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Back to [Publications List](#)

Indonesia Forest Products Sector and Trade Profile

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Introduction

Indonesia is one of the most important hardwood producing countries in the world in terms of actual production and future potential. Presently, Indonesia has the largest existing supply of tropical hardwood logs in the world. The country's past role of being the world's largest exporter of hardwood logs was negated in 1980 with the advent of a ban on log exports which was fully implemented January, 1985. Questions have arisen concerning the effects on global forest products trade this policy action will have.

Timber production has gone from being insignificant as an export earner to becoming ranked third after oil and natural gas. From 1971 to 1980, the export of hardwood logs accounted for 72.6 percent of total timber production; lumber accounted for 2.7 percent; plywood and veneer accounted for 0.4 percent (Liang, 1983). Other products such as chips, pulp, fuelwood, and furniture contributed very little to total export earnings.

In conjunction with the log export ban, Indonesia has increased capacity of its plywood industry at a truly astounding pace. It is questionable whether Indonesia will be able to sustain the planned growth of this industry given its resource base and availability of required capital.

This paper will examine issues such as these and their ramifications on Indonesia's contribution to supply and demand of forest products. Future trends and their impacts on global wood products flows will also be examined.

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