



Promoting China's Engagement in Africa

Chinese forest delegation study tour to West and Central Africa,
24 April–10 May 2008



FOREST CONSERVATION PROGRAMME

The designation of geographical entities in this report, and the presentation of the material, do not imply the expression of any opinion whatsoever on the part of IUCN, or other participating organizations, concerning the legal status of any country, territory, or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. The views expressed in this publication do not necessarily reflect those of IUCN or other participating organizations.

This publication has been produced with the financial assistance of the Department for International Development (DFID). The contents of this publication are the sole responsibility of IUCN and can in no way be taken to reflect the views of DFID.

Published by

IUCN, Gland, Switzerland.

Copyright

© 2008 IUCN, International Union for Conservation of Nature and Natural Resources.

Resources

Reproduction of this publication for educational or other non-commercial purposes is authorized without prior written permission from the copyright holder provided the source is fully acknowledged. Reproduction of this publication for resale or other commercial purposes is prohibited without prior written permission of the copyright holder.

Citation

IUCN (2008) *Promoting China's Engagement in Africa: Chinese forest delegation study tour to West and Central Africa, 24 April–10 May 2008*. Gland, Switzerland: IUCN.

ISBN

978-2-8317-1112-6

Cover photo (front & back)

Evergreen lowland forest in Estuaire province, Gabon. Photo © Li Jia.

Layout by

IUCN Asia Regional Forest Programme

Available from

International Union for Conservation of Nature (IUCN)
China Liaison Office
2-2-131 Tayuan Diplomatic Compound
1 Xindong Road, Chaoyang District
Beijing, 100600
mail@iucn.org.cn
Tel +86-10-8532 2699
Fax +86-10-8532 2693

Introduction

At the EU–China FLEG conference in September 2007, the two parties agreed to a number of actions: both would make a high political commitment to fighting illegal logging; they would establish mechanisms to tackle illegal practices and verify legality; and they would exchange information on trade, certification and other relevant issues. At a follow-up meeting between the European Commissioner for the Environment and the director of China's State Forestry Administration (SFA) in April 2008*, both sides agreed to establish a coordination mechanism for FLEGT issues, and to cooperate further on forestry issues in Africa, especially in the Congo Basin countries.

It was against this background that SFA welcomed and supported a study tour to West and Central Africa hosted by IUCN. Between 24 April and 10 May 2008, eight Chinese forest sector representatives† toured the countries of Ghana, Gabon and the Democratic Republic of Congo (DRC). This learning exchange was supported by the IUCN project *Building Multi-stakeholder Coalitions in Central and West Africa and China for the Negotiation and Implementation of Nationally Defined and Innovative Actions in Support of Forest Law Enforcement Governance and Trade (FLEGT) / Voluntary Partnership Agreements (VPAs)*. The project is financed by Britain's Department for International Development (DFID). Support for the study tour also came from the Netherlands' Directorate General for International Cooperation via another IUCN project, *Livelihoods and Landscapes*, and from Italy's Directorate-General for Development Cooperation.

SFA contributed to the cost of organising the study tour, and also helped to identify suitable participants, including a representative from the Ministry of Commerce and a technical expert from the Planning and Survey Institute, a subordinate office of SFA.

Objectives and organisation of the study tour

The overall intent of the study tour was to engage China, as a major consumer of African forest products, in global discussions on FLEGT. Its specific objectives were:

- ▶ To give participants a better understanding of the issues and trends,

* The meeting took place during the Sino-EU High Level Economic and Trade Dialogue, a mission to China by a delegation of nine commissioners led by the EC President, José Manuel Barroso.

† See Annexes for names and affiliations.

as well as the policy framework, in forest law enforcement, governance and trade in selected Central and West African countries.

- ▶ To strengthen technical support to African forestry development and promote China's engagement in Africa.
- ▶ To contribute to finding ways to guide the activities of Chinese forestry companies, such as explaining African laws to them.
- ▶ To understand the operation and impacts of Chinese forestry companies in Central and West Africa.
- ▶ To explore opportunities for further collaboration in forestry. This included the possibility of bringing ideas to the attention of finance and commerce ministries in both China and Africa for possible development under the Forum on China–Africa Cooperation (FOCAC).

The three countries of the tour were chosen either because they produce large volumes of timber for the Chinese market or have the potential to do so (DRC, Gabon), or because they have advanced experience with FLEGT/VPA processes (Ghana). The Ghana leg of the tour was jointly hosted by IUCN Ghana and IUCN Liberia. A four-man Liberian delegation† comprising IUCN's national FLEGT/VPA facilitator and representatives from government and the private sector participated in this leg.

As part of its preparations for the study tour, the Chinese delegation was given translations of the European Commission's FLEGT briefing notes. IUCN also organised two briefing sessions for delegation members covering the EU's FLEGT Action Plan, IUCN's FLEGT-related projects and the tour programme. Both were received positively.

The tour allowed the Chinese delegation to engage with forest stakeholders from government, civil society and the private sector in each of the host countries. Their discussions ranged over such issues as the trade in timber products, illegal logging, future Chinese investment in Africa and the opportunities for cooperation between China and Africa.

Structure of report

This report is divided into three main parts. Firstly it summarises and synthesises some of the main issues and perspectives discussed in each country. Secondly it reflects on the organisation and lessons of the study tour. Lastly it suggests some follow-up activities from the tour to encourage future cooperation between China and African timber-producing countries.

Summary of learning exchanges

This section summarizes the main issues and findings from each country of the tour. It also details the outcomes of the Chinese delegation's discussions with the Liberian delegation in Accra, Ghana.

