

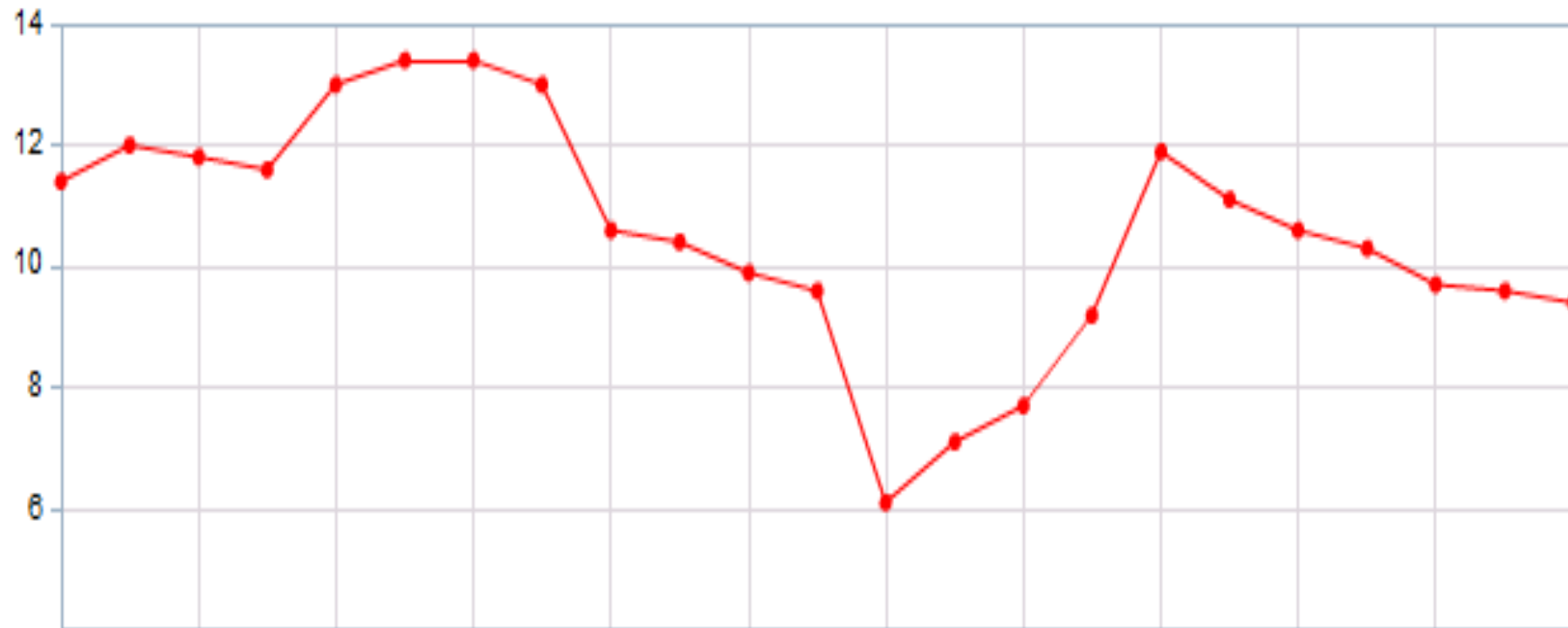


Crisis' Impact on Timber Trade of China

LUO Xinjian

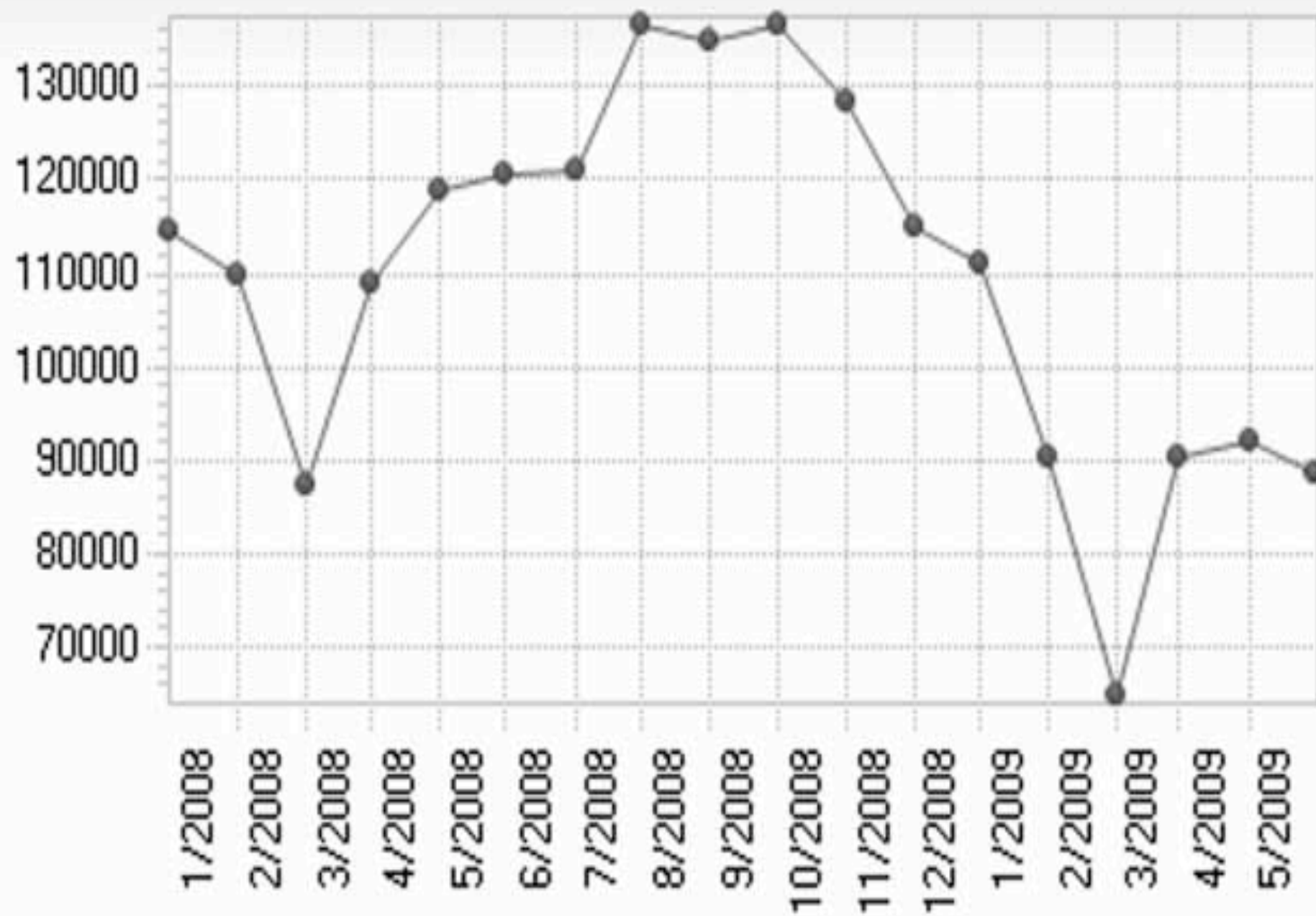
