

THE DYNAMICS OF INTRA-AFRICA TIMBER TRADE/MARKET AND IMPLICATIONS FOR SUSTAINABLE DEVELOPMENT



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Outline of Presentation

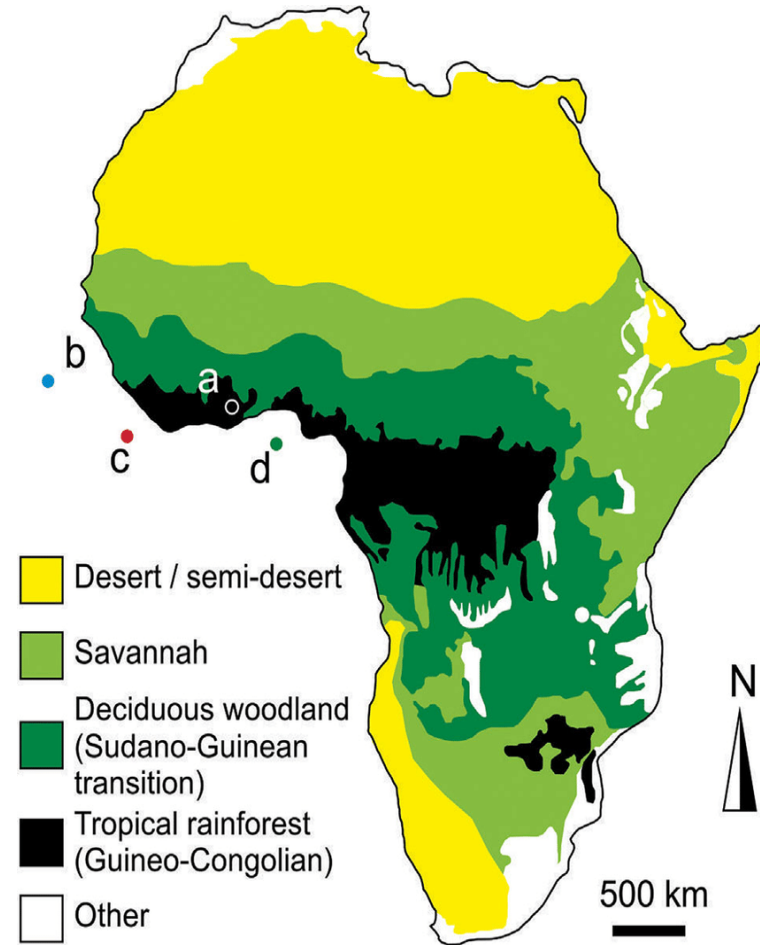
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Introduction

❖ Africa consists of 55 countries with a forest and woodland area of about 624 million ha, representing about 20.5% of the land area of the continent and approximately 15.6% of the global forest cover (FAO, 2015).

❖ African forest endowments vary across regions and countries, and only few of these countries are producing timber.

❖ Higher proportions of forests are found in the continent's central and Southern regions, (ANRC, 2018).



Introduction...

❖ The forests play important roles in the national and local economies contributing an average of 6 per cent of the Gross Domestic Product (GDP) on the continent (FAO, 2009).

❖ In forest-rich countries such as Central Africa Republic and Cameroon, timber accounts for 50 per cent and 25 per cent of foreign exchange respectively (Barrow *et al.*, 2009).

❖ The value of wood products (both fuelwood and industrial round-wood) removed from the forest increased from \$2.6 billion in 1990 to \$2.9 billion by 2005.



TIMBER TRADE AND ITS DYNAMICS IN AFRICA

Overview of timber trade in Africa

❖ African sub-regions are an important producers of wood products, although production is dominated by industrial round wood and primary processing.

