

# **THE PROMOTION OF INTRA-AFRICAN MARKET FOR TIMBER AND TIMBER PRODUCTS**

## **Overview of the Study on Intra-regional Timber Trade in Africa**

Prepared for:

**The International Tropical Timber Organization**

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## List of Abbreviations

AfDB	African Development Bank
CA	Central Africa
CAF	Centra African Republic
CEMAC	La Communauté Economique et Monétaire de l'Afrique Centrale (Central African Economic and Monetary Community)
CIV	Côte d'Ivoire
CMR	Cameroon
COD	Democratic Republic of Congo
COG	Rebublic of Congo
COMIFAC	La Commission des Forêts d'Afrique Central (Centrral African Forest Commission)
CPI	Consumer Price Index
DZA	Algeria
EA	Eastern Africa
EC	European Comission
ECOWAS	Economic Community of West African States
EGY	Egypt
ETH	Ethiopia
EU	European Union
FAO	Food and Agriculture Organization
FLEGT	Forest Law Enforcement Governance and Trade
GAB	Gabon
GDP	Gross Domestic Product
GHA	Ghana
GIFEX	Ghana International Furniture and Woodworking Exhibition
IMF	International Monetary Fund
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
KEN	Kenya
LBR	Liberia
MAR	Morocco
MUS	Mauritius
NA	Northern Africa
NGA	Nigeria
PP	Primary product
SA	Southern Africa
SADC	Southern African Development Community
SDN	Sudan
SEN	Senegal
SFM	Sustainable Forest Management
SPWP	Secondary processed wood product
TTP	Timber and timber product
TUN	Tunisia
TZA	Tanzania
UGA	Uganda
UN	United Nations
DESA	Department of Economic and Social Affairs
WA	Western Africa
WACFE	West African Commisison on Forests and Environment
WAMU	West African Monetary Union
ZAF	Republic of South Africa
WDI	World development indicators
ZMB	Zambia
ZWE	Zimbabwe

## **I. INTRODUCTION**

### **A. Background**

The ITTC approved in the ITTO Biennial Work Programme for the years 2008-2009 [Decision 2(XLIII), paragraph 3(x)], the study to promote regional trade in tropical timber and timber products in Africa. The rationale of this study derives from marked changes occurred in the resource environment as well as the international and regional markets. Many accepted species are in short supply in traditional major import markets in Japan, Europe and North America. These traditional markets for tropical timber are increasingly becoming less dependent on African timber imports. The raw material base has alarming prospects and major African exporters cannot increase significantly the production of primary products from the current levels. Further processing of timber in Africa has not reached an appreciable stage (compared to other producing regions). This is partly due to lack of competitiveness and limited marketing skills. At the same time, Africa's import of timber products, particularly in high value-added products, has been increasing but the regional supply has been unable to meet the growing demand for these products in countries, which are experiencing strong demand growth.

### **B. Objectives**

The study is aimed at assisting African ITTO producing member countries in identifying market opportunities and designing strategies for developing intra-regional trade.

The specific objectives of the study are as follows:

- a) To provide an overview of the current level of the Intra-African market for TTPs particularly in relation to products traded, their quality, price and end uses.
- b) To provide an overview and analysis of the nature and trends of supply and availability of TTPs, in particular from ITTO member countries in Africa, in terms of quantity, quality, price and potential end uses.
- c) To provide an overview and analysis of the nature and trends of demand for TTPs in ITTO member countries in Africa and other major markets in Africa, in particular in countries neighboring ITTO producing member countries in Africa and in the northern and southern parts of Africa.
- d) To identify and analyze constraints to the expansion of the intra-African market for TTPs, as well as options to overcome the constraints and key players who could help remove those constraints.
- e) To provide action proposals to promote the intra-African market for TTPs, including the formulation of practical measures that could be implemented in the short, medium and long term.
- f) To identify and analyze regional initiatives that could be considered in order to build cooperation and synergies with a view to promoting the intra-African market for TTPs.



## C. Data and Methodology

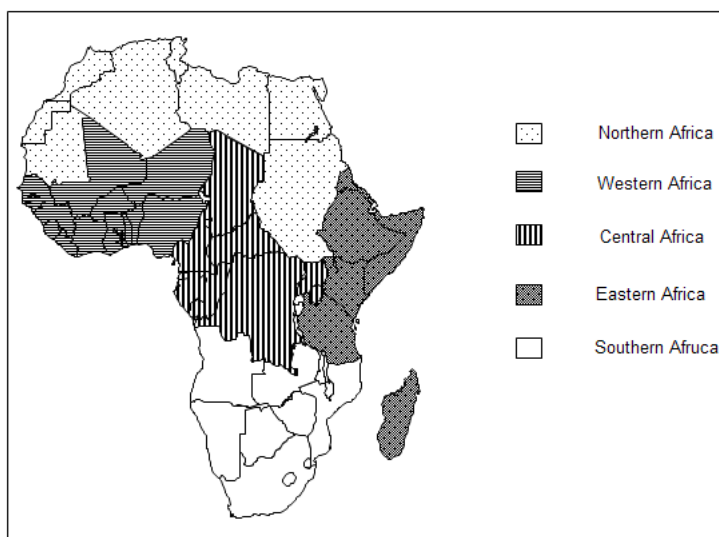
### 1. Product Coverage

The product categories covered include primary products (PP) and secondary processed wood products (SPWP). The PPs include industrial roundwood, sawnwood, veneer and plywood. In addition, information on fibreboard and particle board is provided. The SPWPs include builders' woodwork, mouldings, wooden furniture and parts, cane and bamboo furniture and parts, and other SPWPs (ITTO 2007).

### 2. Sub-regional Markets

In accordance with the UN classification Africa is divided into five sub-regions i.e. Northern Africa, Western Africa, Central Africa, Eastern Africa and Southern Africa (Map 1). Each sub-region has its own characteristics in terms of demand and supply of TTPs as defined by their sources of supply, demand drivers and other market factors.

**Map 1 Study Sub-regions**



### 3. Data sources

In general, the analysis of past trends in the study covered a period of five years, 2003-2007. Data on production, consumption and trade of PPs and SPWPs were mainly obtained from the databases of ITTO, FAO, UN COMTRADE and national trade statistics.

The available data on African markets for TTPs is notoriously deficient. The official trade statistics have often the following weaknesses:

- Misclassification of products.
- Errors in the volume data due to mixing of different measurement units (m<sup>3</sup>, kg, ton).
- Missing data for volume or value, or both.
- Errors in the value data which may be due to complex arrangements used in invoicing.
- Lack of, or incomplete, data on cross-border trade.

Even in countries with fairly developed information systems there are serious data problems. The data on exports by ITTO producing member countries is generally of better quality than import data. Due to these difficulties major effort was carried out during the course of work to estimate trade volumes in key import markets.

#### 4. Organization of the Study

The study was carried out by the Local Consultant (Dr. Ibrahim Favada) who was assisted by the Supervisory Consultant (Dr. Markku Simula). Country case studies were carried out in four importing and four exporting countries by national consultants (Table 1).

**Table 1 List of National consultants**

Net importing countries		Exporting countries	
Egypt	Dr. Salah Mansour	Cameroon	Dr. Richard Eba'a Atyi
Morocco	Dr. Abdellatif Khattabi	Gabon	Dr. Richard Eba'a Atyi
Nigeria	Dr. Isaac Opeyemi Ajewole	Côte d'Ivoire	Mr. Martial Me Kouamé
South Africa	Mr. Mike Howard	Ghana	Mr. Alhassan Attah

## II. OVERVIEW OF SUPPLY AND DEMAND OF TTPs

### A. Raw Material Base

#### 1. Natural Forest

The forest cover for Africa in 2005 is estimated at 634 million hectares, accounting for 16.1 % of the world forest area. For the period 2000-2005, the net annual forest loss was about 4 million ha per year (Table 2). This amounts to 54 % of the global change in forest area.<sup>1</sup> The reported forest cover and net forest loss are distributed unevenly among different sub-regions and countries. Central Africa and Southern Africa accounted for 37% and 27%, respectively, of the total forest area in 2005. Southern Africa had the largest share (29%) of the total net forest loss with its relatively small forest area. Northern Africa had the lowest forest rate of loss (about 14%) in 2005 (Figure 1).

Countries with still large forest area tend to suffer from high rate of net forest loss (see Annex 2.1). For example, Sudan accounts for 89% of forest area and for 98% of net forest loss in Northern Africa. In Western Africa, Mali and Nigeria together account for 32% of forest area and 56% of net forest loss. In Central Africa, the Democratic Republic of Congo accounts for most forest area as well as net forest loss. In Eastern Africa, Tanzania and Ethiopia together account for a majority of forest cover and net forest loss. In Southern Africa, Angola and Zambia together account for over 50% of the forest area and about 50% of net forest loss.

The ITTO producers are the mainstay of raw wood material supply in Africa. The estimated forest cover for ITTO producers in 2005 is 252 million hectares, accounting for 40% of total forest area in Africa (Table 1). The estimated annual net forest loss for ITTO producers is about 1 million hectare (about 29% of regional total). Nigeria with 4% share of ITTO producer forest area, has the greatest net forest loss (34%/yr). Also Cameroon and Ghana are suffering a high rate of forest loss. Only Côte d'Ivoire has a net gain of forest area, about 15 000 ha per year.

<sup>1</sup> The calculation results are slightly different from those of FAO because Western Sahara was excluded.

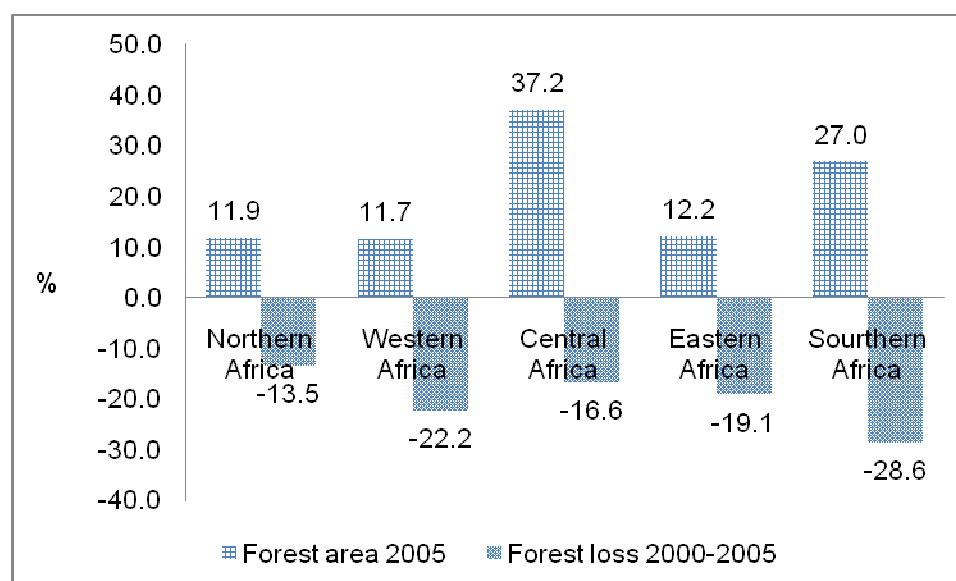
The estimated production forest for Africa in 2005 was 138 million, accounting for 11% of the world total. The ratio of production forest to total forest area measures the national importance of raw wood material production.

**Table 2 Forest Area, Forest Loss and Production Forests in Africa, 2000-2005**

Sub-region	Forest area		Annual change rate		Production forest	
	2000	2005	2000-2005	%	2005	% of Forest area
	1000 ha	1000 ha	1000 ha/yr		1000 ha	2005
Northern Africa	78 515	75 794	- 544	-0.7	31 326	41.3
Western Africa	78 805	74 312	- 899	-1.1	23 118	31.1
Central Africa	239 433	236 070	- 673	-0.3	41 999	17.8
Eastern Africa	80 966	77 109	- 771	-1.0	29 491	38.2
Southern Africa	176 884	171 116	- 1 154	-0.7	12 099	7.1
ITTO producer	258 337	252 407	- 1 186	-0.5	77 162	30.6
<b>Africa total</b>	<b>654 603</b>	<b>634 401</b>	<b>- 4 040</b>	<b>-0.6</b>	<b>138 034</b>	<b>21.8</b>
<b>World total</b>	<b>3 988 610</b>	<b>3 951 013</b>	<b>-7519.4</b>	<b>-1.6</b>	<b>1 254 222</b>	<b>31.7</b>
<b>ITTO producers' and Africa's shares</b>						
ITTO producers' share of Africa total, %	39.5	39.8	29.4	..	55.9	..
Africa's share of world total, %	16.4	16.1	53.7	..	11.0	..

Source: FAO 2005, ITTO 2006

**Figure 1 Sub-regional Shares of Forest Cover and Loss in Africa**



Source: FAO 2005, ITTO 2006

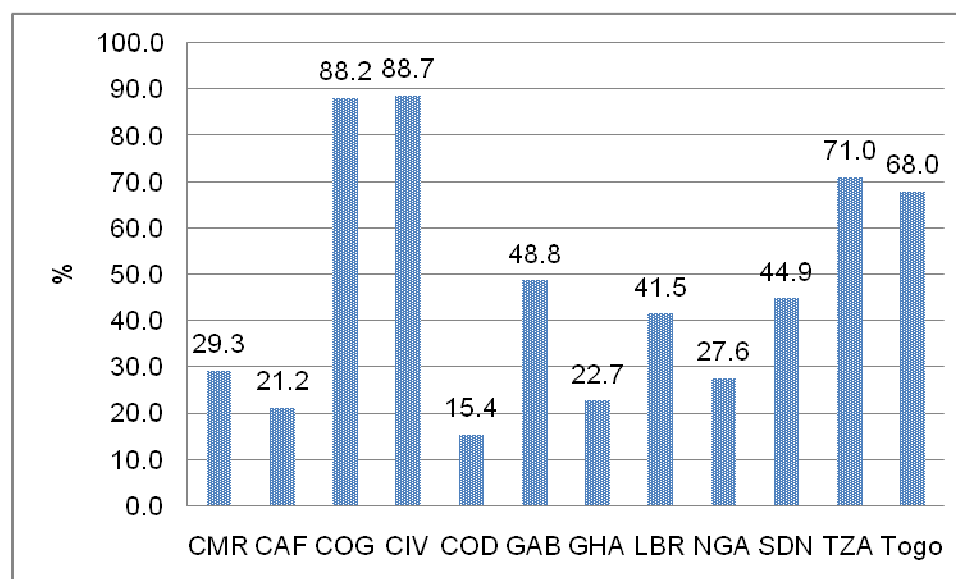
In Northern Africa, the ratio is greatest (about 41%). This can be explained partly by high rate of plantation forests in Northern Africa. In Eastern Africa and Western Africa, the ratios are about 38% and

31%, respectively. It should be noted that Central Africa and Southern Africa having a significant share of forest areas, account for low values (about 18% and 7%, respectively). This is partly due to non-reporting of the area of production forest in 2005 by some countries.

Figure 2 shows the production forest share in 10 selected countries. The high shares are found in Côte d'Ivoire, the Republic of Congo, Tanzania and Togo. In Cameroon, Central African Republic, Democratic Republic of Congo, Ghana and Nigeria the production forests cover less than 30% of the total forest area. Gabon, Liberia and Sudan have production forest shares between 40% to 50% of the total forest area. These results should be considered with caution because of missing observations on production forest in some countries with a significant forest area such as Morocco, Gabon, the Democratic Republic of Congo, Botswana and Namibia.

The estimated production forest for ITTO producer countries in 2005 is 77 million, accounting for 56% of total production forest in Africa. Only 3 ITTO producers appear among the first 10 countries having a significant share of production forest as a percentage of forest area. These countries include Côte d'Ivoire (89%), Republic of Congo (88%) and Togo (68%). Côte d'Ivoire's share is partly explained by plantation forest.

**Figure 2** Production Forest as a % of Total Forest Area in Selected Countries, 2005



Source: FAO 2005, ITTO 2006

## 2. Forest Plantations

In 2006 Forest plantations, including productive and protective plantations, were estimated at 13 million ha, accounting for 9% of the global plantation area (Table 3). Over half of the forests planted are located in Northern Africa. This can be explained by the lack of natural forest in this region and the need for domestic sources of timber for the forest industries. Southern African is the second largest source of planted forest in Africa (16%). The shares of forest plantations in production forest are about 24% and 18% for Northern Africa and Southern Africa, respectively (Figure 3). In Northern Africa, Sudan accounts for a significant share of forest plantations. In Southern Africa, the Republic of South Africa has the largest forest plantations.

In African ITTO producer countries, the total area of forest plantations is estimated at 1 million ha, accounting for 8% of total regions in 2005 (Table 2). Among ITTO producers, Nigeria and Côte d'Ivoire

have largest forest plantations (33% and 32%, respectively), followed by Ghana (15%). The other African ITTO producers planted forest area is more limited (see Annex 1.2).

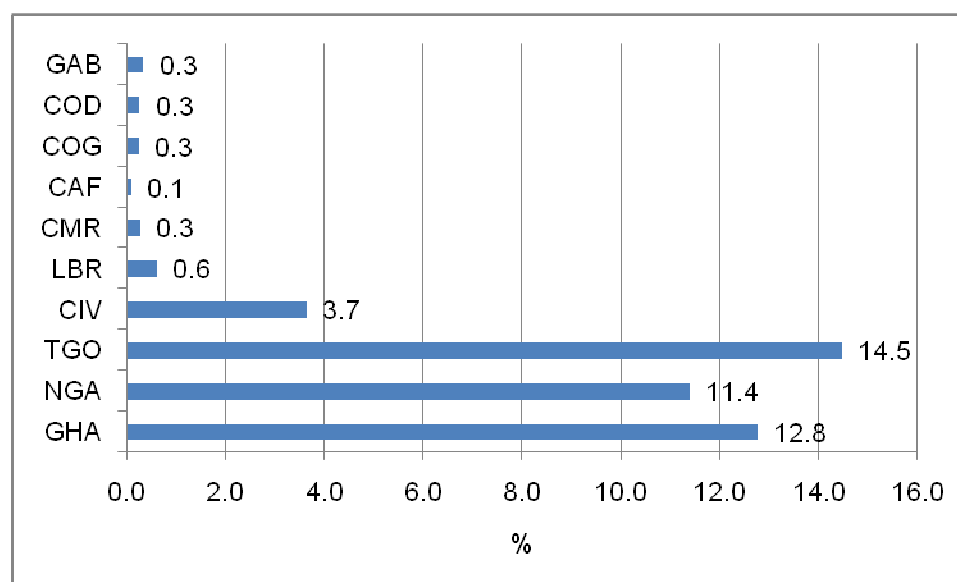
The ITTO producers are lagging behind the leading producers of plantation timber in the region. This is likely to have an impact on their future competitiveness as suppliers of timber products, which calls for acceleration of timber plantation investment for which extensive areas of marginal land are available.

**Table 3 Forest Plantations in Africa, 2005**

Sub-region	Area	Share of the sub-region	Share of production forest
	1000 ha	%	%
Northern Africa	7 502	57	23.9
Western Africa	1 677	13	7.2
Central Africa	612	5	1.5
Eastern Africa	1 228	9	4.2
Southern Africa	2 149	16	17.8
ITTO producers	1 056	..	2.1
<b>Africa total</b>	<b>13 168</b>	<b>100</b>	<b>9.5</b>
<b>World total</b>	<b>139 771</b>	<b>..</b>	<b>11.1</b>
<b>ITTO producers' and Africa's shares</b>			
ITTO producers' share of Africa total, %	7.5	..	..
Africa's share of World total, %	9.4	..	..

Source: FAO 2005, ITTO 2006

**Figure 3 Share of Plantation Forest in Total Production Forest in ITTO Producer Countries, 2005**



Source: FAO 2005

### 3. Forest Growing Stock

The estimated growing stock for Africa is 64 billion m<sup>3</sup>, accounting for 17% of the global growing stock in 2005 (Table 4). About 72% of the region's growing stock is found in Central Africa, while Western Africa and Southern Africa have shares of about only 10% each. The average growing stock per hectare for Africa is slightly larger than the average global level (97%).

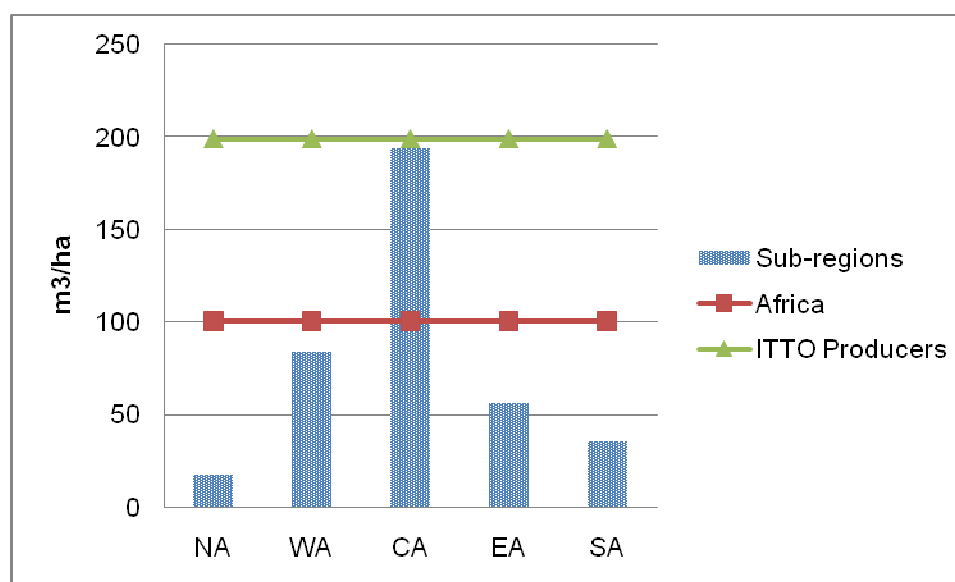
**Table 4 Forest Growing Stock in Africa, 2005**

Sub-region	Growing stock	Share	Average growing stock
	Million m <sup>3</sup>	%	m <sup>3</sup> /ha
Northern Africa	1 352	2.1	17.8
Western Africa	6 254	9.8	84.2
Central Africa	45 760	71.7	193.8
Eastern Africa	4 351	6.8	56.4
Southern Africa	6 102	9.6	35.7
ITTO producers	50 231	..	199.0
<b>Africa total</b>	<b>63 819</b>	<b>100.0</b>	<b>101.0</b>
<b>World total</b>	<b>383 886</b>	<b>..</b>	<b>97.2</b>
<b>ITTO producers' and Africa's shares</b>			
ITTO producers' share of Africa %	78.7	..	..
Africa's share of world total, %	16.6	..	..

Source: FAO 2005

The average growing stock per hectare is highest in Central Africa (194 m<sup>3</sup>/ha) (Figure 4). This is partly explained by the presence of vast growing stock in the Democratic Republic of Congo (48% of total forest growing stock in Africa, see Annex 2.1). In Western Africa, the growing stock per hectare is about 84 m<sup>3</sup>/ha.

**Figure 4 Average Growing Stock per Hectare by Sub-region, 2005**

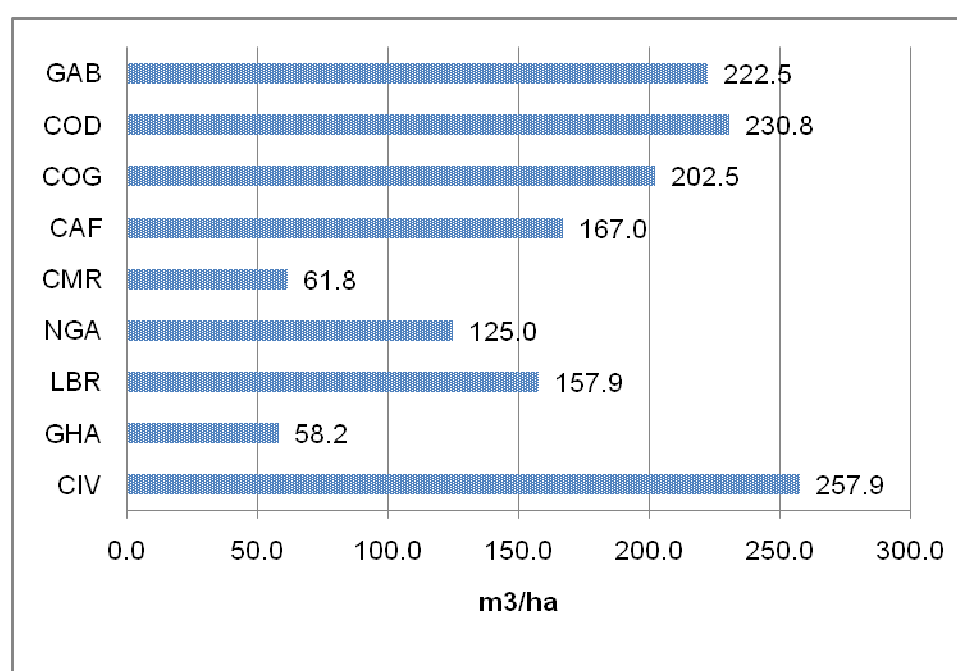


Source: FAO 2005

The estimated growing stock for African ITTO producers in 2005 is 50 billion m<sup>3</sup>, accounting for 79% of the region's total. The average stocking level is significantly higher than elsewhere in the region, much higher than the average growth in Africa (101 m<sup>3</sup>/ha). Côte d'Ivoire has the highest growing stock per hectare (258 m<sup>3</sup>/ha) (Figure 5). The average growing stock per hectare is also large in the Democratic Republic of Congo (231 m<sup>3</sup>/ha), Gabon (223 m<sup>3</sup>/ha), and Republic of Congo (203 m<sup>3</sup>/ha). Other African ITTO producer countries (Central African Republic, Ghana, Liberia, and Nigeria) have less than 200 m<sup>3</sup>/ha.<sup>2</sup>

The ITTO producers are in a unique position to supply tropical timber products from their natural forests to other African countries due to their rich resource endowment. This competitive advantage should be supported by cost-efficiency.

**Figure 5 Growing Stock per hectare in African ITTO Producer Countries, 2005**

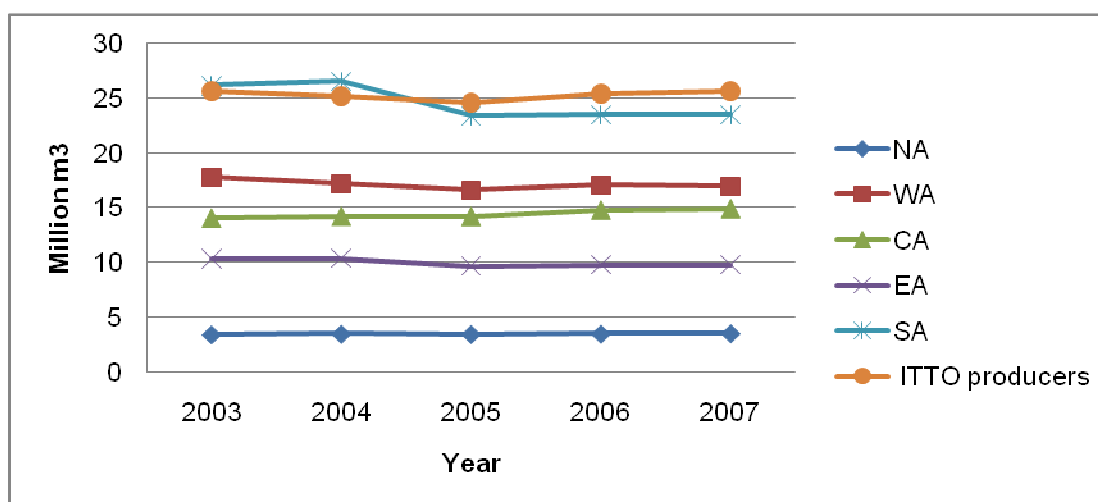


Source: FAO 2005

#### 4. Industrial Roundwood Production

Southern Africa is the main source of industrial roundwood in Africa (Figure 6). However, the decreasing trend in production of industrial roundwood is primarily attributed to the negative development in the Republic of South Africa which is likely due to slowing plantation activity in the country. In Central Africa, the trend in the production of industrial roundwood is slightly increasing as large concessions have been awarded (FAO 2009). The trend in Western African is decreasing since most of the industrial roundwood is produced from natural forests, which have been subjected to deforestation at an alarming rate in main producer countries like Ghana, Côte d'Ivoire and Liberia. In Eastern Africa, the trend in production of industrial round wood is decreasing due to dwindling natural forests and insufficient plantation development. The production trend in Northern Africa is increasing because of substantial investment in planted forests. In African ITTO producer countries, the production trend of industrial round wood is slightly increasing, primarily attributed to Nigeria and Democratic Republic of Congo.

