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# From Managed to Free(r) Markets: Transnational and Regional Governance of Asian Timber

*By*
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On the basis of research conducted in Indonesia, the author investigates a key transition in the production of timber for export. The analysis is based on a rich literature focusing on commodity chains. In addition to economic factors, the author gives attention to structures of governance, including the formation and dissolution of political alliances and coalitions. From the late 1980s through 1998, Indonesian plywood producers consolidated power in a state-supported domestic oligopoly, forged a transnational alliance that circumvented the power of Japanese trading houses, and supported domestic accumulation. The Asian crisis of 1997 to 1998 and structural adjustments imposed by the International Monetary Fund radically transformed Indonesia's options, diminishing its capacity to compete, as China emerged as a major producer of wood-related products. The Indonesian case may well illustrate processes of market remarginalization resulting from the implementation of neoliberal policies.

*Keywords:* Indonesia; commodity chains; plywood production; forestation and deforestation; transnational alliances and markets

Indonesia's economy suffered terribly during the Asian crisis of 1997 to 1998 as its currency exchange rate tumbled and GDP, exports, and foreign investments declined. The people of Indonesia also experienced pain as high inflation and unemployment coupled with high debt levels riveted the nation. During the crisis, the Indonesian government signed onto an International Monetary Fund (IMF) structural adjustment package worth US$43 billion. As with most structural adjustments around the world, this Washington Consensus approach included a tightened monetary policy, and the liberalization of trade and investment aimed at economic recovery. Recovery in Indonesia, however, has been slower than in other Southeast Asian countries. After several decades of impressive and widely touted growth rates of about 6 percent annually and the expansion of manufacturing exports (World Bank 1993), Indonesia's economy seemed poised to revert to old patterns of

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export relying on natural resources and agricultural commodities (Gellert 2005). Yet investment and growth have not been sufficient to overcome the serious debt and unemployment problems plaguing the country (Toemion 2002, cited in Rao 2002).

In the past couple of decades, neoliberalism has spread throughout many nations and regions in the world. The extension of that economic and political perspective will continue to have an extensive and important impact on the global distribution of benefits and movements of capital, goods, and people. The predominant focus of the literature on contemporary patterns of globalization has focused on manufacturing and services sectors (e.g., Dicken 2003). Within this literature, an important thread has been the analysis of global commodity or value chains. In other words, globalization currently entails not only the opening of markets but also a reconfiguration of production patterns joining disparate areas of the world.

Neoliberalism and changes in the scale of governance affecting commodity trade and markets continue to be of the utmost significance in the current period. National states as well as local governments play a part in globalization. Understanding that trend as a set of processes, therefore, is crucial (see Heynan and Robbins 2005; McCarthy and Prudham 2004). In many studies both laudatory and critical, neoliberalism is assumed to be an event that occurs once and completely transforms the people, governments, and other actors and activities under its sway. More nuanced studies have begun to recognize the limits, resistances, and frictions that prevent the full extension of neoliberal ideas and practices (Tsing 2004). Indeed, it may well be the case that illiberal forms of governance are coming to dominate polities such as Indonesia even as economic liberalization takes place (Robison 2006; Shefner 2007 [this volume]).

Students of globalization are increasingly shifting attention toward natural resources and raw materials (Bridge 2004; Bunker and Ciccantell 2005). The liberalization of exports in the natural resource sector is one of many ironies in structural adjustment packages that purport to modernize economic activity. A focus on agricultural and mining assets is also part of bilateral, multilateral, and regional free trade agreements currently proliferating in Asia and around the world. Those accords take little cognizance of the specificity of natural staples in each geographical area or the means necessary to transform primary inputs into commodities, to say nothing about the challenges involved in downstream processing or the degradation of the environment resulting from continued extraction.