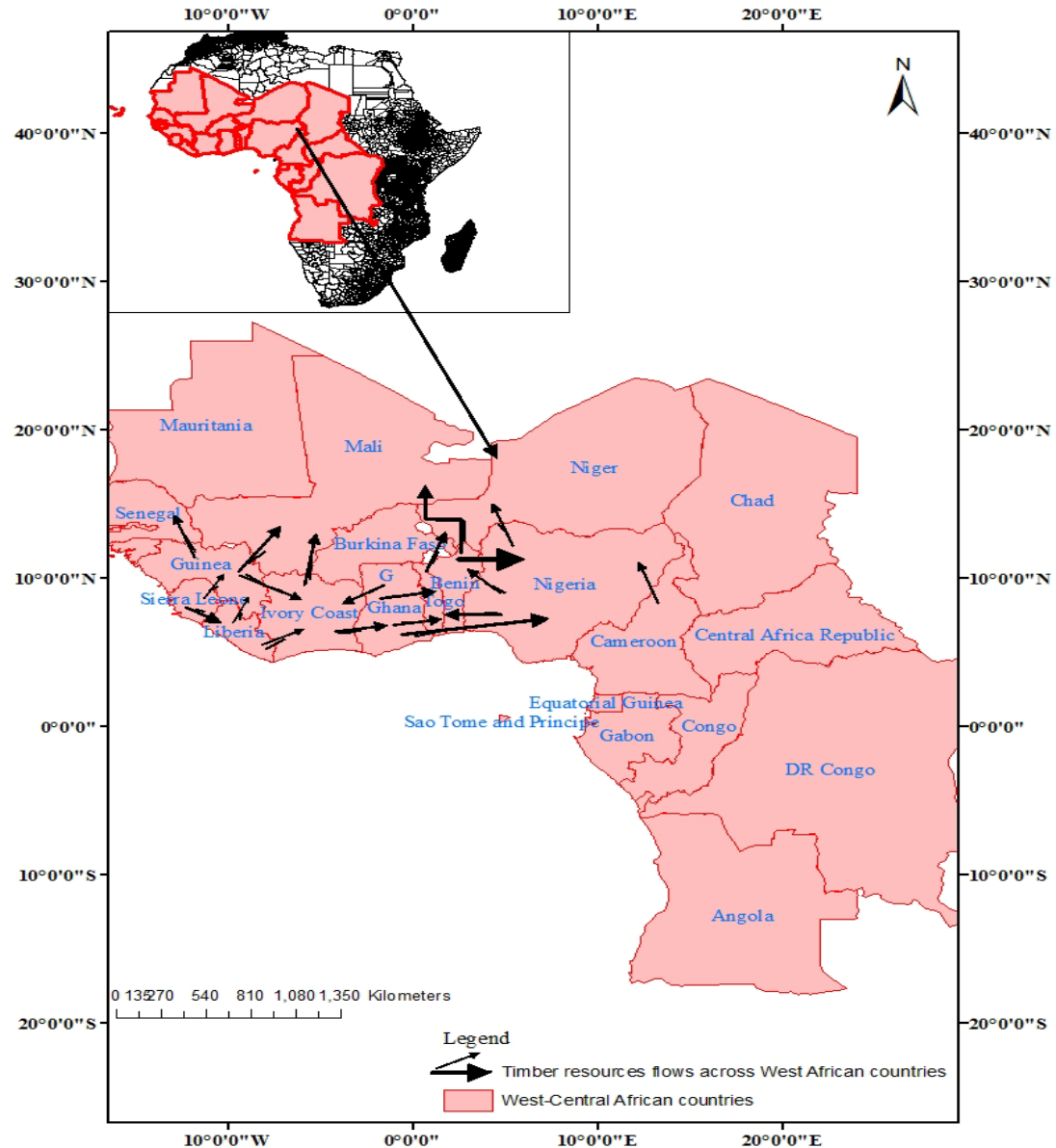
❖ Countries involved in the trade are mainly log exporters. However, many have enacted legislations banning log export in order to encourage domestic processing and value adding.

❖ For instance, timber trade in the West African sub-region is influenced by local, regional and overseas demands, with Europe being an important market for the major producing countries in the sub-region.



Timber resources flows across West African sub-region

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



Overview of timber trade in Africa

- ❖ Recent increase in international trade can be linked to a rising world economy

- ❖ Trade in forest product is perceived as a major driving force for sustainable management of forest resources.

- ❖ International trade liberalisation has led to expanding export by developing countries and has increased pressure on the environment.

- ❖ Trade based on un-sustainable practices is a major factor that contributes to deforestation and forest degradation in Africa (Dudley, 1992, Dudley *et al.*, 1995)



Table 1: Main timber species harvested and traded in West African countries

French name	Common/Trade name	Scientific name
Acajou	African mahogany	<i>Khaya ivorensis</i>
Ako	Antiaris	<i>Antiaris toxicaria</i>
Azobe	Ekki	<i>Lophira alata</i>
Badi	Opepe	<i>Nauclea diderrichii</i>
Frake	Black afara, idigbo, emeri	<i>Terminalia ivorensis</i>
Framire	Afara	<i>Terminalia superba</i>
Fromager	Ceiba	<i>Ceiba pentandra</i>
Iroko	Iroko	<i>Melicia excelsa</i>
Lingue	Afzelia	<i>Afzelia africana</i>
Niangon	Niangon	<i>Heritiera utilis</i>
Samba	Wawa	<i>Triplochiton scleroxylon</i>
Sapele	Sapele, utile	<i>Entandrophragma spp</i>
Teak	Teak	<i>Tectona grandis</i>
Vene	False-teak, African rosewood	<i>Pterocarpus erinaceus</i>

Table 2: Forest Sector Contribution to GDP and Employment in West Africa

Country	Employment					Gross value added				
	Roundwood Production (10 ³)	Wood Processing (10 ³)	Pulp and Paper (10 ³)	Total for the forestry sector		Roundwood Production (US\$ 10 ⁶)	Wood Processing (US\$ 10 ⁶)	Pulp and paper (US\$ 10 ⁶)	Total for the forestry sector	
				(10 ³)	(% of total labour force)				(US\$ 10 ⁶)	(% GDP)
Benin	1	0	–	1	0.0	103	5	0	108	2.6
Ghana	12	30	1	43	0.4	542	202	10	754	7.2
Guinea	9	1	–	10	0.2	39	6	–	45	1.7
Côte d'Ivoire	19	8	1	28	0.4	672	96	33	801	5.0
Liberia	1	1	–	2	0.1	113	9	–	121	17.7
Nigeria	24	3	18	45	0.1	1 506	32	282	1 819	1.4
Sierra Leon	0	0	0	1	0.0	84	0	0	85	4.8
Togo	1	0	–	1	0.0	31	2	–	33	1.6

Source: FAO (2009).

- As at 2011, the number of countries where more than 3 percent of their GDP was from forestry sector globally continued to drop, from 37 in 2000 to 23 in 2011
- Fourteen of these countries and territories were in Sub-Saharan Africa, accounting for 27 percent of the countries and territories in the region.
- The economic importance of the forestry sector in North Africa also declined and the contribution of the sector to GDP in this region is the lowest in the World (0.3 percent in 2011).

