



International Impacts of Chinese Forest Policy

Presented by

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Forestry Development in China

- **Primary Forestry:** direct obtain the products from forests;
- **Industrial Forestry:** Industrial utilization of forests;
- **Modern Forestry:** Multi-functional forest ecosystems to meet the multi social-economic needs of the society. Especially for the ecological services of the forest ecosystems.

China's forestry policy reform

- From production oriented to environment oriented
- Focus on:
 - Increasing forest area and timber supply;
 - Protecting forests and improving ecological services;
 - Affecting timber market and demand

FOREST-RELATED POLICIES

- Logging Ban - Natural Forest Protection Program
- Grain for Green
- Trade Policy in Forestry
- Construction and Residential Housing Reforms
- Western Development Policy



Logging Ban - Natural Forest Protection Program (NFPP)

- 1998 - 12 provinces; 2000 - 18 provinces
 - 10.17 billion RMB in 1998-99;
 - 96.20 billion RMB in 2000-2010;
- Completely ban of commercial logging - Yangtze River and Yellow River;
- Reduction of commercial logging - NE China, Inner Mongolia, Xinjiang and Hainan;
- Creation new job opportunities for 740,000 laid-off employees.



Impacts of the Logging Ban (1)

- Upper Reach of Yangtze River and Upper and Middle Reaches of Yellow River :
 - Reduction of timber production
 - 1997 - 13.518 million m³;
 - 2000 - 1.128 million m³ ; -91.7%;
 - Reduction of the forest resources consumption
 - 1997 - 87.58 million m³ ;
 - 2000 - 26.50 million m³ , had been reduced about 70%.



Impacts of the Logging Ban (2)

- NE China, Inner Mongolia, Xinjiang, and Hainan;
 - 1997: 18.532 million m³;
 - 2000: 12.680 million m³ , -31.57%;
 - 2003: 11.017 million m³, -41%.

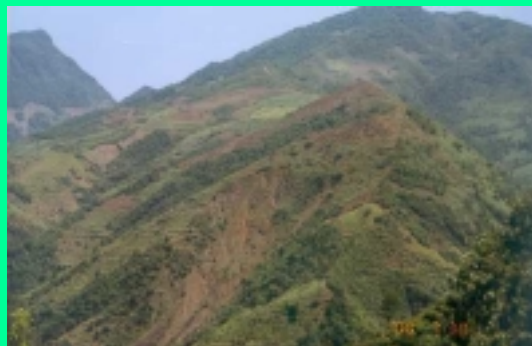


Impacts of the Logging Ban (3)

- Total reduction of the timber production from 1997 to 2000
 - 18.242 million m³
- Predicted gaps of commercial timber supply in 2003
 - 75.00 million m³

Cultivation on steep slope is a major cause of:

- Soil and water erosion;
- Loss of forest biodiversity, quantity and quality;
- Especialy forest ecosystem fragmentation



Grain for green

Returning steep cultivated land to forest/pasture

- **The goal/objective**
 - By 30-50 years, all cultivated land on steep slopes greater than 25 degrees returned to forest or pasture;
 - By 2010; returning 5 million hectares;
 - By 2003, returning 3 million hectares;
 - In 2000, returning 340,000 hectares in Yangtze River and Yellow River;

Tariff reduction for forest products

- From April 1, 1996
 - Logs: from 15% to 5%
 - Timber products: from 40-50% to averaged 15%
- From January 1, 1999
 - Logs, sawnwood and pulp: from 2-8% to 0
 - Veneer: from 12-30% to 5-8%
 - Plywood: from 20% to 15%
 - Paper products: from 30-40 to averaged 20%
 - Furniture: from 78% in early 1990s to about 40% in mid 1990s, and to 22% since 1999
- Further reduction: expected

NTM reduction

- General NTM reduction
 - 1,247 items: in 1992
 - 384 items: after 1996
 - Commitment: eliminate almost all after 2004
- NTM reduction for forest products
 - Currently no NTM for forest products
- Other trade management for forest product trade
 - (1) Export license
 - (2) Import registration
 - (3) Import and export commodity inspection
 - (4) Other import certificates
- Half tariff and tax policy for small boarder trade

China's Response to APEC/WTO Process

- Commitment: for car, IT, service sectors
- No commitment: for forest products
- Further tariff reduction on forest products: expected
- Reasons for forest product tariff reduction (in order)
 - Reform and opening policy
 - APEC
 - Logging Ban
 - WTO
- NTM reduction for forest products
 - No more NTM
 - Trade rule: Wider doors for authorization. the liberalization of importing licenses effective from 1999.
- Trade liberation for the forestry sector
 - No more restriction except for CITES etc since 1999

Construction and Residential Housing Reforms

- The impacts:
 - Greatly increased residential housing construction;
 - Eventually stimulate housing demand.
 - Stimulated demand for high-quality wood products for interior decoration, such as furniture and flooring.