This article explores the impact of liberalization on a politically organized and regimented commodity chain. After briefly reviewing the state of the relevant

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literature, including value chains and production networks, I focus on the construction of a particular linkage in the tropical timber chain between Indonesia and Japan in the decade from 1988 to 1998. In the third section, I examine the dismantling of the transnational political alliance that originally enabled the link to be formed as a direct result of IMF-led structural adjustment and the cementing of a neoliberal, free market, form of governance.

The fourth section raises some complications for a linear analysis of a change from market liberalization to environmental degradation. Complex mechanisms, including the depletion of timber stands, the diversion of resources to other end products and institutional factors such as the political decentralization and reform of the Indonesian forestry agencies, and the regional and global ascent of Chinese production and export facilities, have contributed to the (contested) demise of the Indonesian plywood industry (Barham, Bunker, and O'Hearn 1994). The disquieting conclusion of this paper is that the end of the plywood era in Indonesia will likely lead to expanded forest conversion and more intense processes of "accumulation by dispossession" (Harvey 2003, 2007).

## Global Commodity Chains and Globalization

Globalization entails a functional integration among internationally dispersed activities (Dicken 2003; Gereffi 1994). From its roots in the world-systems tradition, global commodity chain (GCC) analysis attempts to understand the international division of labor by focusing on the production and exchange of specific commodities over time. Put differently, students of globalization and commodity chains pinpoint all main stages in the process of production, noting, in addition to their function as part of the whole, their physical locations, thus showing spatial and distributive dimensions. The components of a single T-shirt or television set may travel around the world before becoming part of the finished product. In recent years, the study of global production processes has reached maturity. Recognizing that "the global commodity chain construct has inspired and oriented a spate of recent scholarship," a good number of analysts have recently offered review articles or summary statements of global commodity chains (Bair 2005, 153), global value chains (Gereffi, Humphrey, and Sturgeon 2005), or global production networks (Henderson et al. 2002; Hess and Yeung 2006).

As Gereffi, Humphrey, and Sturgeon (2005, 81) observed, "The key insight is that coordination and control of global-scale production systems, despite their complexity, can be achieved without direct ownership" (see also Hughes 2000; Henderson et al. 2002; Dicken et al. 2001). Initially, Gereffi (1994) divided commodity chains into buyer-driven and supplier-driven types. More recently, building on work with colleagues in the global value chains framework, Gereffi, Humphrey, and Sturgeon (2005) delineated five analytical types of governance structures on a spectrum that ranges from markets to hierarchies with modular, relational, and captive value chains in between. They hypothesized that patterns of governance will be determined by three factors: complexity of transactions, codifiability of information, and the capabilities of suppliers "regardless of the institutional context in which they are situated" (p. 99).

This revised theoretical approach offers a more nuanced understanding of value chain governance, allowing us to see the movement of timber exports from Indonesia through liberalization from relational value chains, in which there were complex dependencies between buyers and sellers to market transactions where the costs of switching partners are lowered. Although this momentous change has consequences for economic development, the role of the state and interstate agreements on trade liberalization have garnered scant notice. By contrast, power asymmetries in the global value chain between buyers and suppliers, that is firms, have captured most of the attention (Gereffi, Humphrey, and Sturgeon 2005, 87-88). States (public institutions) appear to affect the governance structure only insofar as grades and standards are codified with their assistance. Yet more is involved. This article takes its cue from Bair's (2005) conclusion that global commodity chain analysis should pay closer attention to larger institutional and structural environments if we are interested in understanding the contours of uneven development.

