ABSTRACT

INNA SRI SUPINA ADI. Analysis of Indonesian Wood-Based Products Trade and Its Impact on Potential Deforestation in Several Regions. (ISANG GONARSYAH, as Chairman, ENDANG SUHENDANG and HARIADI KARTODIHARDJO as Members of Advisory Committee).

The low bargaining position of Indonesian wood-based product in international market tends to induce over-cutting forest trees. The main objective of this study is to analyze the impact of Indonesian wood-based products trade on potential deforestation in several regions, a crucial issue for Indonesia entering free trade in 2012. Analysis is done by making use a model of simultaneous supply and demand equation system of logging, sawnwood, plywood, pulp sectors in Sumatera, Kalimantan, Sulawesi, Maluku and Papua regions, which then aggregated as total Indonesia, and recursively linked to potential deforestation process.

Overall, Indonesian wood-based products trade during the study period (1978-2004) tends to increase, though regionally the wood-based products trade differs. Wood-based products trade tends to increase potential deforestation. Aggregate measure of potential deforestation is underestimated compared with regional measures. A serious effort is needed to maintain sustainability of wood-based products trade, i.e. through a gradual decreasing of annual allowable cut, improving institution and market mechanism, more accurate planning and increasing communal participation in forest management.

Key words: wood based product trade, potential deforestation, logging moratorium, trade performance