

Research on the General Thoughts of Reform on Forestry Investment and Financing System

Zhang Liqun

Development Research Center
of the State Council, P.R. China

Beijing, September, 2004

Structure

- The basic situation of current forestry investment
- The analysis of the trend of forestry investment pattern
- The analysis of major problems emerging in the reform on forestry investment system
- The analysis of the general thoughts of the reform on forestry investment system

The Basic Situation of Current Forestry Investment

- Government is the main body of forestry investment
- Placing emphasis on government's forestry investment is to protect and improve the ecological environment. The proportion of ecological forestry investment was 12 times of commercial timber forestry during the period of "the Ninth Five-Year Plan"

The Analysis of the Trend of Forestry Investment Pattern

- The forestry investment can be divided into two parts:
 - Investment in ecological environment, e.g., afforestation, silviculture, and protection
 - Investments in forestry industry, e.g., plantations, setting up factory, modifying and updating required equipment
- The trend of the forestry investment pattern is correct and accords with the direction of government transformation since the Ninth Five-Year Plan
- The government will further increase its investment to improve the forest ecological functions
- The development of forestry industry will depend more on market

The Analysis of Major Problems Emerging in the Reform on Forestry Investment System

- 1 . The financial support is insufficient to forestry development
- 2 . The financing channel is single and the capital source relies excessively on central government, but the local government does not take its place
3. The operation of the fund lacks effective supervision and management
- 4 . Rules and regulations are imperfect

The Analysis of the General Thoughts of the System Reform of Forestry Investment

- 1 . Adhering to scientific decision and procedure and improving scientific and democratic decision for government investment project
- 2 Introducing new implementing way of project construction
- 3 Adopting the market mechanism and playing fully the benefit of governmental investment