



SUB-REGIONAL WORKSHOP

COMIFAC – IFIA

Dialogue between IFIA and Asian operators in the Congo Basin forestry sector

Libreville, Gabonese Republic

Summary of proceedings

22 May 2008

Sponsored by the CBF

Preamble

Over the last 15 years, the industrial forestry landscape in Central Africa has experienced a tremendous evolution. Everything is in constant change, as trade globalisation, the emergence of new major economic powers and progressive changes in trading rules (leading to an embracement of matters concerning lawfulness and sustainable management of natural forests) put their imprints on the market. Markets are changing, needs are evolving. Almost half of the African tropical timber and more than half of the exports of some Central African countries are already absorbed by the Asian market. A considerable part of these timbers are re-exported to the European Union after processing and will thus become subject to the FLEGT rules for entry into the EU.

Asian investors have taken over old companies or set up new ones. The federation of professional forestry organisations, which brings together national organisations, felt unsettled about the situation and confided itself to COMIFAC and the Congo Basin Forest Partnership in order to explore possible common measures aimed at opening up a dialogue between the different private and public players operating in Central Africa. This dialogue, of course, should particularly include the new arrivals, not necessarily aware of all of the region's efforts and progress in promoting sustainable forest management.

The workshop's objective was to get to know each other, and to find out what private companies and development partners monitoring the sector are doing or have already done. It was hoped that a minimum understanding would be reached on the main principles that should govern the exploitation of natural forests in Central Africa, whatever the origin of the capital of the companies involved and the destination of the timber on the world's markets.

Workshop moderated by Jean-Marie Noiraud, JMN Consultant sarl

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Introduction

1. Current forest policy and legislation in the countries of the Congo Basin, which are geared towards the sustainable and participatory management of these countries' forest and fauna resources, are generally in line with international environmental trends. They are also in line with the Rio Summit's (1992) resolutions on environment and development, the directives of the International Tropical Timber Organisation (ITTO) on forest management, the resolutions of the Central African Heads of State Summits (1999 and 2005) on conservation and the sustainable management of forest ecosystems, and the resolutions of the Johannesburg Summit (2002) on sustainable development. Concepts such as permanent and non-permanent forest estate, sustainable management, participatory management, secondary processing of forest products, biodiversity conservation, certification of forest concessions and forest resource management partnerships today form the backdrop for all the sub-region's forest policies and legislation.
2. Many commercial operators in the sub-region's forest sector are currently working towards gaining certification for their concessions. At least half a dozen companies in Cameroon involved in the process are not far from the final audit. According to IFIA (the Interafrican Forest Industries Association), ten million hectares of forest could be certified by 2012, of which four million hectares are located in Cameroon.
3. Due to the growing political and economic presence of China and other emerging countries in Central Africa, an increasing number of businesses representing the interests of these countries have set up offices in several countries belonging to the Commission for the Forests of Central Africa (COMIFAC). Owing to a lack of detailed information on the scope of their activities and forest management methods, other actors in the sector, such as governments/administrations, development partners and private operators, have expressed a desire to enter into a dialogue with them, to get to know them better and exchange information on their forest operations.
4. As regards Chinese partners, there are a large number of signs showing their clear willingness to act in a transparent manner, in accordance with international agreements: the Rio Conventions, the United Nations Forum on Forests (UNFF), the ITTO etc. The most significant of these signs include the involvement of Chinese government representatives in an official EU/China dialogue on "Forest Law Enforcement and Governance" (FLEG) in Beijing in September 2007, the Chinese Ambassador's speeches in Gabon, and contacts with Chinese and European company directors in the sub-region.
5. Moreover, in August 2007, the Chinese government (State Forestry Administration/SFA) together with the Ministry of Commerce (which is the most important institution in the field of external business relations) jointly published guidelines for Chinese businesses involved in silviculture abroad ("Guide to Overseas Sustainable Silviculture by Chinese Enterprises"). In this document, the government refers to decisions made by the State Council, which is the highest executive organ of state power, concerning the encouragement and regulation of

investments by Chinese businesses abroad. Although these guidelines refer to silviculture (e.g. good management of agro-industrial plantations), the various articles contain many elements that are also found in international discussions on this subject, and that also have a bearing on the management principles for natural forests. In fact, the Head of the SFA, Nu Yun Li, who is responsible for compiling and implementing this document, pointed out during the FLEG conference in Peking that the SFA plans to use it as the basis for the "Guidelines for Natural Forest Harvesting & Management" that are currently being drawn up.

6. The leadership of the SFA accepted an invitation to take part as an observer in the CBFP's 5th plenary meeting held in Paris on 26 October 2007. At this event, the SFA representative made the following points:
 - The interest that China, a large importer, exporter and consumer of timber, and signatory of major international conventions (on climate, biodiversity and desertification), has in promoting the sustainable management of tropical forests worldwide
 - China's current priorities in its involvement in the sustainable management process, particularly with its neighbours within the Asian Forest Partnership (training, afforestation, poverty alleviation, legal compliance by Chinese businesses, cooperation with its neighbours in controlling the illegal timber trade, etc.)
 - China's dialogue with the European Union on developing forest governance and controlling illegal trade as part of the FLEG process.