Ghana

Bilateral cooperation between Ghana and China

Ghana banned the export of raw logs in 1994, and its primary export market is the EU. Currently China is not a large consumer of Ghanaian timber products. The delegation found that the government of Ghana is very interested in improving its collaboration with China. Ghana's Forestry Commission (FC) is seeking development assistance from countries such as China for many aspects of forest management, including stock surveys, harvesting and post-harvesting checks, aiding forest fringe communities, and strengthening the chain of custody. Forest plantation development is also a priority for government, as Ghana cannot depend on its natural forests alone to meet growing domestic demand. The delegation was especially interested in learning about Ghana's plantation development potential.

China is willing to offer Ghana support for sustainable forest management (SFM) within its capacity. Various channels exist for Chinese-African cooperation in forestry (a proposal could be made through FOCAC, for example). SFA is also willing to form inter-agency links with forest departments in African countries and to conduct technical exchanges. However, such arrangements would not be part of the international aid framework, so would be limited by available funds.

SFA thinks that China could sign partnership agreements with individual timber-producing countries in Africa to cooperate on forestry issues. China has already signed ministerial agreements with over 20 countries to cooperate in forest management. South Africa is so far the only

African country with which China has signed such an agreement*, but there is potential to sign more agreements on the continent. SFA shares FC's opinion that the government of a producing country should determine whether or not domestically produced timber is legal, since it holds responsibility for managing the national forest estate. So according to SFA, the key issue is how to help producer country governments improve their forest governance capacities.

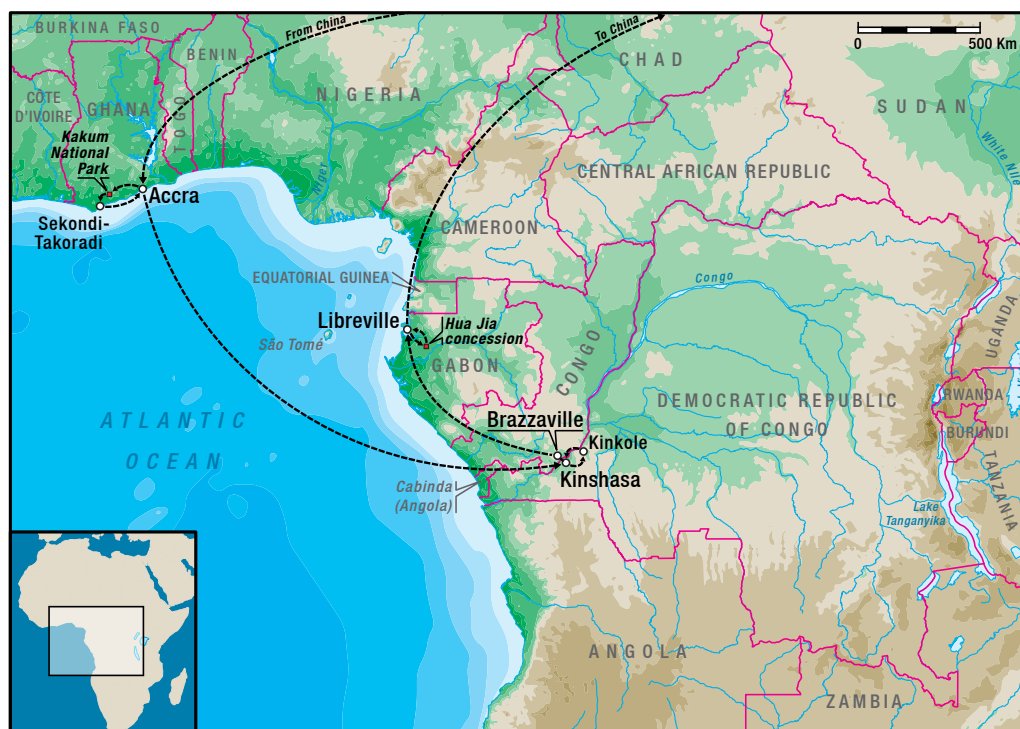
The VPA process in Ghana

Ghana has launched a VPA negotiation process under the EU FLEGT framework, both to respond to growing consumer concern in Europe about the legality of timber imports, and to pursue its goal of transforming the country's timber industry into an integral element of SFM. The VPA process began in 2006 and builds on previous efforts, including Ghana's 1994 Forest and Wildlife Policy (which made SFM one of its objectives). The potential benefits of a VPA with the EU, as Ghana's government sees them, include leverage for promoting SFM and good governance, improved forest community participation, enhanced transparency and increased market opportunities.

Ghana's VPA Steering Committee, a multi-stakeholder body with government, forest industry and civil society representatives, is driving a national dialogue on the VPA process. The Steering Committee has been charged with advising government on its negotiating position with the EU. To that end, it has created four working groups to provide recommendations on the four main elements of the VPA negotiations: 1) a definition of legality, 2) a legality assurance system (including legality verification, chain of custody and licensing systems and independent monitoring), 3) curbing illegality in the domestic timber market, and 4) restructuring the Ghanaian timber industry. Ghana has added the third and fourth of these elements to the negotiations to meet its

national forest management objectives.

The final decision on the details of the VPA will be taken by the government and the EU towards the end of 2008†. The agreement will likely specify a pilot period of perhaps five years to test new elements such as the chain of custody system. Ghana's government still lacks the resources it needs to implement all of the changes required in the VPA, but plans to secure them as implementation proceeds.



Map of the route taken by the Chinese delegation, 24 April–10 May 2008

* The agreement, signed between SFA and South Africa's Department of Water Affairs and Forestry in September 2007, covers forest fire prevention, afforestation, inventory, urban greening and capacity building. It begins in 2008.

