

# China

Last updated: March 2024

China has a subtropical/temperate climate, depending on the region. The country is one of the world's largest importers, exporters, and consumers of timber and timber products. Since 1998, the government has introduced a series of strict domestic forest protection measures including a complete ban on commercial logging in its natural forests in 2016. With its domestic conservation efforts and growing demand for timber, China's timber imports, dominated by logs and sawnwood, have significantly increased in the last two decades. Despite efforts to tackle illegal logging and associated trade in recent years, China's **timber imports from some tropical forested countries are at high risk of illegality**. In 2019, China revised its Forest Law with a ban on "purchasing, processing, or transporting timber that is known from illegal sources". The National Forestry and Grassland Administration released a draft version of the Implementation Regulation of the Forest Law in 2022 for public comments, but details about how the new article on legality will be implemented remain unknown as there were no further information about legality in the draft Regulation.

## Forest Management

### Forest Governance

According to China's Forest Law, forests and forestland are owned by the State, except those that shall be collectively owned as prescribed by law. Private ownership can be found in trees and other natural products from forestland. Certificates are issued according to the ownership and use rights of forests, trees and forestland, including state ownership, collective ownership, individual ownership of trees, as well as state, collective, and individual use rights of forestland and trees (Table 1). Among them, ownership of trees and use rights of forestland and trees can be transferred.

	<b>Ownership</b>	<b>Use rights</b>
Forests	State, Collective	
Forestland	State, Collective	State, Collective, Individual
Trees	State, Collective, Individual	State, Collective, Individual

Source: **Timber Legality Guidance Template for China & Forest Law of the People's Republic of China (2019)**

The **National Forestry and Grassland Administration (NFGA)** leads China's national forestry affairs and oversees the conservation and management of China's grasslands, forests, wetlands, and wildlife. NFGA provides policy guidance and manage the implementation efforts for tackling illegal logging and associated trade.

Timber in China can be commercially harvested from **naturally regenerated forests and planted forests**. China imports more than half of its timber and timber products from other countries.

## Transparency

For information regarding transparency and risk scores in China, head to these links:

- Transparency International's [Corruption Perceptions Index](#)
- The World Bank's [Worldwide Governance Indicator Data](#)

## Laws and Regulations

### Forest Laws

- **[Forest Law of the People's Republic of China \(2019\)](#)**: Enacted to protect forest resources, promote sustainable development, and contribute to ecological civilization. This law is the main legal mandate against illegal logging and protects forests in China. Regulations under this law include forest ownership, development planning, forest protection, tree planting and afforestation, forest management and administration, supervision and inspection, and legal liability. The amendment in 2019 includes an article on legality, which bans buying, transporting, and/or processing illegally sourced timber and requires processing companies to establish a data record of raw materials and products (Article 65). The law emphasizes the principles of sustainability and ecological civilization and seeks to fully realize the role of forests in providing economic, social, ecological, and cultural services. The amended law also categorizes forests as for public benefit or commercial use and allows for the adoption of different management measures.
- **[Regulation on the Implementation of the Forest Law of the People's Republic of China \(2018\)](#)**: this Regulation is formulated according to the Forest Law of the People's Republic of China and is currently being updated for the latest revision in 2019. The Regulation provides detailed measures regarding the implementation of the Forest Law, including but not limited to issues like timber harvesting, forest tenure, and timber transportation in China.

### Transport Laws

- **[Rules on the Origin of Export Commodities \(1992\)](#)**: Generated to improve the control over the origin of export commodities and to promote the development of foreign relations and trade. Export Commodity Origin Certificate is a document testifying that the People's Republic of China is the origin of the export commodity. Clear evidence of documents and licenses for all enterprises involved in timber products transportation must be available. Timber transporters not belonging to State management timber sources must have a valid timber transportation certificate issued by a Forestry Administrator. The validity of the timber transportation certificate is based on the timber harvesting license which verifies the legal source of the timber; and the "Quarantine Certificate," which should be used in combination with the Transportation Certificate.

### Tax Laws

- **[Law of the People's Republic of China on the Administration of Tax Collection \(2015\)](#)**: If a foreign company has an establishment in China, it will be subject to Chinese tax on all income effectively connected with that establishment. This law also determines any

forms of fees that must be paid for the right to harvest.

