

Sacrificed Forests:
Power and Interests Behind Japan's Forest Policy

犠牲になった森林：
日本の森林政策をめぐる権力と利権

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DIDVALIS, Linas
デイドバリス・リナス

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NOTES

Japanese names are written with the family name coming before the given name.

Conversion from the Japanese yen to the US dollars (and vice versa) is done by applying exchange rate of 100 yen being equal to 1 USD (official exchange rate on November 21, 2013).

Large numbers used in the text are in the short scale. I. e. one billion is equal to one thousand million (10^9), and one trillion is equal to one thousand billion (10^{12}).

ACRONYMS

AFP – Asia Forest Partnership
CSR – Corporate social responsibility
DPJ – Democratic Party of Japan
FLEG – Forest Law Enforcement and Governance
FoE – Friends of the Earth
FSC – Forest Stewardship Council
GATT – General Agreement on Tariffs and Trade
GEF – Global Environmental Forum
GTC – General trading company
ITTO – International Tropical Timber Organization
JATAN – Japan Tropical Forest Action Network
JCP – Japanese Communist Party
JFTC – Japan Foreign Trade Council
JFWA – Japan Federation of Wood-industry Associations
JICA – Japan International Cooperation Agency
JIS – Japan Industry Standard
JLIA – Japan Lumber Importers' Association
JMEPA – Japan and Malaysia Economic Partnership Agreement
Keidanren – Japan Business Federation
LDP – Liberal Democratic Party
MAFF – Ministry of Agriculture, Forestry and Fisheries
METI – Ministry of Economy, Trade and Industry
MFG – Mizuho Financial Group
MITI – Ministry of International Trade and Industry
MoE – Ministry of Environment
MoF – Ministry of Finance
MOFA – Ministry of Foreign Affairs
MOSS – Market Oriented Sector Selective
MUFG – Mitsubishi UFJ Financial Group

NGO – Non-governmental organization
NPO – Non-profit organization
ODA – Official development assistance
PARC – Policy Affairs Research Council
RAN – Rainforest Action Network
SCC – Sarawak Campaign Committee
SDP – Social Democratic Party
SMFG – Sumitomo Mitsui Financial Group
UNFF – United Nations Forum on Forests
WWF – World Wide Fund

CHAPTER 1. INTRODUCTION: THE PUZZLE OF JAPAN'S FOREST POLICY

Millions of hectares of world's old-growth forests were sacrificed for human consumption in the last six decades. Trees that take hundreds of years to mature and form complex ecosystems harboring thousands of species yet to be discovered by science are cut down, shipped large distances and turned into a variety of products that are in many cases used just a few years and then discarded to make space for new ones. Because the value of ecosystems and their services is rarely or never calculated into the final price, and there are few expenses related to management and maintenance of natural forests, wood products originating from these places look even more appealing for the market players.

As one of the originators of international timber trade and the largest wood importer globally for several decades, Japan has a long history of participation in the logging of old-growth forests of Southeast Asian and other regions. In order to do that, timber trading companies had to give up environmental and social considerations for the sake of low price. Without much knowledge what impact their consumption habits have, Japanese consumers have been earnestly supporting the sacrifice. Forests disappeared so that houses could be rebuilt every 30 years, wooden furniture thrown away when moving to a new place and concrete molded to have a smooth surface of tropical plywood. Meanwhile, high demand for paper gave initiative to convert natural forests into monoculture plantations of fast-growing tree species.

Economic considerations above everything else allowed not only to sacrifice forests abroad but in Japan, too. The sacrifice, however, was very different from the one just mentioned. Without most competitive advantages that low-land old-growth forests have, local forests in Japan could not offer wood in price, quantity, variety and quality demanded by consumers, and few companies had motivation to solve these issues when abundant foreign supply was readily available. Confronted with such reality, forest owners reduced investment in their property and slowed down forest maintenance works. As a result, many man-made forests in Japan that require human intervention in order to produce high quality wood are poorly managed. Japan's forests, instead of receiving too much attention and disappearing as did their counterparts in Southeast Asia or other regions, are threatened by abandonment.

Timber imports had even a bigger impact on the Japanese forestry industry and triggered a drastic decrease of forest workers, bankruptcies of wood processing companies and significant slow down of domestic wood production. Because of difficult financial situation, forestry, as a profession, has little to offer to appeal young Japanese. The average age of forest owners and workers is getting higher and one out of every four forestry workers was in her or his retirement age – older than 65 (Forestry Agency, 2011, p. 113).

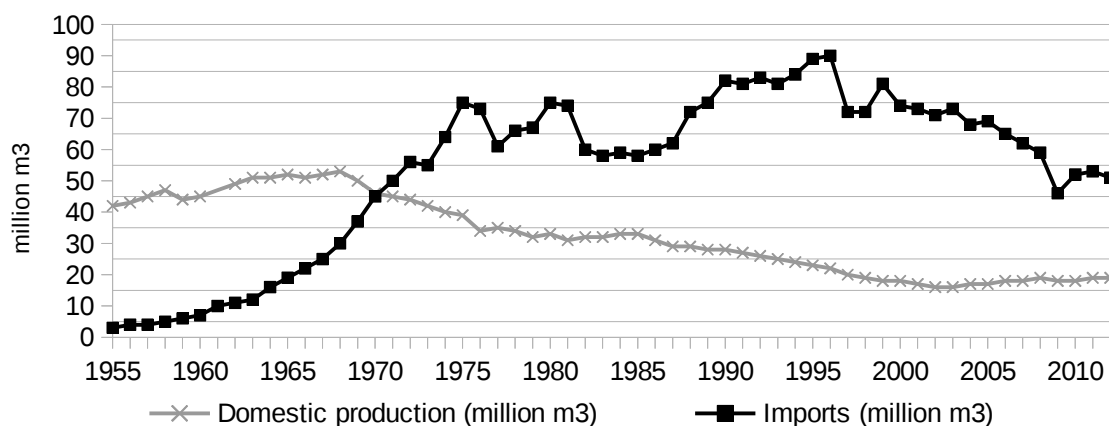
Such a puzzling situation in the forestry sector in Japan was the main motivator of the pursuit of this study. It encouraged to ask, why was such double and closely interrelated sacrifice allowed to happen? Why Japan, an active promoter of sustainability and environmental protection, performed so poorly in ensuring good management of forests both domestically and internationally? How such policies were formed and what interests stood behind them? Finally, are there any measures introduced in the recent years that could ensure that Japan will reduce its participation in the sacrifice of forests in the future?

1.1. Background to the Research

It is hard not to be puzzled by the most basic facts about Japan's forests and wood consumption. On the one hand, Japan is one of the most forest rich countries in the world. Its dense forest cover exceeds two-thirds of land area and stores more than 4.4 billion m³ of growing stock that is increasing by 80 million m³ every year (Forestry Agency, 2012a). To put that in a context, Japan consumed around 70 million m³ of wood in 2010 and, therefore, according to McDermott et al. (2010, p. 176), has enough capacity to be almost entirely self-sufficient in wood. However, despite the fact that the majority of Japanese forests are available for logging (Forestry Agency, 2003), this has not been the case. Country's domestic timber industry has been in decline since the end of the 1960s. Compared to 2010, its output fell down by about 60% since the post-war peak harvest levels in 1967, while the number of forest workers has shrunk from 240 000 to less than 70 000 (Fenton, 2005, p. 164; Forestry Agency, 2012a). In 2010, Japan produced around 18 million m³ of timber domestically (see Figure 1-1), which means that the country extracted only one quarter of its annual growing stock, allowing a significant increase in forest resources. Compared to other developed countries, Japan's timber production per forested land area, per capita, and per forest worker is much smaller. For example, Sweden has just slightly bigger forested area but extracts more

than four times more wood, while in Germany forested land is twice smaller but timber production surpass Japan three times.¹ In short, Japan stands out among other developed countries both in richness of its forests and smallness of domestic wood production.

Figure 1-1: Japan's domestic wood production and imports (1955-2012).

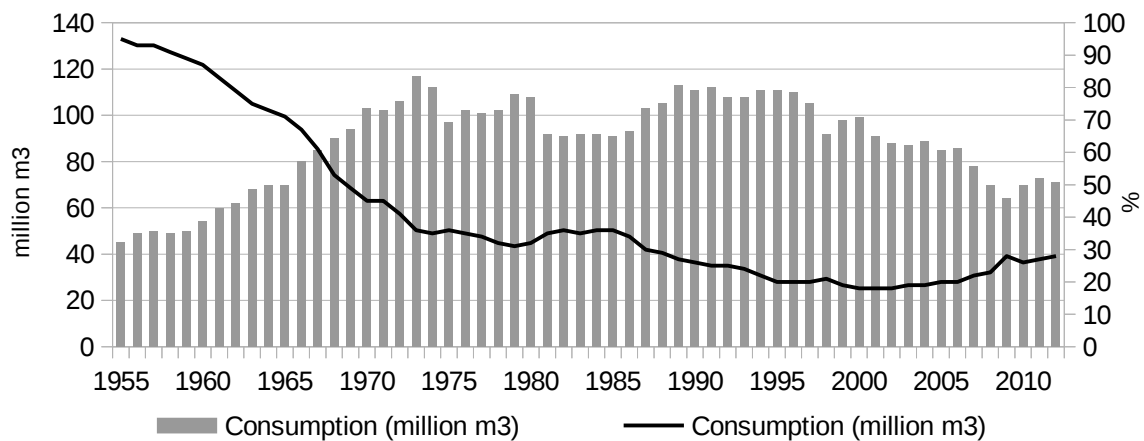


Source: annual reports of the Forestry Agency of Japan (various years).

Because of low domestic wood production, for the last 50 years Japan has been heavily reliant on imported timber. At first imported wood was sourced from Southeast Asian states such as the Philippines, Malaysia and Indonesia, then increasingly from North America and Russia (former Soviet Union), and now from a wide variety of countries. As the amount of imported timber grew and the output of the domestic forestry industry decreased, Japan's level of self-sufficiency in wood has dropped substantially from more than 90% in the 1950s to an all-time low of 18% at the beginning of 2000s (see Figure 1-2). Again, to compare self-sufficiency rate with other industrialized states, it is more than three times smaller than Sweden, Germany or other industrialized countries (Ota, 2002a).

¹ A comparison of FAOSTAT data of total round wood production in 2010.

Figure 1-2: Japan's wood consumption and self-sufficiency rate (1955-2012).



Source: Forestry Agency (2014a, p. 146)

These post-war changes did not happen without the intervention from the Japanese government. At the beginning, the future of Japanese forestry industry looked promising. Forest management was consolidated quickly after the Second World War (WWII) by establishing the Forestry Agency and adopting the most basic laws to regulate forest administration and forestry activities (tree planting, thinning, etc.) A separate self-sustaining accounting system was introduced in 1947 to fund planting, maintenance and logging of the national forests, and provide support for private forest owners. It was created with the idea that forestry is a profitable business that can manage to reach equilibrium between revenue and expenditures by itself. During the 1950s and 1960s the special account financed a large-scale reforestation program to expand forest areas that were logged during WWII. In 1951, the General Forestry Plan was introduced to systematically review the state of Japanese forests and to create management strategies with 15-year horizon. The government also supported the modernization and consolidation of both national and private forestry industries to increase their efficiency and productivity. Forest owners and wood processing facilities were able to get low-interest or zero-interest loans to buy new equipment, train workers, or expand their business. Such state activities that started right after WWII to support the domestic forest industry laid ground for many similar policies that continue to this day.

Despite active governmental support, Japanese forestry could not cope with the post-war construction boom that demanded large quantities of wood. At first, timber was used to rebuild destroyed towns and cities. Later, wood consumption grew because of growing

population, expansion of development projects, increase of urbanization and general wealth that allowed more and more people to afford to own the houses. At the same time, paper consumption was also on the rise. Because of these reasons, the demand for wood was growing at much more rapid pace than the supply from the domestic forestry, leading to the substantial increase of timber prices (Iwai & Yukutake, 2002). Many politicians and bureaucrats feared that shortages of domestic timber will affect other industries and become an impediment to the overall economic growth. A quick solution was needed. In addition to encouraging larger timber production domestically, the government also decided to allow more timber to come from the outside of Japan. These measures were laid down in the Emergency Measures to Stabilize Timber Price (*Mokuzai kakaku antei kinkyū taisaku*) issued in August, 1961 (Akai, 1988). To increase imports, tariffs for logs were reduced and gradually entirely removed in the early 1960s, allowing other countries to export unprocessed wood to Japan more easily. Similar steps were taken earlier – the importation of logs from the US was liberalized in 1956 and from the USSR in 1957. However, the scale of imports and their competitiveness were too low to balance the prices (Akai, 1988). Other forest-rich countries willing to export their natural resources were needed and the Philippines together with Indonesia and Malaysia quickly became one of them. In addition to removing tariffs for logs, the government also provided support for Japanese business companies to get involved in international wood trade. This was done by making necessary improvements in harbor infrastructure to cope with the increase of timber coming from abroad, and developing large-scale sawmill complexes near main harbors to process imported logs (Iwai, 2002b).

Market liberalization proved to be a successful solution to wood shortage in Japan. In just 10 years, the amount of imported timber grew several times and surpassed domestic production in 1970. Wood prices also went down because of the substantial increase in supply of comparatively low-priced timber imported from Southeast Asia and later from other parts of the world. At this time, the future of the domestic forestry industry started to look more worrying. Despite the support that forest owners and wood processing companies could receive from the government, they had a difficult time competing with cheaper imports. The Japanese government did little to take a pro-active role in promoting the use of domestic timber in public projects or among Japanese consumers. For example, public procurement was restricted because wood was not allowed in constructing schools, community centers and other public buildings for fire safety reasons (Forestry Agency, 2012a), and there were no

initiatives to encourage private companies to give preference to locally sourced wood. As a result, the domestic forestry industry entered a period of decline.

During the next three decades, the Japanese government advanced both the liberalization of trade and the provision of support to the local forestry. Gradually the domestic timber market became more and more open for foreign wood. This was done by significantly reducing general import tariffs for different types of wood products, such as sawn wood, plywood, wood chips, pulp, paper and others, and by signing agreements with Southeast Asian, South American and other countries to create a free trade (zero tariff) regime for timber. Japan did not introduce any non-tariff barriers, except very recent legality requirement for wood used in public projects. Some companies also requested timber to abide wood quality certification scheme known as Japan Industry Standard (JIS). However, JIS can be hardly considered as non-tariff barrier because its use is not obligatory. In general, there are few restrictions that make the entry of foreign timber to the Japanese market difficult.

Parallel to market liberalization, Japan implemented a variety of measures to revive the domestic forestry industry. Forestry budget increased substantially from 100 billion yen in 1971 to 350 billion yen in 1980 and to more than 600 billion yen during the first half of the 1990s (see Figure 4-2). The money was used to construct forest roads, subsidize works in private forests and look after the national forests. The government also increased support to private forest owners to expand their productivity and encourage sound maintenance of their forests. Most recently Japan loosened the previous restrictions for construction of public buildings out of wood with a hope that it will encourage more use of local timber. Despite all the efforts, Japanese forestry continues to be in stagnation to this day. Reacting to this, the most recent big amendment of the Basic Forest and Forestry Law in 2001 turned Japan's forest policy to a new direction. The law has much weaker goal to increase timber production than it used to before and puts more stress on multi-functional environmental and social services of forests. Although it does not mean that Japan is reducing its efforts to support the domestic forestry industry, it reveals a tendency to move away from trying to achieve higher wood extraction from the national forests, and acknowledgment of the fact that the previous attempts to improve domestic wood supply have not succeeded to fully reach their goals. As wood production from the national forests has lost its position of primary importance, it means Japan will continue to rely on imported timber for at least another few decades unless there is a significant increase in productivity in private foresters.

In addition to market liberalization and support for the domestic forestry, there is one additional important Japanese policy direction related to forests that started in the late 1980s. Namely, involvement in international efforts to protect forests and promote their sustainable use. Since around 1990 Japan has been presenting itself as a global environmental leader and forest protector, despite the fact that it was globally a major importer of timber. During the preparation for the Earth Summit that was organized in Rio de Janeiro in 1992, the Ministry of Foreign Affairs (MOFA) released several booklets in English, such as “How Japan is Dealing with Global Environmental Issues,” “Environment and Development: Japan's Experience and Achievement,” “Japan's Environmental Endeavors: Taking Care of Planet Earth” and others, in which it promised to use its economic and technological potential to assist other countries to achieve sustainable development. Deforestation of tropical rain forests was designated as one of the most critical problems. To reform its official development assistance (ODA), in 1992 Japan adopted “Japan's Official Development Assistance Charter” which included environmental consideration as one of the four main basic principles of foreign aid. Since then, the majority of ODA White Papers had statements about Japan's strong support to environmental protection, including promotion of sustainable forestry.

Annual reports on the environment prepared by the Ministry of the Environment (MoE, former Environment Agency) also on many occasions present Japan's leadership in promoting sustainable use of forests. This starts as early as 1990 when Japan is described as a country which “has to take the lead in grappling with the conservation and development of forests” by improving international cooperation, transferring technologies to developing countries, promoting sustainable trade and investment, improving wood recycling, and striving for better use of domestic forest resources (Environment Agency, 1990). A similar trend has been continuing till these days, although it seems that the enthusiasm has waned because newer reports give fewer details about Japan's international role in forest protection than the earlier ones.

Annual reports released by the Ministry of Agriculture, Forestry and Fisheries (MAFF) resemble the ones already discussed. They state that Japan has been actively contributing to saving tropical forests by bilateral and multilateral cooperation and helping forest-rich developing countries with technical and financial assistance (e.g. Ministry of Agriculture, Forestry and Fisheries [MAFF], 1989, 1991, and others). More recently, several domestic policies, such as public procurement that prioritize legal and sustainable timber and

revitalization of the local forestry industry, are also mentioned as positive steps that help saving forests abroad. The issue of illegal logging as an international forestry problem was not mentioned in MAFF white papers until 2000, but since then it became very visible in all forest related reports. In 2000, there was only a brief statement that illegal logging was one of the topics discussed in the G8 meeting of the same year (MAFF, 2000). Later reports focused on illegal logging in more detail and provided explanations how Japan is contributing to solving this problem through participating in multilateral initiatives, organizing Asia Forest Partnership, and cooperating with Indonesia (MAFF, 2002 and later). The main principle under which Japan addresses illegal logging problem is that “illegally harvested timber should not be used” (*ihō ni bassai sareta mokuzai wa shio subeki denai*) (MAFF, 2001). However, there are currently no laws that prohibit such timber being imported and marketed in Japan.

In addition to active self-presentation as an active promoter of sustainable development, Japan participates in multilateral and bilateral negotiations on forests and forestry, provide ODA and technology transfer related to forests to developing countries, and contribute to international forest management organizations, such as by hosting the headquarters of the International Tropical Timber Organization (ITTO).

1.2. The Problem

As presented, there are three main trends in Japan's forest related policies since the end of WWII to this day. First, for the last 50 years Japan has been gradually liberalizing timber trade by lowering import tariffs (see Table 3-2). As a result, under current conditions wood products from Japan's main trade partners have virtually unrestricted entrance to the country's domestic market, and wood imports are high. Second, Japan has been putting substantial efforts to strengthen its own forestry industry by providing subsidies and loans for forest owners, expanding the network of forest roads, encouraging young people to become forest workers, and, most recently, by opening the possibility to construct large public buildings out of wood. These efforts, however, have not translated into a revival of the forestry industry so far. The domestic wood production has been stagnating for the past several decades, the number of forestry workers is decreasing and their average age is going up, the national forest management is mostly unprofitable, and there is a growing concern that many Japanese forests that need human care are left under-managed.

Finally, the third trend is Japan's involvement in international forest governance and presentation of itself as a leader in promoting sustainable forest management. This is happening despite the fact that for the last 50 years Japan has been one of the biggest tropical timber importers and received much criticism for being part of environmental, social and economic problems related to such trade (Dauvergne, 1997; Jomo, 1994; Nectoux & Kuroda, 1989; Tsuru, 2013, p. 216). The expansion of sustainable forest management in Southeast Asian region, from which Japan imported more wood than from any other part of the world, is slow, and deforestation and forest degradation remain critical environmental issues (Blaser, Sarre, Poore, & Johnson, 2011). All these trends are presented in visual form in Figure 1-3 and 1-4.

Figure 1-3: Trends in Japanese forest policy.

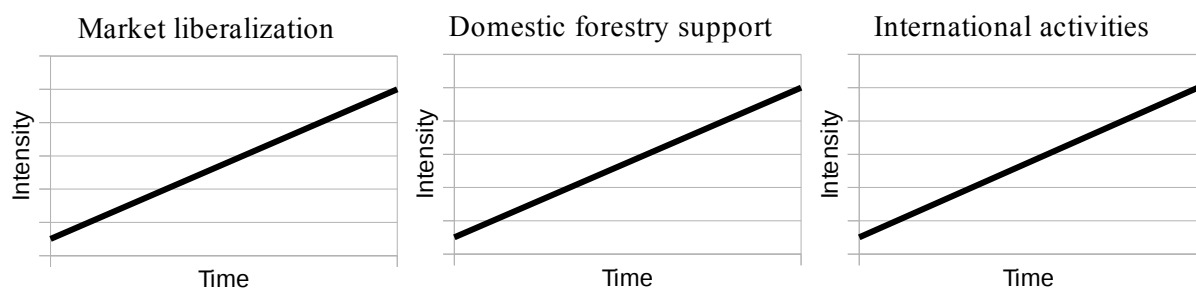
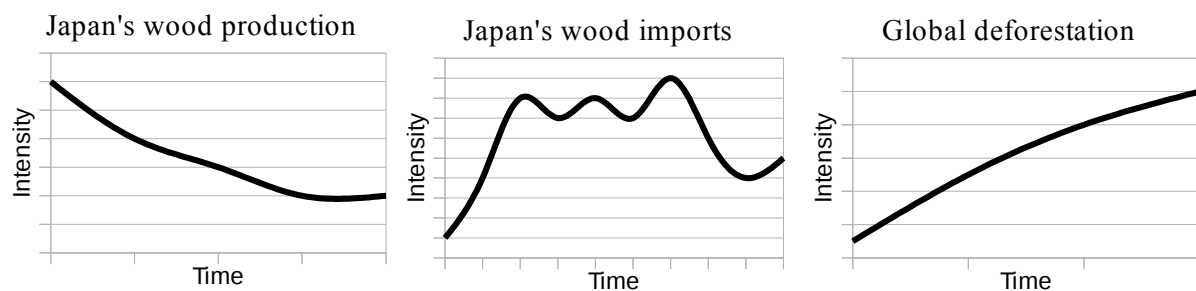


Figure 1-4: Trends in forestry results.



Although the first trend is good for Japanese consumers who can have access to a variety of low-priced wood products, it does not help to achieve the goals of the second and the third trend in which Japan invests much time and financial resources. Trade liberalization that opens doors for foreign timber without questioning whether it is legal or produced in a sustainable manner, does not put local producers in a fair position and does not help to encourage higher forestry standards on the international level. The inability of Japanese wood

producers to compete with low-priced imports is widely acknowledged by many researchers both from Japan and other countries as one of the main reasons of the stagnation in the domestic forestry (Fenton, 2005; Iwai, 2002a; Ota, 1999; Wong, 2001). While Japanese forest owners have to abide by a variety of forest management rules, timber producers from developing countries who import to Japan are usually asked only about the price and technical qualities of their product. In many cases, they cut trees from natural old-growth forests that took hundreds of years to mature and leave them for natural regrowth without investing in reforestation, thinning or other forestry practices. Very few producers are rewarded in international markets for following higher environmental standards, respecting worker rights, taking into account the needs of indigenous people or participating in third-party verification schemes. It is well documented that high demand for timber in Japan created a strong incentive to exploit old-growth forests in the Philippines, Malaysia, Indonesia and Papua New Guinea leading to a considerable increase in deforestation and forest degradation in these countries (Dauvergne, 1997; Sodhi & Brook, 2006). Not much was done from the side of the Japanese government and trading companies to balance this out by providing support to avoid forest overexploitation. Although Southeast Asian countries received some technical and financial assistance related to forestry, Japan did not take any steps to use market mechanisms to encourage trade of legal and sustainable timber by changing national policies or signing formalized cooperation agreements with wood exporting countries to improve their forestry practices.

According to the ITTO report, less than 8% of all tropical forests designated for logging were managed sustainably in 2011 (Blaser et al., 2011, p. 3). The authors of the same report regret that there is lack of economic incentives for forest owners (both private and national) in developing countries to improve timber management, and conclude that even though tropical timber prices should “better reflect the true cost of production, including the opportunity cost of retaining natural forest, (...) to date there is no sign of this.” (2011, p. 39). Japan, as one of the biggest consumers of tropical timber and the most generous contributor to ITTO's activities, should be very well aware of that. However, there are no signs that the country is moving in the direction where it uses its purchasing power to promote sustainable forestry. This remains a major issue despite Japan's involvement in international initiatives to encourage sound forest management practices.

The problem that is analyzed in this research is the peculiar nature of Japan's forestry

policies. Namely that Japan is actively involved in three activities at the same time (wood market liberalization, revival of the domestic forestry industry, and promotion of sustainable forestry on the international level), despite the evidence that unregulated trade in wood products is undermining the efforts to increase domestic wood supply and does not encourage developing countries to consider environmental and social factors of wood production.

The aim of the thesis is: to describe and explain Japan's forest policy formation process and analyze the activities and influence of interest groups.

The core **research question** raised in this research is: why the Japanese government takes the path of timber trade liberalization and low market regulation, even if that has negative effects on its efforts to strengthen the local forestry industry and to improve forestry management in developing countries?

The main question is followed by three groups of sub questions, each of them focusing on the government, the civil society and the industry:

- 1) Why the Japanese bureaucracy is taking such a three-way approach rather than creating an overarching inter-ministerial strategy that could reduce negative implications and strengthen the positive ones? Why, at the same time, politicians, mainly in the Liberal Democratic Party (LDP), who are known to have strong ties with rural communities and tend to protect their interests are less inclined to protect the interests of forest owners? What kind of factors lead to such a situation?
- 2) Why environmental civil society groups that take pro-domestic forestry, anti-deforestation and tropical forest protection stance had little success in challenging the situation? How they interact with the government and promote their interests?
- 3) Why, on the other hand, companies that use timber – another strong interest group – can enjoy very favorable trade conditions? How they influence policy-

making and in what ways they react to concerned voices coming from the civil society?

1.3. Justification of the Research

The significance of the research problem is based both on theoretical and practical grounds. First, the analysis of Japan's forest policy formation has received little attention from

other researchers of Japanese politics. Although deforestation and forest protection is an important field of environmental politics, few authors asked what domestic and international factors lead to such Japanese forest policies that can be observed in the last 60 years. As it is explained in more detail in Chapter 2, most of the existing analysis is done from an economic perspective and is concerned with the competitiveness of Japanese forestry industry and international timber markets. Several authors, especially Dauvergne (1997, 2001), also provided detailed studies about environmental and socio-political impacts of Japan's timber imports on Southeast Asian countries rich in tropical rain forests. However, there is a lack of analysis how the policies related to forests are made inside Japan and why they have particular characteristics. This research fills this gap by providing much needed data on the decision-making process of Japanese forest policy, the interaction of interest groups, and the influence of foreign pressures.

Second, global deforestation and forest degradation are major environmental problems, especially in developing countries. There is a general consensus that forests are over-exploited not only because of domestic factors, such as land conversion caused by subsistence farmers and fueled by the growth of local populations, but also because of international factors, such as economic incentives created by trade in commodities directly or indirectly related to forests (DeFries, Rudel, Uriarte, & Hansen, 2010; Kissinger, Herold, & Sy, 2012). Some of these commodities, such as timber, tend to cause forest degradation, while others, such as agricultural crops, lead to land use change which requires complete removal of forest cover. Japan, as one of the biggest resource importing countries in the world, has exacerbated the problems of forest degradation and deforestation in developing countries through its trade practices that show little interest to environmental and social impacts of commodity production. Trade in wood products themselves was made larger by Japan's inability to increase the output of its own forestry industry. In order to understand why such situation happened and how it could be improved, it is important to know more about Japan's forest policy formation.

Third, a better understanding of Japan's forest policies can help not only reduce threats to forests in developing countries but also improve the situation of Japan's own forestry. The difficult position in which the domestic forestry industry has been stuck for more than four decades leads to under-management and inefficient use of country's forest resources. Forest owners in Japan are far from optimistic about the future of their business and reluctant to

invest in proper care of their property. The situation is not better in the national forests. For a long time, their management has been reliant on taxpayers money rather than sustaining itself from timber sales or other economic activities. As a result, the special forestry account accumulated huge debts throughout the years and finally had to be abolished in 2012. This research seeks to find out what could be the political reasons for such status of Japanese forestry.

1.4. Research Design

The design of the research is based on a theory-guided process-tracing case study method and qualitative content-analysis. With some additions, the main theory used is “patterned pluralism” developed by Muramatsu and Krauss (1988; 1987). Discussion about its usefulness and comparison with other theories is provided in the second chapter. The data is collected both from primary and secondary sources. The primary ones are Japanese governmental documents (such as laws and annual reports), protocols of committee meetings in the Diet, corporate CSR reports, and interviews with members of the government, non-governmental organizations (NGO), business companies and industrial associations. The documents are accessed through the Internet, received directly from people after meeting them, and obtained from libraries. Interviews are non-structured, done by directly meeting interviewees in their workplaces or other locations. Arrangements for interviews are made by contacting the person in question by email or phone. Snowball technique, when an interviewee introduces other people he or she thinks can provide further needed information, is often used. Secondary data sources include journal and newspaper articles, reports on Internet news portals, and books.

1.5. Outline of the Thesis

Apart from the introduction, the thesis consists of six main parts. Their outline is as follows. Chapter 2 provides a literature review and describes in detail the theoretical framework of the thesis. Chapter 3 is dedicated to contextual information about Japan's forests, timber consumption, the forestry industry, timber imports and countries of supply. The following three chapters are analysis of the research questions and a testing ground of

hypotheses raised in Chapter 2. In Chapter 4, Japan's forest policies are analyzed from the perspective of the Japanese government, including bureaucratic institutions, political parties (especially the LDP, as it held more power than any other party during the last 60 years) and prominent politicians. Much attention is given to their role in forest-related policy-making, relationships with interest groups, and intra-governmental interactions. Chapter 5 looks at the Japanese civil society and how it is organized to express concerns about forests in Japan and abroad, and what impact it makes to the policy-making process. In Chapter 6, the forest-related policy-making is analyzed from the perspective of business companies that trade, process or use wood. Finally, Chapter 7 discusses research results and their theoretical and practical implications.

CHAPTER II. THEORETICAL FRAMEWORK

Chapter 2 provides a theoretical foundation on which the thesis is built. This is done by reviewing the literature relevant to the research problem, identifying gaps in the existing knowledge, and presenting the theoretical framework that is used to resolve the problem.

2.1. Literature Review

Despite the fact that there were many changes in Japanese forestry industry and forest policies in the last 60 years, there are few explanations (both in Japanese and in English literature) about the reasons why they happened. Although some authors looked into the modern Japanese forest policies, they chose to take a historical approach which provides answers to “when?”, “where?” and “what?” rather than to “why?” questions. For example, *Forest Policy in Japan*, one of the first books that present many details about Japanese forest policy in English, explains the historical development of forestland ownership, forest management, forest cooperatives, forestry industry and other topics (Handa, 1988). Ikuo Ota, who wrote many articles about Japanese forestry, does not provide many answers to “why?” either. In his articles “Forest Legislation in a Constitutional State: The Japanese Example” (2002a) and “Japan’s National Forest Programme and its Implications” (2010) he explains the genesis of several main forest policies and their impact on the forestry industry. However, there are no explanations of why these particular policies were chosen and who participated in making them. Osamu Yoshida's (2012) work on the agricultural and forest policies of the LDP is, again, a good chronological account of what happened during the period of 1955-2009 but, in addition to focusing mostly on agriculture, fails short to systematically analyze the actual policy-making process of forest policies that took place at that time. Similar comments can also be made about books *Japanese Forestry and Its Implications* (Ota, 1999) and *Forestry and the Forest Industry in Japan* (Iwai, 2002a) that serve as an excellent introduction to the issues related to Japanese forestry but do not provide deeper analysis of political process behind them.

2.1.1. Economic Explanations

There is a group of academic studies written about Japan's forest policies from an economic viewpoint. However, few of them deal with political aspects of economic circumstances, and even in these cases the argument is mostly presented as a self-explanatory and not based on a detailed analysis. For example, when answering the question “why Japan relies on wood imports instead of increasing the use of its own forest resources?”, Iwai and Yukutake (2002) say that is because of the difficulties Japan had after WWII to rely on its own forest resources, the strong yen that helped buying goods from foreign countries, and abundant foreign supply of wood. Dauvergne (1997, pp. 175–6) argues that low prices of imported wood encouraged its use and helped Japan to protect its own forests. Ota (1999) suggests that low utilization of domestic timber can be explained by low economic competitiveness of the domestic forestry industry of Japan. Wong (2001, p. 148) adds that “the comparative advantages in cost and quality – and considerations of environmental impact – simply made it more sensible to buy logs from Southeast Asia than to tap its own domestic timber resources.” To summarize, their main argument is that low economic competitiveness of Japanese forestry industry leads to higher prices of domestic timber compared to imported from abroad and, therefore, encourages consumers to use more foreign wood and its products.

In another article Ota (2002b) supports this argument with more substance by showing statistically significant positive correlation between the amount of timber imports and USD-JPY exchange rate, and presenting how declining timber prices affects annual profit of forest owners in Japan. He says:

“Of course, the exchange rate is not the sole cause of the slump in Japanese forestry. The small and fragmented holdings, unbalanced age distribution of plantations, high planting and logging costs on steep terrain, technological improvements of logging and sawing abroad, development of engineered wood products in North America and Europe, and many other factors have all contributed to this market situation. However, (...) the tremendous increase in purchasing ability has aggravated the problems of domestic industries, including forestry. Whereas a company such as Toyota can transfer its automobile factory to anywhere that has convenient market access and less costly labor, small-scale forest owners have no such opportunities.”

Although economic arguments explain market conditions that encourage customers to give preference to imported rather than domestic timber, and allows us to better understand

the difficulties the forestry industry face in Japan, they do not provide answers to several important questions:

- 1) Why the government chooses to keep timber market deregulated instead of being more protectionist, as in the case of agricultural products?
- 2) Why the government creates many policies that have the increase of domestic timber production as their main goal while at the same time implementing further market liberalization?
- 3) Even if market liberalization could be easily understood considering Japan's involvement in the international free trade regime, why the Japanese government does not use other kinds of tools that could promote the use of sustainably produced wood (e.g. tax cuts for independently certified wood)? Such actions could also trigger more interest in domestic timber among consumers.
- 4) Why Japanese forest owners and wood processing companies do not challenge such situation? For example, why there is no strong movement that lobby the government to restrict the flow of the imports of unsustainable and illegal timber to Japan? As recent example of banning the sale of illegal timber in the US, Europe and Australia showed, forest owners were the main supporters of tougher regulation.

All these questions show that economic arguments is only one of several layers of explanations for the peculiar situation of Japan's forest policies, and there is a need to find alternative approach for further analysis.

2.1.2. Cultural Explanations

It is worthwhile to discuss another approach that can be found in some forestry literature. Namely, the concept of “forest as Japanese culture.” According to Kitamura (1995), Sugawara (1996) and Shidei (2000), Japanese people have very close spiritual ties to forests and seek to protect them from destruction. MAFF has been using similar terms - “wood culture” and “forest culture” - since around 1994 to describe Japanese close attachment to wood and forests.² Based on that, it could be argued that Japanese culture (in addition to, or instead of, economics) is the main reason why the country is reluctant to use its own forest resources and instead imports timber from abroad. In other words, the widespread culture

² The Japanese term “*ki no bunka*” first appeared in Annual Report on Forest and Forestry 1994 and then was used in all subsequent annual reports.

creates pressure for business and politicians to protect domestic forests and look for other ways to satisfy wood demand. However, there are several things to consider about the explanatory value of this approach.

First, as Koji Nakashima's (2006) analysis shows, modern forest protection and afforestation campaigns have little to do with traditional culture. The idea of Arbor Day celebration during which tree planting and forest caring activities are encouraged was borrowed from the US by the Ministry of Education in 1895. Compared to America where celebrating Arbor Day was popularized by conservationist grass-roots movements, in Japan reforestation was encouraged by the state and later turned into national, patriotic event strongly influenced by the forestry industry and economic calculations. After WWII, large-scale afforestation of destructed forests was again organized by the government as “reconstruction” events and decreased in the early 1970s along with the increase of timber imports from abroad, especially from Southeast Asian countries.

Second, during its history Japan experienced strong fluctuation of forest area. Originally forests blanketed around 90% of the country, but were cut down in the 7th century and later during the Sengoku and Edo periods (16-19th century) to provide building material for governmental and religious buildings and urban expansion in general (Forrest, Schreurs, & Penrod, 2010). Just after the Meiji Restoration, Japan's forested land accounted for approximately 42% (15 million ha) of the total land area, much smaller compared to 69% (almost 25 million ha) today. Later it grew to 62% (22 million ha) because of afforestation programs and diminished again to 48% (17 million ha) in the 1940s (Ogura, 2006). If the forest culture was a strong factor, such high fluctuation of forestland would be very unlikely.

Third, there are few organized civil movements that specialize in forest protection and have a long history. According to The Forest Agency (2010a), there were 2677 citizen groups registered in 2010 working with domestic forest issues (so called “forest volunteer organizations”). Majority of them were established during the last 15 years, mostly after the Act on Promotion of Specified Non-profit Activities was adopted in 1998. Only 48 organizations had more than 500 registered members, and 71% of respondents said that their group conducted activities once a month or more seldom. Similar results were found in Akihiro's (2005) research. According to NPO database NPO-Hiroba,³ out of these 2667 non-governmental organizations working with forest issues, only 6.5% (175) had at least one

3 <http://www.npo-hiroba.or.jp>

employee and only 2% (55) had at least five employees. Again, one could expect that strong forest culture should lead to the existence of a variety of formal organizations with a long history and large membership. However, that is not the case in reality.

Finally, it is not clear whether “forests as Japanese culture” should lead to less or more use of Japanese forest resources. On the one hand, forest culture can be interpreted from the perspective of preservation. This allows to use it as an argument that Japanese people seek to preserve domestic forests in their natural state and do not support the idea of using them as a resource. Such a way of thinking leads to large imports of timber and wood products from other countries. On the other hand, forest culture can be approached from the position of conservation which supports sustainable use of forests rather than keeping them in their pristine form. That would mean favorable look at the forestry industry because it produces valuable local products, provides a source of living for forest owners and workers and does not threaten multi-functional role of forests. It is not clear how these two sides interplay with each other and how much they dictate the behavior of consumers, business companies, bureaucrats and politicians. There is also an important question what impact forest culture can have on raising awareness about deforestation and forest degradation outside Japan.

There is little disagreement that traditional Japanese culture is closely related to forests and their wise use, but, as the four considerations mentioned here show, the concept of “forest as Japanese culture” creates more questions than provides answers. There are many doubts that it is the dominant factor in Japan's forest policy formation. If culture were playing a major role, we would expect to see active grass-roots movements that have long history and are advancing protection of forests. However, in reality forest management was strongly influenced by development, economics and ruling class decisions. Ito (1998) adds, that while Japanese culture was nourished by forests for a long time, many everyday life ties to the forest ecosystem were lost during the most recent history due to rapid urbanization. According to him, traditional forest culture has now almost disappeared, and there is an urgent need to create new understanding of forests and their management.

2.1.3. Political Explanations

The existing research from the political science perspective is focusing mostly on the role of Japanese trading companies in tropical deforestation, and policy arrangements in Southeast Asian countries that allow overexploitation of forests (e.g. Dauvergne, 1997, 2001;

Hurst, 1990; Marchak, 1995; Parnwell, Bryant, & Cameron, 1996). They, however, do not examine Japan's domestic policies that lead to high demand for imported timber and low use of its own forest resources.

Several authors have analyzed international institutions that Japan is presenting as a major tool in seeking sustainable use of forests. The United Nations Forum on Forests (UNFF) is criticized by Radoslav Dimitrov (2005) as highly ineffective international forum. Nichola Guppy (1996), Miranda Schreurs (1997) and Gerry Nagtzaam (2009, pp. 236–311) claim that ITTO is mostly focused on further exploitation of tropical forests rather than their protection. Duncan Poore (2003) also agrees that ITTO has many weaknesses, but sees it as a useful institution for countries to discuss forest policies and exchange information. On the other hand, there is a lack of analysis of more recent Japan's policies, such as bilateral cooperation or domestic initiatives to avoid illegal timber and use more wood that is logged in a sustainable manner. According to the comparative study done by Lawson and McFaul (2010), Japan is lagging behind other developed countries in policy arrangements that prevent trade of illegally sourced timber.

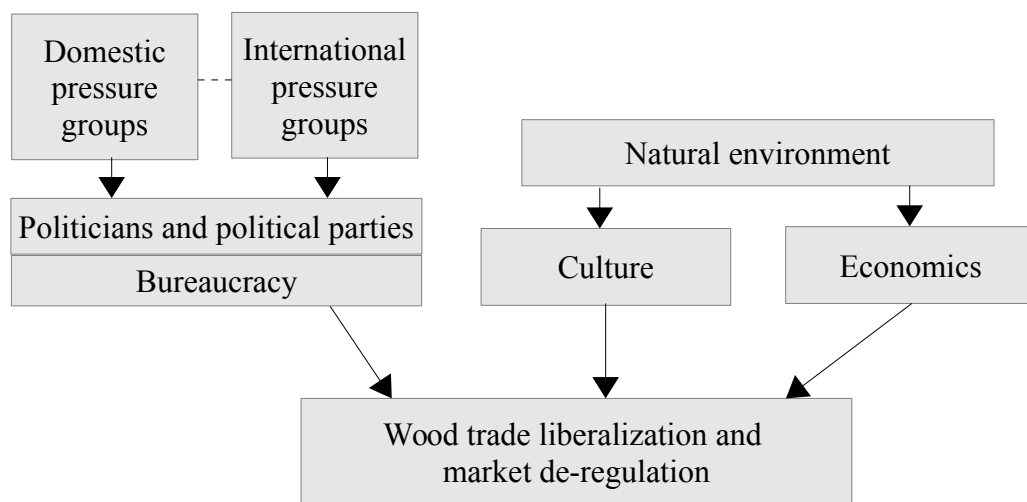
There are very few fragmented studies that analyze domestic forest politics in Japan, such as decision making process and the role of interest groups. Two notable examples are research done by Anny Wong (1998) and John Knight (1998) that focus on specific campaigns that happened at the beginning of the 1990s (respectively – the tropical timber campaign by JATAN, and the forest grants campaign by forest owners). In Japanese language there is Sagara Miho's (2009) research that looks at activities of Hutan, an environmental NGO campaigning for tropical forest protection. Several authors also analyzed regional developments, such as local forest taxes (Takemoto, 2009) or forest owners' associations (Tsuzuki, 2010). However, no analysis so far has looked at broader dynamics of forest politics at the domestic level, and this research is seeking to fill this gap.

2.2. Theoretical Framework

Literature review shows there is a gap in knowledge how Japan's forest policies are formed, why there were changes during the time, and why some policies are implemented instead of others. As it was presented in the introduction, this thesis asks why the Japanese government takes the path of timber trade liberalization and low market regulation even if that

has negative effect on its efforts to strengthen the local forestry industry and improve forest management in developing countries. The dependent variable of the research is trade liberalization and market regulation. However, it is understood not isolated⁴ but in the context of policies related to the local forestry industry and international forest protection. As it was presented earlier, neither economic nor cultural arguments can answer all questions why we observe such situation. This study, therefore, argues that the problem can be solved more comprehensively by looking at it from the political science perspective, focusing on the characteristics of Japan's policy-making process and interplay between interest groups. Figure 2-1 displays that in a visual form.

Figure 2-1: Dependent and independent variables of the problem.



In order to answer the question “how interest groups influence policy formation,” good understanding of Japanese decision-making process is needed. There are three leading theoretical approaches to analyze this: the iron triangle (or Japan Incorporated) model, the bureaucracy dominance model, and the pluralist model. Aside of them there are less popular perspectives, such as corporatism, revisionism, and the collective irresponsibility model. The major difference among all approaches is their interpretation of the power balance and relationship among politicians, bureaucrats, business groups, citizen associations, and other actors. In the following sections, I review the three main models and discuss their utility in analyzing forest policy.

4 If analyzed alone, a strong case for wood trade liberalization and low market regulation can be build from economic arguments alone.

2.2.1. The Iron Triangle Model

The so-called miracle of economic growth in postwar Japan gained much attention among many political science and economics scholars who tried to explain this phenomenon. One of the most widespread models became the idea of “Japan Incorporated.” According to it, there is a partnership between the ruling LDP, the bureaucracy and the business (three corners of the “iron triangle”) that are directed towards one goal – economic growth (Yanaga, 1968, pp. 27–8). In other words, Japan is compared to a company which has various departments and bureaus working hand in hand as a team to gain the maximum economic prosperity for all people in the country (Kaplan, 1972, pp. 15–6). All other political issues are, therefore, considered in the context of how good they are for the economy. If the solution of a certain problem does not help to increase economic growth, there is less chance for it to be implemented. The iron triangle established a mutually beneficial relationship between big export-orientated business, the LDP and the bureaucracy.

The iron triangle model is usually used to explain Japan's policies implemented during the first two-three decades after WWII. In order to quicken post-war rebuilding and development, the Japanese government at that time gave preference to certain export-orientated industries and nurtured them with official support so they can become strong and competitive in a relatively short time. Many of these industries were those that can turn cheap raw materials into value-added products demanded in the international markets. Timber trade and processing industry fit this description very well because it earned much needed export dollars in the 1950s by importing raw tropical logs from the Philippines and using them to produce high-quality plywood to be exported to the USA. Although at first this was done on a small scale, with government's support that included making harbors more suitable to timber imports, reducing import tariffs and giving loans to build storage and sawing facilities, Japan's timber processing industry was able to expand rapidly just in a few years. Tropical log imports rose by 70% from 1960 to 1963, and total timber imports expanded more than seven times during the 1960s (Nectoux & Kuroda, 1989). Starting from the early 1960s, timber imports became increasingly important as a way to satisfy domestic demand and reduce high timber prices that threatened economic growth. As the iron triangle model suggests: 1) most attention at that time was given to how much such policies can contribute to country's economic growth rather than considering long-term social and environmental impacts, and 2)

the changes originated from close cooperation between the government and business.

Although the “Japan Inc.” model became quite popular formula to quickly understand what was happening in Japan, it has been criticized from different perspectives for being too simplistic. James Stockwin (1982, p. 137) argues, that, in reality, there was no common goal on all economic issues, and the relationship between government and business was much more dynamic with many cases of disagreement and infighting. Although that was not very visible on the surface because one usually only sees the final outcome of the consensus, the whole process of reaching it was far from harmonious. The research by James Horne (1985) also shows that there was an active competition between companies in Japan during the economic growth rather than close harmonious cooperation between the government and the industry.

2.2.2. The Bureaucratic Dominance Model

The bureaucratic dominance model is another approach to policy-making in Japan. It has similarities to Japan Inc. However, instead of the three corners of the iron triangle, there is only one central player – the bureaucracy. According to the model, bureaucratic institutions are at the center of all political decisions made in Japan. Such situation is perceived as a historical continuation of the pre-1945 administration system, in which the state had strong control over the entire country and had not changed much after the post-war reforms (e.g. Tsuji, 1969). Bureaucrats are responsible for policy-making because they are experts of a certain policy field, and the politicians depend on them when preparing legislation. In many cases, laws are drafted outside the Diet entirely by some ministry clerks. Therefore, voting for laws on the parliament is only “rubber-stamping” – a formal procedure of adapting regulations handed down by the bureaucracy.

The model suggests that in order to understand Japanese decision-making, one should look no further than what is happening within bureaucratic institutions. For example, Japan's remarkable success in economic policies can be explained by analyzing the processes and procedures of MOF and MITI, while delayed reaction to widespread industrial pollution during the 1950s and 1960s can be understood by looking how much the issue of environmental protection was present among bureaucrats. From this viewpoint, politicians simply follow scenarios prepared by ministries and their agencies.

Chalmers Johnson is one the best known supporters of this model. In his book *MITI*

and the Japanese Miracle (1982), he applies it to Japanese political economy and argues that the dominance of the bureaucracy is so strong that it controls both the political and economic fields by using a mixture of formal influence and informal pressures. This is also done on a personal level when the former governmental officials receive high-ranking positions in private companies (a process called *amakudari*). Johnson states (1982, pp. 141–56) that bureaucratic institutions later use these connections to influence the business sector. In a similar way, the former bureaucrats who after retirement turn politicians become a connection between their ministry and political party. Considering the long rule of the LDP, the division between politicians and bureaucrats becomes very ambiguous.

When applied to the post-war timber industry development, the bureaucratic dominance model suggests the leading role of MAFF and MITI. MAFF did everything in its power to consolidate the forestry industry after the war and provided support for forest owners and timber processing companies to modernize and be competitive. MITI, on the other hand, encouraged imports of cheap foreign timber and exports of value-added wood products. These two policies clashed in the 1970s when it became evident that domestic forestry is not able to compete with cheaper logs imported from abroad. However, as Chalmers Johnson suggests, more powerful position of MITI allowed it to continue international trade oriented policy even if it undermined the goals of MAFF. Later, starting from the 1990s, the Environment Agency added an environmental dimension to the discussion. However, as an institution with small human and financial resources, it could influence MITI's policies even less than MAFF. In short, the bureaucratic dominance model suggests that three policy directions (timber trade, support for domestic forestry and ambition to protect forests on the international level) originate from bureaucratic arrangement.

The latter idea can be understood in greater detail by considering the organizational process model introduced by Allison and Zelikow (1999, pp. 163–85). It suggests that the policy formation is very much influenced by organizational structure of ministries, agencies or other institutions. Decision-makers that are part of a bigger organization are restricted by a variety of rules and must act according to already set standard procedures rather than by their own rational judgment. Because in such a situation one has to follow already existing patterns, consideration of alternatives is limited or entirely non-existent, and changes, if they are made, are incremental. In other words, decisions must not be radical even if they could reach good results. Instead, strategies should be conservatively formed by following previous

precedents. Cases of such “path dependency” in forest policies related to domestic forests can be found in Shiga Kazuhito's research (2013). However, organizational practices may change more quickly or even be completely reformed in the case of a crisis or strong pressures from the outside. An example of that can be the issue of illegal logging that was introduced to Japan's forest policies in a relatively short time because of active movements on the international level and support for the issue by influential politicians.

Since organizations can not adapt to new situations quickly, they try to avoid uncertainty by clearly defining their areas of responsibility, planning future activities, and establishing a set of standard scenarios. As short-term plans are easier to predict, they are preferred over long-term ones. Halperin and Clapp (2006, pp. 38–9) add to that by providing four general characteristics that organizations have:

- 1) all organizations seek to have influence in order to pursue their objectives;
- 2) all organizations seek autonomy and funds to perform the necessary functions;
- 3) all organizations support policies that will make them more important;
- 4) all organizations resist policies that may cause negative changes related to the organization, but are often indifferent to ones that do not lead to change.

These characteristics show that in addition to making decisions about the problems that fall into their field of influence, organizations also work to sustain themselves by protecting their independence, resources and level of authority. This provides a good explanation why bureaucratic reforms are difficult to implement, and when started, they take much time and progress slowly.

The bureaucratic dominance model is criticized for exaggerating the role of the bureaucracy and being apolitical (Babb, 2001, pp. 69–72; Curtis, 2000, pp. 57–60). In reality, the bureaucracy is checked and balanced by the ruling LDP which has to please its electorate, by private companies that have their own business plans, and by the civil society which expresses its dissatisfaction about pollution, corruption, tax rise and other issues. Although bureaucrats lost some of their influence in the decision making process due to reforms in the late 1990s and early 2000s (Peters & Pierre, 2008, pp. 164–7), there is little doubt among Japan's scholars that the bureaucracy is still an important player in Japanese politics to this day.

2.2.3. The Pluralist Model

The pluralist model challenges both previous models and their arguments of the bureaucratic or “iron triangle” dominance in Japanese politics. It states that Japan experienced many reforms after the defeat in WWII that democratized the country and put restraints on the bureaucracy through division of power, checks and balances, and other methods. This opened the possibility for all kinds of interest groups to get involved in the decision making process by interacting with political parties and individual politicians. As a result, the Diet is considered as the central place of policy formation in Japan. Politicians have a choice how to respond to the pressure made by a wide variety of lobby groups, including bureaucrats who promote the interests of their institutions. In other words, politicians are not perceived as merely marionettes moved by ministry clerks. If they are determined to implement changes that favor the interests of business companies or non-governmental groups, they can do that despite opposition from the bureaucracy (Muramatsu, 1981, pp. 293–9).

According to Muramatsu and Krauss (1987), in the case of Japan the pluralist model is different from the classical pluralism in which the weak government is influenced by independent lobby groups that compete with each other. Rather, the government is strong, there is a common element of cooperation among lobby groups, and some of them have connections with the government. Such a hybrid state is called patterned pluralism. The authors describe it as follows:

“Patterned pluralism is pluralistic in fundamental ways: influence is widely distributed, not concentrated; interest groups have many points of access to the policymaking process; and although interest groups are definitely tied to the government, there are elements of autonomy and conflict in the relationship. We are not dealing here with classical pluralism in which policy was merely the outcome of open-ended, competitive lobbying by pressure groups on a relatively weak government. Rather, the patterned pluralist government is strong, interest groups sometimes have cooperative relations with the government and with each other, and lobbying is not open-ended because interest groups usually are almost constantly allied with the same parties and bureaucratic agencies.” (Muramatsu & Krauss, 1987, p. 537)

Muramatsu and Krauss argue that the main reason this happened in Japan is the long

rule of the LDP. In order to keep itself in power, the LDP had to be pragmatic and accommodate a variety of social interests. This led to the formation of coalitions with its biggest allies and giving them access to participate in policy-making, while competition among opposing interests was stabilized by targeted rewards and compensations. As a result, decision-making in Japan is patterned by relatively fixed ties among interest groups, the LDP and the bureaucracy.

The pluralist model does not suggest that all interest groups have equal strength in the policy-formation in Japan, and there are different opinions about who has the most influence. From the perspective of Muramatsu and Krauss (1987), bureaucrats are relatively more powerful than the LDP or non-governmental lobby groups. Their experience and expertise on certain policy areas, and close ties with a wide variety of interest groups put them in a powerful position. For example, when a new law is drafted, the ministry or its division that has jurisdiction over the legislation participates in discussing its details from a very early stage and later promotes the policy among other bureaucratic institutions, politicians and the related interest groups (Muramatsu & Krauss, 1987, p. 542).

Another perspective is that the bureaucratization of the LDP and other factors make politicians equally strong or even stronger than the bureaucracy in the policy-making process. Tribes of politicians (*zoku*) who specialize in certain types of policy areas, such as construction, agriculture, education or others, sometimes have enough knowledge of their specialty to draft legislation so they do not need to rely completely on information provided by the bureaucrats (Abe, 1999, pp. 39–40). Muramatsu and Krauss (1987) also agree that the bureaucracy has to increasingly share its power with the LDP. They show that according to the perception of interest groups, both the bureaucracy and politicians are considered as important targets in their lobbying activities. More specifically, interest groups tend to pressure certain ministry department and specific *zoku* group according to the policy area that needs to be changed.

One more way how the LDP can exercise its control over the bureaucracy is personnel management. According to Pempel, the party follows personnel changes in ministries and can reject the promotion of candidates who are not acceptable to the LDP (1972, pp. 652–3). Therefore, high-ranking bureaucrats have to agree to the party's views on the main issues and consider its position when preparing policy drafts.

The third and the newest perspective of the pluralist model is that Japan is gradually

moving toward classical pluralism. Martin (2011) argues that administrative and electoral reforms moved power from the bureaucracy to party politicians, increased the importance of policies in election campaigns, and weakened traditional power networks, such as between the ruling party and the business, allowing a wider variety of interest groups to engage in the policy-making process. Abe (1999, p. 42) adds that the number of bills drafted by politicians is increasing showing that members of the Diet have become less dependent on the bureaucrats. The non-governmental sector is also growing. The Special Nonprofit Organization Law introduced in 1998 revitalized social movements by liberalizing regulation of the formation of NPOs. The number of NPOs grew from 1176 in 1999 to 29 934 in 2006 (R. Pekkanen & Kawato, 2008, p. 199) and further to 52 037 in 2014.⁵ They can now better articulate their interests, especially on the municipal level, and create pressure on local elites (LeBlanc, 2009, Chapter 4; Peng-Er, 1999). Although, as Pekkanen (2006) showed, most of these NPOs are small, lack financial resources and professional staff, governmental polls show that the number of employees in the non-profit sector is growing. While an average NPO had 6.6 workers in 2005, in 2012 it grew to 9.5 (Cabinet Office, 2006, 2012).⁶ In the late 1980s Muramatsu and Krauss also believed they observe the later stages of patterned pluralism and that its strength is declining leaving more space for the formation of the classical pluralist system (1988, p. 210).

Some signs in the forest policy support the growth of pluralism. The tropical timber campaign that started both on the international and domestic level in the late 1980s was a major factor bureaucrats, politicians and business people started to discuss environmental and social issues of Japan's tropical timber consumption among themselves. Activists were able to persuade politicians working in local municipalities to introduce policies to reduce tropical timber use in public projects, and bureaucrats on the national level to include tropical deforestation topic in ministerial annual reports. Another example is the case of Matsuoka Toshikatsu, a politician from the LDP who served as the minister of MAFF in 2006–2007 under the Abe Shinzo cabinet. He was actively involved in forest policy formation and mainly because of his efforts the issue of illegal logging was brought to discussions in the Diet. Under his supervision, the Green Procurement Action Plan was amended to include

5 According to Japanese NPO database NPO-Hiroba, March 2014 (retrieved March 18, 2014 from <http://npo-hiroba.or.jp>)

6 It is not clear, however, whether both surveys used the same methodology to calculate the number of workers.

requirements to use only legal and preferably sustainable wood in public projects. Matsuoka's sudden death in 2007 prevented him from continuing his work on forest policy, but the example of one politician bringing major legislative change adds support to the argument that Japanese politics is getting more pluralistic.

2.2.4. The Bureaucratic Politics Model

The bureaucratic politics model (Allison & Zelikow, 1999, pp. 294–324) gives insights what form pluralism takes inside organizations. It suggests that we should not assume that organizations have monolithic structures. Instead, they should be regarded as coalitions of participants who bargain with each other to reach the most suitable consensus for all. Even though these individuals have to fit their bargaining games to broader organizational rules and can only make incremental changes, at the same time they struggle to advance their own individual interests or interests of a subgroup to which they belong. This means that decisions are made by “pulling and hauling” rather than making a clear, rational strategy. In other words, organizational decisions arise as a consensus among individuals on political issues. Sebata compares that with a small Shinto shrine that is carried through streets by several people who have to coordinate their actions. Its movement represents “the policy supported by different groups within the organization, as well as the importance of forming a consensus” (2010, p. 6).

More examples specific to Japan are also given by other authors. T. J. Pempel (1982, pp. 3–4) argues that Japanese decision-making is a collective rather than an individual process in which compromises are preferred over forceful measures. Even though there might be competition, conflict and disagreement between the individuals that are involved in “pulling and hauling,” much importance is given to finding common agreement and seeking harmony within the group. Richardson and Flanagan (1984, p. 335) state, that consensus in Japan is a procedure that gives the individuals an important feeling of participation in the final decision and makes the outcome perceived as legitimate. The discussions involve *hanashiai* (talking together, discussing), *nemawashi* (making necessary informal arrangements with the people concerned), *ringi* (circulating a document to get opinion from organization members) and other methods that provide opportunities for participants to be part of a team and make them feel as making important contribution (MacColl, 1995). Although reaching a consensus requires time and is comparatively slow process compared to the decision-making with a

strong leader figure, such process helps consolidate organization and motivates its members to make their best effort in implementing the decisions that were reached (Ishida, 1989, p. 43).

All this suggests that pluralism inside Japanese organizations is rather constrained because of much stress put on making consensus. Therefore, while it is important to analyze people, groups they form, and prominent individuals, at the same time it is also crucial to know to what kind of organization they belong. As “where you stand depends on where you sit,” the analysis should also look into organization's goals, rules, standard procedures, and other characteristics. Pluralism also requires not to forget that politicians, bureaucrats and governmental institutions are not working in a vacuum, separated from the society. In reality politicians seek to be reelected and have to look after the interests of their constituencies; political parties follow the general mood of the public to adjust policy directions; interest groups, both domestic and from other countries, make pressure on certain policies to get them modified; international agreements create constraints or add new possibilities to pursue certain policies; and, finally, major scientific discoveries, natural disasters or other large-scale changes can open up entirely unexplored ways to deal with political problems and may lead to a paradigm shift both among the general public and decision-makers. This is valid in the case of Japan's forest policy where interest groups are involved in lobbying, and external pressures, known in Japanese as *gaiatsu*, make an impact by introducing new issue areas as it happened with tropical forest protection or illegal logging.

Table 2-1: Two levels of analysis

Level of analysis	Focus of analysis	Concepts
Organizations	Ministries and their agencies Parties (LDP and DPJ) Formally organized interest groups	Organizational structure Goals Rules Routines Plans
Individuals	Officials Leaders Factions Coalitions Loosely organized interest groups	Bargaining Goals and interests Perceptions Ties between individuals Communication channels

The review of explanations of policy-making in Japan reveals that there is an agreement about the importance of the bureaucracy. The question discussed the most is how much power it shares with the ruling party and the biggest lobby groups. While there are many studies that support the argument that the bureaucrats are relatively stronger than politicians or interest groups, there is also a number of studies that contest that and stand for party supremacy or increasingly pluralist policy formation. Although there is no consensus on this question among scholars, the importance of bureaucratic institutions and the ruling party in policy-making, and the interdependence of the two sides is clear. At the same time, the role of pressure groups must also not be left aside and included in the analysis.

2.3. Hypotheses

As it was previously presented, there is growing evidence to suggest that Japan is in a transitional period from patterned pluralism to classical pluralism: electoral reforms moved power from the bureaucracy to party politicians, increased the importance of policies in election campaigns, and weakened traditional power networks, such as between the ruling party and the business, creating more access points for interest groups to access the policy-making process and compete with each other. Japanese civil movements are growing every year when measured both by the total number of registered NPOs and by how many staff members they have on average. However, this change is in progress and, as theories reviewed in the previous section suggest, politicians, the bureaucracy and large business still exert a big influence on policy formation because of their good organizational structure and traditional channels of communication (for example, through industry associations). Based on that and considering that this research analyzes policy formation of the last 60 years, I propose three hypotheses.

1) Discrepancy between wood market liberalization, promotion of the domestic forestry industry and support for the protection of forests abroad can be strongly associated with institutional fragmentation, delimitation of ministerial policy fields and the eagerness of the bureaucracy to protect their area of influence as suggested by the bureaucratic dominance model and the bureaucratic politics model. In other words, forest policy has not been planned as a whole but is a result of separate decisions of

each ministry or agency. The role of the ruling party or individual politicians is minor, and their influence to forest policy is weak. Large interest groups have an effect on policy-making if they maintain a close relationship with the bureaucracy.

2) Judging from previously listed recent developments towards classical pluralism, discrepancy in forest policy is further strengthened by weak civil society movements that promote alternative policy directions (protectionist measures to strengthen the domestic forestry or stronger international cooperation to protect forests abroad). This allows politicians and bureaucrats to make decisions without feeling pressured to consider a broader spectrum of alternatives.

3) As suggested by all models, promotion of timber market liberalization can be attributed to the close relationship between the government and large business which has been actively involved in international timber trade for more than 50 years and is eager to further benefit from weakly regulated markets. These trading companies are among the largest in Japan, conduct business in many other areas, and are effectively organized into industry associations that allow them to maintain a close relationship with politicians and bureaucrats. All this puts them in a favorable position to influence forest policy. At the same time, they are very weakly challenged by the civil society to improve their environmental and social commitments.

CHAPTER III. JAPAN'S FORESTRY AND WOOD CONSUMPTION

This chapter looks in detail at Japan's forest resources, the forestry industry and its productivity, wood consumption, timber imports and their impact on exporting countries' environment. This information helps to better understand issues surrounding Japan's forest policy-making that is analyzed in the following chapters. Namely, with what problems ministries and agencies have to deal with, what are the main concerns of NGOs advocating for domestic and foreign forest protection, and what is the involvement of Japanese companies. More specifically the chapter is focusing on the following questions:

- 1) How did Japan's forests and forestry change in the last 60 years? What characteristics do they have?
- 2) What impact did Japan's wood consumption have on forests abroad, especially in Southeast Asia?

3.1. Outline of Japan's Forests, Wood Production and Consumption

Natural climatic and geographical conditions make Japan very suitable for rich biodiversity. The country's four main islands have uneven terrain, stretch hundreds of kilometers from north to south, and experience high annual precipitation. All this creates good conditions for diverse ecosystems inhabited by a wide variety of both plant and animal species. That includes around 500 species of trees that are found in nine forest ecological regions (FFPRI, 2010, p. 16; IUCN, 2008, p. 18).

