Forest Product Trade of China in 2013 and the CINFT Annual Working Report

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March 25th 2013  Shanghai
Contents

Global forest product trade

Retrospect and outlook of China’s forest product trade

CINFT Annual Working report (2013)
1. Global forest product trade trend

1. World economic growth rate went back down a bit

2. Global industry production and trade was weak

3. International financial market continued to fluctuate

4. World economic pattern observed quiet changes

5. Main economies continued to go differently in their economic development.

Changes in world economic pattern have affected the forest product trade.
(1) Recovery growth and then slight sliding of global trade volume and value of forest products

Global forest products trade value in 1991 - 2012 (100 mil. USD)
Source: FAOSTAT
(2) Adjustment of global trade pattern of forest products under way

1. Developed countries continued to own larger but narrowed share of the up-market.

2. Asia, particularly China, has grown as the important region of forest product trade.

3. China is now the globally largest importers and traders, but has to face the competition from Vietnam, Malaysia and Indonesia.

4. Traditional wood exporters reduce its log exports and accelerate the industry restructuring to develop its own timber processing.

5. Resources-based forest product trade is restrained.
(3) Accelerated forestry internationalization process featured with coexisting of cooperation and frictions as well as worse trade protection

- More trade protection and trade remedy measures adopted, and the exclusive regional free trade agreement as the new means of trade protection.
(4) Green environment movement promotes the responsible forest product trade but also implies the trade protectionism

- The international community are concerned about environment protection, and countries issued policy measures to combat illegal logging and related trade. But the measures are prone to bring new protectionism if over used.
Outlook 2014

- World economy will probably undergo steady and wide growth.
- The weak recovery and growth of global economy add the possibility of trade growth for forest products.
- Faced with tightened world economic and trade environment that may occur, we should actively maintain a open international trade environment to achieve the goal of sustainable trade and investment of forest products initiated in this meeting.
2. Retrospect and Outlook of Forest Product Trade of China

(1) Retrospect and analysis of forest product trade of China in 2013

(2) Outlook of forest product trade in 2014
(1) Retrospect and analysis of forest product trade of China in 2013

- Gross forest product trade in China was valued at 125.991 bil. USD, a year-on-year growth of 6.09% and reaching the historic record.

- Import value at 62.56 bil. USD, up 8.7%, while the export value at 63.43 bil. USD, up 3.7%
A. Log and sawntimber import grew largely, and New Zealand took place of Russia and became the largest log supplier of China.

The increase in import value was contributed by the increase of log, sawntimber and chip imports:

- Strong growth of real estate market and exports triggered the large increase of log and sawntimber imports, up 19% and 16%, respectively.
- An increase of 20% for chip imports.
- Plywood import reduced by 13%, while the import of quality particleboard and fibre board rose by 8.5% and 7.7%. And paper product slid by 8.7%.
Imports of main forest products: wooden forest products

Accumulated imports of all kinds of wooden forest products were valued at 41.289 bil. USD, accounting for 6.09% of all forest product imports and a year-on-year increase of 10%.
Pulp, log, sawntimber, waste paper and paper, paperboard and paper product were the main wooden forest products, which were valued at 37.824 bil. USD, almost representing 91.61% of the total imports of wooden forest products and 59.63% of the import value of all forest products.
Log

The import volume was 45.1594 m³, a year-on-year growth of 19.2%.
The import volume of logs from New Zealand, the US, Australia, Ukraine, Myanmar, France and other countries grew largely. New Zealand took place of Russia and became the largest log supplier of China.

