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## [Laos: Promoting tree plantations](#)

Over the last two years, Laos has seen a dramatic increase in foreign direct investment for commercial tree plantations. The Lao Committee for Planning and Investment shows 21 projects worth US\$17.3 million value were approved in 2005, which rose to 39 projects approved with a value of US\$458.5 million in 2006 and by February 2007, 9 projects had been approved and 16 were pending, with a total value of US\$342 million. To give a somewhat simplified overview: Chinese investors are investing in rubber plantations in the north of Laos, Vietnamese rubber companies have set up in the south of Laos and four companies are establishing pulpwood plantations in the central area (Japan's Oji Paper, Thailand's Advance Agro, India's Grasim and Sweden-Finland's Stora Enso). The reasons behind this year on year increase are complex, but a key set of government policies have been instrumental in promoting industrial tree plantations. There have been a series of national forest plans and strategies implemented since the 1989 ban on exports of processed wood and the 1991 decree to ban commercial logging.

The latest is the Lao National Forestry Strategy to the Year 2020, published in July 2005 after a 5 year process. The 2020 Strategy plans to increase "forest" cover from 40% to 70% by 2020, involving the planting of over 1 million hectares of bare land with industrial tree crops. Tree plantation businesses are exempt from land taxes and fees, and gain rights of land use for 30-50 years or longer in special economic areas.

However the roots of the plantation boom cannot be explained without a discussion of the land and forest allocation programme which has been (and remains) instrumental in making land available for commercial plantations.

Land allocation activities began in the early 1990s, and were eventually consolidated into a national programme for forest land allocation in 1996. The Land and Forest Allocation (LFA) programme was established as the primary mechanism for delineating customary village boundaries, giving villagers temporary rights to utilise forest resources, as well as land resources with a (mostly unfulfilled) promise of granting permanent rights in the later stages of its implementation.

The Land and Forest Allocation process soon became one of the major tools to achieve the target area of tree plantations. The land within the traditional village's boundary was consolidated and reclassified to fit a new map. This new village map was designed to accommodate the current population of the village with some reserve land kept for future generations. Agricultural land was allocated according to statutory entitlements per labour unit, and the forest land was categorised according to the five forest types identified in the forest law.

While there were many progressive elements to this programme, this reorganisation and reallocation had serious impacts for the traditional communities who form 80% of the Lao population. This is because it was implemented hand in glove with the policy to stabilize and then eliminate traditional shifting cultivation by 2010.

With pressure from this 'national goal', unfarmed swidden fields were no longer recognised as a

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valid land use and they were systematically designated under the LFA process as 'degraded forest'. In fact, this represented a stark deviation from the terms of the forestry law which states that degraded forest land is land where the forest will not regenerate naturally. Fallow land is normally just the opposite – land which has been set aside under the traditional rotational swidden farming system specifically for the purpose of regenerating the land and returning it to its natural state, which in most cases is forest.

The area classified as unstocked and degraded forestland under the LFA reached one third of the total land area, that is, vast tracts of fallow land were erased from the maps and reallocated for tree plantation development across the country.

This of course served the tree plantation companies who were keen to gain access to the fallow lands, rather than being constrained (by law) to the worst and most infertile degraded lands where no forest would regrow. In some cases companies actively influenced the classification of fertile land as degraded. The Decree formalising land and forest allocation programme allowed both Lao groups and foreigners to gain rights to forest land for tree plantation.

One such company was BGA, a New Zealand based company, whose plantation concession was later taken over by the Oji Paper company from Japan. Although there are examples of villages refusing to allow Oji to establish tree plantations on their land, in many cases plantation company staff were able to get the choicest lands by joining the land and forest allocation team at the local area and then pointing out which land should be considered "degraded" according to satellite images. Then the government officials helped the company to obtain the land from the village people.

The Lao government's enthusiasm for tree plantations has been shown time and again to be misplaced. In far too many cases companies who applied for land for plantation simply exploited the rules, obtained healthy forested land, logged it for the plentiful and valuable timber species on the land, replanted with a sorry looking tree crop, folded up quietly and fled. Earlier this year, the government acknowledged the problems and the government declared a moratorium on new land concessions larger than 100 hectares.

By 2003, a total area of 113,000 ha of plantations had been established in the country. The area rose to 146,000 ha of plantations in 2005, with a 66% survival rate. As the Strategy 2020 itself acknowledges, the productivity is lower than anticipated. Unfortunately the plans for improving the situation include improved tree growing technology, and larger plantations. This is likely to lead to another wave of problems for local people who have little opportunity to voice their opposition to these changes.

On a more positive note however, the latest news is that government has now taken stock of the decline in forest areas and the massive increase in land concessions handed to both foreign and domestic companies across the country. In 1982 forests covered 47 percent of land in Laos; this has now been assessed to decline to 35% of the country. The new National Land Management Authority has called a moratorium on land concessions for agriculture and tree plantation projects in order to reassess the policy and review the past projects to ensure they are in line with the law. The Laotian people will be anxious to know the results of this review.

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