Table 3: Gross Value Added in Forest Sector by Region

Region	Gross value added in the forest sector (in billion USD at 2011 prices)				Forest sector GVA in total GDP (%)
	Forest	SWP	PP	Total	Total
Africa	11	3	3	17	0.9
Asia and Oceania	84	66	111	260	1.1
Europe	35	61	68	164	0.9
North America	26	29	61	115	0.7
Latin America and Caribbean	14	12	24	49	0.9
World	169	170	266	606	0.9

Forest = Forestry and logging activities; SWP = sawnwood and wood-based panel production; PP = pulp and paper production.

Source: FAO (2014a), based on UN national account main aggregates database (available at <http://unstats.un.org/unsd/snaama>) supplemented with national income account data from country sources.

Timber Trade dynamics in Africa

❖ Africa is still considered as the world's least connected continent in terms of ease, movement of people, trade, information, finance, both within and across borders.

❖ Intra-continental trade is still limited in Africa at 10-13 percent compared to other continents (WTO, 2011)

❖ Official statistics revealed that intra-African trade in all commodities to be \$130.1 billion in 2011 and this represented only about 11.3% of African trade with the world (UNCTAD, 2013).



Timber Trade dynamics in Africa

- ❖ Woods are mostly exported as logs or primary processed products like sawn wood in many African countries
- ❖ South Africa exports less than 10 percent of its wood product in wood form and exports 90% as wood chips, particleboard, newsprint etc, this is quite different for countries like Congo, Togo, Cameroon, Liberia.



Table 4: Intra-African Trade Partner countries for four wood products in 10 countries
Source: ANRC, 2018

Country	No. of partner African Countries	Total export value (US\$**1000)
Cameroon	22	4074297
Central African Republic	19	427438
Congo Rep.	16	2275655
Cote d'ivoire	30	2429536
DR Congo	12	837988
Gabon	19	4321939
Ghana	25	1792053
Liberia	3	133700
Nigeria	7	118546
Togo	9	204458
South Africa	37	2461530

