

# Sustainability overseas is in the interest of Chinese timber companies

by Meindert Brouwer

The China Responsible Forest Products Trade and Investment Alliance (China RFA) supports Chinese timber companies in sustainable forest management in the Congo Basin and in building a sustainable supply chain of responsibly sourced forest products. Professor Xu Bin<sup>1</sup>, Secretary-General of China RFA tells how this is done.

## What were the reasons to establish the China Responsible Forest Products Trade and Investment Alliance (China RFA)?

Bin: 'Today we are facing a number of global environmental challenges, including climate change, which has been intensified by globalization of the economy. In order to address these challenges, we should strive for sustainable economic development in harmony with nature. Forests are important for the health of the planet. They play an important role in mitigating climate change by storing greenhouse gas carbon dioxide. That is why there is an international consensus about the need to retain forests and establish conditions for responsible forest management and

<sup>1</sup> Professor Xu Bin (1974) is director of the Sustainable Forestry Research Division at the Research Institute of Forstry Policy and Information, Chinese Academy of Forestry.

responsible utilization of forest resources.

China, as a responsible country, has a role to play in combatting illegal logging and associated trade overseas, and in incentivizing the timber industry to engage in investment, production and trade of green forest products only.'

Bin continues: 'In order to push, motivate and support Chinese timber companies to undertake trade of legal and sustainable forest products, a number of organizations initiated the China Responsible Forest Product Trade and Investment Alliance (China RFA) in 2014. It emanated from the China-UK Collaboration on International Forest Investment & Trade (InFIT). In 2019 China RFA was approved as the brand of the National Forestry and Grassland Innovation Alliance by the National Forestry and Grassland Administration (NFGA) of the national government of China.'



Professor Xu Bin visits a FSC CoC-certified man made panel company in Fujian.

PHOTO LI YAN



Forest concession in Gabon.

### What are the goals of China RFA?

Bin: ‘With the core concept of “Open Collaboration, Collaborative Innovation, Co-construction and Sharing, and Green Development”, China RFA uses its resources and services to:

- Jointly build a technological innovation system and an integrated platform of governments, the industry, universities and research organizations to serve the needs of timber enterprises;
- Promote innovation in theories, standards, models, technologies, policies, and mechanisms of forest products trade and investment; and
- Build sustainable supply chains of forest products, so as to promote the responsible forest products trade and investment in China.’

### What is your definition of the term “responsible”?

Bin: “Responsible” is a broad concept. Generally, it means one should comply with all local laws and regulations. Regarding production and trade of forest products, “responsible” means that the wood is sourced in a legal or sustainable way.’

### Why is it in the interest of Chinese timber companies and Chinese timber traders acting in the Congo Basin, to engage in ecologically and socially responsible forest management?

Bin: ‘The Congo Basin has the second largest tropical rainforest in the world. The sustainable management and utilization of forest resources in the Congo Basin is related to global biodiversity and ecological security. China is the

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largest importer of wood from the Congo Basin. Chinese timber companies and Chinese timber traders acting in the Congo Basin must take responsibility for forest resource protection and sustainable development in order to keep their number one position in the global forest products trade.’

Bin explains: ‘Firstly, Chinese companies should carry out sustainable harvesting and utilization of forest resources. They should ensure the legality and traceability of forest products by taking measures such as forest certification and legality verification in order to maintain the company’s positive reputation. Secondly, companies need to focus on local public welfare undertakings, maintain good community relations and drive local economic development to create a good external environment for enterprise development. In recent years China’s foreign investment has been growing rapidly, especially in Africa. Operations and investments that conform to the principles of sustainable development are in the long-term interests of enterprises and are the basic requirements for the long-term prosperity of China-Africa relations.’

### China RFA wants to support Chinese timber importers to ensure that their supply chains exclude illegal timber and that they are able to meet the demands of their customers. What does the support of the China RFA consist of?

Bin: ‘Our key activities and services for China RFA members and other companies are:

- Extend the information center for China Responsible Forest Product Trade and deliver market and policy information for responsibly sourced timber through our website, the We Chat public platform and a newsletter;
- Develop the code of conduct for China RFA members and engage all members to exercise due diligence on wood legality and responsible trade practices;
- Develop technical guidelines and tools/templates for a China Wood Legality Due Diligence System and an on-line risk assessment platform to help companies quickly and efficiently carry out due diligence on the legality of timber sources;

- Offer training and technical support regarding forest trade policy and markets, timber legality and forest certification to improve awareness and capacity in responsible forest product trade;
- Set up a company/product database for China Responsible Forest Product Trade and Investment, and provide the promotion and market linkage service for China RFA members;
- Facilitate the discussion and development of standards and policies relevant to responsible forest trade.’

