TECHNICAL SERIES

35

GOOD NEIGHBOURS

Promoting intra-African markets for timber and timber products

JUNE 2010

ITTO

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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ITTO TECHNICAL SERIES #35

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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ITTO Technical Series No 35

The International Tropical Timber Organization (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its 60 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyses and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing industries at both community and industrial scales. All projects are funded by voluntary contributions, mostly from consumer member countries. Since it became operational in 1987, ITTO has funded close to 1000 projects, pre-projects and activities valued at nearly US$350 million. The major donors are the governments of Japan, Switzerland and the United States.

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ISBN 4-902045-67-2

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FOREWORD

Africa's rich tropical forest resources are estimated to cover around 600 million hectares, representing approximately one-third of the tropical forests of the world. The estimated forest cover in the ten ITTO African producer member countries in 2005 was 252 million hectares, which was 40% of the continent's total forest area. This is concentrated mainly in the six Congo basin countries in Central Africa, which constitute the second largest area of contiguous moist tropical forest in the world after the Amazon forest.

In spite of their vast forest resources, African countries continue to import wood products averaging over US$4 billion annually of which less than 10% originates from within the region. In 2007, Africa represented 30% of the global exports of tropical industrial roundwood, around 14% of the exports of sawnwood, 30% of the exports of tropical veneer but only 3% of the exports of tropical plywood. The ten African ITTO member countries represented more than 90% of the exports of tropical primary products of the continent. Unfortunately, trade between African countries in these products was less than 2% of the exports of tropical roundwood, rising to between 14 and 25% for higher value added primary goods such as plywood. African wood supplies (and the potential for more intra-African trade) are expected to grow: it is projected that industrial roundwood production in Africa will grow by about 21 million m^3 between 2010 and 2020 to reach 93 million m^3. Sawnwood consumption will increase by 7 million m^3 to reach 19 million m^3 by 2020 and wood-based panel consumption will increase to about 4 million m^3.

In the context of its strategic policy actions, as approved in the ITTO Biennial Work Programme for 2008-2009 [Decision 2(XLIII)], the International Tropical Timber Council commissioned a study in 2009 on the regional trade in tropical timber and timber products in Africa, exploring opportunities to further promote the regional trade of forest products from sustainably managed sources. Part II of this ITTO Technical Series publication is the outcome of this study, with Part I containing the proceedings of the International Conference on the Promotion of Intra-African Trade in Timber and Timber Products convened in Accra, Ghana in July 2009 to discuss the issues raised in the background study and develop an action plan.

Both economic and political arguments suggest that increased intra-African trade can foster a regional take-off. Trade linkages in Africa, however, are very weak despite the proliferation of institutions, treaties, protocols and resolutions. A huge opportunity for the development of intra-African trade therefore exists, particularly for the ITTO producing member countries in the region with significant forest development potential. The medium and long-term market outlook is positive driven by economic and population growth in the region but African producers need to improve competitiveness to increase their market shares.

The Accra Action Plan adopted by the conference identifies the main constraints faced by African suppliers in regional markets and proposes steps to be taken by governments, the private sector and international/regional organizations to overcome them. Constraints identified include high tariff barriers for processed products, cumbersome/costly customs procedures (in both exporting and importing countries), corruption, inappropriate taxation and inadequate incentives, lack of harmonized regulatory frameworks, competition from illegal harvesting and trade, deficient statistics, lack of market information, weak marketing capability, limited access to trade finance, limited secondary processing capacity, low quality and design competitiveness of further processed products, intense competition from outside the region, limited knowledge of African timbers and suppliers among potential buyers and an unfavorable image of African suppliers as reliable trading partners. The Action Plan also proposes measures to implement and monitor the activities recommended for overcoming these varied obstacles, proposing that ITTO act (in liaison with other international/regional organizations) as a coordinating body to oversee the Plan's implementation.

The need to promote intra-African trade has never been more paramount, with the recent (and in some cases, on-going) economic crisis having significantly reduced Africa's timber and timber products exports to traditional markets, in particular Europe and the USA. Even China and India, which have become major markets for African timber and timber products, have also recently substantially reduced their imports of tropical timber.

The benefits of strengthening the intra African trade in timber go well beyond the boundaries of individual countries, as such trade also helps to strengthen links between African countries and to expand the economic space of Africa. I do hope that this ITTO publication will stimulate African decision makers to tap this dormant opportunity for the benefit of their economies.

Emmanuel Ze Meka
Executive Director, ITTO

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PART I

REPORT OF THE INTERNATIONAL CONFERENCE ON PROMOTION OF INTRA-AFRICAN TRADE IN TIMBER AND TIMBER PRODUCTS

I. Introduction

The International Conference on Promotion of Intra-African Trade in Timber and Timber Products (TTPs) was held in Accra, Ghana 30 June to 2 July 2009. It was organized by the International Tropical Timber Organization (ITTO) in cooperation with the Food and Agriculture Organization (FAO) and hosted by the Government of Ghana.

The Conference was part of the implementation of the ITTO Biennial Work Programme for the 2008-2009 and it was preceded by preparation of a background study involving eight country case studies, four in exporting countries and four in importing countries.

The Conference consisted of eight plenary sessions and group work. The Programme is given in Annex 1. The Conference had a total of 86 participants representing the private sector, government agencies, timber trade specialists as well as inter-governmental and regional organizations. The list of participants is given in Annex 2.

II. Opening and Welcoming Remarks

In his opening statement, **H. E. Amb. Michael Maue**, Chairperson of the International Tropical Timber Council, mentioned that both economic and political arguments suggest that increased intra-African trade can foster a regional take-off. He noted that trade linkages in Africa, however, are very weak despite the proliferation of institutions, treaties, protocols and resolutions. He mentioned that unfortunately, African countries are grappling to undo the legacy dominated by trade with their former colonial rulers rather than with each other. The continent's railways and roads often lead towards the ports rather than link countries across regions. The Chairperson noted that Africa is endowed with very rich tropical forest resources estimated to be around 600 million hectares and representing approximately about 1/3 of the tropical forests of the world and indicated that the ten African ITTO member countries represent more than 90% of the exports of tropical primary products of the continent. Unfortunately, trade between African countries in these products was less than 2% of the exports of tropical roundwood and between 14 and 25% for higher value added primary goods such as plywood in 2007. He identified higher trade taxes on the continent compared to other regions as among the factors discouraging trade among African countries. He, however, admitted that the relatively lower tariffs on African goods entering the European Union and US markets also make exports to industrial countries more lucrative than to other African countries. The chairperson stated that the need to promote intra-African trade has never been more paramount than with the prevailing global economic crisis which has gravely affected African economies with GDP growth falling by more than half from a projected 5.7% to 2.8% in 2009.

In his welcoming address, **Hon. Alhaji Collins Dauda**, Minister of Lands and Natural Resources of Ghana expressed gratitude to ITTO for choosing Ghana as the venue for the conference. He noted that forestry in Africa contributes substantially to rural livelihoods and poverty alleviation and informed the conference that a key policy of the Ministry of Lands and Natural Resource is to focus on the expansion of the forest resource base through plantation development as a vehicle for rural-job creation and poverty reduction in the short term. He noted that many factors driving deforestation in developing countries including imbalances in world trade continue to pose challenges to sustainable forest management and that it is essential that intra-African-trade in timber and timber products is conducted in an environment that is mutually beneficial to all parties in order not to endanger Africa's forest resources. He emphasized that benefits from the intra-Africa trade should trickle down to forest fringe communities, the rural poor as well as landowners.

Hon. Martin Mabala, Minister of Forests, Water and Fisheries of Gabon noted that the conference was being held against a backdrop of a global

financial crisis which was brutal and devastating and had spared no industry, including the timber industry whose traditional markets are in Europe and Asia. He mentioned that the current spate of timber company closures was a reflection of the strong export-driven character of these industries and cited the case of Gabon where 71.42% of timber production was exported to Asia, 22.5% to Europe and only 4.67% marketed in Africa. The Hon. Minister stated that the situation was not peculiar to Gabon and that the low penetration of the African market was partly due to the lack of information on the real needs of regional markets on the continent, especially for secondary processed products. He mentioned that although his country had consistently expressed concern about this state of affairs, progress in achieving inter-African trade had been very slow. He hoped that the Accra conference would provide a historic opportunity for the continent to move from words to action by developing a platform that expresses the organic solidarity of African countries and allow countries to formulate appropriate strategies to further boost the intra-African timber trade. He pledged his Governments commitment to join any initiative towards the expansion of the intra-African timber trade. He reiterated that the exports of forest products to industrialized and emerging countries have become so ingrained in the foreign trade policies of many African countries to the extent that many countries have virtually ignored the opportunities to explore the huge African market with a population of nearly one billion people, a market second in size only to Asia. He called for the removal of barriers and impediments to intra-African trade through mutual consultations between governments and economic operators of the timber industry.

Hon. Dr. Daniel Aka Ahizi Minister of Forests of Côte d'Ivoire stated that even before 2000, the country was importing logs and square-edged lumber from the Congo Basin, including the Democratic Republic of Congo, Congo Brazzaville and Cameroon for manufacturing further processed products prior to re-export. He outlined some constraints to the expansion of intra-African market for tropical timber and timber products including poor infrastructure in the African States; low recovery rates which negatively impact the market competitiveness of processed products; bureaucratic cross-border formalities in African states, which greatly affect market access; and the high cost of freight between Central Africa and West Africa. He indicated that it was time to provide adequate solutions to these problems and called on African governments concerned to take appropriate actions, including improving the business environment for intra-African trade in tropical timber and timber products. Dr. Aka Ahizi emphasized that the adoption of a harmonized, regional policy and regulatory framework for tropical timber and timber products should be considered a matter of urgency including the harmonization of fiscal policies and the free movement of tropical timber products in the regions and sub-regions. He also called for the development of a market information system for intra-African trade in tropical timber and timber products and to build the capacities of trade organizations within the forest and timber industry to become truly self-reliant and more professional.

Keynote Address by H. E. John Dramani Mahama, Vice-President, Republic of Ghana

H.E. John Dramani Mahama opened his address by stating that the challenges facing African countries producing tropical timber were how to address the issues of the global financial crisis and the demand for timber sourced from legal and sustainable sources. Establishing vibrant wood processing industries in the African region required a high level of collaboration among governments in ensuring that barriers to trade are eliminated to allow for a free flow of goods and services. The importance of promoting regional trade in timber and timber products while ensuring that the environment is not unduly disturbed was noted. Ghana had engaged the EU on a Voluntary Partnership Agreement that seeks to ensure that wood products from Ghana originate from legal sources. The VPA will also extend to the domestic market. Other African countries had also embarked on this initiative, opening up possibilities of resource flows from resource rich countries to countries such as Ghana which has limited resources but high processing capacity. Ghana has removed import taxes on logs and sawntimber and entrepreneurs were encouraged to use this meeting as an opportunity to network and increase trade between the countries in the region. Ghana will also establish a public procurement policy to promote legal and sustainable timber products in the domestic market.

Harmonization of standards was proposed to facilitate intra regional trade while providing opportunities for timber production firms to gain access to markets in the region. The ECOWAS Trade Liberalization Scheme had been put in place to promote intra-community trade. In order to network and communicate with other sub-regional blocks (apart from ECOWAS) the development of a regional scheme to accommodate the free flow of timber products was suggested, as was the intention of the Abuja Treaty. The speaker called on delegates to consider the lessons learnt by the Ghana forest industry for promoting trade in forest products among countries. He concluded the address by emphasizing the need to encourage trade in legal timber within the region bearing in mind the need to sustain the flow of resources while making increased contributions to the socio-economic development of the region.

III. Session 1. Market and Trade Situation – Global and Intra-African Trade

Chair: Mr. Emmanuel Ze Meka, Executive Director, ITTO

International Market Outlook for Tropical Timber

Ms. Frances Maplesden,
ITTO Secretariat

Ms. Maplesden briefed the conference on the market outlook for tropical timber, including the dynamic forces driving supply, demand and prices, the globalization of supply chains and the rapid changes that are occurring in both country competitiveness and market requirements. Availability of tropical roundwood from natural forests is declining; plantations are playing a larger role in tropical timber supply in regions other than Africa; scrutiny by consuming countries about ensuring that supplies are legally verifiable are on the increase and tropical suppliers, particularly in the African region, are not as capable of meeting certification standards as those in non-tropical regions.

The US economic downturn has already affected wood products demand significantly due to decreasing consumer spending and declining housing starts. These changes have impacted the wood-based industries worldwide. The upward price pressures in 2006 and 2007 caused by limited log supply in almost all producing countries have been held back by declining consumer confidence and demand in the US, the EU and Japan.

On the other hand, many producer countries are becoming consumers of imported timber products. Africa's exports of logs and sawnwood are significant but in processed wood products the region is absent in the major markets. There are concerns about the resilience of African wood industries and whether African exporters can compete with China and Brazil in which strong domestic and regional consumption have helped build up internationally competitive industries.

Overview of the Study on Intra-African Trade in Timber and Timber Products

Dr. Ibrahim M. Favada,
ITTO Consultant

According to FAO's Forest Resources Assessment 2005, Central Africa remains the most forested sub-region. Deforestation is very intense in Southern Africa. Forest plantations are important in Northern and Southern Africa. Western and Southern Africa together accounted for 75% of log production and most of non-coniferous sawnwood, veneer, and plywood production in 2006.

In 2007, the main sub-regions of sawnwood consumption were Western and Southern Africa. The consumption of plywood and wood-based panels in Africa is very low (1% of the world total). The economic boom on the continent was the major driver of consumption of TTPs until 2008. However, the demand for TTPs was projected to fall in 2009 due to the global financial crisis.

The intra-African share of import in value of primary products was about 10% of the total trade in the region in 2007, and the main products were

logs, sawnwood, veneer, and plywood. For SPWP, the intra-African share was about 6% and the main products were wooden furniture and builders' woodworks. Northern and Southern Africa dominate both the African and intra-African import of TTPs in 2007. For exports of primary products, the intra-African market accounted for about 5% of the total trade and the main products were sawnwood, veneer and plywood. The corresponding share of SPWP export was much higher (about 16%), and the main products were wooden furniture and builders' woodworks. Western, Central and Southern Africa dominated the region's exports of TTPs in 2007. Africa as a whole is a net importer of TTPs but the region is net exporter of primary products and net importer of SPWPs.

Lack of raw material has surfaced in some traditional exporting countries in Western Africa (Ghana and Côte d'Ivoire) while unutilized opportunities to mobilize more timber to the market exist in the Congo Basin. Future availability of raw material from African ITTO members requires investment in forest plantations. The global financial crisis is adversely affecting the demand for TTPs but the long-term market outlook suggests higher growth rates. The intra-African trade represents a huge opportunity for the ITTO producers to satisfy the African demand for imports in TTPs. The largest short-term opportunities for export expansion exist in Northern and Southern Africa. The Sahel region (lacking natural forests) and Nigeria with high population also offer significant long-term export prospects.

The recorded trade statistics underestimate the true value of trade as they do not reflect the unrecorded cross-border trade between neighboring countries, particularly in Western and Central Africa.

Key Issues for Development of the Intra-African Trade in Tropical Timber and Timber Products

Dr. Markku Simula,
ITTO Consultant

African suppliers perceive themselves as "competitive enough" but small trade volumes suggest otherwise. The main competition is from South-East Asia but also from US/European temperate hardwoods (mainly in Northern Africa). In further processed products the quality of African products is generally inferior and does not meet international standards. Limited information on species, products, potential uses, suppliers does not allow potential buyers to give due consideration to African products.

The main constraints identified for intra-regional trade development in Africa include:

- lack of knowledge on regional markets;
- poor transportation links resulting in high delivery costs;
- weak trade-supporting infrastructure (communication and other services;
- bureaucracy in documentation leading to high transaction costs;
- limited access to trade finance;
- competition from illegal/informal sector causing an uneven playing field for responsible operators;
- limited secondary processing capacity;
- low quality and design competitiveness of further processed products;
- sometimes a negative image and reputation of African suppliers; and
- intense competition from outside the region (Asia, potentially Brazil).

Action recommendations were made for various parties as follows:

- Forest industry and trade organizations should participate in fairs and exhibitions, promote utilization of lesser used species (LUS), promote domestic markets as testing ground for trade, invest in retooling and value added production, consider investment in imported raw materials production when appropriate, engage in production of legal and sustainable TTPs and certification, develop networks and strengthen existing national private sector organizations, build capacity in market intelligence, improve quality control (sawing, kiln-drying, finishing, grading) and improve reliability of deliveries and customer communication.
- Governments should promote removal of trade barriers, cooperation of customs authorities, timber trade fairs and exhibitions, and harmonization of national legislations to promote trade in legal timber.
- ITTO should focus on improving market transparency by detailed country level studies,

extension of the Market Information Service (MIS) to cover African import markets, strengthening the statistical data on production and trade, supporting provision of information on species and products and promote LUS and capacity building in marketing and market intelligence.

- Regional organisations should promote removal of trade barriers, cooperation of customs authorities, timber trade fairs and exhibitions, and harmonization of national legislations.

In the plenary discussion questions were raised about product substitution, emerging market requirements for legally and sustainably produced tropical timber, impact of the financial crisis on the African markets and the weakness of statistical data making quantification of market opportunities practically impossible.

IV. Session 2A. Exporting and Importing Country Situations - Exporting Countries

Chair: Mr. Jukka Tissari, FAO, Rome

Ghana
Alhassan Attah,
Timber Industry Development Division, Ghana

The Ghanaian forest sector contributes 8% to Ghana's GDP and constitutes 11% of export earnings. However, the relative contribution of the sector is diminishing because of rapid development in other sectors of the Ghanaian economy, e.g. tourism. Since resources from the natural forest are scarce, plantation development is increasingly seen as a long-term solution. In the short-term, national demand will be met by imports of TTPs and retooling of the forest industry.

The production of logs from natural forest has declined marginally while it has increased in planted forests, from 24 000 m^3 in 2004 to 164 000 m^3 in 2008. Sawnwood production has declined, dropping from 530 000 m^3 in 2006 to 500 000 m^3 in 2008. Veneer and plywood production dropped slightly in 2008 with veneer production much higher than that of plywood since veneer is used in the production of plywood. The production of SPWPs is dominated by a large number of small firms in the informal sector. The production of bamboo and cane furniture is increasing. SPWPs are targeted at the domestic and regional markets. The informal sector will continue to dominate production of SPWPs but lack of requisite skills and access to finance will thwart the growth of this market.

The value of exports to Africa accounted for 25% of total Ghanaian exports of TTPs in 2008. The bulk of the exports from 2006-2008 constituted teak logs from thinnings. The main market for this product is India (96%). Sawnwood exports in 2008 were valued at USD 53 million. Senegal and the Republic of South African are major African markets for Ghanaian sawnwood. Veneer exports declined from 71 000 m^3 in 2006 to 68 000 m^3 in 2008 mainly due to the increase in veneer used in domestic plywood production to cater for the West African market. The main African markets are Egypt and South Africa; the USA alone accounted for 63% of Ghana's exports of veneer. Plywood exports reached 125 000 m^3 in volume in 2008, a drop of 3% from the previous year. Nigeria is the main regional market for Ghana's plywood (73%); but there are also 10 other African destinations. The non-African destinations include USA, Belgium and Greece. The export value of SPWPs peaked in 2004 but since then the trend has been declining due to growing environmental concerns and demand for certified products. The intra-African trade in SPWPs is informal, mainly constituting home, school and outdoor furniture and builders' woodwork. Wawa and redwoods are mostly used in this market.

Ghana imported limited volumes of logs, sawnwood and plywood in 2006-2008 from Cameroon and Gabon. Imports of plywood and other value added products come from China, Thailand and Italy. The main drivers of demand in Ghana include growing population, economic

growth, and infrastructure developments (e.g., schools, housing).

The Ghanaian industry has a higher level of technology in comparison to other countries in the sub-region but resource constraints cannot allow the industry to take advantage of economies of scale to reduce production costs. Wooden products from Italy and China are highly competitive on the domestic market. Also, there is competition from non-wood products such as metal and plastic.

The following factors have been identified as constraints to intra-African trade: lack of regular vessel movement and high freight costs in the region; lack of market intelligence on the timber market in the region; lack of promotional activities; informal nature of trade in TTPs; and road barriers/ check points/customs procedures which often lead to corruption.

Despite the above constraints there are opportunities to boost regional trade in TTPs: increased promotion and utilization of LUS; increased production and trade in SPWPs requiring a shift from the informal trade to formal trade; the elimination of import taxes on logs, sawnwood and veneer; retooling to improve efficiency; and promotion of trade fairs in the region (e.g. GIFEX, ECOWAS trade fair, etc.). To address constraints and tap opportunities, a number of recommendations were presented to different stakeholders: the Ghanaian government, ITTO, regional organizations and the private sector.

During the discussion it was pointed out that bureaucracy delays export operations and thus increases transaction cost and opens the possibility of bribery. On the question of constraints to the expansion of the Ghanaian timber exports, the following issues were raised: competition from illegal trade, imports from Malaysia and others, high mark-ups, difficulty in financing export operations, and difficulty in shipping procedures.

Cameroon and Gabon

Richard Eba'a Atyi, Timber Trade Specialist, OFAC/FORAF

The forest sector in Cameroon contributes 6% to GDP and in Gabon 4%. The sector is an important source of tax revenue and employment in both countries. The FLEGT/VPA negotiation is completed in Cameroon, while it is in the preparatory phase in Gabon.

In Gabon more logs are exported while more timber is processed in Cameroon. In both countries, the forest industries are dominated by production of logs and sawnwood, and the capacity to increase log production is limited. Forest certification will improve the quality of supply. The informal sector is more important than the formal sector, especially in Cameroon.

Gabonese exports of TTPs are dominated by logs, while sawnwood dominates Cameroon's exports. Exports of SPWPs are marginal in both countries. The main markets for logs are located in Asia and for sawnwood in the EU. Processed timber products are mainly exported to African countries.

The exports of primary products are declining in both Cameroon and Gabon, except in sawnwood in Gabon. Africa's share of the Cameroonian total exports of timber and timber products is mostly limited: in logs 3%, sawnwood 7%, and veneer 9%. Only in plywood the regional market is important (46% of the total export). The main African destinations are Senegal for logs, sawnwood, and plywood, and Tunisia for veneer. Gabon's log exports to Africa accounted for 8% of the total volume in 2007, but the share was 22% for sawnwood, plywood and veneer in 2008. Morocco accounted for 95% of the log export to the region and South Africa for 52% in the total value of processed timber, followed by Morocco (23%) and Libya (14%).

During the discussion concerns were expressed on the informal sector which does not provide social security for workers but is an important source of employment. It has been difficult to define a policy to develop the informal sector. It was also pointed out that there is a particular need for harmonization of forestry laws and regulations among the countries in the Central African sub-region.

Côte d'Ivoire

Mr. Me Kouamé Martial, SODEFOR, Côte d'Ivoire

Timber is the third most important export product after cocoa and coffee. The forest sector employs more than 40 000 persons, and it is the second employer after the state. New policies have been defined – and are still being developed – to redress the regression of timber production, resulting from the continued degradation of the forest resource. The financial crisis at the end of 2008 affected the

forest sector, reducing the employment by nearly half with a significant loss of turnover.

The average production of logs during the period 2006-2008 was 1.6 million m^3, of which the natural forest accounted for 89.4%, planted forest 8.7% and other 1.8%. The production of sawnwood is declining, being on average about 440 000 m^3/yr (2006-2008). Similarly, the production of veneer is declining. However, the trend in production of plywood is increasing reaching the average level of 90 000 m^3/yr (2006-2007). The production of SPWPs is largely controlled by the informal sector.

Exports of logs are sourced from planted forests because log exports from natural forests are banned. Teak and gmelina are the main species exported. The main markets are India (more than 80%), Vietnam and China. The average value of sawnwood exports in 2006-2008 was EUR 159 million, of which the African market contributed 28%. The main African destination was Senegal. The average value of veneer and plywood exports was EUR 24 million each, of which Africa accounted for 16% and 24%, respectively. In each case, the main African market was Senegal. The SPWP exports averaged EUR 14 million, of which Africa accounted for 18%.

Despite the global financial crisis, the price and cost of timber is competitive because of the quality and variety of processed products obtained from species which are well established in the market. However, high freight cost, inadequate financing structures and promotional activities are major problems.

During the last three years, the African market accounted for 15% of the total export earnings of TTPs (EUR 255 million). Opportunities for increased export and constraints from the Ivorian suppliers were discussed, and recommendations to different stakeholders were presented.

V. Session 2B. Exporting and Importing Country Situations - Importing Countries

The Market of the Republic of South Africa
Mr. Mike Howard, Fractal Forest, South Africa (Presented by Dr. Markku Simula)

The Republic of South Africa (RSA) is a significant market for tropical timber products but also a major TTP producer in the SADC countries. The forest sector contributes USD 2.25 million/yr to GDP (1.2% of the total). Because of limited natural forest resources, RSA has engaged in development of forest plantations since 1900's. Plantation forest estate covers 1.27 million ha and produces about 20 million m^3/yr. The domestic production of TTPs is almost entirely based on this resource. About a half of plantations are private with pine (55%) and eucalyptus (38%) the main species.

The domestic price of softwood sawlogs and veneer logs has been rising reaching about USD 31/m^3. Only 7% of sawnwood production (2.2 million m^3) is exported, the rest is divided between building construction industry (45%) and furniture manufacture industry (48%). The manufactured products are mostly consumed locally (81%).

Around 150 000 m^3/yr of veneer is used for plywood, blockboard and shutter board production. There are four main groups operating in plywood and veneer production, mainly based on pine logs. The wood-based panel industry is dominated by a few relatively large companies. The total annual domestic consumption of wood-based panels is estimated at 1.8 million ton/yr. The furniture industry consumes about 250 000 to 300 000 m^3/yr.

Over the period 2000-2008, RSA imported logs worth USD 4 million annually (of which African suppliers accounted for 76.4%); sawnwood USD 65 million (27%); veneer USD 19 million (7%); plywood USD 16 million (19%); and other wood-based panels USD 11 million (11%). SPWP imports averaged USD 148 million, of which the African suppliers accounted for 5%. Main sources of import supply are the Asian countries for tropical timber and Europe and the United States for temperate timber products.

RSA annual log export earnings averaged USD 17 million, of which 38% was destined for African

markets. Sawnwood export value was USD 0.6 million/yr (Africa 78%), veneer USD 13 million/yr (2%), plywood USD 3 million/yr (49%) and other wood-based panels USD 9 million (16%). Most of RSA's exports of wood products were SPWPs valued at USD 159 million/yr, of which the African market contributed 31%.

There is no import duty for logs and sawnwood. The tariff is 15% for all other wood products except insulating board (10%) and wooden furniture (20%). For SADC countries there are no import duties in TTPs. There is no restriction on imports from African countries. The average mark-up ranges from 30% to 50% in the timber trade.

South African imports from the region averaged USD 32 million/yr representing 13.5% of the total imports of TTPs (USD 263 million/yr). In logs and sawnwood the African share is higher. There are many unutilized market opportunities in the country, including for LUS. However, the African timbers are not well known and marketed in RSA. Transportation and logistics should be developed and the quality should be comparable to that of Asian suppliers (notably China and Vietnam). There is a need to consider an institutional vehicle to promote African TTPs in RSA, provide information on species and their potential uses and develop certification which is increasingly recognized in this market.

During the discussion, the important lessons of RSA for ITTO producer countries were pointed out. There is a need to simplify nomenclature in new markets like RSA to avoid buyer confusion of the same or similar species being offered under different trade names. African exporters have had limited knowledge on the market requirements in the country as the trade is handled by local intermediaries. High mark-ups offer an opportunity to increase revenue by direct contact with larger customers. Export development should be supported by adequate information on species characteristics and samples. There is a major need to promote species/species groups to educate RSA timber users. However, in SPWPs the identity of species plays a less important role offering an opportunity for LUS.

The Egyptian Market

Dr. Salah Mansour,
Zagazig University, Egypt

Egypt does not have natural forests and planted forests cover only 2500 ha. The timber supply depends entirely on imports. Production of TTPs is marginal. There is only one sawmill in the country. Minor quantities of plywood, veneer, particleboard and fiberboard of low quality are produced and are used for low quality furniture and kitchen cabinets. Particleboard production is based on sugar cane bagasse. There is no production of insulating boards. Furniture production is an important industry in Egypt and its output is increasing at annual rate of 3%. The main drivers of demand for furniture are the flourishing construction industry and the housing market.

In 2007 the total imports of TTPs amounted to USD 890 million, of which the African suppliers accounted for USD 8.7 million (about 1%). The import value of furniture was USD 27 million (Africa about 0.1%). Sawn softwood is the main imported product, followed by plywood, logs and veneer. The main origins of sawnwood imports are Russia, Finland and Sweden. A small quantity of tropical logs was imported from West Africa mostly for the manufacture of luxury furniture. The total charges for importation (including import tariffs) range from 15 to 18% of the C&F value.

The total export value of TTPs, practically all in furniture and parts, in 2007 was USD 198 million of which 18% (USD 35 million) was destined for African markets. There have been small deliveries of fiberboard to Libya, Morocco, Guinea and Zambia.

The majority of Egyptian importers and end users are still unfamiliar with timber products available from the African countries. Most Egyptian importers are not aware of the grading rules applied in the African countries. There is a total lack of promotional activities of African timbers on the Egyptian market. The high cost of shipping and freight is a challenge for competitiveness of African suppliers.

The Egyptian timber market represents a significant opportunity for African suppliers, evidenced by the strong demand for imported TTPs in which currently the African exporters have a very marginal share. To take advantage of this opportunity, it was suggested that African suppliers should organize a technical workshop in Egypt, develop a long-term strategy market promotion, and organize trade missions for Egyptian buyers to exporting ITTO producer countries to familiarize them with African timbers and timber products as well as potential suppliers.

During the discussion, required actions for African timber producers to promote their markets in Egypt were identified. As this market would be a practically new outlet for these suppliers, marketing should start from scratch. Promotional material should be tailored to local needs and lessons learned from the American Hardwood Export Council (AHEC) should be drawn on as they have been successful in developing markets for temperate hardwoods. The importance of cooperation between African suppliers and development of appropriate grading rules was highlighted.

The Moroccan Market

Dr. Abdellatif Khattabi,
ENFI, Morocco

Morocco has a forest area of 4.5 million ha and planted forest of 0.5 million ha. The sector is faced with the problems of human pressure (e.g., need for fuelwood) and drought. The pace of reforestation is inadequate to compensate excessive logging. Domestic production of timber (about 580 000 m^3) supplies 30% of national needs and the rest is satisfied by imports from Europe and tropical Africa. During the last six years (2003-2008), the production of timber fluctuated around 200 000 m^3. Sawnwood, veneer and SPWPs have had upward production trends.

Available production and trade data does not allow reliable estimation of volumes. Log imports (about 400 000 m^3/yr) are significant but decreasing. About 41% of exports have been of tropical species with okoumé accounting for almost 40%. The main suppliers in the region are Gabon (69% of tropical supplies), the Republic of Congo (19%) and Equatorial Guinea (7%). On average, the African exporters accounted for 8.7%/yr of the total imports of sawnwood. The main suppliers were Côte d'Ivoire (36%), Cameroon (30%) and the Republic of Congo (12%). In veneer the African exporters accounted for 70% and the main regional supplier was Gabon (94%). The African market share of plywood imports was 18%/yr. The main suppliers were Côte d'Ivoire and Egypt. In particleboard and fibreboard, the African exporters' share was only 1.3%/yr and in SPWPs the share was about 1%/yr.

