

“China’s Influence on forest products markets in
the UNECE region”

FOREST CERTIFICATION AND CERTIFIED FOREST PRODUCTS

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Geneva, 3-4 October 2006

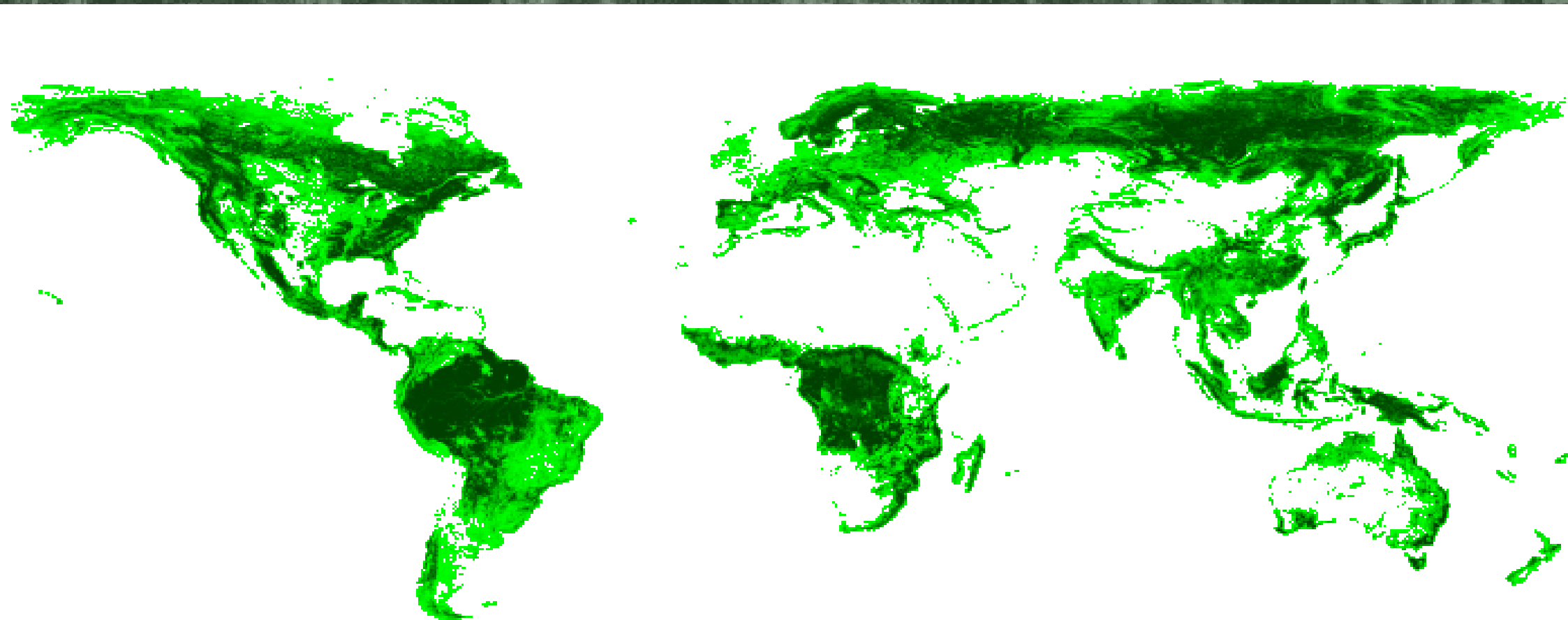
OUTLINE

- Setting the stage
- Certified forest area
- Certified forest products
- Outlook on China and Asia
- Conclusions

INFORMATION BACKGROUND

- **No official statistics for trade in CFPs**
„CFPs do not feature in the Harmonized Commodity Description and Coding System HS“
- **Analysis and data based on other resources (Ch.10, FPAMR, 2005-2006)**
 - surveys (UNECE Timber Committee/country correspondents on certification FAO EFC UNECE)
 - key producers
 - retailers
 - GFTN
 - Auditing bodies
 - CERTIFICATION SYSTEMS

GLOBAL FOREST MAP



At a first glance...

THE RESOURCES

Forests cover 30%

Of total land area

Total forest area

=4 billion hectares

= 0.62 ha/capita

64 countries

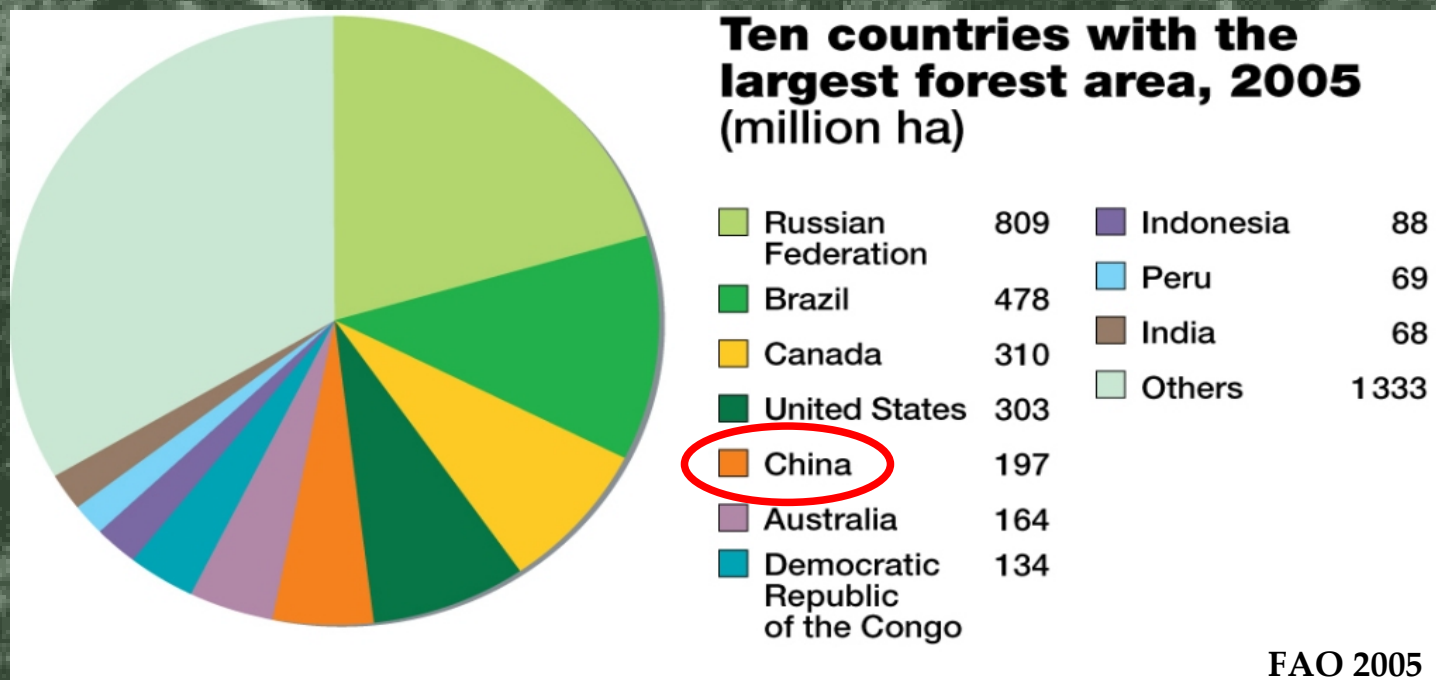
=2 billion

= < 0.1 ha/capita

- 10 most forest-rich countries account for two-thirds of the total forest area.

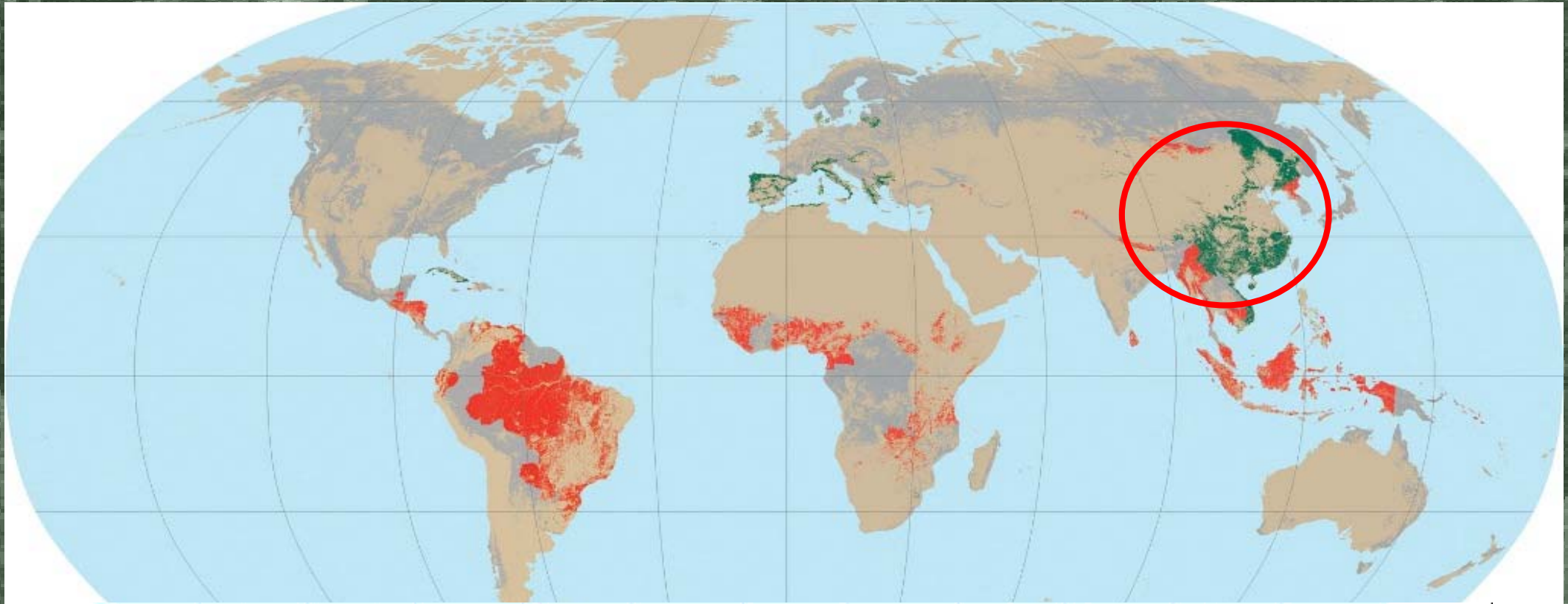
- 7 countries or territories have no forest at all

- 57 have less than 10 percent of their total land area.



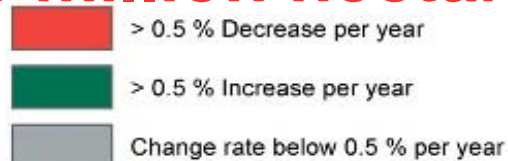
FAO 2005

THE RESOURCES



Deforestation in the south, while forests increase in the north.

