

# Legislation and Other Initiatives for Legal Timber Trade in China

ITTO Project PP-A/56-342B

“Analysis of Timber Legality Assurance Systems  
and Good Practices in China and Viet Nam for Sustainable Timber Trade”

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## **Legislation and other initiatives for legal timber trade in China**

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## Acronyms

CAF	China Academy of Forestry
CNFPIA	China National Forest Products Industry Association
China RFA	China Responsible Forest Product Trade and Investment Alliance
CTWPDA	China Timber & Wood Products Distribution Association
NFGA	National Forestry and Grassland Administration
RIFPI	Research Institute of Forestry Policy and Information (of China Academy of Forestry)
SFA	State Forestry Administration (predecessor to the National Forestry and Grassland Administration)

## Abstract

The 2019 revision of China's Forest Law explicitly prohibited the handling of timber known to originate from illegal logging. This report analyses the state of implementation of this law based on interviews with some experts in China including government officers, industry association and NGOs, as well as seminars, various websites, and publications.

Although an Implementation Regulation for the revised Forest Law has not yet been issued, the law has already been put into practice combining the Implementation Regulation enacted in 2018 and the administrative discretion of provinces. Administrative penalties for the procurement of illegally harvested timber in the country have already been imposed. It is also recognized that the scope of such penalties includes imported timber.

Yet, the revised Forest Law does not indicate clear criteria concerning the extent to which due diligence should be conducted to determine whether timber procured comes from illegal logging or not. It also remains unclear whether such standards will be clarified in the future.

## 1. Introduction

Over the past few decades, efforts have been ongoing worldwide to crack down on illegally logged timber in timber-consuming countries to promote sustainable forest management. In 2008, the United States amended the Lacey Act. Likewise, in 2010, the EU Timber Regulation was adopted. Australia enacted its Illegal Logging Prohibition Act in 2012, Japan enacted the Clean Wood Act in 2016, and the Republic of Korea amended its Act on the Sustainable Use of Timbers in 2017.

China also revised its Forest Law in 2019 (to take effect in 2020) to explicitly prohibit the purchasing, processing, and transporting of illegally logged timber. The government and industry organizations have also supported business operators' efforts to verify legality. China is currently the world's largest importer of timber while its domestic timber supply has increased in these years. Recently, China has been strongly impacted by the US-China trade war, the COVID-19 pandemic, and changes in supply chains due to the war in Ukraine and the resulting international surge in timber prices. Ensuring sustainable timber procurement based on cooperative relationships with timber-producing countries, especially Belt and Road Initiative countries, has been recognized as a critical matter and the importance of compliance with the laws and regulations of the timber-producing countries to procure timber is insisted on<sup>1</sup>. This report analyses this current state of affairs. The data used in this report were obtained through interviews with the NFGA / CAF and the China Timber & Wood Products Distribution Association (CTWPDA)<sup>2</sup>, as well as participation in seminars, and information from various websites and publications.

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<sup>1</sup> Chen (2022) Presentation at 12th China Global Wood Trade Conference, Nanning, China

<sup>2</sup> China Timber & Wood Products Distribution Association (CTWPDA) (中国木材与木制品流通协会)

## 2. Timber Supply and Demand in China

### 2.1. Timber Supply

According to CTWPDA<sup>3</sup>, China's domestic supply of round log in 2021 was 98.88 million m<sup>3</sup>, while log imports totaled 104.51 million m<sup>3</sup>, for a self-sufficiency ratio of 49%. In 2006, domestic round log supply was 66.12 million m<sup>3</sup>, while imports were 40.77 million m<sup>3</sup>. Thus, over the past 15 years, domestic supply has shown a 1.5-fold increase, while imports showed a 2.6-fold increase and exceeded domestic production in volume.

#### 2.1.1. Domestic Production

Recent years have brought significant changes in the major supply regions for timber production in China. According to the Science Portal China<sup>4</sup>, in the past the Northeast region, including Heilongjiang and Jilin provinces, and the East region, including Fujian and Hunan provinces, were the major timber production areas. However, production in the Northeast region has been on the decline, while production in the Guangxi Zhuang Autonomous Region has continued to increase, by 2021 accounting for 35% of the total national production of 102.57 million m<sup>3</sup>. Logging of natural forests has been essentially banned in China since 2017, most of the round log supplied domestically are from plantations of eucalyptus, poplar, and other trees accordingly. The majority of round log produced domestically are from hardwood trees. According to FAOSTAT<sup>5</sup>, the production of hardwood logs for sawn timber and veneer in 2021 was 83.41 million m<sup>3</sup> (87% of total log production in China), while softwood log production was 12.95 million m<sup>3</sup> (13%).

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<sup>3</sup> CTWPDA (2022) Presentation at 12th China Global Wood Trade Conference, Nanning, China

<sup>4</sup> Science Portal China <[https://spc.jst.go.jp/statistics/stats\\_index.html](https://spc.jst.go.jp/statistics/stats_index.html)>