Morocco exports small volumes of logs (mainly to Mauritania), sawnwood (to Guinea and Mauritania), veneer (to Libya and Algeria), plywood (to Mauritania and Tunisia), particleboard and fibreboard (to Libya, Gambia) and SPWPs (mainly to Tunisia).

There are no regulatory constraints on Morocco's imports of TTPs. However, for African suppliers there are market obstacles including high cost of freight, lack of information among buyers on products and suppliers and difficulty in transacting in a safe environment. Builders' woodwork mills use mainly softwoods and hardwood markets are mainly in the carpentry and furniture sectors. Importation is in the hands of few large companies which practically control the Moroccan market. Buyers are price sensitive and quality is less important. The market growth has been rapid as a result of a past construction boom but there is now a slowing of demand due to the global financial crisis. Tropical timber trade could be expanded if the infrastructural and marketing constraints can be removed.

During the discussion concerns were expressed on import tariffs levied on processed products in Morocco. A question was asked about the utilization of okoumé in Morocco which is used in the production of plywood. It was also questioned how Morocco is exporting some logs of tropical timber without being a producer. It was clarified that the Moroccan tropical log exports are re-exports.

The Nigerian Market

Dr. Isaac Opeyemi Ajewole,
University of Ibadan, Nigeria

About 12% of the land area of Nigeria (91 million ha) is forest. The natural forest comprises open tree savanna (70%) and closed forest (30%). The latter can be divided into mangrove and coastal forest (22%), fresh water swamp (38%) and lowland wet forest (40%). Hardwood timber is mainly sourced from lowland wet forest which covers only about 2% of the total land area. During the period 2000-2007, the annual growth rate for log production was 2%, and for sawnwood and wood-based panels 5% each.

The recorded import value of logs in 2007 totaled USD 131 000; the main African suppliers were the Republic of South Africa (RSA) and Ghana. Sawnwood import value amounted to USD 98 000 mainly from RSA. Veneer imports was valued about USD 305 000 in 2007 (mainly from Ghana and Togo). Plywood is the main imported tropical timber product (USD 17 million) of which African suppliers accounted for 81%. According to the official statistics, Togo is the principal source (78% of the total import from Africa). In 2007 Nigeria's imports of particleboard and fibreboard

were about USD 10 and 20 million, respectively. Africa's market share in these products was 8% and 2%, respectively. Plywood imports came from Egypt, Ghana, RSA and Togo while fibreboard imports came from, among others, Benin and Côte d'Ivoire. The total import value of SPWPs was USD 51 million in 2007. These products were imported from RSA, Côte d'Ivoire and Ghana, among others.

The import tariff is 5% for logs and 20% for sawnwood, wood-based panels and SPWPs. For luxury or higher valued added products, the tariff is 50%. The non-tariff barriers include the double inspection system (pre-shipping and on-arrival inspection) and third-party inspection by an independent agency authorized by the State to conduct custom valuation. These measures frustrate both domestic and international traders.

The annual imports of TTPs are increasing, progressing from USD 21 million in 2002 to USD 108 million in 2007. This indicates a high demand for TTPS in Nigeria. Given the moribund condition of the domestic wood-based industry, growing housing demand and gradual depletion of the forests, the national demand for TTPs cannot be met by domestic production. Specific recommendations were made concerning various stakeholders such as trade associations, regional organizations, the private sector, etc.

During discussion it was pointed out the Togo is not a producer of plywood. This means the plywood imports from Togo reported in the Nigerian custom statistics came in fact from Ghana. The Ghanaian representative explained that this is due to double invoicing whereby one invoice shows exports from Ghana to Nigeria and another one showing exports from Togo to Nigeria. A concern was expressed on the extent of illegal logging and trade between Nigeria and Cameroon. The means to enter the Nigeria market was discussed and the presenter suggested the establishment of a structure to promote trade activities. The Cameroonian representative explained that there is an important timber trade between Nigeria and Cameroon which is not reflected in the statistics. The traded products entered Nigeria by road and sea, and most of the products do not pass through a regular channel, which explains the non-reporting of these products in the custom statistics of both countries. Several comments were made on the need to strengthen the quality of timber product statistics to avoid tax evasion by substituting timber and timber product by another product with a lower tariff. Governments were called to strengthen and protect the African timber market through ECOWAS. The representative of ECOWAS informed about difficulties in implementing tariff reductions within the sub-region and suggested that ECOWAS and ITTO cooperate to eliminate tariff barriers. Customs offices of the ECOWAS member states should work together to have common external tariffs. Another issue is to adopt a single currency among ECOWAS states, which would promote trade within the sub-region.

VI. Session 3. Opportunities and Challenges of the Private Sector

Chair. Mr. Jean-Jacques Landrot, Tropical Timber Specialist, France

Private Sector Views on Constraints to Intra-African Trade in Timber and Wood Products

Mr. E. E. K. Acquah-Moses,
Ghana Timber Millers' Organization

In Ghana the African trade accounts for 15-20% of exports. In the region, wood products consumption is predicted to increase significantly. In most countries, the increasing demand for timber products would be mainly met through imports. This situation presents both opportunities and challenges for the promotion of intra-African trade in TTPs.

In the ECOWAS zone, the exports from Ghana to Africa rose from EUR 3.8 million in 2000 to EUR 40.9 million in 2008 (more than ten times). About 78% of wood products from Ghana went to Nigeria and Senegal and the rest to Niger, Burkina Faso,

Togo, Mali, Benin, Côte d'Ivoire and the Gambia. Most countries depend on imports to satisfy 80% of their needs of sawnwood, veneer and plywood. The increase in exports to Africa resulted from an economic boom in wood-deficient countries which demand more wood for building construction.

Major constraints to intra-African timber trade include: 1) inadequate and poor condition of transport network (road, rail, water/sea, and air); 2) high tariffs, import taxes and export levies; 3) overdependence on primary wood products exports to European market; 4) lack of appropriate skills and technology in tertiary timber processing; 5) inadequate harmonization of the national regulatory frameworks; and 6) low productivity of raw material from the natural forest.

The following opportunities for intra-African timber trade were identified: 1) Countries with large forest resources (e.g. Cameroon, Liberia, DRC, Gabon) can expand production to satisfy the demands in other African countries; 2) partnerships can leverage the excess milling capacities in some countries such as Ghana; 3) LUS are available to be exploited sustainably; and 4) good climatic and soil conditions will support fast growth of plantations, which is considered a long-term solution to increasing the supply of TTPs.

Measures to address the constraints include trade facilitation reforms (particularly communication), removal of tariffs and commercial barriers, improvement of road and railway network, improved frequency of vessel movements. Timber products should be competitive and required technical and financial assistance to the private sector. There is a particular need for exchange of trade data or improved market information.

For enhanced intra-African trade, the following actions would be needed: pursuance of information sharing, exchange of trade visits, pursuance of common strategies; improvement of trade statistics and market intelligence; development of downstream processing, especially the furniture industry; and the need to guarantee sustainable supply of raw materials which calls for more investments and expansion of commercial forest plantations in Africa.

During the discussion it was noted that a need to encourage intra-African trade has been identified in several previous, similar meetings but the problems have not been addressed or at best the progress is slow. It was also pointed out that wood raw material is becoming scant in Ghana and in fact plywood and sawmills are closed down because of lack of raw materials. Transportation distances have increased raising costs and therefore the final products are often not competitive. The need for/possibility of importing raw material from other African countries was discussed and elimination of unnecessary bureaucracy in handling export orders was called for.

Recent Developments in the Liberian Forest Sector

Mr. Jangar S. Kamara, Forest Development Authority, Liberia

Liberia has a total forest land area of 9.5 million ha, 4.5 million of which is set aside for multiple forest land use; 1.5 million ha for conservation; 2.3 million ha for commercial forest use; and 1.8 million ha for community and other forest uses. Prior to the civil conflict, Liberia exported to some African countries (Morocco, Mali, Senegal, etc). At present, there is some limited trade with Guinea, Ghana and Côte d'Ivoire in the area of NTFPs (Non Timber Forest Products). Some log exports are shipped to Ghana.

The Liberian forest sector is undergoing restructuring which involves development of legal instruments. The high tariffs currently levied are explained by the need to generate more revenue for the Government. Currently there is only one concessionaire that has begun operation. There is no operational sawmill at present in Liberia.

The domestic demand for sawnwood is met by chain-sawyers operating in the informal sector. Some plywood is imported from Guinea. There is a general lack of market information in the country. For the development of intra-African timber trade, there is a need to develop road and communication networks between neighbouring countries.

There are 32 steps to accomplish in order to acquire a forestry concession. There are also restrictions on harvest volume. Promotion of investments will need review of bureaucracy procedures, reconsideration of the tax regime on forest activities, and targeted action at the private sector (e.g. country visits).

Recent Developments in the DRC Forest Sector

Mr. Djengo Bosulu, Direction de la Gestion Forestière, DRC

The DRC is the largest forest country in Africa having a total forest area of 150 million ha. After independence the sector has been dominated by foreign companies. The intra-African timber trade represents a major opportunity for the DRC because among its nine neighbouring countries, only 2 or 3 have significant forest resources.

The main constraints of the forest sector include illegal logging, lack of roads and problem of electricity supply for the forest industry. As regards timber trade, the DRC does not export timber to other African countries. On the domestic market, the price of a cubic meter of sawnwood is USD 250. The high price is due to lack of road and energy infrastructure. In some cases the logging companies have to build their own access roads before harvesting which increases their production costs. For the DRC the intra-African timber trade should start with the nine neighbouring countries. The road transportation needs to be improved as well as the development of LUS. A regional and sub-regional organization was called for to assist the DRC to play its role as a leader of natural forests in Africa.

Recent Developments in the Central African Forest Sector

Mr. Yves Yalibanda, Ministère des Eaux et Forêts

The Central African Republic (CAR) has 1.7 million ha of natural forests and there are no planted forests. The forest sector contributes 7.1% to GDP. About 100 tree species could be used but only 10 species are logged. Forest taxation is high and road transport is expensive. The law requires that loggers should have a forest management plan. The forest industry has 8 processing units. Sawnwood production is about 76 000 m^3 and veneer is another key product. The main African markets are Sudan, Senegal and Morocco. The private sector of CAF needs assistance from other private partners and regional organizations to assist in its development.

RACE Programme: Lessons Learned from Private Sector Cooperation

Ms. Catherine Peguillan, IFIA

Since its creation in 1996, IFIA has undertaken actions aimed at involving its members in sustainable forest management and certification. In 2006, the idea of RACEWOOD was launched by IFIA. Its objective is to foster partnerships between European enterprises and African industries in the supply chain of tropical timber. Funding support is received by the European Union. RACEWOOD 2010 will take place in March 2010 in Douala, Cameroon.

By June 2009 4.7 million ha of forest have been certified in Africa, putting Africa in the lead of certified forests in the tropical zones. On the requirements and threats of the market, on the supply side the issues are sustainable forest management, development of secondary species or LUS, development of the regulatory framework, reduction of transport and energy costs, and growing interest for plantations. The European market requires wooden parts and components which are ready for assembly with immediate adaptation to the end users' needs. The main threat in the market is the increased competition from other materials. Wood has now become a truly industrial material and it puts stricter requirements on its quality. CE marking is an example of such new requirements.

Past RACEWOOD workshops have facilitated progress in sustainable forest development and the fight against illegal timber. However, new questions have risen concerning the local timber market, fiscal policy and climatic change. The current financial crisis is evidenced by the collapse of the developed markets and insufficient market penetration by the large companies in the local and regional timber markets. In this situation, the large companies should be encouraged to give a higher priority to local/regional markets as well as exporting to the international market, and the image of tropical timber should be promoted.

In RACEWOOD 2010 the following themes will be covered: 1) the progress of forest certification and availability of certified products on the market, 2) climate change issues related to REDD, and 3) prospects of development of local and inter-regional markets in the context of increased requirements for legality (FLEGT/VPA).

VII. Session 4. Key Issues and Emerging Challenges

Chair: Mr. E. Collins Ahadome, ITTO Information Officer

VPA Progress and Lessons Learned in African Countries and Changing Markets

Ms. Melissa Othman,
EU-EFI FLEGT Facility

Policy and legislation on environmental issues are increasingly influencing international markets. Consumers want to have assurance that purchasing and consumption are not contributing to illegal logging and this is an international trend. There is an increased demand for FLEGT certified timber.

Results of two intra-African trade studies financed by the EC have shown that in West Africa the regional demand was larger than assumed; there are inconsistent and contradictory policies; professional forest management is lacking; there is limited or no regulation; high volumes of timber come from illegal chainsaw operations; and there is a lack of government action to address these problems in spite of loss of fiscal revenue from illegal activities. The Central African study showed that laws were not being systematically enforced, there is limited government capacity to control the diversity of permits and concessions; small titles were difficult to track; there was no comprehensive timber tracking. In general, there is no compatibility between country trade data and tracking systems which is coupled with limited or no reliable forestry statistics.

Voluntary Partnership Agreements (VPAs) can contribute to regional intra-African trade by strengthening national capacities to enforce the rule of law in the forestry sector, promoting legal production in the source country and in-transit countries, providing more informed decision making and promoting new trade partnerships.

During the discussion a question was raised about Ghana's ability to meet the VPA timetable but it was explained that much was being done but communication needs to be strengthened. In Liberia the VPA processes have involved all stakeholders but the agreement has been delayed until all stakeholders have been involved. Lack of effective organization of stakeholders is a constraint in many African countries.

The Intra-African Timber Markets: Issues of Legality and Forest Management Sustainably as a Necessity for African Forests

Mr. Jean-Jacques Landrot,
Tropical Timber Trade Specialist, France.

Intra-African timber markets are a requirement for sustainable management of the region's forests. These markets allow efficient utilization of the tree providing an outlet for lower grade products which cannot be exported to the major international markets. Regional and local markets also offer outlets for a large number of species (more than 100 species) which are not marketed at present and their local processing would add more value to the forest resource.

The free exchange zones (CEMAC, SADC and ECOWAS) should be extended to other countries in Africa. To facilitate free exchange, the banks have to play an important role; and adequate internet and telephone networks are required.

The following modes of transport are relevant for intra-African trade: river, railway, roads, port transit, ferries, and shipping. Containerization has been a revolution in sea transportation and it has also had an impact on the congestion in African ports. Port facilities and sea transportation connection within the region will be critical for the development of intra-African trade. Sub-regionally, the road networks connecting neighboring countries need major improvement with a few exceptions in West Africa.

The African timber industry will have to meet increasing quality requirements of their products, particularly those used by the furniture industry in importing countries.

The intra-African timber markets represent a number of challenges and even dangers which include small-scale informal trade, illegal timber production, under-measurement of timber volumes, lack of compliance with the minimum diameter of harvested trees, excessive removal of trees, downgrading of exported products, correct identification of tree species (particularly with

reference to CITES) and illegal exports. The industry should address these issues in order to make credible claims on their responsible business practices. In order to promote trade and utilization of African timbers, removal of customs barriers between African nations and improvement of regional transportation facilities are critical.

Trade Development in Further Processed Products

Mr. Jukka Tissari, Forestry Officer - Forest Products Trade and Marketing, FAO, Rome

The forest-rich areas of Central and West Africa are not very competitive in global markets and are characterized by low labour productivity, technology gaps, financial constraints and variable policy frameworks. Further issues in developing trade in further processed wood products are the development of standards which require a new management culture, and the need for a balanced transition to value-added products through appropriate regulatory measures. The highest level of value adding is achieved in the remanufacturing of primary processed wood into further processed products such as kiln-dried and S4S graded timber, dimension stock for flooring and furniture, edge-glued solid wood panels, laminated wood, mouldings, decking, windows, doors, frames, garden products, furniture and its components.

Further processing creates also important socio-economic benefits through multiplier effects, social obligations of the organized, formal industrial sector, and in general through increased employment and income generation. However, in reality many of these benefits have not materialized due to insufficiencies in the processing industry, deficient infrastructure, low labor productivity and quality of human resources, financial constraints, high transaction costs and lack of business facilitation.

Several levels of technology are available for tropical timber producers in wood processing and a move towards more mechanization and automation needs to be seen as a step-wise process. In further processing quality control becomes crucial to maintain product dimensions and designs, to meet customer specifications, to observe and correct processing failures and to implement preventive maintenance. Elimination of defects through quality control enables significant reductions in production costs while customer satisfaction can be improved at the same time. Implementing appropriate product standards is a useful tool in improving the quality control of industrial operations.

African domestic markets should be promoted, particularly markets for value-added products created by the North and South African construction booms. Local markets are a useful stepping stone for developing export capacity and in particular large commercial and institutional development projects can pave the way for exports. Attendance at construction and furniture fairs in the region was encouraged, as well as the organization of business networking and one-on-one meetings. A formal intra-African timber trade network to expand the legal and sustainable trade was suggested.

The need to match lesser used species with end uses and learning how to use and sell LUS in value-added products was discussed. It was noted that much information was available on the web and that African countries should learn from Asia's progress in utilizing LUS. Further critical steps to developing value-added processing and trade included the need to move processing from the informal to the formal sector and professionalizing it; provision of fiscal support to the process of moving upwards in the value chain; improving intra-African market knowledge and statistics; bridging the gap to access financing; effective transportation and border control measures; and improving knowledge on the supply chain and how to capture a better share of the profits.

During the discussion it was questioned why African countries did not have more additional processing. This is partly explained by the fact that the main criteria for investment in wood processing facilities have been related to confidence in a country's social and political stability, labour force, currency, etc. which has limited investors' interest in investment in the sector. In this context, local and regional markets have been important to absorb the risk due to reliance on few export markets. A comment was made that civil servants need to change their perception and start to eliminate the bureaucracy involved in the wood processing sector, which has resulted in unnecessarily high transaction costs reducing the industry's competitiveness without any economic benefit to the nation.

The Domestic Timber Sector in the Congo Basin
Dr. Richard Eba'a Atyi, FORAC

The presentation was based on the recent report by CIFOR which involved data collection in Cameroon, Gabon, Congo and DRC with extensive fieldwork. The study revealed that the market has seasonal fluctuations, with significant differences in price levels even within countries due to the importance of transportation costs. Ayous dominates the market in Cameroon and okoumé in Gabon. The domestic market size varies locally from 10 to 40% of the total production but in Cameroon it is larger that the industrial sector.

The employment impact is very large as most suppliers work in the informal sector outside the legal and formal financial framework. Sustainability of raw material supplies is another key issue. These concerns have to be addressed in a way which balances the contribution of the informal sector to rural economies and livelihoods. The loggers suffer typically from abuses of power by the administration but there are also other limitations such as technical problems in harvesting, poor road conditions and lack of occupational safety, among others. The policy should not criminalize the informal sector but improve its contribution and professionalize its operations. Policy objectives should be clarified before designing measures to enhance the role of the informal sector in sustainable development.

In the discussion it was pointed out that the formal sector has traditionally undermined the importance of domestic markets, particularly in the Congo Basin. It was also recognized that the sensitivities and risks related to the development of the informal sector are complex and a balanced approach is needed. There is often a link with illegal operations which complicates finding solutions to the issue.

VIII. Session 5. Tackling Constraints and Opportunities – Group discussion

During the session, three groups worked on the following key questions:

1. What specific actions should be taken by (i) governments to create a facilitative environment for intra-African trade in tropical timber and timber products, and by (ii) private sector organizations to promote trade development?
2. What specific actions should be taken by regional and international organizations to enhance cooperation and capacity building for the development of intra-African trade in TTPs? Identify these actions by respective organizations and propose a regional/sub-regional implementation and monitoring arrangement for post-Conference action to be taken.
3. What specific action should be taken to improve statistical information on production and trade (including customs codes) and market intelligence related to intra-African trade in TTPs? Identify activities by actors and propose a follow-up regional/sub-regional implementation arrangement.

The group work reports are given in Annex 3.

IX. Session 6. Role of International, Regional and Sub-regional Institutions in the Development of Intra-African Trade

Chair: Mr. Alhassan Attah, Executive Director, Forestry Commission, Ghana

Forest Policy of ECOWAS and Its Implementation

Mr. Moussa Leko, ECOWAS Secretariat

The ECOWAS region (250 million people) accounts for 17% of total land area in Africa. Nigeria accounts for 54% of the population and 42% of GNP of the ECOWAS region. There is a high demand for TTPs which is not effectively met by supply.

The constraints to the forestry sector of the ECOWAS region include deforestation (1.2 million ha/yr) and degradation of forest land at an annual rate of 1.48%, continued reduction of high valued species, and political conflicts that add pressure on the forest resources. Selective excessive logging of high valued species, land clearing for cultivation, urban development, overgrazing, etc. are major causes of deforestation and degradation of forest land. The consequences include loss of biodiversity, severe erosion on slopes and fragile ecosystems, disturbances of recycling, quality and quantity of water, and deteriorating living conditions of rural people.

In response to the enormous challenges of economic integration and sustainable management of forest resources in its 15-member States, ECOWAS has adopted a forest policy in 2005 with technical assistance of FAO. The vision of ECOWAS includes: 1) integrated and holistic approach involving all stakeholders in the conservation of forests, agroforestry, national parks and savanna, 2) enhancing the contribution of the forestry sector in socio-economic development and poverty reduction to achieve the MDGs, 3) strengthening synergies with related agricultural sectors, the conservation of biodiversity and watersheds, sustainable land management and the fight against desertification, and the provision of major forest environmental services.

The principal objective of ECOWAS is the conservation and sustainable management of forests and wildlife and restoration of degraded lands for the benefit of local communities. The specific objectives include: 1) integrating the forestry sector in sustainable economic development of the West African States through the use and commercial logging of their forests; 2) increasing the contribution of the forestry sector in improving food security and poverty reduction by multiple use of forest resources; 3) encouraging restoration of degraded forest areas and conservation areas through reforestation; 4) contributing to the preservation of the environment, maintenance of the balance of services and vital environmental values at local, regional and global level; 4) focusing on knowledge sharing on sustainable management of forest resources, EIA, assessment and monitoring of forest dynamics and dissemination of good practices in cooperation with a revitalized private sector; 5) strengthening the institutional capacities of implementing structures of policy and forest laws of the Member States; 6) encouraging the decentralization of forest resource management, support for community initiatives; and 7) strengthening the role of civil society and the private sector.

In the implementation of the forest policy of ECOWAS, the principal objective of the dialogue is: "Bring the countries of West Africa to sustainably and realistically manage forest and fauna resources of the sub-region for the well being of people and protection of the environment". The themes of the forest dialogue in the ECOWAS region include: 1) Current state of sub-regional cooperation in managing forests and wildlife; 2) Identification of themes for cross-border synergy of cooperation on sustainable management of forest resources; and 3) Implementation plan of the dialogue process. Regarding the strategy of sustainable management of community forest, the principal objective is to promote forest governance by local authorities in West Africa in the context of decentralization by defining a common strategy for the organization of community forests, their creation and sustainable

management, and to identify one or more regional projects in accordance with this strategy.

The outlook of implementation of the forest policy in the ECOWAS zone involves: 1) continuing dialogue on forests in West Africa on the adoption of the strategy and its implementation plan for the organs of the ECOWAS (Council of Ministers and the Summit of Heads of State); 2) designing and implementing a regional program for the sustainable management of forests and wildlife and to support national initiatives; and 3) promotion of legal trade in timber and timber products.

The Role of International Organizations in the Development of Intra-African Trade

Mr. Jukka Tissari, FAO and Ms. Frances Maplesden, ITTO explained the technical assistance support that is being provided by their organizations. ITTO's role was principally seen as a facilitator in achieving a vibrant intra-regional trade in wood products but it was stressed that African countries needed to appropriate the issues before ITTO could provide that facilitation. ITTO has a clear mandate to assist countries in achieving trade in sustainably managed wood products and achieving market transparency and has a number of mechanisms for assisting countries to improve their statistical and market knowledge base. However, African countries have generally been poor statistical reporters despite some significant support from ITTO over the last few years. Most African countries (although there are some exceptions) have not shown a sustained impact with statistical projects and workshops. In the future, donor countries will be expecting evidence that statistical systems have a high probability of success, including national commitments to independent and nationally funded statistical bodies, before they will support projects.

Countries needed to establish strong national units to collect and disseminate statistics and make those units independent of political interference. The question of good governance and legality underlies the achievement of intra-African trade and ITTO's new thematic programme on TFLET covers the issues of market and trade transparency. A number of areas in which ITTO was able to assist in intra-regional trade in relation to improving information were proposed and these are reflected in the Action Plan.

In the discussion possibilities for cooperation between various supporting actors were explored and the need to link with the regional and sub-regional organizations to enhance effectiveness and harness synergies.

X. Session 7. Accra Action Plan of Intra-African Trade Development

Chair: Mr. Markku Simula

A draft action plan integrating the various proposals made in the plenary sessions and group work sessions was presented to the conference participants. A number of suggestions made by the participants were incorporated in the draft.

XI. Session 8. Conclusion

The Conference adopted the following Accra Action Plan for the Development of the Intra-African Trade in Timber and Timber Products to make use of the significant opportunities offered by African markets and to remove the main constraints in trade development.

Potential for increased trade

African imports of timber and timber products are valued at about USD 4.4 billion/yr of which only less than 10% originates from the region itself. The region represents a huge opportunity for the development of intra-African trade, particularly from the ITTO producing member countries. The medium and long-term market outlook is positive driven by economic and population growth in the region but the African producers need to improve competitiveness to increase their market shares. Most African countries are already net importers of timber and timber products, and the available supply will not be sufficient to meet the regional demand without concerted efforts in sustainable management of natural production forests and major investment in the establishment of planted forests.

Main constraints

The main constraints faced by African suppliers in the regional markets were identified both in the legal and policy framework and the capacity of the private sector. The former includes high tariff barriers in processed products, bureaucratic customs and inspection procedures and associated high transaction costs, corruption, inappropriate taxation and inadequate incentives, lack of sub-regional harmonisation of the national regulatory frameworks, competition from illegal harvesting and trade, and deficient statistical information on production and trade. In the private sector the main constraints include lack of market information, weak marketing capability, high transaction costs of legal operations and competition from the illegal operations, multiplicity of documentation requirements in exporting and importing countries, limited access to trade finance; limited secondary processing capacity, low quality and design competitiveness of further processed products, and intense competition from outside the region.

Among the buyers in importing countries, there is limited knowledge on African timbers and suppliers among potential buyers due to lack of necessary promotional activities and the image of African suppliers as reliable trading partners also needs improvement.

ACCRA ACTION PLAN

Private sector

1. In partnership with government agencies, organise market promotion missions, business roundtables and participation in trade fairs and exhibitions to establish direct contacts with potential buyers in selected key markets (Northern and Southern Africa, Nigeria, etc.); this activity should be preceded by the production of necessary promotional material and product samples and training in effective participation in trade fairs.
2. Trade and industry associations should establish a sub-regional/regional network for exchange of information and promoting common interests in trade facilitation and development as well as international policy issues.
3. Trade and industry associations should develop self-regulation (e.g. by codes of conduct) and engage in improving legal compliance and sustainability of their forest and raw material procurement operations including certification and independent verification.
4. Industry and trade associations to develop their own strong market information systems.
5. In countries which have problems of raw material supply but available industrial capacity for developing exports of further processed products, engage in utilization of lesser used species and importation of logs and primary processed products as an interim solution for the problem of raw material supply; for the long-term development invest in the establishment of plantations.
6. Enterprises to invest in retooling, processing of lesser-used species and value added manufacturing, and to promote associated innovations and transfer of technology.

Governments

1. Reduce import tariffs of timber and timber products to the agreed levels and eliminate them in the long run to promote free movement of these products in Africa.
2. Strengthen monitoring of the cross-border trade between neighboring countries to improve legal compliance and to remove inappropriate practices such as double documentation for exportation and importation of timber and timber products.
3. In partnership with the private sector, carry out trade promotion activities in the potential African markets.
4. Review the existing regulations and procedures as well as the taxes, fees and charges to reduce the transaction costs of trade in timber and timber products; and improve the incentives for further processed production to improve the competitiveness of export industries.
5. Streamline trade payment rules and establish platform promoting introduction of electronic trade documentation with the purpose for unifying customs and other procedures to reduce potential misconduct and unnecessary delays.
6. Improve the legality assurance systems including timber tracking and appropriate control procedures (including control measurements of the loaded volumes in ships) and other aspects of legal compliance considering the entire supply chains, and engage in the FLEGT VPA process, involving all the relevant stakeholders.
7. Recognize information as a strategic area of forest sector management with specific reference to production and trade, and improve the information systems to provide up-to-date and reliable data for monitoring and policy design, including periodic surveys of the informal sector.
8. Through a participatory process involving various stakeholders, develop policies and strategies to remove illegal operations and to enhance the social and economic contribution of the informal sector in the supply chains of timber products based on legal and sustainable sources; this often requires studies on the size and characteristics of the domestic market and the role that the informal sector is playing in the supply chains.
9. Consider the needs of the trade of timber and timber products in the development of communication infrastructure as well as road, railway and river transportation and port facilities.
10. Invest in for R&D, including provision of appropriate incentives, specifically for utilisation of lesser-used species.
11. Strengthen education and training in and other incentives for further processing, quality control and product design, marketing and market intelligence, including foreign language training, particularly in the education on forest products marketing.
12. Develop and implement appropriate public procurement policies for timber and timber products to promote markets for legal and sustainable products.

ITTO, FAO and Other International Organizations

1. Co-sponsor trade promotional fairs and business-to-business roundtables in the region to be organized by the private sector organizations in ITTO producing member countries.
2. Continue to organize capacity building workshops for improvement of statistical data on trade and production and specifically support the countries which do not yet have basic capacity to collect and produce necessary information such as Nigeria and Liberia.
3. Improve the transparency of markets for tropical timber and timber products in the African region through (i) detailed studies on market opportunities in selected major African consuming countries (e.g. the Republic of South Africa, Nigeria, Egypt, Algeria, Morocco, etc.), (ii) inclusion of key African import markets in the bi-monthly ITTO Market Information Service, and (iii) improvement of statistical information on trade and trade flows in Africa.
4. ITTO to include in its website a special section containing information on African timber species, their physical, mechanical and chemical characteristics as well as their processing and utilization properties; and include links with information on potential supply sources.

5. Involving the ITTO Trade Advisory Group and in cooperation with FAO and ATIBT, organize a regional workshop on harmonization of (i) nomenclature of trade names of African timber species, (ii) timber measurement, (iii) grading rules, and (iv) timber and timber product standards; and design and implement a follow-up implementation process.
6. Strengthen market intelligence units in ITTO member countries by supporting the existing networks and encouraging industry and trade associations to develop their own strong market information systems.
7. Continue ITTO's work to promote lesser-used species by supporting R&D on their characteristics and applications.
8. FAO, ITTO and WTO to carry out a comparative study on existing tariff barriers and reasons for the lack of implementation to reduce tariffs to agreed levels.

Regional organizations

1. Within their existing strategies, ECOWAS, CEEAC (with COMIFAC), SADC and Maghreb, in cooperation with ITTO and WCO, should organize workshops and follow-up implementation processes to improve customs procedures and cooperation between national customs agencies in order to facilitate trade, and to strengthen staff skills related to timber and timber products as these require specialized knowledge on products (identification of species, measurement, etc.).
2. Sub-regional economic organizations should (i) support detailed studies on tropical timber trade (particularly in Western and Central Africa) to identify trade opportunities and measures to facilitate trade between their member countries in order to improve governance and legality of the supply systems of timber and timber products; and (ii) organize technical validation of the recommendations with relevant partners, including the private sector, government agencies and international organizations such as ITTO and FAO.
3. ECOWAS, CEEAC and SADC should develop strategies and policies and action plans for sub-regional cooperative action to effectively remove tariffs and reduce other trade barriers of trade in timber and timber products between their member countries in order to promote legal trade of timber and timber products from sustainable sources.
4. Seek technical cooperation with the European Union to share knowledge and experience in timber trade facilitation (harmonized documentation, digitalized procedures, etc.).
5. Explore appropriate mechanisms to increase high-level political will in regional and sub-regional organizations and their member states to reform the regulatory and policy framework of tropical timber trade in the region.