† Ghana and the EU signed the VPA on 3 September 2008 in Accra.

Once the VPA is fully operational, all affected forest products (including those from plantations) will need a certificate of legality to enter the EU market. Timber products requiring a license irrespective of the VPA partner country include logs, sawn wood, veneer and plywood, but individual countries can add to this list. After signing the agreement Ghana will test the licensing system for one to two years to fine-tune its operation. During the transitional period some products will have legality certificates and others will not. Both, however, will be allowed to enter the EU until Ghana indicates that its legality assurance system is well established. Customs authorities in the EU will then accept only products with legality certificates.

Ghana's FC would like to be the agency responsible for verifying legal timber under the VPA. A separate non-governmental body, the Independent Monitor, will periodically assess the overall functioning of the legality assurance system, though the exact form this entity will take has yet to be decided.

Although Ghana has made substantial progress with its VPA process, several issues remain to be resolved. These include:

1. **The voluntary nature of VPAs.** It seems that VPAs will only function well if all of the world's major trading blocks are involved in the process. So it is encouraging that China, a major player in the international timber trade, is taking an interest in such issues.
2. **The rapidly changing demands of Western markets.** For example, demand is shifting from legally sourced timber to sustainably managed forests (a step beyond legality). Since parts of Europe have already established a timetable for such a shift, the resulting pace of change may outstrip the capacity of many producer countries to adapt.
3. **Uncertain market benefits.** The financial returns from the EU market after the initial investment in ensuring legality (or sustainability) are still uncertain.

Although VPAs are voluntary, countries that have not signed such an agreement may find that demand for their timber products declines as European governments adopt public procurement policies specifying only legally verified or certified timber. The EU is also working with the private sector to encourage it to commit to buying legally verified or certified timber.

China, as a key country in the forest products supply chain, puts considerable emphasis on fighting illegal logging, and is willing to play a strong role in finding global solutions. For example, SFA has held discussions with Russia and Indonesia, as key suppliers to China, and has signed several intergovernmental agreements to tackle illegal timber. It has also held exchanges with the EU and the United States on how to advance the FLEG agenda. However, China's discussions on these issues are not yet as broad or profound as those in Ghana. SFA would like to keep in touch with its Ghanaian counterparts to learn about their experiences with the VPA process. If the VPA is successful, SFA will explore how it can apply Ghana's experiences in China.

Illegal logging

The delegation was surprised to learn that chainsaw processing is illegal in Ghana, as they had apparently not heard of other similar cases. Ghanaian law permits the harvesting of trees with a chainsaw, but after this any timber should be transported to a mill for processing. One of the reasons for banning chainsaw processing is its inefficiency.



Mohammed Jouni, general manager of John Bitar & Company, Ghana, explaining the company's wood tracking system to the delegation. Photo © Li Jia.

Another is that those involved seldom pay timber fees, depriving government of an important source of revenue. Although Ghana, like China, has a permit system for regulating timber harvesting, transport and processing, chainsaw loggers can easily evade the law. Unfortunately many forest fringe communities in Ghana have no legal means to access the timber resource, so they engage in or support illegal chainsaw processing to support themselves.

The delegation expressed its confidence that timber products from forests in China are legal, owing to the strict management regime imposed by SFA on harvesting, processing and transporting timber. China is also developing a number of pilot certification projects. As for timber imports, China is making serious efforts to ensure that all timber processed in-country is legally sourced. In April 2008 enterprises in China held over 400 Forest Stewardship Council chain-of-custody certificates (putting it second in Asia after Japan and seventh in the world). SFA officials have participated in a study tour to Indonesia to meet with forestry officials and discuss timber trade and legality. Indonesia's government is currently discussing with the EU a list of "reliable" (in terms of producing legal timber) companies. SFA will encourage Chinese businesses to deal with these enterprises, and hopes that China can cooperate with African countries in the future to ensure that the timber they export to China is legally produced.

Role and perspectives of civil society

The delegation met several members of Forest Watch Ghana (FWG), a national coalition of over 30 NGOs. FWG began in 2004 and now has members in all ten regions of Ghana. Member organisations work on diverse issues such as traditional knowledge, research and so on. The

underlying ideology of FWG is that forests should benefit all people, including forest communities, and that there should be fair access to and sharing of benefits from the resource. FWG works with communities at local and national levels advocating appropriate forest laws and policies, including FLEGT/VPA. Its establishment has made it possible for Ghana's forest NGOs to join together to make common cause.

The delegation discussed with FWG the issues of illegal logging, chainsaw processing and the role of civil society in the VPA negotiations. FWG sees illegal logging as a complex issue and a symptom of the larger problem of poor forest governance. In the VPA consultations, FWG has acted as the principal contact point for members of civil society, such as farmers, chainsaw processing groups, NGOs and traditional authorities. From FWG's perspective the VPA negotiations have been beneficial because they have provided space for discussions on governance issues, and have given civil society a voice through its two representatives on the VPA Steering Committee. This is an improvement on the past, when civil society lacked an institutionalized role in working with government on forest governance issues.

Forest Watch Ghana is funded primarily by international donors such as FERN (Forests and the European Union Resource Network). It receives no funding from government. In the future, FWG wants a sustainable source of funding for civil society to come from the forest resource itself. To this end, it is proposing that 1% of all timber royalties be set aside for civil society to share, i.e. not just used by FWG. These funds would be managed jointly by civil society and government.

The Chinese delegation described the relationship between Chinese NGOs and the Chinese government. The role of NGOs in China is to help government do its job better, not to judge whether government has formulated and implemented the right policies. The China Wildlife Association, for example, is concerned about wildlife conservation and works mainly with government. The Chinese government finances many NGOs who have strong human resources and expertise, and so can help government achieve its forest management objectives.