<sup>5</sup> <https://fenix.fao.org/faostat/internal/en/#data>



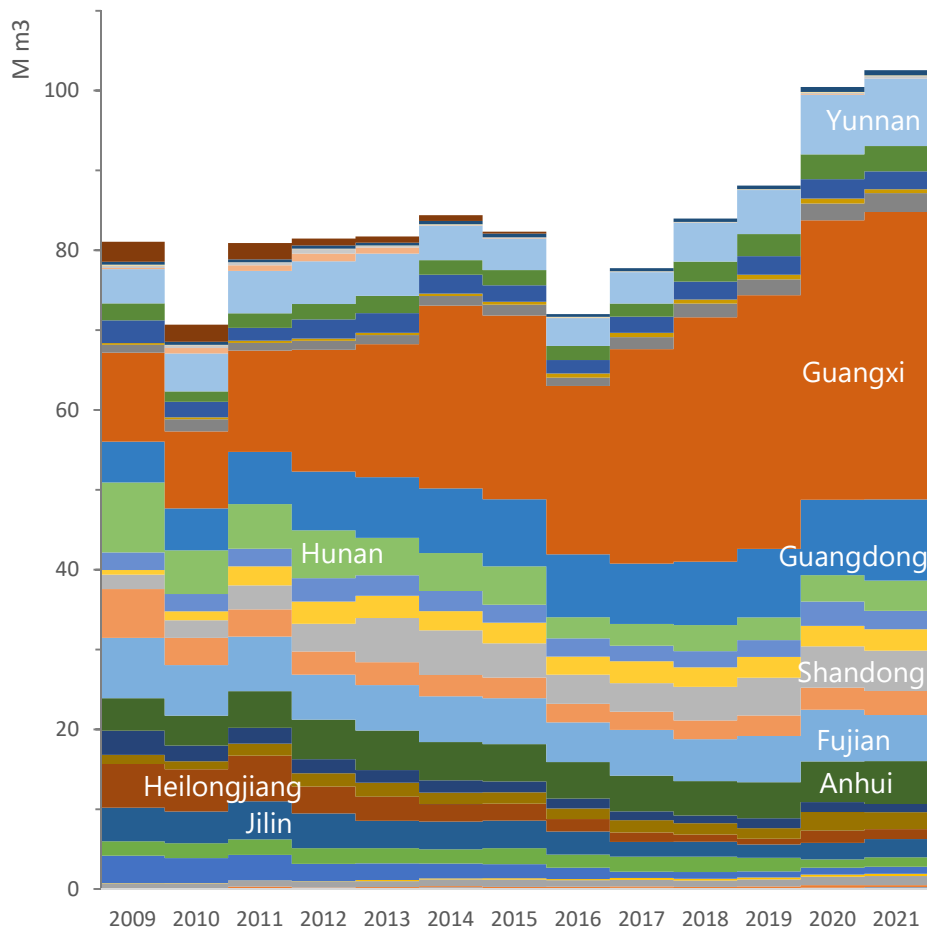


Figure 1 Trend in log production by province

Source: Science Portal China

### 2.1.2. Imports

Round log, sawn timber, wood chips, and pulp make up the majority of China's imports of timber and timber products. According to Comtrade<sup>6</sup>, imports of wood and wood products (HS Codes 44, 47, 940330-60) totaled USD 37.8 billion in 2020. Although imports have continued to increase since the 1990s, the rate of increase has slowed down in recent years. China accounted for 66% of total global imports of round log, 24% of sawn timber, 48% of wood chips, and 48% of pulp, making it the world's largest importer of each.

<sup>6</sup> <https://comtrade.un.org/>

Moreover, many of China's timber importers not only import timber and timber products from overseas operators. They also obtain their own logging concessions in the timber producing countries, including Russia and African countries, harvesting the timber for export to China.

An important aspect for countermeasures on illegal logging is the import of a group of premium tree species known as *hongmu* (红木) in China. *Hongmu*, traditionally used as a raw material for furniture and craft works, includes rosewood and many other CITES-listed tree species. In 2000, the Chinese government established national standards for *hongmu*<sup>7</sup>, which were later revised in 2017. According to these standards, *hongmu* includes 29 species in five genera of the Fabaceae and Ebenaceae families.