Western China Development Strategy

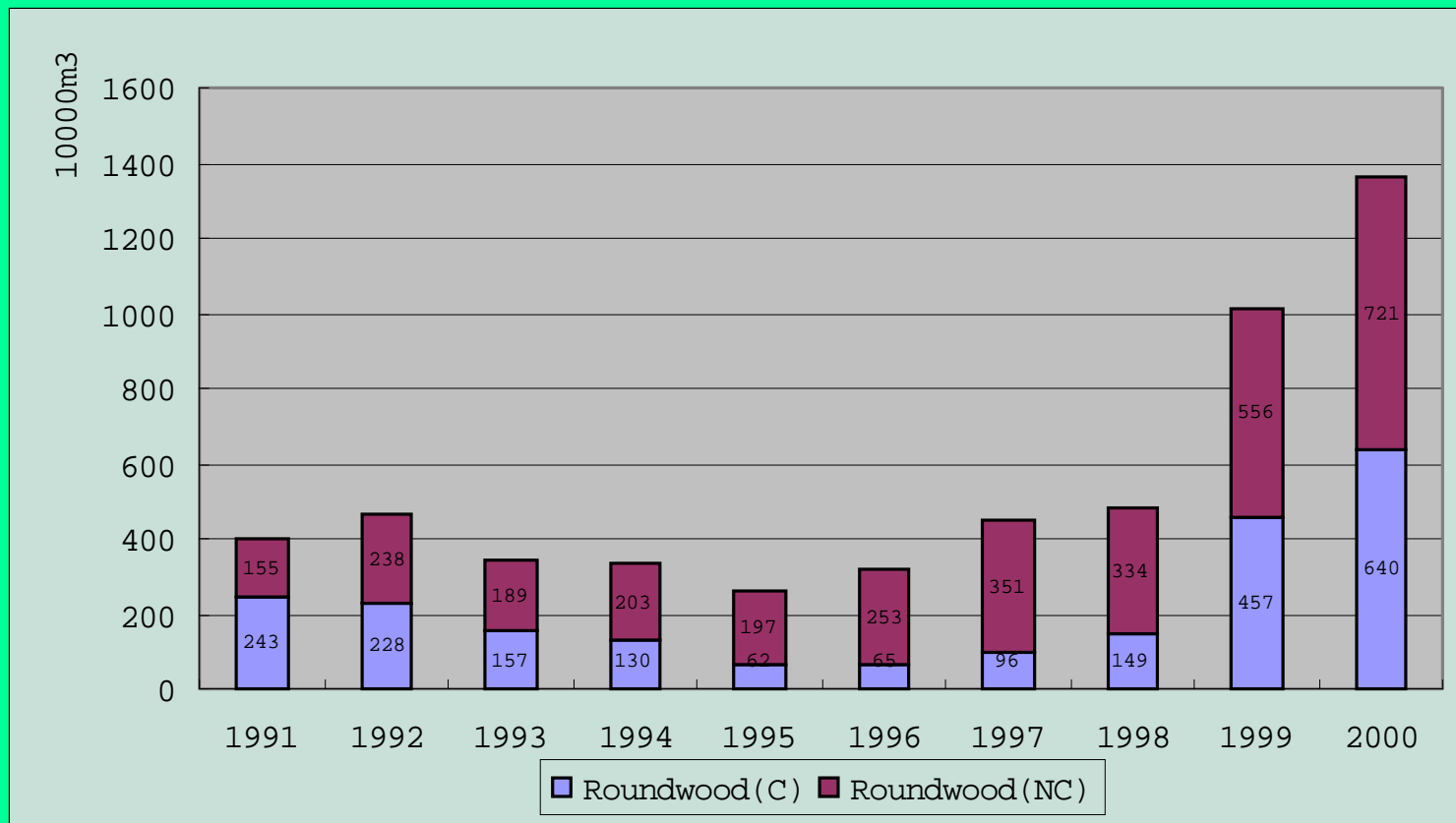
- **Infrastructure development**
- **Ecological program**
- **Restructuring of the economy**
- **Science, technology and education**

Summary the impacts of policy reforms on forest trade

- Logging ban has mostly impacted timber supply;
- Housing reforms and western development strategy have increased and will continue to increase wood demand.;
- Both reduction in timber supply and growth in wood demand support rapid growth in forest product imports in China;
- Liberalization of trade in forest products reinforces this growth.