16th ,Nov.2011 ,Guatemala

GDP (%)

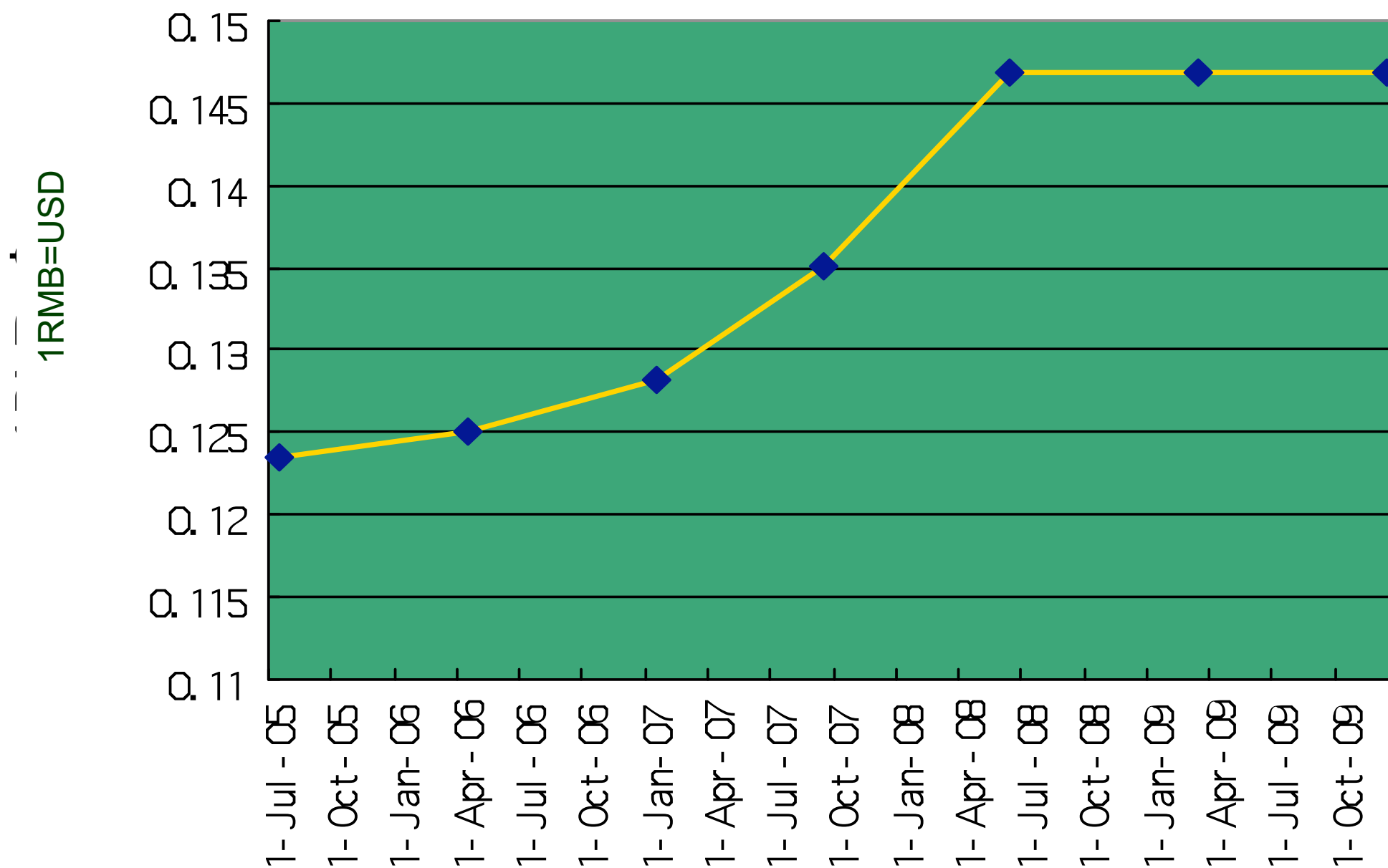


06	06	07	07	08	08	09	09	10	10	11	11
Qr1	Qr3	Qr1	Qr3	Qr1	Qr3	Qr1	Qr3	Qr1	Qr3	Qr1	Qr3