<sup>2</sup> Togo did not report on the forest growing stock in 2005

**Figure 6 Trends in Production of Industrial Round Wood in Africa, 2003-2007**

Source: FAO 2003-2007

The estimated production of industrial roundwood in 2006 for Africa is 69 million m<sup>3</sup>, accounting for 4% of global production of industrial roundwood. The annual production growth in Africa is declining at the rate of -1% (Table 5). The leading production regions are Southern Africa, Western Africa and Central Africa. However, the reported annual production growth 2003-2007 in these sub-regions is negative except for Central Africa which has a positive growth of about 2%.

These three sub-regions combined account for about 81% of industrial roundwood production in 2006 (Figure 7). About 14% of industrial roundwood production came from the Eastern region and 5% from Northern Africa.

**Table 5 Production of Industrial Roundwood, 2006**

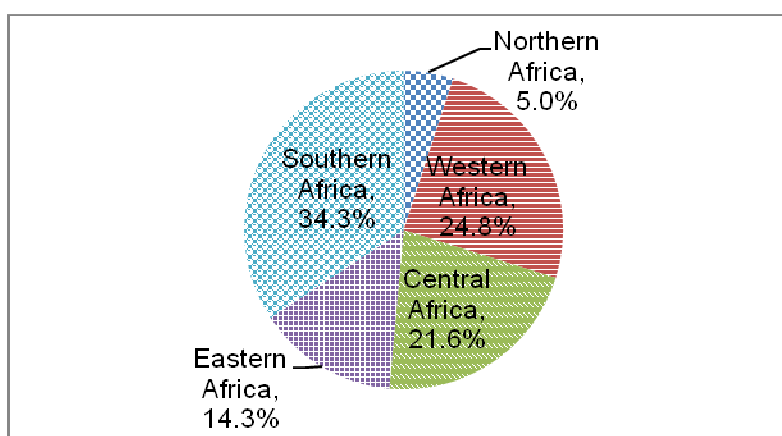
Sub-region	Production 2006	Annual change 2003-2007	Industrial roundwood's Share of total roundwood 2006
	Million m <sup>3</sup>	%	%
Northern Africa	3	0.8	6.7
Western Africa	17	-1.1	9.0
Central Africa	15	1.6	11.8
Eastern Africa	10	-1.3	4.8
Southern Africa	24	-2.5	28.7
African ITTO producers	25	0.0	11.3
<b>Africa total</b>	<b>69</b>	<b>-1.0</b>	<b>10.5</b>
<b>World total</b>	<b>1 635</b>	<b>1.6</b>	<b>46.6</b>
<b>ITTO producers' and Africa's share</b>			
ITTO producers' share of Africa total, %	37.1	..	..
Africa's share of world total, %	4.2	..	..

Source: FAO 2003-2007

In African ITTO producer countries, the production of industrial roundwood was estimated at 25 million m<sup>3</sup>, accounting for 37% of total industrial roundwood production for Africa in 2006. The annual production growth is zero.



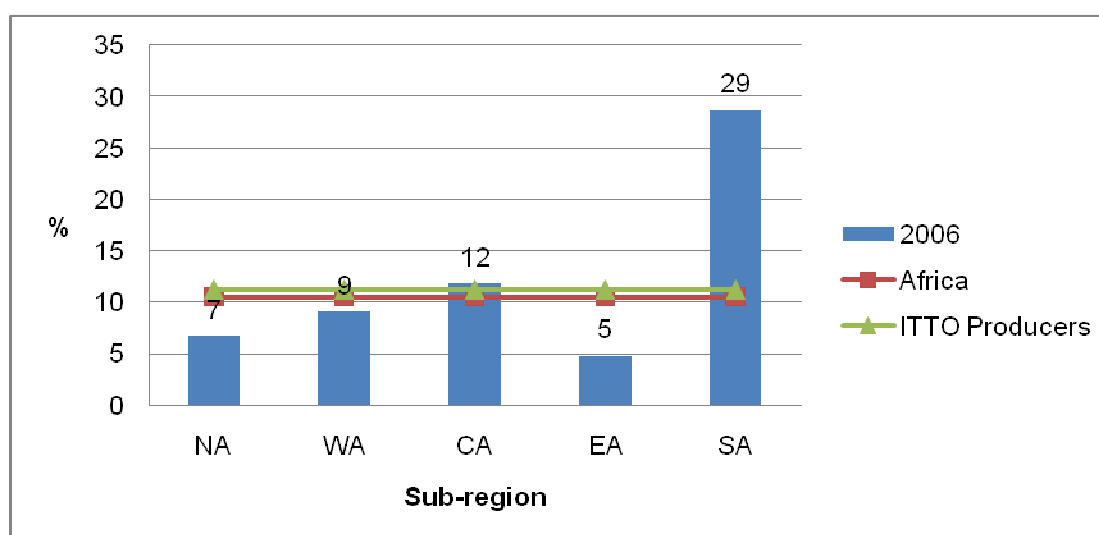
**Figure 7 Share of Industrial Round Wood Production by Region, 2006**



Source: FAO 2003-2007

About 11% of total wood production in Africa is industrial roundwood (89% being fuelwood). This is extremely low in comparison to the global level (about 47 %, see Table 4 above). Figure 8 shows in relative terms that Southern Africa produces more industrial roundwood than the other sub-regions, with a share of industrial roundwood production in total roundwood of 29%. In Central Africa, the share of industrial roundwood production in total roundwood is 12%. Despite being scarce in natural forests and with a low productivity, the Northern Africa's share of industrial roundwood in total roundwood is 7%, slightly higher than that of Eastern Africa.

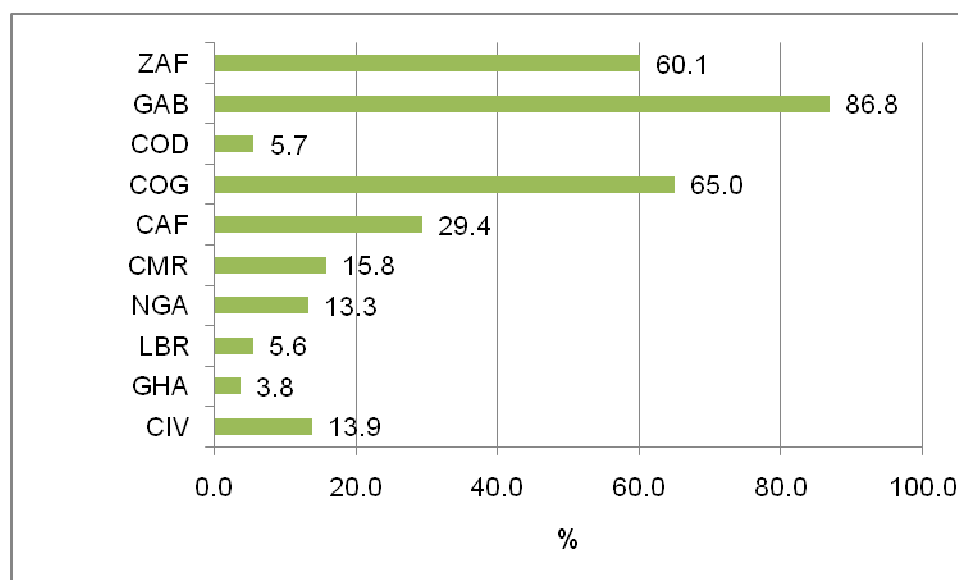
**Figure 8 Share of Industrial Roundwood in Total Roundwood Production in Africa**



Source: FAO 2003-2007

Gabon, Republic of Congo and the Republic of South Africa have at least 60% of the roundwood production representing industrial roundwood in 2006 (Figure 9). About 29% of the roundwood production in Central African Republic represents industrial roundwood. In Cameroon, Nigeria and Côte d'Ivoire, the industrial roundwood accounted for 13% to 16% of the total roundwood production. Other African ITTO producers' roundwood production constituted less than 10% of the industrial roundwood.

**Figure 9 Share of Industrial Roundwood in Total Roundwood Production in Selected Countries, 2006**



Source: FAO 2003-2007

#### a) *Sawlog and Veneer Logs*

The estimated production of sawlogs and veneer in 2006 for Africa is 25 million m<sup>3</sup>, accounting for about 3% of the global production (Table 6). Western Africa and Central Africa together accounted for about 77% of the total production (Figure 10). African ITTO producers produced about 17 million of m<sup>3</sup>, which represents about 69% of the total regional output.

The production of sawlogs and veneer logs over the period 2003-2007 for Africa decreased at the annual rate of 3%, while the global level of production of sawlogs and veneer logs increased at the rate of 2% (Table 5). The decrease in Africa is primarily attributed to Southern Africa (-12%/yr) and Western Africa (-2%/yr). The production level in Southern Africa fell from 7 million m<sup>3</sup> in 2003 to about 4 million m<sup>3</sup> in 2006. Log production level increased fastest in Eastern Africa (5%/yr) and in Northern Africa (4%/yr). African ITTO producers account for about 69% of total African output of sawlogs and veneer logs but their production level has been declining at the rate of 1%/yr.

The share of sawlogs and veneer logs in total industrial roundwood production for Africa in 2006 was about 36%. More than half of industrial roundwood production for Western Africa and Central Africa constitutes sawlogs and veneer logs. The share for African ITTO producers was 68%, much higher than the regional average (36%).

The Western African sub-region accounted for 43% of sawlogs and veneer log production in 2006 (Figure 10). The production level in Central Africa was 33%. These two sub-regions accounted for three-quarters of sawlogs and veneer logs in Africa. The other sub-region together accounted for 24% of sawlogs and veneer log production in 2006.

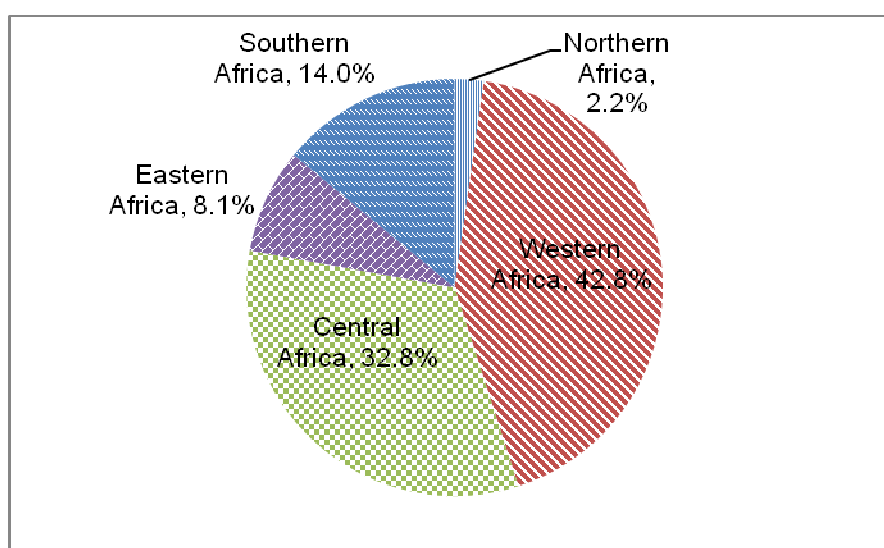
Figure 11 shows that Nigeria has a largest share of sawlogs and veneer logs production in 2006. Gabon accounted for 14% of the total production of sawlogs and veneer logs production. The rest of African ITTO members accounted for less than 7%. Republic of South Africa accounted for about 9% of the production of sawlogs and veneer logs.

**Table 6 Trends in Production of Sawlogs and Veneer logs 2003-2007**

Sub-regions	Production (Million m <sup>3</sup> )					Annual change	Share of industrial roundwood 2006
	2003	2004	2005	2006	2007	%	%
Northern Africa	0.5	0.5	0.6	0.6	0.6	4.1	16.3
Western Africa	11.4	10.7	10.3	10.7	10.7	-1.5	62.9
Central Africa	7.9	7.9	7.7	8.2	8.2	0.9	55.4
Eastern Africa	1.7	1.7	2.0	2.0	2.0	5.3	20.7
Southern Africa	6.7	6.8	3.7	3.5	3.5	-12.0	14.9
Africa ITTO Producers	17.9	17.2	16.6	17.3	17.4	-0.7	68.1
<b>Africa total</b>	<b>28.2</b>	<b>27.6</b>	<b>24.3</b>	<b>25.0</b>	<b>25.0</b>	<b>-2.8</b>	<b>36.4</b>
<b>World total</b>	<b>923.4</b>	<b>990.6</b>	<b>1023.0</b>	<b>979.3</b>	<b>1007.4</b>	<b>2.3</b>	<b>59.9</b>
	<b>ITTO producers' and Africa's share</b>						
ITTO producers' share of Africa total, %	63.3	62.4	68.3	69.3	69.6	..	..
Africa's share of World total, %	3.1	2.8	2.4	2.6	2.5	..	..

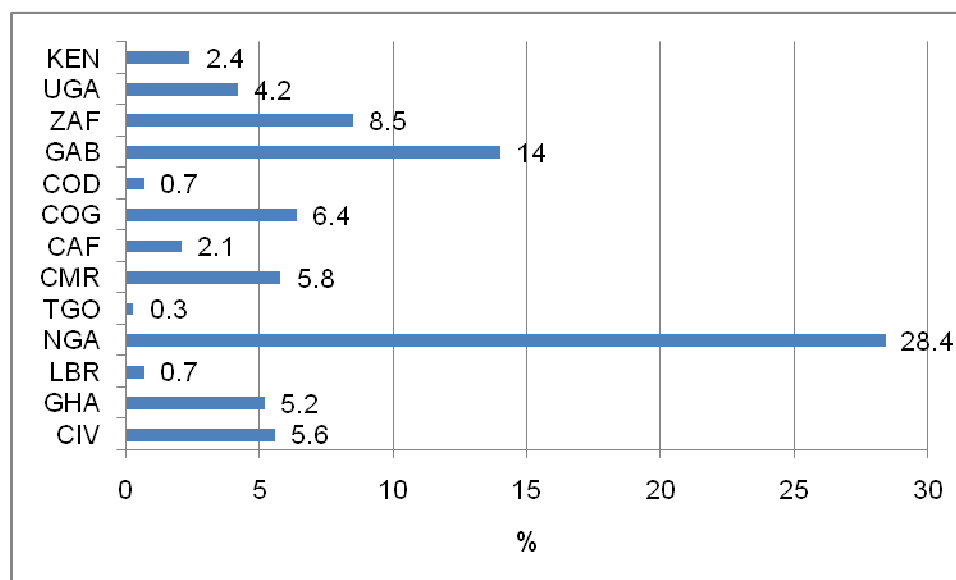
Source: FAO 2003-2007

**Figure 10 Share of Sawlogs and Veneer Log Production by Sub-region, 2006**



Source: FAO 2003-2007

**Figure 11 Share of Sawlogs and Veneerlogs in Selected Countries, 2006**



Source: FAO 2003-2007

## B. Production of Timber Products

### 1. Sawnwood

The production of African sawnwood in 2006 is estimated at 8 millions of m<sup>3</sup>, accounting for about 2% of global output (Table 7). About 4 million m<sup>3</sup> of sawnwood production came from African ITTO producers (53%). Western Africa accounted for about 39% of African sawnwood production in 2006 (Figure 12), followed by Southern Africa (36%). The share of Central Africa was about 18%. In Northern Africa and Eastern Africa, only limited volumes were produced (less than 4% of the regional total).

Sawnwood production in Africa slightly increased over the period 2003-2007, with an annual growth of about 0.7%. Sawnwood production is increasing in Northern Africa (1.6%), Western Africa (0.3%), Central Africa (2.6%) and Southern Africa (1%), but decreasing in Eastern Africa (5.6%). In African ITTO countries, the production of sawnwood is increasing with an annual growth of 0.9%.

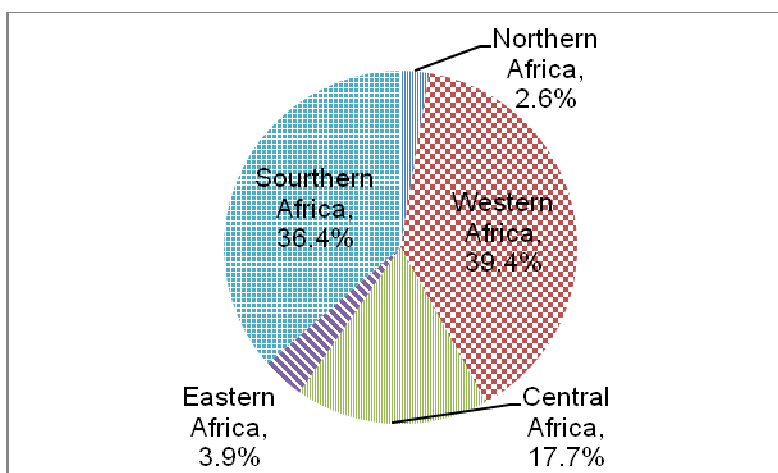
Republic of South Africa and Nigeria accounted for half of African sawnwood production in 2006 (Figure 13). Other important sources of African sawnwood are Cameroon (9%), Zimbabwe (7%), Ghana (6%) and Côte d'Ivoire (5%). Republic of Congo and Gabon accounted for about 3% each of the total African sawnwood production.

Non-coniferous sawnwood accounted for about 73% of the total production of African sawnwood, or three times the global share. In Western Africa, sawnwood production consists of entirely non-coniferous species and in Central Africa, the share is 97%. The share of non-coniferous species for Northern African is 72% and about 50% in Eastern Africa. Contrary to the other sub-regions, sawnwood production in Southern Africa is almost entirely of coniferous species. Non-coniferous share of sawnwood production for African ITTO countries represents about 95%.

**Table 7 Trends in Production of Sawnwood, 2003-2007**

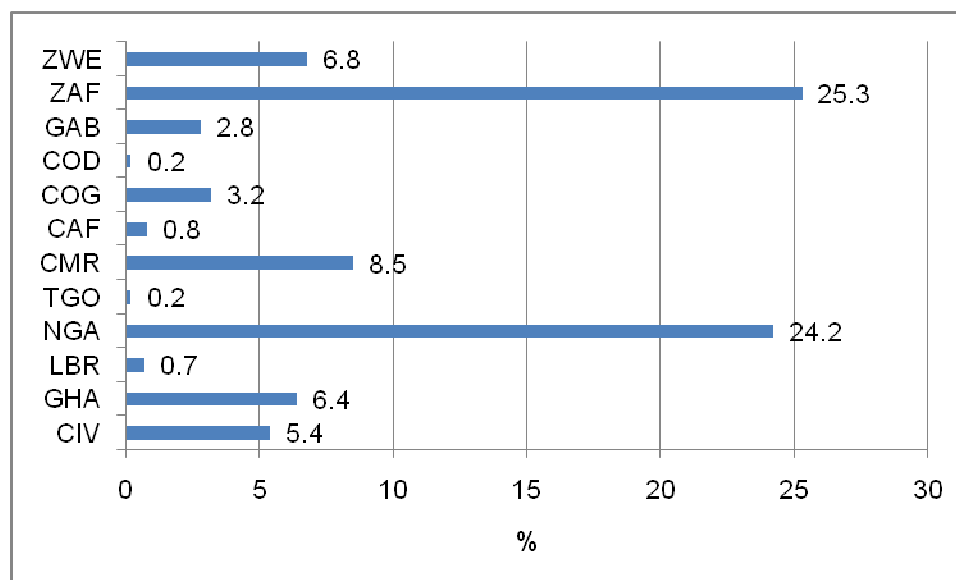
Sub-region	Production (Million m <sup>3</sup> )					Annual change 2003-2007	Sawnwood (NC)	NC share of total sawnwood 2006, %
	2003	2004	2005	2006	2007		2006	
Northern Africa	200.9	199.9	206.9	213.9	213.9	1.6	154.0	72.0
Western Africa	3 155.4	3 164.4	3 041.9	3 253.3	3 198.2	0.3	3 254.0	100.0
Central Africa	1 314.8	1 292.6	1 398.6	1 462.0	1 457.5	2.7	1 422.2	97.3
Eastern Africa	402.9	402.9	322.1	321.1	320.1	-5.1	159.1	49.5
Southern Africa	2 906.8	3 563.0	3 181.1	3 008.3	3 022.3	1.0	180.6	6.0
ITTO producers	4 178.2	4 165.0	4 172.0	4 331.9	4 333.8	0.9	4 331.9	100.0
<b>Africa total</b>	<b>7 980.8</b>	<b>8 622.8</b>	<b>8 150.6</b>	<b>8 258.6</b>	<b>8 212.0</b>	<b>0.7</b>	<b>6 053.2</b>	<b>73.3</b>
<b>World total</b>	<b>400 941.7</b>	<b>424 973.4</b>	<b>432 399.0</b>	<b>439 603.4</b>	<b>431 042.0</b>	<b>1.9</b>	<b>111 901.0</b>	<b>25.5</b>
<b>ITTO producers' and Africa's shares</b>								
ITTO producers' share of Africa total %	52.4	48.3	51.2	52.5	52.8	..	..	..
Africa's share of world total %	2.0	2.0	1.9	1.9	1.9	..	..	..

Source: FAO 2003-2007

**Figure 12 Sawnwood Production by Sub-region, 2006**

## 2. Veneer

Veneer production in Africa passed from 0.8 million m<sup>3</sup> in 2003 to 1 million m<sup>3</sup> in 2007 with an annual growth of 4%, which is faster than the global annual growth (Table 8). While the annual growth is positive for Northern Africa (1%) and Western Africa (2%), it is negative for southern Africa (-5%). There is an increasing trend in production of veneer for African ITTO producers, with an annual growth of about 6%.

**Figure 13** Shares of Selected Countries in African Production of Sawnwood, 2006

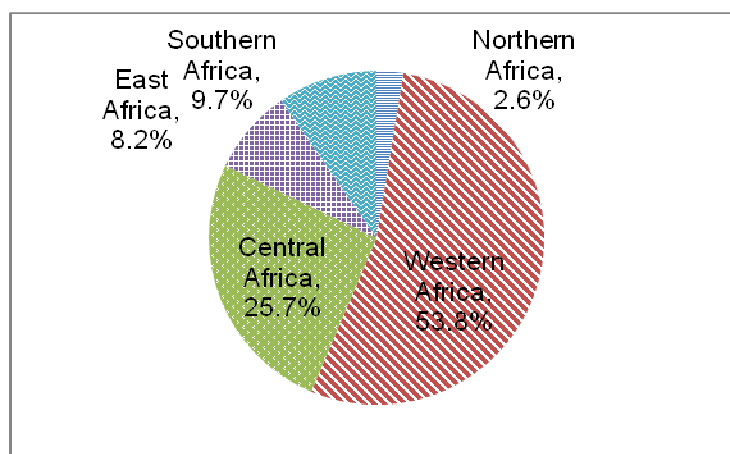
The estimated production of African veneer in 2006 is 0.9 million m<sup>3</sup>, accounting for 9% of global production of veneer. Figure 14 shows that Western Africa produced more than half of the regional total in 2006. In spite of more abundant raw material resources, the production in Central Africa was about a half of the production level in Western Africa. The production share was less than 10% in Northern Africa, Eastern Africa and Southern Africa each. Figure 15 shows that Côte d'Ivoire accounted for about 30% of production in 2006. The Central African Republic and Ghana accounted for 26% and 24%, respectively. The Gabonese share of African production of veneer in 2006 was 17%.

**Table 8** Trends in Production of Veneer, 2003-2007

Sub-region	Production (Million m <sup>3</sup> )					Annual change
	2003	2004	2005	2006	2007	%
Northern Africa	21.8	21.8	22.8	22.8	22.8	1.2
Western Africa	506.0	506.0	542.5	475.9	549.7	2.2
Central Africa	155.0	191.6	222.6	227.3	259.3	16.8
East Africa	56.6	56.6	71.6	72.6	72.6	7.1
Southern Africa	103.8	103.8	33.2	85.5	85.5	-4.4
ITTO Producers	646.0	682.6	747.6	686.0	791.8	5.6
<b>Africa total</b>	<b>843.2</b>	<b>879.8</b>	<b>892.7</b>	<b>884.1</b>	<b>989.9</b>	<b>4.3</b>
<b>World total</b>	<b>11 042.2</b>	<b>11 333.0</b>	<b>12194.2</b>	<b>11 619.1</b>	<b>11 504.9</b>	<b>1.0</b>
ITTO producers' and Africa's shares						
African ITTO producers' share of Africa total %	76.6	77.6	83.7	77.6	80.0	..
Africa's share of world total %	7.6	7.8	7.3	7.6	8.6	..

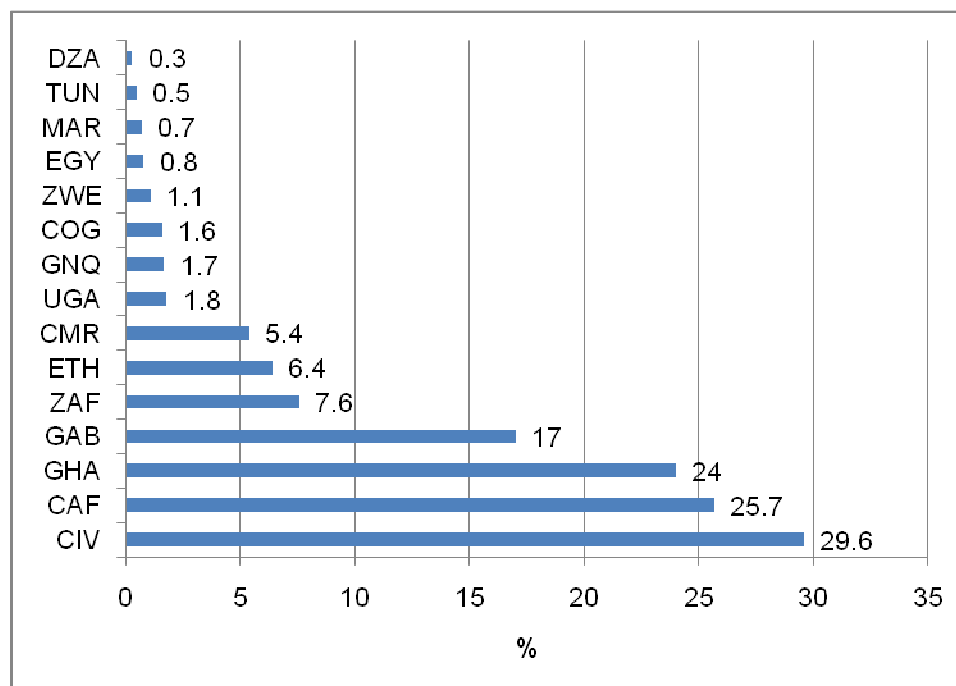
Source: FAO 2003-2007

**Figure 14 Share of Production of Veneer by Sub-region, 2006**



ITTO producers dominate the African production of veneer but they have been able to increase their regional production share only marginally due to difficult investment conditions in many countries. The Republic of Congo used to be a major producer in the past but veneer productivity has dropped to marginal levels.

