

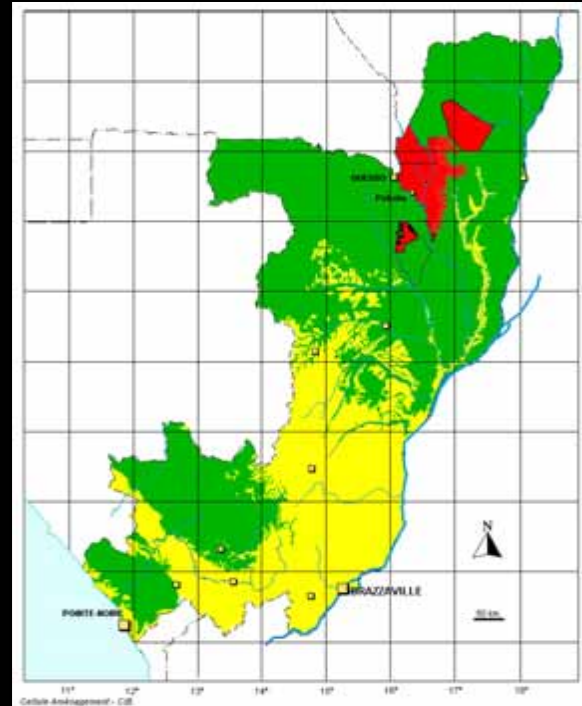
CONGOLAISE INDUSTRIELLE DES BOIS (CIB)

CIB general presentation

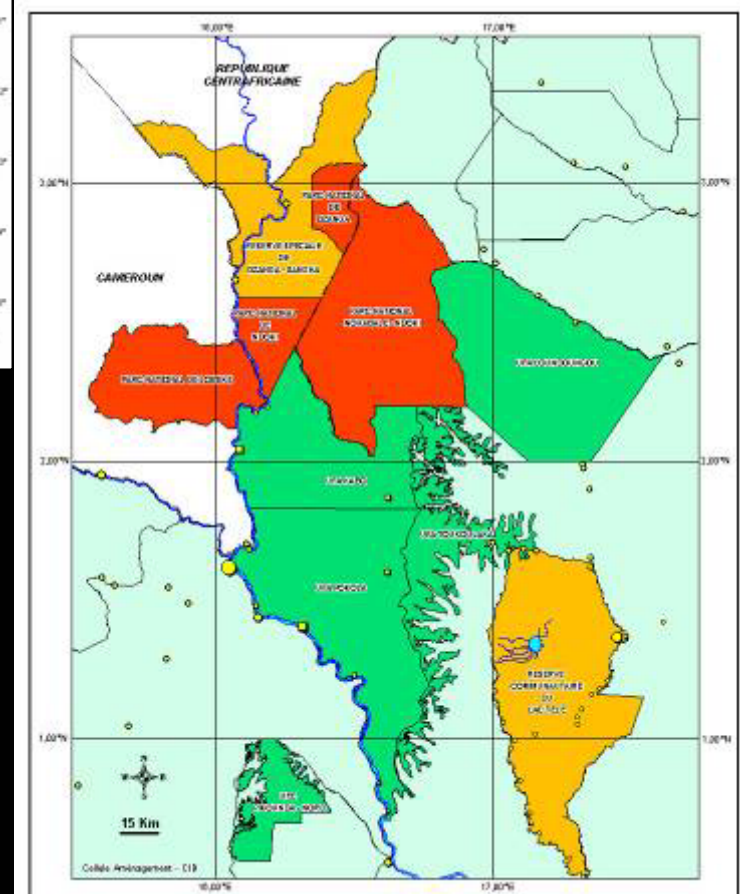
Conditions of timber processing in the Republic of Congo



CIB in Republic of Congo (Brazzaville)



- Located on the equator
- 342 000 km²
- 22 millions ha of tropical dense forests
- 3,6 million ha (>16%) of protected areas
- Population of 3 million people



The Republic of Congo's policy with regards to Forest management

- Large concessions (200 000 - > 1 000 000 ha)
- Selective timber harvesting
- Long rotation (from 25 to 40 years)
- Legal context

Revised forest code (2000)

National norms for forest management (2005)

- Management plans :
 - forest component
 - fauna and biodiversity conservation component
 - socio-economic component
 - planning and development component