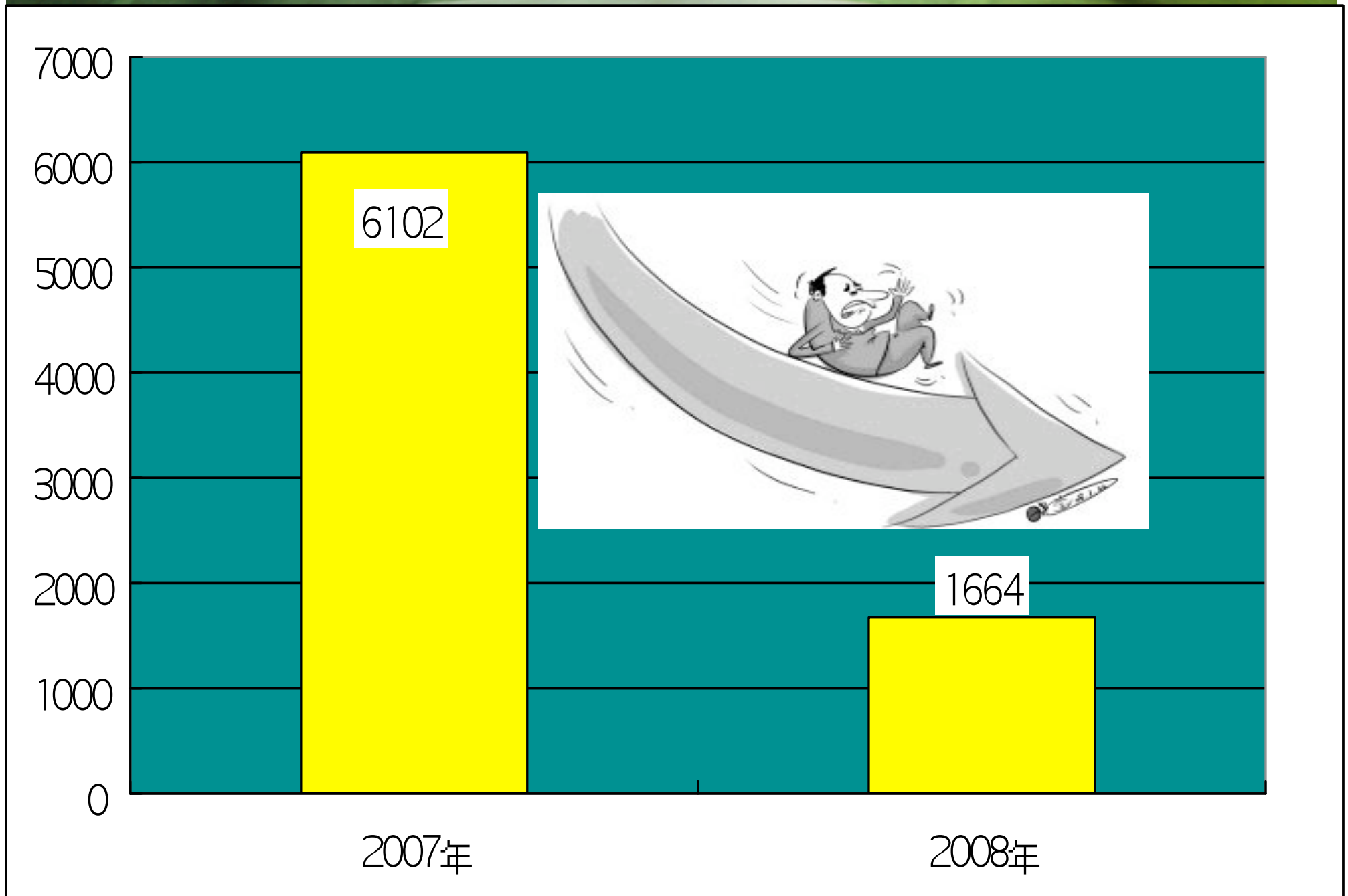
Chinese exports, fob, USD mn



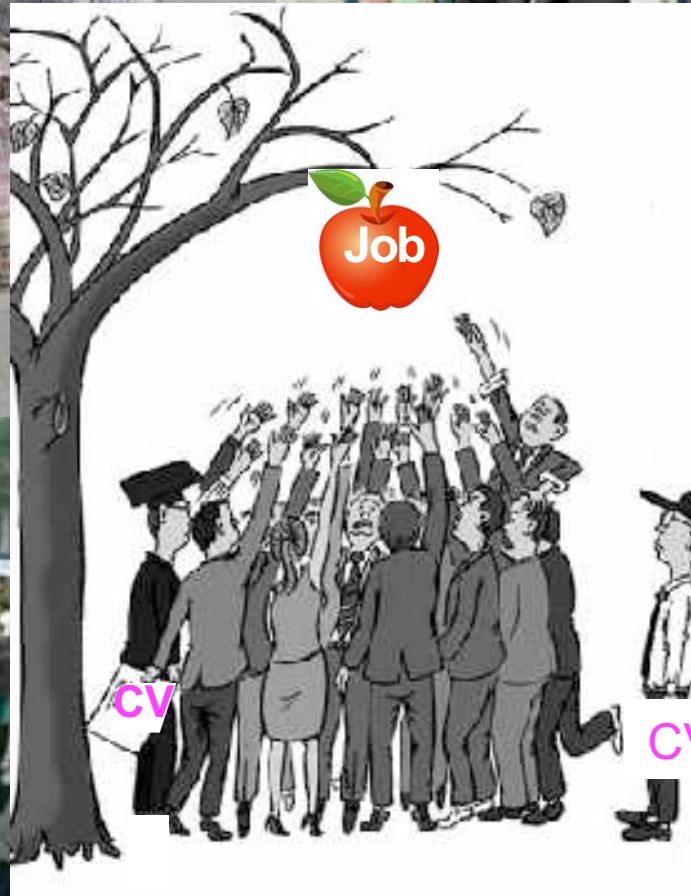
Exchange Rate RMB Against USD



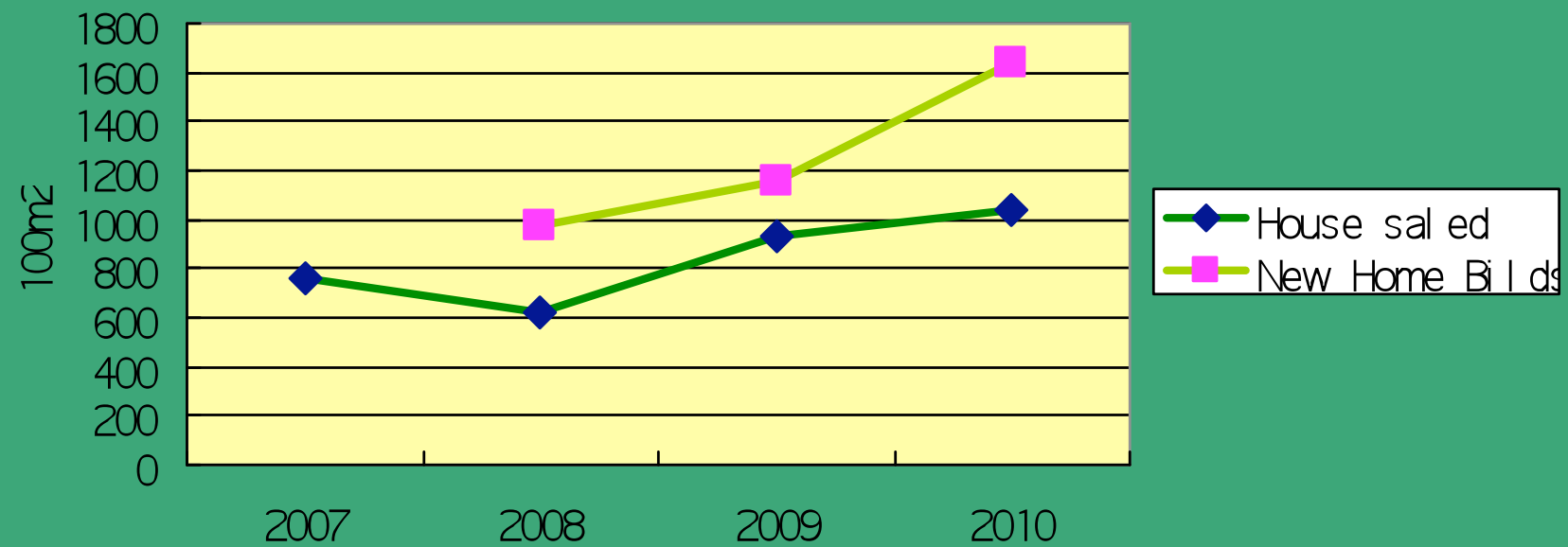
Stock Market Shrank 73%



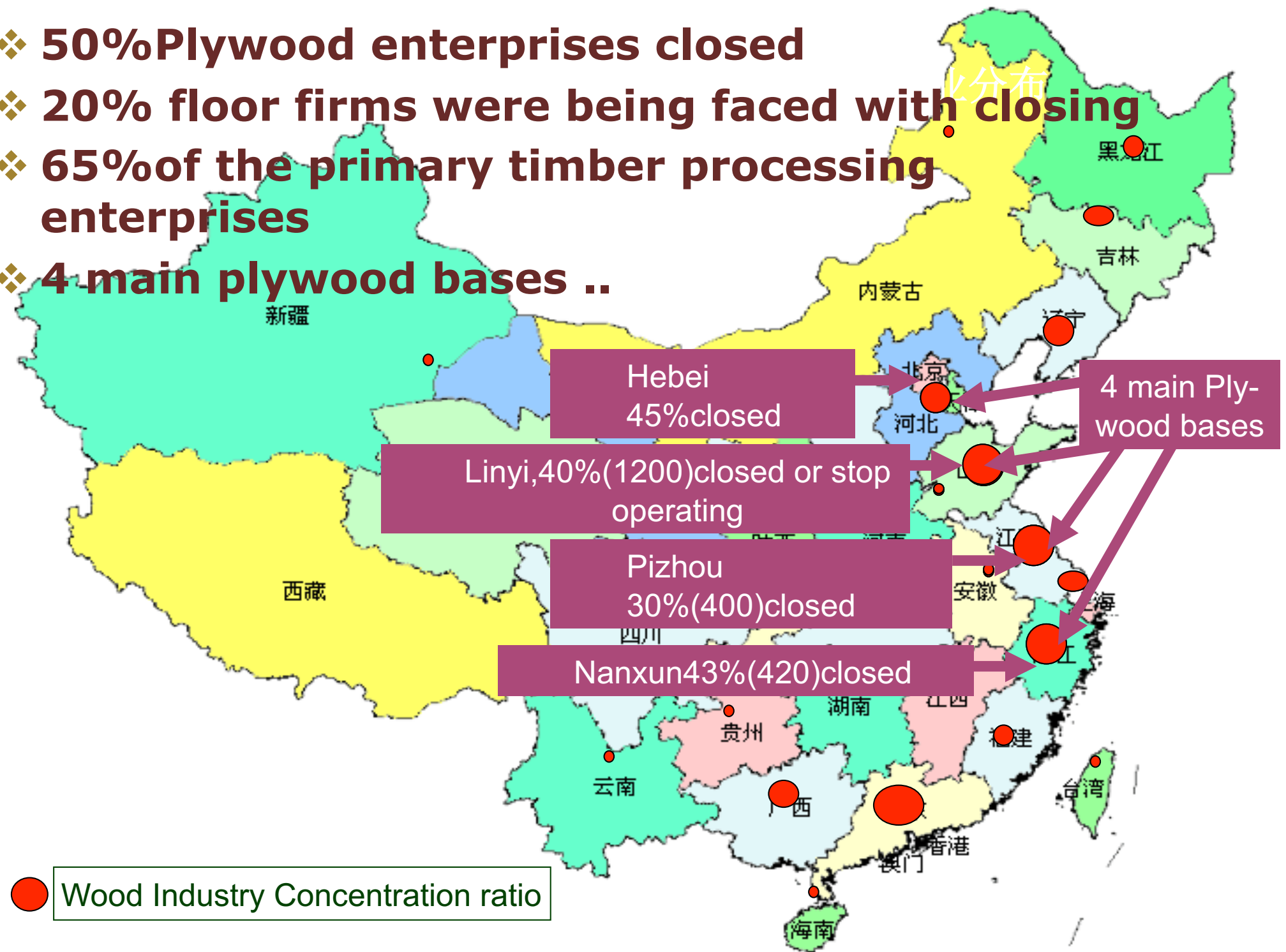
20 Millions Loss Job,End of 2008



New Home Buil ds



- ❖ 50% Plywood enterprises closed
- ❖ 20% floor firms were being faced with closing
- ❖ 65% of the primary timber processing enterprises
- ❖ 4 main plywood bases ..