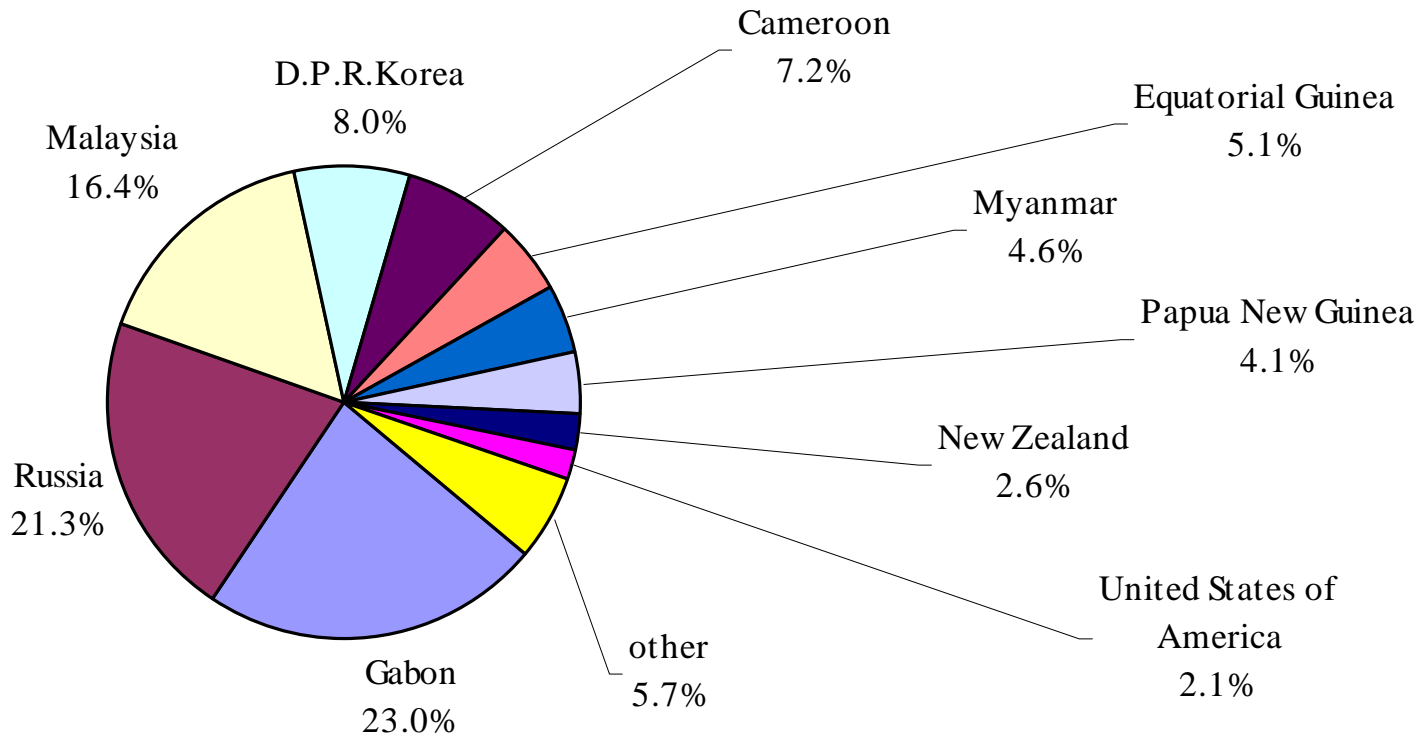


Import of logs (10,000 m³)