**Figure 15 Share of Production of Veneer in Selected Countries, 2006**



### 3. Plywood

The African plywood production in 2006 was 0.8 million m<sup>3</sup>, accounting for only 1% of the world total (Table 9). Figure 16 shows that Western Africa and Central Africa accounted for 39% and 27%, respectively of the regional production. About 14% of the production came from Northern Africa. Southern Africa and Eastern Africa accounted for 12% and 9%, respectively. The African ITTO countries produced 0.4 million m<sup>3</sup>, accounting for 58% of African plywood production in 2006.

African plywood production has enjoyed an increasing trend with an annual growth of about 3%, which is about the same as the global rate. The growth in African plywood production over the 2003-2007 was essentially attributed to Western Africa (13%/yr). Plywood production has declined in Northern Africa (-1%/yr), Central Africa (-2%/yr) and Southern Africa (-6%/yr). In African ITTO producer countries, the annual growth was 4%.

Gabon accounted for about 19% of the total African production, followed by Ghana (15%), Côte d'Ivoire (11%) and Nigeria (7%). Cameroon, Guinea and Republic of South Africa accounted for about 5% each. About 3% to 4% of African plywood production came from Algeria, Egypt, Morocco and Tunisia, each (Figure 17).

Compared to sawnwood and veneer, the ITTO producers have performed well in plywood production. However, many countries have limited or no capacity which indicates that there is an unutilized investment potential in this product. Gabon's leading share is explained by one large mill, which enjoys competitive advantage of Okoumé. The African plywood industry is under competitive pressure from Asia and to a lesser extent from Brazil which have more modern, larger scale production units than those operating in African ITTO member countries.

**Table 9 Trends in Production of Plywood, 2003-2007**

Sub-region	Production (Million m <sup>3</sup> )					Annual change
	2003	2004	2005	2006	2007	%
Northern Africa	110.0	105.0	106.0	106.0	106.0	-0.9
Western Africa	222.0	244.0	281.0	297.3	336.7	12.9
Central Africa	166.0	105.3	110.7	209.4	152.4	-2.0
East Africa	70.6	70.6	71.9	72.0	72.0	0.5
Southern Africa	112.8	112.8	94.0	84.4	84.4	-6.3
ITTO Producers	369.8	331.1	328.5	448.9	431.3	4.2
<b>Africa total</b>	<b>681.4</b>	<b>637.7</b>	<b>663.6</b>	<b>769.1</b>	<b>751.5</b>	<b>2.6</b>
<b>World total</b>	<b>68 788.4</b>	<b>68 636.1</b>	<b>73 223.0</b>	<b>73 710.0</b>	<b>76 126.6</b>	<b>2.7</b>
ITTO producers' and Africa's shares						
ITTO producers' share of Africa total %	54.3	51.9	49.5	58.4	57.4	..
Africa's share of world total %	1.0	0.9	0.9	1.0	1.0	..

Source: FAO 2003-2007

## 1. Other Wood Based Panels Production

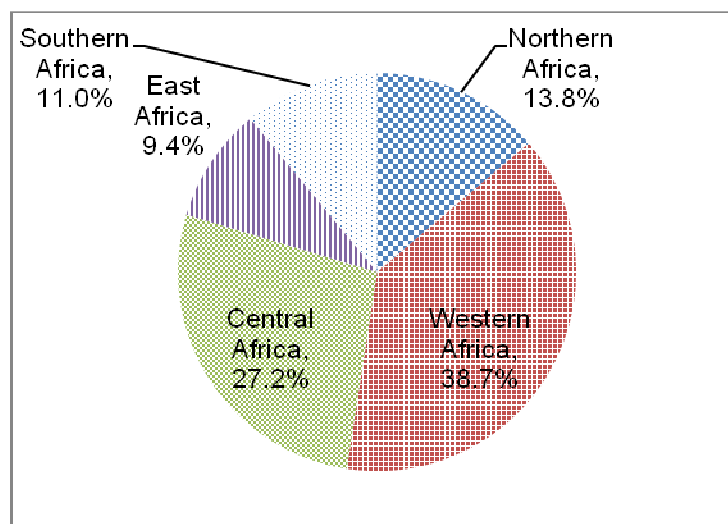
### a) Particle Board

The estimated particle board production for Africa in 2006 was 0.8 million m<sup>3</sup>, accounting for about 1% of the global particle board production (Table 10). Southern Africa accounted for over two-thirds of the African production (Figure 18). The shares for Northern Africa and Western Africa were 12% and 6%, respectively. African ITTO producers accounted for about 6% of total particle board production in 2006.



The particle board production in Africa has declined over the period 2003-2007, with an average annual change of -5% (Table 9). While the trends in production are declining in Eastern Africa (-9%) and Southern Africa (-6%), the production of particle board has leveled off in Northern Africa, Western Africa and Central Africa.

**Figure 16 Share of Plywood by Sub-region, 2006**



**Figure 17 Share of Selected Countries in African Plywood Production, 2006**

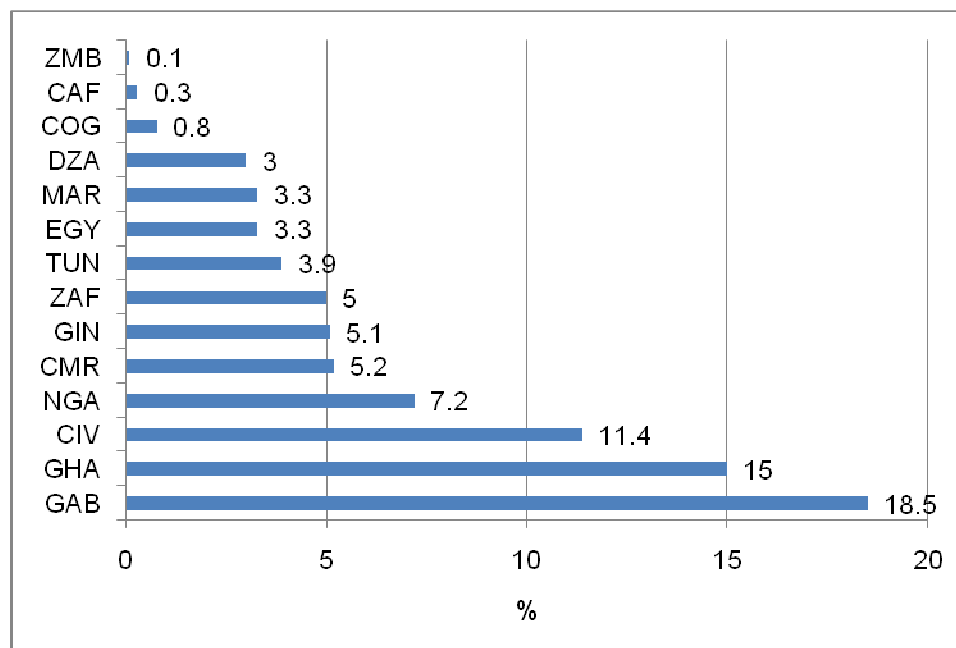
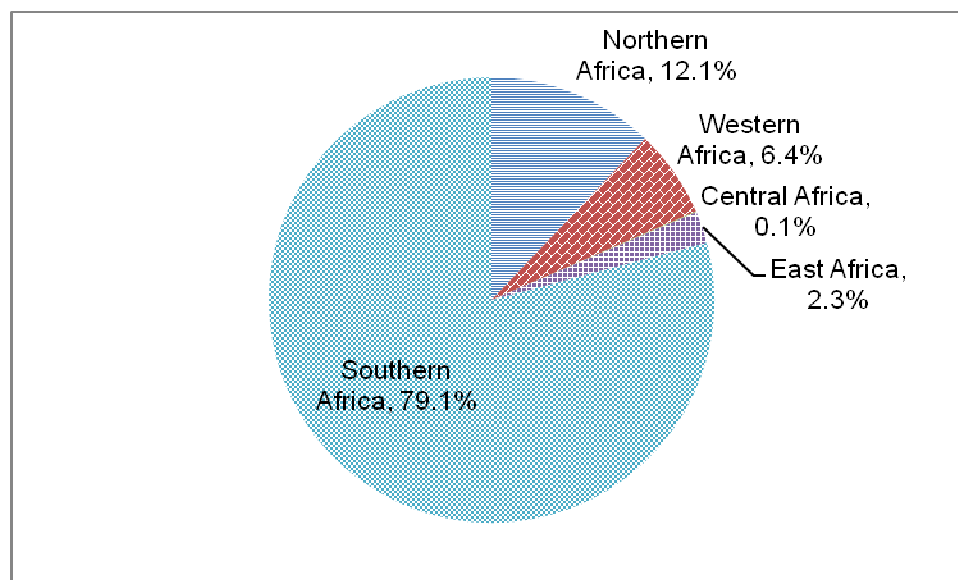


Figure 19 presents the production of particle board in selected countries. The Republic of South Africa took a lion's share of 69% of total African particle board production in 2006, followed by Zimbabwe (8%), Tunisia (7%), Nigeria (5%) and Algeria (3%). Only small volumes were produced in Zambia, Ethiopia, Kenya, Ghana, Democratic Republic of Congo, Uganda, Sudan, Tanzania, Morocco and Egypt.

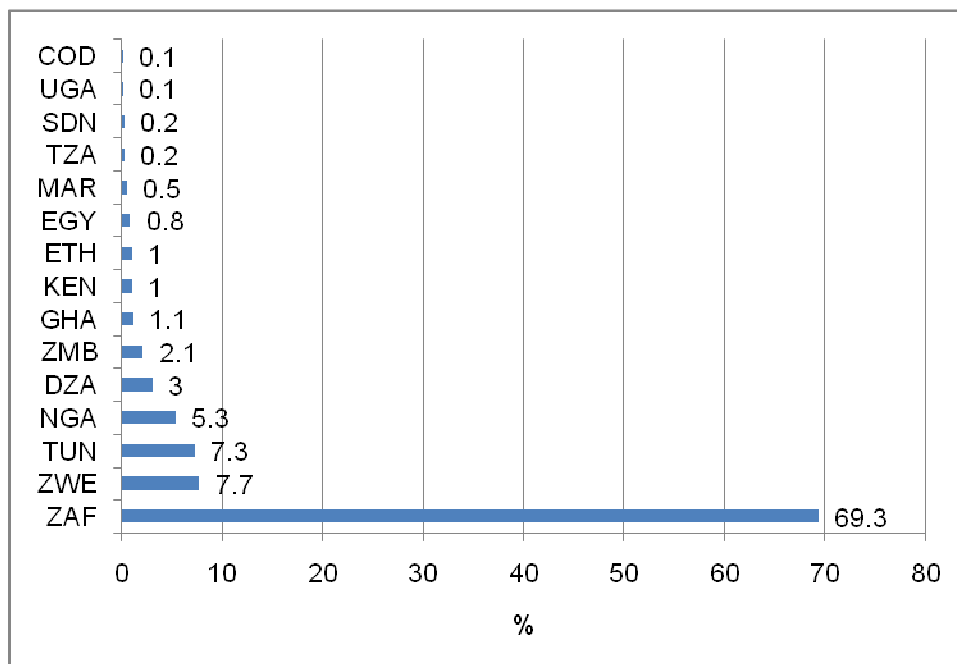
**Table 10 Trends in Production of Particle Board, 2003-2007**

Sub-region	Production (Million m <sup>3</sup> )					Annual change
	2003	2004	2005	2006	2007	%
Northern Africa	91.1	91.1	91.1	91.1	91.1	0.0
Western Africa	48.0	48.0	48.0	48.0	48.0	0.0
Central Africa	0.5	0.5	0.5	0.5	0.5	0.0
East Africa	27.9	27.9	17.4	17.4	17.4	-9.4
Southern Africa	789.8	789.8	431.9	596.0	596.0	-6.1
African ITTO Producers	48.5	48.5	48.5	48.5	48.5	0.0
<b>Africa total</b>	<b>957.3</b>	<b>957.3</b>	<b>588.9</b>	<b>753.0</b>	<b>753.0</b>	<b>-5.3</b>
<b>World total</b>	<b>92 081.5</b>	<b>98 442.6</b>	<b>100 648.0</b>	<b>106 454.8</b>	<b>106 144.4</b>	<b>3.8</b>
<b>ITTO producers' and Africa's shares</b>						
African ITTO producers' share of Africa total %	5.1	5.1	8.2	6.4	6.4	..
Africa's share of world total %	1.0	1.0	0.6	0.7	0.7	..

Source: FAO 2003-2007

**Figure 18 Share of Production of Particle Board by Sub-region, 2006**

Particle board is essentially a domestic market product as its low price does not justify long transportation distances with high costs. There is some potential for expansion among ITTO producer countries if domestic demand starts to grow for example in Nigeria where the potential market size in the medium/long-term future could eventually justify investment into a particle board mill with a minimum economic size.

**Figure 19** Share of Selected Countries in African Production of Particle Board, 2006**b) Fibreboard**

The fibreboard production for Africa in 2006 stood at 0.2 million m<sup>3</sup>, accounting for 0.3% of the global output (Table 11). Southern Africa accounted for about 67% of the regional total in 2006 (Figure 20). Northern Africa's share of fibreboard production was about 15%, followed by Western Africa (13%) and Eastern Africa (6%). There was no data for Central African sub-region. African ITTO producers produced about 30 000 m<sup>3</sup>, accounting for about 13% of total fibreboard production for Africa in 2006 but the figure is not reliable.

Table 10 shows Fibreboard production in Africa in 2003-2007 increased slightly with an annual growth rate of about 1% thanks to Southern Africa. The trend in fibreboard production for Eastern Africa is decreasing with an annual change of about -2%. The production leveled off over the study period in Northern Africa and Western Africa. There were no data for the Central African sub-region.

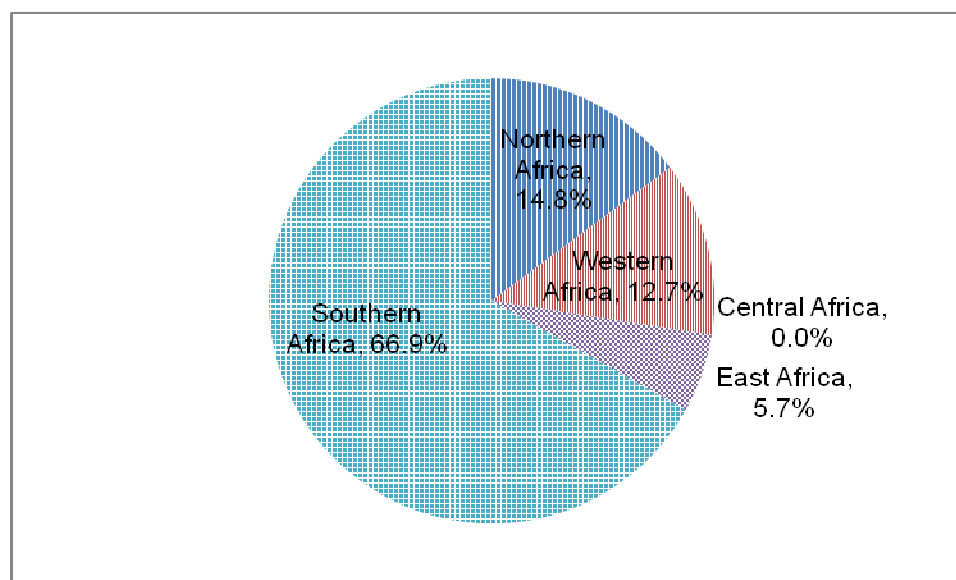
Main fibreboard producers are Republic of South Africa, Egypt, Tunisia, Kenya, Ethiopia, Uganda and Tanzania. Among ITTO producer countries Liberia is reported to have one production unit but it is not known whether it has restarted operation. Based on FAO data it is assumed to be in production which explains why there is some production in Western Africa in Table 10 and Figure 20.

MDF and hardboard may be produced for exports as shown by the Republic of South Africa, but investment risk tends to be high in the absence of sizeable domestic market. Therefore, short and medium-term prospects for fibreboard production increase in ITTO producer member countries are bleak.

**Table 11 Trends in Production of Fibreboard, 2003-2007**

Sub-region	Production (Million m <sup>3</sup> )					Annual change 2003-2007
	2003	2004	2005	2006	2007	%
Northern Africa	35.0	35.0	35.0	35.0	35.0	0.0
Western Africa	30.0	30.0	30.0	30.0	30.0	0.0
Central Africa	..	..	..	..	..	0.0
Eastern Africa	14.4	11.5	13.5	13.5	13.5	-1.6
Southern Africa	150.0	210.0	160.8	158.4	158.4	1.4
African ITTO Producers	30.0	30.0	30.0	30.0	30.0	0.0
<b>Africa total</b>	<b>229.4</b>	<b>286.5</b>	<b>239.3</b>	<b>236.9</b>	<b>236.9</b>	<b>0.8</b>
<b>World total</b>	<b>48 010.2</b>	<b>56 034.2</b>	<b>63 159.7</b>	<b>69 920.5</b>	<b>72 394.3</b>	<b>12.7</b>
ITTO producers' share of Africa total %	13.1	10.5	12.5	12.7	12.7	..
Africa's share of World total %	0.5	0.5	0.4	0.3	0.3	..

Source: FAO 2003-2007

**Figure 20 Share of Production of Fibreboard by Sub-region, 2006**

## C. Demand

### 1. Apparent Consumption

#### a) Sawnwood

The estimated consumption of sawnwood for Africa in 2006 was 13 million m<sup>3</sup>, accounting for about 3% of the global consumption (Table 12). Northern Africa accounted for the largest share of African sawnwood consumption (37%), followed by Southern Africa and Western Africa (27% and 23%, respectively), Eastern Africa's share was 10% and Central Africa's only 4%. African ITTO producers accounted for 22% of the total region sawnwood consumption in 2006.

The region's apparent consumption of sawnwood has increased over the period 2003-2007 with an annual growth rate of about 4%, which is faster than the global rate. The growth has been highest in Northern Africa (11%) followed by Eastern Africa (7%). Consumption has been declining in Western Africa, Central Africa and African ITTO producer countries.

The available data on current consumption levels of timber products in Africa does not allow reliable estimation. The figures in this section are based on FAO and ITTO data on production, imports and exports which are notoriously of weak quality. Therefore, caution is needed in drawing conclusions on consumption trends.

**Table 12 Trends in Consumption of Sawnwood, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007	Share in 2006
	1000 m <sup>3</sup>					%	%
Northern Africa	3 249	4 802	4 809	4 618	4 625	10.6	36.7
Western Africa	2 828	2 694	2 550	2 863	2 804	-0.2	22.8
Central Africa	572	520	490	445	535	-1.6	3.5
Eastern Africa	994	1 422	1 341	1 301	1 263	6.8	10.3
Southern Africa	3 247	3 767	3 509	3 348	3 402	1.2	26.6
ITTO producers	2 982	2 794	2 642	2 806	2 872	-0.9	..
<b>Africa total</b>	<b>10 890</b>	<b>13 203</b>	<b>12 698</b>	<b>12 574</b>	<b>12 629</b>	<b>4.0</b>	<b>100</b>
	<b>396</b>	<b>425</b>	<b>429</b>	<b>432</b>	<b>423</b>		..
<b>World total</b>	<b>821</b>	<b>206</b>	<b>158</b>	<b>855</b>	<b>814</b>	<b>1.7</b>	
<b>ITTO producers' and Africa's shares</b>							
African ITTO producers' share total %	27.4	21.2	20.8	22.3	22.7	..	..
Africa's share of world total %	2.7	3.1	3.0	2.9	3.0	..	..

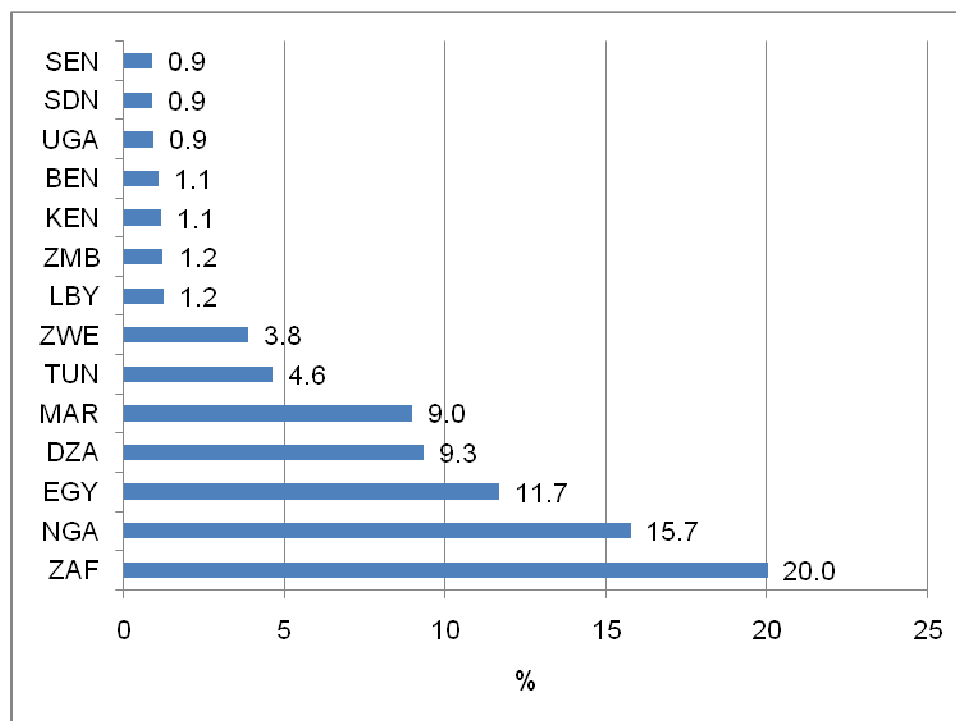
Source: FAO 2003-2007

Figure 21 shows that six countries accounted for 74% of consumption of sawnwood for Africa in 2006. Republic of South Africa (20%), Nigeria (16%), Egypt (12%), Algeria (9%), Morocco (9%), Tunisia (5%) and Zimbabwe (4%). Libya, Zambia, Kenya, Benin, Uganda, Sudan and Senegal individually accounted for 1% of the regional sawnwood consumption each.

The domestic market in the ITTO producer countries is generally traditional and suffers from the weakness in demand drivers. A significant share of domestic demand is met by informal supply and does not get recorded in official statistics. Therefore, the consumption of these countries is likely to be slowly

underestimated at least by 20 to 50% depending on the local conditions. There is a need to consider policy measures and promotional programmes to encourage sawnwood production in ITTO producing member countries in Africa.

**Figure 21 Share of Selected Countries Consumption of Sawnwood in Africa, 2006**



Source: FAO 2003-2007

#### **b) Non-coniferous Sawnwood**

Table 13 presents the shares of non-coniferous sawnwood in African sawnwood consumption. In Africa the overall consumption of non-coniferous sawnwood is less than coniferous sawnwood. However, the situation is the reverse in Western Africa, Central Africa and Eastern Africa where non-coniferous sawnwood dominates consumption as a result of domestic supply. The share of non-coniferous sawnwood is less than 20% in Northern Africa and Southern Africa. This is partly due to the lack of natural tropical forests in these regions. The consumption of non-coniferous sawnwood is declining in African ITTO producer countries at the rate of 1%.

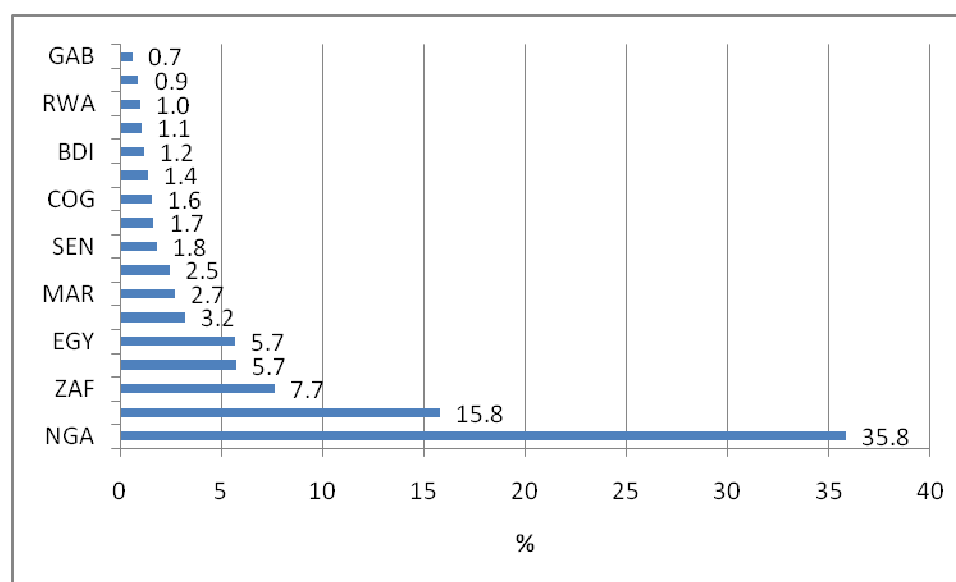
Nigeria accounted for 36% of the regional non-coniferous sawnwood consumption in 2006 (Figure 22), followed by Madagascar (16%), Republic of South Africa (8%); Ghana (6%) and Egypt (6%), Côte d'Ivoire, Morocco and Benin each (3%), and Senegal, Uganda and Republic of Congo (2% each). In other countries consumption was marginal.

Southern and Eastern Africa enjoy growth markets although the volumes, with the exception of Republic of South Africa, are nationally limited. As these sub-regions have only low local production of non-coniferous species, they represent a significant market potential for ITTO producers. On the other hand, very low current consumption level in Northern Africa represents an opportunity for ITTO producers in spite of them being traditionally consumers of coniferous sawnwood.

**Table 13 Share of Non-coniferous Species in Sawwood Consumption, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007, %	Share in 2006, %
	%						
Northern Africa	19.0	17.5	17.7	14.5	12.6	-8.5	12.1
Western Africa	99.7	99.4	99.4	99.7	99.6	0.0	51.6
Central Africa	90.4	89.9	89.2	88.0	90.0	-0.1	7.1
Eastern Africa	79.9	85.7	84.6	84.8	89.5	3.0	20.0
Southern Africa	13.4	12.6	17.6	15.3	16.9	6.7	9.3
ITTO producers	100.0	100.0	100.0	100.0	100.0	0.1	50.9
<b>Africa total</b>	<b>47.6</b>	<b>43.0</b>	<b>43.9</b>	<b>44.0</b>	<b>44.1</b>	<b>-1.9</b>	<b>100.0</b>
<b>World total</b>	<b>26.0</b>	<b>25.6</b>	<b>25.7</b>	<b>26.2</b>	<b>26.7</b>	<b>2.8</b>	

Source: FAO 2003-2007

**Figure 22 Share of Selected Countries in African Consumption of Non-coniferous Sawwood, 2006**

Source: FAO 2003-2007

**c) Wood-based Panels**

Table 14 shows that consumption of wood-based panels in Africa is slightly declining with an annual growth of -1% , while the annual growth of global consumption of wood based panel is 4%. The annual growth of consumption of wood-based panels may be understated because of data in Central Africa (negative consumption for years 2004 and 2005). Except for Northern Africa, trends in consumption of wood based panels in Africa is increasing for African sub-regions as well as for African ITTO producer countries.