The SFA representative concluded by stating the Chinese government's intention, following the meeting in Paris, to focus more closely on the Congo Basin Forest Partnership and, in the future, to become actively involved in its activities.

7. Given the very clear interest of all the actors – public, private, African, Chinese and CBFP partners – in entering into a dialogue on forest management and good governance in the forest sector in Central Africa, it seems advisable to support the proposal of the IFIA, a representative of the private sector, to take steps in this direction. The German CBFP facilitation team is ready to take part in this process.
8. The purpose of this exercise is to promote a common understanding of the principles of planning, managing and sustainable use of natural forests. In the private sector, in particular, the aim is to work towards avoiding market distortions against operators adhering to current regulations and therefore incurring higher production costs (establishing a "level playing field"). This would also be a good chance to understand more about China's success in implementing its forest strategies. And it's an opportunity to provide suitable support to operators from emerging countries in their efforts to implement sustainable management strategies for their forest concessions.

I- Workshop programme

The workshop lasted one day, as planned. The aim was for the players to engage in dialogue, not to make an in-depth analysis at this stage. This target was achieved by proceeding on the basis of a series of themed presentations on the one hand and presentations by companies and their commitments on the other. The discussions following each series of presentations resulted in a better understanding of the ideas put forward, the ongoing activities described and commitments pronounced by the partners for the coming years.

Workshop programme:

- 9.00–9.30: Welcome speech by the Facilitator of the Congo Basin Forest Partnership, Hans SCHIPULLE
Speech by the Executive Secretary of COMIFAC, Jonas Nagahuedi
Speech by the representative of Gabon’s Minister of Forest Economy
Speech by the Congolese Minister of Forest Economy, Henri Djombo
- 9.30–9.45: Presentation of the workshop programme and participants by the moderator (JMN)
- 9.45–10.00: Presentation of the initiative and the goals of the meeting by Hervé BOURGUIGNON (President of the IFIA) and Hans SCHIPULLE
- 10.00–10.20: Status of sustainable forest management in the Congo Basin by Christophe Besacier, coordinator of French Cooperation for Central Africa
- 10.20–10.45: Analysis of progress in negotiations on voluntary partnership agreements - FLEGT - by Alain Pénélon, French technical assistant for FLEGT coordination in Central Africa
- 10.45–11.00: Speech by LIU Daoping from the Chinese State Forestry Administration (SFA)
- Discussions: 15 min
- 11.15 –11.30: *Coffee break*
- 11.30–12.00: IFIA presentation of the private sector and its commitment to forest certification. Presentation of ATIBT documentation by Hervé Bourguignon, President of the IFIA
- 12.00–12.15: Presentation of UFIGA, the Gabonese association, its role, members, actions and goals, by Moussu Gérard, SG UFIGA
- 12.15 – 12.45: Presentation of two member companies of UFIGA: Rougier Gabon by Mr Coliaux and Precious Wood by Mr Moussu
- Discussions: 15 min
- Group photo*
- 13.00 – 14.00: *Lunch break*

14.00–14.30: Presentation of the SUNRY / SUNLY group, the first company with Chinese capital to join UFIGA, by Li Agnès

14.30–15.00: Presentation of other Asian companies: OLAM (by Megard Olivier), VicWood (by He Eric), Sinopec (by Lu Huengsheng) and TBNI (by Mr Bogard)

Discussions: 15 min

15.15 – 15.30: Presentation of the Chinese position on commercial development of tropical woods by Mr Xiang

Presentation of CAFTEN by Nathalie Nyare, WWF CARPO

15.30 – 16.15: Experience of aid and support from different development partners in the sub-region of Central Africa: BMZ / GTZ (Hans Schipulle) – MAE (Christophe Besacier) – AFD (Thomas Viot) – EU (Didier Nils), TTAP (Germain Yene), CARPE/IUCN (Constant Allogho)

Debates on the need for dialogue between private Chinese and African players and public and private partners

16.15 - 16.30: Coffee break

16.30 – 17.30: Summary of the day by the moderator and free debate on ideas arising from the dialogue

17.30 – 18.00: Short presentation of the day's conclusions by the Facilitator

Closing ceremony

19.30: Reception at the Residence of H.E. the German Ambassador

II- Summary of debates at the Africa – Asia dialogue workshop

2.1 – Questions and answers

Following the various speeches in the programme, copies of which are annexed to hard copies of this document, there was friendly discussion to clarify ideas.

2.1.1 – Presentation by Dr Liu Daoping, SFA, on the Chinese directive on forestry practices

The presentation by Dr Liu Daoping described the Chinese forestry directive currently in effect. The directive needs to be reworked and another drafted to cover companies operating in natural forests, especially tropical forests.

Question 1: What constraints does this directive impose on forestry companies, i.e. on Chinese companies working in Central Africa?