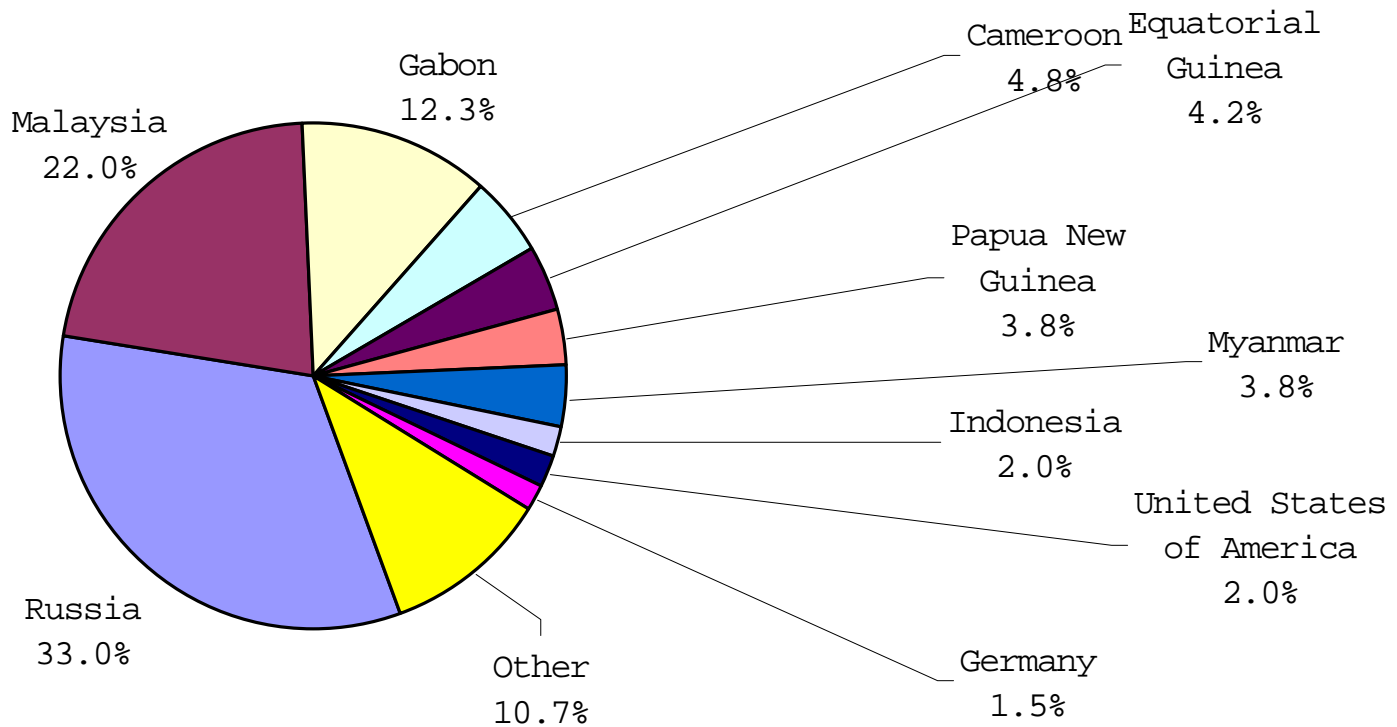


Logs Imported from (1997)



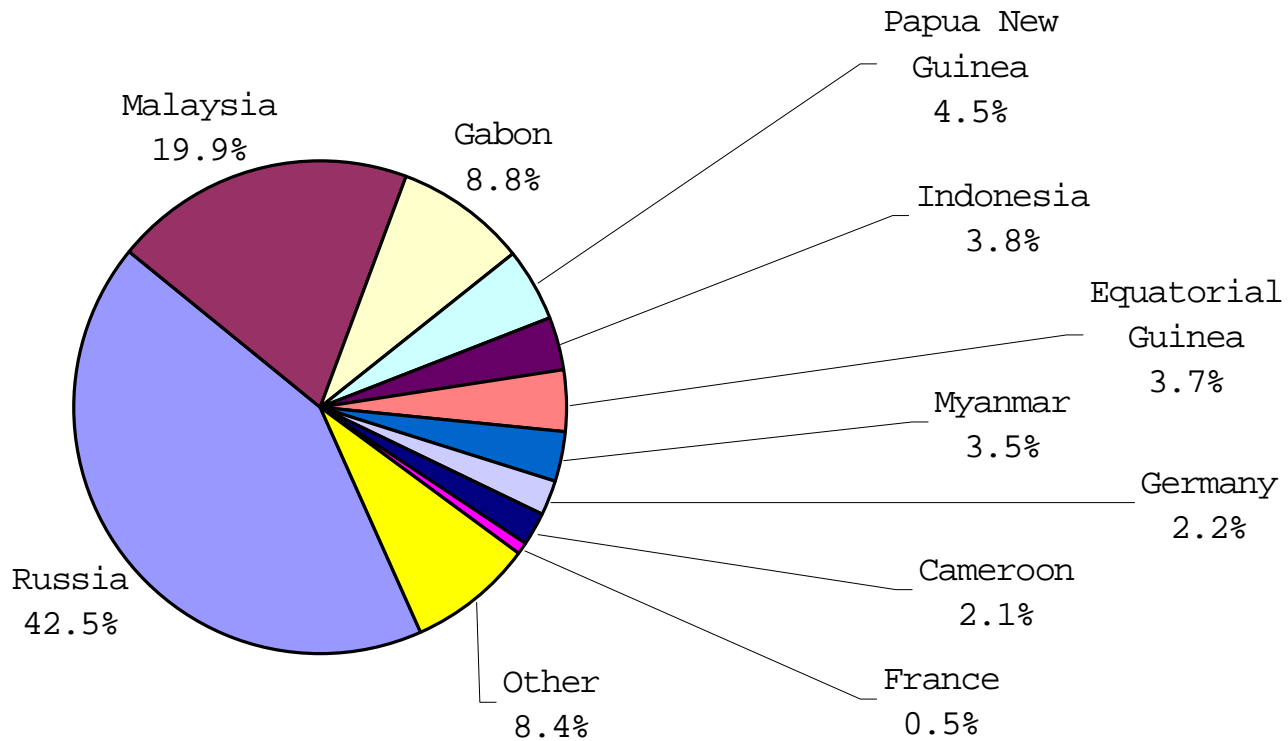


Logs Imported from (1998)