China’s log imports by country in 2013

- New Zealand: 18%
- Russia: 15%
- US: 13%
- PNG: 7%
- Canada: 6%
- Other: 41%
Sawntimber

- Sawntimber import volume kept a high growth and amounted to 24.0425 mil. m³, up 16.3%.
- Sawntimber was mainly imported from Russia and Northern American countries. The sawntimber imported from Russia, Canada, the USA and Thailand grew 13.05%, 6.53%, 16.06% and 25.54%, respectively, over 2012.
Import of main forest products: Non-wooden forest products

NWFP imports were valued at 22.143 billion USD, accounting for 34.91% of all forest product imports and a year-on-year decrease of 6.43%.
NWFP imports are dominated by natural rubber and palm oil, whose import dropped 24.6% and 6.2%.
B. Forest product export growth slowed down

- The evident sliding growth in furniture, paper, paperboard and paper products imports was the reason for the slowed growth of forest product export in China.

- Export growth was mainly contributed by wooden furniture (6.1%), paper, paperboard and paper products (13.5%), plywood (5.0%), wooden products (6.1%), dried and fresh fruits & nuts (11.1%), dried and fresh mushroom (56.6%).
Export of forest products

- Dropping growth of plywood exports
- Great difficulties in MDF exports
- Growth in particleboard export
- Mild recovery in wooden furniture exports
C. The US market demand grew steady, The EU and Japan had the weakened demand, while high growth was observed in Southeastern Asia

<table>
<thead>
<tr>
<th>Country (Region)</th>
<th>Import value (100 mil. $)</th>
<th>Chang (%)</th>
<th>Export value (100 mil. $)</th>
<th>Change (%)</th>
<th>Import and export value (100 mil. $)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The USA</td>
<td>84.24</td>
<td>7.49</td>
<td>140.40</td>
<td>5.42</td>
<td>224.64</td>
<td>6.19</td>
</tr>
<tr>
<td>The EU</td>
<td>84.96</td>
<td>2.43</td>
<td>94.69</td>
<td>-0.04</td>
<td>179.65</td>
<td>1.11</td>
</tr>
<tr>
<td>Japan</td>
<td>17.14</td>
<td>-4.77</td>
<td>61.37</td>
<td>-0.92</td>
<td>78.51</td>
<td>-1.79</td>
</tr>
<tr>
<td>Southeastern Asia</td>
<td>225.50</td>
<td>-1.62</td>
<td>97.90</td>
<td>26.05</td>
<td>323.39</td>
<td>5.38</td>
</tr>
</tbody>
</table>
D. New economy markets maintained stable in their demand

The exports to new and emerging markets from China saw the positive growth in 2013 except for the export to Brazil, and the export to South Africa and Mexico jumped as high as 20%.

<table>
<thead>
<tr>
<th>Country (Region)</th>
<th>Import value (100 mil. $)</th>
<th>Change (%)</th>
<th>Export value (100 mil. $)</th>
<th>Change (%)</th>
<th>Import and export value (100 mil. $)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1.61</td>
<td>36.86</td>
<td>9.28</td>
<td>11.97</td>
<td>10.89</td>
<td>15.06</td>
</tr>
<tr>
<td>South Africa</td>
<td>3.46</td>
<td>10.81</td>
<td>5.42</td>
<td>22.05</td>
<td>8.88</td>
<td>17.41</td>
</tr>
<tr>
<td>Russia</td>
<td>35.39</td>
<td>-6.83</td>
<td>14.10</td>
<td>6.98</td>
<td>49.49</td>
<td>-3.27</td>
</tr>
<tr>
<td>Brazil</td>
<td>20.47</td>
<td>6.41</td>
<td>3.62</td>
<td>-4.80</td>
<td>24.09</td>
<td>4.56</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.12</td>
<td>31.92</td>
<td>4.73</td>
<td>26.27</td>
<td>5.86</td>
<td>27.32</td>
</tr>
</tbody>
</table>
3. Outlook of Forest Product Trade in 2014

1. Deepened supply-demand conflicts of timber in domestic markets affect the timber industry development.

2. Developed countries continue to resort to trade remedy measures and legality requirement to restrict the forest product trade of China.

