Policy Research
Priorities for China’s Production Forestry

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Outline

- World Bank perspective on East Asia forestry sector
- Bank experience in China
- Issues needing reassessment
- Introduce FEDRC PROFOR project
World Bank Asia Forestry Portfolio

- US $ 2.7 billion; 43 projects since 1970
- 15 ongoing operations
- $1.2 billion total project costs
- $660 million commitments, financing:
  - Plantations
  - Natural Forest Management (including Parks)
  - Policy reforms
The Sector has Serious Problems

- Less than 6% of area has management plans (overstates extent of management)
- Only 4 million ha of “certified” management (1%)
- Illegal logging accounts for at least 50% of all removals
Five Major Trends:

- The forest sector is globalizing
- The resource is being stolen
- It is being mortgaged
- It is being converted
- Rights to it are being fought over
Policy Prescriptions based on getting:

- Incentives— that recognize scarcity
- Resource Mobilization Mechanisms— that bring the right resources into and out of forestry
- Governance— control over resources that is seen as legitimate
Bank Experience in Chinese Forestry

- Six forestry projects (> US$ 2 billion)
- > 3 million hectares planted
- Sustained effort on technical quality
- Limited policy dialogue or policy research effort
  - Forest certification and nature reserve effectiveness
  - CCICED Forest and Grassland Task Force
  - FEDRC Forest Supply
Overall Impression of China Forestry

- Wood- and forest-deficit country
- Rapidly growing imports and exports
- Surprisingly modest growth in domestic wood consumption
- Highly taxed silviculture
- Large public plantation investment
Issues for Bank Reassessment

- Expand and improve on business model
  - Channeling of plantation investments
  - Collaboration with private sector

- Policy reforms to promote supply response

- Trade, consumption and global impacts

- Collective forestland tenure reform
Ongoing Work with FEDRC

- Problem of supply analysis
- Need to develop capacity and test approaches
- Value of a policy research capacity within SFA
- Should now expand beyond piloting to responding to policymaking demand