


# Policy Research Priorities for China's Production Forestry

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A stylized silhouette of a mountain range in shades of teal, located at the bottom right of the slide.

# 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
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- A decorative graphic at the bottom of the slide showing a silhouette of a mountain range in shades of teal, extending from the right side towards the center.



# 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