Percentage

■ Proportion of Intra-African Trade

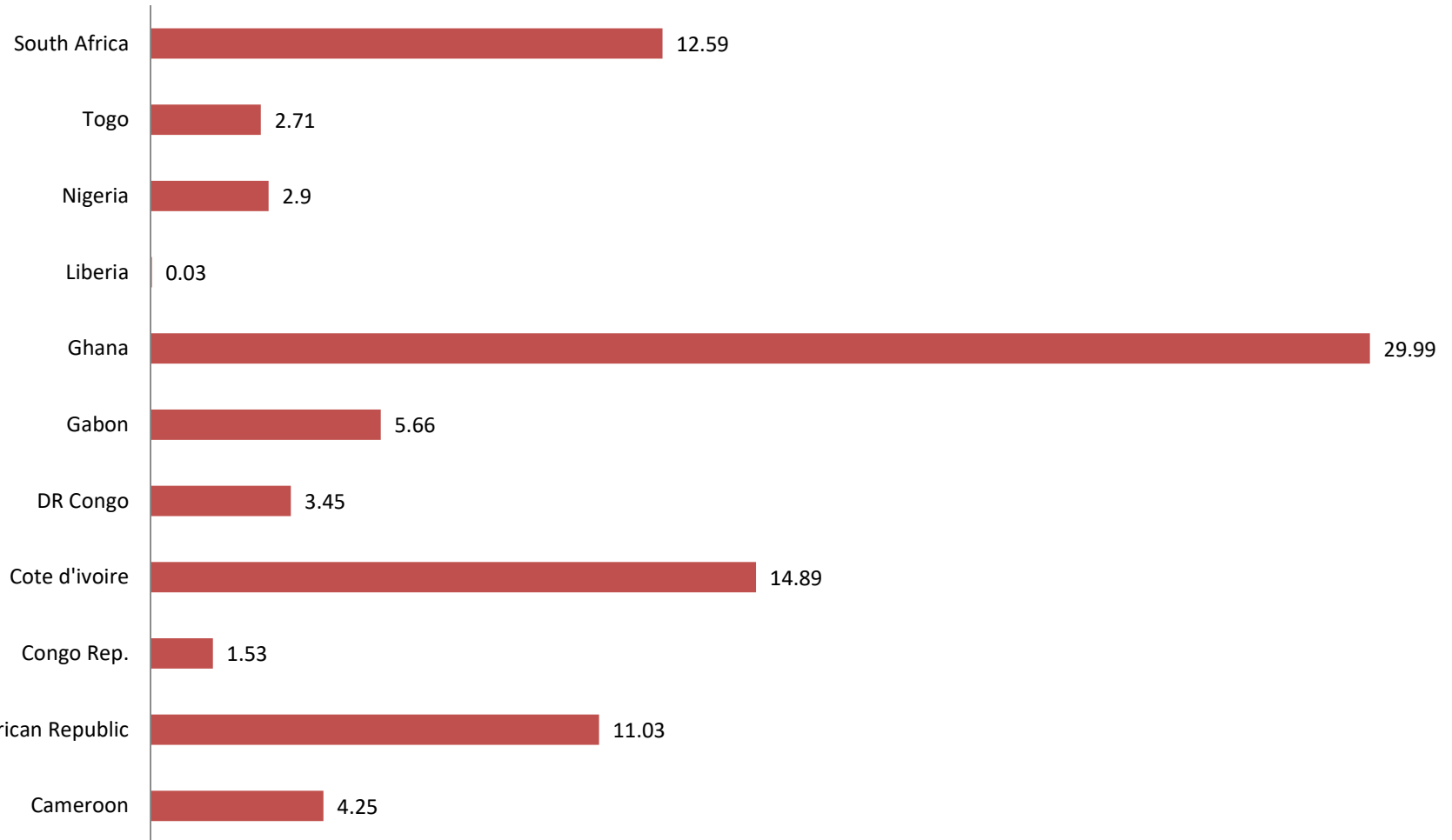


Figure 1: Proportion of Intra-African Trade. Source: ANRC, 2018

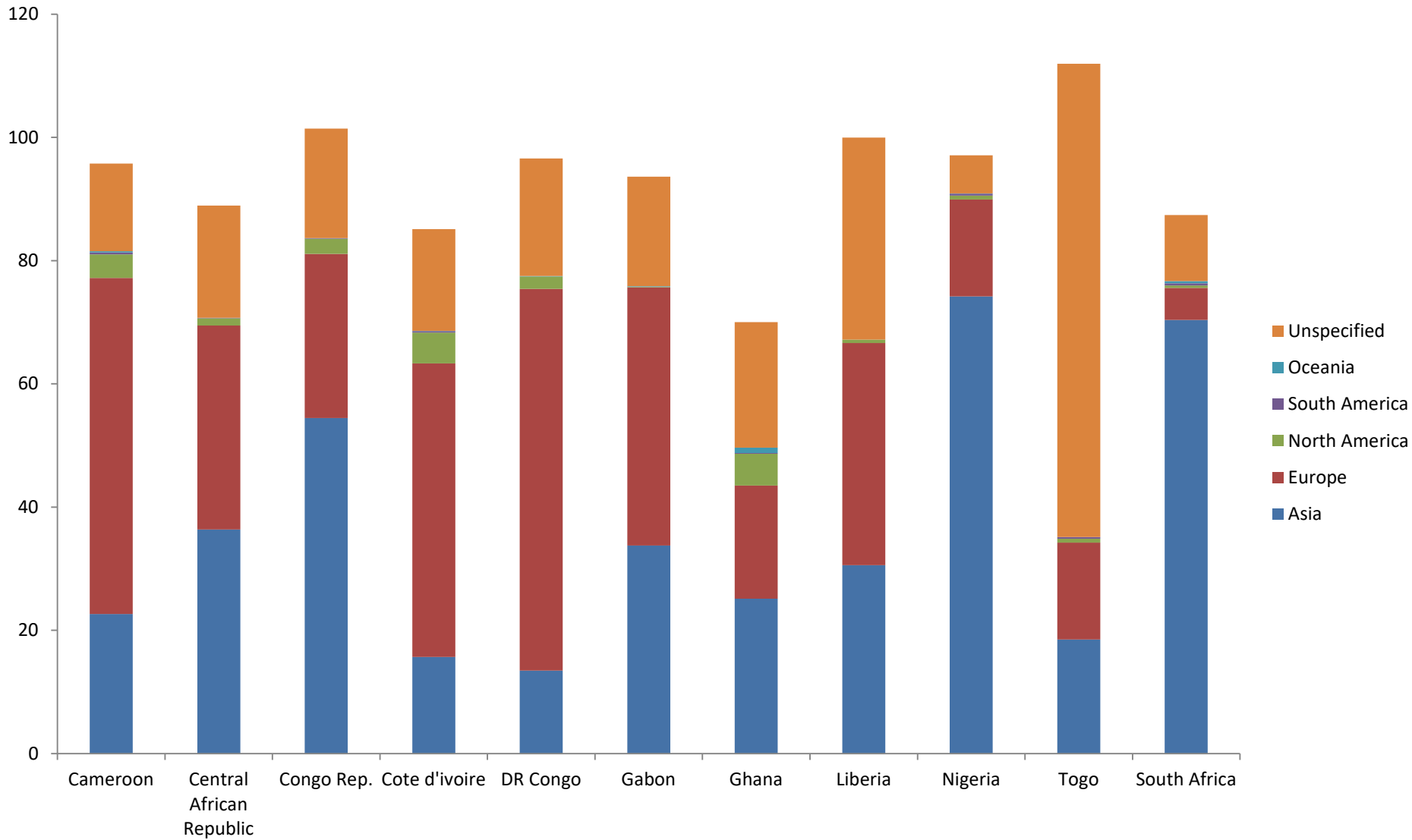


Figure 2: Intra-African trade partner countries and shares.

Source: ANRC, 2018

Benefits of Inter-African timber trade

❖ Trade in forest product may constitute veritable friendship cords and be an international currency puller in Africa

❖ Forest products attract currency and are the most internationally distributed commodities.

❖ As far back as 1970, for example, Nigerian petroleum products attracted 21 international currencies, while timber products were sold to 34 countries.

❖ More recently, from 2006 to 2014, Cameroon exported forest products to 104 countries, including 41 European countries, 26 Asian, 22 African, 12 North and South American and three Oceania countries.