According to the 2012 data from the Forestry Agency (2012a), 69% of Japan's land area (25 million hectares) is covered with dense closed forests, and this number has been stable during the last several decades. Approximately 60% of all forests are natural, while the rest are artificially planted, mostly during the major reforestation campaigns in the early post-war period during the 1950s and 1960s. The proportion of growing stock, however, is the another way round because forest plantations have 60% of all wood stored in Japanese forests. The major tree species that comprise 78% of all plantations are *Cryptomeria* (*sugi*), Japanese cypress (*hinoki*) and Japanese larch (*karamatsu*). According to the 2010 data, Japan's forest

growing stock accounts for more than 4.4 billion m³ and is increasing on average by 80 million m³ annually (Forestry Agency, 2012a). Many of the forests that were planted just right after the WWII are now mature enough for commercial logging and industrial use. It is estimated that, at the moment, 95% of Japan's forest area is available for sustainable timber harvesting that could in theory satisfy the majority of current wood needs in Japan (McDermott et al., 2010, p. 176).

Roughly 60% of Japan's forests are private and are divided among many small-scale owners. 90% of them own forests of less than 20 ha and get only small income from selling timber or are not involved in commercial activities at all. The average size of a family-owned forest is 2.7 ha, while company-owned forested land is on average 34.6 ha (Ota, 2002a). Most forest managers make a living by working in other fields than forestry, and the share of those that receive their major income from wood sales is as low as 5%. In general, more than half (55%) of all value created in Japanese forests comes not from timber, but from mushroom production. In addition to that, the ratio of forest owners and workers in their 60s or older is large and increasing which makes efficient forest management difficult (Forestry Agency, 2012a). As the domestic forest industry has been having hard time competing with imported timber, forest owners have little interest in commercial forestry and continue to own forestland mostly to keep attached to their ancestral homesteads (Matsushita & Hirata, 2002).

30% of Japan's forests are administrated on the national level, and the rest 10% belong to prefectures or municipalities (see Table 3-1). The Forestry Agency is responsible for managing national forests and is the biggest forestry organization in Japan.

Table 3-1: Forested land area in Japan by ownership.

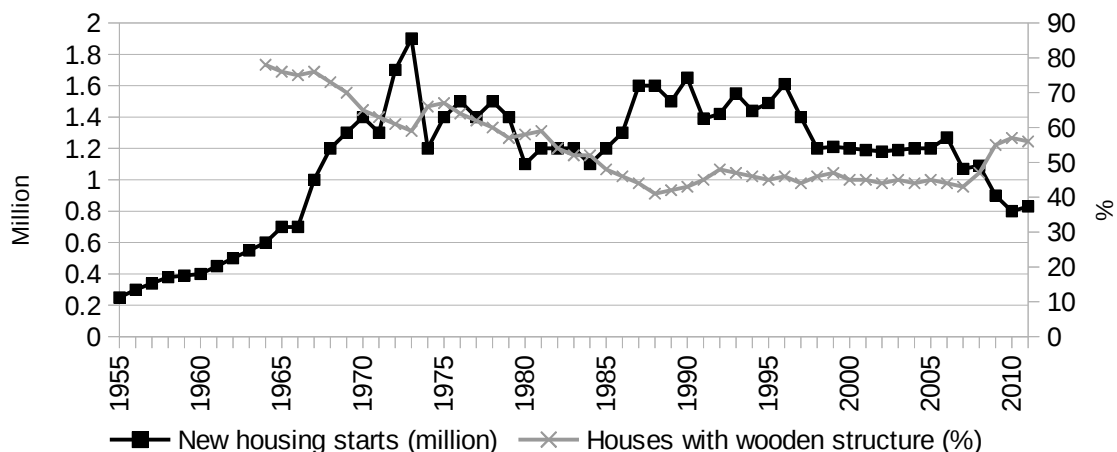
Type	Area (ha)	Ratio
National forest	7,686,000	30.6%
Public forest	2,876,000	11.5%
Private forest	14,535,000	57.9%
Total	25,097,000	100%

Source: Forestry Agency (2012a).

The total annual demand for wood in Japan was 70 million m³ in 2010, down from the

peak of around 110 million m³ in the 1970s and 1990s (see Figure 1-2) Domestic supply accounted for 18 million m³, and imports for the rest of 52 million m³ which makes Japan a country with very low self-sufficiency in wood products. Domestic consumption is closely correlated to housing starts because almost half of all wood in Japan is used for construction or other industrial purposes (Forestry Agency, 2010b). Another 40% is consumed as paper products (writing paper, cardboard, packaging, etc.) The rest is used for making furniture, wooden household items or other goods. Wood demand has been constantly decreasing since the 1990s mainly due to the slow-down of Japanese economy and decline of new housing starts (see Figure 3-1). The Forestry and Forest Products Research Institute (2006, pp. 413–17) does not expect any sharp increase in wood demand in the near future, mainly because of population decline and already high consumption of wood products.

Figure 3-1: New housing starts in Japan and proportion of houses with wooden structure.



Source: Forestry Agency (2012a).

3.2. Market Liberalization and Timber Imports

As a country with large forest area, Japan has been self-sufficient in wood for a long time. That changed after WWII when just in two decades the country became one of the major timber importers in the world. There are three main reasons why that happened: 1) high domestic demand for timber that raised its prices, 2) the inability of the domestic forest industry to supply enough timber for Japanese consumers, and 3) the decision made by the

government to liberalize wood imports in order to stabilize the market. Let us look into that in more detail.

Rebuilding of Japan after the war required high quantities of wood. New housing starts were growing every year reaching half a million annually at the beginning of the 1960s and staying over one million during the 1970s, 1980s, 1990s and the first half of the 2000s (see Figure 3-1). Large proportion of these new buildings was constructed entirely out of wood or by using wooden framework and wooden interior elements. As the demand for wood was rapidly growing, so were the prices. Compared to 1952, wood price almost doubled in 1961, while the average price of other commodities increased only by 2% (Iwai & Yukutake, 2002). The main reason for this was the difficulties that the domestic forest industry faced adapting to booming house construction. The best trees were already logged during the war period leaving the remaining forests mostly in remote areas on steep hillsides or mountains. Logging was also costly and required much labor force that was hard to find as many rural workers started migrating to urban areas searching for better life opportunities.

Scarce supply of domestic timber made the Japanese government increasingly worried that the lack of industrial wood was slowing down country's economic recovery. The solution considered to be the most effective was timber trade liberalization. It was implemented gradually starting in 1961 by reducing timber import tariffs and encouraging imports of tropical logs from the Philippines (Iwai & Yukutake, 2002). The government was expecting that such an action will stabilize the domestic market and help earn more foreign currency by exporting value-added wood products made out of imported unprocessed logs. This was already done on a small scale during the 1950s by some companies that used tropical timber to produce high-quality plywood for exports to the USA. Similar to other export-orientated industries, timber processing was perceived by the government as a good candidate for modernization and expansion, and received official support (Jomo, 1994). Southeast Asian countries quickly became the major suppliers of raw materials to the Japanese timber processing industry because they had vast areas of old-grown forests, were willing to sell raw logs and were located close to Japan geographically. Most of the timber first came from the Philippines, later from Sabah (Malaysian) and Indonesia, and most recently from Sarawak (Malaysia), Papua New Guinea and Solomon Islands. Till the 1990s Southeast Asian exports accounted for around half of all timber that came to Japan from overseas (Iwai & Yukutake, 2002). The rest was imported mostly from the US and Russia, and to a lesser extent from

Canada and New Zealand. By 1970, imported timber accounted for half of all wood used in Japan and was further increasing, reaching 70% at the end of the 1980s and around 80% in the 1990s and 2000s.

Japan has been constantly liberalizing timber trade since the mid-1960s. As it can be seen from Table 3-2, import tariff rates for logs and processed wood from the USA were made 0% by 1964. Tariffs for sawn wood, plywood and engineered wood were gradually reduced during multilateral General Agreement on Tariffs and Trade (GATT) negotiations in the 1970s, 1980s and 1990s reacting to pressures from the USA to support market liberalization, and from Indonesia to make Japanese market more accessible to value-added wood products, such as plywood.

Table 3-2: The change of tariff rates (in %) of major wood products in Japan.

Type of wood products		Market liberalization in 1964	GATT Kennedy Round 1968~72	GATT Tokyo Round 1980~87	MOSS talks 1987~88	GATT Uruguay Round 1995~99
Logs		0	0	0	0	0
Sawn-wood	US timber	0	0	0	0	0
	Pine, fir, spruce	10	10	10	8	4.8
Plywood	14 types of tropical wood	20	20	17~20	15~20	8.5~10
	Other tropical wood	20	20	17~20	10~15	6
	All other hardwood	20	20	17~20	10~15	6
	Softwood	20	15	15	10~15	6
Engineered wood		20	20	20	15	6

Source: Forestry Agency (retrieved June 18, 2014 from http://www.rinya.maff.go.jp/j/boutai/wto/con4_3.html)

Starting from 2002, Japan pursued timber trade liberalization further through economic partnership agreements which usually are accompanied with product specific schedules that set deadlines for tariff reduction. As of 2013, Japan concluded 13 such agreements out of which 12 are bilateral (between Japan and India, Switzerland, Mexico, Peru and other countries) and one is multilateral (with ASEAN).⁷ Table 3-3 shows that these trade

⁷ MOFA, List of trade agreements and related documents (retrieved June 18, 2014 from

agreements have a major affect on tariff rates for wood products, especially for those that come from Southeast Asia.

Table 3-3: Tariff rates of major wood products in Japan in 2014.

Type of wood products	Rate (%)	Notes
Logs	0	
Sawn wood	4.8-6	*
Veneer sheets	0.8-5	**
Plywood	5-15	**
Particle board	0.6-8	**
Fibreboard	2.6	**
Builders' joinery, etc.	0-5	***
Firewood, charcoal	0	
Wood chips, sawdust, pulp	0	
Paper, cardboard	0	

Notes:

* 0% tariff for imports from ASEAN member-states

** Lower tariff for imports from ASEAN member-states, India, Mexico, Peru, Chile, and Switzerland; will be gradually further reduced in the following years.

*** 0% tariff for imports from ASEAN member-states, India, Mexico, Peru, Chile, and Switzerland.

Source: Customs Office of the Ministry of Finance (retrieved June 18, 2014 from http://www.customs.go.jp/tariff/2014_4/data/j_44.htm)

Among all countries, Japan has had the biggest indirect impact on Southeast Asia's commercial forests. From the 1960s till 2000 Japan was the world's largest tropical timber importer, and now is the second largest after China (see Table 3-4). The majority of tropical forest products to Japan were brought from Southeast Asia. In total, Japan imported more timber from the region than any other country.⁸ During the height of log export booms in the Philippines, Indonesia and Malaysia, Japan imported more than half of total production of

<http://www.mofa.go.jp/policy/economy/fta/>)

8 By volume, Japan's imports accounted for almost half of three major forestry products (logs, plywood and sawn wood) exported from Southeast Asian countries from 1960 to 2009.

these countries (Dauvergne, 1997, p. 2). Starting from the mid 1990s, tropical timber imports started to dwindle mainly because of the slowdown in Japanese economy and restrictions of log exports introduced by Malaysia and Indonesia to encourage the development of their own timber processing industry.

Table 3-4: Imports of tropical logs, plywood and sawn wood by five biggest tropical timber importers from 1995 to 2010 (1000 m³).

Year	China	Japan	Taiwan	South Korea	USA
1995	4152	12077	3259	3421	1574
2000	10252	8431	2376	2160	1938
2005	10421	5199	2206	1966	2304
2010	11562	2512	1173	915	814

Source: ITTO Annual Report (various years)

During the last two decades, sources of Japanese timber imports became more and more diversified. The Forestry Agency (2012a) indicates that Southeast Asia accounted for 9% of all timber coming to Japan in 2010. Other major sources were North America (19.2%), Australia (11%), Europe (7%), South America (6.7%), New Zealand (3.9%), Russia (3.3%) and China (3%).⁹ In addition to higher variety of sources, Japan is also importing more processed wood than before.

Timber imports from Southeast Asia have been mostly done by big general trading companies (GTCs or *sōgō shōsha* in Japanese) that, on the one side, helped Japan get stronger economically, but, on the other side, caused and worsened environmental degradation in timber-rich countries of the region. Working as trade intermediaries that constantly seek cheap sources of resources, *sōgō shōsha* indirectly facilitated unsustainable and illegal logging and traded timber at prices that externalize the environmental and social costs (Dauvergne, 1997). Low prices were one of the key factors leading to high tropical timber consumption and its excessive or wasteful use in Japan.

Another issue related to Japan is the imports of illegally logged timber. The problem of timber legality has been one of the major issues since the beginning of log import boom from Southeast Asian countries in the 1960s and 1970s (Dauvergne, 1997). However, there is

⁹ 26% were domestic wood and the remaining 10.9% came from a variety of countries.

a lack of data from that period to estimate what proportion of timber was smuggled to Japan. Research by Nectoux and Kuroda (1989, pp. 71–3) shows that the discrepancy of trade statistics between Japan and the Philippines allows to suspect up to 33% of log imports in 1984, 46% in 1985 and 30% in 1986 were illegal. The same research also found indications of illegal timber exports from Indonesia, Malaysia and Papua New Guinea.

Recent international attention to illegal logging prompted more detailed research although elusive nature of illegal activities makes it difficult to make precise calculations. The Chatham House report (Lawson & MacFaul, 2010) estimates that during the 2000s Japan had one of the highest imports of illegal wood among developed countries, both per capita and as a proportion of overall amount of imported wood. It shows that in 2000 Japan imported 11.5 million m³ of illegal wood products compared to 5 million m³ in the US, 1.5 million m³ in the UK and France, and 1 million m³ in Netherlands. The situation improved by the end of the 2000s when imports of illegal wood products fell to around 7 million m³. However, the proportion of illegal wood to all wood imports during the same period remained almost unchanged and went down from 14% to 12%. The main sources of illegal timber were Indonesia, China (that re-exports large quantities of illegally obtained wood), Malaysia and West African countries (Lawson & MacFaul, 2010). Large percentage of such wood is imported as primary (raw) products, although it is constantly decreasing and changing towards processed goods. More recent reports by environmental NGOs suggest that the problem of illegal timber exports to Japan has not been solved yet (Global Witness, 2013a; Illegal Logging Portal, 2011).

3.3. The State of Southeast Asian Forests

Southeast Asia was once almost fully covered by forests. Today it has one of the highest rates of deforestation among all tropical regions, and only very few large areas of old-grown forests remain intact to this day (Sodhi & Brook, 2006). The biggest changes in Southeast Asia started after WWII. Logging boom that gained its pace in the 1960s has significantly degraded many tropical forests in the region just in several decades. The Philippines lost 44% of its forest area during the second half of 20th century (Lasco, Visco, & Pulhin, 2001). 32% of Indonesia's tropical forests disappeared from 1950 to 2010 (Barber et al., 2002). During the 1990-2010 period, deforestation rate in Indonesia amounted to 20%

(Food and Agriculture Organization [FAO], 2010), and in Sumatra island was even higher – 36% (Margono et al., 2012). Forest cover in Sarawak and Sabah – two leading timber producing states in Malaysia – has been also rapidly diminishing since the 1960s. Sarawak lost one third of its forests from 1963 to 1985 (Hong, 1987), and more than half of Sabah's old-grown forests disappeared from 1973 to 1983 (Repetto & Gillis, 1988, p. 141). 80% of forests in Sarawak and Sabah experienced high-impact logging from 1990 to 2009 (Bryan et al., 2013). During the last 20 years, Malaysia has been losing around 0.5% of its forests annually (FAO, 2010). The situation is also similar in Papua New Guinea, where more than 15% of forests were clear-cut since 1970s (Shearman et al., 2008). It is estimated, that, in total, these three Southeast Asian countries (Indonesia, Malaysia and Papua New Guinea) have been losing around 2.5 million ha of their forests annually since 1990 (FAO, 2010).

Table 3-5: Basic forest data of Indonesia, Malaysia, the Philippines and Papua New Guinea for 2010.

Country	Forest cover (1000 ha)	Forest cover (% of land)	Change in 1990-2010 (%)
Indonesia	94432	52	-20.34
Malaysia	20456	62	-8,58
Papua New Guinea	28726	63	-8,87
The Philippines	7665	26	16,66 ¹⁰

Source: FAO Global Forest Resources Assessment 2010.

In addition to large-scale deforestation (replacement of forest with other land-cover types), Southeast Asian countries experience widespread forest degradation. According to calculations done by Achard et al. (2002), that happens with approximately 1 million ha of Southeast Asian tropical forests each year. The single major factor for such extensive degradation is considered to be commercial logging (Kissinger et al., 2012). The cases when loggers clear-cut forests and leave bare land themselves are rare. Instead, they cut the largest

¹⁰ The increase in the Philippines is due to reforestation efforts. However, the area of old-growth forests with the richest biodiversity and highest ability to provide ecological services remained unchanged. For more details, see Top (2003).

and most valuable trees destroying many smaller ones in the process. The roads created by selective loggers provide access for migrating subsistence farmers, wood collectors or large-scale plantation companies, and lead to further exploitation of the remaining forest resources. Therefore, degraded forests become more likely to be converted to agricultural fields, plantations, industrial sites or urban areas (Dauvergne, 2001). As a result, commercial logging is considered as the most important factor of forest degradation, responsible for more than 80% of all degraded areas, and agriculture as the leading driver of further deforestation in Southeast Asia (Kissinger et al., 2012).

According to Laurance (1999), there are several equally important reasons why Southeast Asian countries are losing their forests. The major underlying cause is growing human population that intensifies pressure on the natural environment. The number of people living in Southeast Asia more than tripled between 1950 and 2010, growing from 173 to 593 million, and it is projected to reach 759 million in 2050 (Hirschman & Bonaparte, 2012). Such increase means higher net consumption of resources and expansion of villages, towns and cities, or even colonization of previously uninhabited lands. For example, transmigration programs of Indonesia conducted since the 1950s have been responsible for the migration of several million people from densely populated areas in Java to less populous and more forest-rich areas of the country.

The second layer is the national context of socio-economic, political and institutional factors of each country. The management of forests can be very much influenced by the level of poverty, land tenure rights, the prevalence of corruption, or ability of state government to enforce legislation of nature protection. Dauvergne (1997) has shown that there are many cases in Southeast Asian countries when key bureaucratic officials, political leaders and logging companies get involved in informal patron-client networks in order to mutually benefit from the exploitation of natural resources, such as rampant deforestation. These patron-client ties are sustained by weak governmental institutions, poverty, low state salaries and unsuccessful anti-corruption campaigns.

Domestic pressures to forests are closely intertwined with economic globalization and trade liberalization. While Southeast Asian state governments, local companies and individual people are the most directly responsible for deforestation and forest degradation, multinational corporations and global demand for tropical timber provide incentives for rapid and unsustainable logging. Foreign investment in timber concessions, modern forest

machinery, infrastructure or wood processing facilities greatly exacerbate over-logging. Global demand for palm oil, paper and other commodities that can be produced by converting natural forests to agricultural land or monocultural plantations of fast-growing tree species also play a critical role. Research shows that from 1990 to 2005 oil palm plantations in Malaysia and Indonesia increased by 49 000 km² (an area larger than Denmark) and around 60% of that expansion happened at the expense of forests (L. P. Koh & Wilcove, 2008). More recent report by Greenpeace (2013) revealed that palm oil development was the biggest cause of deforestation in Indonesia in 2009-2011. Even though trade liberalization has potential to bring economic benefits to developing countries, it also tends to accelerate the exploitation of their natural resources.

Japan, as a consumer of Southeast Asian natural resources and promoter of modernization, plays an important role in increasing pressure to forests. As it was described in more detail previously, Japan imported around half of all timber exported by the Philippines, Indonesia, Malaysia and Papua New Guinea. In addition, Japanese trading companies supplied producers in these countries with modern forestry machinery and know-how, often in exchange for logs or purchasing deals, to make logging faster and more efficient (Dauvergne, 1997, p. 170). Japan is also among ten largest palm oil consumers in the world. The country imports 680 000 tonnes of palm oil every year and its appetite almost doubled in the last 20 years.¹¹ Japan's influence is further increased by the fact that its banks have lent more to the biggest palm oil companies than the banks of any other country. From 2003 to 2013, Bank of Tokyo-Mitsubishi, Bank Sumitomo-Mitsui and Mizuho Corporate Bank provided Malaysian and Indonesian palm oil companies in total 2.32 billion USD in credit, compared to 1.8 billion USD coming from Singapore and 1.6 billion from the UK (RAN, 2014b). Such financial help is often provided without applying any guidelines that ensure protection of the environment and the rights of local communities.

In order to better understand how Japan got so deeply involved in timber imports despite the difficult situation in its own forests, the following three chapters will look at the forest policy formation process and the participation of the main actors.

11 FAOSTAT data for 2011; comparison was made with the amount of palm oil imports in 1991.

CHAPTER IV. THE ROLE OF THE GOVERNMENT

This chapter tests the validity of the first hypothesis:

Discrepancy between wood market liberalization, promotion of the domestic forestry industry and support for the protection of forests abroad can be strongly associated with institutional fragmentation, delimitation of ministerial policy fields and the eagerness of the bureaucracy to protect their area of influence as suggested by the bureaucratic dominance model and the bureaucratic politics model. In other words, forest policy has not been planned as a whole but is a result of separate decisions of each ministry or agency. The role of the ruling party or individual politicians is minor, and their influence to forest policy is weak. Large interest groups have an effect on policy-making if they maintain a close relationship with the bureaucracy.

In order to test the hypothesis, this chapter looks at the role of the Japanese government in Japan's forest policy formation. It introduces main governmental institutions that have authority over this area, and analyses their structural characteristics, inter-institutional relationship, interaction with interest groups, forest policy debates among politicians in the Diet and in political parties. The chapter covers the period from the end of WWII to 2013. More specifically this chapter is focusing on the following questions:

- 1) What institutions are responsible for the forest policy and how they interact with one another? Why some institutions have more influence than others?
- 2) What domestic and international policies related to forestry and forests does Japan implement? Why these particular policies are chosen?
- 3) How such policies are implemented? What influences this process?

Japan's constitution, which was promulgated during the Occupation period from 1946, lays the most basic grounds of country's political system and divides power among three independent branches – legislative (the Diet), executive (the Cabinet) and judiciary (courts) – that limit each other's power through a system of checks and balances. However, as the

arrangement of Japanese political institutions is based on the Westminster model, a substantial fusion of powers of executive and legislature can be observed (Stockwin, 2003, pp. xvii–xviii). This affects policy formation (including forest policy) despite that the Constitution states that the Diet is the highest organ of state power and the only legislative body in Japan. In reality, the bureaucracy is closely involved in the policy-making process. For example, although the Basic Policy on Promoting Green Purchasing amendment to require legal wood to be used in public projects was initiated by a group of politicians in the Diet, the actual text was prepared by the MoE and the guidelines of how legality is defined and verified were designed by the Forestry Agency with the help of industry associations.

Both the Diet and the bureaucracy have their own divisions. The Diet is composed out of politicians who are independent or belong to a party. All politicians have to be members of at least one committee that specializes in a certain policy area. In the case of forest policy, the Committee of Agriculture, Forestry and Fisheries is the place where most such policies are deliberated, although there have been cases of *ad hoc* groups formed to discuss special issues. Parties themselves have their inner organizational structure and can be divided into committees and factions which affect their position on issues related to forests. Bureaucrats also belong to institutions that have clear divisions of specialization. MAFF, MoE, MOFA and METI stand the closest to forest policy formation and implementation. Particulars of all these institutions will be discussed in the following sections.

4.1. The Diet

The process of forest policy-making in the Diet is done in several committees and is affected by the position of the ruling parties and related ministries. According to the Diet Law (*Kokkai hō*), both houses of the Diet consist of committees that function as discussion forums for specific thematic issues. Their responsibility is to examine in detail legislative bills that fall under their jurisdiction. Only those bills that receive a favorable vote in a committee can then be presented for voting during one of Diet's plenary sessions. There are two types of committees – standing committees and special committees. Typically the structure of standing committees resemble the structure of the Cabinet. For example, the equivalent of the MoE is the Environment Committee that exists both in the House of Representatives and in the House of Councilors. In total, there are seventeen committees in both houses (see Table 4-1). Special

committees are established when important matters, that no standing committee is capable of taking under its responsibility, emerge. An example of that is the Reconstruction after Great East Japan Earthquake Committee that was created after the Tohoku Earthquake. In principle, each member of the Diet has to belong to at least one standing committee, and the composition of each committee has to be proportional to the size of factions in the Diet. When needed, committees can organize public hearings to allow concerned parties express their opinion.

Table 4-1: Committees in the Diet

Diet	
House of Councilors	House of Representatives
<i>Committees that are unique in each house</i>	
Audit	Audit and Oversight of Administration
Economy and Industry	Economy, Trade and Industry
Education, Culture and Science	Education, Culture, Sports, Science and Technology
Foreign Affairs and Defense	Foreign Affairs
General Affairs	Internal Affairs and Communications
Land and Transport	Land, Infrastructure, Transport and Tourism
Oversight of Administration	Security
<i>Committees that are the same in both houses</i>	
Agriculture, Forestry and Fisheries	Financial Affairs
Budget	Fundamental National Policies
Cabinet	Health, Labour and Welfare
Discipline	Judicial Affairs
Environment	Rules and Administration

Source: the Diet Law (*Kokkai hō*)

As the jurisdiction over forest related issues is divided between different ministries, the same is true for committees in the Diet. Both the Regulations of the House of Representatives (*Shūgiin kisoku*) and the Regulations of the House of Councilors (*Sangiin kisoku*) explicitly say that each committee must be responsible about the matter that fall under jurisdiction of the respective ministry. Therefore, forest policy is discussed mainly in the

Agriculture, Forestry and Fisheries Committee, and to a lesser degree in the Environment Committee, the Economy, Trade and Industry Committee, the Financial Affairs Committee, and Foreign Affairs Committee.

The importance of committees has to be considered in the context of long lasting rule of the LDP. As it will be discussed in more detail later, the LDP has its own inner divisions, called *bukai*, which resemble committee structure in the Diet. Bills drafted by the bureaucracy or LDP's own members have to go to a particular *bukai* for a careful review. If it is found that the bill does not suit the interests of *bukai* members and their constituencies, it is scraped and does not reach the Diet. As a result, in most cases Diet's committees receive already finished and discussed legislation projects that only need to be formally presented and favorably voted by the same LDP majority that already agreed on the bill in *bukai*.¹² It can, therefore, be argued that committees in the Diet have little power to make policy decisions when the ruling party has strong interest in influencing it, and the majority of important policy-making happens inside LDP's inner structure behind closed doors.

4.2. Political Parties

Japan has a multi-party system. The major parties are the Liberal Democratic Party (LDP, conservatism), the Democratic Party of Japan (DPJ, social liberalism) and the New Komeito (conservatism). There are dozens of smaller parties in Japan among which the Social Democratic Party (SDP, social democracy) and the Communist Party (communism, social democracy) stand out for having the longest history. Except for a short period in 1993-1994 and a longer one in 2009-2012, the LDP has been in power since its formation in 1955. For this reason, it had the biggest effect among all Japanese political parties on Japan's policy formation, including forest policies.

The LDP has traditionally paid the most attention to Japan's economic growth and through that kept a close relationship with industry groups. Although this allowed the LDP to have strong backing from business, it also lured some LDP politicians, including Prime Ministers, into high-profile corruption scandals that broke at the end of the 1980s and damaged party's reputation among the electorate.

¹² Many LDP members who have a strong interest in certain policy area belong both to *bukai* and to respective Diet's committee.

The biggest opposition parties so far had little success to gather enough support among the Japanese people to challenge the long-term rule of the LDP. Sharp ideological division between the strongest candidates prevents them joining into coalition that could concentrate opposition votes scattered between smaller parties. In addition to that, many smaller parties show little stability. Splitting, merging or creating new political groups is a common practice. Compared to the LDP, smaller parties are in general more supportive to environmental policies and show fewer pro-business tendencies because of their weaker relationship with business interest groups.

Party members have traditionally been less active in proposing new legislation than the ministries, mainly because the LDP maintained a close relationship with the bureaucracy and relied on its expertise to draft bills. Although this happens now on a lesser degree, the role of ministries in this area remains more important than parliamentarians. For example, the Cabinet Legislation Bureau reports that from 2010 to 2013 (Diet sessions 176-185) the Diet received 624 bills out of which 328 were adopted.¹³ 317 bills came from the ministries while the remaining 307 were presented by parliamentarians. However, when looking at adopted bills, the balance is much more skewed towards the ministries – out of 328 bills that became laws 236 (72%) were prepared by bureaucrats and only 92 (28%) by parliamentarians. This shows that the bureaucracy keeps its influence in legislation to this day. As a result, since 1955 when the LDP came to power, members of the House of Councilors have proposed only two forest related laws – Forestry Workforce Law in 1985 and Law on Green Fund-raising to Promote Forest Maintenance in 1995 – out of which only the latter was adopted.¹⁴ Meanwhile, members of the House of Representatives have also submitted two bills – Forest Basic Law in 1964 and Law for Promotion of Regional Forestry in 1985 – but both of them were rejected.¹⁵ The main reason for the failure of these three laws is that they were drafted by the members of the SDP – a major opposition party at that time – which meant they received virtually no support from the ruling LDP. Apart from these efforts, all other forests related legislation (more than 30 laws since 1955) was the result of careful deliberations inside the ministries

13 The Cabinet Legislation Bureau, Recent statistics of proposed and adopted bills, (retrieved June 18, 2014 from <http://www.clb.go.jp/contents/all.html>)

14 The Legislative Bureau of House of Councilors (retrieved June 18, 2014 from <http://houseikyoku.sangiin.go.jp/sanhou-info/index.htm>)

15 Japan's Law Index database (retrieved June 18, 2014 from http://hourei.ndl.go.jp/SearchSys/frame/houritsuan_top.jsp)

and LDP's inner committee structure.

Strong dominance of the bureaucracy means that parties outside the ruling coalition have very little influence on forest policy formation. As it will be explained in more detail later, Japan does not have a stable green party. Those, that existed for a short time in the past, have not succeeded in winning even one position in the Diet. Long term rule of the LDP prevented even bigger parties from changing the course of the forest policy. At the same time, as presented earlier, there were few attempts to do that. Even when oppositional parties managed to gain power in 1993 and 2009, they had other more important issues to work on that forestry. Neither Hosokawa's government (August 1993 – April 1994) nor DPJ's government (September 2009 – December 2012) used the opportunity to introduce new bills related to forests or change existing laws.

The following three sections will look in more detail at three kinds of political parties in Japan and their relationship to the forest policy: green parties, parties that were predominantly or entirely in opposition and the ruling LDP.

4.2.1. Green Parties

To this day Japan does not have a strong green party, despite the fact that the country experienced large-scale pollution problems in the 1960s and early 1970s – a favorable time for green ideas to get electorate support. While during the 1980s and 1990s pro-environment groups in many developed countries have succeeded to organize themselves into national parties and win seats in parliament (Peng-Er, 1999, pp. 3–4), the green movement and its supporters in Japan remained either apolitical or fragmented (Higuchi, Ito, Tanabe, & Matsutani, 2010). The latter characteristic can be exemplified by the fact that, at the end of the 1980s, Japan had five active environment-orientated parties: Anti-Nuclear, Greens, Earth Club, Environment Party, and Life Party. Although they mostly ran local campaigns, they also managed to get in total more than half a million votes or around 1.3% of all votes cast in the upper house election of July 1989 (Barrett & Therivel, 1991, p. 12). In some later elections environmental issues were again addressed by several different parties; while, in other elections, there were no parties that specialized in green politics (Higuchi et al., 2010). During the most recent decade (2003-2013), Japanese voters could choose from Green Wind, Rainbow and Greens, Greens Japan, Green Table, Green Congress, Tomorrow Party of Japan and several other parties that put environment issues high on their agenda. Mainly because of

the accident at Fukushima's Daiichi nuclear power plant, the House of Representatives election in December 2012 was comparatively very successful for the green movement. The main green candidate – Tomorrow Party of Japan that was created just before the election and took strong anti-nuclear stance – was able to receive more than 5% of constituency votes and get nine seats in the Diet. However, the party was short-lived as it lasted only for seven months and was dissolved in May 2013.¹⁶ Meanwhile, Greens Japan, which is the only Japanese party that belongs to world-wide union of environmental parties Global Greens, did not participate in the December 2012 lower house election and did not get any seats in the July 2013 upper house election.

In addition to green parties, it is worth mentioning consumer cooperatives and some of their spin-off regional parties. One of the most well established of them is Seikatsu Club that started in 1965 and gradually expanded into a nearly nation-wide network. As of 2014, Seikatsu Club Consumers' Co-operative Union united 32 cooperatives in Honshu and Hokkaido and claimed to have 340 000 members.¹⁷ In 1977, Seikatsu Club supporters launched the first local party – Tokyo Seikatsusha Network – that was later followed by eight other similar “network” parties, each with comparatively strong environmental policy. However, their importance to forest policy has to be considered keeping in mind two things. First, they never particularly stressed forest protection as an important environmental issue, and some “network” parties do not address this field to this day in their policy programs. There were only sporadic interest to deforestation or other forestry problems triggered by outside forces (as with tropical timber campaign presented in more detail in the next chapter) but it did not last long.¹⁸ This might be influenced by the fact that Seikatsu Club was mostly dealing with food items and had little concern about industrial materials, such as wood. Second consideration is that “network” parties never were very successful in elections and, therefore, had limited influence in politics. The number of votes they got in the 1990s was never higher than 7-8% (Peng-Er, 1999, pp. 79–9) and the percentage did not grow in the

16 Tomorrow is dissolved, Abe joins Green Wind (*Mirai, jijitsujō no shōmetsu, Abe daihyō ga Midori no Kaze ni gōryō*), Asahi Shimbun, May 18, 2013.

17 Seikatsu Club Consumers' Co-operative Union: <http://www.seikatsclub.coop/coop/> (retrieved June 18, 2014)

18 E-mail interview with Aoyagi Setsuko, representative of Seikatsu Club Consumers' Co-operative Union, December 27, 2013

latest years.¹⁹

There are several reasons why green parties find hard to succeed in elections. First, as Peng-Er (1999, p. 23) argues, green parties in Japan have relatively weak ability to effectively organize support at the grassroots level through supporter groups (*kōenkai*) and ties with neighborhood associations. This area is very much occupied by older traditional parties that have more extensive and better maintained social networks that ensure stable voter support. These networks penetrate not only rural areas and small towns but also increasingly big cities like Tokyo, Yokohama, Osaka and others. Even the LDP that for a long time relied on farmers as its traditional supporters is gradually transitioning into a party that has more appeal to urban residents. Such direction was announced in the early 1980s and backed by party officials from the highest ranks, such as Prime Minister Yasuhiro Nakasone (Peng-Er, 1999, p. 48). The move towards urban voters was triggered mainly by the fact that the rural population in Japan decreased from 65% in 1950 to 33% in 2010 and is expected to reach 25% by 2050 (Jones & Dommaraju, 2011, p. 114). In addition to that, only 4.2% of all working force in Japan was employed in agriculture in 2007 (Jones & Dommaraju, 2011, p. 120) down from 45.4% in 1950 (Sakakibara, 2003, p. 134). The strength of rural votes was further reduced in 1994 when the Diet adopted a new electoral system that gave greater weight to urban constituencies. All this shows that the importance of rural voters has lost much of its power during the last five decades and that trend will continue in the future. The ability of the largest parties to adapt to urbanization of the electorate reduces the chances of green parties to get support from the big city residents who typically are the strongest supporters of post-materialist environmental ideology.

The second reason is that green parties, compared to traditional ones, tend to appeal voters on more limited set of issues. In Japan, where economy has been in stagnation for more than two decades, public debt has reached exceptionally high level and population is aging at a rapid pace, the state of the environment is not considered by many as one of the central problems that need to be addressed. After the accident at Fukushima's Daiichi nuclear power plant, nuclear safety attracted considerable attention among the Japanese people but, as election results have shown, many of them did not think that green parties can be trusted to deal with many other national issues.

Third, related to the previous reason is the fact that older traditional parties are

¹⁹ According to information in each party's web-page. The list provided in <http://local-party.net/> (retrieved June 18, 2014)

reacting to changes in the society and incorporate new emerging issues, including environmental protection, into their agendas. This started with pollution problems in the 1960s and 1970s that had direct effected on many Japanese people. At first, the LDP did not consider environmental pollution problems to be severe enough to reduce party's political power. However, people's frustration grew hand-in-hand with their support to opposition parties that promised stronger action on pollution and benefited from LDP's inadequate response. When the pressure from society reached a critical level, the LDP gradually embraced the importance of environment protection and with industry's cooperation managed to solve the most severe ecological problems in a relatively short time. This allowed the party to keep its supporters and prevented opposition parties from growing stronger. The LDP and other major parties also used similar strategy later in order to appeal for urban housewives and other groups of city people who have an interest in ecology (Peng-Er, 1999, p. 52). This created a major obstacle for green parties to expand their political support.

The fourth reason is that the Japanese electorate in general has little interest in environmental issues that do not have a direct effect on their lives. Environmental movement is fragmented, many organizations have low membership, attract few young people, are weak financially and show little interest in lobbying or policy drafting. According to the International Social Survey Programme (2010), only 1.6% of respondents in Japan said “yes” when asked “Are you a member of a group to preserve the environment?” in 2010. For comparison, in the USA the result was 5.5%, in Germany – 5.7%, in France – 6.4%, and in Austria – 7.9%. This makes it more difficult for green parties to form and get support.

Stronger green parties could potentially initiate more high-level discussions about sustainable forest management both in Japan and abroad, and policy measures that could help to implement it. Greens Japan, for example, has a number of ideas how to revive Japanese forestry and is concerned about environmental protection abroad.²⁰ However, with a membership of only 1000 people²¹ and no members in the Diet, the party has a long way to go to gain political power. Green Wind, on the other hand, does not address forest issues in their program at all. The same is with Tomorrow Party of Japan which left many environmental issues, including forest protection, out of their election manifesto.²² People's Life Party – the

20 Basic Policy, Greens Japan (retrieved June 18, 2014 from <http://greens.gr.jp/policy/seisaku/>)

21 Japanese Green Party forms with an eye on national politics, Asahi Shimbun, 2012 July 30 (retrieved June 18, 2014 from http://ajw.asahi.com/article/behind_news/politics/AJ201207300010)

22 Manifesto for 2012 elections, Tomorrow Party of Japan (retrieved June 18, 2014 from

party that attracted several members of Tomorrow Party of Japan after its dissolution – is somewhere in between as it only briefly mentions promotion of the domestic forestry industry as one of its goals.²³

This review of green parties in Japan reveals that they not only lack popular support and political power, but also, with the exception of Greens Japan, fail to address forest policy issues in their agendas. When parties talk about environment, they choose more popular topics such as nuclear safety and climate change rather than forest protection. If the forestry is addressed at all, as in the case of People's Life Party, it is laconically approached from an economic perspective and is connected to Japan's economic revival. This shows that green parties in Japan neither are, nor plan to be a strong factor in country's forest policy formation.

4.2.2. Major Opposition Parties

There are several political parties that tried and in rare cases succeeded posing a challenge to the long-term rule of the LDP. Among them is DPJ which was the ruling party from 2009 to 2012, SDP (formerly Japan Socialist Party), which was the largest opposition party in the 1955 system and the largest member of an eight-party coalition government in 1993-1994, and the Japanese Communist Party (JCP), which has a stable supporter base and is constantly getting around 5 million votes during elections. All three parties have a large membership (JCP – 320 000,²⁴ DPJ – 220 000,²⁵ SDP – 17 000²⁶) and relatively long political experience.

DPJ has mentioned domestic forestry issues in its election manifestos and among their

<http://www.maniken.jp/pdf/2012mirai.pdf>)

23 Policy statements for 2013 elections, People's Life Party (retrieved June 18, 2014 from http://www.seikatsul.jp/wp-content/uploads/political_policy.pdf)

24 Japanese Communist Party seeing sharp increase in new, young members, Mainichi, April 5, 2014 (retrieved June 18, 2014 from <https://web.archive.org/web/20140110090834/http://mainichi.jp/english/english/newsselect/news/20140107p2a00m0na015000c.html>)

25 DPJ membership is down by 120 000 members and supporters (*Minshu tōin sapōtā 12 man jinken*), Asahi Shimbun, September 4, 2013 (retrieved June 18, 2014 from <http://www.asahi.com/politics/update/0903/TKY201309030583.html>)

26 Election of the SDP leader has been announced (*Shimintō tōshusen ga kokuji*), MSN News, September 27, 2013 (retrieved June 18, 2014 from <http://sankei.jp.msn.com/politics/news/130927/stt13092722450006-n1.htm>)

policy projects.²⁷ The party talks about this area only from an economic perspective stressing the need to revitalize Japanese forestry and increase its productivity but touches neither domestic nor international environmental issues. SDP repeats DPJ message but adds more details to it.²⁸ The party suggests only local timber should be used in public projects and more wood utilized as biomass. In addition, SDP agrees that Japan causes environmental problems abroad by importing a large amount of wood from tropical countries and Siberia, and proposes systematic long-term bilateral agreements between exporting countries and Japan to encourage sustainable forest management and avoid illegal timber. It is notable that both parties have chosen to put forests and forestry towards the end of their policy programs and have not incorporated them strongly into election campaigns. In the past elections, forest policy received meager attention in manifestos of both parties. In addition, news about this topic are scarce on their web-pages and nearly non-existent for such issues as tropical deforestation or illegal logging.²⁹

Compared to SDP and DPJ, JCP discusses forest issues in the greater detail. In its manifesto for 2013 election, the party talks about multi-functionality of forests and their importance to Japan's environment and economy.³⁰ JCP supports measures to increase Japan's self-sufficiency in wood products and to improve forest protection and their sustainable use on the international level by strengthening regulation of international timber trade. The party also promotes the use of wood as a renewable energy, calls for more support to forest owners, and suggests creating extra funds for forest management by integrating forests into carbon offset mechanism. However, similar to SDP and DPJ, JCP fails to promote forest policy in their manifestos or build an election campaign around it. What the party does instead is organize local seminars or other educational events to raise awareness about forest issues.³¹

Although all three parties have ideas how to solve problems in the forestry sector, they are slow in turning their policies into reality. During the LDP's rule, only SDP tried to

27 Policies of DPJ (retrieved June 18, 2014 from <http://www.dpj.or.jp/policies>)

28 Policies of SDP (retrieved June 18, 2014 from <http://www5.sdp.or.jp/policy/policy/agriculture/agriculture0712.htm>)

29 Based on information provided in official web-sites: <http://www5.sdp.or.jp> and <http://www.dpj.or.jp> (both retrieved June 18, 2014)

30 Election manifesto of 2013, Japanese Communist Party (retrieved June 18, 2014 from http://www.jcp.or.jp/web_policy/2013/06/2013.html)

31 Information from party's web-site: http://www.jcp.or.jp/akahata/web_keyword/key081/ (retrieved June 18, 2014)

influence forest policy by proposing three new bills (all of which were not adopted). DPJ and JCP were silent in this field, despite the fact that they proposed a number of bills in other policy areas. As it was mentioned earlier, neither SDP nor DPJ introduced new bills or modified existing laws related to forests when they were in power themselves. The major step that DPJ took in the forestry sector was the initiation of the Forest and Forestry Revitalization Plan that was developed and announced by MAFF in 2010. Its main goal is to reach at least 50% self-sufficiency rate of wood in 2020 by expanding forest road network, training new forest workers and developing new markets. Except for some inventions in the market sector (e.g. promotion of the use of biomass to generate electricity or heat), the plan proposed nothing entirely new and in general followed the main forest policy line that has been promoted by the Forestry Agency for several decades. Namely, that the domestic forestry should get more government's financial support. It is early to say how successful the plan will be but it is clear that the main figure – self-sufficiency rate – remained the same in 2012 as in 2009 and stood at 28% (see Figure 1-2).

Another way for opposition parties to express their opinion was to give comments on proposed bills during plenary sessions of the Diet or committee meetings. All three parties used this opportunity and participated in forest policy deliberations, especially in the Agriculture, Forestry and Fisheries committee which is the main place where new forest related bills are discussed in detail.³² Opposition parties sometimes also formed temporary coalitions to propose group opinion. Such activities, however, had little effect on bills prepared by the bureaucracy and backed by the LDP that held a majority of seats in committees and could easily push any bill through without fearing opposing voices. Without a single exception, all forest related bills or changes in existing laws proposed by the ministries were successfully adopted since 1955.

Information presented here shows that the opposition parties are a weak force in the formation of forest policy. During the LDP rule, opposition has challenged the direction of the forest related policies only a couple of times by submitting their own legislation projects, and mostly relied on expressing their opinion in the committees. The fact that SDP and DPJ did not change the course of forest policy when they could do that in 1993-1994 and 2009-2012 respectively, shows that these two parties lack influential members specializing in this area who could propose new bills or law amendments.

³² Proceedings of discussions in the Diet on submitted bills can be found on the National Diet Library's database (retrieved June 18, 2014 from http://hourei.ndl.go.jp/SearchSys/frame/houritsuan_top.jsp)

4.2.3. Liberal Democratic Party

The LDP is the largest and, arguably, the most powerful political party that existed in post-war Japan. It was in government since its establishment in 1955 except for 11-month long period in 1993-1994 and 39-month period in 2009-2012. Out of 29 prime ministers from 1955 to 2014, only six were not members of the LDP which shows that the party was always holding the leading position in the Diet. Actually, the LDP was able to hold a majority by its own for almost four decades – until the early 1990s – with only small exception in 1983-6, when it formed coalition with a minor LDP-splinter party New Liberal Club. After that, all times when the LDP was in power, it was the strongest coalition partner.

Even though support for the LDP has been weakened since the 1990s, it still holds a unique position in Japan's post-war politics. Because of party's uninterrupted rule, Japan was named an “uncommon democracy” which was different from many others for its “one-party dominant regime” (Pempel, 1990). Stable position in the government meant that many members of the LDP became very experienced professional politicians while the party itself had much power to design long-term policies according to its ideology, including those that affect forestry. For this same reason, the LDP was able to form a close relationship with major interest groups (mostly large business) and the bureaucracy. A number of LDP members had experience of working in two or all three spheres: starting career as a bureaucrat, then becoming a politician, and finally transferring to a large company. As it was explained in more detail in the previous chapter, this arrangement of intertwined and shared power between the LDP, the bureaucracy and the business is often called Japan's “iron triangle.”

Even though the government of Japan is highly centralized, the LDP itself has very fragmented inner structure divided into *bukai* (committees), *zoku-giin* (policy “tribes”) and *habatsu* (factions). This structure is not unique to LDP as other large parties have similar arrangements in their inner organization.³³ However, here all attention will be paid to LDP because it has been “overwhelmingly dominant” in representing rural interests in Japan (Mulgan, 2013, p. 18) and forming forest-related policies.

4.2.3.1 Bukai

At the center of LDP inner structure lays Policy Affairs Research Council (*Seimu*

33 One exception is JCP that prohibits *habatsu*.

chōsakai or PARC) that is responsible for researching policy-making. The Council has committees (*bukai*) that correspond to parliamentary committees.³⁴ Similar to the committees in the Diet, each *bukai* specializes in one specific area (e.g. agriculture, foreign affairs or finance) in order to analyze and promote policies that are related to it. Before new bills are voted in the Diet, majority of them have to go through the *bukai* for reviewing process.³⁵ During *bukai* discussions, the bill can be 1) approved as it is; 2) changed to better reflect the interests of *bukai* members; or 3) rejected. In the latter case, the bill is scrapped and does not reach the Diet. Because decisions in *bukai* are reached only with an unanimous vote, all members have to find agreement over the bill in question. At the same time, each member has a veto power and can stop the bill if it goes against his or her interest (Kido, 2007). This means that those who draft new bills have constantly think how their proposal will be received by *bukai* members. At the same time, *bukai* members have to think how to find a compromise between what interest groups want and what the government can give. As the LDP has been the dominating party for almost six decades, deliberations in *bukai* also have been a very important factor in Japan's policy-making.

Elected members of the LDP belong to at least one *bukai*. There are several ways how membership to *bukai* is decided (Tatebayashi, 2004). First, each member of certain Diet committee typically belongs to respective *bukai*. For example, a parliamentarian who belongs to the Economy, Trade and Industry committee is appointed to LDP's *bukai* responsible for the same area. Second, newly elected parliamentarians are assigned by their seniors to low-rank *bukai*, such as Environment or Foreign Affairs. These *bukai* are considered to be less important because policy areas they manage have little relevance to gaining more support during elections or controlling major money flows. Third, parliamentarians who are high in seniority ranks have freedom to choose from high-rank *bukai* according to their interest or personal preference. The most important *bukai* are considered to be those that are responsible for agriculture, construction and industry. That is because, through them, parliamentarians can make a direct impact to a large number of voters and get financial support from companies that work in these fields (Inoguchi & Iwai, 1987; Krauss & Pekkanen, 2011).

34 Committees themselves correspond to ministries. In other words, very similar structure is repeated on the national government, parliamentary and the ruling party level.

35 In Japan new bills can be drafted either by the government or Diet members. In the first case, all bills are reviewed by the LDP. In the second case, the LDP reviews only those bills that are prepared by its own members. Bills drafted by members of other parties are sent directly to the committees in the Diet.

Issues related to forests and forestry are discussed in the Agriculture and Forestry Committee (*nōrin buhai*) and the Agriculture, Forestry and Fisheries Strategic Investigation Committee (*nōrinsuisan senryaku chōsakai*). Until inner reform in 2010, the party also had a specialized committee for forests – the Forest Policy Investigation Committee (*rinsei chōsakai*). Parliamentarians who specialize in agriculture and forestry policies are typically called *nōrin giin* (agriculture and forestry parliamentarians). In addition there are more specialized terms such as *rinsei giin* (forest policy parliamentarians), *nōkyō giin* (agriculture cooperative parliamentarians), *chikusan giin* (livestock parliamentarians) and others. In most cases *nōrin giin* represent both agricultural and forestry interests because they are closely intertwined.

The LDP does not publicize in its web page how many members each committee has, who they are and when they meet. Such information is scarce in the literature, too. However, it is known that *nōrin buhai* is one of the largest committees due to the fact that many politicians are elected in rural districts and are interested in pleasing farmers' interests. According to Kent Calder (1988, p. 236) and Aurelia Mulgan (2013, p. 259), both in the early 1980s and in the late 1990s the committee had around 200 members that translate into almost 70% of all LDP members in the Diet at that time. Many *nōrin buhai* members also belonged to other related committees, such as Comprehensive Agricultural Policy Investigation Committee (CAPIC) and the Forest Policy Investigation Committee. According to Mulgan's (1988, p. 64) research, nearly three fourths of all *nōrin buhai* members also belonged to CAPIC in the 1980s.

Typically all LDP's committees meet behind closed doors, and details about their meetings and discussed issues are scarce. It is, therefore, hard to determine which committee plays a more important role in forest policy formation. Although some forest policy issues are discussed in *nōrin buhai*, many of them were also deliberated in the Forest Policy Investigation Committee. It was also not unusual for both committees to hold joint meetings. Asahi Shimbun database³⁶ reveals that from 1985 to 2013 there were 213 articles about *nōrin buhai* and agriculture but only four articles about the same *bukai* and forestry. The Forest Policy Investigation Committee received even less attention and was mentioned 25 times.

4.2.3.2 Zoku Giin

36 Asahi Shimbun newspaper database (retrieved June 18, 2014 from <http://database.asahi.com/library2/>)

Zoku giin are “veteran politicians who had developed expertise, experience and contacts in a specialized policy area” (Krauss & Nyblade, 2005, p. 358). For a parliamentarian to become one of *zoku giin*, he or she has to reach high-ranking position in LDP's inner organization and develop close relationships with their biggest interest groups and bureaucrats. In other words, *zoku giin* are experienced senior parliamentarians. Their importance also lays in the fact that they usually occupy important posts inside *bukai* or Diet committees, such as Deputy Director (*Fuku-bukai chō*), Director (*bukai chō* or *riji*) or Chairperson (*iin chō*). These positions allow them to exercise much influence on how *bukai* or Diet committee work and what decisions are made (Tatebayashi, 2004).

Zoku giin are expected to work as intermediaries between their interest groups and related ministry or agency (Mulgan, 2006, p. 123). All sides benefit from this arrangement. By occupying high positions inside the LDP, *zoku giin* can ensure that ministry-drafted bills go through committees smoothly and are adequately defended if such need arises. *Zoku giin* can also promote the policy among interest groups and gain their approval. For supporting their policy, ministry officials in return provide favors that help *zoku giin* to remain in power. For example, budget allocations for public projects in *zoku giin*'s constituency. Finally, it is beneficial for an interest group to have a strong *zoku giin* as a direct access to the policy-making process. In exchange, interest groups support their Diet members during their election campaigns as it is well known from candidate endorsements done by agricultural cooperatives. To a lesser extent, the same is valid for any parliamentarian even if she or he has not yet reached the status of *zoku giin*.

The election system reform in 1994 and reorganization of the central government in 2001 have made an impact on the importance of *bukai* and *zoku giin*. The election system was changed in two ways. First, multi-member districts were made into single-member ones. Before 1994, it was a normal practice for candidates from the same party to compete with each other because parties had to nominate more than one candidate for each multi-member district in order to have enough seats for a majority in the Diet. Such competition encouraged politicians to either divide their districts geographically into “influence areas” or specialize in certain policy field to appeal certain socioeconomic layer of voters (Tatebayashi & McKean, 2002). After the reform, geographical division is not needed and the importance of specialization is reduced because candidates have initiative to appeal for all voters in their district. However, if a district, for example, is predominantly rural, politicians who focused on

farmers as their main voters are not affected by the reform and can keep being *nōrin giin*.

The second change was from the single vote that was cast for a chosen candidate to the double vote – one given for an individual candidate and one for a party. This strengthens voting based on the party name as parties have initiative to promote themselves in order to be more successful during elections. As each district only has one candidate per party, politicians have to work less on promoting their own name and more on associating themselves with their parties (Kabashima, 2004). Both of these changes reduce the need of *bukai* and *zoku giin* because these are fewer initiatives for politicians to be specialists.

Reorganization of the central government is important here because it strengthen the role of Prime Minister's leadership by establishing the Cabinet Office. Junichiro Koizumi's goal to privatize Japan Post is a prime example of how these new powers can be used to reduce the role of *bukai* and *zoku giin*. When the bill for post office privatization was prepared by the Cabinet, Koizumi decided not to give it for review in *bukai* knowing it will not go through it due to large opposition. Instead, the bill was directly presented to the Diet (Uchiyama, 2010, Chapter 1).

Although there is much information about *nōrin zoku* that represent farmers' interests (Inoguchi & Iwai, 1987; Mulgan, 2013, Chapter 7), fewer is known about *zoku giin* who keep close relationship with forest owners and the forestry industry. In most cases, it is impossible to separate the first from the second because the same politician can work both with issues in agriculture and forestry. This is due to the fact that many rural voters have an interest in both sectors. As of 2010, there were 579 000 households in Japan working both in agriculture and forestry.³⁷ On a national level this accounts for 23% of all farm households, but in some prefectures the proportion was considerably higher: 41% in Yamaguchi, 42% in Iwate, 43% in Hiroshima, 46% in Kochi and 52% in Shimane.³⁸ When looking the other way round, 64% of all forest households were also involved in farming, reaching as high as 77% in Fukushima and 78% in Tottori. For politicians coming from predominantly rural districts, it would be counterproductive to focus only on farmers and not address foresters. As a result, most

37 Statistics of agriculture and forestry census, Statistics Bureau, Ministry of Internal Affairs and Communications (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?bid=000001047451>)

38 Statistics of agriculture and forestry census, Statistics Bureau, Ministry of Internal Affairs and Communications (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?bid=000001047487>)

prominent *nōrin giin*, such as Matsuoka Toshikatsu, Nakagawa Shōichi, Yatsu Yoshio, Iwanaga Mineichi and others, held not only high positions in *nōrin buhai*, but also in the Forest Policy Investigation Committee and its subcommittees.

Zoku giin that specialize in agriculture and forestry (*nōrin zoku*) can try to influence two kinds of policies: broad and specific. Broad policies, such as price control, subsidies or market regulation, affect broad groups of farmers and foresters and are not location-specific. Although they are beneficial to *nōrin zoku*'s electorate, they also benefit voters in all other rural districts. Meanwhile, specific policies, such as public projects, are location-specific and can be targeted directly towards *nōrin zoku*'s constituency. In the case of forestry, construction of forest roads is one of the biggest groups of public projects whose budget and location politicians can influence. Although members of the Diet can use both types of policies to please their electorate, bringing public project to their constituencies can work as a stronger proof of one's political abilities. As Mulgan's (2006) semi-biographical book about Matsuoka Toshikatsu shows, a typical *nōrin giin* is engaged in delivering benefits to their main voters through various combinations of broad and specific policies.

4.3. Bureaucracy

Formation and implementation of policies related to forestry and forests are divided in Japan among several bureaucratic institutions. MAFF, MoE, MoF, MOFA and METI play the most important role. The first two are responsible mostly for domestic policies and management of Japanese forests, while the other two were traditionally more involved in foreign policies and issues related to wood imports and international cooperation on forest protection. MoF stands somewhere in between because it is responsible for financial flows directed both to domestic and international activities.

The ministries have traditionally been the main source of legislative bills presented to the Diet. From 1947 to 2009, 66% of bills presented for vote in the Diet and 85% of bills adopted originated in the ministries (National Diet Library, 2010, p. 140). That remains mostly unchanged to this day. The Cabinet Legislation Bureau reports that from 2010 to 2013 (Diet sessions 176-185) the Diet received 624 bills out of which 328 were adopted.³⁹ 317 bills came from the ministries while the remaining 307 were presented by parliamentarians.

³⁹ Recent statistics of proposed and adopted bills, the Cabinet Legislation Bureau (retrieved June 18, 2014 from <http://www.clb.go.jp/contents/all.html>)

However, the success rate for ministries' bills were much higher: 236 (72%) bills were finally adopted compared to 92 (28%) of those proposed by parliament members. This not only shows that the bureaucracy is the main source of new legislation, but also that its bills are drafted and discussed in advance more carefully to increase their chances of adoption. As the analysis of the LDP's inner structure has shown, when drafting bills, bureaucrats cooperate with LDP's members who specialize in the same field and represent interest groups related to the bill in question. This allows to solve many conflicts before bills reach LDP's committees and even more before they are presented in Diet's committees.

As the organizational process model suggests, each institution seeks to maintain or increase its power. Since the forest policy formation is divided among different ministries, it leads to tension and conflicts. As it is shown later, forest policy in Japan is a constant game between several ministries that engage both in promoting policies beneficial to them, and in finding compromise with institutions that as a result get into a disadvantaged position.

The following four sections will look in more detail at the four ministries that play the most important role in forest policy formation: MAFF, MoE, METI and MOFA.

4.3.1. The Ministry of Agriculture, Forests and Fisheries

The Ministry of Agriculture, Forests and Fisheries (MAFF) has the most direct connection to forest policy-making and implementation related to domestic forests. The law of the establishment of MAFF (*Nōrinsuisanshō secchi hō*) explicitly states that ministry's jurisdiction includes protection and cultivation of forests, supervision of their management, and promotion of the productivity of the forestry industry. However, the same law later indicates that these responsibilities are given not to the ministry itself but to an external bureau called the Forestry Agency. As a result, various departments in MAFF mostly supervise agricultural sector, while the Forestry Agency is *de jure* the main institution working with issues related to domestic forests.

The Forestry Agency is a rather small institution. In 2012, it had 499 staff members working in the headquarters in Tokyo (compared to 17 865 employees in MAFF) and around 4600 people employed in Regional Forest Offices that look after national forests (National Personnel Authority, 2012, p. 214). In 2012, the institution had a budget of 499 billion yen.⁴⁰

40 The general account budget for the fiscal year 2012. The Ministry of Finance (retrieved June 18, 2014 from <http://www.bb.mof.go.jp/server/2012/dlpdf/DL201221001.pdf>)

Agency's official jurisdiction, as stated in the law, concerns both domestic and international forest issues: forest cultivation, stable supply of forest products, welfare of forestry workers, appropriate management of national forests and international cooperation related to forests. The Agency has three divisions: Forest Policy Division, Forest Maintenance Division, and National Forest Division. The first has the closest connection to forest policy planning and drafting.

On the national level, the Forestry Agency maintains a close relationship with *nōrin giin* in the Diet, especially those that belong to the LDP, and the National Federation of Forest Owners' Cooperative Association (*Zenkoku shinrin kumiai rengōkai*). On the local level, the Agency is connected to forest policy groups of prefecture assembly members (*rinsei giin renmei*) that exist in most prefectures, and local forest associations (*shinrin kumiai*) that represent the interests of forest owners. In 2011, there were 672 such associations that united 1.56 million members.⁴¹ All this networking allows the Forestry Agency to effectively follow and respond to the mood of its interest groups. *Nōrin giin* help with that by looking after the Agency's draft policies in the Diet and by bringing news from their constituencies.

The Forestry Agency has a reputation of being largely dominated by *gikan* – technical officials who, in Forestry Agency's case, have degree in forestry or other closely related technical field (Mulgan, 2006, p. 7). This reputation is based on the fact that from Agency's establishment in 1947 to this day most director-generals and large majority of other top officials of the organization were *gikan*.⁴² As of 2008, around 90% of all staff had forestry science background.⁴³ Actually, the first director-general who had no forestry or agriculture related education succeeded in reaching agency's top position only in 1984 (Kakudō Kenichi). Since then, around half director-generals were non *gikan*. However, their average office term was considerably shorter resulting in *gikan* running the Agency 70% of all time since 1984 or 90% of the time since 1947.

The leadership of *gikan* means that the Agency has been suffering from low political importance compared with other institutions. That is because *gikan*, as opposed to generalist policy administrators *jimukan* who occupy majority of the leading positions in Japanese

41 Statistics of forestry association census, Statistics Bureau, Ministry of Internal Affairs and Communications (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?lid=000001115504>)

42 Register of the Ministry of Agriculture, Forestry and Fisheries (*Nōrinsuisanshō meibo*), various years

43 Administrative officials account for two top MAFF positions (*Nōsuishō toppu 2 jinji, jimukan shimeru*), Asahi Shimbun, January 12, 2008, p. 10

bureaucracy, are expected to conduct their work in a technical and specialized fashion rather than engage in policy formulation and broad planing (B. C. Koh, 1989, pp. 25–7; Mulgan, 2004, p. 53). Although some *gikan* can gain importance in decision making, they encounter more difficulties in doing so and face a number of career limitations (B. C. Koh, 1989, pp. 136–7). For example, not even one director-general of the Forestry Agency advanced his career further to get a higher position in MAFF or other ministry. They all retired to positions that have low political importance. As a result, the dominance of *gikan* in the Forestry Agency makes it a less significant player in deciding broader forestry related policies than other bureaucratic institutions, and reduces its agenda setting abilities.

The Forestry Agency's primary interest is to protect the Japanese forestry industry and people related to it. This does not necessarily mean that the industry has to be productive. As the decline in production of domestic forest products shows, the Agency can also work as a welfare provider for forest owners, maintainer of forest roads (even if they are hardly used) or organizer of educational events. On the international level, officials from the the Forestry Agency participated in international meetings and organized events related to forests. The Agency also dispatched its specialists to help to implement international ODA projects.

4.3.2. The Ministry of the Environment

The history of the Ministry of the Environment (MoE) started in 1971 with the establishment of the Environmental Agency. The Agency was created in order to coordinate a number of new environmental regulations enacted a year before to deal with large-scale pollution problems caused by rapid industrialization during the first two decades after WWII. The Environmental Agency was a weak institution mainly because its personnel consisted of staff members moved here from different ministries or agencies. Since they kept their loyalty to their previous workplace, the Environmental Agency was bound to loose inter-institutional conflicts and had difficulties in exercising its powers (Oyadomari, 1989).

Environmental Agency's position was strengthened in 2001 when it was elevated to the ministry status and reorganized into MoE. According to the Law of Establishment of the Ministry of the Environment (*Kankyōshō secchi hō*), MoE's official duties are to preserve the global environment, prevent pollution, protect nature, and ensure safe use, research and development of nuclear power. In order to do that, MoE has to engage in environment protection planning, creation of related policies, establishment of environmental standards,

dealing with wastes, and looking after Japan's national parks and biodiversity. Despite very broad responsibilities, MoE is one of Japan's smallest ministries. In 2012, it had 1272 staff members (National Personnel Authority, 2012, p. 214) and a budget of 287 billion yen.⁴⁴ This makes MoE weaker than the Forestry Agency, METI or MOFA.