Liberia

General background

Liberia has a land area of 9.8 million hectares (ha), of which 4.8 million

ha (49%) are forested. The country contains two of the three remaining large blocks of Upper Guinean lowland forest in West Africa. These forests form part of the Guinean Forests biodiversity hotspot designated by Conservation International, a belt of tropical moist forests running along the coast of West Africa.

In July 2003 the United Nations Security Council imposed strict sanctions on Liberia aimed at prohibiting the export of "conflict" timber. The conditions for lifting the sanctions included:

- ▶ Government to establish full control over the country's forests
- ▶ Institutional reform and capacity building
- ▶ A review of all concessions
- ▶ A forest inventory
- ▶ Legal reform
- ▶ Adoption of environmental measures

In June 2006 the Security Council voted not to renew the sanctions, and in October that year the Liberian government passed a new forestry law as demanded by the international community. The National Forestry Reform Law requires Liberia's Forestry Development Authority (FDA) to establish and maintain a nationwide chain of custody system for all timber. In 2007 SGS won a five-year contract to manage this system. The FDA is now drafting additional legislation for community rights and wildlife conservation.

The FDA and its forest management policies are currently structured around the three "Cs" of conservation, community and commercial forestry. In terms of commercial forestry, the FDA is trying to implement sound forest management policies so the resource can be developed for the betterment of the country. In March 2008 it opened bids for six timber sales contracts (5,000 ha each for three years) and three forest management contracts (50,000–300,000 ha for 25 years).

Reactions to Liberia's progress in re-establishing commercial forest management have been mixed. On one hand, some local commentators see resuming logging as key to creating rural jobs and generating revenue for national reconstruction. On the other, some local and international groups have expressed concern that the necessary legal framework – including a draft community forestry law – has yet to be

put in place, and that Liberia may be moving too fast to re-open commercial logging.

Besides legal reform and strengthening, Liberia needs support for forest inventory, promotion and use of lesser-used species, industrialisation and capacity building. Opportunities also exist for establishing preservative treatment plants for pine and teak poles used in the Liberian government's ongoing electrification project.

FLEGT and VPA in Liberia

Liberia has for some time studied the FLEGT and VPA processes to see how they might



The delegation meeting with members of Forest Watch Ghana. Photo © Li Jia.

benefit the country, and recently decided to pursue negotiations for a partnership agreement with the EU. IUCN has been helping to support a national multi-stakeholder dialogue on FLEGT/VPA. Even before IUCN started work, however, forest stakeholders were holding discussions on FLEGT/VPA. In June 2007, for example, civil society, government and the private sector organised a workshop to discuss FLEGT/VPA. Several exchange visits have also been held between Liberia, Ghana and Cameroon to share experiences and lessons about FLEGT/VPA.



View of Kinshasa, DRC, looking across the Congo river. Photo © Li Jia.

Since IUCN began supporting the national dialogue, six working groups have been formed to advise government on several issues:

- ▶ Legality and verification
- ▶ Africa FLEG ministerial process
- ▶ Chain of custody and licensing
- ▶ Engagement of China in the forestry sector
- ▶ Chainsawing
- ▶ Independent forest monitoring

The Chinese delegation was interested to know why Liberia had a working group specifically on China. They were told that this stemmed from the close economic and technical cooperation developing between Liberia and China. The working group serves to facilitate the effective exchange of information between the two countries.

Bilateral cooperation between Liberia and China

The FDA is currently seeking both technical and financial help for its forest management programme. It is looking in particular for international assistance for a forest inventory, as the last national inventory was carried out in the 1980s. Liberia also lacks a wood processing industry, so needs sawmills and other machinery, as well as technical training to develop domestic capacity.

Although FDA raised the issue of cooperation with SFA, the delegation indicated that they were not fully prepared to respond because bilateral cooperation was not part of the original terms of reference for the tour. The delegation suggested that FDA initiate correspondence with SFA on the matter. The delegation was able to respond to the interest of FDA's managing director in learning opportunities for non-timber forest products, indicating that SFA is happy to offer or facilitate such opportunities. Furthermore, SFA will require any Chinese companies who may operate in Liberia in the future to comply with Liberian forest laws and regulations, including the requirements of the chain-of-custody system now being established.

Democratic Republic of Congo (DRC)

General background

DRC's forests cover 135 million ha, almost 60% of its land area and more than twice the size of France. Partly because of its size, DRC

has more species of birds and mammals than any other African country, and one of the richest floras on the continent. The country has numerous parks and wildlife reserves, including five natural world heritage sites with rare species such as the northern white rhinoceros, okapi, mountain gorilla, lowland gorilla and bonobo.

The new forest code

In August 2002 the DRC government adopted a new forest code and imposed a moratorium on issuing new concessions, or extending and renewing existing ones, until it could complete a legal review of the concession system. Nevertheless one quarter of the country's forests remains locked into concession agreements.

In its discussions with government, the delegation examined the substance of the new code, in particular its provisions for concessions, exploitable tree species and wood export volumes. Other issues discussed included the potential benefits to local communities from forest exploitation that respects the ecosystem balance, and the economic and environmental implications of DRC's current concession system. Inventoried in part using aerial photography, the system currently covers 22 million ha, of which 300,000 ha are closed to harvesting.