Table 5: Value of trade in Sawn wood in Africa. Source: ANRC, 2018

African Region	Sawnwood (US\$)*1000		Veneers (US\$)*1000		Plywood (US\$)*1000		Trade balance (Export-import)*1000US\$
	Export	Import	Export	Import	Export	Import	
Eastern	21459	4538	871	5845	6813,22	89534	-111673,8
Central	1285	1014	179790	2005	45775	42804	181027
Northern	3033	2330942	1356	108730	9696	423725	-2849312
Southern	8839	40550	6962	16048	3369	66409	-103837
Western	2984	6726	87817	3286	29655	119997	-9553
Africa	37600	242670	276796	135914	95308,22	742469	-2893349

OPPORTUNITIES, CHALLENGES AND THREATS OF INTRA-AFRICAN TRADE

Opportunities of timber trade

- ❖ Forestry as a business endeavour can contribute enormously to the green economy. It can also help boost state revenues in many African countries, (Teketay *et al.*, 2016).
- ❖ However, the realisation of these opportunities depends on the governance of the forest industry,(Ongolo, 2015).
- ❖ In some developed countries, forestry has been found to offer a major potential solution to endemic rural under-employment and unemployment. It is also a trendsetter for the primary sector, (Adeyoju, 1981).

Opportunities to timber trade Cont...

- Investment in the forestry sector depends on the status of the forest cover, demand for forest products and growth in population.
- A spike in demand in Asia and China in particular has created a boom and the Chinese government has supported the growth and expansion of the Hongmu wood industry in order to generate employment and tax revenue in China (Figure 3).



Figure 3: Share of total rosewood imports in China from West Africa (2009 - 2015)

Challenges of Timber Trade: Depletion of forest cover

❖ According to FAO (2015), Africa lost a total of 19,821,000ha of forests between 2000 and 2010. Average per capita forest area declined from 0.8 ha to 0.6 ha from 1990 to 2015.

❖ West Africa's total forest area of 699.361 million ha in 1980 declined by 4.375 million ha (0.64%) by 2000 and further by another 4.040 million ha (0.62%) by the year 2005, (FAO, 2009).



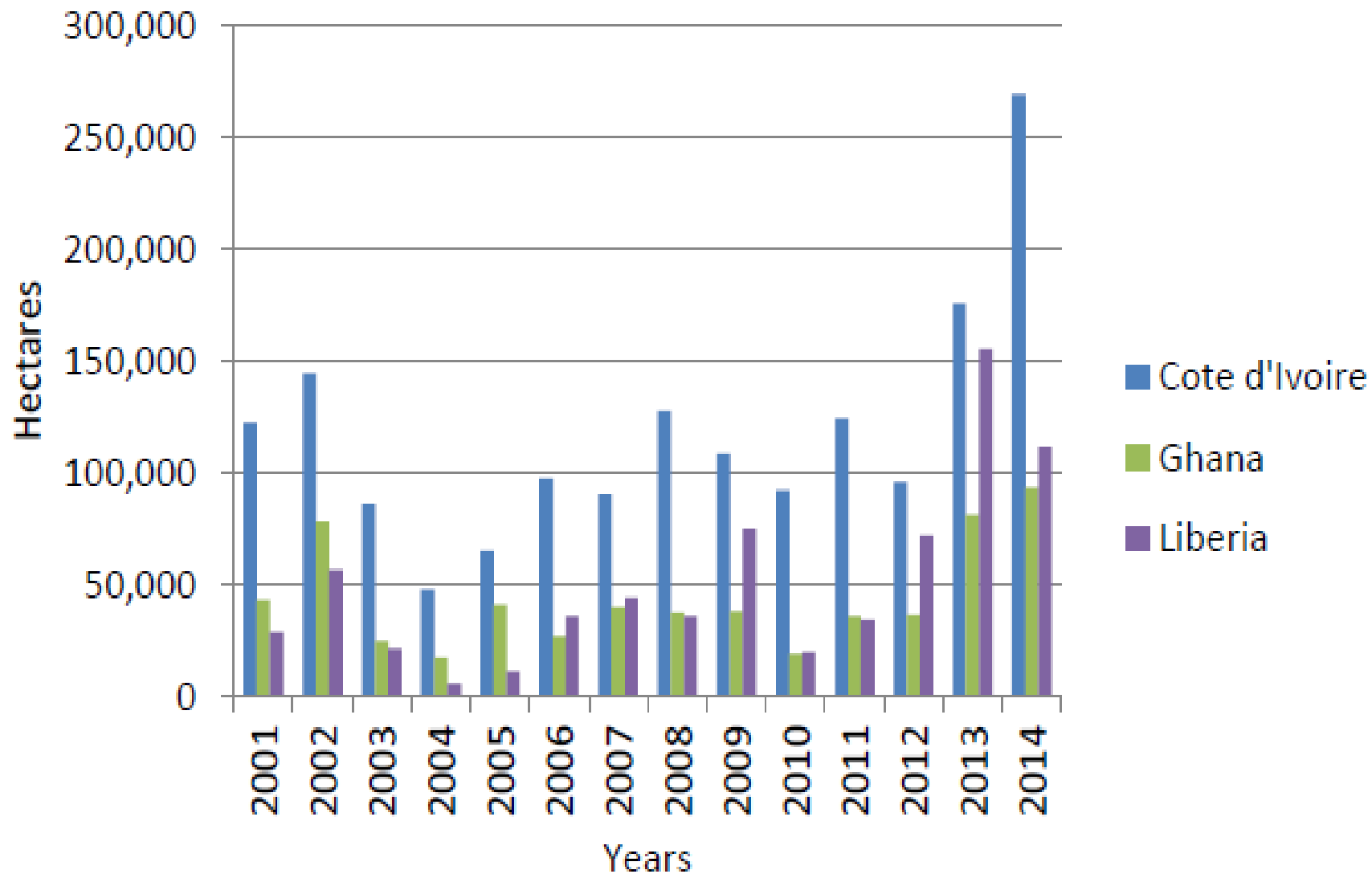


Figure 4: Tree cover loss in three countries of West Africa (2001-2014)
Source: Adapted from African Report by Alain Karsenty

Threats to timber trade

- ❖ Chinese demand for rosewood has spurred a largely illicit trade in West Africa worth at least \$1.3 billion since inception, according to an advocacy group called *Forest Trends*.
- ❖ This is decimating forests and heightening tension in the sub region.
- ❖ Volumes of Chinese imports of West African rosewood logs surged 30 percent between January and May 2016, while the value of the imports rose by 19 percent.