When it comes to forests, MoE has little power domestically because the management of Japanese forests is administered by the Forestry Agency. The ministry can only take responsibility for forests that are in the territory of national parks. More space for action is left on the international level because MoE has jurisdiction over Japan's involvement in global environmental protection. However, here MoE has to coordinate its activities with two other powerful ministries that limit MoE's influence: MOFA that has its own Global Environment Division (*Chikyū kankyō ka*) and METI with its Environmental Policy Division (*Kankyō seisaku ka*). As a result MoE is a weak player in deciding overseas issues or directions of cooperation, and mostly participate in the implementation stage by dispatching specialists to overseas projects and preparing reports.⁴⁵

In terms of forest policy, another limitation is that MoE has no specialized division that focus on forests. Ministry's Global Environment Bureau (*Chikyū kankyō kyoku*) is preoccupied almost exclusively with climate change problem, and a variety of other international environmental issues falls under the jurisdiction of the Natural Environment Bureau (*Shizen kankyō kyoku*) and especially its Natural Environment Planning Division (*Shizen kankyō keikaku ka*). Among other topics, it deals with land and water biodiversity, protection of Antarctic environment, desertification and international forests. With staff members not exceeding two dozens and small budget, the Division has few resources to make an influence and most of its activities are reactions to the biggest events. For example, when the UN announced 2011 as International Year of Forests, in October, 2011 the Division created a special section in the Ministry's web page and released a pamphlet to explain the importance of forests.⁴⁶ The page, however, has not been updated since mid-2012 (as of June 2014). As a representative of the Division regretted, due to lack of human and financial

44 The Ministry of Finance. The general account budget for the fiscal year 2012 (retrieved June 18, 2014 from <http://www.bb.mof.go.jp/server/2012/dlpdf/DL201221001.pdf>)

45 Personal communication with Amada Shinichi, deputy director of Natural Environment Planning Division, January, 2013

46 Measures for international forest preservation. The Ministry of the Environment (retrieved June 18, 2014 from http://www.env.go.jp/nature/shinrin/index_1.html)

resources they face many difficulties with project continuation.⁴⁷

MoE represents no strong interest groups in the forestry field. Forest owners and workers have much closer attachment to the Forestry Agency and the business that deals with wood products have connections with METI and to some extent with MOFA. MoE could potentially find support among urban environmentally-conscious citizens. However, when asked “Are you a member of a group to preserve the environment?” only 1.6% of respondents said “yes” in Japan in 2010 compared to 5.7% in Germany or 7.9% in Austria (International Social Survey Programme, 2010). Even fewer of them belong to environmental NGOs that have a goal to affect politics. Weak interest in the society makes environmental issues less interesting to LDP's politicians in the Diet, too. Although the LDP has Environment Committee (*Kankyō bukai*), it is not popular among high-ranking parliamentarians and is considered to have no direct connection to securing more votes in their constituencies (Kido, 2007; Mulgan, 2006, p. 104).

4.3.3. The Ministry of Foreign Affairs

The Ministry of Foreign Affairs (MOFA) is Japan's main institution responsible for the country's foreign policy. It is a middle-sized ministry – in 2012 MOFA had 5686 employees (National Personnel Authority, 2012, p. 214) and a budget of 799 billion yen.⁴⁸ The ministry has about a dozen of bureaus that either focus on certain geographical regions (European Affairs Bureau, Asian and Oceanian Affairs Bureau, etc.) or on certain thematic areas (Economic Affairs Bureau, International Legal Affairs Bureau, etc.) Forest issues usually fall under the jurisdiction of International Cooperation Bureau (*Kokusai kyūryoku kyoku*) which has divisions specializing in environmental problems and ODA projects.

When it comes to forest policy, MOFA plays a role in its formation through the negotiation and management of bilateral and multilateral agreements that affect timber trade, forest management or other related areas. MOFA rarely reaches these agreements alone and actively cooperates with other ministries. For example, Japan-Malaysia Economic Partnership Agreement which liberalized timber trade between the two countries was negotiated on the Japanese side by MOFA, MoF, MAFF and METI, while Japan-Indonesia agreement on

47 Personal communication with Amada Shinichi, deputy director of Natural Environment Planning Division, January, 2013

48 The general account budget for the fiscal year 2012. The Ministry of Finance (retrieved June 18, 2014 from <http://www.bb.mof.go.jp/server/2012/dlpdf/DL201221001.pdf>)

cooperation in combating illegal logging and Asia Forest Partnership was initiated by MOFA and MAFF (the Forestry Agency). This shows that MOFA acts as a middle-men between foreign and domestic interests and ensures smooth communication of the two sides.

Similar to MoE, MOFA does not have its own interest group on the domestic level which results in low competition among LDP members to be part of respective *bukai* – Diplomacy Committee (*Gaikō buhai*). Foreign policy is perceived as “high politics” that do not have a direct relation to votes or money (Kido, 2007).

4.3.4. Ministry of Economy, Trade and Industry

The Ministry of Economy, Trade and Industry (METI) is a ministry responsible for private business, international economic relations and industrial development. It was established in 2001 after reorganization of the Ministry of International Trade and Industry (MITI). In 2012, METI had a budget of 1770 billion yen⁴⁹ and nearly 4250 staff members (National Personnel Authority, 2012, p. 214). METI has a large structure with nine bureaus and nearly 70 departments. Ministry's structure incorporates areas that could easily fall under the jurisdiction of MOFA and MoE. For example, Trade Policy Bureau (*Tsūshō seisaku kyoku*) has departments that specialize in different geographical regions and analyze their economic situation and trade opportunities for Japanese business. Meanwhile, Industrial Science and Technology Policy and Environment Bureau (*Sangyō gijyutsu kankyō kyoku*) has Environmental Policy Division (*Kankyō seisaku ka*) which deals with global environmental affairs, environmental cooperation and environmental industries. Such structure allows METI to have its own specialists instead of relying on bureaucrats in other ministries. According to the experience of a MoE representative, his ministry has hardly any meetings with METI to discuss common problems and plan common strategies.⁵⁰

As a representative of business interests, METI maintains a close relationship with companies and their associations, such as Keidanren. The importance of economic policy for many voters makes LDP's committee representing METI – *Keizai sangyō buhai* – one of the most popular committees among party's members of the Diet (Kido, 2007). This allows METI to receive much support from the economy *zoku* for its policies. The ministry's main objective

49 The general account budget for the fiscal year 2012. The Ministry of Finance (retrieved June 18, 2014 from <http://www.bb.mof.go.jp/server/2012/dlpdf/DL201221001.pdf>)

50 Personal communication with Amada Shinichi, deputy director of Natural Environment Planning Division, January, 2013

has not changed much since the early post-war period and is focused on Japan's industrial growth (Mikanagi, 2003, p. 69). During the time, METI also became increasingly active supporter of market liberalization, although it tended to leave protective measures in more sensitive industry areas, like agriculture or pharmaceuticals, especially when they were defended by other ministries (Mikanagi, 2003; Mulgan, 2012).

METI is an important ministry in deciding the direction of Japan's international policies that directly or indirectly affect forests. METI's support for timber market liberalization facilitates international trade of wood products. Since the trade is not linked with environmental concerns, it does not encourage sustainable forest management and leads to deforestation and forest degradation in developing countries (Dauvergne, 1997; Kissinger et al., 2012). It also puts Japanese forest owners in unequal competition with foreign wood producers that follow lower environmental and sustainability requirements. METI agrees that industrial logging is one of the causes of deforestation but argues that its role is minuscule (Ministry of Economy, Trade and Industry, 2001). The Ministry, however, does not address the issue of industrial logging being the main cause for forest degradation and the leading factor for further deforestation in Southeast Asia.

Despite METI's support for unrestricted international timber trade, the ministry proactively embraced the idea of “greening” which gained prominence in the early 1990s and had much influence over Japan's international cooperation efforts to solve global ecological problems. “Greening” was closely aligned to ministry's main goal to defend business interests. This was achieved by active promotion of technological solutions and exports of Japanese corporate products (Dauvergne, 1997, p. 27). Since forest conservation, management or reforestation projects have lower potential to use Japanese technology, they received much fewer attention than other fields that were also labeled as “green”, such as building sewage systems or fighting pollution.

4.4. Local Governments

For several decades after WWII, regions played a minor role in forest policy formation. Due to centralization of forest management, both the amount of forestry funding (largely in the form of subsidies) and ways of spending it (as public or non-public works) were planned and decided by central government institutions, mainly by the Forestry Agency.

Local governments were responsible largely only for following the guidance coming from Tokyo and making sure it is properly implemented. This relationship between the center and the periphery was known as a combination of *kikan inin jimu* (delegated tasks from central institutions) and *kokkohōjyokin* (national subsidies) (Horie, 1996). The only field where local governments had more freedom to implement original projects were the management of the public forests in their area. However, few attempted to innovate in this field and most followed the instructions of the Forestry Agency (Sakasegawa, 1988).

In contrast to agricultural cooperatives whose members were closely involved to local politics and occupied seats in municipal assemblies (Mulgan, 2013, p. 268), forest cooperatives seem to have much lower political presence. There are few known cases when members of prefectural assemblies also hold positions in forest owners' cooperatives.⁵¹ Although there is no historical research on this subject, an analysis of biographies of current prefectural assembly members (as of 2014) reveal only one case – Ishido Norimoto who is a member of Hyogo Prefectural Assembly and the president of Forest Owners' Cooperative Association of the same prefecture. This indicates that most decisions about forests and their management have been done by technocrats rather than politicians.

The importance of prefectures and municipalities began to grow in the second half of 1970s because of an increase in projects to tackle depression in the Japanese forestry due to growing timber imports and migration of people from rural to urban areas. Although the framework of each project was still decided by the central government, municipalities could adapt it to their own situation and plan some details or methods of implementation. Such projects were: the Core Forestry Region Development Project (1976), the Comprehensive Forest Reorganization Project (1979), the New Forestry Structure Improvement Project (1980), the Comprehensive Forestry Region Reorganization Project (1980), the Comprehensive Project for Acceleration of Thinning (1981), the Forest Improvement Plan (1983) and others. However, these projects increased the independence of local governments only a little. In the mid-1980s, 90% of all expenditures in prefectural forestry budgets were still allocated to nationally decided forest works, and there were few means to increase the share due to high financial dependence to the central government. At the same time, only one quarter of 3076 municipalities covered by the regional forest plans had an employee specializing in forestry, and merely 71 (2.3%) had a separate forestry section (Sakasegawa,

51 One prominent case is Kajiya Yoshito who was active in local politics of Kagoshima Prefecture and the Forest Owners' Cooperative Association of the same prefecture.

1988). Such lack of resources made local governments highly dependent on the guidance of the Forestry Agency.

Decentralization process slowly progressed in the 1990s. According to Mitsui (2002), independent prefectural forestry projects increased to around 20% of all forestry expenditures (in some prefectures up to 40%), and long-term forest and forestry plans became more diverse and better suited to unique traits of each prefecture. Those prefectures that have rich forest resources remained rather conservative and followed the general line of Forestry Agency's recommendations emphasizing timber production, expansion of wood demand, increase in forest workers welfare, and so on. Meanwhile, prefectures with little importance of the forestry industry migrated towards non-consumptive use forests, such as conservation, public education, recreation, etc. This was also reflected in projects each prefecture financed at the time.

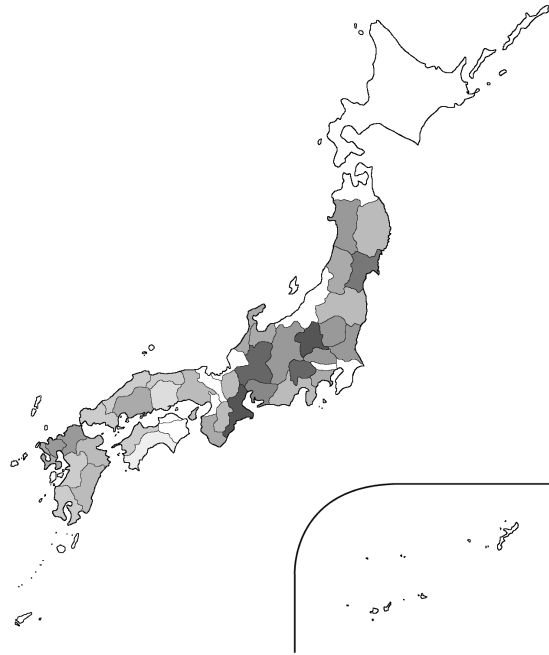
A new chance to increase the freedom to formulate their own forest policy appeared in the early 2000s when the Comprehensive Decentralization Law (*Chihōbunken suishin ikkatsu hō*)⁵² was adopted in 2000. It enabled local governments to introduce their own taxes directed to solving specific problems. Kochi was the first prefecture in Japan to use this opportunity to introduce a tax – the Forest Environment Tax – designated to improve the state of prefecture's forests and forestry. The argument behind the tax was that forests provide many public services and, therefore, everyone should contribute to their maintenance to ensure good living environment is preserved for the future.⁵³ In other words, prefecture residents are asked to pay for forest ecosystem services, such as water purification and storage, protection from landslides, clean air, etc. The tax was mainly prompted by poor condition of some man-made forests in Kochi that were abandoned by their owners due to aging society, decreasing rural population and low wood prices (Takemoto, 2009). Soon (mostly in 2005-2008) Kochi was followed by other prefectures that used similar arguments to support the tax, and in 2014 there were 36 of them in Honshu, Kyushu and Shikoku showing how favorably the idea was met around the country (see Image 4-1).⁵⁴

52 Full title – Law concerning Preparations of Related Laws for Promoting Decentralization (*Chihōbunken no suishin o hakaru tamenō kankei hōritsu no seihi nado ni kan suru hōritsu*).

53 Koichi Prefecture, Forest Environment Tax (retrieved June 18, 2014 from <http://www.pref.kochi.lg.jp/soshiki/030101/kankyousei.html>)

54 The tax has different names in some prefectures, such as Greenery Tax (in Hyogo), Forest-Making Tax (in Iwate and Yamaguchi) and others.

Image 4-1. Introduction of Forest Environmental Tax in Japan's prefectures from 2003 to 2014 (the darker the shade, the more recent introduction).



Source: based on Research Project on Global Governance of Water. The state of introduction of the Forest Environmental Tax. (retrieved June 18, 2014 from http://forester.uf.a.u-tokyo.ac.jp/~kuraji/BR/database/sinrin/sinrin_index.htm)

The tax varies from 400 to 1200 yen per capita per year for individual residents and 5-10% of municipal tax amount per year for corporate bodies.⁵⁵ In total, all 36 prefectures are planning to collect 29 billion yen annually. This is a considerable amount, equal to more than 8% of all national forestry budget of 2010. With few exceptions, all money collected from the tax are transferred to a separate account ensuring they will not be used for no other purpose

⁵⁵ Data in the paragraph is based on information provided by Research Project on Global Governance of Water in “The state of introduction of the Forest Environmental Tax” (retrieved June 18, 2014 from http://forester.uf.a.u-tokyo.ac.jp/~kuraji/BR/database/sinrin/sinrin_index.htm) and official web-pages of each prefecture.

than projects related to forests. In addition, in most prefectures the account is supervised by a special committee that analyzes the use of funds. The committee usually consists of people from the general public, academia, non-profit sector, etc. Such participation of local people allows prefectures to move towards their own unique forest policy independent from the central government.

Majority (around 70%) of funds collected from the tax are spent on “hard” projects, such as thinning, planting, mitigating damage caused by wild animals and other maintenance works (Suzuki, 2009). The remaining funds go to “soft” projects that include organizing of educational events, raising public awareness about forests and forestry, funding volunteer groups, encouraging the use of local timber, etc. In order to inform the citizens how their money is used, prefectures also print and distribute newsletters or entire magazines about the state of forests in the area and the most acute problems.

Far from all tax money goes to projects that are unique to that prefecture. Although all prefectures choose to start at least some original projects, many still follow the old path and simply add extra financing to nationally subsidized works. In some prefectures (Ishikawa, Tottori, Okayama, Kouchi, Kumamoto and others) more than half of funds are spent in such way (Suzuki, 2009).

The case of the Forest Environment Tax is quite a revolutionary advancement towards more independent and localized forest policy in Japan. With the help of the tax, prefectures now have financial means to deal with specific issues that were not addressed by the Forestry Agency, and freedom to innovate and experiment. For example, Tochigi Prefecture introduced educational programs about forests in schools and supplied some of them with wooden desks made out of local wood to promote the usefulness of wood.⁵⁶ Meanwhile, Kochi Prefecture chose to encourage forest volunteers groups and managed to increase the number of participants during the 2007-2012 period by nearly 200 people (Kochi Prefecture, 2014). A variety of similar cases all over Japan show that regional forest policy has entered a new and promising period.

4.5. The Interplay Between Governmental Actors: Domestic Forest Policies

This section will look at major changes in the domestic forest policies and trace the

⁵⁶ Tochigi Prefecture (2014). Healthy Forest-Making in Tochigi. (retrieved June 18, 2014 from <http://www.pref.tochigi.lg.jp/d01/eco/shinrin/zenpan/genkinamoridukuri.html>)

interaction between major governmental players to reveal how and why they were created, and what interests stood behind them.

4.5.1. Early Developments

One of the most immediate steps that Japan took after WWII was the consolidation of forest management by adopting the Special Account for National Forest Service Law (*Kokuyūrinya jiggyō tokubetsu kaikei hō*) in 1947 that created a special account to finance forestry projects. The first large-scale programs that took advantage of this account was the nation-wide reforestation project started in 1950. This was done to restore several million hectares of forest logged during the 1940s to supply war industry with wood (Ogura, 2006). The government created a special Temporary Reforestation Measures Law (*Zōrin rinchi sochi hō*) to systematically organize the whole process. According to it, local municipalities had to create their own reforestation plans by choosing what areas can be planted with trees, what tree species are to be used, and how long reforestation activities are to last (Article 7). The program proved to be successful as the local governments managed to plant more than 300 000 ha of trees annually throughout the 1950s and 1960s by using the surplus labor of repatriated soldiers and raising awareness among common Japanese citizens (Forestry Agency, 2012a).

The responsibility after the war to coordinate both national and private forests, revitalize timber production and ensure stable supply of wood was given to the newly established Forestry Agency (*Rinyacho*) in 1947. Private companies working in the field of forestry, wood processing or housing construction were organized under the Japan Forestry Association (*Nihon ringyō kyōkai*) created in 1949 and became the central organization representing forestry interests. After two years, the Forest Law (*Shinrinhō*) and the Forest Planning System (*Shinrin keikaku seidō*) were enforced to ensure adequate forest management practices and regulate the most fundamental matters related to forest administration and supervision. It also allowed forest associations to be freely established by forest owners or timber producers, and provided detailed rules how these organizations have to be managed. This sparked a rapid formation of many small local forest associations. At the beginning of the 1960s there were more than 3500 of them all over Japan (Forestry Agency, 2012b). Later, when the Law to Assist the Consolidation of Forest Associations (*Shinrin kumiai gappei jyosei hō*) was adopted in 1964, this number started to shrink, reaching around 700 in 2010

(Forestry Agency, 2012b).

In 1964, while the domestic timber production was still comparatively high, the Japanese government passed the Basic Forestry Law (*Ringyō kihonhō*, revised and renamed in 2001). Its basic purpose was to ensure good care of country's forest resources, aid to the development of the forestry industry and improve the welfare of forest workers by providing institutional guiding and financial support (Articles 1 and 6). The political measures written in the law were expected to play an important role in increasing production levels of forest companies, raising income among forest workers and ensuring stable growth of the whole Japanese forestry (Article 2). Six specific goals were raised in Article 3:

- 1) to increase the utilization of forestry so it can effectively react to changes in demand of forest products;
- 2) to improve forest management by increasing mechanization, clustering forest land into larger areas and applying other rationalization and modernization principles;
- 3) to improve technologies used in forestry;
- 4) to improve the effectiveness of manufacturing and circulation of forest products;
- 5) to ensure proper professional training of forest workers and managers; and
- 6) to increase the welfare of forest workers.

Articles from 11 to 14 add that the state will seek to expand the network of forest roads, ensure the provision of tree seedlings, implement reforestation measures, introduce new machinery, promote sound forestry management, support industry cooperation and forestry research activities. National forests were also subjects of the aim to increase forestry production (Article 4). At the same time, Articles 16 and 17 stressed the role of the state in implementing necessary policies to ensure an adequate supply of wood products, stabilize their prices, improve wood processing and stimulate cooperation among companies. One of these “necessary policies” was the promotion of foreign timber.

As a tool to implement the goals raised in the Basic Forestry Law, the first Forestry Structure Improvement Project (*Ringyō kōzō kaizen jigyō*) started in 1964 and lasted till 1971. A variety of forestry modernization activities took place during that time financed by the state. Most of them were related to forest road construction and introduction of new machinery and equipment (Sekine & Mirokuji, 2005). Three additional forestry improvement projects were carried out after the end of the first one: the second one in 1972-1979, the third one in 1980-

1990, and the fourth one in 1990-1995. The emphasis was put this time on developing and strengthening the role of forestry owners associations. The projects encouraged forest cooperatives to get involved in log processing and marketing activities. It was expected that it will help overcome such problems as small-scale ownership, low productivity and weak competitiveness compared to foreign wood producers. However, as time has shown these efforts were mostly unsuccessful because they did not stop the recession of domestic timber production.

Because of rapid economic growth in the 1950s and the construction boom, the domestic wood market became very unstable. Supply was not able to match quick growth in demand that led to a substantial rise in prices. It became an urgent issue which forced the Forestry Agency, as a responsible institution for stable wood supply, to propose the Emergency Measures to Stabilize Timber Price (*Mokuzai kakaku antei kinkyū taisaku*) in August, 1961. With an agreement with other ministries, the measures called for 1) an increase in timber production in the national forests, 2) promotion of timber production in private forests through governmental support, and 3) facilitation of wood imports among trading companies by improving logistics (harbors, storage facilities, etc.) Implementation of the measures was a joined project of several ministries: MoF temporally reduced the income tax for wood producers, the Ministry of Transport took the responsibility of expanding infrastructure needed for timber imports and the Forestry Agency increased harvesting in the national forests. The measures seemed to be beneficial for all sides. Even the domestic forestry industry expressed no visible objections to the plans to facilitate wood imports. This was mainly because the industry worked in full capacity to respond to high demand and received good price for their products. In addition, the measures called for more support to private forest owners in the form of building forest roads or giving tax exemptions. These benefits ensured their support for the new policy.

In the following years, support measures had only limited effect on the Japanese forestry because domestic production grew only from 47 million m³ to 52 million m³ and then declined to 45 million m³ in 1971 (see Figure 1-1). Facilitation of timber imports, on the other hand, proved to be very successful as the imported amount skyrocketed from 10 million m³ in 1961 to 50 million m³ in 1971. The Forestry Agency could clearly not imagine the measures will increase timber imports to such a scale. Parliamentary discussions in the Agriculture, Forestry and Fisheries committee show that Yoshimura Kiyohide – director-general of the

Forestry Agency – had no concerns at that time that imports could be detrimental to the domestic forestry.⁵⁷

Emergency measures were implemented at the same time when Japan was pressured by the USA to pursue liberalization of trade and foreign exchange. In 1960, the Cabinet agreed on the Fundamental Principals of Market and Foreign Exchange Liberalization (*Bōeki kawase jiyūka keikaku taikō*) which laid down plans to gradually reduce tariffs for a variety of industrial and agricultural (including forestry) products (Okazaki, 2011). As a result, tariffs for all logs and American sawn wood were completely removed by 1964 (see Table 3-2). In combination of expanded infrastructure to accommodate more timber coming from abroad, removal of tariffs facilitated wood imports even further. It can be said that, during the period of 1960-1964, the Japanese forestry industry was simultaneously impacted by domestic and foreign pressures that resulted in exposing it to international competition.

To improve productivity and further implement the goals stated in the Basic Forestry Law, the Forestry Agency introduced more laws in the second half of the 1960s. In 1966, the Law to Promote the Modernization of Rights Related to Communal Forests (*Iriai rinya nado ni kakaru kenrikankei no kindaika no jyochō ni kan suru houritsu*) was created in order to speed up the privatization of commonly owned forests. This was required because more and more people moved from the countryside to cities, and many forests that were once taken care of by village communities started to degenerate. The aim of the law was to formalize the traditional communal ownership system by requiring that collectively managed forest tracts have to be owned by cooperatives or individuals. This was seen as a way to promote more active commercial use of forests and modernize the administration of local forestry industries (Article 1).

To systematically support forest owners, the Forest Management System (*Shinrin shigyō keikaku seido*) was established in 1968. It required all private entities that own more than 30 ha of forest to prepare five-year management plans and present them for approval to local authorities. These plans were one of the requirements for forest owners to get subsidies, loans or other kind of support from the state. However, it was very difficult economically for forest owners to follow the system and implement management plans because of the declining price of domestic timber due to high quantities of cheaper foreign wood entering the Japanese market. Around that time, the amount of imported timber has exceeded domestic production –

⁵⁷ Meeting of the Agriculture, Forestry and Fisheries Committee, September 1, 1961 (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp/SENTAKU/sangiin/038/0408/03809010408005c.html>)

a situation that remains unchanged to this day. This fueled some discussions in the parliament whether imports should be less liberal and regulated by imposing import charges. In 1971, the issue was examined in LDP's Forest Policy Committee and discussed in the Diet.⁵⁸ The idea did not receive much support from the ministries. Prime Minister Sato Eisaku and minister of agriculture Kuraishi Tadao reiterated that imports stabilize timber markets and that the domestic forestry is not capable of suddenly increasing production.⁵⁹ According to them, instead of regulating imports, more support should be given to local producers to increase their efficiency and competitiveness. The minister of agriculture Sakurachi Yoshio said the same in the Diet in 1973.⁶⁰ He also added that trade restrictions will likely to disturb international trade regime and cause sharp opposition among timber exporting countries. It shows there was a broad consensus in the bureaucracy about the current policy with even MAFF agreeing to its necessity.

The Forestry Agency kept engaged in balancing between open timber markets and diminishing domestic production. Another law dedicated to strengthening Japanese forestry was the Law Concerning the Use of National Forests (*Kokuyūrinia no katsuyō ni kan suru hōritsu*) adopted in 1971. In a similar fashion to the Basic Forestry Law it stressed the need to expand the scale of regional forestry activities, modernize the management of forest resources, and improve the welfare of people living in the rural areas. This was done by initiating a variety of projects focused on these goals. In the second half of the 1970s, the Forestry Agency introduced the Forestry Improvement Financial Assistance Law (*Ringyō kaizen shikin jyosei hō*, 1976) and the Law of Provisional Financial Assistance for Forestry Promotion (*Ringyō nado shinkō shikin yūzū zanteisochi hō*, 1979). Both of them were focused on assisting Japanese forest owners and companies financially by providing zero-interest loans that could help to increase their production and competitiveness, and improve management. Financing was also provided to the training of young people who want to start their career in forestry, and to existing forest workers to buy new equipment or machinery. Despite financial support that became available because of these laws, domestic timber

58 Charges for imports in order to control foreign timber and promote timber industry (*Yunyū mokuzai ni kachōkin o gaizai osae ringyō ikusei*), Asahi Shimbun, October 13, 1971

59 Plenary session of the Diet, May 19, 1971 (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp/SENTAKU/sangiin/065/0010/06505190010013c.html>)

60 Plenary session of the Diet, July 13, 1973 (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp/SENTAKU/sangiin/071/0010/07107130010029c.html>)

production was going further down. Compared to the first half of 1960s when the annual output of wood from Japanese forestry was more than 50 million m³, in 1990 it shrank by half to 25 million m³ (Forestry Agency, 2012a).

The final forestry related law in that decade was the Forest Association Law (*Shrinrin kumiai hō*) enacted in 1978. Its goals were formulated in already familiar fashion: to guarantee constant cultivation of forests, to elevate the social and economic position of their owners, and to increase forestry productivity so it can contribute to the development of Japanese economy. The law describes in detail all procedures related to founding and running forest association. The contents of this law are not so much different from what was already stated in the Forestry Basic Law, but it was expected that a separate law dedicated to forest associations will demonstrate their important role in Japanese forestry.

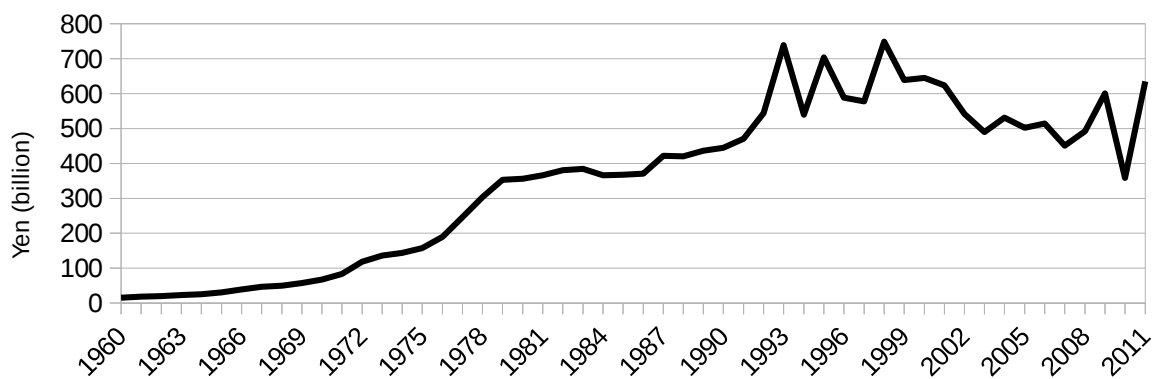
The 1970s ended with yet another discussion in the Diet about the need to restrict timber imports.⁶¹ This time market liberalization was defended by director-general of the Forestry Agency himself. Aihara Yoshikuni stressed Japan's important role in international trade negotiations and explained that it would be against GATT rules to impose any measures that restrict timber trade. He also argued that slow down in imports would damage domestic wood processing industries that are dependent on imported wood and eventually would be detrimental for the whole economy. At the same time, Aihara repeated the need to support domestic forest owners and promote their production. Such words coming from the Forestry Agency reveals that, despite the fact that the institution had a responsibility to protect the domestic forestry industry, it saw no other solution to ensure a stable timber supply than to keep the market open for foreign wood. This resonated to a broader national interest to follow the expansion of international trade regime from which Japan greatly benefited as an exporting country. At the same time the Forestry Agency sought to benefit from the situation and asked to increase its budget to raise competitiveness of domestic producers.

Although the output of the domestic forestry fell shrunk from its peak in the mid-1960s to 1980 by nearly 40%, there was no visible opposition to that from the biggest interest group in this field – forest owners. Discussions in the parliament show that some *nōrin giin* were pressured in their constituencies to bring this question up and push protectionist measures. However, dissatisfaction was not strong enough to lead to widespread protests. For example, *Asahi Shimbun* published no articles at that time about forest associations issuing

61 Agriculture, Forestry and Fisheries Committee, May 18, 1979 (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp/SENTAKU/sangiin/087/1230/08705081230009c.html>)

statements or taking other kind of action. It shows that the government gained forest owners' favor not through sheltering them from foreign competition but in other ways. Laws adopted in the 1960s and 1970s called for support to forest owners and forest workers, and many public projects went to their direction. For example, in 30 years from 1950 to 1983 the state subsidized or entirely covered the cost of construction of more than 60 000 km forest roads around the country (Kawamura, 1988). Forestry budget administered by the Forestry Agency also represent this trend as it expanded from 30 billion yen in the mid-1960s to 350 billion yen at the end of 1970s (Figure 4-1).

Figure 4-1: Japanese national forestry budget (billion yen).



Source: Forestry Agency, The Summary of Forestry Statistics (*Ringyō tōkei yōran*), various years

4.5.2. The 1980s: Further Market Liberalization

The second period of post-war Japanese forest policies started at the beginning of the 1980s when the government started to paint slightly different picture of the importance of domestic forests. Till then forests were viewed mainly as a source of wood, and the role of the forestry industry was to extract as much timber from them as sustainably possible to fuel growing economy. This focus on productive use of forests started to slowly change as it was gradually enriched by environmental concerns and the concepts of social and ecological services.

It can be argued that such changes happened even earlier, when the Forest Law was amended in 1974 with an article stating that the development projects should be planned to take into account the protection of forests to ensure they continue providing services for the

public. The law particularly mentions that forests are preventing landslides, stopping deterioration of the natural environment, and are the source of water for rivers. This amendment was one of many that were made during the legislative change in the early 1970s as a reaction to widespread pollution problems caused by more than two decades of rapid industrial development. Therefore, it was more focused on putting environmental restraints on large-scale industrialization projects, rather than protecting the forest ecosystems from all kinds of threats. Pressures to protect the environment also came from the outside. United Nations Conference on the Human Environment which was held in 1972 and received much attention in Japan also influenced the addition of environmental considerations to the forestry sector.

The importance of public services provided by forests, however, was not mentioned in other laws or major governmental documents for another six years. The Environment Agency introduced basically the same but slightly broader concept for the first time in its White Paper on Environment only in 1980. The document stated that forests purify air and protect land and water. In addition, forests are also places for people to spend their free time, and living space for wild animals. It was argued that forests play a “multi-functional” (*tamenteki kinō*) role in environmental protection. This multi-functionality has been repeated many times in other White Papers since then. However, it was never elaborated into more detailed analysis of how important these forest services are for certain areas of Japan, whether they face any threats, and how smooth functioning of them can be ensured. It gives an impression that environmental considerations in the context of forestry were only at their early stages, especially keeping in mind that other governmental documents at that time were more economy-orientated and stressed the importance of increasing domestic wood production.

Another aspect of forest importance that was developed during the 1980s was recreation. The White Paper on Environment of 1984 was the first one to dedicate more attention to that. The document stated that “to deal with expanding demand for forest recreation and diversification of forest use, recreation facilities should be established in national forests while ensuring the continuation of multi-functional forest services.” After its introduction, the need to make forests more suitable for recreation was stressed several more times again in the following years. Implementation of these statements in practice happened at a rapid pace. Compared to the early 1970s, by the mid-1980s area of forests in the category “recreation forests” increased more than 1000 times from 500 to half a million hectares

(Handa, 1988, p. 471). Again, this attention to recreation coincides with foreign pressures because World Charter for Nature adopted in the United Nations in 1982 brought more attention internationally to non-economic importance of nature. People in Japan were also more and more interested in spending their free time in nature and visiting national parks or scenic areas. The Forestry Agency used this opportunity to expand its field of responsibilities and create new value of forests.

After timber market liberalization in the mid-1960s, no further advances were made in this area for another 20 years. That started to change in the early 1980s when the USA began to pressure Japan through bilateral talks and multilateral negotiations to open its wood product markets. This was a part of larger scale trade disputes happening between the two countries at that time (Flath, 2005, pp. 156–84). At first, Japan's wood products sector was included as one of the targets of the Market Oriented Sector Selective (MOSS) talks that started in January 1985. A year later, the countries reached an agreement to reduce tariffs for a wide range of wood products and to address several non-tariff matters, such as modification of the construction standards and the establishment of standards for structural composite timber (Handa & Iwai, 1988). Dissatisfied with the increasing trade deficit with Japan, the USA initiated a renewal of negotiations in 1989. The talks resulted in signing the 1990 Agreement on Wood Products in which Japan agreed to further reduce tariffs and modify the standards of buildings and wood products. The issue of wood market liberalization was also raised in multilateral negotiations in the GATT Uruguay Round and later in the WTO ministerial meetings (Fukuda, 2001). As a result, by the mid-1990s Japanese tariffs on most wood products were more than twice smaller than in the early 1980s (see Table 3-2).

In the mid-1980s, Indonesia also repeatedly expressed dissatisfaction about Japan's high tariffs on tropical plywood that hindered country's ambition to develop its own wood processing industry.⁶² In addition, at that time tariffs on tropical plywood were 2-5% higher (17-20%) than on plywood made out of softwood (15%), and Indonesia found such difference to be discriminatory.⁶³ Compared to the USA, Indonesia had much less power to pressure

62 See, for example, ASEAN demands Japan to open its markets and anticipates same tariffs as Europe and USA (*ASEAN, nihon ni ichiba kaihō yōkyū, taiōbei nami no kanzeiritsu o kitai*), Asahi Shimbun, October 6, 1984; president Suharto appeals again to reduce tariff for Indonesian plywood (*Indoneshia gōhan kanzei hikisage aratamete yōsei suharuto daitōryō*), Asahi Shimbun, May 7, 1985.

63 Government plans to reduce tariffs for conifer plywood in three years but provides no further details (*Shinyojyū gōhan no kanzei sage, san-nen ato medo ni jishi, sage haba wa meiji sezu seifu hōshin*), Asahi

Japan and did not succeed to convince it to change market conditions. High tariffs were reduced significantly only later, at the end of the GATT Uruguay Round, when they were cut down by half.

There are two main reasons why Japan fulfilled demands of the USA but not of Indonesia. First, Japan imported comparatively small amount of American plywood – in 1984 it accounted only for 0.05% of all plywood consumed domestically.⁶⁴ This made Japanese plywood companies little concerned that the reduction of tariffs on softwood plywood will cause damage to their business. The same companies, however, feared that lower tariffs on tropical plywood will bring them into fierce competition with Indonesian producers – a competition that they will eventually lose due to Indonesia's comparative advantages.⁶⁵ The argument that Japan has to protect its own producers was presented to president Suharto by LDP's PARC chairman Fujio Masayuki during his visit to Indonesia in 1985.⁶⁶ The Forestry Agency added that although Japanese plywood industry is now using mostly imported wood, in the future it might support domestic forest owners by buying logs from them.⁶⁷ Therefore, the Agency argued, strong wood processing companies are necessary to protect domestic forests.

The second reason is that Japan had a priority to maintain a good relationship with the USA. Lowering tariffs on American wood products meant that trade deficit which caused disputes between the two countries will be reduced. If tariffs were also lowered for tropical wood products, Japanese consumers would buy them instead of American ones making the task of pleasing the USA more difficult. However, Japan was aware that lowering tariffs on softwood plywood and keeping them high on tropical plywood will anger Southeast Asian countries and increase their demands for equal treatment.⁶⁸ This explains why Japan was

Shimbun, April 7, 1985.

64 Aid of tariff reduction for wood products (*Mokuzai seihin kanzei sage kyūsai*), Asahi Shimbun, April 5, 1985; One of the main reasons was that Japanese consumers preferred tropical plywood because of its smoother surface compared to plywood made out of softwood.

65 Industry swayed by government's trade friction counter-plan (*Seifu no bōeki masatsu taisaku de yureru gyōkai*), Asahi Shimbun, April 10, 1985.

66 President of Indonesia requests for plywood tariff rates, Keidanren visits ASEAN (*Gōhan kanzeiritsu de chūmon indonesia daitōryō, keidanren ASEAN e shisetsudan*), Asahi Shimbun, January 27, 1985.

67 Selfishness of large countries: asking for liberalization but keeping barriers (*Taikoku no migatte, kaihō semari mizukara wa shōheki*), Asahi Shimbun, February 28, 1985.

68 Aid of tariff reduction for wood products (*Mokuzai seihin kanzei sage kyūsai*), Asahi Shimbun, April 5, 1985

initially reluctant to liberalize its wood market for American products and gave in only after threats of retaliation (Flath, 1998).

Disputes over tariffs revealed disagreements between Japanese ministries. Further liberalization of wood markets was supported by MOFA because it was beneficial for ministry's goal to keep a good relationship with the USA. MITI was also in favor because liberalization fitted its interest to promote international trade. Keidanren, MITI's biggest partner, was a well known proponent of more open markets. In 1985, Keidanren's board of directors had a meeting dedicated to free trade regime and adopted a slogan “zero tariffs” (*kanzei zero*) to clearly show federation's position.⁶⁹ Meanwhile the Forestry Agency was the main opponent because it represented wood processing companies which pressured both the Agency and LDP's *nōrin giin* to stand against liberalization.⁷⁰ The solution was quite typical: a compromise was reached between liberalization proponents and opponents by providing the latter compensation measures to cover their losses. After debates in the Diet and between the bureaucracy and LDP members,⁷¹ MAFF announced the Five-year Forest, Forestry and Wood Industry Revitalization Plan which distributed 50 billion yen to plywood factories and lent another 100 billion in favorable conditions.⁷² This helped to calm down the opposition and pursue liberalization.

Inter-ministry disputes show the Forestry Agency no longer stood in one line with other ministries as it was in the 1960s and 1970s. From its standpoint, the Agency saw no merits in opening timber market even further and feared that will reduce the scale of domestic forestry industry. Such development would eventually lead to the weakening of the Agency itself because it would loose its area of responsibility. Thanks to LDP parliamentarians who had an interest in the forestry sector, the Forestry Agency was able to gather enough pressure to get compensation. Behind the inter-ministerial compromise, however, laid the fact that

69 Keidanren proposes to end trade friction and to expand “zero tariffs” (*Keidanren bōeki masatsu dagai e teigen*, “*kanzei zero*” *hirogeyo*), Asahi Shimbun, February 27, 1985

70 Prime minister ask LDP to cooperate on market liberalization (*Shusgō, ichibakaihō de jimin ni kyōryoku yōsei*), Asahi Shimbun, January 10, 1985; US-Japan trade negotiations focus on timber market (*Nichibei bōeki kōshō, shōten ha mokuzai bunya e*), Asahi Shimbun, April 3, 1985

71 The government and LDP considers compromise over timber market liberalization: domestic loans for the damage (*Ichibakaihō, seifu jimin ga mokuzai de jyōho kōryo, mikaeri ni kokunai yūshi kentō*), Asahi Shimbun, March 19, 1985

72 Subsidies to revitalize or close plywood factories (*Gōhan kōjyō no kururi, haigyō no hojyokin*), Asahi Shimbun, November 9, 1985

MITI and MOFA are powerful enough to use forestry sector in negotiations to pursue their interests, and MAFF is not capable of stopping them. When Japan negotiated reduction of tariffs on wood products with the USA, the Forestry Agency complained it can have no impact on the talks because such international issues are out of its jurisdiction.⁷³

There was not much of other kinds of changes in forest policy during the 1980s except several amendments of laws regulating the management of national forests and reforestation. Because of the bubble economy, the forestry budget grew by more than 20% during the 1985-1989 period (see Figure 4-1) but that did not translate into similar improvements in domestic forestry results (Mitsui, 2002). Despite the surge in demand, domestic production fell from 33 to 27 million m³. Instead, Japan experienced a new wave of increase of timber imports that was fueled by the boom in the construction sector. New housing starts reached another post-war peak in 1989 with more than 1.6 million houses build that year (see Figure 3-1). This showed that the housing industry was very much adapted to imported timber and even rise in the economy could not help to increase consumption of domestic timber.

In order to revitalize the local forestry industry, the Forestry Agency tried to increase the use of wood in construction of public buildings, such as schools or community centers. The first such effort was taken in 1986 when the Agency announced it will support the building of nine wooden museums and concert halls to show that the current technology allows such construction.⁷⁴ In addition, the Agency initiated changes in the Building Standards Act (*Kenchiku kijyun hō*) which until then restricted construction of wooden buildings higher than 13 meters and with floor area larger than 3000 m². This prevented the use of wood in construction of schools or other larger buildings. Restrictions for building height and floor area were loosened in 1987, allowing construction of wooden buildings higher than 13 meters and with unlimited floor area if they conform to strict safety and fire prevention standards. Although in theory that allowed the government to utilize more wood in constructing schools, community centers or other public buildings, more than three decades of restrictions meant that the construction companies had little knowledge how to use wooden materials in such projects. In addition, large wooden buildings had to go through thorough safety inspection which required much time. All this made wooden buildings more expensive than those build

73 Aid of tariff reduction for wood products (*Mokuzai seihin kanzei sage kyūsai*), Asahi Shimbun, April 5, 1985

74 In 1987 Forestry Agency will assist construction of wooden public buildings in nine sites (*Mokuzō no kōkyō kenchiku o rinyachō 62-nendo 9-sho jyosei*), Asahi Shimbun, January 6, 1986.

out of concrete.⁷⁵ As a result, the Forestry Agency's initiative did not have much success at that time, and the percentage of wooden public buildings remained low. Even in 2008, measured by floor space, such buildings comprised only 7.5% of all buildings that belong to the state compared to 36% in the private sector (Forestry Agency, 2010a).

4.2.3. The Most Recent Developments

The forestry budget was expanding further during the first half of the 1990s. It was part of government fiscal policy plan to deal with the recession caused by the burst of the bubble economy by increasing public spending. The financing allocated to forestry related public works increased more than 60% during 1991-1995 period, and in 1995 forestry budget was almost twice bigger than ten years ago (see Figure 4-1).⁷⁶

Starting from the 1990s, Japan announced for the first time several domestic policy initiatives to address the demand side of high timber imports. Among them were plans to encourage “rational utilization” of tropical timber among Japanese companies by asking them to reduce its use and increase reuse. Another goal was to raise awareness among the Japanese public on the importance of tropical forests. Reacting to pressure from environmental NGOs, several local governments also announced they will try to reduce the use of tropical timber in public construction projects. According to Dauvergne (1997, p. 38), the effectiveness of these policies was doubtful because of their voluntary nature and no visible impact on tropical timber consumption. Tom Eskildsen from the Sarawak Campaign Committee, an NGO that was prominent in promoting these activities at the beginning of the 1990s, has also added that local governments quickly lost their interest in the campaign and the civil society was not active enough to pressure them to continue the policies.⁷⁷

The domestic timber output kept falling down throughout the 1990s and in 2002 was only 16.1 million m³ – the lowest recorded after WWII – while the total wood consumption that year stood at around 90 million m³. In order to improve the situation, the government

75 33 schools participate in a review of wooden school construction (*Minaosaretemasu mokuzai kōsha 33-kō ga dōnyū*), Asahi Shimbun, November 21, 1990.

76 Fluctuations in the budget in the 1990s and the late 2000s-early 2010s were caused by the fiscal policies of national government. For example, large financing was allocated to implement forestry promotion counter-measures in 2009. It stopped in 2010 when a large budget was again allocated in 2011 to deal with the aftermath of the Tohoku Earthquake.

77 Interview with Tom Eskildsen from SCC. January 2013, Tokyo.

again launched several forestry revival programs. In 2001, the Basic Forestry Law was revised for the first time and renamed to Forest and Forestry Basic Act (*Shinrin ringyō kihonhō*). Compared to its predecessor, the new version takes a broader view of the importance of forest to the environment, the society, and the economy. Article 2 recognizes that forests play multi-functional role by providing ecological services, preserving public health, supporting mountain villages and supplying forest products. According to the Act, the state must take a pro-active stance in ensuring sustainable development of forests and protect their multi-functionality. The government shall also provide financial support for policy implementation, promote forest development, conservation and settlement in mountain villages, develop forestry technologies, increase forestry workforce, stimulate the use of forest products, and contribute to international cooperation in promoting sustainable forest management. Another significant change is that according Chapter 2 the government has to develop a basic plan for forest and forestry. It has to set forth main directions of the policies related to forests and concrete targets of their fulfillment. The plan has to be revised every five years according to the changing domestic or international circumstances. Finally, while imports of wood products were presented in the Forestry Basic Act as a way to ensure adequate wood supply and control market prices, the Forest and Forestry Basic Act states that the state can use import restrictions in order to protect its own domestic forest industry:

The State shall take necessary measures for building international partnerships to secure adequate import of forest products while endeavoring to sustainable development of forests' multi-functional roles, such as tariff rate adjustments and import restrictions, where urgently required, when certain imports create or likely to create serious adverse effect on the production of domestic forest products that compete against imports.

This, however, was never put in practice. On the contrary, Japan pursued timber trade liberalization further through bilateral and multilateral economic partnership agreements. They had a major effect on tariff reduction for wood products coming from Southeast Asian countries (see Table 3-3). Agreements with Japan's main trade partners in the region – Indonesia and Malaysia – have schedules according to which tariffs will be completely removed in the upcoming years. This new wave of liberalization has not received any voices

of concern from the Forestry Agency, parliament members or the industry.⁷⁸ One of the reasons is that plywood and veneer production reached the bottom of the decline in the early 2000s and started to slowly increase. In addition, reacting to diminishing imports of tropical and Siberian logs, plywood producers began using increasingly more domestic timber.

Working on the Forest and Forestry Basic Act goals, in 2002, the Forestry Agency introduced the Mountain Village Promotion Project and the Green Employment Project. Both of them are an attempt to encourage people to move from cities to rural mountainous areas by offering job opportunities in the forestry industry. The effect of these programs is not yet clear. Even though the forestry workforce is decreasing and getting older every year, the number of new young entrants to the forestry industry is larger in the recent years than it used to be before (Forestry Agency, 2012a).

After several years of international negotiations during the G8 meetings on how to reduce the prevalence of illegal logging in both temperate and tropical forests, Japan started to address this problem in the early 2000s. According to Fukuda (2003), the Kyushu-Okinawa summit that was held in 2000 was especially influential for that to happen. During the preparatory meetings and the summit itself Greenpeace demanded the G8 countries to create more ambitious forest protection strategy and staged several demonstrations that attracted much attention in the media. This finally led to agreement among the participating countries that included the pledge to combat illegal logging. As a host country, Japan felt foreign pressure demonstrate its contribution to global forest protection, and some politicians from the ruling LDP saw it as a good opportunity to introduce policies that could help revive the domestic forestry industry or green their images (Mulgan, 2006, pp. 216–25). As a result, a special team was formed in the Diet on June 2001 in order to examine the problem of illegal logging and possible legislative approaches to tackle it. The first major outcome was an amendment of the Act on Promoting Green Purchasing in 2006. The new version requires governmental agencies to give priority to legal and sustainable wood when conducting public procurements. Even though the law raises awareness among timber users, it has several weaknesses. First, government purchasing on which the law is focusing accounts only for 2–3% of all timber used in Japan. And second, the requirements for the proof of legality are considered to be loose because they allow self-verification and do not require third-party inspection (Lawson & MacFaul, 2010).

78 Based on search of records of Diet sessions, parliamentary committee meetings, Asahi Shimbun articles, statements of the Forestry Agency and Japan Plywood Manufacturers Association.

The latest steps that Japan took to reduce reliance on timber imports were the development of the Forest and Forestry Revitalization Plan in 2009 and the enactment of the Act on Promotion of Utilization of Wood for Public Buildings in 2010. The revitalization plan aims to greatly expand forest roads, to introduce advanced forest machinery and to encourage proper forest management for wood production. The plan for the promotion of utilization of wood is focused on promoting wood use in schools, community centers, municipality offices and other public buildings. It asks national and local governments to put more efforts in utilizing wood materials in public buildings and create plans how that could be done. At the end of 2013, 73% of local government had such plans but their implementation remains sluggish (Forestry Agency, 2014b). Out of 462 public buildings with floor area less than 3000 m² constructed in 2012, 42 (9%) were made out of wood. If measured by floor area, wooden buildings comprised 3.1% (7,744 m² out of 249,692 m²).⁷⁹ The main reason for difficult implementation remains the same – strict safety standards that make concrete a much more attractive building material than wood, especially for large buildings that need to go through stricter safety inspection. This shows a lack of coordination between the governmental institutions. Although there have been talks about the need to modify the Building Standards Act and related regulations to create bigger incentive for wood utilization, the Ministry of Land, Infrastructure, Transport and Tourism which is responsible for the safety of buildings has not taken steps to change the situation.

4.2.4. Conclusion

Japan's domestic forest policy went through three stages in the last six decades. The first one was dedicated to effective organization of forestry to make it a productive industry that supports post-war rebuilding. Although that was achieved and domestic timber production expanded more than 30% from 1950 to 1965, it was not enough to satisfy the booming demand. As a result, the Forestry Agency was forced to accommodate both further strengthening of domestic forestry and opening markets for foreign timber to balance domestic shortages. On the institutional level, there were no disputes about such policy direction because it was beneficial to all interested sides.

The second stage starts with growing worries about the scale of timber imports and the impact to Japan's forestry industry. Unhappy about falling prices, forest owners expressed

⁷⁹ Usage of wood in public buildings (*Kōkyō kenchikubutsu no mokuzōka*), Nikkei, November 9, 2013

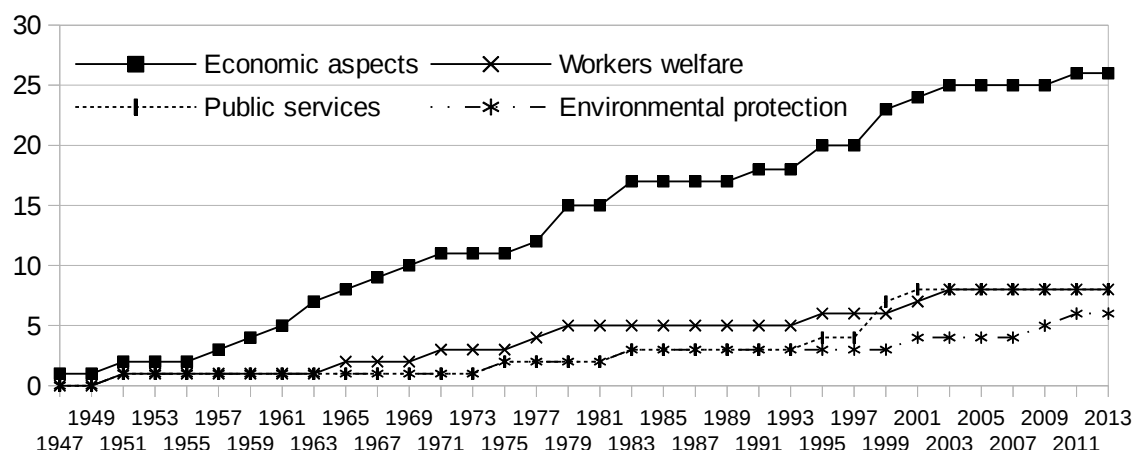
their dissatisfaction to local parliament members, forestry associations and the bureaucracy. However, since domestic production in the late 1970s was almost twice smaller than imports and showed no signs of increase, the Forestry Agency did not take a stance to promote import restriction measures. Instead, it used weakening forestry industry as an argument to get larger forestry budget to improve industry's competitiveness and compensate its losses. This argument worked well, and the budget was expanding all years until the mid-1980s when it stabilized for a few years and kept growing even more until the mid-1990s. Again, this suited everyone's interests: the Forestry Agency protected its influence as an institution, *nōrin giin* could direct the flow of money to their constituencies and earn support from rural voters, and people working in the forestry received financial help that compensated for their difficult situation. Meanwhile, many wood processing companies adapted to imported raw timber and enjoyed high demand for their production. This is exemplified by disputes in the mid-1980s over reduction of tariffs to wood products, such as plywood or sawn wood, which threatened timber processing companies. The dispute revealed the weakness of the Forestry Agency to oppose MITI and MOFA's goal to please international trade regime by putting timber products to more open competition. After losing this battle, the Forestry Agency accepted its subordinate position on trade issues and has never openly questioned market liberalization.

The third and most recent stage has no visible conflicts between the ministries related to forest policy and shows their clear division of responsibilities. The Forestry Agency traditionally seeks to strengthen the forestry industry by implementing a variety of projects and using their need as an argument to secure a comparatively large budget. METI and MOFA pursue their goal to strengthen international economic cooperation and further open wood product market. The forestry industry, meanwhile, struggles to adapt to the ever increasing competition but remains politically silent. While larger companies can survive these changes or even benefit and have no need to express their dissatisfaction, smaller ones and individual forest owners receive enough governmental subsidies and other types of support to be content with *status quo*.

What is missing from the image is the role of MoE and its predecessor the Environment Agency. These two institutions had made hardly any input to the forest policy which shows their weakness to bring environmental considerations into discussions and the willingness to leave this area to the Forestry Agency and other ministries. Examination of goals expressed in post-war Japanese laws related to forestry shows there is constant attention

given to timber production and other economic functions of forests (see Figure 4-2). The issues of securing the welfare of forest workers and ensuring that forests provide public services come next. Environmental protection is discussed the least and gained more prominence only when forests were associated with climate change prevention.

Figure 4-2: Cumulative amount of goals expressed in post-war Japanese laws related to forests and forestry.



Comment: includes newly adopted laws and major amendments.

Source: see Appendix III for a list of laws examined.

4.6. The Interplay Between Governmental Actors: International Forest Policies

4.6.1. Early Cooperation in the Forestry Sector

After removing tariffs on logs and lowering tariffs for processed timber in the early 1960s, Japan gradually became one of the most important players in international timber trade. For the next 25 years, the country dealt with overseas forests mostly from the economic perspective. In addition to trade liberalization, the Japanese government supported timber importing companies by investing in large public infrastructure projects, such as building or expanding sea ports and constructing storage facilities for imported logs. This created favorable business conditions for general trading companies and helped them supply Japanese market with foreign timber in large quantities and very competitive price. At the same time, MITI and MOFA were overseeing the situation in international markets and protecting the interests of Japanese timber traders (Kagawa-fox, 2012, pp. 236–9).

During the 1950s and 1960s little to no attention was given in Japan's international

cooperation to forest protection. Despite the fact that agriculture and forestry were included among Japan's ODA thematic subjects in 1967, there were no forests related activities, except several personnel training programs, for another nine years. The first technical cooperation project was started in 1976 in Luzon region of the Philippines. It was focused on developing afforestation and forest conservation techniques on grasslands with degraded soil (Forestry Agency, 1986). Similar projects were implemented in Indonesia (1979) and Thailand (1981). Several projects in the 1970s and 1980s were dedicated to improving forest utilization by developing felling, yarding and transportation techniques in Indonesia, Myanmar, Thailand, Brunei, Paraguay and Brazil. In total, from 1976 to 1985 there were 14 forests related technical cooperation projects in 11 different countries (Ibid.) Most of them were concentrated in Southeast Asian region. At the same time, Japanese specialists helped to conduct forest resource and forestry development surveys in 11 Southeast Asian and Central American countries (Ibid.)

Another form of technical cooperation was training programs in Japan. Till 1984, Japan invited more than 1100 trainees in the field of forestry. They, however, accounted to only 1.6% of all accepted trainees during the same period (Masuda, 1988, p. 454). Meanwhile, most of the grants given to developing countries to improve their forestry were related to technical cooperation projects and covered the cost of needed equipment, facilities, and personnel. Very few grants were independent. The biggest of them was 760 million yen given to the Philippines to establish the Agriculture and Forestry Center at Marcos University in 1984 (Forestry Agency, 1986).

During the 1970s and 1980s the ratio of the sum allocated to forestry cooperation to the total amount of ODA was less than 1%. According to Misa Masuda, main reasons for that were special characteristics of forest-related projects (1988, pp. 456–7). First, they required a long time for planning and realization. Second, they covered large land area. Third, they needed active involvement of receiving country to cover additional local costs, provide infrastructure, find local workers, etc. Finally, they required Japanese experts who had knowledge and experience in tropical forestry, because most of the projects are located in tropical countries. All this combined turned forestry cooperation into a difficult task.

Little cooperation in the forestry sector shows that Japan went to entirely new area when it started supporting forest management projects in tropical countries in the early 1970s. Most of the early Japan's activities were related to improving local forestry to make it more

efficient in extracting timber and other private forest goods. Through ODA Japan was introducing better forestry equipment, advanced harvesting techniques and methods of surveying forest resources. This shows that ODA was used to facilitate logging in countries from which Japan then imported raw logs. In addition, Japan International Cooperation Agency (JICA) – one of the main institutions that manage ODA – at that time also provided loans for timber trading companies to experiment with commercial forestry projects overseas (Dauvergne, 1997, p. 86) and even supported logging companies (Nectoux & Kuroda, 1989, p. 94). There are no signs of any project during the 1970s and 1980s that focus on public forest goods or tries to diminish environmental and social impact of Japan's tropical timber imports.

The situation on the international level has much to do with the domestic forest policy at that time when all related institutions had consensus about the importance of timber imports. This allowed to assign international assistance money for surveys of foreign forest resources and introduce modern extraction techniques. This facilitated logging and timber exports to Japan, while at the same time allowing to export Japanese technology and machinery. This fitted both MITI's and Forestry Agency's interests. However, it has to be kept in mind that ODA directed to the forestry sector was very small compared to other areas.

4.6.2 Criticism and Some Changes

In the late 1980s, the Japanese government received much criticism at first internationally and later domestically for not doing enough to reduce negative environmental and social impacts of tropical timber trade (Schreurs, 2003, p. 251). This foreign pressure played an important role in shaping more pro-active Japan's approach to world's ecological issues, including forest destruction (Feinerman & Fujikura, 1998). In 1989, the Forestry Agency prepared its first annual report dedicated to forestry issues in which the importance of global environmental concerns and necessity to protect tropical forests were officially recognized (Forestry Agency, 1989). Of course, the knowledge about diminishing tropical forests did not come to Japan in 1989. The Environment Agency talked about that in its annual white paper back in 1981 when it clearly wrote that the rapid disappearance of tropical forests is associated with growing international demand for timber (Environment Agency, 1981, Chapter 1). The Agency repeated the same again in 1983 and supplemented the message with information that, during the last five years, Japan imported 100 million m³ of

tropical timber, implying the country plays an important role in exacerbating the problem. Later annual reports also informed the readers about deforestation of tropical forests. The issue, however, was not discussed in Diet sessions or committee meetings and gained more prominence only starting from 1990. This shows the inability of the Environment Agency to bring important environmental issues to the political agenda.

The practical side of Japan's decision to pay more attention to the environment was that the country started to improve ODA environmental regulation and provide more financing to “green” (environmentally friendly) projects. That had effects on forest related cooperation, too. Statistics show that, during the 1990-2000 period, the number of trainees in the forestry sector grew by 60%. However, the proportion of forestry trainees to all trainees invited to Japan stayed the same as it was in the mid-1980s – 1.6% (JAICAF, 2009). The number of forests related projects also grew around 60% during the same period, from 13 to 21 (Ibid.) Despite that, the total amount of grants and loans to the forestry sector increased only marginally – from 1.9 billion to 2 billion yen (Ibid.)

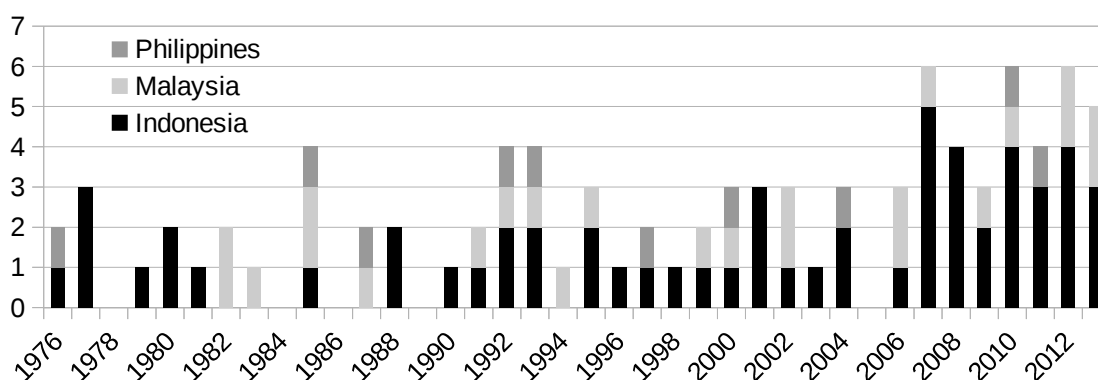
Although Japan became more sensitive to environmental impacts of ODA, the changes it implemented were not fundamental and had several shortcomings. First, the proportion of “green” projects did not account to a big part of all ODA and much larger funding was still given to “brown” (environmentally damaging) projects (Hicks, Parks, Roberts, & Tierney, 2008, pp. 151–4). Second, these brown projects did not have to go through strict environmental evaluation. Environmental impact assessments were handled by officials who had little knowledge about tropical forests, environmental guidelines were applied optionally depending on the situation and there were no post-project evaluations (Dauvergne, 1997, p. 30). In addition, details about projects were kept confidential and not subjected to public scrutiny. Third, quantity was preferred over quality, which meant that even green projects were not planned carefully enough to be environmentally beneficial, especially considering comparatively low numbers of JICA staff responsible for that (Dauvergne, 1998).

Finally, very little funding was given to projects that were directly associated to Southeast Asian tropical forests. From 1990 to 1999 Japan provided Indonesia with around 1.495 trillion yen of ODA loans and grants but forestry received only 1.06% of that amount – 15.87 billion yen.⁸⁰ During the same time period Japan conducted 21 forestry related projects

80 Forestry Agency (2010). JICA's loans and grants to forestry (retrieved June 18, 2014 from <http://www.rinya.maff.go.jp/test/kaigai/international/pdf/jicaloan.pdf> and <http://www.rinya.maff.go.jp/test/kaigai/international/pdf/jpngrant.pdf>); ODA data in Japan's embassy in

in Indonesia, Malaysia and the Philippines (see Figure 4-3). However, only three of them received JICA evaluation.⁸¹ These projects focus on increasing afforestation, improving tree breeding techniques, preventing forest fires and protecting watershed of a mountain river. Although they show efforts to protect the environment, they do little to diminish negative impact of commercial logging that supplies timber to Japan. In addition, there were worries, at least in the first half of the 1990s, that many other ODA projects, such as support for infrastructure expansion or manufacturing industry, are not strictly evaluated and put forests in danger (Jomo, 1994, p. 193).

Figure 4-3. Japan's forestry related ODA projects in the Philippines, Malaysia and Indonesia (1976-2013; sorted by project starting year).



Sources: Forestry Agency (2010). JICA's finished forestry projects (retrieved June 18, 2014 from <http://www.rinya.maff.go.jp/test/kaigai/international/pdf/jicaendproject.pdf>); Forestry Agency (2010). JICA's finished forestry survey projects (retrieved June 18, 2014 from <http://www.rinya.maff.go.jp/test/kaigai/international/pdf/kaihatsutyousa.pdf>); JICA project evaluation database (retrieved June 18, 2014 from <http://www2.jica.go.jp/ja/evaluation/index.php>); JICA Knowledge Site (retrieved June 18, 2014 from http://gwweb.jica.go.jp/KM/KM_Frame.nsf)

JICA took a step to strengthened ODA environmental guidelines in 2004. The whole process started in 2002 and was done in an open manner. The civil society, private sector and

Indonesia web-page (retrieved June 18, 2014 from http://www.id.emb-japan.go.jp/oda/jp/datastat_01.htm)

81 JICA's project evaluation database (retrieved June 18, 2014 from <http://www2.jica.go.jp/ja/evaluation/index.php>)

academia were invited to attend preparatory meetings and submit their proposals. After preparing a draft version, JICA again requested public comments and changed the final version accordingly (Harashina, 2004). At the end, the guidelines were greatly expanded and supplemented with social considerations. They also included 26 detailed checklists for each type of project, including a separate checklist dedicated to forestry that covered legal, environmental and social considerations. In addition, JICA pledged to disclose information on environmental and social considerations, and promote participation of various stakeholders. Most importantly, the guidelines became mandatory for all projects (JICA, 2004).

