

### Overview of Information Bulletin Series



#### China and East Asia Program: Overview of China-East Asia Information Bulletin Series

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##### ISSUE 1: CHINA AND THE GLOBAL MARKET FOR FOREST PRODUCTS: SUMMARY

*A. White, X. Sun, K. Canby, J. Xu, C. Barr, E. Katsigris, G. Bull, C. Cossalter and S. Nilsson. Chinese translation by X. Sun, 2006.*

In the past ten years, China has become a global nexus in the forest products trade, dramatically increasing both its imports of raw wood and its exports of manufactured wood products. The increasing trade flows have frequently been associated with unsustainable harvesting, illegal logging and other abuses in the countries supplying China with timber. Thus, there is an urgent need for reform if the country is to meet its wood production targets, reduce its reliance on imports, alleviate rural poverty, and at the same time maintain or expand the environmental services that forests provide. This report explores what this means for China, as well as its largest export markets - including the US, EU and Japan - who rely on imports of Chinese furniture, paneling, and other processed forest products. (Available in Chinese.)

##### ISSUE 2: ILLEGAL LOGGING BRIEFING PAPER:

*Chinese translation by X. Sun of a briefing paper by D. Bruck, Energy, Chatham House UK, 2006.*

Illegal logging and the international trade in illegally logged timber is a major problem for many timber-producing countries in the developing world. It causes environmental damage, costs governments billions of dollars in lost revenue, promotes corruption, undermines the rule of law and good governance and funds armed conflict. It retards sustainable development in some of the poorest countries of the world. Consumer countries contribute to these problems by importing timber and wood products without ensuring that they are legally sourced. In recent years, however, producer and consumer countries alike have paid increasing attention to illegal logging, with many of their activities being triggered by the G8 Action Programme on Forests of 1998–2002. Whether these activities will be enough to control illegal activities and stem the trade in illegal timber and timber products, however, remains to be seen. (Available in Chinese.)

##### ISSUE 3: LINKING TIMBER TRADE AND FOREST PRACTICE

*Chinese translation by X. Sun, 2006.*

The Government of the United Kingdom is widely seen as a leader in efforts to combat illegal logging and associated trade. UK government officials have been deeply engaged in dialogues aimed at increasing regional and international collaboration to tackle these problems, and their donor funding helps governments of timber producing countries by supporting improved governance in forestry and related sectors. Perhaps most importantly, the UK government promotes demand-side measures related to international trade, including its own timber procurement policy, to complement producing countries' law enforcement efforts. (Available in English and Chinese.)

##### ISSUE 4: OVERVIEW OF THE WOOD PRODUCTS TRADE BETWEEN CHINA AND RUSSIA

*Forest Trends, 2006*

China's flourishing economy, coupled with policy constraints limiting domestic forest production, has resulted in skyrocketing forest product imports over the last several years. Of all countries exporting to China, Russia is now the top timber product supplier by volume, and to a lesser degree, by value. Trade increased from 0.5 million cubic meters (m<sup>3</sup>) to over 20 million m<sup>3</sup> in just 10 years (1996–2005). China's growing import demand represents both an important opportunity for those who can take advantage of this growing market, but also a threat for the environment and local economies if forest harvesting and processing systems do not develop sustainably and equitably for all stakeholders. Analyses of this trade — its economic, social and ecological nature and future trade trends — will help to raise an understanding of the issues and help to ensure long-term sustainable and harmonious development and trade between Russia and China.

## ISSUE 5: HELPING LIBERIA ESCAPE CONFLICT TIMBER

*K. Canby. Chinese translation by X. Sun, 2006.*

In 2003, the United Nations Security Council imposed sanctions on the international trade of round logs and timber products originating in Liberia in an effort to eliminate conflict timber used to fund the civil war that raged in Liberia. UN sanctions put an end to this trade in 2003; however, on June 20 2006, the UN Security Council voted unanimously in favor of lifting the timber sanctions be lifted. For Liberia's part, their legislature must pass a new forestry law within 90 days, or else the ban will be reinstated. However, the international community also has a crucial role to play in helping Liberia overcome its troubled recent history. Countries such as Europe and China, historically important to Liberia's forest products trade, have the opportunity to provide leadership through trade and procurement programs to complement the domestic reforms that Liberia must now implement. (Available in English and Chinese.)