- **Measures for the Collection and Use of Forestry Funds (2009)**: Mandates that any entity or individual involved in forest harvesting activities are subject to pay a forest cultivation tax. The tax is levied at no more than 10% of the sales revenue of forest products (Article 2). Article 4 determines the sale revenue of forest products. Additional regulations on forest-related taxes are outlined in the text. Rural residents that engage in forest harvesting on private land are exempt from the afforestation tax (Article 7).
- **Forest Law of the People's Republic of China (2019)**: Any company or individual that occupies forest lands are subject to forest vegetation restoration fees (Article 37).
- **Interim Regulation of the People's Republic of China on Value Added Tax (2008)**: Establishes the value-added tax (VAT) rates for the sale, import and export of goods and services. This regulation provides VAT rates for small-scale commercial enterprises.

## Trade Laws

- **Company Law of the People's Republic of China (as amended 2018)**: A company must be registered with the State Administration of Market Regulation. It should hold a business registration certificate and an import/export operating license, if the business is directly involved in import and export.
- **Customs Law of the People's Republic of China**: The Customs of the People's Republic of China exercise control over means of transport, goods, travelers' luggage, postal items and other articles entering or leaving China. It also collects Customs duties and other taxes and fees, prevent and combat smuggling, compile Customs statistics and handle other Customs operations.
- **Foreign Trade Law of the People's Republic of China**: The Foreign Trade Law applies to import and export of goods and technologies and the international trade in services. Importing and exporting prohibited goods or restricted goods without authorization shall be punished by the Customs in accordance with relevant laws and administrative regulations.
- **Regulation of the People's Republic of China on the Administration of the Import and Export of Goods**: This Regulation provides detailed measures on the administration of the import and export of goods in China.

## Processing/Manufacturing Laws

- **Forest Law of the People's Republic of China (2019)**: Prohibits any individual or company from processing timber or other forest products that are knowingly obtained from illegal or indiscriminate logging, or other illegal sources (Article 65). Processing enterprises must maintain a ledger that includes information on the entry and exit of raw materials and products.
- **Regulation on the Implementation of the Forest Law of the People's Republic of China (2018)**: Timber processing operations in forest areas must be approved by the forestry department at or above the country level, and individuals or companies may only purchase wood with a forest harvesting license or legal source certificates (Article 34). In order to obtain timber processing license, the following conditions must be met: the timber source is legal; there is a fixed facility suitable for processing; there is technology and equipment suitable for the processing scale; the timber processing business must have a provincial product quality inspection report (or certificate of conformity) and business

license.

## Criminal Laws

The **Criminal Law of the People's Republic of China** includes two areas of implications for forest-related crimes, natural resources criminal offenses (Article 344 and 345) and smuggling offenses (Article 151). Article 344 describes the punishment for illegal logging, destroy, illegal purchase, transportation, processing, and sale of precious trees and other plants under special State protection. Article 345 focuses on the punishment for stealthily and arbitrarily logging of general trees as well as the purchase and transportation of those illegally logged trees. The smuggling crimes related to forests are part of the chapter on *Disrupting the Order of the Socialist Market Economy* in the Criminal Law. Article 151 articulates the punishment for smuggling of rare plants or related products and goods whose import and export are prohibited by the State.

## CITES

The **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** is an international agreement among governments whose purpose is to ensure that the international trade of wild animals and plant species does not threaten the survival of these species. It is up to each country to draft their own domestic legislation to comply with its CITES obligations. China signed onto the Convention in 1981 and has published regulations to implement CITES laws.

**Regulation on the Administration of Import and Export of Endangered Wild Animals and Plants (2019)**: Restates that it is illegal to import/export any endangered wild animals and plants. There are exceptions for scientific research, propagation, cultural exchange, etc., which all need to be approved by the State Council. Must obtain an Import/Export Permission Certificate that verifies legal transport of endangered animals and/or plants.