Export and customs procedures in West Africa

❖ A strong similarity exists among systems and the roles of the government forestry and customs authorities in the sub-region.

❖ The former is responsible for verification of exports and contract conformity and issuing of certificates of origin, and the latter for final inspection against export and loading statements.

❖ In many of the West African countries, implementation demonstrates weaknesses and widespread opportunity to circumvent requirements and best practices.



Export and customs procedures in West Africa Cont...

- ❖ The situation described has led to a booming local demand for low-grade and low-cost timber and plywood.
- ❖ Much of this demand is for the construction industries within West Africa, and also, the Sahel countries, which are deficient in timber and processing industries.



Export and customs procedures in West Africa Cont...

❖ The EU, which for a long time has been a strategic market for timber from the sub-region, is becoming less important, perhaps due to strict governance issues, while the importance of the Indian and Chinese markets is expanding, particularly for teak and false-teak woods.



❖ Indian and Chinese buyers are increasing the pressure on forest resources. Problems of exercising control and prevalent perceptions that illegal activities are encouraged are facilitating deregulation of timber harvesting, transport, trade and industry.

Linking Timber Trade and Development (the good, the bad and the ugly)

- ❖ In spite of the multiple positive links of forest resources (timber) to development, they have also been a source of conflict in many communities and countries the world over.
- ❖ According to Alao (2007), one point that should preface any attempt to establish a link between natural resources (timber) and conflict is an appreciation of the profound controversy among many disciplines as to which one would hold the ultimate “say” on both subjects.

*Sources of
employment
and cash income*

Linking Timber Trade and Development (the good, the bad and the ugly)

- ❖ This debate has become even more interesting and compelling with the global interest on sustainable development which emphasizes multi-, inter-, intra- and trans-disciplinarily.
- ❖ The causes of these resource-related conflicts are multi-dimensional and their impact on the achievement of the Sustainable Development Goals, and by extension sustainable development are very profound. Again, Alao (2007) outlines the courses in the following Table:

Table 6: Natural Resources (Timber) and Sources of Conflict (Alao, 2007)

Resource-based cause of conflict	Resource manifestation	Conflict manifestations
Quality and quantity of availability	Lack	<ul style="list-style-type: none">• Tendency of pressure on government to pursue aggressive policy to acquire other's resources (timber)• Employment of violence by elite groups to alter distribution of resources (timber) in their favour• Possibility of fragmentation of state because of inability to meet the populations' needs
	Scarcity	<ul style="list-style-type: none">• Tendency for authoritarianism to suppress protest from the population.• Competition by groups to eke out a living over scarce resources.• Fall in the standard of quality causes tension• Tendency for mismanagement of abundant resources (timber) to cause conflict.
	Abundance	<ul style="list-style-type: none">• Possibility of different interest groups emerging to have a stake on abundant natural resources (timber)

Table 6 ...

Resource-based cause of conflict	Resource manifestation	Conflict manifestations
Management mechanism	Ownership	<ul style="list-style-type: none">• Increase tension over ownership of natural resource (timber) base.
	Distribution	<ul style="list-style-type: none">• Allegation of unfairness in the distribution of resources (timber).
	Management	<ul style="list-style-type: none">• Allegation of sectional policies.
	Allocation	<ul style="list-style-type: none">• Extent of access and quality of environment• Distribution of revenue process.
	Control	<ul style="list-style-type: none">• Attempt by sections to wrestle control from others• Target of belligerents once war begins in order to finance the war• Encourages intransigence of warring sides to peace moves.
Extraction process	Exploration	<ul style="list-style-type: none">• Rehabilitation of those displaced causes conflict
	Exploitation	<ul style="list-style-type: none">• Environmental implications and hazards.• Agriculture/land tenure system.

Timber product trade and regional needs

Although the forest products export industry is significant, it is poorly integrated with the national economies, with negative effects on both the patterns of economic growth and the satisfaction of domestic market as well as regional needs.

An imbalance in purchasing power between international and domestic markets, and the resulting over-concentration of effort on profiting from the potential of the export trade has left legitimate domestic demand unaddressed.



Timber product trade and regional needs

In a rapidly urbanizing economy such as Ghana, Gambia, Nigeria and post-conflict Sierra Leone and Liberia, the result is a domestic market that is sourced almost entirely illegally.

In Liberia, reconciling lucrative opportunities in the international market and domestic demand in an economy with low population and low purchasing power remains a significant challenge.



Timber product trade and regional needs Cont...

A common strategic framework is needed to generate meaningful data on local, national and trans-boundary trade and their impact in the sub-region. This will make for proper valuation and accountability in the forestry sector.

Enforcement, negotiation and knowledge generation and sharing capacities of the governments' forestry agencies in the sub-region need to be overhauled in line with contemporary requirements.



Timber product trade and regional needs Cont...

