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# Forest Legality in the Congo Basin: Shifting Dynamics in the Private Sector

## *A changing forestry sector*

Caroline Duhesme
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# ATIBT - International Tropical Timber Technical Association

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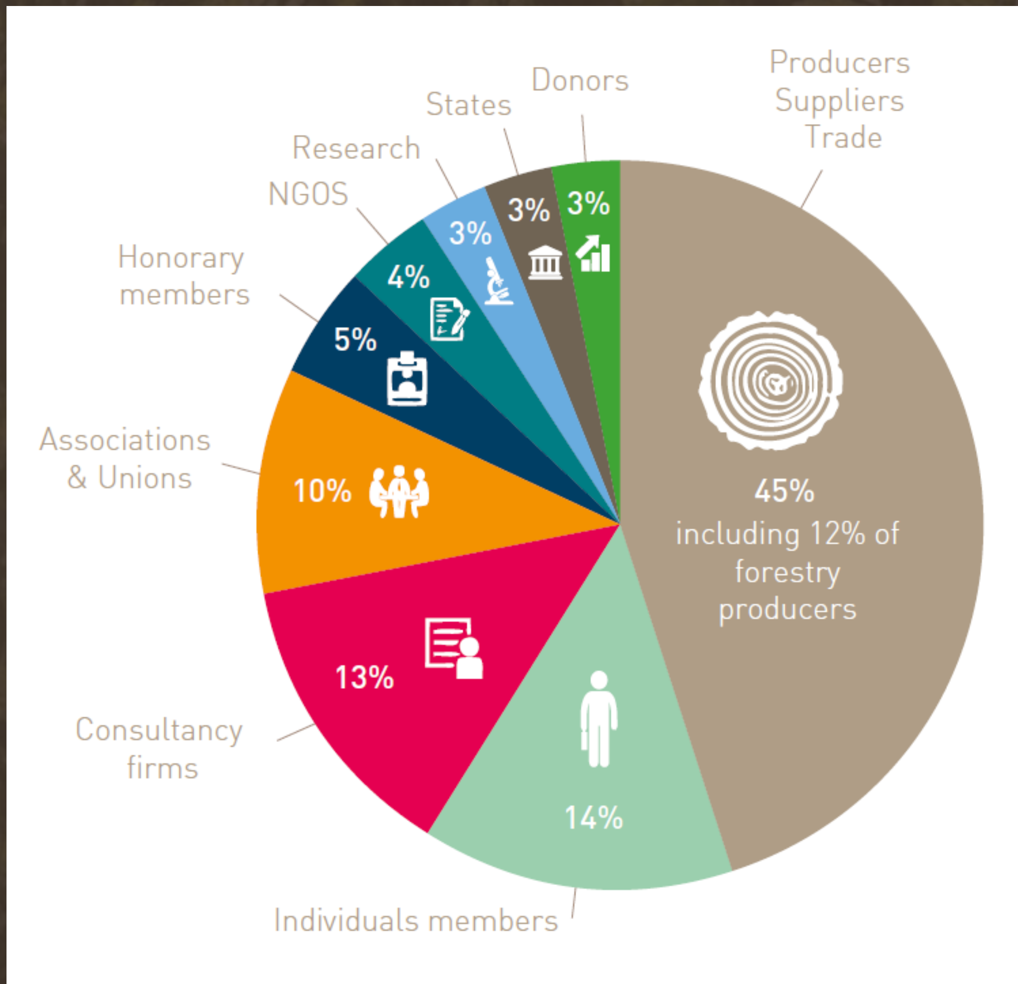
## More than 60 years of experience

- Founded in **1951** by FAO and OCDE
- International association, dedicated to the **protection of tropical wood ressources**
- **Key partner** for industry professionals and **animator** of tropical wood sector
- leading **technical and scientific authority** in terms of tropical timber resources
- **Representation of timber industry** engaged in sustainable forest management




