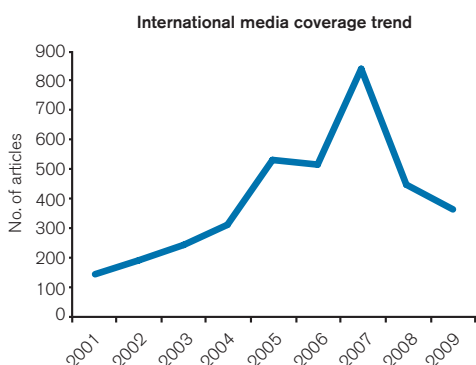
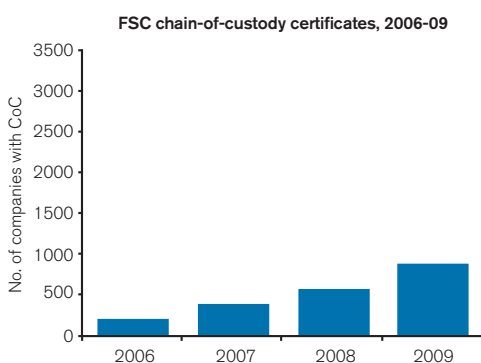
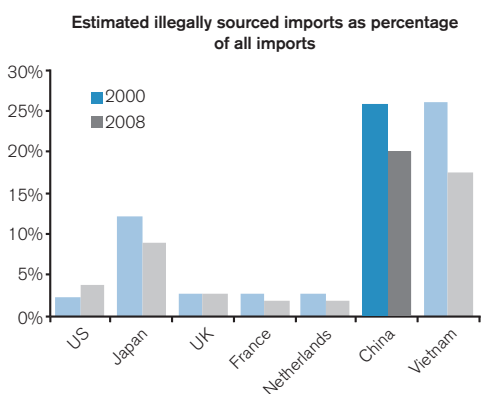
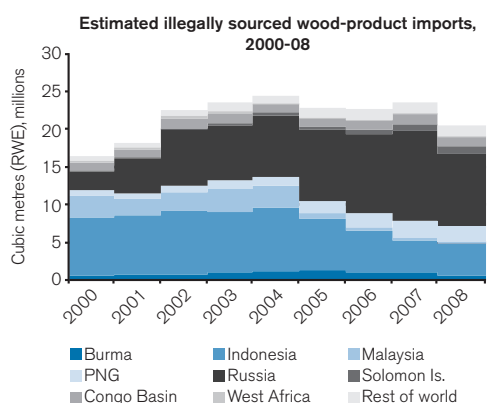


China

Chatham House illegal logging indicators country report card



Imports of Illegally Sourced Wood Products

- China's imports of illegally sourced wood increased dramatically during 2000–04, but by 2008 had declined 16% from their peak, largely owing to the reduced supply of illegal logs from Indonesia and Burma.
- Illegally sourced imports per capita and as a percentage of total imports have also declined since 2004. Imports of illegal logs from Indonesia have fallen 92% since 2004.
- Nevertheless China remains the world's largest importer of illegal wood in volume terms, and 20% of overall imports are still estimated to be of illegal origin.
- China has lower per capita imports of illegal wood than any of the five consumer countries studied, and much of the imported illegal wood is re-exported.
- A very large proportion of China's imports arrives unprocessed directly from producer countries. This should make eliminating illegal timber from supply chains relatively easy.

Government Response

- All relevant Chinese government agencies are now engaged in addressing illegal logging and trade, and the government has held formal discussions with both the EU and the US.
- China's 2006 Memorandum of Understanding (MoU) with Burma (Myanmar) has also been much more meaningfully implemented than its 2002 MoU with Indonesia and includes regulations to help prevent imports of illegally sourced wood.
- However, China's response still lags behind most consumer and producer countries studied.
- A lack of relevant legislation has prevented the Chinese authorities from stopping specific shipments of timber entering the country despite requests from source countries and evidence of illegal origin.

Private-sector Response

- The number of companies with chain-of-custody certification for handling certified-sustainable wood in China quadrupled between 2006 and 2010, but remains very small relative to the size of the industry, and many of those companies do not actually use any certified wood.
- A lack of necessary skills, a price-focused business culture and an insensitive domestic market are all impeding efforts to exclude illegal wood from Chinese supply chains.
- Chinese companies surveyed experienced little demand for legal wood supplies and believed other factors such as manufacturing costs would be more important in future in ensuring the competitiveness of exports.

Media Attention

- International coverage of China's role in illegal logging grew rapidly in the first half of the decade, but has fallen back since 2007. Domestic coverage has grown but rarely addresses the country's role as an importer.

Areas for Improvement

- China should prohibit the import and sale of illegally sourced wood, and require credible evidence of legality of all timber traded on its markets. FLEGT legality licences for imports from producer countries which have agreed voluntary partnership agreements with the EU could provide such evidence.
- A government wood procurement policy could serve to dramatically improve the relatively weak private-sector response.
- Chinese wood-product manufacturing companies need to take additional action to clean up supply chains, and need to be made aware of the relatively limited cost of doing so.