*How firms in developing nations can gain access to markets in developed countries may be less important than how to negotiate the terms of that access.*

How firms in developing nations can gain access to markets in developed countries may be less important than how to negotiate the terms of that access. When we are considering natural resources, other raw materials, or "producer-oriented industries" (Gerlach 1992), rather than direct consumer-oriented commodities, countervailing pressure can tap the sources of inputs (Bunker and Ciccantell 2005; Ribot and Peluso 2003). Under such conditions, terms of access and the distribution of benefits become top priorities. Multiple factors are causally linked to a shifting global trade architecture, coordination among various producers inside particular exporting areas (states, regions, nation-states, supranational regions), and the politics within exporting nations, for example, contestations over scale (Heynan and Robbins 2005; Smith 2004; Swyngedouw 1997, 2004). Gereffi, Humphrey, and Sturgeon (2005, 100) focused on "the benefits of access and the risks of exclusion" for firms, but it is also worth considering the risks of access and benefits of exclusion for governments, public interest groups, and environmental advocates (see, e.g., Dove 1996).[1]

## Regions and Regionalism in Asia

When focusing on terms of access, the changing governance structure of commodity chains needs to be seen also in the context of broader shifts in regionalism at the continental level. During the years of the economic "miracle" growth of the Asian newly industrializing economies, the dominant literature emphasized "flying geese" and predicted, in line with modernization theory, the progressive development of the smaller geese into larger, healthier ones. Nevertheless, as Bernard and Ravenhill (1995) observed, even at the time, the geese in Southeast Asia developed as part of a regional whole and amid relations that did not imply further development. As time has shown, the dependency relations in Southeast Asia have only become more pronounced in recent years. In other words, to assess the development of a particular country, it is best to take into consideration its position vis-à-vis neighboring nations.

When taking regional ties into consideration, it is possible to see that gone are the days of dominance on the part of multilateral treaties such as the North American Free Trade Agreement (NAFTA) or the Free Trade Area of the Americas (FTAA). The political agenda for free trade fractured after the failure of the Seattle 1999 World Trade Organization (WTO) summit. Now analysts are cataloguing various bilateral, regional, and multilateral agreements that affect trade and development. Crosscutting the analysis of commodity chain governance, therefore, are efforts to understand the regional and multilateral negotiations over free trade and open markets.

What is most crucial in these multiplying arrangements about free trade? Pekkanen (2005) argued that Japan has shifted over time away from bilateral arrangements, especially with the United States, to participation in the multilateral WTO in the 1990s. More recently, Japan has turned to regional alternatives through a series of bilateral accords known as Economic Partnership Agreements (EPAs), beginning with Singapore in 2002. Malaysia, Thailand, the Philippines, and, finally in 2006, Indonesia, followed in the creation of EPAs with Japan.

Free trade agreements, whether bilateral or multilateral, like the governance of commodity chains, are basically concerned with the hierarchy of power within the global system. The proliferation of pacts with Japan is partly explained by the search for three objectives: stabilizing trade, diminishing commercial volatility, and gaining rapid market access and protection of investments (Pekkanen 2005, 78-79; see also Krauss 2003; Dent 2003). Japan's "preferential" regional approach to trade can also be viewed as a reaction to China's growing influence in the region and the focus of leaders in that gigantic nation on regional free trade agreements within Asia. Notably, one such treaty was signed with the Association of Southeast Asian Nations (ASEAN) in 2001. When fully implemented, it will create the world's largest free trade area, with a combined GDP of US$2.2 trillion, trade of US$1.23 trillion, and a population of 1.7 billion people. At the same time, ASEAN member nations individually are more willing to engage Japan bilaterally as a counterweight to China at a time when Japanese hegemony is no longer feared (Pekkanen 2005, 97).

Taken together, the actions of China and Japan bear similarities to NAFTA in the American hemisphere, which entailed a broad reconfiguring of access to raw materials to bolster the position of the United States as a global dominant power (Ciccantell 2001). Within Asia, a similar pattern emerges: the causal thrust of economic integration involves access to raw materials. The most important element in that power dynamic is the struggle for rising hegemon(s), or competing ones, to reconfigure the right to use and transport key primary goods (Ciccantell and Bunker 2004; Bunker and Ciccantell 2005). The case of timber presented in the remainder of this article provides a window onto these processes in the case of one less critical sector.