3. More fierce competition from Vietnam, Brazil, Malaysia and Indonesia.

4. Uncertainty in domestic real estate market may influence the production and trade of China’s forest product trade and production.
3. CINFT Working Report 2013
Project Research in 2013

**SFA**

- Strategies for a response to illegal logging
- Basic database setup and policy study of forest product trade
- China timber legality verification scheme and its standard
- Forestry PMI index system
- Laws and policy in main countries setting the trade barriers
- Supporting funds for international convention fulfillment
- Carbon transfer accounting and monitoring in international forest product trade

**Ministry of Science and Technology**

- China’s timber legality verification system against international trade barrier
- Global-based forest product trade evaluation technology introduction

948 projects
International Cooperation

**ITTO**
SME’s capacity building for legal management of tropical timber

**TNC**
PNG timber legality guidelines development and pilot project

**EFI**
Cooperation under China-EU BCM framework

**IIED**
China-Africa forest governance learning platform

**RRI**
Evaluation of China’s overseas investment of forestry
(1) Conduct prospective studies of forest product market and trade for policy decision support

Series of research outcomes (reports):

- 《澳大利亚禁止非法采伐木材法案及其影响》
- 《国产材满足国际市场合法性需求实证分析》
- 《中国突破国际贸易壁垒的应对策略研究》
- 《中国木材合法性认定体系及标准框架》
- 《中国木材合法性认定指标》
- 《巴新采购合法木材风险缓解指南》
- 《中国合法木材生产与采购指南》
- 《中国企业境外可持续林产品贸易与投资指南》
- 《中国企业境外森林可持续经营利用指南南美洲解读报告》
- 《尽职调查体系材料编译》
(2) Hold trade conferences, seminars, training workshops for enhanced exchanged and collaboration

Large conferences or workshops sponsored or organized by the CINFT in 2013

<table>
<thead>
<tr>
<th>Conference/Workshop</th>
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<tbody>
<tr>
<td>China-Africa Forest Governance Learning Platform</td>
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<tr>
<td>CINFT Annual Conference &amp; Foreign Forestry Trade Policy Training Workshop</td>
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<tr>
<td>EU FLEGT-VPAs Country Experience Sharing Conference</td>
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<tr>
<td>2nd session of the workshop on China’s forest product index mechanism and the summit forum</td>
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</tbody>
</table>
China-Africa Forest Governance Learning Platform
CINFT ANNUAL CONFERENCE & FOREIGN FORESTRY TRADE POLICY TRAINING WORKSHOP
International workshop to promote understanding of FLEGT VPAs
2ND SESSION OF THE WORKSHOP ON CHINA’S FOREST PRODUCT INDEX MECHANISM
Other meetings organized by CINFT:

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>“加强中小林业企业能力建设促进热带木材合法经营”专家研讨会</td>
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<tr>
<td>NEPCon Legal Source审核员培训班</td>
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<tr>
<td>境外森林可持续经营培训会（莫桑比克）</td>
<td></td>
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<tr>
<td>第二届全国人造板大会</td>
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<tr>
<td>中国林产品指标机制常州强化地板秘书处成立仪式</td>
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Other meetings participated by CINFT experts:

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Details</th>
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<tbody>
<tr>
<td>EIA非法伐报告研讨会</td>
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<tr>
<td>世界地板大会</td>
<td></td>
</tr>
<tr>
<td>FAO\ITTO\APFNet联合组织的中国林产品信息统计研讨会</td>
<td></td>
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<tr>
<td>国际纸业市场咨询研讨会</td>
<td></td>
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<tr>
<td>国家林业局与WWF2013年会</td>
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<tr>
<td>与法国木业协会、欧盟木材协会、欧盟木材行动计划、全球木材论坛秘书长交流</td>
<td></td>
</tr>
<tr>
<td>赴马来西亚考察交流VPA谈判国家中木材合法性认定体系的作用</td>
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<tr>
<td>英国Chatham House会议</td>
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<tr>
<td>印尼第三届市场高峰对话</td>
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<tr>
<td>巴西木材贸易国际研讨会</td>
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<tr>
<td>国际热带木材组织年度会议</td>
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</table>
STAKEHOLDER WORKSHOP ON TIMBER LEGALITY