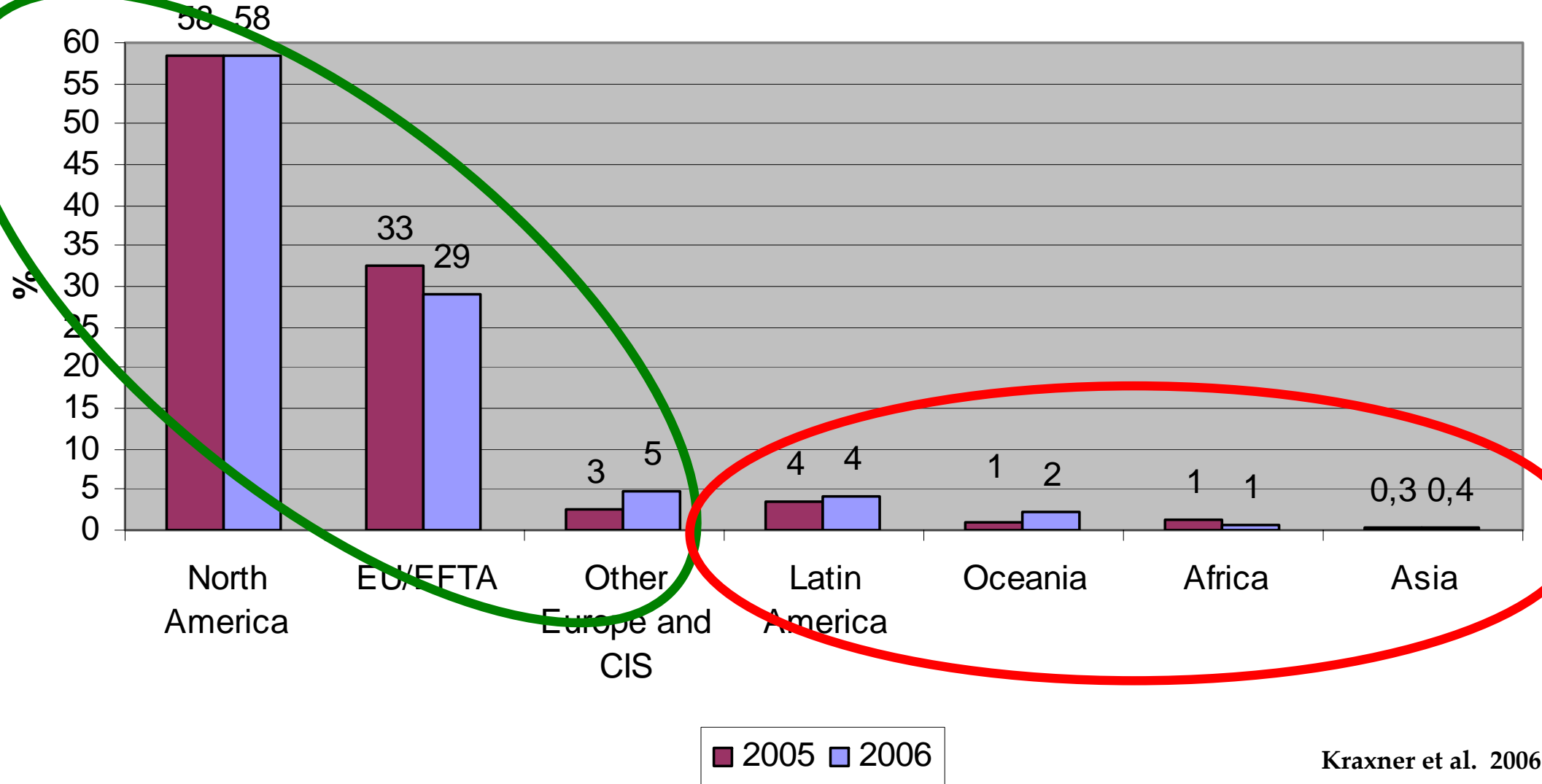
Deforestation = 13 million hectares per year