*130 members*

**Promotion of a sustainable, ethical and legal of tropical wood sector**

# The Congo Basin forests

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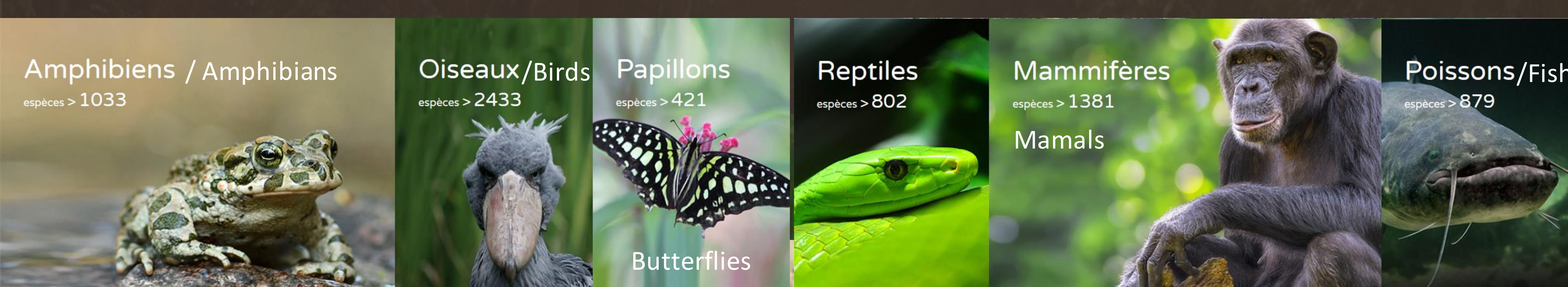
## 2nd world tropical humid forest basin

- 200 millions of hectares
- 6 countries:
  - Cameroon,
  - Central Africa Republic,
  - Republic of Congo,
  - Democratic Republic of Congo,
  - Gabon,
  - Equatorial Guinea
- Host 30 millions of people
- An amazing biodiversity


*Source: WRI*




*Source: OFAC*

# Forest management and wood sector in the Congo Basin

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## Some data

- **30 %** of Congo Basin forests are **exploited** for trade
- **Logging species** : Okoume, Sapelli, Ayous, Okan, Tali, Azobe, Padouk, Sipo, Iroko, Kosipo, Wenge, Frake, Bosse…
- Management under **logging concessions**
  - Forest belong to States
  - Convention with logging operators (20-30 years)
  - Conception and validation of management plan
- **> 24 millions of ha under management** = half of attributed forest areas *(OFAC – 2016)*
- **> 16 millions of m$^3$** round wood /year
- Operators mainly vertically **integrated** (logging + processing)

# Initiatives toward legality and sustainable management

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## VPA/FLEGT initiative and private certifications

→ Approach aiming to make importers and clients confident about wood harvesting and logging conditions

- **VPA/FLEGT** (country level)
  - 3 countries engaged with the EU since 2009: Cameroon, R. of Congo, CAR
  - 2 countries in negotiation: Gabon, DRC
  - Implementation of timber legality assurance system (TLAS)
  - Better knowledge of legality and multiparty process…

…but still no FLEGT licence

- **Private certification** (company level)
  - > 8 millions ha of certified areas (FSC, PAFC, OLB, FLV)
  - Compliance evaluation of legal, environmental and social requirements
  - Improved practises…

…but stagnation in the last few years

# Recent highlights

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## The European tropical timber industry in Central Africa in crisis?

- European certified historical companies **in difficulty**
  - Bankruptcy of Rougier
  - suspension of forestry activities at Wijma Cameroon

- The **rise of Asian operators** in the forest industry
  - Transfer of concessions to Chinese companies (Wijma, Cora Wood)
  - Increase in asset sales to Asian players

- **Decrease in the profitability** of natural forest exploitation
  - End of the first harvesting cycle, low volumes in second harvesting cycle
  - Issues around availability of volumes and demand on consumer market of LKTS

# Recent highlights

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## The fate of forests in the hands of Asian investors?