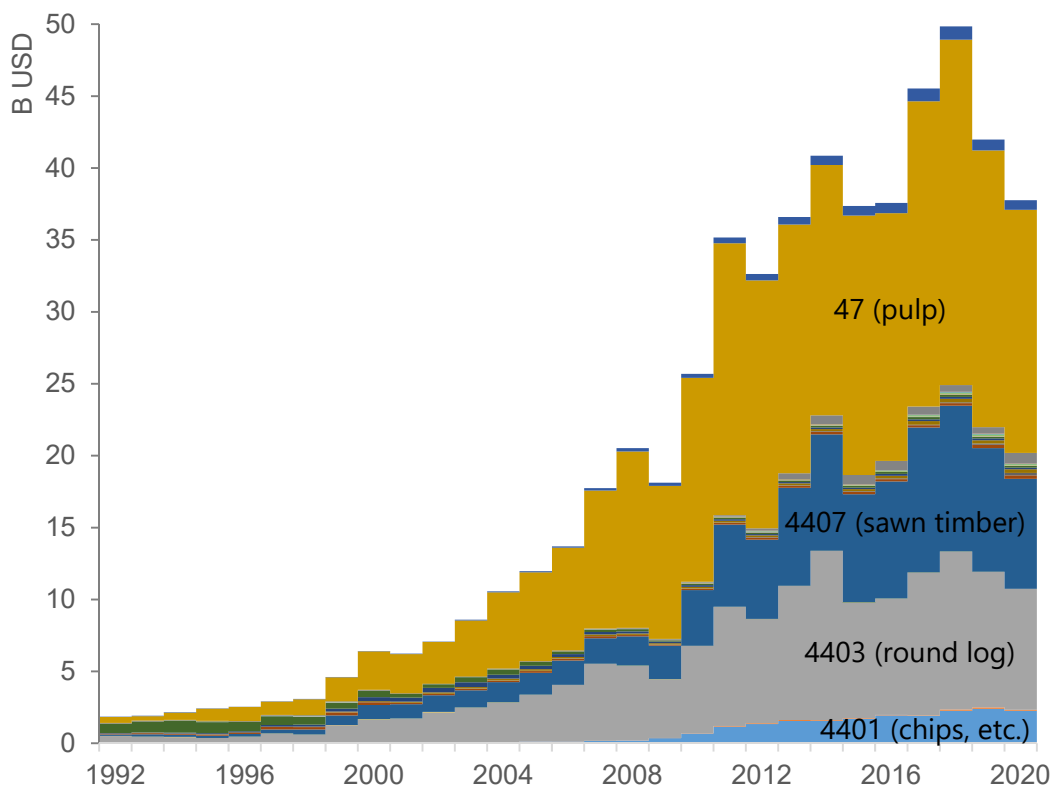


Figure 2 Trends in China's imports of timber and timber products

Source: Comtrade

<sup>7</sup> GB/T 18107-2017. The revision followed taxonomical reclassification of the species, and did not include or exclude particular species.

## Round log

According to Comtrade, China's log imports in 2020 totaled 59.8 million m<sup>3</sup>, with top suppliers being EU, New Zealand, Russia, Australia, and the United States. According to CTWPDA, imports in 2017 were 38.24 million m<sup>3</sup> of softwood logs, 10.45 million m<sup>3</sup> of tropical hardwood logs, and 6.72 million m<sup>3</sup> of non-tropical hardwood logs (CTWPDA, 2017). On the other hand, China is the largest log export destination for Russia, Papua New Guinea, and the Solomon Islands, as well as for many African countries.

According to CTWPDA (2022), imports of hardwood logs changed little between 2012 and 2021, whereas imports of softwood logs nearly doubled. This indicates that the increase in demand for hardwood logs was met primarily by an increase in the supply of domestically produced hardwood logs, while the increase in demand for softwood logs was met primarily by an increase in imports. Moreover, according to CTWPDA, imports of *hongmu* logs totaled 910,000 m<sup>3</sup> in 2016, of which 806,000 m<sup>3</sup> were imported from Africa, accounting for 20% of log imports from Africa in the same year (CTWPDA, 2017).

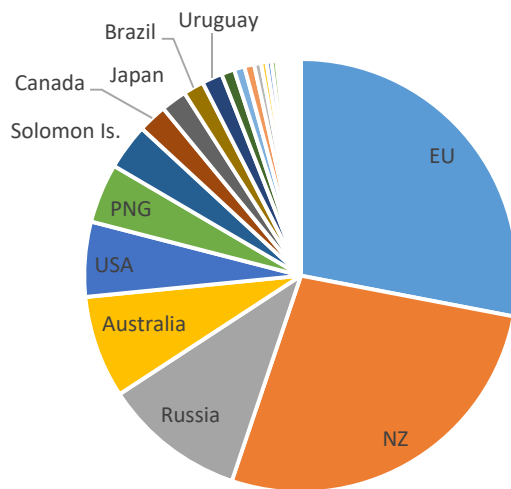


Figure 3 Imports of round log in 2020

Source: Created by author based on Comtrade

## Sawn timber

According to Comtrade, China's imports of sawn timber in 2020 were 34 million m<sup>3</sup>, with Russia, EU, Thailand, Canada, and the US as the top suppliers. According to CTWPDA, imports in 2017 were 25.05 million m<sup>3</sup> of softwood timber, 7.45 million m<sup>3</sup> of tropical hardwood timber, and 4.9

million m<sup>3</sup> of non-tropical hardwood timber (CTWPDA, 2017). Of the tropical hardwood timber, 5.36 million m<sup>3</sup> was rubber wood, most of which was imported from Thailand, although imports from Vietnam have increased in recent years. Sawn timber imported from Africa totaled 788,000 m<sup>3</sup>, of which 417,000 m<sup>3</sup> (53%) were imports from Gabon, a country that has banned the export of round log since 2011. The volume of *hongmu* timber imports in 2017 was 148,000 m<sup>3</sup>, of which 96,000 m<sup>3</sup> was from Asia and 52,000 m<sup>3</sup> from Africa.

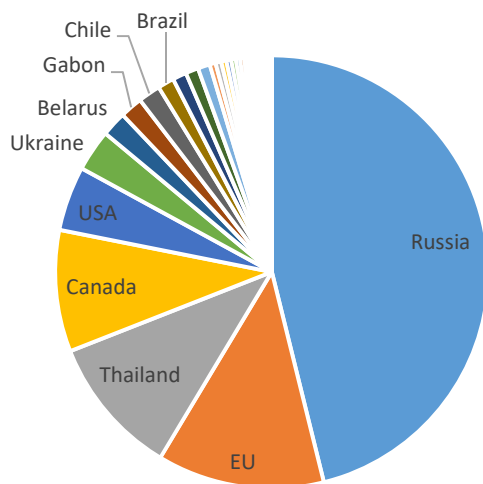


Figure 4 Imports of sawn timber in 2020

Source: Comtrade

### Wood chips and pulp

According to Comtrade, China's wood chip imports in 2020 totaled 13.55 million tonnes, with Vietnam, Australia, Chile, and Brazil as the top suppliers. Meanwhile, pulp imports totaled 37.5 million tonnes, with Brazil, US, Canada, Indonesia, and Chile at the top.