In a meeting with senators and parliamentarians, the delegation was given a presentation on the constraints to implementing the forest code, in particular the lack of implementing measures and the slow progress towards ratifying the Central African Forest Commission treaty (aimed at protecting the forests of the Congo Basin). The politicians expressed a belief that closer cooperation with the Chinese parliament on environmental matters would be beneficial. For its part, the delegation explained the role of China's National People's Congress (which is similar to a parliament), as well as the Chinese government's efforts to combat deforestation and introduce SFM.

Forest governance and the role of the private sector

To better understand the forest management situation on the ground, the delegation met with the coordinator of the Environment Office of Tshangu region in Kinshasa, Mrs Monique Ekambe, to discuss the opportunities and constraints for SFM in DRC. These include:

- ▶ A lack of working equipment;

- ▶ Duplication of fieldwork by national inspectors;
- ▶ A lack of resources;
- ▶ Confusion of roles between national and provincial levels;
- ▶ Poorly paid or unpaid civil servants; and
- ▶ A lack of meaningful participation by local communities in project development.

Looked at from the perspective of the private sector, as represented by the Federation of Timber Industries (*Fédération des Industriels des Bois*, or FIB), the main opportunities and constraints in DRC's forest sector include:



Meeting with José Endundo, Minister of Environment, Nature Conservation & Tourism, DRC. Photo © Li Jia.

- ▶ Rich forest resources;
- ▶ The conversion of old eligible forest titles to new concessions is helping in regulating the forest sector; and
- ▶ The process of certification begun by some enterprises is a starting point for ensuring better management practices.

A number of key constraints cannot be ignored, however:

- ▶ The burdensome tax system (172 different taxes cover income, exports and trade);
- ▶ Police and administrative harassment;
- ▶ The poor transport system;
- ▶ A lack of implementation guidelines for the forest code; and
- ▶ Some vessels, including Chinese vessels, do not travel upriver to Matadi Port because of congestion and a lack of berthing capacity.

The eleven members of FIB are all foreign-owned companies engaged in developing a programme to enhance local value-added processing of timber. Through corporate social responsibility programmes, they are also engaged in building schools and other local facilities.

After meeting with FIB, the delegation travelled to Kinkole, 30 km from Kinshasa, to visit the sawmill of TRANS-M, a member of the Congo Futur Group. There they saw the operations of a Congolese enterprise and its efforts to meet international export standards, including modernizing its plywood production process.

In discussions with key FLEG-related government bodies, including the General Directorate of Administrative and State Revenues (DGRAD), the Office of Law Enforcement (OCC), and the Office of Customs and Excise (OFIDA), the delegation explored DRC's institutional framework in greater detail.

DGRAD's main roles are to formulate tax policy for forest resource management, encourage best practices in forest management, and align the development objectives of logging companies with growth of forest revenues. OCC's roles and functions are to control the quality, quantity, conformity and prices of export goods, exercise technical control over equipment and works, and determine the volume, quality and value of timber exports according to CITES requirements.

OFIDA has two main roles: collecting taxes according to market prices; and designing tax schemes for plants and wood. Currently a duty of 6% is levied on the free-on-board value of raw timber exports.

Of note is the agreement signed between OCC, OFIDA and DRC's national CITES management authority to tackle wildlife and timber fraud. In this regard OCC has an important role to play in tracking timber exports, but capacity building in certification and timber tracing is vital. The need for capacity building in monitoring trade was also made clear to the delegation in an earlier meeting with the General Secretary of the Environment and a director of DRC's International Trade Office. There the two officials had disagreed on the volume of timber exports and the species being exported by DRC.

Donor and civil society perspectives

The Chinese delegation met with Filippo Saracco of the EU and representatives of DFID and the World Bank. The EU introduced its approach to a legality assurance system and provided an update on its FLEGT work. DFID and the World Bank presented their work on improving environmental performance in the mining and infrastructure sectors. In DRC, DFID manages a programme to strengthen the road system and improve governance of DRC's mineral resources and forests. DFID also supports Global Enterprises Corporate, a subsidiary of the mining company Nikanor, in assessing environmental impacts. There is also a thematic forest group constituted by donors, government and other stakeholders to exchange information and lessons.

Both the Chinese delegation and the donor representatives agreed that foreign investors should respect DRC's law and regulations, and should operate in a manner that supports its efforts to conserve precious natural resources. The Chinese delegation explained that SFA and the EC have held many high-level dialogues on forestry, including the international FLEG conference in 2007 and the recent Sino-EU High Level Economic and Trade Dialogue during which Environment Commissioner Stavros Dimas met with the director of SFA. China has also joined the Asian FLEG and ENA-FLEG processes. Both sides agreed they should maintain contacts to share information and discuss potential joint actions. The delegation thought that China's experience in fighting deforestation and reducing poverty would be relevant to similar work in DRC.

The delegation held a meeting with sixteen members of the environmental NGO network in DRC, including *le Réseau des Femmes Africaines pour le Développement Durable* (Network of African Women for Sustainable Development), *Association des Professionnels des Médias* (Association of Media Professionals), *Réseau des Populations Autochtones et Locales d'Afrique Centrale* (Network of Indigenous and Local Peoples of Central Africa), *Organisation Concertée des Ecologistes et Amis de la Nature* (Joint Organization of Ecologists and Friends of Nature), *Groupe de Travail Forêts* (Forests Working Group), and Green Advocates. During this participatory exchange the NGOs gave a presentation on the strengths and weaknesses of civil society participation in forest governance in DRC.

The strengths:

- ▶ Opportunities to participate in forest forums and meetings;
- ▶ Opportunities to participate in the legal and institutional review; and
- ▶ The existence of environmental NGO networks.

The weaknesses:

- ▶ Weak capacity to empower local stakeholders;
- ▶ Weak benefit sharing;
- ▶ Limited government awareness and recognition of civil society's role in forest governance;
- ▶ The lack of a forest monitoring mechanism for civil society.