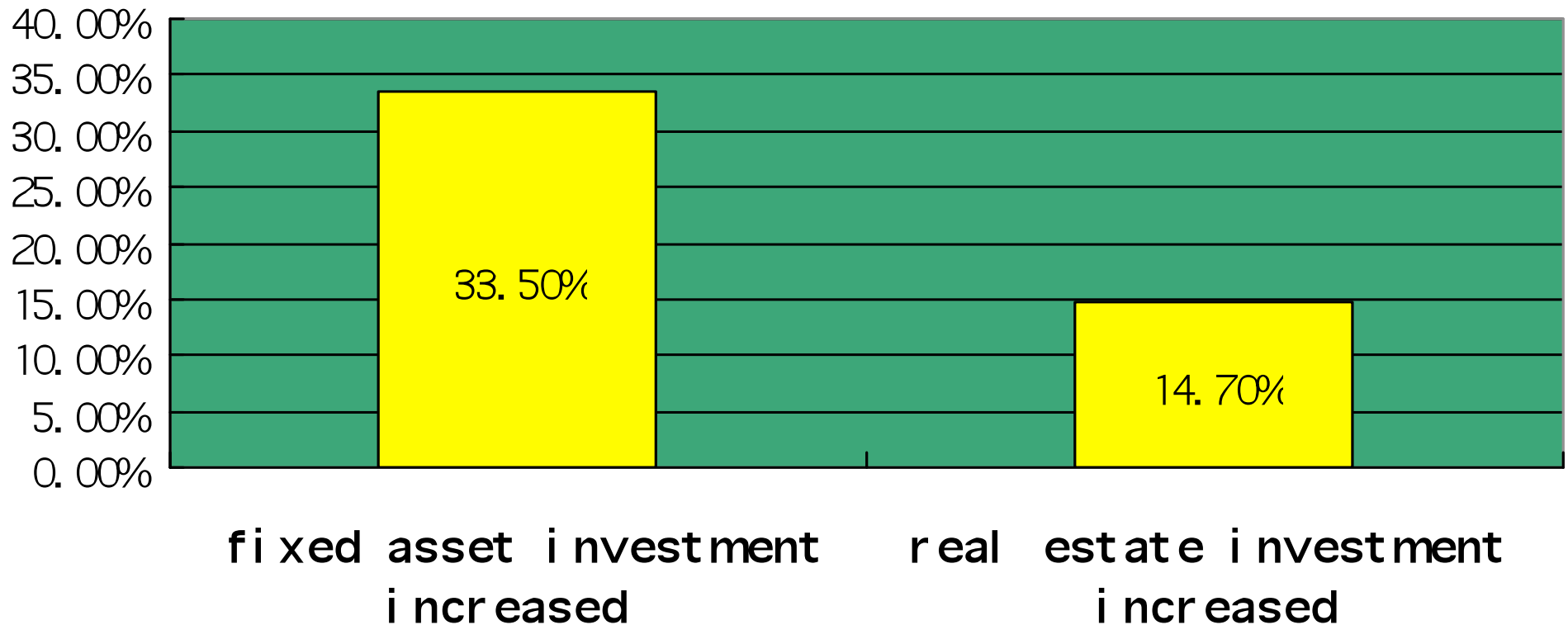


China's Responses to the Crisis

- ❖ A fiscal stimulus RMB of 4, trillion(\$586Billion)
- ❖ Interest rate cut
- ❖ Adjustments in the level of taxes



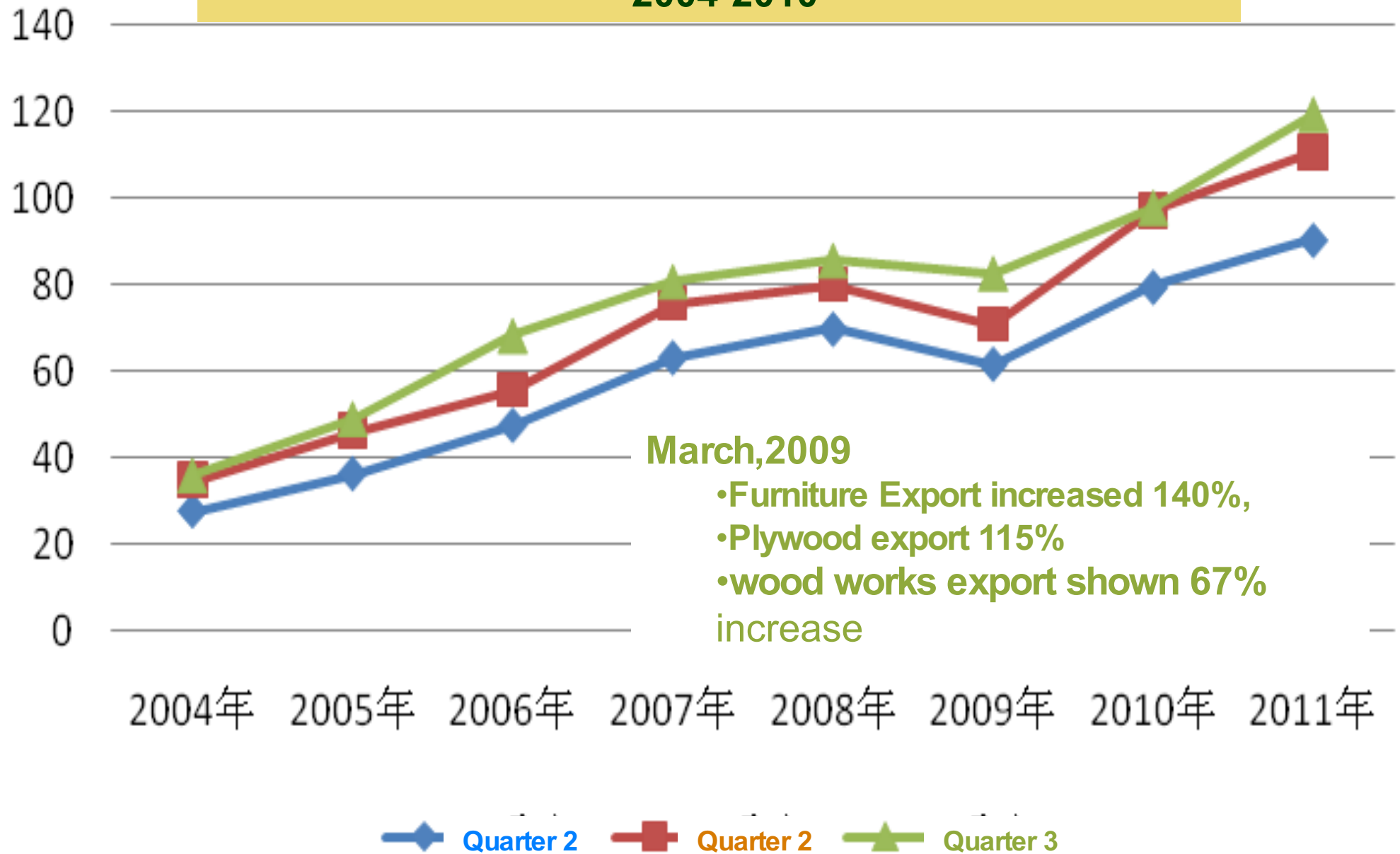
Recovery?