FAO 2005

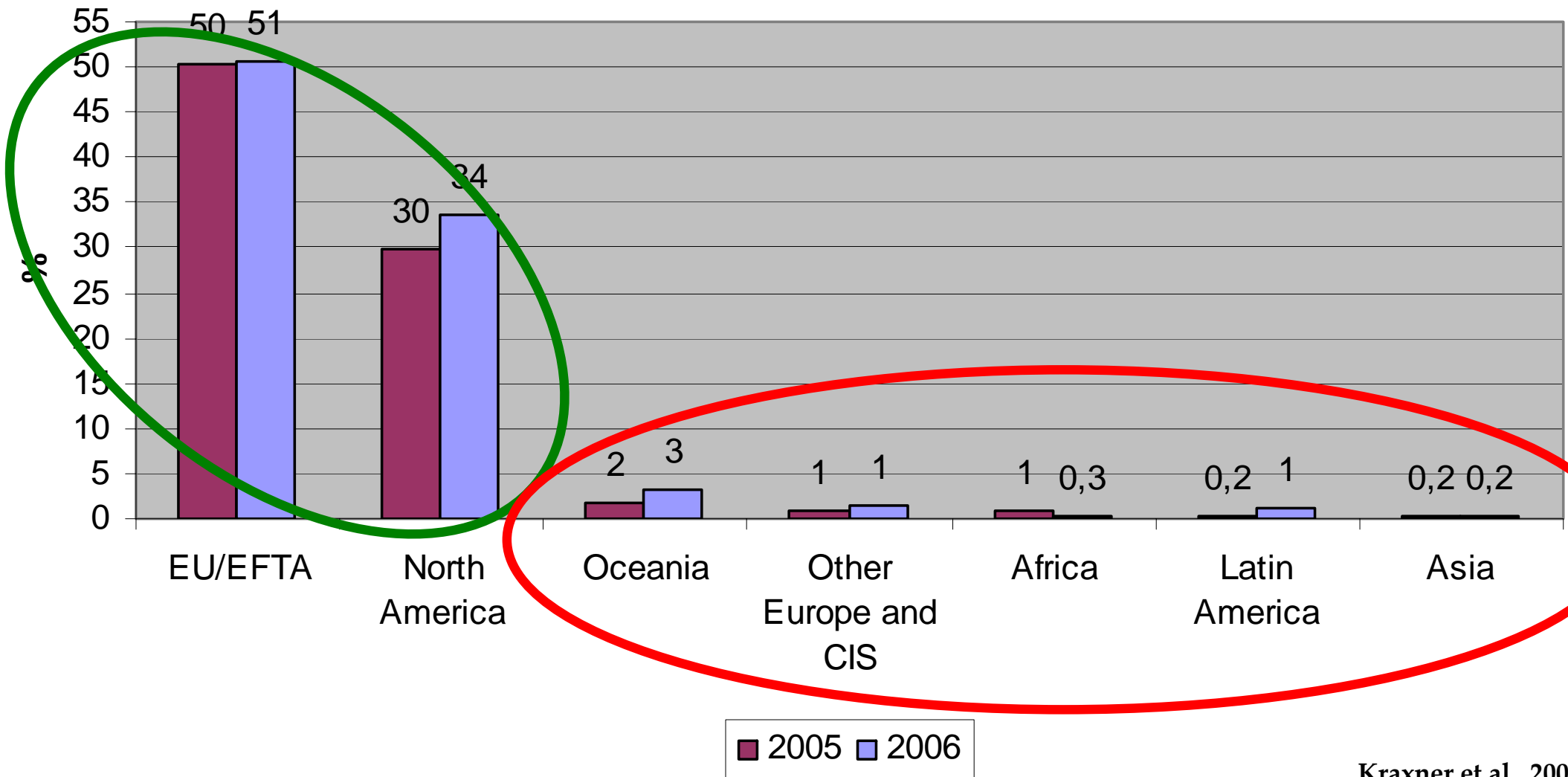
CERTIFIED FOREST AREA

Geographical Distribution of Total Certified Forest Area
2005-2006



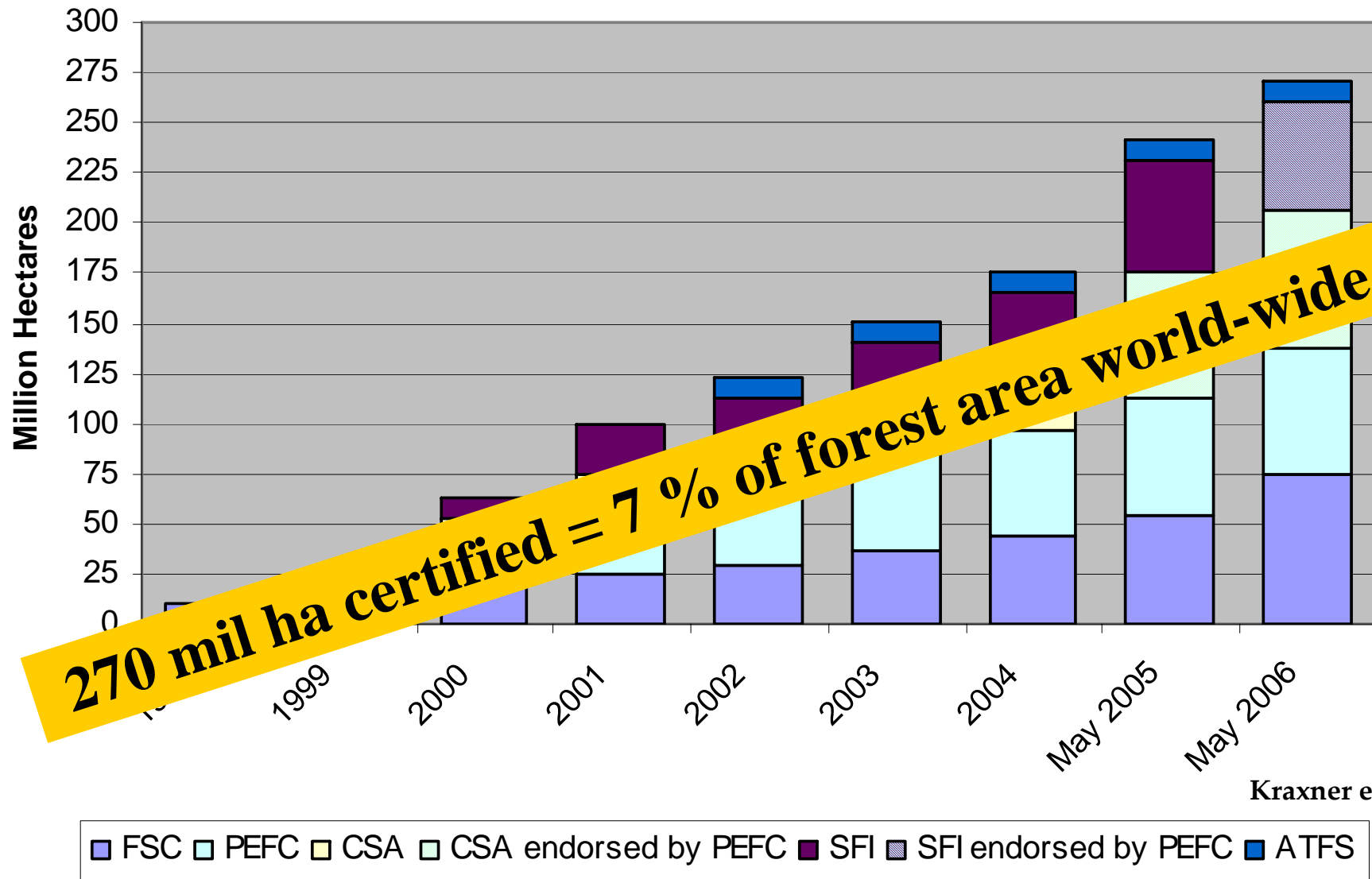
CERTIFIED FOREST AREA

Certified Forest as a Percentage of Total Forest Area,
by Regions, 2005-2006



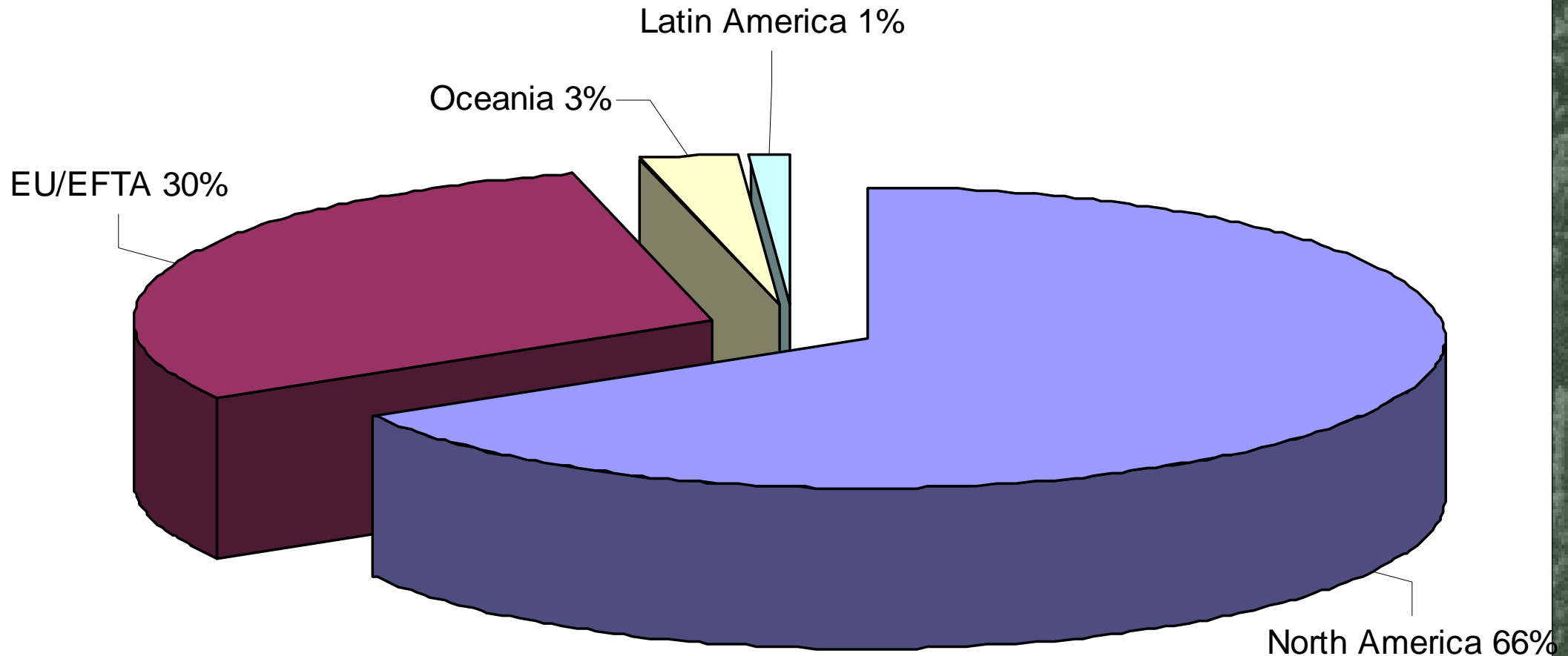
CERTIFIED FOREST AREA

Forest Area Certified by Major Third Party Certification Schemes, 1998-2006



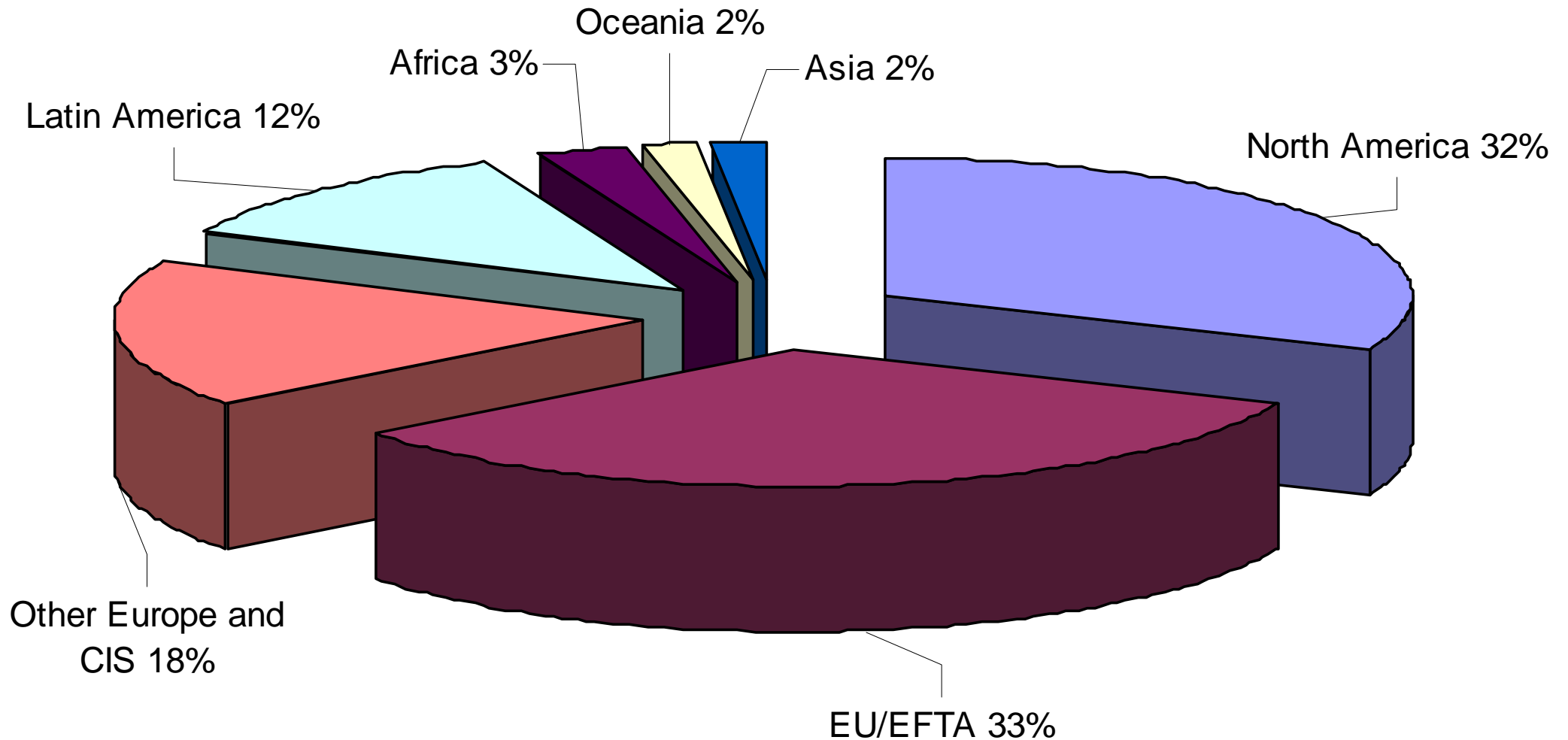
CERTIFIED FOREST AREA, PEFC

Regional Distribution of Certified Forest Area by *PEFC* (and *PEFC* - Endorsed Systems), 2006