Tight controls exercised by the state over the forest, justified by its status as a strategic national resource, need to give way to incentives-based strategies aimed at stimulating the sustainable supply of timber, forest products and services, while shifting authority from state to communities and land owners.



The value chain in the forest product trade in the sub-region is still largely inefficient arising from obsolete technologies and weak governance in the timber segment. This needs to be addressed.

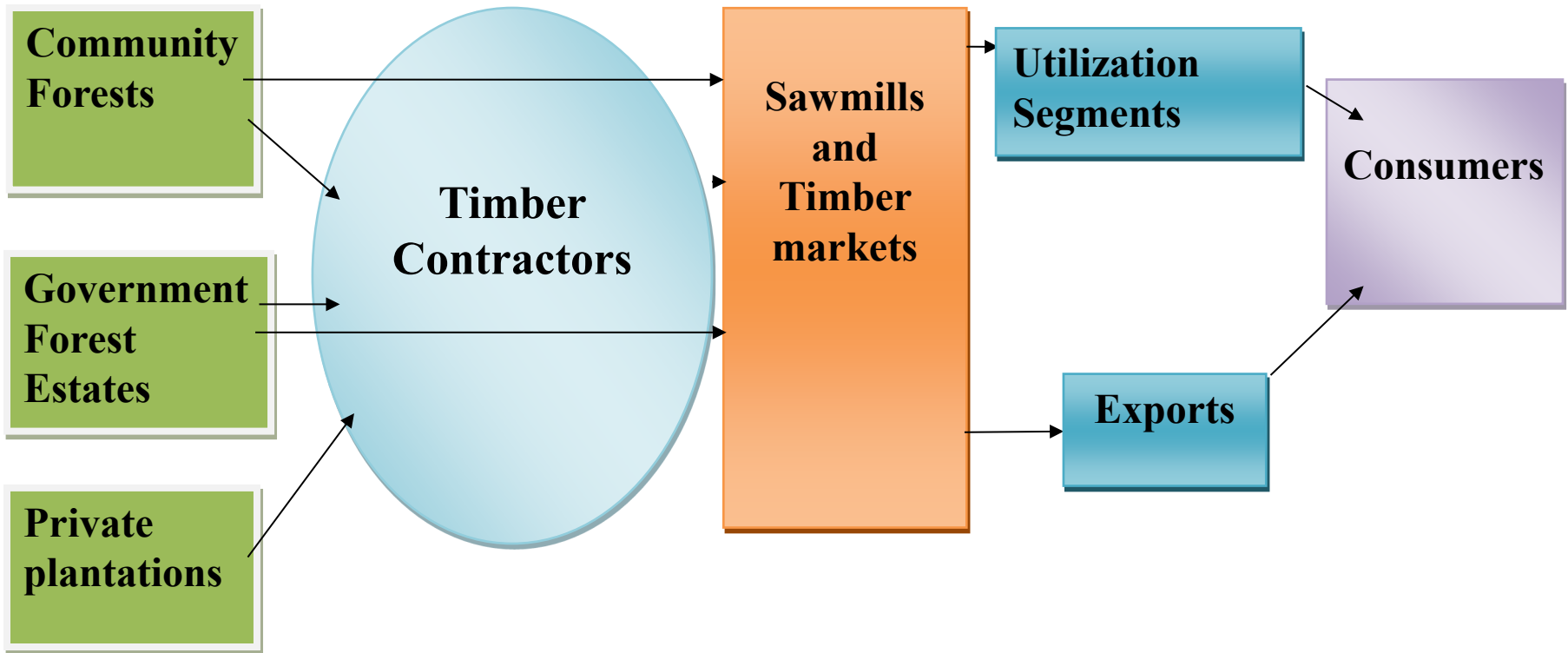


Figure 5: Generalized Value Chain for Timber Trade in West Africa

ANALYSIS OF FREE TRADE AGREEMENT AND IMPACTS ON FOREST PRODUCTS TRADE IN AFRICA

- ❖ African Union recently launched in May, 2019 an operational phase of the African Continental Free Trade Area, with the partnership intending to start on 1st July, 2020.
- ❖ The treaty is seen as very necessary for growth and development especially in the aspect of employment creation in the region.
- ❖ It is a progressive move due to the fact that intra-African trade has been generally low in the past when compared to other continents like Asia, Europe etc.

- ❖ It is however, quite perturbing to note that a large number of African countries do not seem to be prepared for this trade implementation when it goes into effect.
- ❖ The recent border closure by Nigeria has its benefits as well as limitations to the forest sector and the economy of the country, the sub-region and the continent as a whole.
- ❖ A likely positive effect for Nigeria is the stimulation of local production and consumption, which in the medium to long term may boost local economies, since the country also has a huge market
- ❖ A possible negative implication is that illegal movement of forest products may be encouraged and may not be easily monitored and may thus prove difficult to combat.
- ❖ this will engender more pressure on the forest estate and will in turn lead to deforestation of the country's reserve as well as environmental degradation.

