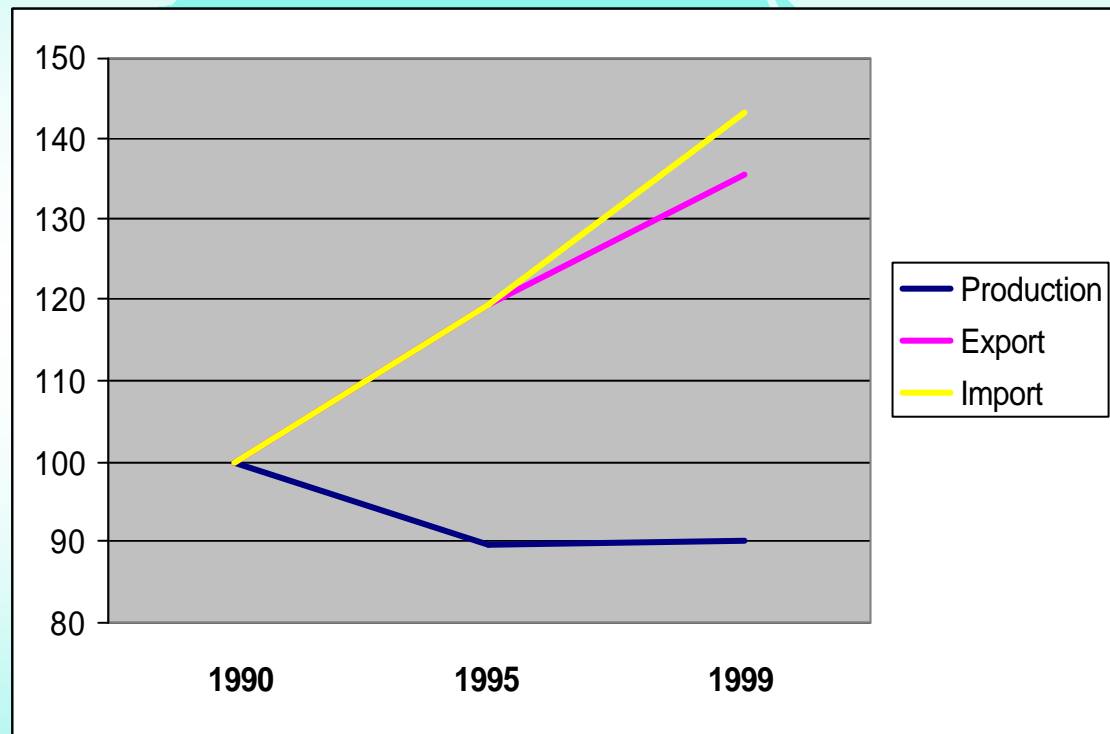


Source: WTO

WORLD OUTPUT VS. TRADE