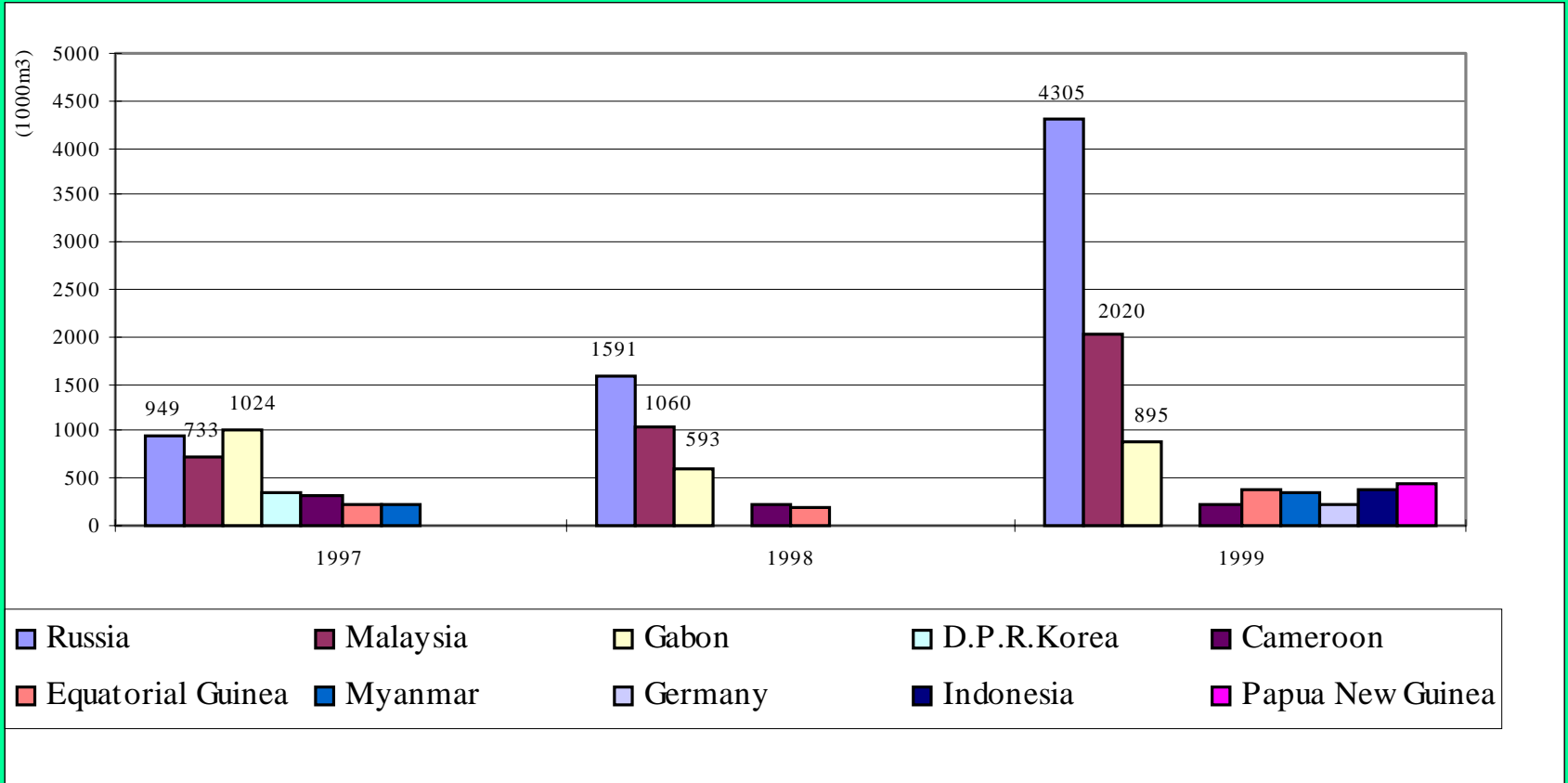


Logs Imported from (1999)



