

The Concept of Policy Framework Promoting the Forestry Investment

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The Capital is the Material Strength to Advance Forestry Development

Policy framework promoting forestry investment must regard the spirit of *Decision of the CPC Central Committee and the State Council on Accelerating the Development of Forestry* as guideline



1. Establishing the Basic Principles of Policy Framework Promoting Forestry Investment

1.1 Government drive

- The government should be the main investor for forestry development, especially for the development of public-benefit forest
- The government investment in forestry should mainly focus on the key ecological programs , which will be the primary orientation of governmental investment
- long-term stable input from governments can also provide impetus and guidance for credit funds and social funds.

1.2 Institutional drive

- The fast development over a long time depends mainly on the government investment, while a long-term and stable input would depend on the institutional arrangement.
- The sustainable development of public benefit forest would count on the improvement of compensation scheme for forest ecological benefit, and the establishment of equitable compensation mechanism between producers and consumers of forest ecological benefit in the whole society

1.3 Benefit drive

- Respecting forestry operator's independent management right and protecting their legal rights and benefits can arouse the enthusiasm of forestry operating entities and increase input into forestry.
- Non-public economy has been the important force to develop commercial plantation and forestry industry.

The Main factors Influencing Forestry Operator's Enthusiasm

- forestry taxation is too high, the interest of forestry operators are hurt seriously
- The legal circulation of forest, standing timber and forestland has not be solved for a long time.
- The defect on harvest quota system emerged gradually

1.4 Market drive

- The market is the basic drive of the development of forestry industry
- China's market for forest products is very enormous, and still has potential to extend.
- Breaking through the problem how to attract investment for forestry by markets.



2. Principle Ideas of Policy Framework Promoting Forestry Investment



2.1 Establish the Stable Investment Mechanism for Public-benefit Forest

2.1.1. Setting up and Improving Stable Investment Mechanism for Public-benefit Ecological Construction

Main points of the policy

- With regard to nationwide key forestry ecological programs influencing ecological safety of the whole country, governmental input should be the main resource
- Bring regional ecological construction into regular financial budget of governments
- Implementing forest classification management in state-owned forest farms, and providing government financial support for state-owned public-benefit forest farms.

2.1.2.Improving Forest Ecological Benefit Compensation Mechanism

Main points of the policy

- Improving compensation mechanism for ecological benefit at national level
- Establishing reasonable compensation mechanism between government ecological construction and beneficiaries
- Establishing direct compensation mechanism for ecological benefit by markets

2.1.3. Setting up the Institution for National Purchase of Non-state-owned Public-benefit Forest after Pilot Projects

Main points of the policy

- Establishing the system and criteria for government purchase of public-benefit forest
- Exploring new afforestation mechanism

2.1.4. Strengthening Financing Support for Forestry Development

Main points of the policy

- Providing discount loan for forestry
- Implementing mortgage loan of forest resource assets

2.2 Improving Policy Guarantee to Promote Social Investment in Forestry

2.2.1. Providing Preferential Policies for Forestry Management

Main points of the policy

- Extending contract term of forestland
- Further providing preferential policy for afforestation in barren mountains and desertification control

2.2.2 Providing Independent Operating Right for Forestry Managers

Main points of the policy

- Further improving forest property right system, and establishing modern forest property right system.
- Legal circulation of forest, standing timber and forestland
- Reforming cutting quota system

2.2.3 Protecting Legal Right of Forestry Managers to Enjoy Profit

Main points of the policy

- Reforming forestry tax & fee policy
- Reforming the management of afforestation fee
- Adjusting current Natural Forest Protection policy



2.3 Establishing Profit-driven Forestry Investment Mechanism by Adopting Market Economy Rules

2.3.1 Attracting Social Funds to Invest in Forestry Through Preferential Policies

Main points of the policy

- Implementing tax reduction and preferential income tax for forestry investment
- Combined with constitution of Property Law and Legacy Law, preferential treatment should be provided for forestry donation

2.3.2 Guiding Forestry Industry Development Scientifically

Main points of the policy

- Establishing industrial policy of forestry
- Formulating national development planning of wood-based panel industry
- Formulating national development planning of forest chemical product industry

2.3.3 Normalized Development of Forestry Industry

Main points of the policy

- Formulating supervision and management regulations on wood trade and processing
- Establishing service system for forestry industry development
- Setting up nationwide forest asset evaluation institutions and corresponding service system



Thanks