WOOD PRODUCTS 1990-99

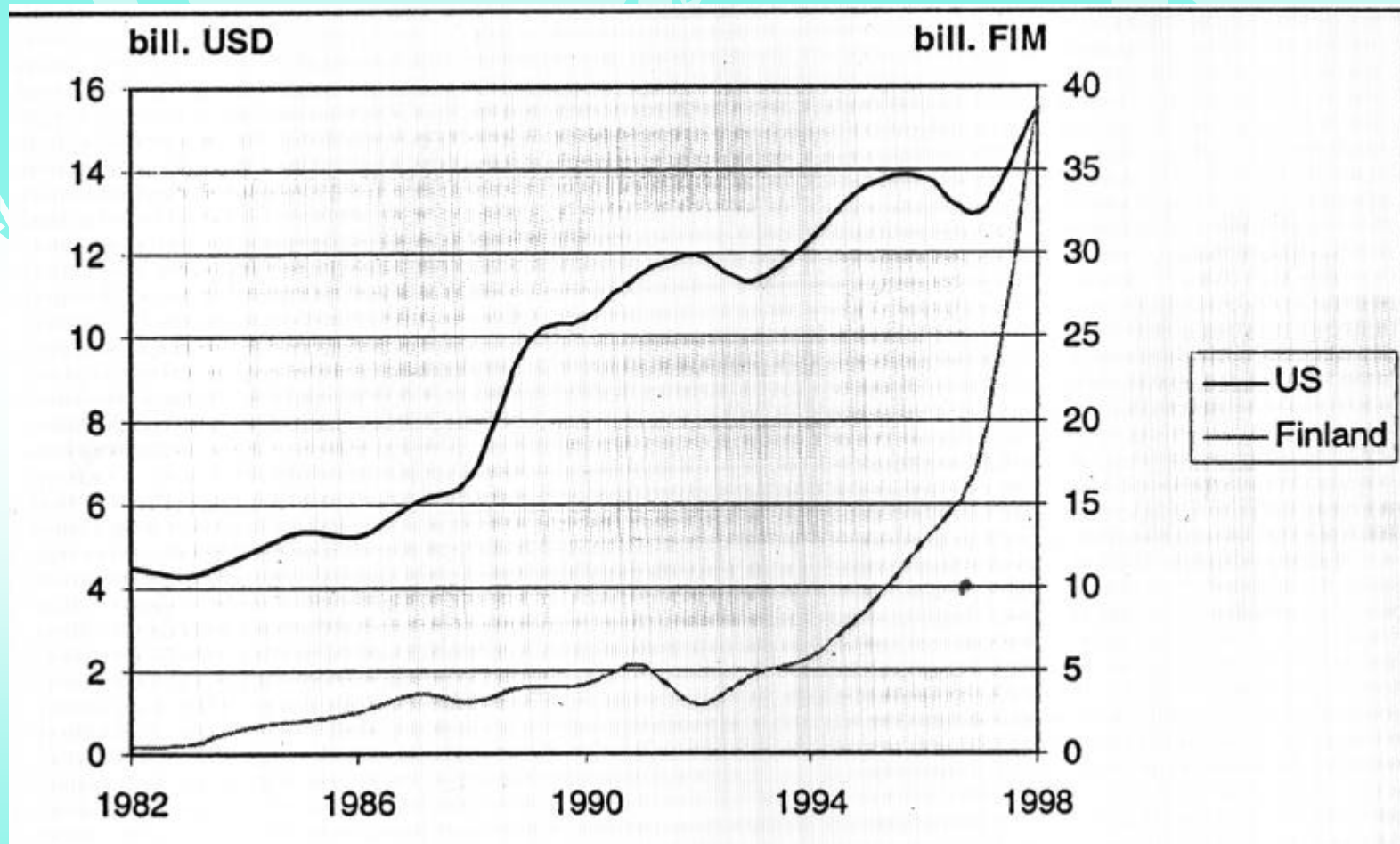
Includes:

- Industrial roundwood
- Sawnwood
- Wood-based panels



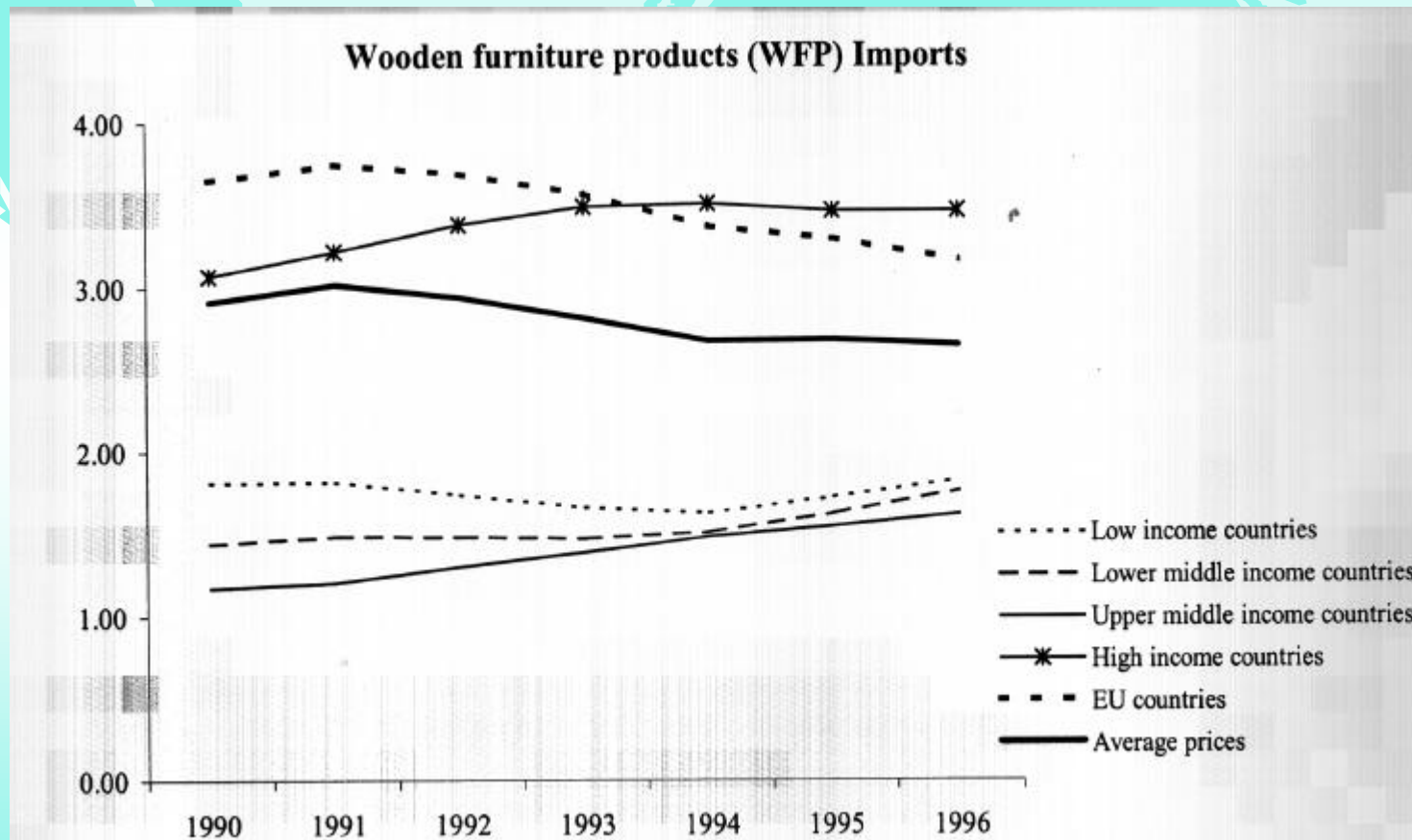
Source: Faostat Forestry Data

Foreign Direct Investment US AND FINNISH FOREST INDUSTRIES 1982-98



Source: Uusivuori and Laaksonen-Craig 2000

PRICE DEVELOPMENT WOODEN FURNITURE 1990-96



Source: Kaplinsky & Readman 2000

WHY GLOBALIZATION?

Economic reasons:

- ✍ **Geographical presence**
- ✍ **Unit costs**
- ✍ **Transport and communications technology**
- ✍ **Tariffs and trade barriers**

Sectoral aspects



SECTORAL ASPECTS

Concentration of purchasing power:

**Publishers, retailers:
construction material, DIY
furniture**

(e.g. IKEA)

**Environmental reasons and
wood supply:**

✍ Tropical timber

✍ Plantations

✍ Recycling



PLANTATIONS

The share of plantation-grown timber will increase substantially

Today	35%
Tomorrow (2040)	50%



WHERE ARE WE HEADING?