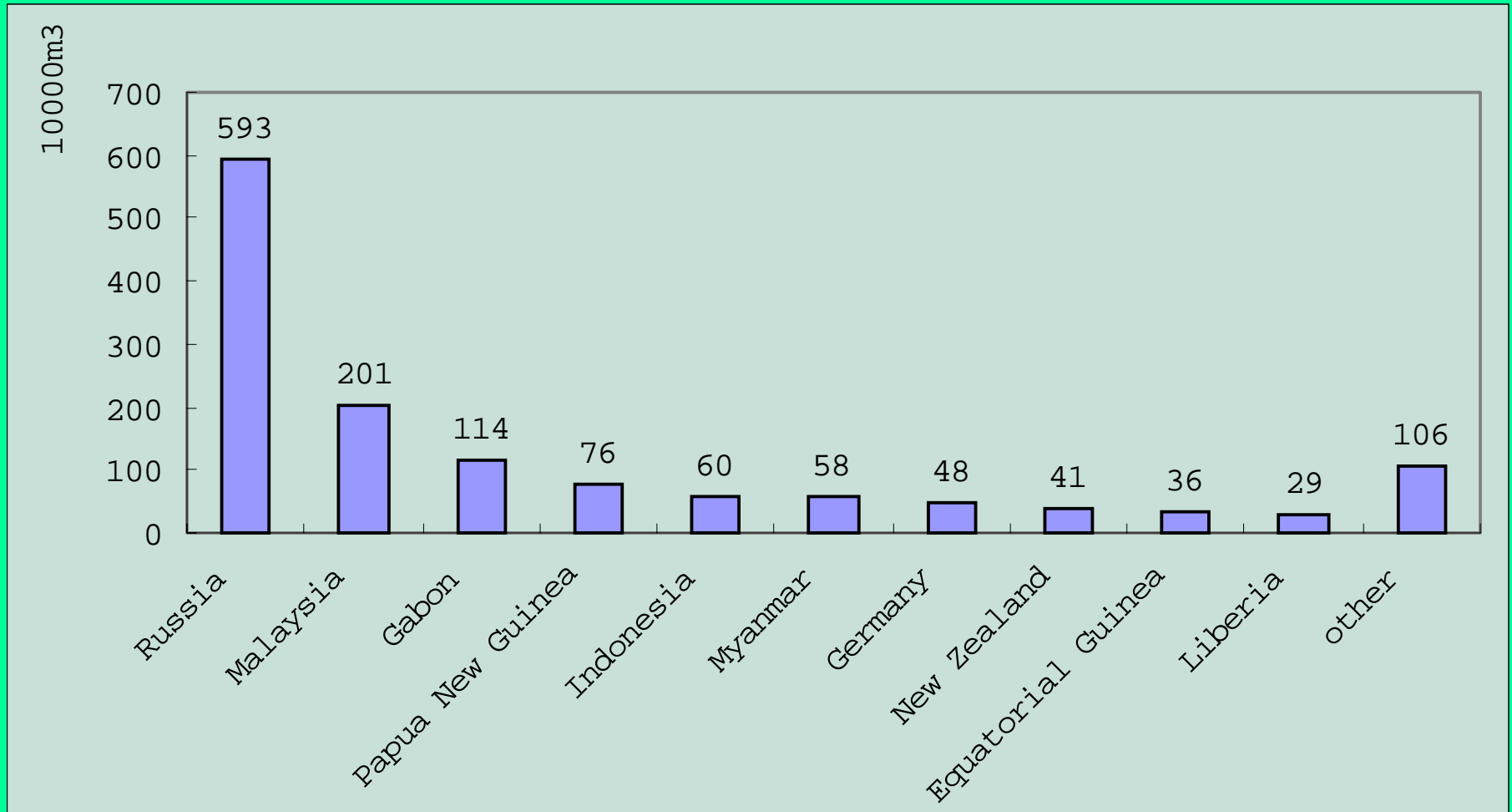


The Logs Imported From, 1,000m³



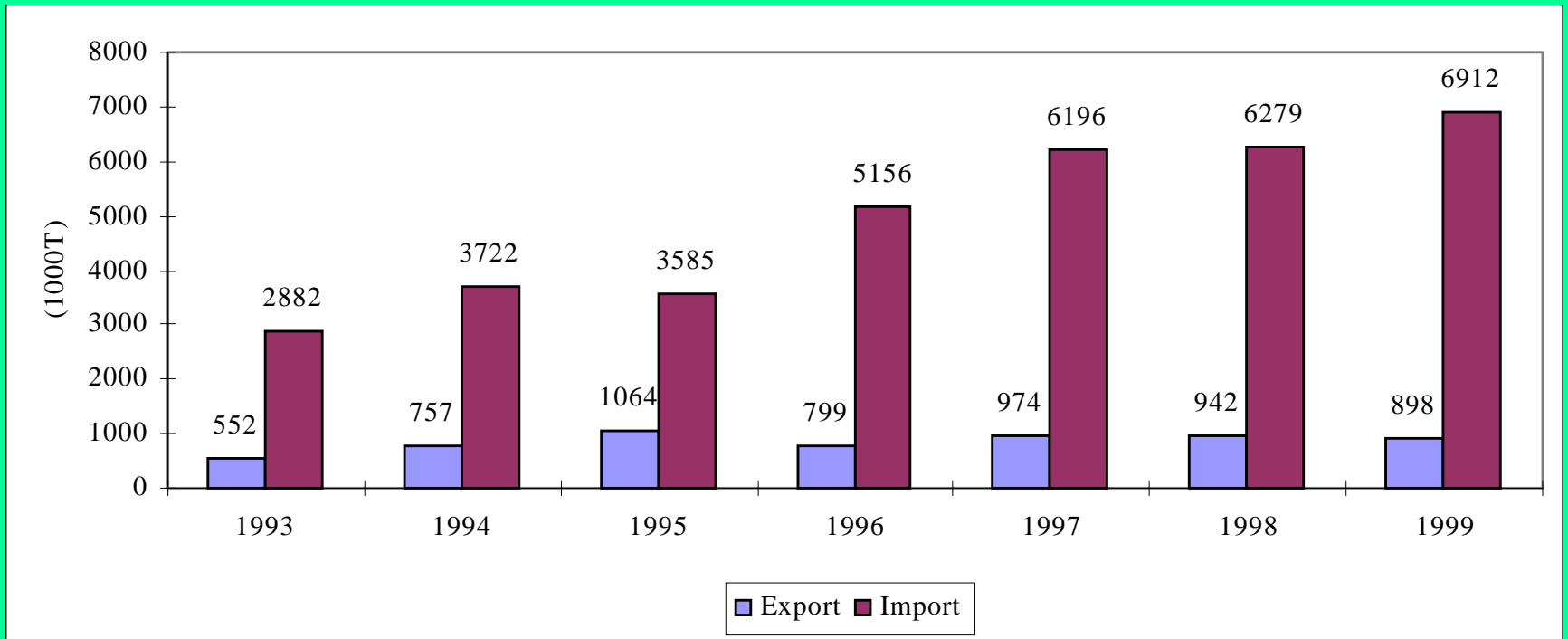


Top 10 countries of Log import in 2000 (10,000 m³)