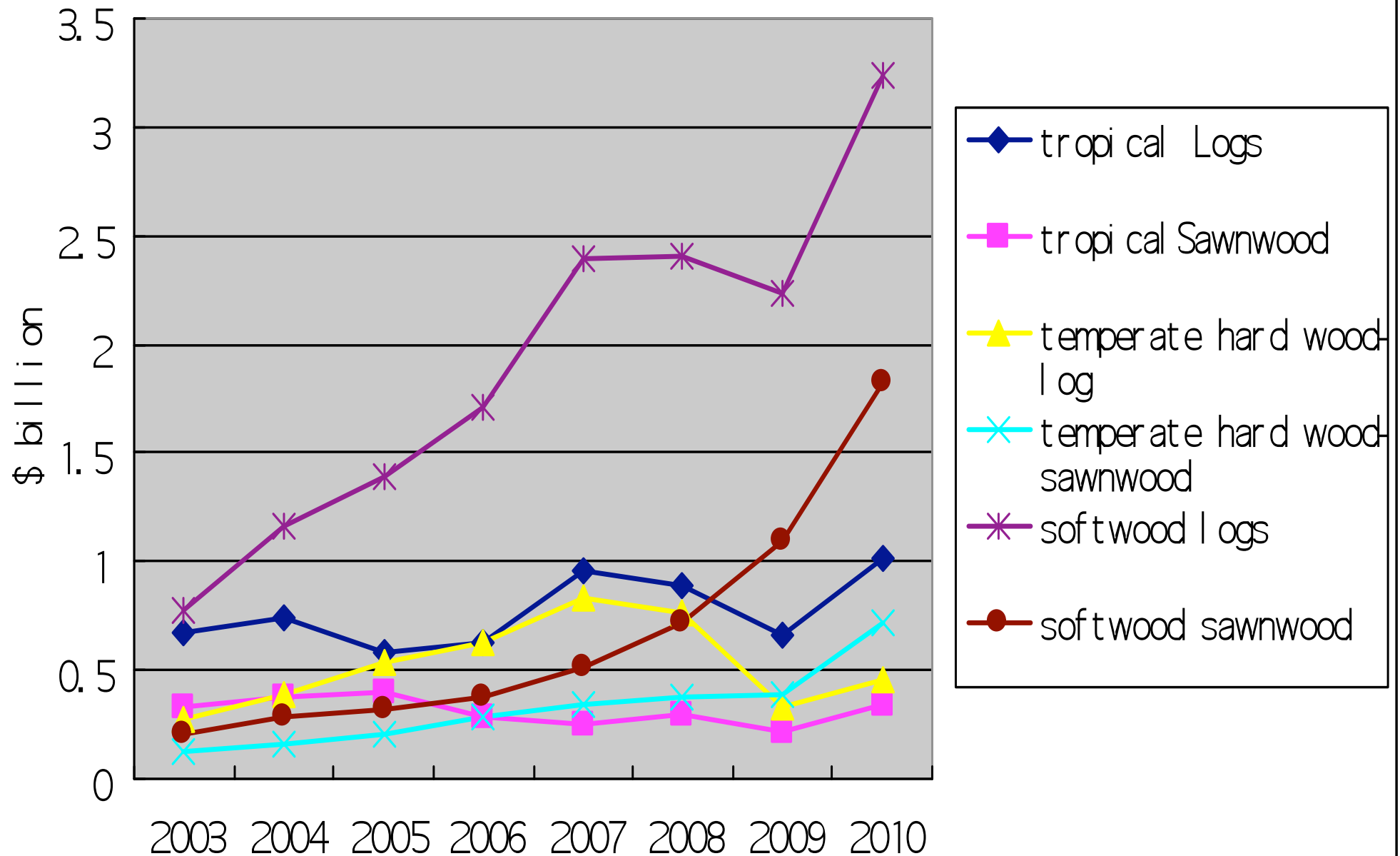
GDP growth in the first quarter of 2009 was 6.1 percent, followed by 7.9 percent in the second quarter.