PARTICIPATED IN TIMBER LEGALITY WORKSHOP IN BRAZIL

ENTERPRISES AUDITING AGAINST LS STANDARD
FIELD TRIP IN MOZAMBIQUE FOR THE MANAGEMENT ACTIVITIES OF CHINESE ENTERPRISES

FIELD TRIP IN MALAYSIA FOR TIMBER LEGALITY VERIFICATION

FIELD TRIP IN CAMEROON FOR THE INVESTMENT OF CHINESE ENTERPRISES
(3) Participate in policy consultation and negotiation supports for safeguarding national interests

CINFT experts participated many times in negotiations and safeguard national interests and the image of China as a responsible big country with cooperation as the basis and the joint development as the target.

- 4th meeting of China-EU BCM on combatting illegal logging and related trade
- 5th session of China-US bilateral forum on combating illegal logging and related trade
- 2nd session of China-Australia bilateral forum on combating illegal logging
- APEC expert group meeting on illegal logging and related trade
Proposal for cooperation with islands countries in Pacific Ocean
Proposal for rules of place of origin
Silk road economic belt and ocean silk road: Ecoenvironment cooperation
Silk road economic belt and ocean silk road: Industrial cooperation
Proposal for mutual endorsement of timber legality among APEC economies
Policy for private enterprises going global

(4) Propose initiatives for enhanced regional cooperation with an eye for national strategy implementation

Policy consultation and technical support for SFA
(5) Set up government-enterprise policy and information sharing mechanism for providing decision making with scientific and timely basis

Continue to carry out China’s Forest Product Index Mechanism Research and index release under the SFA Guidance

<table>
<thead>
<tr>
<th>Task</th>
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<tbody>
<tr>
<td>Release monthly FPI 30 index and FPI flooring index</td>
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<tr>
<td>Publish monthly China Forest Product Trade Analysis, 12 issues</td>
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<tr>
<td>Publish monthly the color-printed China Forest Product International Trade Information Newsletter, 12 issues</td>
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<tr>
<td>Update the FPI information website</td>
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<tr>
<td>Build up an international expert group to provide information, suggestions and consultation for forest product policy in China</td>
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<tr>
<td>Update monthly Customs data and index enterprises’ data.</td>
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</table>
(6) Carry out trainings and investigations in enterprises and provide consultation services based on market demand

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<thead>
<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>Complete the series training materials for China-EU FLEGT Training</td>
</tr>
<tr>
<td>Legality investigation and timber legality training for forest product enterprises targeting EU market</td>
</tr>
<tr>
<td>Promote the cooperation and consultation in the fields of forest certification and legality verification</td>
</tr>
<tr>
<td>Carry out training and capacity building activities for CoC certification among timber processors</td>
</tr>
<tr>
<td>Timber legality evaluation and FSC forest certification auditing</td>
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</tbody>
</table>
Thoughts on Our Work in 2014

- Insist on prospective research and further improve our research towards prospect, acuity and to-the-point
- Enhance the research on countries and fields of importance from the perspectives of global politics and world economics
- Provide supports for decision making and foreign negotiation by a good master of hot and sensitive issues
- Research and develop related guidelines and standards, and improve the trade earlywarning mechanism for consultation services to enterprises
- Expedite the research outcome transfer towards market application and provide services for markets and enterprises
Expected Cooperation

Cooperation mechanism: APEC, BCM, bilateral forum, project

Means to cooperate: research, trainings, conferences

Multi-stakeholders involvement: government, enterprises, research institutions, medias and associations

Facilitate the healthy growth of forest product trade

Cooperation platform among governments and enterprises

Enhance policy dialogues and improve guidance & training for enterprises
Thanks!