Species under the protection of CITES are listed under three Appendices based on how threatened they are by international trade. The species listed in Appendix I are the most endangered and international trade of these species is prohibited unless the purpose of import is noncommercial. The species listed in Appendix II are tightly controlled in international trade and may be authorized with an export permit or re-export certificate. Appendix III lists species at the request of a Party that needs other countries' cooperation to regulate the trade in the species. International trade in Appendix III is allowed with appropriate permits or certificates.

If you don't know if the species you are interested in sourcing from this country is CITES listed, please check this [link](#). If it is, please use this [database](#) to identify the National CITES Authority. In China, the CITES managing authority is the Endangered Species Import and Export Management Office of the People's Republic of China. China also established the National Inter-Agency CITES Enforcement Collaboration Group in 2011 to better support coordinated enforcement efforts.

## Forest Resources

### Resources Overview

In 2010, China had **133 Mha of natural forest**, extending over 16% of its land area.

China divides forest resources into **five categories**:

- **Protection forest:** Mainly for ecological protection, including water conservation forest, soil and water protection forest, windbreak and sand fixation forest, agricultural and pastoral shelter forest, bank protection forest, road protection forest, and other shelterbelt forest.
- **Special-use forest:** Mainly for tree species resources conservation, ecological environmental protection, national defense, forest tourism and scientific experiments.
- **Timber forest:** Mainly used for timber or bamboo production.
- **Fuelwood forest:** Mainly used for fuelwood production.
- **Economic forest:** Composed of economic, of which main purpose is to produce fruits, cooking oil, drinks, spices, industrial raw materials and medical materials.

## Contacts

Below are incomplete lists of government ministries, industry associations, civil society groups, and research institutes involved with forestry, trade, and efforts to combat illegal logging and associated trade.

## Industry Associations

- [\*\*China National Forest Products Industry Association \(CNFPIA\)\*\*](#)
- [\*\*China Timber and Wood Products Distribution Association \(CTWPDA\)\*\*](#)
- [\*\*China Forestry Industry Association \(CFIA\)\*\*](#)
- [\*\*China National Furniture Association \(CNFA\)\*\*](#)

## Civil Society Organizations

- [\*\*CDP-China\*\*](#)
- [\*\*China Dialogue\*\*](#)
- [\*\*Conservation International \(CI\) - China\*\*](#)
- [\*\*The Global Environment Institute \(GEI\)\*\*](#)
- [\*\*International Union for Conservation of Nature - China \(IUCN-China\)\*\*](#)
- [\*\*The Nature Conservancy \(TNC-China\)\*\*](#)
- [\*\*Forest Stewardship Council\*\*](#)
- [\*\*Beijing Forest Society \(BFS\)\*\*](#)
- [\*\*Greenpeace China\*\*](#)
- [\*\*World Wide Fund for Nature \(WWF\) - China\*\*](#)

## Government Ministries

- [Ministry of Natural Resources \(MNR\)](#)
- [National Forestry and Grassland Administration \(NFGA\)](#)
- [Ministry of Commerce \(MOFCOM\)](#)
- [Ministry of Ecology and Environment \(MEE\)](#)

## Research Institutes

- [Chinese Academy of Forestry \(CAF\)](#)
- [China Responsible Forest Product Trade and Investment Alliance](#)
- [Beijing Forestry University \(BFU\)](#)
- [Northeast Forestry University \(NEFU\)](#)
- [Southwest Forestry University \(SWFU\)](#)

## References and Resources

For more information regarding forest legality in China, head to these links from our partners:

- [APEC Experts Group on Illegal Logging and Associated Trade \(EGILAT\) - Timber legality guidance template for China](#)
- [GFTN & TRAFFIC - Framework for Assessing Legality of Forestry Operations, Timber Processing, and Trade](#)
- [Chatham House - Forest Governance and Legality: China](#)
- [Madera Legal - Country Risk Assessment](#)
- [Global Forest Watch \(GFW\) Country Profiles](#)
- [FAO TimberLex](#)
- [Forest Trends - Illegal Deforestation and Associated Trade \(IDAT\) Risk: China](#)
- [Forest Trends \(2018\) China's Log Imports from Countries with Log Export Bans: Trade Trends and Due Diligence Risks](#)
- [Preferred by Nature - Timber Sourcing Hub: China](#)