A Brief Account of the Progress on Independent Forest Certification in China

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Progress in Regulatory and Policy Front (1)

- 2001: The **Quality, Standards and Certification Division** in SFA set up
- 2001: The **National Working Group** on Forest Certification set up
- 2001: A **Leading Group** in SFA to be set up
Explicit recognition by the government of forest certification, even though not necessarily independent forest certification.

Developing a Chinese national system of certification is high on the agenda but the feasibility and implications are unclear at this point of time.
Capacity Development

- Two local groups in certification developed: RCEEE and Chinese Academy of Forestry Center for Sustainable Forestry Management
- One international NGO: WWF-China actively promoting forest certification
- Work focuses on information provision and convening
Achievements

- Some 20 COC certifications completed in about 1 year’s time
- Some 10 COC certifications under preparation
- 1 FMC close to be completed
- 2 more FMC certifications in progress
Drivers and Opportunities (1)

- Export Market Demand
  - Primarily US and European buyers
  - Furniture export from China in 2000 totaled 3.66 billion US$

- Opportunity: Export pulled domestic FMC certification
Drivers and Opportunities (2)

- Rapid Growth in Domestic Demand
  - Domestic furniture market totaled over 15 billion US$ in 2000
  - Domestic market has grown over 16% in the past 5 years

- Opportunity: Domestic certification and importing of certified timber
  - Retailing outlets of overseas DIYs operating in China, particularly after WTO accession
  - High profile procurement e.g. the Olympic Games Village in Beijing
Drivers and Opportunities (3)

- Growing Re-export
  - Maturing manufacturing capacity
  - Cheap labor force
- Opportunity: sourcing certified wood overseas to transform trade linkages
Demand from Europe and US

Chinese Processing and Sourcing

Overseas Supply of Certified Wood
RCEEE’s work (1)

- Promotional activities:
  - participation in PRI
  - Newspaper publication
  - Book translation
  - Surveys
  - Information brochure
  - Meetings
RCEEE’s work (2)

- Pilot community-based forest certification in S. China
  - Building a supply chain of certified wood products from communities to overseas buyers
  - Seek alliance with communities, processors, buyers, aid agencies and investors
RCEEE’s work (3)

- Transforming trade linkages
  - Consortium approach: Group COC certified companies so that they can source certified wood together
  - Russian FE would be a priority region of wood sourcing for certified wood
Year 1998 total log imports in volume by country

- Russia: 32%
- Malaysia: 22%
- Gabon: 12%
- Tropical Guinea: 22%
- PNG: 4%
- Korea PD: 4%
- Indonesia: 2%
- Others: 10%
- New Zealand: 3%
- Cameroon: 3%
- Indonesia: 2%
- Gabon: 12%
- Malaysia: 22%
- Tropical Guinea: 22%
- PNG: 4%
- Korea PD: 4%
- Cameroon: 3%
Transforming trade linkages with RFE (1)

- Chinese importing of logs from RFE
  - 1998: 1.6 million m³
  - 2000: over 6 million m³
- Russian timber
  - Cheap, stable and large wood source
  - Low transportation cost
  - Chinese logging operations in RFE
Transforming trade linkages with RFE (2)

- Chinese Importing of certified wood
  - 20 COC certified mills: 60,000 m³ per year = 20 mills * 3,000 m³/mill
  - This amount would double in a year or so

- Sourcing certified timber from RFE requires:
  - Availability of certified timber in the RFE
  - Establishing new distribution channels for timber
In conclusion

- **Trade is not bad by definition**
- It is easier to change trade practices than stopping trade linkages, if either can ever be done
- Forest certification could provide a leverage for change in China-FRE timber trade