Research on Sino-African Timber Trading Chains

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Timber trade between China and African countries is hot

- President Hu Jintao visiting to African countries indicate better prospect of cooperation between China and Africa.

- The relative Chinese government is decide to strength the cooperation with African countries.

- Relative Chinese government have interesting to strength forest cooperation on Forum on China-Africa Cooperation.
Timber trade between China and African countries is hot

- Timber cooperation between China and Africa is important as Africa is one of the largest hardwood suppliers to China.

- NGOs such as IUCN, FT, WWF are concerned about timber trade between China and Africa and do some research.

- Some Chinese companies have invested in Gabon in timber logging and processing and Liberia will become the next hot topic.
Timber trade between China and African countries is hot

• China and Africa is both important to each other in timber trade.

• China and African countries are concern about timber trade.

• Some African organizations are interesting to cooperate with Chinese government.
About the project

- We have a research on timber trade chain between China and African countries on consign of IUCN.

- We have interviewed some companies engage in Africa timber logging and processing, and got some information of African companies.

- We stress on timber importer directly from African countries.

- We also interview some consumer on legal timber and forest certification.
Log trade between China and African countries

- Log imported from African countries accounts for 10% of the total volume.
- 90% of the timber imported from Africa is log.
- The import volume is not stable.
Lumber trade between China and African countries

Because of the limited log export of African countries, lumber imported is increasing in 2008.
Analysis of Sino-African timber trading Chains

• Important section in the trading chains

• Typical companies in the trading chains

• Function of the important section
Important section in the trading chains

- Timber logging and processing enterprises
- Trade companies
- Transporters
- Wood products processing enterprises
- Main consumers
Typical companies in the trading chains

• We have visited the biggest port of African timber-Zhangjiagang in order to make clear the important section of the trading chain.

• We have interview the first level and second level wholesalers in Zhangjiagang port.

• We also interviewed the big importer in Zhangjiagang port.
Primary timber logging and processing companies in Africa

1. Companies in Gabon
   • Rougier Ocean Gabon of France
   • SNBG of Gabon
   • Rimbunan Hijau of Malaysia

2. Chinese companies in Gabon
   • Chinese Sunly Office in Gabon
   • Huajia Wood Stock Co., Ltd
Role of timber logging and processing enterprises

• At the begging of the trading chains, assume logging, processing, export and sometimes transport.

• The relative activities of wood logging must comply with the policy of African countries.

• Logging and processing companies control the timber source, and participate export directly, so they are important of forest sustainable development.
Primary timber importers of China

• Wenzhou Wood Group Trade Co., Ltd

• SUMEC International Technology Co., Ltd

• Jiangsu Provincial Foreign Trade Corporation
Primary timber importers of China come from China’s Customs:

- Shandong Longsheng Group
- Rizhao Shengye Wood Co., Ltd
- Guangdong Native Produce Import & Export Corporation
Role of trade companies

• Take on about 90% import volume of African timber.

• Trade companies are the connection of timber supplier and wood processing companies. And distribute timber to different market according utilization.

• Take on import, selling, distribute, transport duties.

• First level wholesalers import timber from Africa directly, so they are important to forest sustainable development.
Role of trade companies

• 90% timber is selling to second level wholesalers directly in the port.

• Only 10% timber is selling to wood processing companies in the port.

• Second level wholesalers have monopolize status in the port.
Role of transporters

• All of the companies on the trading chains may take on transport.

• Transport in China and African countries must obey relative policies.

• For example, transport in China should carry with transport certification.
Role of wood products processing companies

• Usually purchase timber from trade companies.

• Rarely processing companies purchasing timber from wholesaler in port, normally from second and third level wholesalers on the market.

• Wood processing companies have certain impact on forest sustainable development because they are the consumer of timber.
Role of main consumers

- Domestic consumers are the primary consumers of Africa timber, but they didn’t have higher requirements of certification.

- America and Europe countries consumers are the second largest consumers, they are improve the requirement of timber legality gradually.