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## Producing a Timber Commodity Chain: National and Transnational Alliances

From the late 1980s through 1998, Indonesian plywood producers consolidated a state-supported domestic oligopoly, forged a transnational alliance that circumvented the power of Japanese trading houses, and supported Indonesian private accumulation (Gellert 2003). In effect, the Indonesian case exemplified a negotiated governance structure over the timber commodity along the lines Gereffi, Humphrey, and Sturgeon (2005) used to describe relational value chains in which—as scholars in the global production network literature emphasize (Hess and Yeung 2006)—particular, culturally based relationships are established that are important to market functions. During the period under consideration, political consistency created stable conditions for accumulation based on the extraction of timber and other resources while state ideology promoted steady forest management.

After a decade of log exports, the New Order government of President Suharto, in alliance with largely Chinese-Indonesian firms, moved to industrialize on the basis of the downstream production of plywood (Dauvergne 1997; Ross 2001). A joint ministerial decree that banned log exports by 1985, in tandem with financial subsidies, led plywood processing mills to increase fivefold to 101 by 1985 and to 132 by 1990, with a capacity of 12.6 million cubic meters ($m^3$)

(Barr 2001). Exports grew from less than 1 million $m^3$ in 1980 to more than 9 million $m^3$ in the early 1990s, amounting to about 80 percent of world trade in tropical plywood (Dauvergne 1997, 78, Table 9). Forest-based exports (plywood, furniture, and pulp) totaled more than $9 billion per year in the mid-1990s (World Bank 2001, 6).

During that stretch of time, the concentration of ownership and control in the plywood sector increased under the tight organizational authority of the Indonesian Wood Panel Association, Apkindo, and its leader, Suharto confidant Mohamad (Bob) Hasan. Apkindo overtook and determined export destinations, quantities, and prices, and penalized companies that attempted to evade its jurisdiction (Dauvergne 1997; Barr 1998). In addition, Hasan leveraged domestic organizational control into significant market shares in Japan and other important locations. In Japan, Hasan formed an alliance with a small trading company to circumvent the purchasing and market clout of the dominant *sogo sosha* (general trading companies) (Gellert 2003; Gerlach 1992). This transnational alliance created an exclusive purchasing arrangement and added fees onto the buying price at a time when Indonesian exports controlled more than three-quarters of the market for tropical plywood. Disproportionate benefits accrued to Hasan himself. That brought about complaints from importers and, on rare occasion, Indonesian exporters (Barr 1998). To be sure, this governance structure did not represent "ascent" by Indonesia in the global division of labor—that still remains a developmentalist illusion (Gellert 2003; Arrighi 1990). Yet the alliances forged by the Suharto government gave Indonesia a signal role in the regional market, raising hopes that revenues derived from plywood exports could be applied to bolster national development. Those hopes, however, were dashed in the late 1990s.

## Neoliberalism, Structural Adjustment, and Postcrisis Tendencies toward Freer Markets

Between 1998 and 2005, the Asian financial crisis and then structural adjustment imposed by the IMF caused the liberalization of the timber trade and the dismantling of the political alliance underpinning that industry in the preceding period (Gellert 2005). While initially expected to cause an open-access disaster of Indonesian resources, the outcome of the liberalization process had contradictory effects on the political economy of the region, especially in Indonesia and Japan. Despite industrial association efforts, continued decline in the resource base of Indonesia and shrinking demand in Japan negatively affected Indonesia's plywood industry. Simultaneously, vastly increased demand from Chinese markets has put new but different pressures on Indonesian forests. While Japanese importers had adapted to an earlier pattern of Indonesian downstream exports and bought large amounts of plywood, Chinese importers were more interested in raw logs, which the Indonesian government had made illegal. Also, whereas the Japanese government has moved toward "greening" its imports and its image, the Chinese remain relatively insensitive to the environmental impacts of trade. This has given China a ruthless competitive advantage.