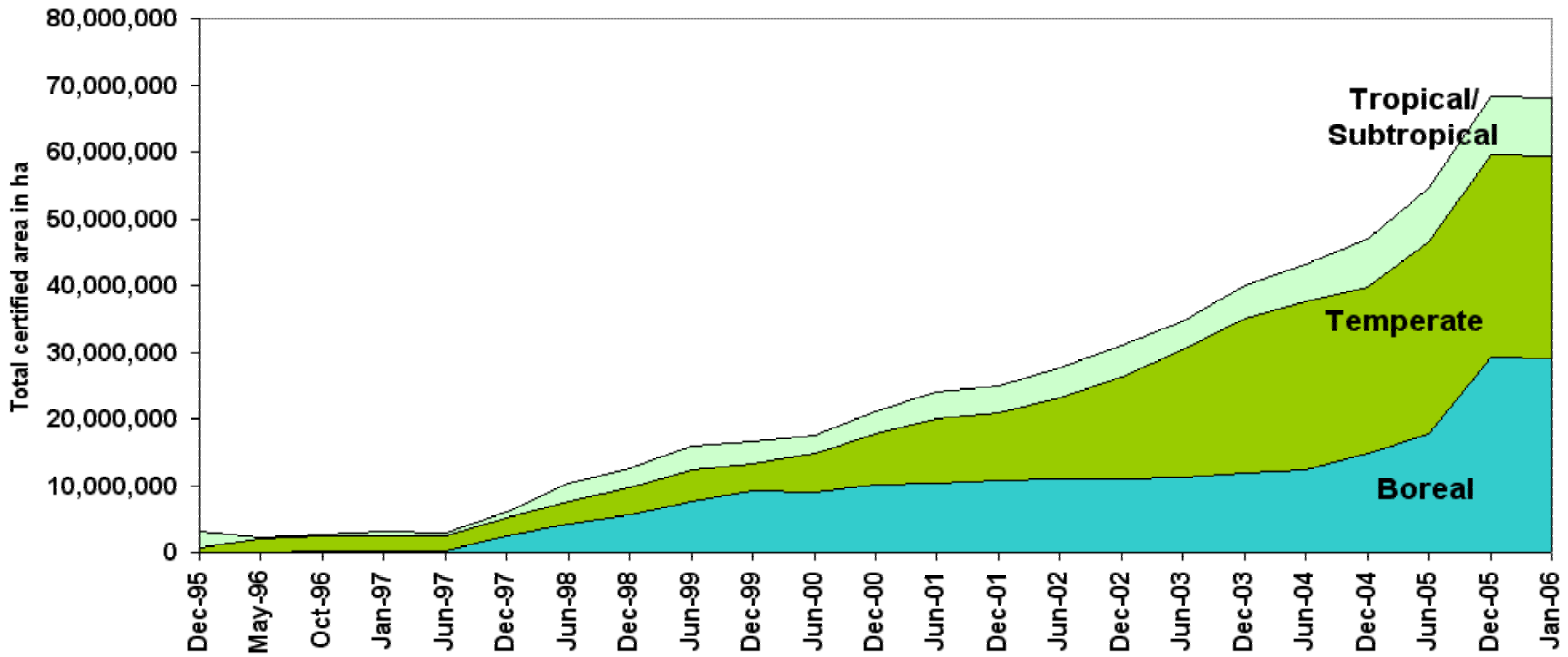


CERTIFIED FOREST AREA, FSC

Regional Distribution of Certified Forest Area by FSC, 2006

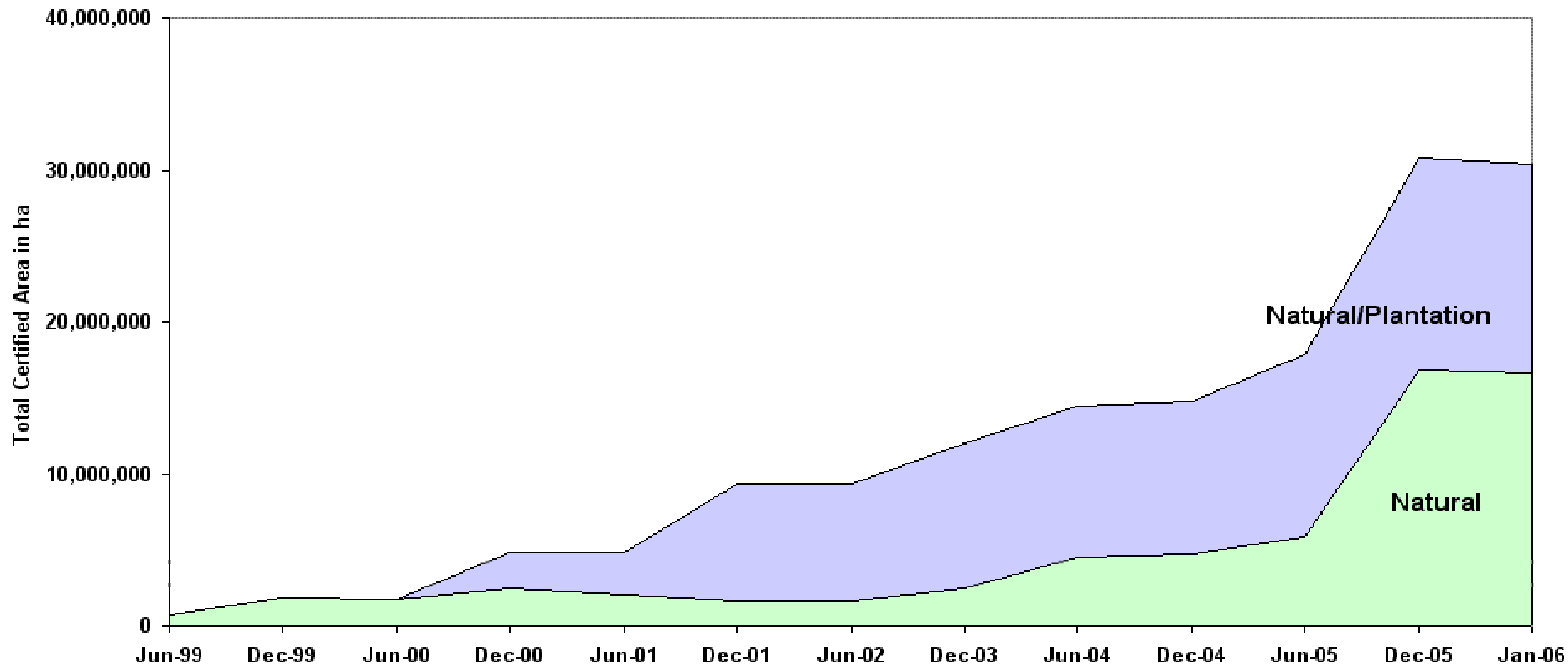


Rate of Increase of FSC Endorsed Forest Over Time (Dec '95 - Jan '06)



Source: FSC

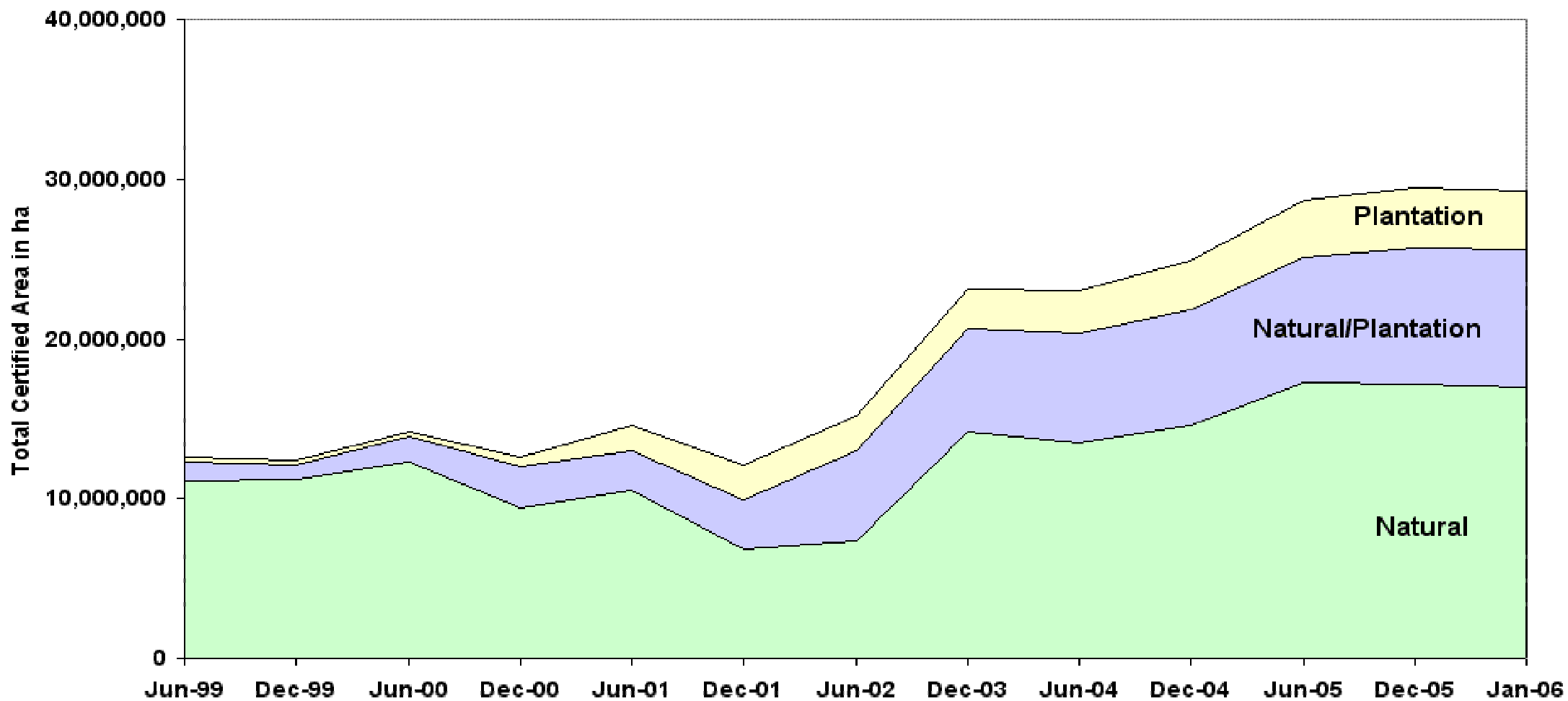
Rate of Increase of FSC Endorsed Boreal Forest over Time (Jun '99 - Jan '06)



Source: FSC

*Note. The classification of forest type was redefined in 2002

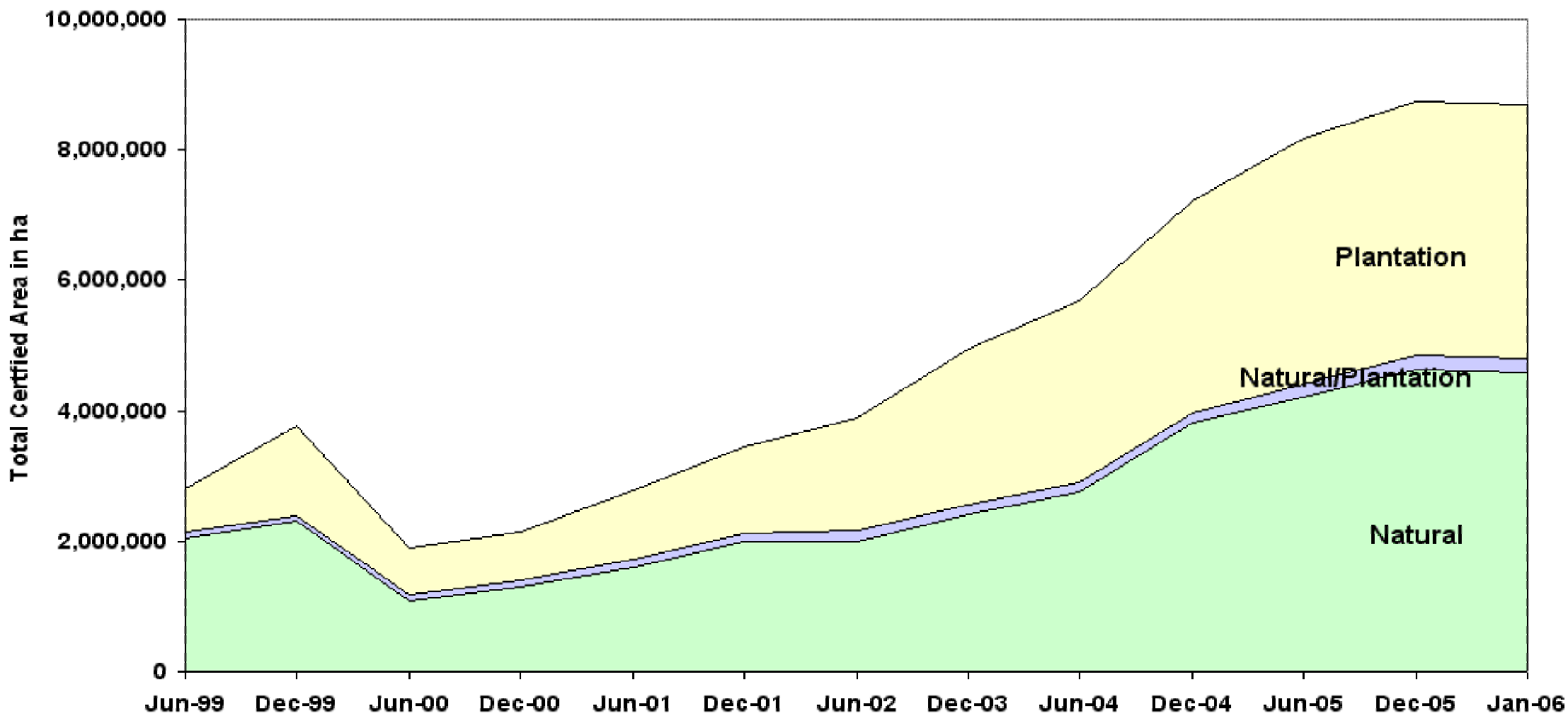
Rate of Increase of FSC Endorsed Temperate Forests over Time Jun '99 - Jan '06