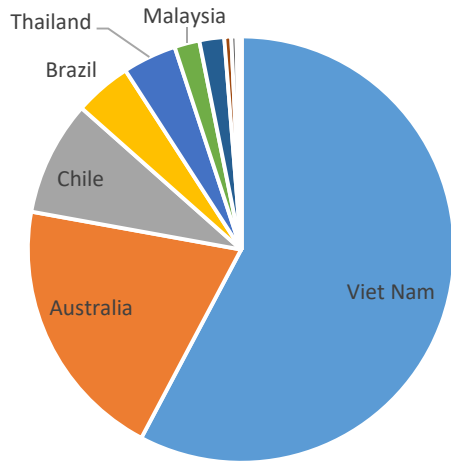


Figure 5 Imports of wood chips in 2017  
Source: Comtrade

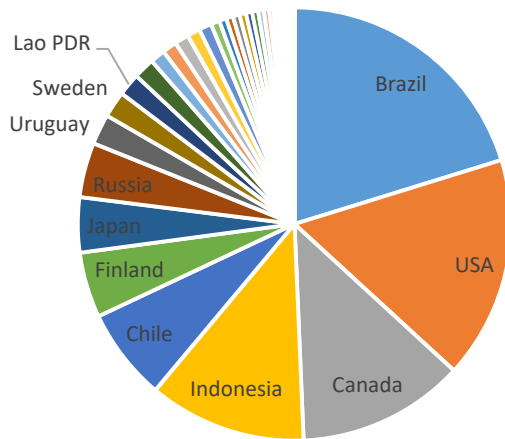


Figure 6 Imports of pulp in 2017  
Source: Comtrade

## 2.2. Timber Demand

According to Comtrade, China's exports of timber and timber products<sup>8</sup> in 2020 totaled USD 25.48 billion. Exports have been increasing since the 1990s, but have stabilized in recent years, with plywood (4412) exports on a downward trend. Wooden furniture (HS code 940330-60) was the largest export by item, followed by plywood (4412) and other wood products (4421).

The majority of round log, sawn timber, and plywood produced in China or imported into China are consumed domestically. According to CTWPDA, China consumed 237.82 million m<sup>3</sup> of round log in 2016 (CTWPDA, 2017). However, according to FAOSTAT, the country exported only 49,000 m<sup>3</sup> of round log and 197,000 m<sup>3</sup> of sawn timber in 2020. While plywood production in China was 76.46 million m<sup>3</sup>, their export volume were still only about 10%, amounted to 7.97 million m<sup>3</sup>.

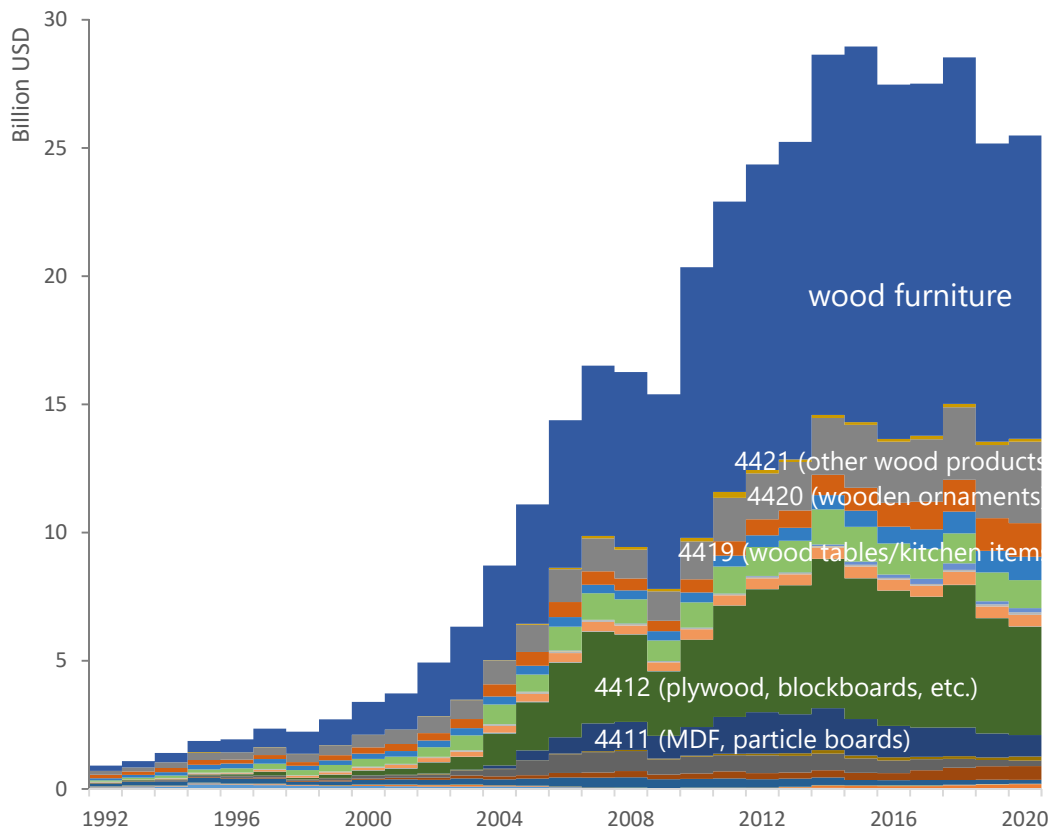


Figure 7 Trend in China's exports of timber and timber products

Source: Comtrade

<sup>8</sup> HS codes 44, 47, 940330-60

## 3. China's Forest Law

### 3.1. Forest Law Prior to 2019 Revision

China's Forest Law<sup>9</sup> was adopted in 1984, following the enforcement law stage in 1974, and was subsequently amended in 1998 and 2009. These versions are hereinafter referred to as the "former Forest Law". The former Forest Law required permits for logging, transport, and processing of domestically produced timber. However, provisions for the handling of timber from illegal logging did not exist. Moreover, a Regulation on the Implementation<sup>10</sup> of the former Forest Law was issued in 2000 and revised in 2011, 2016, and 2018. These implementation regulations did not stipulate detailed rules regarding permits for processing etc..

