Topics

- NFPP
- SLCP
- Tenure Reform
- Eco-compensation Program
- Domestic Production Growth: Main Drivers
- Trade forecast
- Forest Trends in China
Natural Forest Protection Program

- 1998-2010, Upper reach Yangtze, Mid-upper reach Yellow, Northeast China
- Annual reduction of timber production from natural forests: 20 mi. m3, by 2003), 20% national total production
- With offsetting effect from plantation, aggregate reduction is about 10% (FAO 2006)
What after 2010

• Global economy still dominate trade pattern
• Timber production recover by 10 mi. m3 from NFPP area, not much.
• A more diverse tenure system in state forest areas, leading to more timber production in the future?
SLCP Area (m ha)

Year

Area (m ha)

1999  2000  2001  2002  2003  2004  2005  2006
Sloping Land Conversion Program

• Meant to be the largest conservation set-aside program: 14.7 million ha by 2010
• 300 billion RMB
• Lost political will in the new government
• Lost financial mechanism
• Total target down to 10 million ha and will probably end in 2008
• Sustainability an issue (eco-compensation scheme as an alternative policy?)
Tenure Reform

• State Forest Enterprises in Key Areas
  – Pilot reform in Yichun City
  – Household and business contracts

• State Forest Farms
  – National Policy 2005

• Collective Forest Areas
  – Pilot reform in Fujian and Jiangxi
  – Policy guidance by end of this year
Implications of Tenure Reform

• State Forest Sector
  – Household management system
  – Private processing industry major force
  – Transformation of state forest enterprises
  – Dramatic transformation of forest authority responsibility
Implications of Tenure Reform

• Collective Forest Areas
  – Larger share of collective owned forests under household/private management
  – Dynamic forestland market
  – Increased pressure on removal of logging quota
  – Increased harvest (up by 200%?)
  – Administrative reform?
Eco-compensation Fund

Year

2000
2006
Future

100 million RMB

Eco-compensation Fund
Eco-Compensation Fund

- Became a regular item in national budget
- Poorly designed, allocated
- Land deprivation tool for local government
- Disincentive for private investment and protection
- In the future, might turn into a bonus system
- Might be used as a follow-up policy to SLCP
Domestic Production Growth: Main Drivers

• Very strong government commitment
• Lots of national programs for larger forest areas (target of 30% of national areas)
• Nevertheless, low productivity in plantation forests
• More secure tenure rights will attract private investors
• Loosening of logging restrictions
• Continued government efforts for policy improvement and more care for rural livelihood
Future Trade Scenario

- Timber trade keeps being dominated by global economy
- Russian, SEA and sub Sahara main supplier
- Domestic production catching up but not totally displacing imports
Forest Trends in China

- Good information on global forest products trade and debates
- Credible analysis on global socio-economic as well as environmental impacts
- Help to improve design and implementation of eco-compensation scheme (water, forests, biodiversity, carbon, etc.)