The forms of governance established in the late 1980s and early 1990s in the plywood commodity chain between Indonesia and Japan were dismantled during and after the Asian financial crisis of 1997 to 1998. The IMF-led structural adjustment package systematically eroded the power of Apkindo but also indirectly accelerated a transition to a neoliberal, ungoverned, or market-oriented chain. Rather than a shift from producer-driven to buyer-driven chain governance structures, there has been a commodity-based transition to supply raw materials to competing hegemonic powers within a still-competitive world-system structure. In other words, the previous era provided a modicum of protection in the production of plywood through the application of government-established boundaries to the exploitation of natural resources. Under present conditions those boundaries have become contested at many levels, leaving Indonesian producers vulnerable to the penetration of powerful competitors.

The dismantling of the governance structure at the hands of the IMF took on different forms at the two end poles of the chain. In Indonesia, Apkindo was disempowered as its joint marketing boards (JMBs) were stripped of their authority over export destinations and prices. The JMBs thereby became more like industrial information gathering bodies, although how much of their information was shared back with the companies is unclear. On the Japanese side of the ocean, Nippindo attempted to survive in a more competitive environment. Nevertheless, after several years of competing again with *sogo sosha* and other direct buyers of Indonesian plywood, Nippindo, as well as its Japanese parent company Kanmatsu, collapsed into bankruptcy in April 2005.[2] This opened the gates for other agents to tap into Indonesia's depleting resource base.

After years of dominating the Japanese market, Indonesian plywood appeared to be slowly recovering from the crisis that affected Japanese demand but is now in a rapid phase of decline. An assessment of trade on a monthly basis shows that, in September 2004, the volume imported from Malaysia for the first time exceeded that from Indonesia. By 2005, Japan was buying more plywood from Malaysia than from Indonesia on an annual basis. And by the first half of 2006, imports from Indonesia had dropped to only 36 percent of the total (Japan Wood Products Information and Research Center [JAWIC], September 2006).[3]

Overall Japanese demand for solid wood products (logs, lumber, and structural panels) does not appear to have declined significantly in recent years. As in the United States, the primary use for wood panels in Japan is for home construction. Therefore, housing starts are a good indicator of the demand for wood products in the whole economy. In 2004, Japanese housing starts increased by 3 percent to 1.19 million units, reaching nearly the level of 2000 housing starts. Wood construction of various sorts continues to equal more than 40 percent of homes. Although demand remains vigorous, the providers of raw materials are now different and more numerous.

New players have changed the economic geography of solid wood production and trade. Most important, China has jumped into the global scene as a significant producer and exporter of panels. Indonesia has lost market share to Malaysia and China, both of which have been denounced by nongovernmental organizations and activist groups for their involvement in the illegal logging trade. Chinese plywood exports reached 5 percent of Japan's market in 2005 and 9 percent in 2006. China's growing importance as an importer and exporter of timber is the dominant trend affecting the industrial firms and forests of Indonesia at present.

The massive floods that occurred along the Yangtze River in southwest China in 1998 caused the loss of more than twenty-five hundred lives and were the most costly since the 1950s. Despite significant forestation programs in that country, loggers continued to harvest natural woodlands up until that time. In the ensuing months, China's government implemented an effective logging ban in seventeen provinces in the Yangtze region (Lang 2002). Authorities reduced logging domestically from a peak of 67 million $m^3$ in 1995 to (still very significant) 48 million $m^3$ in 2003 (Lang and Chan 2006, 170). The result of the ban, however, was to shift the demand for wood in China to sources in the rest of Asia. Significantly, in 1999, as it prepared to enter the WTO, China reduced import tariffs and loosened restrictions on export licenses for forest industries (Lang and Chan 2006, 173-74).