CIB - Brief History

- Established in Republic of Congo since 1969
- The most important economic activity in Northern Congo
- 4 FMUs & 1 FEU
- 2 industrial sites : Pokola (Headquarters), Kabo
6 sawmills, 25 drying kilns (3000 m³ capacity), moulding unit
- 3 forest camps : (Ndoki 1, Ndoki 2, Loundoungou)
- 2000 employees



CIB - Production & Downstream Processing

- Annual Log production (2004) : 350 000 m³
- 47 species for 2004 (21 species > 500 m³)

Principally exploited species :

Sapelli (*Entandrophragma cylindricum*), Sipo (*E. utile*),

Tiama (*E. angolense*), Bossé (*Guarea cedrata*), Acajou (*Khaya anthotheca*)

Ayous (*Triplochiton scleroxylon*), Iroko (*Milicia excelsa*),

Wengué (*Millettia laurentii*), Doussié (*Azelia bipindensis*), ..



CIB - Production & Downstream Processing (2004)

- **Processed timber : 80 000 m³**
 - 61 000 m³ air dried sawn timber
 - 19 000 m³ kiln dried sawn timber
 - 7 000 m³ semi-finished products and mouldings (*paneling, dowels, decking, flooring,...*)
- **Logs : 90 000 m³**
 - 15 % via Pointe Noire
 - 85 % via Douala
- **Constraints : Long transport distance to ports**
 - 1 270 km to Douala (Cameroon) (road + railway)
 - 1 500 km to Pointe Noire (Congo) (river + railway)

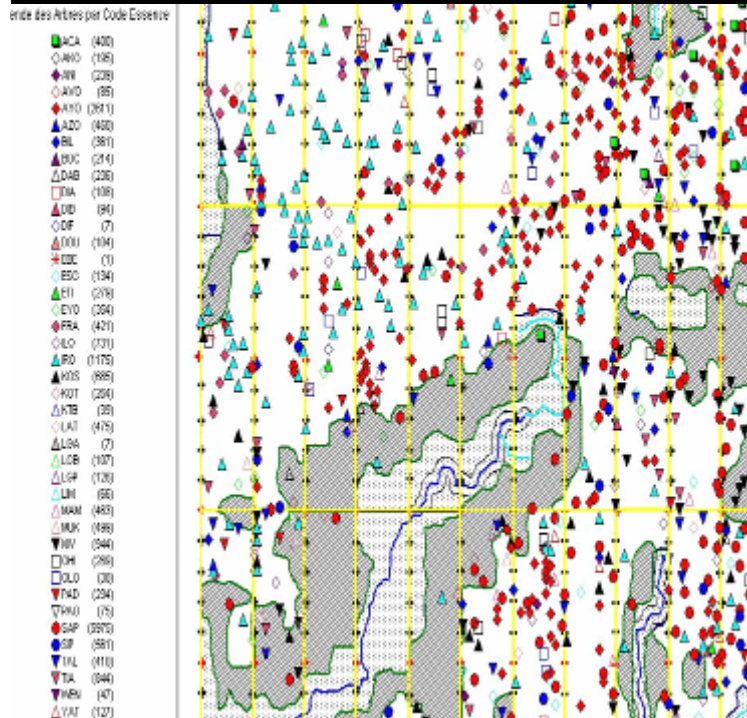
Social & economic initiatives

- Installation & maintenance of Social infrastructure (schools, hospital, housing, water, electricity,...)
- Stimulating development by increasing access and economic opportunities
- Platform for dialogue amongst stakeholders
- Development of consultation procedures to integrate local communities in forest management decision processes



Reduced Impact Logging

- Environmental and social impact studies
- Norms and procedures for harvesting inventory, improved felling technics, road building, skidding process, control of pollution, forest people consultation
- Buffer zones around sensitive areas



Wildlife management and protection (in cooperation with WCS)

- Enforcement of Wildlife laws and of CIB internal regulations
- Spatial management of hunting (hunting zones)
- Monitoring and control by ecoguards
- Alternative development and food security



CIB's road toward certification

- Elaboration of management plans of CIB FMUs: 2001-2006
- CIB self-imposed standards 2003-2005: “Green Leaf”, Code of Conduct IFIA/IUCN
- FSC audit for Kabo FMU: oct 2005 & April 2006
- Provisional FSC audit for all the other FMU: 2006-2007