*Note. The classification of forest type was redefined in 2002

Source: FSC

Rate of Increase of FSC Endorsed Tropical Forest over Time Jun '99 - Jan '06



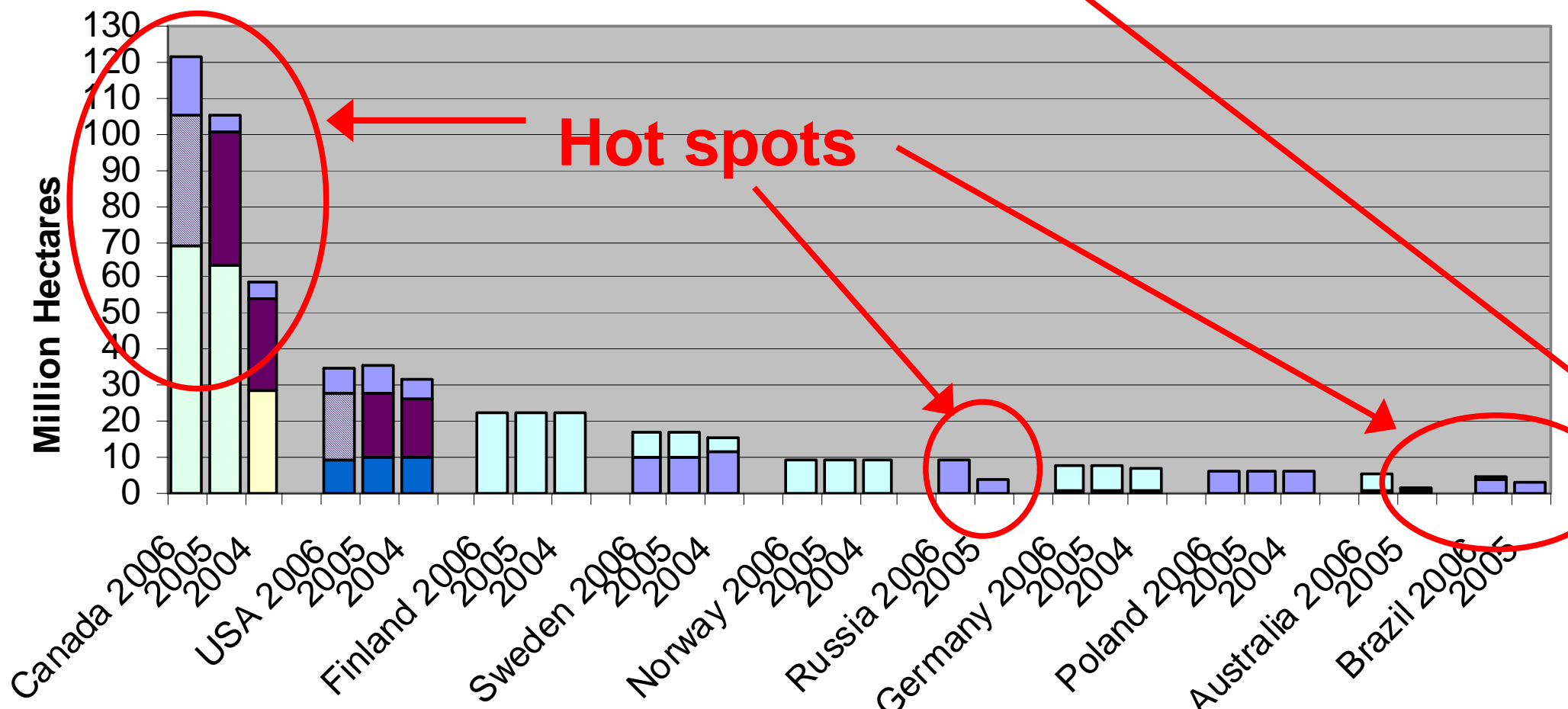
Source: FSC

*Note. The classification of forest type was redefined in 2002

CERTIFIED FOREST AREA

Top 10 Countries' Certified Forest Area, 2004 - 2006

China: 440.000 ha (FSC)

