

Teak in Mekong Subregion

A policy perspective

Dr Promode Kant

Formerly of the Indian Forest Service
Director, Institute of Green Economy, Noida NCR, India

A deep policy overhaul is needed

- Governments in all countries of the region encourage teak planting over public lands as also incentives to people and communities for establishing teak plantations.
- With limited availability of public lands for raising teak plantations, the trend is to encourage raising teak plantations over private lands by individuals, communities and companies through subsidies and other incentives.
- But many policies and laws in countries of the region in one way or the other act to discourage private sector investment in teak foremost of which are the restrictions on felling and transport of teak
- Many more roadblocks due to a range of land and fiscal policies relating to lease tenures, land conversions from agriculture to tree cultivation, royalties and taxes

Some policy recommendations

- Sourcing funds for financing investments in teak plantations, and the risks that deter financing, need to be evaluated. Loan financing for these long-term investments pose serious problems and currently there are not many instruments that can satisfactorily link the financial institutions providing loans with the teak growers needing loans.
- Teak forests offer highly valuable ecosystem services for the welfare of larger global and national societies including mitigation, and adaptation, climate change, biodiversity enrichment, soil and moisture conservation and regulation of air pollution among others. The global and national societies should, therefore, be persuaded to share the risks that private investors face in long term teak plantations and funding mechanisms that identify such sharable risks would need to be devised.
- The national society that benefits from the "green investments" in teak forests should also be able to extend tax incentives to the investors in teak plantations, particularly to those managing teak on a long-rotation basis.

Some policy recommendations - contd

- Promotion of public-private partnership in managing existing teak forests and growing more should go beyond merely sharing investment burdens for it to succeed at scale.
- Private partnership in research, which has so far been entirely in public domain, should also be explored with suitable policies that reward private investment in teak research
- Protecting the interests of small-scale unorganized teak growers is a major challenge - extension services through institutional arrangements and also access to international support mechanisms for new and evolving technologies, financing under the many international agreements on biodiversity, climate change and limiting pollution.
- Increased access to marketing of teak products in high end international markets by small growers would also help them significantly.

Concluding remarks

- A comprehensive review of regulations related to harvesting, transport and export and import, and fiscal and land policies that impact teak husbandry, is needed to assess their impact on private investment in large and small sized teak plantations
- Such a review should be able to identify specific financial incentives at global, national and local levels, and the legal and institutional environment in which these incentives are placed, that are most efficient and cost effective in leading to the desired changes