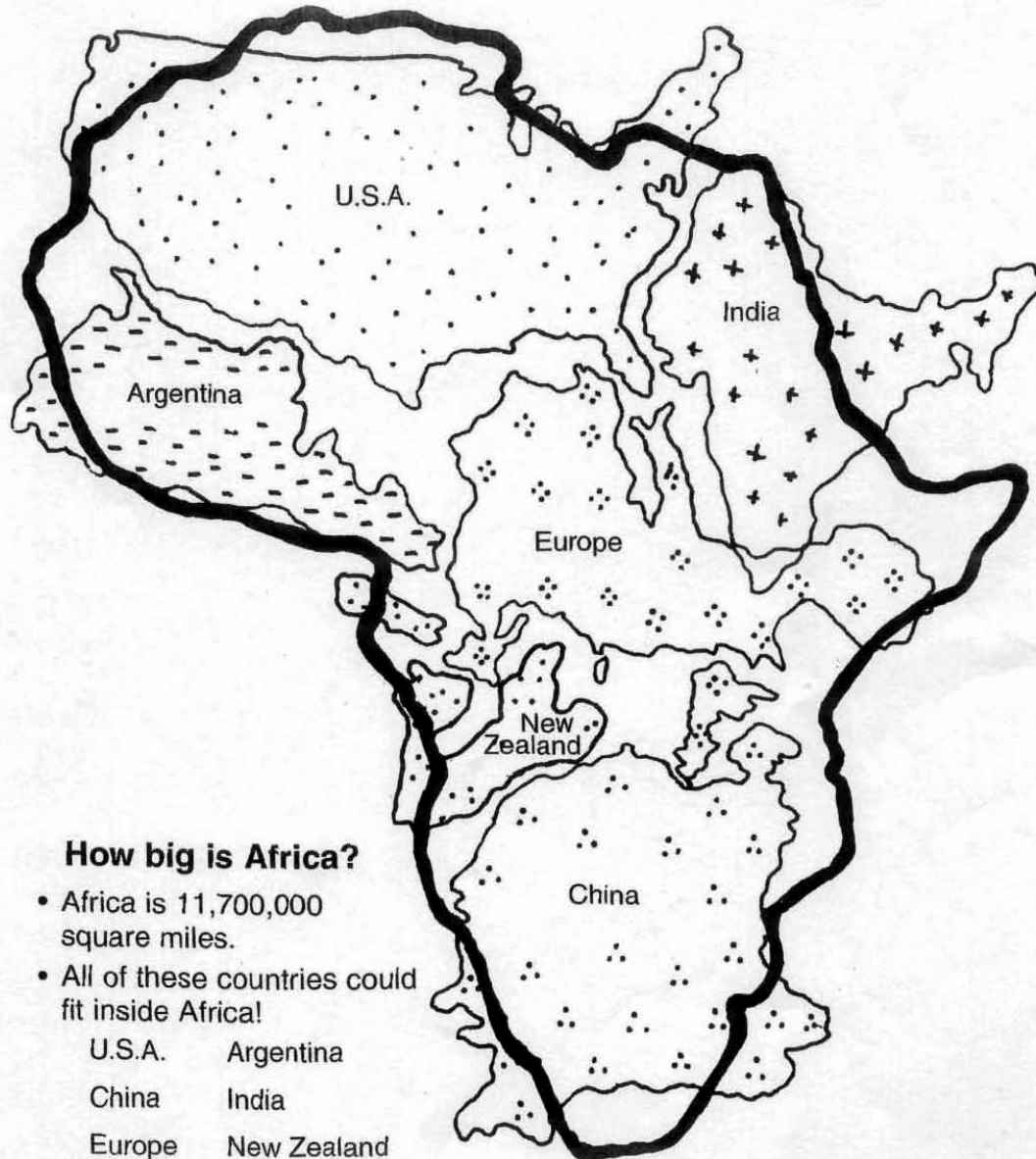
- ❖ Trade liberalization will bring about value addition, based on Criteria and Indicators that may help in sustainable forest management practices.
- ❖ Free Trade Agreement, if not supported with strong policies that will ensure strict compliance to mutual agreements may have long term negative effects on the rural poor in developing countries. This is evident in the *rent-seeking* tendencies of timber merchants over the years



Conclusion

- ❖ It is widely recognised from reports and scientific literature that intra-African trade has enormous potential for creating employment, catalysing investments, fostering economic growth, reducing poverty and enhancing wood and energy security in.
- ❖ The key ingredient to achieving these benefits is regional integration, which can propel real prosperity and growth.
- ❖ The success of intra-African timber trade will largely depend on the willingness of stakeholders to play by the rules, such that conflicts and risks can be minimized
- ❖ Sustainable investment is also key, particularly in the area of sustainable production, processing and consumption

Africa Is Big!



How big is Africa?

- Africa is 11,700,000 square miles.
- All of these countries could fit inside Africa!

U.S.A.	Argentina
China	India
Europe	New Zealand

Yes, Africa is big

- However, economically, the component economies are very small and weak
- Ghana and Rwanda are recognized as amongst the fastest growing economies globally and rank 82nd and 139th respectively out of 211 economies
- Collectively, the 54/55 African countries can boast of GDP of USD 2.5 Trillion to become the 8th largest global economy
- This represents a huge potential for intra-African timber trade/market and opportunities for job creation and sustainable development
- For this to happen, we make the following recommendations

Recommendations

- ❖ Sustainable intra-African/free trade in forest products will require:
 - *Enhancing capacities to sustainably manage Africa's forests*
 - *Promotion of Intra-African trade and business ethics*
 - *Value-addition to wood products*
 - *Forest Certification*
 - *Countries must be truthful to the Free Trade Agreement*
 - *Improvement in trans-continental infrastructure*
 - *Building sustainable institutions and partnerships across sectors and economies*
 - *Good governance and fight against corruption*
 - *Enhancing security of lives and investments through the combating of terrorism, particularly in the Sahel*

THANK YOU