The estimated consumption of wood-based panels for Africa in 2006 was 3 million m<sup>3</sup>, accounting for about only 1% of the global consumption. Southern Africa accounted for 44% of the regional total.

Though the consumption of wood-based panels in Northern Africa has been on the decline, this sub-region still accounted for 34% of the whole region. Western Africa and Eastern Africa accounted for 10% and 9%, respectively, of the total consumption of wood-based panels. African ITTO producer countries accounted for no more than 11% of the consumption of wood-based panels in the region.

**Table 14 Trends in Consumption of Wood-based Panels, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007	Share in 2006
	1000 m <sup>3</sup>					%	%
Northern Africa	1 068.0	705.6	730.1	882.4	859.4	-4.9	33.5
Western Africa	265.1	277.6	302.6	271.9	302.1	3.5	10.3
Central Africa	35.3	- 31.7	- 69.5	73.7	59.1	16.8	2.8
Eastern Africa	243.2	262.7	255.5	246.1	274.7	3.2	9.3
Southern Africa	1 105.2	1 207.7	840.7	1 161.9	1 159.3	1.2	44.1
ITTO producers	261.0	217.2	159.4	285.7	285.9	2.4	..
<b>Africa total</b>	<b>2 716.8</b>	<b>2 421.8</b>	<b>2 059.4</b>	<b>2 636.1</b>	<b>2 654.5</b>	<b>-0.6</b>	<b>100</b>
<b>World total</b>	<b>210 120.5</b>	<b>224 443.9</b>	<b>236 424.7</b>	<b>245 743.7</b>	<b>245 379.0</b>	<b>4.2</b>	<b>..</b>
<b>ITTO producers' and Africa's shares</b>							
ITTO producers' share of Africa total %	9.6	9.0	7.7	10.8	10.8	..	..
Africa's share of world total %	1.3	1.1	0.9	1.1	1.1	..	..

Source: FAO 2003-2007

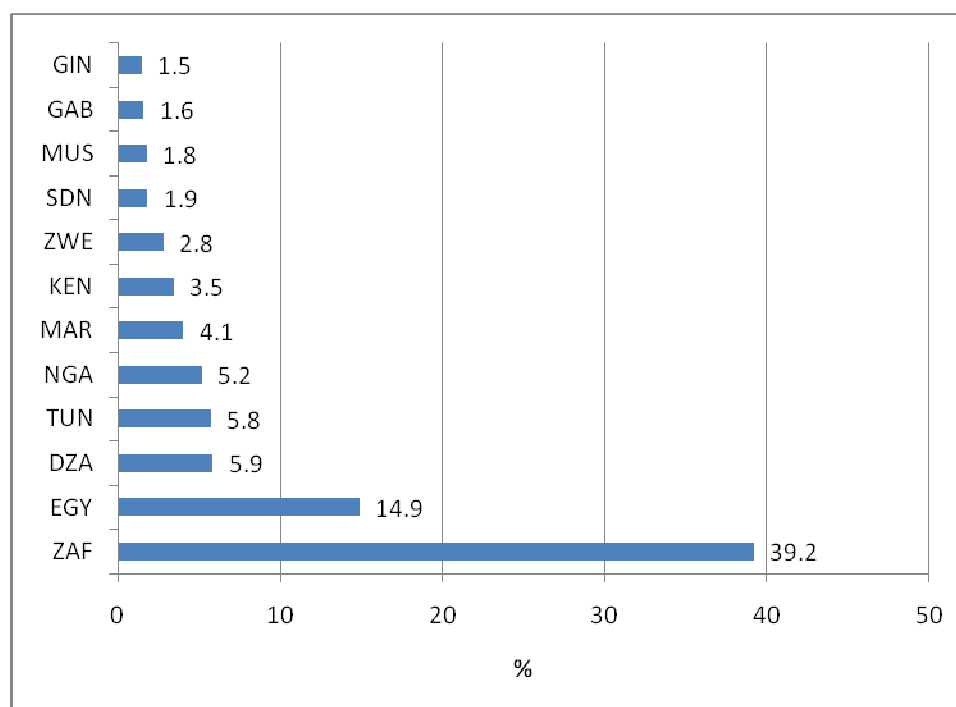
Republic of South Africa and Egypt are the leading consumers of wood-based panels (Figure 23). These countries together accounted for 54% of the regional consumption of wood-based panels, followed by Algeria and Tunisia. Nigeria's share was only 5% in spite of its large population. Morocco and Kenya were other significant markets.

#### d) *Plywood*

The estimated consumption of plywood in Africa in 2006 was 0.7 million m<sup>3</sup>, accounting for 1% of global consumption level (Table 15). Despite declining consumption in Northern Africa, it is the largest market (34%). Western Africa, Eastern Africa and Southern Africa individually accounted for 19% of the African plywood consumption. The African ITTO producer countries accounted for 22% of African plywood consumption for 2006.

According to the available statistics, the African plywood consumption is declining at the rate of 6% while the global consumption is still increasing (1%/yr). Apart from Northern Africa, the consumption of plywood is increasing in the sub-regions with an annual growth less than 10%. The data on Central Africa in Table 14 probably over estimates the consumption growth due to stock changes in major exporting countries.



**Figure 23 Share of Selected Countries in African Consumption of Wood Based Panels, 2006**

Source: FAO 2003-2007

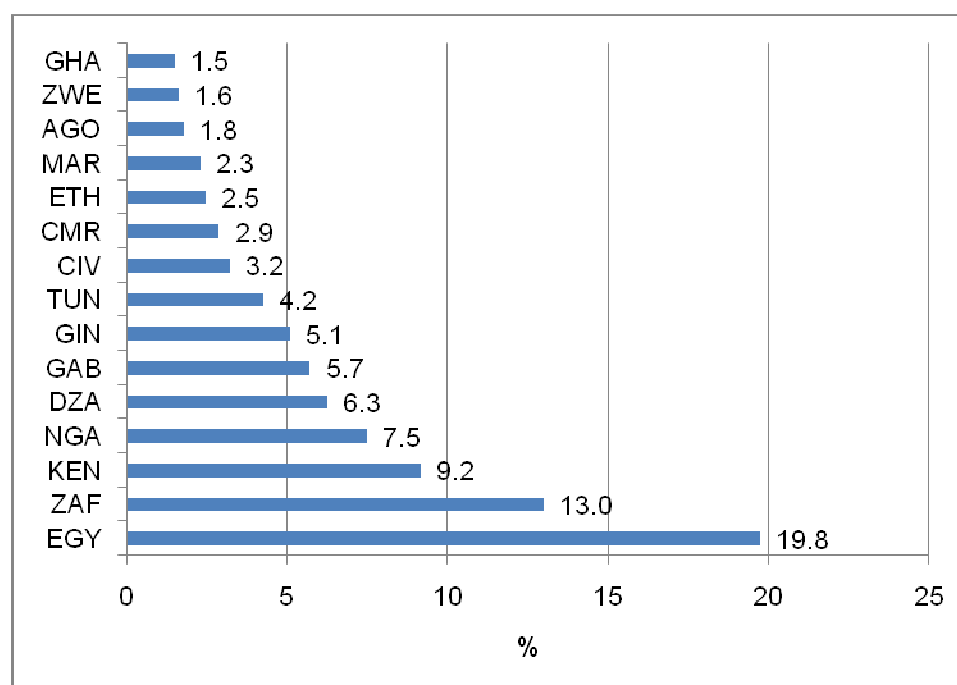
**Table 15 Trends in Consumption of Plywood, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007	Share in 2006
	1000 m <sup>3</sup>					%	
Northern Africa	575.4	159.9	160.9	246.9	241.2	-14.5	33.6
Western Africa	126.1	136.3	161.3	137.9	168.5	8.4	18.8
Central Africa	32.4	- 36.9	- 72.9	71.2	56.3	18.5	9.7
Eastern Africa	133.0	123.2	124.5	138.8	150.1	3.2	18.9
Southern Africa	127.9	125.4	124.3	140.5	152.8	4.9	19.1
ITTO producers	134.0	92.6	36.6	160.2	160.6	4.9	21.8
<b>Africa total</b>	<b>994.7</b>	<b>507.9</b>	<b>498.0</b>	<b>735.3</b>	<b>769.0</b>	<b>-5.7</b>	<b>100</b>
<b>World total</b>	<b>69 094.3</b>	<b>68 530.2</b>	<b>72 159.2</b>	<b>70 860.0</b>	<b>71 239.5</b>	<b>0.8</b>	
<b>ITTO producers' and Africa's shares</b>							
ITTO producers' share of Africa total %	13.5	18.2	7.3	21.8	20.9	..	..
Africa's share of world total %	1.4	0.7	0.7	1.0	1.1	..	..

Source: FAO 2003-2007

Figure 24 shows that the main plywood markets are Egypt (20% of the region), Republic of South Africa (13%), Kenya (9%), Nigeria (8%), Algeria (6%), Gabon (6%), Guinea (5%) and Tunisia (4%).

**Figure 24 Share of Selected Countries in African Plywood Consumption, 2006**



Source: FAO 2003-2007

#### e) Particle Board

The particle board consumption in Africa in 2006 was 0.9 million m<sup>3</sup>, accounting for 1% of the global consumption. Over two-thirds of the regional total occurred in Southern Africa. Northern Africa accounted for 22%, followed by Western Africa (5%) and Eastern Africa (3%). The African ITTO countries accounted for 5% of African particle board consumption in 2006 (Table 16).

Particle board consumption in Africa is declining at the rate of 4% (Table 16). In Northern Africa and Eastern Africa, the particle board consumption is increasing, while it is declining in Western Africa, Central Africa and Southern Africa. In African ITTO producer countries, the consumption of particle board is rather constant.

Republic of South Africa is the largest particle board market accounting for almost two thirds of the region (Figure 25). Other important consumers are Algeria (9%), Tunisia (7%), Zimbabwe (6%), Nigeria (4%), Morocco, Libya, Egypt and Zambia (each 2%).

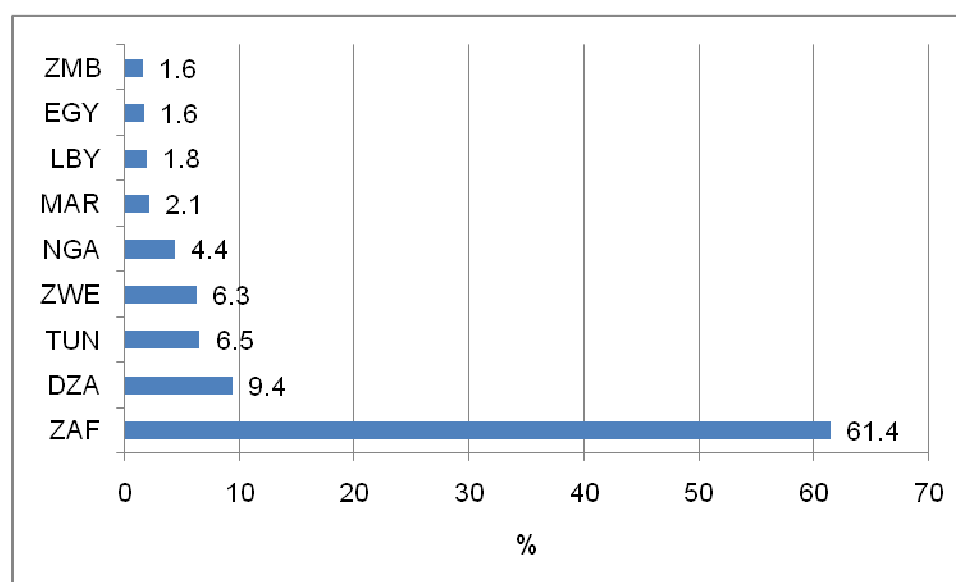
#### f) Fibreboard

Table 17 provides trends in consumption of fibreboard in Africa. The average annual growth for Africa (12%) is slightly greater than the global annual growth (11%) of fibreboard consumption. In the sub-regions, Southern Africa has the fastest growth (27%), followed by Northern Africa (10%) and Eastern Africa (3%). Fibreboard consumption is declining in Western Africa and Central Africa as well as in African ITTO producer countries.

**Table 16 Trends in Consumption of Particle Board, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007	Share in 2006
	1000 m <sup>3</sup>					%	
Northern Africa	184.4	187.9	211.5	205.2	187.9	0.5	21.6
Western Africa	52.0	56.0	56.0	50.1	49.7	-1.1	5.3
Central Africa	1.6	1.9	1.1	1.2	1.4	-2.9	0.1
Eastern Africa	41.7	48.5	38.0	31.6	48.8	4.2	3.3
Southern Africa	803.1	815.7	456.8	659.9	644.9	-4.9	69.6
ITTO producers	49.9	50.5	49.7	50.2	50.1	0.1	..
<b>Africa total</b>	<b>1 082.9</b>	<b>1 110.0</b>	<b>763.4</b>	<b>948.1</b>	<b>932.7</b>	<b>-3.5</b>	<b>100</b>
<b>World total</b>	<b>91 702.7</b>	<b>98 280.5</b>	<b>100 388.2</b>	<b>105 018.6</b>	<b>103 355.0</b>	<b>3.2</b>	<b>..</b>
<b>ITTO producers' and Africa's shares</b>							
African ITTO producers' share of Africa total %	4.6	4.6	6.5	5.3	5.4	..	..
Africa's share of world total %	1.2	1.1	0.8	0.9	0.9	..	..

Source: FAO 2003-2007

**Figure 25 Particle Board Consumption in Selected Countries, 2006**

Source: FAO 2003-2007

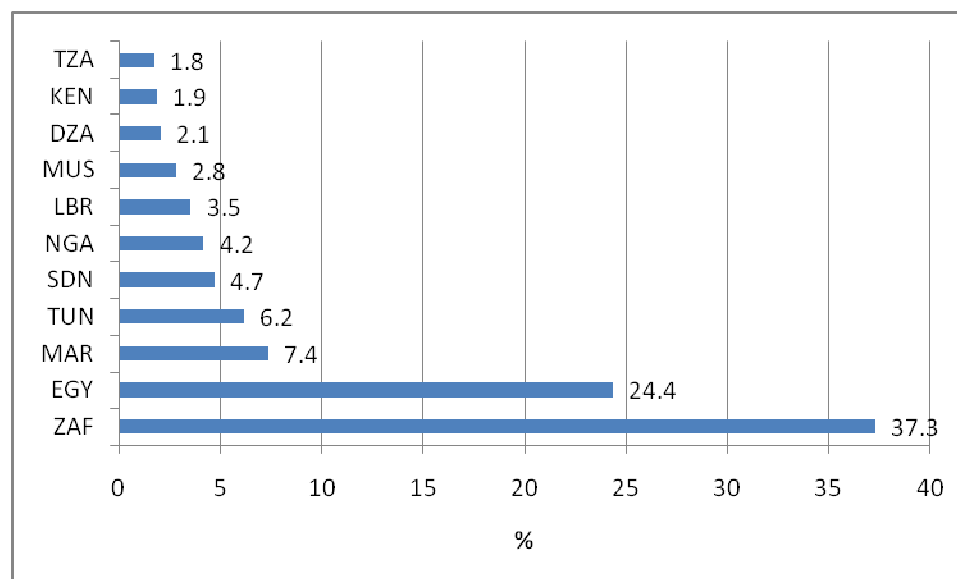
Total consumption of fibreboard for Africa in 2006 is 1 million m<sup>3</sup>, accounting for 1% of global consumption of fibreboard. In the sub-regions, Northern Africa and Southern Africa together accounted for 83% of African fibreboard consumption in 2006. Western Africa and Eastern Africa accounted for 9% and 8%, respectively. African ITTO producer countries accounted for 8% of African fibreboard consumption in 2006.

**Table 17 Trends in Consumption of Fibreboard, 2003-2007**

Sub-region	2003	2004	2005	2006	2007	Annual change 2003-2007	Share in 2006
	1000 m <sup>3</sup>					%	
Northern Africa	308.2	357.8	357.8	430.2	430.2	9.9	45.2
Western Africa	87.0	85.2	85.2	83.9	83.9	-0.9	8.8
Central Africa	1.3	3.4	2.3	1.3	1.3	-0.3	0.1
Eastern Africa	68.5	91.0	93.0	75.8	75.8	2.7	8.0
Southern Africa	174.2	266.5	259.7	361.5	361.5	26.9	37.9
ITTO producers	77.1	74.1	73.1	75.2	75.2	-0.6	..
<b>Africa total</b>	<b>639.2</b>	<b>803.9</b>	<b>798.0</b>	<b>952.8</b>	<b>952.8</b>	<b>12.3</b>	<b>100</b>
<b>World total</b>	<b>49 323.6</b>	<b>57 633.3</b>	<b>63 877.3</b>	<b>69 865.1</b>	<b>70 784.5</b>	<b>10.9</b>	<b>..</b>
<b>ITTO producers' and Africa's shares</b>							
African ITTO producers' share of Africa total %	12.1	9.2	9.2	7.9	7.9	..	..
Africa's share of world total %	1.3	1.4	1.2	1.4	1.3	..	..

Source: FAO 2003-2007

Figure 26 shows that the leading consumers of fiberboard in 2006 were Republic of South Africa (37%) and Egypt (24%). Morocco accounted for 7%, Tunisia (6%), Sudan (5%), Nigeria (4%) and Mauritius (3%). Other important markets are Algeria, Kenya and Tanzania, each accounting for about 2%.

**Figure 26 Share of Selected Countries in African Fibreboard Consumption, 2006**

Source: FAO 2003-2007

## 2. Market Drivers

### a) Population

The estimated population for Africa in 2006 totaled 934 million people (Table 18), of which Western Africa accounted for 29%, primarily attributed to Nigeria. Eastern and Northern Africa accounted for 23% and 21%, respectively. The population shares of Southern Africa and Central Africa are 14% and 12%, respectively. African ITTO producer countries accounted for 29% of the total population in Africa.

The annual population growth in Africa is about 2.3%. The highest growth rates are recorded in Western, Central and Eastern Africa (2.7%, 2.4% and 2.9%, respectively). The lowest growth rates are recorded in Northern and Southern Africa ( 1.8% and 1.5%, respectively).

The population in Africa is projected to rise to 1 billion in 2010 and to 1.2 billion in 2015 (Table 19). The aggregate annual growth rate (2.3%) is expected to decline slightly to 2.2% in 2015. The sub-regional annual growth rates are expected to decline accordingly. However, the increase in absolute numbers, especially the projected increase in the urban population implies more demand for timber products. The projected absolute numbers of the urban population are increasing between 2010 and 2015, although the respective growth rate will decline, however remaining substantially higher than that of the total population. This is important as the urban market consumes most the tropical timber products traded in the region.

**Table 18 Population by Sub-region, 2006**

Region	Total Population	Share	Population growth
	Million	%	%/yr
Northern Africa	194.9	20.81	1.76
Western Africa	276.3	29.49	2.72
Central Africa	116.8	12.47	2.43
Eastern Africa	218.3	23.30	2.90
Southern Africa	130.5	13.92	1.51
Africa	936.8	100	2.26
ITTO Producers	267.1	28.5	2.36

Source: WDI 2007

### b) GDP and Impact of Financial Crisis

The GDP and its growth are major market drivers for TTP demand. The regional GDP for Africa in 2006 totaled USD 1 107 billion (Table 20). While population is relatively evenly distributed between sub-regions, this is not the case for economic activity. Northern Africa accounted for 37% of the regional GDP, followed by Southern Africa (31%), Western Africa (19%), Eastern Africa (7%) and Central Africa (6%). The overall annual GDP growth for Africa is 6% or well above the global average. The annual GDP growth is highest in Northern Africa and Southern Africa (about 7%). The annual GDP growth is 6% in Eastern Africa, followed by Western Africa (5%), and Central Africa (3%). In ITTO producer countries, the recorded GDP was USD 225 billion with an annual growth of 4%.

The average GDP per capita in Africa in 2006 was USD 1 183 . The highest income level is in Republic of South Africa (USD 2 629), Northern Africa (USD 2 099), followed by Western Africa (USD 780), Central Africa (USD 548), and Eastern Africa (USD 350).

The overall annual GDP per capita growth for Africa has been 3%. The GDP per capita growth has been about 5% in Northern Africa and Southern Africa, 3% in Eastern Africa and 2% in Western Africa. The

lowest GDP per capita growth rate is found in Central Africa partly due to the recent civil war in Democratic Republic of Congo.

**Table 19 Demographic Projections**

	Year	Northern Africa	Western Africa	Central Africa	Eastern Africa	Southern Africa	Total Africa
Total population	2005	189.6	272.5	112.5	292.5	54.9	922.0
	2010	206.3	307.4	129.6	332.1	56.6	1032.0
	2015	223.2	344.5	148.5	375.0	57.9	1149.1
Urban population % of total	2005	50.2	41.7	39.9	22.1	51.0	37.9
	2010	52.0	44.6	42.9	23.7	54.6	39.9
	2015	54.0	47.6	46.1	25.6	57.4	42.2
Total population growth	2000-2005	1.7	2.6	2.8	2.6	1.1	2.3
	2005-2010	1.7	2.4	2.8	2.5	0.6	2.3
	2010-2015	1.6	2.3	2.7	2.4	0.5	2.2
Urban population growth	2000-2005	2.4	4.0	4.2	3.9	2.0	3.4
	2005-2010	2.4	3.8	4.3	3.9	1.5	3.3
	2010-2015	2.3	3.6	4.1	4.0	1.3	3.2

Source: UN/DESA 2009b

**Table 20 GDP by Sub-region, 2006**

Sub-region	GDP	Share	GDP growth	GDP per capita	GDP per capita growth
	USD 10 <sup>9</sup>	%	%/yr	USD	%/yr
Northern Africa	409.1	36.92	7.21	2098.6	5.34
Western Africa	215.4	19.44	4.99	779.8	2.17
Middle Africa	64.0	5.78	3.16	547.9	0.69
Eastern Africa	76.5	6.90	5.74	350.4	2.83
Southern Africa	342.9	30.95	6.88	2628.5	5.17
Africa	1107.9	100	5.60	1182.6	3.24
ITTO Producers	208.2	18.8	4.40	779.5	1.96

Source: WDI 2007

### 3. Demand and Outlook for Timber and Timber Products

As the result of the financial crisis which started in the United States housing market during the summer of 2007, the global economy is projected to enter into recession in 2009 (Figure 27). The global annual growth of real GDP is expected to slow to 1%, a sharp deceleration from the growth rate estimated for 2008 (2.5%). As the result, the global GDP per capita will fall in 2009. The individual global growth rates for exports and imports are also expected to slow sharply from 19% in 2008 to -4% in 2009 for each (UN/DESA 2009).

The African economy is not immune from the global economic crisis (AfDB 2009). Figure 28 depicts the deceleration of growth rates for selected economic indicators. The estimated decline for exports will be -7% in 2009. The growth rate for imports is also expected to slow but to a positive growth about 7% in 2009. The annual growth of the real GDP is expected to slow to 4.1% in 2009, a deceleration of 1percentage point from the previous year. The annual CPI inflation rate is expected to slow about 8% from a record growth level of 11% estimated for 2008. The inflationary deceleration will boost the domestic demand for goods and services.

Figures 29 and 30 show similar economic downturns in all the sub-regions. The growth rate for exports will decelerate much more in Sub-Saharan Africa than in Northern Africa (UN/DESA 2009). The nature and magnitude of impacts of the global financial crisis on Africa and its sub-regions (Northern Africa and Sub-Saharan Africa) have been reported in other recent studies (Osakwe 2008, Eghbal 2009, AfDB 2009 and IMF 2009a 2009b). Despite the projected economic downturn in 2009, recent outlook studies (IMF 2009a 2009b) show the economic growth in Sub-Saharan Africa will begin to recover in 2010. While the aggregate annual inflation is projected to continue to decline, the inflation will remain high in many countries in the region, largely because of the fuel and food price increases through mid-2008.

The current global financial crisis affects the formal economies in African countries with a delay compared to the developed world. However, the medium and long-term prospects are positive suggesting that there will be a strong demand growth for tropical timber products in the region.