In addition to adopting new guidelines, JICA also increased the number of forestry related projects (see Figure 4-3). Although some of them are still orientated to the development of wood industries (as it will be presented later in Malaysia's wood quality certification case), most focus on preserving forest ecosystems and reforestation efforts. The new guidelines are also an important improvement in ensuring that other types of projects are not putting forests or forest dwelling communities in danger.

In the area of multilateral forest cooperation, Japan was actively involved in the International Tropical Timber Organization (ITTO) which was founded in 1985 and works as a forum of the world's largest tropical timber exporting and importing countries. As the biggest tropical timber importer at that time, Japan was one of the founding members of ITTO and offered to host its headquarters in Yokohama. The main objectives of ITTO are “to promote the expansions and diversification of international trade in tropical timber” and “to encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests” (ITTA, 1983). Despite this latter objective, there are doubts that ITTO is doing much good to protect both private and public goods of forests. This is mainly rooted in ITTO's decision-making process that gives more power to largest tropical timber importing and exporting countries. Since for a long time the most powerful members on both sides were little interested in conservation, ITTO's decisions were skewed towards economic utilization of tropical forests rather than their conservation, and neither producer states nor consumer states have made conservation a priority over exploitation (Nagtzaam, 2009, pp. 236–311).

In the First Session of the International Tropical Timber Council in 1985-1986, members decided to establish ITTO's headquarters in Japan – the biggest tropical timber importing country – and appointed Malaysian forestry specialist Freezailah bin Che Yeom –

from one of the biggest tropical timber exporting countries – as organization's Executive Director (International Tropical Timber Organization [ITTO], 1986). In the first years, ITTO was focused on further advancing tropical wood industries and creating new markets. Out of 16 projects approved in the third session (1987), only two were related to forest protection or rehabilitation (ITTO, 1987). Even though Japan, as one of the largest tropical timber importers, had much power to influence ITTO's decisions, several authors argued that the country has used it for maintaining open markets and constant flow of tropical timber imports, rather than encouraging sustainable forestry (Feinerman & Fujikura, 1998; Guppy, 1996, pp. 136–65). Until the early 1990s, the biggest push towards tropical forest conservation came from European and North American environmental NGOs (Humphreys, 2008) and European countries (Schreurs, 1997) rather than Japan that showed little interest in tropical forest preservation at that time.

The situation in ITTO started to change in the late 1980s because of increasing pressure from the civil society, Japan's growing interest to contribute to environmental protection and preparations for the Earth Summit in 1992. This led to development of ITTO Guidelines on Sustainable Forest Management, creation of a failed goal to achieve only sustainably produced tropical timber is traded by the year 2000, and increase in projects directed to sustainable forest management. While in 1990 reforestation and forest management projects occupied around half of ITTO's project budget, the proportion grew to 70-80% in the later years.⁸² Environmental and sustainability mission of International Tropical Timber Agreement, on which ITTO is based, was also strengthened when the document was updated in 1994 and later in 2006. However, the actual change in the state of tropical forest management is slow. Estimates from the late 1980s show that less than 1% of internationally traded timber came from sustainable sources (Poore, 1989). After more than 20 years, less than 8% of all tropical forests designated for logging are managed sustainably (Blaser et al., 2011, p. 3). According to Poore (2003, p. 245), the main reason for that is the shortage of funds as ITTO works with a comparatively small budget (around 10-15 million USD annually) and only part of it is dedicated to promoting sustainable forest management. As a result, ITTO is more an economic organization that promotes smooth trade in timber – a private good, but is much weaker as an environmental organization that protects public goods – sustainable provision of ecological services and cultural importance of forests.

⁸² According to ITTO Annual Reports (various years, obtained from http://www.itto.int/annual_report/; retrieved at June 18, 2014)

At the same time when ITTO was created, the first major plan to reduce deforestation and forest degradation in tropical countries – the Tropical Forest Action Plan (TFAP) – was launched by the World Bank, the Food and Agriculture Organization (FAO), the United Nations Development Program, and the World Resources Institute. It sought to improve forest management in developing countries by increasing assistance to their forestry sector. However, it soon became clear that balancing between development and conservation is much more difficult than it was expected. The plan failed to achieve many of its objectives – the main one being the reduction of tropical deforestation – and was decommissioned in the early 1990s (Schwartzman, Kingston, Fried, & Fund, 1997, pp. 39–40). Initially, Japan was reluctant to support TFAP because it felt it would take away international attention and financial resources from ITTO (Lyke & Fletcher, 1992). Although Japan later expressed its “strong support to rapid implementation of the Tropical Forest Action Plan” (Ministry of Foreign Affairs [MOFA], 1989) during the G7 Summit of 1989, it was among the least active TFAP donor countries (Humphreys, 1996, p. 40).

4.6.3. Japan and the United Nations Forum on Forests

Tropical deforestation was frequently mentioned in Brundtland Report of 1987 which laid the groundwork for the Earth Summit held in 1992 in Rio de Janeiro, Brazil. During preparation meetings, countries were involved in negotiating a global forest treaty that could help to coordinate further international forest protection activities. The process soon got stalled as the group of G77 – a coalition of developing countries led by India and Malaysia – opposed the need of such an agreement arguing forests are sovereign national rather than common international resource (Schreurs, 1997). Developing countries were concerned that the use of forests will be restricted by developed countries for the sake of preserving biodiversity or mitigating climate change, and no compensation will be provided to cover the loss of opportunity costs. From the viewpoint of the G77, if forests are to be considered as part of the global commons, global community should help through financial and technological means to protect them. Developed countries, on the other hand, were not eager to pledge such support. Although the discussions lasted for months, no agreement over this complex issue was reached, and global forest treaty does not exist to this day.

One of the documents that countries signed at the end of the Earth Summit was a non-binding set of forest principles – the closest thing the participants could agree upon to a global

forest treaty. Since then, negotiations about global forest management are conducted during the meetings of the UN Forest Forum (UNFF), which is part of the Economic and Social Council of the United Nations and descendant of two previous organizations – the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests. The main objective of UNFF is to encourage global discussions related to sustainable development of all types of forests. After many negotiation rounds that happened since 1995, the main issues of how national forest resources should be managed on a global level still remain unsolved and the whole process is in stagnation. The possibility of a global forest treaty was discussed again at the end of the 1990s but failed to gain member's support (Humphreys, 2006, pp. 85–8). Instead, UNFF has been promoting the creation and implementation of voluntary national forest management programs that could contribute to forest protection.

UNFF currently is the only global forum where countries meet to discuss the issues related to all types of forest. On one hand, UNFF and its predecessors have improved information exchange between developed and developing countries, and encouraged countries to report about their contributions to sustainable forest management on the national and international level. On the other hand, all agreements made during UNFF meetings were non legally binding and therefore weak, and the process of achieving them took considerable time. For its failure to move international cooperation forward and bring tangible results the forum was called an institution that does not lead to any governance and which has only symbolic value (Dimitrov, 2005), and its work described as “unimpressive” (Humphreys, 2006, p. 91). Although the idea of legally binding global forest treaty is not completely thrown away and its necessity will be discussed again in 2015 (United Nations, 2013), judging from the history the chances of such a treaty being adopted are small.

Japan showed interest in the work of UNFF and its predecessors. The country has regularly submitted voluntary national reports and updated about its progress in advancing sustainable forest management. In 1996 and 2001 Japan co-sponsored and hosted workshops on sustainable forest management which attracted participants from academia, the forestry industry, politics and civil society. The country also provided financial support to organization's secretariat (MOFA, 2013). Japan, however, did not take a leading role in UNFF. It did not express open support for legally binding global forest treaty (Dimitrov, 2005), and, as it is presented further in the article, at the same time worked on parallel international project related to forests.

The example of UNFF shows the difficulty of balancing provision of private and public forest goods on a global scale, especially when that involves concerns over state sovereignty and financial costs. Despite the fact, that UNFF has done a lot to make sustainable forest management into an internationally known buzzword among environmentalist and forest managers, the organization has failed to turn talks into action.

4.6.4. A New Issue – Illegal Logging

In the late 1990s, the issue of illegal logging – logging activities that do not comply to national law – started to attract increasingly more attention on the international level. The World Bank and Interpol (2010) estimate that between 20% and 50% of all timber products marketed worldwide have illegal origin, and that illegal logging is causing \$10 billion of losses in global revenues and assets. Although illegal logging is a global phenomenon, it is acutest in developing tropical countries where it hampers implementation of sustainable forest management (Ibid.) Despite the pressure from environmental NGOs, for a long time both timber importing and timber exporting countries considered illegal logging as a national problem, and it took almost a decade for them to start talking about the issue on the international level (Humphreys, 2006, pp. 146–7).

The G8 Birmingham Summit held in May 1998 was one of the first international events that discussed illegal logging. At the end of the summit participants adopted the G8 Action Programme on Forests which focused on five themes: monitoring and assessment, national forest programmes, protected areas, private sector, and illegal logging. It also distinguished three types of actions member-states can take to support them: domestic policies, bilateral assistance, and support for intergovernmental initiatives. By agreeing on the Programme member-states pledged to take action in each of the five themes and report about their progress. When the Programme ended after four years in 2002, the final report showed that member-states did little more than they already were doing to help developing countries where deforestation, forest degradation and illegal logging are the most severe (G8, 2002). According to Alexander Horst (2001) who reviewed the progress made in 1998-2000 period, the action programme was a merely rhetorical step to demonstrate G8's concern over environmental problems, but a missed opportunity to create a strong framework that goes beyond existing forests related initiatives. Despite the criticism, it is hard to deny that G8 had much influence in popularizing the issues of illegal logging and sustainable forest

management on the international level and igniting other activities that focus on them.

One of the activities that came out of the G8 Action Programme was Forest Law Enforcement and Governance (FLEG) process launched by the World Bank, the UK Department for International Development and the US Department of State. It seeks to foster dialog between different stakeholders, create partnerships and encourage the development of actions programs. The first FLEG project was the Ministerial Conference for the East Asia-Pacific held in September 2001 in Bali, Indonesia. The event welcomed representatives from 20 countries, private sector, academia and NGOs to discuss ways to strengthen forest law and its implementation in tropical countries of East Asia and the Pacific. The meeting resulted in the Bali declaration, which recognizes illegal logging as a threat to forest ecosystems, biodiversity, and economic and social well-being of nations. The declaration also has a list of actions that need to be taken in order to stop illegal logging. Although there is a call to strengthen international cooperation, most activities focus on the national level.

The Bali Conference was followed by two similar meetings in 2003 (Jakarta) and 2006 (Manila), and a number of smaller side events. According to the World Bank's website dedicated to FLEG⁸³, there were no FLEG meetings in Asia since 2007, and the whole process seems to be in stagnation. However, FLEG was able to increase both the awareness of the problem of illegal logging and the number of projects aiming to solve it. Despite the efforts, forests related illegal activities continue to be acute issue in the region (Pescott, Durst, & Leslie, 2010).

Japan was one of the participants of FLEG events and expressed its support in Bali for the initiative to fight illegal logging (MOFA, 2001). However, the country did not take the role of leadership to move the process forward. Instead, it invested time and financial resources in creating similar regional forum – Asia Forest Partnership (AFP). According to Humphreys (2006, p. 152), this step was taken in order to get more control over Asia forest cooperation and to have Japan's own project, rather than strengthening FLEG that was created by the US and UK. The fact that Japan has not joined another forest governance initiative created in 2008 by China and Australia – Asia-Pacific Network for Sustainable Forest Management (APFNet) – supports this argument.

4.6.5. Japan's Own Project – Asia Forest Partnership

83 <http://go.worldbank.org/Q3SXQDTSC0>

AFP was an open forum that allowed national governments, private sector groups, civil society organizations and other stakeholders to meet and discuss issues related to forests and forestry. The idea of such partnership was born in May 2002 when Japanese and Indonesian governments agreed it could be a good tool to find possible solutions for rampant deforestation and forest degradation of tropical Southeast Asian forests, especially caused by illegal activities. After one preparatory meeting in Tokyo at the end of July, AFP was launched in September 2002 at the World Summit on Sustainable Development in Johannesburg as a Type II partnership (open not only for states but also for private and civil actors). New participants could easily join and exit AFP, all members had equal power in decision-making and agenda-setting, anyone could offer forests related issues for discussion, and the whole process was mostly informal and without complicated procedures (Sizer, 2007).

The main goal of AFP was to promote cooperation and activities among governments, business, civil society and other groups that have an interest in forests related issues. That was done by providing an arena for stakeholders to meet each other and stimulating the creation of new initiatives or boosting activity and effectiveness of already existing ones. During its first phase (2002-2007) AFP focused on illegal logging, forest fires, and reforestation and rehabilitation of degraded lands (AFP, 2003). Improvement of forest law enforcement and increase in capacity for effective forest management was considered as two main cross-cutting issues. When the partnership moved to its second phase (2008-2015), the goals were extended to better reflect the importance of sustainable forest management. In addition to stopping illegal logging and associated trade, AFP sought to reduce forest loss and degradation and enhance forest cover to maintain the provision of forest products and ecosystem services. Cross-cutting issues were also made more comprehensive and covered the protection of the rights and welfare of forest-dependent people, improvement of forests related governance, strengthening the institutional capacity for sustainable forest management, and improving financing for forest conservation and sustainable management.⁸⁴

Despite centering its activities around sustainable forest management, AFP suffered from two important shortcomings. First, the partnership focused more on information exchange than on setting specific targets and generating action. Annual meetings consisted mostly of presentations made by participants on projects related to AFP themes and goals. This allowed project curators to share their knowledge, receive feedback and exchange

84 Basic information about AFP comes from partnership's website – <http://www.asiaforests.org>

information about on-going initiatives.⁸⁵ As AFP included important donors or groups that seek to invest in forest conservation or sustainable forest management, the meetings provided an opportunity for participants to promote their work among potential financial supporters. It was also expected that presentations could lead to collaboration between participants and strengthen project implementation. However, there were few cases that prove such expectations. Two biggest projects that were discussed during the meetings – Heart of Borneo Program and Kalimantan Forest Partnership – were actually independent initiatives before bringing them to AFP framework to get more support. The majority of project plans put forward by the participants were not implemented due to lack in support (Sizer, 2007). No inter-governmental action was generated, either.

The second shortcoming is that AFP failed to attract very important player in forest over-exploitation – the timber industry. No large general trading, construction or paper companies attended the meetings. Out of 48 AFP members in 2012, only two represented business interests but were not active and have not attended all annual meetings. Since one of the ideas behind the partnership was to catalyst cooperation among participants, inability to get attention from companies meant that AFP was mostly about environmental NGOs and research institutes sharing information with ministries and intergovernmental institutions.

AFP eventually did not succeed in becoming a strong and influential regional forest dialog. Although there was general agreement that AFT is an effective forum to exchange information and build networks among its participants, there was no strong feeling about its necessity. Due to fading enthusiasm among the members, AFP was allowed to quietly die after the last meeting in 2011, despite previous agreement to continue activities till 2015.⁸⁶

4.6.6. Bilateral agreements

Japan's bilateral cooperation for forest protection in Southeast Asia has been mostly done through its ODA projects without any larger framework of inter-governmental agreements. However, that has recently changed. In June 24, 2003 Japan signed its first bilateral agreement with Indonesia that is focused on forest issues. The agreement consists of Joint Announcement and Action Plan.

The Joint Announcement presents the main principles of the cooperation. According to

85 Personal communication with Henry Scheyvens, director of Natural Resources Management Group of Institute for Global Environmental Strategies, June 2013.

86 Ibid.

it, Japan and Indonesia will jointly work to combat illegal logging and related trade, improve forest law enforcement, create better economic opportunities for local communities to reduce their reliance on illegal activities, increase awareness about the environmental, social and economic threats of illegal logging, and promote sound forest practices that lead to sustainable forest management. These goals will be reached by developing and implementing legality verification system, improving ways to exchange data on timber and wood products trade, encouraging participation of the civil society, creating inter-agency networks between the two countries, and developing human resources through training programs (MOFA, 2003b).

The Action Plan gives more details on how the goals are to be reached. The plan is divided thematically into five parts and each part is then divided into three sections that list short-term, medium-term and long-term activities. These lists are laconic, with many broad statements and almost no information who and when will implement each activity. The plan does not include specific time frames or deadlines and leaves that to be decided by each separate project (MOFA, 2003a).

Vagueness of the plan is strengthened by the lack of information (both in Japanese and English) about its concrete implementation. Both MOFA and MAFF provide very few details about the cooperation activities, and neither of the two ministries has a separate section in their websites to publish news related to the agreement. The Forestry Agency has published only three short annual reports (*Ihō bassai taisaku kyōryoku akushon puran suishin jigyoō*, the last one in 2006) and all of them focus on the development of the legality verification system, leaving aside other four cooperation goals. Despite the fact that the Action Plan has not been fully implemented, cooperation is now considered completed by the Japanese government.⁸⁷

The second bilateral agreement is between Japan and Malaysia. It does not focus only on forest issues as sustainable forest management and trade in illegally obtained timber are part of a broader document – the Agreement between Malaysia and Japan for an Economic Partnership (JMEPA) – which was signed in December 13, 2005 and came into force in July 13, 2006. The agreement has three parts: 1) Joint statement, 2) the Basic Agreement, and 3) the Implementing Agreement. JMEPA deals predominantly with economic issues, such as trade barriers, the cross-border flow of goods, workers and investment, intellectual property, business environment, customs procedures, etc. It also puts stress on promoting sustainable

⁸⁷ Communication with Koji Hattori, Deputy Director of International Forestry Cooperation Office, Forestry Agency, MAFF on August 9, 2013

development and overall well-being of the people of the two countries.

The Joint statement that was released at the signing of JMEPA briefly describes expected outcomes of the cooperation between the two governments and is supplemented by two attachments. Both of them mention activities related to forests. The first attachment outlines the decision to establish a bilateral expert group on agriculture, forestry, fisheries and plantations which will hold discussions about measures to promote sustainable forest management, enhance trade in timber produced in a sustainable manner, increase of forests related research and technology transfer, and improve cooperation through international forests related frameworks, such as ITTO and AFP. Although the attachment mentions illegal logging as an important issue, strengthening of the forest law and verification of timber legality are not added as separate discussion topics. It can be presumed that these themes are incorporated into the sustainable forest management concept.

The second attachment stresses the need to increase bilateral cooperation projects and programmes that are to be implemented within the framework of JMEPA “as expeditiously as possible” after the Agreement comes into force (MOFA, 2005). The list of such activities includes two projects directly related to forestry. First, Japan will provide technical assistance to Malaysian Timber Industry Board (MTIB) to create a national certification system for the wood industry in Malaysia, and assistance to the Forest Research Institute Malaysia (FRIM) to test it. The list also mentions seminars and training courses held in Japan on different subjects, but they do not include sustainable forest management.

Although the two projects concerning the creation of a national certification system were presented separately by JMEPA, they were joined and administered by JICA as a single project (project number 0608921). Activities started in January 2007 and lasted till December 2008. The project, however, has little to do with sustainable forest management or timber legality. Its goal was to create a quality assessment system to be used by wood processing industry. Japan contributed to the project by sending several technical experts and training Malaysian staff. There is little information how much that helped for the overall process. Neither MTIB nor FRIM has published about the cooperation in their websites. Although JICA publishes evaluation reports for most of its recent projects, as of 2013, there is no evaluation of the before-mentioned activities.

The Agreement itself does not add anything to what has been stated in the Joint Statement. Forests are mentioned only in Chapter 12 which states that the Japanese and

Malaysian governments shall promote cooperation, and lists forestry (in one group together with agriculture, fisheries and plantations) as one of the fields where it should be strengthened. Finally, the Implementing agreement provides more details what activities should be pursued according to Chapter 12. Its Article 21 says that the two countries will work together for efficient and sustainable use of natural resources, advancement of human resources and technologies related to forestry, and general development of rural areas. The forms of cooperation may include exchanging information, encouraging joint research, exchanges of experts, holding of seminars and workshops, and other activities. Article 22 explains that cooperation has to be coordinated by a special Working Group on Agriculture, Forestry, Fisheries and Plantation. Its functions are to discuss cooperation issues, monitor and review cooperation projects, and report the findings to JMEPA's cooperation sub-committee. The working group is composed of the Japanese and Malaysian officials from appropriate ministries and agencies. Its members meet at such frequency as the two countries see necessary.

There is a lack of information how the cooperation under the JMEPA framework is progressing. Governmental institutions of Japan or Malaysia have not made any announcements so far about joint activities, and there is hardly any information about that on the media. The first meeting of the cooperation subcommittee was held in July 2009, but its proceedings are not publicly available.

Both bilateral agreements mentioned here focus on legal and efficient extraction of private forests goods and do not mention how provision of public goods could be protected. It can be assumed that public goods are part of the concept of sustainable forest management. However, when specific cooperation activities are discussed, no distinction is made between the two. In addition to that, neither of the two agreements have a goal to stop deforestation and forest degradation.

4.6.7. Conclusion

Three big observations can be made after looking at major regional forest cooperation cases in Southeast Asia. First, regional activities related to forests have grown both in number and scope. While there was hardly any cooperation during the first four decades after WWII, there is clear intensification of their development since the mid 1980s. Both countries inside and outside of the region fueled this change as can be seen from the cases presented here.

However, the initial push for cooperation rarely came from within Southeast Asia. On the contrary, developing forest-rich tropical countries were often suspicious of any international initiative that could weaken their freedom to use national forest resources as they see fit. At the same time, developed countries, including Japan, that benefited from tropical timber trade, were reluctant to accept bigger responsibility for the impact they make to tropical forests. This can be seen from the cases of ITTO and ongoing UN discussions regarding a global forest treaty.

The scope of regional cooperation has broadened from purely economic and trade issues to acceptance of the need of implementation of sustainable forest management and talks about illegal logging. The latter issue became increasingly more discussed during international forest meetings since the late 1990s, and Japan has been active in raising awareness about that in Southeast Asia as it is shown by AFP and bilateral agreements. However, the concept of sustainable forest management is still mostly approached from the viewpoint of sustainable and legal provision of private goods, especially when considering the activities countries choose to implement sustainable forest management. Bilateral agreements that Japan has signed with Indonesia and Malaysia illustrate that well. Although sustainable forest management is mentioned in both agreements, main focus is on technological cooperation to ensure legality of timber and make its extraction more efficient. AFP also paid much attention to improving forest law implementation during its first phase rather than considering sustainable forest management in a broader sense. Unfortunately, when the scope of AFP goals was expanded in the second period to reflect sustainable forest management more closely, its activities were terminated.

The second observation is that, despite intensification of forest cooperation in Southeast Asia, all initiatives remain as individual projects that have overlapping elements. This can be clearly illustrated by Japan's decision to launch AFP while there already was a similar process in the region – FLEG. Later China and Australia agreed to start APFNet instead of showing more support for AFP and FLEG. Such an ambition of regional powers to have their own project on forest cooperation weakens whole forest governance by dividing already scarce financial and human resources and making the implementation of consistent long-term programmes more difficult. So far there has been no signs that regional cooperation initiatives to protect forests are going towards convergence.

The third observation is about Japan's role. Despite its efforts, the country has failed to

gather enough support among neighboring Asian countries to create a regional organization for sustainable forest management. After AFP has disappeared and the implementation of bilateral agreements remains unclear, Japan is back to ODA and ITTO as two oldest tools for sustainable forest management promotion. However, as ITTO is more economic than environmental organization, and in most cases ODA projects have limited scope and short to medium time frame, their impact to sustainable forest management remain limited. Obviously, the absence of regional forest governance can not be attributed to Japan's inaction because it showed much effort in promoting sustainable forest management and financing dozens of projects through ODA and ITTO. While doing that, however, Japan could not achieve long-term, result-orientated multilateral cooperation. Even on the bilateral level Japan was not able to sign viable agreements to help other countries slowly but systematically move towards sustainable forest management.

Cooperation for sustainable forest management in Southeast Asia remains a contentious issue. While all countries agree it is important, developing countries do not want to lose money they can get by exploiting private forest goods, and developed countries are not ready to pay full price for sustainable tropical timber. So far there are no signs that will change in the near future. Despite more than two decades of international activities, the creation of regional forest governance in tropical Asia remains a work in progress.

4.7. Conclusion

This chapter was dedicated to test the validity of the following hypothesis:

Discrepancy between wood market liberalization, promotion of the domestic forestry industry and support for the protection of forests abroad can be strongly associated with institutional fragmentation, delimitation of ministerial policy fields and the eagerness of the bureaucracy to protect their area of influence as suggested by the bureaucratic dominance model and the bureaucratic politics model. In other words, forest policy has not been planned as a whole but is a result of separate decisions of each ministry or agency. The role of the ruling party or individual politicians is minor, and their influence to forest policy is weak. Large interest groups have effect on policy-making if

they maintain a close relationship with the bureaucracy.

The first part of the hypothesis suggested that institutional fragmentation is the main reason why Japan at the same time promotes wood market liberalization, domestic forestry industry and protection of forests abroad. This has proved to be true only partially. Indeed, in theory each area could be attributed to the jurisdiction of individual institutions: market regulation to METI, support to the domestic forestry to MAFF's Forestry Agency, and international environmental cooperation to MoE (with the help from MOFA). Reality, however, has proved to be a complicated mixture. Although the Forestry Agency was market liberalization supporter in the 1960s and 1970s, it became an opponent in the 1980s and a neutral observer in the 1990s and 2000s. All this time it was a close ally of the domestic forestry and ensured it gets adequate financial support from the state. The Agency also embraced increasingly more environmental concerns and in the later years even took steps to protect forests abroad and fight illegal logging.

METI, as a representative of the interests of big business among which are many timber trading companies, was never a big protector of the domestic forestry industry with its numerous small sawmills and thousands individual forest owners. From early on the ministry agreed on wood market liberalization and actively pursued this agenda. On the international level, METI promoted Japanese corporate technology and products, and successfully incorporated them into Japan's campaign to solve international environmental problems. The ministry was behind many forestry related international projects that advocated technological solutions.

Compared to the Forestry Agency and METI, MoE was a very weak player that made little impact both on domestic and international forest policy. Because of its small size, non-ministerial status until 2001, strong environmental divisions in other ministries and weak interest groups in the society, MoE and its predecessor the Environment Agency could not have a strong word in policy-making. Management of domestic forests was a clear jurisdiction of the Forestry Agency which was reluctant to share it with other institutions. Reducing Japan's negative impact on forests abroad was also a difficult task. Despite the fact that the Environment Agency was talking about Japan's role in tropical deforestation since 1981, this issue gained prominence only after nine years and was not an achievement of Agency's work. According to Schreuers (2003, p. 163), it was Prime Minister Noboru

Takeshita who decided to turn environmental contributions into a major foreign policy theme and popularized it among influential LDP members. Only then tropical deforestation began to appear in annual reports of more influential institutions, such as MITI, the Forestry Agency or MOFA. The latter ministry was a major supporter of Japan's participation in international environmental cooperation, including forest protection, not so much because it cared for the environment, but rather to pursue its own diplomatic goals. The Forestry Agency joined MOFA on many occasions in negotiating trade agreements and organizing conferences to stop illegal logging and promote sustainable forestry. The Agency also dispatched specialists to help JICA with ODA projects.

The second part of the hypothesis states that “the role of the ruling party or individual politicians is minor, and their influence to forest policy is weak.” This statement was proved to be valid only partially. On the domestic level, LDP and its *nōrin giin* are powerful intermediaries standing between their rural voters and the bureaucracy. Due to pork barrel politics, they promoted support for local forest industries but played a minor role in shielding them from cheaper, but environmentally destructive imported timber. Politicians were less influential on the international level because it did not correlate with success in elections. With few exceptions when politicians wanted to improve their personal image by showing more interest to global environmental problems, international forest policies were mostly decided by the bureaucrats.

The last part of the hypothesis suggested that “large interest groups have an effect on policy-making if they maintain a close relationship with the bureaucracy.” This was found to be mostly false because of strong LDP's inner committee structure which checks whether new policies are aligned with the expectations of biggest interest groups. As a result, powerful politicians – *zoku giin* – are among the first who need to be convinced about the necessity of new policies. Notable examples of that are Japan's “greening” in the late 1980s which was put forth by the LDP leaders and illegal logging issue which was promoted by *nōrin giin* Matsuoka (Mulgan, 2006). Despite that, bureaucrats also play an important role in designing the details of a particular policy and managing its implementation. Access to this process and influence over the bureaucracy can be crucial for some interest groups. For example, Japan Federation of Wood-industry Associations connections with the Forestry Agency allowed it to draft timber legality verification guidelines that match its interests.

CHAPTER V. THE ROLE OF THE CIVIL SOCIETY

This chapter tests the validity of the second hypothesis:

Assuming recent developments towards classical pluralism, discrepancy in forest policy is further strengthened by weak civil society movements that promote alternative policy directions (protectionist measures to strengthen the domestic forestry or stronger international cooperation to protect forests abroad). This allows politicians and bureaucrats to make decisions without feeling pressured consider a broader spectrum of alternatives.

In order to test the hypothesis, this chapter looks at the role of the social movements in Japan's forest policy formation. It introduces main NGOs that work in this area and analyses their activities, structural characteristics, inter-organizational relationship, interaction with the government and other interest groups. The chapter mostly covers the period from the second half of the 1980s when the first movement for forest protection emerged in Japan to 2013. More specifically this chapter is focusing on the following questions:

- 1) In what way the society responds to the issues surrounding forests in Japan and abroad? What factors influence that?
- 2) What caused the establishment of first NGOs for forest protection in the late 1980s and how similar movements evolved later?
- 3) What goals these NGOs raised and what strategies they used to reach them? Why this has not resulted in the emergence of a strong anti-deforestation organization as it happened in other developed countries?
- 4) In what ways these NGOs influenced forest policy? How did they interact with other interest groups? Why they mostly failed to bring strong measures for forest protection to the mainstream politics?

Discussion about the role of Japan's civil society in forest policy formation must start with a definition what “civil society” means because it is a vague term prone to misinterpretation. I follow the path made by Robert Pekkanen whose book *Japan's dual civil*

society gives the following lengthy but detailed definition and its explanation:

“[Civil society is] the organized, nonstate, nonmarket sector. This definition encompasses voluntary groups of all kinds, such as nonprofit foundations, charities, think tanks, and choral societies. It includes nonprofit organizations (NPOs), nongovernmental organizations (NGOs), and other voluntary or tertiary associations. It is larger in scope than civic groups alone, which more narrowly incorporate participatory organizations. It is also larger than the nonprofit sector, which excludes unincorporated voluntary groups and which is also sometimes limited to groups performing public purposes [...]. On the other hand, civil society does not include labor unions, trade associations, professional associations, companies, or other market sector groups. It also excludes government bureaucracy, parastatal organizations, and political parties – as well as the family.” (2006, pp. 3–4)

This definition basically says that the civil society is the sum of all organized entities that lay outside of government, market and personal life spheres. It includes a large variety of very different organizations in terms of their size, structure, financial capabilities, management, values, goals and tactics of reaching them. Both a national NGO with thousands of members and a very local neighborhood association that may unite only several people are part of the civil society. At the same time, the definition leaves many players outside of it. For example, political parties, even if they do not have any elected members in the Diet or prefectural assemblies, are considered to be part of the state sector. In a similar fashion, consumer or forest owners' cooperatives are categorized under the market sphere despite their volunteering or lobbying activities that are often associated with NGOs.

The civil society has characteristics of voluntarism, freedom and fluidity (Rosenblum & Post, 2002, p. 4). In ideal conditions, people should be able to join and leave social movements without being forced to do that or without any fear of negative consequences, such as losing rights or social status. The individual should also have the freedom to decide how much he or she wants to be involved in a particular social movement, and whether he or she wants to participate in several movements at the same time even if they have overlapping or conflicting characteristics.

Each country's civil society has its own unique pattern – a set of dominating characteristics. Although there are many factors that influence these characteristics, Pekkanen

in his research on Japanese civil society argues for the importance of the state in shaping them: “through its direct and indirect structuring of incentives, the state promotes a particular pattern of civil society organization and structures the 'rules of the game,' which in part determine who plays and who flourishes.” (2006, p. 2) Of course, relationship between the civil society and the government is not one sided. At the same time when the state affects civil movements through regulation, civil movements change the state through involvement in policy formation.

All NGOs are motivated by the understanding that a certain situation in the society has to be changed in order to help vulnerable groups of people, preserve environment, protect cultural heritage or reach some other goals. The practical steps that NGO takes to achieve them are usually called by the term “advocacy”, although there is a lack of agreement in the literature how exactly the definition of advocacy should look like. This results in numerous variations, ranging from broad sounding “promoting change” (Schneider, Lester, & Ochieng, 2008) to more specific “attempts to influence public policy, either directly or indirectly” (R. J. Pekkanen & Smith, 2014) or “acts of organizing the strategic use of information to democratize unequal power relations” (Jordan & Van Tuijl, 2000). Some definitions limit the target of advocacy too narrowly, e.g. only to policy change. It then becomes unclear how advocacy is different from lobbying and how we should call activities that, for example, are targeted on corporations. Others, as in the last definition, assume that advocacy seeks to democratize decision making. This is also problematic because there are many NGOs that simply spread information and try to change people's behavior (e.g. encouraging them to sort trash or clean neighborhood area) without questioning unequal power relations.

Another suggested definition of advocacy is “any attempt to influence the decisions of any institutional elite on behalf of collective interest” (Jenkins, 2006). This allows us to describe any pressure created by NGOs both on governmental institutions and private companies as advocacy. But even such definition has its own issues because, as the example of hundreds of forest volunteer groups in Japan shows, NGOs can simply strive to change certain situation without seeking to influence private or public institutions. As a result, this study proposes and uses the following definition that solves previously listed issues: “advocacy is any attempt to collectively encourage the change of the situation that prompted the creation of the NGO.” “Collectively” here means that NGO is working as a group of several people, while “encourage” indicates that NGO is not only silently engaged in

provision of services but also speaks about its goals and encourages others to be part of the change. The target of this encouragement is not specified and can range from local community to the global society, and can include both average citizens and institutional elites.

Advocacy can take many forms: petitioning, protesting, organizing events, conducting research, monitoring enforcement, issuing media releases, handing out leaflets, pressuring certain influential individuals, and others. Advocacy is sometimes confused with lobbying which is a type of advocacy to influence a governing body so that NGO's demands are reflected in legislation (similarly to advocacy, definitions of lobbying have many ambiguities; see Baumgartner & Leech (1998, pp. 33–6) for a discussion.) Another important term is “campaign” that can be defined as the sum of pre-planned advocacy activities designed to reach a specific goal usually within a certain time period (Solomon & Cardillo, 1985).

Campaigns vary in their geographical and thematic scope, can combine a variety of advocacy forms and target a number of recipients. For example, on the one end of scale there is a local campaign to increase green areas in a city by raising public awareness and collecting signatures on a petition, while on the other end there is a global campaign to stop climate change by lobbying national delegations gathering in the annual United Nations Framework Convention on Climate Change conference. International or global campaigns often lead to formation of transnational advocacy networks that consists of several NGOs from different countries.

After analyzing a variety of NGOs and their activities, Bass, Abramson, & Dewey (2014) offer a list of criteria to evaluate NGO advocacy and improve its effectiveness. According to them, an effective NGO has to have:

- 1) Active leadership that strongly supports advocacy activities.
- 2) Division of work and responsibilities according to staff's abilities.
- 3) Clear and simple organizational and decision making rules.
- 4) Constant strive to improve advocacy skills.
- 5) Active utilization of networking by joining coalitions or associations.
- 6) Efficient use of information technologies.
- 7) Constant monitoring of issue areas and ability to come back to them when needed; NGO has to never consider that the fight is over.

It goes without saying that in addition to competence in advocacy NGOs have to have

an efficient organizational structure that allows them to be viable in terms of financial and human resources. Inability to attract enthusiastic and skilled people or lack of budget to launch or sustain a campaign can seriously undermine NGO's abilities to reach its goals. Therefore, good management of basic NGO's day-to-day needs is vital for organization's long term survival.

Although it is difficult to exactly measure how active the civil society in Japan is, indicators show there is a growing trend in terms of number of social movements, their pursued issues, and people who dedicate time to become social activists. In 1997, there were more than 7 500 NPOs in Japan (R. Pekkanen, 2006, p. 30), while, in 2013, the number skyrocketed to 48 000 (Japan Cabinet Office, 2013) mostly because of the changes in NPO legislation that happened in 1998 and made the formation of NPOs easier. Examination of Japanese social movements in the early 1990s showed that the scope of issue areas in which they work was very broad ranging from human rights and education to the environment and anti-war (Peng-Er, 1999, p. 76). The largest number of movements was focusing on local community, culture and welfare issues. Conservation of nature, including anti-pollution and anti-nuclear groups, came second. The third largest issue area was human rights. The composition has changed since then. Although health and welfare remained in the first place in 2013, environment dropped to the sixth place and human rights to the 10th.⁸⁸ The second most popular area of activism was social education, followed by community development, children's issues, and culture, arts or sports. According to surveys, the percentage of people who have at least once participated in social movements grew from 8.4% in 1976 to 14.1% in 1991 (Peng-Er, 1999, p. 75), and further to 26.7% in 2013 (Japan Cabinet Office, 2013). However, when asked “Are you a member of a group to preserve environment?”, only 1.6% of respondents in Japan said “yes” in 2010, compared to 5.5% in the USA, 6.4% in France and 7.9% in Austria (International Social Survey Programme, 2010).

Many experts of Japan's environmental politics have argued that while the country has thousands of social movements that have environmental protection, including forest preservation, as their goal, they create comparatively weak pressure to the government to improve environmental policies (Broadbent, 1999; Forrest et al., 2010; Schreurs, 2003). After analyzing the history of Japanese environmental politics, they claim that green activism in Japan has been mostly orientated to local and specific problems (so-called “not-in-my-back-

⁸⁸ The number of registered NPOs sorted by activity field. Japan Cabinet Office, Bureau for Citizen Activity (retrieved June 18, 2014 from https://www.npo-homepage.go.jp/portalsite/bunyabetsu_ninshou.html)

yard” or “victims” movements). Peng-Er exemplifies that by mentioning environmental activists who participated in protests against building factories or waste incinerators in their neighborhood, but were not much concerned if that was done in other inhabited areas (1999, p. 76).

Another characteristic of green activism in Japan is that there is a lack of ideological groups who work on broader national or international issues. Pekkanen (2006) speaks about that by using the “dual society” concept. He argues that Japan consists of two major types of civil societies: thousands of small groups that focus on local issues and lack professional staff, and very few organizations with a large membership, big budget, full-time employers and lobbying-orientated activities. In other words, although many social movements have similar goals and show strong support to green ideas, they are far from equal in terms of size, organization and scope of activities. This can be illustrated by the fact that while there are more than 2600 small local citizen groups helping to maintain domestic forests (so called “forest volunteer organizations”), only seven environmental movements work on alleviating global deforestation: Global Environmental Forum (GEF), Friends of Earth (FoE), World Wide Fund (WWF), Greenpeace Japan, Japan Tropical Forest Action Network (JATAN), Hutan and Sarawak Campaign Committee (SCC). The first five of them have one or two full-time employees that specialize in forest protection while the rest rely only on volunteer work. In addition to that, all of them have rather limited financial capabilities.

Before looking at individual NGOs and their activities, it is important to know what people in Japan think about forests, forestry and forest policy. This allows to better understand in what environment NGOs campaigning for forest protection have to work.

5.1. Public Opinion on Forest Issues

Compared to other issue areas, there are relatively few opinion polls that seek to collect people's opinions on forests, forestry and wood consumption, and even less that inquire about the views on forest policy. With very few exceptions, the only source that provides such information is the Public Opinion Poll Yearbook which is published annually by the government of Japan. The publication consists of a collection of thematic opinion polls conducted in a particular year by universities, private companies or other entities. Most of these polls are ordered by the government which also decides their contents. In some cases,

the same or very similar poll is conducted on a regular basis allowing to see a change in public opinion on certain issues over the period of several years or even decades. The government of Japan has been conducting these opinion polls since 1948, and their scope and detailedness grew throughout the years.

A set of questions inquiring about domestic forests and forestry was first introduced to the Public Opinion Poll Yearbook in 1976 and later was repeated in 1981, 1989, 1992, 1995 and since then every four years (in 1999, 2003, 2007 and most recently in 2011).⁸⁹ People were asked to share their opinion about economic, social and environmental roles of Japan's forests and personal relationship to forests, forestry and wood use. Even though this set of questions has slightly changed throughout the years⁹⁰ creating difficulties to see long term trends of some opinions, it still creates a good picture of what attitudes Japanese people have about issues related to forests.

Since 1989 among the first few questions asked is “Do you feel affection towards forests?” revealing how many people consider they have personal connection and awareness about forests. The number of individuals responding positively has been constantly very high, hovering around 90%. This resonates well to the concept of “forest culture” that suggests that most Japanese people have close personal relationship with forests. However, since the question is so broad, it is not clear what exactly the word “affection” means for each respondent. More details about that are revealed further in the poll and will be presented later.

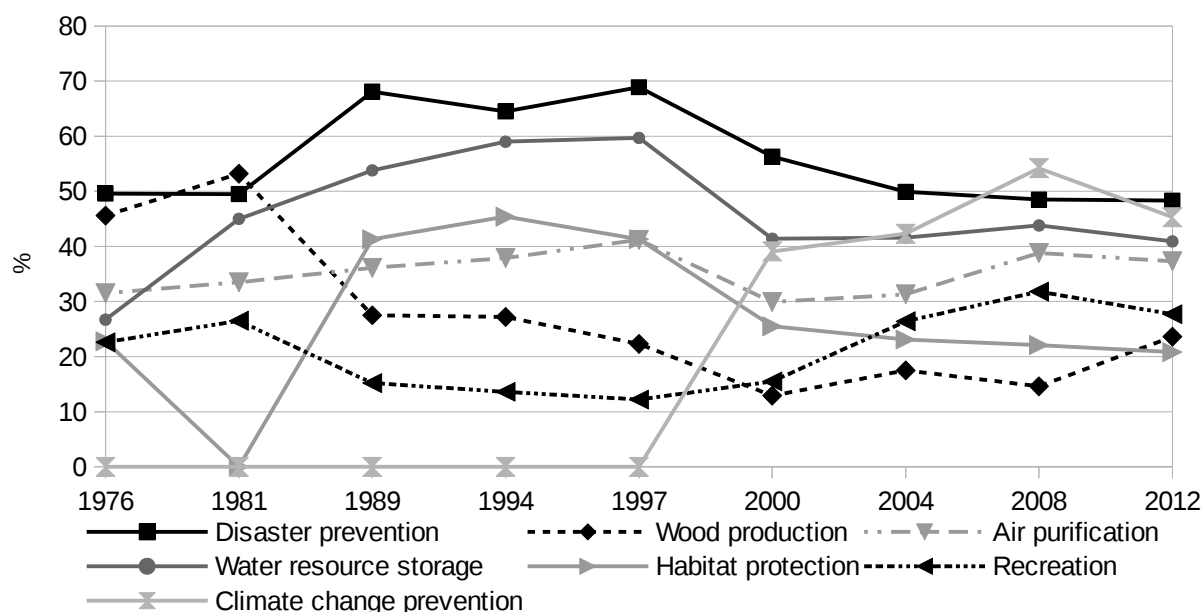
Another question that has been continuously asked since 1976 is “In your opinion, what are the main roles of forests?” It allows respondents to choose as many pre-set answers as they want. The set of answers has not changed much since 1976 and consists of “wood production,” “non-wood goods production,” “disaster prevention,” “storage of water resources,” “air purification,” “recreation,” “animal habitat protection,” “education” and, since the year 2000, “climate change prevention.” Answers throughout the years reveal there were many fluctuations in respondents' opinions (see Figure 5-1). However, disaster prevention, storage of water resources and air purification stayed among top three most often. The number of respondents that consider wood production as an important forest function

89 Data of all surveys can be found on Japan's Cabinet Office website: <http://www8.cao.go.jp/survey/index-all.html>

90 At first forest related question set was called “Public opinion poll on forests and forestry,” then renamed to “Public opinion poll on forests and greenery” on one occasion and for the past 20 years is called “Public opinion poll on forests and daily life.”

diminished by around half in 2012 (24%) and even more throughout the 2000s (12-16%) compared to the late 1970s (47-52%). Meanwhile, increasingly more respondents choose “recreation” as an important forest role. Since 2000, it receives more support than wood production.

Figure 5-1. Seven most popular answers to the question “In your opinion, what are the main roles of forests?” according to the governmental polls.



Note: zero percent means the answer was not in pre-set answer set that year.

Source: Public opinion polls (various years), Cabinet Office

Trends in public opinion about forest roles show that Japanese people tend to increasingly think about forests first as providers of ecological services (e.g. prevention of landslides and climate change), then as providers of public services (recreation, relaxation, education) and only then as a source of wood or other products. As it can be seen from Figure 5-1, since 1997 opinions became less and less dispersed which coincides with government's more active promotion of forest “multi-functionality.” Accordingly, respondents seem to perceive forests as responsible for a variety of roles at the same time rather than only landslide prevention. Climate change also fits this pattern because Japan was one of the main proponents on the UNFCCC negotiations to accept forests as carbon sinks (Schreurs, 2003, pp. 193–4). This issue was widely discussed in the Japanese media and popularized by the government that led the public to make a strong association between forests and climate

change prevention.

Surveys of 1981, 1989, 1994 and 1997 also included a question about Japan's self-sufficiency in wood. Respondents were asked whether they know that Japan imports more than two thirds of all wood it consumes and what they think about this fact. The answers showed that three out of five knew about low domestic timber production rate and more than half supported the position that self-sufficiency rate should be made higher even if imported wood might be cheaper. The number of respondents who had this opinion did not change much throughout the years. This reveals a couple of contradictions. First, even though more than half of all respondents support higher domestic forestry output, when asked about forest roles less than 30% consider wood production to be an important one. Second, when asked what type of house they consider ideal, more than 80% of all respondents express their preference to wooden houses.⁹¹

Questions mentioning forests outside of Japan first appeared in 1988 when respondents were asked about their concern over diminishing natural resources. As examples were given tropical forest degradation and desertification. The results revealed that slightly more than 70% of respondents were “very concerned” or “concerned to a certain degree.” This shows a comparatively high awareness among the Japanese public about these issues. In October of the same year, another opinion poll was conducted which among other questions asked “what three environmental problems concern you the most at the moment” and tropical deforestation was given as a choice answer. It was chosen by 20.7% of all respondents coming the sixth by the importance after such issues as pollution from factories (43.5%), daily environment problems (37.5%), pollution by toxic chemicals (31.5%), nuclear power (29.5%) and other relatively local concerns. In addition to that, tropical deforestation was listed in a group of other so called “international environmental issues” much discussed at that time, namely the thinning of the ozone layer, desertification and others. Therefore, it is not clear how much the respondents were actually concerned about tropical deforestation alone. When compared to the previously described poll, it shows that while the respondents were concerned about global environmental issues, local ecological problems were much higher on their priority list.

Exactly the same question (“what three environmental problems concern you the most”) was repeated again in 1990. This time international issues were chosen by 42.4% of

91 81% in the 1995 survey, 88% in 1999, 80.4% in 2003, 83% in 2007 and 81% in 2011.

people and jumped to the first place leaving local concerns behind. This can be explained by the fact that awareness about international environmental problems was rapidly growing among the general public due to media's attention to acid rain, ozone layer and climate change, preparations to the United Nations Conference on Environment and Development in Brazil, and public declarations by the Japanese government to contribute more to solving global ecological issues. The same questionnaire also had several other questions where tropical forests were mentioned. One of them asked whether people support the use of recycled paper and less packaging in order to protect tropical forests and save resources. The majority of respondents agreed that resources should be saved more actively. Other questions also mentioned tropical deforestation in relation to individual resource use, even though in practice majority of tropical timber was consumed in the construction industry rather than to make daily goods.

Public opinion polls in the following years kept presenting tropical deforestation as one of many global environmental issues. Although respondents always expressed high concern about them (80-90%), it is difficult to say which issue was the biggest trigger for such choice. Some light on that is shed by another opinion poll made in January 1993 which was called "On afforestation promotion" and asked respondents what they think about forests, green zones and related policies. The first question in the poll was "What places do you associate with word "greenery" (*midori*)?" which came with 11 suggested answers. Multiple answers could be picked by each respondent and most of them (80%) chose "forests on mountains and hills." Then came "valleys and fields" (50%) and "parks" (45%). Tropical forests took the eighth position with one out of five respondents associating them with greenery. Actually, fewer people chose them than "rice paddies and fields" (39%) or "roads" (25%).

The fourth question in the poll was "Which greenery should be protected and increased from now on?" with 17 suggested multiple choice answers. "Tropical forests" collected similar amount of support as in the first question – 23%. More respondents chose "parks" (46%), "roadside greenery" (38%), "forests on mountains and hills" (35%), "forests close to homes" (35%), "gardens" (25%) and "valleys and fields" (23%). Answers to both questions show that respondents' attention and concern were much more focused on domestic greenery rather than on the one in other countries.

Bigger interest in domestic forests is also revealed by the question "How should

money in the Greenery Fund be used?” which first appeared in the poll of 1995. Again, most people expressed their support to protecting forest ecological functions (49%) and expanding green areas in cities and roadsides (46%), and around schools and other public buildings (23%). The idea that the money should go to international initiatives for tropical forest protection was supported by 18% and stood in the fourth place out of seven. This question was not repeated again. However, attitude towards the same area can be seen from another question introduced in 1999 and repeated in subsequent polls. It sounds as “What do you expect from forest and forestry administration” and basically also asks where governmental efforts and finance should be directed to. The results are very similar to those already discussed. Majority of respondents expect the government to put most of its attention to protecting forests' environmental and social functions. Meanwhile, international measures for forest protection and the domestic forestry industry lags far behind. For example, the newest poll of 2011 shows the largest support for “disaster prevention” (70%), “forest maintenance” (42%) and “forest species protection” (41%). “Stable timber supply” and “support for afforestation in foreign countries” are in the end with 24% and 20% respectively.

There are few polls on forest issues that are not done by the government. One case is from 2007 when San-in Godo Bank conducted a poll on environmental awareness (San-in Godo Bank, 2007). When respondents were asked to choose up to three main environmental problems, 15% chose “forest decay” and only 3% thought that it is “the decline of tropical forests.” 5% thought that the society should do something about “forest decay.” The same amount of people (5%) supported the idea that the society should help save tropical forests and twice less (2.5%) agreed that it has to be one of government environmental policy priorities. This shows that the forest issues are very low on the list of environmental priorities of the average person.

This review of public opinion polls reveals that the average Japanese person is very much aware of international environmental issues, including tropical deforestation. When people are asked questions about international environment in general, very few percent of respondents tell they care little or are indifferent. However, when tropical forests are not grouped with other global environmental problems, they receive less attention. Even less concern is shown when tropical forests are presented as one of several suggested answers. In such case considerably more respondents are interested in local or domestic forest and

greenery issues than tropical forests thousands of kilometers away. This happens despite the fact that Japan has a stable forest cover of almost 70% land area while deforestation in Southeast Asian tropical forests is one of the most rampant in the world, and Japan is one of the largest timber importers from the region.

5.2. NGOs Working on Forest Issues

For the first four decades after WWII Japan did not have any social movements that worked on international forest protection issues despite that fact that the country was among the biggest timber importers and the largest tropical timber importer in the world. This started to change in the mid 1980s mainly because of several international environmental NGOs that started to raise awareness about tropical deforestation and pressure Japanese activists to be more organized. The turning point was the year 1987 when Japan Tropical Forest Action Network (JATAN) was established with the encouragement and financial help from Friends of the Earth Japan (FoE Japan) and Friends of the Earth International (FoE International). This started the history of forest protection campaigns in Japan. JATAN's members collected information about Japan's impact on Southeast Asian forests, conducted lectures to raise public awareness, organized an international conference dedicated to the problem and even held demonstrations to embarrass timber importing companies – a tactic that was rarely used in Japan at that time. Until the mid 1990s JATAN received quite much positive attention both from the general public and the media, and stimulated academic interest in tropical forestry (Wong, 1998). However, that was not enough to change governmental policies, business practices or consumption habits. After the burst of the bubble economy, the tropical deforestation was overshadowed by other issues and the domestic campaign has lost its former energy. While still active, JATAN is now concentrating its work on research and education.

JATAN influenced the birth of two other organizations working on international forest protection – Hutan that was active in Kansai region, and Sarawak Campaign Committee (SCC) that specialized in issues surrounding Sarawak and conducted most activities in Kanto area. Neither of the two NGOs succeeded in growing into large organizations, and their size remains the same or even smaller compared to the starting point. Similar to JATAN, SCC lost its energy in the mid 1990s and entered its idle period. Meanwhile, Hutan continues

conducting infrequent low-scale activities thanks to several dedicated volunteers.

Campaigns of these NGOs have not only strong environmental but also human rights aspects. Since the start of tropical forest protection activities in the late 1980s, much attention was given to the rights of indigenous people living in Malaysia who closely depend on forest resources and whose traditional lifestyle is threatened by logging companies cutting trees in their native lands. JATAN, Hutan and SCC tried to influence Japanese consumers, politicians and trading companies by appealing to the need to support these indigenous communities and stressing that tropical timber is often obtained by breaching their human rights or the right to self-determination.

Global Environmental Forum (GEF) and FoE Japan are two other closely cooperating NGOs that started working with forest protection issues in the late 1990s. In addition to collecting information about forests in Japan and other countries, they are active in raising awareness about environmental issues related to wood consumption among business people, politicians and consumers. For example, under “Fair Wood” campaign, GEF and FoE organize seminars for construction and timber processing companies to encourage the use of wood certification systems. The two NGOs are also involved in lobbying activities with a goal to make existing policy more strict towards the imports of illegally logged timber. However, they face many difficulties as there are few politicians interested in forest issues, and not many entry points to participate and influence the decision making process. After the death of former Minister of MAFF Matsuoka Toshikatsu who was one of the most active politicians to introduce new policy measures to protect forests, and the loss of LDP in the 2009 general election, the NGOs had a hard time finding support for their cause in the Diet.⁹² There is not much interest for that among other environmental NGOs neither. For example, one of the biggest environmental groups in Japan – WWF Japan – is not in favor of lobbying activities and dedicates all its energy to promoting the Forest Stewardship Council (FSC) forest certification among forest owners and timber users.⁹³ The situation is further complicated by low awareness among Japanese consumers of wood legality and sustainability. That leads to timber trading and processing companies being little interested in starting to use certified timber because they do not see the investments paying off very well.⁹⁴ Even large progressive

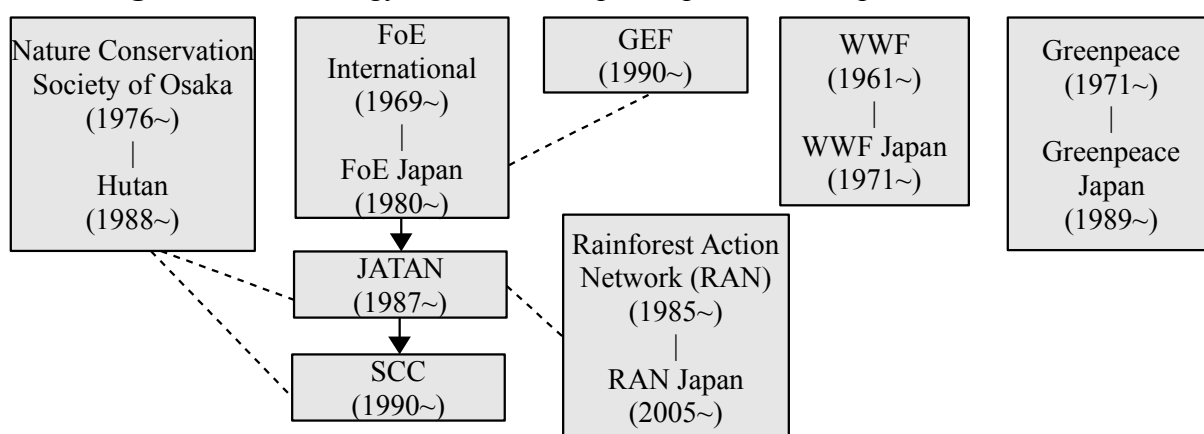
92 Interview with GEF personnel, Tokyo, December 2012

93 Interview with Hashimoto Mutai, WWF Japan, October 2011; also interview with GEF personnel, Tokyo, December 2012

94 More on that in Chapter VI.

companies in Japan, such as Sekisui House, have doubts that they can keep their adherence to certified timber in the current business conditions and do not express their support for stricter regulation for timber legality or sustainability.⁹⁵ Greenpeace, another big NGO that has a Japanese branch, does not invest much time in forest protection and rather focus on nuclear power, overfishing and renewable energy issues. It only joined some campaigns organized by JATAN in the early 1990s but never took the leading role.

Figure 5-2: Genealogy and relationship of Japanese forest protection NGOs



Notes: Arrows show one group's involvement in establishing another group. Dotted lines show close cooperation.

Along with larger groups working both with domestic and international forests issues, exist a large number of small organizations that focus on activities in local forests (so called “forest volunteer organizations”). As of March, 2014, NPO database NPO-Hiroba listed 2667 non-governmental organizations working with forest issues. Only 6.5% (175) of them had at least one employee and only 2% (55) have at least five employees. According to the Forest Agency (2010a), majority of such organizations were established during the last 15 years, mostly after the Act on Promotion of Specified Non-profit Activities was adopted in 1998, although some have a history that reach as far as the 1970s or 1980s. Only 48 organizations had more than 500 registered members, and 71% of respondents said that their group conducted activities once a month or more seldom. Most of such activities involve thinning of forest plantations, planting new trees and educating the youth about forest ecosystem. In rare cases some of these organizations dispatched volunteers to other countries to help with

⁹⁵ Interview with GEF personnel, Tokyo, December 2012

reforestation efforts.⁹⁶ Volunteer organizations are politically passive and rarely or never engage in advocacy or campaigning.

5.2.1. JATAN

Japan Tropical Forest Action Network, both in Japan and internationally better known as JATAN, is a Japanese environmental NGO that focuses its activities on tropical forest protection. The idea of its establishment was born on September, 1986 when twelve Japanese citizen groups, including FoE Japan, Shaplaneer, Consumers Union of Japan and Japan International Volunteer Center, decided to create a new organization out of their concern about widespread tropical deforestation. The need for Japanese organizations to campaign for tropical forest protection emerged after growing evidence of negative effects of Japan's tropical timber imports and increasingly louder criticism both from international and local environmental NGOs that the country is not doing enough to ensure sustainable production and consumption. Especially critical point for JATAN's establishment was the Regional Conference on Forest Resources Crisis in the Third World held in Penang, Malaysia in September, 1986. It was organized by environmental NGOs both from the Western and Southeast Asian countries. During the conference, Japan was at the center of discussions for being the biggest tropical timber importer and received much criticism for its role in tropical forest destruction. Participants decided that if they want to improve the situation, Japan has to be the primary focus of their further actions. The final resolution adopted during the conference had 13 action proposals and seven of them were targeting Japan. The president of Friends of Earth Malaysia concluded at that time that "the focal point of this conference was Japan. We are very concerned about Japan's selfish policies that are proceeding to reach even destruction of tropical forests of the Amazon. We want to see Japan's NGOs taking action to influence the government and business of their country."⁹⁷

Japanese participants were much disturbed by the information they received during the

96 The progress of China's afforestation activities to prevent desertification: volunteer organization from Kawagoe (Chūgoku no shokurin katsudō kidō ni sabakuka bōshi e, Kawagoe no borantea dantai), Asahi Shimbun, September 9, 1995; Border-crossing circle of care: Tokyo based NPO receives trainees from the Philippines (Kokkyō koeru, kaigo no wa o: Firipin kara "senshūsei" Tōkyō no NPO). Asahi Shimbun, April 14, 2000.

97 Let's save tropical forests: international NGOs unite to target Japan as a big importing country (*Nettairin o mamorō, sekai no minkandantai ga kessoku, yunyūdaikoku nihon o hyōteki*), Asahi Shimbun, September 15, 1986

conference because these issues were little discussed domestically at that time. After coming back to Japan, they started to plan how they can respond to strong pressure directed to them for not being organized and active enough to influence policies of their country. One of the most supported ideas was to establish a separate organization that would specialize in tropical deforestation issues. As a result, JATAN was launched on January, 1987.⁹⁸ This was done with the help of other NGOs, especially FoE Japan which provided JATAN a small office space in their Tokyo headquarters.⁹⁹ Kuroda Yoichi, an environmentalist who previously worked with many agricultural pesticide related issues as a member of the Pesticide Action Group and the People's Research Institute for Energy and Environment, became the president of the organization and remained JATAN's central figure until the late 1990s. After Kuroda had stepped down, Kawakami Toyoyuki took his position and holds it to this day. In addition to managing JATAN, since 2005 he also works as Japan's representative for Rainforest Action Network.

5.2.1.1. Group's size and resources

For the first few years JATAN had only one paid staff member, a dozen of volunteers and several hundred supporters who helped the group financially by paying membership fees. In the following years, the organization grew and during its peak period (at the beginning of the 1990s) there were three full time employees and more than 800 members (Hase, 2002, p. 136). Later membership size diminished almost by half to 450 and in 2012 reached 100. Struggling financially and having difficulties with finding dedicated activists, JATAN was forced to rely more and more on part-time staff and volunteers. In 2012, the organization had no full-time employees, only four people working on a part-time basis and several volunteers helping on some occasions.¹⁰⁰ JATAN's budget in the early 2010s was around 7 million yen (~70 000 USD); three times smaller than in the early 1990s when it exceeded 21 million yen (~210 000 USD) and almost four times smaller than during the first couple of years after establishment when it was around 27 million yen (~270 000 USD).¹⁰¹ In the recent years the

98 Circle of world protection: tropical forests and indigenous people (*Sekai ni hogo no wa, nettaiurin to senjyūminzoku*), Asahi Shimbun, February 11, 1987

99 Interview with Tom Eskildsen from SCC. January 2013, Tokyo.

100 Interview with Toyoyuki Kawakami, November 2012, Tokyo

101 Environmental pressure groups (*Chikyū no atsuryokudantai*), Asahi Shimbun, March 3, 1992; JATAN's report about organizational structure to Global Environment Outreach Centre for the year 2009-2010

main source of financial resources for JATAN was grants and participation in projects.

Although JATAN was one of the main representatives of tropical forest protection movement in Japan, its size was much smaller than in European or North American countries. In 1992, Conservation International which was established in the US in the same year as JATAN and worked with same tropical forest issues had 25 000 supporters, 70 staff members and a budget of 11 million USD.¹⁰² By 2012 it grew to a group with around 900 employees and annual income of 136 million USD.¹⁰³ Rainforest Alliance, another American NGO founded at the same time, in 2012 had a budget of almost 43 million USD.¹⁰⁴ Specialized European organizations are smaller than the American ones, but their financial capabilities are also considerably stronger than JATAN's: in 2012 Rainforest Foundation UK had an annual income of around 3 million USD, and OroVerde in Germany (one of several organizations in the country working on rainforest issues) – around 1.7 million USD.¹⁰⁵

JATAN's smaller financial capabilities and lower support from the public means it faced more constraints in organizing its activities than similar NGOs in other developed countries. On several occasions, the organization even had difficulties in continuing its work. In 1992, several months after the Earth Summit in Brazil, JATAN announced that due to shortage in funds it might not be able to keep its office running. NGO's representatives also lamented that, despite growing interest in ecological problems in other countries, Japanese environmental groups are in a critical situation because they lack financial resources, governmental support, and experience low public support which can be seen from their small memberships.¹⁰⁶

(retrieved June 18, 2014 from <http://www.geoc.jp/wp-content/uploads/2011/08/21046.pdf>)

102 Environmental pressure groups (*Chikyū no atsuryokudantai*), Asahi Shimbun, March 3, 1992

103 Conservation International Foundation And Affiliates, Consolidated Financial Report 2012 (retrieved June 18, 2014 from

http://www.conservation.org/publications/Documents/CI_FY12_Consolidated_Financial_Report.pdf)

104 Rainforest Alliance, Financial Statements 2012 (retrieved June 18, 2014 from http://www.rainforest-alliance.org/sites/default/files/about/annual_reports/RA-Financial-Statement-2012.pdf)

105 Rainforest Foundation UK, Annual Report 2012/2013 (retrieved June 18, 2014 from

<http://www.rainforestfoundationuk.org/files/37059%20Rainforest%20Foundation%20AnnualRep%202012-13%20Online.pdf>)

106 Threat of closing down due to financial difficulties of the pioneering NGO for tropical forest protection (*Zaiseinan de heisa no kiki, nettairin hogo no kusawake NGO*), Asahi Shimbun, October 4, 1992; Tropical forest protection organization JATAN is on the brink of closing down its office (*Nettairin hogo dantai JATAN ga jimusho heisa no kiki*), Asahi Shimbun, October 12, 1992

5.2.2.2. *Position*

JATAN supports timber import regulation, promotes the use of domestic forest resources and advocates for sustainable and socially responsible forestry. Kuroda has criticized Japan's timber consumption patterns, such as the use of tropical plywood for concrete molding, as wasteful and called for the government to take action towards changing consumers' behavior. He was also critical of Japan's ODA because some projects were environmentally damaging or directly related to deforestation and requested their stricter environmental evaluation. In addition, he blamed JICA for not being open enough to allow anyone to check and evaluate the projects it finances despite the fact that it is done with taxpayers money.¹⁰⁷

In the early years JATAN was active in promoting the protection of the rights of indigenous communities in timber exporting countries, especially in Sarawak, Malaysia. It was the first NGOs in Japan that not only talked about environmental consequences of logging but also made strong connection between deforestation and social justice and human rights issues. Individual activities in this field, however, started to decrease in the early 1990s after the establishment of SCC that took over most campaigns related to Sarawak and forest peoples. After that, JATAN showed its support by cooperating with other organizations.