Implementation and monitoring mechanism

In order to follow and support the implementation of this Accra Action Plan the following arrangements will be put in place:

1. ITTO was called to act as the coordinating monitoring body to pursue the implementation of this Accra Action Plan for the Development of the Intra-African Trade in Tropical Timber and Timber Products and liaise with FAO and other international, regional organizations and other actors on specific activities.
2. Ghana Timber Millers' Association and IFIA (in cooperation with chambers of commerce, as appropriate) were called for to make contacts with heir sister organizations in the region to set up the private sector network for exchange of information and to promote common interests, and in due course, explore the feasibility of formalizing such an arrangement under rotating leadership.
3. ECOWAS and CEEAC were called to establish a committee of experts including representatives of governments, private sector and other stakeholders to prepare the terms-of-reference for the strategic study on free movement of forest products in the sub-region and prepare a roadmap for the implementation of its recommendations.
4. Governments were called to establish a multi-stakeholder working group to follow up the implementation of recommendations made for the private sector and governments and periodically report on progress to ITTO.

XII. Closing Remarks

Hon. **Henry Ford Kamel**, Deputy-Minister of Lands and Natural Resources of Ghana congratulated the participants for the work carried out and re-emphasized the importance of the intra-African trade for Ghana's timber sector. He noted that the conference had illustrated the necessity for building appropriate institutions to ensure the sustainability of promoting intra-African trade in timber and timber products and making the resulting trade regulatory mechanisms more effective. He mentioned that the conference had further consolidated the common understanding on challenges facing any successful intra-African timber trade and the collective aspiration that African countries need to do more to realize the common objectives in the development of intra-African trade for the development of the continent. He was hopeful that the useful recommendations of the conference would facilitate the progress towards increased trade in timber and timber products on the continent.

Mr. **Emmanuel Ze Meka**, Executive Director of ITTO, thanked the host government for the excellent organization of the conference, participants for their achievements and support staff for their hard work. He noted that as recognized by many participants, the conference came at a most opportune time when many African countries had been hit by the global economic crisis, which had significantly reduced their timber and timber products' exports to traditional markets like Europe and USA. He was convinced that increasing the intra-African trade in timber and timber products would give more stability to the local timber industry and contribute to building their resilience vis-à-vis the international economic environment. Mr. Ze Meka stated that the conference had enabled participants to emphasize, once more, the benefits of promoting the intra-African trade in timber and timber products, to identify constraints to achieving this objective, and to discuss and develop practical proposals and strategies to overcome those constraints. He reiterated that the benefits of strengthening intra-African trade go well beyond the boundaries of individual countries as it helps to strengthen links between African countries and expand the economic space of Africa. He hoped that the results of the conference would stimulate decision makers to tap this dormant opportunity for the benefit of their economies. He emphasized the need to follow up the implementation of the Accra Action Plan which would form an excellent framework for tapping the future opportunities of African timber markets. The Plan would also serve ITTO as an important reference for future support to the Organization's Producing Member countries in the region. Finally, Mr. Ze Meka declared the conference closed.

ANNEX 1

AGENDA

ITTO International Conference on

Promotion of Intra-African Trade in Timber

And Timber Products

Untapped Opportunities for Tropical Timber Producers

30 June – 2 July 2009

La Palm Royal Beach Hotel, Accra, Ghana

Hosted by: Ministry of Lands and Natural Resources of Ghana

Sponsored by: International Tropical Timber Organization (ITTO) in collaboration with the Food and Agriculture Organization of the United Nations (FAO)

PROGRAMME

Tuesday, 30 June 2009

08:00	Arrival of Participants/Registration
08:30	Arrival of Dignitaries
	Official Opening
09:00	* Conference Background and Introduction of dignitaries **His Excellency Amb. J. E. K Aggrey-Orleans**, Conference Coordinator * Opening Statement by **H. E. Amb. Michael Maue**, Chairperson of the International Tropical Timber Council * Welcome Address by **Hon. Alhaji Collins Dauda**, Minister of Lands and Natural Resources, Ghana * Address by **Hon. Martin Mabala**, Minister of Forests, Water and Fisheries of Gabon * Address by **Hon. Dr. Daniel Aka Ahizi** Minister of Forests of Côte d'Ivoire * **Keynote Address by His Excellency Mr. John Mahama, Vice-President of the Republic of Ghana**
11:00	*Coffee Break and Group Photograph*
	Session 1: Market and Trade Situation – Global and Intra-African Trade **Chair: Mr. Emmanuel Ze Meka,Executive Director (ITTO); Rapporteur: Dr. Opeyemi Ajewole**
	This session provides the main findings of the ITTO Annual Market Review and the background study on the current situation and outlook for intra-African trade in tropical timber and timber products
11:40	**International Market Outlook for Tropical Timber** Ms. Frances Maplesden, International Tropical Timber Organization
12:00	**Overview of the Study on Intra-regional Timber Trade in Africa** Dr. Ibrahim Favada, ITTO Consultant
12:40	**Key Issues for Development of the Intra-African Trade in Tropical Timber and Timber Products** Dr. Markku Simula, ITTO Consultant
13:00	**Plenary discussion**
13:30	*Lunch break*
	Session 2: Exporting and Importing Country Situations **Chair: Mr. Jukka Tissari; Rapporteur: Dr. Ibrahim Favada**
	This session provides detailed information on country situations among African exporting and importing countries
14:30	**Exporting country situations** • Ghana, Mr. Alhassan Attah, Executive Director, Forestry Commission, Ghana • Cameroon and Gabon, Dr. Richard Eba'a Atyi, FORAC, Timber Trade Expert • Côte d'Ivoire, Mr. Martial Me Kouame, Director, SODEFOR, Côte d'Ivoire
16:00	*Coffee Break*
16:30	**Plenary Discussions**
17:30	Conclusion of Day 1

Wednesday, 1 July 2009

09:00	**Importing country situations** • The Republic of South Africa, Mr. Mike Howard, Senior Partner, Fractal Forest • Morocco, Dr. Abdellatif Khattabi, Ecole Nationale Forestière • Egypt, Dr. Salah Mansour, Zagazig University • Nigeria, Dr Opeyemi Isaac Ajewole, University of Ibadan
11:30	*Coffee Break*
12:00	**Plenary Discussions**
13:00	*Lunch Break*
Session 3: Opportunities and Challenges of the Private Sector Chair: Mr. Jean-Jacques Landrot; Rapporteurs: Dr. Ibrahim Favada and Dr. Salah Mansour	
The session will provide information on the perspectives of the private sector companies and organizations and their role of cooperative efforts in the development of Intra-African trade in tropical timber and timber products.	
14:00	**Panel Discussion : Constraints Faced by the Private Sector to Intra-African Trade** • Mr. Acquah Moses, Ghana Timber Millers' Organisation • Mr. Noble Y. Adonoo, FABI-BRM Wood Processing Co. Ltd. • Mr. Ghassa Bitor, JohnBitor & Co Ltd. • Mr. Jangar S. Kamara, Forest Development Authority, Liberia • Mr. Djengo Bosulu, Direction de la Gestion Forestière, DRC • Mr. Yves Yalibanda, Ministère des Eaux et Forêts, Central African Republic • Mr. Yaw Gyasi-Nimaku, Director, SWISS Lumber co.
15:20	**Lessons learned from private sector cooperation:** • RACE Programme, Ms. Catherine Peguillan, IFIA
15:40	**Plenary Discussions**
16:00	*Coffee break*
Session 4: Key Issues and Emerging Challenges Chair: Mr. E. Collins Ahadome; Rapporteurs: Dr. Abdellatif Khattabi & Ms. Frances Maplesden	
This session provides information on key barriers and challenges in establishing a level playing field for economic operators and promoting intra-African trade and marketing of tropical timber and further processed timber products.	
16:30	**VPA progress and lessons learned in African countries and changing markets** Ms. Melissa Othman, EU EFI FELGT Facility
16:50	**Trade development and logistics in Africa** Mr. Jean-Jacques Landrot, Timber Trade Specialist
17:10	**Trade development in further processed products** Mr. Jukka Tissari, Forestry Officer – Forest Products Trade and Marketing, FAO
17:30	**The Domestic Timber Sector in the Congo Basin** Mr. Richard Eba'Atayi, FORAC
17:50	**Plenary Discussion**
18:30	**Conclusion of Day 2**
19:00	Reception hosted by ITTO at Bali High, La Palm Royal Beach Hotel

Thursday, 2 July 2009

Session 5: Tackling constraints and opportunities Each Working Group will nominate a chair and a rapporteur	
08:30	**Plenary: Group work tasks**
09:00	**Parallel working group discussions on addressing constraints and tapping opportunities for intra-African Trade development** Participants will divide into working groups to discuss how the constraints of intra-African trade could be removed, how opportunities could be tapped and from the previous sessions
11:30	*Coffee break*
12:00	**Reporting by the parallel working groups**
13:00	*Lunch Break*
Session 6: Role of International, Regional and Sub-regional Institutions in the Development of Intra-African Trade Chair: Mr. Alhassan Attah	
This session will identify potential supporting roles of regional and international organizations for follow up action in the development of intra-African trade in tropical timber and timber products	
14:00	**Panel Discussion** • African Development Bank • ECOWAS • Ghana Customs Authority • ITTO • FAO • Government viewpoint: Ministère de l'Economie Forestière, Congo **Plenary Discussions**
16:00	*Coffee Break*
Session 7: Accra Work Plan of Intra-African Trade Development Chair: Dr. Markku Simula	
This session will identify elements of the Accra Work Plan for follow up action by all stakeholder groups for intra-African trade development	
16:30	**Presentation of the draft elements for the Accra Work Plan (Mr. Alhassan Attah)** **Plenary Discussion**
Session 8: Conclusion Chair: Hon. Henry Ford Kamel	
18:00	**Closing** **Statement by Hon. Henry Ford Kamel, Deputy Minister for Lands and Natural Resources of Ghana** **Statement by Mr. Emmanuel Ze Meka, Executive Director, ITTO**

ANNEX 2

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

INTERNATIONAL CONFERENCE ON THE PROMOTION OF INTRA-AFRICAN TRADE IN TIMBER AND TIMBER PRODUCTS

Accra, Ghana, 30 June-2 July 2009

List of participants

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ANNEX 3

Reports of the Working Groups

Group 1
Chair: Dr. Salah Mansour; Rapporteur: Dr. Richard Eba'a Atyi

Recommendations to governments

- Tariffs barriers
  - Differences between sub-regions: no tariff barriers between member countries of CEMAC
  - Complete removal by 2015
  - Contact the AU commission on trade and forward the recommendations of our work
- Reduction of bureaucracy and transaction costs
  - Negotiations for VPAs have provided a platforms for several public administrations to reflect on ways to reduce bureaucracy
  - Reduce number of institutions involved in timber trade and transaction
  - Define deadlines for different administrative steps
  - Better use modern technologies of information
  - Harmonize documentation for export/import between countries
- Request direct links between banks in different African countries
- Trade promotion
  - Create database on timber species
  - Promote information on timber products through embassies
  - Organize national services of communication on timber production
  - Harmonization of nomenclature of species trade names, and/grading standards rules

Recommendations to the private sector

- Trade promotion
  - Important role of private sector and particularly timber trade association
  - Contribute to the creation a database on timber species
  - Organization on fairs and exhibitions to communicate on timber product potentials
  - Organize one or two regional exhibitions (African level) per year alternatively in importing and exporting countries
  - Website on African timber products with links on individual countries
- Harmonization of nomenclature of species trade names, and quality/grading standards/rules
  - Work done during 1950s with ATIBT and research organizations, need to review the work
  - ITTO/FAO/ATIBT can be approached for initiate new activities on the item

Group 2
Chair: Alhassan Attah; Rapporteur: Mr. Jukka Tissari

Specific action by governments:

1. Streamlining of trade payment rules in the regional trade by the Central Banks.
2. Reducing customs tariffs, taxes and fees into reasonable levels by Min. of Trade & Finance.
3. Unifying customs procedures through carrying out of audits.
4. Moving from paper trade documentation to electronic.
5. Formalize informal sector by incentives.
6. Trade promotion activities in North and South Africa, Nigeria.

Recommendations to the private sector:

- Collect and share trade and market information between African nations.
- IFIA workshop to support follow-up activities (themes: unify trade documentation and overcome language barriers).
- Invest in technologies to improve the processing of LUS and efficiency.

Recommendations to international organizations:

- Comparative study on tariffs and harmonization to foster intra-African trade (FAO, WTO).
- Capacity-building of industry associations.
  - Technology adjustment to LUS
  - Trade statistics
  - Trade fair participation
- Web-based market information system focusing on species information and country prices.
- Study and recommend harmonization of African wood product standards.
- African Union and ECOWAS, etc.: show political will to help forest products trade.

Group 3 (Question 3)

Chair: Dr. Isaac O. Ajewole; Rapporteur: Ms. Frances Maplesden

Recommendations to national governments

1. National forestry agents should be undertaking regular and specific surveys of the informal wood production sector and incorporate the data and information in the formal data collection system.
2. National governments should develop ICT platform such as the GCNET in Ghana, while Regional/ sub regional organizations can facilitate the integration of such platforms to track the movement of TTPs across the countries in the region/sub regions.

Recommendations to ITTO

1. Continue to support strengthening and creation of specialized and independent central statistical data and information management agencies in forestry departments/agencies in the member countries.
2. Existing sub regional organizations such as ECOWAS, etc. can facilitate the development of sub regional forestry related organizations such as COMIFAC (Commission for Central African office) which will be responsible for:
   - management (collection, processing and storage) of data across the sub regions.
   - development and adoption of common measurement units and harmonized coding systems.
   - organizing of regular meetings of statistical issues and problems in Africa – at least annually.
3. Organize regional workshop on harmonization of nomenclature of trade names of African species, timber measurements, grading rules and timber and timber products standard.
4. Conduct market studies on potential African wood product markets, with priority being given to Nigeria, South Africa, Egypt and Morocco being major consumers of TTPs
5. Strengthen the Market Information Service by including information on African timber markets in the fortnightly newsletter.
6. Strengthen market intelligence units in member countries by strengthening of existing networks and encourage industry and trade associations to develop strong market information systems.

PART II

CONFERENCE BACKGROUND PAPER
"Intra-African Trade in Timber and Timber Products"

By Ibrahim M. Favada

ACKNOWLEDGMENTS

This is the final report of an ITTO project on the promotion of intra-African trade in timber and timber products, which was undertaken as part of the ITTO Biennial Work Programme for 2008–09. The work was supervised by Markku Simula of ARDOT (www.ardot.fi).

National consultants kindly assisted the author by providing information on current developments in the production, consumption and trade of tropical timber and timber products. They were Salah Mansour (Egypt), Abdellatif Khattabi (Morocco), Isaac Opeyemi Ajewole (Nigeria), Mike Howard (South Africa), Richard Eba'a Atyi (Cameroon) and Martial Me Kouamé (Côte d'Ivoire).

The author's special thanks and appreciation go to the ITTO Secretariat, particularly Collins Ahadome for his useful comments on the first and second drafts and Frances Maplesden, Steven Johnson and Alastair Sarre for their excellent editing of the final report.

LIST OF ABREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFF	annual forest fee
C&S	Common and Select
CFA	Communaute Financiere Africaine franc
CA	Central Africa
CEMAC	La Communauté Economique et Monétaire de l'Afrique Centrale (Economic and Monetary Community of Central Africa)
CIF	cost, insurance and freight
GCNET	Ghana Community Network
COMIFAC	La Commission des Forêts d'Afrique Central (Central African Forest Commission)
EA	Eastern Africa
EC	European Commission
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLEGT	forest law enforcement, governance and trade
FOB	free on board
GDP	gross domestic product
GIFEX	Ghana International Furniture and Woodworking Exhibition
IMF	International Monetary Fund
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
NA	Northern Africa
SA	Southern Africa
SADC	Southern African Development Community
SPWP	secondary processed wood product
TTPs	timber and timber products
VPA	voluntary partnership agreement
WA	Western Africa

EXECUTIVE SUMMARY

Dynamic changes in the international and regional markets for tropical timber and timber products (TTPs) present new opportunities and challenges for intra-African trade. By providing an insight into the forest economy and timber trade, this study aims to assist African ITTO member countries to identify market opportunities and design strategies for developing the intra-regional trade in tropical TTPs.

The study covers primary wood products and secondary processed wood products (SPWPs). The primary wood products included are industrial roundwood, sawnwood, veneer and plywood; information on fibreboard and particleboard is also provided. The SPWPs included are builders' woodwork, mouldings, wooden furniture and parts, and cane and bamboo furniture and parts. Regional information is provided for the five United Nations sub-regions – Northern Africa, Western Africa, Central Africa, Eastern Africa and Southern Africa – and also for African ITTO producer member countries (also called African ITTO producers).

The following sources of data were used: the Food and Agriculture Organization of the United Nations (forest resources, production and trade statistics); ITTO; the International Trade Center/United Nations COMTRADE database (trade statistics); and national trade statistics. Major difficulties were encountered in analyzing the data from these sources due to inconsistencies and information gaps. The general inadequacy of data for African countries highlights the need for further efforts to improve the availability and reliability of market data on TTPs in Africa.

FOREST RESOURCES

Forest cover and loss

Africa had an estimated 634 million hectares of forest in 2005, which was 16.1% of the world forest area, and net annual forest loss was about 4 million hectares per year. The Central and Southern Africa sub-regions accounted for 37% and 27%, respectively, of Africa's total forest area. Southern Africa had the largest share (29%) of total net forest loss in Africa, and Northern Africa had the smallest (about 14%).

The estimated forest cover in African ITTO producer member countries in 2005 was 252 million hectares, which was 40% of the continent's total forest area. The estimated annual net loss of forest cover in African ITTO producer member countries was about 1.19 million hectares (29% of the African total).

Forest plantations

In 2006 Africa had an estimated 13 million hectares of forest plantations (for either production and protection), which was 9% of the global plantation area. Over half of these plantations were in the Northern Africa sub-region. In the African ITTO producer member countries, the total area of forest plantations in 2005 was estimated to be 1 million hectares (about 8% of Africa's total). These countries have been lagging behind the leading African producers of plantation timber (South Africa and Sudan) in plantation establishment. To ensure their long-term competitiveness in the supply of timber products, ITTO African producer member countries need to accelerate investment in timber plantations.

THE SUPPLY SIDE

Production of timber

Total *roundwood production* in Africa was 69 million m^3 in 2006, of which 11% was industrial roundwood and 89% was fuelwood. Southern Africa was the main source of industrial roundwood production (34% of the total in 2006), almost all based on plantations. However, there has been a declining trend in the production of industrial roundwood in that sub-region due to the slowing of plantation activity in South Africa. In Central Africa, the production of industrial roundwood increased slightly as large concessions were awarded. In Western Africa production declined because most of the industrial roundwood produced in the sub-region is from natural forests, which have been subject to rapid deforestation and degradation. The production of industrial roundwood has also been declining in Eastern Africa due to dwindling natural forests and insufficient plantation development. Production in Northern Africa is increasing as the plantation estate matures. Of the African ITTO producer

member countries, the production of industrial roundwood increased significantly in Nigeria and the Democratic Republic of the Congo.

The share of sawlogs and veneer logs in total industrial roundwood production in 2006 was about 36% for Africa as a whole and more than 50% for Western Africa and Central Africa. For African ITTO producer members the share was 68%.

The total African production of sawlogs and veneer logs over the period 2003–07 decreased at an average rate of 3% per year, while the global production of sawlogs and veneer logs increased by 2% per year. The decline in production in Africa was most significant in Southern Africa and Western Africa, while there were increases in Eastern and Northern Africa. African ITTO producer member countries accounted for about 69% of total African output of sawlogs and veneer logs, although overall production in those countries declined by 1% per year over the period.

Production of timber products

Sawnwood production in Africa reached 8 million m^3 in 2006, having increased slightly since 2003. Over the period 2003–07 production grew in Northern Africa, Western Africa, Central Africa and Southern Africa but declined in Eastern Africa. In African ITTO member countries, the production of sawnwood grew at an average annual rate of 0.9%. Non-coniferous sawnwood accounted for about 73% of the total production of African sawnwood in 2006. In Western Africa, however, non-coniferous species accounted for all sawnwood production and in Central Africa the share was 97%. Northern Africa's share of non-coniferous species was 72% and Eastern Africa's share was about 50%. In contrast to the other sub-regions, sawnwood production in Southern Africa was composed almost entirely of coniferous species. In African ITTO member countries the non-coniferous share of sawnwood production was about 95%.

Veneer production in Africa increased from 0.8 million m^3 in 2003 to 1 million m^3 in 2007, an average annual increase of 4%, which was faster than the global rate. Annual growth was positive in Northern Africa and Western Africa but was negative in Southern Africa. There was a strong positive trend in the production of veneer among African ITTO producer members, with, overall, an annual growth of about 6%.

African *plywood production* was 0.8 million m^3 in 2006; it grew by about 3% per year over the period 2003–07, which was about the same as the global growth rate. Production grew strongly in Western Africa but declined in Northern Africa, Central Africa and Southern Africa. The annual growth of plywood production in African ITTO producer member countries was 4%.

African *particleboard production* (0.8 million m^3 in 2006) declined in the period 2003–07 by 5% per year. Production declined in Eastern Africa and Southern Africa and was steady in Northern, Western and Central Africa.

African *fibreboard production* (0.2 million m^3 in 2006) increased between 2003 and 2007 at an annual rate of about 1%, with most of the growth taking place in Southern Africa. Production declined by 2% per year in Eastern Africa and was steady in Northern and Western Africa. No data on fibreboard production were available for Central Africa.

THE DEMAND SIDE

Apparent consumption

The estimated consumption of sawnwood in Africa in 2006 was 13 million m^3, which was about 3% of global consumption. Overall, the region's apparent consumption of sawnwood increased over the period 2003–07 by about 4% per year, which was faster than the global rate. It grew in Northern and Eastern Africa but declined in Western and Central Africa.

In Africa as a whole, coniferous sawnwood accounts for a greater share of overall consumption than does non-coniferous sawnwood, although more non-coniferous than coniferous sawnwood is consumed in Western, Central and Eastern Africa. Less than 20% of sawnwood consumption in Northern Africa and Southern Africa is of non-coniferous species. The consumption of non-coniferous sawnwood declined in African ITTO producer member countries by 2% per year in the period 2003–07.

The consumption of wood-based panels in Africa (3 million m^3 in 2006) declined in the period 2003–07 by about 1% per year, while the annual growth of global consumption was 4%. Consumption in the region may be understated because of weak data for Central Africa. The consumption of wood-based panels increased in all the African sub-regions except Northern Africa.

Demand drivers

The population of Africa reached 934 million in 2006 and the average annual growth rate is currently about 2.3%. The highest growth is in Western, Central and Eastern Africa (2.7%, 2.4% and 2.9%, respectively), while growth is slower in Northern and Southern Africa (0.8% and 1.5%, respectively). The population in Africa is projected to rise to 1 billion by 2010 and to 1.2 billion by 2015. Although the growth rate is expected to decline slightly to 2.2% per year in 2015, the absolute increase in population implies an increased demand for timber products. The urban population is expected to continue to increase at a significantly higher rate than that of the total population. This is important because the urban market consumes most of the tropical timber products traded in the region.

Africa's GDP was US$1107 billion in 2006. While the population is relatively evenly distributed between the sub-regions, this is not the case for economic activity. Northern Africa accounted for 37% of the total regional GDP, followed by Southern Africa (31%), Western Africa (19%), Eastern Africa (7%) and Central Africa (6%). The overall growth in GDP for Africa was 6% per year, which was well above the global average. Annual GDP growth was about 7% in Northern and Southern Africa, 6% in Eastern Africa, 5% in Western Africa and 3% in Central Africa. In African ITTO producer member countries, GDP was US$225 billion in 2006 and the annual growth rate was 4%.

Outlook for TTPs

The global financial crisis has affected the formal economies of African countries, although the impact has been somewhat delayed relative to the impact in the developed world. Nevertheless, according to the African Development Bank and the International Monetary Fund, the medium-term and long-term economic prospects for Africa are positive and there will be strong growth in regional demand for tropical timber products. A recent FAO study projected that industrial roundwood production would grow by about 21 million m^3 between 2010 and 2020 to reach 93 million m^3. Sawnwood consumption would increase by 7 million m^3 to reach 19 million m^3 by 2020 and wood-based panels consumption would increase to about 4 million m^3.

TRADE OF TTPs

Trade of TTPs by sub-region

The total value of African exports in TTPs was US$3.8 billion in 2007. The aggregate annual growth rate both for Africa as a whole and for African ITTO producer member countries was about 4%. Central Africa accounted for 59% of total exports, followed by Western Africa (22%). The African ITTO producer member countries accounted for more than 70% of regional exports.

Intra-African exports amounted to US$278 million in 2006, which was 9.3% of total regional exports to all markets. The annual change in intra-African exports between 2005 and 2006 was only positive in Eastern Africa, but the volume of exports in that sub-region was small. The apparent decline in value of exports from African ITTO producers to other African countries from US$489 million in 2005 to US$170 million in 2006 was probably due, at least in part, to the non-reporting of data for 2006 by Togo and Central African Republic.

Total African imports of TTPs amounted to US$4.4 billion in 2007. Northern Africa had the largest market share (61% of the total region), followed by Southern Africa (23%). These two sub-regions lack natural forests and are not significant producers of tropical timber. Western Africa's share of total imports was about 8% and Eastern Africa's share was 7%.

Total intra-African imports were worth US$394 million in 2007 (9% of the total import value), an increase of about US$45 million over 2006. Southern Africa accounted for 41% of the total, followed by Northern Africa (27%), Western Africa (19%), Eastern Africa (13%) and Central Africa (0.4%). Although Northern Africa imported TTPs worth US$2.7 billion in 2007, only 4% was from Africa. Southern Africa's total imports were about US$1.0 billion, of which 16% came from African sources. The intra-African share of total TTP imports was 21% in Western Africa, 17% in Eastern Africa and 10% in Central Africa.

Trade of TTPs, by product

In 2007 the total export value of primary TTPs was US$3.4 billion, having growing at an average annual rate of 4% in the period 2005–07. Average annual growth rates were high for logs, sawnwood and veneer, and there were significant declines in plywood, particleboard and fibreboard. Logs were

the mainstay of total primary-product exports in 2007, accounting for 44% of total export value.

The export value of SPWPs was US$420 million in 2007, but this was significantly lower than the value recorded in 2005. Wooden furniture and parts was the only SPWP product category to increase in value in the period 2005–07. Wooden furniture and parts dominated exports of SPWPs in 2007, accounting for 59% of the total.

The value of TTP exports to African markets was about US$243 million in 2007 (6% of exports to all destinations). This was considerably less than in 2005, suggesting a rapid weakening in the regional market for primary products (SPWP exports grew slightly over the period from a small base).

The African import market for TTPs was worth US$4.4 billion in 2007, which was markedly higher than in 2006, suggesting a rapidly growing trade opportunity for exporters. Primary products accounted for more than three-quarters of the total value, but the rate of growth was higher for SPWPs.

Intra-African trade in primary products was worth about US$242 million in 2007, which was more than three-quarters of the total, and the intra-African trade of SPWPs was worth US$89 million. African exporters have a competitive advantage in the supply of primary products – particularly sawnwood and logs – to African markets, but no significant growth was observed in labour-intensive SPWPs due to strong competition from Asian suppliers (particularly in Southeast Asia).

EXPORT MARKET CHARACTERISTICS

Information on TTP market characteristics in African countries is scant. In general, the end-uses of TTPs are similar across African ITTO member countries and depend on the extent and structure of domestic further-processing industries. Most of the trade in timber products is conducted by specialized traditional timber traders who also have stocking capacity. Only a few large enterprises 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 the trade of tropical hardwood products. There is no particular preference for African products, except in Western and Central African countries. The African TTP import markets are typically price-sensitive, and less attention is given to product quality if minimum requirements are met. The situation varies, however, by country and market segment.

TRADE BARRIERS

In general, African countries impose significant import tariffs on further-processed products. In Central Africa, significant import tariffs are imposed on primary products and in other sub-regions there is an element of tariff escalation (i.e., higher tariffs for further-processed products). There are preferential sub-regional tariffs in the Economic Community of West African States (ECOWAS), The Economic and Monetary Community of Central Africa (CEMAC) and the Southern African Development Community (SADC) but, in the ECOWAS case, the implementation process of tariff reduction is not yet completed. General import tariffs are higher in CEMAC and ECOWAS countries than in SADC countries.

Export taxes have been greatly reduced in most African exporting countries but they are still being applied, particularly to logs. Trade regulation is also applied to logs in many countries. In general, the certification of sustainable forest management is not required in African TTP markets but in some countries (such as South Africa) and in some market segments it is becoming an advantage. The same situation appears to prevail for product-quality certification. Importing markets have differing quality standards and grading rules, which poses a challenge for exporting countries.

CONCLUSIONS AND RECOMMENDATIONS

Opportunities for increased exports

Africa's total imports of TTPs in 2007 were worth US$4.4 billion, of which only US$394 million originated on the continent itself. This represents a market opportunity for African ITTO producer member countries, particularly in the trade of further-processed products, which is still minimal in most African countries. As a whole, Africa is a net importer of TTPs despite its vast forest resources and huge plantation potential.

African markets for TTPs will continue to grow rapidly, not withstanding the current financial crisis. If competitive supplies from within Africa are unavailable the region will increasingly have to import TTPs from outside the region. An increase in the production of TTPs sourced from both

natural forests and plantations requires retooling and significant new investment in the industry. The most significant immediate opportunities for export expansion are in Northern Africa and Southern Africa. A number of other countries also offer export prospects for African ITTO producers, such as the Sahel countries and Nigeria, due to their limited capacity to expand domestic supply. African ITTO producers could also target the substitution of meranti and balau, timbers that are currently imported from Malaysia and Indonesia. In addition to tropical timber from natural forests, there are growing prospects for plantation-based timber exports, such as teak thinnings.

Because of differences in local conditions (e.g. the raw material base, infrastructure and forest management practices), opportunities for increasing exports differ among the African ITTO producer member countries. Some future possibilities are:

- increased use of lesser used species
- the replacement of obsolete primary-processing equipment to increase the efficiency of the conversion of raw material
- industry integration and a shift to the production of value-added products
- appropriate taxation, and incentives to promote further processing
- the development of forest plantations to ensure the sustainability of supply
- in countries with shortages of wood raw material, the importation of logs, sawn timber and veneer for further domestic processing from African suppliers
- improved performance of processing units, including their ability to handle small-diameter wood and increase yields
- improved governance in the forest sector and the increased production of legal and sustainable timber
- implementation of forest certification.