On the other hand, the Criminal Law<sup>11</sup> enacted and enforced in 1997, stipulates penalties not only for illegal or arbitrary felling that violate the provisions of the Forest Law, but also for the purchase or transport of timber derived from illegal or arbitrary felling.

*Article 345. [crime of stealthily felling trees] Whoever stealthily fells trees, bamboo, etc. in forest or woods, if the amount involved is relatively large, shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall in addition, or shall only, be fined; if the amount involved is huge, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall, in addition, be fined; if the amount involved is especially huge, he shall be sentenced to fixed-term imprisonment of not less than seven years and shall, in addition, be fined.*

*[crime of arbitrarily felling trees] Whoever, in violation of the provisions of the Forestry Law, arbitrarily fells trees, bamboo, etc. in forest or woods, if the amount involved is relatively large, shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall, in addition, or shall only, be fined; if the amount involved is huge, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall, in addition, be fined.*

*[crime of illegal purchase and transport of timber from stealthily or arbitrarily felled trees] Whoever illegally purchases or transports trees, bamboo, etc. which he clearly knows are felled stealthily or arbitrarily, if the circumstances are serious, shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall, in addition, or shall only, be fined; if the circumstances are especially serious, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall, in addition, be fined.*

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<sup>9</sup> Forest Law of the People's Republic of China (中华人民共和国森林法)

<sup>10</sup> Regulation on the Implementation of the Forestry Law of the People's Republic of China (中华人民共和国森林法实施条例)

<sup>11</sup> Criminal Law of the People's Republic of China (中华人民共和国刑法)

<<https://www.cecc.gov/resources/legal-provisions/criminal-law-of-the-peoples-republic-of-china>>

*Whoever stealthily or arbitrarily fells trees, bamboo, etc. in forest or woods of nature reserves at the national level shall be given a heavier punishment.*

Regarding stipulations related to the "clearly knows (明知) are felled stealthily or arbitrarily" text, the "XuGuoPing (徐果萍关注网)" online encyclopedia on laws and regulations explains that in the following situations, unless one can prove having been deceived, it is presumed that one should have known.<sup>12</sup>

*(1) Purchasing of timber from illegal timber exchanges or sales units*

*(2) Purchasing of timber sold at a price significantly lower than the market price.*

*(3) Acquiring of timber sold in violation of regulations*

The same website also explains the "circumstances are especially serious" reference, to be "those who have committed multiple crimes, those who have committed a relatively large number of crimes and have not reformed despite repeated warnings, those who have obstructed the performance of duties by managers, and those who have had negative impacts on society".

According to "Authorities, Regulatory Regime, Laws and Policies for China's Wood Processing Industry, 2021" on the INSIGHT AND INFO (观研天下 (北京) 信息咨询有限公司) website<sup>13</sup>, in 2013, the National Forestry and Grassland Administration (NFGA) issued a "Notice on issues related to regulations for surveillance and management of timber transport inspection (规范木材运输检查监督管理有关问题的通知)". This notice stipulated that provincial, autonomous regions, and municipal forestry authorities must establish timber inspection stations and surveil illegal timber transport, as follows.

*Establishment of Inspection Submission and Tracking System: Each level of forestry authority shall effectively establish and improve its timber transport inspection submission and tracking system in accordance with case-level jurisdictional and management strata requirements. Forestry departments at each level, in accordance with their jurisdictional authority, shall earnestly track issues related to illegal transport of timber, identify causes of illegal transport, and hold the relevant departments and responsible persons accountable according to law. Timber inspection stations shall submit monthly reports on the inspection of timber transport and the handling of cases of illegal timber transport during the month to the forestry departments having jurisdiction. The forestry authorities of provinces, autonomous regions, and municipalities under direct control of the Central Government shall report annually to the State Forestry Administration<sup>14</sup> on timber transport inspections and the handling of illegal timber transport cases, as well as any retroactive results.*

Besides, the "List of National Key Protected Wild Plants of China (First round)" approved by the State Council in 1999 and issued by the State Forestry Administration and the State

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<sup>12</sup> <https://xuguoping.net/guanzhu/q-2302.shtml>

<sup>13</sup> <https://zhengce.chinabaogao.com/jiancai/2021/01U2T602021.html>

<sup>14</sup> SFA; predecessor to the National Forestry and Grassland Administration (NFGA)



Administration of Agriculture also includes the protection and management of Hongmu and some other tree species.

### 3.2. Revised Forest Law

The Forest Law was revised in 2019 and went into effect on 1 July 2020. This law is hereinafter referred to as the "revised Forest Law". The revised Forest Law abolished the system for transport and processing permits, while adding Article 65 on the handling of timber known to have originated from illegal logging. Penalties for violation of the Article 65 were also added as Article 78.