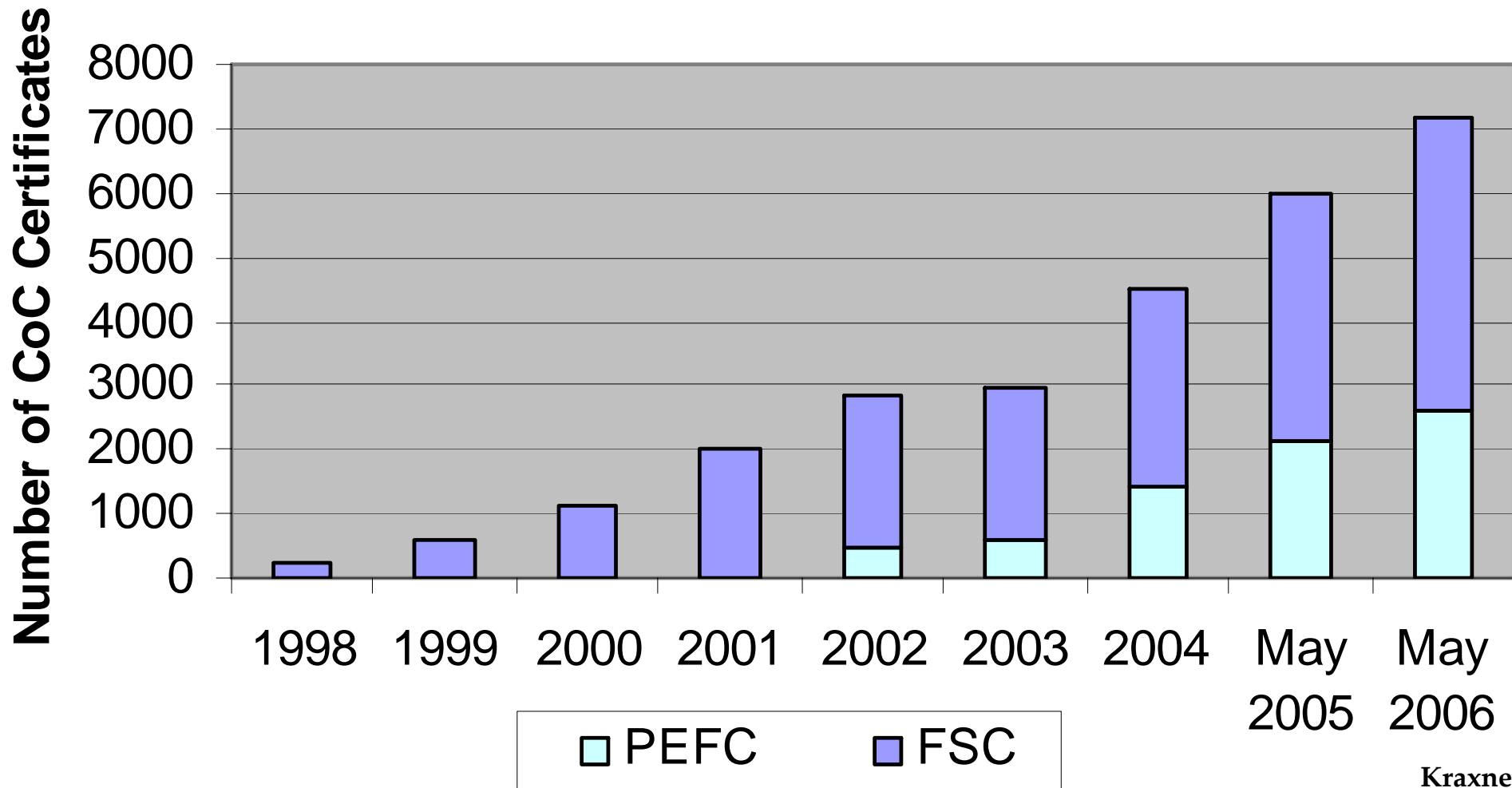


Kraxner et al. 2006

- ATFS
- CSA endorsed by PEFC
- CSA
- SFI endorsed by PEFC
- SFI
- FSC
- PEFC

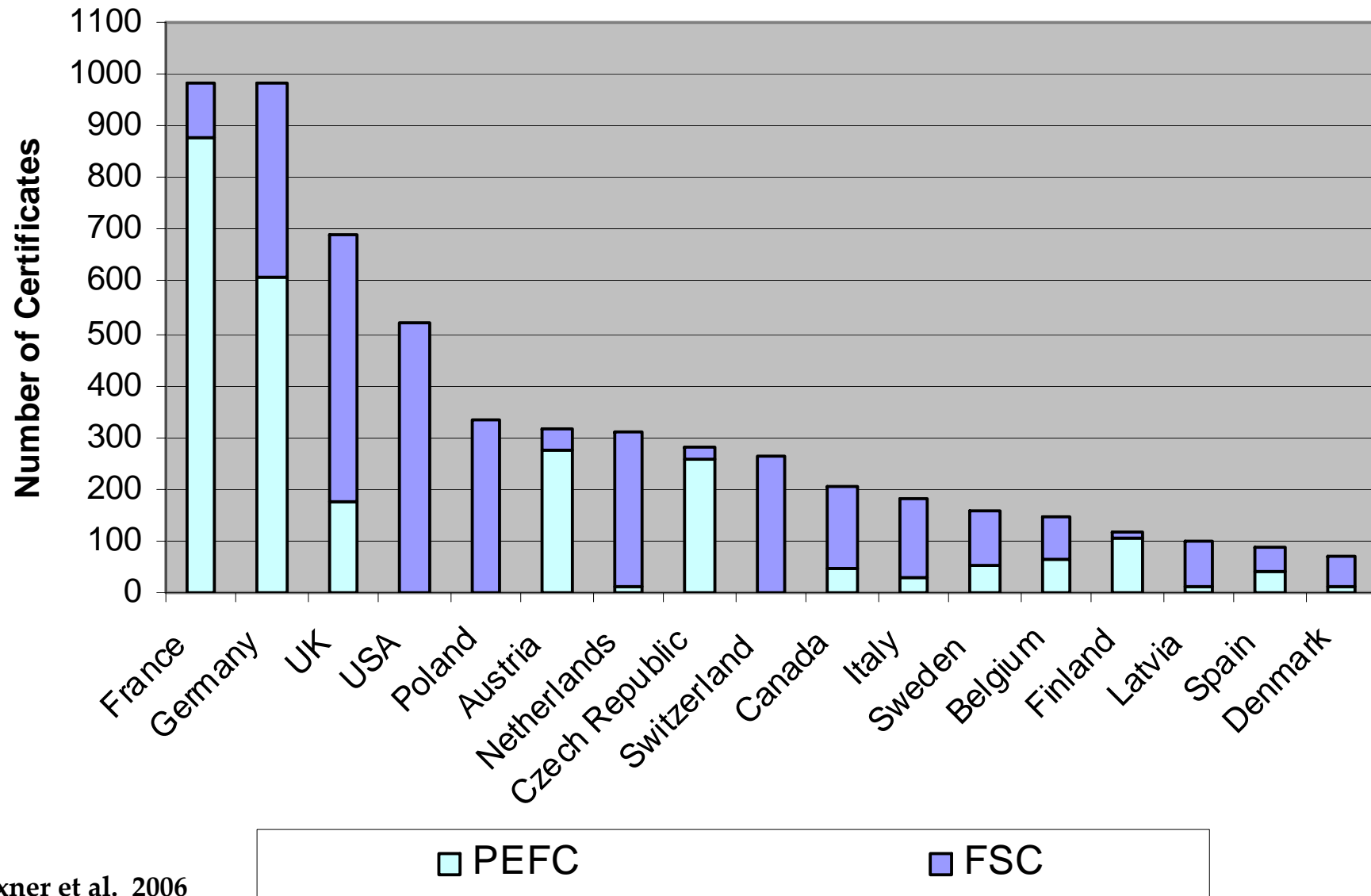
CERTIFIED FOREST PRODUCTS

Chain-of-Custody Certification Trends Worldwide, 1998 - 2006



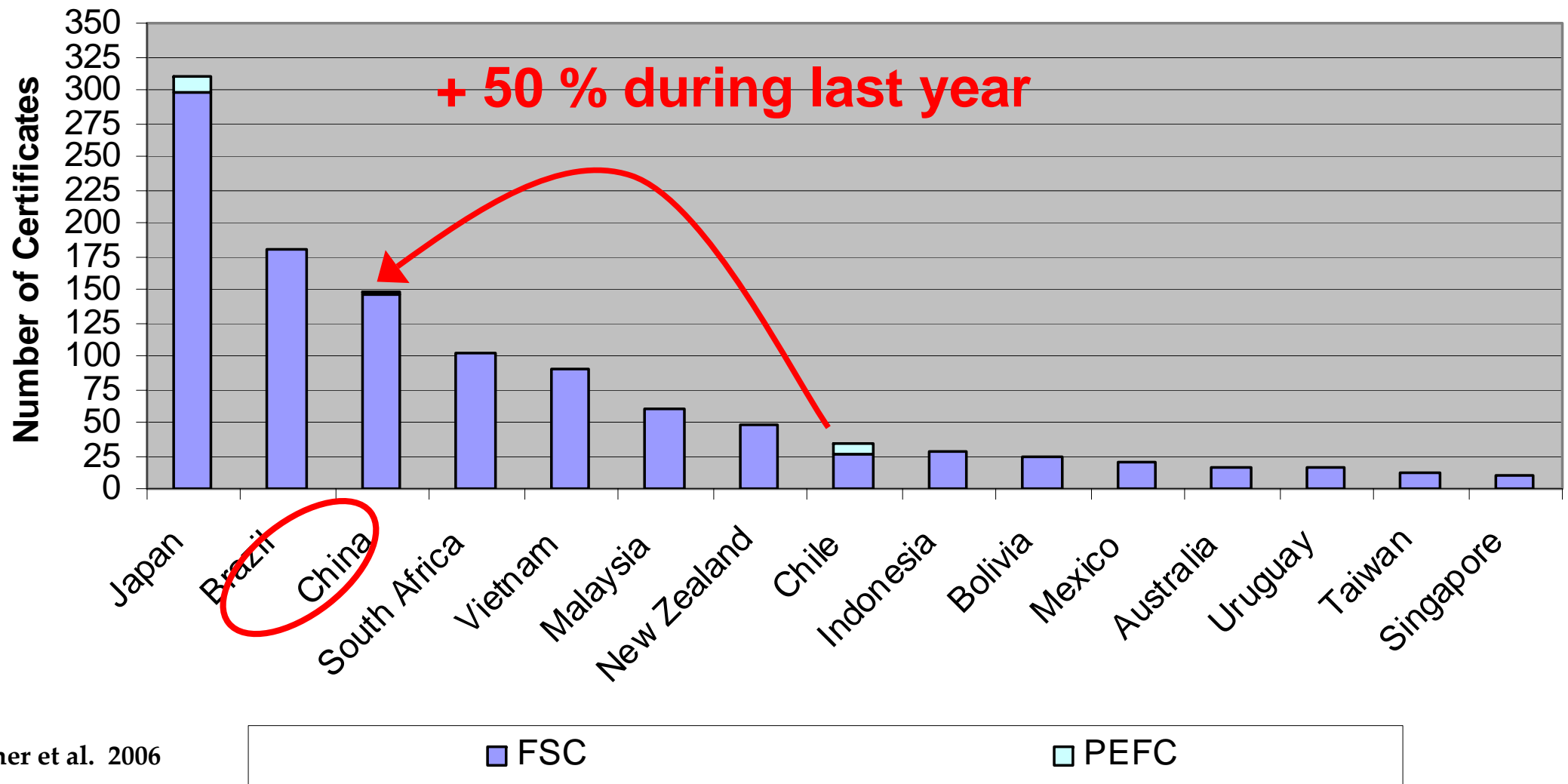
CERTIFIED FOREST PRODUCTS

Chain-of-Custody Certificate Distribution Within the UNECE Region,
2006



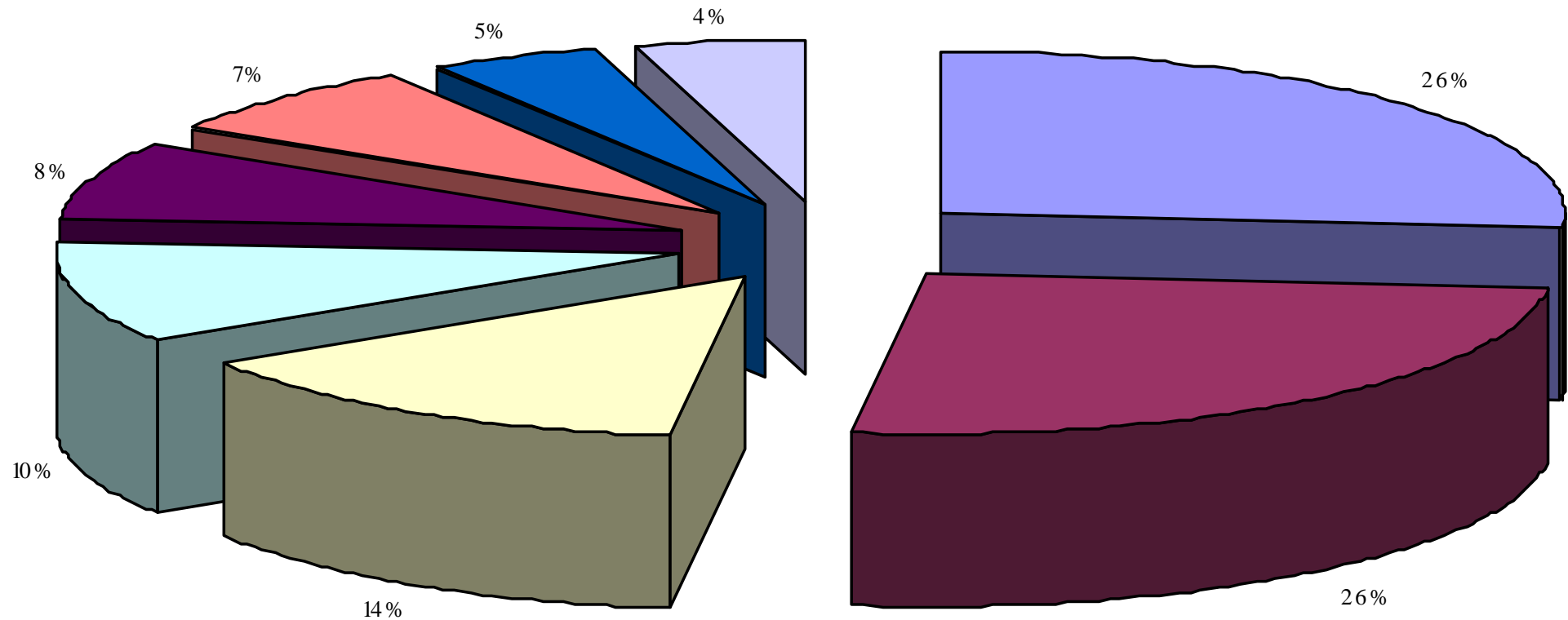
CERTIFIED FOREST PRODUCTS

Chain-of-Custody Certificate Distribution Outside the UNECE Region, 2006



CERTIFIED FOREST PRODUCTS, FSC

FSC Worldwide Chain-of-Custody Distribution by Industry Sector, 2006



Wood manufacturing 26%

Roundwood and other primary forest industry 14%

Pulp & paper 8%

Other 5%

Sawnwood 26%

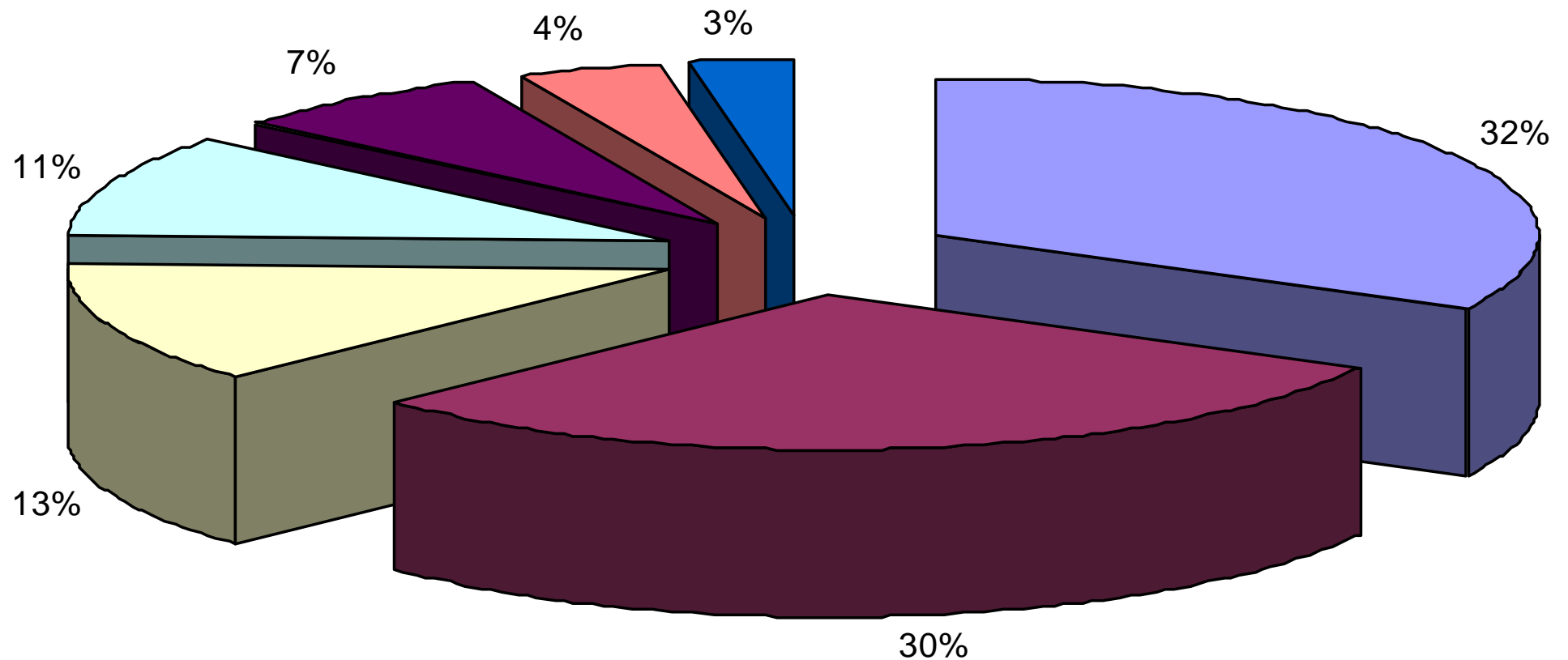
Furniture 10%

Panels 7%

Windows & doors 4%

CERTIFIED FOREST PRODUCTS, PEFC

PEFC Worldwide Chain-of-Custody Distribution by Industry Sector, 2006



- Timber trade 32%
- Sawmill 30%
- Other primary forest industries 13%
- Wood manufacturing 11%
- Wood products trade / Retailers 7%
- Pulp & Paper 4%
- Other 3%

Chinese Forest Resources

- Removals of industrial roundwood
 - Legal ~45 million m³ ?
 - Illegal/over harvest ~75–115 million m³ ?
- Wood Fuels
 - 110–225 million m³/year
 - Some 70% of rural households rely on wood fuel and agricultural waste
- We do not really know the extent and qualities of the Chinese forests
- The State Forest Inventory ??