Perspectives CIB's future

- Elaboration, validation and implementation of management plans in all the forest management units
- Increased the number of species logged
- Production of processed products (second and third transformation)
- Better use of timber waste through co-generation
- Improved management of the environment through reduced impact logging techniques
- Improve social infrastructure and quality of life for the local population
- Obtain an internationally recognised forest management certification (FSC and others)

Principal Constraints to the development of the timber industry in Congo

- Inadequacy of infrastructures : for transport (insufficiency of roads, dysfunction of the railway), for energy (lack of distribution inside the country) ;
- Important costs to operate forest bases (aerodromes, hospitals, schools,) for the forest companies ;
- Banking sector unsuitable for large industrial investments;
- Unsuitable capacities of the staff ;
- Costly management plans to implement in the framework of the sustainable management ;
- Difficulties to transport fuel to enclaved zones ;
- Heavy tax system because of the insufficiency of infrastructures ;
- Insufficiency of the participation of the women in the forest management of concessions.
- Weakness of the participation of forest native people
- The risk of political stability has increased since the end of 1998 war

Particular constraints in the North of the Congo

- Long distance to the nearest ports (1000/1600 Km)
- High cost for transport of timber products (130/160 US\$)
- Long distance to have all sorts of products
- The implementation of management plans implicates:
 - a limited logging of high value species
 - a logging of less-known species having a very low commercial value
 - a further processing of timber products and difficulties to have profitable semi-finished or finished products because of the cost of transport.

Potential investors in Congo are companies which can produce and sell at very low prices and which can be high efficient

Listing of concrete opportunities of investments in Congo

Development of forest industries is insufficient:

- It remains 20 millions hectares of natural forests
- There are many species of good quality (sapele, okume, etc.)
- The timber industry is not enough developed : hardly 50% of logs are processed, the 2nd transformation is very few.

Consequently:

- There are opportunities for highly efficient investors
- First and second transformation should be developed
- Use of small size timber can be developed for further processed products
- Timber waste can be used to produce energy (cogeneration projects)

Mesures to improve environment for timber industries

- To improve the supplying of fuel
- To make better the railway
- To build and maintain roads
- To dredge the rivers to facilitate the fluvial transport
- To reinforce the capacity of the fluvial transport
- To open up the forest bases by improving télécommunications
- To update the training centers for the forest and timber technics and to improve the education in the vocational secondary schools
- To develop partnerships between private sectorn NGOs ans local communities

Most of these issues are in the programme of the congolese government

Strategies to implement to develop the timber industry

(congolese plan of industrialisation)

- Sustainable management of forests: to develop management plans in the forest concessions
- Cleaning up tax system, transparency
- Improvement of infrastructures
- Development of activities of promotion (information about secondary species, forest management, certification)
- Capacity building
- Development of the local market which is presently very small (study of needs, promotion)
- Development of international markets (promotion and participation to exhibitions)
- Reinforcement of exchanges between public and private sectors, NGOs and local communities

Characteristics of the companies which want to invest in Congo

- They should want:
- To have a certified concession
- To have modern mills
- To respect the legislation

CIB's costs of sustainable management of concessions

- Elaboration of management plan of CIB FMU Kabo :
 - 730.000 US\$ for the whole concession
 - 3.5 US\$ per hectare of forest of production
- Implementation of the measures of the management plan (protection, monitoring, consultation, create awareness): 1.7 US\$ par hectare
- This amount does not include:
 - social expenses for workers (housing, health, etc.)
 - industrial investments
 - cost of the certification (higher than this of the management plan: safety equipments, bathrooms, toilets, dining rooms, training rooms, auditors, etc.)

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CIB's changes for sustainable management of concessions

- Harvesting of nobles species (average 2002/2004)
 - Sapelli: 82.230 m³
 - Sipo: 12.424 m³
 - Iroko: 12.100 m³
- Volume permitted with the management plan (per year)
 - Sapelli: 35.540 m³
 - Sipo: 4.742 m³
 - Iroko: 1.222 m³
- The difference of volume should be compensated with secondary species: Mukulungu, Limbali, Tali, Essessang, etc.
- The profitability of these species is very uncertain, even for semi-finished products, because costs of transport at 1300 km of a port are at least 130 US\$ per m³.