- Asian companies present **since the 90s**
- **Profile**:
  - Significant capital
    - Chinese companies: state-owned (more image-sensitive) or private
  - Different market requirements
  - low compliance with regulations
  - Not very sensitive/concerned by certification (only 2 certified companies)
- Several subsidiaries of large **agricultural conglomerates**: worry of a Southeast Asian scenario?
  - Investment in the forest: “first step" to access agricultural concessions?

*Source : A. Karsenty, 2018*

# Facts in a general trend

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## A changing sector since the last 3 decades

- Various forest management **policy choices**
- Exponential growth of **pressure on forests** (Asian and national market, agro industry, mining, hydrocarbons, infrastructures, etc.)
- **Risk on sustainability** of the economic model of certified concessions
- forest **governance** / weak enforcement of regulations
- A forest sector that is **not a political priority**
- The **image issues** of the African tropical timber sector
- **Taxation** and **administrative** procedures burden
- Unfair competition with the **informal sector**
- …

# Challenges and potential solutions

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## Improve knowledge of the forest-wood sector

- Realize an **state of play** of forest private sector
  - State of play and mapping of actors in 5 countries - *project FLEGT IP*
  - Market Analysis (Asian and Domestic)

- Getting closer to **Asian operators**
  → convergence towards a global management standard
  - Inter-union initiatives (*ex. UFIGA in Gabon*)
  - Raising awareness adapted to Asian operators: *projects FLEGT IP - PPECF*
  - International events Africa-Asia – Next ATIBT forum 2019 in China

# Challenges and potential solutions

## Improve forest responsible management, governance and enforcement

- Development of **private certifications**
  - Coaching of companies to certification - *projects FLEGT IP / PPECF*
  - Advocacy for certification recognition in VPAs
  - ATIBT certification commission
  - Support regulatory measures in favor of certification
- Support **FLEGT VPAs** by involving the private sector
  - Strengthen consultation in the elaboration and revision of regulatory texts - *projects FLEGT IP / FAO in Congo*
- Support **administrative optimization** projects and initiatives

# Challenges and potential solutions

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## Give value to the forest

- **Integrate private sector** support into donor strategies
- Sustaining the certified forest concession **business model**
  - Support change: *Think Tank PPECF-ATIBT: Special Action Plan Supporting Certification 2018-2019*
- Enhance the **services provided** by foresters (payment for environmental services – PES)
- Explore **planting** opportunities and **agro-forestry** projects
  - Support of cocoa projects under forest shade - *project FLEGT-REDD+*

# Challenges and potential solutions

## Secure forests and facilitate activities

- Define **land-use plans** in producing countries
  - Advocacy with the states (*ex. private sector intervention at the Forum on Forest Governance, and the CBFP*)
- Define **incentive mechanisms** (taxation, financing)
- Support for infrastructure development **facilitating logistics**

# Challenges and potential solutions

## Improve the image of tropical timber and access to information

- **Communication** on positive impacts of legal/sustainable forest management
  - Marketing strategy for certified products in consumer markets – *development of Fair&Precious brand - ATIBT/AFD/PPECF*
  - Strengthen the communication of national professional associations - *communication plan development – ATIBT/PPECF)*
- Raise awareness of **tropical timber buyers**
  - Harmonization of the application of the EUTR, Lacey Act - *EU awareness campaign, study tours - project FLEGT REDD)*
  - Provision of information on legality (*ex. platform like TTP, OTP/WRI, Nepcon).*

# Challenges and potential solutions

## Towards a new forest resource management

- Improve knowledge of **forest resources**
  - Understanding forest dynamics to improve management plans (*ex. projects Dynafor and P3FAC ATIBT/AFD/FFEM*)
- **Diversify** the use of the resource
  - Promotion of LKTS (*ex. project LKTS ATIBT/PPECF*)

# THANK YOU

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POUR UNE GESTION DURABLE DES FORÊTS TROPICALES

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