

**SPEECH BY HON. PROF. JUMANNE MAGHEMBE (MP), MINISTER FOR
NATURAL RESOURCES AND TOURISM AT THE OPENING OF THE
CONFERENCE ON: FOREST PLANTATION INVESTMENT**

**HYATT HOTEL
DAR ES SALAAM, 15 -16 NOVEMBER 2016,**

Hon. Kai Mykkänen, Finnish Minister for Foreign Trade and Development

Distinguished Guests;

Dear Friends;

Ladies and Gentlemen;

I feel very privileged to welcome you to our meeting on “Promoting investment in plantation forestry in Tanzania”. On behalf of the Government of Tanzania and on my behalf, I would like to take this opportunity to thank you all for coming to this conference and I warmly welcome you in Tanzania.

Ladies and Gentlemen;

Let me thank the organizers of this conference - the Tanzanian Ministry of Natural Resources and Tourism, in collaboration with UONGOZI Institute and FINFUND. Specifically, I wish to express my sincere gratitude to the Tanzanian Development Partners’ Group on Environment and other stakeholders for supporting government efforts to enhance environmental conservation. Indeed, I’m very much grateful to you all Ladies and gentlemen for accepting our invitation to this conference and your interest in investing in forest plantation

products during the next 10 to 15 years. Increasingly fast growing trees are also needed to save the remaining natural forests from being encroached for charcoal and fuel wood. Last but not least the important water catchment areas and biodiversity hotspots have to be protected from further degradation by providing alternative raw material and fuel sources.

Ladies and Gentlemen,

The aim of organizing this conference is to promote enabling environment and increasing investments for plantation forestry in Tanzania. How this should be achieved is indeed, the main foundation for this conference. I believe, through well structured discussions and exchange of best practices; this prominent gathering will pave the way for advancing sustainable forest plantation investment in Tanzania.

Ladies and Gentlemen,

The combined annual value of forest goods and services is estimated at US\$2.2 billion which is equivalent to 20.1% of GDP. The sector's contribution to the economy is increasing at a very fast rate due to increasing demand for forest goods and services, macroeconomic changes and globalization. The sector is estimated to provide about 3 million person-years of employment.

According to data released in 2014 by the National Forest Resources Monitoring and Assessment, Tanzania possesses about **48** million hectares (ha) of forests and miombo woodlands, of which about **17** million ha (about 35%) are managed as National and Local Authority Forest Reserves, including about **4** million ha of

Village Land Forest Reserves. Unfortunately, the remaining **31** million ha (65%) of forest resources mostly on village and general lands are without legal protection and generally categorized as open access regimes. It is in this category where various human activities are taking place leading to widespread deforestation and forest degradation. Since the forests and woodlands are under heavy human pressure, Tanzania is losing about **100,000** ha due to deforestation and another **300,000** ha severely degraded annually. Climate change impacts are also contributing to the challenge.

Ladies and Gentlemen

Currently, government plantations manned by Tanzania Forest Services Agency are the major source of supply of raw material supplying over 85% of raw material consumed by industries. In Tanzania, round wood (logs and pulpwood) is consumed by the construction sector, pulp and paper industry, furniture and joinery sector, packaging sector and in utility poles. However, the current raw material supply does not meet demand for both domestic and foreign markets of wood products. In addition, private forestry is still at the infant stage to complement raw material supply for industries. Forecast demand in the base scenario indicates that wood demand from plantations will surpass plantations supply by about 400,000 m³ by 2030. However, if the economy grows at the same pace as the population, forecast demand will significantly exceed supply from plantations by about 2,200,000 m³ by 2030. This is equivalent to a deficit of productive plantations of about 7,000 to 8,000 ha. Furthermore, if natural forests are included and only population is considered, demand will be less than supply

by about 18 million m³. However, if economic growth is also considered, demand will surpass supply by about 39 million m³ by 2030. Nonetheless, most of the wood from natural forests will be consumed by households as firewood and charcoal.

Ladies and Gentlemen,

Private sector plantations are important on carbon sequestration; currently the options for carbon credits for a forestry project in Tanzania are limited to voluntary carbon trading schemes such as the Voluntary Carbon Standard in conjunction with the Climate, Community and Biodiversity Standards. It is estimated that forest plantation could store on average some 164 tonnes of CO₂e per hectare in steady state with the assumed steady planting program. The price of carbon in voluntary market is estimated to 3 – 5 USD per tonne. This is an additional benefit that can be realised in investing in plantation forestry which in turn, will ensure net benefits to investors as well as local communities.

Ladies and Gentlemen,

Tanzania is becoming more and more a market economy and the private sector is its engine of growth. The private sector has therefore become a very important stakeholder in the country's decision making and implementation processes. The private sector has a lot to benefit from thriving research institutions. For example, best practices for silviculture and plantation management are all based on scientific evidence. This means that supporting research institutions and having an active dialogue between companies and research institutions can create real

benefits for both parties. In turn, this means that scientific information needs to be openly available for stakeholders to use. The role of private companies in supporting research is an increasing trend.

Ladies and Gentlemen,

Basing on those facts, Investors are encouraged to establish industrial forest plantations. Although, there are some constraints for private forestry development, still this is a rewarding investment area as opportunities outweigh constraints. Some of these opportunities include:

- availability of potential land for expansion,
- good climate and soils favouring fast tree growth,
- proven outstanding performance of many valuable tree species.
- availability of cheap labour,
- supportive legal and regulatory frameworks such as the Public Private Partnership Policy, National Forest Policy, Forest Act and,
- availability of good market for wood products

Besides, Tanzania's is rehabilitating the aging economic infrastructure, including rail and port infrastructure that are also important for investment.

Ladies and Gentlemen,

Having said this, may I now declare that this conference on Forest Plantation Investment is officially open.

THANK YOU FOR YOUR ATTENTION