Although JATAN members welcomed the Green Purchasing Law which requires governmental institutions to procure only legal timber, they think it needs to be strengthened to make mandatory for all timber to come from sustainably managed forests (at the moment it is only “preferable”) and extend the application of the law to the private sector. In addition to that, the term “sustainable forest management” needs to be clarified because there might be lenient certification systems that take only economic sustainability into consideration and do not pay much attention to social and environmental issues. In other words, JATAN supports the system in some European countries where the government sets minimum standards for forest certification schemes and create a periodically updated list with those that pass the test.¹⁰⁸

107 Year of environment: international symposium “How our awareness can protect global environment?”

(*Kankyō gannen, chikyūjin no jikaku o dou mamoru chikyū kankyō kokusai shinpojyumu*), Asahi Shimbun, November 20, 1989

108 Interview with Toyoyuki Kawakami, November 2012, Tokyo. Also see: JATAN's report about organizational structure to Global Environment Outreach Centre for the year 2009/2010 (retrieved June 18, 2014 from

5.2.2.3. Activities

Since the establishment to the mid 1990s JATAN was the most visible citizen group advocating tropical forest protection. Its advocacy took many forms and ranged from individual events to elaborate campaigns lasting several years. Many JATAN's activities were targeted on institutional elites and focused on lobbying the government or pressuring companies that trade tropical timber. At the same time, the group also organized many educational events to raise public awareness. Influenced by similar organizations in the US and Europe, in its campaigns, JATAN employed tactics that were rarely used in Japan before, such as demonstrations and performances in front of the headquarters of general trading companies in order to shame them and openly pressure to change their business practices.

JATAN was also the first NGO in Japan that conducted detailed research on Japan's tropical timber trade. Together with French economist François Nectoux, JATAN's president Kuroda coauthored a well known book *Timber from the South Seas: An Analysis of Japan's Tropical Timber Trade and Its Environmental Impact* which was released in 1989.¹⁰⁹ The fund for researching and publishing the book came from outside Japan with WWF being the largest contributor. This widely cited book looked at the history of tropical timber trade, its scale, market conditions and trade's impact to exporting countries. To present the findings, Kuroda participated in numerous events giving lectures about Japan's role in tropical deforestation and how it is interconnected with domestic policies. Issues indicated in the book formed the basis of JATAN's campaigns in the following years.

Right from the beginning JATAN focused on lobbying the Japanese government. In the first five years only the central institutions in the capital, but later increasingly more and more local municipalities in and around Tokyo. The group used different tactics depending on the target. In the case of central governmental, JATAN acted in a confronting manner by conducting protests or submitting petitions because it was not possible to influence forest policies in more cooperative way at that time. Except for the Environment Agency, both the Diet and ministries showed little attention to JATAN's demands and did not enter into a serious discussion with the activists. The same can be said about companies involved in tropical deforestation – with some minor exceptions, they were also largely unresponsive to

<http://www.geoc.jp/wp-content/uploads/2011/08/21046.pdf>

109 Slightly different edition of the book was also released in Japanese with a title “Tropical Forest Destruction and Japan's Timber Trade” (*Nettairin hakai to nihon no mokuzai bōeki*).

JATAN's requests. The situation was somewhat different in the case of local governments. They were more accessible and open to pressures coming from the civil society. That allowed JATAN to influence local policies more easily, although this came with its own price – instead of working with several central institutions, the group had to create a large network of activists to coordinate campaigns in hundreds of municipalities. As it will be seen, this proved to be a very difficult task.

One of the first activities organized by JATAN was the International Tropical Timber Symposium held in Yokohama city on March 22-23, 1987, just before ITTO member countries convened in the same city for an official meeting. The symposium attracted more than 200 participants, and around 10 NGOs from several different countries sent their representatives.¹¹⁰ One of the goals of the event was to create pressure for Japan to change its policies related to tropical forests in Southeast Asia and influence decision making of ITTO. Organizations submitted 16 demands to ITTO and its member countries emphasizing the need to find a balance between forest use and protection. Among these demands were requirements to stop logging of natural forests, frame a code of conduct standards for producers, and create a way for consumers to quickly distinguish sustainable tropical timber from unsustainable one.¹¹¹ NGOs also gave presentations about their work, tropical forest deforestation and the situation of indigenous people whose survival depends on forest resources. The issue of land grabbing from forest dwelling indigenous people in Sarawak, Malaysia that is largely unsolved to this day was also presented during the symposium.¹¹² The event attracted considerable media's attention. For example, Asahi Shimbun wrote a favorable article which criticized Japan for lagging behind other industrialized countries in environmental awareness and activity of social movements that campaign for tropical forest protection.¹¹³

Since 1987 JATAN-organized events during ITTO meetings became a tradition. In November 20, 1987 the group, together with FoE International, submitted a requirement to Japanese government and timber trading companies to stop importing logs from Malaysia and

110 Falling behind America and Europe in tropical forest protection (*Ōbei ni okureru nettairin hogo*), Asahi Shimbun, April 10, 1987.

111 ITTO seeks funds for tropical forest protection: the first meeting of the board of directors in Yokohama (*Nettairin hogo e shikin kōsō saguru ITTO, Yokohama shorijikai*), Asahi Shimbun, March 20, 1987.

112 Japan cooperates for tropical forest regeneration: representatives of Southeast Asia express complaints during international symposium (*Nettairin saisei ni Nihon ha kyōryoku o, kokusai shinpo de tōnana no daihyōra uttae*), Asahi Shimbun, March 22, 1987.

113 Asahi Shimbun, April 10, 1987.

announced the start of an international campaign that will seek to reach this goal. The announcement was made in Yokohama at the last day of ITTO's Board of Directors meeting.¹¹⁴ Another well-known case was in November of 1990 when JATAN organized an independent side-event parallel to annual ITTO member country representatives' meeting. It attracted representatives from environmental NGOs and delegations of indigenous people living in Sarawak.¹¹⁵ Differently from previous years, ITTO was more open to NGOs' presence and invited them to express their opinion in a seminar that was part of ITTO's official program.¹¹⁶ Later participants also expressed their demand to the Environment Agency to improve the efficiency of tropical timber use and reduce imports.¹¹⁷

The idea of solving the problem of tropical deforestation via ITTO process was not originally designed by JATAN. Many campaigns that focus on pressuring ITTO started in Europe and North America and then were turned into international campaigns that JATAN helped to organize in Japan. For example, Friends of the Earth-UK were early initiators of sustainability labeling scheme and WWF promoted better environmental safeguards of ITTO projects (Poore, 2003, p. 246). Therefore, JATAN acted more as a local coordinator rather than as the main organizer. As it will be seen later, JATAN took similar role again multiple times later by bringing international campaigns to Japan.

Another big event that JATAN helped to organize was the International Civil Society Conference on Global Environment on September 7-10, 1989 in Tokyo, Kyoto and Osaka. It was presented as an alternative to the Tokyo Conference on Global Environment Protection which was organized by UNEP and hosted by the Japanese government. NGOs criticized the Tokyo Conference for being open only to selected guests rather to everyone who is interested in environmental issues. Another argument was that Japan, as a hosting country, left certain

114 Environmental conservation groups request Japan to impose voluntary restraints on tropical timber imports (*Nettai mokuzai no yunyū de Nihon ha jiyūkisei o, kankyō hogo dantai*), Asahi Shimbun, November 21, 1987.

115 Forests are the place of our daily living, don't take it away: visitors from Sarawak ask for logging reduction (*Mori wa seikitsu no ba, ubawanaide, bassai sakugen uttae Sarawaku kara rainichi*), Asahi Shimbun, December 11, 1990.

116 "No" for deforestation: indigenous people from Malaysia invite to symposium in Yokohama (*Shinrin bassai ni nō, Marēshia kara senjyūmin maneki Tokohama de shingo*), Asahi Shimbun, November 14, 1990.

117 "Please reuse wood for concrete molding": request to the director of the Forestry Agency from Malaysia's indigenous people (*Katawakuzai o sairyō shite, Marēshia no senjyūminra ga rinyachō chōkan ni yōbō*), Asahi Shimbun, November 11, 1990.

sensitive issues out of the agenda. For example, the question how consumption of tropical timber in developed countries is related to deforestation in developing ones was not put on the agenda.¹¹⁸ For these reasons NGOs took a decision to create an open parallel event which attracted civil society representatives from 14 different countries. During the event, participants criticized the role of developed countries in using developing countries' natural resources in unsustainable manner, financing environmentally destructive developing projects, and abusing the rights of indigenous people.¹¹⁹

In its campaigns JATAN focused most attention on Sarawak and Sabah – two Malaysia's states in Borneo island that were the main tropical timber exporters to Japan. In addition to unsustainable logging, one of the biggest issues in these states were land conflicts between logging companies and the local government on the one side and indigenous groups on the other. Out of desperation to protect their native forests, some communities started to blockade logging roads to prevent logging companies from cutting down trees. Some of these logging roads were even financed by JICA and the EXIM Bank of Japan and constructed by a subsidiary company of Itochu (Dauvergne, 1997, p. 125). Reacting to that, in 1987 JATAN started collecting signatures on a petition that demanded the Japanese government and companies to stop importing tropical timber from Malaysia until these conflicts are resolved. Japanese timber importing companies reacted to that stating that commercial logging is not the main reason of deforestation in Southeast Asia and that land rights issues related to indigenous people are domestic problems of Malaysia in which Japan should not intervene.¹²⁰ In June of the same year JATAN submitted more than 6000 signatures collected from all over Japan to Malaysia's embassy.¹²¹

In November 1, 1988 JATAN joined international initiative to raise awareness about the Penan people in Sarawak who got arrested because they were blocking logging road to protect their native tropical forest. The campaign was conducted at the same time in 15 different countries. In Japan, more than 30 people gathered in Tokyo's Kasumigaseki area

118 Environmental conference followed by open meeting: 28 visitors from 14 countries (*Kankyō kaigi, minkan mo zokuzoku: 14-kakoku no 28-nin ga rainichi e*), Asahi Shimbun, September 3, 1989.

119 Two kinds of global environment conference: for governmental and for civil society (*Seifu to minkan futatsu no kaigi kara, chikyū kankyō kaigi*), Asahi Shimbun, September 16, 1989.

120 Penan tribe in Borneo opposes logging and blocks roads (*Boruneo punan-zoku ga shinrin bassai ni hantai, dōrofūsa*), Asahi Shimbun, June 5, 1987.

121 More than 7000 people sign for protection of Malaysia's tropical forests (*Marēshia no nettairin mamore to 7000-nin iijō ga shomei*), Asahi Shimbun, July 5, 1987.

where many governmental offices are located and marched to the Ministry of Foreign Affairs and Nissho Iwai Corporation (one of the major timber trading companies)¹²² to submit a petition with 8400 signatures requiring to stop timber import from Malaysia. In other countries, protests happened in front of Malaysia's and Japan's embassies.¹²³ Such protests were continuing for several years in North American and European countries. In the summer of 1990, US and Canadian NGOs even started a hunger strike in front of Japanese and Malaysian embassies.¹²⁴

Very similar international campaign was made again in April 24, 1989. This time JATAN organized a protest in front of Marubeni headquarters in central Tokyo. Participants brought a big model of chainsaw that was presented to the company as “the prize for being number one in tropical forest destruction”. Marubeni caught JATAN's attention because statistical data of 1988 showed it imported the largest amount of tropical logs to Japan – more than 1 million m³ – and was developing plans to start importing wood chips for paper making made out of Indonesian mangrove forest trees. According to JATAN's public statement, Marubeni was seen as “a remarkable contributor to tropical forest destruction.”¹²⁵ On the same day JATAN also submitted an international petition with 60 000 signatures to the Japanese government requesting to protect forest and indigenous people of Sarawak.

Protest in front of Marubeni headquarters was repeated again on June 6, 1990. JATAN requested the company to stop importing tropical timber from Malaysia right away and distributed leaflets for passersby on the street. The protest was based on information JATAN collected during the field investigation conducted in April and May of the same year in Sarawak that revealed worsening living conditions of local people.¹²⁶ JATAN's activities at that time were also supported by famous environmental activist from Switzerland Bruno Manser who lived in Sarawak for several years and agreed to come to Tokyo to talk about the

122 In 2004 it merged with Nichimen Corporation to form Sojitz Corporation.

123 Simultaneous international movement “Don't cut down tropical forests” (*“Nettairin o kiranaide” kakkoku de dōji kōdō*), Asahi Shimbun, November 1, 1988.

124 The tragedy of logging in Sarawak, Malaysia (*Marēshia Sarawaku no shinrin bassai no higeki*), Asahi Shimbun, August 14, 1990.

125 International day for action to protest logging and protect tropical forests: timber trading companies get “the biggest destructor” prizes (*Mamore! Nettairin, bassai kōgi no kokusai kodō dē, genboku shōsha ni “hagai taishō”*), Asahi Shimbun, April 25, 1989.

126 Forest tribe chased out by logging: Penan tribe from Sarawak, Malaysia (*Bassai de owareru mori no zoku: Marēshia Sarawaku-shū no punan zoku*), Asahi Shimbun, July 26, 1990.

damage logging companies have on local forest dwelling people. Press conference was hosted in the Environment Agency.¹²⁷ The next day JATAN organized similar protest in front of Nichimen Corporation¹²⁸ headquarters. In addition to Bruno Manser, JATAN organized several other events where people who have direct connection with the Penan people gave presentations about the situation in Sarawak.¹²⁹

JATAN's activities prompted discussions in some companies doing timber business in Southeast Asia. At first the leading trade firms involved in importing tropical timber took a rather defensive position. Before deforestation of rainforests became an internationally discussed issue, tropical timber was treated just like any other commodity. The Japan's Lumber Importers' Association had been disclosing every year how much tropical timber each of its member company imported from the Southeast Asia. This information was very useful for civil society activists to choose the biggest importers and focus their campaigns on them. Based on that, Mitsubishi, Marubeni, Sumitomo and other corporations became the targets for criticism and protests both in Japan and other countries. To prevent this from happening, the Association stopped disclosing trade details about individual companies in the early 1990s and refused to do that when asked by Japanese NGOs. When activists addressed the same request to the Forestry Agency which was also monitoring timber trade flows, the Agency refused to disclose the data arguing it is confidential information that can not be shared without each company's agreement. The secrecy that surrounded detailed trade statistics became the obstacle for the civil society to monitor the activity of trading firms and see whether they are responding to NGOs' demands. There were some exceptions among Association's members, notably Marubeni and Mitsubishi that chose to disclose their trade data voluntary until 1993. However, in the case of Marubeni, that was done only after activists staged a protest in front of company's headquarters.¹³⁰

Not all of JATAN's actions focused on Japan and Japanese companies. There were several cases when protests targeted other players related to deforestation. In September, 1988 JATAN went to Berlin to represent Japan's environmental activists during an international

127 Stop deforestation: environmental organizations protest in front of trading companies (*"Shinrin bassai yamete," kankyōdantai ga shōsha mae de kōgi kōdō*), Asahi Shimbun, June 6, 1990.

128 In 2004 it merged with Nishho Iwai Corporation to form Sojitz Corporation.

129 For example, Getting closer to indigenous tribes through relationship with forests (*Nettairin no yukari de senjyūmin to musubareru*), Asahi Shimbun, November 10, 1990.

130 Sarawak Group Requests Timber Data, The Japan News, December 26, 1992.

protest staged near a conference building where the World Bank annual meeting was held. Protesters accused the World Bank of financing projects that lead to ecological damage (including deforestation) and demanded the creation of stricter environmental and social safeguards.¹³¹ On October 27, 1989 JATAN organized a theatrical performance in front of Malaysia's embassy in Tokyo. More than 30 participants performed a short play about the arrest of indigenous people for blocking forest roads who later receive help from Japanese citizens to fight injustice and deforestation.¹³² JATAN also submitted to the embassy a request to stop commercial logging. For criticizing the government of Sarawak, in 1992 a representative of Sarawak activists was prohibited without a formal explanation to leave Malaysia and come to Japan as an observer to ITTO meeting in Yokohama.¹³³ Later, in 1995, JATAN's members themselves were banned from entering Sarawak to visit indigenous communities and conduct research.¹³⁴

In October 1990, JATAN joined World Tropical Forest Week and organized various events while the same was done in 39 other countries. In most countries, Japan was one of the main targets of criticism for rampant deforestation in Southeast Asia creating pressure for the country to change its policies. The week was started with a theatrical performance in front of busy Shibuya station in Tokyo. Around 50 volunteers participated in the event, including members from foreign environmental NGOs. The week also included film screening and music evenings in Nakano, demonstration in Ginza district, and a variety of other events in 10 cities outside Tokyo.¹³⁵

The year 1990 also marked the beginning of a new direction of JATAN's tactics. At the end of that year, the group together with Hutan and SCC decided to launch a new campaign directed towards pressuring local governments to reduce timber use in public construction projects. The first demand for that was sent to Nerima ward in Tokyo encouraging them to reduce tropical timber use when constructing its new governmental office.¹³⁶ The campaign

131 Campaign for World Bank reform: "no" for environmental destruction and oppression of indigenous people (*Segin kaikaku matome kyanpēn, kankyō hakai senjyūmin appaku nō*), Asahi Shimbun, September 22, 1988.

132 NGO members protest against tropical forest logging in front of Malaysia's embassy (*Nettairin bassai de kōgi, Marēshia taishikan ni NGO no menbāra*), Asahi Shimbun, October 28, 1989.

133 Friend Or Foe: Technology, People And The Environment, The Japan News, January 13, 1993.

134 Mandy Utan from Malaysia (*Mandi Ūtan Marēshia*), Asahi Shimbun, January 11, 1996.

135 Start of tropical forest week (*Nettairin shūkan hajimaru*), Asahi Shimbun, October 21, 1990.

136 Citizen groups send to each district letters about the tropical timber reduction in constructing public office buildings (*Nettaizai sakugen de ku ni shitsumonjyō, shinchōsha kenchiku de minzoku dantai*), Asahi

was later expanded to other municipalities in Japan and became a major activity of the three groups. It will be described in more detail in the section about Hutan.

At the same time JATAN turned its attention to plantations and the paper industry. These campaigns targeted Japanese investors, industry associations and foreign aid institutions, such as JICA and the Overseas Economic Cooperation Fund, that conducted activities in Thailand and Indonesia. In 1997, the group also joined other NGOs in a campaign to encourage countries strongly consider the issue of deforestation in climate change negotiations. However, soon most activities had to be nearly put to stop when Kuroda stepped down from JATAN's leadership, and there were no equally enthusiastic and skilled people to change him. This inner crisis marked the end of JATAN's most active years.

The organization, however, survived and was back to advocacy in the early 2000s. Lobbying activities were greatly reduced and campaigns now mostly focus on companies and consumers. Like before, JATAN organizes events to raise awareness about tropical deforestation, invites guest speakers from Southeast Asia and seeks to educate the wood industry. The biggest individual campaign is focused on paper production out of old-growth forests. JATAN targets paper manufacturers, publishers and other related business and informs them about ways to source wood pulp without threatening virgin forests. Consumers, meanwhile, are asked to choose paper carefully and boycott certain manufacturers that are associated with destructive logging.

5.2.2.4. Impact

JATAN was able to receive considerable attention from the media and the general public. For example, in October 1989, high school in Tokyo decided to organize fund-raising event by themselves to support tropical forest preservation when they heard about the scale of deforestation. They contacted JATAN only later to ask whether they can provide leaflets, stickers or other material for distribution.¹³⁷ Another example is a symposium organized by Asahi Shimbun newspaper in Tokyo on November 15-16, 1989. It was dedicated to the question how to protect the global environment and what role the civil society should play in it. Participants were asked to discuss four different issue areas: tropical forest, pollution, climate change, and Japan's role in international cooperation. Putting tropical forest at the top

Shimbun, December 12, 1990.

¹³⁷ Cultural festival holds fund raising to protect tropical forests (*Bunkasai de "nettaiurin mamore" to bokin katsudō*), Asahi Shimbun, October 8, 1989.

of the list shows that this was an important and well known issue in Japan.¹³⁸ Kuroda from JATAN was invited to the symposium as one of several NGO representatives and was, according to Asahi Shimbun, the most popular participant.¹³⁹ However, while these individual examples show that JATAN was a well known representative of tropical forest protection movement, it is difficult to determine the scale of group's impact on raising public awareness only from them. As previously mentioned polls from the beginning of the 1990s show, even during the peak of JATAN's campaigns comparatively few people were concerned about tropical forests. It is not clear that even those who were concerned could be credited to JATAN's efforts because the group was not the only one talking about deforestation. Starting with the early 1990s, the Japanese government itself began speaking about the need to protect tropical forests, and society's interest in environmental issues grew larger because of the Earth Summit in Brazil that was extensively covered in the media.

Another measurement is media attention. Asahi Shimbun, Yomiuri Shimbun and many other newspapers published dozens of articles in the late 1980s and early 1990s covering tropical deforestation issues, struggle of indigenous people in Malaysia to protect their forests and activities of environmental NGOs in Japan, including JATAN. In the case of Asahi Shimbun, many of these articles were written by a prominent environmental journalist and human rights activist Matsui Yayori who specialized in Southeast Asian topics. The fact that newspapers covered topics sensitive to the government, such as the struggles of the forest peoples in Malaysia, shows an influential position of JATAN and other similar organizations. A comparison of how many times JATAN appeared in Asahi Shimbun newspaper and how many times the same newspaper wrote about deforestation in Malaysia and Indonesia shows that JATAN was a significant force behind rising these issues in the media (see Figure 5-3 and 5-4).

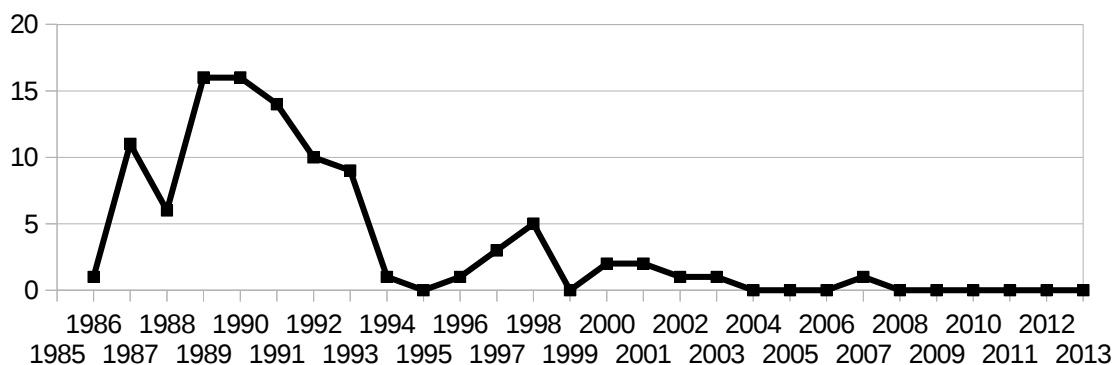
138 Year of environment: international symposium “How our awareness can protect global environment?”

(*Kankyō gannen, chikyūjin no jikaku o dou mamoru chikyū kankyō kokusai shinpojoyumu*), Asahi Shimbun, November 20, 1989.

139 Choices of lifestyle: international symposium for global environment protection (*Ikikata no sentaku*

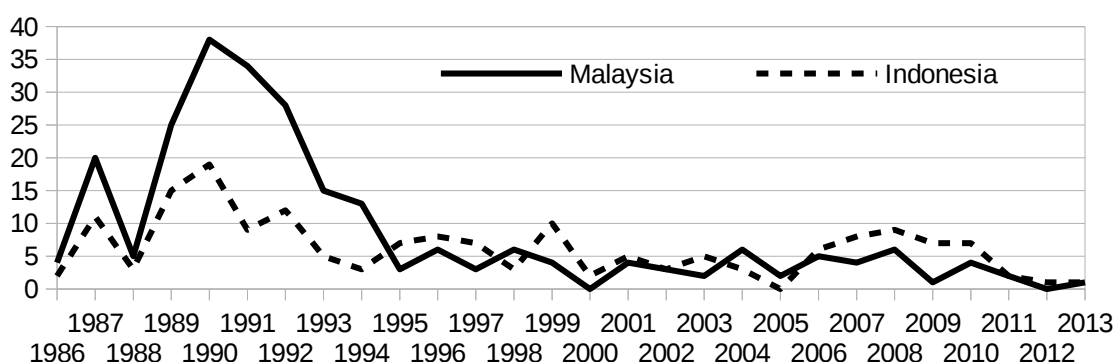
semarareru, dō mamoru chikyū kankyō kokusai shinpoijumu), Asahi Shimbun, November 20, 1989.

Figure 5-3: Number of articles that mention JATAN in Asahi Shimbun newspaper from 1986 to 2013.



Source: Asahi Shimbun database *Kikuzō II bijyuaru*

Figure 5-4: Number of articles in Asahi Shimbun newspaper about tropical forest logging in Malaysia and Indonesia.



Source: Source: Asahi Shimbun database *Kikuzō II bijyuaru*

JATAN, however, was not able to sustain the initial high attention from the media. For example, Asahi Shimbun reported about the events JATAN organized in the late 1980s and early 1990s but stopped doing that later (see Figure 5-3). This is closely related to the fact that JATAN's activities themselves slowed down substantially in the mid-1990s. Another jump in interest in the second half of the 1990s was generated by Kyoto protocol and discussions about climate change. JATAN was a co-organizer of several events that introduced the connection between forest protection and prevention of climate change. JATAN had little success stories in challenging the political and business elite. The central government and

large companies remained largely indifferent to JATAN's demands or took a defensive position. In some cases the situation even worsened as it happened when companies stopped reporting statistical data of their timber imports seeking to shield themselves from criticism. Although JATAN was an important factor turning tropical timber trade and consumption into a sensitive topic, the group had no powerful arguments to convince the government and companies to enter into partnership. Companies were not threatened that consumers will start boycotting tropical timber because its consumption remained unchanged. Meanwhile, as explained in Chapter 4, the government had little interest in controlling timber trade. As a result, JATAN was able to influence mostly local policies that will be described in detail in the following section.

5.2.3. *Hutan*

Hutan (full name Hutan – Group to Think About Forests and Daily Life, or *Ūtan-mori to seikatsu o kangaeru kai* in Japanese) is an environmental NGO that was established in 1988 in Osaka by seven people led by social and environmental activist Nishioka Yoshio. Before Hutan, Nishioka was active in the Nature Conservation Society of Osaka¹⁴⁰ and worked with agricultural chemical problems. In 1985, he went to Southeast Asia for the first time in his life and was shocked by the scale of deforestation he saw in the Philippines. After doing research on illegal logging activities, he decided to create an organization that would specialize in tropical deforestation issues.¹⁴¹ Other co-creators of Hutan were also motivated by the knowledge about large scale impact of Japan's timber imports on tropical forests in Southeast Asia and negative impact of deforestation on the local forest dependent people (Sagara, 2009). Nishioka became the head of Hutan's secretariat in 1989 and remains in the same position to this day.

5.2.3.1. *Size*

In 1994, Hutan had around 300 members from all over Japan and eight people holding staff positions.¹⁴² In 2005 membership grew to around 450 members (200 from Japan and 250

¹⁴⁰ Established in 1976 as Kansai Citizen's Union 'Return to Nature!'

¹⁴¹ 20th anniversary of the Earth Summit (*Chikyū samitto 20 shūnen kinen*), Tokyo Agenda 21 Forum (retrieved June 18, 2014 from <http://ma21f.jp/pdf/120817.pdf>)

¹⁴² “Whom the nature belongs to?”: approach towards symbiosis (“*Shizen wa dare no mono*” *kyōsei e no apurōchi*), Yomiuri, May 21, 1994.

from other countries)¹⁴³ that pay 4000 yen annual membership fee, but do not participate in group's activities on a regular basis. However, the number of staff during the last 20 years changed very little. In 1999, Hutan had 10 (Sagara, 2009) and in 2013 eight people who regularly participate in group's activities and organizational work.¹⁴⁴ Since the establishment Hutan never had paid staff; all participants were volunteers. This shows that in 25 years the NGO did not grow into a professional organization and still relies on dedicated people for whom it is a side activity rather than full-time work. Hutan's main organizational institution is a meeting held twice a month to discuss progress of group's campaigns. The meeting is open for everyone willing to take part.

5.2.3.2. Position

Hutan seeks to protect primeval forests and their biodiversity in Malaysia and Indonesia through cooperation with environmental NGOs in these countries and through lobbying, research and educational activities in Japan. Hutan supports reduction of tropical timber use in Japan, stronger regulation of forest land conversion and forest plantation development, sustainable consumption of domestic forest resources, wood reuse and recycling.

Hutan is against liberalization of timber market that the Japanese government has been promoting since the 1960s.¹⁴⁵ Nishioka Yoshio has argued that while Malaysia, Indonesia and other Southeast Asian countries have a comparative advantage to produce relatively cheap timber, and open international trade can lead to short term economic gains, unregulated markets encourage over-exploitation of forests and lead to income inequality among people. As a result, such processes bring many negative consequences in the long run and have to be regulated by environmental and social safeguards.¹⁴⁶ Nishioka also criticized Asia-Pacific Economic Cooperation (APEC) for promoting market liberalization that exacerbates environmental destruction.¹⁴⁷

143 Kansai NGO Council information for December, 2005 (retrieved June 18, 2014 from <http://www.kansaingo.net/study/members/utms.php>)

144 Interview with Hutan's member Ishizaki Yuichiro in Tokyo, October, 2013.

145 Spread of environmental pollution grassroots movement (*Hirogaru kusa no ne kankyō osen*), Asahi Shimbun, October 24, 1995.

146 Nishioka Yoshi lecture "Market liberalization and Southeast Asia's tropical forests", June 26, 2009 (retrieved June 18, 2014 from http://am-net.org/about-am/lim/digest/lim20-tropical_rain_forest.htm)

147 Asahi Shimbun, October 24, 1995.

When the issue of illegal logging became more prominent, Hutan expressed its support for stricter regulation measures implemented in the EU and the US. At the same time, the organization criticized Japan for doing little to stop illegal timber imports.¹⁴⁸ While there is a requirement for public projects to use only wood that has documents proving it comes from legal sources, Hutan thinks it is not enough because public procurement accounts only for around 3% of all wood consumed in Japan.

5.2.3.3. Campaigns Until the Beginning of 2000s

The first major campaign that Hutan took part in was directed to general trading companies importing tropical timber from Malaysia and Indonesia. It was organized together with JATAN, SCC and members from several other groups at the beginning of 1990. Activists invited indigenous people representatives from Sarawak and requested the companies to have a meeting with them so they can present their case and demands. Some companies responded positively while others showed no interest.

Slow response and, in some cases, indifference showed by the business community led NGOs to a decision to broaden their campaign. A member of the Tokushima Prefecture Research Society on Tropical Forest Issues who was working as a civil servant suggested dedicating some attention to public procurement of tropical timber.¹⁴⁹ The idea was received positively by other activists and, as a result, a campaign directed towards local municipal governments in Japan was launched in December 1990 (Sagara, 2009). Local governments were chosen as targets because they administered public construction projects in which much tropical timber was used for wooden framework elements, decoration and concrete molding.¹⁵⁰ The latter use was stressed the most during the campaign because of three reasons. First, it accounted for the biggest amount of tropical wood used in construction. Second, plywood boards out of which molding framework is made were used only two or three times and then discarded as unfit even though with proper care they could last much longer. For

148 Let's reduce illegal logging: movement to strengthen import regulation between producing and consuming countries (*Herasō ihōbassai, sanshutsukoku to shōhikoku, yushutsunyū kisei kyōka no ugoki*), Asahi Shimbun, November 28, 2007.

149 According to Sagara's (2009) research, the same person later quit governmental job and started working in the wood industry mainly to collect information as an insider that could be helpful in designing campaigns to reduce imports and consumption of tropical timber.

150 Plywood boards used for concrete molding are called *konpane* in Japanese. This word comes from shortening "concrete panel."

activists this seemed to be very wasteful considering the environmental and social impact of deforestation in Southeast Asia. Finally, there were many options to improve the situation by suggesting either the use of alternative materials or ways to increase the rate of reuse. All this allowed NGOs to offer both high demands for the tropical timber reduction and pragmatic suggestions how it can be done.

According to Hutan, the campaign was based on the popular saying “think globally, act locally,” which means that in order to make global changes, one has to start with small local actions. Also, there was an expectation that if local governments take the lead in reducing the use of tropical timber, this could have a spillover effect to private companies and the national government.¹⁵¹ This was important because Hutan and other NGOs already tried to pressure tropical timber importers and ministries without much success. Changing their target to municipalities was going one level closer to the consumers with the hope that changes in demand will eventually translate in changes in supply.¹⁵² In addition to that, the time was favorable for such campaign because of growing attention to the United Nations Conference on Environment and Development that was planned to be held in Brazil in 1992. Many municipalities at that time were becoming more aware of global environmental issues and prepared to take action to tackle them.

During the campaign, Hutan mostly focused on municipalities in Kansai region (Osaka, Kyoto, Hiroshima cities) while JATAN and SCC specialized in Kanto area (Tokyo, Yokohama cities). This geographical division was not very strict because all three NGOs cooperated with each other and there were some overlaps. Activities to pressure local governments in Japan started to scale up in the second part of 1991 when the idea attracted media attention and received support from citizens. Although Hutan, JATAN and SCC were at the center of main activities, over 30 other NGOs supported the campaign in one way or another (Sagara, 2009). In several months an unofficial network for tropical forest protection was formed that involved not only civil society groups but also concerned individuals, city council members, architects and company workers.

Activists approached local governments in several ways. First, they collected signatures on petitions that encouraged municipalities to reduce or entirely stop the usage of

¹⁵¹ Interview with Onishi Yuko, a lawyer and member of Hutan (*Nettairin hogo wa Onishi Yuko-san*), Asahi Shimbun, February 3, 1992.

¹⁵² Municipality campaign to reduce the use of tropical timber (*Jichitai kyanpēn, nettaizai riyō sakugen*), Hutan (retrieved June 18, 2014 from <http://hutang.jimdo.com>)

tropical timber in public projects. Second, they wrote public letters in which its demands were presented. When municipalities began to consider their response, activists further pressured each of them further to implement strict and effective regulation. Third, NGO representatives requested direct meeting with local administrations to present their demands. In some cases, the meeting was used as an opportunity to submit collected signatures. Fourth, NGOs discussed the possibility of reducing tropical timber use with construction companies and academia, and even attempted to conduct research to find substitute materials to be used instead of tropical wood. After exploring and evaluating different alternatives, they were presented to local governments to be used in practice.

Hutan, JATAN and SCC first approached the governments of Japan's large cities – Tokyo, Osaka and Hiroshima – and several smaller ones asking them to announce themselves as cities that do not use tropical timber. The Tokyo metropolitan government was the first to react. In October 1991, it announced an aim to reduce the use of plywood boards for concrete molding in public projects and investigate whether other types of wood could be used for the same purpose.¹⁵³ In January 1992, Osaka city also revealed a plan to make restrictions for tropical plywood use and to discuss the issue with construction companies. Hutan applauded the decisions of both cities but at the same time encouraged them 1) to create more rigid institutional framework to ensure the plan is actively implemented, 2) to start investigation what alternative materials can be used instead of tropical timber, 3) to introduce regulation related to tropical timber use in the construction industry, 4) to find better use for wood from forest thinning done in Japanese forests, and 5) to create measures to reduce the use of wood in general and improve its recycling.¹⁵⁴ Hutan also sent letters with similar demands to all cities, towns and villages in Osaka Prefecture.

Although the campaign progressed slowly in the first two years, it had some success stories. Tanashi city¹⁵⁵ in Tokyo was the first municipality in Japan whose council expressed its support for tropical timber ban in December 1991 after receiving signatures of more than 600 local people.¹⁵⁶ In Tanashi case, Hutan's campaign received much support from Seikatsu

¹⁵³ 11 municipalities have plans to reduce tropical timber use (*Nettaizai no riyō sakugen, 11-jichitai ga keikaku*), Asahi Shimbun, October 15, 1993.

¹⁵⁴ Citizen groups petition for tropical forest protection (*Shimin dantai ga nettairin hogo no yōbōsho*), Asahi Shimbun, January 15, 1992.

¹⁵⁵ The city was merged into newly created Nishitokyo city in 2001.

¹⁵⁶ Japan's municipalities bent back (*Nihon no jichitai oyobigoshi*), Asahi Shimbun, December 13, 1991.

Club Cooperative that helped with circulating the petition among its members. At that time, similar petitions were submitted to 20 other municipalities. Around half of them responded positively, and, according to Hutan's own research, by the end of 1993 there were 11 municipalities all around Japan that prepared plans to reduce tropical timber use.¹⁵⁷ The Tokyo metropolitan government, for example, ordered to reduce tropical timber use in public construction projects by half in the next three years and by 70% until 1999.¹⁵⁸ To reduce the use of tropical plywood, local governments ordered construction companies to conduct experiments in order to find out what other materials could be used for the same purpose, such as particle boards made out of non-tropical conifer trees or wire mesh.¹⁵⁹ The same Hutan's research also revealed that local governments mostly focused on plywood boards used for concrete molding that accounted for around 20% of all tropical timber use. Meanwhile, other uses of tropical timber did not receive much attention.

Similar research made one year later (in 1994) revealed that the number of municipalities that worked on reducing tropical timber use grew almost four times to 41. Even though 41 was a small number on the national scale,¹⁶⁰ it was a big encouragement for anti-deforestation NGOs to see it grow so quickly in only one year. Most of these municipalities were concentrated in areas where Hutan and other related NGOs were working the hardest – Tokyo, Osaka and the neighboring Hyogo Prefecture – showing the grass-roots nature of this phenomenon and the importance of civil society's pressure in changing local government's opinion. In Osaka prefecture alone 21 local governments (out of total 44) conducted 22 experiments with alternative construction methods.¹⁶¹ Meanwhile Osaka city showed the feasibility of such methods by building the UNEP International Environmental Technology Center and using only 3% of the amount of tropical wood that would be consumed if conventional construction practices were applied. All these experiments showed that the need of tropical plywood can be reduced by 40% or more without much difficulty.¹⁶² In the

¹⁵⁷ Asahi Shimbun, October 15, 1993.

¹⁵⁸ Reduction of tropical timber use: efforts of municipalities go forward (*Nettaisanmokuzai no riyō sakugen, jichitai no torikumi ga senkō*), Yomiuri, August 24, 1994.

¹⁵⁹ Asahi Shimbun, October 15, 1993.

¹⁶⁰ Japan had around 3200 municipalities at the beginning of 1990s. The number was reduced to around 1700 by the early 2010s.

¹⁶¹ Yomiuri, May 21, 1994.

¹⁶² Reduction of tropical timber use in public works (*Kōkyōkōji no nettaisanmokuzai no riyō sakugenritsu*), Yomiuri, July 20, 1994.

following years the number of municipalities that pledged to reduce tropical timber use was growing further. By 1996 there were 57 of them, by 1997 around 160 and by 1998 almost 300.¹⁶³

In addition to tropical plywood used in construction, Hutan was also raising awareness among the local governments about tropical timber consumption for other purposes. In the early 2000s, the NGO initiated a campaign called “Elections without tropical timber” during which it investigated how much tropical plywood is used in each municipality to make election boards on which candidates hang their campaign posters. A poll conducted in 2001 showed that such practice is widespread – half of 44 municipalities in Osaka Prefecture were using tropical timber.¹⁶⁴ After collecting this data, Hutan started to pressure these municipalities to use local timber or non-wood materials. According to Hutan's information, by 2003 nine out of each ten cities in Japan with population of 300 000 or more stopped using tropical timber to make election boards.¹⁶⁵ In 2008 there was only one prefecture that still used tropical plywood; all others found materials for substitution (Sagara, 2009).

While campaign's impact on the local governments was very visible, that can not be said about the national government. Ministries related to timber trade and consumption did not take any action at that time to implement stronger regulation that could improve efficiency of timber use, increase the recycling rate of plywood used for concrete molding or create initiatives for timber users to choose timber from sustainable sources. Instead of legally binding requirements, the government relied on voluntary guidelines. One example of that is the Fundamental Principles of Environmental Policy released in 1994 by the Ministry of Construction.¹⁶⁶ The purpose of these guidelines is to define how environmental protection is related to the construction industry, to what values construction companies should adhere, and what actions can be taken by them to lower negative impact on the environment. The

163 Municipality campaign to reduce the use of tropical timber (*Jichitai kyanpēn, nettaizai riyō sakugen*), Hutan (retrieved June 18, 2014 from <http://hutang.jimdo.com>)

164 Bulletin boards in Osaka for June's House of Councilors election: reduction by half of municipalities that use tropical timber (*7-gatsu no saninsen, Ōsakafunai no posutā keijiban nettaizai tsukau jichitai hangen*), Yomiuri, June 5, 2001.

165 Municipality campaign to reduce the use of tropical timber (*Jichitai kyanpēn, nettaizai riyō sakugen*), Hutan (retrieved June 18, 2014 from <http://hutang.jimdo.com>)

166 The ministry was merged during the administrative reforms in 2001 into a newly formed Ministry of Land, Infrastructure and Transport which was renamed into the Ministry of Land, Infrastructure, Transport and Tourism in 2008 (the change was only in the English name; the Japanese name remained the same).

guidelines, as the name suggests, were prepared not to impose regulation on the construction industry, but to raise awareness about environmental issues among construction businesses with the hope that will lead to changes in their practices. A separate section in the guidelines is dedicated to international environmental issues. Deforestation of tropical forests is listed there as one of the biggest global environmental problems, together with climate change and depletion of the ozone layer. In order to tackle it, the guidelines suggest that plywood for concrete molding should be used “efficiently and rationally,” and pilot projects to develop ways to do that should be implemented.¹⁶⁷

There has been little follow up inside the Ministry of Construction concerning tropical timber use after the guidelines were released. In its main document – the Construction White Paper – the Ministry mentioned tropical timber only twice: in 2000 and 2004. In 2000, the paper simply repeated the same information that is already in the guidelines. Namely, it states that some construction companies are aiming for the tropical timber reduction in concrete molding without giving any more details.¹⁶⁸ In 2004, the paper briefly mentioned an example of the company that improved the technology to use metal sheets in concrete molding instead of plywood. This is given as a technological solution for tropical forest protection.¹⁶⁹ It shows that the question how to reduce tropical timber use appeared in the mid-1990s most probably as a reaction to the pressure from the civil society and then was set aside when the pressure faded away. Differently from timber importing companies and the ITTO, the Ministry of Construction acknowledged that Japanese consumption patterns play a role in fueling tropical deforestation and showed support to NGOs request to reduce consumption. However, the Ministry did not create specific plans how that can be done and simply advised private companies to take voluntary action.

In addition to the campaign directed to municipal governments, Hutan also organized educational events to raise people's awareness about the situation in Malaysia. That included lectures by Nishioka Yoshio himself, other activists, and representatives both from Japanese

¹⁶⁷ Sections 1.3.1 and 3.2.4 of Fundamental Environmental Policies, Ministry of Construction (retrieved June 18, 2014 from <http://www.mlit.go.jp/sogoseisaku/envi/epomoc.htm>)

¹⁶⁸ Construction White Paper 2000, Ministry of Construction (retrieved June 18, 2014 from http://www.mlit.go.jp/hakusyo/kensetu/h12_2/h12/html/C3202400.htm)

¹⁶⁹ Construction White Paper 2004, Ministry of Construction (retrieved June 18, 2014 from <http://www.mlit.go.jp/hakusyo/mlit/h15/hakusho/h16/html/F1012230.html>)

and Malaysian NGOs.¹⁷⁰ In the mid-1990s, when the concern for deforestation in Papua New Guinea and Solomon Islands grew larger, Hutan also invited people from these countries to share knowledge about the situation.¹⁷¹ Hutan also participated in environmental events organized by other organizations.¹⁷² Basically Hutan did similar activities in the Kansai area which includes Osaka and Kyoto to those that JATAN did in the Kanto area which covers Tokyo and Yokohama. For example, Hutan organized the International Tropical Forest Week events in Osaka while the same was done in Tokyo by JATAN.¹⁷³ It was not unusual that guests invited from abroad would speak in Tokyo and then travel to Osaka or Kyoto to do the same. In addition to that, Hutan and JATAN organized common events.¹⁷⁴ This shows close cooperation between these two groups. Some attempts were also made to educate consumers to recognize tropical timber and avoid its use. For example, reacting to the fact that many stores do not indicate the origin and species of the wood used to make wooden furniture, in 1995 Hutan's member Omura Chiako prepared a booklet “Tropical forest in your home: tropical timber turned into furniture” (*Ie no naka no nettairin – kagu ni naru nettai mokuzai*) in which she explained the need to avoid tropical timber, provided simple methods to distinguish tropical wood and promoted long use of already owned furniture.

5.2.3.4. Campaigns from the Beginning of 2000s to Today

In 1999, Hutan, similar to environmental NGOs working with forest protection in other countries, started to focus on illegal logging and campaigning for banning the trade of illegally harvested wood. This activity demanded much time of Hutan's activists, and since the number of group members remained mostly unchanged during the past 10 years, there was no option but to set previous campaigns aside. As a result, the campaign to pressure municipal governments to reduce tropical timber use was suspended and remains as such to this day.

170 For example, bulletin board section in Asahi Shimbun, November 21, 1990; January 24, 1991; January 31, 1991; March 26, 1993.

171 Indigenous people from New Guinea give lecture about tropical forest protection (*Nettairin hogo e Nyūginia no jy-uminra kōenkai*), Asahi Shimbun, November 15, 1995.

172 For example, Let's get more interested in the Earth Summit (*Chikyū samitto e kanshin takameyō*), Asahi Shimbun, May 28, 1992.

173 World's tropical forest week starts in 50 countries: citizens ask to stop imports (*Sekai nettairin shūkan, 50-kakuni de hajimaru, shiminra yunyū teishi uttae*), Asahi Shimbun, October 19, 1991; Asahi Shimbun, October 15, 1993.

174 For example, bulletin board section in Asahi Shimbun, October 16, 1991

The same year the group conducted research together with Indonesian environment NGO Telapak and found out about illegal logging happening in Tanjung Puting national park from which some timber was then shipped to Japan. Based on that, Hutan approached Japanese Prime Minister and minister of MAFF in April 2000 demanding stricter timber import regulation which could prevent illegally logged timber from entering Japan. The same issue was raised again in November of the same year during the annual meeting of ITTO member country representatives. The representative of Telapak visited Japan at that time and in addition to illegal logging and trade, shared his concern about Japan's involvement in the trade of vulnerable tree species, especially *ramin* (*Gonystylus*) (Sagara, 2009). These vulnerable trees grow in the peat swamp forests across Southeast Asia and are rapidly cut down for their valuable wood to make furniture, frames, handrails and other widely used products. In order to protect the species, *ramin* has been banned from cutting and trading (including export) since 2001 in Indonesia (but not in Malaysia) and is listed in the CITES convention – first as an Appendix III species and now upgraded to Appendix II (EIA & Telapak, 2004).

The *ramin* trade issue sparked the interest of members of several Japanese NGOs who decided to look into it further and created the *Ramin Investigation Committee* (RIC) next year. RIC's main focus was on tracing distribution channels of *ramin* products from Indonesian and Malaysian forests all the way to Japanese market. This proved to be a difficult task because of the complicated chain of custody that extends over wide geographical area. Despite that, in the summer of 2003 RIC finally had enough evidence to prove that illegally logged *ramin* wood is indeed allowed to enter Japan. Based on this investigation, Hutan started a campaign targeted on Japanese business. Activists sent information to a variety of companies educating them about the vulnerability of *ramin* trees species and a high possibility of the wood they trade being harvested illegally. Activists demanded companies to pledge not to use *ramin* timber from now on. In some cases, activists personally met store managers and gave them suggestions how products that have components made out of *ramin* could be changed into similar ones without it. Many companies importing or selling wood products were not even aware that some of them are made out of *ramin* (Sagara, 2009).

The campaign was mostly a success. Out of around 850 companies that Hutan contacted, 500 of them responded positively to group's request by 2007. Among them were timber importers, timber wholesalers, home supply centers, cooperatives and supermarkets. It

was estimated that these 500 companies accounted for 95% of all ramin wood sold in Japan.¹⁷⁵ Companies that were reluctant to stop dealing with ramin were repeatedly pressured by Hutan, especially when ramin species were upgraded to the second protection category in CITES. Similar tactics were used on an international level, too. Together with Telapak, Hutan wrote to nearly 100 companies in Indonesia, Malaysia and Singapore demanding them to refuse trading ramin. Around 80% of them agreed to the demand by 2007.¹⁷⁶ The campaign was officially announced to be over in June 2007 when it became clear that flows of ramin timber to Japan were drastically reduced (Sagara, 2009).

With this campaign Hutan went back to pressuring mostly the supply side – wood importers and sellers – instead of private or public consumers. Although the information about ramin was also sent to municipal governments, activists mostly focused on changing companies' behavior. The campaign revealed that the business is more ready to cooperate with NGOs in solving environmental issues than 15 years ago when JATAN and Hutan pressured general trading companies to stop importing tropical timber. However, the request to stop using ramin was, of course, much smaller and easier to fulfill. Ramin was not the main type of timber imported from Southeast Asia and its use can be changed to other wood without much difficulties. In other words, economic importance of ramin was rather small. In addition to that, ramin trade became regulated both in one of its biggest source countries (Indonesia) and on the international level (by CITES). Such orchestrated effort to change the situation on different levels created many obstacles for companies to keep their business-as-usual stance.

In 2005, while still working on ramin campaign, Hutan turned its attention to merbau (*Intsia bijuga*) which is a type of wood produced out of endangered trees growing in mangrove forests and threatened by high international demand (Cheung, Chung, & Stark, 2007). It is not clear what volume of merbau is traded on the international level because the largest timber importers, such as the USA, the EU and Japan, do not have a separate category for this type of wood in their custom coding. One estimate shows that Japan is a small player in the merbau trade compared to China and the EU (Tong, Chen, Hewitt, & Affre, 2009). Merbau is not yet one of CITES protected species and its trade is mostly unregulated. In order

175 Finally, it can be declared that illegal import of ramin has been stopped (*Tsuini, ihōzai ramin yunyū teishi o sengen*), Mt.Ohdaigahara-Ohmine Nature Protecting Society (retrieved June 18, 2014 from <http://oodai.net/2007/doc/0711-utan.html>)

176 20th anniversary of the Earth Summit (*Chikyū samitto 20 shūnen kinen*), Tokyo Agenda 21 Forum (retrieved June 18, 2014 from <http://ma21f.jp/pdf/120817.pdf>)

to reduce demand for merbau in Japan, Hutan conducts educational activities directed to companies.

In 2006, Hutan started another campaign that targets specific tree species. This time it was Borneo ironwood (*Eusideroxylon zwageri*, in Japan commonly known as ulin) – a slow growing trees native to the biogeographical region of Malesia. Borneo ironwood is valued for its durable and fragrant high quality wood that is especially suitable for outside constructions. In 1998, IUCN categorized the species as vulnerable because of over-exploitation and limited regeneration.¹⁷⁷ Reacting to diminishing number of trees that remain in the wild, Indonesia and Sarawak banned exports of ulin wood in 2006. However, the implementation of the ban was not strict enough to stop illegal loggers from smuggling Borneo ironwood out and sell it on the international markets. Hutan's research showed that this type of wood was widely used in Japan – more than 100 public institutions had outdoor decks made out of Borneo ironwood.¹⁷⁸ The impact of these campaigns remains unclear.

5.2.3.5. Impact

Hutan started as an NGO that spent a considerable amount of its energy on lobbying the Japanese government, especially on the local level. That led to some success stories when more and more municipalities joined the initiative, and the campaign attracted attention of some companies. For example, in 1991, when NGOs started pressing municipalities to reduce tropical timber consumption, Obayashi Corporation – one of the biggest construction companies in Japan – announced they are experimenting with ways to use wood from conifer trees growing in the temperate climate instead of tropical broad-leaf trees.¹⁷⁹ Among Hutan's members themselves were representatives of companies that promoted the use of only domestic timber.¹⁸⁰ However, the scale of Hutan's campaign was not large enough to make a big impact to tropical timber imports and practices of plywood producing companies. The

177 The IUCN Red List of Threatened Species (retrieved June 18, 2014 from <http://www.iucnredlist.org/details/full/31316/0>)

178 Let's reduce illegal logging: movement to strengthen import regulation between producing and consuming countries (*Herasō ihōbassai, sanshutsukoku to shōhikoku, yushutsunyū kisei kyōka no ugoki*), Asahi Shimbun, November 28, 2007.

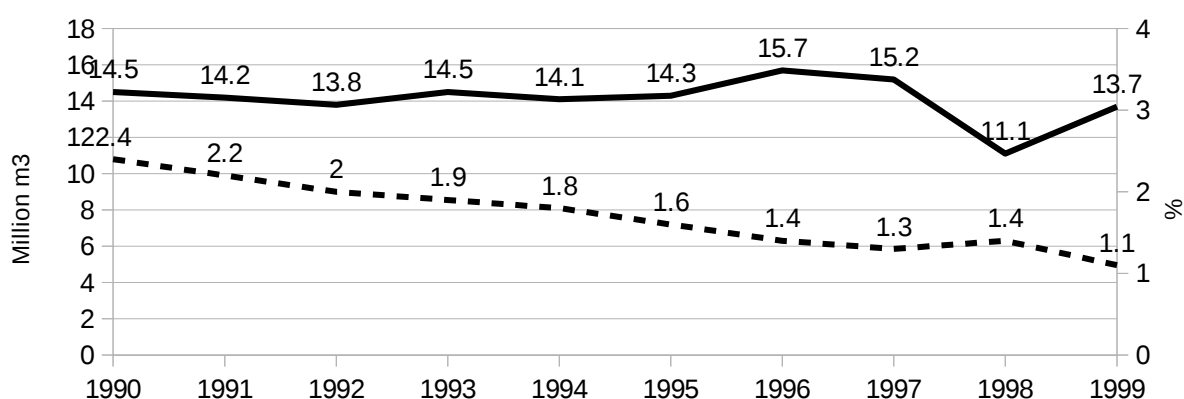
179 Use and throwaway has to change: demands to introduce tropical timber use regulations continue (*Tsukaisute bōchi dekinu, nettai mokuzai riyō sakugen no jyōrei seitei yōkyū tsuduku*), Asahi Shimbun, September 26, 1991.

180 Protect forest by cutting a tree (*Ki o utte mori o mamorō*), Asahi Shimbun, June 22, 1996.

main reason was that the campaign targeted the use of tropical timber in the public sector that consumes only few percent of all timber used in Japan. In addition to that, the campaign did not spread to the national level and failed to make noticeable influence to the private sector. When asked about the market situation in 1994, the Association of Japan's Plywood Industry expressed its concern about timber export restrictions implemented in Malaysia – Japan's main tropical timber exporter – rather than worrying about changes in Japanese consumer preferences.¹⁸¹

The statistics of tropical timber use also create doubts about campaign's effect. In 1990, Japan used 14.5 million m³ of plywood and 97.8% of it was made out of foreign wood, mainly coming from Southeast Asia. In the following ten years neither the consumption nor self-sufficiency rate changed much – in 1999, Japan used 13.7 million m³ of plywood and only 1.1% was produced out of domestic wood (see Figure 5-5). Imported plywood or raw materials out of which it is made mostly came from Indonesia and Malaysia. The market share of these two countries was around 90% throughout the 1990s (Forestry Agency, 2009). The data shows that in the early and mid 1990s when the campaign against tropical timber and especially tropical plywood use was in its peak, the consumption remained almost unchanged and even rose above the average in 1996 and 1997. It dropped sharply only in 1998 due to the Asian financial crisis but recovered the next year.

Figure 5-5: Consumption of plywood in Japan and self-sufficiency rate (proportion of plywood made out of domestic wood) in the 1990s.



Source: the Forestry Agency White Paper of 2010

One of the biggest problems that reduced campaign's efficacy was that NGOs could

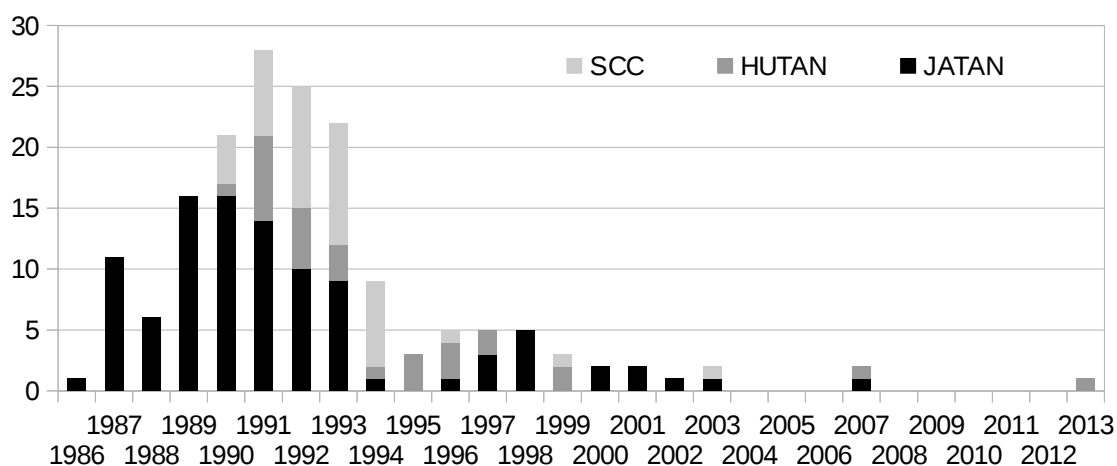
¹⁸¹ Yomiuri, August 24, 1994.

not sustain the pressure on local governments for an extended period of time. Without constant monitoring and reminding many municipalities scaled down or stopped their efforts. Shortly after, the campaign collapsed without having a big effect and failing short to achieving national scale.

Since putting lobbying aside, Hutan became more involved in cooperating with Indonesian and Malaysian NGOs and acted as a supporter of their campaigns in Japan. This support was expressed in the form of spreading the information about tropical forest issues in Japan, educating Japanese people about detrimental effect of illegal logging and oil palm plantation developments, and appealing Japanese private companies to stop dealing with wood of certain threatened tree species. The latter activities had considerable impact on raising awareness among companies, especially in the case of ramin.

Hutan received considerably less media attention than JATAN or SCC (see Figure 5-6). This can be explained by the fact that Hutan conducted most of its activities outside Tokyo and was less interested in forms of advocacy that attract media attention, such as demonstrations or street performances. This reduced the visibility of Hutan's campaigns from the perspective of the average citizen.

Figure 5-6: Number of articles in Asahi Shimbun newspaper about JATAN, HUTAN and SCC.



Source: Source: Asahi Shimbun database *Kikuzō II bijyuaru*

5.2.4. Sarawak Campaign Committee

The Sarawak Campaign Committee (SCC) is an environmental and human rights

NGO based in Tokyo. It was established in July 28, 1990 with the help from JATAN in order to campaign for the protection of more than 220 000 indigenous people living in Sarawak state of Malaysia, including Penan, Dayak and Kelabit tribes.¹⁸² These people are mostly hunter gatherers whose traditional lifestyle closely depends on forest resources that are diminishing because of deforestation driven by commercial logging and agricultural plantations. The Penans became internationally known at the end of the 1980s when they began blockading forest roads in order to prevent logging companies from entering their native lands. Their clash with the state government and logging companies was supported by international environmental and human rights NGOs, including Japanese ones. Since its establishment, JATAN showed much support to the Penan struggle and on various occasions raised awareness about their problems among the Japanese people, often criticizing Japan for being the largest tropical timber importer from Sarawak. Since the threats to the Penan and other indigenous people became increasingly bigger, JATAN members agreed to create a separate organization that would specialize in this field. As a result, SCC was born.¹⁸³

5.2.4.1. Size

As of 2014, SCC had no paid staff and a couple of volunteers. At its peak in the first half of the 1990s, the group had four full-time employees and around 20-30 core volunteers. Activities were mainly funded by contributions from individuals and foundations in Japan. There was also one occasion when funding came from abroad from the Rainforest Action Network.¹⁸⁴ In the second half of the 1990s, SCC became less and less active, and by 1997 the organization only had one part-time worker and a budget of 3 million yen or 29 000 USD (Hase, 2002, p. 137).

For some years SCC, JATAN and RAN shared the same office space in Shinjuku, Tokyo that shows close cooperation between these three groups. Later, JATAN and RAN moved to another office that they shared together, and SCC's activities slowed down to the level where it did not need an office space and as of 2014 the organization is represented only by its Internet web page.

¹⁸² The tragedy of logging in Sarawak, Malaysia (*Marēshia Sarawaku no shinrin bassai no higeiki*), Asahi Shimbun, August 14, 1990.

¹⁸³ Personal communication with Tom Eskildsen from SCC. January 2013, Tokyo.

¹⁸⁴ Personal communication with Tom Eskildsen from SCC. January 2013, Tokyo.

5.2.4.2. Activities

Since Sarawak was the main timber exporter to Japan since the late 1980s, right after the establishment SCC focused on what can be done both on the demand and supply sides to reduce commercial logging detrimental to Sarawak's indigenous communities. The group worked side by side on a variety of campaigns together with JATAN, Hutan and other environmental NGOs targeting timber importing companies and tropical wood consumption in public projects. One of the first activities that SCC took was co-organizing the World Rainforest Week 1990 in Japan. This international event included concerts, movie screenings and demonstrations in front of the headquarters of the largest Japanese timber importing companies, such as Sumitomo, Mitsui, Mitsubishi and others requesting them to stop trading tropical timber.¹⁸⁵ SCC expressed similar demands on many occasions in the following years. In December 1992, the group invited Bruno Manser, a famous Swiss anthropologist and environmentalist living in Sarawak and campaigning for the protection of indigenous people, to give a presentation about the situation of Borneo forests for the Japanese audience in Tokyo. Together with activists from SCC and other Japanese NGOs Bruno Manser staged a protest in front of Marubeni Corporation headquarters asking the company to stop tropical timber imports from Sarawak. Marubeni reacted to that by saying it is not reasonable to ask them to halt timber imports suddenly. However, the company also added that they considering “to reduce the amount [of timber imports from Sarawak] gradually in view of the global environment,” acknowledging their responsibility.¹⁸⁶

Together with JATAN, SCC played the key role in pressuring local governments in Kanto area to stop using tropical wood in public construction works. The campaign gained support among many local citizens' groups that helped with lobbying their own municipality office. At the peak, there were several hundred local governments which had introduced policy measures to restrict the use of tropical timber or at least conduct pilot projects to test alternative materials. In those cases when restrictions were adopted, they legally bound construction companies that implemented public projects to follow new rules. However, no restrictions were set for private projects; in them companies could use as much tropical timber as they saw needed. The activists hoped that changes in the public sector will eventually set an example for the private sector.¹⁸⁷

185 A Week To Celebrate Rain Forests' Beauty, The Japan News, October 19, 1990.

186 Marubeni Target Of Malaysian Timber Import Protest, The Japan News, December 18, 1992.

187 Personal communication with Tom Eskildsen from SCC. January 2013, Tokyo.

Despite many success stories that the campaign brought, it started to fade out in the second half of the 1990s. According to the SCC representative who was a member of group's steering committee at that time, the main reason for that was the lack of financial resources and new activists joining the movement who could take main responsibilities in their hands. Activists who worked at SCC from the start began to get tired and burned out due to high pace and intensity of activities.¹⁸⁸ Similar to JATAN, slow down of SCC's work started after the stepping down of the person who was the key force behind most activities. In JATAN's case that person was Kuroda Yoichi while, in SCC's case, it was Matsue Kazuko. Because of her personal reasons, she had to leave Tokyo and significantly reduce her involvement in SCC in 1995 and finally left the leading position next year. During that time, the number of full time staff started to go down and eventually reached zero in late 1996. Although the interest in tropical forest protection was high, and there were many people willing to helping SCC as volunteers in their spare time, no one was able to organize the work and provide that kind of dynamic leadership as Matsue Kazuko did. As a result, SCC gradually moved away from lobbying campaigns that required many organizational skills to less intense activities such as information collecting and reporting. For example, in 1996 SCC gained media attention when they reported that due to low prices, large quantities of furniture made out of tropical timber are thrown away just after a few years of use.¹⁸⁹ SCC research showed that the high labor cost in Japan make it more economic for families to buy new furniture when moving to a new place than to pay the movers, or to throw away damaged furniture instead of fixing it. Although such investigatory work had the potential to become a basis for new campaigns, the group could not get them off the ground as they did a few years earlier.