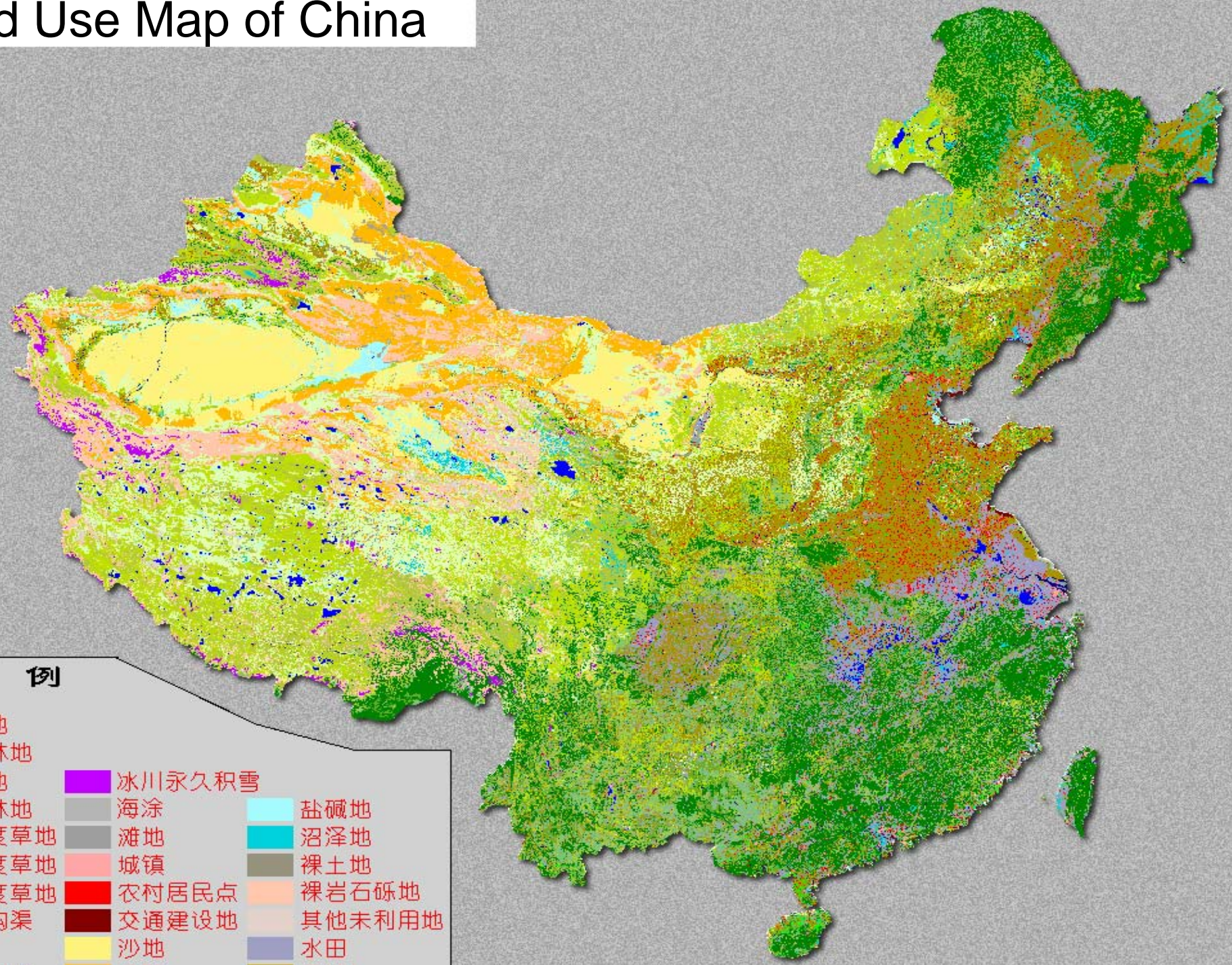
Chinese Forest Resources

- Timber Forests – forest for industrial wood supply
 - Contradiction of 15 – 20 mio ha
- Area available for wood supply
 - 50 – 60 % of timber forest area?
- Plantations
 - Gross: 53 million ha
 - Fast growing: 4-5 ?
 - Slow growing: 15 – 20 ?
- Growth rates ??

Plantations in China ?



Land Use Map of China

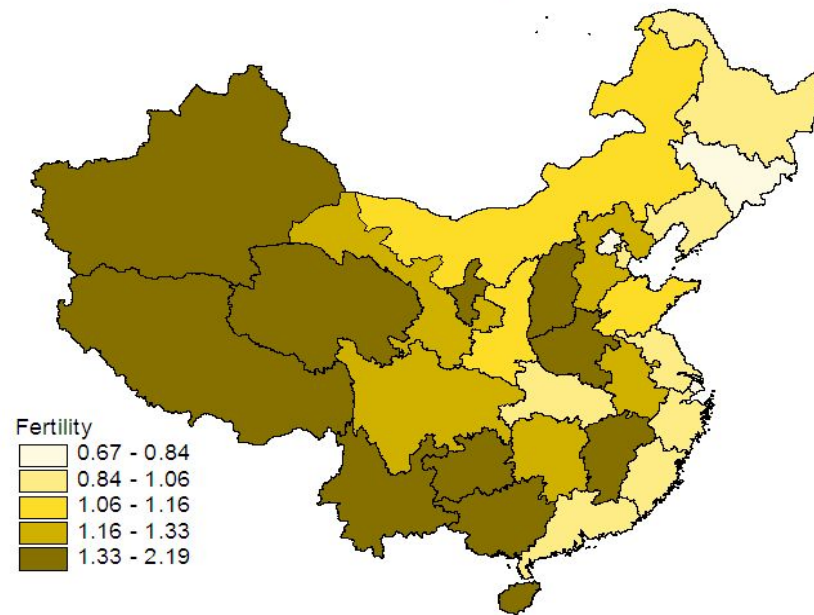
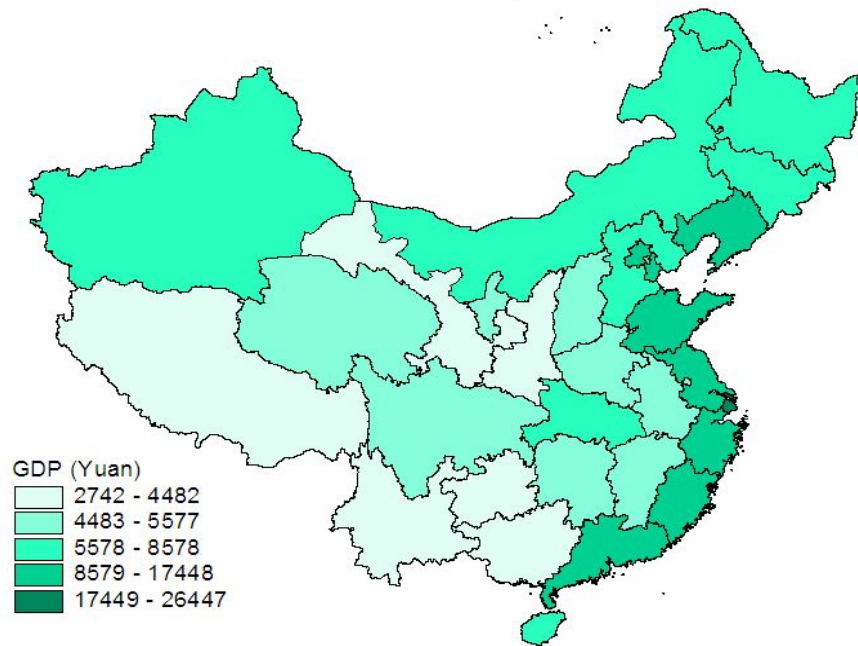
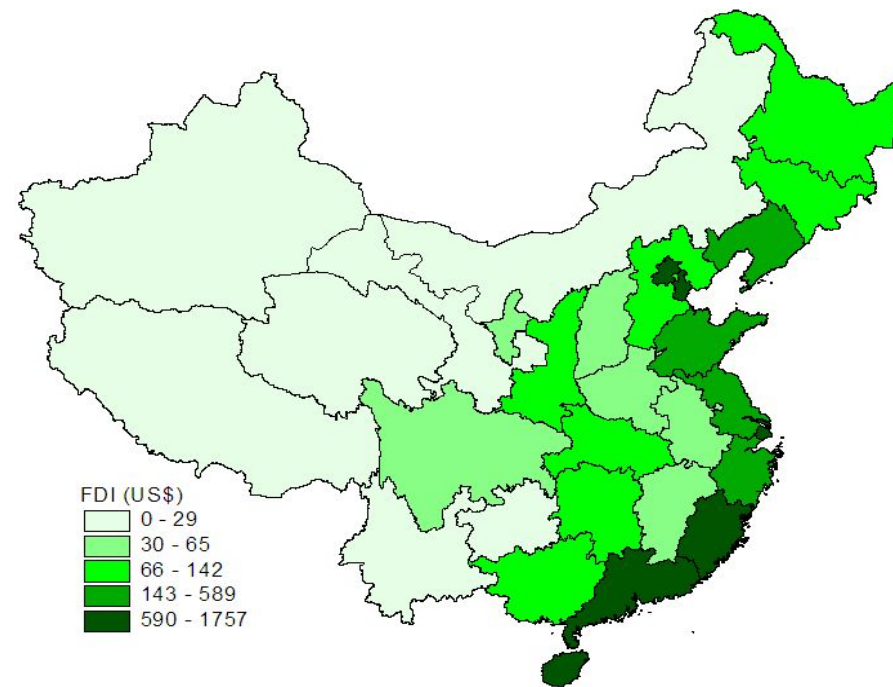
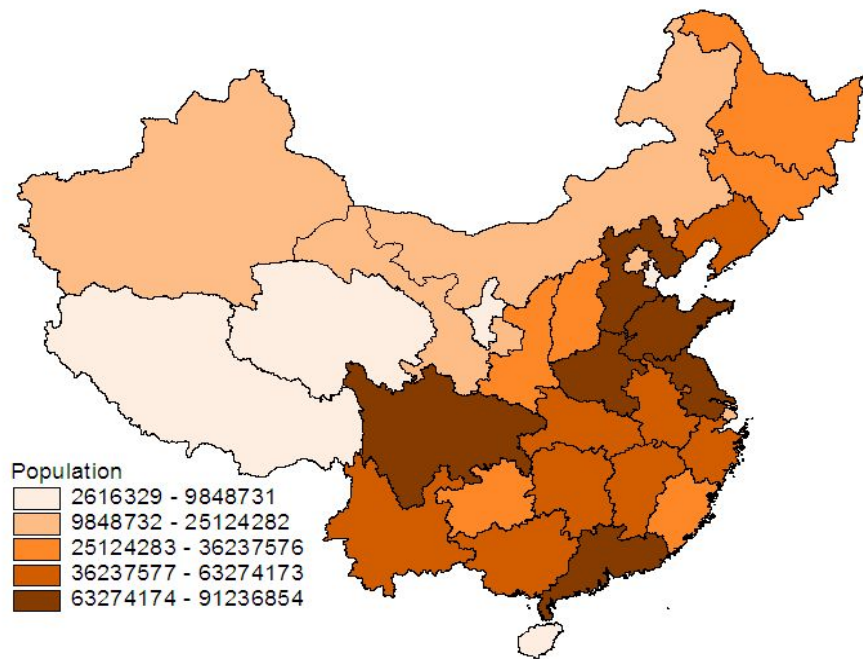