The organization and profits of the Indonesian timber industry are being rescaled by this boom in Chinese imports (International Tropical Timber Organization [ITTO] 2004; Sun, Katsigris, and White 2004). Such imports may be part of China's world-historical rise as a global hegemonic power (Bunker and Ciccantell 2005), but whether or not that country actually becomes a hegemon, the impact on Indonesia is already profound. Between 1997 and 2003, the total volume of Chinese forest-product imports (in round-wood equivalents [RWE]) grew two and a half times from 40 million $m^3$ to more than 106 million $m^3$ (Sun, Katsigris, and White 2004, Figure 1).[4] With a domestic ban placed on logging in southwest China following the floods of 1998, China has become the world's leading importer of industrial round-wood (i.e., logs) with 2002 imports more than 24 million $m^3$. An additional 7.7 million $m^3$ RWE was imported as sawn wood. In 1999 Chinese imports surpassed domestic timber production, and total wood imports now are more than 100 million $m^3$ RWE (Lang and Chan 2006, Figure 3). By value, total Chinese forest product imports have moved from seventh to second in the world (Sun, Katsigris, and White 2004, 2).

Against the context of China's rapidly expanding market, Indonesian exports are being reperipheralized in two ways. First, there is a push "backward" to raw logs and away from the regime of plywood exports during the Suharto-Hasan era. The legal opening for log exports from Indonesia under the IMF adjustment policy of 1998 led to a large jump in exports to China. Then, in 2002, after the log export ban was reinstated in October 2001 (officially, a log export "moratorium"), China still reported log imports from Indonesia in excess of 1 million $m^3$. Trade analysts and investigative reports indicate a continued flow of raw logs in more recent years. In its 2004 annual report, the ITTO further noted that China had imports of nearly 116,000 $m^3$ in 2003, thereby "supporting the claims of many observers that substantial undocumented or illegal Indonesian log exports continue to exist (ITTO 2004, 15). Most vocally, the Environmental Investigation

Agency (EIA)/Telapak (2005) reported that exports of merbau logs from Papua alone amounted to 300,000 $m^3$ per month or 3.6 million $m^3$ per year.

The dynamics of legal and illegal logging could be analyzed within a commodity chain framework that highlights the particular forms of governance facilitating trade, as well as the benefits accruing to Chinese importers from that process. Nevertheless, such an analysis might miss the broader and equally important dynamic entailing the Chinese reconfiguration of cheap access to raw materials. More recent data demonstrates that up to three-quarters of China's imports of logs and wooden goods are (re)processed into finished products destined for export markets (Sun, Cheng, and Canby 2005; Stark and Cheung 2006). The destinations for such commodities are dominated by the United States (27 percent), Japan (17 percent), and Korea (8 percent) (Stark and Cheung 2006, Figure 2.10).[5]

Second, there is a potential geographical peripheralization of Indonesia as a source of raw wood materials because importers are shifting their attention, most notably, to supplies from the Siberian Far East woodlots. Since 1997, the sources of Chinese log imports have changed dramatically. Whereas in the past almost 80 percent were hardwood logs, mostly tropical in origin, now 65 percent are softwood logs. And the most significant part of the new softwood imports is from Russian (e.g., larch) providers. U.S. and Canadian exporters are also increasingly interested in the "vast" Chinese market, which in their minds has acquired mythological proportions, although timber-framed houses are "only a small fraction (<1 percent) of Chinese housing starts" (ITTO 2004, 7).[6] In sawn wood, more than 75 percent of Chinese imports are still hardwood, although Russian softwood is increasing in this category too.

## Contradictory and Uncertain Environmental Effects of Liberalization

For many years, Indonesia has been recognized globally as a center of deforestation. The loss of megadiversity in the world's second or third largest national territory of tropical rain forest was widely bemoaned. In a recent and fascinating study that builds on new understandings of fragment ecology and complex matrices of human and environment interaction, Hecht and colleagues (2006) found evidence of forest resurgence in El Salvador. This recovery of woodlands, they argued, is occurring in part due to structural adjustment policies that maintain urban bias and thus undermine investment in the rural and agricultural sectors.