The Chinese delegation expressed its appreciation of the informative presentation and encouraged further information exchanges between civil society groups in DRC and China.

Gabon

General background

Estimates of Gabon's forest cover vary, with some putting it as high as 21.8 million ha, or 84.5% of the country's land area. These extensive forests comprise the majority of the Guineo-Congolese forest, a tropical rainforest ecosystem known for its high species richness and endemism. Besides being an important local social and economic resource, Gabon's forests are important globally as a source of biodiversity and a carbon sink.



Bonobos in Lola ya Bonobo sanctuary, near Kinshasa, DRC. IUCN Photo Library © IUCN / Christian Laufenberg.

Gabon is the leading African supplier of timber, particularly to China and the EU. It accounted for 29% of Africa's timber exports and 40% of its log exports in 2006. Between 1996 and 2006 China imported about 32–46% of Gabon's timber export production. This total rises to 61% if only tropical logs are considered (based on 2005 figures). In 2006 China imported about 1 million m³ roundwood equivalent of timber from Gabon.

The new log export quota system

Until recently Gabon's forest code stipulated that logs should not account for more than 30% of timber exports. The Gabonese government has now introduced a new log export quota, allowing only producers with operational processing facilities to export part of their total log production. The government's goal is to reduce the share of logs in national timber exports to 25% by 2012, with the rest comprising sawnwood and processed products.

Although the new quota system was instituted in 2007, negotiations with producers over contested quota allocations delayed full implementation until early 2008. Some of the long-established logging companies reportedly were unhappy with what they saw as preferential treatment of the more recent joint ventures and overseas investors.

Together with the new export quota system, Gabon's government has also introduced requirements for companies to prepare a forest management plan for each harvest area.

The role of Chinese companies in Gabon's forest sector

Chinese, Malaysian and Italian companies are among the newcomers to Gabon's forest sector, which traditionally has been dominated by French and Gabonese interests. At present Chinese companies hold only a small share of the export quota, but some are cooperating with French companies to increase their exports.

Although recent strong growth in China's domestic timber demand has driven investment and an expansion of Chinese operations in Gabon, 2008 has seen a substantial drop in the Chinese market. Weaker demand, coupled with growing international scrutiny of Chinese overseas investments, has created a difficult environment for Chinese companies in Gabon. Nevertheless the country remains the largest exporter of logs to China in Africa.

Aside from these fluctuations in demand, some of the difficulties encountered by Chinese companies in Gabon include communication problems (few Chinese speak French fluently), and the international pressure on Chinese companies to open up or change various aspects of their logging operations.

The delegation gained a better understanding of Chinese operations in Gabon from its meeting and site visit at Hua Jia Industry. Hua Jia was one of the first Chinese forest companies to invest in Gabon, beginning

operations in 2001. A subsidiary of the state-owned Zhong Lin Group (China International Forestry Group Corporation), Hua Jia is now involved in every level of the timber business from harvesting to processing and trading.

Hua Jia owns a concession of 400,000 ha, out of a total area of 2 million ha held by Chinese companies in Gabon (roughly 10 million ha have been allocated to industrial concessions and other timber activities in the country). The company produces 50,000–60,000 m³ of logs yearly, most of which is exported to China. It also produces about 30,000 m³ of sawnwood and 20,000 m³ of veneers for European and African markets.

Hua Jia plans to expand its operations in the coming years, though the recent downturn in the Chinese market has reduced the availability of investment capital. It also faces the language problems common to other Chinese operators, and is aware that the illegal activities of some firms in Gabon are distorting the timber market and hampering SFM.

Stakeholder perspectives

In its discussions with the delegation, the government of Gabon (represented by the Minister of Forest Economy, Water, Fisheries, Environment and Nature Conservation, and the Director of the Forest Division) underscored its commitment to SFM. The government also expressed Gabon's willingness to advance its already strong partnership with China.

At a meeting with some of the main local NGOs and international organisations in Gabon, including WWF, the World Resources Institute, the Central African Regional Program for the Environment and the African Timber Organisation, independent expert Dr Marcellin Njiengui



A representative of Hua Jia showing the delegation a log landing in the company's concession, Gabon. Photo © Li Jia.

gave a presentation on Gabon's national timber tracing system, and the Chinese delegation took part in an animated and fruitful exchange with participants.

The main interest of NGOs was in China's efforts to institute SFM. They also asked whether China had any regulations governing wood imports. The Chinese delegation gave an overview of China's domestic policies for ensuring legality and traceability of timber products. Director Su Ming, the head of the delegation, also added that China is very concerned about the legality of its timber supply, and that all Chinese companies investing abroad are advised by government to comply with the laws and regulations of the host country.

The concerns of NGOs were echoed by Mr Gerard Moussu, General Secretary of the Union of Timber Industries of Gabon, a national trade association (which also has Chinese members). In his discussion with the delegation, Mr Moussu noted that more than 60% of Gabon's production is sold to China, and asked about China's role in forest governance initiatives such as FLEGT. If China does not involve itself in SFM, he said, it will be difficult for Central Africa to achieve the sustainability goals of current forest policies and programmes.

Experiences and lessons learned

The study tour generated many valuable facts, opinions, ideas and lessons. From SFA's perspective, these include:

- ▶ In each country it visited the delegation obtained valuable first-hand accounts of the social, economic and governance framework of the forest sector and the structure of the timber industry.
- ▶ Important information was obtained about the latest developments in forest policy in these countries, including new legal reforms and international initiatives such as FLEGT and the Congo Basin Forest Partnership.
- ▶ Important partnerships were built to link China and the countries visited in advancing efforts to promote mutual opportunities in SFM and economic development.
- ▶ Director Su Ming, the head of the delegation, expressed the view that China is interested in developing a mechanism to combat imports of illegal wood from Africa. Work has been undertaken to explore this potential.