### What type of demands by buyers of Chinese timber end products do you perceive in 2020 and 2021 in markets in Europe, in the USA, in Asia and in China’s domestic market?

Bin: ‘The European market mainly requires that companies meet timber legality requirements of the EU Timber Regulation, requiring that companies conduct due diligence, forest certification, etc. The U.S. market requires that companies take measures to meet the requirements of the Lacey Act, including tracing the source of timber products, and on the other hand pays more attention to environmental protection requirements such as the release of volatile organic compounds (VOC) of products like furniture and flooring. Some Asian countries such as Japan, South Korea and Indonesia have also put forward regulations on the due diligence system of wood legality, but most countries in Asia do not have such requirements at the moment.’ (September 2020, when this interview had taken place, ed.)

Bin: ‘In China, the Forest Laws and the Implementation Regulation of Forest Laws also require that forest companies ensure the legal source of wood materials, but it mainly focuses on the domestic wood, and the requirements for the imported wood are under discussion. In addition, products in China’s domestic market need to comply with relevant domestic quality and environmental protection standards. As the public awareness of green and environmental protection becomes popular, wood products with a high environmental protection standard are more welcome in the market.’

## The Chinese government should promote international negotiations and the development of an international agreement regarding responsible forest product trade and wood legality.

**In timber trade between Africa and China both sides play a role in making sure that traded timber is sourced in a responsible way. How can the government of China contribute to this? And how can African governments contribute to this, in your view? Are there other stakeholders who can contribute to this? Please explain.**

Bin: 'The Chinese government should strengthen the cooperation with African countries on forest governance and responsible forest product trade using mechanisms such as the China-Africa Cooperation Forum. It should promote international negotiations and the development of an international agreement regarding responsible forest product trade and wood legality. Within China, the Chinese government should strengthen education, training and guidance on sustainable forest resource management and utilization for Chinese companies investing in African countries.'

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He continues: 'African governments should continuously strengthen forest laws development, enforcement and forest governance to ensure the legal supply of wood and wood products to the market and also create a good investment environment for Chinese companies in Africa. Communication and exchanges with the Chinese government are also strongly recommended, and MOUs on China-Africa forestry cooperation could be signed and implemented to promote enterprises to take the path of sustainable development.'

Bin adds: 'In order to promote the development of responsible forest products trade and investment between

China and Africa, it is not enough to rely on governments. Research institutions, industry associations and other non-governmental organizations also play important roles in things such as planning-making and setting guidelines, enterprise training, strengthening communication and cooperation among stakeholders and providing financial support, all of which have great significance in promoting sustainable forest product trade and investment between China and Africa.'

**As of July 1, 2020 a new Forest Law has come into force in China. Article 65 of the new Forest Law of China states: 'Timber processing companies should establish an account for the entry and exit of raw materials and products. No unit or individual may purchase, process or transport timber that he/she clearly knows was felled piratically or indiscriminately in forest regions.' The new Forest Law and Article 65 first of all applies to the production and trade of domestic timber inside China. Do you think that the new Forest Law of China may apply to the import of timber from overseas at some point in the future? Please explain.**

Bin: 'According to Article 65 of the new Forest Law, timber companies are required to set accounts regarding the storage of material and products, and it is not allowed to purchase, process or transport timber that is known to come from illegal sources. Articles added to the new Forest Law have provided a legal basis for the development of legal and sustainable forest products trade. The law itself has not defined the scope of domestic wood or imported wood, which means that it could apply to all wood sources, but detailed requirements and explanations still need to be clarified or developed.'

Bin adds: 'While countries in the world are strengthening timber legality and prohibiting illegal timber and associated trade, the government of China is also exploring and promulgating relevant policy to strengthen management of imported timber under the framework of the new Forest Law.'



Timber products manufactured in Gabon Special Economic Zone in Libreville.

### CHINA RESPONSIBLE FOREST PRODUCT TRADE AND INVESTMENT ALLIANCE (CHINA RFA)

China Responsible Forest Product Trade and Investment Alliance (China RFA) was founded in 2014 by the Center for International Forest Products Trade of the State Forestry Administration of the national government of China (now the National Forest and Grassland Administration – NFGA), in partnership with national and international environmental civil society organizations, research institutes, financial organizations, timber industry associations, well-known enterprises in the timber industry and other organizations. The Secretariat is the executing agency of the alliance. It is located in the Research Institute of Forestry Policy and Information of the Chinese Academy of Forestry (RIFPI, CAF).

In September 2020 China RFA has 90+ registered members and a database of 9000+ Chinese companies

which produce responsible forestry products. China RFA is run by a council of representatives of 26 member organizations.

Source: [www.chinarfa.cn](http://www.chinarfa.cn)

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