In addition to lobbying, SCC also organized all kinds of educational events in Japan (mostly Tokyo) to raise people's awareness about the situation in Sarawak. The group invited guests from Malaysia and other countries, and collaborated with foreign NGOs by helping their representatives to come to Japan and give lectures or stage protests. One of the largest of such educational events was a national tour that took 70 days and during which activists visited 60 cities giving more than 80 presentations with music and theater elements.

SCC cooperated closely not only with Japanese environmental NGOs, such as JATAN

¹⁸⁸ Ibid.

¹⁸⁹ Suvendrini Kakuchi. Furniture Consumers Depleting Asia's Forests. Inter Press Service, Tokyo, January 22, 1996 (retrieved June 18, 2014 from <http://www.ipsnews.net/1996/01/japan-environment-furniture-consumers-depleting-asias-forests/>)

and Hutan, but also with foreign ones. Among them were Bruno Manser Fund (BMF) from Switzerland that works on indigenous people rights issues in Sarawak and pays much attention to conflict between logging companies and local communities. In the mid 1990s, SCC was invited by BMF to come to Europe and attend international meetings to discuss tropical deforestation issues. Another cooperation was with Friends of the Earth Malaysia (Sahabat Alam Malaysia) which helped SCC to invite people from Sarawak.

5.2.4.3. Impact

Similar to JATAN and Hutan, the most promising was the campaign to pressure local government to reduce tropical timber use in public projects. However, inability to sustain its pace significantly damaged its impact. According to SCC's member Tom Eskildsen, at the end of the 1990s, the campaign was very much dependent on constant high attention from the general public, business and politicians, and that attention could be sustained only by dedicated activists.¹⁹⁰ Without a central organization, local citizens' groups stopped pressuring their municipalities and moved to other activities. Without the pressure and constant reminding about the importance to stop tropical deforestation, politicians lost their interest and also turned attention to other issues. Most local governments that worked on regulating the use of tropical timber did not turn temporary measures into long-term legislation, and there was no intention in the central government to use the top-down approach to introduce mandatory timber use requirements to all municipalities. The situation was further complicated by the fact that Japanese bureaucrats frequently change their position and, therefore, need to be repeatedly informed about the ongoing importance of sustainable use of tropical timber. If there are no people doing this, the regulation is not implemented and eventually forgotten. As a result, without dedicated activists the campaign crumbled down starting from the bottom.

As previously reviewed opinion polls show, even during the peak of NGO campaigns tropical forest protection did not become a trendy mainstream issue that attracts and activates people from different levels of society. Tropical forest activists were perceived by many as people doing unusual and controversial things. This image prevented new activists from joining the movement. In addition, without widespread public interest tropical deforestation was easily overshadowed by other environmental issues, such as climate change that had

¹⁹⁰ Personal communication with Tom Eskildsen from SCC. January 2013, Tokyo.

governmental backing and gained especially big media attention in 1995 when Japan expressed its willingness to host the third Conference of the Parties in Kyoto. Many environmental movements in Japan moved their attention from tropical forests to climate change at that time, too.

SCC was able to attract much media attention in the first half of the 1990s, but, similar to JATAN and Hutan, lost it in the later years (see Figure 5-4). Although SCC is still active to some extent, it has failed to present itself on the media for more than 10 years.

5.2.5. Friends of the Earth Japan

Friends of the Earth Japan (FoE Japan) is an environmental organization active in Japan since 1980. It is a member of Friends of the Earth International (FoE International) – a network of environmental organizations established in 1971 by a prominent American environmentalist David Brower. The network currently has members in more than 70 countries worldwide. FoE Japan works on creating a sustainable society and is active in a variety of environmental issue areas: climate change, threats to biodiversity, desertification, waste disposal, nuclear energy, and others. The organization conducts research, collects and circulates information, makes policy recommendations, and organizes educational events to raise awareness on environmental protection both among individuals and business companies.

Similar to other NGOs in forest protection filed, FoE Japan supports efforts to create stricter regulation for imported timber (such as higher requirements for legality and sustainability proof) and to increase consumption of domestic wood.

5.2.5.1. Size

According to organization's 2012 report, FoE Japan has nearly 500 members who pay annual membership fee and an annual budget of around 74 million yen (nearly 720 000 USD) (Friends of the Earth Japan, 2013, p. 14). Although FoE Japan is one of the most prominent environmental NGOs in Japan, it is comparatively smaller in its membership size and financial resources than national FoE organizations in other developed countries. For example, in the same year FoE England had a budget of 16.4 million USD,¹⁹¹ and BUND

¹⁹¹ FoE Annual Report 2012 (retrieved June 18, 2014 from

http://www.foe.co.uk/sites/default/files/downloads/annual_review_2012.pdf; no information about membership size which was around 226 000 in the 1990s (retrieved June 18, 2014 from http://news.bbc.co.uk/2/hi/uk_news/3623021.stm

(FoE Germany) – 23.2 million USD and a membership of 464 000 individuals.¹⁹² A third of all income of FoE Japan comes from donations and membership fees, another third from project grants and the rest from other sources. The biggest areas of spending are forest protection (38%, additional 5% are spent on desertification that is closely related to afforestation), renewable energy (20%) and climate change (10%). As of 2013, FoE Japan had eight full time and two part time employees. In addition to that, the organization had three researchers working on a contract basis.

5.2.5.2. *Activities*

FoE Japan connection to deforestation and sustainable forest management issues went through several phases throughout the years. In the second half of 1980s, it was one of the main organizations that brought information to the Japanese public about the destruction of tropical forests in Southeast Asia and Japan's role in encouraging this process through large scale timber imports. As FoE International was one of the leading NGOs of rainforest protection campaign at that time, it used its network to spread the information to environmental activists around the world, including Japan. Although the news about tropical deforestation used to appear in the Japanese media once in a while since around 1982,¹⁹³ the connection between Japan's timber imports and forest destruction was not widely discussed until 1986. First articles that introduced that idea took it from FoE Japan representatives who in many case worked as intermediaries between the media and FoE International, FoE England and FoE Malaysia. From the very start, activists of these organizations talked about the need for Japan to change its destructive behavior and plans of starting an international rainforest campaign that will “exceed the scale of anti-whaling protests.”¹⁹⁴

192 http://www.bund.net/fileadmin/bundnet/pdfs/sonstiges/120711_bund_sonstiges_jahresbericht.pdf

193 For example, see articles in Asahi Shimbun: Tropical forest protection through lectures (*Nettaiurin no goho de kōen*), November 3, 1982; The crisis of tropical forests (*Nettaiurin no kiki*), November 23, 1982; Let's save tropical forests: international conservation conference in 10 countries (*Nettaiurin mamorō, hozon e 10-koku de kokusai kaigi*), December 23, 1982; Preservation of tropical forests (*Nettaiurin no hozon*), June 25, 1984.

194 The quote is from Charles Secrett – a British environmental activist who served as executive director of FoE England from 1993 to 2003. He visited Japan in 1986 and 1987 and helped local activists to launch rainforest campaign. See: ITTO opens in Yokohama (*Kokusai nettai mokuzai kikan, Yokohama ōpun*), Asahi Shimbun, October 29, 1986. About FoE's role see also: Stop destruction of tropical forests (*Nettaiurin no*

Soon after its establishment at the beginning of 1987, JATAN took over the role of spreading information and organizing activities related to tropical forests from FoE Japan members. However, cooperation between the two NGOs remained strong. In the upcoming years, FoE Japan supported JATAN staff by providing them office space in its headquarters in Tokyo, sharing information and helping with practical organizational issues. On some occasions, FoE Japan also co-organized events that partially focused on tropical deforestation or attended protests and performances organized by JATAN or other groups.¹⁹⁵ However, most activities were conducted under JATAN's name with FoE Japan left in the background.

In 1993, while tropical forest campaign was still ongoing, FoE Japan moved its attention to the north and started investigating the situation of forests in Siberia. The reason for that was that some Japanese timber trading companies began looking for new unprocessed timber sources out of concern that tropical timber resources might soon get scarce and Russia's far-east was one of attractive alternatives.¹⁹⁶ Fearing it will sparkle uncontrolled development, in 1994 FoE Japan established a temporary office in Vladivostok, Russia and for the next several years campaigned to increase the amount of protected areas in the region. As a result, part of the coastal region was put under protection in 1996. However, the campaign did not target neither Japanese consumers nor timber importing companies and gained little attention in the media.

At around 1998, FoE Japan significantly increased its activities related to forest issues, including tropical deforestation. This way the group partially filled the vacuum of forest related campaigns that formed in Japan when JATAN and SCC lost their energy in the second half of the 1990s. The basic premise of all campaigns that FoE Japan started since then was that Japan should strive to increase the use of domestic forest resources and actively promote regulation of international timber trade in order to promote and support sustainable timber producers. Based on that, in 1999 activists went to the WTO Seattle conference to express their opposition to the liberalization of the timber trade. At the same time they launched the

hakai o yameyo), Asahi Shimbun, October 5, 1986; Resistance of Penan tribe (*Punan-zoku no teikō*), Asahi Shimbun, January 27, 1987; Tropical forest and indigenous people: be aware of your responsibility for the destruction (*Nettaiurin to senjyūminzoku, hakai no sekinin jikaku shite*), Asahi Shimbun, February 11, 1987; Falling behind America and Europe in tropical forest protection (*Ōbei ni okureru nettairin hogo*), Asahi Shimbun, April 10, 1987.

¹⁹⁵ Start of tropical forest week (*Nettairin shūkan hajimaru*), Asahi Shimbun, October 21, 1990

¹⁹⁶ A walk in environmental destruction site (*Kankyō hakai no genba o aruku*), Asahi Shimbun, August 29, 1996.

Housing Project which encouraged companies to use domestic wood and explained environmental and social problems associated to imported timber. The next year FoE Japan started cooperating with GEF which allowed to expand the campaign to include consumer groups to raise their awareness about forest related issues. More details on that are provided in the next section.

5.2.6. Global Environmental Forum

The Global Environmental Forum (GEF) is a non-profit environmental organization located in Tokyo. It was founded in May 1990 by a retired bureaucrat Okazaki Hiroshi who worked in the Environment Agency (now the Ministry of the Environment) and a scientist Kondo Jiro who was the president of the National Institute for Environmental Studies and later the chairman of the Science Council of Japan. Both of them thought Japan is lacking an organization that can research environmental issues and disseminate the results to the general public. Okazaki is the president of GEF to this day.

GEF is involved in conducting research in a variety of environmental issue areas, including climate change, desertification, forest degradation, water pollution and others. Many of these research projects are commissioned by the government. At the same time, GEF seeks to raise public awareness about environmental issues, disseminates research results through the media, makes recommendations for policy makers and private companies, and cooperates with individuals and organizations both in the public and private sector to facilitate cooperation and joint activities.

5.2.6.1. Size

In 2012, GEF had a budget of 365 million yen (more than 3.5 million USD) which was considerably large compared to other environmental NGOs in Japan.¹⁹⁷ GEF's income was even bigger in the past exceeding 500 or 600 million yen during most years of the 2000s.¹⁹⁸ The organization has around 40 staff members and most of them work on a full time basis.¹⁹⁹ GEF is one of the most professional environmental NGOs in Japan in terms of

197 GEF's income and expenditure estimate of 2012, GEF (retrieved June 18, 2014 from <http://www.gef.or.jp/about/disclosure/h24jigyokeikaku.pdf>)

198 Income and expenditure estimates of various years, GEF (retrieved June 18, 2014 from <http://www.gef.or.jp/about/disclosure/index.html>)

199 Information from two reports released in 2011: one stating there are 45 full time workers (retrieved June 18,

number of staff with environmental science background.

5.2.6.2 Activities: the Fairwood Campaign

GEF has been actively involved in forest protection and sustainable management issues since the early 2000s when it began cooperating with FoE Japan in the Fairwood campaign. The campaign remains the main forest and forestry related campaign of the two NGOs to this day. At the same time, it is also one of the biggest activities in forest protection area in Japan at the moment that originate from the NGO sector. The campaign is targeted mainly at the wood industry, although there are some elements that focus on consumer education and lobbying.

The main activities that FoE Japan and GEF do in campaign's framework are regular seminars to inform companies that trade or use timber about the issues surrounding wood production. Namely, unclear legality of wood coming from developing countries, environmental effects of unsustainable forest management and deforestation, social issues caused by forest degradation, and conflicts between indigenous communities and logging companies fueled by unclear land tenure rights. Activists also encourage companies to add more local producers to their supply chain and increase the use of timber that is certified as legal and sustainable. In addition to that, the group has prepared numerous publications that are circulated both in digital and printed form among the companies that work with wood imports, processing and use.

Compared to early JATAN's and SCC's activities, the Fairwood Campaign is orientated more to cooperation than confrontation. It does not include any protests, calls for boycotts of certain products or shaming of companies suspected to be involved in deforestation or illegal logging. Instead, the campaign is looking for “partners” – companies that are concerned with sustainability of their business and willing to improve their supply chains to source timber with lower environmental and social risks. Activists then offer necessary information and consulting services that help to go through that process. Although the campaign is progressing slowly, it succeeded in finding support among large Japanese companies, such as Sekisui House or WiseWise.

The campaign also has some elements of lobbying. Majority of such type of advocacy is concerned with illegal logging and strives to convince politicians and bureaucrats to

2014 from <http://www.geoc.jp/wp-content/uploads/2011/08/14002.pdf>) and another one claiming there are 35 full time workers (retrieved June 18, 2014 from http://www.seisaku-teigen.com/report/h23_b1.pdf).

strengthen Japan's timber trade regulations. Activists regularly organize events about the issues of illegal timber trade and invite representatives of the Japanese government to attend.²⁰⁰ That works as a constructive pressure to pay more attention to the problems in forestry or even initiate policy changes. A notable example of that is from the end of 2012 when NGOs invited a group of speakers from the US who represented governmental (US Department of Justice), business (Hardwood Federation) and civil society (Environmental Investigation Agency - US) sectors.²⁰¹ Although activists have not succeeded so far in forming a group of politicians who could help to promote their cause, they are slowly working on creating an environment in which governmental officials are constantly reminded about forest issues.

5.3. Civil Society's Influence to the Forest Policy

Until the late 1980s, Japanese civil society paid little attention to country's forest policy and did not challenge its course. After all, there was no crisis with domestic forests: deforestation or forest degradation was almost nonexistent, area of protected forests was increasing, and more and more scenic forests were made accessible to tourism. Decline of domestic timber production was hardly noticeable for average citizens who could enjoy low timber prices thanks to imported wood. In other words, there was hardly anything to be unsatisfied with. As a result, the majority of activists in the forestry sector were volunteers who help in national or private forests to do seasonal forest maintenance works: thinning, weeding, tree planting, etc.

The characteristic that citizen movement for forest protection consists mostly of small scale organizations remains strong to this day. According to NPO database NPO-Hiroba,²⁰² at the beginning of 2014 there were 2667 NPOs working with forest issues. 94.5% of them had no employees and very symbolic budgets. Such volunteer groups are active on very local scale and have no interest in affecting politics. They are little involved in advocacy and simply conduct activities in forests without spending time and resources on raising public

200 A list of Fairwood Campaign events: https://www.fairwood.jp/news/pr_ev/archive.html (retrieved June 18, 2014)

201 Fairwood Partners, Seminar for counter-measures on illegal logging (retrieved June 18, 2014 from https://www.fairwood.jp/news/pr_ev/2012/121112_ev_seminar.html)

202 NPO database NPO-Hiroba (retrieved June 18, 2014 from <http://www.npo-hiroba.or.jp>)

awareness, attracting media attention or pressuring local municipality. A lack of financial and human resources means that such NPOs cannot have their own advocacy specialists or plan and sustain campaigns. In short, these groups have no means to trigger change that is wider than the forest maintenance service they provide in their district.

Local and apolitical nature of citizen groups that are concerned with forests meant that domestic forest policy until around 1990 was influenced by the bureaucracy, politicians and industry (including forest owners as producers). As it was described in Chapter 4, international policies, such as ODA allocation to projects that affect forests, were formed by even more limited number of actors. Critical voices from the Japanese society appeared only with the establishment of JATAN and other similar organizations in the late 1980s. At the same time, movement to protect tropical forests became increasingly stronger in other countries and on the international level. These multiple pressures for Japan to change its business-as-usual behavior make it difficult to say what was the role of local NGOs in turning tropical deforestation into a more prominent environmental problem. The fact that their active campaigning had little effect on national policies or tropical timber consumption suggests that international trends were a stronger factor than domestic anti-deforestation movement.

JATAN, Hutan and other environmental NGOs had difficulties with penetrating the bureaucracy because there were few access points for them to do that. The only direct option which was often used was submission of petitions with thousands of signatures asking for policy changes. This, however, had only symbolic effect. Conservative ministries, such as METI, were very reluctant to accommodate interests of environmental NGOs and did not enter into a closer relationship with them. The Environment Agency, on the other hand, was the closest ally of NGOs in the bureaucracy as exemplified by the fact that Agency's director met delegations of Malaysia's indigenous people when they came to Japan to complain about logging companies destroying their forests. The Agency also allowed JATAN to host a press conference in its headquarters even though it knew its contents were very critical about Japan's policies. Despite that, the Environment Agency's weak position in the government did not allow it to promote the goals of NGOs on a wider level. Compared to METI and the Environment Agency, MOFA and MAFF stood somewhere in the middle. Increasingly stronger voice of environmental NGOs in other countries and their acceptance as partners during international meetings made MOFA to consider the role of domestic NGOs as well. One way how it showed this in the forest protection sector was the establishment of a funding

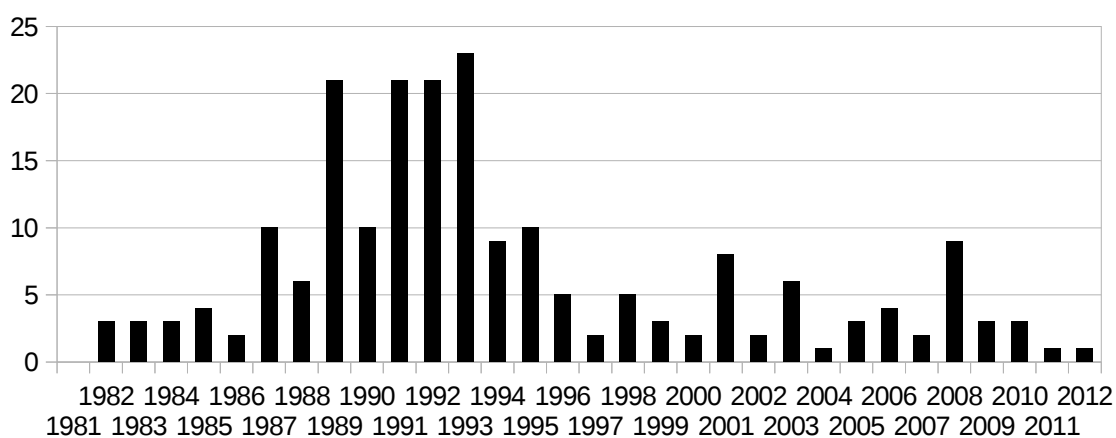
scheme in 1994 to support sustainable forestry projects of Japanese NGOs (Wong, 2001, p. 179).

One level down from the bureaucracy were politicians, especially *zoku giin* who had the closest relationship with ministries. NGOs encountered problems here, too. First, environmental protection was one of the least popular topics among parliamentarians because it had few links with “pork barrel” politics and low appeal among voters. Because of that, environmental policy was more a side interest of some politicians rather than their main focus. This has slowly changed since the early 1990s and LDP now has a group of politicians who could be identified as *kankyō giin* (environment parliamentarians).²⁰³ However, in the late 1980s and the early 1990s the situation for NGOs was more unfavorable.

Second, for the same reasons as environmental policy, few politicians specialized in foreign policy and even fewer in foreign environmental policy. Although, according to Schreurs (2003, p. 164), a number of influential LDP politicians (Toshiki Kaifu, Gotoda Masaharu, Mitsuzuka Hiroshi, Obuchi Keizo, etc.) showed support for Prime Minister Takeshita's “greening” ideas in the late 1980s and joined newly established Basic Environmental Problems Investigation Committee, none of them spoke about tropical deforestation problem in the Diet. In general, issues surrounding tropical forests and Japan's role in their deforestation were discussed in the Diet very sporadically (see Figure 5-7). Most of these cases were not even discussions but brief mentioning tropical deforestation as an example of major global environmental issues.

203 For example, as of 2013, Japan's branch of GLOBE (Global Legislators Organization for a Balanced Environment) has 45 members from the Diet, 29 of them are from LDP (retrieved June 18, 2014 from <http://www.globejapan.org/index.php/members>)

Figure 5-7: Number of times when tropical forests were mentioned in the Diet sessions or committee meetings from 1981 to 2012.



Source: database of the National Diet records (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp/>)

Comparing Figure 5-7 to Figure 5-4, there is a clear match between how often anti-deforestation NGOs were mentioned in the media and how often politicians mentioned tropical forests in the Diet. At first glance, this suggests a causal relationship between NGO activities and the popularity of tropical forest issues among parliamentarians. However, more nuanced look reveals that politicians followed general trends rather than actions of civil movements. For example, rise in attention in 1987 coincides with the opening of ITTO headquarters in Yokohama and Tokyo meeting of the World Commission on Environment and Development. 1989 was the year of the Tokyo Conference on the Global Environment and Human Response towards Sustainable Development that had tropical forests on its agenda. 1991-1993 were the years when much attention was given to the Earth Summit. Finally, unusually active years in the 2000s coincide with higher interest shown for the issue of illegal logging. In comparison, reduction of tropical timber use, especially for concrete molding, was mentioned only twice in the Diet despite that being one of the biggest NGO campaigns.

Although NGOs had little success in influencing the national government, the same cannot be said about local municipalities. With good planning and persistence, activists succeeded in changing timber use regulations in many towns and cities. At the same time, they raised public awareness about tropical deforestation and Japan's role in it. Because tropical forest issues were hardly discussed on a local level, many people learned about them

during NGO campaigns for the first time. Although there are no opinion polls from that time that could provide more detailed proof of the rise in awareness, it seems that the message about tropical deforestation was spread widely through different channels. As it was mentioned before, forest protection NGOs managed to form a network of over 30 other civil society groups and received support from consumer cooperatives and several companies. In addition, the campaign was well covered by media and discussed in municipalities themselves. Despite all this, governmental polls suggest that problems related with tropical forests were still far less prominent in Japanese people's minds than domestic forestry issues. In addition, even if many people became aware about tropical deforestation, and this can be considered as a big achievement, NGOs inability to sustain the campaign for a longer period of time reduced its effect. Without constant reminder about the importance to reduce tropical timber use and inquiries about the progress, many municipalities and their citizens gradually stopped carrying about that.

In the end, environmental NGOs had weak and indirect effect on Japan's forest policy. Weak because there are few signs that campaigns initiated changes in ways the country deals with timber imports and wood consumption on a national scale, and indirect because NGOs struggled with getting access to policy-making and could only make pressure through intensifying public debate over Japan's role in tropical deforestation and country's responsibilities in solving the problem. Although the debate led to an increase in awareness among average Japanese citizens and energized academic research of tropical forests and issues that surround them, it was not intensive enough to force politicians to adopt changes in legislation.

The difficulty to have an effect on forest policy prompted NGOs to increasingly direct their campaigns to the private sector. By the beginning of the 2000s, all main NGOs greatly reduced their lobbying activities and began to target consumers and companies that deal with wood. The tactics how they did that also had changed. Different from the 1990s, hardly any domestic campaigns were seeking to shame companies or portray them as evil, although there were opportunities to do so. Instead, NGOs strove to be partners that reveal problems and offer their help to solve them. The Fairwood campaign is a good example of this, while Hutan's campaign on ramin wood is a success story that shows the efficacy of such tactics.

5.4. Conclusion

This chapter tested the validity of the following hypothesis:

Assuming recent developments towards classical pluralism, discrepancy in forest policy is further strengthened by weak civil society movements that promote alternative policy directions (protectionist measures to strengthen the domestic forestry or stronger international cooperation to protect forests abroad). This allows politicians and bureaucrats to make decisions without feeling pressured consider a broader spectrum of alternatives.

Analysis showed that environmental NGOs that are interested in forest issues fall in two categories. One category has organizations that are interested in lobbying, but are small, understaffed and struggling financially. They experienced their “golden age” in the early 1990s when the time to campaign for tropical forest protection was favorable due to domestic and international circumstances but lost their momentum because of leadership problems and growing importance of other environmental issues. The second group unites organizations that are better off financially and have less shortage of staff, but not so much interested in affecting forest policy. They rather choose to conduct educational events both for consumers and companies that use timber informing them about choices they can make to ensure they buy only sustainable wood and do not support reckless deforestation. This is perceived as a more effective way to improve the situation rather than spending time on lobbying.

Decision of the larger NGOs to keep their distance from lobbying shows it is not an easy activity. Compared to the early 1990s, the situation is better considering the number of parliamentarians in the Diet who are interested in environmental protection, structural changes in the election system which reduced the need of “pork barrel” politics, and the law on NGOs that gave more legitimacy to civil movements. Nevertheless, there are still few access points for the civil society interested in forest policy to enter the decision making process and few politicians who could accommodate their interests. Public hearings are a rare event in the Diet committees or in ministries, and when NGOs are consulted, they do not feel their opinions are appreciated and valued. This raises the question how far has this transition to the classical pluralism progressed during the last 25 years? From the perceptive of

forest protection NGOs, changes are very small.

As a result, the last sentence of the hypothesis that says policy decisions are made without accommodating civil society's interests proves to be valid. This is very well exemplified by the case of illegal logging issue. It was solved by strengthening public procurement regulations to require all wood used in public projects to have proof of legality and, preferably, sustainability. Methods of how that proof can be ensured were decided by the Japan Federation of Wood-industry Associations that drafted a set of guidelines and gave it to the Forestry Agency for official approval. In other words, a large business interest group cooperated with its representative bureaucratic institution to create regulations for itself. Such situation fits the requirements of the patterned pluralism model more than the classical one and shows that organized civil society is still left aside the forest policy-making.

CHAPTER VI. THE ROLE OF THE BUSINESS

This chapter tests the validity of the third hypothesis:

As suggested by all theoretical models, promotion of timber market liberalization can be attributed to a close relationship between the government and large business which has been actively involved in international timber trade for more than 50 years and is eager to further benefit from weakly regulated markets. These trading companies are among the largest in Japan, conduct business in many other areas, and are effectively organized into industry associations that allow them to maintain a close relationship with politicians and bureaucrats. All this puts them in favorable position to influence forest policy. At the same time, they are very weakly challenged by the civil society to improve their environmental and social commitments.

In order to test the hypothesis, this chapter looks at the role of the market sector in Japan's forest policy formation. It introduces main companies that work with wood products, and analyses their activities, structural characteristics, corporate social responsibilities, inter-organizational relationship, interaction with the government and other interest groups. The chapter covers the period from the end of WWII to 2013 with most attention paid to the most recent three decades. More specifically this chapter is focusing on the following questions:

- 1) What is the stance of Japanese business companies on forest protection issues? In what ways has it changed during the last several decades and why?
- 2) In what ways they support environmental and social standards of their business? What factors influence companies' positions and why?
- 3) How do companies promote their interests and why they have been successful with doing it?

The most immediate post-war forest policies such as reforestation program and timber trade liberalization were made by the bureaucracy and supported by the LDP. Through financial support, the government encouraged companies to get involved in international

timber trading and processing of imported logs. Large general trading companies, such as Sumitomo, Mitsui, Itochu, Mitsubishi and others that were also influential business groups in other industry sectors, were among the first who entered this new field and quickly occupied a large share of it (Gale, 1998, pp. 71–2). These and other major companies, united under the Keidanren federation, actively supported trade liberalization policies and kept a close relationship with the ruling elite (Yoshimatsu, 1998). At that time, there were no civil society movements that could challenge deforestation in Southeast Asia caused by high Japanese wood consumption on environmental or social grounds. The only opposition could come from Japanese forest owners who were put in a disadvantaged position when cheap foreign timber flooded the domestic market. However, their voices of dissatisfaction were weak. As it was explained in Chapter 4, during the initial years the demand for their products was high and there was little need to worry about the opening of the timber market, while later the government co-opted forest owners by providing them generous financial support.

Other related parties were timber processors (such as sawmills) and users (construction companies). Since the 1970s they have been relying on imported timber because it accounts for the majority of wood used in Japan, is traded in large quantities, has competitive price, fairly consistent quality and can be efficiently used to make large numbers of standardized products. In 2010, these two groups of companies employed more than five million people in Japan,²⁰⁴ compared to 47 000 domestic forest workers and 140 000 forest owners (Forestry Agency, 2010a).

As environmental criticism became more widespread in the 1980s and early 1990s, the biggest general trading companies and their associations reacted by “greening” their corporate image. They established environmental departments, showed their care for the environmental in their public relations campaigns and supported conservation projects. In 1991, Keidanren released its Global Environment Charter – a set of recommendations for its member companies. Several timber importing companies also condemned wasteful use of tropical timber and pledged to seek sustainable sources of wood. However, both Keidanren charter and individual corporate announcements were mostly rhetorics as they were not followed by specific rules and there was no monitoring to measure the implementation. For these reasons many observers both in Japan and abroad saw these “greening” efforts as a public relations

204 Around five million people work in the construction industry (Annual Report 2011 of Ministry of Land, Infrastructure, Transport and Tourism), 35 000 in wood processing industries (Annual Report 2010, Forestry Agency).

tricks (Dauvergne, 1997, pp. 35–6). The corporate greening of that time made little impact on tropical timber consumption in Japan. Tropical timber imports from Southeast Asian countries five years before the release of the Global Environment Charter were actually lower than five years after it.²⁰⁵

Similar trends can be also seen today. As Japan joined international efforts to fight illegal logging in the early 2000s, it prepared domestic legislation that requires all wood procured by the state to be legal and preferably sustainable. The legality has to be verified according to the guidelines that were prepared by the Forestry Agency with close cooperation with forestry industry representatives.²⁰⁶ While the guidelines are criticized by Japanese and foreign environmental NGOs for allowing self-verification and being required only when supplying timber for the state (Lawson & MacFaul, 2010), they are actively endorsed by timber importing and processing companies. The representatives of Japan Federation of Wood Industry Associations – the largest association in Japan of this kind uniting more than 20 000 companies – defend the guidelines as an effective tool and do not support stricter requirements.²⁰⁷

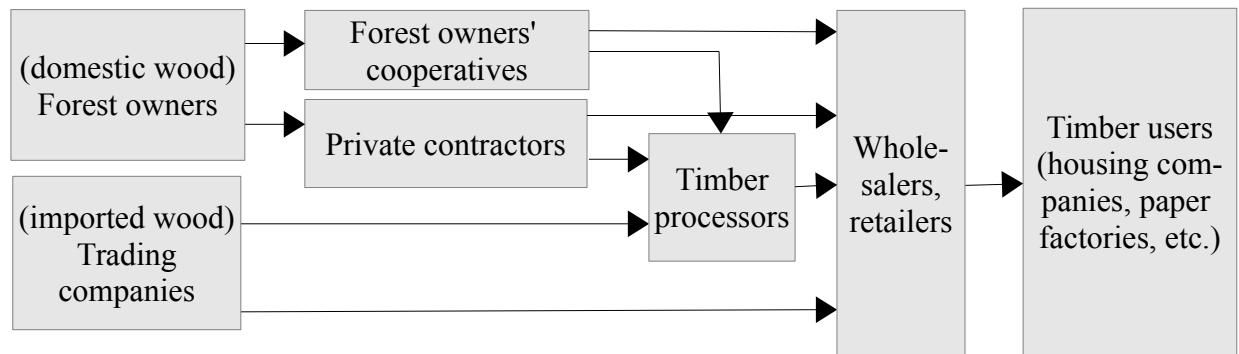
This chapter is divided into sections according to the flow of wood production in Japan (Figure 6-1). First, it analyzes the Japanese forest owners and their cooperatives. Second, it explains the role of the general trading companies and their associations. Finally, it examines the final users – companies that use wood in their business to create the final product for their clients.

205 Log, plywood and sawn wood import data from ITTO and FAO for the 1985-1989 and 1990-1994 period.

206 Personal communication with Henry Scheyvens, director of Natural Resources Management Group of Institute for Global Environmental Strategies, June 2013.

207 Personal communication with Kato Masahiko from Japan Federation of Wood Industry Associations, December 2012, Tokyo

Figure 6-1. The flow of wood distribution in Japan.



Source: based on Forestry Agency (2012c, p. 2) and Ota (2002b)

6.1. Forest Owners and Their Cooperatives

Nearly 60% of all forests in Japan belong to private forest owners – individual households, companies, shrines, temples, etc. The sheer number of owners (more than 3.2 million as of 2010; see Table 6-1) indicates that small scale ownership is an important characteristic of the Japanese forestry. An average owner holds in her or his possession only around 4.5 hectares of forest, while 60% own less than 1 ha. The average size of a family-owned forest is even smaller at around 2.7 ha – far from 100 ha that are considered enough to sustain a forestry household solely from forestry (Akao, 2002). As a result, majority of forest owners engage in other fields than forestry, and the share of those that receive their major income from wood sales is as low as 5% (Ota, 2002b). Forestry is also very much affected by the aging society phenomenon. More than 70% of all forest owners are in their 60s or older which complicates their involvement in proper forest management and the forestry business (Forestry Agency, 2012a, p. 128). As a number of questionnaires have repeatedly shown, many forest owners nowadays are more focused on simply keeping the ownership of their forestland rather than being involved in the forestry production (Matsushita & Hirata, 2002). One of the main reasons for that is low profitability of wood production caused by high forest management costs and low timber prices due to intense competition with imported timber.

Table 6-1: Private forest ownership in Japan.

Year	1970	1980	1990	2000	2010
Forest owners (millions)	3.0	3.1	3.3	3.4	3.2
Private forests (million ha)	14.2	14.1	13.8	14.4	14.5
Forest land per owner (ha)	4.7	4.5	4.2	4.2	4.5

Source: MAFF, Statistics of Agriculture, Forestry and Fisheries (*Nōrinsuisan tōkei*), various years.

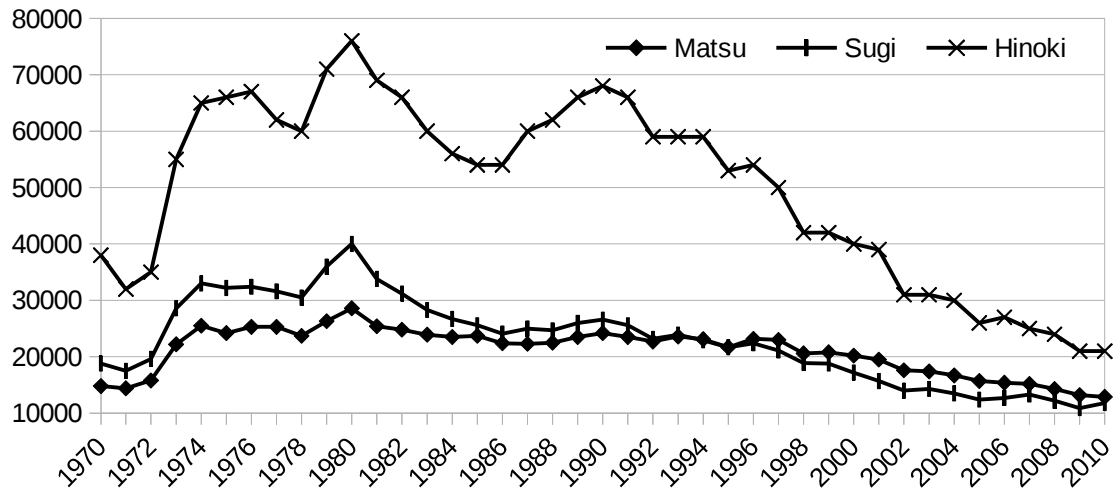
Except for some specialized high-quality woods,²⁰⁸ all major tree species found in Japanese forests have their own strong foreign competitors. Two most abundant conifers – *Cryptomeria* (*sugi*) and cypress (*hinoki*) – compete with North American hemlock (*tsuga*) and different species of pine (*karamatsu*, *ezomatsu*) can be substituted by North American and Siberian equivalents (*beimatsu*, *hokuyō ezomatsu*, *hokuyō karamatsu*). At the same time, both broad-leaf and conifer tree species have been experiencing harsh competition with tropical timber coming from Southeast Asian countries. The economy of scale, flat and easily accessible forest land, low cost of timber extraction and the use of natural forests with no or few investments in regeneration allow countries that export timber to Japan to produce timber in very competitive prices. For several decades since the 1960s, abundance of such wood in the market has pushed prices of domestic timber to a level that puts domestic forest owners in a difficult financial position. Here are some examples:

1) Prices of *matsu* and *sugi* have been dropping for most years after peaking in the late 1970s (see Figure 6-2). *Hinoki* went through a period of price increase in the second part of the 1980s but its value has been following a downwards trend since then. Although less dramatically, the price of forest land for timber production has been also constantly decreasing. In 2011, it was more than 40% lower in most rural districts that it was in 1985.²⁰⁹

208 See more about that in Iwai (2002a, pp. xiii–xiv)

209 Statistics Bureau, Japan Statistical Yearbook 2014, Chapter 7, Table 7-37 (retrieved June 18, 2014 from <http://www.stat.go.jp/data/nenkan/zuhyou/y0737000.xls>); MAFF, Statistics of Agriculture, Forestry and Fisheries (*Nōrinsuisan tōkei*), 1990.

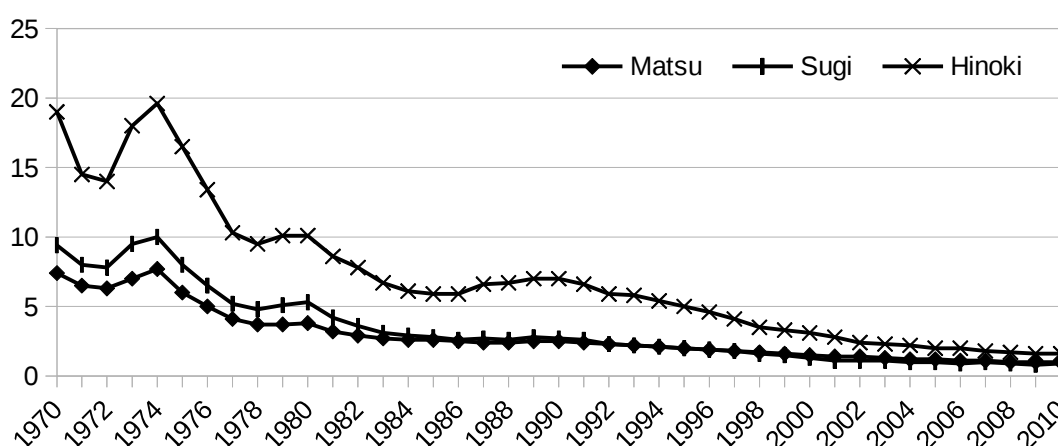
Figure 6-2. Price of *matsu* and *sugi* logs, 1970-2010 (yen per 1 m³).



Source: MAFF, Statistics of Agriculture, Forestry and Fisheries (*Nōrinsuisan tōkei*), various years.

2) The seriousness of decreasing prices of domestic timber is even more evident if wages of forest workers are taken in consideration. As Figure 6-3 shows, a forest owner could employ a forest worker for 7-9 days after selling one cubic meter of *matsu* or *sugi* logs in the 1970s. This log prices and wages ratio has been decreasing since the 1980s and stood at around 1:1 for *matsu* and *sugi*, and 1:2 for *hinoki* since the early 2000s. Meanwhile, the productivity of forest workers has not been increasing at the same pace and went up by 2.6 times during the same time – from 1.5 m³ to 4 m³ per average worker-day (Forestry Agency, 2010a, p. 95). This was thanks to larger forest owners who invested in modern machinery and pushed productivity to 5 m³ or even more. Meanwhile, in smaller enterprises the productivity has barely changed and stood at 1.4-2.1 m³ (Forestry Agency, 2012a, p. 111).

Figure 6-3. Ratio of timber prices (logs) and forest worker wages.



Source: MAFF, Statistics of Agriculture, Forestry and Fisheries (*Nōrinsuisan tōkei*), various years; Japan Statistical Yearbook (*Nihon tōkei nenkan*), various years.

3) Due to decreasing log prices, gross profits in domestic forestry has been also hanging low, especially in the first stages of timber production – forest management and logging. While a forest owner could expect to earn 20 000 yen (log price minus production, forest regeneration and transportation costs) from each cubic meter of *sugi* he sold in the 1970s, profit margins contracted to 15 000 yen by the end of the 1980s, further to 12 000 yen in the 1990s and reached 5000 yen in the 2000s (Forestry Agency, 2009, p. 9). Ota (2002b) has recorded case when the profit is less than 3000 yen or even non existent. This happens despite the fact that the state subsidizes many forest works until trees can be finally cut down.

Most forestry households receive very little income from their forests compared to average income in Japan. Governmental Surveys on Forestry Household Economy reveal that forestry household income has been showing a downwards trend since the late 1970s when it stood at around 1 million yen per an average household.²¹⁰ In the late 1990s it reached 400 000 yen, in the early 2000s – 300 000 yen, and in 2008 was only 103 000 yen.²¹¹ For comparison, a person who has a clerk position in a company

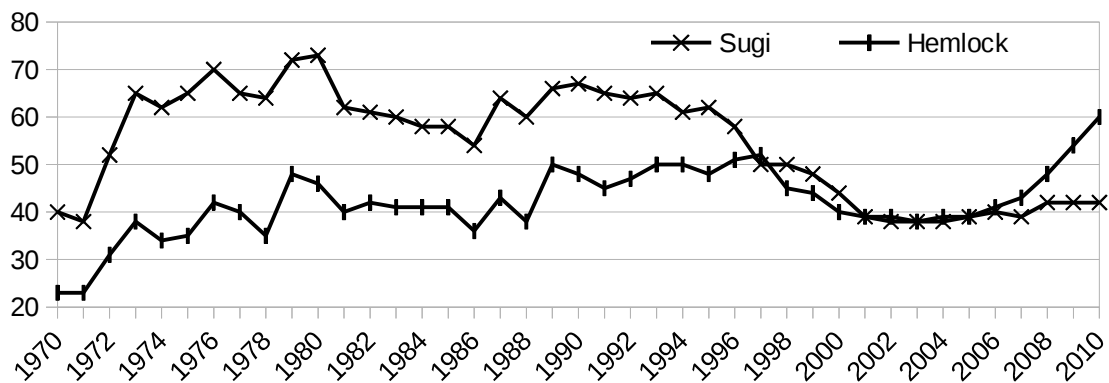
210 Statistics Bureau, Historical Statistics of Japan, Chapter 7, Table 7-36 (retrieved June 18, 2014 from <http://www.stat.go.jp/data/chouki/zuhyou/07-36.xls>)

211 Statistics Bureau, Japan Statistical Yearbook 2014, Chapter 7, Table 7-38 (retrieved June 18, 2014 from <http://www.stat.go.jp/data/nenkan/zuhyou/y0737000.xls>)

can earn on average around 300 000 yen per month.²¹²

4) North American hemlock was cheaper than Japanese *sugi* for more than three decades (see Figure 6-4). In most years the price difference was more than 30%. The situation changed to the favor of *sugi* only in the early 2000s.

Figure 6-4. Price of sawnwood in Japan (10cm X 10 cm X 3 m pieces, thousand yen per 1 m³).



Source: Kanto (2009).

5) For almost four decades, until the late 1990s, Japanese plywood industry was very much adjusted to use inexpensive imported tropical logs of broad-leaf species from Southeast Asian countries and did not invest in developing technologies to utilize the abundance of local conifer forests. As a result, only up to 5% of all wood used in making plywood in Japan originated in domestic forests. The rest was imported mostly from the Philippines, Indonesia and Malaysia (Forestry Agency, 2012a, p. 172). Moreover, most plywood factories were conveniently built in the vicinity of sea ports (Shimase, 2012). That allowed easy and quick transportation of imported logs to processing facilities giving tropical timber a competitive advantage compared to the domestic one that is deeper in the mainland.

The situation has been changing since the early 2000s because of shortage of raw tropical logs due to export bans implemented in Indonesia and some parts of Malaysia.

212 Ibid., Table 16-17 (retrieved June 18, 2014 from <http://www.stat.go.jp/data/nenkan/zuhyou/y0737000.xls>)

Reacting to that, plywood manufacturers invented new methods of making plywood out of conifer tree species, including ones that are abundant in domestic forests. Although majority of plywood is still imported from Southeast Asia, the survival strategy of plywood makers in Japan to use more domestic wood has created a new and increasingly expanding market segment for the forest owners.

In addition to price, imported wood is more attractive to Japanese consumers because of several other reasons. First, it is notable for its stable quality because all major exporting countries to Japan have extensive forest resources and can afford to sort timber by its various characteristics. Trading companies, therefore, can choose to purchase only timber that is best fitting Japanese demands. In a similar way, because of vast areas of old-growth forests in Southeast Asia, Japanese trading companies could demand only specific types of logs to be selectively cut in the Philippines, Malaysia or Indonesia.

Second, because of previously listed reasons imported wood has not only good quality but also comes in large quantities that help to reduce its price and allow to satisfy demands of large wood processing or housing companies more easily. Finally, wide geographical coverage of Japanese general trading companies ensures stable supply of imported wood. Their abilities are proven by the fact that they were able to conduct large-scale timber imports from the Philippines, then switch to Malaysia and Indonesia, and most recently explore the possibilities of sourcing tropical timber from Papua New Guinea and Solomon islands.

In contrast, all these three characteristics need to be improved in Japan. Due to small forest ownership, domestic timber is usually offered to the market in small quantities which creates a burden to large timber users, such as construction companies. In addition, it is more difficult to control wood quality and ensure stable supply because timber comes from a number of sources that may be using different forest management strategies. Even if the price of some domestic wood is similar or even smaller than imported one, supply and quality issues put the latter in a better competitive position.

The data shows that an average forest owner does not depend on forestry to earn a living, feels exhausted and pessimistic after many years of low wood prices, and is getting too old to look for a new ways to revive profitability of his property. Individually, a very large majority of forest owners are politically weak and can do little to influence national forest policies. However, their strength hides in their number and speaking in one voice could

potentially give them more power. That is done in the form of Forest Owners' Cooperatives that are analyzed in the next section.

6.1.2. Forest Owners' Cooperatives

The main organizational units that unite forest owners are Forest Owners' Cooperatives (*shinrin kumiai*, FOCs). They are non-profit organizations seeking to improve socio-economic position of their members and ensure stable forest productivity. The history of FOCs reaches far back to the beginning of the 20th century when the Diet adopted the Forest Law of 1907 in which individual forest owners were allowed to organize themselves in associations. The status and role of FOCs were modified after WWII by the present Forest Law of 1951, again in 1964 with the establishment of the Basic Forestry Law, and further again in the 1970s when a separate law – the Forest Owners' Cooperative Law – was adopted in 1978. The position of FOCs was strengthened in all these cases, especially by the latter law which put cooperatives at the center of the Japanese forest management. This was needed because of the weakness of individual small-scale forest owners to compete with imported timber and to deal with other forest management challenges by themselves. Also, because of decreasing population of rural areas, increasing average age of forest owners and the trend of more and more owners living away from their property,²¹³ FOCs are expected to take over many responsibilities of forest management and play an increasingly important role.

The Forest Owners' Cooperative Law sets out what types of activities FOCs can engage in (mainly in Article 9). There are two categories of them: mandatory and optional ones. Mandatory include guidance of their members, conduct of forest works or taking over entire forest management on behalf of their members, protection of forest from pests and implementation of other related projects. Optional activities include processing of forest products, construction, co-op business, tree nursery, reforestation, forest recreation, forestland sales, welfare of forest workers, finance or material supply and others. However, compared to agriculture cooperatives, during the first three decades after WWII, the range of FOCs activities were more limited, especially in areas related to finance and business outside of forestry. This happened because of the Forest Law of 1951 which restricted FOCs roles and goals and saw FOCs more as organizations that assist forestry administration rather than economic units that conduct forestry business. As a result, much governmental support to

²¹³ For example, when children who live in a city inherit forest from parents who lived in a village.

forestry was channeled through FOCs rather than distributed directly to individual forest owners (for example, the implementation of the Forestry Structure Improvement Project that began in the 1960s).

The range of FOCs activities were expanded in 1974 with the adoption of the Basic Forestry Law. It allowed cooperatives to engage in selling tree seedlings, promoting forest recreation, building wood processing facilities and other businesses. The expansion of allowed activities was done again in 1987, 1997 and 2005 after the amendments of the Forest Owners' Cooperative Law. For example, FOCs were allowed to purchase goods for cooperative members, to produce non-wood forest products (such as mushrooms), to negotiate loans to their members, and to be involved in a wider variety of projects (Endo, 2012, pp. 259–61). This was needed because of a slowdown in the Japanese forestry industry that, in its own turn, reduced the scale of works for FOCs in previously assigned business areas.

The system of FOCs is organized into three levels: individual local cooperatives, prefectural associations (46 in total) and the national federation – the National Federation of Forest Owners' Cooperative Associations. Associations facilitate cooperation of local cooperatives, provide guidance, training and are also involved in timber sales. The national federation was established in 1952 in Tokyo and is responsible for strengthening cooperation, conducting common projects, ensuring forest protection, continuation of wood production and improving economic and social position of its members.²¹⁴

Right after WWII, there were more than 5800 FOCs in Japan. The number, however, has been decreasing since then due to consolidation efforts (see Table 6-2). It used to be that each village had their own FOC but now most cooperatives cover much larger areas and can cross several administrative boundaries. For example, in 2010 nearly one third of all FOCs had members whose total ownership of forests exceeded 20 000 ha.²¹⁵ Although the total number of members decreased from almost 60% of all forest owners in the 1970s to 48% in the recent years, the forest area they own remained almost the same – around 11 million ha.

214 Outline of organizational structure of the National Federation of Forest Owners' Cooperative Associations (retrieved June 18, 2014 from http://www.zenmori.org/profile/2_list_detail.shtml)

215 Shinrin kumiai tōsei 2011, Table 1-3 (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?lid=000001115504>)

Table 6-2: Basic data about FOCs in Japan.

Year	1960	1970	1980	1990	2000	2010
Number of FOCs	3905	2524	1933	1642	1174	679
FOCs members (millions)	1.77	1.79	1.78	1.75	1.66	1.57
Share of forest owners who are FOCs members (%)	58	59.7	57.0	52.1	49.2	48
Forest area of FOCs members (millions ha)	N/A	11.7	11.7	11.5	11.2	10.9
Share of all private and public forests (%)	N/A	72	71	71	69	66
Forest workers (thousands)	N/A	67	60	39	30	26

Source: MAFF, Statistics of Agriculture, Forestry and Fisheries (*Nōrinsuisan tōkei*), various years.

There are several important benefits that forest owners can receive as FOCs members. First, it becomes easier to obtain forestry-related governmental subsidies that partially cover the cost of thinning, reforestation and other activities. While individual forest owners can apply for them themselves, the procedure is less complicated when it is done through FOCs. This is closely related to the forest planing system (*shinrin keikaku seido*) which stipulates that forest works can be subsidized only in those forests whose owners have prepared Forest Management Plans (*shinrin keiei keikaku*). To make things easier, several forest owners can make a joint management plan and submit it together. In practice, most of such joint plans are prepared by cooperatives. Therefore, many FOCs do both activities: prepare management plans on behalf of their members and then apply for subsidies to implement them (Matsushita & Hirata, 2002).

Second, most FOCs do not only prepare the necessary papers but also do the actual work on behalf of their members. It is a common practice among forest owners to rely on FOCs to do routine forest management, such as weeding, thinning or planting. As a result, very large proportion of subsidized forest works are done by FOCs – around 80% of all thinning and 90% of all planting in private forests are conducted by cooperatives (Matsushita & Hirata, 2002). This requires substantial workforce that in turn makes FOCs one of the largest employer in the forestry sector – around half of all forest workers in Japan work for

cooperatives. On the other hand, FOCs are little involved in activities that are not subsidized, such as logging. In 2010, FOC themselves harvested 2.5 million m³ of timber (14% of all timber harvested in Japan).²¹⁶

Forest maintenance works, such as previously mentioned thinning and reforestation, are the main activities of FOCs and account for more than half of their financial transactions (62% as of 2010).²¹⁷ Sales of forest products and wood processing are two other popular business areas, both generating around 10% of FOCs income. The rest includes a variety of smaller activities, such as managing forest tourism, harvesting non-wood forest resources or even providing snow removal services to secure employment to forest workers during the winter season (Matsushita & Hirata, 2002). The proportions of FOCs income sources have not changed dramatically in the past 40 years (Masahide, 2004).

The data of FOCs activities and sources of income shows that for a long time cooperatives have been very much dependent on governmental support as majority of their earnings originates from subsidized activities or management of public forests. This has a double effect on FOCs. First, such government-provided financial security does not encourage FOCs to be innovative and to find new ways to conduct business and generate additional revenue. Second, high dependency on subsidies turns FOCs into semi-governmental forest administration units through which the government can implement its policies rather than organizations that strongly represent the interests of private forest owners. Both effects turn FOCs into conservative organizations that have little interest in challenging and changing the existing situation. Instead, their main focus is on securing continuous governmental support – a policy that has been in place since the 1960s. Although cooperatives can work as a bridge between the government and forest owners, it is unlikely they will take a critical position towards the current policies and become a lobby group. This is showed by the fact that neither individual FOCs, nor the federation or associations declare any political goals, such as lobbying for its members interests. They also have no departments or dedicated workers for this purpose in their organizational structure. The national federation does not systematically work with forest policies nor publish policy proposals or federation statements. It clearly contrasts with the Central Union of Agricultural Co-operatives that pays much

216 Shinrin kumiai tōsei 2011, Table 3-2 (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?lid=000001115504>)

217 Shinrin kumiai tōsei 2011, Table 3 (retrieved June 18, 2014 from <http://www.e-stat.go.jp/SG1/estat/List.do?lid=000001115504>)

attention to participation in the policy making (Mulgan, 2013, pp. 33–6).

Since its establishment, the federation attended 14 committee meetings in the Diet and had opportunity to express its position.²¹⁸ Although federation's representatives expressed their concern about timber market liberalization and tough competition with imported timber on several occasions, they followed the general policy line drawn by the Forestry Agency. Namely, that the government should further support the domestic forestry and improve its competitiveness. When there was an opportunity for the federation to protect the domestic market from the imports of illegally logged timber in the 2000s, it did not take an active and strong position. The federation only briefly mentioned the need to restrict illegal timber coming to Japan when it attended the Diet committees and spoke about this topic only twice in its own monthly magazine without promoting strong legislative or other measures.

The reason why FOCs are sluggish in advocating forest owners' interests lay in forest owners themselves. As it was explained in the previous section, most forest owners in Japan are simply “owners” of forestland without much involvement in forest production or forestry industries. Forest management is only a small part of their lives because they work and earn their living in other fields. Naturally, that attracts most of their attention and interest rather than forestry trends, silviculture innovations or international forest issues. The activities of FOCs are not put under scrutiny either, and the relationship between cooperatives and forest owners is far from close. As mentioned before, only half of all owners are members of FOC but even these do not maintain a close contact. According to a survey conducted in Kagoshima Prefecture in 1997, 90% of all non-national forests in Osumi area (merged to Soo city in 2005) had forest management plans. However, when forest owners were asked whether they have one, almost 49% responded “no” and 38% said “I don't know” (Matsushita & Hirata, 2002). On the one hand, this indicates that one third of surveyed owners do not know about their forestland enough even to tell whether they have a management plan. On the other hand, it reveals that the communication between cooperatives and their members is so low that local FOC creates and submits management plans without the consent and participation of forest owners themselves. It is, therefore, hard to expect that FOCs and forest owners can unite to fight for their interests on the political level if they fail to solve such major issues as communication about the management of their property. As a result, political power is given away to other business players in the forest policy field, such as general trading companies,

218 According to the Diet records database (retrieved June 18, 2014 from <http://kokkai.ndl.go.jp>)

the construction industry and financial groups. They are analyzed in the following sections.

6.3. General Trading Companies

The general trading companies (GTCs or *sōgō shōsha* in Japanese) have enormous importance to Japan's economy. According to Nikkei data of 2013, when Japanese companies are ranked by their annual sales, four companies out of the top ten are *sōgō shōsha* (Mitsubishi Corporation, Itochu, Marubeni and Mitsui) and two more can be found among the following ten (Sumitomo and Toyota Tsusho).²¹⁹ In total, there are nearly 5000 companies that fall under the “general trading” classification and have capital stock exceeding 50 billion yen (0.47 billion USD).²²⁰ As their name suggests, GTCs conduct trade of a large variety of products – from industrial machinery to household or food items – although the smaller *sōgō shōsha* typically specialize in more limited number of trade areas. According to Japan External Trade Organization (JETRO), *sōgō shōsha* are unique in their large size, scope of activities, high information-gathering capabilities, and functional diversity.²²¹ These companies manage two-thirds of all imports to Japan and half of all exports. By using funds from affiliated banks, GTCs work as trade intermediaries and facilitate links between producers, shippers, processors of raw materials and the final consumers. Main income of *sōgō shōsha* mostly comes from services, such as market information, translation and management of the whole supply chain (Dauvergne, 2001, p. 164).

GTCs have good financial resources, employ a large number of staff with high expertise and are known for their strong internal and external organizational structure. Most *sōgō shōsha* belong to the Japan Business Federation (Keidanren) and importers/exporters associations that unite companies working in specific trade areas, such as the Japan Lumber Importers' Association, the Japan Plywood Manufacturers' Association and so on. Larger GTCs also belong to the Japan Foreign Trade Council. All these external structures allow to coordinate activities and have a strong united voice when communicating their message to the

²¹⁹ Company rankings according to their sales, Nikkei (retrieved June 18, 2014 from

<http://www.nikkei.com/markets/ranking/keiei/uriage.aspx?KubunCode=0&Gyosyu=00&PageNo=>)

²²⁰ Commission of inquiry on industrial structure, METI (retrieved June 18, 2014 from

<http://www.meti.go.jp/committee/materials/downloadfiles/g80422b17j.pdf>)

²²¹ NZ-Japan Business Matching Event, JETRO (retrieved June 18, 2014 from

<http://www.jetro.go.jp/newzealand/Events/TechShowcase.html>)

government and society.

All large GTCs are involved in importing wood and wood products and, together with some smaller *sōgō shōsha* specializing in the timber business, control a significant portion of the market. It is not clear, however, how much wood and from what countries each company imports because most of them treat such information as confidential. This has not always been the case. Detailed import information was pro-actively publicized by many *sōgō shōsha* since the 1970s through Japan Lumber Importers' Association which unites more than 130 large GTCs. This lasted until the start of the tropical forest campaign in the late 1980s and early 1990s. Facing growing criticism for importing environmentally destructive timber, many general trading companies took the decision not to make the data public and that policy is kept implemented to this day. This creates a major obstacle for evaluation of how much each company is involved in dealing wood products from countries with high environmental and social risks and whether it is implementing adequate measures to deal with these issues.

Data from 1987 showed that 64% of log imports from Southeast Asia to Japan were managed by 15 companies with Itochu, Marubeni, Yuasa and Sumitomo standing at the top of the list (Nectoux & Kuroda, 1989, p. 65). The same source shows that, during the period of 1981-1987, all largest traders increased the quantity of tropical log imports. Data from 1990 reveals that when all tropical timber is considered, the largest importers were Mitsubishi, Sojitz (at that time Nissho Iwai and Nichimen), Marubeni, Itochu, Mitsui and Sumitomo (Jomo, 1994). A rather rare glimpse of more recent data can be found on Sumitomo Forestry website which contains a presentation from 2006 directed to an unknown audience.²²² It provides a comparison of market share between largest GTCs in several wood import sectors in the year 2005. The data reveals that Sojitz, Itochu, Sumitomo, Marubeni and Mitsubishi still maintain their leading positions (see Table 6-3).

Table 6-3: Market share of timber imports to Japan in 2005

<i>Logs (total):</i>	<i>Plywood (from Indonesia):</i>
1. Sojitz – 17.6%	1. Sumitomo Forestry – 26.6%
2 . Sumitomo Forestry – 13.6%	2. Sojitz – 26.6%
3. Chugoku Timber – 12.9%	3. Marubeni Corporation – 5.7%

222 About Sumitomo Forestry business of wooded building materials (retrieved June 18, 2014 from <http://sfc.jp/information/ir/library/pdf/sonota/small%20meeting02.pdf>)

4 . Marubeni Corporation – 12.8%	4. Itochu – 5.3%
5 . Mitsubishi Corporation – 4.8%	5. Sumisho & Mitsuibussan Kenzai (Mitsui Group) – 5.3%
<i>Logs (from Southeast Asia):</i>	<i>Plywood (from Malaysia):</i>
1. Sumitomo Forestry – 26.7%	1. Sojitz – 15.1%
2. Itochu – 23%	2. Itochu – 13.5%
3. Sojitz – 16.6%	3. Sumitomo Forestry – 11.4%
4. Marubeni – 11.1%	4. Sumisho & Mitsuibussan Kenzai (Mitsui Group) – 9.2%
5. Nippon Paper Lumber – 9.3%	5. Marubeni Corporation – 6.5%

Source: Sumitomo Forestry, *About Sumitomo Forestry business of wooden building materials* (retrieved June 18, 2014 from <http://sfc.jp/information/ir/library/pdf/sonota/small%20meeting02.pdf>)

No radical changes in the timber trading business or the structure of general trading companies allow to make an assumption that those *sōgō shōsha* that were the most prominent in importing wood in the early 1990s and the mid 2000s remain the biggest players in this area to this day. Although without providing any specific statistical data, this situation is confirmed by several more recent studies (Jurgens, 2006, p. 26; Rutten & Hock, 2004, pp. 19–20).

Until the late 1980s, GTCs dealt with tropical forests only from an economic perspective ignoring environmental and social costs. Because of their financial power, they were able to provide Southeast Asian logging companies credit or equipment (often paid in logs) to facilitate rapid extraction of valuable timber. Sustainability was not a concern of GTCs – when one source of timber became exhausted they moved to another one. In the case of tropical logs the migration was from the Philippines in the 1960s to Indonesia in the 1970s and 1980s to Malaysia in the 1980s, 1990s and 2000s to Papua New Guinea in the 1990s. Knowingly or not, by ignoring social and environmental effects of rapid logging and by constantly seeking the lowest price, *sōgō shōsha* exacerbated illegal logging, timber smuggling, and tax evasion in these countries. This reduced state revenues which could

potentially be used to implement sustainable forestry practices (Dauvergne, 1997; Nectoux & Kuroda, 1989).

Japanese GTCs became targets of criticism for tropical deforestation in the second half of 1980s. First articles making connection between Japan's timber consumption and tropical forest destruction in Southeast Asia appeared in the Japanese media in 1986. The idea about that, however, did not originate among Japanese environmental activists but was brought from outside. One of the most critical events for that to happen was the Regional Conference on Forest Resources Crisis in the Third World held in Penang, Malaysia in September, 1986. Environmental NGOs from different countries gathered there to discuss the state of tropical forests, indicate the biggest problems and find ways to solve them. Japan received especially big attention there because it was the largest tropical timber importer at that time. Naturally, those companies that invested in logging activities in Southeast Asia, and those that managed timber imports from the region also received their share of criticism for profiting from unsustainable activities. Anti-deforestation campaign soon moved to Japan and, as explained in detail in Chapter 5, lasted until the mid 1990s.

The criticism domestically and internationally led to the corporate “greening” process which included the creation of environmental departments, publications of environmental guidelines, and conduct of conservation projects. This was also fueled by the Japanese government which took pro-active position in solving global environmental problems, and high attention given to the environment before, during and after the Earth Summit in 1992. As a result, by the early 1990s, all largest GTCs have established environmental sections to coordinate “green” activities and increased funding for eco-friendly projects in developing countries. Despite this, the core business practices remained unmoved. Environmental guidelines were vaguely worded, without any targets, enforcement mechanisms or monitoring. Meanwhile, projects in developing countries had few links with companies' main business. For example, Sumitomo Forestry, the largest importer of tropical logs to Japan, conducts no projects in Sarawak from which the logs are sourced.²²³ Instead, the company is known for support given to slash-and-burn prevention projects in Indonesia (Kobayashi & Kato, 2002). This allowed authors to accuse GTCs seeking only improve their corporate image instead of changing business practices and looking for innovative solutions (Dauvergne, 1997, p. 36; Karliner, 1997, p. 122). As it will be presented later, this has not

²²³ Sumitomo Forestry CSR Report 2013 (retrieved June 18, 2014 from http://sfc.jp/information/society/pdf/pdf/2013_report.pdf)

changed dramatically since the 1990s. Although, some companies introduced timber procurement guidelines in the second half of the 2000s, their effectiveness remains questionable.

6.3.1 Position of Associations

Japan Business Federation (widely known as Keidanren, an abbreviation of its Japanese name *Nippon keizai dantai rengōkai*) is the largest business federation in Japan and one of the country's most powerful business organizations. Virtually all major companies belong to Keidanren either directly or through smaller industry associations. The Federation is known to maintain a close relationship with the government and the ruling LPD, and actively participates in policy-making through making proposals, arranging meetings with relevant ministries and exchanging documents (Huffman, 2013, p. 56; Kerbo & McKinstry, 1995).