Main constraints for intra-African exports of TTPs

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

- *Lack of knowledge of regional markets among traders in the region*. There is also no central point or organization within the region – even at the national level – to provide market information.
- *Poor transport and communication links between African countries*. Communication between African countries is unreliable and sometimes expensive. Travel between countries is also difficult, thereby constraining trade within the region. Nigeria, a regionally important economy, has no road link with southern Cameroon, and telephone connections are problematic.
- *Weak infrastructure to support trading among African countries*. Road networks between countries in the region are poor, and rail networks are almost non-existent; thus, linkages between countries in the region are poor. Although mobile communication has improved in recent years, the quality of service in the region is low. This is a major challenge for trade within the continent.
- *In many exporting countries, cumbersome bureaucracy in the documentation required for the movement of goods and people between African countries*. This is a challenge for both exporters and importers, although the Government of Ghana, for example, has tried to reduce this problem with the Ghana Community Network (GCNET), an electronic system for processing of imports. The Timber Industry Development Division is also piloting the processing of export permits through GCNET.
- *Poor banking systems that constrain payments for goods and services*. Despite recent improvements, aspects of banking – particularly high interest rates and the management of exchange-rate risks – still hinder market development.
- *Poor access to trade finance*. In general the timber sector has a poor record on the repayment of loans and therefore banks, particularly the traditional banks, have been reluctant to provide finance to investors in the sector.
- *Exchange-rate fluctuations* represent a source of risk that cannot be mitigated effectively in the current financial crisis at a reasonable cost.
- The existence of a large *informal/illegal timber sector*, which supplies a large share of the regional market, is both a weakness and an asset. Illegal production avoids the transaction costs of

legal production and therefore enjoys an undue competitive advantage over legally produced timber. On the other hand, informal operations create significant income and employment for small-scale entrepreneurs and other operators and can respond rapidly to changing market needs.

- *Limited secondary processing capacity* and the somewhat lower quality of SPWPs compared to those imported from Europe or Asia is a constraint in moving up the value chain in intra-African trade.
- The *limited quality and design competitiveness* of African SPWPs, which are produced mainly by small-scale artisans.
- In some countries, like Côte d'Ivoire and Ghana, the *raw material situation* has become a constraint.
- With many notable exceptions, African suppliers 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 through the systematic efforts of potential exporters who have the capacity to meet market requirements.
- With a few exceptions, *African timbers are not well known or well marketed*. In South Africa, for example, 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.
- Although currently of little importance to most end-users, there is 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 be a constraint in the future.
- *Competition from Asian countries, particularly 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, despite the higher transport costs.

Recommendations

ITTO should undertake the following actions to promote intra-African trade in TTPs:

- **Support detailed studies of exports and imports of TTPs in Africa.** Examples of areas of interest are
  - the potential for the trade of sawnwood and logs from the Congo Basin to Western Africa
  - the potential for trade in TTPs to forest-poor countries in Western Africa
  - a detailed study of the TTP market in Nigeria and other poorly known target markets
  - trade potential in Algeria, Tunisia and Libya.
- **Support research into and the 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. For example, it would be helpful to identify those species that offer wood properties similar to those imported in Southern and Northern Africa.
- **Promote the use of lesser used species in regional markets, in particular the domestic markets of supplying countries, through studies, demonstration activities and support for market promotion.**
- **Provide specific market intelligence information**, particularly through studies and the monitoring of market trends in the region to highlight opportunities for increased trade in the region. The ITTO Market Information Service coverage could be expanded to include key African import markets for TTPs.
- **Promote trade in legal timber** within the region by encouraging trade in primary products from countries that are signatory to voluntary partnership agreements and by suppliers with demonstrated capacity to supply legally harvested TTPs from sustainably managed sources.
- **Support specialized timber fairs, 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.

- **Support skills development and the transfer of technology** into the region to increase the competitiveness of products produced in the region. Actions should include support to build capacity in quality control and product design.
- **Organize the promotion of tropical timber** in African countries that have extensive market potential for TTPs (e.g. Egypt and Algeria).
- **Strengthen statistical data on TTPs in the region**, including on the production, processing, consumption and trade of TTPs, as this is a major weakness in the region. The long-term objective could be the development of an online database on timber market information in Africa.

Governments

Governments in African ITTO member countries should take the following actions:

- **Remove trade barriers in the region**, including road check-points, which often demand informal payments from transporters/importers as a condition of clearance.
- **Improve the currency system in the Western Africa sub-region**. There should be commitment and engagement to ensure that a common currency can be used for trade in the Western Africa sub-region. In this regard the ECOWAS secretariat should facilitate the introduction of the ECO.
- **Provide support for the organization of trade promotion** activities in TTPs and organize, in cooperation with private-sector organizations, the collection and dissemination of market intelligence to facilitate trade in TTPs.
- **Provide incentives to support the promotion of further domestic processing** and the use of lesser used species. Governments could offer lower royalty rates, other incentives and support skills to improve the competitiveness of the country's industries.
- **Support trade promotion offices** to facilitate the trade in wood products. Such offices could make use of existing technical data on African timber species, including lesser used species.
- **Strengthen forest governance** and improve regulatory frameworks to support the trade in legal and sustainable timber. This will, however, require support from developed partner countries.
- **Provide support to the private sector in skills development** to improve the quality and design of locally produced value-added products.
- **Improve communication infrastructure** to facilitate communication with other African countries.
- **Reconsider forest taxes**, where applicable, in order to decrease TTP production costs.
- **Strengthen customs cooperation** between neighbouring countries within sub-regions to improve trade data and facilitate trade.

Forest industry and trade associations

Forestry industry and trade associations should undertake the following actions to promote intra-African trade and African exports of TTPs:

- **Participate in fairs and exhibitions** to promote their products in the region. Examples include the ECOWAS fair, the Ghana International Furniture and Woodworking Exhibition, the South African International Trade Expo, WoodPro Africa and the All Africa Trade Fair.
- **Engage in the promotion of timber from selected lesser used species** in regional markets.
- **Promote domestic markets for TTPs** as a basis for testing their products for future sales to international markets.
- **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.
- Where necessary in African countries with no or limited forest resources, **consider investing 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).
- **Engage in the production of legal and sustainable TTPs** to attract private investment.
- **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 trade associations, particularly to undertake self-regulation, market-promotion activities and market intelligence.

- **Build capacity in obtaining and using market intelligence** at the enterprise level.
- **Engage in forest certification** to obtain market advantage in environmentally sensitive market segments.
- **Improve the precision of sawn planks and the production of kiln-dried timber to increase the attractiveness of African timber**, while also offering greater economic benefit by meeting demand for high-quality hardwood veneers, which could be produced in African countries using logs from their own natural forests and plantations.
- **Improve the reliability of supply and deliveries** as well as the quality of TTPs to match that of Asian, European and North American competitors.

Regional organizations

Regional organizations and other trade-related bodies should:

- **Promote the removal of trade barriers** in order to create enabling conditions for regional trade by encouraging member countries to adhere to the protocols of initiatives such as ECOWAS.
- **Promote regional and sub-regional cooperation** between customs authorities.
- **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 example, it could provide support for the GIFEX.
- **Organize meetings between member states** for the elaboration of strategies to promote the inter-African trade of TTPs and further processing.
- **Promote the harmonization of national timber trade legislation** in Central and Western Africa.
- **Promote trade in legal timber** in the region.
- **In the Western Africa sub-region, consider establishing a West African Commission on Forests and Environment** to promote sustainable forest management and reforestation, take advantage of discussions and initiatives on climate change through a common approach, and draw support to finance sustainable forest management in the sub-region. With the exception of Nigeria, countries in the sub-region are small and therefore need a coordinated approach to managing their forests. The experience of COMIFAC in the Congo Basin is relevant in this respect.

ECOWAS and the West African Monetary Union

ECOWAS and the West African Monetary Union 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:
  - exchanging information on good forest governance (e.g. sustainable forest management and timber-tracking) in member countries
  - promoting effective cooperation between customs organizations
  - enforcing the laws governing trade and exports (e.g. taxes and customs duties) between member countries to ensure the free movement of products
  - creating a sub-regional timber monitor for the exchange of market information
  - organizing regional fairs to improve awareness of timber products
  - encouraging and supporting environmental certification through the development of awareness about, national standards for, and local knowledge of the various certification schemes.

1. INTRODUCTION

Background

The study reported here was undertaken as part of the ITTO Biennial Work Programme 2008–09 [Decision 2(XLIII), paragraph 3(x)] to assist in the development of regional trade in tropical timber and timber products (TTPs) in Africa. The rationale for the study derives from the dynamic changes that have occurred in the resource environment as well as in international and regional markets. Traditional markets for tropical timber (such as Japan, Europe and North America) have become less dependent on African timber imports and many traditional species are in short supply in major import markets. The supply of raw material in the African region is limited and major African exporters are unable to significantly increase the production of primary products above current levels. The further processing of timber in Africa has not reached the levels of other producing regions, due at least partly to a lack of competitiveness and limited marketing skills. At the same time, Africa's imports of timber products, particularly high-value-added products, have been increasing but the regional supply has been unable to meet the growing demand for these products in those countries experiencing strong growth in demand.

Objectives

The aim of the study was to assist African ITTO producer member countries[1] in identifying market opportunities and designing strategies for developing intra-regional trade.

The specific objectives of the study were to:

- provide an overview of the current state of the intra-African market for TTPs, particularly in regard to the products traded and their quality, price and end-uses
- provide an overview and analysis of the nature and trends of supply and availability of TTPs, particularly from African ITTO producer member countries, in terms of their quantity, quality, price and potential end-uses
- provide an overview and analysis of the nature and trends in demand for TTPs in African ITTO producer and consumer member countries in Africa and other major markets in Africa, particularly countries neighbouring African ITTO producer member countries and in northern and southern Africa
- identify and analyze constraints to the expansion of the intra-African market for TTPs, options to overcome such constraints, and key players who could help remove those constraints
- provide proposals for actions to promote intra-African markets for TTPs, including the formulation of practical measures that could be implemented in the short, medium and long terms
- identify and analyze regional initiatives that could be considered in order to build cooperation and synergies with a view to promoting intra-African markets for TTPs.

Data and methodology

Product coverage

The product categories covered are primary products and secondary processed wood products (SPWPs). Primary products included in the study are industrial roundwood, sawnwood, veneer and plywood, and information on fibreboard and particleboard is also provided. SPWPs included in the study are builders' woodwork, mouldings, wooden furniture and parts, and cane and bamboo furniture and parts (ITTO 2007).

Sub-regional markets

In accordance with the United Nations classification, Africa is divided here into five sub-regions: Northern Africa, Western Africa, Central Africa, Eastern Africa and Southern Africa (Map 1). Each sub-region has particular characteristics for their sources of supply, demand drivers and other market factors.

1 Cameroon, Central African Republic, Côte d'Ivoire, Democratic Republic of the Congo, Congo, Gabon, Ghana, Liberia, Nigeria and Togo. The terms 'African ITTO producer member countries' and 'African ITTO producers' are used interchangeably in this report. The term 'African ITTO member countries' encompasses all African ITTO member countries, which in addition to African ITTO producers include Egypt, an ITTO consumer member country.

Data sources

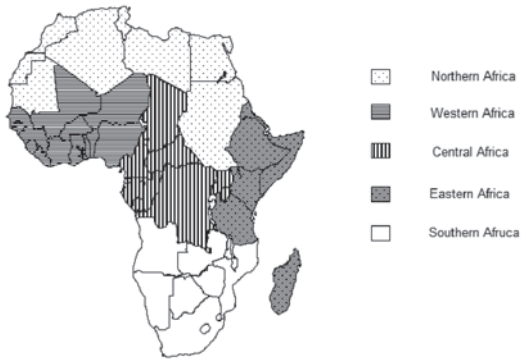
In general, the analysis of past trends undertaken in this study covered the five-year period 2003–07. Data on the production, consumption and trade of primary wood products and SPWPs were obtained mainly from the databases of ITTO, the Food and Agriculture Organization of the United Nations (FAO) and COMTRADE and from national trade statistics.

Data on African TTP markets are notoriously deficient. Official trade statistics often have the following weaknesses:

- misclassification of products
- errors in volume data due to a mixing of different measurement units (e.g. m^3, kg and tonne)
- missing data for volume or value, or both
- errors in value data, which may be due to complex arrangements used in invoicing
- a 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 African ITTO producer member countries are generally of better quality than import data for those countries. Because of such difficulties, a major effort was made during the course of the study to estimate trade volumes in key import markets.

Map 1. Study sub-regions



Organization of the study

The study was carried out by a local consultant (Dr Ibrahim Favada), who was assisted by a supervisory consultant (Dr Markku Simula). Country case studies were carried out by national consultants in four importing and four exporting countries (Table 1).

Table 1. List of national consultants

Net importing countries	Consultant	Exporting countries	Consultant
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

2. OVERVIEW OF SUPPLY AND DEMAND

Raw-material base

Natural forest

In 2005 Africa had an estimated 634 million hectares of forest, which was 16.1% of the world's forest area. Central Africa and Southern Africa accounted for 37% and 27%, respectively, of the African total. The net annual forest loss in the period 2000–05 was 4.04 million hectares (Table 2), which was 54% of the global change in forest area.[2] Southern Africa had the largest share (29%) of the total net forest loss, and Northern Africa the smallest (about 14%) (Figure 1).

Countries with large forest areas tend to suffer from high rates of net forest loss. In Northern Africa, for example, Sudan accounted for 89% of the forest area in 2005 and 98% of net forest loss. In Western Africa, Mali and Nigeria combined had 32% of the forest area and 56% of net forest loss. In Central Africa, the Democratic Republic of the Congo accounted for most of the forest area as well as most of the forest loss. In Eastern Africa, Tanzania and Ethiopia had a majority of both forest cover and forest loss. In Southern Africa, Angola and Zambia, combined, accounted for over 50% of the forest area and about 50% of net forest loss.

The estimated forest cover in African ITTO producer member countries in 2005 was 252 million hectares, which was 40% of the total forest area in Africa (Table 1); their combined annual net forest loss was about 1.19 million hectares (29% of the region's total). Nigeria, with a 4% share of the forest area of African ITTO producer member countries, had the greatest share (34%) of net forest loss. Cameroon and Ghana also had high rates of forest loss, while only Côte d'Ivoire had a net gain in forest area (about 15 000 hectares per year).

The estimated area of production forest in Africa in 2005 was 138 million hectares, which was 11% of the world total. Northern Africa had the highest ratio of production forest area to total forest area (about 41%), a large part of which were plantation forests. The ratios were 38% in Eastern Africa and 31% in Western Africa. Central Africa and Southern Africa had significant forest areas but low

Table 2. Forest area, forest loss and production forest area in Africa, 2000–05

Sub-region	Total forest area ('000 hectares)		Annual rate of change, 2000–05		Production forest only	
	2000	2005	'000 hectares per year	%	Area, 2005 ('000 hectares)	% of total forest area
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	-1154	-0.7	12 099	7.1
Africa total	**654 603**	**634 401**	**-4040**	**-0.6**	**138 034**	**21.8**
World total	**3 988 610**	**3 951 013**	**-7519.4**	**-1.6**	**1 254 222**	**31.7**
African ITTO producers	258 337	252 407	-1186	-0.5	77 162	30.6
African 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

2 These figures are slightly different from those of FAO (2005) because Western Sahara was excluded.

ratios of apparent production forest area to total forest area (about 18% and 7%, respectively), due partly to the non-reporting of production forest by some countries.

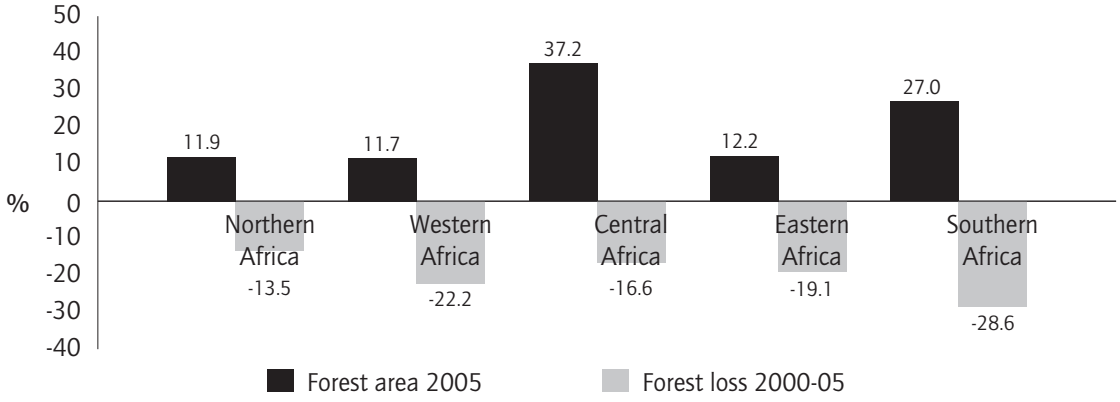
Countries with high proportions of total forest area designated as production forest were Côte d'Ivoire, Congo, Tanzania and Togo (Figure 2). In Cameroon, Central African Republic, Democratic Republic of the Congo, Ghana and Nigeria, production forests accounted for less than 30% of the total forest area. In Gabon, Liberia and Sudan, production forest comprised between 40% and 50% of the total forest area. These results should be treated with caution because of missing information on production forest in some countries (such as Morocco, Gabon, the Democratic Republic of the Congo, Botswana and Namibia) with significant forest areas.

In 2005 the estimated area of production forest in African ITTO producer member countries was 77 million hectares, which was 56% of the total production forest in Africa. Of the ten countries with the highest proportion of total forest designated as production forest, three are ITTO producers: Côte d'Ivoire (89%), Congo (88%) and Togo (68%).

Forest plantations

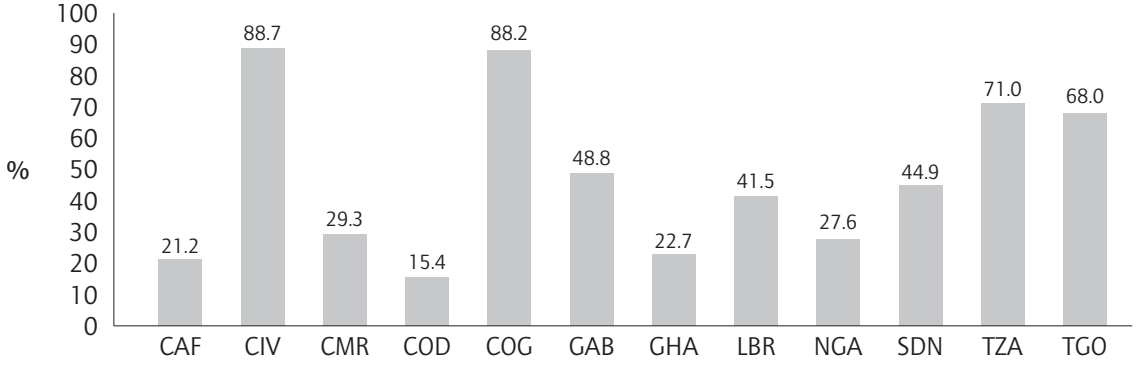
In 2006 Africa had an estimated 13 million hectares of plantations (for either production or protection), which was 9% of the global plantation area (Table 3). Over half were in Northern Africa, where there is a lack of natural forest and a large demand for domestic industrial timber. Southern Africa had the second largest forest plantation estate in Africa (16% of the total). Plantation area as a percentage of

Figure 1. Sub-regional shares of forest cover and loss in Africa



Source: FAO 2005, ITTO 2006

Figure 2. Production forest as a percentage of total forest area in selected countries, 2005



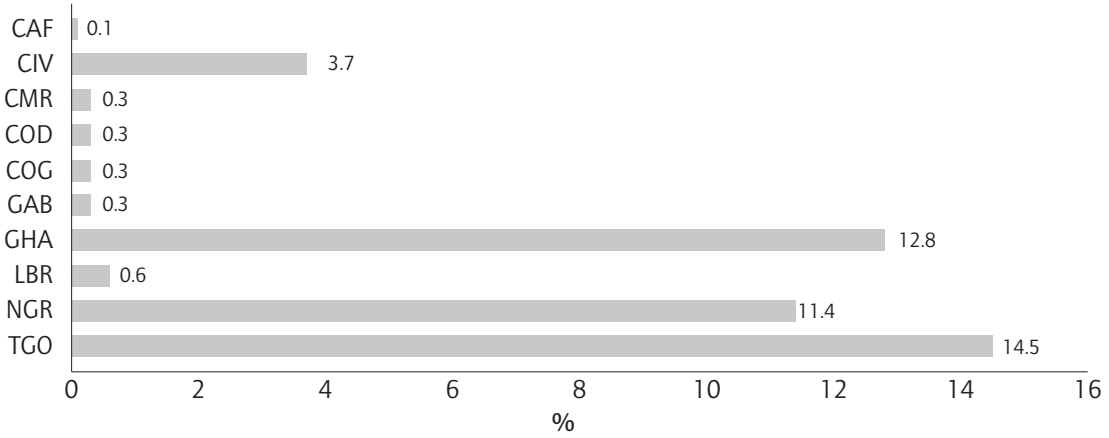
Note: The three-letter codes equate to the United Nations country codes: i.e. CAF = Central African Republic; CMR = Cameroon; CIV = Côte d'Ivoire; COD = Democratic Republic of the Congo; COG = Congo; GAB = Gabon; GHA = Ghana; KEN = Kenya; LBR = Liberia; NGA = Nigeria; SDN = Sudan; TGO = Togo TZA = Tanzania
Source: FAO 2005, ITTO 2006.

Table 3. Forest plantations in Africa, 2005

Sub-region	Area ('000 hectares)	Share of the sub-region (%)	Share of production forest (%)
Northern Africa	7502	57	23.9
Western Africa	1677	13	7.2
Central Africa	612	5	1.5
Eastern Africa	1228	9	4.2
Southern Africa	2149	16	17.8
Africa total	**13 168**	**100**	**9.5**
World total	**139 771**		**11.1**
African ITTO producers	1056		2.1
African ITTO producers' share of Africa total (%)	7.5		
Africa 's share of world total (%)	9.4		

Source: FAO 2005, ITTO 2006

Figure 3. Plantations as a proportion of total production forest (ITTO producer countries, 2005, %)



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Source: FAO 2005.

production forest was about 24% in Northern Africa and about 18% in Southern Africa. The estimated total area of forest plantations in African ITTO producer member countries was 1.06 million hectares, which was about 7.5% of the African total. Among ITTO producers, Togo had the largest area of forest plantations as a proportion of production forests, followed by Ghana and Nigeria (Figure 3).

ITTO producers are lagging behind the leading African producers of plantation timber. This is likely to have an impact on their future competitiveness as suppliers of timber products. There is a need to accelerate timber plantation investment, for which extensive areas of marginal land are available.

Forest growing stock

In 2005 the estimated forest growing stock in Africa was 64 billion m^3, which was 17% of the global growing stock (Table 4). About 72% of the region's growing stock was in Central Africa, while Western Africa and Southern Africa had about 10% each. The average volume of growing stock per hectare in Africa was slightly higher than the global average. The average growing stock per hectare was significantly higher in Central Africa (194 m^3 per hectare; Figure 4) than in the other four sub-regions.

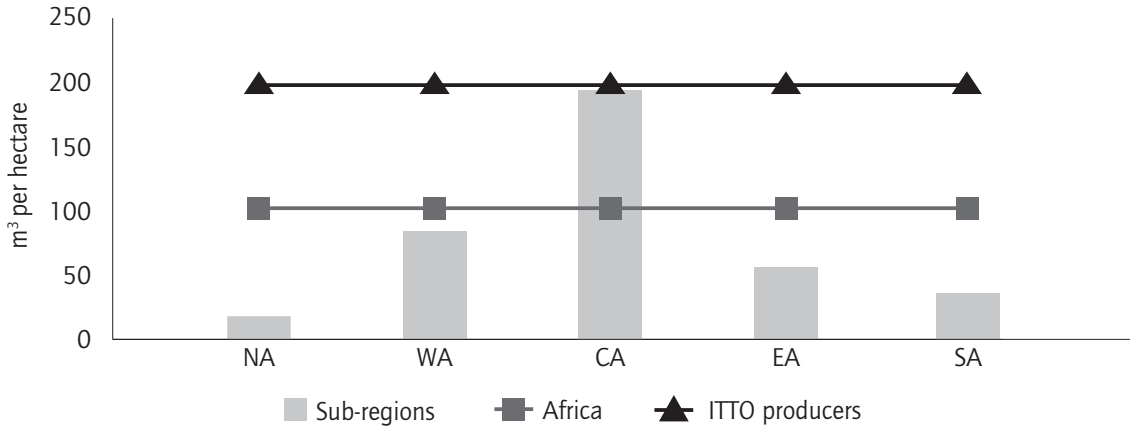
In 2005 the estimated growing stock in African ITTO producer member countries was

Table 4. Forest growing stock in Africa, 2005

Sub-region	Growing stock (million m^3)	Share of African total (%)	Average growing stock (m^3 per hectare)
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
Africa total	**63 819**	**100.0**	**101.0**
World total	**383 886**		**97.2**
African ITTO producers	50 231		199.0
African ITTO producers' share of Africa (%)	78.7		
Africa's share of world total (%)	16.6		

Source: FAO 2005

Figure 4. Average growing stock per hectare, by sub-region, 2005



Note: NA = Northern Africa; WA = Western Africa; CA = Central Africa; EA = Eastern Africa; and SA = Southern Africa.
Source: FAO 2005

50 billion m^3, which was 79% of the region's total; the average stocking was significantly higher than elsewhere in the region. Côte d'Ivoire had the highest growing stock per hectare (258 m^3 per hectare) (Figure 5), while Democratic Republic of the Congo (231 m^3 per hectare), Gabon (223 m^3 per hectare), and Congo (203 m^3 per hectare) also had high average stockings. The average was less than 200 m^3 per hectare in Central African Republic, Ghana, Liberia and Nigeria.[3]

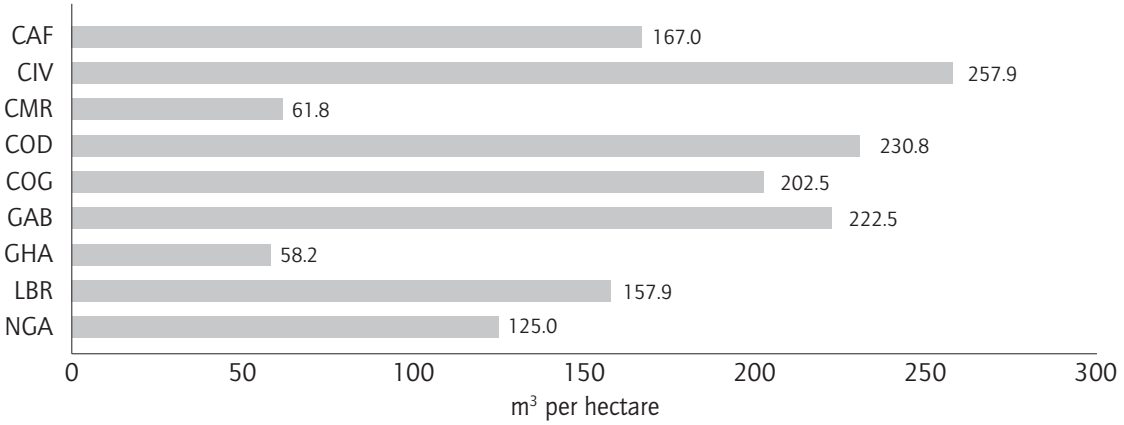
The African ITTO producer member countries are in a unique position to supply tropical timber products from their natural forests to other African countries due to their rich resource endowment and proximity to those markets. This competitive advantage needs to be underpinned by cost-efficient production.

Industrial roundwood production

Of the five sub-regions, Southern Africa produces the most industrial roundwood (Figure 6). Production in that sub-region declined between 2004 and 2007, however, due primarily to slowing plantation activity. In Central Africa, the production of industrial roundwood has been increasing as large concessions have been awarded (FAO 2009). Production in Western Africa declined between 2003 and 2007; most production in that sub-region is from natural forests, which have been depleted at an alarming rate in traditionally large timber-producing countries such as Ghana, Côte d'Ivoire and Liberia. Production also declined in

3 Togo did not report its forest growing stock in 2005.

Figure 5. Growing stock per hectare in African ITTO producer countries, 2005



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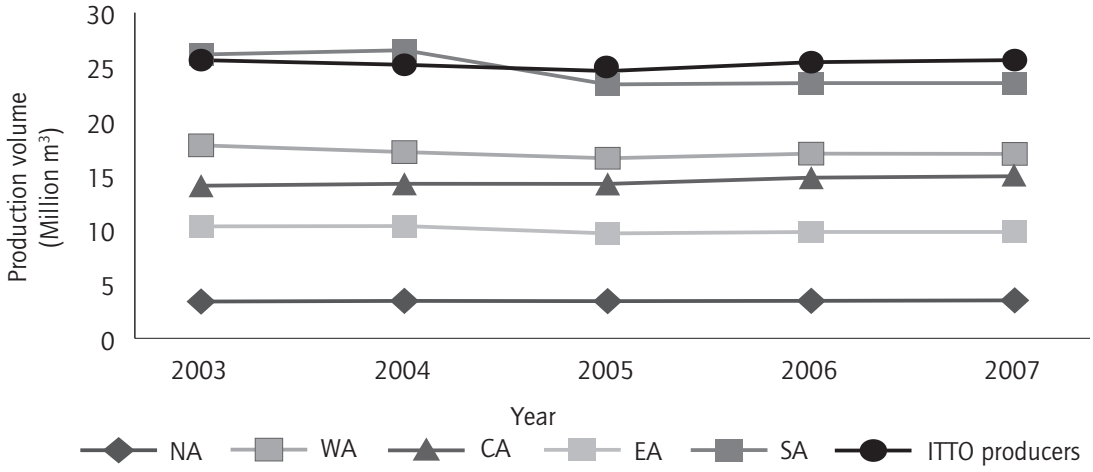
Source: FAO 2005

Figure 6. Trends in production of industrial roundwood in Africa, 2003–07



Note: NA = Northern Africa; WA = Western Africa; CA = Central Africa; EA = Eastern Africa; and SA = Southern Africa.
Source: FAO 2003–07

Eastern Africa due to dwindling natural forests and insufficient plantation development. Production in Northern Africa increased because of substantial investment in planted forests. The production of industrial roundwood increased slightly in African ITTO producer member countries, due primarily to increases in Nigeria and Democratic Republic of the Congo.

Africa's estimated production of industrial roundwood in 2006 was 69 million m^3, which was 4% of the global production of industrial roundwood. The bulk of production occurs in Southern Africa, Western Africa and Central Africa; combined, they accounted for about 81% of Africa's industrial roundwood production in 2006 (Figure 7). In the period 2003–2007, annual production declined by 1% (Table 5). Production declined over the period in all the sub-regions except Central Africa, which grew by about 2%, and Northern Africa, which grew by 0.8%.

In 2006 the production of industrial roundwood in African ITTO producer member countries was an estimated 25 million m^3, which was 37% of total African industrial roundwood production. There was no net change in production in ITTO producer member countries in the period 2003–07.

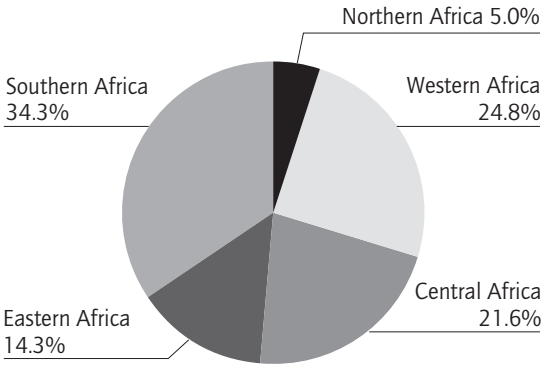
About 11% of total wood production in Africa is industrial roundwood (while 89% is fuelwood). This is extremely low compared with the global level (about 47%, see Table 4). Figure 8 shows in

Table 5. Production of industrial roundwood, 2006

Sub-region	2006 production (million m^3)	Annual change, 2003–07 (%)	Industrial roundwood's share of total roundwood, 2006 (%)
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
Africa total	**69**	**-1.0**	**10.5**
World total	**1 635**	**1.6**	**46.6**
African ITTO producers	25	0.0	11.3
African ITTO producers' share of Africa total (%)	37.1		
Africa's share of world total (%)	4.2		

Source: FAO 2003–07

Figure 7. Share of industrial roundwood production by region, 2006



Source: FAO 2003–07

relative terms that Southern Africa produced more industrial roundwood in 2006 than the other sub-regions, with a share of industrial roundwood to total roundwood production of 29%. In Central Africa, the share was 12%. Despite a limited area of natural forests and low productivity, Northern Africa's share of industrial roundwood to total roundwood production was 7%, slightly higher than that of Eastern Africa.