Main Timber Products Export

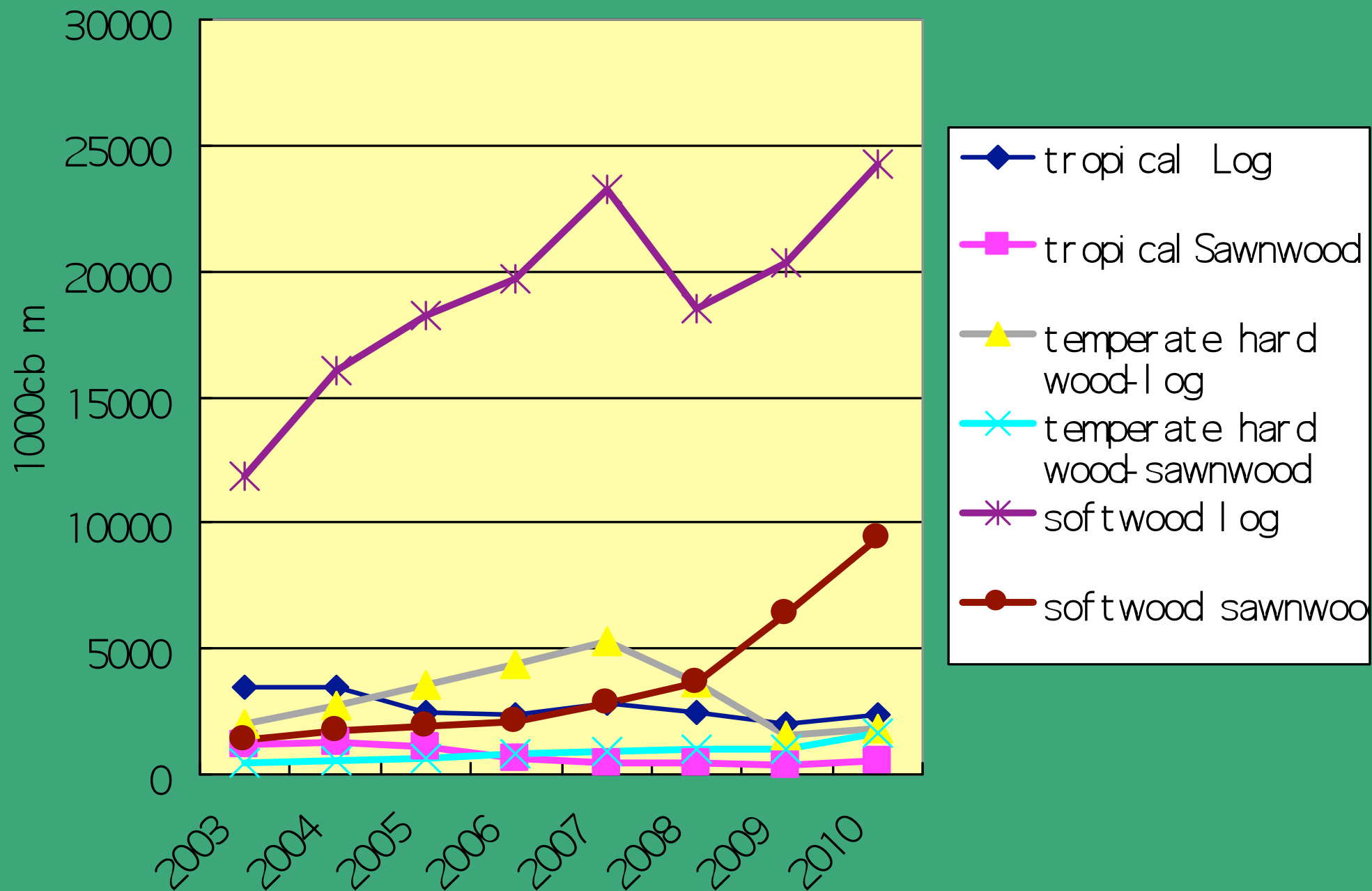
2004-2010



Timber Import Values

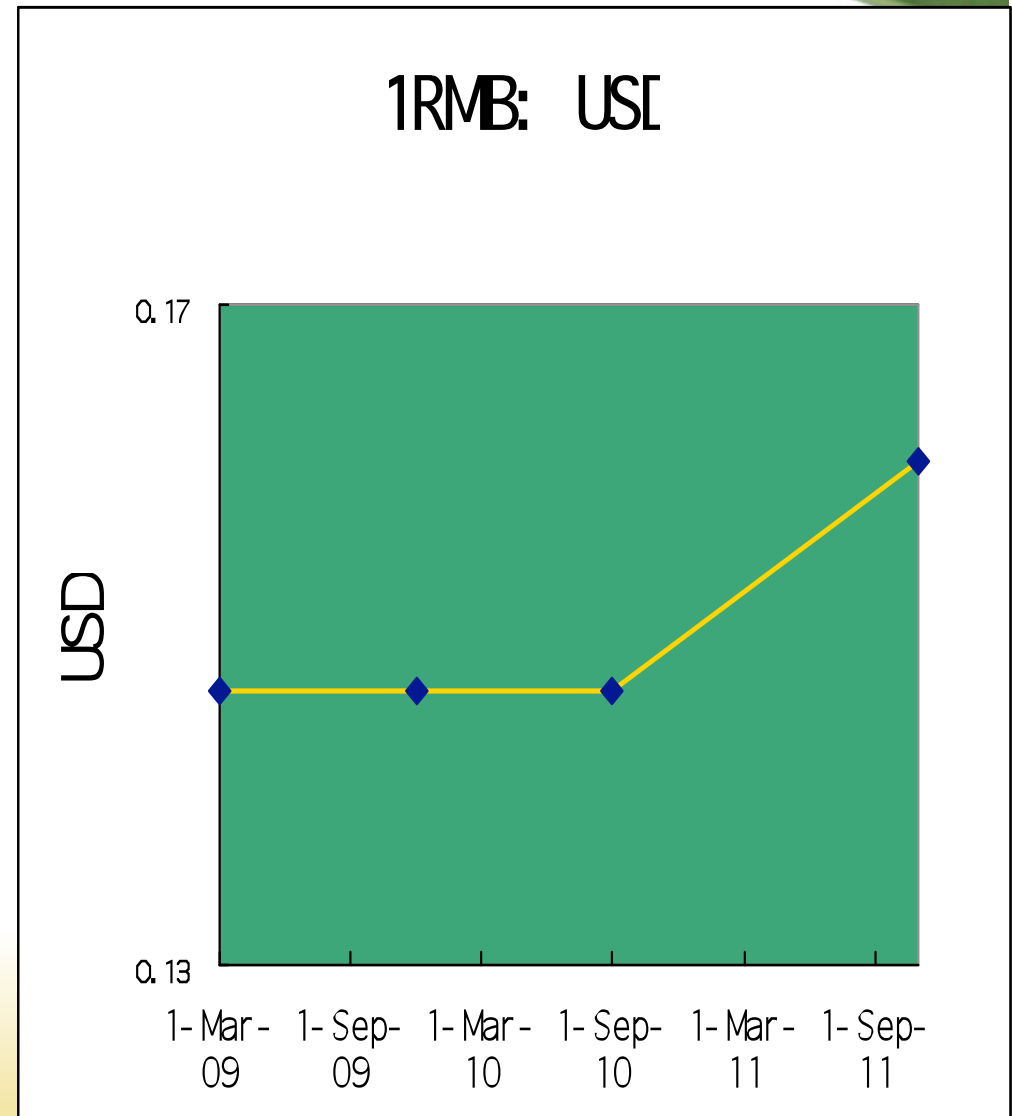


Timber Import Volumes



What Now ?

- ❖ **Exchange Rate RMB against USD, appreciated 7%**
- ❖ **Savings deposits rate increased 5 times since 2010**
- ❖ **The deposit-reserve ratio ,increased 6 times**
- ❖ **Monitor report of real estate showing decrease trends**



What Now?–Forestry Product Sector

❖ **softwood log stocks are high**

- clearing now takes around three months ,usually its one month

❖ **Solid wood floor base, Nanxun District**

- 40% of the primary floor enterprises,2011,
- the rest , 40% of last year's production.