Until “greening” trend which started in the early 1990s, Keidanren did not have any forest protection policy to guide companies importing timber. Federation's role in tropical deforestation was an indirect one. As the main promoter of business interests, it ensured that trading companies have a good business environment and receive support from MITI and other government's agencies. For example, Keidanren was an active promoter of timber market liberalization that allowed GTCs to offer more competitive prices. During the conflicts on plywood tariffs with the USA and Indonesia in the mid-1980s, Keidanren's president Inayama Yoshihiro said during his visit to Indonesia that tariffs on tropical plywood should be reduced and made equal to softwood plywood.²²⁴ Later this was turned into an official proposal presented to the Japanese government with a long-term goal to reduce all tariffs to zero.²²⁵

Keidanren started to promote environmental awareness among its members in the early 1990s when it introduced the Ten-Points-Environmental Guidelines for the Japanese Enterprises Operating Abroad in April 1990 and the Keidanren Global Environment Charter in April 1991. Both documents encourage companies to “(1) protect the global environment

224 No doubt about correction of plywood tariffs (*Gōhan kanzeiritsu zesei wa tōzen*), Asahi Shimbun, January 29, 1985.

225 Keidanren plans to propose reduction of tariffs for developing countries (*Keidanren ga tojyōkoku muke kanzei hikisage o teigen no hōshin*), Asahi Shimbun, February 16, 1985; Keidanren proposes to end trade friction and to expand “zero tariffs” (*Keidanren bōeki masatsu dagai e teigen, “kanzei zero” hirogeyo*), Asahi Shimbun, February 27, 1985

and improve the local living environment, (2) take care to protect ecosystems and conserve resources, (3) ensure the environmental soundness of products and (4) protect the health and safety of employees and citizens.”²²⁶ The charter, however, is purely voluntary and was never turned into an action plan with specific targets and requirement for the companies to report their progress.

In 1992, Keidanren established the Keidanren Committee on Nature Conservation and the Keidanren Nature Conservation Fund. The committee discusses a variety of issues related to environmental protection and drafts documents which then are proposed to be accepted by all federation members; while the fund is used to finance environmental projects both in Japan and abroad. Main contributors to the fund are Keidanren member companies themselves. After more than 10 years, in 2003, the committee announced the Declaration of Nippon Keidanren on Nature Conservation which repeats many statements from the previously mentioned charter and calls for more cooperation between businesses, scientists, civil society and governmental institutions to promote nature conservation.²²⁷ Again, the declaration is not accompanied by an action plan.

One of the most recent documents prepared by the committee is the Declaration of Biodiversity by Keidanren that encourages companies to put more effort to biodiversity protection.²²⁸ It was released in March 2009. The major improvement of this declaration was that it came with an action plan and guidelines to action policies.²²⁹ Although the action plan does not introduce any numeric goals or deadlines, it gives quite detailed instructions what activities are expected from Keidanren members. For example, companies should consider how they could address biodiversity protection issues in their procurement policy, set specific targets in medium- or long-term operational plans and disclose them publicly, conduct activities in cooperation with the non-governmental sector, etc. Specifically related to forest protection are suggestions to utilize third-party forest certification systems, improve wood recycling, extend “green” procurement and provide support to forest protection projects. All

226 Keidanren Global Environment Charter (retrieved June 18, 2014 from

<http://www.keidanren.or.jp/english/speech/spe001/s01001/s01b.html>)

227 Declaration of Nippon Keidanren on Nature Conservation (retrieved June 18, 2014 from

<http://www.keidanren.or.jp/english/policy/2003/020.html>)

228 Declaration of Biodiversity by Keidanren (retrieved June 18, 2014 from <http://www.keidanren.or.jp/english/policy/2009/026.html>)

229 Declaration of Biodiversity by Keidanren, Guide to Action Policy (retrieved June 18, 2014 from <http://www.keidanren.or.jp/english/policy/2009/026guide.pdf>)

these actions are voluntary and there is no mechanism to follow what progress has been made by Keidanren members. Companies are not required to report how they implement the Declaration or reach certain targets.

The Japan Foreign Trade Council (JFTC) is another trade-industry association that unites many *sōgō shōsha* and represents their interests. JFTC members can be both individual trading companies and trading-related business associations. JFTC has a code of conduct that mentions “environmental considerations” as one of the necessary elements in business management, but does not provide more details on that.²³⁰ In February 2002, JFTC also introduced Shosha's Corporate Environmental Code of Conduct which was most recently updated in June 2010.²³¹ The short document stresses members' dedication to sustainable development, environmental protection, compliance with environmental laws, consideration of biodiversity and contribution to the low carbon and recycling-based society. This code of conduct is not followed by more detailed guidelines or action plan, and there is no information how it is implemented.

In addition to Keidanren and JFTC – two general industry associations – there are two large associations dedicated to the wood industry and general trading companies: the Japan Lumber Importers' Association (JLIA) and the Japan Federation of Wood-industry Associations (JFWA). JLIA unites many large *sōgō shōsha*, like Mitsubishi Corporation, Marubeni, Mitsui or Itochu.²³² In contrast to other organizations, JLIA does not have a website and provides little information about its values or environmental activities to the public. Reacting to governmental initiative to tackle illegal logging, at the end of 2005 JLIA prepared a statement in which it acknowledged the seriousness of the issue and pledged to require all member companies to adhere to logging and export laws of timber exporting countries.²³³ In the document JLIA also gives support to international and national efforts to implement sustainable forest management but does not provide any details what activities are to be taken by the association to implement this goal. In its 50th anniversary book that was released in

230 JFTC, Shosha's Corporate Code of Conduct (retrieved June 18, 2014 from http://www.jftc.or.jp/english/credo_e.htm)

231 JFTC, Shosha's Corporate Environmental Code of Conduct (retrieved June 18, 2014 from <http://www.jftc.or.jp/english/shoshas.pdf>)

232 Members' list as provided in Goho Wood website (retrieved June 18, 2014 from http://www.goho-wood.jp/nintei_system/user/list.php?group_id=7)

233 JLIA actions and illegal logging counter plan, November 29, 2005 (retrieved June 18, 2014 from http://www.goho-wood.jp/nintei_system/dantai_kihan/yunyukyo_dantai_kihan.pdf)

2000, JLIA does not present any environmental or social initiatives promoted on the association-wide level and does not talk about illegal logging, forest certification or related topics (Japan Lumber Importers' Association, 2000). The only visible JLIA's environmental action so far was pledging 50 000 USD during the 48th ITTO meeting in Yokohama in 2012 to support buffer zone management of Pulong Tau National Park in Sarawak, Malaysia.²³⁴

Because JLIA is one of the central organizations uniting general trading companies that import timber, it was criticized by environmental and human rights organizations for not taking much action to reduce negative impacts of Japan's tropical timber consumption. For example, in the early 1990s JLIA stopped publicizing how much wood and from where is imported by each of its members and refused NGOs' requests to reveal this data.²³⁵ Such step was seen by many activists as a blatant measure to reduce criticism by hiding sensitive information instead of taking constructive steps to solve environmental and social issues. The policy to treat import data as confidential has not been changed to this day. Another case is from December 2011, when 14 NGOs from different countries (half of them from Japan) sent an open letter to JLIA and other related associations to notify them about recent evidence of illegal logging happening in Sarawak, Malaysia and illegal timber being imported to Japan.²³⁶ Although the evidence was based on the investigation done by the Malaysian Auditor-General, the Council on Ethics for the Norwegian Government Pension Fund and international environmental NGOs, JLIA showed no efforts to independently verify the situation (Global Witness, 2013b, pp. 8–9).

The Japan Federation of Wood-industry Associations (JFWA) is another prominent organization unifying companies that import and use timber. Similar to JLIA, it has released declarations condemning illegal logging and expressing support to tackle the problem.²³⁷ The association administers goho-wood.jp website that provides information both for domestic and foreign companies about the Green Purchasing Law which requires to use in public projects only wood with documents that prove its legality. However, there are neither

234 MOFA, list of projects discussed during the 48th ITTO meeting (retrieved June 18, 2014 from http://www.mofa.go.jp/mofaj/gaiko/itto/pro_48.html)

235 Sarawak Group Requests Timber Data, The Japan News, December 26, 1992.

236 An open letter to JLIA and JFWA (retrieved June 18, 2014 from http://www.foejapan.org/forest/library/pdf/111216_1.pdf)

237 JFWA anti-illegal logging measures (retrieved June 18, 2014 from http://www.goho-wood.jp/nintei_system/dantai_kihan/zenmokuren_dantai_kihan.pdf)

environmental guidelines for JFWA members nor action plans or other measures to encourage procurement of sustainable wood. Another similarity to JLIA is that JFWA was also one of the recipients of the open letter about illegal logging in Sarawak but did not take any action to investigate the situation independently (Global Witness, 2013b, pp. 8–9).

6.3.2. Position of Individual General Trading Companies

Most GTCs nowadays release sustainability or CSR reports where they present their activities in dealing with environmental and social issues arising in their business. However, when it comes to forest protection, there are little to no policies to ensure that timber and wood products are produced without damaging ecosystems and local communities. This happens despite the fact that *sōgō shōsha* occupy a very large market share of wood imports and for a long time have been facing criticism for benefiting from unsustainable forest exploitation. As it was mentioned before, none of the largest general trading companies disclose how much wood and from what countries they import. This creates obstacles to analyze whether even those few policies put in place are addressing the most serious issues. Here are cases of five largest general trading companies:²³⁸

- Mitsubishi Corporation has no procurement guidelines or policy for wood products and forest protection. Company's Environmental Charter lists several environmental principles that the company strives to implement in daily business practices.²³⁹ However, there is no information how these principles are applied in practice. In addition, they are too broad to deal with specific issues related to sustainable use of forest resources. Mitsubishi Shoji Construction Materials Corporation is one of many companies that belong to Mitsubishi Group. It specializes in construction materials including timber. Although the company has environmental policy, it does not address wood procurement issues. Mitsubishi Estate, another subsidiary company, works in real estate, engineering, housing and several other related sectors. The company has green procurement guidelines that are applied to all products and materials the company's procures. Wood products are mentioned there only once saying that

²³⁸ Sumitomo Forestry is grouped with construction and housing companies and will be reviewed later in the text.

²³⁹ Mitsubishi Corporation Environmental Charter (retrieved June 18, 2014 from <http://www.mitsubishicorp.com/jp/en/about/philosophy/charter.html>)

Mitsubishi Estate will strive to use more certified and domestic wood.²⁴⁰ However, the progress of implementing this remains unclear because no information is provided in company's annual reports. The company also reports about plans to increase domestic timber use and cooperation with some Japanese forest owners.²⁴¹ Again, more details about this remain unreported.

- Sojitz has no procurement guidelines for wood products. Sojitz Building Materials Corporation which is one of the main companies in Sojitz Group dealing with timber, declares broad efforts to protect the environment but gives no information how this is implemented in practice.²⁴² The company also has subsidiaries that specialize in the timber trade in Malaysia and Indonesia. However, these companies have no Internet web sites and do not seem to have any forest protection guidelines.
- Marubeni does not disclose how much timber it uses or sells and where does it come from. The company does not have company-wide timber procurement guidelines. Marusumi – a company that works in paper and pulp industry and is controlled by Marubeni – does not publish CSR or environmental reports. Although the company has timber procurement guidelines, it does not disclose how they are implemented.²⁴³
- Itochu (former C. Itoh & Co.) is the second largest Japanese general trading company. Dealing with wood products is mostly done by Itochu's Forest Products & General Merchandise division (which is part of the ICT, General Products & Realty Company). The division does not have any policy related to wood procurement and does not disclose how much wood it uses or trades. Itochu's CSR report only states that the division strives to increase the use of certified wood chips and pulp and clarify traceability.²⁴⁴ However, it is unclear what is the broader context of these activities and their results.

240 Mitsubishi Estate Green Procurement Guidelines (retrieved June 18, 2014 from <http://www.mec.co.jp/j/csr/environment/green/pdf/guideline.pdf>)

241 Mitsubishi Estate CSR Report 2013 (retrieved June 18, 2014 from <http://www.mec.co.jp/j/csr/report/2013/pdf/csr2013.pdf>)

242 Sojitz efforts towards environmental problems (retrieved June 18, 2014 from <http://www.sojitz-bm.com/environment.html>)

243 Marusumi's policy on raw wood material supply (retrieved June 18, 2014 from <http://www.marusumi.co.jp/activity/chotatsu.html>)

244 Itochu CSR Report 2013 (retrieved June 18, 2014 from <http://www.itochu.co.jp/ja/csr/report/2013/pdf/13fullj-all.pdf>)

- Mitsui is the third largest Japanese general trading company. Mitsui reports about its efforts to procure legal and sustainable wood which originates from certified forests, but the progress of that is unclear.²⁴⁵ The company also owns forests in Japan and has a goal to increase the use of domestic wood. However, the company does not disclose how much wood in total it uses or trades. Sumisho & Mitsuibussan Kenzai is a subsidiary of Mitsui working in the timber trade and housing sector. It has broad environmental goals and talks about promotion of third-party forest certification.²⁴⁶ However, the only example of sustainable forest management is given from Australia, despite that fact that the company is among the largest plywood importers from Indonesia and Malaysia.
- Although Yuasa is not among the largest Japanese general trading companies, it is prominent in timber trading. The main subsidiary involved in this field is Yuasa Lumber which is based in Tokyo, but has foreign offices in Indonesia, Malaysia, Russia, China, US and New Zealand. Yuasa Lumber does not have any environmental guidelines for timber procurement and only uses very general environmental policy that was formulated in 2011 and is now applied to all Yuasa companies.²⁴⁷ Yuasa Lumber does not disclose how much wood it uses or trades.

6.3.3. Activities of Individual General Trading Companies

Until the late 1980s, Japanese GTCs were involved only in supporting projects related to logging. *Sōgō shōsha* invested in timber ventures in the Philippines, Indonesia and to a lesser degree in Malaysia, provided technology for more efficient forest exploitation, and encouraged scaling-up of logging activities through mechanization. In some cases, this happened with government's support which provided loans for GTCs to develop forestry in Kalimantan or other areas (Dauvergne, 1997, p. 86). Companies usually avoided investing in sustainable forestry or reforestation because that would be a long-term project requiring constant management and support. Considering how abundant forest resources were in

245 Mitsui CSR Report 2013 (retrieved June 18, 2014 from http://www.mitsui.com/jp/ja/csr/csrreport/pdf/ja_csr_detail_2013.pdf)

246 Environmental initiatives of Sumisho & Mitsuibussan Kenzai (retrieved June 18, 2014 from <http://www.smkc.co.jp/eco/>)

247 Yuasa Lumber Environmental Policy (retrieved June 18, 2014 from <http://www.yuasa-lumber.co.jp/environment/index.html>)

Southeast Asia, instead of regenerating degraded forests companies could move to still unlogged areas rich in high-quality logs.

The start of “greening” marked the beginning of projects that have environmental and social components. Mitsubishi Corporation launched an experimental forest regeneration project in Sarawak, Malaysia in 1990 and a similar one in 2011 in Java, Indonesia.²⁴⁸ Itochu has been planting trees of local species in Sabah, Malaysia since 2010.²⁴⁹ Sumitomo Forestry is involved in several relatively small-scale social forestry projects in Indonesia. In one case, the company offers courses for local people to teach them about forest management and distributes seedlings of fast-growing tree species with a promise to buy timber after six or seven years. The activity has been continuing since 2000. Another Sumitomo Forestry project, which started in the early 1990s, is located in the eastern Kalimantan where the company together with local people conduct an experiment of planting deforested land with native tree species, fruit trees, fast-growing trees and crops. The goal is to create an environment that protects local biodiversity and generates income for local communities. Sumitomo Forestry also sees this project “as a way of repaying a debt” accumulated by timber imports to Japan (Kobayashi & Kato, 2002). Some companies, like Sojitz, do not conduct any projects in Malaysia or Indonesia.

Despite their good intentions, GTCs projects are small, hardly reduce past and current damage done to forests, and are not linked with trade practices that have been continuing since the 1960s.

6.4. Construction And Housing Companies

Around 40% of all wood consumed in Japan is used in the construction industry (including civil engineering works and residential home building) – more than in any other sector.²⁵⁰ This means that decisions made by construction companies about wood used in their projects can make a big difference to how wood is produced, where does it come from and

248 Regeneration of Tropical Forests, Mitsubishi Corporation (retrieved June 18, 2014 from

<http://www.mitsubishicorp.com/jp/en/csr/contribution/earth/activities03/>)

249 Itochu CSR Report 2013 (retrieved June 18, 2014 from <http://www.itochu.co.jp/ja/csr/report/2013/pdf/13fullj-all.pdf>)

250 The outline of Japan's forests, forestry and timber use in 2011, Forestry Agency (retrieved June 18, 2014 from <http://www.rinya.maff.go.jp/j/riyou/koukyou/pdf/gaikan.pdf>)

what environmental and social impact it has. For example, their interest in procuring sustainable and legal wood can mean that more producers will look for ways to implement sustainable forest management in their forests to enter the Japanese market. Big economic power of construction companies and their connection to the government through Keidanren also mean they have a strong influence over forest policy. Therefore, in order to understand forest policy formation, it is necessary to see what attitudes towards forest management are predominant among construction companies.

According to Nihon Keizai Shimbun, ten largest construction companies in Japan are Daiwa House, Sekisui House, Kajima Construction Corporation, Shimizu Corporation, Taisei Corporation, Obayashi Corporation, Daito Trust Construction, Sumitomo Forestry, Haseko Corporation and Toda Corporation.²⁵¹ In 2012, their total sales exceeded 12.5 trillion yen (around 120 billion USD) and were almost equal to sales of the next 90 largest Japanese construction companies. Some companies out of these ten – Daiwa House, Sekisui House, Sumitomo Forestry – are also the biggest Japanese residential home builders. Other major housing companies in Japan are Sekisui Chemical Corporation, Misawa Home, Tama Home and Asahi Kasei.

Housing companies are united by two big industry associations: the National Housing Industry Association (*Zenkoku jyūtaku sangyō kyōkai*) and the Japan Wooden Housing Industry Association (*Nihon mokuzō jyūtaku sangyō kyōkai*). Little can be said about these associations because neither of them imposes any environmental guidelines on their members or address legality, environmental or social issues related to timber procurement. As a result, housing companies are left to address these issues on their own.

6.4.1. Daiwa House

Daiwa House is the biggest construction company in Japan based on annual sales that were over 2 trillion yen (nearly 20 billion USD) in 2012. The company builds around 40 000 houses every year.²⁵² According to 2009 data, Daiwa House used around 250 000 m³ of wood in its construction projects.²⁵³ 30% of that amount was imported from Europe, 23% was

251 Nikkei (retrieved June 18, 2014 from <http://www.nikkei.com/markets/ranking/keiei/uriage.aspx?KubunCode=0&Gyosyu=41&PageNo=>)

252 Daiwa House CSR Report 2013 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2013/2013_csr_detail_all.pdf)

253 Daiwa House news release in October 2010 (retrieved June 18, 2014 from <http://www.daiwahouse.co.jp/>)

recycled, 20% came from domestic forests, and 13% was sourced from China.²⁵⁴ The company does not report any use of tropical timber. Reports of amount of wood used by the company are sporadic and lack in detail.

Daiwa House has been releasing company's environmental reports since the year 2000. The biggest attention in them is given to greenhouse gas reduction, recycling and renewable energy promotion efforts. However, for the first ten years little to no information was provided about timber procurement and forest protection. This happened despite the fact that during the 2000s Japanese government put much effort to raise awareness of illegal logging and to design policies to fight the problem. First changes in this area appeared at the end of 2010 when the company adopted a declaration on biodiversity protection. This was done in relation to the Biodiversity Convention conference held at that time in Nagoya city. In the second part of the declaration, the company talks about timber supply issues and introduces its own guidelines to improve the situation.²⁵⁵ In the guidelines Daiwa House pledges to procure only timber that is certified by third-party, recycled or evaluated by the company itself. Timber is considered to be legal if it comes with documents showing clear supply chain, permission given to the logging company to harvest timber, and compliance with logging laws of that area. Sustainability is verified by evaluating timber according to eight criteria (see Table 6-4). The subject of evaluation is all timber used in constructing house structure. In 2011, wood used in flooring was also added.

Table 6-4: Sustainability criteria of Daiwa House

<p><i>Daiwa House criteria to measure sustainability of procured wood products</i></p> <ol style="list-style-type: none"> 1. Wood does not come from endangered tree species. 2. Wood does not come from clear-cutting natural forests on a large-scale. 3. Logging is done by taking into consideration protection of local endangered species. 4. Wood does not come from conflict areas. 5. Wood is produced without violation of workers' rights.

release/20101001132757.html)

254 Daiwa House CSR Report 2011 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2011/2011_csr_detail_all.pdf)

255 Daiwa House CSR Report 2011 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2011/2011_csr_detail_all.pdf)

6. Logging is done to extent that allows forest regeneration.
7. Wood is produced domestically (in Japan).
8. Wood comes from fast-growing tree species.

Source: Daiwa House CSR Report 2011 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2011/2011_csr_detail_all.pdf)

In 2011 report Daiwa House did not provide detailed methodology how timber is evaluated according to each criterion mentioned in the guidelines. The company only stated that it conducted an examination of 190 000 m³ of timber in 2010 and all of it was found legal and coming from sources with high sustainability level.²⁵⁶ It is not clear, however, what that means exactly.

In 2012 report added slightly more details by introducing a ranking system. It has a maximum of 110 points and four ranks: S (more than 90 points), A (80-85 points), B (70-75 points) and C (less than 65 points). Timber evaluation made in 2011 showed that 91% fell in rank S with another 6% receiving rank A. 82% of rank S timber had third-party certification.²⁵⁷ In 2012 rank proportions remained almost exactly the same as the year before.²⁵⁸ However, in both 2012 and 2013 reports no information was given how these points are calculated and how much wood was evaluated.

Daiwa House supports government's plan to increase domestic timber use in the following years. In 2012, one fourth of all timber used by the company was domestic and there is a goal to make this ratio even bigger.²⁵⁹ In order to do that, Daiwa House has designed house models that can be constructed entirely out of domestic timber. However, the company do not set any specific numeric goals how much domestic wood it will use in the future.

6.4.2. Sekisui House

Sekisui House is one of Japan's biggest construction companies. It was established in

²⁵⁶ Daiwa House CSR Report 2011 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2011/2011_csr_detail_all.pdf)

²⁵⁷ Daiwa House CSR Report 2012 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2012/2012_csr_detail_all.pdf)

²⁵⁸ Daiwa House CSR Report 2013 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2013/2013_csr_detail_all.pdf)

²⁵⁹ Daiwa House CSR Report 2013 (retrieved June 18, 2014 from http://www.daiwahouse.co.jp/csr/pdfs/2013/2013_csr_detail_all.pdf)

1960 and has its head office in Osaka. As of 2013, Sekisui House claims to have more than 21 000 employees and had build in total over 2.13 million houses throughout company's history.²⁶⁰ Many house models that Sekisui House offers have a wooden framework or wooden interior elements. In 2012, the company used 348 000 m³ of wood that is around 1% of all wood used in the Japanese construction industry that year. 64% of that wood came from European and North American forests, 13% was domestic, 11% from Asia (excluding Russia), and around 7% from tropical (mostly Southeast Asian) forests. This composition is constantly changing. For example, in 2006 Europe and North America accounted for 33%, Russia for 27%, tropical timber for 18%, and domestic timber for around 10%.²⁶¹ Sekisui House is notable for not using any tropical plywood for concrete molding that is a widespread practice in the industry. Instead, the company has been using metal frames.

Sekisui House was the first major construction company that responded to the Fairwood Campaign organized by FoE Japan and GEF. It all began in February 2006 when NGO activists held a seminar in Osaka to promote Fairwood among companies in the construction industry and Sekisui House was one of the participants. At that time, Sekisui House was developing methods to make its business practices more sustainable and environmentally friendly. As the company uses large quantities of wood, timber procurement was considered to be an important area for improvement. After the seminar Sekisui Home approached organizers and has been working with Fairwood activists since then. With their support the company set a goal to create its own guidelines that could help to evaluate all purchases of wood and facilitate the use of environmentally responsible and socially fair timber. According to Sekisui House, the company was inspired to do that after their heard about the Green Purchasing Law adopted by the government in April 2006. However, because the law was criticized by environmental NGOs for not taking many issues into consideration (for example, protection of high conservation value forests or trade of conflict timber), the company felt the need to go beyond the example showed by the government and create more advanced requirements.²⁶² Therefore, in addition to timber legality, environmental and social impacts of wood production were taken into consideration. The company was also willing to

260 Sekisui House, Sustainability Report 2013 (retrieved June 18, 2014 from http://www.sekisuihouse.co.jp/english/sr/datail/___icsFiles/afieldfile/2013/08/26/all.pdf)

261 Sekisui House presentation made in July 2008 (retrieved June 18, 2014 from http://www.fairwood.jp/pdf/ittoworkshop/Sekisui_Sasaki.pdf)

262 Ibid.

make timber evaluation a transparent process open to a third-party inspection. Many of these ideas came from suggestions provided by activists from FoE Japan. The preparation process took more than one year and the guidelines were finished and began to be implemented in April 2007.

The guidelines have 10 principles that cover a broad range of legal, environmental and social issues, including ecosystem and species protection, conflicts related to timber production, sustainable harvesting and wood recycling (see Table 6-5). Each principle has a certain weight that is measured in points. For example, the principle “wood products have to be sourced from areas where there is low risk of illegal logging” can have a maximum of five points and “wood products have to be sourced from domestic forests where well-planned forest management is in place to preserve ecosystems” can have up to three points. When timber is purchased, it is evaluated according to each principle and in the end can receive a maximum of 43 points. To make it easier to understand, the sum of points is then expressed as rankings named after letters S, A, B and C. Timber that scores 34 points or more receives the highest ranking S, timber with 26-33 points receives ranking A, 17-25 points – ranking B, and less than 17 – the lowest ranking C. Ranking C is also given to timber for which there is no data to evaluate principles 1 and 4 even if it scores more than 17 points for other principles. In other words, legality and protection of endangered species are set as a minimum line for evaluation.

Table 6-5: Ten principles of Sekisui House timber procurement guidelines of 2007 and 2012.

Ten principles from the Guidelines of 2007:

Wood products have to be...

1. ...sourced from areas where there is low risk of illegal logging.
2. ...sourced from areas that do not form part of ecosystems recognized as having outstanding value.
3. ...sourced from ecosystems that are severely damaged or areas where large-scale logging of natural forests has occurred.
4. ...sourced from endangered species.
5. ...sourced from areas close to where they will be used.
6. ...sourced from areas subject to conflict or hostility with regard to wood

production.

7. ...not sourced from areas where the amount of logging does not exceed the recovery rate of the forest.
8. ...sourced from domestic forests in Japan.
9. ...sourced from plantation forests that are managed according to methods that encourage the preservation and generation of a natural ecosystem.
10. ...made from previously used wood.

Principles that were modified in 2012:

Wood products have to...

5. ...contribute to reducing CO2 emissions at the production, processing and transportation stages.
6. ...contribute to the stability of local communities by removing conflicts with local residents with regard to logging and eliminating unfair labor practices
8. ...be sourced from domestic forests where well-planned forest management is in place to preserve ecosystems
10. ...contribute to resource recycling

Source: Sekisui House Sustainability Report 2008 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-415-datafile.pdf>) and Sekisui House Sustainability Report 2013 (retrieved June 18, 2014 from http://www.sekisuihouse.co.jp/english/sr/datail/_icsFiles/afieldfile/2013/08/26/all.pdf)

Evaluation according to the guidelines targets majority of wood used by the company, namely solid wood products (sawn timber, plywood, flooring, etc.) and products made mainly out of wood (doors, interior elements). Points are given to each batch of products based on 1) documents that accompany it, 2) related third-party information (e.g. NGO investigation or academic research), and 3) answers suppliers provide when responding to questionnaires that Sekisui House has been sending regularly since 2005.²⁶³ For example, when a timber without clear documents of its origin is purchased and the first principle regarding legality needs to be

²⁶³ Sekisui House presentation made in November 2012 (retrieved June 18, 2014 from http://igpn.org/csr2012/pdf/4th/02_sekisui_house.pdf)

evaluated, Sekisui House is using data supplied by FoE Japan and GEF about prevalence of illegal logging in each region or individual countries. Therefore, undocumented timber coming from Indonesia receives the lowest point because it is a high-risk country; while timber from Finland receives the highest point because illegal logging is almost non-existent there. In a similar way, Sekisui House is using IUCN Red Databook to evaluate the fourth guideline: timber from species that fall into the lowest protection category (least concern) receives a maximum of five points, and points are lowered the higher protection category gets. However, the company is still rewarding points for timber from endangered and critically endangered species instead of creating a policy not to use such timber at all (although the company claims it is investigating how wood from endangered species could be substituted by other types of wood).²⁶⁴ Timber certification schemes, such as PEFC or FSC, also provide much needed information.

Since 2007, Sekisui House also holds annual meetings with main wood suppliers where the company explains about its Fairwood guidelines and higher requirements for wood.²⁶⁵ During these meetings FoE Japan has also an opportunity to present the latest information related to forest protection.²⁶⁶ Suppliers then are asked to strive to improve their supply chain according to procurement guidelines and collect all necessary information for wood evaluation. If needed, Sekisui House works with individual suppliers and offers them advice and information specific to their specialization area. As a result, Sekisui House activities have both direct and indirect effect on many players in the industry.

As of 2012, 57% of all wood used by Sekisui House received the highest ranking S. Although this percentage has not changed much during the last three years, it grew significantly compared to 17% in 2005 or 30% in 2006.²⁶⁷ Rankings A and B were less dynamic and in 2013 stayed at almost the same level as in 2005. Meanwhile, the lowest C rank made a substantial progress and dropped from over 40% in 2005 to less than 5% in the

264 Sekisui House presentation made in July 2008 (retrieved June 18, 2014 from http://www.fairwood.jp/pdf/ittoworkshop/Sekisui_Sasaki.pdf)

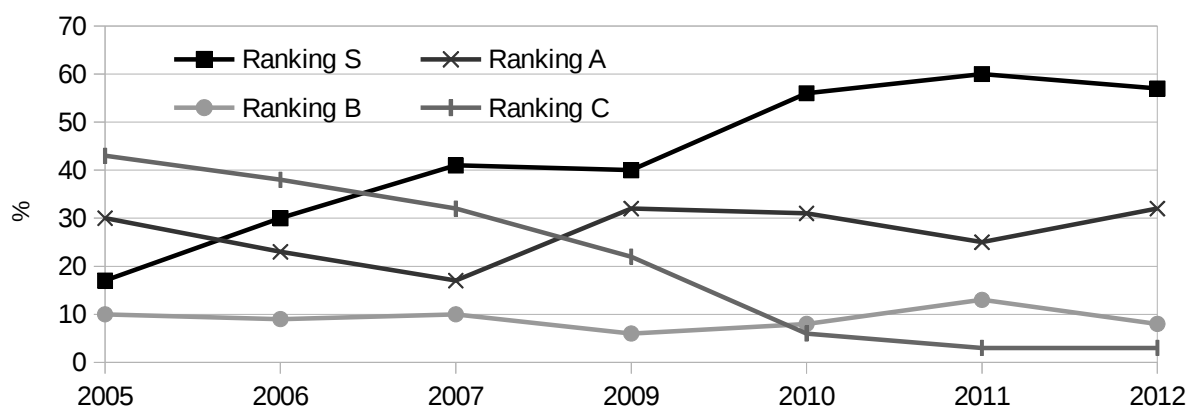
265 Sekisui House Sustainability Report 2011 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-868-datafile.pdf>)

266 Sekisui House Sustainability Report 2009 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-775-datafile.pdf>)

267 Sekisui House Sustainability Report 2010 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-770-datafile.pdf>) and Sekisui House Sustainability Report 2013 (retrieved June 18, 2014 from http://www.sekisuihouse.co.jp/english/sr/datail/_icsFiles/afieldfile/2013/08/26/all.pdf)

recent years (see Figure 6-5).

Figure 6-5: Change in Sekisui House timber ranking in 2005-2013.



Note: Sekisui House did not report data for 2008.

Sources: Sekisui House Sustainability Report, various years

The share of domestic wood used by Sekisui House has increased almost twice since 2005 and stood at 13% in 2012. However, in the past few years this number has not been growing and actually fell from the peak of 19% reached in 2011.²⁶⁸

Although on a limited scale, Sekisui House educates its consumers about the situation of Japanese forests and gives them the option to use domestic wood instead of imported timber or synthetic materials. This, however, is not done on a national scale.²⁶⁹ The company acknowledges there is low awareness among its consumers on environmental and social impacts of wood production. The result of that is that few consumers understand the idea behind Fairwood Initiative and see few reasons in supporting it.²⁷⁰

6.4.3. Sumitomo Forestry

Sumitomo Forestry is a group of closely related companies conducting business in

²⁶⁸ Sekisui House Sustainability Report 2013 (retrieved June 18, 2014 from

http://www.sekisuihouse.co.jp/english/sr/datail/_icsFiles/afieldfile/2013/08/26/all.pdf) and Sustainability Report 2011 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-868-datafile.pdf>)

²⁶⁹ Sekisui House Sustainability Report 2010 (retrieved June 18, 2014 from <http://www.sekisuihouse.co.jp/company/data/current/document-770-datafile.pdf>)

²⁷⁰ Ibid; personal communication with GEF representatives, Tokyo, December 2012.

manufacturing of wood products, housing, timber distribution and forestry. The group itself belongs to even larger conglomerate called Sumitomo Group that is active in general trading business. As of 2012, Sumitomo Forestry employed almost 4500 workers, sold products and services worth 0.84 trillion yen (more than 8 billion USD) and conducted operations in a number of countries outside Japan.

The company is one of the largest private forest owners in Japan managing more than 43 000 hectares in several prefectures (mostly in Hokkaido and Shikoku islands), and one of the biggest wood consumers using around 1.5 million tonnes (around 3 million m³) of wood every year. Wood is imported from all over the world, major sources being Southeast Asian countries (613 000 m³), Europe (529 000 m³), Oceania (389 000 m³) and North America (343 000 m³). In addition to that, Sumitomo Forestry owns around 200 000 hectares of forest plantations abroad (mostly in West Kalimantan, Indonesia).²⁷¹ All company's forests in Japan are certified by Japan's Sustainable Green Ecosystem Council (SGEC), and around 6% of forests abroad have FSC certification.²⁷² Around 70% of all timber handled by Sumitomo Forestry has a third-party certificate or comes from plantation forests.²⁷³ Differently from most other construction companies in Japan, Sumitomo Forestry obtains a substantial amount of timber from its own forests. In 2012, the company harvested nearly 46 000 m³ of trees in Japan and more than 991 000 m³ overseas.²⁷⁴

Since the early 2000s, Sumitomo Forestry has been publishing detailed reports about company's measures to protect the environment and ensure socially responsible business activities. In 2007, the company introduced a set of guidelines called Timber Procurement Philosophy and Policy to evaluate a variety of parameters of wood products the company is procuring (see Table 6-6). The guidelines cover most main issues related to timber procurement and consumption, including timber legality, traceability of supply chains, recycling and efficient use, domestic timber use and sustainable forest management.

271 Sumitomo Forestry CSR Report 2013 (retrieved June 18, 2014 from http://sfc.jp/information/society/pdf/pdf/2013_report.pdf)

272 Sumitomo Forestry CSR Report 2012 (retrieved June 18, 2014 from <http://sfc.jp/english/information/society/pdf/pdf/2012web.pdf>)

273 Ibid.

274 Sumitomo Forestry CSR Report 2013 (retrieved June 18, 2014 from http://sfc.jp/english/information/society/pdf/pdf/csr_report_2013.pdf)

Table 6-6: Sumitomo Forestry Timber Procurement Philosophy and Policy

Philosophy: Timber is a renewable natural resource. Sumitomo Forestry views forest ecosystems and natural resources of the forest as precious and irreplaceable assets belonging to all mankind. Together with our suppliers, we will incorporate environmental and social considerations into our procurement of timber as we strive to realize a sustainable society that is able to develop in harmony with our forests.

Policy

Ensure timber procurement is legal and sustainable:

- Comply with relevant laws and regulations and enhance systems for confirming the legality of timber;
- Increase procurement of timber produced through sustainable forest management;
- Increase the use of plantation timber while promoting planting efforts as a way to help maintain forest resources.

Establish a traceable supply chain:

- Together with suppliers, strive to improve the reliability of traceability management;
- Together with suppliers, ascertain whether forests of high conservation value are being properly managed;
- Carry out proper information disclosure to ensure transparency in procurement;
- Maintain ongoing dialogue with suppliers to help prevent corruption and to advocate human rights and basic workers' rights.

Reduce environmental impact throughout the entire lifecycle of products and utilize timber resources effectively:

- Actively use domestic timber to help conserve national land and revitalize the forestry industry;
- Promote the utilization of such materials as thinnings and wood waste, the reuse and recycling of timber, and related technological development;
- Strive to reduce the environmental impact of procurement such as through improvements to distribution efficiency.

Together with stakeholders:

- Together with stakeholders, make continual improvements;
- Place value on biological diversity and the cultures, traditions and economies of communities coexisting with forests;
- Convey to stakeholders the importance of incorporating environmental and social considerations into timber procurement.

Source: Sumitomo Forestry Environmental and Social Report 2007 (retrieved June 18, 2014 from http://sfc.jp/information/society/pdf/pdf/er_2007.pdf)

Since the adoption, every two years the guidelines are supplemented by a new action plan that lists targets each company's division has to achieve in order to ensure guideline implementation. So far Sumitomo Forestry completed two action plans: the first for 2007-2009 period and the second for 2010-2012 period. Both of them focused mostly on legality aspects of timber procured both in Japan and foreign countries. According to company's own evaluation, legality issue has been successfully solved during these years and more effort can be dedicated now to other aspects. Therefore, the third plan which covers the period from 2013 to 2015 pays more attention to environmental and social considerations and sets higher targets for certified and domestic timber consumption.²⁷⁵ Sumitomo Forestry, however, does not reveal what methods it used to ensure all procured wood is legal. Considering company's dependence on imports from Malaysia and Indonesia – two high-risk countries for illegal logging – such ensured claims sound doubtful.

For a long time Sumitomo Forestry was criticized by environmental NGOs for being one of the main importers of tropical timber from Malaysia, especially Sarawak state where local government and logging companies are accused of corruption, unsustainable harvesting and violations of the rights of indigenous people. In 2012, Sumitomo Forestry responded to that by sending its own staff from the Environmental Management Department to check the situation in the logging sites and wood mills. The survey showed that Sumitomo Forestry suppliers are following all environmental and social requirements.²⁷⁶ However, the survey was done by the company itself rather than independent third-party auditors and without consulting NGOs that expressed their concern about the situation in Sarawak. In addition to that, the report of the field survey was not made public.

Similar to the guidelines, in 2012 Sumitomo Forestry also prepared the Declaration on Biodiversity that was accompanied by Biodiversity Action Guidelines and Biodiversity Long-term Targets. These documents have many similarities to timber procurement guidelines and stress company's dedication to sustainable forest management and environmentally friendly business practices.²⁷⁷

275 Sumitomo Forestry CSR Report 2013 (retrieved June 18, 2014 from http://sfc.jp/english/information/society/pdf/pdf/csr_report_2013.pdf)

276 Ibid.

277 Sumitomo Forestry CSR Report 2013 (retrieved June 18, 2014 from http://sfc.jp/english/information/society/pdf/pdf/csr_report_2013.pdf)

6.4.4. Other Construction Companies

Kajima Construction Corporation (Kajima) is one of the leading construction companies in Japan. Since 1995, the company publishes an annual report that presents what actions company is taking to make its business more environmentally friendly and socially responsible. Forests related issues were introduced in the very first report which had a chapter talking about tropical deforestation and the need to reduce tropical timber consumption.²⁷⁸ Most attention was given to tropical plywood that was used extensively by the company to mold concrete. Kajima presented its dedication finding alternatives to tropical plywood and pledged to reduce its use by 35% during the 1993-1996 period. An update about the progress of reaching this goal was presented in reports of the following years and success announced in 1997.²⁷⁹ The company was able to do this by introducing alternative molding materials, changing tropical plywood to plywood made out of non-tropical wood and increasing plywood re-use rate from around 2.6 times in 1993 to 3.2 times in 1997. After achieving this goal, Kajima did not set a new one and only promised to continue working with this issue in the future. However, it is not clear what progress was made because the following reports did not give any detailed information about tropical wood use and dropped this issue entirely starting from 2005. In addition to that, the reports only spoke about tropical plywood in concrete molding and did not mention other types of tropical wood use.

Judging from the company's reports, the only activity Kajima takes to ensure sustainable wood use is wood recycling that the company has been pursuing since the 1990s. Other initiatives are mentioned only very briefly without providing any details about them. For example, 2009 report talks about the issue of illegal logging and says that “[Kajima] is making effort to reduce the risk of procuring illegally logged timber”,²⁸⁰ while 2013 report mentions green procurement guidelines that include a goal to use sustainable timber.²⁸¹ However, no more information is provided neither about methods how it is done nor about the progress that has been made. The same is valid for information given in company's web site.

278 Kajima Environmental Report 1995 (retrieved June 18, 2014 from http://www.kajima.co.jp/csr/report/95/re_gi02.htm)

279 Kajima Environmental Report 1997 (retrieved June 18, 2014 from http://www.kajima.co.jp/csr/report/97/re_02.htm)

280 Kajima CSR Report 2009 (retrieved June 18, 2014 from http://www.kajima.co.jp/csr/report/2009/pdf/csr_all.pdf)

281 Kajima CSR Report 2013 (retrieved June 18, 2014 from http://www.kajima.co.jp/csr/report/2013/pdf/csr_all.pdf)

Shimizu Corporation (Shimizu) is one of Japan's largest construction companies with more than 11 000 employees in 2013.²⁸² Starting from 2001, the company has been releasing annual CSR report that presents company's environmental and socially activities. Forest protection issues, however, have received little company's attention. The only related activity that is repeatedly mentioned in all reports is finding substitutes to tropical plywood used for concrete molding. Shimizu reports it has tried various alternative materials instead of tropical plywood and in some years succeeded in using them in 44% of all cases.²⁸³ However, for unknown reasons the number dropped to 30% in 2012.²⁸⁴ On several occasions Shimizu is also talking about domestic forestry and the need to use more local timber. In order to do that, Shimizu has been cooperating with several prefectures and buying timber harvested in their forests.²⁸⁵ However, it has been done so far in a small scale. In addition to that, Shimizu does not disclose how much wood products it uses every year in total and from what countries it comes from. This makes difficult to put projects described in CSR reports in a broader context.

Taisei Corporation (Taisei) is one of the largest construction companies in Japan. As of 2012, it had more than 13 000 workers, sold products and services worth 1.4 trillion yen (13.4 billion USD) and conducted business activities not only in Japan but in 15 other countries.²⁸⁶ Taisei reports it uses around 30 thousands tonnes of wood and additional 3.5 millions square meters of plywood every year which is equal to around 77 000 m³ in roundwood equivalent.²⁸⁷

Taisei is doing comparatively few activities to ensure sustainable use of forest resources. Since the 1990s, the company has been trying to reduce consumption of tropical plywood that is used in concrete molding by introducing alternative materials and improving

282 Shimizu Corporate Profile (retrieved June 18, 2014 from <http://www.shimz.co.jp/english/about/outline/index.html>)

283 Shimizu CSR Report 2008 (retrieved June 18, 2014 from <http://www.shimz.co.jp/csr/environment/report/pdf/report2008add.pdf>)

284 Result of activities, Shimizu (retrieved June 18, 2014 from <http://www.shimz.co.jp/csr/environment/activity/activity.html>)

285 For example, Shimizu CSR Report 2012, p. 14 (retrieved June 18, 2014 from <http://www.shimz.co.jp/csr/environment/report/pdf/report2012.pdf>)

286 Taisei Corporate Report 2013 (retrieved June 18, 2014 from http://www.aisei.co.jp/MungoBlobs/82/954/corp2013_main.pdf)

287 Taise Corporate Data Book 2013 (retrieved June 18, 2014 from http://www.aisei.co.jp/MungoBlobs/172/454/corp2013_databook.pdf)

re-use. This proved to be a difficult task because the highest rate of substitute use that Taisei achieved in some years was around 30% and in 2012 it stood at less than 20%.²⁸⁸ The company does not have any numerical goals how much reduction it strives to achieve. Annual reports also tell about Taisei dedication to wood recycling and several small projects related to looking after Japanese forests. The reports, however, provide no information about timber procurement, timber legality concerns or timber certification (although company's reports are printed on FSC certified paper).

Obayashi Corporation (Obayashi) is one of Japan's leading construction companies. As of 2012, it had almost 13 000 workers, sold products and services worth 1.4 trillion yen (13.8 billion USD) and conducted business activities not only in Japan but also in European, Asian, Middle Eastern and North American countries.²⁸⁹

From the mid 1990s, Obayashi has been striving to reduce the consumption of tropical plywood used in concrete molding by improving re-use and introducing substitute materials. By 1999, alternative materials were used in almost 42% of all cases compared to 8% in 1994.²⁹⁰ The ratio grew further to 47% in 2002²⁹¹ but then Obayashi stopped reporting of this data arguing “efforts to reduce tropical plywood in concrete molding were established as a usual business practice” and, therefore, there is no need to further aggregate such data.²⁹² Since then it is not clear how much tropical plywood the company is using.

In April 2000, Obayashi published its first Green Purchasing Guidelines that present basic requirements for a variety of materials and products that the company is using in its business activities. These guidelines, which were updated several times since then, serve as Obayashi's pledge to strive to procure as many environmentally and socially responsible goods as possible. The latest version of this document was released in 2013.²⁹³ The guidelines

288 Taise Corporate Data Book 2013 (retrieved June 18, 2014 from http://www.taisei.co.jp/MungoBlobs/172/454/corp2013_databook.pdf)

289 Obayashi Corporate Report 2013 (retrieved June 18, 2014 from <http://www.obayashi.co.jp/uploads/File/ir/report/2013/ir2013.pdf>)

290 Obayashi Environment Report 2000 (retrieved June 18, 2014 from <http://www.obayashi.co.jp/uploads/File/eco01.pdf>)

291 Obayashi Environment Report 2003 (retrieved June 18, 2014 from <http://www.obayashi.co.jp/uploads/File/eco2003.pdf>)

292 Obayashi Environment Report 2004 (retrieved June 18, 2014 from <http://www.obayashi.co.jp/uploads/File/eco2004.pdf>)

293 Obayashi Green Procurement Guidelines 2013 (retrieved June 18, 2014 from <http://www.obayashi.co.jp/>)

cover various wood products, including sawn wood, plywood and flooring. Although the guidelines are supposed to regulate “Green Procurement” – in other words environmental aspects of each product – when it comes to wood, the biggest attention is given to its legality. Sustainable forest management is added only as criteria for extra consideration, and there is no mentioning of timber from endangered tree species, timber from high ecological value forests, conflict timber or preference to local wood resources. Company's reports say neither how much wood Obayashi is using every year nor what percentage of that amount is procured according to the guidelines. In addition, the guidelines do not have any deadlines or numerical goals and how many goods are purchased according to them fluctuates year by year.

Very recently, in 2013, Obayashi published a news release announcing it will seek to promote the use of domestic timber as a reaction to recent governmental policy to revive Japanese forestry industry.²⁹⁴ Finally, it is worth mentioning that in 2011 Obayashi prepared a plan called “Green Vision 2050” which introduces long-term sustainability aims to help solving environmental problems.²⁹⁵ The vision, however, does not address forest related issues.

Daito Trust Construction is one of Japan's biggest construction and real estate companies. In 2012, it had more than 14 000 employees and sold products and services worth 1.15 trillion yen (almost 11 billion USD).²⁹⁶ In 2012, almost 84% of all houses constructed by the company were made out of wood. As a result, Daito Trust Construction used 130 000 tonnes of wood that equals to around 260 000 m³ in roundwood equivalent.²⁹⁷ Nearly 5500 tonnes (11 000 m³) of that amount comes from domestic forests.²⁹⁸

In its reports Daito Trust Construction says it seeks to use timber from sustainably

uploads/File/csr/green-guide2013.pdf)

294 Cooperation with Naigai Technos to promote the use of domestic timber (*Mokkōji Naigai Tekunosu ga kokusan mokuzai no katsuyō sokushin ni kyōryoku*), June 2, 2013 (retrieved June 18, 2014 from http://www.obayashi.co.jp/news/news_20130620_1)

295 Obayashi Green Vision 2050 (retrieved June 18, 2014 from http://www.obayashi.co.jp/csr/environment/green_vision)

296 Daito Trust Construction CSR Report 2013 (retrieved June 18, 2014 from <http://www.kentaku.co.jp/corporate/csr/pdf/csr2013A4.pdf>)

297 Biodiversity protection and sustainable use of natural resources (retrieved June 18, 2014 from <http://www.kentaku.co.jp/corporate/csr/environment/reduce/page12.html>)

298 Daito Trust Construction Environmental Report 2012 (retrieved June 18, 2014 from <http://www.kentaku.co.jp/corporate/csr/environment/history/pdf/2012kankyo.pdf>)

managed forests, increase the use of domestic and recycled timber, reduce consumption of tropical timber, and improve wood use efficiency.²⁹⁹ All of these efforts were started in the recent years and there is no data what results the company was able to achieve. There is also a lack of detailed information about the criteria according to which the company is evaluating timber's sustainability.

Haseko Corporation (Haseko) is one of the leading housing companies in Japan. In 2012, it had around 4000 workers and sold products and services worth almost 0.56 trillion yen (5.3 billion USD).³⁰⁰ The company does not disclose how much wood is used in its business activities and where does it come from.

Haseko reports few activities related to forest protection. The company is engaged in wood recycling and works on reducing tropical plywood use for concrete molding by experimenting with pre-mold concrete in some projects. However, there is no information about measures to ensure procurement of legal and sustainable wood or use of domestic forest resources.

Toda Corporation (Toda) is Japan's leading construction companies. It employs more than 4000 workers, has sales of around 0.5 trillion yen (4.7 billion USD) and conducts business both in Japan and in a number of countries overseas.³⁰¹ The company does not disclose how much wood is used in its business activities and where does it come from.

Toda reports few activities related to forest protection. The company is engaged in wood recycling and declares it strives to reduce tropical plywood use for concrete molding. However, there is no information what measures are used to achieve this. The company does not have any policy to ensure procurement of legal and sustainable wood or expand the usage of domestic forest resources.

Tama Home is a major Japanese home builder. In 2012, it had almost 2800 employees and annual sales of 160 billion yen (1.52 billion USD).³⁰² The company does not publish environmental or CSR reports and does not have any policy related to forest protection and

299 Daito Trust Construction Environmental Report 2012 (retrieved June 18, 2014 from <http://www.kentaku.co.jp/corporate/csr/environment/history/pdf/2012kankyo.pdf>)

300 Haseko Environmental & Social Report 2013 (retrieved June 18, 2014 from <http://www.haseko.co.jp/hc/company/csr/pdf/environment2013.pdf>)

301 Toda Corporate and CSR Report 2013 (retrieved June 18, 2014 from http://www.toda.co.jp/csr/report/pdf/toda_report2013_full.pdf)

302 Tama Home company information (retrieved June 18, 2014 from <http://www.tamahome.jp/company>)

procurement of sustainable wood products.

Misawa Home is one of Japan's biggest housing companies. In 2012, it had 9300 workers (consolidated) and annual sales of more than 394 billion yen (3.74 billion USD).³⁰³ The company procured around 472 000 m³ of wood in 2010.³⁰⁴ More than half of that amount came from Finland and Russia. Tropical timber accounted for 5.5% and Japanese timber for 4.9%. As of 2012, 89% of timber the company is using comes from certified forests.³⁰⁵

Misawa Home has been releasing annual environmental and CSR reports since 2002. The company has a set of guidelines to regulate timber procurement that was introduced in 2010 and based on recommendations made by WWF Japan (see Table 6-7).

Table 6-7: Misawa Home Timber Procurement Guidelines

We will not procure wood that...

- ...makes bad impact to ecosystems (no wood should originate from destructive logging or high value forests).
- ...comes from endangered tree species (according to CITES regulations).

We will strive to procure wood that...

- ...has clear chain of custody allowing us to trace it back to the place of origin.
- ...comes with clear documents authorizing logging activities.
- ...is certified by forest certification schemes such as FSC, PEFC and others.

To implement that, we will...

- ...collect information about wood sources and logging circumstances, and examine out suppliers.
- ...collect information about wood manufacturing and circulation process management.
- ...continuously strive to improve our performance by conducting annual reviews, releasing written reports and conducting activities together with out suppliers.
- ...we will set and publicly announce out annual targets.

303 Misawa Home CSR Report 2013 (retrieved June 18, 2014 from <http://www.misawa.co.jp/misawa/csr/pdf/csr2013.pdf>)

304 Misawa Home CSR Report 2011 (retrieved June 18, 2014 from <http://www.misawa.co.jp/misawa/csr/pdf/csr2011.pdf>)

305 Misawa Home CSR Report 2013 (retrieved June 18, 2014 from <http://www.misawa.co.jp/misawa/csr/pdf/csr2013.pdf>)

Source: Misawa Home CSR Report 2013 (retrieved June 18, 2014 from <http://www.misawa.co.jp/misawa/csr/pdf/csr2013.pdf>)

After the guidelines had been created, Misawa Home started setting annual targets. Compared to 2009 when 84% of wood had chain of custody documents, 49% was accompanied with documents that prove logging permission, and 36% came from certified forests, in 2012 these percentages rose to 100%, 100% and 89% respectively.³⁰⁶

Since Misawa Home sources most of its wood from European and North American countries, it is relatively easier for the company to follow higher procurement requirements and increase the amount of certified wood. The company, however, does not address more complicated issues in its reports, such as procurement of tropical timber. There is also no policy to increase the use of domestic wood.

Sekisui Chemical Corporation (Sekisui Chemical) is a Japanese company that conducts business in three distinctive areas: production of precise chemical materials, urban infrastructure development, and housing. In 2012, it had 22 200 workers, annual sales of more than 1 trillion yen (9.79 billion USD) and had almost 100 overseas offices.³⁰⁷ Inside Japan, Sekisui Chemical uses 44 000 tonnes (around 90 000 m³) of wood every year. However, it does not disclose where this wood comes from.

Sekisui Chemical has been releasing annual environmental and CSR reports since 1999. There the company presents two main activities it takes to ensure forest protection. First, throughout the years Sekisui Chemical has been involved in a number of tree planting projects both in Japan and other countries (mostly in East and Southeast Asia). All of them are small scale activities conducted by company workers and their family members in cooperation with local organizations. Since these projects are small and not directly related to Sekisui Chemical business (the company does not replant forests from which it sources timber), they have no influence on how the company ensures forest protection in its daily activities. Second, since 2011 Sekisui Chemical laconically states it procures certified timber to build structural parts of houses.³⁰⁸ However, there is no information what is the scale of

306 Misawa Home CSR Report 2013 (retrieved June 18, 2014 from <http://www.misawa.co.jp/misawa/csr/pdf/csr2013.pdf>)

307 Sekisui Chemical CSR Report 2013 (retrieved June 18, 2014 from http://www.sekisuichechemical.com/csr/report/pdf/csr_report_2013_e.pdf)

308 Sekisui Chemical CSR Report 2011 (retrieved June 18, 2014 from <http://www.sekisuichechemical.com/csr/>)

such procurement and how the company conducts procurement of other types of wood. As of 2013 Sekisui Chemical does not have any detailed timber procurement guidelines and is not in a process of making them.

Asahi Kasei is a Japanese corporation that unites companies conducting business in production of chemicals, fibers, electronics, health care products and construction of houses. It has more than 23 200 workers in Japan and global annual sales of 1.6 trillion yen (15.9 billion USD). 30% of sales came from the housing business.³⁰⁹

Asahi Kasei has been publishing environmental and CSR reports since 2001. The company does not disclose in them how much wood it is using every year nor where does it come from. Until 2012 when Asahi Kasei introduced wood procurement targets, the company did not have any policy related to timber sourcing and forest protection. The targets are very similar to but less detailed than the ones created by Misawa Home two years earlier.³¹⁰ In the same manner, Asahi Kasei used recommendations made by WWF Japan and pledged not to use timber that creates a negative impact to ecosystems or comes from endangered tree species. At the same time, it sets goals to ensure that more and more timber has chain of custody documents, logging permits and third-party certificates. The company does not provide much information what methods it is using to ensure implementation. It only states that by 2012 all timber procured by Asahi Kasei was accompanied by chain of custody documents and was logged legally.³¹¹ There is no data how much of that timber also came from certified forests, but the company has a target to reach 70% by 2014.

6.4.5. Trends

The extensive review of companies presented in the previous sections shows that the construction companies have been following major trends in the society and government related to forest protection and put the effort in responding to them. The most clearly observable trends are these: reduction of tropical timber use, procurement of only legal wood

report/pdf/csr_report_2011_e.pdf)

309 Asahi Kasei CSR Report 2013 (retrieved June 18, 2014 from http://www.asahi-kasei.co.jp/asahi/en/csr/library/report/pdf/csr_report2013e.pdf)

310 Asahi Kasei Environmental Report 2012 (retrieved June 18, 2014 from <http://www.asahi-kasei.co.jp/j-koho/kankyo2012.pdf>)

311 Asahi Kasei Environmental Report 2013 (retrieved June 18, 2014 from <http://www.asahi-kasei.co.jp/j-koho/kankyo2013.pdf>)

and increase in domestic timber use.

Table 6-8: Major trends among construction companies.

Company	Reduction of tropical plywood use for <i>konpane</i> (in the past / currently)	Wood procurement guidelines (legality / sustainability)	Promotion of domestic timber use
Daiwa House	X / X	○ / ○	○
Sekisui House	(no tropical plywood <i>konpane</i> since the mid-1970s)	○ / ○	○
Sumitomo Forestry	X / X	○ / ○	○
Kajima	○ / X	~ / ~	~
Shimizu	○ / ○	X / X	○
Taisei	○ / ○	X / X	X
Obayashi	○ / X	○ / ~	~
Daito Trust	X / ~	~ / ~	~
Haseko	~ / ○	X / X	X
Toda	~ / ~	X / X	X
Tama	X / X	X / X	~
Misawa Home	X / X	○ / ○	X
Sekisui Chemical	X / X	X / X	X
Asahi Kasei	X / X	~ / ~	X

Notes: X – no implementation; ~ - vague implementation; ○ - implementation

Plans to reduce tropical timber use for concrete molding appeared in the mid-1990s as a response to NGO campaigns and soft guidelines released by the Ministry of Construction. Companies experimented with alternative materials and construction methods, and made announcements about their success to reduce tropical plywood use by 20-30% or more. This reporting, however, faded out together with attention to tropical timber use coming from NGOs and the central government. Out of 14 companies reviewed, in the mid-1990s, four followed this trend with detailed reports and two mentioned their dedication only vaguely. Two of the four quit reporting in the early 2000s while one moved from a vague description to more detailed reports. It is notable, that many companies have not joined the trend at all showing that it had weak acknowledgment in the construction sector.

The next trend that construction companies followed was the question of timber legality. Slowly but steadily more and more companies are getting interested in where the wood they use comes from. This trend, however, is very recent and started in the second part of 2000s. The influence to follow it came, again, from an increase in NGO and government's attention to the issue of illegal logging. Similar to tropical timber use, the government chose the path of bureaucratic guidance and suggested companies should analyze their supply chains more carefully to ensure all wood comes with proper documents. NGOs, meanwhile, encouraged companies to go even further and in addition to the legality consider environmental and social aspects of wood production.

Analysis shows that bureaucratic guidance had a stronger effect because many companies are aware of illegal logging and claim they seek to avoid illegal timber. It remains unclear how effective that is in practice because few companies reveal their methodologies. Despite that, high awareness about the problem reveals a positive relationship between government's guidance and voluntary response in the private sector. On the other hand, cooperation with NGOs is less widespread. Several companies, such as Sekisui House or Misawa Home, entered into close partnership with FoE Japan or WWF Japan and developed detailed procurement guidelines that address all important social and environmental problems. Many companies, however, have not done that yet and only vaguely mention their dedication to sustainable forestry.

The third visible trend is more attention given to the usage of domestic wood. A number of construction companies pro-actively report how much timber they sourced from Japanese forests and what are their plans to increase the proportion in the future. The source of this trend is the Forestry Agency's initiative to revive domestic forestry. By choosing local timber, companies could also solve legality and sustainability issues because Japan is a very low-risk country for illegal logging, forest owners have to follow strict forest management plans and increasingly more forests are certified by third-party certification schemes. Despite this, many construction companies struggle with procuring more domestic timber because long reliance on imported wood makes the switch difficult.

In general, there are few progressive construction companies in Japan in terms of timber procurement. Although bureaucratic guidance has an effect, its voluntary nature allows many companies not to follow it and stay to their business-as-usual practices. The fact that many GTCs do not have any legality, environmental or social guidelines for wood products

show that many companies do not raise such requirements when talking with their suppliers. Meanwhile, those construction companies that choose to adhere to stricter standards or even go beyond government's suggestions face the need of extra investments and risk becoming less competitive. In addition to that, without obligatory rules from the government, even progressive companies can eventually stop caring about the legality or sustainability of wood products. As the previous trend of reduction of tropical plywood use for concrete molding has shown, companies stop reporting about their efforts when the public attention for the issue wanes.

6.5. Financial Institutions

Japan's financial institutions have an indirect impact on forests both in Japan and abroad through their financial support given to companies which conduct logging, converting natural forests into tree monocultures or agricultural plantations, wood processing, or other forest related activities. Banks can provide such companies corporate loans, finance their projects or invest in their shares. When the support is provided without evaluating what social and environmental track record company has, or what impact financial boost is likely to have on the local communities, biodiversity or ecosystem services, it can lead to social conflicts, human rights violations or environmental destruction.

There are dozens of financial institutions in Japan that have connections with the forestry industry or with the agricultural industry that expands on the expense of forests (Dauvergne, 1997, p. 44; Gelder & Kuepper, 2012; RAN, 2014b). The three largest of them are Mitsubishi UFJ Financial Group (MUFG), Sumitomo Mitsui Financial Group (SMFG) and Mizuho Financial Group (MFG).³¹² Their respective banks are The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation and Mizuho Bank. As of 2013, these three financial institutions have in total assets worth more than 5.8 trillion USD (SNL Financial, 2013). In addition there are many smaller financial institutions, such as Sumitomo Mitsui Trust Holdings, Dai-ichi Life Insurance, Daiwa Securities Group, Nomura Holdings, Sumitomo Life Insurance and Tokio Marine Group, that also have investments in the palm oil or other industries linked to deforestation (Gelder & Kuepper, 2012).

³¹² Japan Post Bank is the second largest bank in Japan but is left out because most of its assets are in the form of government or Japanese corporate bonds, and there are no loans provided to agricultural or forestry sector (Japan Post Bank, 2013, p. 39 and 99).

Collecting information about financial cooperation between Japanese financial institutions and companies conducting business related to forests is not an easy task because such data is not openly reported and has to be aggregated from a variety of sources. However, it is clear that Japanese companies have been investing in Southeast Asian countries' forestry sector since the 1960s. Japanese trading houses, such as Mitsubishi, Mitsui or Sumitomo, provided financial help to logging companies in the Philippines, Indonesia and to a lesser degree in Malaysia (Dauvergne, 1997). Because they were closely affiliated to financial institutions of their *keiretsu* group, they could borrow money from them at low rates and then use it to expand and modernize local forestry companies and ensure a stable supply of timber to Japan (Dauvergne, 1997, p. 33). Investments, however, started to shrink with diminishing forest resources in the Philippines and Indonesian government's new legislation that limited activities of foreign investors in the mid-1970s. Despite that, in the mid-1980s Japanese companies and individuals still held shares of dozens of forestry companies in Southeast Asia (Nectoux & Kuroda, 1989, pp. 79–80, Appendix C).

More recent research show large Japanese investment in the booming palm oil production in Indonesia and Malaysia. Oil palm expansion is closely linked to deforestation, release of massive amounts of greenhouse gases from carbon-rich peatlands, human rights violations and social conflicts due to unclear demarcation of customary lands (Greenpeace, 2013; L. P. Koh & Wilcove, 2008; Wakker, Watch, & Rozario, 2004). Despite that, Japanese financial institutions are globally the biggest lenders to the palm oil industry, and from 2003 to 2013 MUFG, SMFG and MFG alone provided large Indonesian and Malaysian palm oil companies loans worth more than 2.3 billion USD (see Table 6-9). During five years from 2007 to 2012, Japanese financial institutions also invested more than 106 million USD in palm oil companies' shares with MUFG, SMFG and MFG being the biggest investors (Gelder & Kuepper, 2012). Among the receiving companies are:

- Kuala Lumpur Kepong which is suspected to be involved in the conflict with local communities, to be using child labor and to be clear-cutting forests that are known as orangutan habitat (RAN, 2014a).
- Wilmar which was criticized for clearing carbon-dense peatlands and natural forests, failing to keep a good relationship with local people, and not being able to produce palm oil in a responsible manner.
- Bumitama Agri that has allegedly developed plantations without proper licenses,

destroyed critical orangutan habitat, and clear-cut forests identified as having high conservation value (Friends of the Earth, 2013).

Table 6-9: Loans of Japanese financial institutions to palm oil companies from 2003 to 2013.