- Attitude of forest certification of consumers is crucial to sustainable development.
African Timber Suppliers

Yangzhou Port

Zhangjiagang Port

Shanghai Port

Timber Exporters → First Level Wholesalers

Direct sales at the Port

Second Level Wholesalers

Wood Products Processing Enterprises

First Level Timber Wholesale Market

Direct sales at the Port

Second Level Timber Wholesale Market

Shandong Linyi
- Okoume, Ozigo

Zhejiang Jiashan, Huzhou
- Okan

Shanghai, Suzhou, Hebei
- Padouk, Pao Rosa

Shanghai Furen Plate Market
- Kevazingo

Suzhou
- Advanced Mahogany

Local Plywood Enterprises

Local Flooring Enterprises

Local Furniture Enterprises

Local Plate Processing Enterprises

Local Mahogany Furniture Enterprises

Third Level Timber Wholesale Market

Third Level Wholesalers

End Users
- Enterprises of Plywood, Furniture, Flooring, Plate Processing and Decoration
Promote sustainable timber trade between China and African countries

- Policies analysis of sustainable development
- Suggestions to sustainable development
Policies analysis of sustainable development

- Little forest land is certified in Africa, but FSC and PEFC is in development in recent years.
- China’s Customs’ inspection has not covered illegal logging yet
Suggestions to sustainable development

• Suggestions for relative governments and departments

• Suggestions on enterprises engaging Sino-African trades

• Suggestions on related organization
Suggestions for relative governments and departments

- African countries should promote enterprises forest land planning reinforce forest certification.

- China should reinforce Customs inspection and issue related policies to restrict import of African timber.
Suggestions on enterprises engaging Sino-African trades

• Suggest Chinese companies in Africa complete forest planning as soon as possible.

• Suggest Chinese timber importer refuse illegal logging timber.
Suggestions on related organizations

• Enhance African countries’ degree of importance on forestry

• Help Chinese enterprises engaging timber logging and processing complete forest land planning.

• Urge Chinese related government department to strengthen the inspection of imported timber

• Improve capability and push legal and sustainable timber production and trades through cooperation

• Strengthen domestic consumers’ understanding of forest certification
Contribution of CWI in promote sustainable forest products trade

- We suggest that legal trade and sustainable development must treat companies as the principal part.

- We are cooperate with GFTN in promote GFTN member in China, and they have hold their annual meeting with us for 3 years.

- In order to establish the flat for sustainable trade, we plan to holding Seminar and Fair for International Legal Forest Products Trade in this October.
Promote sustainable forest trade with GFTN

- Collect information of typical wood products companies and propagandize forest certification and GFTN to them.

- Doing research on typical companies and recommend potential ones to GFTN.

- Assist promote GFTN in China and Chinese companies become member of GFTN.
Seminar and Fair for International Legal Forest Products Trade

• **Objective**
  – Analysis on trade and policies situation, development trend of international legal forest products
  – Assist Chinese forest products companies to purchase legal timber resources
  – Promote cooperation between Chinese forest products suppliers and overseas purchasers

• **Date and location**
  – Date: October, 2009
  – Location: Beijing
Seminar and Fair for International Legal Forest Products Trade

Organizers and Supporter (tentative):
- China Wood International Inc.-International Wood Magazine
- WWF Forest Trends, PEFC, Green Peace, CFPA and etc

Co-organizer
- Beijing Xiangfei Market Investigation Co.
Seminar and Fair for International Legal Forest Products Trade

1. Companies representatives
   • Legal raw material supplier
   • Legal wood products manufacturers
   • Legal trader and consumers

2. NGOs

3. Government representatives
Seminar and Fair for International Legal Forest Products Trade

Preliminary agenda

1. Development status and future trend of global legal forest resource supply, market demand and develop of legal forest product.

2. The contribution of NGOS in promote global sustainable forest development, consume policies and develop trend of legal forest products in primary countries.

3. Situation for supply and demand, develop trend of legal forest product in global

4. Exhibition and trade negotiation
Thank you!

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