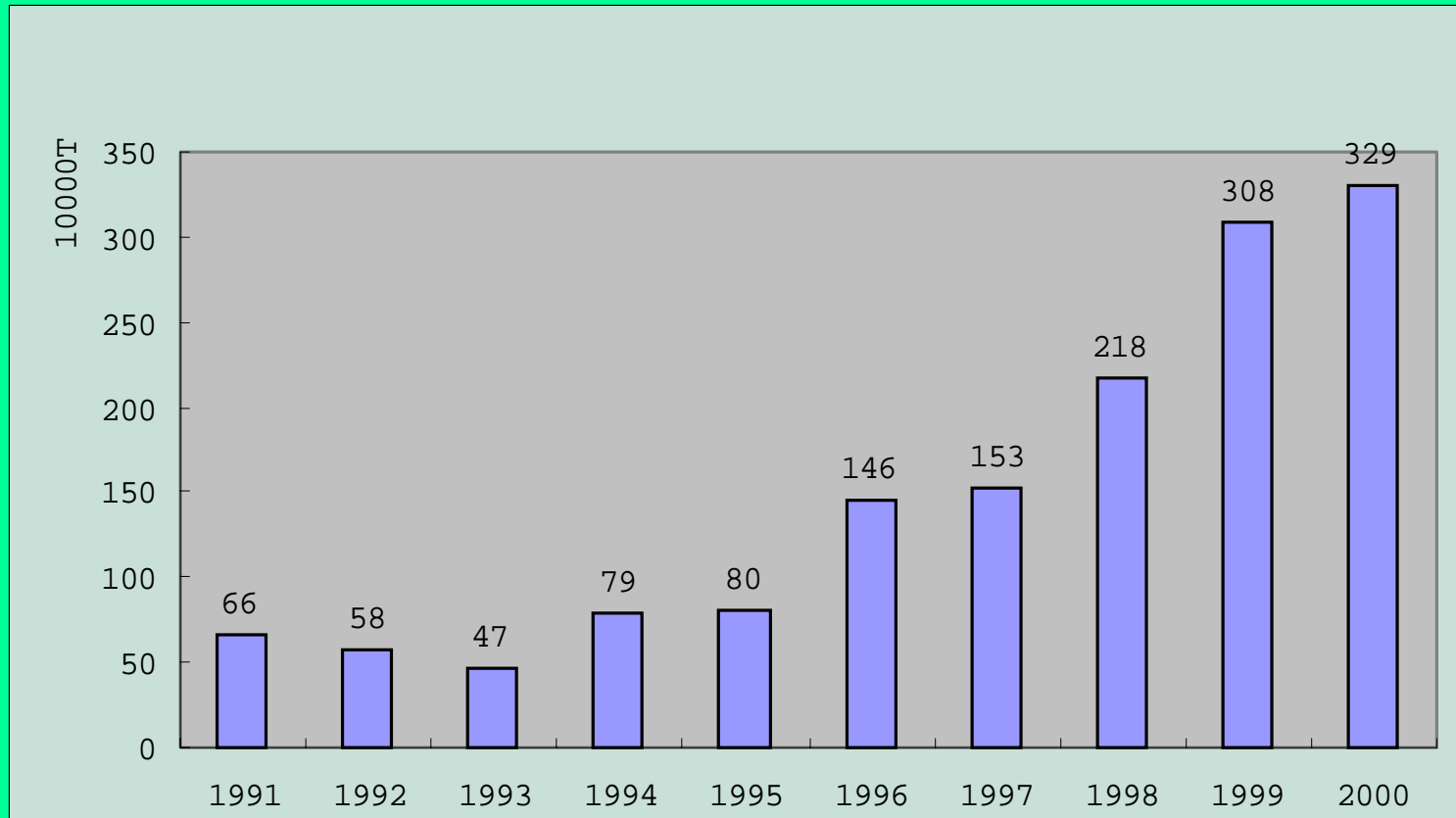


The Trade of Paper and Paperboard (1,000 t)