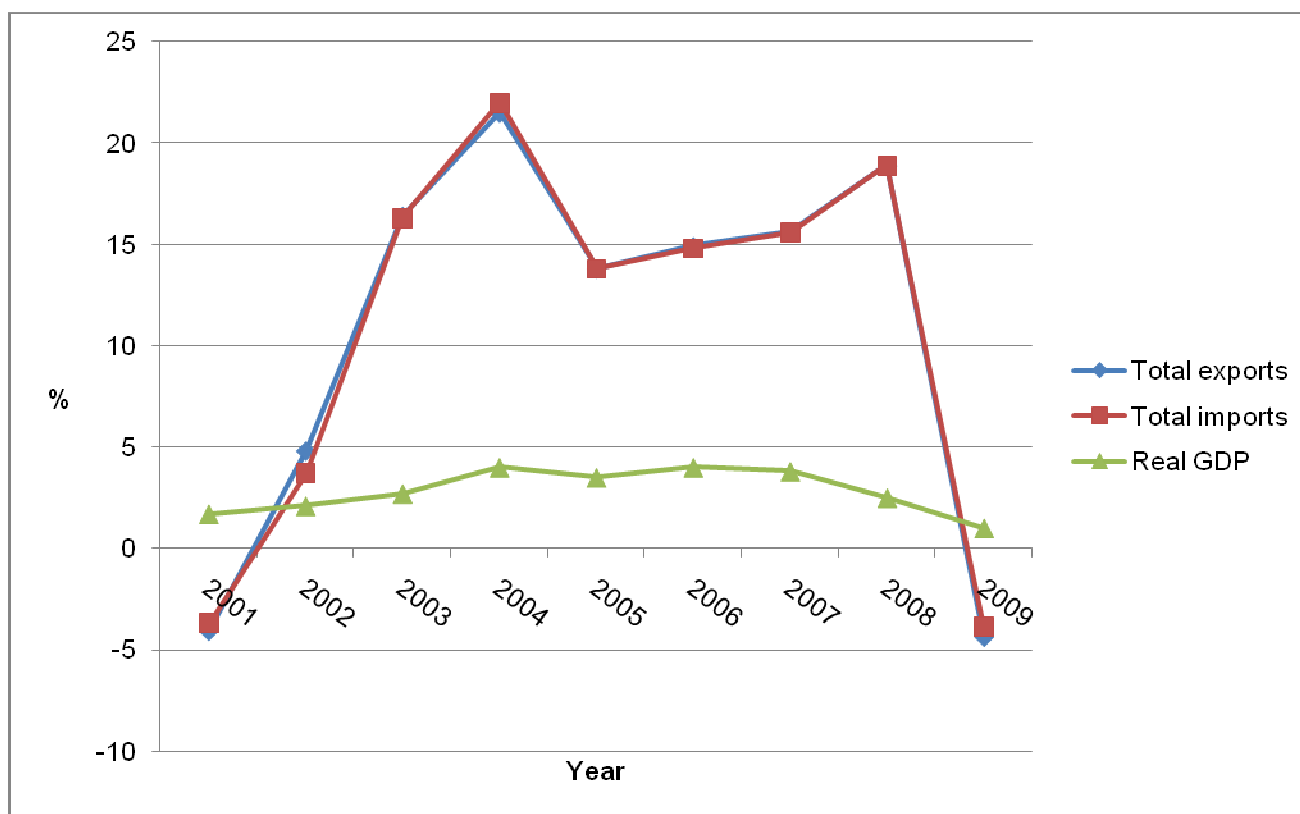
How the global financial and economic crisis will impact the forest sector in Africa is vital since the sector is a main player in the economies of many countries in the region. Table 21 provides outlook of production and consumption of TTPs for Africa in 2010 and 2020 based on FAO (2008). The projected industrial roundwood production and consumption will increase by about 11-12 million m<sup>3</sup> to 2020 reaching 93 million m<sup>3</sup>. Sawnwood consumption projected to increase by 4 million m<sup>3</sup> reaching 19 million m<sup>3</sup> in 2020 and about one million m<sup>3</sup> of wood-based panels will also be needed. Wood based panel production will stagnate in 2010 and slightly increase in 2020. The converse is true for wood based panel consumption

**Table 21 Outlook of Production and Consumption of TTPs**

Year	Industrial roundwood		Sawnwood		Wood-based panels	
	Production	Consumption	Production	Consumption	Production	Consumption
	Million m <sup>3</sup>					
2005	72	68	9	12	3	3
2010	81	77	10	15	3	4
2020	93	88	11	19	4	4

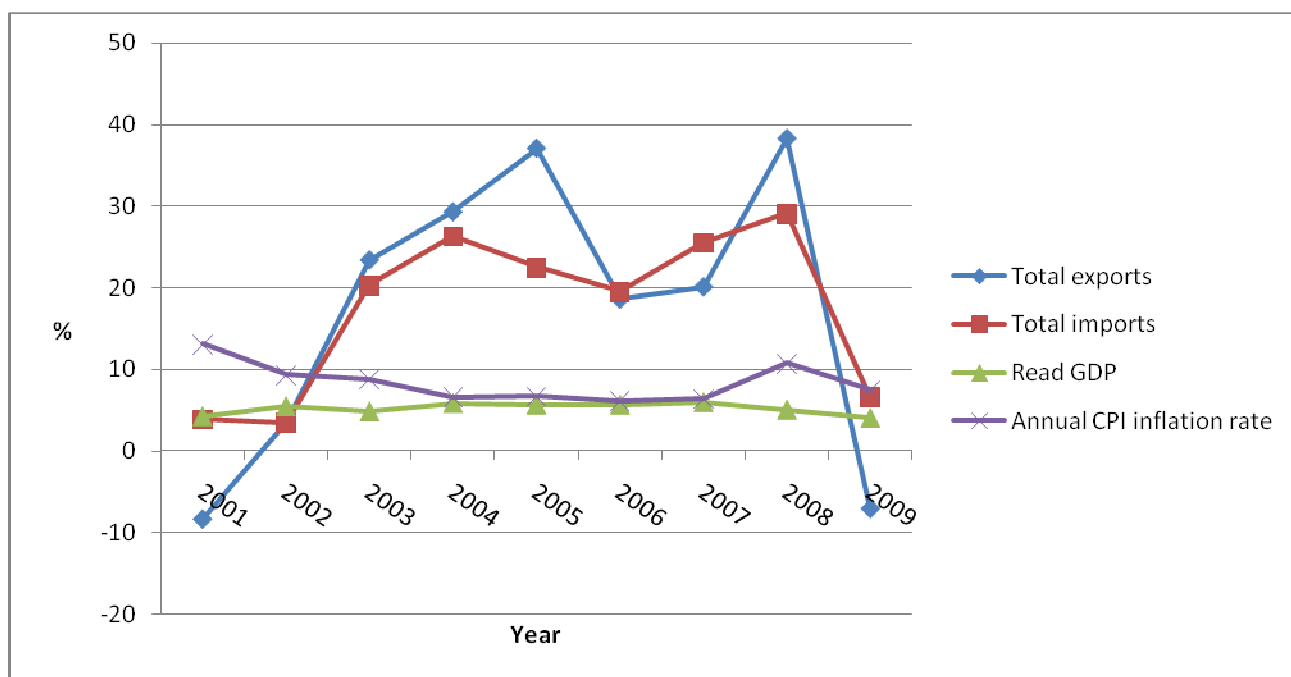
Source FAO 2008

**Figure 27 Global Growth Rate of Selected Economic indicators (current prices)**



Source: UN/DESA 2009

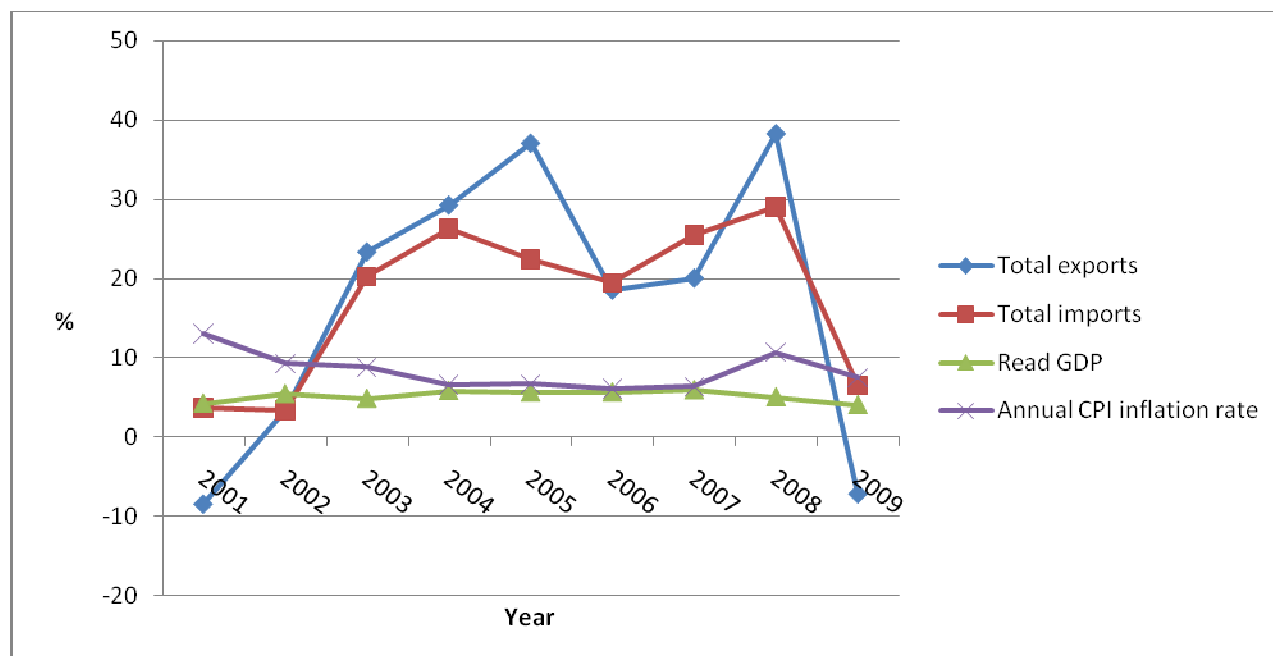
**Figure 28 Growth Rate of Selected Economic Indicators for Africa (current prices)**



Source: UN/DESA 2009

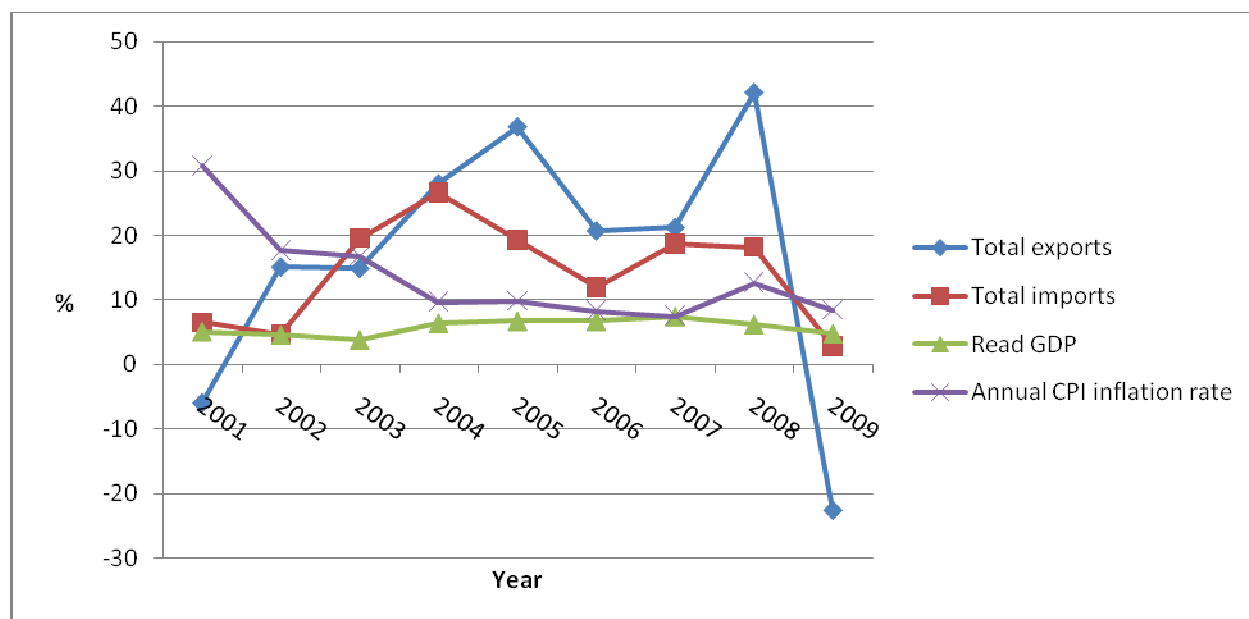


**Figure 29 Growth Rate of Selected Indicators for Northern Africa (current prices)**



Source: UN/DESA 2009

**Figure 30 Growth Rate of Selected Indicator for Sub-Saharan Africa (current prices)**



Source: UN/DESA 2009

These trends suggest significant export potentials for the sawmilling and wood-based panel industries in ITTO producing member countries which house the bulk of the region's forest resources. A rapid growth can also be expected in the demand for further processed products in which future supply increase will be more evenly shared between countries than in the case of primary processed products.

### III. TRADE OF TTPs

#### A. Overview

##### 1. Total Trade in 2007

Africa imported TTPs with a total value of USD 4.4 billion in 2007 (Table 22). The PPs accounted for 68% of the total imports and the SPWP accounted for 32%. Sawnwood was the mainstay of imports, accounting for 51% of the total. The wooden furniture and parts was the largest import item of SPWPs, accounting for 24%.

In the same year, Africa's exports of TTPs totaled about USD 3.8 billion<sup>3</sup>. The PPs accounted for about 89% of the total and the SPWP for 11%. Contrary to the import structure, logs were the mainstay of exports, accounting for 44% of the total. As in the case of imports, wooden furniture and parts is the mainstay of exports of SPWP, two thirds of the total in this product group.

In terms of trade balance, Africa as a whole was a net importer of TTPs in 2007 with a combined trade deficit of USD 0.6 billion. However, the situation is different by product group. Africa was net exporter of primary products with a combined trade surplus of USD 0.4 billion thanks to the trade surpluses from logs and veneers. For SPWP African was net exporter of mouldings. Of the combined trade deficit for SPWP (USD 10 billion), wooden furniture and parts accounted for about 81%.

##### 2. Intra-African Trade in TTPs

The imports of TTPs from Africa amounted to USD 0.4 billion in 2007 (Table 23). The share of imports of primary products was 77% and that of SPWP 23%. Sawnwood was the main primary products, accounting for 39% of imports, while wooden furniture and parts was the main SPWP, accounting for 14% of imports.

The intra-African exports of TTPs reached a value of USD 0.3 billion in 2007. The primary products accounted for 78% of the total exports, the main products being sawnwood (26%), plywood (24%) and fibreboard (22%). The SPWP accounted for 22% of the intra-regional exports, of which the main product was wooden furniture and parts (13%). The difference in the structure of imports and exports is explained by the impact of transportation costs (included in CIF-based import values) and statistical deficiencies.

The overall intra-African trade balance recorded a deficit of USD 85 million, which translate into a combined trade deficit of USD 63 million (and 22 million for primary products and SPWP, respectively). Most of the trade deficit in primary products was due to sawnwood and logs. Veneer, plywood and fibreboard had net exports amounts to USD 114 million, while in logs, sawnwood and particle board there was a trade deficit of USD 111 million. Most of the trade deficit for SPWP was due to wooden furniture and parts (about USD 17 million).

<sup>3</sup>

It should be noted that the value of exports is understated because a large share (if not most) of cross-border exports is not recorded in the official statistics (EC 2008a).

**Table 22 Trade in TTPs with World, 2007**

Products	Imports (CIF)	Share	Exports (FOB)	Share	Net Trade
	USD million	%	USD million	%	USD million
Logs	275.7	6.3	1 659.8	43.9	1 384.1
Sawnwood	2 238.2	51.1	1 058.4	28.0	-1179.7
Veneer	108.3	2.5	412.0	10.9	303.7
Plywood	272.7	6.2	209.9	5.6	-62.8
Particle board	28.8	0.7	10.1	0.3	-18.7
Fibreboard	54.2	1.2	9.6	0.3	-44.6
<b>Total primary products</b>	<b>2 977.9</b>	<b>68.1</b>	<b>3 359.8</b>	<b>88.9</b>	<b>382.0</b>
Wooden furniture and parts	1038.2	23.7	247.0	6.5	-791.2
Builders' woodwork	165.6	3.8	65.2	1.7	-100.4
Other SPWP	147.8	3.4	79.3	2.1	-68.5
Mouldings	18.2	0.4	23.4	0.6	5.2
Cane and bamboo furniture and parts	28.2	0.6	5.6	0.1	-22.6
<b>Total SPWP</b>	<b>1 398.0</b>	<b>31.9</b>	<b>420.4</b>	<b>11.1</b>	<b>-977.5</b>
<b>All products</b>	<b>4 375.8</b>	<b>100</b>	<b>3 780.3</b>	<b>100</b>	<b>-595.6</b>

Source: ITC/COMTRADE

**Table 23 Intra-African Trade in TTPs, 2007**

Products	Imports (CIF)	Share	Exports (FOB)	Share	Net Trade
	USD million	%	USD million	%	USD million
Logs	90.5	23.0	53.8	17.4	-36.7
Sawnwood	155.2	39.4	81.4	26.4	-73.8
Veneer	22.1	5.6	28.6	9.3	6.5
Plywood	28.4	7.2	72.5	23.5	44.1
Particle board	4.9	1.2	4.5	1.5	-0.4
Fibreboard	3.8	1.0	66.9	21.7	63.1
<b>Total primary products</b>	<b>304.8</b>	<b>77.4</b>	<b>242.0</b>	<b>78.4</b>	<b>-62.9</b>
Wooden furniture and parts	56.7	14.4	39.8	12.9	-16.9
Builders' woodwork	15.0	3.8	11.5	3.7	-3.5
Other SPWP	9.8	2.5	13.3	4.3	3.5
Mouldings	4.6	1.2	0.9	0.3	-3.7
Cane and bamboo furniture and parts	3.0	0.7	1.1	0.4	-1.8
<b>Total SPWP</b>	<b>89.2</b>	<b>22.6</b>	<b>66.8</b>	<b>21.6</b>	<b>-22.3</b>
<b>All products</b>	<b>394.0</b>	<b>100</b>	<b>308.8</b>	<b>100.0</b>	<b>-85.2</b>

Sources: ITC/COMTRADE

Table 24 shows that intra-African trade of TTPs in 2007 accounted for 9% of the total African imports and about 6% of the total African exports of TTPs. The main primary products imported were logs (33%), veneer (20%) and particle board (17%). For SPWP imported, the main products were mouldings (25%), cane and bamboo furniture and parts (11%) and builders' woodwork (9%). On the exports side, the main primary products were particle board (42%), plywood (34%) and fibreboard (12%). The main SPWP exported were cane and bamboo furniture and parts (21%), builder's work (17%) and wooden furniture and parts (16%).

**Table 24 Share of Intra-African Trade of TTP of the Total African Trade, 2007**

Products	Imports	Exports
	%	%
Logs	32.8	0.9
Sawnwood	6.9	6.0
Veneer	20.4	4.9
Plywood	10.4	33.9
Particle board	17.0	41.7
Fibreboard	7.0	11.5
<b>Total Primary products</b>	<b>10.2</b>	<b>5.2</b>
Wooden furniture and parts	5.5	16.1
Builders' woodwork	9.1	17.7
Other SPWP	6.7	16.8
Mouldings	25.4	4.0
Cane and bamboo furniture and parts	10.5	20.5
<b>Total SPWP</b>	<b>6.4</b>	<b>15.9</b>
<b>All products</b>	<b>9.0</b>	<b>6.4</b>

### 3. Exports of TTPs by Sub-region

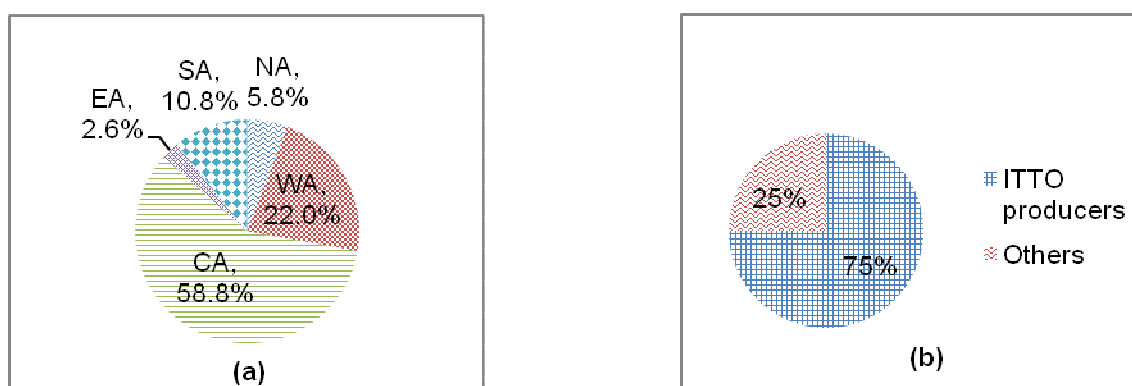
#### a) African Exports

In 2005-07 exports of TTPs increased in Northern Africa, (17%) Central Africa (41%) and Eastern Africa (3%), while there was a radical drop in export from Western Africa (-23%) and to a lesser extent from Southern Africa (-6%) (Table 25). The aggregate annual growth rates for Africa and for ITTO producers were about the same (4%). Central Africa accounted for the largest share of exports of TTPs in 2007, about 59% of the total, followed by Western Africa (22%)(Figure 31a). The ITTO producers accounted annually for more than 70% of the regional exports of TTPs (Figure 31b).

**Table 25 African Exports by Sub-region, 2005-2007**

Sub-region	2005	2006	2007	Annual Change 2005-2007	Share 2007
	USD Million			%	
Northern Africa	162.7	175.5	218.7	17.2	5.8
Western Africa	1 524.9	765.9	830.8	-22.8	22.0
Central Africa	1 227.8	1 614.8	2 223.6	40.6	58.8
Eastern Africa	92.9	85.7	98.7	3.1	2.6
Southern Africa	463.9	357.4	408.5	-6.0	10.8
<b>Africa total</b>	<b>3 472.2</b>	<b>2 999.2</b>	<b>3 780.3</b>	<b>4.4</b>	<b>100</b>
<b>ITTO producers</b>	<b>2 627.5</b>	<b>2 206.1</b>	<b>2 839.2</b>	<b>4.0</b>	
ITTO producers' share of total Africa, %	75.7	73.6	75.1		

Source: ITC/COMTRADE

**Figure 31 Sub-regional and ITTO Producers' Share of Total TTP Exports, 2007**

Source: ITC/COMTRADE 2007

Source: ITC/COMTRADE 2007

**b) Intra-African Exports**

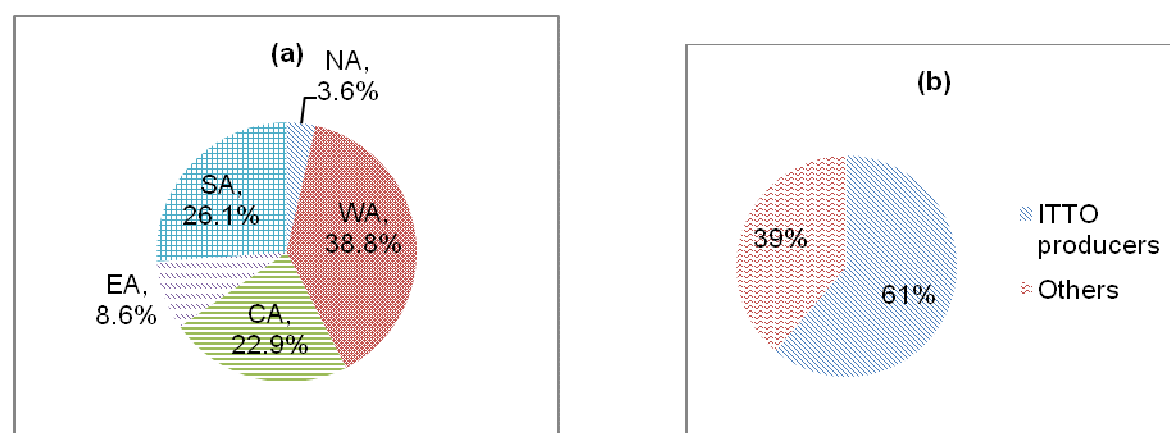
Table 26 presents trends in intra-African exports of TTPs. The annual change in intra-African exports for 2006 was only positive in Eastern Africa (39%), but the volume was rather marginal. In Western Africa the intra-African exports in TTPs dropped by 75% in 2006. The aggregate intra-African exports decreased in 2006 by 55%. The exports from ITTO producers to Africa passed from USD 0.5 billion in 2005 to USD 0.2 billion in 2006 due to declining deliveries from Western African member countries.

**Table 26 Intra-African Exports by Sub-region 2005-2006**

Sub-region	2005	2006	Annual Change 2005-2006	Share in 2006
	USD Million		%	
Northern Africa	10.1	10.0	-0.9	3.6
Western Africa	433.0	107.8	-75.1	38.8
Central Africa	65.9	63.6	-3.6	22.9
Eastern Africa	17.1	23.8	38.8	8.6
Southern Africa	90.5	72.5	-19.8	26.1
<b>Africa total</b>	<b>616.5</b>	<b>277.6</b>	<b>-55.0</b>	<b>100</b>
<b>ITTO producers</b>	<b>497.6</b>	<b>169.6</b>	<b>-65.9</b>	
ITTO producers' share of total Africa, %	80.7	61.1		

Source: ITC/COMTRADE

In 2006 Western Africa was the main source of intra-African exports of TTPs with a share of 39% (Figure 32a). Southern Africa and Central Africa accounted for 26% and 23%, respectively. The shares for Northern Africa and Eastern Africa were 4% and 9%, respectively. The ITTO producers accounted for 61% of the intra-African exports of TTPs, a sharp reduction of almost 20 percentage points from preceding year (Figure 32b).

**Figure 32 Sub-regional and ITTO Producers' Share of Intra-African TTP Exports, 2006**

Source: ITC/COMTRADE

Source: ITC/COMTRADE

**c) Potential Exports of TTPs by Sub-region**

Potential exports can be estimated as the difference between exports to world and exports to Africa<sup>4</sup>. Table 27 provides trends in potential exports of TTPs which amounted to USD 3.5 billion in 2007. The potential exports have decreased for Western Africa, Eastern Africa and Southern Africa suggesting that relative exports from these sub-regions to non-African markets have increased. In Northern Africa and Central Africa it is the reverse. The aggregate potential exports for Africa has increased at an average

<sup>4</sup> The method used by ITC/COMTRADE

annual growth rate of 12%. In ITTO producer countries the increase has been 14%/yr and they accounted for about 77% of the total potential exports to Africa.

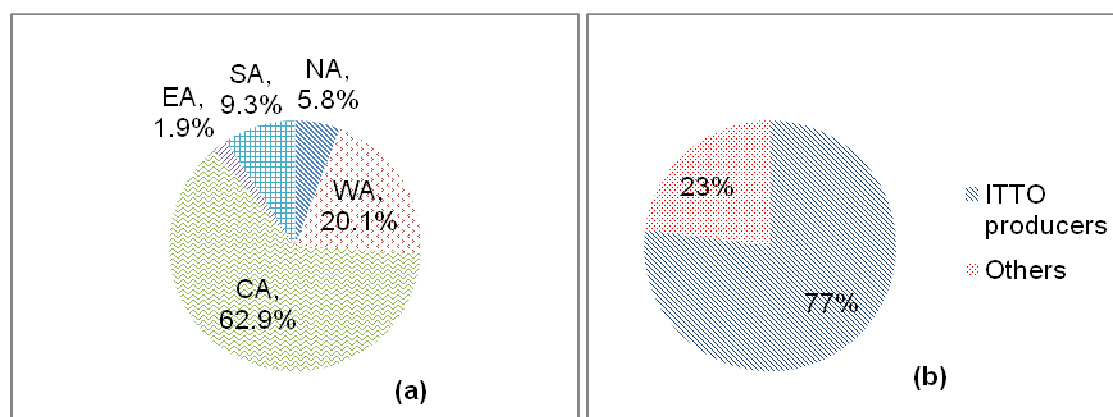
**Table 27 Estimated Potential Exports in TTPs by Sub-region, 2005-2007**

Sub-region	2005	2006	2007	Annual change 2005-2007	Share 2007
	USD million			%	
Northern Africa	152.6	165.5	206.1	17.5	5.8
Western Africa	1 091.9	658.1	711.6	-17.4	20.1
Central Africa	1 161.9	1 551.2	2 223.5	45.7	62.9
Eastern Africa	75.8	61.9	68.8	-4.6	1.9
Southern Africa	373.5	284.9	327.3	-6.2	9.3
<b>Africa total</b>	<b>2 855.7</b>	<b>2 721.7</b>	<b>3 537.4</b>	<b>11.9</b>	<b>100.0</b>
<b>ITTO producers</b>	<b>2 129.9</b>	<b>2 036.5</b>	<b>2 724.0</b>	<b>13.9</b>	
ITTO producers' share of total Africa, %	74.6	74.8	77.0		

Source: ITC/COMTRADE 2003-2007

Central Africa accounted for a largest share of potential exports of TTPs in 2007, followed by Western African (Figure 33a). These two sub-regions account for 83% of the region's potential exports to Africa. The ITTO producers in Western and Central Africa accounted for 77% of the total potential exports to Africa (Figure 33b).

**Figure 33 Sub-regional and ITTO Producers' Share of Potential Exports, 2007**



Source: ITC/COMTRADE 2007

Source: ITC/COMTRADE 2007

#### 4. Imports of TTPs by Sub-region

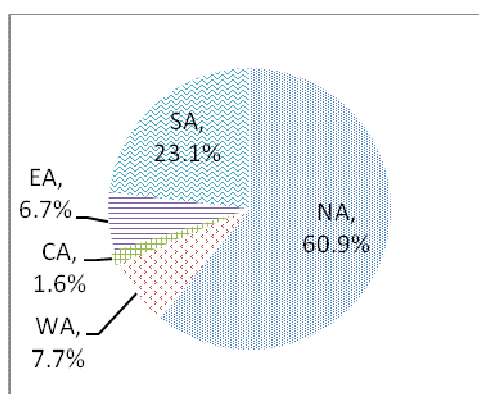
##### a) African Imports

The total African imports increased in 2005-07 (+9%/yr) reaching USD 4.4 billion in 2007 (Table 28). The average annual growth rate for TTP imports in Africa has been positive for Northern Africa (23%), Eastern Africa (27%) and Southern Africa (6%). Western Africa (-23%) and Central Africa (-22%) recorded a decrease in total imports. The imports in ITTO producer countries have decreased at the rate of 35%/yr.