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

Sawlogs and veneer logs

In 2006 the estimated production of sawlogs and veneer logs in Africa was 25 million m^3, which was about 3% of global production (Table 6). Together, Western Africa and Central Africa accounted for about 77% of total production (Figure 10). African ITTO producers produced about 17 million of m^3, which was about 69% of the total regional output, although production declined by about 1% per year in the period 2003–07.

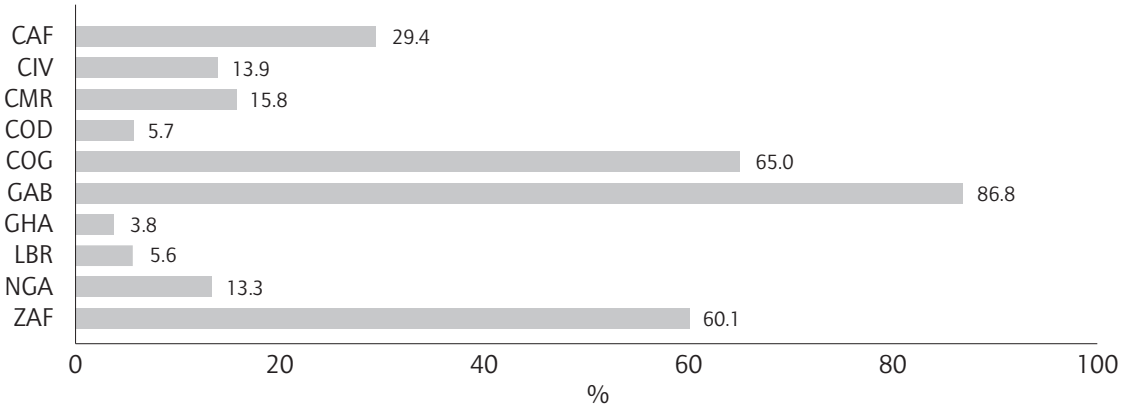
As a whole, Africa's production of sawlogs and veneer logs decreased at an annual rate of 3% in the period 2003–07, while global production increased by 2% per year (Table 5). The decrease in Africa was due mainly to decreases in Southern Africa (-12% per year) and Western Africa (-2%) – production in Southern Africa fell dramatically from 7 million m^3 in 2003 to about 4 million m^3 in 2006. In contrast, log production increased in Eastern Africa (by 5% per year) and in Northern Africa (by 4% per year).

In 2006 the share of sawlogs and veneer logs in total industrial roundwood production in Africa was about 36%; in Western and Central Africa more than half of industrial roundwood production was in the form of sawlogs and veneer logs; the share was 68% for African ITTO producers.

Figure 8. Share of industrial roundwood in total roundwood production in Africa, 2006

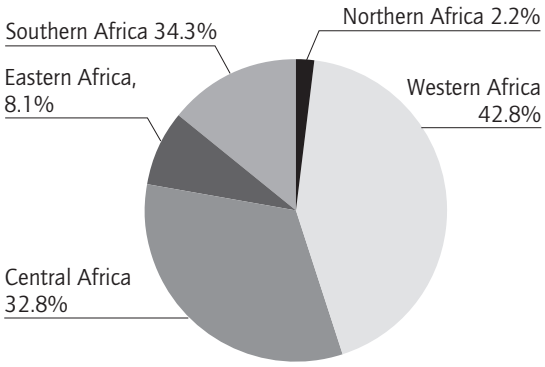
Note: NA = Northern Africa; WA = Western Africa; CA = Central Africa; EA = Eastern Africa; SA = Southern Africa.
Source: FAO 2003–07

Figure 9. Proportion of industrial roundwood in total roundwood production, selected countries, 2006



Note: The three-letter codes equate to the United Nations country codes: i.e. CAF = Central African Republic; CMR = Cameroon; CIV = Côte d'Ivoire; COD = Democratic Republic of the Congo; COG = Congo; GAB = Gabon; GHA = Ghana; LBR = Liberia; NGA = Nigeria; TZA = Tanzania; ZAF = South Africa.
Source: FAO 2003–07

Figure 10. Share of sawlogs and veneer log production by sub-region, 2006



Source: FAO 2003–07

The Western African sub-region accounted for 43% of total African production of sawlogs and veneer logs and Central Africa accounted for 33%.

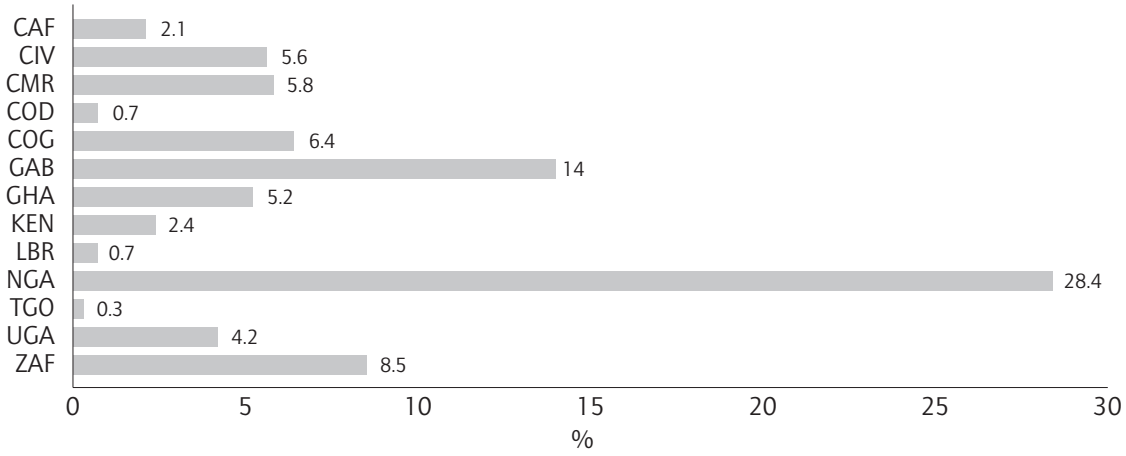
Figure 11 shows that Nigeria had the largest share (28%) of sawlog and veneer log production in 2006, while Gabon accounted for 14% and South Africa for about 9%.

Table 6. Trends in production of sawlogs and veneer logs, 2003–07

Sub-region	Production (million m³)					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 total	**28.2**	**27.6**	**24.3**	**25.0**	**25.0**	**-2.8**	**36.4**
World total	**923.4**	**990.6**	**1023.0**	**979.3**	**1007.4**	**2.3**	**59.9**
African ITTO producers	17.9	17.2	16.6	17.3	17.4	-0.7	68.1
African 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 2003–07

Figure 11. Share of sawlogs and veneer logs in selected countries, 2006



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Source: FAO 2003–07

Production of timber products

Sawnwood

Africa produced an estimated 8.3 million m³ of sawnwood in 2006, which was about 2% of global output (Table 7). African ITTO producers produced more than half of this (53%). Western Africa accounted for about 39% of African sawnwood production in 2006, followed by Southern Africa (36%) and Central Africa (18%) (Figure 12).

Overall, sawnwood production in Africa increased by about 0.7% per year over the period 2003–07. Sub-regionally, sawnwood production increased in Northern Africa (by 1.6% per year), Western Africa (0.3%), Central Africa (2.7%) and Southern Africa (1%) but decreased in Eastern Africa (by 5.1% per year). There was a net increase in sawnwood production of 0.9% per year in African ITTO producer member countries.

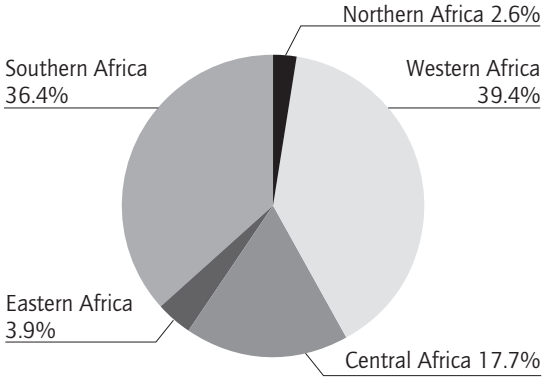
South Africa and Nigeria accounted for about half of African sawnwood production in 2006

Table 7. Trends in production of sawnwood, 2003–07

Sub-region	Production (1000 m³, World total million m³)					Annual change, 2003–07 (%)	Non-coniferous sawnwood, 2006 (1000 m³)	Non-coniferous share of total sawnwood 2006 (%)
	2003	2004	2005	2006	2007			
Northern Africa	200.9	199.9	206.9	213.9	213.9	1.6	154.0	72.0
Western Africa	3155.4	3164.4	3 041.9	3253.3	3198.2	0.3	3254.0	100.0
Central Africa	1314.8	1292.6	1398.6	1462.0	1457.5	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	2906.8	3563.0	3181.1	3008.3	3022.3	1.0	180.6	6.0
Africa total	**7980.8**	**8622.8**	**8150.6**	**8258.6**	**8212.0**	**0.7**	**6053.2**	**73.3**
World total (million m³)	**400.9**	**425.0**	**432.4**	**439.6**	**431.0**	**1.9**	**111.9**	**25.5**
African ITTO producers	4178.2	4165.0	4172.0	4331.9	4333.8	0.9	4331.9	100.0
African 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	–	–	–

Note: Totals might not tally due to rounding.
Source: FAO 2003–07

Figure 12. Sawnwood production by sub-region, 2006



Source: FAO 2003–07

(Figure 13). Other important producers of African sawnwood were Cameroon (8.5%), Zimbabwe (6/8%), Ghana (6%) and Côte d'Ivoire (5.4%). Congo and Gabon accounted for about 3% each of the total African sawnwood production.

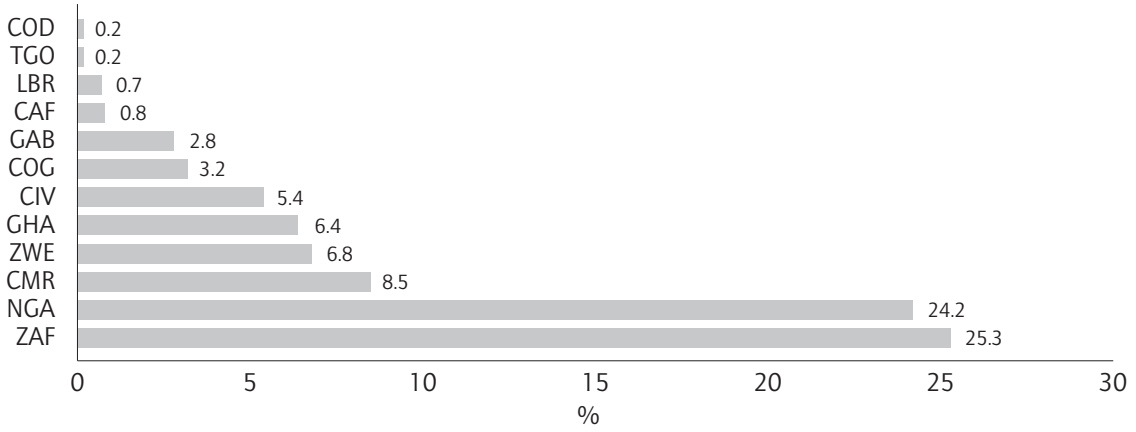
Non-coniferous sawnwood accounted for about 73% of total African production of sawnwood, which was three times the global share. In Western Africa, sawnwood production consists entirely of non-coniferous species; in Central Africa 97% of production is non-coniferous. The share of non-coniferous species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

Veneer

Veneer production in Africa increased from 843 000 m³ in 2003 to 990 000 m³ in 2007 at an annual rate of about 4%, which was faster than the global annual growth (1%) (Table 8). At the sub-regional level there was growth in Central, Eastern, Northern and Western Africa but a decline in Southern Africa. Among African ITTO producers there was an increasing trend in the production of veneer, with annual growth of about 6%.

The estimated production of African veneer in 2007 was about 9% of the global production of veneer. Figure 14 shows that Western Africa produced more than half of the regional total in 2006. Despite its more abundant raw-material resources, the Central African sub-region produced only half the volume produced in Western Africa. Northern Africa, Eastern Africa and Southern Africa each accounted for less than 10% of total

Figure 13. Shares of selected countries in African production of sawnwood, 2006



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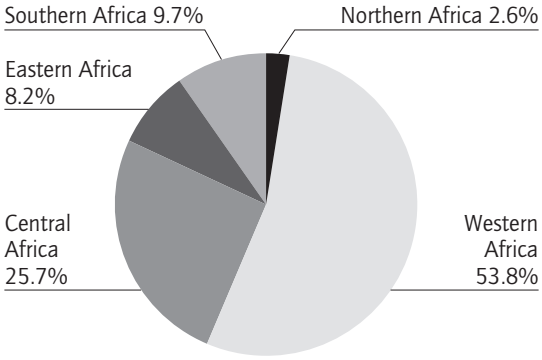
Source: FAO

African production. Figure 15 shows that Côte d'Ivoire produced about 30% of Africa's veneer in 2006, Central African Republic and Ghana accounted for 26% and 24%, respectively, and Gabon accounted for 17%.

African ITTO producers dominate the African production of veneer, but they were able to increase their share of regional production in 2003–07 only marginally due to the difficult investment conditions that prevailed in many countries. Congo has been a major producer in the past but its production now constitutes less than 2% of total African production.

Figure 14. Share of production of veneer by sub-region, 2006



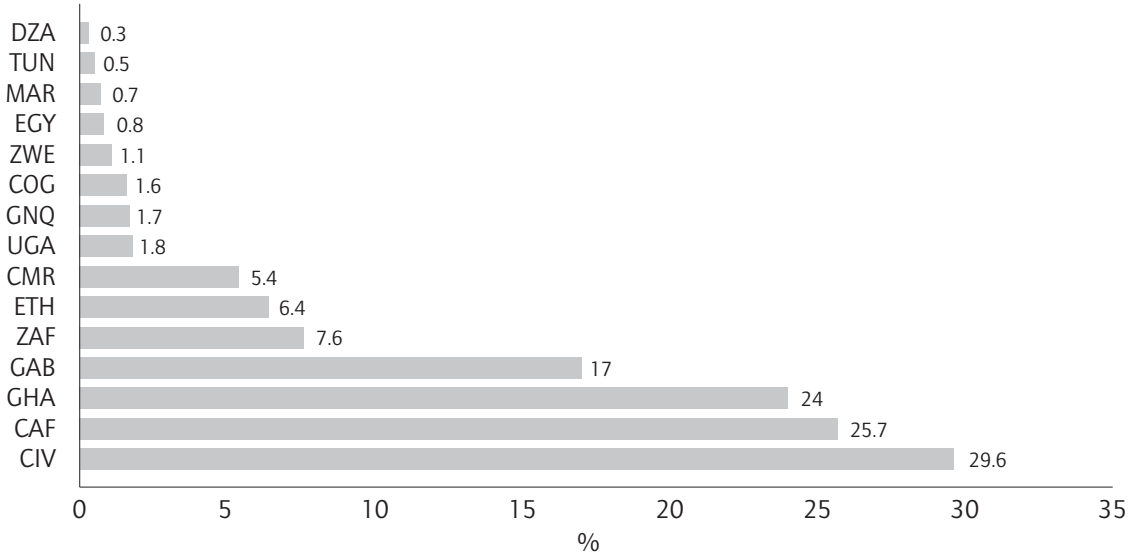
Source: FAO 2003–07

Table 8. Trends in production of veneer, 2003–07

Sub-region	Production (1000 m³)					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
Africa total	**843.2**	**879.8**	**892.7**	**884.1**	**989.9**	**4.3**
World total	**11 042.2**	**11 333.0**	**12 194.2**	**11 619.1**	**11 504.9**	**1.0**
African ITTO producers	646.0	682.6	747.6	686.0	791.8	5.6
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 2003–07

Figure 15. Share of total African production of veneer, selected countries, 2006



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Source: FAO

Plywood

In 2007 African plywood production was 0.75 million m^3, which was 1% of the world total (Table 9). Figure 16 shows that Western Africa and Central Africa accounted for 39% and 27%, respectively, of African production in 2006, while Northern Africa produced about 14%, Southern Africa 11% and Eastern Africa 9%. African ITTO producer member countries produced 431 000 m^3 in 2007, which was 57% of total African production.

African plywood production grew by about 3% per year in the period 2003–07, which was about the same as the global rate. The growth in African plywood production was almost entirely attributable to high annual growth in Western Africa (13%). Plywood production declined in Northern Africa (-1%), Central Africa (-2%) and

Table 9. Trends in production of plywood, 2003–07

Sub-region	Production (thousand m^3)					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
Africa total	**681.4**	**637.7**	**663.6**	**769.1**	**751.5**	**2.6**
World total	**68 788.4**	**68 636.1**	**73 223.0**	**73 710.0**	**76 126.6**	**2.7**
African ITTO producers	369.8	331.1	328.5	448.9	431.3	4.2
African 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	–

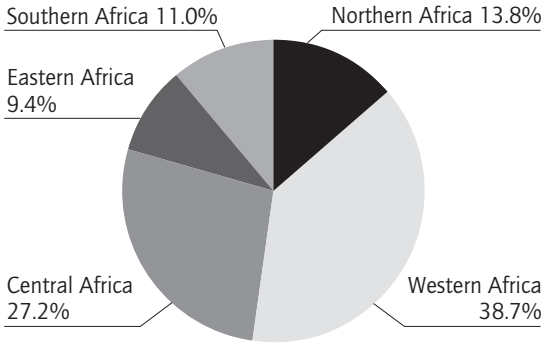
Source: FAO 2003–07

Southern Africa (-6%). Annual growth was about 4% in African ITTO producer member countries.

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

Compared to sawnwood and veneer, Afrfican ITTO producers performed well, as a whole, in plywood production. However, many countries have limited or no capacity, which indicates that there is latent investment potential in this product. Gabon's leading share is provided by one large mill, which uses okoumé (*Aucoumea klaineana*). The African plywood industry is under competitive pressure from Asia, particularly China and Malaysia, and to a lesser extent from Brazil, where production units are more modern and larger-scale than those operating in African ITTO member countries.

Figure 16. Share of plywood by sub-region, 2006



Source: FAO 2003–07

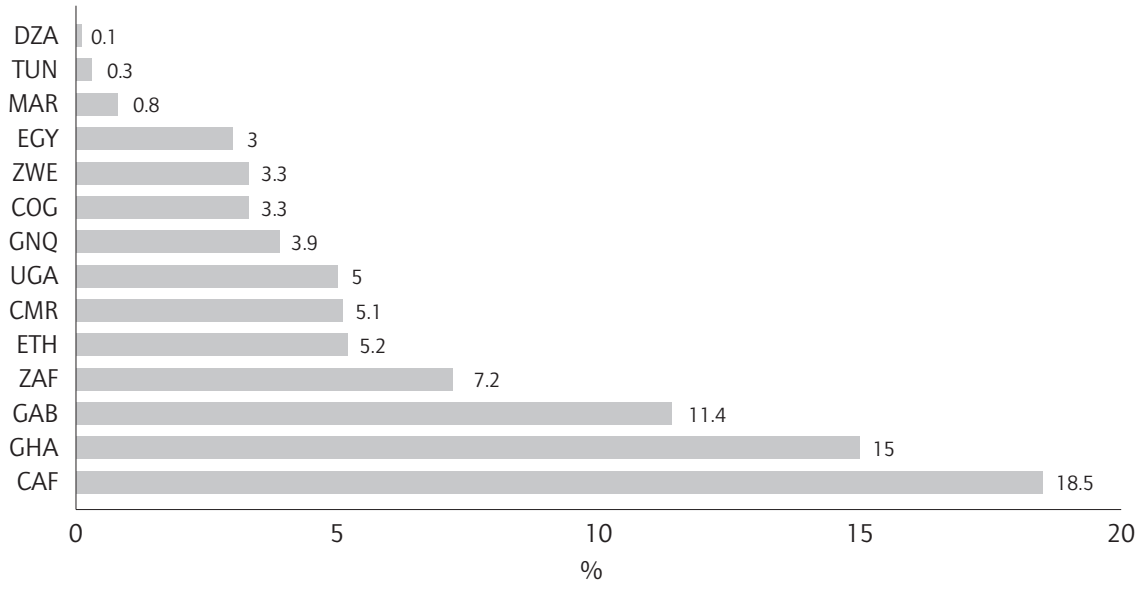
Other wood-based panels production

Particleboard

In 2006 the estimated production of particleboard in Africa was 753 000 m^3, which was less than 1% of global particleboard production (Table 10). Particleboard production in Africa declined by about 5% per year over the period 2003–07. Sub-regionally, production declined in Eastern Africa (-9%) and Southern Africa (-6%) and was steady on low bases in Central, Northern and Western Africa. Southern Africa accounted for nearly four-fifths of all African production (Figure 18), while Northern Africa and Western Africa accounted for 12% and 6%, respectively. African ITTO producers manufactured about 6% of the total volume of African particleboard in 2006.

Figure 19 shows the production of particleboard in selected countries in 2006. South Africa accounted for 69% of total African production, followed by Zimbabwe (8%), Tunisia (7%), Nigeria (5%) and

Figure 17. Share of selected countries in African plywood production, 2006



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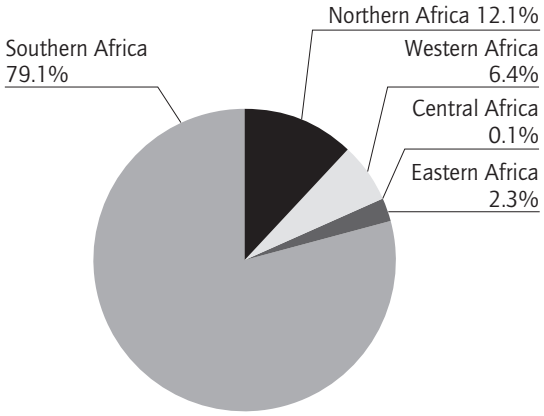
Source: FAO

Table 10. Trends in production of particleboard, 2003–07

Sub-region	Production (1000 m³)					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
Africa total	**957.3**	**957.3**	**588.9**	**753.0**	**753.0**	**-5.3**
World total (million m³)	**92.1**	**98.4**	**100.6**	**106.5**	**106.1**	**3.8**
African ITTO producers	48.5	48.5	48.5	48.5	48.5	0.0
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 2003–07

Figure 18. Share of production of particleboard by sub-region, 2006



Source: FAO 2003–07

Algeria (3%). Only small volumes were produced in Zambia, Ethiopia, Kenya, Ghana, Democratic Republic of the Congo, Uganda, Sudan, Tanzania, Morocco and Egypt.

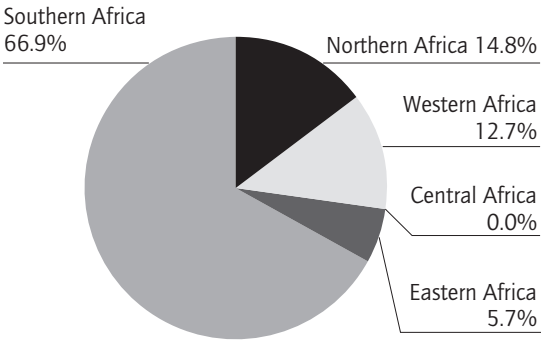
Particleboard is essentially a domestic market product because its low price does not justify the high costs associated with long-distance transport. There is some potential for expansion in ITTO producer member countries if domestic demand grows: the potential market in Nigeria, for example, could justify investment in a particleboard manufacturing plant in the medium to long term.

Fibreboard

In 2006 fibreboard production in Africa was 237 000 m³, which was 0.3% of global output (Table 11); Southern Africa accounted for about 67% of the African total, Northern Africa for 15%, Western Africa for 13% and Eastern Africa for 6% (Figure 20); no data were available for the Central African sub-region. African ITTO producers reported about 30 000 m³ of fibreboard production (about 13% of total fibreboard production for Africa in 2006), but this figure is considered far lower that actual production in those countries.

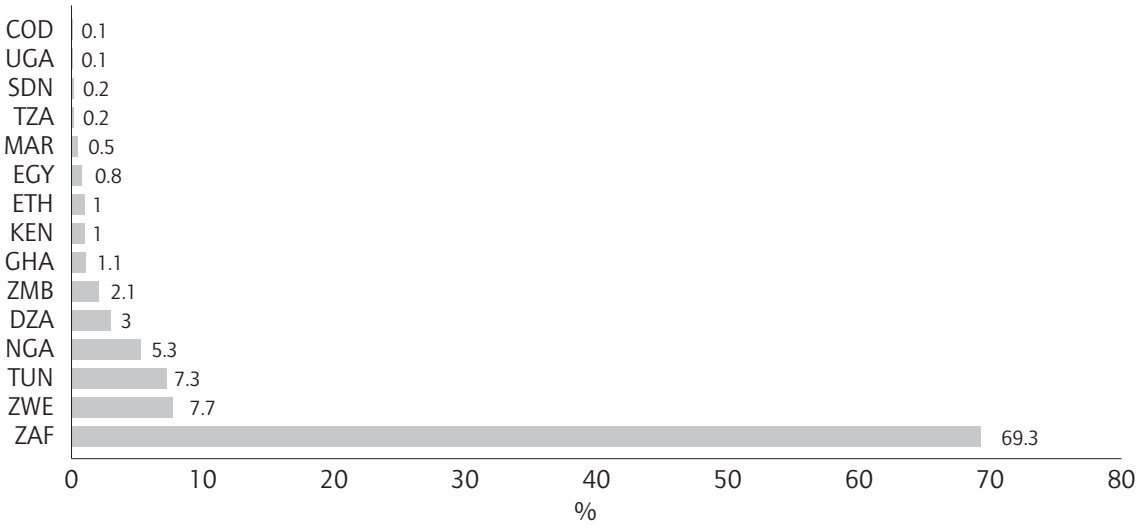
Table 11 shows that fibreboard production in Africa increased slightly in the period 2003–07, with an annual growth rate of about 1%, due mainly to growth in Southern Africa. There was a decline in fibreboard production in Eastern Africa (-2% per year), and production was flat in Northern Africa and Western Africa.

Figure 20. Share of production of fibreboard by sub-region, 2006



Source: FAO 2003–07

Figure 19. Share of selected countries in African production of particleboard, 2006



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Source: FAO

Table 11. Trends in production of fibreboard, 2003–07

Sub-region	Production (1000 m^3)					Annual change, 2003–07 (%)
	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
Africa total	**229.4**	**286.5**	**239.3**	**236.9**	**236.9**	**0.8**
World total	**48 010.2**	**56 034.2**	**63 159.7**	**69 920.5**	**72 394.3**	**12.7**
African ITTO producers	30.0	30.0	30.0	30.0	30.0	0.0
African 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 2003–07

The main fibreboard producers in Africa are 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 this has restarted its operation since the civil turmoil there (FAO data suggest that it is, and its output constitutes the production shown for Western Africa in Table 10 and Figure 20).

MDF and hardboard can be produced for export (as demonstrated by South Africa), but investment risk tends to be high in the absence of a sizeable domestic market. Therefore, the short-to-medium-term prospects for an increase in fibreboard production in African ITTO producer member countries are low.

Demand

Apparent consumption

The limited availability of data and information on the consumption of timber products in Africa means that estimates are unreliable. The data presented here are based on FAO and ITTO data on production, imports and exports, which themselves are of limited quality for the African region; 'apparent' consumption is estimated by adding production volumes and import volumes and subtracting export volumes. Caution is required, therefore, in drawing conclusions on consumption trends.

Sawnwood

In 2007 the estimated consumption of sawnwood in Africa was 12.6 million m^3, which was about 3% of global consumption (Table 12). Northern Africa had the largest share of African sawnwood consumption in 2006 (37%), followed by Southern Africa (27%), Western Africa (23%), Eastern Africa (10%) and Central Africa (4%). African ITTO producers accounted for 22% of Africa's total sawnwood consumption in 2006.

The region's consumption of sawnwood increased over the period 2003–07 at an annual rate of about 4%, which was faster than the global rate. Growth was highest in Northern Africa (11%) followed by Eastern Africa (7%). Consumption declined in Western Africa and Central Africa and in African ITTO producer member countries.

Figure 21 shows that seven countries accounted for about three-quarters of sawnwood consumption in Africa in 2006 – South Africa (20%), Nigeria (16%), Egypt (12%), Algeria (9%), Morocco (9%), Tunisia (5%) and Zimbabwe (4%). Libya, Zambia, Kenya, Benin, Uganda, Sudan and Senegal accounted for about 1% each of African sawnwood consumption.

The domestic markets in African ITTO producer member countries are generally traditional and demand is dampened by low purchasing power. A significant share of domestic demand is met by informal supply and is not recorded in official statistics. Consumption in these countries, therefore, is likely to be underestimated by 20–50%, depending on local conditions (EC 2008a, 2008b). There is a need to consider policy measures and promotional programs that encourage legal sawnwood production in African ITTO producer member countries.