Development of demand:

- ✍ Modest growth, major redistribution → urban South East Asia, Eastern Europe

Change in structure:

- ✍ Concentration into larger units

Relocation to the south and to the east:

- ✍ New markets, low-cost production, raw material



IMPLICATIONS FOR DECENT WORK

EMPLOYMENT STATUS

Global forest-based employment:

47 million person-years
(full-time equivalents)

of which:

Formal industrial sector:

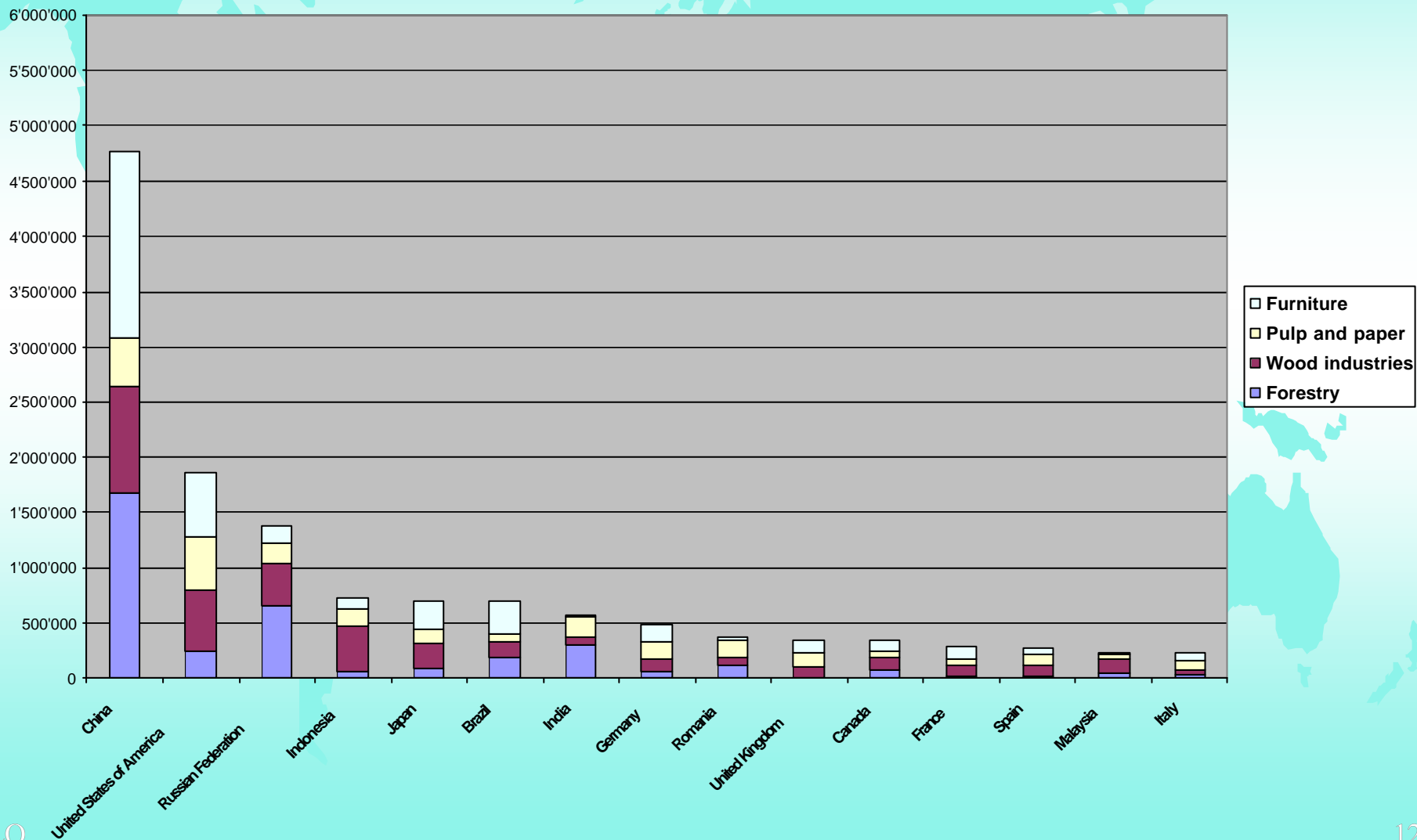
17 million

Informal sector:

30 million



EMPLOYMENT - TOP 15 COUNTRIES



EMPLOYMENT TRENDS

Industrialized countries:
Stagnation/fall/rationalization
e.g. Finland

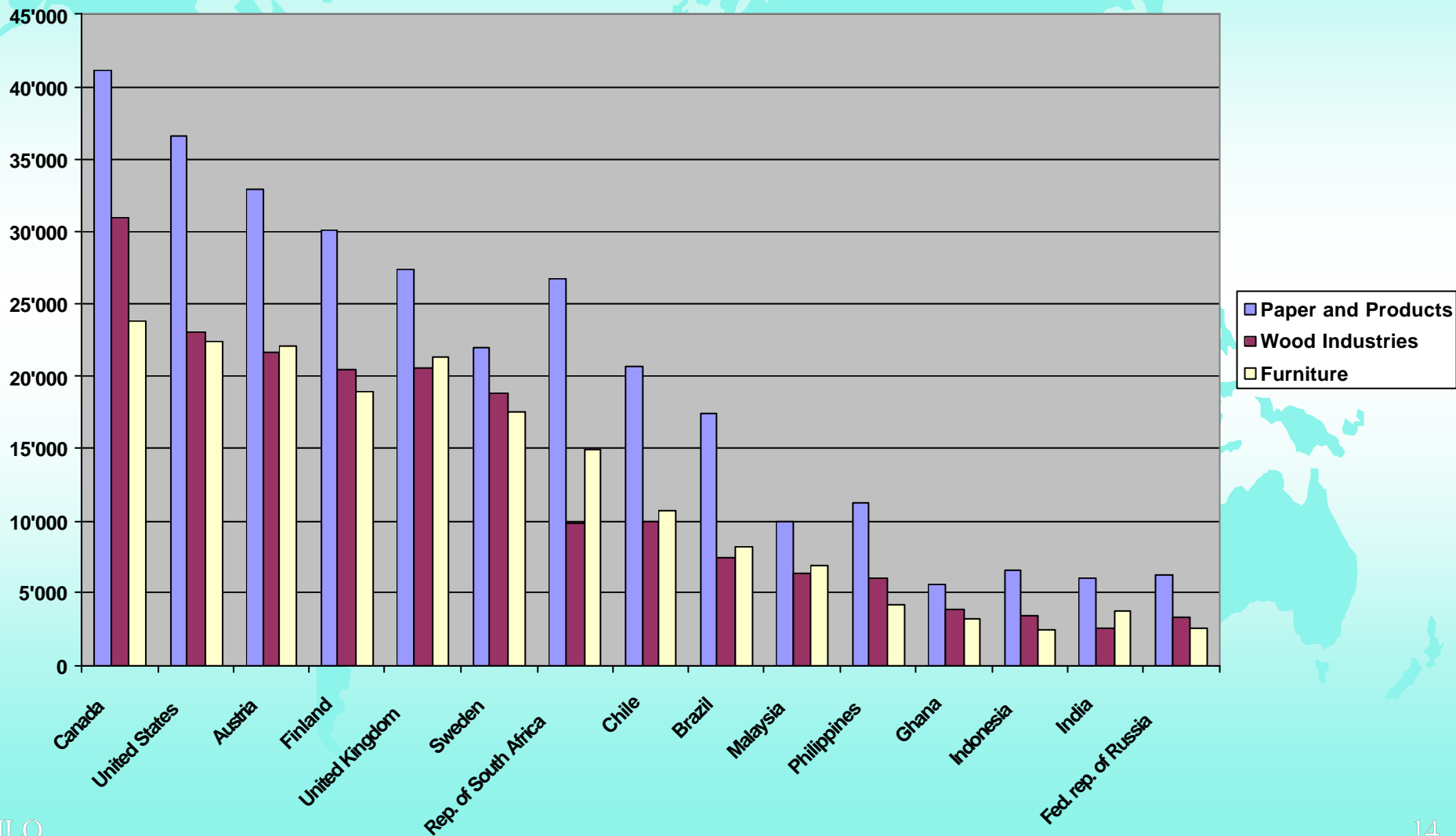
Developing and transition countries:

Growth:	Uruguay
Stagnation:	Chile
Resource shortages:	Indonesia
R.S. & transition:	China
Transition:	Russian F.

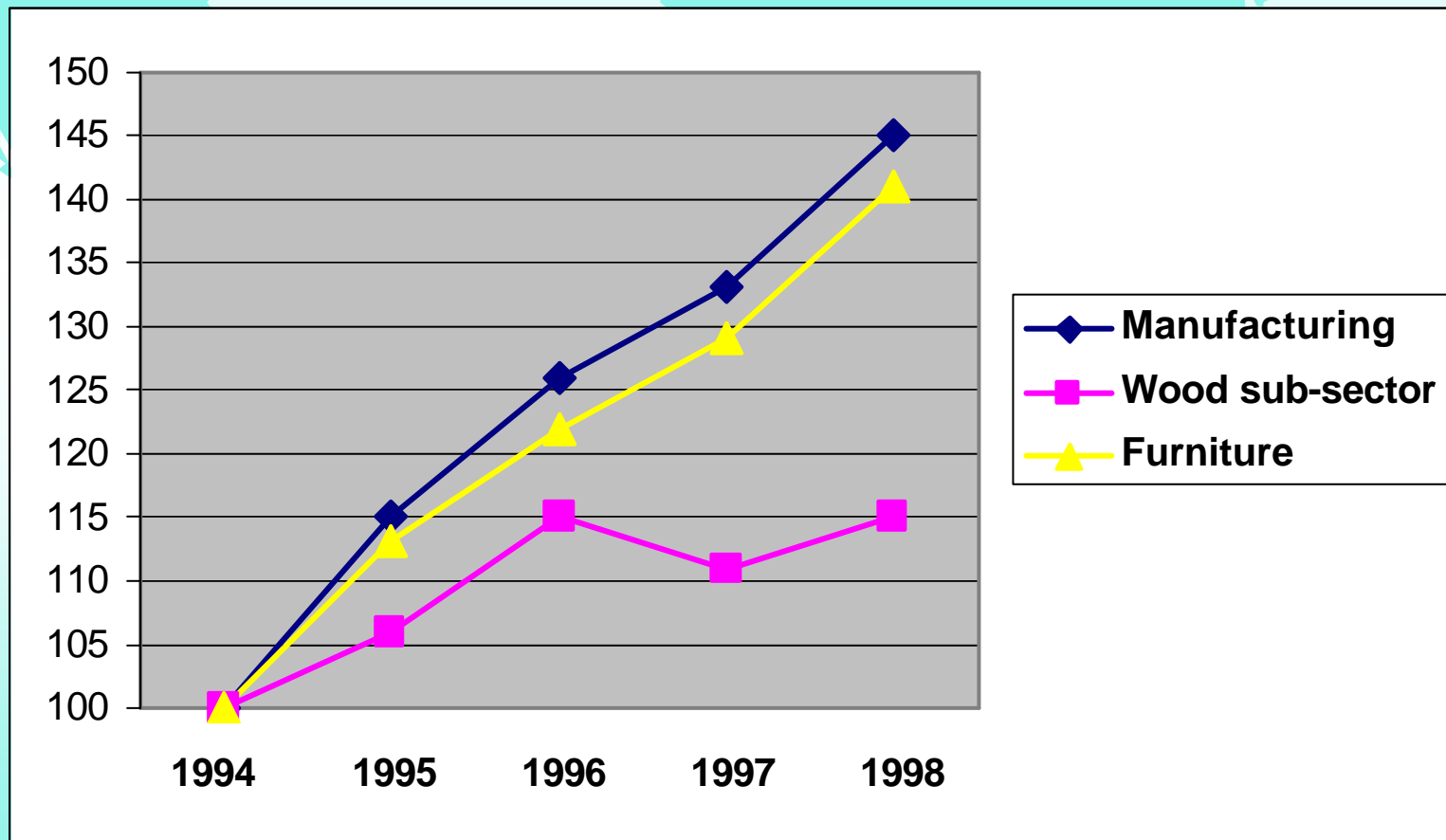


ANNUAL WAGES PER EMPLOYEE

Purchasing Power Parities - USD



DEVELOPMENT WAGES MALAYSIA (1994=100)



QUALITY OF EMPLOYMENT

- ✍ No sign that globalization directly affects wage levels
- ✍ Outsourcing – strong and negative influence, e.g. forestry contractors
- ✍ Skill development – critical in ICs and DCs



SOCIAL DIMENSION OF SUSTAINABLE DEVELOPMENT

- ✍ **Social dimension has to be incorporated into policies related to the forestry sector**
- ✍ **Shared international vision for policies & strategies**
 - **ILO texts, development of criteria & indicators for sustainable forest management**
- ✍ **Certification**
 - **Growing attention to social components of sustainable development**



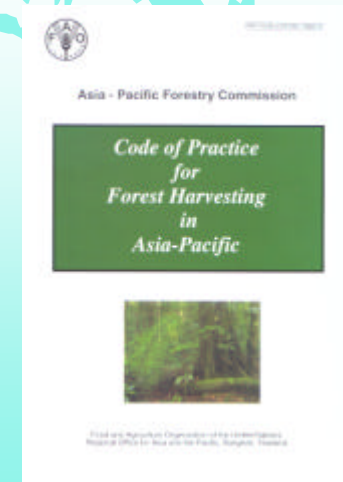
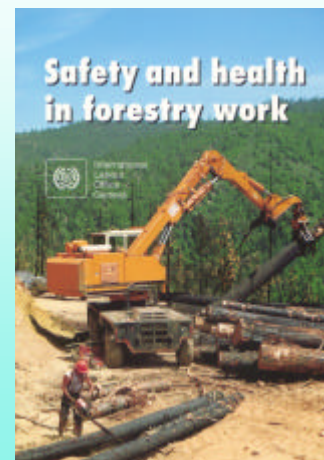
DECENT WORK AND A SUSTAINABLE RESOURCE BASE

Deforestation

- Causes are social and economic in nature

A hands-on way to protect resources

- Codes of forest practices



GLOBALIZATION, DECENT WORK & SUSTAINABILITY – NOT NECESSARILY CONTRADICTORY

- ✍ Vision and best practices for forestry contractors taking shape
- ✍ Promotion of SMEs in ICs & DCs
 - in traditional industrial districts, e.g. Sweden
 - as a part of a sector programme, e.g. Brazil
- ✍ Social dialogue
 - an instrument and a right
 - many new opportunities due to sustainable development debate
- ✍ Growing number of initiatives to promote sustainability

POINTS FOR DISCUSSION

- ✍ What are the main developments in the forestry and wood industries and which factors are driving these changes?
- ✍ What are the implications of these changes for decent work in the sector in terms of quantity and quality of employment, rights at work, social protection and social dialogue?
- ✍ What should governments, employers and workers do in order to contribute to socially sustainable development in the forest and wood industries at international level, nationally and in enterprises?
- ✍ How could the ILO best assist the constituents in their efforts to implement socially sustainable development in the forestry and wood industries?