Challenges-- Domestic Market

❖ **The increasing cost**

- Labour cost is soaring
- Raw materials
- Land cost is getting higher

❖ **The wood industry's capacity is more than the domestic market consumption**

- Wood Furniture ,Plywood ,30%
- Floor,50million sq M

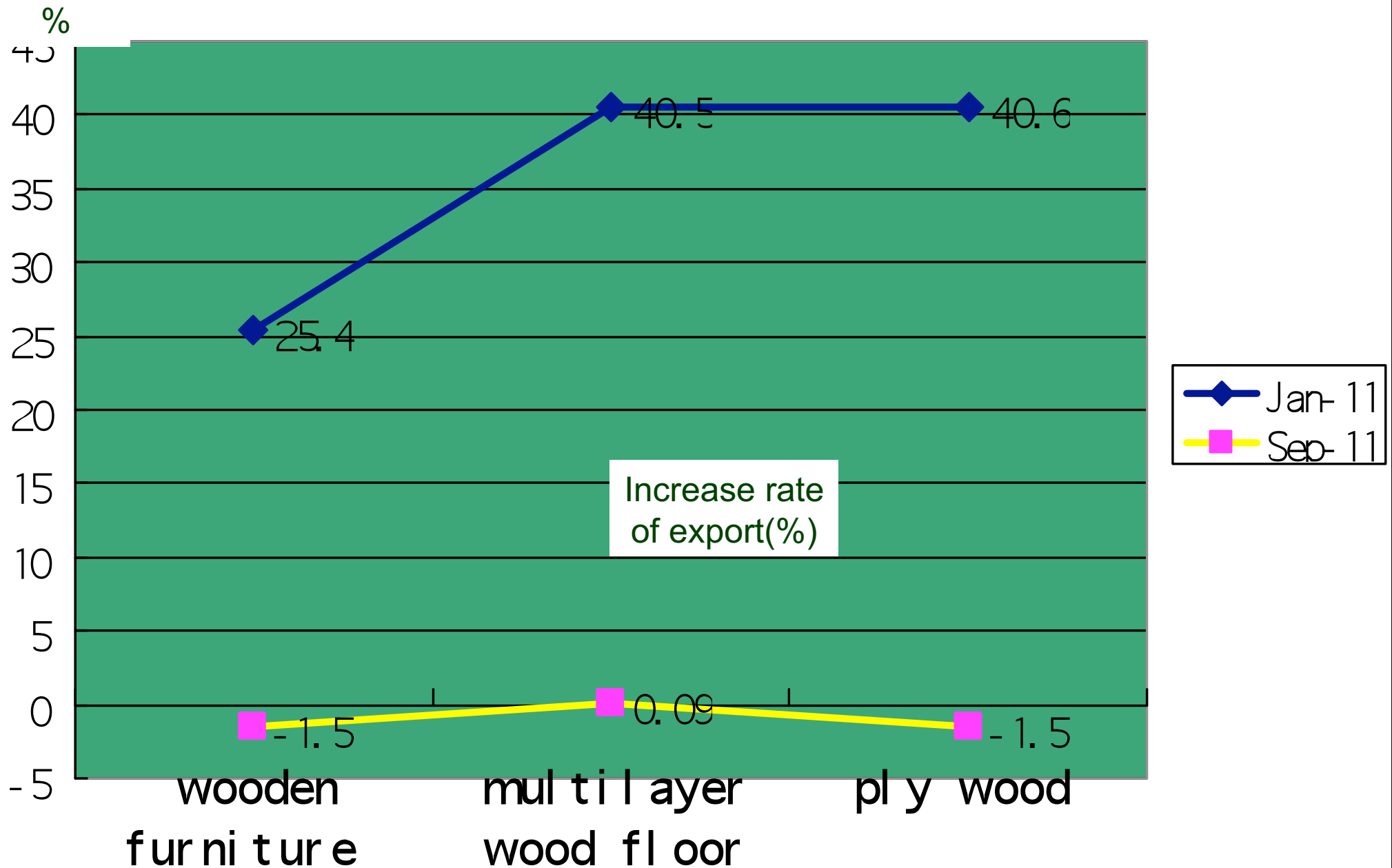
❖ **Lack of timber resources,**

- 50million cu meters.
- Will remain 10 years.

Overseas Market



Export to US Braked?



%

Challenges-Overseas Market, US

- ❖ **Antidumping duties , up to 58.84% ,Countervailing duties,up to 26.73% to Chinese multilayer wood floor.**
- ❖ **Formaldehyde Standards for Composite Wood Act went into effect ,Jan,2011,**
 - Particle board material, 0.3PPM to 0.09PPM
 - Hardwood plywood, 0.2PPM to 0.05PPM
- ❖ **Beside above, there are:**

Challenges-Procurement Policies

❖ **The Lacey Act Amendment and EU Timber Regulation**

- The Chinese Government is now researching the Legality mechanism in the government level
- The industry are not quite prepared for it.
 - Big ones, the have CoC
 - Small and medium sized ones, know almost nothing

Opportunities

- ❖ **The domestic market has big potential to be developed, Chinese Policy is now focusing on prompting it**
- ❖ **By the year of 2016, Chinese families wealth is estimated to be doubled**
- ❖ **From 2011 to 2015,**
 - Additional housed building of 2.4million sq meters
 - 36 Million sets of security room to be built
 - In 10 years , 30billion sq meters houses to be built

Suggestion to ITTO

❖ **Facing oversea market, we need more communications between our industry and outside**

- To learn experience from the advanced countries in facing with Lacey Act, and EU Timber RegulationS.
- To built a net work so as to change information and experience both in market and in Legality procurement of tropical timber

❖ **Involved more Enterprises ,especially SMFEs in the ITTO projects.**

An aerial photograph of a lush green forest landscape. In the center, there is a calm lake reflecting the sky. To the right of the lake, a series of white, tent-like structures are visible. In the bottom left corner, a traditional Chinese pavilion with a multi-tiered roof is nestled among the trees. The background shows rolling hills under a clear blue sky.

Thank You !

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