Non-coniferous sawnwood

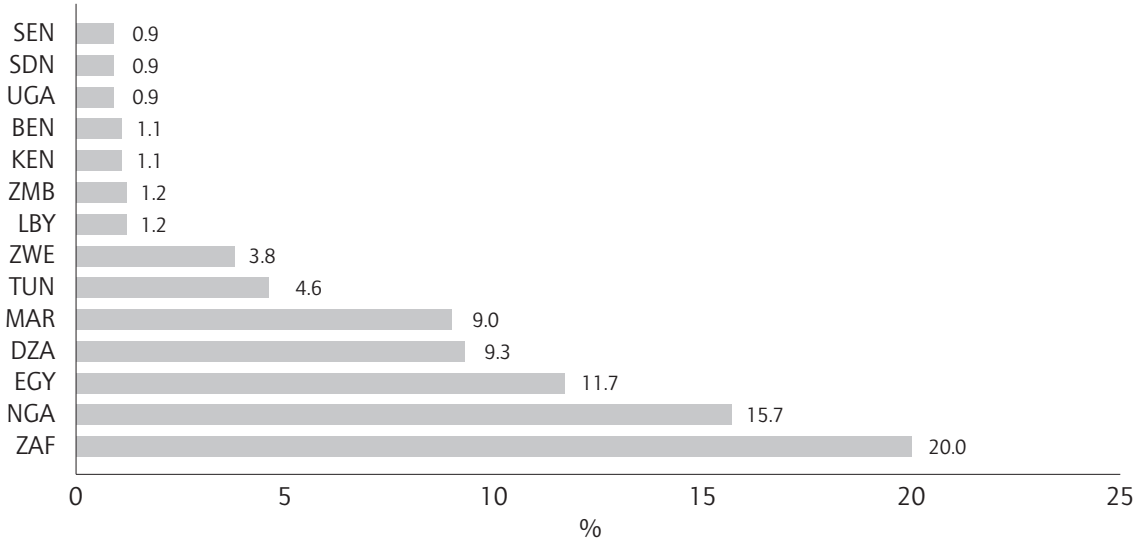
Table 13 shows the share of non-coniferous sawnwood in total African sawnwood consumption for the period 2003–07. In Africa overall, non-coniferous sawnwood constituted 44% of total sawnwood consumption. The non-coniferous share of total sawnwood consumption was less than 20% in both Northern Africa and Southern Africa. In Western Africa, Central Africa and Eastern Africa, however, non-coniferous sawnwood dominated consumption as a result of large domestic supplies

Table 12. Trends in consumption of sawnwood, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
Northern Africa	3249	4802	4809	4618	4625	10.6	36.7
Western Africa	2828	2694	2550	2863	2804	-0.2	22.8
Central Africa	572	520	490	445	535	-1.6	3.5
Eastern Africa	994	1422	1341	1301	1263	6.8	10.3
Southern Africa	3247	3767	3509	3348	3402	1.2	26.6
Africa total	**10 890**	**13 203**	**12 698**	**12 574**	**12 629**	**4.0**	**100**
World total	**396 821**	**425 206**	**429 158**	**432 855**	**423 814**	**1.7**	
African ITTO producers	2982	2794	2642	2806	2872	-0.9	
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 2003–07

Figure 21. Share of selected countries' consumption of sawnwood in Africa, 2006



Source: FAO 2003–07

Table 13. Share of non-coniferous species in total sawnwood consumption, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
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
Africa total	**47.6**	**43.0**	**43.9**	**44.0**	**44.1**	**-1.9**	**100**
African ITTO producers' share of Africa total (%)	100.0	100.0	100.0	100.0	100.0	0.1	50.9
World total	**26.0**	**25.6**	**25.7**	**26.2**	**26.7**	**2.8**	

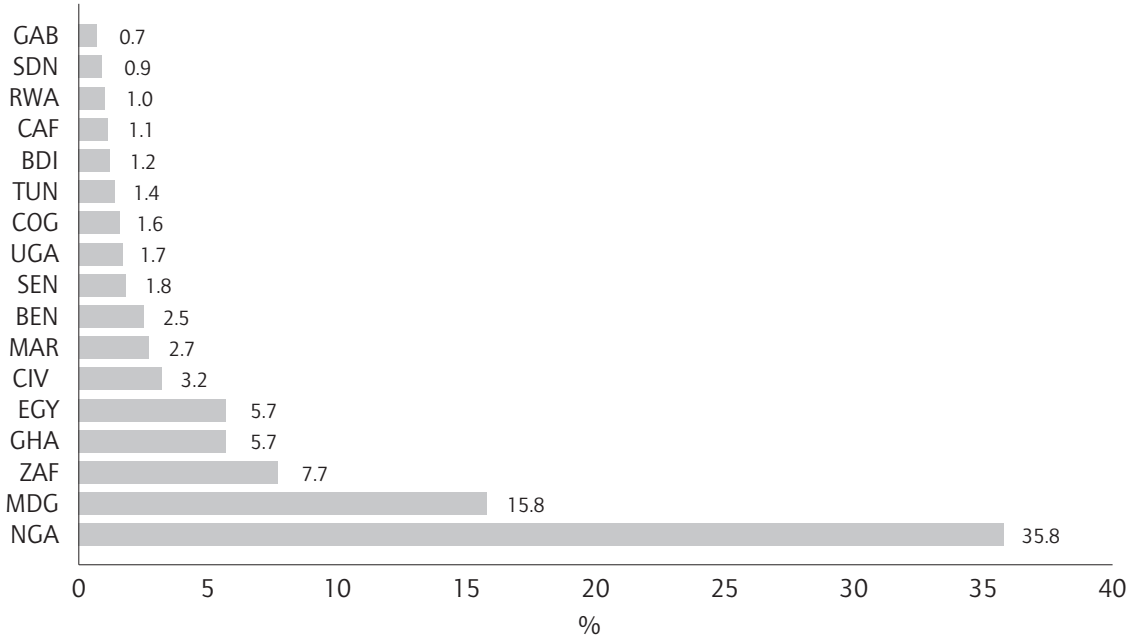
Source: FAO 2003–07

of non-coniferous raw material. The consumption of non-coniferous sawnwood declined over the period in African ITTO producer member countries at the rate of about 1% per year.

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

Southern and Eastern Africa enjoyed market growth over the period although, with the exception of South Africa, the volumes were limited. As these two sub-regions have little local production of non-coniferous species they represent significant potential markets for African ITTO producers. Another option is presented by the very low current consumption levels in Northern Africa, despite the traditional consumption in that sub-region of coniferous sawnwood.

Figure 22. Share of selected countries in African consumption of non-coniferous sawnwood, 2006



The three-letter codes equate to the United Nations country codes: i.e. CAF = Central African Republic; CMR = Cameroon; CIV = Côte d'Ivoire; COD = Democratic Republic of the Congo; COG = Congo; DZA = Algeria; EGY = Egypt; ETH = Ethiopia; GAB = Gabon; GHA = Ghana; GNQ = Equatorial Guinea; KEN = Kenya; LBR = Liberia; MAR = Morocco; NGA = Nigeria; SDN = Sudan; TUN = Tunisia; TZA = Tanzania; UGA = Uganda; ZAF = South Africa; ZWE = Zimbabwe.
Source: FAO 2003–07

Wood-based panels

Table 14 shows that the consumption of wood-based panels in Africa declined on average by 0.6% per year over the period 2003–07, while global consumption grew by 4.2%. The annual growth in African consumption of wood-based panels may be understated, however, because of inconsistencies in the production and trade data available for Central Africa (which show declines in consumption for 2004 and 2005). Except for Northern Africa, the consumption of wood-based panels in Africa increased over the period in the

Table 14. Trends in consumption of wood-based panels, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
Northern Africa	1068.0	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	1105.2	1207.7	840.7	1161.9	1159.3	1.2	44.1
Africa total	**2716.8**	**2421.8**	**2059.4**	**2636.1**	**2654.5**	**-0.6**	**100**
World total (million m^3)	**210.1**	**224.4**	**236.4**	**245.7**	**245.4**	**4.2**	
African ITTO producers	261.0	217.2	159.4	285.7	285.9	2.4	
African 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 2003–07

African sub-regions as well as in African ITTO producer member countries.

In 2006 the estimated consumption of wood-based panels in Africa was 2.65 million m^3, which was about 1% of global consumption. Southern Africa accounted for 44% of the African total. Although the consumption of wood-based panels in Northern Africa declined, this sub-region still accounted for about 34% of the total, while Western Africa and Eastern Africa accounted for 10% and 9%, respectively. African ITTO producers accounted for about 11% of Africa's consumption of wood-based panels.

South Africa and Egypt are Africa's leading consumers of wood-based panels (Figure 23), accounted for 54% of the regional consumption of wood-based panels between them in 2006, followed by Algeria and Tunisia. Despite its large population, Nigeria's share was only 5%. Morocco and Kenya were other significant markets.

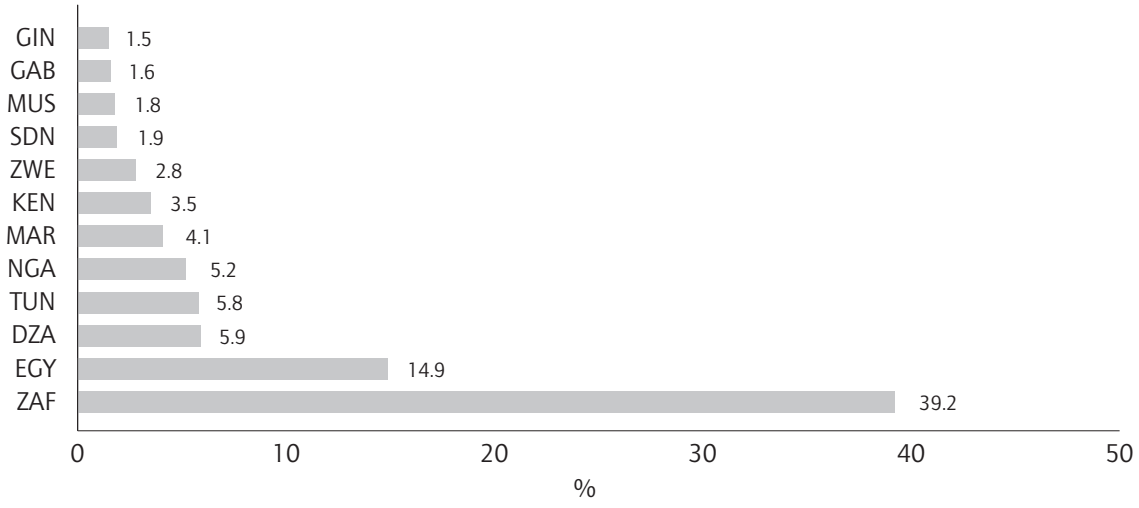
Plywood

The estimated consumption of plywood in Africa was about 700 000 m^3 in 2006, which was 1.1% of global consumption (Table 15). Despite a significant decline in the period 2003–07, Northern Africa was the largest market (accounting for 34% of African consumption); Western Africa, Eastern Africa and Southern Africa each accounted for about 19%. African ITTO producer member countries consumed about 22% of African plywood in 2006.

Overall, African plywood consumption declined by about 6% per year in the period 2003–07, despite a global increase of nearly 1% per year. Plywood consumption grew in each of the African sub-regions except Northern Africa. The estimated growth in Central Africa shown in Table 15 is probably an overestimate due to stock changes in major exporting countries.

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

Figure 23. Share of selected countries in African consumption of wood-based panels, 2006



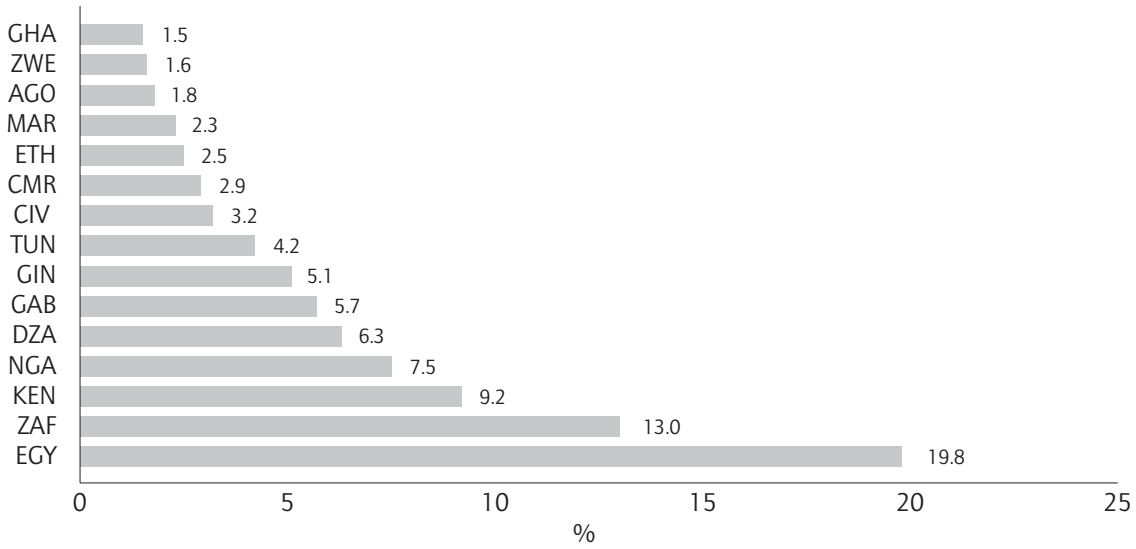
Note: The three-letter codes equate to the United Nations country codes: i.e. DZA = Algeria; EGY = Egypt; GAB = Gabon; GHA = Ghana; GIN = Guinea; KEN = Kenya; MAR = Morocco; MUS = Mauritius; NGA = Nigeria; SDN = Sudan; TUN = Tunisia; ZAF = South Africa; ZWE = Zimbabwe.
Source: FAO 2003–07

Table 15. Trends in plywood consumption, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
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
Africa total	**994.7**	**507.9**	**498.0**	**735.3**	**769.0**	**-5.7**	**100**
World total	**69 094.3**	**68 530.2**	**72 159.2**	**70 860.0**	**71 239.5**	**0.8**	
African ITTO producers	134.0	92.6	36.6	160.2	160.6	4.9	21.8
African 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 2003–07

Figure 24. Share of selected countries in African plywood consumption, 2006



Note: The three-letter codes equate to the United Nations country codes: i.e. AGO = Angola; CMR = Cameroon; CIV = Côte d'Ivoire; DZA = Algeria; EGY = Egypt; ETH = Ethiopia; GAB = Gabon; GHA = Ghana; GIN = Guinea; KEN = Kenya; MAR = Morocco; NGA = Nigeria; TUN = Tunisia; ZAF = South Africa.
Source: FAO 2003–07

Particleboard

Particleboard consumption in Africa was 932 000 m^3 in 2006, which was just under 1% of global consumption. Over two-thirds of the regional total was in Southern Africa (Table 16). Northern Africa accounted for 22%, followed by Western Africa (5%) and Eastern Africa (3%). African ITTO producer member countries accounted for 5.4% of total African particleboard consumption.

Particleboard consumption in Africa declined by about 3.5% per year over the period 2003–07 (Table 16). Sub-regionally, consumption increased in Northern and Eastern Africa and declined in Western, Central and Southern Africa, while it was

Table 16. Trends in consumption of particleboard, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
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
Africa total	**1082.9**	**1110.0**	**763.4**	**948.1**	**932.7**	**-3.5**	**100**
World total	**91 702.7**	**98 280.5**	**100 388.2**	**105 018.6**	**103 355.0**	**3.2**	
African ITTO producers	49.9	50.5	49.7	50.2	50.1	0.1	
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 2003–07

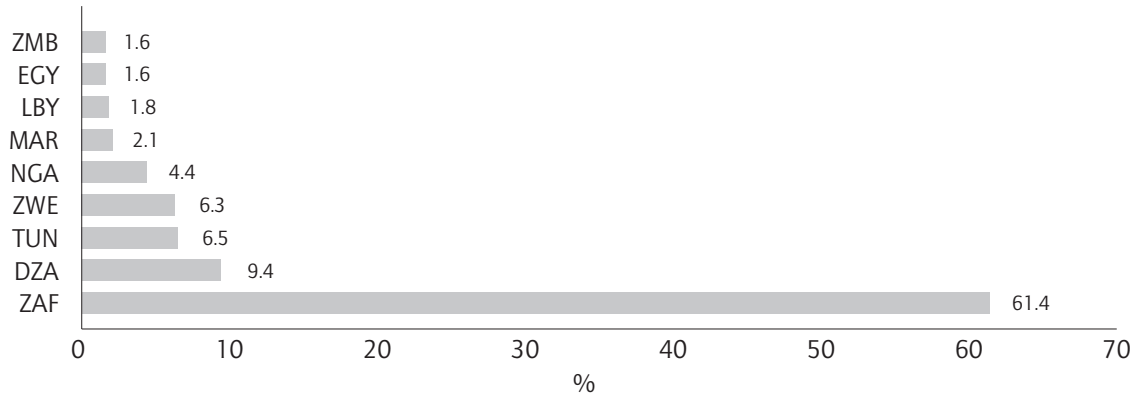
steady in African ITTO producer member countries.

South Africa was the largest particleboard market, accounting for almost two-thirds of Africa's total consumption (Figure 25). Other important consumers were Algeria (9%), Tunisia (7%), Zimbabwe (6%), Nigeria (4%), Morocco, Libya, Egypt and Zambia (about 2% each).

Fibreboard

The total African consumption of fibreboard in 2006 was 933 000 m^3, which was 0.9% of global consumption (Table 17). In the sub-regions, Northern Africa and Southern Africa together consumed about 83% of African fibreboard, and Western Africa and Eastern Africa consumed 9% and 8%, respectively. African ITTO producer member countries accounted for 8% of African fibreboard consumption.

Figure 25. Particleboard consumption in selected countries, 2006



codes: i.e. DZA = Algeria; EGY = Egypt; GAB = Gabon; GHA = Ghana; GIN = Guinea; LBY = Libyan Arab Jamahiriya; MAR = Morocco; NGA = Nigeria; TUN = Tunisia; ZAF = South Africa; ZMB = Zambia; ZWE = Zimbabwe.
Source: FAO 2003–07

Table 17. Trends in consumption of fibreboard, 2003–07

Sub-region	Consumption ('000 m^3)					Annual change, 2003–07 (%)	Share in 2006 (%)
	2003	2004	2005	2006	2007		
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
Africa total	**639.2**	**803.9**	**798.0**	**952.8**	**952.8**	**12.3**	**100**
World total	**49 323.6**	**57 633.3**	**63 877.3**	**69 865.1**	**70 784.5**	**10.9**	
African ITTO producers	77.1	74.1	73.1	75.2	75.2	-0.6	
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 2003–07

The average annual growth of consumption in Africa over the period 2003–07 (12.3%) was slightly higher than the annual growth globally (10.9%). Sub-regionally, Southern Africa grew fastest (a dramatic 27% per year), followed by Northern Africa (about 10% per year) and Eastern Africa (3% per year). Fibreboard consumption declined in Western and Central Africa as well as in African ITTO producer member countries.

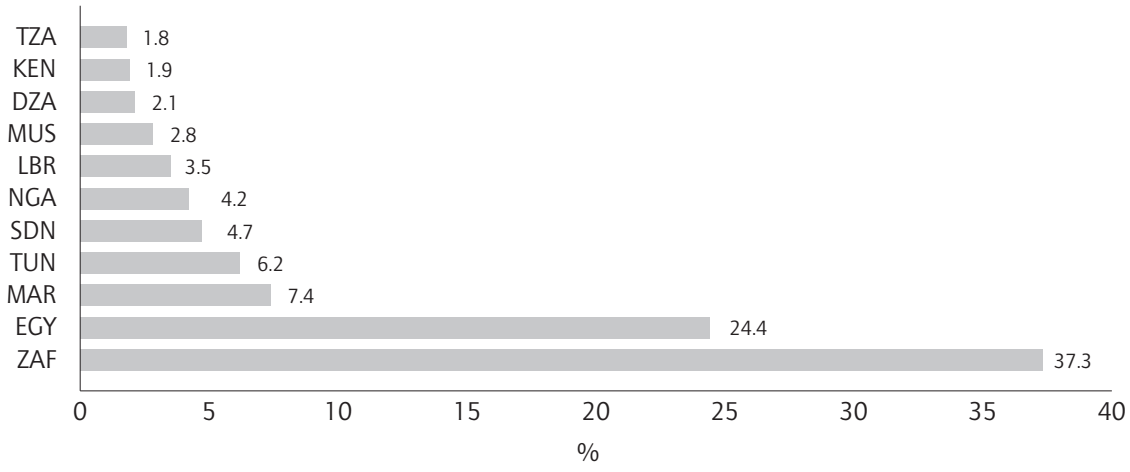
Figure 26 shows that the leading African consumers of fibreboard in 2006 were South Africa (37% of the African total) and Egypt (24%). Morocco accounted for 7%, Tunisia 6%, Sudan 5%, Nigeria 4%, Liberia 3.5% and Mauritius 3%. Other important markets were Algeria, Kenya and Tanzania, each accounting for about 2%.

Market drivers

Population

In 2006 there were about 937 million people in Africa (Table 18), 29% of whom were in Western Africa (particularly Nigeria), 23% in Eastern Africa,

Figure 26. Share of selected countries in African fibreboard consumption, 2006



Note: The three-letter codes equate to the United Nations country codes: i.e. DZA = Algeria; EGY = Egypt; ETH = Ethiopia; GAB = Gabon; GHA = Ghana; GIN = Guinea; KEN = Kenya; LBR = Liberia; MAR = Morocco; MUS = Mauritius; NGA = Nigeria; SDN = Sudan; TUN = Tunisia; TZA = Tanzania; ZAF = South Africa.
Source: FAO 2003–07

Table 18. Population by sub-region, 2006

Region	Total population (millions of people)	Share of African population (%)	Population growth (% per year)
Northern Africa	194.9	20.8	1.76
Western Africa	276.3	29.5	2.72
Central Africa	116.8	12.5	2.43
Eastern Africa	218.3	23.3	2.90
Southern Africa	130.5	13.9	1.51
Africa	**936.8**	**100**	**2.26**
African ITTO producers	267.1	28.5	2.36

Source: World Bank 2007

21% in Northern Africa, 14% in Southern Africa and 12% in Central Africa. Combined, African ITTO producer member countries accounted for about 29% of the total.

Africa's population growth rate is about 2.3% per year. Sub-regionally, the highest growth rates are in Western, Central and Eastern Africa (2.7%, 2.4% and 2.9%, respectively), while Northern Africa is growing at 1.8% per year and Southern Africa at 1.5%.

Africa's population is projected to rise to just over 1 billion by 2010 and to 1.15 billion by 2015 (Table 19). The aggregate annual growth rate (2.3%) is expected to decline slightly to 2.2% by 2015 (with sub-regional annual growth rates declining accordingly). However, the increase in absolute numbers, especially the projected increase in urban populations (the growth rate of which was 3.4% in 2005–07), implies growth in the demand for timber products. Urban markets consume most of the TTPs traded in the region.

GDP and impact of financial crisis

GDP and its growth are major drivers of TTP demand. In 2006 the GDP of all African countries combined was US$1108 billion (Table 20). While the population is relatively evenly distributed between sub-regions, this is not the case for economic activity. Northern Africa accounted for 37% of regional GDP, followed by Southern Africa (31%), Western Africa (19%), Eastern Africa (7%) and Central Africa (6%). Overall annual GDP growth in Africa was 5.6%, which was well above the global average. Annual GDP growth was highest in Northern Africa and Southern Africa (about 7%); it was 6% in Eastern Africa, 5% in Western

Table 19. Demographic projections

	Year	Northern Africa	Western Africa	Central Africa	Eastern Africa	Southern Africa	Total Africa
Total population (millions of people)	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 (% increase per year)	2000–05	1.7	2.6	2.8	2.6	1.1	2.3
	2005–10	1.7	2.4	2.8	2.5	0.6	2.3
	2010–15	1.6	2.3	2.7	2.4	0.5	2.2
Urban population growth (% increase per year)	2000–05	2.4	4.0	4.2	3.9	2.0	3.4
	2005–10	2.4	3.8	4.3	3.9	1.5	3.3
	2010–15	2.3	3.6	4.1	4.0	1.3	3.2

Source: United Nations (2009a)

Table 20. GDP by sub-region

Sub-region	GDP, 2006 (US$ billion)	Share (%)	GDP growth, 2006 (% per year)	GDP per capita, 2006 (US$)	GDP per capita growth, 2006 (% per year)
Northern Africa	409.1	36.9	7.21	2098.6	5.34
Western Africa	215.4	19.4	4.99	779.8	2.17
Central 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	30.9	6.88	2628.5	5.17
Africa	**1107.9**	**100**	**5.60**	**1182.6**	**3.24**
African ITTO producers	208.2	18.8	4.40	779.5	1.96

Note: Totals might not tally due to rounding.
Source: World Bank 2007

Africa and 3% in Central Africa. The combined GDP of ITTO producer member countries was US$225 billion, and the annual growth rate was 4.4%.

In 2006 the average GDP per capita in Africa was US$1183. Average annual income was US$2629 in South Africa, US$2099 in Northern Africa, US$780 in Western Africa, US$548 in Central Africa and only US$350 in Eastern Africa.

Overall, growth in GDP per capita in Africa was 3.2% in 2006: it was about 5% in Northern and Southern Africa, 2.8% in Eastern Africa and 2.2% in Western Africa. The lowest GDP per capita growth rate was in Central Africa (0.7%), due partly to the effects of the civil war in Democratic Republic of the Congo.

Demand and outlook for TTPs

As a result of the global financial crisis, which started in the United States' housing market in 2007 and spread worldwide, the global economy was projected to enter recession in 2009. The global annual growth of real GDP was expected to slow to 1%, a sharp deceleration from the estimated growth rate in 2008 of 2.5%, and global GDP per capita was expected to fall. Exports and imports were also expected to slow sharply, from 19% growth in 2008 to a 4% decline in 2009 (United Nations 2009b).

The African economy is not immune to the impacts of the global financial crisis. The African Development Bank (AfDB 2009) predicted that African exports would decline by 7% in 2009. Growth in imports was also expected to slow to about 7% in 2009. The annual growth of real GDP was expected to slow to 4.1%, a fall of one percentage point over 2008. The annual Consumer Price Index inflation rate was expected to slow by about 8% from the estimated record 11% growth in 2008. This inflationary deceleration was expected to boost the domestic demand for goods and services.

The growth of exports was expected to decelerate more in Sub-Saharan Africa than in Northern Africa (United Nations 2009b, 2009c). The nature and magnitude of the 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) predicted that economic growth would begin to recover in Sub-Saharan Africa in 2010. While aggregate annual inflation was projected to continue to decline, it was expected to remain high in many countries in the region, largely because of increases in fuel and food prices through mid-2008.

The global financial crisis will have an effect on the formal economies of African countries, but this effect will be delayed compared with the developed world. However, the medium-term and long-term economic prospects are positive, suggesting that there will be strong demand growth for TTPs in the region.

The impact of the global financial crisis on the forest sector in Africa is significant because the sector is a major player in the economies of many countries in the region. Table 21 shows the outlook for the production and consumption of TTPs for Africa for 2010 and 2020, based on FAO (2008). Industrial roundwood production was projected to

increase by 21 million m^3 between 2010 and 2020 to reach 93 million m^3 per year by 2020. Sawnwood consumption was projected to increase by 7 million m^3 to reach 19 million m^3 per year by 2020; the consumption of wood-based panels was projected to increase by about one million m^3 to reach 4 million m^3 per year by 2020.

These projections suggest significant export potential for the sawmilling and wood-based-panel industries in African ITTO producer member countries, which have the bulk of the region's forest resources. Rapid growth can also be expected in the demand for further-processed products; future supply increases of such products will be more evenly shared between countries than has been the case for primary-processed products.

Table 21. Outlook for annual production and consumption of TTPs (million m^3)

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

Source: FAO 2008

3. TRADE OF TTPs

Overview

As indicated above, even in countries with fairly developed information systems there are serious problems in data on TTPs. In the data presented below there are often major differences in the trade of TTPs between years, not all of which reflect real changes. Nevertheless, in most cases the data are likely to indicate the direction of change and are presented for that purpose.

Total trade in 2007

In 2007 Africa imported TTPs worth about US$4.4 billion (Table 22). Primary products accounted for 68% of total imports and SPWPs for 32%. Sawnwood was the main imported product, accounting for 51% of the total. Among SPWPs, wooden furniture and parts was the largest import item, accounting for 24% of total imports.

In 2007 Africa exported TTPs worth US$3.78 billion.[4] Primary products accounted for about 89% of the total and SPWPs for 11%. In contrast to imports, logs were the mainstay of exports, accounting for 44% of the total. As for imports, wooden furniture and parts was the main SPWP exported, comprising two-thirds of the SPWP total.

Overall, Africa was a net importer of TTPs in 2007, with a combined trade deficit of about US$595 million, although the situation varies by product group. Africa was a net exporter of primary products, with trade surpluses in logs and veneers and an overall surplus of US$382 million. For SPWPs, Africa was a net exporter of mouldings. Of the overall trade deficit in SPWPs (US$978 million), wooden furniture and parts accounted for about 81%.

Intra-African trade in TTPs

Intra-African imports of TTPs were worth US$394 million in 2007 (Table 23); primary products accounted for 77% of this and SPWPs for 23%. Sawnwood was the main primary product, comprising 39% of all imports, and wooden

Table 22. Global African trade in TTPs, 2007

Products	Imports (CIF) (US$ million)	Share (%)	Exports (FOB) (US$ million)	Share (%)	Net trade (US$ million)
Logs	275.7	6.3	1659.8	43.9	1384.1
Sawnwood	2238.2	51.1	1058.4	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
Total primary products	**2977.9**	**68.1**	**3359.8**	**88.9**	**382.0**
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 SPWPs	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
Total SPWPs	**1398.0**	**31.9**	**420.4**	**11.1**	**-977.5**
All products	**4375.8**	**100**	**3780.3**	**100**	**-595.6**

Note: CIF = cost, insurance and freight; FOB = free on board.
Source: ITC/COMTRADE

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

Table 23. Intra-African trade in TTPs, 2007

Products	Imports (CIF; US$ million)	Share (%)	Exports (FOB; US$ million)	Share (%)	Net trade (US$ 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
Particleboard	4.9	1.2	4.5	1.5	-0.4
Fibreboard	3.8	1.0	66.9	21.7	63.1
Total primary products	**304.8**	**77.4**	**242.0**	**78.4**	**-62.9**
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 SPWPs	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
Total SPWPs	**89.2**	**22.6**	**66.8**	**21.6**	**-22.3**
All products	**394.0**	**100**	**308.8**	**100.0**	**-85.2**

Note: CIF = cost, insurance and freight; FOB = free on board.
Source: ITC/COMTRADE

furniture and parts was the main SPWP, comprising 14% of all imports.

Intra-African exports of TTPs were worth US$309 million in 2007. Primary products accounted for 78% of this total; the main products were sawnwood (26%), plywood (24%) and fibreboard (22%). SPWPs accounted for 22% of intra-regional exports; the main product category was wooden furniture and parts (13%). The differences between the values of imports and exports are explained by the impact of transportation costs (included in CIF-based import values), as well as by statistical deficiencies.

Overall, there was a deficit in intra-African trade of US$85 million, most of which was in primary products (mainly sawnwood and logs). Most of the trade deficit for SPWPs was due to wooden furniture and parts (about US$17 million).

Table 24 shows that, in 2007, the intra-African trade of TTPs accounted for 9% of total African imports by value and about 6% of total African exports by value. The main primary products imported were logs (33% of total value), veneer (20%) and particleboard (17%). Of SPWP imports, the main products were mouldings (25%), cane and bamboo furniture and parts (11%), and builders' woodwork (9%). The main primary products in intra-African exports were particleboard (42% of the total value of intra-African exports), plywood (34%) and fibreboard (12%). The main intra-African SPWP exports were cane and bamboo furniture and parts (21%), builder's woodwork (18%) and wooden furniture and parts (16%).

Exports of TTPs by sub-region

Total exports

Exports of TTPs increased over the period 2005–07 in Northern Africa (by 17% per year), Central Africa (41%) and Eastern Africa (3%), while there was a marked drop in exports from Western Africa (-23% per year) and, to a lesser extent, Southern Africa (-6%) (Table 25). The aggregate annual growth rates for Africa as a whole and for ITTO producers were about the same (4%).
Sub-regionally, Central Africa accounted for the largest share of exports of TTPs in 2007 (about 59% of the total), followed by Western Africa (22%) (Figure 27a). African ITTO producers accounted for 75% of African exports of TTPs (Figure 27b).