**Table 28 African TTP Imports by Sub-region, 2005-2007**

Sub-region	2005	2006	2007	Annual Change 2005-2007	Share in 2007
	USD million			%	
Northern Africa	1 832.2	2 137.0	2 665.0	22.7	60.9
Western Africa	630.2	317.3	336.3	-23.3	7.7
Central Africa	124.7	61.0	69.1	-22.3	1.6
Eastern Africa	190.1	246.7	293.6	27.2	6.7
Southern Africa	907.8	935.2	1 011.8	5.7	23.1
<b>Africa total</b>	<b>3 685.0</b>	<b>3 697.3</b>	<b>4 375.8</b>	<b>9.4</b>	<b>100</b>
<b>ITTO producers</b>	<b>551.8</b>	<b>166.1</b>	<b>163.7</b>	<b>-35.2</b>	
ITTO producers' share of total Africa, %	15.0	4.5	3.7		

Northern Africa has the largest market share (61%), followed by Southern Africa (23%) in 2007 (Figure 34). These two sub-regions lacking natural forests are not producers of tropical of tropical timbers. Western Africa's share of the total imports is about 8%, slightly more than that of Eastern Africa (7%).

**Figure 34 Share of African Imports by Sub-region 2007**

Source: ITC/COMTRADE

#### b) Intra-African Imports

The total intra-African imports (USD 394 million in 2007) are also dominated by Southern and Northern Africa (43% and 24% respectively, see Table 29). It is noteworthy that even though Northern Africa imports USD 2.7 billion of TTPs only 4% comes from Africa. Southern Africa total imports were only USD 1.0 billion of which 16% came from African sources.

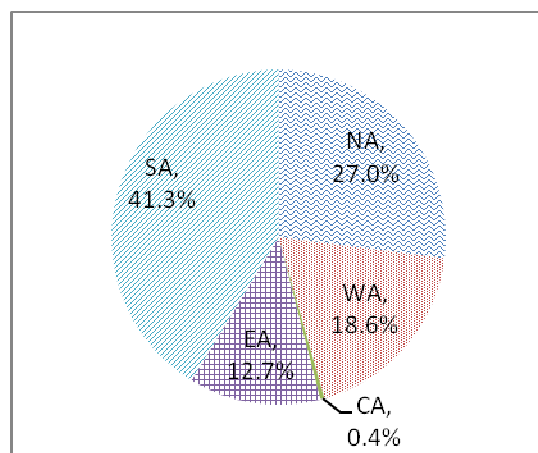


**Table 29 Intra-African TTP Imports 2005-2007**

Sub-region	2005	2007	Annual change 2005-2007	Share in 2007	Share of total imports 2007
	USD million		%		
Northern Africa	88.2	106.3	20.5	27.0	4.0
Western Africa	68.4	73.2	7.0	18.6	21.8
Central Africa	7.3	1.7	-76.0	0.4	2.5
Eastern Africa	27.3	50.1	83.5	12.7	17.1
Southern Africa	171.9	162.6	-5.4	41.3	16.1
<b>Africa total</b>	<b>363.1</b>	<b>394.0</b>	<b>8.5</b>	<b>100</b>	<b>9.0</b>
<b>ITTO producers</b>	<b>13.1</b>	<b>3.7</b>	<b>-41.5</b>		<b>2.3</b>
ITTO producers' share of total Africa, %	3.6	0.9			

Source: ITC/COMTRADE 2003-2007

Despite decreasing trends in intra-African imports of TTPs, Southern Africa accounted for 41% of intra-African imports in 2007 (Figure 34). The shares in the other subregions are as follows: Northern Africa (27%), Western Africa (19%), Eastern Africa (13%) and Central Africa (0.4%). The ITTO producers' share of intra-African imports of TTPs is steadily declining over the period 2005-2007, attaining a share of 1% in 2007 (Table 28 above). The importance of intra-African imports of TTPs in 2007 is shown in Figure 35. About 21% of imports of TTPs in Western Africa constitutes intra-African imports of TTPs. Seventeen percent and 16% of the total imports of TTPs for Eastern Africa and southern Africa, respectively, comes from Africa. In the Central African and Northern African subregions, the intra-African imports constitute 10% and 4% of total imports, respectively.

**Figure 35 Share of Intra-African Imports by Sub-region 2007**

Source: ITC/COMTRADE 2003-2007

## 5. Net Trade Balance

Western Africa bucked the trend of trade deficit for intra-African and African trade in TTPs in 2007 (Table 30). In Western Africa, the trade surpluses for intra-African and total African trade were USD 45 million and USD 0.5 billion, respectively. In Central Africa, while the intra-African trade balance had a deficit, the African trade in TTPs obtained a surplus of USD 2.2 billion in 2007. Trade deficits were recorded for intra-African and African trade in TTPs in Northern, Eastern and Southern Africa. The aggregate trade balances for intra-African and total trade in TTPs recorded deficits (USD 0.2 billion and US\$ 0.6 billion, respectively). For ITTO producer countries, surpluses were recorded for intra-African trade in TTPs (USD 0.1 billion) and African trade in TTPs(USD 2.6 billion).

**Table 30 Net Trade in TTPs by Sub-region, 2007**

Sub-region	(USD Million)	
	Intra-Africa	AfricanTrade
Northern Africa	-93.7	-2 446.3
Western Africa	45.9	494.5
Central Africa	-1.7	2 154.5
Eastern Africa	-20.3	-194.9
Southern Africa	-81.4	-603.3
<b>Africa</b>	<b>-151.1</b>	<b>-595.6</b>
<b>ITTO producers</b>	<b>111.5</b>	<b>2 671.7</b>

Source: ITC/COMTRADE 2003-2007

## B. Exports of TTPs by Product

### 1. African Exports of TTPs by Product

#### a) Primary Products

The exports of primary products reached USD 3.8 billion in 2007 and the average annual growth rate was 4% (Table 31). The growth rate is positive for logs (44%), sawnwood (21%) and veneer (9%). There is a decline in plywood (-37%/yr), particle board (-25%/yr) and fibreboard (-45%/yr). In 2007 export value of primary products attained USD 3.4 billion, accounting for 89% of the total export earnings in 2007. Logs were the mainstay of total exports of primary products in 2007, accounting for 44% of the total export earnings of the same year. The next important product was sawnwood, accounting for 28% of the total export earnings in 2007. Veneer is the third most important product, accounting (11% of the total). The combined share for plywood, particle board and fibreboard is only about 6%.

#### b) Secondary Products

The export value of SPWPs was USD 420 million in 2007 but the trend has been declining in most products (Table 32). The aggregate trend in total exports of SPWP is decreasing at the rate of -14%. Only in wooden furniture and parts an increasing trend was recorded (3%/yr). The average annual change for builders's woodwork was -19%, for other SPWPs -26%, for mouldings -31%, and for cane and bamboo furniture and part -34%. The wooden furniture and parts was the mainstay of the exports of SPWP in 2007, accounting for 59%% of the group total. Builder's woodwork and other SPWP were exported at the level of USD 65-80 million each. These levels are significantly lower than those in 2005. In mouldings the

exports were only USD 23 million in 2007 or less than a half of the level in 2005. These trends demonstrate African's eroding competitiveness in International markets in SPWPs.

**Table 31 African Exports of TTPs by Product, 2005-2007**

Product	Total Exports (USD Million)			Export structure 2007	Annual change 2005-2007
	2005	2006	2007	%	
Logs	881.4	959.6	1 659.8	43.9	44.2
Sawnwood	740.9	955.3	1 058.4	28.0	21.4
Veneer	348.1	323.3	412.0	10.9	9.2
Plywood	796.6	220.1	209.9	5.6	-36.8
Particle board	20.5	19.9	10.1	0.3	-25.3
Fibreboard	101.8	38.6	9.6	0.3	-45.3
<b>Total primary products</b>	<b>2 889.3</b>	<b>2 516.7</b>	<b>3 359.8</b>	<b>88.9</b>	<b>8.1</b>
Wooden furniture and parts	232.2	205.6	247.0	6.5	3.2
Builders' woodwork	105.1	74.0	65.2	1.7	-19.0
Other SPWP	167.8	144.3	79.3	2.1	-26.4
Mouldings	60.7	47.5	23.4	0.6	-30.7
Cane and bamboo furniture and parts	17.2	11.2	5.6	0.1	-33.7
<b>Total SPWP</b>	<b>583.0</b>	<b>482.6</b>	<b>420.4</b>	<b>11.1</b>	<b>-13.9</b>
<b>All products</b>	<b>3 472.2</b>	<b>2 999.2</b>	<b>3 780.3</b>	<b>100</b>	<b>4.4</b>

Source: ITC/COMTRADE 2003-2007

## 2. Intra-African Exports of TTPs by Product

The TTP exports to African markets was no more than USD 243 million in 2007 (Table 31). This was 61% less than 2005's value, demonstrating rapidly weakening competitiveness of the African suppliers in their own regional markets. This situation concerns primary products as SPWP exports have remained relatively stable even growing slowly.

### a) Primary Products

The trend in intra-African trade in primary products is decreasing at the annual rate of about -34% (Table 31). The same trends is recorded for all individual products in this category, particularly in plywood and fibreboard (-40% each). The aggregate export value for primary products in 2007 was USD 0.2 billion, accounting for 73% of the total intra-African exports. Contrary to the trade structure of total exports of primary products, plywood is the main product traded with the region, accounting for 29% of the total intra-African export earnings in 2007, followed by sawnwood (26%). Veneer is the next most important primary product, accounting for 8% of the intra-African exports. Logs accounted only for 6%, particle board and fibreboard combined about 2%.

### b) Secondary Products

The aggregate trend in intra-African exports of SPWP has been increasing at the annual rate of 6% (Table 31). Builders' woodwork and other SPWP have been growing fastest while the intra-African trade

in other products in this group has remained marginal. The main trade flow is in wooden furniture and parts and its has remained at the level of USD 30 to 40 million/yr.

**Table 32 Intra-African Exports of TTPs by Product, 2005-2007**

Product	Exports to Africa (USD million)			Export structure 2007	Annual change 2005-2007	Share of total exports 2007
	2005	2006	2007			
Logs	32.2	29.2	15.5	6.4	-25.9	0.9
Sawnwood	85.6	81.6	63.9	26.3	-12.7	6.0
Veneer	56.7	20.7	20.3	8.4	-32.1	4.9
Plywood	367.7	77.8	71.1	29.3	-40.3	33.9
Particle board	8.9	8.8	4.2	1.7	-26.4	41.7
Fibreboard	5.7	5.4	1.1	0.5	-40.4	11.5
<b>Total primary products</b>	<b>556.9</b>	<b>223.5</b>	<b>176.2</b>	<b>72.5</b>	<b>-34.2</b>	<b>5.2</b>
Wooden furniture and parts	40.7	30.0	39.8	16.4	-1.1	16.1
Builders' woodwork	6.1	8.4	11.5	4.7	44.2	17.7
Other SPWP	7.7	11.2	13.3	5.5	36.5	16.8
Mouldings	2.8	2.0	0.9	0.4	-33.5	4.0
Cane and bamboo furniture and parts	2.3	2.5	1.1	0.5	-25.2	20.5
<b>Total SPWP</b>	<b>59.6</b>	<b>54.1</b>	<b>66.7</b>	<b>27.5</b>	<b>5.9</b>	<b>15.9</b>
<b>All products</b>	<b>616.5</b>	<b>277.6</b>	<b>242.9</b>	<b>100.0</b>	<b>-30.3</b>	<b>6.4</b>

Source: ITC/COMTRADE 2003-2007

### 3. Exports of TTPs by Selected Countries

The available data suffers either from statistical deficiency or non-reporting by certain countries. What follows is a tentative picture of the performance of selected African exporters of TTPs.

#### a) African Exports

Of the USD 3.8 billion recorded in 2007 for total exports of TTPs, Gabon and Cameroon accounted for 25% and 17%, respectively (Table 33). Côte d'Ivoire and Ghana accounted each for 10% of the total export earnings. The shares for non-tropical competitors are 6% for Republic of South Africa, Egypt (3%) and Morocco (2%). While ITTO producing member countries take a lion's share of total exports of TTPs, the non-tropical countries dominate in the export of SPWPs.

#### b) Intra-African Exports

The main sources of TTPs for intra-African trade in 2007 are Republic of South Africa, Ghana and Côte d'Ivoire. These accounted for 75% of the total intra-African export value for TTPs (Table 34). In Côte d'Ivoire and Ghana, the exports to other African countries were practically entirely in primary products (98% and 99% of total export value, respectively). The main markets for Côte d'Ivoire for sawnwood are Senegal, Tunisia and Cape Verde. For Ghana the main markets are Senegal, Republic of South Africa, and Niger. In the Republic of South Africa, the SPWP accounted for 61% of the total export value to other African countries. The main markets for SPWP are Angola, Mozambique and Zambia. The non-tropical exporters, especially Republic of South Africa, clearly dominate the intra-African market for SPWPs.

Table 35 shows that the intra-African share of the total national exports is highest for Republic of South Africa (32%), followed by Ghana (18%), Côte d'Ivoire (14%) and Morocco (3%). In Ghana and Côte d'Ivoire, plywood, wooden furniture and parts, and cane and bamboo furniture and parts have significant intra-African shares of total exports in 2007. The Republic of South Africa's intra-African shares are important for most primary products as well as SPWPs, particularly for logs, sawnwood, particle board, and wooden furniture and parts. In Morocco, logs, sawnwood and builders' woodwork have important intra-African shares of total exports of TTPs in 2007 but the volume of export is limited..

**Table 33 African Exports of TTPs by Selected Countries, 2007**

	Total Exports	Cameroon*	Côte d'Ivoire	Gabon	Ghana	Egypt	Morocco	RSA	Others
	<b>USD Million</b>								
Logs	1659.8	192.4	38.6	704.8	4.1		1.0	29.8	689.1
Sawnwood	1058.4	370.6	210.2	102.3	149.7	0.2	0.1	25.3	200.0
Veneer	412.0	70.5	76.6	140.2	83.1	0.2	0.1	18.6	22.6
Plywood	209.9	2.0	44.5	0.3	90.3	1.5	38.4	3.1	29.7
Particle board	10.1			0.1		0.1		2.7	7.1
Fibreboard	9.6				6.5	0.3	0.1		2.7
<b>Total PP</b>	<b>3359.8</b>	<b>635.6</b>	<b>369.9</b>	<b>947.7</b>	<b>333.8</b>	<b>2.5</b>	<b>39.7</b>	<b>79.6</b>	<b>951.1</b>
Wooden furniture and parts	247.0	0.8	0.7	0.0	0.2	99.8	13.7	68.1	63.7
Builders' woodwork	65.2	0.5	7.3	0.4	0.8	0.7	1.5	38.3	15.6
Other SPWP	79.3	2.6	1.5	0.1	5.8	3.5	9.5	20.1	36.2
Mouldings	23.4	0.5	0.0	0.0	16.5	0.1	0.6	1.4	4.3
Cane and bamboo furniture and parts	5.6				0.2	0.1	2.5		2.8
<b>Total SPWP</b>	<b>420.4</b>	<b>4.4</b>	<b>9.6</b>	<b>0.5</b>	<b>23.5</b>	<b>104.2</b>	<b>27.8</b>	<b>128.0</b>	<b>122.4</b>
<b>All products</b>	<b>3780.3</b>	<b>640.0</b>	<b>379.5</b>	<b>948.2</b>	<b>357.3</b>	<b>106.7</b>	<b>67.5</b>	<b>207.6</b>	<b>1073.5</b>
<b>Share of total exports, %</b>	<b>100</b>	<b>16.9</b>	<b>10.0</b>	<b>25.1</b>	<b>9.5</b>	<b>2.8</b>	<b>1.8</b>	<b>5.5</b>	<b>28.4</b>

Source: ITC/COMTRADE 2003-2007

\*Blanks indicate missing data.

**Table 34 Intra-African Exports by Selected Countries, 2007**

Product	Total intra-African exports	Côte* d'Ivoire	Ghana	Morocco	Republic of South Africa	Others
	USD Million					
Logs	15.5		0.4	0.5	12.2	2.4
Sawnwood	63.9	28.7	10.9		10.4	13.8
Veneer	20.3	5.5	10.0		0.8	4.0
Plywood	71.1	16.2	41.0		1.0	12.9
Particle board	4.2				1.3	2.9
Fibreboard	1.1		0.1		0.0	1.1
<b>Total primary products</b>	<b>176.2</b>	<b>50.4</b>	<b>62.4</b>	<b>0.5</b>	<b>25.7</b>	<b>37.1</b>
Wooden furniture and parts	39.8	0.3	0.1	1.1	26.8	11.5
Builders' woodwork	11.5	0.8	0.1	0.4	6.2	3.9
Other SPWP	13.3	0.2		0.1	7.4	5.7
Mouldings	0.9		0.5		0.2	0.2
Cane and bamboo furniture and parts	1.1				0.0	1.1
<b>Total SPWPs</b>	<b>66.7</b>	<b>1.3</b>	<b>0.7</b>	<b>1.6</b>	<b>40.6</b>	<b>22.5</b>
<b>All products</b>	<b>242.9</b>	<b>51.7</b>	<b>63.1</b>	<b>2.2</b>	<b>66.3</b>	<b>59.5</b>
Share of intra-African imports, %	100	21.3	26.0	0.9	27.3	24.5

Source: ITC/COMTRADE 2003-2007

\*Blank cells indicate missing data.

**Table 35 Intra-African Share of African Exports of TTPs in Selected Countries, 2007**

Product	Total	Côte d'Ivoire	Ghana	Morocco	Republic of South Africa	Others
	%					
Logs	0.9	0.0	10.5	48.6	41.1	0.3
Sawnwood	6.0	13.7	7.3	35.7	41.2	6.9
Veneer	4.9	7.2	12.0	0.0	4.3	17.7
Plywood	33.9	36.3	45.4	0.0	30.8	43.6
Particle board	41.7	0.0	2.5	0.0	48.1	40.9
Fibreboard	11.5	0.0	0.8	0.0	0.0	39.5
<b>Total primary products</b>	<b>5.2</b>	<b>13.6</b>	<b>18.7</b>	<b>1.3</b>	<b>32.4</b>	<b>3.9</b>
Wooden furniture and parts	16.1	45.0	28.5	8.0	39.3	18.1
Builders' woodwork	17.7	11.2	9.0	28.8	16.3	25.3
Other SPWP	16.8	11.7	0.8	0.8	36.6	15.7
Mouldings	4.0	0.0	3.0	0.0	13.0	5.7
Cane and bamboo furniture and parts	20.5	22.7	17.2	1.4	0.0	38.8
<b>Total SPWP</b>	<b>15.9</b>	<b>13.8</b>	<b>3.0</b>	<b>5.9</b>	<b>31.7</b>	<b>18.3</b>
<b>All products</b>	<b>6.4</b>	<b>13.6</b>	<b>17.7</b>	<b>3.2</b>	<b>32.0</b>	<b>5.5</b>



## C. Imports of TTPs by Product

### 1. African Imports of TTPs

The African import market for TTPs was valued at USD 4.4 billion in 2007 or 18% higher than that in 2006 demonstrating a rapidly growing trade opportunity for exporters. More than three-quarters of the total are primary product but for SPWPs the growth has been faster.

#### a) Primary Products

The value of total imports of primary products in 2007 is about USD 3 billion. The imports have been increasing at the rate of 6%/yr (Table 36). The growth is highest in sawnwood (26%), followed by logs (12%). In wood based panels, the trends have been radically declining. Sawnwood was the mainstay of total imports, reaching a total value of USD 2.2 billion in 2007. In panels, plywood was the most important product, accounting for 6% of the total imports in 2007. The share of veneer was about 3%, while the combined share of total imports for particle board and fibreboard was about 2%.

**Table 36 African Imports of TTPs by Product, 2005-2007**

Product	Total Imports			Import structure	Annual change
	2005	2006	2007	2007	2005-2007
	USD million			%	
Logs	224.2	248.5	275.7	6.3	11.5
Sawnwood	1 474.5	1 658.4	2 238.2	51.1	25.9
Veneer	133.1	93.8	108.3	2.5	-9.3
Plywood	625.2	346.9	272.7	6.2	-28.2
Particle board	62.2	71.0	28.8	0.7	-26.8
Fibreboard	144.8	150.3	54.2	1.2	-31.3
<b>Total primary products</b>	<b>2 663.9</b>	<b>2 568.9</b>	<b>2 977.9</b>	<b>68.1</b>	<b>5.9</b>
Wooden furniture and parts	702.7	780.9	1038.2	23.7	23.9
Builders' woodwork	117.5	125.3	165.6	3.8	20.5
Other SPWP	119.6	120.7	147.8	3.4	11.8
Mouldings	25.4	32.6	18.2	0.4	-14.2
Cane and bamboo furniture and parts	55.9	68.9	28.2	0.6	-24.8
<b>Total SPWP</b>	<b>1 021.1</b>	<b>1 128.3</b>	<b>1 398.0</b>	<b>31.9</b>	<b>18.5</b>
<b>All products</b>	<b>3 685.0</b>	<b>3 697.3</b>	<b>4 375.8</b>	<b>100</b>	<b>9.4</b>

Source: ITC/COMTRADE 2003-2007

#### b) Secondary Products

The development of SPWP displays a different picture than that of primary products. The total import value of SPWPs in 2007 reached USD 1.4 billion, accounting for 32% of the total import value of TTPs. Wooden furniture and parts was the main product in this category, accounting for 24% of the total import value of TTPs in 2007. The total imports of SPWPs have been increasing at the rate of 19%. Wooden

furniture and parts, builder's woodwork and other SPWP have positive annual growth rates, however, the annual changes for mouldings and cane and bamboo furniture and parts were negative, indicating declining trends in the total imports of these products. Builder's woodwork and other SPWP had a total value of USD 314 million. The markets for mouldings and cane and bamboo furniture and parts were small.

## **2. Intra-African Imports of TTPs by Product**

The recorded intra-African import amounted to about USD 394 million in 2007 or about USD 45 million more than in the previous year. More than three-quarters are primary products and their imports have been growing (9%/yr). In SPWP the intra-regional trade is less than USD 100 million/yr and suggests a declining trend. This shows that African exporters enjoy a certain competitiveness advantage in primary products particularly sawnwood and logs but in labour-intensive SPWPs no growth has been recorded due to more competitive suppliers particularly from Southern Asia.

### **a) Primary Products**

The average annual growth rate of all primary products is positive (9%), indicating an increasing trends in intra-African imports of primary products (Table 37). Increased trade is recorded in logs, sawnwood, plywood and particle board. However, imports of veneer and fibreboard are declining at the rate of 2% and 28%, respectively.

Sawnwood was the main primary products imported from Africa, attaining a value of USD 0.2 billion in 2007 (39% of the total value of intra-African imports of TTPs). Logs came next having a share of 23% of the total

### **b) Secondary Processed Wood Products**

The total value of SPWPs in 2007 was USD 89 million, accounting for 23% of the total value of the intra-African imports of TTPs. As stated above the trend in the imports of SPWPs from Africa has been decreasing at the rate of -7% (Table 35). The annual growth for wooden furniture and parts and builder's woodwork and cane and bamboo furniture and parts are negative, but they represent almost two thirds of the trade value. On the other hand, the annual growth rates are positive for other SPWP and mouldings, but their market is only 17% of the group total. Despite its negative annual change rate, the share of wooden furniture and parts of the total value of all SPWPs is almost two-thirds. Builder's woodwork and other SPWP are traded at USD 10-15 mill./yr, no growth has been recorded and for builder's woodwork.

## **3. Imports of TTPs by Selected countries**

As in the case of exports of TTPS, the same remarks hold but the statistical deficiency and non-reporting problems are more serious, especially in the case of intra-African imports of TTPs than for exports.

### **a) African Imports**

About 21% of the total value of imports of TTPs went to Egypt (Table 38), followed by Morocco (16%), Republic of South Africa( 12%) and Algeria (11%). Other important import markets are Tunisia (5%), Libya (4%), Senegal (3%) and Mauritius (2%). The total import value for primary products in 2007 was USD 3 billion, of which the Egyptian market accounted for 30% (USD 881 million), followed by Morocco (20%, i.e., USD 587). The Algerian market represents USD 414 million, making it the third important market after Egypt and Morocco. For SPWPs the main import markets are Republic of South Africa and Morocco with total value of USD 264 million and USD 115 million, respectively.

**Table 37 Intra-African TTP Imports, 2005-2007**

	Import from Africa			Import structure	Annual change	Share of total imports %
	2005	2006	2007	2007	2003-2007	2007
	USD million			%		
Logs	55.4	68.3	90.5	23.0	31.6	32.8
Sawnwood	143.9	130.6	155.2	39.4	3.9	6.9
Veneer	23.0	19.3	22.1	5.6	-2.1	20.4
Plywood	23.8	25.4	28.4	7.2	9.8	10.4
Particle board	4.4	4.1	4.9	1.2	6.4	17.0
Fibreboard	8.7	9.2	3.8	1.0	-28.2	7.0
<b>Total primary products</b>	<b>259.2</b>	<b>256.9</b>	<b>304.8</b>	<b>77.4</b>	<b>8.8</b>	<b>10.2</b>
Wooden furniture and parts	69.8	58.5	56.7	14.4	-9.3	5.5
Builders' woodwork	16.7	15.2	15.0	3.8	-5.1	9.1
Other SPWP	9.4	8.5	9.8	2.5	2.2	6.7
Mouldings	4.1	5.5	4.6	1.2	6.1	25.4
Cane and bamboo furniture and parts	3.9	4.5	3.0	0.7	-12.2	10.5
<b>Total SPWP</b>	<b>104.0</b>	<b>92.2</b>	<b>89.2</b>	<b>22.6</b>	<b>-7.1</b>	<b>6.4</b>
<b>All products</b>	<b>363.1</b>	<b>349.1</b>	<b>394.0</b>	<b>100.0</b>	<b>4.3</b>	<b>9.0</b>

Source: ITC/COMTRADE 2003-2007

**Table 38 African Imports of TTPs by Selected Countries, 2007**

Product	Total imports	Egypt	Libya	Morocco	Mauritius	RSA	Senegal	Tunisia	Others
		USD million							
Logs	275.7	21.2	6.8	125.3	5.7	17.0	9.4	6.6	83.8
Sawnwood	2238.2	769.4	66.6	385.4	35.5	191.1	85.9	172.8	531.3
Veneer	108.3	28.1	0.1	25.7	0.2	28.0		19.7	6.6
Plywood	272.7	57.0	0.8	23.1	7.2	34.4	17.9	1.0	131.3
Particle board	28.8	0.4	0.4	8.0	0.5	2.6	0.1	1.5	15.3
Fibreboard	54.2	5.1	0.2	20.1	2.0			7.2	19.7
<b>Total Primary products</b>	<b>2977.9</b>	<b>881.2</b>	<b>75.0</b>	<b>587.4</b>	<b>51.1</b>	<b>273.0</b>	<b>113.4</b>	<b>208.7</b>	<b>787.9</b>
Wooden furniture and parts	1038.2	52.3	87.4	84.7	10.5	181.7	13.2	5.9	602.7
Builders' woodwork	165.6	3.5	8.3	8.4	2.0	28.7	2.9	3.7	108.1
Other SPWP	147.8	8.6	3.9	15.7	1.9	49.0	1.3	5.4	62.0
Mouldings	18.2	0.7		2.6	0.5	4.5	0.1	1.1	8.6
Cane and bamboo furniture and parts	28.2	0.9	0.2	3.9	1.1		0.9	0.9	20.2
<b>Total SPWP</b>	<b>1398.0</b>	<b>66.0</b>	<b>99.8</b>	<b>115.3</b>	<b>16.0</b>	<b>263.9</b>	<b>18.3</b>	<b>17.1</b>	<b>801.5</b>
<b>All products</b>	<b>4375.8</b>	<b>947.2</b>	<b>174.8</b>	<b>702.7</b>	<b>67.1</b>	<b>537.0</b>	<b>131.7</b>	<b>225.8</b>	<b>1589.4</b>
<b>Share of total imports, %</b>	<b>100</b>	<b>21.6</b>	<b>4.0</b>	<b>16.1</b>	<b>1.5</b>	<b>12.3</b>	<b>3.0</b>	<b>5.2</b>	<b>36.3</b>

Source: ITC/COMTRADE 2003-2007

\*Data for 2006

## **b) Intra-African Imports**

Based on the available data, the intra-African imports of TTPs is mainly dominated by import of primary products (USD 304 million in 2007, see Table 39). The main markets are Morocco (USD 84 million), Republic of South Africa (USD 59 million) and Senegal (USD 55 million). For SPWP the main markets are Republic of South Africa (USD 8 million) and Morocco (USD 4 million).

