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BRIEFING ON THE FINNISH CONSULTANCY COMPANY JAAKKO POYRY

JAAKKO POYRY: QUIET PARTNER IN FOREST DEGRADATION

Forest degradation, we are frequently told, is associated with the activities of loggers, timber consumers, paper companies, and multilateral agencies. Often overlooked is the role of a much lower-profile set of actors: forestry and engineering consultancy firms.

This small, ideologically tightly-knit group of companies, based largely in Europe, North America, Australia, New Zealand and Japan, produce no wood or paper themselves and are seldom to be found wielding a bulldozer or chainsaw. Their business is merely to help other firms promote, investigate, plan, design and set up pulp and paper mills and logging and plantation operations. Yet these consultancies exercise global clout out of all proportion to their size and numbers. With comfortable links to universities, aid agencies, machinery and paper firms, and government bureaucracies, they have helped blaze trails through the forest world from Tasmania to the arctic tundra.

Preeminent among such firms is the **Nordic-based Jaakko Poyry Oy** - the largest forestry and engineering consulting company in the world, with an estimated 40 per cent of the forest industry consultancy market worldwide and a turnover of more than US\$300 million in 1994 alone. Poyry, which recently absorbed the large Swedish consulting firm Interforest, has over 60 offices in 25 countries around the world -- 11 in Brazil alone -and thousands of employees, and has been involved in hundreds of major commercial forestry and pulp and paper projects in the last two decades across the Americas, Africa, Asia, Oceania and Europe (1).

Poyry's work acts as a growth hormone for industrial forestry.

Wherever possibilities for commercial exploitation beckon, the firm's consultants are likely to be on the scene early, lobbying governments, evaluating forest and land resources, lining up contracts from close colleagues in aid agencies, subcontracting lucrative work out to potential local allies, doing feasibility studies or market surveys,

mapping out logging roads, establishing tree nurseries, and designing or engineering factories. Relying on contracts both from state and international agencies and from the private sector, Poyry has served as a crucial go-between linking the interests of international and national business and officialdom and bringing together machinery and techniques with land and forests.

Historically, Poyry's bread-and-butter contracts have come from industrialized countries, but what with an increasingly globalized paper industry, some of the company's most destructive recent activities have been carried out elsewhere. Indonesia, with its many new pulp mills feeding off native forests and exotic monoculture plantations, serves as an excellent example. A 1984 contract with the World Bank and the Indonesian government to analyze the country's paper and pulp possibilities helped Poyry land over 30 subsequent contracts to plan or implement public and private sector projects to supply mills with pulpwood from natural forests or plantations. In addition, the company has picked up scores of contracts --some of them subsidized by Finnish taxpayers through Finnish Export Credit and FINNIDA-- to plan or engineer pulp or paper mills for Indonesian clients or do market surveys for Western machinery manufacturers such as Ahlstrom, Valmet-Tampella, Kvaerner Pulping and Sunds Defibrator. Small wonder, then, that when a gigantic pulping operation like Raja Garuda Mas's recently-completed Riau Andalan goes up, it is to a plan formulated by Poyry, and often under Poyry supervision. Small wonder, too, that Poyry continues to benefit from smaller agreements, as when Finnish Export Credit and FINNIDA granted a 13-year interest-free loan worth US\$4 million for a forestry development and training centre for Indorayon in Northern Sumatra(2).

Poyry has built its power and prosperity partly on handouts from governments. Finland's FINNIDA and Sweden's SIDA have been particularly generous in channeling tax revenues to Poyry for plans and technical services for pulping, logging and plantations in the Third World. Among the countries affected by this largesse have been the Philippines, Thailand, Sri Lanka, Tanzania, Nepal, Zambia, Kenya, Viet Nam and Mozambique (3).

Other government subsidies for Poyry have been transferred through multilateral agencies such as the Asian Development Bank (ADB), African Development Bank, Inter-American Development Bank (IDB), the European Bank for Reconstruction and Development, and the World Bank. The scale of such subsidies can be inferred from the establishment of 2.9 million hectares of tree plantations between 1984 and 1994, largely for commercial purposes, at a cost of US\$1.416 billion. In addition to helping Poyry describe how to build up Indonesia's pulp and paper industry (1984 and 1987-8, involving the World Bank and ADB), multilateral agencies have funded Poyry studies of investment opportunities in Latin America, Viet Nam and Nepal (1981-2, 1990-1, and 1986-present, involving IDB and ADB) and forestry development plans for Cameroon, Central African Republic, Congo, Ethiopia, Ghana, Nigeria, Sudan, Bangladesh, Bhutan, Laos, Nepal, Pakistan, Papua New Guinea, the Philippines and Sri Lanka (4).