*Article 65<sup>15</sup>. Any timber operating or processing enterprise shall keep a standing book for entry and exit of raw materials and products of woods (原料和产品出入库台账). No organization or individual may purchase, process, and transport woods in full awareness of their illegal origins such as illegal felling or wanton deforestation.*

*Article 78. Anyone who, in violation of the provisions of this Law, purchases, processes, or transports woods in full awareness of their illegal origins such as illegal felling or wanton deforestation, shall be ordered by the competent authorities of forestry of the people's government at or above the county level to cease the illegal activities and confiscated of the woods illegally purchased, processed, and transported or the income from sale, and may be imposed a fine with no more than three times of the price of the woods illegally purchased, processed, and transported.*

To implement the revised Forest Law, the National Forestry and Grassland Administration issued Notice No. 19 of 2020, "Notice on the Enforcement of the New Revised Forest Law by the National Forestry and Grassland Administration"<sup>16</sup>, on 20 February 2020. The notice contains the following statements.

*When a timber transport permit approval ... is revoked, the forestry and grassland authorities in charge of carrying out approval must ensure that notification is duly conducted, and that no applications for related approvals are accepted after 1 July 2020. After the revocation of timber transport permits, the supervising forestry and grassland departments shall reform their surveillance methods and, in accordance with the provisions of Articles 65 and Article 78 of the revised Forest Law, investigate and deal with transports of timber found to be of illegal origin, including theft and wanton deforestation, and impose administrative penalties.*

As mentioned above, the handling of illegally logged timber was already subject to penalties under Article 345 of the Criminal Law. However, the provisions of Article 65 of the revised Forest Law

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<sup>15</sup> The English translation of the revised Forest Law is quote from <  
[https://english.mee.gov.cn/Resources/laws/envir\\_relatedlaws/202102/t20210207\\_820735.shtml](https://english.mee.gov.cn/Resources/laws/envir_relatedlaws/202102/t20210207_820735.shtml)>

<sup>16</sup> Notice on the Enforcement of the New Revised Forest Law by the National Forestry and Grassland Administration (国家林业和草原局关于贯彻实施新修订森林法的通知), <<http://www.forestry.gov.cn/main/4461/20200228/095705890649327.html>>

received international attention because they represented the first time that the handling of illegally logged timber was explicitly banned in the Forest Law.<sup>17</sup>

Article 65 of the revised Forest Law does not clearly indicate whether imported timber is subject to the law in addition to domestic timber, the criteria for determining if timber is known to be of illegal origin, nor what information must be included in import/export ledgers.

In September 2021, when conducting an interview with an expert from the NFGA, this author was told that imported timber would also be included. Based on the fact that the NFGA has provided technical assistance to timber importing companies in line with Article 65 of the revised Forest Law, it is almost certain that imported timber is to be included.

On the matter of being "in full awareness (明知) of their illegal origins such as illegal felling or wanton deforestation", provisions seem to be the same as "clearly knows (明知) are felled stealthily or arbitrarily" in Article 345 of the Criminal Law. However, considering explanations in the XuGuoPing online encyclopedia on whether or not timber is "sold in violation of regulations", the level of due diligence required remains unclear.

This information generally was expected to be specified in an Implementation Regulation. But as of January 2023, three years after enactment, regulations on implementation of the revised Forest Law have yet to be issued. A draft of the regulations on implementation were released in 2022 for public comment, but did not include any provisions regarding Article 65. The following are two explanations for this omission.

Mr. Sheng Sun of Vermont Law and Graduate School, in a presentation at the Forest Legality Week 2022 in October 2022, expressed the view that the reason could be that the Chinese government does not need more detailed regulations. As mentioned above, for the former Forest Law, detailed rules on transport permits etc. were not included in the Implementation Regulation, and were stipulated in notices from the NFGA. Likewise, the possibility can be considered that detailed rules for Article 65 will be stipulated by notices from the NFGA and from provinces.

Meanwhile, Dr. Chen Yong, an expert from the NFGA/CAF, stated in a presentation at the 8th Regional Training Workshop on Timber Legality Assurance (TLA-8) held in December 2022, that following the release for public comment, comments have been received from foreign governments and international organizations and are currently under consideration. He also indicated that the Implementation Regulation is expected to be issued in 2023.

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<sup>17</sup> For example, on the EIA website, <<https://us.eia.org/press-releases/20200120-eia-welcomes-new-law-to-ban-illegal-timber/>>

### 3.3. State of Enforcement of the Revised Forest Law

As mentioned above, implementation regulations corresponding to the revised Forest Law have yet to be issued as of February 2023. However, enforcement of the revised Forest Law has already begun. On 16 December 2022, the NFGA issued the Notice on State Forestry Projects No. 17 of 2022<sup>18</sup>, constituting the following provisions in combination with the 2018 implementation regulations.

*Matters relating to the issuance of logging permits as stipulated in Article 57, Paragraph 1 of the Forest Law of the People's Republic of China shall be entrusted to the forestry and grassland authorities (regional) of the Inner Mongolia Autonomous Region, Jilin Province, and Heilongjiang Province in accordance with Article 32, Paragraph 3 of the Regulation on the Implementation of the Forest Law of the People's Republic of China...*

Moreover, as the following two cases demonstrate, administrative penalties were imposed for the purchase of timber "in full awareness of their illegal origins" based on Article 65 of the revised Forest Law and the administrative discretion of the province. However, in each case, it is not clear how it was determined that the timber was purchased "in full awareness of their illegal origins".