Senegal has the largest intra-African share (42%) of the national total imports of TTPs in 2007, followed by Mauritius (17%), Morocco and Republic of South Africa (13% each), and Tunisia (8%) (Table 40). Almost a half of Senegal's imports of primary products come from African sources (48%). Sawnwood, veneer and plywood are the main products. In SPWP imports from other African countries in Senegal, account for only 4% of the total trade value. The situation is similar in Mauritius where about 20% of imports of primary timber products comes from African sources but in SPWP the share is only 0.9%.

In general, the intra-African trade is significantly higher in primary products than in SPWP.

**Table 39 Intra-African Imports of TTPs by Selected Countries, 2007**

Product	Intra-African Imports	Morocco*	Mauritius	South Africa	Senegal	Tunisia	Others
	USD million						
Logs	90.5	45.5	1.4	7.9	2.8	1.6	31.1
Sawnwood	155.2	24.6	8.8	42.4	42.8	8.4	28.1
Veneer	22.1	10.1		3.6		7.6	0.7
Plywood	28.4	3.8	0.1	4.2	8.8	0.1	11.4
Particle board	4.9	0.1	0.1	0.6			4.1
Fibreboard	3.8	0.2		0.0			3.6
<b>Total primary products</b>	<b>304.8</b>	<b>84.4</b>	<b>10.4</b>	<b>58.8</b>	<b>54.5</b>	<b>17.8</b>	78.9
Wooden furniture and parts	56.7	3.3	0.2	4.8	0.3	0.3	47.9
Builders' woodwork	15.0	0.2	0.3	0.9	0.2		13.5
Other SPWP	9.8	0.2	0.2	0.6	0.2	0.2	8.4
Mouldings	4.6		0.1	1.7		0.1	2.7
Cane and bamboo furniture and parts	3.0				0.1		2.8
<b>Total SPWP</b>	<b>89.2</b>	<b>3.7</b>	<b>0.9</b>	<b>8.1</b>	<b>0.7</b>	<b>0.5</b>	75.3
<b>All products</b>	<b>394.0</b>	<b>88.1</b>	<b>11.3</b>	<b>66.9</b>	<b>55.3</b>	<b>18.3</b>	154.3
<b>Share of intra-Africa imports, %</b>	<b>100</b>	22.3	2.9	17.0	14.0	4.6	39.2

Source: ITC/COMTRADE 2003-2007

\*Blank cells indicate missing data.

**Table 40** Intra-African Share of African Imports in Selected Countries, 2007

Product	Total	Morocco	Mauritius	South Africa	Senegal	Tunisia	Others
	%						
Logs	32.8	36.3	24.9	46.9	30.2	24.4	37.2
Sawnwood	6.9	6.4	24.8	22.2	49.9	4.9	5.3
Veneer	20.4	39.3	4.2	13.0	47.8	38.6	10.8
Plywood	10.4	16.5	1.1	12.3	49.3	13.3	8.6
Particle board	17.0	1.8	18.4	22.5	6.5	0.1	26.6
Fibreboard	7.0	1.2	0.4				18.1
<b>Total primary product</b>	<b>10.2</b>	<b>14.4</b>	<b>20.4</b>	<b>21.5</b>	<b>48.1</b>	<b>8.5</b>	<b>10.0</b>
Wooden furniture and parts	5.5	3.9	2.1	2.6	2.1	4.3	7.9
Builders' woodwork	9.1	1.8	13.5	3.2	5.6	0.1	12.5
Other SPWP	6.7	1.3	12.0	1.3	13.2	3.5	13.6
Mouldings	25.4	0.3	19.4	38.1		5.8	31.7
Cane and bamboo furniture and parts	10.5	0.6	2.6		12.6		13.8
<b>Total SPWP</b>	<b>6.4</b>	<b>3.2</b>	<b>5.3</b>	<b>3.1</b>	<b>4.0</b>	<b>3.0</b>	<b>9.4</b>
<b>All products</b>	<b>9.0</b>	<b>12.5</b>	<b>16.8</b>	<b>12.5</b>	<b>42.0</b>	<b>8.1</b>	<b>9.7</b>

## **D. Cross-border trade of TTPs**

### **1. Sources of Information**

In 2008 the EC financed 2 studies on cross border flow of TTPs in Western African (EC 2008a) and Central African sub-regions (EC 200b) in order to pave the way for FLEGT Partnership Agreement designed to combat illegal trade in TTPs. Though the two studies concerned the cross border flows of TTPs, there are differences in the 2 studies in terms of specific objectives, and thus yielded different outcomes.

### **2. The Western African Experience**

#### **a) Major Flows of TTPs**

According to the recent EC studies (European Commission 2008a), regional trade exists, much of it is informal, weakly regulated and allowed to flourish with no concern for the illegal origin of the much of the raw material. The main flows of TTPs identified are as follows:

- Sawn-timber from Ivory Coast and Ghana to the Sahel
- Logs and sawn-timber from Cameroon to northern Nigerian states
- Plywood from Ghana to Benin, Nigeria and Togo
- Sawn-timber from Guinea Conakry and Liberia to Ivory Coast
- Sawn-timber from Sierra Leone to Guinea Conakry
- Sawn-timber from Ghana and Nigeria to Benin & Togo.

#### **b) Size of the Sub-regional Market**

Because of the limited availability of information, it is impossible to quantify the volume and value of the regional trade. However, some observations regarding trends and important trade products and trade routes were as follows (European Commission 2008a):

- Teak logs harvested from plantations in Ivory Coast have become an important component of the cross-border timber trade. Much of the production is apparently transported via Burkina Faso to Ghana and Togo. It is then processed and re-exported or re-exported directly, mainly to India. The trade is of such importance that teak is now Ghana's main export species, despite the fact that Ghana has limited teak plantations and there were no official records of any teak imports. There are also considerable areas of teak plantations in Benin, Togo and Nigeria. Teak from Benin is exported illegally either directly or via Togo, and from Nigeria it is exported directly.
- Regional markets, particularly Nigeria, are of major importance for Ghana's plywood manufacturers and the issue of whether the raw material used in manufacture has been legally sourced is of limited or no concern. With the continuing depletion of Nigeria's forest resource and timber industries it can be expected in future that there will be growing cross-border trade in lumber as well as plywood.
- Having no timber resources, the Sahel region is totally dependent on supply of timber coming from Ghana, Guinea, Ivory Coast and Togo. This dependence will continue and adds to the pressure on remaining forest resources in the region.



### 3. The Central African Experience

#### a) Major Flows of TTPs

In Central African cross border flows study (EC 2008b), interest focused on direct exports and cross border flows of logs and processed wood (sawnwood, veneer and plywood). The principal flows identified are as follows:

- Logs and processed wood from Republic of Congo, Gabon, Central African Republic to Cameroon
- Logs and processed wood from Republic of Congo to Cameroon.

The study also noted less important flows of logs and processed wood from the exporting countries to Chad, Sudan, DR Congo, Equatorial Guinea, etc.

#### b) Size of the In-transit Exports

For the 4 countries (Republic of Congo, Gabon, Central African Republic and Cameroon), the cross border inflows in 2006 account for only 14% of the total flows of wood. The cross border flow of logs accounts for 56% of an overall logs exports from Cameroon (684 thousand m<sup>3</sup>). The shares of the exporting countries are 27% for the Central African Republic, 25% for the Republic of Congo (25%), 2% each for Gabon and Democratic Republic of Congo. The processed wood flow represents 36% of the overall processed wood exports of Cameroon (623 thousand m<sup>3</sup>). The Republic of Congo accounted for 26% of the inflow, followed by Republic of Central Africa (10%). For both logs and processed wood exported from Doula and Kribi in 2006, 46% represented cross-border flows.

## IV. EXPORT MARKET CHARACTERISTICS

The information on TTP market characteristics in African countries is scant. This section draws on the country case study reports from selected exporting and importing countries (See Table 1 above). In general, the end uses of the TTP are largely similar in the reporting countries and depend on the extent and structure of domestic further processing industries.

### A. Species and End-Uses of Imported TTPs

In Morocco the woodworking industry mainly uses softwood with a small amount of tropical or temperate hardwood. The furniture and cabinetmaking industries use hardwood for making high-quality products and coniferous timber for ordinary low-priced products. In building construction, low-quality softwood lumber is typically used and the product comes from South American or European countries. Tropical timber is mainly used for special purposes where its decorative and structural characteristics are appreciated. (Khatabi et al. 2009).

In the Nigerian market, the primary products (logs, sawnwood, veneer, plywood, etc.) are used as inputs to the local forest industry. The imported SPWPs are used as home and office furniture, mainly in the high-value market segment and for parquet flooring (Ajewole 2009). There is a traditional preference to species which were in the past available domestically but cannot be any more supplied in required quantities.

In South Africa the recent growing popularity of solidwood floors has stimulated demand for African timbers, particularly kiamu (*Pterocarpus angolensis*) which is considered to be both attractive and hardwearing. Most of the hardwood window and door frames used in South Africa are manufactured from Meranti. Meranti is also extensively used as veneer facing in the shop fitting and door manufacturing sector. It is not, however, considered to be a "high value" hardwood but rather a good utility hardwood (Howard 2009).

## **B. Distribution Channels of TTPs**

In general, most of the trade in timber products is in the hands of specialized traditional timber traders which also have stocking capacity. Only few large direct users buy directly from foreign suppliers. Larger processors are interested in direct imports but the commerce is mainly in the hands of specialized traders. Mark-ups are typically quite high, particularly in tropical hardwood products trade. There is no particular preference for African products except in West and Central African countries.

In Côte d'Ivoire, it is typical that traders from Western African sub-region (Niger, Mali and Nigeria) play an important role in the timber product distribution and they mainly handle low quality products. They are also supplying neighboring countries through cross-border trade which is not necessarily recorded in the statistics.

The upper stream of the distribution channels of TTPs in Egypt consist of private importers, accounting for over 90% of Egypt's softwood lumber needs and very minor quantities are imported by the governmental companies. Most of the private sector importers are traders not end-users, and are located in the port city of Alexandria (Mansour 2009).

In Morocco, the importation of TTPs is not regulated but due to the capital required for imports, the market is monopolized by large companies primarily located in Casablanca. These companies market TTPs to timber merchants who resell to manufacturers, end users or retailer merchants (Khattabi et al. 2009).

In Nigeria the distribution channels for imported TTPs are of two types. Logs are directly imported by the plywood mills while the distribution channels for the other TTPs usually consist of the importer, the retailer and the final consumer. In the case of the TTPs that are used by furniture industry for production, the chain can sometimes be shortened when the furniture industry buys directly from the importer and make use of such product in the furniture production (Ajewole 2009).

There are numerous actors in the South African TTP market, ranging in size from one-man informal business to relatively large private companies that have been established for many years. The main channels of TTP trade are as follows (Howard 2009):

- Timber concession holders. These are usually small companies that have secured a concession to harvest timber in a neighboring country who then send timber to South Africa and will market to anyone who requires timber
- Transport contractors. Considerable volumes of goods are exported from South Africa and often transport contractors will fill their trucks with timber on the return trip and sell this directly into the market
- Importers. These tend to be better established and larger businesses who import from a network of suppliers and market to timber merchants. A few importers also export the timber to Asia and Europe. Importers generally sell to the timber merchants and retailers although there are some that operate their own retail outlets largely as a marketing measure. Some importers kiln dry partially air-dried timber before selling.

- Timber merchants. They play the dominant role in the importation and distribution of African TTPs. Timber merchants generally tend to buy from importers and sell directly to manufactures and the smaller retail sector. Some merchants kiln dry partially air-dried timber and may even upgrade boards by sorting, re-sawing and thickening timber before selling onto their customers.
- Manufacturers. The smaller manufacturers tend to purchase from timber merchants and importers although some of the larger manufactures import a proportion of their timber directly.
- Retail outlets. Smaller retail outlets tend to buy from the timber merchants and importers while some of the larger chains either import directly or purchase from well established importers

There are no clear trends on the specific mark-ups that the various channels add to imported African hardwoods. Mark-ups range from 10% to 50% or higher, depending on the amount of work the actor has to do to effect the sale of the TTP, the relative scarcity and/or demand for the timber and its grade. By way of example, merchant-type actors who operate from an industrial area outside of town and who hold limited stock claim to add a 30 to 50% mark-up while retail outlets in the larger shopping centers and malls mark-up their goods by 50% to 100.

### C. Product Preferences and African Timber Products

In general, the African TTP markets for imported products are price sensitive and less attention is given to the product quality if minimum requirements are met. The situation however varies by country and market segment.

In Nigeria, there was a general consensus among the field survey respondents that products from African countries are generally of lower quality compared to products from outside Africa. There is no marked differences in timber preferences between African species vis-à-vis species of other tropical regions. It should be noted that most of the mills that may use timber of African origin are currently not in operation (Ajewole 2009).

In Republic of South Africa, there are no overt preferences for TTPs originating from Africa or other regions. Generally purchase decisions are based firstly on the price and quality of the products and secondly on the service levels offered by the vendor

Demand is driven largely by the end consumers and those that advise consumers such as architects, interior designers and the design media. The latter play a particularly important part directing trends and fashions through advertisements and editorials. Most consumers are very ignorant of TTPs and purchases are made on what they have heard from somebody rather than their knowledge of the wood and its properties used in the particular item. Importers, merchants and manufactures all have numerous anecdotes indicating the relative ignorance of the general South African public, including architects and designers, when it comes to wood. Because almost all of the African timbers marketed in Republic of South Africa are red or brown, the products are subject to fluctuations in demand resulting from the oscillating fashion trend between a general preference for light wood and dark wood.

## V. COMPETITIVENESS OF AFRICAN SUPPLIERS

### A. Competitiveness Defined

Competitiveness has been defined variously in the literature. It usually refers to an advantage gained through superior productivity (Porter 2005, Blunck 2006). According to WEF definition, competitiveness is

“the set of institutions, policies, and factors that drive productivity and therefore set the sustainable current and medium-term levels of economic prosperity” (WEF/WB/AfDB 2008). The WEF has also developed the Global Competitiveness Index (GCI) for nations of the world, based on nine dimensions or pillars: *institutions (public and private), infrastructure, the macroeconomy, health and primary education, higher education and training, market efficiency (goods, labor, financial), technological readiness, business sophistication, and innovation.*

Competitiveness can be defined differently for the different actors in the economy (i.e, firm, industry and nation). At industry level, Blunck 2006 defines competitiveness as “the ability of the nation’s firms to achieve sustained success against (or compared to) foreign competitors without protection or subsidies”. To measure competitiveness at industry level, the following factors need to be determined, including overall profitability of the nation's firms in the industry, the nation's trade balance in the industry, the balance of outbound and inbound foreign direct investment, and direct measures of cost and quality at the industry level. This study considers only those factors on which some information is available, which are discussed in the following section.

## **B. Factors of Competitiveness**

### **1. Export Prices**

Reliable price and cost information to compare countries is not available. What follows is a summary of country case studies.

#### Egypt

- The Egyptian wood market is price sensitive, particularly for softwoods. Egypt is a low-grade market, and the main constraint for African lumber in penetrating this market is the lack of information about its uses as well as lack of price competitiveness. The softwood market has been dominated by Scandinavian and Russian softwood products.
- According to importers, in hardwood imports African exporters have been largely unable to meet the prices offered by suppliers from Asia, Europe and the United States. Competition is coming from Asian tropical species and temperate hardwoods, particularly oak and beech.
- The current average price of Scandinavian whitewood is reportedly \$180 CBM/C&F Alexandria. Russian white woods are being imported at an average price of \$240 per CBM. The current average price of Scandinavian red wood grade 5 and 4 is between \$240 - \$260 CBM/C&F. Russian low quality grades are being imported at \$185 per CBM/C&F, while Romanian beech wood is being imported at between \$300 - \$360 per CBM/C&F for long, \$250 - \$275 per CBM/C&F for short and \$180, CBM/C&F for super short. The current average prices for imported oak from the United States vary between \$1,015 and \$1,100 CBM/CIF, depending on the grade of the imported product. It is reported that the current price for common #2 is \$600/CBM/CIF while the price for the common #1 is between \$700 and \$750 CBM/CIF. Appalachian oak is being imported at \$850 CBM/CIF. European oak AB grade is currently being imported for \$590-\$600 CBM/CIF. Canadian whitewood is preferred to the Chilean lumber. While wood lumber is imported from Chile for US 150/CBM C&F. Lumber from Canada costs US\$ 165/CBM C&F Alexandria.

#### Republic of South Africa

- The price of African hardwoods does not appear to be a restriction to the sale of the timber given that African hardwoods are generally considered to be “high value hardwoods” and in the same class as American ash or European oak against which they compete very well.

- In many instances, it appears that importers and merchants benchmark their pricing against the traditional hardwoods.

### Cameroon

- Cameroon's TTPs seem to be competitive enough in regional and international export markets. The fact that neighboring forest rich countries like Congo or Gabon do not have a significant share of Cameroon's national market in TTPs, illustrates the competitiveness of Cameroon's timber industry. In fact, Cameroon supplies most neighboring countries with some processed timber products, mainly plywood.
- The weak competitiveness of the formal timber industry of Cameroon in national markets for sawnwood is essentially not related to the imported products in general or competition from other suppliers in the African export markets, but it relates to the informal sector that dominates the supply of the national market in sawnwood.

### Côte d'Ivoire

- Prices and export costs remain globally competitive despite the crisis in the country since 2002. This is mainly due to the quality and variety of products of some highly species in high demand (Iroko, Mahogany, Sipo, Bété, Dibetou, Samba).
- In the fields of furniture, doors and windows (2nd and 3rd processing), the local suppliers are highly competitive because the price of imported goods is often double. However, the prices charged by local suppliers for the products of first choice is still quite high for people whose purchasing power is low and this limits consumption.

### Gabon

- Gabon's TTP seems to be competitive enough in export markets. Gabon supplies many African countries (including timber producing ones) with logs and, to a lesser extent, processed timber products, mainly plywood. However, Gabonese products are usually considered too expensive in neighboring countries with the exception of Equatorial Guinea.

### Ghana

- When political stability prevails and TTP trade regulated in neighboring countries (Liberia and Côte d'Ivoire), Ghana's prices on the export market are competitive.
- Though the price of a locally made upholstered living furniture is less than high-end imported upholstered living room furniture from Italy, the locally manufactured furniture is not competitive on the domestic market. The reason being that the Italian furniture are of better finishing and perceived to be more durable. The quality of upholstered material is also perceived to be better for the Italian furniture. On the other hand, low-end imported upholstered living furniture, mainly from China, is less expensive than the locally manufactured furniture. Hence, these products are less competitive on the domestic market.

## **2. Quality of Products**

This section provides summary of product quality of TTPs in the exporting countries. Since there are no a common standards or grading rules, it is impossible to directly compare the countries.

### Cameroon

- Cameroon has not yet adopted official quality standards of grading rules for its domestic market for TTPs. In fact, an important share of the domestic market is supplied by what is considered to be residues of the industrial firms.
- For the export markets, individual firms within Cameroon's forest industry manufacture their products to meet the quality specifications of the clients in these markets. The biggest market for TTPs of Cameroon being located in the EU, most of the processed products from Cameroon are attempted to meet the quality requirement of that market.
- The most important requirements of the international markets are related to the dimensions, the packing, and sanitary preservation of the products.

### Côte d'Ivoire

- The main products of the forest industry in Côte d'Ivoire (sawnwood, plywood, flooring, friezes, mouldings, etc.) meet the requirements of international markets, particularly those in Europe, America and Asia. The African markets are less demanding than the Western and Asian markets.
- Products that are exported to Africa are usually of inferior quality to reflect the purchasing power of the people of those countries. For example, most of sawnwood and plywood exported to West African markets of neighboring countries are second or third grade.

### Egypt

- While the market remains price sensitive in general, there are importers who are seeking and willing to pay for quality products. However, the lack of technical and trade servicing remains a major constraint for the African exporters to fully take advantage of this market potential. The majority of Egyptian importers and end-users are still unfamiliar with quality and species varieties, grades and dimensions of African lumber. Therefore, they are reluctant to use them.

### Gabon

- Gabon has no official grading rules for its domestic market for TTPs and a significant share of domestic consumption is supplied by what is considered to be residues or off-cuts of the sawmills.
- For the regional and international markets, there are well-established grading rules for Okoumé and other species of logs which are precise enough.
- In general there is a sense that African markets are less demanding for high quality products than other international markets. As far as sawnwood, veneer and plywood are concerned the quality of Gabonese products is adequate to meet the regional market demand.
- This is not the case with wooden furniture in which an important proportion of the domestic consumption is imported from Europe and Asia. The quality of wooden furniture produced in Gabon is generally considered low and even the public agencies prefer imported office furniture

### Ghana

- Obeche (*Triplochiton scleroxylon*) from Cote d'Ivoire is preferred in the market to that of wawa from Ghana even though the species is the same. This is mainly due to the whiter color of the Cote d'Ivoire obeche. which also has less of stains.

- The timber industry in Ghana through its Timber Industry Development Division provides quality control services to the industry. The Forestry Commission also provides grading rules for the use of the industry. This ensures that the quality of Ghanaian wood products can meet the international market requirements
- However, quality requirements in the West African market are lower than the European market. While the European markets on average require sawn timber of First and Seconds (FAS) or No. 1 Common and Select (C&S). On the other hand, the African market are asking for No. 1 C&S or No. 2 C&S. The grading rules for sawn timber are based on the Sciages Avives Tropicaux Africains (SATA) that has been developed by the Association Technique International de Bois Tropicaux (ATIBT) .
- The key differences in the quality of SPWP are those of lower quality in the Ghanaian products compared to those from Italy or the Far East. The finishing for Ghanaian SPWPs is also found to be of lower quality.

#### Nigeria

- The importers in the Nigerian TTP market perceive the African TTPs to be of lower quality in comparison to competitors. Hence, many of the importers are not encouraged to trade in TTPs from African countries.

#### Republic of South Africa

- None of the market actors interviewed indicated that there was any difference in the quality of African hardwoods versus their competitors *per se*.
- What was however apparent is that TTP suppliers in Canada, the USA, Brazil, the more developed countries of the EU and Asia were more organized and offered a more reliable source of timber.
- Problems with quality of African products were associated with the suppliers' services rather than with the TTPs that they supplied. Generally the African timbers are fit for purpose and the graded qualities are appropriate for their intended usage.

In general, the exporters find their products competitive in other African countries. However, the small traded volumes, with few exceptions like Okoumé log imports from Gabon to Morocco, suggest that there are potential problems in competitiveness, particularly in the service and marketing capacity of suppliers.

### **3. Logistics**

Poorly developed road infrastructure and inadequate port and shipping services between African countries are major impediments for intra-African trade in TTPs.

#### Cameroon

- Cameroon exports its TTP mainly (about 90%) through one main seaport (Douala), but there is also a secondary seaport (Kribi) used by two enterprises of the forest industry. The Kribi seaport is not sufficiently equipped and ships involved in the international trade stop 15 kilometers off in

the sea, and barges or smaller ships would transport the TTPs from the coast to load international ships. Such a system has a low capacity and increases transports costs unnecessarily.

- On the other hand, the port of Douala is sufficiently equipped but it is becoming congested as it is also used for the exports and imports of various merchandise to Chad, the Central African Republic (Central African Republic) and the northern part of the Republic of Congo. In addition, TTPs exports from the Central African Republic and Northern Congo are shipped in Douala.
- However, the most important infrastructural limitation for exports between Cameroon and other African countries is the poor road network. It appears that the Central African sub-region is the least developed of the whole African continent in terms of road infrastructure.
- The best road link from Douala to neighboring countries goes to Bata, the capital of Equatorial Guinea. Northern Gabon is also linked to Douala with a paved road the quality of which is much degraded as one approaches Libreville, the capital of Gabon. Roads linking Douala to the Central African Republic and to the Republic of Congo are partially paved but only on the Cameroon side.
- Trade development to Nigeria is however constrained as there are no paved roads to that country. The TTP production is concentrated in, southern Cameroon with simply no roads suitable for trucks to supply Nigeria by road.
- Chad is linked to Douala alternatively with paved roads and railways, but the railways are old and not well maintained. The industry perceives the poor quality of the services provided by the national railway company as a major limitation to trade with Chad.

#### Côte d'Ivoire

- Côte d'Ivoire has a good range of facilities that can be used for export deliveries to African countries. It has in fact two ports, Abidjan and San Pedro. Abidjan is one of the most important in terms of equipment and tonnage treated in the Atlantic Coast (2nd after the Durban).
- Moreover, the country has a good paved road network which connects to all neighboring countries (Ghana, Burkina Faso, Mali, Guinea, Liberia) .

#### Ghana

- For Ghana port handling for logs using heavy duty stationery cranes is not available anymore due to the ban on export of logs in Ghana. Exports of plantation timber are in containers using conventional loading equipment for containers. Import of logs from natural forest with large diameters poses a challenge to imports of logs into Ghana.
- Freight rates between African countries are high and until recently there were no regular shipping between member countries. As an example, freight charges for sawntimber shipments from Douala, Cameroon to Takoradi, Ghana are € 805 per 20ft container and € 1450 per 40ft container. Comparatively the freight charges to Europe particularly Hamburg in Germany are €1084 for 20ft container and € 1868 for a 40ft container.
- Exports to Senegal are mainly by sea. Exports by sea are done in containers. However, grouping and consolidation of cargo by several exporters is used. The intra-African trade freight rates could be lower if there were regular ship movements between the African countries and also if the volumes were higher. The use of chartered vessels could improve the pricing if volumes of timber shipped were in excess of ten thousand cubic meters per shipment.



- There are now regular vessel movements between countries on the West African coast. Transportation to African countries is based on location of the country. For instance the transportation of timber to Nigeria is both by road and sea though to a large extent road transportation is used. To the landlocked countries of the Sahel region, road transport is being used.
- In the continent, poor road network linking Ghana with countries in Africa is a major challenge to trade in goods like timber and timber products which are bulky. The road network between Ghana and its neighbors will have to be improved. For instance the Ghana-Togo-Benin-Nigeria route will have to be improved.

#### Gabon

- Gabon exports its TTPs mainly through the port of Owendo (next to Libreville). The existing seaport facility seems to be sufficient for Gabon's trade. However, there are also possibilities to export products by road to Cameroon, Equatorial Guinea and the Republic of Congo.
- Gabon's poor road infrastructure remains one of the most important limitations to increased trade with the neighboring African countries.
- Gabon's products may be forwarded to Chad through Cameroon using road or rails transport but the quality of service is a problem.

#### Nigeria

- Customs procedures in Nigeria constitute major obstacles to trade with Nigeria. Importers face inordinately long clearance procedures and high berthing and unloading costs
- The government currently practices a double inspection system requiring both pre-shipment inspection and 100% on arrival inspection.
- Cargoes are kept waiting for clearance at the ports, some even delayed for several months. Currently at fastest it takes a week to clear goods, and normally 2 to 3 weeks, far longer than the regulations according to which clearance must take no more than 48 hours.
- It is also required in Nigeria that all product imports must be inspected by a third party inspection agency appointed by the Nigerian government and authorized to carry out customs valuation.
- Some importers have complained that these inspection agencies often deliberately create difficulties for exporters and conduct customs valuation in an arbitrary manner. Such practice has seriously undermined the interests of international traders.