Financial institution	Value of loans provided (millions of USD)	Companies financed
Mitsubishi UFJ Financial Group	1,172.08	WI, AAL, SD, BA, TAP, IOI
Sumitomo Mitsui Financial Group	764.05	WI, IAR, AAL, BA, IOI
Mizuho Financial Group	379.17	WI, SD, IOI
Total	2,315.3	

Note: WI – Wilmar, AAL – Astra Agro Lestari, SD – Sime Darby, BA – Bumitama Agro, TAP – Triputera Agri Persada, IOI – IOI, IAR – Indofood Agri Resources
Source: Rainforest Action Network (2014b)

Issues related to logging and palm oil companies were discussed many times on the international level and prompted the creation of stricter regulation and even divestments. For example, the International Finance Corporation, the private-sector investment arm of the World Bank, announced a moratorium on lending to the oil palm sector in 2009 and after 18 months announced the adoption of a framework under which it will only support projects that benefit smallholders and protect the environment (Mongabay, 2011b). In 2010, the Norwegian Government's Pension Fund, world's largest sovereign wealth fund, divested from three Malaysian logging companies and in 2012 from 23 Southeast Asian palm oil companies out of concern about their unsustainable practices (Council on Ethics, 2014, p. 34). In 2011, Deutsche Bank also divested from Singaporean palm oil company Wilmar which operates in Indonesia and Malaysia (Mongabay, 2011a). However, some of these divested companies, like Wilmar, Astra Agro Lestari, Bumitama Agro, IOI and others, are the biggest recipients in the palm oil sector of loans from the Japanese financial institutions (see Table 6-2).

Despite the increase of attention to how financial flows fuel deforestation, forest degradation and related issues, many banks still invest in risky sectors without much consideration. Japanese financial institutions do not lead in this field by showing good

example through innovations. As it was mentioned earlier, banks are far from eager to publicly disclose their investments, and flows of millions of USD to oil palm or other industry closely linked to forest destruction are invisible unless one has access to financial databases and carefully follows financial transactions. For example, despite more than 2.3 billion USD lent to Indonesian and Malaysian palm oil sector by MUFG, SMFG and MFG, none of the three financial groups mention palm oil in their annual reports or websites, or discuss investments in foreign forestry or agricultural industries.³¹³

What is more, the same three financial groups have not yet prepared lending guidelines or introduced other kinds of measures to deal with social and environment risks associated with forestry and forestry-related agricultural industries. This happens despite the fact that these financial institutions have been working in these sectors for decades. Although all three financial groups have CSR policy that includes environmental considerations, they are formulated as a positive list (“what one must do”) that does not limit banks activities.³¹⁴ For example, MUFG pledges to “support business activities that contribute to the protection and improvement of the environment” or to “provide loans to support the installation of solar power generation systems.”³¹⁵ When it comes to forests, all three institutions present their efforts to reduce paper consumption and support to Japanese forestry. The main problem with these positive pledges and efforts is that they simply supplement business-as-usual operations instead of reforming them. In other words, positive lists do not stop banks from financing forest degradation, conversion of forests into plantations, or destruction of ecosystems rich in biodiversity because they do not contradict pledges to support protection of the environment. A much stronger measure would be the creation of a negative list (“what one must not do”) with which institution promises not to support environmental destruction and forbids itself from financing certain risky sectors. One example of that is the Forest Policy developed by

313 Websites were checked by searching them for keywords both in English and Japanese; annual reports were searched for keywords in English and Japanese for the period from 2003 to 2013.

314 See: Environmental Preservation Initiatives, SMFG (retrieved June 18, 2014 from <http://www.smfg.co.jp/english/responsibility/environment/>); Environmental preservation, Mizuho (retrieved June 18, 2014 from <http://www.mizuho-fg.co.jp/english/csr/environment/index.html>); Basic policies to address global environmental issues, MUFG (retrieved June 18, 2014 from <http://www.bk.mufg.jp/global/csr/eco/policy.html>)

315 Basic policies to address global environmental issues, MUFG (retrieved June 18, 2014 from <http://www.bk.mufg.jp/global/csr/eco/policy.html>)

the World Bank which clearly states what projects the bank does not finance.³¹⁶

MUFG, SMFG and MFG are signatories of the Equator Principles which seek to manage environmental and social risks of large scale projects (worth 50 million USD or more) financed by private banks. The Principles ask banks to voluntarily administer social and environmental assessments of each project, create management plans, and conduct independent monitoring. Because the Principles take into consideration the protection of biodiversity and sustainable management of living natural resources, they can stop development projects that require large scale deforestation and contribute to forest protection. As of 2014, the Equator Principles enjoy wide acceptance and are adopted by 79 financial institutions in 35 countries. However, the scale and quality of the implementation is questioned because it is based on voluntary action and lacks strict mechanism to monitor the progress. Critics also think there is not enough transparency how each bank ensures the Principles are followed as many of them do not disclose evaluation process and do not publicize accepted and rejected projects (Behrman, 2011, p. 34; Humphreys, 2006, pp. 186–7). Another shortcoming is that the Equator Principles mainly focus on financing of large scale projects and do not regulate loans or other financial transactions. This can be seen from BTMU disclosures that state the bank financed no large projects in the agricultural or forestry sector,³¹⁷ although independent investigation has shown the bank provided more than 1.1 billion USD for large palm oil companies in Indonesia and Malaysia from 2003 to 2013 (RAN, 2014b). Meanwhile, SMFG does not disclose how it conducts project assessments. All three financial groups do not declare they have social and environmental guidelines to evaluate financial transactions that fall outside the scope of the Equator Principles.

The review of three largest financial groups in Japan shows that, despite a rise in awareness on environmental protection and sustainable development, there is a lack of systematic approach to reduce the possibility of financing deforestation or forest degradation. Although large scale international projects go through at least some evaluation due to agreement to the Equator Principles, smaller scale projects or other types of financial transactions are not assessed for social and environmental risks. None of the three financial

316 “The Bank does not finance projects that, in its opinion, would involve significant conversion or degradation of critical forest areas or related critical natural habitats,” Operational Policy 4.36 – Forests, World Bank (retrieved June 18, 2014 from <http://go.worldbank.org/6NQDXLHG10>)

317 Implementing Social & Environmental Risk Management, BTMU (retrieved June 18, 2014 from <http://www.bk.mufg.jp/global/csr/eco/implementing.html>)

groups discusses forest protection, palm oil, tree plantation and other related issues in their annual reports or websites. While some international investors like the Norwegian Government's Pension Fund and Deutsche Bank severed business relationship with questionable logging and palm oil companies, MUFG, SMFG and MFG did not take similar steps and still continue working even with those companies that are suspected engaging in unsustainable or even illegal activities. All this shows there is much space for improvement so that financial institutions not only talk about environmental sustainability but also practice it.

The situation in these three Japan's largest financial institutions adds one more dimension to how Japanese big companies perceive forest protection as part of their business. MUFG, SMFG and MFG are part of a bigger group of interrelated companies (*keiretsu*). Therefore, their policy towards forests is a reflection of the attitude of the whole group. Judging from the fact that all three financial groups have very weak systems to reduce their involvement in deforestation or forest degradation, and considering their powerful position in deciding *keiretsu* strategies (Fitzgerald & Abe, 2004, p. 5), strong safeguards for forest protection cannot be expected to exist in other companies of the same *keiretsu*, neither. This influence then goes even further to respective industry associations and finally to Keidanren.

6.6. Business' Influence on the Forest Policy

Business' influence on the forest policy can be analyzed by looking at it from three different levels: 1) business community as a whole; 2) industry associations; and 3) individual companies. The first level is represented by Keidanren that is known for maintaining a close relationship with the government and the ruling LPD (Kerbo & McKinstry, 1995, pp. 121–4). Since the Federation unites Japan's largest companies of which majority are export-orientated, Keidanren has been a powerful supporter of market liberalization and de-regulation. In the forestry sector that was very visible in the mid-1980s during the disputes with the USA and Southeast Asian countries over tariffs of wood products. Keidanren, however, remained mostly silent about other issues surrounding forest policy, such as tropical timber use or illegal logging. The Federation did not make any policy proposals related to forests in the last 20 years and out of nearly 50 thematic committees that exist in Keidanren's inner structure, not a one specializes in forestry.³¹⁸ This shows Federation's lack of interest in forest issues.

³¹⁸ Keidanren policy proposals (retrieved June 18, 2014 from <http://www.keidanren.or.jp/policy/index04.html>)

The only step that the Federation took was voluntary guidance in the form of the Declaration of Biodiversity in 2009.

The second level is industry associations that encompasses a wide range of interests and approaches to the forest policy. Associations representing timber importers have generally supported wood market liberalization which allowed them to sell foreign wood products in more competitive prices. Similar to GTCs, associations denied the connection between deforestation and international timber trade when responding to NGO criticism in the late 1980s. For example, the president of JLIA has said that “it is a misunderstanding to hold Japan responsible [for tropical forest destruction]” (“*Nihon ni sekinin ga aru to iu no wa gokai da*”)³¹⁹ Naturally, JLIA showed no support for calls to reduce tropical timber consumption or introduce trade regulations.

Japan Plywood Manufacturers' Association, on the other hand, took an anti-liberalization stance in the 1980s because its companies feared foreign competition. These same companies, however, relied on cheap tropical logs which could easily enter Japanese market due to zero-tariff policy and lobbied the government to protest log export ban which Indonesia imposed in 1985.³²⁰ In other words, associations simply advocated their interests and took both anti-liberalization and pro-liberalization stances if that fitted their goals. The liberalization camp was clearly stronger as it succeeded gaining Keidanren's and MITI's support. Plywood manufacturers, meanwhile, were backed by the Forestry Agency that in the end accepted the loss and calmed the conflict by negotiating generous financial support to the industry to cover its losses and increase competitiveness.

Liberalization debates became rare since the 1980s because tariffs for most wood products were almost entirely removed, and the domestic industry adapted to international competition. Due to weak domestic forestry and low self-sufficiency rate, most companies increasingly relied on imported wood products which turned them into a strong opposition to any plans that might restrict international timber trade. Already in 1990, president of JFWA very calmly reacted to GATT negotiation plans to reduce tariffs on aggregated wood.³²¹ Later,

319 Borneo Penan tribe opposes deforestation and blockades roads (*Boruneo Punan-zoku ga shinrin bassai ni hantai, dōro fūsa*), Asahi Shimbun, June 6, 1987.

320 National Plywood Industry Manufacturers Politics League demand for establishment of Log Imports Association (*Zenkoku gōhan sangyō seiji renmei “genpoku yunyū kumiai” setsuritsu yōbō e*), Nikkei Sangyo Shimbun, March 30, 1982

321 Aggregated wood manufacturers' association opposes decision of Japan-US timber negotiations (*Shūseizai*

when the government discussed how to stop the imports of illegal timber in the 2000s, instead of suggesting protective measures that could benefit Japanese forest owners, JFWA proposed very loose regulation.

The third level is individual companies. As the analysis in the previous sections has shown, their approach to forest protection varies substantially. On the one side of the spectrum are companies that take very progressive stance, cooperate with environmental NGOs and apply measures that go beyond government's regulations. They agree they should take responsibility for forest protection and ensure that the production of wood is sustainable socially, environmentally and economically. The other end of the spectrum is occupied by companies that pay very little to no attention to legality or sustainability of wood. Since the government and industry associations use voluntary guidance to encourage higher legality or environmental standards, many companies choose not to adopt them and continue their business-as-usual activities. Individual companies rarely lobby government for policy changes. Instead, they leave this responsibility for industry associations that can do that with a more united voice.

6.7. Conclusion

This chapter tested the validity of the following hypothesis:

As suggested by all theoretical models, promotion of timber market liberalization can be attributed to a close relationship between the government and large business which has been actively involved in international timber trade for more than 50 years and is eager to further benefit from weakly regulated markets. These trading companies are among the largest in Japan, conduct business in many other areas, and are effectively organized into industry associations that allow them to maintain a close relationship with politicians and bureaucrats. All this puts them in a favorable position to influence forest policy. At the same time, they are very weakly challenged by the civil society to improve their environmental and social commitments.

kyōkumi ga hanpatsu, nichibei mokusai kōshō ga kecchaku), Nikkei Sangyo Shimbun, April 27, 1990.

The analysis has shown that there is indeed a strong relationship between large business (GTCs) and timber market liberalization. Without the pressure from Keidanren and JLIA, the government most probably would have implemented more protectionist policies to shield domestic forest owners and wood processing industries from the international competition. Liberalization was not a smooth process, especially in the 1980s when interests of different industry associations clashed with one another. The result allowed to see the hierarchy within wood-related industries and showed that companies involved in international timber trading can exert the most influence over forest policy formation.

Timber market liberalization is the most visible area where industry associations exercised their power and entered into conflict. Other policies usually do not get such attention and are calmly solved between a particular association and respective government agencies. Keidanren plays a small role in this because it does not have a committee dedicated to forestry and has not made any policy proposals in this field during the last 20 years. Industry associations, however, are mostly interested in economic and technical issues and have shown little activity in proposing environmental or social measures. As a result, environmental safeguards, procurement guidelines and other innovations were introduced after pressures from the outside. Associations that have an effect on forest policy have accepted these measures only partially and are far from eagerly implementing them in practice.

The hypothesis is partially untrue implying that the business is challenged to change only from the civil society. The challenge, although weak, comes both from the inside and from the outside. In the inside there is Keidanren that has been quite progressive with its Environmental Charter and the Declaration of Biodiversity that contributed to higher awareness in the market sector. Among insiders are also companies that accepted more rigid environmental and social business standards. Because of that they also put higher requirements for their suppliers which make them also more aware of timber legality, sustainability or other issues. Sekisui House is a good example of such change.

It remains true that the civil society has a weak influence on the business. An average consumer is little interested in forest protection and knows few things about deforestation in Southeast Asia or other regions. Environmental NGOs, even during the peak of their activities in the 1990s, could not convince the industry to adopt stricter environmental standards and struggle with this until this day. Some individual companies are open for cooperation with the

civil sector and can be presented as success stories. However, comprehensive change of business-as-usual practices in the whole industry is a far goal.

The government, meanwhile, allows the industry to run its business without confronting many regulations. A good example is how the Forestry Agency dealt with the issue of illegal logging by allowing JFWA to draft the legality verification guidelines and only applying them for public procurement but not for the whole timber market. Such loose and industry-friendly regulation shows that the business exercises much control over forest policy and is far from being seriously challenged by the civil society.

CHAPTER VII. CONCLUSION AND IMPLICATIONS

This study started from a puzzle of Japan's three-sided forest policy which pursues timber market liberalization, domestic forestry revitalization and promotion of sustainable forest management in developing countries at the same time. The problem of such policy is that an unregulated trade in wood products is undermining the efforts to increase domestic wood supply because it puts Japanese forest owners in unequal competition. Such trade also discourages producers in developing countries to consider not only the cost but also environmental and social implications of wood production, and, therefore, slows down implementation of sustainable forest management practices. The problem in the research was approached from a political science perspective by looking at the Japanese policy-making process in the field of forests and forestry, and analyzing what structural factors or actions of the main interest groups led to this three-sided fragmentation.

The aim of the thesis was to describe and explain the relationship between interest group activities and Japan's forest policy formation. The core research question raised in this research was why the Japanese government takes the path of timber trade liberalization and low market regulation even if that has negative effects on its efforts to strengthen the local forestry industry and to improve forestry management in developing countries. The main question was followed by three groups of sub questions, each of them focusing on the government, the civil society and the industry:

- 1) Why the Japanese bureaucracy is taking such a three-way approach rather than creating an overarching inter-ministerial strategy that could reduce negative implications and strengthen the positive ones? Why, at the same time, politicians, mainly in the Liberal Democratic Party (LDP), who are known to have strong ties with rural communities and tend to protect their interests are less inclined to protect the interests of forest owners? What kind of factors lead to such a situation?
- 2) Why environmental civil society groups that take pro-domestic forestry, anti-deforestation and tropical forest protection stance had little success in challenging the situation? How they interact with the government and promote their interests?
- 3) Why, on the other hand, companies that use timber – another strong interest group – can enjoy very favorable trade conditions? How can they influence policy-making and

in what ways they react to concerned voices coming from the civil society?

The research was guided mainly by patterned pluralism theory developed by Muramatsu and Krauss (Krauss & Muramatsu, 1988). At the same time, it was a testing ground for claims that Japan is moving towards the classical pluralism or is still mostly dominated by the bureaucracy. This final chapter of the thesis reviews the findings of the research and provides a discussion of these findings and their implications.

7.1. General observations about each sector

The analysis has shown a strong division of powers and interests in **the governmental sector**. The Forestry Agency was a market liberalization supporter in the 1960s and 1970s, but became an opponent in the 1980s and a neutral observer in the 1990s and 2000s. All this time it was a close ally of the domestic forestry and ensured it gets adequate financial support from the state. The Agency also embraced increasingly more environmental concerns and in the later years even took steps to protect forests abroad and fight illegal logging.

METI, as a representative of the interests of big business among which are many timber trading companies, was never a big protector of the domestic forestry industry. From early on the ministry agreed on wood market liberalization and actively pursued this agenda. On the international level, METI promoted Japanese corporate technology and products, and successfully incorporated them into Japan's campaign to solve international environmental problems.

Compared to the Forestry Agency and METI, MoE was a very weak player that made little impact both on domestic and international forest policy. Because of its small size, non-ministerial status until 2001, strong environmental divisions in other ministries and weak interest groups in the society, MoE and its predecessor the Environment Agency could not have a strong word in policy-making. Management of domestic forests was a clear jurisdiction of the Forestry Agency which was reluctant to share it with other institutions. Reducing Japan's negative impact on forests abroad was also a difficult task. It was more influenced by MOFA that was a major supporter of Japan's participation in international environmental cooperation, including forest protection. This was done not so much because the ministry cared for the environment, but rather to pursue its own diplomatic goals.

An important role in the forest policy-making is also played by the LDP. Its *nōrin giin* acted as powerful intermediaries standing between their rural voters and the bureaucracy. Due to pork barrel politics, they promoted support for local forest industries but played a minor role in shielding them from cheaper, but environmentally destructive imported timber. Politicians were less influential on the international level because it did not affect their success in elections. With few exceptions when politicians wanted to improve their personal image by showing more interest to global environmental problems, international forest policies were mostly decided by the bureaucrats.

The analysis revealed the weakness of **the civil sector** and showed that environmental NGOs that are interested in forest issues fall in two categories. One category consists of organizations that are interested in lobbying, but are small, understaffed and struggling financially. They experienced their “golden age” in the early 1990s when the time to campaign for tropical forest protection was favorable due to domestic and international circumstances but lost their momentum because of leadership problems and growing importance of other environmental issues. The second category consists of organizations that are better off financially and have sufficient amount of staff, but are not particularly interested in influencing forest policy. They rather choose to conduct educational events both for consumers and companies that use timber informing them about choices they can make to ensure they buy only sustainable wood and do not support reckless deforestation. This is perceived as a more effective way to improve the situation rather than spending time on politics.

Decision of the larger NGOs to keep their distance from lobbying shows it is not an easy activity. Compared to the early 1990s, the situation is better considering the number of parliamentarians in the Diet who are interested in environmental protection, structural changes in the election system which reduced the need of “pork barrel” politics, and the law on NGOs that gave more legitimacy to civil movements. Nevertheless, there are still few access points for the civil society interested in forest policy to enter the decision making process and few politicians who could accommodate their interests. Public hearings are still a rare event in the Diet committees or in ministries, and when NGOs are consulted, they do not feel their opinions are appreciated and valued.

The analysis has shown an important role of **the business** and that there is a strong relationship between large companies and timber market liberalization. Without the pressure

from Keidanren and Japan Lumber Importer Association, the government most probably would have implemented more protectionist policies to shield domestic forest owners and wood processing industries from the international competition. Liberalization was not a smooth process, especially in the 1980s when interests of different industry associations clashed with one another. The result allowed to see the hierarchy within wood-related industries and showed that companies involved in international timber trading can exert the most influence over forest policy formation.

Timber market liberalization is the most visible area where industry associations exercised their power and entered into conflict. Other policies usually do not get such attention and are calmly solved between a particular association and respective government agencies. Keidanren plays a little role in this because it does not have a committee dedicated to forestry and has not made any policy proposals in this field during the last 20 years. Industry associations, however, are mostly interested in economic and technical issues and have shown little activity in proposing environmental or social measures. As a result, environmental safeguards, procurement guidelines and other innovations were introduced after pressures from the outside. Associations have accepted these measures only partially and are far from eagerly implementing them in practice.

The business is challenged, although weakly, both from the inside and from the outside. In the inside there is Keidanren that has been quite progressive with its Environmental Charter and the Declaration of Biodiversity that contributed to higher awareness in the market sector. Among insiders are also companies that accepted more rigid environmental and social business standards. Because of that they also put higher requirements for their suppliers which make them also more aware of timber legality, sustainability or other issues.

It remains true that the civil society has a weak influence on the business. An average consumer is little interested in forest protection and knows few things about deforestation in Southeast Asia or other regions. Environmental NGOs, even during the peak of their activities in the 1990s, could not convince the industry to adopt stricter environmental standards and struggle with this until this day. Some individual companies are open for cooperation with the civil sector and can be presented as success stories. However, comprehensive change of business-as-usual practices in the whole industry is a distant goal.

The government, meanwhile, allows the industry to run its business without

confronting many regulations. A good example is how the Forestry Agency dealt with the issue of illegal logging by allowing Japan Federation of Wood-industry Associations to draft the legality verification guidelines and only applying them for public procurement but not for the whole timber market. Such loose and industry-friendly regulation shows that the business exercises much control over forest policy and is far from being seriously challenged by the civil society.

7.2. Characteristics of Interest Groups

The research analyzed main actors in Japan that have an interest in the forest policy formation, dividing them into three broad categories: those that belong to the state, to the civil society and to the market. The group of state actors consists of bureaucratic institutions (MAFF, MITI, MoE, MOFA), political parties (LDP, green parties) and to a lesser extent individual politicians (Matsuoka Toshikatsu). To the civil society belong environmental NGOs and forest volunteer groups. The market group encompasses forest owners, business companies working in timber trading (GTCs), processing (sawmills, plywood producers) or use (construction companies). The same group also includes financial institutions that invest in forestry or related sectors, and industry associations that unite companies working in a specific field. Each of these players can be evaluated according to three variables: strength, activity, and position it holds on the current Japan's forest policy. Values of these three variables are determined by using the following methodology.

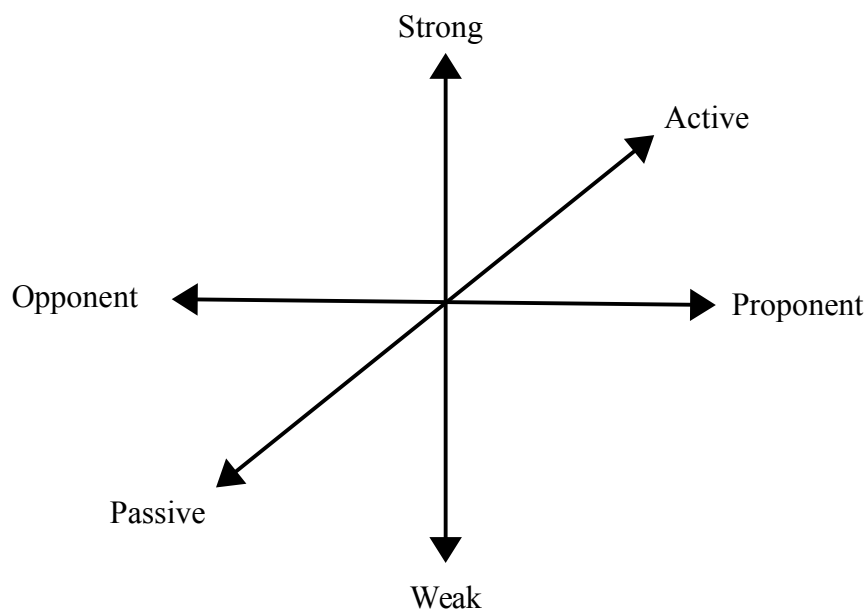
- Strength of a player is evaluated by its membership size, number of staff, staff expertise, budget size, geographical coverage (local, regional, national or international), organizational structure (loose or strong), networking (cooperation) with other players, reputation, level of radicalism (how much player's position is in line with the general opinion). Stronger players have more financial and human resources, larger geographical coverage, stricter organization, larger network with other players, and more support among the general public. Its strength allows the player to achieve its goals more easily and exercise bigger influence on policy-making.
- Activity of a player is evaluated by how much it is involved in politics. Apolitical players are considered as non active. Meanwhile, active players are those that declare

interest in politics, have connections with politicians or political parties, are involved in lobbying, or have their own political branch or close affiliation with an established political party.

- Position of a player is evaluated by its public statements, written publications and other means of expression. “Proponent” position means that the player supports the timber market liberalization while “opponent” means that the player thinks there is a need of market control to ensure sustainable and legal timber production.

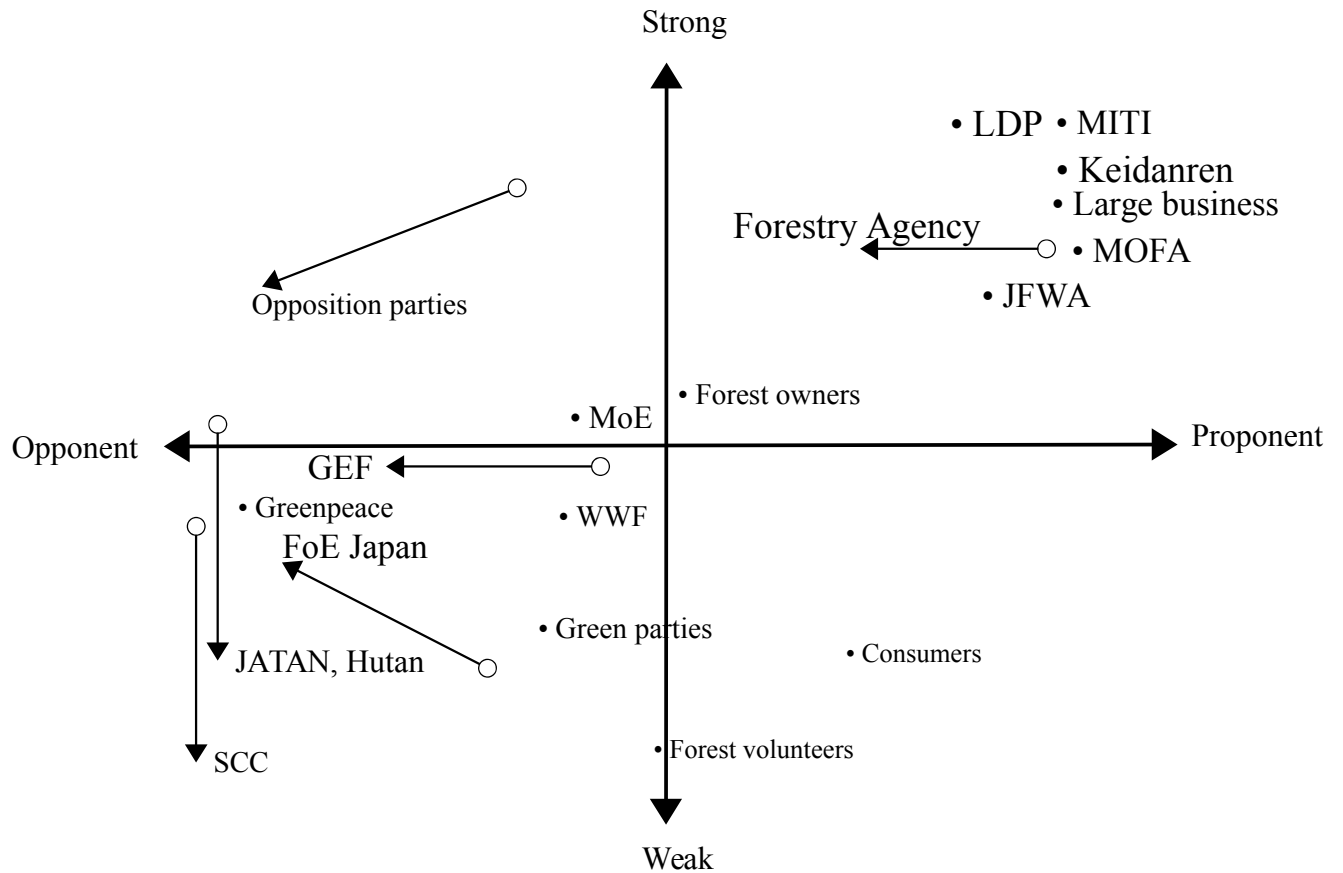
These three variables can be visualized as a three-dimensional graph in which lines act as a spectrum of variables. In the case of strength – from weak to strong, in the case of activity – from passive to active, and in the case of position – from opponent to proponent.

Figure 7-1: Three variables of interest groups.



The research allowed to gather enough information to put each interest group on a specific location on the graph, reveal their position in relation to other groups and movement in time. This is presented in Figure 7-2.

Figure 7-2: Main interest groups involved in forest policy formation by their strength, position and activity.



Note: activity is represented by font size where larger font shows more active groups. Arrows show movement in time.

The classification of interest groups shows two big clusters concentrated at the opposite ends of opponent/proponent spectrum. The first is composed of strong and active players in the forest policy formation, namely the LDP, MITI, large business, Keidanren, the Forestry Agency, MOFA and JFWA. They all, with some silent tensions between the Forestry Agency and the rest, strongly support the current policy direction and work on maintaining it. This cluster formed in the 1960s and remained mostly unchanged since then. The most dynamic period was during the 1980s when some LDP members, industry associations uniting wood processing companies and the Forestry Agency took the opposing position for further market liberalization. When they lost this battle, they moved back closer to the proponent side and remain there to this day, although the Forestry Agency remains leaning slightly towards

the opposition side. The importance of this cluster lays in its organizational, financial and political strength, and in its stability during long period of time.

The second cluster is composed of active but weak players. Differently from the first cluster which has exclusively players from the state and market sectors, it is composed only of the civil society groups. The cluster is also comparatively young, because its formation started in the late 1980s, and some members, such as GEF, joined only in the late 1990s. Some members have moved substantially on the strong/weak scale during this time as exemplified by SCC that has almost stopped its activities and JATAN that has a four times smaller budget and staff membership than in the early 1990s. Political activity of these two organizations has also decreased substantially since that time but were partially counterbalanced by an increase in lobbying by GEF and FoE Japan.

Although these two clusters are on the opposite sides of the opponent/proponent spectrum, their opposing position on the strong/weak spectrum means they do no balance each other in policy-making. This results in the dominance of proponent cluster while the opponent one has mostly indirect effect created through raising society's awareness or changing the behavior of some companies. The balance is also distorted by the fact that the second cluster started influencing forest policy almost three decades later than the first one and was much less stable.

Other interest groups analyzed in the research fall outside the two clusters. Forest volunteers are little interested in politics and, therefore, indifferent about forest policy. Green parties, Greenpeace, WWF and consumers show little political activity in the forestry sector even if they have opposing ideas. MoE can be considered as the biggest opponent inside the government, but it has little power to influence forest policy formation. The power of opposition parties lies in their large membership and ability to directly participate in the policy making process. These parties also seems to be interested in forest policy and has suggestions how to reform it. Despite that, they showed little activity to implement that in practice even when gained more power in the Diet. Finally, forest owners could be an influential group considering their large number but their lobbying activities are hardly noticeable due to difficulties they have in speaking as a united voice. This is influenced not only by their increasing disappointment in commercial forestry, but also by their rather mixed position. On the one hand, they are dissatisfied with low timber prices and intense international competition. At the same time, they receive generous support from the state that

co-opts them into not voicing their opposition very loudly.

7.3. Implications for the Decision Making Theories

Close clustering of power that is showed in Figure 7-2 brings new evidence to the discussion about decision making in Japan. As it was presented in Chapter 2, the leading theories on the Japanese policy-making process have evolved from the iron triangle model to the dominance of the bureaucracy to the patterned pluralism and, finally, to the classical pluralism. This research supports this transition except for two things: the dominance of the bureaucracy and the transition from the patterned to classical pluralism.

To address the first one, we have to consider that during the first two post-war decades, consensus about the importance of economic development existed among the LDP, the bureaucracy and the business which formed the three corners of the iron triangle. This unity started to crumble in the early 1980s because of conflicts over tariffs and dissatisfaction about high timber imports. The business corner split into GTCs as proponents, forest owners as opponents and wood processing industry supporting both sides depending on the issue in question. The bureaucracy and the LDP also had similar division with MITI and MOFA with their respective *zoku* opposing the Forestry Agency and *nōrin giin*. Close relationships that formed between interest groups and governmental institutions marked the start of patterned pluralism. It is unclear, however, when was the time of bureaucratic dominance because there was always an interplay between the main interest groups and never a clear dominance of only bureaucrats.

When addressing the second question, we must consider the recent arguments proposing that Japan is moving toward classical pluralism because administrative and electoral reforms moved power from the bureaucracy to party politicians, increased the importance of policies in election campaigns, and weakened traditional power networks, such as between the ruling party and the business, allowing a wider variety of interest groups to engage in the policy-making process. Some limited evidence in the forest policy-making supports the latter argument. For example, the campaign to stop tropical deforestation led by NGOs in the early 1990s had a small effect on the central government because the Ministry of Construction released a set of guidelines to encourage private companies to reduce tropical timber use. However, NGOs themselves did not participate in drafting these guidelines and,

therefore, participated in policy-making only indirectly.

Instead of classical pluralism, much more evidence points to the direction of patterned pluralism. To repeat Muramatsu and Krauss, “the patterned pluralist government is strong, interest groups sometimes have cooperative relations with the government and each other, and lobbying is not open-ended because interest groups usually are almost constantly allied with the same parties and bureaucratic agencies” (1987, p. 537). As the research has shown, the government indeed plays a very important role in the forest policy-making with three institutions taking the dominant position: METI, the Forestry Agency and MOFA. Except for MOFA, each has its own interest group base and maintains a close relationship with them: METI with large companies mostly conducting business in the timber trade, and the Forestry Agency with forest owners and timber processing industries. In many cases, these relationships are maintained by *zoku* politicians who act as intermediaries between the two sides. Alliances in the forest policy-making have been fairly stable for many decades and have not changed in the recent years. For example, the practice that the Forestry Agency accommodates the interests of forest owners by ensuring the continuation of subsidies and the interests of the wood industries by supporting low market regulation so they can get raw materials in low prices has been continuing for decades. In a similar fashion, METI and MOFA partnered with large companies to promote market liberalization.

Patterned pluralism is also supported by the lack of open-endedness in lobbying. Consultations with NGO representatives are still a rare event in the ministries that influence forest policy the most, and most decisions are reached after discussions between the government and the business. Despite pressure from environmental NGOs, decisions to reduce wasteful tropical timber use or prevent imports of illegal timber reflect mostly corporate interests. Even large international NGOs that actively engage in lobbying in other countries are reluctant to do the same in Japan due to difficult access of the decision making process.

All this creates doubts about Japan's migration towards classical pluralism. Instead, it suggests that at least in the forest policy sector the country still remains as a good example of the patterned pluralism model where it is not very difficult to foresee with whom a certain governmental institution will cooperate.

There is also a need to discuss the phenomenon of *gaiatsu* (foreign pressure) and how it fits to the decision making theories in the context of Japan's forest policy. It could be argued

that the timber liberalization trend that started in the 1960s was an outcome of *gaiatsu* and, therefore, the existence of the iron triangle structure is questionable. Indeed, the US, the biggest source of foreign pressure to Japan, was actively promoting the opening of timber markets since the end of WWII, especially for its own softwoods. This happened in several waves, mainly in the early 1960s, the early and late 1980s, and most recently in the second half of the 1990s. Why the Japanese government gave in the 1960s if they acted as a strong “iron triangle” that looks after the well-being of all economic sectors, including forestry? Actually, the evidence presented in this study shows that all sides of the triangle agreed to open wood markets due to worries about economic growth rather than the US pressure. This is illustrated by the fact that the Japanese government went much further than simply removing or reducing tariffs and implemented measures to encourage the private sector to engage in the international timber trade. Absence of protest, even from the Forestry Agency or wood industries, adds support to this argument. All this reveal that the iron triangle acted in unison to avoid shortage of wood, sustain the boom in the construction sector and keep the economy growing. The US pressure played only a small role in shaping iron triangle's decisions and met no resistance.

Gaiatsu works also as an indicator of the transition from iron triangle to patterned pluralism. During the second wave of timber market liberalization, there was no unity of politicians, bureaucrats and businessmen anymore, and the study observed formation of “pro” and “anti” groups. Liberalization supporters even used foreign pressure as an opportunity to advance their position. For example, Keidanren was mostly silent about timber trade liberalization until the 1980s, but then used the increase in attention created by US pressure and became an active proponent. Such breaking down into different camps when discussing forest policy demonstrates that iron triangle was not there anymore. Although open conflict became less visible after the 1980s, the presence of predictable coalitions remained and entered the period of silent tensions.

7.4. Implications to Domestic and International Forests

The study supports the worried thought that inspired the research. Namely, that Japan is sacrificing its own and foreign forests. Consistent pattern of close cooperation between the government and large business led to the promotion of economic interests with little attention

paid to environmental and social impacts. By failing to accommodate opinions coming from the outside of the market sector, the government also fails to promote sustainable forest management, wood production and consumption. As a result, Japan's timber imports and participation in other related businesses remain important factors fueling unsustainable forestry internationally instead of helping to promote environmental and social considerations.

Japan seems to be slow in responding to major international movements to protect forests. In the 1980s, it took almost a decade for the country to start addressing the issue of tropical deforestation on the ministerial level, but even then the reaction was weak. In the 2000s, Japan failed short to implement strict measures against illegal logging as opposed by much stringent regulation introduced in the USA, EU and Australia. In 2010s, there are still few discussions about Japan's role in oil palm expansion and environmentally irresponsible behavior of country's financial institutions while same topics gain prominence in North America and Europe. Undoubtedly, these issues will be addressed when outside pressures with the help of domestic NGOs will push Japan to that direction. However, there are few signs that the Japanese government itself could take the lead and propose innovations.

Worries about the future of forests is also based on Japan's inability to begin long-term international cooperation with the main timber producing countries. Despite long lasting economic cooperation with Indonesia and Malaysia, Japan has not started close environmental partnerships. Although such cooperation would require time and financial resources, it could help to systematically move towards more sustainable forestry and repair the damage Japanese tropical imports have made. The basis of current cooperation – ODA projects – are far from sufficient to reach this goal due to their small scale and short duration. In addition, there are many new challenges that cannot be solved through ODA. For example, China re-exports to Japan large quantities of wood products with questionable legality, and inter-governmental cooperation is a crucial step to start looking for solutions. However, there are few movements to this direction.

On the more optimistic side, there is a recent increase in the number of companies that go further than government's regulations and form a new trend of environmentally and socially responsible business. Some of them limit themselves to vague declarations and create doubts whether they have genuine interest in promoting sustainable forest management. Meanwhile, others create detailed methodologies to avoid the use of illegal and environmentally destructive wood and cooperate with the NGO sector to increase their effect.

Such partnerships are still few and face many challenges. Nevertheless, their expansion since the mid-2000s create hope they will play an increasingly important role in the future to stop and reverse the trend of forest sacrifice.

When looking at the domestic forestry, it is hard to imagine it will stand up and become profitable without governmental support if forest owners remain so passive about their situation. So far they were pushed back and forth by other powerful interests instead of influencing policy formation themselves. As the study has shown, forest owners' associations performed poorly in constructively criticizing the government and were co-opted by the subsidy system. Cooperation with forest owners seems to be also overlooked by environmental NGOs. None of their campaigns were based on entering a partnership with cooperatives or groups of individual owners. When comparing with North American and European cases, passivity of forest owners in lobbying activities seems to be one of the main reasons why stronger measures to fight illegal logging have not been adopted in Japan. As a result, issues in the domestic forestry have close connection to forest protection abroad.

7.4.1. Policy Suggestions

The author of this study holds a position that all countries in the world should strive to attain sustainable timber production that takes in consideration environmental, economic and social impacts. Reduction of destructive logging and protection of remaining old-growth forests with their rich biodiversity are the main environmental concerns. From economic perspective, the central goal is maximization of financial support directed to sustainable forest management. At the same time, social safeguards should be strengthened to avoid conflicts with local communities and unequal treatment of forest-dependent people.

Implementation of these considerations requires close and long-term cooperation of timber producing and consuming countries conducted in an open manner. On the governmental level, inter-ministerial coordination is needed to avoid reflection of narrow interests. Cooperation should also leave many entry points for the civil society, the private sector, epistemic communities and other actors. Although separate projects to improve forest management play an important role, the core of bilateral agreement should be the control of trade in wood products itself. Not with a goal to restrict it, but to ensure its sustainability and continuation in the future – an interest that both producers and consumers share.

Japan took many positive steps to improve forest management in countries from which

it imports wood, but they were small and with a lack of ambition to turn them into a close bilateral cooperation. AFP was discontinued instead of expanding it, the scale of ITTO projects has not been growing limiting their effect and ODA to Southeast Asian forest protection accounted to barely 1% of all amount going to the main timber exporting countries in the region. All these scattered efforts should be expanded, better coordinated and interlinked with one another to form a long-term strategy. Innovations, such as Reduction of Emissions from Deforestation and Forest Degradation (REDD), should also play an important role, although it should not be prioritized over cooperation to reduce unsustainable resource extraction and production of commodities that are fueled by international trade. The latter aspect could be more pro-actively raised and promoted by Japan in the World Trade Organization.

On the domestic level, Japan should improve the status of the civil society and give it more influence in policy deliberations. Regulation that concerns illegal timber, governmental procurement and wood consumption should be strengthened to give priority to sustainable wood without discrimination of its origin. Financial institutions should be encouraged to more strictly regulate their investments to avoid financing activities detrimental to environment and people. Finally, stronger efforts has to be directed to raising awareness and educating the public about forest issues that exist not only in Japan but also in countries that export timber to it.

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Personal Communication

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2. Aoyagi Setsuko, representative of Seikatsu Club Consumers' Co-operative Union, December 27, 2013 (e-mail communication)
3. Aton, Zolkipli Mohamad, representative of Sarawak Forestry Corporation, March 14, 2013, Kuching (interview)
4. Echizen Miho, representative of the Forestry Agency, December 18, 2012, Tokyo (interview and multiple e-mail communication in 2013)
5. Eskildsen, Tom, representative of Sarawak Campaign Committee, January 11, 2013,

- Tokyo (interview)
6. Hashimoto Mutai, representative of WWF-Japan, October 24, 2011, Tokyo (interview)
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 15. Mustapha, Siti Syaliza, representative of Malaysian Timber Certification Council, March 11, 2013, Kuala Lumpur (interview)
 16. Nakatsuka Takayuki, representative of JATAN, November 14, 2011, Tokyo (interview)
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APPENDIX I: DEFINITIONS OF KEY TERMS

Forest policy – in the context of this research, forest policy is defined as all policies of a country that are related to private and national forest management, extraction of forest resources, exports and imports of wood and its products, and involvement in international forest-related activities, such as bilateral agreements that concern timber trade or multilateral cooperation to promote sustainable forest management.

Timber – in the context of this research “timber” means all primary wood products, namely logs, sawn wood, plywood, veneer sheets, wood chips and pulp wood.

Sustainable forest management (SFM) – are forest management activities that seek to protect forest ecosystem services while allowing the use of forests for economic, social or other purposes. There is currently no global agreement on what exactly SFM is, and definitions may vary from country to country. However, several regional processes held in the 1990s and 2000s, such as the Montreal Process and the Tarapoto Process, led to agreements among their member states on more harmonized criteria of SFM. For example, one of the most widely accepted definitions of SFM was adopted in the pan-European Ministerial Conference on the Protection of Forests in Europe (MCPFE) in 1993. It reads as follows:

“The stewardship and use of forest lands in a way and at a rate that maintains their productivity, biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill now and in the future relevant ecological, economic and social functions at local, national and global levels and that does not cause damage to other ecosystems.”
(Douglas & Simula, 2010, p. 123)

ITTO initiated the creation of criteria and indicators of SFM in the early 1990s. The organization does not provide the definition of SFM in any of its International Tropical Timber Agreements, but it can be found in organization's reports. It sounds as follows:

“The process of managing forest to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social

environment.” (Blaser et al., 2011, p. 19)

All modern definitions of SFM require that forest-related activities ensure the long-term vitality of forest functions and services, such as timber production, and land, water and biodiversity protection at local, national and global levels. Because of unique characteristics of each forest, the application of SFM principles in practice can differ in many ways in different forest ecosystems.

Illegal logging – is the extraction, transportation, processing or trade of timber in violation of laws. The international debate on illegal logging is not settled, and there is no universally agreed definition of what exactly constitutes as illegal activity. Much controversy is related to differences in forest law in different countries, and what laws should be considered relevant when considering forestry activities.

Some organizations adapt comparatively narrow definition of illegal logging, while others extend it to cover much wider range of issues. For example, ITTO states that illegal logging “refers to the removal of logs in a manner that is against the provisions of relevant laws,” and makes a distinction between “illegal logging” and “illegal trade” of timber.³²² The former means that illegal logging occurs when someone is logging without following necessary requirements, e.g. cutting more trees than authorized, cutting the wrong size or the wrong species of trees, working in an area where logging is not allowed, causing excessive damage to the forest ecosystem, etc. Meanwhile, “illegal trade” involves not only national laws that regulate the selling, buying, taxation and customs control, but also international agreements, such as CITES. Chatham House, one of the leading think tanks in illegal logging analysis, defines illegal logging as “the breaking of laws on cutting, processing and transporting timber or wood products” adding processing and transportation to the list of things that must be considered.³²³ However, Chatham House treats trade issues as separate, referring to the whole problem as “illegal logging and related trade” (Lawson & MacFaul, 2010). Japan's official stance, on the other hand, is somewhere in between the two. The Ministry of Foreign Affairs (MOFA) states that illegal logging includes harvesting,

322 ITTO. What are illegal logging and illegal trade? (retrieved June 18, 2014 from http://www.itto.int/feature06_01/)

323 Chatham House. Glossary of terms. (retrieved June 18, 2014 from http://www.illegal-logging.info/approach.php?a_id=200)

transportation and trade of timber or wood products, but leaves processing unmentioned.³²⁴ That raises the question whether, according to Japan's definition, legally harvested but illegally processed logs can be considered as legal wood products.

The term “illegal logging” can be understood even in more broader sense than mentioned before and include all forest management activities from the moment of planning to cut trees, to the moment timber or wood product reaches its final consumer (Tacconi, 2007, pp. 2–3). Therefore, when considering illegal logging, one can also raise such questions as “are there no violations of the rights of indigenous people or the rights of private and public ownership?”, “are there no corrupt activities when a particular company acquires permission for logging?”, “are there any unsolved conflicts of land tenure rights in the area?”, etc. In some cases, logging operations may have legal appearance because they are authorized by the local government. However, further investigation can reveal that there is widespread corruption among public officials that lead to improper allocation of forest concessions and weak control of forest activities. For example, Taib Mahmud – the Chief Minister of Sarawak who has been in power since 1981 – is criticized for close personal control of state's forest resources, unclear issuance of logging licenses and widespread corruption (Cheng, 2010, p. 87). There are also ongoing conflicts in Sarawak between the government and tribes of indigenous people over their customary land rights. Some forest operations are happening in lands where such conflicts are still unresolved. In the context of illegal logging, it is a valid and important question whether Sarawak's timber can be considered legal.

324 Ministry of Foreign Affairs of Japan. Illegal logging. (retrieved June 18, 2014 from <http://www.mofa.go.jp/policy/environment/forest/illegal.html>)

APPENDIX II: STATISTICAL TABLES

Table A1-1: Japanese log, plywood and sawn wood consumption, total imports and imports from South East Asia (1000 m3).

Years	Consumption	Total imports (% of consumption)	Imports from Southeast Asia (% of imports)*
1961-1964	419203	50035 (12)	32702 (65)
1965-1969	631019	136885 (22)	65302 (48)
1970-1974	710573	231165 (33)	112668 (49)
1975-1979	637521	226365 (36)	102179 (45)
1980-1984	549800	181619 (33)	75612 (42)
1985-1989	549573	198667 (36)	62927 (32)
1990-1994	506550	193658 (38)	66113 (34)
1995-1999	426225	179960 (42)	49412 (27)
2000-2004	324570	144071 (44)	33093 (23)
2005-2009	269971	103221 (38)	21028 (20)

* For year 1961-1989 only quantity of logs.

Sources: ITTO Annual Report (various years), FAOSTAT.

Table A1-2: Imports of tropical logs, plywood and sawn wood by five biggest tropical timber importers (1000 m).

Year	China	Japan	Taiwan	South Korea	USA
1994	4307	12581	3817	3483	1338
1995	4152	12077	3259	3421	1574
1996	3551	12342	2967	2755	1824
1997	5299	11919	2162	2730	1775
1998	6042	7626	2352	1510	1903
1999	7829	8654	1810	2009	2074
2000	10252	8431	2376	2160	1938
2001	10769	7322	1720	2137	1408
2002	10191	7249	1789	2301	1645
2003	11414	5610	1948	2323	2065

2004	10844	6595	2234	2079	2862
2005	10421	5199	2206	1966	2304
2006	10479	4894	1520	1722	2371
2007	10335	3942	1772	1760	1840
2008	9381	3141	1542	1068	1084
2009	8455	2857	1173	915	821
2010	11562	2512	1173	915	814

Sources: ITTO Annual Report (various years).

Table A1-3: Japanese tropical log imports from Southeast Asian countries (1000 m3).

Country Years	Philippines (total exports)	Malaysia (total exports)	Indonesia (total exports)	Other* (total exports)	Total imports	Total exports (Japan's share in %)
1960-1964	21968 (22037)	10248 (15269)	130 (593)	356 (916)	32702	38815 (84)
1965-1969	34457 (39266)	25236 (23549)	4498 (6283)	1111 (1777)	65302	70875 (92)
1970-1974	28161 (38154)	34728 (59703)	45930 (67538)	3849 (3931)	112668	169326 (67)
1975-1979	7089 (12485)	47329 (75836)	44981 (95139)	2780 (3837)	102179	187297 (55)
1980-1984	5382 (7119)	47497 (85402)	18669 (32305)	4064 (7548)	75612	132374 (57)
1985-1989	886 (2368)	56448 (103489)	137 (868)	5456 (10134)	62927	116859 (54)
1990-1994	27 (46)	37328 (73569)	~0 (391)	8080 (20011)	45435	94017 (48)
1995-1999	~0 (4)	15356 (34343)	86 (485)	7795 (20711)	23237	55543 (42)
2000-2004	~0 (8)	7659 (28052)	210 (5276)	2266 (19396)	10135	52732 (19)
2005-2009	~0 (28)	3850 (24235)	1 (417)	706 (28744)	4557	53424 (9)
Total	97970	285679	114642	36463	534754	971262 (55)

	(121515)	(523447)	(209295)	(117005)		
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* Other includes Papua New Guinea, the Solomon Islands, Vietnam, Burma, Laos, Cambodia .

Sources: Dauvergne (1997, pp. 186-7); ITTO Annual Report (various years), FAOSTAT.

Table A1-4: Japanese tropical plywood imports from Southeast Asian countries (1000 m3).

Country Years	Philippines (total exports)	Malaysia (total exports)	Indonesia (total exports)	Other* (total exports)	Total imports	Total exports (Japan's share in %)
1991-1994	12 (245)	1061 (8316)	15572 (36246)	1 (66)	16645	44873 (37)
1995-1999	5 (59)	6924 (18325)	14678 (39154)	19 (218)	21625	57756 (37)
2000-2004	42 (100)	8243 (18852)	12183 (23108)	11 (432)	20479	42492 (48)
2005-2009	75 (166)	9398 (22832)	5962 (16162)	22 (565)	15457	39725 (39)
Total	134 (570)	25626 (68325)	48395 (114670)	53 (1281)	74206	184846 (40)

* Other includes Papua New Guinea, the Solomon Islands, Vietnam, Burma, Laos, Cambodia .

Sources: ITTO Annual Report (various years), FAOSTAT.

Table A1-5: Japanese tropical sawn wood imports from Southeast Asian countries (1000 m3).

Country Years	Philippines (total exports)	Malaysia (total exports)	Indonesia (total exports)	Other* (total exports)	Total imports	Total exports (Japan's share in %)
1991-1994	103 (215)	2192 (20590)	1632 (2853)	107 (3212)	4033	26870 (15)
1995-1999	75 (479)	2314 (16712)	2109 (3123)	52 (2265)	4550	22579 (20)

2000-2004	18 (550)	1177 (15688)	1209 (12221)	75 (2646)	2479	31105 (8)
2005-2009	8 (1126)	680 (12705)	312 (6398)	14 (3572)	1014	23801 (4)
Total	204 (2370)	6363 (65695)	5262 (24595)	248 (11695)	12076	104355 (12)

* Other includes Papua New Guinea, the Solomon Islands, Vietnam, Burma, Laos, Cambodia .

Sources: ITTO Annual Report (various years), FAOSTAT.

APPENDIX III: LIST OF LAWS

List of laws and their amendments that were examined to produce Figure 4 (“Cumulative amount of main themes expressed in post-war Japanese laws related to domestic forests and forestry”).

- 1947: National Forest Projects Special Account Law (国有林野事業特別会計法), economic (to provide financial help for forestry activities)
- 1950: Temporary Reforestation Measures Law (造林臨時措置法), economic (“to cultivate forest resources”)
- 1951: Forest Law (森林法), economic (“to increase forest productivity <...> and contribute to country's economic development”), environmental (creation of protected forests), public (designating some forests to serve public needs), workers (forest associations).
- 1956: Public Corporation for Forest Development Law (森林開発公団法), economic (to increase production from under-developed forest areas)
- 1957: National Forest Production Improvement Plan (国有林生産力増強計画), economic (to increase forest production)
- 1958: Profit-sharing Reforestation Special Measure Law (分収造林特別措置法), economic (to encourage reforestation)
- 1961: National Forest Timber Production Increase Plan (国有林木材増産計画), economic (to increase forest production)
- 1962: Forest Law amendments, economic (planning of supply/demand of forest products and forest resources)
- 1963: Forest Association Consolidation Assistance Law (森林組合合併助成法), economic (to improve management)
- 1964: Basic Forestry Law (林業基本法), economic (to improve economic strength of forestry, increase production), workers (improve their position, income)
- 1966: Law to Promote the Modernization of Rights Related to Communal Forests (入会林野等に係る権利関係の近代化の助長に関する法律), economic (to improve utilization of forest resources)

- 1968: Forest Law amendments, economic (to improve forest production from private forests)
- 1971: Law on the use of national forests (国有林野の活用に関する法律), economic (to promote forestry), workers (improve welfare)
- 1974: Forest Law amendments, environment (to protect certain forests from industrial projects), public (to protect public functions of forests)
- 1976: Forestry Improvement Financial Assistance Law (林業改善資金助成法), economic (to rise production, modernize forestry industry), workers (improve welfare)
- 1978: Forest Association Law (森林組合法制定), economic (to improve management), workers (encourage cooperation, improve their position)
- 1978: National Forest Projects Improvement Special Measures Law (国有林野事業改善特別措置法), economic (to improve financing of forestry activities)
- 1979: Law of Provisional Financial Assistance for Forestry Promotion (林業等振興資金通暫定措置法), economic (to improve forestry production, timber industry)
- 1983: Forest Law amendments, economic (to ensure better maintenance of production forests)
- 1983: Profit-sharing Reforestation Special Measure Law, economic (to encourage reforestation and promote forestry industry), social (multi-functionality), environment (multi-functionality)
- 1991: Forest Law amendments, economic (to ensure rationalization of forest management, introduce new machinery, encourage the use of forest products)
- 1995: Law on Green Fund-raising to Promote Forest Maintenance (緑の募金による森林整備等の推進に関する法律), economic (to increase financing designated for tree planting and forest maintenance), public (to protect public services that forests provide)
- 1996: Law to Promote Protection of Forestry Work Force (林業労働力の確保の促進に関する法律), workers (to improve their welfare, training)
- 1996: Law of Special Measures to Guarantee Stable Supply of Timber (木材の安定供給の確保に関する特別措置法), economic (to improve forestry industry, productivity of forests)
- 1998: National Forest Law amendments, economic (provision of forest resources), public (serve public needs)

- 1998: Law on Special Measures to Reform National Forest Projects (国有林野事業の改革のための特別措置法), economic (to deal with the debt accumulated in special forestry account), public (to move toward public services of forests)
- 1999: Green Resources Public Corporation Law, economic (to use forest resources and develop forest areas), public (to maintain public services)
- 2001: Basic Forest and Forestry Law, economic (to increase forestry production), environmental (multi-functionality), public (multi-functionality), workers (to improve their situation)
- 2003: Forestry and Timber Industry Improvement Financial Assistance Law amendments, economic (to rise production, modernize forestry industry), workers (improve welfare)
- 2008: Law on Special Measure to Promote Enforcement of Periodic Forest Thinning (森林の間伐等の実施の促進に関する特別措置法), environment (to fight climate change)
- 2010: Law on Promotion of Wood Usage in Public Buildings (公共建築物等における木材の利用の促進に関する法律), economic (to economically stimulate timber producing areas), environment (to fight climate change, create sustainable society)

Summary of Doctoral Dissertation

博士論文要旨

Sacrificed Forests:

Power and Interests Behind Japan's Forest Policy

犠牲になった森林:

日本の森林政策をめぐる権力と利権

Presented to

International Christian University

Graduate School of Arts and Sciences

国際基督教大学 大学院

アーツ・サイエンス研究科

September 5, 2014

2014年9月5日

DIDVALIS, Linas

デイドバリス・リナス

This study was motivated by the peculiar nature of Japan's forestry policies. Namely that Japan is actively involved in three activities at the same time: wood market liberalization, revival of the domestic forestry industry, and promotion of sustainable forestry on the international level. This is done despite the evidence that unregulated trade in wood products is undermining the efforts to increase domestic wood supply and does not encourage developing countries to consider environmental and social factors of wood production. Therefore, the aim of this study is to describe and explain Japan's forest policy formation process focusing the analysis on the activities and influence of interest groups.

The core research question raised in this research is: why the Japanese government takes the path of timber trade liberalization and low market regulation, even if that has negative effects on its efforts to strengthen the local forestry industry and to improve forestry management in developing countries? In order to answer this question, the research design is based on a theory-guided process-tracing case study method and qualitative content-analysis. With some additions, the main theory used is “patterned pluralism” developed by Muramatsu and Krauss. At the same time the thesis is a testing ground for the argument that Japan was dominated by the elitist “iron triangle” structure during the first three decades after WWII and has been moving toward classical pluralism in the last two decades. This thesis distinguishes between three sectors: the government, the civil society and the industry.

The analysis has shown a strong division of powers and interests between governmental sector, especially since the 1980s. Dominant conflicts were found between the Forestry Agency (to some extent with the Ministry of Environment) and the Ministry of International Trade and Industry with the Ministry of Foreign Affairs. Confrontation transitioned from open disagreement in the 1980s when it was stirred by foreign pressure from the US and to a lesser degree from Southeast Asia, to silent tensions in the past 25 years. The Liberal Democratic Party has also played an important role in forest policy making. Its *nōrin giin* acted as powerful intermediaries between their rural voters and the bureaucracy. Due to pork barrel politics, they promoted support for local forest industries but played a minor role in shielding them from cheaper, but environmentally destructive imported timber. Politicians were less influential on the international level because it did not affect their success in elections.

The analysis revealed the weakness of the civil sector and showed that environmental NGOs that are interested in forest issues fall in two categories. One category consists of

organizations that are interested in lobbying, but are small, understaffed and struggling financially. They experienced their “golden age” in the early 1990s when the time to campaign for tropical forest protection was favorable due to domestic and international circumstances but lost their momentum because of leadership problems and growing importance of other environmental issues. The second category consists of organizations that are better off financially and have sufficient amount of staff, but are not particularly interested in influencing forest policy. In general, forest protection NGOs have limited access points to enter the decision making process, and there are few politicians who could accommodate their interests.

The analysis has shown an important role of the business sector and that there is a strong relationship between large timber companies and timber market liberalization. Without the pressure from Keidanren and Japan Lumber Importer Association, the government most probably would have implemented more protectionist policies to shield domestic forest owners and wood processing industries from the international competition. Liberalization was not a smooth process, especially in the 1980s when interests of different industry associations clashed with one another. The result allowed to see the hierarchy within wood-related industries and showed that companies involved in international timber trading can exert the most influence over forest policy formation.

The business is challenged, although weakly, both from the inside and from the outside. In the inside there is Keidanren that has been quite progressive with its Environmental Charter and the Declaration of Biodiversity that contributed to higher awareness in the market sector. Among insiders are also companies that accepted more rigid environmental and social business standards. Because of that they also put higher requirements for their suppliers which make them also more aware of the legality of timber imports, the sustainability of forest management and other issues.

The influence on the timber business from the civil society and the government remains weak. An average consumer has little interest in forest protection and knows little about deforestation in Southeast Asia or other regions. Environmental NGOs, even during the peak of their activities in the 1990s, could not convince the industry to adopt stricter environmental standards and struggle with this until this day. Some individual companies are open to cooperation with the civil sector and can be presented as success stories. However, comprehensive change of business-as-usual practices in the whole industry is a distant goal.

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本研究の動機は日本特有の森林政策に発する。筆者が注目する日本に特有な点は、以下に挙げる三つの政策の同時進行にある。即ち、①木材貿易の自由化、②国内林業の再生、③持続可能な林業の国際的推進である。これらの政策は、規制無き木材製品貿易が国内的木材供給上昇の試みを阻害し、途上国における木材生産の環境的と社会的な諸要因に対する考慮を妨げるという事実が実証されているにも拘らず行われている。

本研究の目的は、日本の森林政策の形成過程を、利益集団の活動とその影響に焦点を当て、分析、説明することである。

本研究の中心課題は、「国内林業の強化や途上国に於ける森林管理に悪影響があるにも拘らず、なぜ日本政府は木材貿易の自由化と市場の規制緩和を推進するのか」という問題である。この問題に答えるために、本研究は過程追跡による事例研究と定性分析を採用したが、本論の主要な理論としては、村松とクラウスの「パターン化された多元主義」を採用した。同時に本稿は、第二次世界大戦後の30年間、日本は所謂エリートによる「鉄のトライアングル」に支配されており、近年に至って、古典的多元主義に移行しつつあるという試論でもある。分析は、「政府」、「市民社会」、「産業界」の三部門に分けて行った。

分析の結果は、政府機関に於ける、特に1980年代以降の明瞭な利権配分を示した。最も利権が対立した省庁は林野庁(程度の差はあるが環境省も)と通商産業省並びに外務省である。この対立は、米国からの外交圧力と東南アジア諸国からの要請により混乱を極めた1980年代のあからさまな論争から、後年には沈静化した緊張関係に変容した。森林政策の決定には自民党もまた重要な役割を担った。自民党の農林族議員は、地方の有権者と官僚の間で、強力な仲介者として活動した。利益誘導型政治による利権のために、農林族議員たちは環境破壊の恐れを認識しつつも、安価な輸入木材から地元林業を保護することなしに地元林業の支援を促進した。選挙戦への影響と関係が無いために、政治家は国際的なレベルでは殆どその影響力を行使しなかった。

分析では市民社会部門の脆弱性を明白にするとともに、森林関係に興味を持つ環境NGOが二つのタイプに大別されることを示唆した。第一のタイプは、抗議活動が主体で、人員不足、かつ資金難の小団体である。このタイプの団体は、1990年代初頭が全盛期で、国内外の状況から、熱帯雨林の保護キャンペーンが「ブーム」であったが、統率力の問題とその他の重要な環境問題のために運動の勢いを失った。第二のタイプは経済力と人員が十分ある団体の連合体だが、森林政策に対し影響を及ぼす事にあまり興味を示さない団体であった。NGOには政策決定に関わる機会が殆ど無く、またNGOの利害を代弁する政治家は殆どいない。

分析結果は、企業の果たす重要な役割とともに、大企業と木材市場の自由化との強力な

関係を示唆した。経団連と日本木材輸入協会からの圧力が無ければ、国際競争から国内森林所有者と製材業界を保護すべく、恐らく政府は保護政策を採ったであろう。自由化は円滑に行われた訳ではなく、特に 1980 年代には各業界の利害対立が見られた。その結果、木材関連業界におけるヒエラルヒーが表出し、木材の国際貿易に関わる企業が森林政策の形成に最も影響を及ぼすことを示した。

企業は、たとえ微々たるものではあっても、企業内外から与えられる課題に対処しなければならない。企業内にあっては、経団連はその地球環境憲章や生物多様性宣言など市場社会での意識向上に極めて積極的である。更に企業内には、より厳格な環境基準や社会的なビジネス基準を受け入れる企業がある。それにより、国内企業は、供給業者に対しより高度な要求を示し、その結果、木材の適正な取引、持続可能性、或いはその他の諸問題に対する意識を一層高めている。

企業に対する政府や市民社会からの影響は微弱である。平均的消費者は森林保護に殆ど興味を示さず、東南アジアや他の地域に於ける森林破壊に関する知識を殆ど持たない。環境 NGO は、その活動が全盛期であった 1990 年代でさえ、産業界により厳格な環境基準を受け入れさせることができず、今日まで苦戦している状況である。いくつかの個人企業は民間団体と協力し、成功事例を紹介している。しかし、産業界全体の慣習に際立った変化を見るのはまだ遠い先のことであると考えられる。