## ISSUE 6: THE EU FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE ACTION PLAN

*Summary and Chinese translation of several briefing sheets on the EU FLEGT Action Plan by X. Sun, 2006.*

To build on a commitment taken at the World Summit on Sustainable Development, in May 2003 the Commission published an EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT). Council Conclusions were adopted in October 2003, and the European Parliament motion on the FLEGT action plan was adopted in February 2004. The Action Plan sets out a new and innovative approach to tackling illegal logging and associated trade, which links the push for good governance in developing countries with the legal instruments and leverage offered by the EU's own internal market. The core components of the Action Plan are support for improved governance in wood-producing countries, and a licensing scheme to ensure only legal timber enters the EU. This licensing scheme will initially be implemented on a voluntary (but binding) basis, through a series of partnerships with wood-producing countries. Other areas where the Commission proposes action include co-operation with other major consumer markets, such as the US and Japan, to stop the trade illegally-harvested timber; and efforts to ensure on legally-harvested timber is sourced through public procurement contracts in the EU. (Available in Chinese.)

## ISSUE 7: ENVIRONMENTAL ASPECTS OF CHINA'S WASTEPAPER IMPORTS

*B. Stafford. Chinese translation by X. Sun. 2007.*

China is the number one importer of the world's wastepaper, taking in large amounts from the United States, Europe and Japan. Secondary fiber, comprised of locally-produced and imported wastepaper, now comprises 62.6% of China's papermaking fiber supply and is growing at an annual average rate of 12.5% per year. Imported wastepaper now makes up 33.1% of the total papermaking fiber supply, having grown at an annual average of 29.8% for the past four years. The majority of this secondary fiber is being used for packaging of China's burgeoning light manufactured exports. The sheer volume of China's demand for wastepaper has been instrumental, not only in bringing stability to the market price-wise of wastepaper, but lifting those prices and thus incentives to invest in collection and processing facilities around the world. China has therefore been instrumental in keeping vast amounts of wastepaper out of landfill worldwide -- approximately 65 million tons (Mt) of wastepaper over the past decade. This wastepaper would have replaced 27.2 million green metric tones of wood in 2006 alone. Some of China's other fiber sources, however, such as pulp and pulpwood sourced from Russia and Indonesia, which while not constituting a large proportion of China's papermaking fiber supply, should be considered high risk as these sources are likely coming from natural forests with little guarantee of sustainable let alone legal management and production. (Available in English and Chinese.)

## ISSUE 8: ROLE MODELS IN CHINA'S FOREST PRODUCTS INDUSTRY: COMPANIES DEVELOPING CHAIN-OF-CUSTODY SYSTEMS TO PROTECT AGAINST ILLEGAL OR UNSUSTAINABLE WOOD SOURCING

*M. Brady & Kerstin Canby. Chinese translation by X. Sun. 2007.*

The Chinese wood products industry has come under increasing international attention for its potential role in importing (and re-exporting) wood materials which cannot be verified as having come from sustainably managed or even legally harvested forests around the world. This situation does not mean that all production originating from Chinese mills is illegal, but it does highlight the problem is that proving legality is very difficult. In the past 2 years, several Chinese firms, supported by certified forest schemes in China and supplying countries, have taken a lead in changing the way they conduct business. They are beginning to implement chain-of-custody systems which can demonstrate legal and sustainable products from forest to end consumer. These firms are discovering that such systems can not only help to protect their market share in environmentally-sensitive markets such as Europe, Japan and North America, but even to gain market share. By helping to protect the international reputation of China's wood products industry, these firms can serve as role models within China, especially for China's export-oriented wood products industry. Learning from their experiences will be critical in expanding these good practices to other enterprises across China. (Available in English and Chinese.)

## ISSUE 9: WHY CHINA PREFERS LOGS : EXPLAINING THE PREVALENCE OF UNPROCESSED WOOD IN CHINA'S TIMBER IMPORTS

*By Robert Kozak & Kerstin Canby. Chinese translation by Xinfang Sun.*

In the past decade, China has become the number one importer of timber products in the world. Logs account for virtually all of this growth, and imports of even nominally processed wood, like sawn wood products, have stagnated. But the economics of importing unprocessed wood do not quite add up at first glance, especially in light of increasing scarcities, high prices, and spiraling transportation costs. This edition of the bulletin tackles the question of what then drives China's preference for buying logs instead of processed wood. (Available in English and Chinese.)