#### Republic of South Africa

- Transport rates are extremely variable with figures of US\$30/m<sup>3</sup> to US100/m<sup>3</sup> for the transport of timber being quoted by importers.
- Generally African timbers have a transport cost advantage over their competitors based in America, Europe and Asia, although the suppliers in the latter continent seem to be able to land TTPs at very competitive rates.
- A constraint to trade remains the apparent difficulty and resultant additional cost of doing business in Africa. For example, regional airline flights between Johannesburg and Europe cost about the same as those between Johannesburg and other African cities while the distances are far shorter.

#### 4. Trade Barriers

##### a) Import Tariffs

In general in Africa there are still significant import tariffs for further processed products and in Central Africa also for primary products. In other sub-regions there is an element of tariff escalation (i.e., higher tariffs for further processed products). However, in ECOWAS, CEMAC and SADC, there are preferential sub-regional tariffs but in the ECOWAS case, the implementation process is not completed. The general import tariffs are higher in CEMAC and ECOWAS countries than in SADC countries (Table 41).

The following two countries illustrate the situation.

##### Nigeria

- The current duty rates in Nigeria range between 5 and 20% of CIF value.
- In 2006, the ECOWAS formally launched a common tariff system, with the following four aspects. The import tariff rate is 5% for primary products, 10% for semi finished products such as raw materials and other industrial products, 20% for finished industrial products, and 50% for luxury goods.
- As a member of ECOWAS, Nigeria has made a commitment to bringing its tariffs in conformity with the level of WAEC by the end of 2007. The current duty rates are not far from the proposed ECOWAS level.

##### Republic of South Africa

- There are 3 categories of import tariff: general tariff, tariff for EU and tariff for SADC.
- There are no import tariffs levied on unprocessed and primary processed wood products with the exception of veneers, where a tariff of 10% of the value of the goods is applicable for imports from countries outside of the EU and SADC.
- Imports of wooden window and door frames are taxed at a rate of 15% but are free of taxes from SADC countries while wooden seats for motor cars are taxed at 20% while SADC countries only pay 13% (reduction of 35%).
- The highest import taxes are charged on manufactured items like wooden clothes hangers and pegs, both items that are manufactured locally, and the tariff is 30% for EU and other countries but only 24% for SADC countries, that is a reduction of 20% on goods from SADC countries.

##### b) Export Tariffs and Regulation

Export taxes have been greatly reduced in most African exporters of TTPs but they are still being applied, particularly for logs. Trade regulation is also applied for logs in many countries. The following country examples illustrate the situation.

##### Cameroon

- There are export taxes for Cameroon's TTPs, but these taxes are currently low for processed products (1% of the total value). The export taxes do not appear to be a major constraint to the export of TTPs but are still considered to be an unnecessary limiting factor by the industry.

**Table 41 Import Tariffs in Selected Country Case Study**

Product	General Tariff (%)					
	CEMAC		ECOWAS			SADC
	Cameroon	Gabon	CIV	Ghana	Nigeria	ZAF
Logs	30	30	32	0	5	0
Railway sleeper	..	..	..	..	10	..
Sawnwood	30	30	32 - 44	0	20	0
Plywood	30	30	32-44	20	20	10
Veneer	30	30	44	20	20	10
Particle board	30	30	32-44	20	20	15
Hardboard	30	30	44	20	20	15
Insulating board	30	30	44	20	20	10
MDF	30	30	44	20	20	15
Doors	30	30	8-44	20	20	15
Windows	30	30	8-44	20	20	15
Joinery	30	30	8-44	20	20	15
Wooden furniture and parts	30	30	44	20	20	20

Sources: Country case study reports

- No import or export taxes exist between member countries of CEMAC (Cameroon, the Republic of Congo, Equatorial Guinea, Chad, the Central African Republic and Gabon).
- It is probably Cameroon's high forest taxes, which are the most important matter of concern for the industry as they increase the productions costs of TTPs. The annual forest fee (AFF) which calculation is based on the total area of the concession, while about 1/30<sup>th</sup> of the concession is harvested every year. The AFF is determined for each concession during its allocation by tender. Its minimum amount is 1,000 CFA/ha (about 1.5 Euros) which represents 30,000 CFA/ha/year if only the area harvested is taken into account. The AFF for some concessions goes up to 7,500 CFA /ha but the average value for the country is around 2,500 CFA/ha<sup>5</sup>.

#### Gabon

- Gabon is charging export tax for logs, which has not been sufficient to discourage log exports by the timber industry. Perhaps, further regulation on log exports and specific incentives are needed in order to increase local processing within the country.

#### Ghana

- There are no export taxes on timber. Ghana, however, has a long history of regulation of its timber industry. Ghana suspended the export of logs in June 1995. The ban was aimed at protecting the forest resource and redirecting the flow of logs for increased domestic processing. The ban was also targeted at slowing down the increase in production and speculative felling that

<sup>5</sup> In Gabon the area based tax varies between 200 and 400 CFA/ha/year

had arisen as a result of demand for logs from the Far East. In 2005 the ban on teak log exported was lifted to allow the exports of plantation timber.

- The state performs a significant role in the regulation of timber exports. The regulation has a high incidence of bureaucracy resulting in higher transaction cost for the mills. Institutional bureaucracy cost is estimated at US\$6.5/m<sup>3</sup>.

### **c) Non-Tariff Measures**

#### **(1) Certification**

In general certification of sustainability is not required in African TTP market but in some countries like South Africa and some market segments it is becoming a marketing advantage. The same situation appears to prevail in quality certification.

##### Cameroon

- In international markets, the certification of some forest concessions in Cameroon (900.000 ha already) does improve the competitiveness of Cameroon's TTPs exports at least in ecologically sensitive markets of North Europe for some time. Improvement is also expected after the recent signing of the Voluntary Partnership Agreement (VPA) with the EU.

##### Ghana

- The regulated trade and the pre-shipment inspections services provided by the Forestry Commission gives Ghana a competitive edge over its neighboring countries in the quality of its wood products.
- Ghana also through the Voluntary Partnership Agreement with the EU has signaled its intention to trade in timber from legal sources and, which is expected to provide an advantage for Ghanaian timber in the short term.

##### Republic of South Africa

- Although there is a growing awareness of environmental certification schemes, the forest certification system, a lack of certification does not in any way affect the importation or marketing of the product in South Africa. There are certainly no official import restrictions based on the certification status of a product.

#### **(2) Quality Standards and Grading Rules**

##### Egypt

- Importers prefer that all wood shipments be kiln dried, cut in metric sizes, with the importer's name printed on the side of each bundle. The dimension, length, grade, cubic meters, and number of pieces must be indicated on each bundle. In addition, Egyptian importers do not accept sales contracts made in nominal sizes.
- They do not accept nominal sizes; rather, goods must be invoiced and delivered in actual metric sizes. Moisture content should not exceed 19% at time of import inspection. The most commonly used grades in Egypt is grade No. 2 and better, as well as 10-15% of No. 3. This grade is similar to Scandinavian 5<sup>th</sup> and 6<sup>th</sup> grades, and the Russian 4<sup>th</sup> and 5<sup>th</sup> grades.

- The most common thickness is 50 mm, but 25, 37, and 75 mm are also used. Most importers prefer to have at least 50% of their shipments of 50 mm thickness.
- Relative distribution of the most common requested widths are 15% of the 200 mm, 10% from the 175 mm, 60% of 150 mm and 15% of 100mm. The most common demanded lengths are 2.70 meters and up, increments of 30 cm, with about 2-3% of lengths 1.80-2.40 meters.

#### Republic of South Africa

- Timber used in the construction of buildings in the coastal areas of South Africa must be treated to a particular standard against potential fungi and insect damage. The timber must be treated according to a standard specified by the South African Bureau of Standards (SABS). Besides this particular requirement, there are no other obligatory standards that need to be complied with.

### **5. Communication Infrastructure**

The most important additional factor that limits trade of TTPs between ITTO producing member countries and other African countries consists of the poor quality but highly expensive communication links. For example, it is very difficult to reach a potential client in Ghana or Nigeria by telephone from Cameroon or Gabon. Similarly, there are no direct flights from Douala to for instance Accra and the cost of air travel tickets to West Africa are as high as the ones to go to Europe. These are significant impediments for TTP trade development in the region.

### **6. Financing Facilities**

There is a limited access of timber industry owned by nationals in ITTO producing member countries to financial facilities. Multinational companies through their investors have easier access to financial services provided by banks in their countries of origin in Asia and Europe than local ones. In addition, national financial institutions are not generally able to provide the needed financing facilities and other services to timber exporter.

In Ghana suppliers would ask for upfront payments. This has the effect of locking up capital for long periods due to poor delivery schedules by suppliers. Importers would normally require payment by Letters of Credit or Cash against Documents. Banks are slow to provide finance to the timber sector due to lower returns when compared to the other trade or service sectors.

### **7. Market Intelligence and Promotional Organization**

In general, lack of knowledge on African timber market and lack of market promotion are major impediments for intra-African timber trade development.

As an example, most companies in Ghana have no formal structures for gathering market intelligence information and to a large extent are very dependent on the Timber Industry Development Division to provide market intelligence information. The survey however showed the weakness of effective structures for gathering market intelligence. With respect to opportunities in African countries most companies interviewed indicated the lack of awareness.

The presence of numerous Indian traders in Ghana has provided opportunities for the flow of market information on the Indian market. This resulted in strong sales to India of Ghanaian Teak. The absence of persons from North Africa or the flow of information from this region has kept the volumes of sale to the market low.

Ghana has in the past tried to promote trade in timber through its Ghana International Furniture Exhibition (GIFEX). However, this has run into problems due to lack of sponsorship for the event. Perhaps there should be increased coordination to ensure a broader participation. This is an area of potential work for the ITTO in promoting the use of tropical timber from sustainable sources, particularly in respect of the lesser used species

Market information appears to be a major limitation in the trade of TTPs for Cameroon and Gabon to trade with other African countries. However, the Okoumé exports to Morocco and South Africa are well established and go to a small number of customers and trade intermediaries.

There is no formally established organization that provides information about African markets. Some timber enterprises are informed sometimes by their group headquarters based in Europe, or by intermediaries or interested traders coming from potential African markets. Logger unions appear particularly inactive in this domain.

Timber enterprises are informed sometimes by their mother-companies in Europe, trade intermediaries or interested prospectors coming from potential African markets. The foreign-owned groups have little interest and limited resources to obtain detailed market information on export possibilities to other African countries. The SME sector is even less prepared for developing marketing in other African countries in spite of the apparent competitive advantage of ITTO producing countries.

In Côte d'Ivoire, professional organizations (SPIB and SENBC) whose primary role is as such, has not sufficiently invested in the market promotion to create a framework for competitiveness of their members on the African markets.

Western markets remain Ivorian industries' first target markets. There should be further development in exports to the African markets in the wake of global crisis which has closed many traditional markets to products from Ivorian industries.

In Republic of South Africa the common species of African hardwoods are well known by the importers, timber merchants and wood-based manufacturers in South Africa. All the importers and merchants have a well developed network of suppliers and were knowledgeable about the various sources of TTPs, grades and reliability of supplies in major African export countries. A few of the furniture manufactures indicated that they had on occasion experimented with some of the lesser known African hardwoods but were seldom successful in being able to develop a meaningful market for the products using the lesser known woods. Customers preferred to pay a premium for a well known wood species such as African mahogany, African rosewood, Zambian teak and kiaat (Mukwa).

Most of the companies in Nigeria that deal in TTPs have no formal structures for gathering market intelligence. Few of them that claimed to be aware of import market opportunities from African countries reported to have gotten the information from internet and media publications.

## **8. Other Factors**

Language has been a barrier to trade in the region, particularly in West Africa. Governments should encourage the teaching of languages spoken on the continent. For example English speaking countries must either learn French or Portuguese or vice versa. Africa has in the past spoken of the need for a common language for the continent but this has not moved beyond the political rhetoric. The exporters in the Congo Basin should be able to handle their exports and market promotion in English in most other African markets.

## VI. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

#### 1. Opportunities for Increased Exports

The total imports of TTPs in 2007 USD 4 billion out of which USD 0.4 billion is originating from the continent itself. There is a huge opportunity for the ITTO producing member countries, particularly in further processed products, in which their participation in trade is still minimal. Africa as a whole is a net importer of TTPs in spite of the vast forest resources and huge plantation potential.

The African markets for TTPs will continue to grow fast after the current crisis period. The region will increasingly have to rely on exports of TTPs from outside if the production cannot be increased. TTP production from both natural forests and plantations should be boosted up but the industry requires retooling and significant new investment.

Because of differences in local conditions (raw material base, infrastructure, forest management, etc.), the opportunities to increase exports differ among the ITTO producer countries. The following examples illustrate the diversity of situations.

In Ghana, any increase in export volumes will be dependent on the following factors:

- Increased utilisation of Lesser-Used –Species
- Retooling of industry and the replacement of obsolete primary processing equipment to allow for higher conversions of the raw material.
- Industry integration and the shift to the production of value added products.
- Importation of logs, sawn timber and veneer for further domestic processing prior to exports. This can only be achieved if there are massive investments in the retooling of industry to improve efficiency.
- Improve governance in the forest sector and be able to produce legal and sustainable timber.
- Participate in regional fairs and exhibitions such as the GIFEX in Ghana or the ECOWAS Trade Fair to promote Ghana produced timber products.

In Cameroon the opportunities to increase exports include:

- Improvement of road infrastructure linking Cameroon to its neighboring countries (Nigeria, Equatorial Guinea, Chad, Central African Republic and Gabon).
- TTP market development with neighboring countries (Equatorial Guinea, Chad, especially Nigeria).
- Further improvement of timber processing capacity. in Cameroon has the most important timber processing capacity in Central Africa. This capacity is especially developed in sawmilling. However, during the last five years veneer and plywood manufacturing capacities have increased.
- The implementation of forest certification in Cameroon and the future signing of the VPA will improve the image of Cameroon's forest management methods and promote TTPs from Cameroon around the world.

Gabon is a timber-rich country which has potential of playing a bigger role in timber trade within Africa. It is one of the few countries which could still expand its production of logs from natural tropical forests. Some of the opportunities that exist for increased exports of Gabon's TTPs include:

- Starting from 2002, Gabon has adopted a policy of promoting sustainable management of its forest concessions which would guarantee a continuous supply of TTPs to interested markets still for decades.
- A shift to the production of value-added products since the African demand for timber products has been more concentrated on logs, particularly okoumé, than on processed products.
- The growing national timber processing capacity has been increasing since 2002. The country has now a larger capacity for meeting the high African demand for processed products. However, the timber processing capacity remains oriented towards primary processing and moving towards further processing is a demanding process involving investment and human resource development.
- The implementation of forest certification to satisfy the demand of environmentally sensitive market in Europe.

The opportunities to increase exports in the Ivorian forest sector include:

- The establishment of true partnerships with rural people for a concerted management of forests in order to maintain a minimum production capacity of these forests in danger of extinction.
- Fighting effectively against fraud and illegal logging;  
Promotion of lesser used species;  
The development of forest plantations to ensure medium and long term sustainability of supply of processing units.
- Improving technical performance and technology of processing units by encouraging their adaptation to the treatment of small diameter wood and increasing their yields;  
Continued efforts of the wood processing industry to increase the share of the 2nd and 3rd processing.
- Effective awareness raising on timber products among domestic and international consumers;  
Effective implementation of the preferred tariff and custom provisions in all African economies;  
The development of information exchange on the market through the establishment of monitoring agency on TTPs at national and sub-regional levels.

There are specific opportunities to increase exports to the Republic of South Africa :

- Softwood sawlogs from plantations. South Africa has limited opportunities to expand the plantation base and it is recognized that the country will need to import softwood sawlogs and/or lumber to meet future demands for this commodity. A number of African countries have areas that are highly suited for pine plantations. As there are no large scale softwood plantations in the ITTO member countries in Africa, this would be a long-term opportunity for them. They would have to be competitive with the suppliers in Zimbabwe, Zambia, and Malawi which are the main current sources of import supply.
- Plantation grown teak. Burmese teak has been imported and used in South Africa for many years. Recently, there has been a revival of interest in this species for flooring, decking and outdoor furniture. There are many areas of Africa where this species could be efficiently grown in plantations. This market would be of interest to countries like Ghana which is already exporting significant volumes of teak logs from thinnings to India. Trade could be also developed with South African clients.
- Substitution of meranti and balau imported from Malaysia and Indonesia. Meranti is the standard timber used in general hardwood joinery in South Africa for the manufacture of door and window frames, doors and mouldings. Balau is widely used as a decking timber due to its durability. There are a number of African species that could be substituted for these Asian timbers and the market could be developed if secure and reliable supplies could be developed.
- Veneers. Large amounts of veneer are imported from the USA and EU countries. Veneers produced in Africa would have a transport cost advantage over the USA and EU countries while many of the African species could substitute for the darker wood veneers being imported into South Africa. A number of timber merchants have indicated, for example, the similarity between



African Rosewood and Cherry and some have successfully substituted the latter with the former by carefully selection. Veneer exports particularly from the Republic of Congo and Gabon could be expanded in the Republic of South Africa.

- Composite panel products. Due to the intense competition for wood fibre between the South African pulp and paper sector and that of the composite panel products sector, there is an opportunity for African countries to provide raw material for the panel products sector. The South African pulp and paper sector requires light coloured wood fibre that bleaches easily while the panel products sector could make use of darker species of African hardwood for much of its core material. While the short-term prospects in composite panel products exports from ITTO producing countries in Africa are expected to remain limited, there are likely to be opportunities in the medium and long term. Wood chip exports for composite panel products is an opportunity which can only be tapped by the Republic of Congo, Côte d'Ivoire and Ghana.

## 2. Main Constraints for Intra-African Exports in TTPs

The main constraints to Intra-African trade can be summarized as follows:

- Lack of knowledge on regional markets by traders in the region. There is also no central point or national organization within the region to provide market information.
- Poor transport and communication links between African countries. Communication between African countries is not reliable and sometime expensive. Travel between countries is also difficult thereby constraining trade within the region. One of the most important example is Nigeria which has no road link with southern Cameroon and there are problematic telephone connections.
- Weak infrastructure to support trading among African countries. Road network is poor between countries in the region. Rail network is almost non-existent resulting in poor linkages between countries in the region. Though mobile communication has improved in recent times, the quality of service in the region is low. This offers major challenges for trade within the continent.
- In many exporting countries, bureaucracy in the documentation for movement of goods and people between the African countries. This is a challenge to both exporters and importers. For instance, the Government of Ghana has tried to reduce this problem with the introduction of the Ghana Community Network (GCNET). The GCNET is an electronic system for processing of imports. This is currently being expanded to include exports and the timber sector through the Timber Industry Development Division which is currently piloting the processing of export permits through the GCNET.
- Poor banking systems that constrain payments for goods and services. Despite recent improvements, there still remains challenges, particularly high interest rates and the management of exchange rate risks.
- Access to trade finance has been difficult. The timber sector has, in general, a poor record for payments of loans and therefore the banks, particularly the traditional banks, have been reluctant to provide finance to investors in the sector.
- Exchange rate fluctuations represent a source of risk which cannot be effectively mitigated under the current financial crisis at reasonable cost.
- The existence of a large informal/illegal timber sector, which supplies a major share of the regional market, is both an advantage and a weakness. Illegal production avoids the transaction costs of legal production and enjoys therefore an undue competitive advantage but informal operations create significant income and employment for small-scale entrepreneurs and other

operators and responds to market needs..

- i) The limited secondary processing capacity, especially in SPWPs, and somewhat lower quality of products compared to SPWPs coming to Africa from e.g. Europe or Asia is a constraint in moving up in the value chain in the intra-African trade.
- j) The limited quality and design competitiveness of African SPWPs mainly produced by small-scale artisans.
- k) In some countries, like Côte d'Ivoire and Ghana, the raw material situation is become a constraint.
- l) African suppliers, with many notable exceptions, have a reputation in other African markets for being unreliable. Unfortunately a number of suppliers reinforce this view on a regular basis and importers and timber merchants all have numerous anecdotes of the relative unreliability of their African suppliers. This is a key constraint and should be addressed by systematic efforts by potential exporters who have capacity to meet the market requirements.
- m) With a few exceptions, the African timbers are not well known and well marketed. As an example in Republic of South Africa, end-users ask for Oak or Ash only because that is what they have heard about. Few can differentiate between the various species of wood. There is a need for a major promotional effort to make key species well known among potential buyers and specifiers. The same situation prevails in Egypt.
- n) Although currently of little importance to most end-users, there is a growing awareness of green labelling and environmental certification. It appears that there are few sources of certified TTPs in African countries and this is likely to create a future constraint.
- o) Competition from Asian countries, in particular China, Vietnam and Korea is very intense. These Asian countries have companies, that for many reasons, are able to import raw logs , including from Africa, and manufacture furniture and other products at very competitive prices even with the greater transport costs incurred offering South African companies very stiff competition in the EU and USA markets.

## **B. Recommendations**

### **1. ITTO**

ITTO should undertake the following actions for the promotion of intra-African trade in TTPs:

- a) Support detailed studies of TTPs markets exports and imports of TTPs in Africa. Examples of areas of interest are
  - Trade potential for sawnwood and log trade from the Congo Basin to Western Africa
  - Trade potential for TTPs in forest poor countries in Western Africa
  - Undertake a detailed study of the TTP market of Nigeria and other poorly known target markets
  - Trade potential in Algeria, Tunisia and Libya.
- b) Support research and publication of the physical and aesthetic properties of African TTPs. There are numerous species that have very attractive properties that could be widely used were their physical properties well known. A particular example would be identifying those species that offer wood properties similar to those imported in Southern and Northern Africa.

- c) Promote the use of LUS in the regional market, in particular the domestic markets in the supplying countries, through studies, demonstration activities and support to market promotion.
- d) Provide specific market intelligence information, particularly through studies and monitoring of market trends in the region that highlight opportunities for increased trade in the region. The ITTO Market Information Service (MIS) coverage could be expanded to include key African import markets for TTPs.
- e) Promote trade in legal timber within the region by encouraging trade in primary products from VPA signatory countries and by suppliers with demonstrated capacity to supply legally harvested TTPs from sustainably managed sources.
- f) Support specialized timber fairs and exhibitions and technical conferences in the region. Building sector exhibitions should be included in these activities to promote the effective use of wood in the region.
- g) Support skills development and the transfer of technology into the region to increase the competitiveness of products produced in the region. These activities should also include support to build capacity in quality, control and product design.
- h) Organize the promotion of tropical timber in selected African countries which have extensive market potential for TTPs (e.g. Egypt, Algeria).
- i) Strengthen statistical data on TTPs in the region, including production, processing and consumption and trade in TTPs as this is a major weakness in the region at present. The long-term objective could be an online database on timber market information in Africa.

## 2. Governments

Governments in ITTO member countries should take the following actions:

- a) Remove trade barriers in the region, including the removal of road check points. These barriers often only result in informal payments by transporters/importers before goods are allowed to pass the check points.
- b) Improve currency systems in the sub-region. There should be commitment and engagement to ensure that a common currency can be used to trade in the West African sub-region. In this regard the ECOWAS secretariat should facilitate the introduction of the ECO in the West African sub-region.
- c) Provide support for the organization of trade promotion activities in TTPs and organize, in cooperation with private sector organizations, collection and dissemination of market intelligence information to facilitate trade in TTPs.
- d) Provide incentives to support the promotion of further domestic processing and that of the utilization of the LUS. Countries could offer lower royalty rates, other incentives and support skills to improve the industry competitiveness.
- e) Support trade promotion offices to facilitate the trade in wood products. Such offices could make use of the work on the technical data on African timber species, including LUS.
- f) Forest governance should be strengthened and regulatory framework should be improved to support the trade in legal and sustainable timber. This will, however, require some level of support from developing partner countries.

- g) Provide support to the private sector in skills development to improve the quality and design of locally produced value-added products.
- h) Improve communication infrastructure with other African countries
- i) Reconsider forest taxes in order to decrease TTP production costs when applicable.
- j) Customs cooperation between neighboring countries within sub-regions should be strengthened to improve trade data and facilitate trade.

### 3. Forest Industry and Trade Associations

The forestry industry and trade association should undertake the following actions to promote intra-African and African exports in TTPs:

- a) Participate in fairs and exhibitions to promote their products in the region. Examples include the ECOWAS fair, the GIFEX in Ghana, the South African International Trade Expo, WoodPro Africa in South Africa and the All Africa Trade Fair.
- b) Engage in the promotion of selected LUS timber for the regional markets.
- c) Promote the domestic market for TTPs as a basis to test their products for future sales to the international market.
- d) Invest in the production of value-added products to improve the quality and design of products, thereby achieving higher returns from the forest resource and promote retooling of the existing capacity for further processing. improving the quality and design of production
- e) When necessary in countries with no or limited forest resources in Africa, consider investment in the importation of raw material procurement for primary processing in supplying countries, including for the development of re-export value-added products (e.g. Egypt, the Maghreb countries).
- f) Engage in the production of legal and sustainable TTPs to attract private investment.
- g) Develop networks within and between national timber industry and trade associations at the regional and sub-regional levels. There is a need for capacity building within the trade associations, in particular to undertake self-regulation, market promotional activities and market intelligence.
- h) Build capacity in obtaining and utilizing market intelligence information at enterprise level.
- i) Engage in forest certification to obtain market advantage in environmentally sensitive market segments
- j) Improve in the precision of sawn planks and production of kiln-dried timber to improve the attractiveness of African timber, while also offering greater economic benefit to target at meeting demand for high-quality hardwood veneers which could be produced in African countries using logs from their own natural forests and plantations.
- k) Improve the reliability of supply and deliveries as well as the quality of TTPs to match that of Asian, European and North American competitors.

#### 4. Regional Organizations

Regional organizations and other trade-related bodies should:

- a) Promote removal of trade barriers in order to create enabling conditions for regional trade by encouraging member countries committed to the protocols under the various regional initiatives such as ECOWAS.
- b) Promote regional and sub-regional cooperation of customs authorities.
- c) Promote intra-regional trade through the organization of timber trade fairs and exhibitions. In particular, ECOWAS should seek to support specialized timber and building related exhibitions. For instance, it could provide support for the GIFEX.
- d) Organize meetings between member states for the elaboration of strategies to promote inter-African trade of TTPs and further processing.
- e) Promote the harmonization of national timber trade legislations in Central and Western Africa.
- f) Promote trade in legal timber in the region.
- g) Consider establishing a WACFE to promote SFM, reforestation and take advantage of discussions and initiatives on climate change to have a common approach and draw support to finance SFM in the sub-region. Individual countries in the sub-region with the exception of Nigeria are small and therefore need a coordinated approach to managing its forests. The experience of the COMIFAC in the Congo Basin is relevant in this respect.
- h) ECOWAS and WAMU should play a strong role in the West African sub-region to promote the export of timber in its member countries and other non-member African countries by the following actions:
  - To exchange information on good forest governance (sustainable management, timber tracking) in member countries.
  - To promote effective cooperation between customs organizations.
  - To enforce the laws governing trade and exports (tax and customs duties) between member countries to ensure the free movement of products.
  - To create sub-regional timber monitor to exchange market information.
  - To organize regional fairs for a better awareness of timber products.
  - Encourage and support environmental certification through the development of awareness, national standards and local knowledge of the various certification schemes.

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