Table 24. Share of intra-African trade of TTPs in total African trade, 2007

Products	Imports (% of total value)	Exports (% of total value)
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
Total primary products	**10.2**	**5.2**
Wooden furniture and parts	5.5	16.1
Builders' woodwork	9.1	17.7
Other SPWPs	6.7	16.8
Mouldings	25.4	4.0
Cane and bamboo furniture and parts	10.5	20.5
Total SPWPs	**6.4**	**15.9**
All products	**9.0**	**6.4**

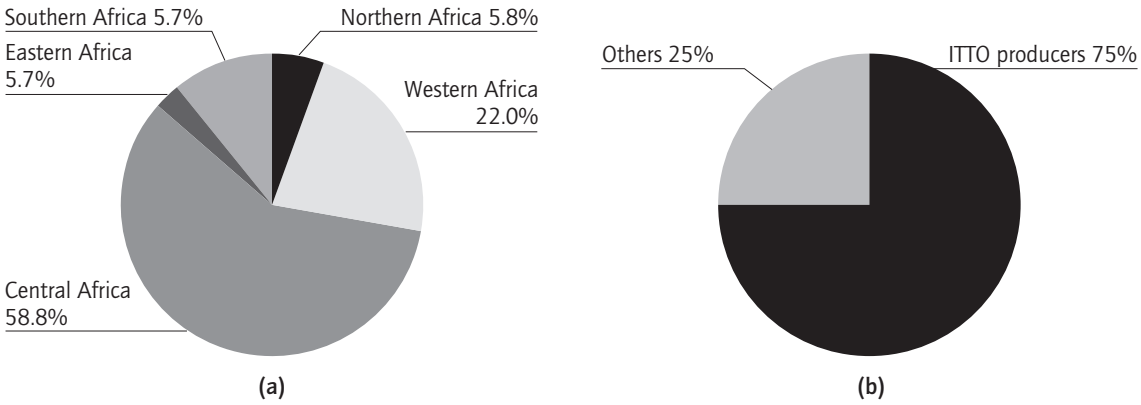
Source: ITC/COMTRADE

Table 25. African TTP exports by sub-region, 2005–07

Sub-region	Export value (US$ million)			Annual change, 2005–07 (%)	Share in 2007 (%)
	2005	2006	2007		
Northern Africa	162.7	175.5	218.7	17.2	5.8
Western Africa	1524.9	765.9	830.8	-22.8	22.0
Central Africa	1227.8	1614.8	2223.6	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
Africa total	**3472.2**	**2999.2**	**3780.3**	**4.4**	**100**
African ITTO producers	2627.5	2206.1	2839.2	4.0	
African ITTO producers' share of total Africa (%)	75.7	73.6	75.1		

Source: ITC/COMTRADE

Figure 27. Sub-regional and ITTO producers' share of total TTP exports, 2007



Source: ITC/COMTRADE 2007

Intra-African exports

Table 26 shows that the change in intra-African exports in 2006 compared with 2005 was positive only for Eastern Africa (39%), but the volume of exports from that sub-region was small. In Western Africa, data suggest that intra-African exports of TTPs fell by a massive 75% in 2006 and that, overall, intra-African exports decreased by 55%. Exports from African ITTO producers to other African countries also appear to have decreased significantly, from US$498 million in 2005 to US$170 million in 2006 (due, at least in part, to an apparent decline in deliveries from Western African ITTO member countries).

Western Africa was the main source of intra-African exports of TTPs in 2006; its share was 39% of the total, while Southern Africa and Central Africa accounted for 26% and 23%, respectively (Figure 28a). African ITTO producers accounted for 61% of intra-African exports of TTPs (Figure 28b), a sharp reduction – of almost 20% – compared with the preceding year.

Potential exports of TTPs

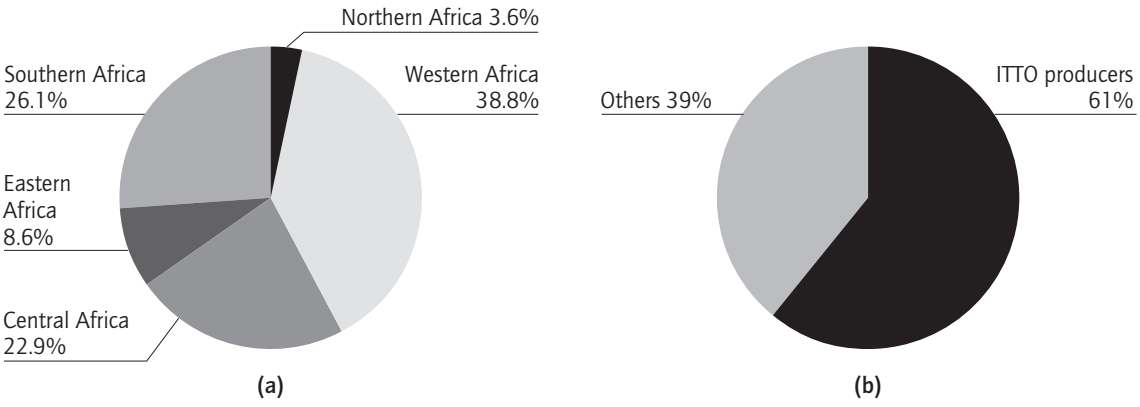
Potential exports can be estimated as the difference between exports to the world and exports to Africa.[5] Table 27 shows the change in potential exports of TTPs between 2005 and 2007 (which were worth about US$3.54 billion in 2007). Potential exports decreased in Western Africa, Eastern Africa and Southern Africa, suggesting that relative exports from these sub-regions to non-African markets increased. The reverse

Table 26. Intra-African TTP exports by sub-region, 2005–06

Sub-region	Intra-African export value (US$ million)		Annual change 2005–06	Share in 2006 (%)
	2005	2006		
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
Africa total	**616.5**	**277.6**	**-55.0**	**100**
African ITTO producers	497.6	169.6	-65.9	
African ITTO producers' share of total Africa (%)	80.7	61.1		

Source: ITC/COMTRADE

Figure 28. Sub-regional and ITTO producers' share of intra-African TTP exports, 2006



Source: ITC/COMTRADE

5 The method used by ITC/COMTRADE.

Table 27. Estimated potential exports of TTPs by sub-region, 2005–07

Sub-region	Potential export value (US$ million)			Annual change, 2005–07 (%)	Share in 2007 (%)
	2005	2006	2007		
Northern Africa	152.6	165.5	206.1	17.5	5.8
Western Africa	1091.9	658.1	711.6	-17.4	20.1
Central Africa	1161.9	1551.2	2223.5	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
Africa total	**2855.7**	**2721.7**	**3537.4**	**11.9**	**100**
African ITTO producers	2129.9	2036.5	2724.0	13.9	
African ITTO producers' share of total Africa (%)	74.6	74.8	77.0		

Source: ITC/COMTRADE 2003–07

occurred in Northern Africa and Central Africa. Overall, Africa's aggregate potential exports increased by an average of 12% annually. Central Africa accounted for the largest share of potential exports of TTPs in 2007, followed by Western Africa (Figure 29a); these two sub-regions accounted for 83% of the region's potential exports to Africa. In African ITTO producer member countries the increase was 14% per year; they accounted for about 77% of Africa's total potential exports (Figure 29b).

Imports of TTPs by sub-region

African imports

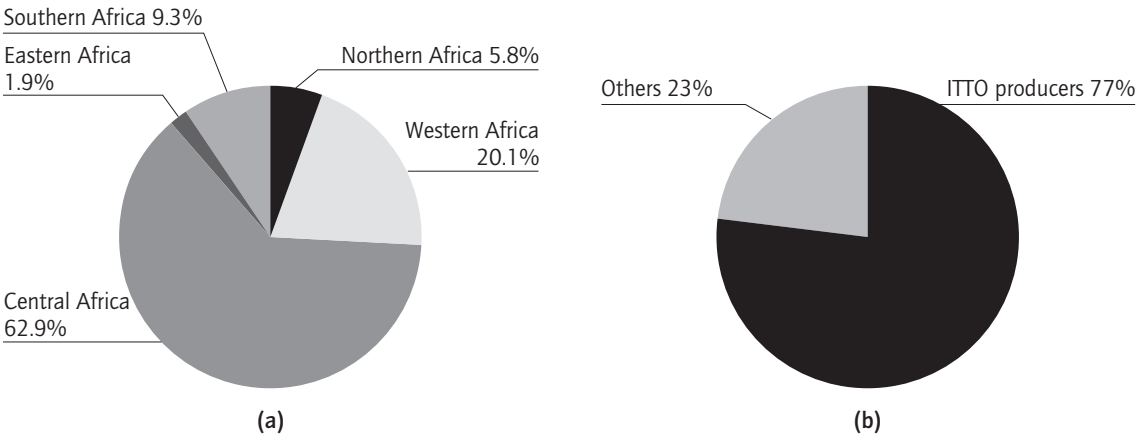
Total African imports of TTPs increased by 9% in the period 2005–07, reaching US$4.38 billion in 2007 (Table 28). TTP imports grew by an annual average of 23% in Northern Africa, 27% in Eastern Africa and 6% in Southern Africa. On the other hand, imports declined in Western Africa (by 23% per year) and Central Africa (by 22% per year). In African ITTO producer member countries, imports decreased by 35% per year over the period.

Northern Africa had the largest share of imports (61%) in 2007, followed by Southern Africa (23%) (Figure 30). Western Africa's share of total imports was about 8% and Eastern Africa's share was 7%.

Intra-African imports

Total intra-African imports were US$394 million in 2007 (Table 29). It is noteworthy that, even though Northern Africa imported US$2.7 billion of TTPs in 2007, only 4% of those imports originated in Africa. Southern Africa's total imports were worth US$1.0 billion, of which 16% was from African sources.

Figure 29. Sub-regional and ITTO producers' share of potential TTP exports, 2007



Source: ITC/COMTRADE 2007

Table 28. African TTP imports by sub-region, 2005–07

Sub-region	Import value (US$ million)			Annual change, 2005–07 (%)	Share in 2007 (%)
	2005	2006	2007		
Northern Africa	1832.2	2137.0	2665.0	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	1011.8	5.7	23.1
Africa total	**3685.0**	**3697.3**	**4375.8**	**9.4**	**100**
African ITTO producers	551.8	166.1	163.7	-35.2	
African ITTO producers' share of total Africa (%)	15.0	4.5	3.7		

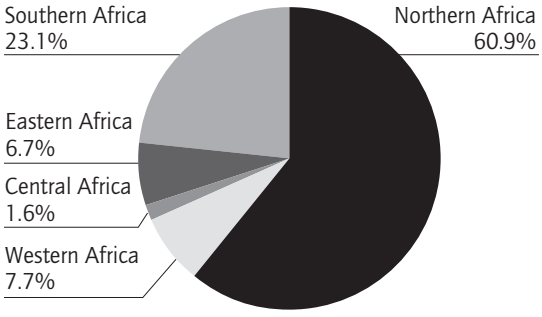
Table 29. Intra-African TTP imports, 2005–07

Sub-region	Intra-African import value (US$ million)		Annual change, 2005–07 (%)	Share in 2007 (%)	Share of total imports, 2007 (%)
	2005	2007			
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
Africa total	**363.1**	**394.0**	**8.5**	**100**	**9.0**
African ITTO producers	13.1	3.7	-41.5		2.3
African ITTO producers' share of total Africa (%)	3.6	0.9			

Source: ITC/COMTRADE 2003–07

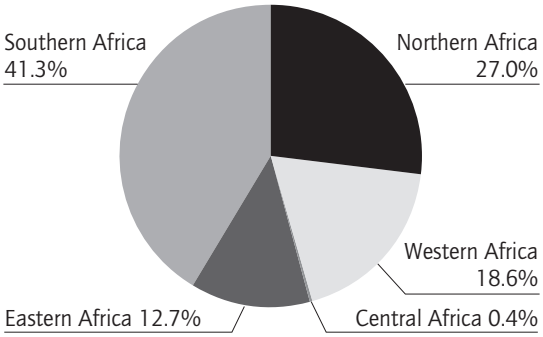
Southern Africa accounted for 41% of intra-African imports in 2007 (Figure 31), despite a decrease in the value of its imports between 2005 and2007. The shares in the other sub-regions were as follows: Northern Africa (27%); Western Africa (19%); Eastern Africa (13%); and Central Africa (0.4%). The ITTO producers' share of intra-African imports of TTPs declined over the period, to 0.9% in 2007 (Table 29). The importance of intra-African imports of TTPs in 2007 is shown in Figure 31. About 21% of TTP imports in Western Africa were of African origin. Seventeen percent and 16% of the total imports of TTPs to Eastern Africa and Southern Africa, respectively, come from Africa. Intra-African imports constituted 10% and 4% of total imports in the Central and Northern African sub-regions, respectively.

Figure 30. Share of African TTP imports by sub-region, 2007



Source: ITC/COMTRADE

Figure 31. Share of intra-African imports by sub-region, 2007



Source: ITC/COMTRADE 2003–07

Net trade balance

Western Africa bucked the trend of a trade deficit in intra-African and African trade in TTPs in 2007 (Table 30), attaining trade surpluses of US$46 million and US$494 million, respectively. In Central Africa there was a deficit in the intra-African trade balance (US$1.7 million) but a surplus in African trade (US$2.15 billion). Trade deficits were recorded for TPP intra-African and African trade in Northern, Eastern and Southern Africa. The aggregate trade balances for intra-African and total trade in TTPs showed deficits (US$151 million and US$596 million, respectively). For African ITTO producer member countries, a surplus was recorded for both intra-African trade (US$111 million) and African trade (US$2.67 billion).

Exports of TTPs by product

Data on African exports suffer from statistical deficiencies and non-reporting by certain countries. The following is a tentative picture of primary products and SPWPs based on available data.

African exports of TTPs by product

Primary products

In 2007 the total export value of primary TTPs was US$3.36 billion, which was 89% of total TTP export earnings. Logs accounted for 44% of total export earnings, followed by sawnwood (28%) and veneer (11%). The combined share of plywood, particleboard and fibreboard was about 6% (Table 31). For primary products and SPWPs combined there was an average annual growth in value of 4.4% over the period 2005–07. Most of this was achieved through growth in the export value of logs (44% per year), sawnwood (21%) and veneer (9%); there were declines in the export value of plywood (-37% per year), particleboard (-25%) and fibreboard (-45%).

Secondary products

The export value of SPWPs was US$420 million in 2007, but this was significantly lower than the value recorded in 2005 (Table 31); overall, total exports of SPWPs declined by 14% per year over the period 2005–07; wooden furniture and parts was the only SPWP product category to increase in value (by about 3% per year). Wooden furniture and parts were the mainstay of SPWP exports in 2007, accounting for 59% of the total, but there were significant declines in the export value of builders' woodwork, mouldings, can and bamboo furniture and parts, and 'other' SPWPs. These declines suggest an erosion in Africa's competitiveness in international markets for SPWPs.

Table 30. Net trade in TTPs by sub-region, 2007

Sub-region	Intra-Africa	African trade
	(US$ million)	
Northern Africa	-93.7	-2446.3
Western Africa	45.9	494.5
Central Africa	-1.7	2154.5
Eastern Africa	-20.3	-194.9
Southern Africa	-81.4	-603.3
Africa	**-151.1**	**-595.6**
African ITTO producers	111.5	2671.7

Source: ITC/COMTRADE 2003–07

Table 31. African exports of TTPs by product, 2005–07

Product	Total exports (US$ million)			Export structure 2007 (%)	Annual change, 2005–07 (%)
	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
Particleboard	20.5	19.9	10.1	0.3	-25.3
Fibreboard	101.8	38.6	9.6	0.3	-45.3
Total primary products	**2889.3**	**2516.7**	**3359.8**	**88.9**	**8.1**
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 SPWPs	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
Total SPWPs	**583.0**	**482.6**	**420.4**	**11.1**	**-13.9**
All products	**3472.2**	**2999.2**	**3780.3**	**100**	**4.4**

Source: ITC/COMTRADE 2003–07

Intra-African exports of TTPs by product

TTP exports to African markets were worth about US$243 million in 2007 (Table 32). This was less than half the value in 2005, suggesting a rapid weakening in the regional markets for primary products (SPWP exports grew slightly over the period from a small base).

Primary products

Intra-African exports of primary products decreased at an annual rate of about 34% in the period 2005–07 (Table 32). A similar trend was observed for all individual products in this category and was particularly marked for plywood and fibreboard (40% each). Plywood was the main product traded within the region, accounting for 29% of total intra-African export earnings in 2007, followed by sawnwood (26%) and veneer (8%). Logs accounted for only 6% and particleboard and fibreboard combined for about 2%.

Secondary products

Intra-African exports of SPWPs increased by about 6% between 2005 and 2007 (Table 32). Builders' woodwork and 'other' SPWPs grew fastest, while there were declines from a small base in other categories. The main trade flow was in wooden furniture and parts (about US$40 million in 2007).

Exports of TTPs by selected countries

Data on exports suffer from statistical deficiencies and non-reporting by certain countries. The following is a tentative picture of the performance of selected African exporters of TTPs.

African exports

Of the US$3.78 billion recorded in 2007 for total exports of TTPs, Gabon and Cameroon accounted for 25% and 17%, respectively and Côte d'Ivoire and Ghana for 10% each. Of the non-tropical African exporters, South Africa accounted for 6%, Egypt for 3% and Morocco for 2%. While African ITTO producer member countries are the biggest exporters of TTPs overall, non-tropical countries dominate the export of SPWPs.

Intra-African exports

The main sources of TTPs in intra-African trade in 2007 were South Africa, Ghana and Côte d'Ivoire, which, combined accounted for 75% of the total intra-African export value of TTPs. In Côte d'Ivoire and Ghana, exports to other African countries were almost entirely of primary products (98% and 99% of total export value, respectively). The main sawnwood markets for Côte d'Ivoire were Senegal, Tunisia and Cape Verde. For Ghana the main markets were Senegal, South Africa and Niger.

Table 32. Intra-African exports of TTPs by product, 2005–07

Product	Value of intra-African exports (US$ million)			Export structure, 2007	Annual change, 2005–07	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
Total primary products	**556.9**	**223.5**	**176.2**	**72.5**	**-34.2**	**5.2**
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 SPWPs	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
Total SPWPs	**59.6**	**54.1**	**66.7**	**27.5**	**5.9**	**15.9**
All products	**616.5**	**277.6**	**242.9**	**100.0**	**-30.3**	**6.4**

Source: ITC/COMTRADE 2003–07

SPWPs accounted for 61% of South Africa's total export value to other African countries. The main markets for SPWPs were Angola, Mozambique and Zambia.

Table 33 shows that the intra-African share of total national exports of primary products in 2007 was highest for South Africa (32%), followed by Ghana (18%), Côte d'Ivoire (14%) and Morocco (3%). The intra-African share of total national exports of SPWPs was 32% for South Africa, 14% for Côte d'Ivoire, 6% for Morocco and 3% for Ghana.

Imports of TTPs by product

Total imports of TTPs

The African import market for TTPs was worth US$4.38 billion in 2007, which was 18% higher than in 2005; this suggests a rapidly growing trade opportunity for exporters. More than three-quarters of the total comprised primary products, but growth was fastest for SPWPs.

Primary products

The value of total imports of primary products in 2007 was about US$2.98 billion, with an annual growth of 6% per year in the period 2005–07 (Table 34). Growth was highest for sawnwood (26%), followed by logs (12%), but there was a rapid decline in the value of imports of wood-based panels. Sawnwood was the main product component of total imports, with a total value of US$2.24 billion in 2007. In panels, plywood was the most important product, accounting for 6% of total imports in 2007. The share of veneer was about 3%, while the combined share of total imports of particleboard and fibreboard was about 2%.

Secondary products

The total import value of SPWPs was US$1.4 billion in 2007, which was 32% of the import value of all TTPs combined. Wooden furniture and parts was the main product in this category, accounting for 24% of the total import value of TTPs in 2007. Total imports of SPWPs increased by 19% per year between 2005 and 2007. Wooden furniture and parts, builder's woodwork and other SPWPs all had significant annual growth rates, but there were declines in the import values of mouldings and cane and bamboo furniture and parts.

Table 33. Intra-African share of total exports of TTPs in selected countries, by value, 2007

Product	Total (all countries)	Of which:				
		Côte d'Ivoire	Ghana	Morocco	South Africa	Others
	(% of total value of product class)					
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
Particleboard	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
Total primary products	**5.2**	**13.6**	**18.7**	**1.3**	**32.4**	**3.9**
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 SPWPs	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
Total SPWPs	**15.9**	**13.8**	**3.0**	**5.9**	**31.7**	**18.3**
All products	**6.4**	**13.6**	**17.7**	**3.2**	**32.0**	**5.5**

Source: ITC/COMTRADE 2003–07

Table 34. Total imports of TTPs by product, 2005–07

Product	Value of total imports (US$ million)			Import structure, 2007 (%)	Annual change, 2005–07 (%)
	2005	2006	2007		
Logs	224.2	248.5	275.7	6.3	11.5
Sawnwood	1474.5	1658.4	2238.2	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
Particleboard	62.2	71.0	28.8	0.7	-26.8
Fibreboard	144.8	150.3	54.2	1.2	-31.3
Total primary products	**2663.9**	**2568.9**	**2977.9**	**68.1**	**5.9**
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 SPWPs	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
Total SPWPs	**1021.1**	**1128.3**	**1398.0**	**31.9**	**18.5**
Total (all products)	**3685.0**	**3697.3**	**4375.8**	**100**	**9.4**

Source: ITC/COMTRADE 2003–07

Intra-African imports of TTPs by product

Total recorded intra-African imports were worth about US$394 million in 2007, which was about US$45 million more than in 2006 (Table 35). More than three-quarters of the value was composed of primary products. African exporters have a competitive advantage in the supply of primary products – particularly sawnwood and logs – to African markets but no significant growth was observed in labour-intensive SPWPs due to strong competition from Asian suppliers (particularly in Southeast Asia).

Primary products

The average annual growth in intra-African imports of all primary products was 9% over the period 2005–07. Trade grew for logs, sawnwood, plywood and particleboard but declined for veneer and fibreboard.

Sawnwood was the main primary product imported by African countries from other African countries: the value of sawnwood imports was US$155 million in 2007, which was 39% of the total value of intra-African imports of TTPs. Log imports comprised 23% of the total value.

Secondary products

The total value of intra-African imports of SPWPs in 2007 was US$89 million, which was 23% of the total value of intra-African imports of TTPs. Overall, the value of SPWPs imported by African countries from other African countries declined by 7% per year in the period 2005–07. The import value of wooden furniture and parts, builder's woodwork, and cane and bamboo furniture and parts declined, although these product categories represented almost two-thirds of the total value of intra-African SPWP imports. The value of intra-African imports of other SPWPs and mouldings grew over the period, but they accounted for only 17% of the market.

Imports of TTPs by selected countries

Data on imports of TTPs by country show similar trends to those on exports, but statistical deficiencies and non-reporting problems are more serious.

Total imports

In 2007 Egypt accounted for about 21% of the total value of imports of TTPs, followed by Morocco (16%), South Africa (12%) and Algeria (11%). Other important import markets were

Table 35. Intra-African TTP imports, 2005–07

Product	Value of intra-African imports (US$ million)			Import structure, 2007 (%)	Annual change, 2003–07 (%)	Share of imports from all countries, 2007 (%)
	2005	2006	2007			
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
Particleboard	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
Total primary products	**259.2**	**256.9**	**304.8**	**77.4**	**8.8**	**10.2**
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 SPWPs	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
Total SPWPs	**104.0**	**92.2**	**89.2**	**22.6**	**-7.1**	**6.4**
Total (all products)	**363.1**	**349.1**	**394.0**	**100.0**	**4.3**	**9.0**

Source: ITC/COMTRADE 2003–07

Tunisia (5%), Libya (4%), Senegal (3%) and Mauritius (2%). The total import value of primary products was US$3 billion, of which the Egyptian market accounted for 30% (US$881 million), followed by Morocco (20%, US$587 million). The Algerian market was worth US$414 million, making it the third most important market after Egypt and Morocco. For SPWPs the main import markets were South Africa and Morocco, with total values of US$264 million and US$115 million, respectively.

Intra-African imports

According to available data for 2007, intra-African imports of TTPs were mainly of primary products (US$304 million). The main importing countries were Morocco (US$84 million), South Africa (US$59 million) and Senegal (US$55 million). For SPWPs the main markets were South Africa (US$8 million) and Morocco (US$4 million).

The intra-African share of total imports of TTPs in 2007 was largest in Senegal (42%), followed by Mauritius (17%), Morocco and South Africa (13% each), and Tunisia (8%) (Table 36). Almost one-half (48%) of Senegal's imports of primary products came from African sources. Sawnwood, veneer and plywood were the main products. For SPWPs, Senegal's imports from other African countries accounted for only 4% of the total trade value. The situation was similar in Mauritius, where about 20% of imports of primary timber products but only 0.9% of imports of SPWPs came from African sources.

Cross-border trade of TTPs

Sources of information

In 2008, the European Commission financed studies on the cross-border flow of TTPs in Western Africa (EC 2008a) and Central Africa (EC 2008b) in order to pave the way for voluntary partnership agreements designed to combat illegal trade in TTPs. There were differences in the objectives of the two studies, which thus yielded different outcomes, as outlined below.

Table 36. Intra-African share of total imports of TTPs in selected countries, 2007 (%)

Product	Total (all countries)	Of which:					
		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
Particleboard	17.0	1.8	18.4	22.5	6.5	0.1	26.6
Fibreboard	7.0	1.2	0.4				18.1
Total primary products	**10.2**	**14.4**	**20.4**	**21.5**	**48.1**	**8.5**	**10.0**
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 SPWPs	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
Total SPWPs	**6.4**	**3.2**	**5.3**	**3.1**	**4.0**	**3.0**	**9.4**
Total (all products)	**9.0**	**12.5**	**16.8**	**12.5**	**42.0**	**8.1**	**9.7**

Source: ITC/COMTRADE 2003–07

The Western African experience

Major flows of TTPs

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

- sawn timber from Côte d'Ivoire and Ghana to the Sahel
- logs and sawn timber from Cameroon to the northern Nigerian states
- plywood from Ghana to Benin, Nigeria and Togo
- sawn timber from Guinea Conakry and Liberia to Côte d'Ivoire
- sawn timber from Sierra Leone to Guinea Conakry
- sawn timber from Ghana and Nigeria to Benin and Togo.

Importance of sub-regional markets

The limited availability of information makes it impossible to quantify the volume or value of the sub-regional trade. However, some observations regarding trends and important trade products and trade routes can be made:

- Teak logs harvested from plantations in Côte d'Ivoire 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, where it is processed and re-exported, or re-exported without processing, mainly to India. This trade is of such importance that teak is now Ghana's main export species, even though Ghana has limited teak plantations and there are no official records of teak imports. There are also considerable areas of teak plantation 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 to Ghana's plywood manufacturers and the issue of whether the raw material used in manufacture has been sourced legally is of limited or no concern to those manufacturers. With the continuing depletion of Nigeria's forest resource and timber industries it can be expected that the cross-border trade in sawnwood as well as plywood will grow.
- Having no timber resources, the Sahel region is wholly dependent for its timber supply on Côte d'Ivoire, Ghana, Guinea and Togo. This dependence will continue and adds to the pressure on remaining forest resources in the region.

The Central African experience

Major flows of TTPs

The Central African cross-border-flows study (EC 2008b) focused on direct exports and cross-border flows of logs and primary-processed wood (sawnwood, veneer and plywood). The following principal flows were identified:

- logs and primary-processed wood from Congo, Gabon and Central African Republic to Cameroon
- logs and primary-processed wood from Congo to Cameroon.

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

Importance of in-transit exports

In 2006, cross-border trade accounted for only 14% of the total flows of wood between Congo, Gabon, Central African Republic and Cameroon. The cross-border flow of logs as a proportion of overall log exports was 56% for Cameroon (684 000 m^3), 27% for the Central African Republic, 25% for Congo, and 2% each for Gabon and Democratic Republic of the Congo. The cross-border flow of primary-processed wood constituted 36% (222 000 m^3) of total primary-processed wood exports from Cameroon, of which Congo accounted for 26% and Central African Republic for 10%. Forty-six percent of logs and primary-processed wood exported from Douala and Kribi in 2006 had a non-Cameroon origin.

4. EXPORT MARKET CHARACTERISTICS

Information on TTP market characteristics in African countries is scant; this chapter draws on country case studies in selected exporting and importing countries. In general, the end-uses of TTPs are largely similar in the African ITTO member countries and depend on the extent and structure of domestic further-processing industries.

Species and end-uses of imported TTPs

In *Morocco* the woodworking industries mainly use softwood species, with small volumes of tropical or temperate hardwood species. The furniture and cabinet-making industries use hardwoods for manufacture of high-quality products and coniferous timbers for low-value products. In building construction, low-quality softwood sawnwood is typically used; the raw material comes from South America or Europe. Tropical timber is used mainly for specialty purposes in applications where both decorative and structural characteristics are required (Khattabi et al. 2009).

In the *Nigerian* market, primary products (logs, sawnwood, veneer and plywood) are used as inputs to the domestic wood-processing industry. Imported SPWPs are used in the high-value market segment as home and office furniture and for parquet flooring (Ajewole 2009). There is a traditional preference for species that were previously available domestically but are now unable to be supplied in required quantities.

In *South Africa* the growing popularity of solid wood floors has stimulated demand for African timbers, particularly kiaart (Pterocarpus angolensis), which is considered to be both attractive and hard-wearing. Most of the hardwood window and door frames used in South Africa are manufactured from meranti. Meranti veneer is also used extensively 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).

Distribution channels for TTPs

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

In *Côte d'Ivoire*, traders from the Western African sub-region (Niger, Mali and Nigeria) typically play an important role in wood-product distribution and they mainly handle low-quality products. They also supply neighbouring countries, although this cross-border trade is not necessarily recorded in official trade statistics.

In *Egypt*, private-sector importers account for over 90% of Egypt's softwood sawnwood needs, while governmental companies account for 10%. Most private-sector importers are traders and 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 dominated by large companies located primarily in Casablanca. These companies market TTPs to timber merchants who resell to manufacturers, end-users or retailer merchants (Khattabi et al. 2009).

In *Nigeria*, logs are imported directly by plywood mills, while the distribution channels for other TTPs usually consist of an importer, a retailer and a final consumer. In the case of the furniture industry the distribution chain is sometimes shortened when the furniture industry buys directly from the importer (Ajewole 2009).

There are numerous actors in the South African TTP market, ranging in size from one-man informal businesses 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 neighbouring country and send timber to South Africa, where they sell to anyone needing timber.
- *Transport contractors*. Considerable volumes of goods are exported from South Africa. Often,

transport contractors fill their trucks with timber on the return trip and sell directly to the market.

- *Importers*. These tend to be better-established and larger businesses who import from a network of suppliers and sell to timber merchants, although some operate their own retail outlets largely as a marketing measure. A few importers also export timber to Asia and Europe. Some importers kiln-dry partially air-dried timber before selling.
- *Timber merchants*. These play a dominant role in the importation and distribution of African TTPs. Timber merchants tend to buy from importers and sell directly to manufacturers and the smaller retail sector. Some merchants kiln-dry partially air-dried timber and may even upgrade boards by sorting, re-sawing and thicknessing timber before selling to their customers.
- *Manufacturers*. The smaller manufacturers tend to purchase from timber merchants and importers, but some of the larger manufacturers 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 must do to effect the sale of the TTP, the relative scarcity of and/or demand for the timber, and its grade. Merchant-type actors who operate from an industrial area outside town and who hold limited stock claim to add a 30–50% mark-up, while retail outlets in the larger shopping centres and malls mark up their goods by 50–100%.

Preferences for African TTPs

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

In *Nigeria* there was a general consensus among field-survey respondents that products from African countries are lower in quality than products from outside Africa. There is no marked difference in timber preferences between African species vis-à-vis species from other tropical regions. It should be noted that few mills that may use timber of African origin are currently in operation (Ajewole 2009).

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

Demand is driven largely by the end-users and those who advise end-users, such as architects, interior designers and the design media. The latter play a particularly important role in directing trends and fashions through advertisements and editorials. Most end-users are very ignorant of TTPs and purchases are generally not based on technical knowledge of the wood or its suitability for a particular end-use. African timbers marketed in South Africa are red or brown, with fluctuations in demand for products resulting from the oscillating fashion trend between a general preference for light wood and dark wood.