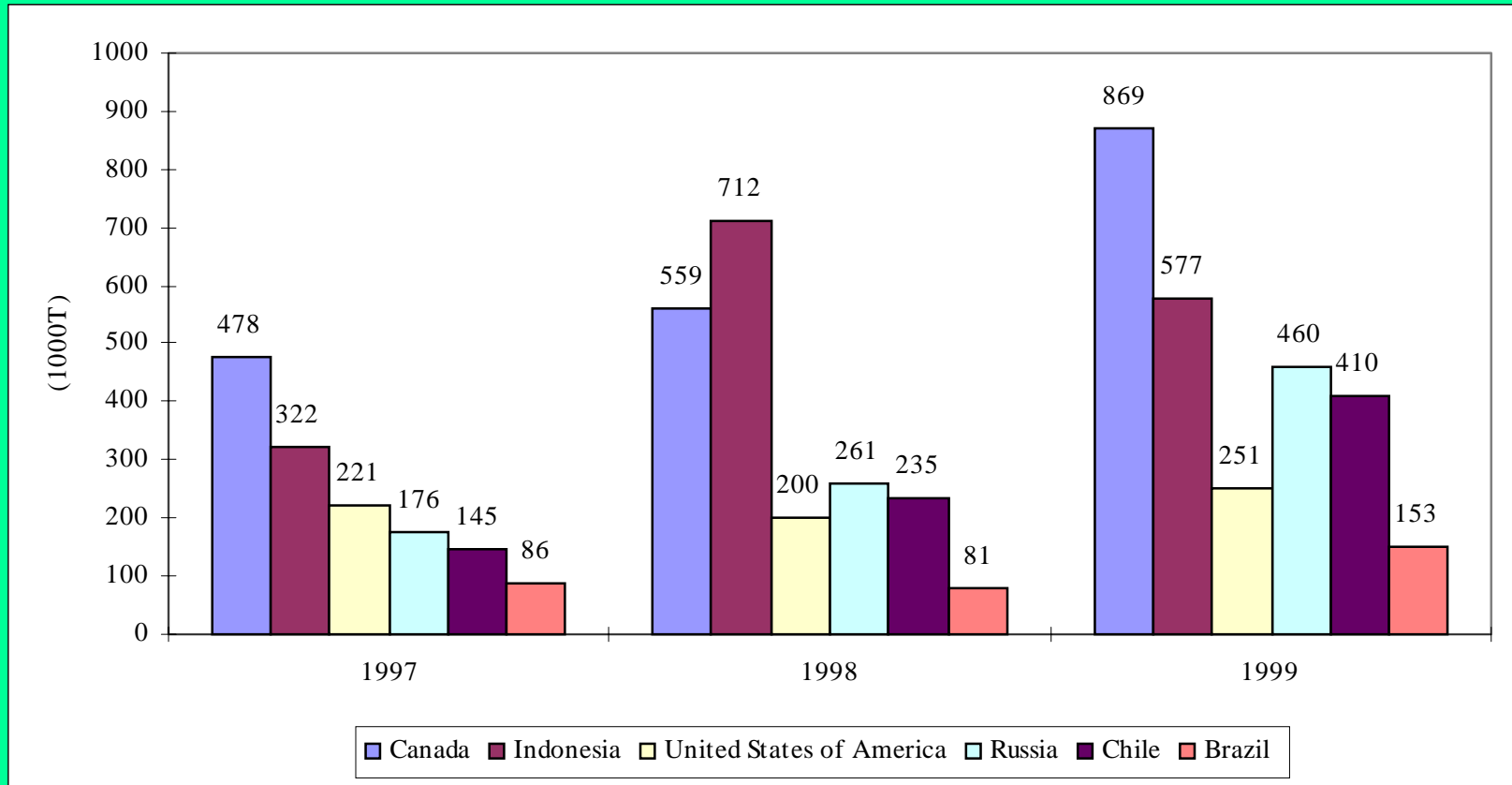


Imported wood pulp (10,000 t)





Wood Pulp Imported from (>50,000t)





Country of Origin

- Logs from Russia, Malaysia, and Gabon account for 60.7% in 1997, 67.3% in 1998, and 71.2% in 1999, 66.7% in 2000.
- Softwood logs imported from Russia accounted for 55.6% in 1997, 72.2% in 1998 , 86.4% in 1999 and 85.7% in 2000.
- Top two hardwood log suppliers: Malaysia and Gabon. Hardwood imported from Malaysia, Gabon and PNG account for 50% in 2000.



Country of Origin

- Lumber from Indonesia, Malaysia, United States of America, and Mongolia account for 69.5% in 1997, 70.8% in 1998;
- Lumber from Indonesia, Malaysia, United States of America, and Germany account for 65.9% in 1999;
- Plywood from Indonesia and Malaysia account for 91.2% in 1997, 94% in 1998, and 88.2% in 1999.



IMPACTS OF CHINA'S FOREST POLICIES ON SUPPLYING COUNTRIES

- U.S.& European countries, benefited and will continue to benefit their economy
- Mainly impacts on Russia, Malaysia, Gabon and Indonesia
- Short-term profit from exporting stimulates illegal logging and trade
- overland smuggling of logs has been active



Recommendations

- Establish Forest certification mechanism to promote sustainable forests use
- Encouraging the timber plantations, especially mixed forests development
- Abolishing the logging quota for commercial timber plantations to allow timber producers to be independent in harvesting
- Terminating the favorable policy (the half tariff and tax policy) for small border trade with neighbor countries.



Recommendations

- Cracking down timber smuggling along borders
- Incentive for promoting the utilization of non wood fibre and substitutes
- Utilizing fuelwood and other sources of energy efficiently to increase capacity of timber production
- Use market mechanism to promote the transfer of forest resources and invest into forestry sector
- Enhance the utilization efficiency of forest resources and promote sustainable way of life