- On 2 December 2021, the Forestry Bureau of Lushan County, Pingdingshan City, Henan Province (河南省平頂山市魯山縣), confiscated timber from a person who had purchased illegally logged oak timber and fined the purchaser a total of RMB 2,432, or 1.8 times the price of the timber, in accordance with Article 65 of the Forest Law and administrative discretion (trial) exercised by Henan Province for the Forest Law of the People's Republic of China.<sup>19</sup>
- On 15 April 2022, the Natural Resources Bureau of Xianju County, Taizhou City, Zhejiang Province (浙江省台州市仙居縣), imposed an administrative penalty for the purchase and processing of illegally logged pine boards by villagers in the county and operators of the processing plant<sup>20</sup>. The County Natural Resources Bureau conducted hearings and on-site inspections of the operators. In accordance with Article 65 of the Forest Law and Standards for Execution of Administrative Discretion on Administrative Penalties in the Major Forestry Industry of Zhejiang Province<sup>21</sup>, it issued the "Notice of Administrative Penalty<sup>22</sup> No. 72 of 2022", ordering the suspension of illegal procurement of pine logs, and a fine totaling RMB 6,214, or double the price of the illegally purchased and processed timber.

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<sup>18</sup> <http://www.forestry.gov.cn/main/4461/20230110/145151410587515.html>

<sup>19</sup> <http://www.xayzthm.com/upload/files/2022/2/211965861.pdf>

<sup>20</sup> [http://www.zjxj.gov.cn/art/2022/4/20/art\\_1636623\\_58972549.html](http://www.zjxj.gov.cn/art/2022/4/20/art_1636623_58972549.html)

<sup>21</sup> Standards for Execution of Administrative Discretion on Administrative Penalties in the Major Forestry Industry of Zhejiang Province (浙江省主要林业行政处罚裁量权实施标准)

<sup>22</sup> Notice of Administrative Penalty (行政处罚事先告知书)

## 4. Voluntary Initiatives in China

### 4.1. Forest Certification and Legality Certification

Even prior to revision of the Forest Law, Chinese businesses exporting timber products to the West obtained FSC and other forest certifications in response to the demands of their customers. According to Preferred by Nature<sup>23</sup>, 16,776 businesses in China had obtained FSC certification as of 2020. Moreover, the China Forest Certification Implementation Regulation was formulated in 2009, and the China Forest Certification Council (CFCC) was established in 2010 as operation of the China Forest Certification Scheme (CFCS), China's own certification system, began. The CFCS received mutual recognition from the PEFC in 2014.

Meanwhile, the China National Forest Products Industry Association (CNFPPIA)<sup>24</sup> had formulated CNFPPIA standards for timber legality verification in China<sup>25</sup> (T/CNFPPIA 4002-2017) in 2017. These standards apply to both domestic and imported timber, with the following conditions for legality.

- 1) Forest management: corporate registration, payment of taxes, compliance with domestic laws and regulations, tenure, harvesting permits, forest management plans
- 2) Series of management requirements: timber legality requirements for processing and trade, development of timber legality management system, verification of legality of domestic and imported timber, documentation management, transport, marketing.

The CNFPPIA encourages its member companies to procure according to these standards, but does not make them mandatory.<sup>26</sup>

Meanwhile, the "China Timber Legality Verification Implementation and Standard System"<sup>27</sup> was proposed in 2015. Then in 2017, the "Research and Technical Guidelines on Formulation of a Due Diligence System for Timber Legality in China"<sup>28</sup> is released, in which the China Timber Legality Due Diligence System<sup>29</sup> is laid out.

Likewise, the China Responsible Forest Product Trade and Investment Alliance (China RFA), established in 2016, started the China Timber Legality Supply Chain Management and Risk Assessment Platform<sup>30</sup> on its website. It explains that upon successful review by the platform, one can obtain a timber legality due diligence certificate, and join the National Innovation Alliance

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23 Preferred by Nature (2022) Presentation at 12th China Global Wood Trade Conference

24 China National Forest Products Industry Association (中国林产工业协会)

25 中国林产工业协会团体标准中国木材合法性认定

26 According to an interview with National Forestry and Grassland Administration expert in August 2021

27 中国木材合法性验证实施与标准体系

28 中国木材合法性尽职调查体系构建研究与技术指南

29 中国木材合法性尽职调查体系

30 中国木材合法性供应链管理与风险评估平台 <<http://sso.chinarfa.net/#/dds>>

for Trade and Investment in Forest Products<sup>31</sup>. In 2021, the National Innovation Alliance for Forest Products Trade and Investment released a rapid assessment version of the China Timber Legality Risk Assessment Platform<sup>32</sup> to further support businesses in verifying legality<sup>33</sup>. In 2021, RIFPI made a public offer<sup>34</sup> for companies to participate in a pilot project for this risk assessment platform. The three selected companies began test operation of the risk assessment platform and country specific guidelines<sup>35</sup> for legal timber procurement<sup>36</sup>.

## 4.2. Support for Companies Operating Forestry and Timber Import Business Overseas

Even before the Forest Law was revised, Chinese government agencies and industry organizations have also promoted compliance with local laws and regulations and sustainable forest management for Chinese companies doing forestry business overseas. In 2007, SFA published "A Guide on Sustainable Overseas Silviculture by Chinese Enterprises"<sup>37</sup>. This guide includes chapters on compliance with host country laws and regulations, silviculture planning, biodiversity protection, and the environmental impacts of forestry activities such as forest conversion and community development. In 2009, the SFA also published "A Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises"<sup>38</sup>.