图例

- | | | |
|-------|--------|--------|
| 有林地 | 冰川永久积雪 | 盐碱地 |
| 灌木林地 | 海涂 | 沼泽地 |
| 疏林地 | 滩地 | 裸土地 |
| 其它林地 | 城镇 | 裸岩石砾地 |
| 高盖度草地 | 农村居民点 | 其他未利用地 |
| 中盖度草地 | 交通建设地 | 水田 |
| 低盖度草地 | 沙地 | 旱地 |
| 河流沟渠 | 戈壁 | |
| 湖泊 | | |
| 水库坑塘 | | |

Many Chinas Within China

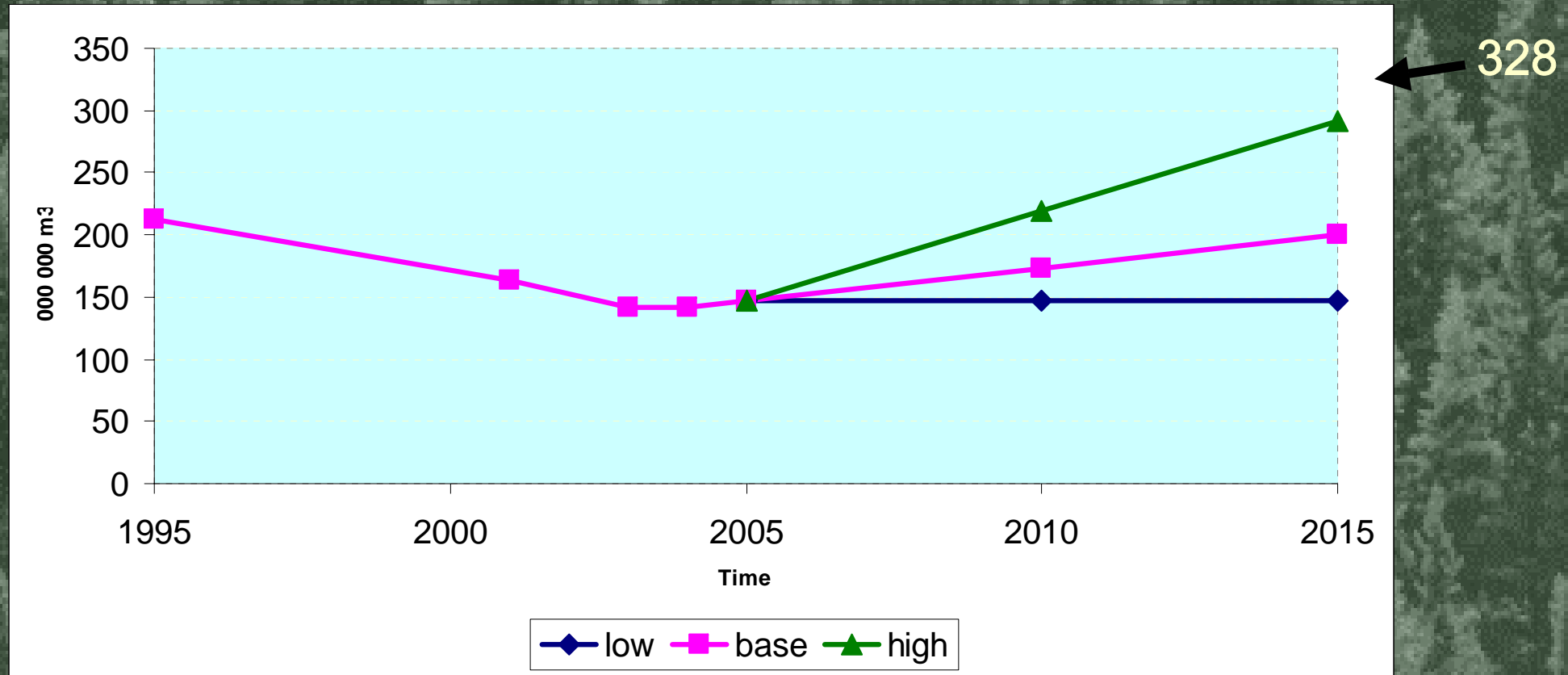
Total Population	1300 million	Average per Capita Disposable Income	US\$ 660
Urban Population	500 million		1024
Rural Population	800 million		316
Urban Areas Employed	255 million		
Rural Unemployed	240 million		
Rural Migrants	145 million		
	<ul style="list-style-type: none">• No legal permanent residence• Discriminated by local employment laws• Less salary (80%)• No welfare benefits		
Laid-off workers in SEA and collectives		65 million	
Land-expropriated farmers		50 million	
	<ul style="list-style-type: none">• Limited compensation• Mostly jobless		
Poverty		+ 100 million	
Working		500–600 million	



What Does It Mean?

- There is no single national market – consumers are too dispersed, too inaccessible, too different
- Average per capita measures of income and demand are quite meaningless as a forecast tool on demand

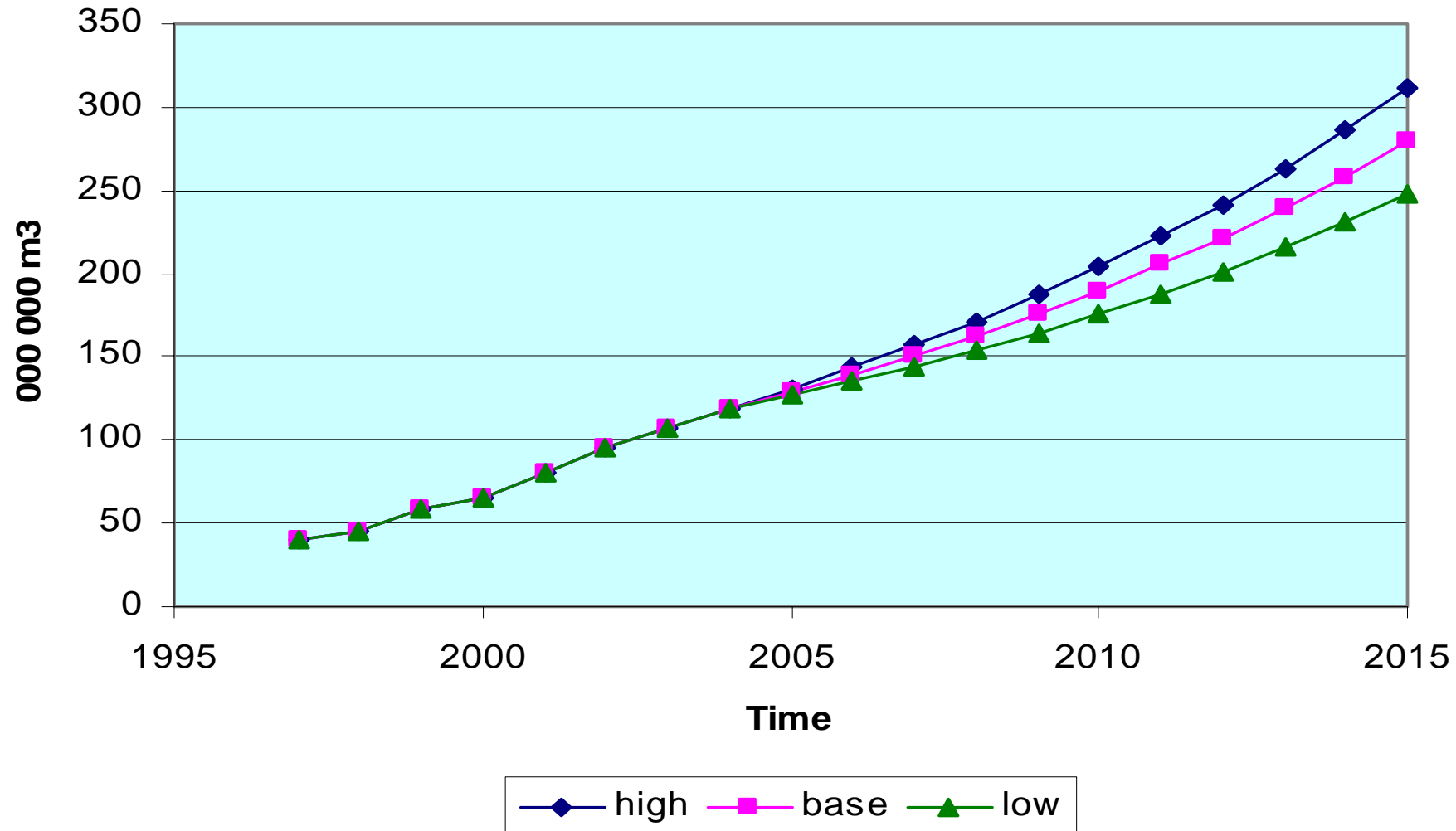
China's Industrial Roundwood Removal



Official forecasts

- Natural forest = 195 million m³
- Plantation (fast growing) = 133 million m³
- Total industrial roundwood removal = 328 million m³

China's Wood Import Trends (RWEs)



Demand, million m³

(Fuller, 2006)

	2004	2020
Plywood	16.8	19.6
MDF	16.5	38.8
Particleboard	7.0	20.6
Lumber	20.2	41.0

Conclusion

- Enormous potential (and need) for certification in China
- In the future the gap between consumption and domestic supply will widen substantially
- The outlook (Fuller) will effect the global market
- Procurement Policy (illegal logging/harvesting)
- What is going to happen in the Tropics
- The Russian market development
- Certification of other products e.g. NWFP

为我们的友好合作！

谢谢

Florian Kraxner et al.



Forestry
Program