Whether such developments may represent a silver lining, they seem dubious at present in Indonesia. Conversion of forests for palm oil and pulp and paper plantations is rapid, increasing, and heavily encouraged by the Indonesian government. In fact, despite the debacle of earlier cycles of subsidized forest plantations, the current Yudhoyono government appears headed toward renewed subsidies taken from the so-called reforestation fund. More likely than the resurgence of Indonesia as a provider of primary resources is its marginalization as other competitors, especially China, take the front line in the production of primary goods.

## Conclusion

Only a decade ago, Indonesia reigned as one of the world's main suppliers of plywood. Its preeminence depended on the forging of political alliances that established legal boundaries, protecting the national resource base and its use for timber from competitive pressures to a large extent. Those alliances were not perfect—they allowed for the concentration of capital and did not redistribute equally or even fairly the benefits derived from timber production. Despite those limitations, the state's entrepreneurial intervention in and monitoring of wood-related products increased Indonesia's capacity to capture market shares at the regional level and funnel revenues toward the expansion of public services.

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The financial crisis of the late 1990s created a window of opportunity for international development organizations like the IMF to realign the balance of power among Asian nations and reconfigure access to natural resources. The neoliberal process thus advanced has greatly eroded the capacity of Indonesia to compete at the regional level. Paradoxically, the opening of markets has given an advantage to China, a country that now emerges as the dominant power in Asia, not solely because of its large territory and population but also because of its willingness to adopt the ruthless logic of the market. Indonesia's capacity to compete had depended on managed structures of governance over timber production; China's influence is predicated upon the sheer exploitation of natural resources.

Indonesia's transition illustrates two processes conceptualized in the literature of globalization and commodity chains. One is the extent to which structural adjustment packages can increase the number of competitors vying for position in particular productive processes. In Asia, the tendency has been toward the disappearance of overarching free trade accords and the proliferation of multilateral agreements that protect participants, to some extent, from being crushed by a single dominant party. The other process consists of what Andre Gunder Frank once called "the development of underdevelopment." As neoliberal policies are applied, countries like Indonesia are pushed backward into roles they had sought to overcome; that is, they increasingly become sources of primary goods. The reperipheralization of Indonesia is a paradoxical outcome of economic liberalization, whose ostensible goal has been to increase the likelihood of prosperity by opening markets and facilitating competition.

Finally, it is worth emphasizing that neoliberalism both in Asia and Latin America has entailed the reconfiguration of access to agricultural and mining resources. In that sense, Indonesia is now poised to illustrate what David Harvey calls "accumulation by dispossession." Regrettably, the dispossession is local while the accumulation occurs abroad. The effects of this process upon the natural resources that once made Indonesia the envy of the region may be unimaginable. Then again, the benefits for those controlling the neoliberal agenda are immeasurable.

## Notes

1. Particularly ironic is that in the next sentence, the authors discussed "paths of sustainable development" in a mainstream turn of phrase that has little to do with sustainability in an environmental sense.

2. The former CEO, Mazaki, would not make himself available for a follow-up interview in 2005, due to his advanced age, according to his staff.

3. Japan Wood Products Information and Research Center (JAWIC) data show that plywood imports from Malaysia in the first six months of 2006 were 1,171,343 cubic meters ($m^3$) whereas those from Indonesia were a mere 661,699 $m^3$. See the JAWIC Web site at http://www.jawic.or.jp/english/publications.html.

4. Round-wood equivalents (RWE) is a calculation based on typical factory recovery rates. For example, it takes about 2 $m^3$ of raw logs to produce 1 $m^3$ of plywood. The 2003 figures are preliminary.

5. Figures refer to all wood products except furniture, which itself is a multi-billion-dollar export industry.

6. Interview with timber association official, Washington, D.C., June 2004.

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