5. COMPETITIVENESS OF AFRICAN SUPPLIERS

Competitiveness defined

Competitiveness has been defined in the literature in various ways, but it usually refers to an advantage gained through superior productivity (Porter 2005, Blunck 2006). The World Economic Forum defines competitiveness as "the set of institutions, policies, and factors that drive productivity and therefore set the sustainable current and medium-term levels of economic prosperity" (World Economic Forum et al. 2008). The World Economic Forum has also developed the Global Competitiveness Index for nations, based on nine dimensions or pillars: institutions (public and private); infrastructure; the macroeconomy; health and primary education; higher education and training; market efficiency (goods, labour, financial); technological readiness; business sophistication; and innovation.

Competitiveness can be defined differently for the different actors in an economy (i.e, firm, industry and nation). At the industry level, Blunck (2006) defined 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 the industry level the factors that must be determined include the 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 information is available, and these are discussed in the following section.

Factors of competitiveness

Export prices

Reliable and consistent price and cost information with which to compare countries is unavailable. Taking into account this limitation, this section provides a summary of available information for selected 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 sawnwood in penetrating this market is a lack of information about wood use as well as a lack of price-competitiveness. The softwood market has been dominated by Scandinavian and Russian softwood products.
- Hardwood imports from African suppliers have not been price-competitive with imports from suppliers in Asia, Europe and the United States. The main competitors are Asian tropical species and temperate hardwoods, particularly oak and beech.

South Africa

- The relatively high prices of African hardwoods do not appear to be an impediment to demand, given that African hardwoods are generally considered to be high-quality and price-competitive with American ash or European oak.
- In many instances, importers and merchants benchmark imported African prices with domestic hardwoods.

Cameroon

- Cameroon's TTPs are price-competitive in regional and international export markets. Neighbouring forest-rich countries such as Congo and Gabon do not have a significant share of Cameroon's domestic market in TTPs, whereas Cameroon supplies most neighbouring countries with primary TTPs (mainly plywood).
- The weak competitiveness of the formal Cameroonian timber industry in national markets for sawnwood is essentially unrelated to imports in general or competition from other suppliers in the African export markets; rather, it relates to the domestic informal sector, which dominates the supply of sawnwood in the national market and does not have to bear the transaction costs imposed on the formal sector.

Côte d'Ivoire

- Côte d'Ivoire's prices and export costs remain globally competitive despite the political turmoil that has disrupted the country since 2002. This is mainly due to the quality and variety of products in high demand (e.g. iroko, mahogany, sipo, bété, dibetou and samba).

- In furniture and door and window manufacturing (secondary and tertiary processing), domestic manufacturers are highly competitive because the prices of imported goods are higher than those of locally manufactured products. However, the prices charged by local suppliers for high-quality products are constrained by low purchasing power, which limits consumption.

Gabon

- Gabon's TTPs are generally price-competitive in export markets. Gabon supplies many African countries (including timber producers) with logs and, to a lesser extent, primary-processed timber products, mainly plywood. However, the relatively high prices of Gabonese TTPs limit demand in neighbouring countries, with the exception of Equatorial Guinea.

Ghana

- When political stability prevails and TTP trade is regulated in neighbouring countries (i.e. Liberia and Côte d'Ivoire), Ghana's prices on the export market are competitive.
- Although the price of upholstered living-room furniture manufactured in Ghana is comparatively low, Italian furniture, which has better finishing and is perceived to be more durable, is more competitive on the domestic market. On the other hand, low-end imported upholstered living-room furniture, mainly from China, is less expensive than locally manufactured furniture. Hence, local furniture is less competitive on the domestic market.

Quality of products

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

Cameroon

- Cameroon has not yet adopted official domestic grading rules for TTPs. An important share of the domestic market is supplied by off-cuts and other industry residues.
- For export markets, individual firms manufacture products to meet the quality specifications of clients. The largest markets for Cameroon's TTPs are in the European Union (EU).
- The most important requirements of international markets are related to the dimensions and packaging of the product, and to phytosanitary aspects.

Côte d'Ivoire

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

Egypt

- While the market remains price-sensitive generally there are importers who are seeking, and are willing to pay for, high-quality products. However, the lack of technical and trade servicing continues to restrain African exporters from taking full advantage of this market potential. The majority of Egyptian importers and end-users are still unfamiliar with the quality, species, grades and dimensions of African timber. Therefore, they are reluctant to use it.

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 from sawmills.
- In the regional and international markets, there are well-established log-grading rules for okoumé and other species.
- In general there is a sense that African markets are less demanding for high-quality products than are other international markets. As far as sawnwood, veneer and plywood are concerned, the quality of Gabonese products is adequate to meet regional market demand.
- This is not the case, however, for wooden furniture: a significant proportion of

domestically consumed wooden furniture is imported from Europe and Asia. The quality of wooden furniture produced in Gabon is generally considered low and even public agencies prefer imported office furniture.

Ghana

- Obeche from Côte d'Ivoire is preferred in the market to wawa from Ghana, even though the species (Triplochiton scleroxlyon) is the same. This is due mainly to the lighter colour of the Côte d'Ivoire supply.
- Through its Timber Industry Development Division, the timber industry in Ghana provides quality-control services to the industry. The Forestry Commission also provides grading rules for use by the industry. This ensures that the quality of Ghanaian wood products can meet international market requirements.
- However, quality requirements in the Western African market are lower than those in European markets. While, on average, European markets require sawnwood of First and Seconds or No. 1 Common and Select (C&S), the African market requires No. 1 C&S or No. 2 C&S. The grading rules for sawnwood are based on the Sciages Avivés Tropicaux Africains grading rules, which were developed by the Association Technique Internationale des Bois Tropicaux.
- The key difference in SPWPs is the lower quality of Ghanaian products compared to those produced in Italy or Asia. The finishing of Ghanaian SPWPs is also of lower quality.

Nigeria

- Importers in the Nigerian TTP market perceive African TTPs to be of lower quality compared with competitors.

South Africa

- None of the market actors interviewed for this study indicated that there was any difference in the quality of African hardwoods compared with TTPs from other sources.
- TTP suppliers in Canada, the United States, Brazil and the more developed countries of the EU and Asia are more organized and offer a more reliable supply source.
- Problems with the quality of African products are associated with the suppliers' services rather than with the quality of the product they supply. Generally the African timbers are fit for purpose and the graded qualities are appropriate for their intended use.
- In general, exporters find that their products are competitive in other African countries. However, the small volumes traded (with a few exceptions, such as okoumé log exports from Gabon to Morocco) suggest that there are potential problems, particularly in the servicing and marketing capacity of suppliers.

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 TTPs mainly (about 90%) through one main seaport, Douala, but two enterprises also use a secondary seaport, Kribi. The Kribi seaport is not sufficiently equipped and ships involved in international trade anchor 15 kilometres off-shore, with barges or smaller ships transporting TTPs to them from the coast. Such a system has low capacity and high costs.
- On the other hand, although the port of Douala is sufficiently equipped it is becoming congested because it is also used for the import and export of merchandise into and out of Chad, the Central African Republic and the northern part of Congo (for example, TTP exports from the Central African Republic and northern Congo are shipped through 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 has the least-developed road infrastructure in the entire continent.
- The best road link from Douala to neighbouring countries goes to Bata, the capital of Equatorial Guinea. Northern Gabon is also linked to Douala with a paved road, the quality of which deteriorates as one approaches Libreville, the capital of Gabon. Roads linking

Douala to the Central African Republic and Congo are partially paved, but only on the Cameroonian side.

- The development of trade with Nigeria is constrained by a lack of paved roads to that country. TTP production is concentrated in southern Cameroon, with no roads suitable for supplying Nigeria by road.
- Chad is linked to Douala by 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 two ports – Abidjan and San Pedro. In terms of equipment and tonnage, Abidjan is the second most important port (after Durban) on Africa's Atlantic coast.
- The country also has a good paved road network connecting it to all neighbouring countries (Ghana, Burkina Faso, Mali, Guinea and Liberia).

Ghana

- For Ghana, port-handling for logs using heavy-duty, stationary cranes is unavailable due to the ban on log exports there. Plantation timber is exported in containers using conventional container-loading equipment. The importation of large-diameter logs from natural forests poses a challenge.
- Until recently there was no regular shipping between African ITTO producer member countries, and freight rates are high. For example, freight charges for sawnwood shipments from Douala, Cameroon, to Takoradi, Ghana, have been reported at €805 per 20-ft container and €1450 per 40-ft container. By comparison, freight charges to Hamburg, Germany, were €1084 per 20-ft container and €1868 per 40-ft container.
- Exports to Senegal are mainly made by sea in containers. However, the grouping and consolidation of cargo is used. Intra-African trade freight rates could be lower if there were regular ship movements between African countries and if the volumes were higher. The use of chartered vessels could reduce costs if the volume of timber shipped was in excess of 10 000 m^3 per shipment.
- There are now regular vessel movements between countries on the West African coast. The mode of transportation to other African countries varies: for instance, wood is transported to Nigeria by both road and sea (mainly road). To the landlocked countries of the Sahel region, road transport is used.
- The poor road network linking Ghana with other countries in Africa – e.g. the Ghana–Togo–Benin–Nigeria route – is a major challenge to trade in TTPs, which are bulky, and improvements are needed.

Gabon

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

Nigeria

- Customs procedures in Nigeria constitute a major obstacle to trade. Importers face inordinately long clearance procedures and high berthing and unloading costs.
- The government currently practises a double inspection system that requires both pre-shipping inspection and 100% on-arrival inspection.
- At best it takes one week to clear goods at ports, but usually it takes 2–3 weeks and sometimes it can take several months, far longer than is specified in the regulations (which state that clearance must take no more than 48 hours).
- All product imports must be inspected by a third-party inspection agency that is appointed

by the Nigerian government and is authorized to carry out customs valuations. Some importers have complained that these inspection agencies often deliberately create difficulties for exporters and conduct customs valuations in an arbitrary manner. Such practices have seriously undermined the interests of international traders.

South Africa

- Transport rates are extremely variable, with figures of US$30–100 per m^3 for the transport of timber quoted by importers.
- Generally, African timbers have a transport cost advantage over their competitors based in North America, Europe and Asia, although suppliers in Asia are able to land TTPs at very competitive rates.
- An additional cost of doing business in Africa is the high intra-African air transport costs. For example, regional flights between Johannesburg and other African cities cost about the same as those between Johannesburg and Europe, despite the much shorter distances.

Trade barriers

Import tariffs

In general there are still significant import tariffs on further processed products in Africa and, in Central Africa, also on primary products. In other sub-regions there is an element of tariff escalation (i.e. higher tariffs for further-processed products). However, there are preferential sub-regional tariffs in the Economic Community of West African States (ECOWAS)[6], the Economic Community of Central African States (CEMAC)[7] and the Southern African Development Community (SADC)[8], although the implementation process has not been completed in ECOWAS. General import tariffs are higher in CEMAC and ECOWAS countries than in SADC countries (Table 37). The situations in Nigeria and South Africa, described below, are illustrative.

6 ECOWAS members are Benin, Burkino Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

7 CEMAC members are Cameroon, Congo, Equatorial Guinea, Chad, the Central African Republic and Gabon.

8 SADC members are Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

Nigeria

- The current duties in Nigeria range between 5% and 20% of the CIF value.
- In 2006, ECOWAS formally launched a common tariff system as follows: the import tariff rate is 5% for primary products, 10% for semi-finished industrial products, 20% for finished industrial products, and 50% for luxury goods.
- Nigeria made a commitment to bringing its tariffs into line with ECOWAS levels by the end of 2007; the current rates are not far from those.

South Africa

- There are three categories of import tariff: general tariff, tariff for the EU, and tariff for SADC.
- No import tariffs are levied on unprocessed or 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 the EU and SADC.
- Imports of wooden window and door frames are taxed at a rate of 15% but are free of taxes if from other SADC countries. Wooden seats for motor cars are taxed at 20%, but SADC countries only pay 13%.

Export tariffs and regulation

For most African exporters of TTPs, export taxes have been greatly reduced but are still being applied, particularly or logs. In many countries, trade regulation is also applied to logs. The following examples illustrate the situation.

Cameroon

- Export taxes are applied to Cameroonian TTPs, but these are currently low for processed products (1% ad valorem). Export taxes do not appear to be a major constraint to the export of TTPs but are still considered by the industry to be an unnecessary limiting factor.
- No import or export taxes exist between member countries of CEMAC.
- Cameroon's high forest taxes are of more concern for Cameroon's forest industry because they increase the production costs of TTPs. The annual forest fee is based on the total area of the concession, with about 1/30th of the concession harvested every year; it is determined for each

Table 37. Import tariffs in selected countries

Product	General tariff (% ad valorem)					
	CEMAC		ECOWAS			SADC
	Cameroon	Gabon	Côte d'Ivoire	Ghana	Nigeria	South Africa
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 studies

concession during its allocation by tender. The minimum amount is 1000 CFA/ha (about €1/ha). The annual forest fee can be as high as 7500 CFA/ha but the average value is around 2500 CFA/ha.

Gabon

- Gabon is charging export taxes for logs, which have not been sufficient to discourage the timber industry from exporting logs. Further regulation on log exports and specific incentives may be required to increase processing within the country.[9]

Ghana

- There are no export taxes on timber in Ghana, but there is a long history of timber industry regulation. Ghana suspended the export of logs in June 1995. The ban was aimed at protecting the forest resource and redirecting the flow of logs towards increased domestic processing. The ban was also targeted at slowing an increase in production and speculative felling as a result of the demand from Asia for logs. In 2005, a ban on teak log exports was lifted to allow the export of plantation timber.
- The state plays a significant role in the regulation of timber exports, and the high level of bureaucracy results in higher transaction costs for mills. Institutional bureaucracy costs are estimated to be about US$6.5 per m^3.

Non-tariff measures

Certification

In general, the certification of forest sustainability is not required in African TTP markets, but in some market segments in some countries – such as South Africa – it is becoming a marketing advantage. The same situation appears to prevail regarding quality certification.

Cameroon

- The certification of some forest concessions in Cameroon (900 000 hectares to date) has improved the competitiveness of Cameroon's TTPs exports in environmentally sensitive markets such as the EU. Improvement is also expected after the recent signing of a voluntary partnership agreement (VPA) with the EU.

Ghana

- The regulation of trade and the pre-shipment inspection service provided by the Forestry Commission gives Ghana a competitive edge

9 In Gabon the area-based tax varies between 200 and 400 CFA per hectare per year.

over neighbouring countries in the quality of its wood products.

- Through its VPA with the EU, Ghana has also signalled its intention to ensure trade in timber from legal sources. This is expected to provide Ghanaian timber with a short-term competitive advantage.

South Africa

- Although there is growing awareness of environmental certification schemes, there are no official import restrictions based on the certification status of a product.

Quality standards and grading rules

Egypt

- Egyptian importers prefer that all sawnwood shipments are kiln-dried and cut in metric sizes with the importer's name printed on the side of each bundle. The dimension, length, grade, volume (in m^3) and number of pieces must be indicated on each bundle. Egyptian importers do not accept sales contracts made in nominal sizes.
- The moisture content of sawnwood should not exceed 19% at time of import inspection. The most commonly used grades in Egypt are No. 2 and better, as well as 10–15% of No. 3. This grade is similar to Scandinavian 5th and 6th grades and Russian 4th and 5th 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.
- The proportions of the most commonly requested widths are 15% of 200 mm, 10% of 175 mm, 60% of 150 mm and 15% of 100 mm. The most commonly demanded lengths are 2.70 m and up in increments of 30 cm; 2–3% of lengths are in the range 1.80–2.40 m.

South Africa

- Timber used in the construction of buildings in the coastal areas of South Africa must be treated against fungi and insect damage according to a standard specified by the South African Bureau of Standards. No other obligatory standards need to be complied with.

Communication infrastructure

The most important additional factor that limits the trade of TTPs between African ITTO producer member countries and other African countries is the poor quality but high cost of 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 Accra and the cost of air tickets to Western Africa is exorbitant. These are significant impediments for the development of regional trade in TTPs.

Financing facilities

Forest-industry companies in African ITTO producer member countries have limited access to financial facilities compared with multinational companies, which have easier access through banks in their countries of origin in Asia and Europe. In addition, African financial institutions are generally unable to provide such facilities to timber exporters.

In Ghana, suppliers demand upfront payments, which locks up capital for long periods due to poor delivery schedules. Importers normally require payment by Letters of Credit or Cash against Documents. Banks are slow to provide finance to the timber sector due to its lower returns compared with other trade or service sectors.

Market intelligence and promotional organization

In general, a lack of knowledge about African timber markets and a lack of market promotion are major impediments to the development of the intra-African trade in TTPs.

For example, most companies in Ghana have no formal structures for gathering market intelligence and to a large extent are dependent on the Timber Industry Development Division for information. With respect to opportunities in other African countries, most of the companies surveyed in the Ghana case study indicated a lack of market awareness. The presence of numerous Indian traders in Ghana has provided opportunities for a flow of information on the Indian market. This has resulted in strong sales to India of Ghanaian teak. The absence of traders from North Africa and the limited flow of information from this region has kept the volumes of sales to those markets low. In the past, Ghana has tried to promote trade in TTPs through its Ghana International Furniture

Exhibition (GIFEX). This event has been limited by a lack of sponsorship, however, suggesting a need for increased coordination to ensure broader participation to promote the use of tropical timber, particularly of lesser used species, from sustainable sources.

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

No formally established organization provides information about African TTP markets. Some timber enterprises are informed by their company headquarters based in Europe, or by intermediaries or interested traders in potential African markets. Foreign-owned groups have little interest in and limited resources for obtaining detailed market information on export possibilities in other African countries. The African small and medium-sized enterprise sector is even less prepared to develop markets in other African countries, despite the apparent competitive advantage of African ITTO producer member countries.

In Côte d'Ivoire, those professional organizations whose primary role is to provide market information have not invested sufficiently in market promotion. Thus, they have been unable to create a framework that would ensure the competitiveness of their members in the markets of other African countries.

In South Africa, the common species of African hardwoods are well known by importers, timber merchants and wood-based manufacturers. All importers and merchants have well-developed networks of suppliers and are knowledgeable about the various sources and grades of TTPs and the reliability of supplies in major African export countries. A few furniture manufacturers indicated that they have experimented with some lesser used African hardwoods but have seldom been successful in developing meaningful markets for the products. Customers prefer to pay a premium for well-known 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. The few who are aware of import market opportunities in African countries have obtained information from the internet and media publications.

Other factors

Language has also been a barrier to trade in the region, particularly in Western Africa. Governments should encourage the teaching of languages spoken on the continent. For example, English-speaking countries should learn French or Portuguese and vice versa. Exporters in the Congo Basin should be able to conduct their export businesses and market promotion in English in most other African markets.

6. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Opportunities for increased exports

Africa's total imports of TTPs in 2007 were worth US$4.4 billion, of which only US$394 million originated on the continent itself. The size of the total market represents an opportunity for African ITTO producer member countries, particularly in the trade of further-processed products, which is still minimal in most African countries. As a whole, Africa is a net importer of TTPs despite its vast forest resources and huge plantation potential.

African markets for TTPs will continue to grow rapidly, notwithstanding the current financial crisis. If competitive supplies from within Africa are unavailable the region will increasingly have to import TTPs from outside the region. An increase in the production of TTPs from both natural forests and plantations requires retooling and significant new investment in the industry.

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

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

- the increased use of lesser used species
- the retooling of industry and the replacement of obsolete primary-processing equipment to allow the efficient conversion of the raw material
- industry integration and a shift to the production of value-added products
- imports of logs, sawnwood and veneer for further domestic processing prior to export. This can only be achieved if there are massive investments in the retooling of industry to improve efficiency
- improved governance in the forest sector and the production of legal and sustainable timber
- participation in regional fairs and exhibitions such as GIFEX or the ECOWAS Trade Fair to promote Ghana-produced TTPs.

In *Cameroon*, opportunities to increase exports include:

- the improvement of road infrastructure linking Cameroon to neighbouring countries (Nigeria, Equatorial Guinea, Chad, Central African Republic and Gabon)
- Development of TTP markets in neighbouring countries (Equatorial Guinea, Chad and especially Nigeria)
- the further improvement of wood-processing capacity in Cameroon, which is already the largest in Central Africa, especially in sawmilling (although veneer and plywood manufacturing capacities have also increased in the last five years)
- The implementation of forest certification in Cameroon and the future signing of a VPA: these actions will improve the image of Cameroon's forest management methods and promote TTPs from Cameroon around the world.

Gabon is a timber-rich country with the potential to play a bigger role in the intra-African trade of TTPs. It is one of the few countries that could still expand the production of logs from natural tropical forests. Opportunities for increasing exports of Gabon's TTPs include:

- the implementation of the Gabonese policy, drawn up in 2002, to promote the sustainable management of forest concessions: this would guarantee a continuous supply of TTPs to interested markets
- a shift to the production of value-added products – since African demand for timber products has been concentrated more on logs, particularly okoumé, than on processed products
- growing national wood-processing capacity: Gabon's processing capacity has been increasing since 2002 and the country is now better placed to meet the high African demand for processed products. However, this capacity remains oriented towards primary processing, and a move to further processing requires considerable investment and human resource development

- the implementation of forest certification to satisfy the demand of environmentally sensitive markets in Europe.

Opportunities for increasing exports in the *Côte d'Ivoirian* forest sector include:

- the establishment of true partnerships with rural people for the concerted management of forests in order to maintain the production capacity of forests in danger of extinction
- combating fraud and illegal logging, the promotion of lesser used species, and the development of forest plantations to ensure the maintenance, in the medium and long term, of supply to processing units
- Improving the technical performance and technology of processing units and their ability to handle small-diameter wood and increase yields
- continued efforts in the wood-processing industry to increase the share of secondary and tertiary processing
- effective awareness-raising about TTPs among domestic and international consumers
- effective implementation of preferred tariff and customs provisions in all African economies
- the development of information exchange on the market through the establishment of a TTP monitoring agency at national and sub-regional levels.

South Africa is a major potential market for TTPs produced by African ITTO producer member countries. Specific opportunities include the following:

- *Softwood sawlogs from plantations*. South Africa has limited opportunities to expand its plantation base and, to meet future demand, the country will need to import softwood sawlogs and/or sawnwood. A number of African countries have land that is highly suitable for pine plantations. Since there are no large-scale softwood plantations in African ITTO producer member countries, this would be a long-term opportunity for them. They would need to be competitive with suppliers in Zimbabwe, Zambia and Malawi, which are the current main sources of import supply.
- *Plantation-grown teak*. 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 grown efficiently in plantations. This market could be of interest to countries like Ghana, which is already exporting significant volumes of teak logs from thinnings to India – trade could also be 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 because of its durability. A number of African species could be used as substitutes for these Asian timbers and the market could be developed if secure and reliable supplies were available.
- *Veneers*. South Africa imports large quantities of veneer from the United States and the EU. Veneers produced in Africa would have a transport cost advantage over those suppliers, while many of the African species could substitute for the darker wood veneers being imported into South Africa. For example, a number of timber merchants have indicated that there is a similarity between African rosewood and cherry and some have successfully substituted the latter with the former by careful selection. Veneer exports to South Africa, particularly from Congo and Gabon, could be expanded.
- *Composite panel products*. Due to intense competition for wood fibre between the South African pulp-and-paper sector and 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 African ITTO producer member countries are expected to remain limited, there are likely to be opportunities in the medium and long terms.

Woodchip exports for composite panel products is an opportunity that can only be tapped by Congo, Côte d'Ivoire and Ghana.

Main constraints for intra-African exports in TTPs

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

- *Lack of knowledge of regional markets among traders in the region*. There is also no central point or organization within the region – even at the national level – to provide market information.
- *Poor transport and communication links between African countries*. Communication between African countries is unreliable and sometimes expensive. Travel between countries is also difficult, thereby constraining trade within the region. Nigeria, a regionally important economy, has no road link with southern Cameroon, and telephone connections are problematic.
- *Weak infrastructure to support trading among African countries*. Road networks between countries in the region are poor, and rail networks are almost non-existent; thus, linkages between countries in the region are poor. Although mobile communication has improved in recent years, the quality of service in the region is low. This is a major challenge for trade within the continent.
- *In many exporting countries, cumbersome bureaucracy in the documentation required for the movement of goods and people between African countries*. This is a challenge for both exporters and importers, although the Government of Ghana, for example, has tried to reduce the problem with the Ghana Community Network (GCNET), an electronic system for processing imports. The Timber Industry Development Division is also piloting the processing of export permits through GCNET.
- *Poor banking systems that constrain payments for goods and services*. Despite recent improvements, aspects of banking – particularly high interest rates and the management of exchange-rate risks – still hinder market development.
- *Poor access to trade finance*. In general the timber sector has a poor record on the repayment of loans and banks, therefore, particularly the traditional banks, have been reluctant to provide finance to investors in the sector.
- *Exchange-rate fluctuations* represent a source of risk that cannot be mitigated effectively in the current financial crisis at a reasonable cost.
- The existence of a large *informal/illegal timber sector*, which supplies a large share of the regional market, is both a weakness and an asset. Illegal production avoids the transaction costs of legal production and therefore enjoys an undue competitive advantage over legally produced timber. On the other hand, informal operations create significant income and employment for small-scale entrepreneurs and other operators and can respond rapidly to market needs.
- *Limited secondary processing capacity* and the somewhat lower quality of SPWPs compared to those imported from Europe or Asia is a constraint in moving up the value chain in intra-African trade.
- The *limited quality and design competitiveness* of African SPWPs, which are produced mainly by small-scale artisans.
- In some countries, like Côte d'Ivoire and Ghana, the *raw material situation* has become a constraint.
- With many notable exceptions, African suppliers 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 through the systematic efforts of potential exporters who have the capacity to meet market requirements.
- With a few exceptions, *African timbers are not well known or well marketed*. In South Africa, for example, 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.

- Although currently of little importance to most end-users, there is 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 be a constraint in the future.
- *Competition from Asian countries, particularly 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, despite the higher transport costs. Such companies offer very stiff competition to African companies in the EU and United States' markets.

Recommendations

ITTO

ITTO should undertake the following actions to promote intra-African trade in TTPs:

- **Support detailed studies of exports and imports of TTPs in Africa**. Examples of areas of interest are
  - the potential for the trade of sawnwood and logs from the Congo Basin to Western Africa
  - the potential for trade in TTPs to forest-poor countries in Western Africa
  - a detailed study of TTP markets in Nigeria and other poorly known target markets
  - trade potential in Algeria, Tunisia and Libya.
- **Support research into and the 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. For example, it would be helpful to identify those species that offer wood properties similar to those imported in Southern and Northern Africa.
- **Promote the use of lesser used species in regional markets, particularly the domestic markets of supplying countries, through studies, demonstration activities and support for market promotion.**
- **Provide specific market intelligence information**, particularly through studies and the monitoring of market trends to highlight opportunities for increased trade in the region. The ITTO Market Information Service coverage could be expanded to include key African import markets for TTPs.
- **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.
- **Support specialized timber fairs, 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.
- **Support skills development and the transfer of technology** into the region to increase the competitiveness of products produced in the region. Actions should include support to build capacity in quality control and product design.
- **Organize the promotion of tropical timber** in African countries that have extensive market potential for TTPs (e.g. Egypt and Algeria). **Strengthen statistical data on TTPs in the region**, including on the production, processing, consumption and trade of TTPs, as this is a major weakness in the region. The long-term objective could be the development of an online database on timber market information in Africa.

Governments

Governments in African ITTO member countries should take the following actions:

- **Remove trade barriers in Western Africa**, including road check-points, which often demand informal payments from transporters/importers as a condition of clearance.
- **Improve currency systems in the sub-region**. There should be commitment and engagement to ensure that a common currency can be used for trade in the Western Africa sub-region. In this regard the ECOWAS secretariat should facilitate the introduction of the ECO.
- **Provide support for the organization of trade promotion** activities in TTPs and organize, in cooperation with private-sector organizations, the collection and dissemination of market intelligence to facilitate trade in TTPs.

- **Provide incentives to support the promotion of further domestic processing** and the use of lesser used species. Governments could offer lower royalty rates, other incentives and support skills to improve the competitiveness of the country's industries.
- **Support trade promotion offices** to facilitate the trade in wood products. Such offices could make use of existing technical data on African timber species, including lesser used species.
- **Strengthen forest governance** and improve regulatory frameworks to support the trade in legal and sustainable timber. This will, however, require support from developed partner countries.
- **Provide support to the private sector in skills development** to improve the quality and design of locally produced value-added products.
- **Improve communication infrastructure** to facilitate communication with other African countries.
- **Reconsider forest taxes**, where applicable, in order to decrease TTP production costs.
- **Strengthen customs cooperation** between neighbouring countries within sub-regions to improve trade data and facilitate trade.

Forest industry and trade associations

Forestry industry and trade associations should undertake the following actions to promote intra-African trade and African exports of TTPs:

- **Participate in fairs and exhibitions** to promote their products in the region. Examples include the ECOWAS fair, GIFEX, the South African International Trade Expo, WoodPro Africa, and the All Africa Trade Fair.
- **Engage in the promotion of timber from selected lesser used species** in regional markets.
- **Promote domestic markets for TTPs** as a basis for testing their products for future sales to international markets.
- **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.
- Where necessary in African countries with no or limited forest resources, **consider investing 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).
- **Engage in the production of legal and sustainable TTPs** to attract private investment.
- **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 trade associations, particularly to undertake self-regulation, market-promotion activities and market intelligence.
- **Build capacity in obtaining and using market intelligence** at the enterprise level.
- **Engage in forest certification** to obtain market advantage in environmentally sensitive market segments.
- **Improve the precision of sawn planks and the production of kiln-dried timber** to increase the attractiveness of African timber, while also offering greater economic benefit by meeting demand for high-quality hardwood veneers, which could be produced in African countries using logs from their own natural forests and plantations.
- **Improve the reliability of supply and deliveries** as well as the quality of TTPs to match that of Asian, European and North American competitors.

Regional organizations

Regional organizations and other trade-related bodies should:

- **Promote the removal of trade barriers** in order to create enabling conditions for regional trade by encouraging member countries to adhere to the protocols of regional initiatives such as ECOWAS.
- **Promote regional and sub-regional cooperation** between customs authorities.
- **Promote intra-regional trade through the organization of timber trade fairs and exhibitions**. In particular, ECOWAS should

support specialized timber and building-related exhibitions. For example, it could provide support for the GIFEX.

- **Organize meetings between member states** for the elaboration of strategies to promote the inter-African trade of TTPs and further processing.
- **Promote the harmonization of national timber trade legislation** in Central and Western Africa.
- **Promote trade in legal timber** in the region.
- **In the Western Africa sub-region, consider establishing a West African Commission on Forests and Environment** to promote sustainable forest management and reforestation, take advantage of discussions and initiatives on climate change through a common approach, and draw support to finance sustainable forest management in the sub-region. With the exception of Nigeria, countries in the sub-region are small and therefore need a coordinated approach to managing their forests. The experience of COMIFAC in the Congo Basin is relevant in this respect.

ECOWAS and the West African Monetary Union

ECOWAS and the West African Monetary Union should:

- play a strong role in the Western African sub-region to promote the export of timber in its member countries and other non-member African countries by:
  - exchanging information on good forest governance (e.g. sustainable forest management and timber-tracking) in member countries
  - promoting effective cooperation between customs organizations
  - enforcing the laws governing trade and exports (e.g. taxes and customs duties) between member countries to ensure the free movement of products
  - creating a sub-regional timber monitor for the exchange of market information
  - organizing regional fairs to improve awareness of timber products
  - encouraging and supporting environmental certification through the development of awareness about, national standards for, and local knowledge of the various certification schemes.

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