Helping Poyry scoop up its share of the thousands of consultancy contracts put out yearly by international borrowers are close personal and ideological links between its staff and various official bodies (5). These links are forged through shared backgrounds, education and experience as well as through mutual attendance at meetings industrialized-country governments sponsor to bring their country's firms together with multilateral financiers. In 1994, for example, Poyry, which had no previous experience in India, was selected over 15 Indian bidders to carry out World Bank forestry projects in Kerala and Uttar Pradesh. Surprise at this remarkable coup

was somewhat lessened by the revelation that the person in charge of Bank forestry programmes in India was a former vice-president of the Jaakko Poyry Group, Christian Keil. India's Inspector General of Forests, A. K. Mukerji, meanwhile, who had recently been a guest of Jaakko Poyry in Finland, was reportedly preparing to open a branch of the firm in India upon his retirement from the civil service (6). In countries where such channels are lacking, Poyry has not been shy about intervening in national politics. In Thailand, the Poyry consultant leading the formulation of a contested Forestry Sector Master Plan openly admitted that these activities were aimed at bringing Thailand's "institutional and social frame into shape" in a way which would allow the wider application of Western techniques of industrial forestry (7).

Few official or professional sanctions exist in Poyry's home country of Finland which might be applied against such questionable practices. Similarly, although Poyry's Forest Policy explicitly commits the company to maintaining species biodiversity and to advocating that "any natural forest area which demonstrates untouched unique ecosystems be set aside for conservation even if it has been assigned for industrial forestry", the firm has not been able to restrain itself from involvement in (for instance) several projects in Indonesia which are expressly designed to start up by feeding off mixed tropical hardwoods from native forests (8).

In maintaining and defending its networks, Poyry is skilled at adjusting to the times. Official gatherings such as the **1992 Earth Summit in Rio de Janeiro provide rich opportunities for the firm to lobby for the diversion of public funds to itself in the guise of 'environmental aid'. In 1993, it began to publish a confidential quarterly report on environmentalist thinking and activities, aimed at a clientele of wealthy forestry companies, and based partly on information gathered by monitoring NGO publications, watching environmentalists' electronic mail conferences, and sending queries to environmental groups (9).** Poyry is also confident of its ability to deal with the Nordic media. When Poyry Chief Executive Officer Henrik Ehrnrooth and Poyry consultant Jouko Virta were publicly criticized in Finland about Poyry's involvement in a plantation project in the Dominican Republic, they simply denied that the firm had even been in that country, despite being shown Dominican newspaper clippings and photographs reporting Virta's negotiation of a Dominican plantation contract (10).

Appendix: The Thai Forestry Sector Master Plan:

The recently-completed Thai Forestry Sector Master Plan (TFSMP) offers an interesting illustration of Poyry's work in attempting to build up support networks, rewrite policy, and **manage resistance in an intercultural context.**

Having helped to establish Poyry as a key player in several Asian countries, including the Philippines, Indonesia and Nepal, Jouko Virta, President of the firm's Consulting Division, was hard at work in the mid-1980s trying to make inroads into the highly personalized Thai government system. Virta's way was smoothed by a fortuitous meeting with a Swiss named Nat Inthakan, who had been living in Thailand for several decades and had Thai nationality and an intimate knowledge of the local timber industry. Nat arranged introductions for Virta to Snoh Unakul, a businessman and Secretary General of the National Economic and Social Development Board; General Harn Leenanonda, then Minister of Agriculture and Agricultural Cooperatives, which had jurisdiction over the Royal Forest Department (RFD); and Phairote Suwannakorn, then Deputy Director of the RFD. Virta then wrote up terms of reference for a Master Plan for Thai forestry development which Nat, now acting as representative of Poyry in Bangkok, used to brief then Prime Minister Prem Tinsulanonda. On a 1988 visit to

Finland, Prem signed an agreement whereby FINNIDA would fund a Thai master plan along TFAP lines. Since Thailand's per capita Gross National Product was too high for the country to qualify technically for Finnish bilateral aid, FINNIDA's funds were channeled through UNDP. UNDP duly selected Poyry as plan consultant. Rauno Laitalainen, who had been in charge of Poyry's master-plan team in Nepal, arrived in Bangkok in July 1990 with a tax-free annual salary of US\$240,000 (11).

Despite Prem's imprimatur, Laitalainen faced immediate problems in creating a plan which could satisfy the various bureaucracies, state enterprises, businesspeople and speculators with interests in the forests --to say nothing of farmers' groups, non-governmental organizations and environmentalists. Having had prior experience with FAO and UNDP, and aware of the controversy over the Tropical Forest Action Program (from which much of the original impetus for the TFSMP had come), **the Forest Department's planning division at first refused to work with Poyry. As late as August 1991, an FAO evaluator found that 75 per cent of Forest Department staff remained opposed to the plan (12). Some 205 NGOs involved in rural development, meanwhile, noting Poyry's unconcealed interests in promoting commercial plantations, objected to the plan on the grounds that it would strengthen state and industrial control over forests at the expense of local communities and their commons. Under pressure, Laitalainen agreed to sign a statement stipulating that the plan's Terms of Reference be rewritten after consultations with NGOs working with village communities.**