From IUCN's perspective, the benefits and lessons include:

- ▶ The tour strengthened ties between China and the countries visited. It was the first visit of its kind to focus on forest sector issues concerning both China and Africa.
- ▶ The exchanges between China and Africa allowed the two sides to discuss and exchange views on, as well as build a basic shared understanding of, SFM.
- ▶ Different ministries in different countries see SFM differently. IUCN should facilitate a better understanding of SFM and better communication of forest policies throughout all ministries.
- ▶ The weak capacity of national forest administrations in African countries is a major challenge to be addressed in the future.
- ▶ The study tour highlighted IUCN's ability to facilitate multi-stakeholder dialogues and its role in promoting SFM in Africa.
- ▶ IUCN noted that SFA has a strong interest in economic cooperation with African countries, for example in timber processing and silviculture.

- ▶ Though not necessarily true, there is a perception among local and international stakeholders that the environmental performance of Chinese companies is poor, and that they want only Africa's natural resources. The various stakeholders should work jointly to better understand and communicate the impacts of Chinese forestry companies in Africa.
- ▶ The Chinese government and private sector are sceptical of reports alleging misconduct by Chinese companies overseas. They feel that such reports are often biased and inaccurate, and that China in many cases is being singled out because of its competing interests. IUCN could help Chinese companies build their capacity to reach out and communicate with local forest stakeholders.
- ▶ The delegation saw only a small part of the countries on the tour, so may not have got the "whole picture".

Possible future activities

On several occasions during the study tour, the delegation expressed its willingness and interest in building cooperation with African countries to reduce illegal logging and improve forest management. Some of the options to enhance cooperation suggested by SFA include inter-departmental exchanges, information sharing and technical assistance. For their part, the African host countries are seeking assistance for a range of initiatives in the forest sector. It would benefit all parties to engage in further discussions on what form this cooperation might take and eventually move towards a formal agreement.

Several broad areas where China and Africa could enhance cooperation on SFM and illegal logging have been identified in discussions between IUCN China and Director Su Ming of SFA:

1. Establish a high-level cooperation framework between China and Africa, perhaps under FOCAC, to promote forestry cooperation and SFM. IUCN could continue to provide SFA with technical advice on SFM in Africa and possibly connect SFA and other stakeholders to SFM experiences in other areas. IUCN could also be involved in future China–Africa exchanges.
2. Strengthen forestry sector cooperation between China and Africa, perhaps through inter-departmental agreements between SFA and ministries in interested African countries (such as the agreement with South Africa).
3. Strengthen operating requirements for Chinese forest enterprises in Africa. As part of the work plan of the project *Building Multi-stakeholder Coalitions in Central and West Africa and China for the Negotiation and Implementation of Nationally Defined and Innovative Actions in Support of Forest Law Enforcement Governance and*



Young sellers on the road to Kisantu botanical garden, Inkisi, DRC. IUCN Photo Library © IUCN / Christian Laufenberg.

Trade (FLEGT) / Voluntary Partnership Agreements (VPAs), IUCN China is looking to facilitate the development of guidelines or seek cooperation with Chinese companies to improve their forest management performance and capacity for multi-stakeholder dialogue. This should now be a greater priority for IUCN China in light of the growing capacity and resources of its forest programme.

4. Raise funds from international organizations and governments to support China–Africa forestry cooperation projects.
5. Share information and increase communication between China and Africa:
 - ▷ IUCN China could gather, consolidate and provide further information on VPA negotiations and other FLEGT initiatives in African countries. This would include specific information that the delegation asked for but could not obtain (such as statistics and information on laws).
 - ▷ Invite Chinese officials to respond to these initiatives and adapt them to the Chinese context.

- ▷ Continue information sharing and communication between African and Chinese NGOs (for example WWF China and Forest Watch Ghana)
- ▷ Facilitate further discussions and agreements on ways to improve the forest governance capacities of producer countries

Other “next steps” include:

- ▶ Bring shared ideas to the attention of finance and commerce ministries in all participating countries (IUCN could draft some briefing notes to this end).
- ▶ Involve China in Ghana’s Natural Resource Environmental Governance Programme, or at least follow up the invitation to China to participate in the ENR sector group, an initiative hosted by the Royal Netherlands Embassy in Ghana.
- ▶ Disseminate the outcomes of the study tour (for example via the media or IUCN website).

Lastly IUCN could facilitate further exploration of selected issues.

Annexes

1. List of delegation members

Chinese delegation

Su Ming	Deputy Director-General	International Forestry Cooperation Centre, SFA
Yao Changtian	Director-General	Department of Development Planning and Finance Management, SFA
Sun He	Division Director	Department of Cooperation, Ministry of Commerce
Chen Jiawen	Division Director	Department of Development Planning and Finance Management, SFA
Guo Yufu	Deputy Division Director	International Forestry Cooperation Centre, SFA
Zhang Jian	Senior Engineer	Institute of Planning and Survey, SFA
Li Jia	Forest Programme Officer	IUCN China

Ms Han Zheng, Director of the Forest Programme of WWF China, accompanied the delegation as an observer on the Ghana and DRC legs of the tour.