In addition, since 2009, the SFA and CAF have published editions of the "Manual on Sustainable Overseas Forest Management, Trade and Investment by Chinese Enterprises"<sup>39</sup> specifically for Gabon, Guyana, Myanmar, Laos, Russia, Indonesia, and Mozambique. These manuals provide information and practical advice on local laws and regulations aimed at helping companies strengthen environmental and social safeguards in their local operations to promote sustainable forest management. They also include provisions for timber processing and transport, training, and multi-stakeholder negotiations. The manuals have undergone further revision following field testing and review by experts. CAF has also conducted training workshops for Chinese enterprises engaged in overseas forestry operations to support the utilization of the aforementioned "A Guide on Sustainable Overseas Silviculture by Chinese Enterprises" and "A Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises".

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<sup>31</sup> 林產物貿易与投資国家創新連盟

<sup>32</sup> <http://dds.chinarfa.net/#/mobile/index>

<sup>33</sup> [http://chinarfa.cn/xwzx\\_hdkb/iitem\\_id3026\\_mqquzirsapazxmzryjtmw8845651261701202.shtml](http://chinarfa.cn/xwzx_hdkb/iitem_id3026_mqquzirsapazxmzryjtmw8845651261701202.shtml)

<sup>34</sup> [http://www.crfa.net.cn/xwzx\\_gndt/iitem\\_id3077\\_7x1qo5ynswgkwww9qrvztg885064020111202.shtml](http://www.crfa.net.cn/xwzx_gndt/iitem_id3077_7x1qo5ynswgkwww9qrvztg885064020111202.shtml)

<sup>35</sup> 合法木材采购国别指南

<sup>36</sup> [http://www.crfa.net.cn/xwzx\\_gndt/iitem\\_id3095\\_kt8p6mrb3byrt24oj43waw8842500292211202.shtml](http://www.crfa.net.cn/xwzx_gndt/iitem_id3095_kt8p6mrb3byrt24oj43waw8842500292211202.shtml)

<sup>37</sup> 中国企业境外可持续森林培育指南

<sup>38</sup> 中国企业境外森林可持续经营利用指南

<sup>39</sup> 中国林业企业境外可持续经营、贸易和投资国别手册

Furthermore, the CTWPDA has been assisting its members to diversify their timber import sources by organizing targeted group sourcing and B2B meetings, which greatly reduces the risk of sourcing illegal timber. CTWPDA has also created country-specific timber legality checklists for timber importers to verify legality. As of 2022, checklists for timber imports from the Republic of the Congo, Cameroon, Liberia, and Gabon, which includes items on forest usage rights, logging permits, business registration, and export processing, has been released.

The China Responsible Forest Product Trade and Investment Alliance (China RFA)<sup>40</sup> also has a page for country-specific guidelines<sup>41</sup> on its website. However, the number of countries for which information is included remains small.

## 5. Conclusion

China's Forest Law was amended in 2019, and Article 65, which prohibits trade in timber known to have originated from illegal logging, was added. Although trade in illegally logged timber had previously been subject to penalty under the Criminal Law, the stipulations in the Forest Law made the rules clearer. An Implementation Regulation corresponding to the revision has yet to be issued, and it is not yet clear whether it will indicate detailed provisions related to Article 65. However, operation of the Implementation Regulation enacted in 2018, combined with administrative discretion of the provinces, has already begun, and administrative penalties for the purchase of illegally logged timber within the country are already being imposed.

It is considered certain that the revised Forest Law will also cover imported timber. From April to November 2022, this author, based on the cooperation of CTWPDA, conducted interviews in China with 72 timber-related enterprises, many of which were importing timber and timber products. Many of the enterprises interviewed stated the revised Forest Law as the reason for conducting verification of legality for the timber they procure. This indicates that they are trading in timber with an awareness of a functioning Article 65. On the other hand, the level of due diligence that will be required on the legality of logging has not been made clear. It is also unknown whether clarification will be forthcoming. At this point, the government and industry organizations are promoting the voluntary efforts of enterprises by providing manuals and checklists for them. The China Timber Legality Risk Assessment Platform was just launched and pilot projects for interested businesses was initiated. Further improvements are expected based on their experiences.

In the past, the motivation for Chinese enterprises to verify the legality of timber was largely due to external factors, such as demands from customers when exporting products to the West.

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<sup>40</sup> 中国负责任林产品贸易与投资联盟

<sup>41</sup> <http://chinarfa.cn/country/gbxx.shtml>

Accordingly, the wishes of customers were more easily reflected on the level of legality verification called for and the type of documents (e.g. forest certification) considered as proof of legality. On the other hand, considering that the majority of timber imported by China is consumed domestically, this trend was likely limited. It is probable that verification of legality was focused on raw materials for items of high interest to export destinations. However, with the 2019 revision to the Forest Law, all timber-related businesses in China are banned from sourcing, processing, or transporting timber known to have been illegally logged, regardless of whether the timber is bound for domestic or foreign markets. As such, it has become easier for enterprises importing timber products from China to ask their Chinese suppliers on whether or not they have conducted verification of legality and how they have done so.

On the other hand, another consequence of the revision of the Forest Law is that the criteria for determining legality will be determined by China itself, not the Western customers. Developments in recent years such as the US-China trade war, COVID-19, and the war in Ukraine have made it imperative for China to establish mutually beneficial relationships with timber exporting countries to ensure the nation's stable timber procurement. Under the Dual Circulation Strategy, aimed at the mutual promotion and development of the circular flow of both domestic and international economies, the Chinese government and Chinese enterprises are expected to prioritize their efforts based on their own criteria for meeting requirements on legality standards according to what country imports are coming from, and what items and tree species are being imported.

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