Laitalainen and his team then began to devote time to learning the political ropes, lobbying for a coordinated approach to industrial forestry, making elite alliances, distributing consultancies, starting up publications, mollifying malcontents, and lining up potential supporters for a plan many of whose details would be left for the future. Perhaps sensing that the more participants he brought in on the side of the plan, the easier it would be to accuse others of 'marginality' and 'obstructionism' and to pass responsibility to the authorities, Laitalainen went out of his way to make the TFSMP seem capable of answering the needs of all actors. **When speaking with the government's Forest Department, he suggested that TFSMP could help increase the country's forested area and wood industries. When speaking with business, Laitalainen stressed the need for the government to subsidize private investment in plantations through provision of land and other necessities. Trying to integrate NGOs into the planning process, he praised grassroots efforts to conserve forests; acknowledged the need for land reform, popular 'participation', and grassroots benefits; and claimed to be in a unique position to intervene with the state on behalf of ordinary people. Photographs of villagers sitting in conclave or planting trees under the tutelage of officials began to feature in TFSMP documents. The TFSMP was presented as an infinitely self-correcting 'rolling process' capable of accommodating any objections from any actor. Criticisms were dismissed as 'premature' and critics invited to participate in succeeding stages.**

These efforts had some effect. The TFSMP's ability to hire consultants eventually attracted many Thai forestry faculty. Although most Thai NGOs stuck to their demand that the Terms of Reference of the plan would have to be revised before they would consider any invitation to participate in the planning process, two NGOs agreed to serve on the steering committee in the spring of 1991. One of these soon afterwards received an unusual US\$20,000 grant from FINNIDA.

Pressure nonetheless built from the majority of NGOs, who pointed out that Poyry, in providing supposedly 'neutral' information about economic demand and forest resources and uses, promoting 'correct' management techniques and environmentally friendly

technologies, trying to integrate land management into global wood-fiber supply systems, and proposing repeal of the popular 1989 logging ban, was in fact already engaged in political subversion against land reform and many village ways of life. The planners' profession of support for customary land rights and local control meant little, NGOs noted, given that, under the plan, villagers' own systems of knowledge and organization were to be subordinated to technocrats' schemes and 'measures undertaken to . . . accelerate out-migration from the forest lands'. Jaakko Poyry consultants' 'bottom-up' planning, they added, was bottom-up in name only, since in fact it consisted merely in officials' 'outlining' their management plans in the presence of villagers.

Partly out of reaction to such pressures, and partly out of a typically corporate frustration with Thailand's existing 'institutional and social frame', the master plan team moved further and further away from presenting itself as a mere 'technical' appendage supplying facts to a unified body of forward-looking policymakers. Instead, it was forced to begin advertising itself as a political facilitator of a **compromise 'national vision'** of Thai forests, a reservoir of expertise on democracy and 'participation', and a redrafter of policy. Predictably, this stance roused even sharper sarcasms. As one NGO leader noted in a 1993 letter to the Bangkok Post, **"National values" as perceived by the master plan team bear little resemblance to the values local people place on collectively managing community forests and commons within cultural, social and economic contexts of local communities throughout the Kingdom'**. In the end, the company was forced to cut its losses with NGOs. Allegedly on the suggestion of Heikki Rissanen, forestry adviser to FINNIDA, Laitalainen broke his promise to sign the recommendations coming out of the February 1991 meeting (13). Jouko Virta, although aware that the bulk of Thai NGOs involved in rural work opposed the TFSMP, went on record claiming that only two or three marginal and 'extremist' individuals --'I think they are anarchists'-- were critical of Poyry's planning exercises. The claim began to be heard that it was 'too late' to influence the plan and that any problems with it were due to NGOs' refusal to participate.

Yet Thai officialdom proved hardly more willing than NGOs to indulge **Poyry's pretence of being able to redraft Thailand's entire forest policy and reform its practice from top to bottom**. The cabinet never approved the completed TFSMP; nor did any state bureaucracies rally round its banner. Predictably, the plan wound up, in words which anthropologist James Ferguson has used to describe development projects in Lesotho, like a 'bread crumb thrown into an ant's nest' (14). Instead of providing a blueprint for a brand-new, comprehensive and coherent forest management regime, the plan remained a relatively small component in a larger machine, treated at most as a 'shopping list' from which various actors could choose isolated items which could benefit their own circles.

Poyry's ability to pursue the master plan at all, and thus to carve out an at least slightly more spacious niche for pulp and paper interests, was due partly to the fact that it could successfully conceal from the Finnish public the scale of resistance its schemes were experiencing in Thailand. In this it was helped not only by the physical distance between the two countries, but also by the fact that the Finnish public shared many of the Poyry consultants' assumptions. To many Thai observers it was merely commonsense that Poyry, in laying out the master plan, was seeking commercial benefit and that it was unaccountable to the people whose livelihoods it was threatening. In Finland, where the belief in the 'neutrality' of corporate consultants and their 'objective expertise' remained strong, such claims, if they could be heard at all, often sounded like paranoia. Similarly, to many Thais, the idea that Finnish foresters could provide a neutral forum in which the goals of (say) transnational corporations, Thai government ministries, local politicians, and Northeastern

villagers could be reconciled under centralized authority seemed fanciful. In Finland, however, it was given solemn credence. **Finally, while in Thailand it was common knowledge that millions of rural residents depended for their livelihoods on the type of commons regimes commercial eucalyptus schemes were disrupting, such regimes seemed merely quaint or economically marginal to many Finns.**

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