Liberian delegation

E. Ekema A. Witherspoon	Deputy Managing Director	Forest Development Authority
Moses Gorpudolo	Manager, Chain of Custody	Forest Development Authority
Isaac F. Mannah	Secretary General	Liberia Timber Association
Francis K. Odoom	FLEGT/VPA Facilitator	IUCN

2. Programme of the study tour

Ghana, 25–29 April

Date	Activity
Friday, 25 April	Arrival of delegation and installation at the hotel, Accra
Saturday, 26 April	Visit to Kakum National Park and canopy walk
Sunday, 27 April	Meeting with Ghassan Bitar and tour of John Bitar & Company wood factory, Sekondi-Takoradi
Monday, 28 April	Meeting with the Chief Executive of the Forestry Commission Meetings with representatives of the VPA Steering Committee Meeting with the Liberian delegation Courtesy visit to the Chinese Embassy Dinner with representatives of forest stakeholder groups
Tuesday, 29 April	Meeting with European Union delegation Courtesy visit to the Honourable Minister of Lands, Forestry and Mines Meeting with Ghana civil society representatives Departure

DRC, 30 April–5 May

Date	Activity
Wednesday, 30 April	Welcome at the airport, Kinshasa Workshop with IUCN staff Working dinner with General Secretary of Environment
Thursday, 1 May	Meeting with the private sector (FIB) Visit to sawmill (TRANS-M)
Friday, 2 May	Workshop with donors Audience with Minister of Environment Lunch with WWF staff Workshop with parliamentarians Workshop with civil society
Saturday, 3 May	Workshop with Coordinator of Environment urban office Working lunch with heads of DGRAD, OCC and OFIDA
Sunday, 4 May	Visit to Bonobo Sanctuary
Monday, 5 May	Departure

Gabon, 5–9 May

Date	Activity
Monday, 5 May	Arrival in Libreville
Tuesday, 6 May	Briefing with Adonis Milol, IUCN Meeting with Chinese timber company (Hua Jia) Visit to Chinese Embassy Visit to IUCN Central African Regional Program for the Environment office Visit to IPHAMETRA (a research institute) and an urban forest site
Wednesday, 7 May	Meeting with the Director of Department of Forest Economics and Director of Forest Division Working lunch with Sylver Africa (an environmental consulting company) Meeting with international organisations and national NGOs
Thursday, 8 May	Visit to a timber harvesting site (owned by Hua Jia)
Friday, 9 May	Meeting with Mr Christopher Besacier and Mr Gerard Moussu (Gabon forest syndicate secretary) Wrap-up meeting

3. Minutes of wrap-up meeting, 9 May 2008, Libreville, Gabon

Facilitators: Adonis Milol, Li Jia

Participants: Su Ming, Yao Changtian, Sun He, Chen Jiawen, Guo Yufu, Zhang Jian, Constant Allogo (Focal point, IUCN Central African Regional Programme for the Environment office)

At the end of the study tour, a wrap-up meeting was held to seek the Chinese delegation's feedback on the tour, their opinions on its arrangement, and their initial thoughts on future cooperation based on its outcomes.

Comments on arrangements (programme, travel, etc.)

The programme in each country visited was thematic and demanding, though also allowed for contact with multiple stakeholders. Delegation members felt they now had a much better understanding of the forest sector of West and Central Africa (in particular the three countries of the tour), and of FLEGT-related initiatives in Ghana, DRC and Gabon.

They recommended, however, that the programme be prepared in advance to allow an organized and smooth flow of activities. An hourly or at least half-daily programme would help participants prepare for the day, particularly in terms of appropriate clothing, information materials and gifts for meetings. Overall, the delegation gave high praise to IUCN's abilities in facilitating multi-stakeholder dialogues and knowledge exchanges, acknowledging the tour was organized under sometimes difficult conditions.

Lessons learnt

Through the study tour, delegation members learnt valuable lessons about the current state of the forest sector, FLEGT processes and other important issues in Africa, especially West and Central Africa. This experience will provide a solid basis for future decision making on African issues.

Although SFA strongly agrees with the need to combat illegal logging, it is not sure that FLEGT is the best approach. VPAs may be one way to tackle illegal logging, but they are not the only way. In fact China

does not see linking FLEG with a trade mechanism as the best way to tackle illegal logging, and may consider other tools for achieving the same purpose.

According to Su Ming, the head of the delegation, Africa is in the middle of an important economic transition. China encourages foreign investment in its forest sector, and Chinese companies are encouraged to seek business opportunities overseas. Some Chinese companies have been accused of running unsustainable operations in Africa. SFA believes the issue should be viewed in a holistic way. As a responsible international player, China encourages its companies overseas to comply with local laws and operate in a sustainable manner. In this process, it is important for an international organization like IUCN to facilitate communication between China and other international stakeholders.

Initial thoughts on future cooperation between China and Africa

Any future cooperation should make use of existing bilateral channels such as FOCAC. Other fields in which the two sides could cooperate include investment and commerce, and international development projects. In the field of capacity building, SFA appreciates that many international training courses for African foresters are conducted in English. There is clearly a need to tailor these courses to suit the needs of francophone African countries. Overall, the guiding principles for cooperation between China and Africa should be proaction and caution.

As a large and influential international organization, IUCN can help to enhance communication between China and Africa, as well as facilitate multi-stakeholder dialogues at different levels and in different countries.

Further detailed cooperation opportunities will be identified after the delegation has consulted with higher level officials and other relevant departments in China.



**INTERNATIONAL UNION
FOR CONSERVATION OF NATURE**

FOREST CONSERVATION PROGRAMME
Rue Mauverney 28
CH-1196 Gland
Switzerland
forests@iucn.org
Tel +41 (22) 999-0261/3
Fax +41 (22) 364-9720
www.iucn.org

