International Impacts of Chinese Forest Policy

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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 m$^3$;
    - 2000 - 1.128 million m$^3$; -91.7%;
  - Reduction of the forest resources consumption
    - 1997 - 87.58 million m$^3$;
    - 2000 - 26.50 million m$^3$, 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 m\(^3\)
- Predicted gaps of commercial timber supply in 2003
  - 75.00 million m\(^3\)
Cultivation on steep slope is a major cause of:

- Soil and water erosion;
- Loss of forest biodiversity, quantity and quality;
- Especially 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 border 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)

- Gabon: 23.0%
- Russia: 21.3%
- Malaysia: 16.4%
- D.P.R.Korea: 8.0%
- Cameroon: 7.2%
- Equatorial Guinea: 5.1%
- Myanmar: 4.6%
- Papua New Guinea: 4.1%
- New Zealand: 2.6%
- United States of America: 2.1%
- other: 5.7%
Logs Imported from (1998)

- Russia: 33.0%
- Malaysia: 22.0%
- Gabon: 12.3%
- Other: 10.7%
- Cameroon: 4.8%
- Equatorial Guinea: 4.2%
- Papua New Guinea: 3.8%
- Myanmar: 3.8%
- Indonesia: 2.0%
- United States of America: 2.0%
- Germany: 1.5%
Logs Imported from (1999)

- Russia: 42.5%
- Malaysia: 19.9%
- Gabon: 8.8%
- Papua New Guinea: 4.5%
- Indonesia: 3.8%
- Equatorial Guinea: 3.7%
- Myanmar: 3.5%
- Cameroon: 2.1%
- France: 0.5%
- Other: 8.4%
- Germany: 2.2%
The Logs Imported From, 1,000m³

- Russia
- Malaysia
- Gabon
- D.P.R.Korea
- Cameroon
- Equatorial Guinea
- Myanmar
- Germany
- Indonesia
- Papua New Guinea
Top 10 countries of Log import in 2000 (10,000 m³)

- Russia: 593
- Malaysia: 201
- Gabon: 114
- Papua New Guinea: 76
- Indonesia: 60
- Myanmar: 58
- Germany: 48
- New Zealand: 41
- Equatorial Guinea: 36
- Liberia: 29
- Other: 106
The Trade of Paper and Paperboard (1,000 t)

- **1993:** 552 (Export: 552, Import: 2882)
- **1994:** 757 (Export: 757, Import: 3722)
- **1995:** 1064 (Export: 1064, Import: 3585)
- **1996:** 799 (Export: 799, Import: 5156)
- **1997:** 974 (Export: 974, Import: 6196)
- **1998:** 942 (Export: 942, Import: 6279)
- **1999:** 898 (Export: 898, Import: 6912)
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