A1: For the moment, the directive only covers silviculture, though its principles are not very different from those that will soon be required in an upcoming directive currently being prepared for companies working in natural tropical forests.

Question 2: Is there a particular text applicable to Chinese companies working in Central Africa?

A2: Not for the moment, no. The next text, which will be drafted particularly on the basis of the existing one for silviculture, must be applicable in the field and meet the needs of sustainable management of natural tropical forests.

It would be desirable for the Chinese authorities to work with the COMIFAC Executive Secretariat in preparing a directive applicable to all Chinese companies throughout Central Africa, based not only on the Chinese texts but also on those in effect in the COMIFAC area.

The Chinese Ambassador said that, in any case, the Chinese Government systematically asks Chinese companies to respect the national laws of the countries in which they operate. In as far as these countries are organised in COMIFAC, it is also necessary to work with the Executive Secretariat of COMIFAC in drafting this directive, which will then be applicable to companies with regard to respecting legislation and other sustainable management directives. In general, China appreciates the work done by the international community towards promoting sustainable management of forests and the environment in Central Africa and recognises that the forests in the Congo Basin need investment and protection for sustainable development involving not only the conservation of forest cover and biodiversity, but also poverty reduction to improve the population's well-being.

At present, and in spite of some regrettable errors in the past, the Chinese companies working in Central Africa have begun to make an effort towards sustainable management, to take social questions into account and to employ local labour.

Question 3: Following a visit from a Chinese delegation organised by the IUCN, the visit by representatives of the Ministry of Commerce (MOFCOM) facilitated by the WWF is the second Chinese mission on Central African forests in two weeks. Why?

A3: These two missions are different but complementary with regard to Central African forests. One is devoted essentially to the development of the timber trade and its impacts, while the other, more specifically, concerns sustainable management of forests and the consideration that Chinese companies must give to this. The two teams plan to meet to share and summarise their observations on returning to Beijing. The CBFP will be informed of the conclusions of these two Chinese delegations as soon as possible.

Minister Djombo: Why not communicate more and more effectively on Central Africa's progress in sustainable management of natural resources?

As this was more of a recommendation than a question, everyone decided that it was necessary to work more with the media on the management of natural resources in Central Africa.

2.1.2 – Alain Penelon on the FLEGT process in Central Africa

It was first necessary to explain what the FLEGT process was before taking stock of progress in preparations and negotiations in the countries concerned in the COMIFAC area.

Question 1: Why isn't the DRC already in the negotiation process?

A1: There is still a huge amount of work to be done in the DRC before beginning the negotiation process, starting with completion of the title conversion dossier, the complete definition of legality, the return of area royalties to local territorial communities, etc.

Question 2: What is the difference between the FLEGT licence and the sustainable management certificate?

A2: The FLEGT licence comes under a public agreement between the European Union and the various timber exporting countries in Central Africa and attests their compliance with legal operating conditions. It is a compulsory public process. The case of sustainable management certification by such and such a certifying body is a voluntary step by a company seeking to show its customers the quality of its SNRM commitments. It is therefore a private measure for commercial purposes, as it simply responds to a requirement of the market and consumers.

Question 3: If a company is sufficiently advanced in its SNRM certification process, can it do without the FLEGT licence? If not, what is the additional cost?

Answer 3: For a company with FSC, or even OLB or TLTV certification for example, there is not or should not be any extra cost for obtaining FLEGT legality certification, as the criteria are the same. Remember that FLEGT certification will be mandatory, which is not the case for SNRM certification.

Question 4: How much will the FLEGT licence cost a company?

A4: One cannot exactly speak of extra costs for a company certifying its legality, as this is only a question of complying with the law of the country. The obligation of traceability is not an extra cost either as the market and international trade terms impose product traceability in any case. All that is left is to determine the cost of actually issuing the licence and monitoring the system, two questions that are still being evaluated in the APV negotiations.

2.1.3 Hervé Bourguignon on the IFIA, the interest of forestry associations for operators and actions undertaken in Central Africa

The IFIA wanted this meeting in order to establish a dialogue between the Asian companies and the companies traditionally belonging to national associations and IFIA. It is an opportunity to present what is being done and why, so that the Asian companies can understand the advantages of joining these professional organisations. The IFIA is also showing its commitment to sustainable management and, especially, its support of the certification processes, which are now market requirements.

Question 1: Certain importing companies look for FSC wood and can't always find it. Does this have any substantial effect on prices?

A1: Overall, the requirement for an FSC certificate has not yet been reflected in a significant, differentiated rise in costs. Nonetheless, there are pressures on commercial niches absolutely requiring FSC in a context of shortage, in which case prices can rise substantially. This is not yet systematic, however.

Question 2: What is the IFIA doing about the issue of waste recovery?

A2: In practice, the IFIA is working towards promoting a number of projects, including cogeneration. This is profitable, provided that the forestry site is far enough away from the port. Profitability rates allow us to expect a return on investment within around 6 to 7 years.

We would like to stress that the AFD is interested in sustainable management and proposes funding for companies not only for developing concessions, but also for investments in innovation.

In general, aid can be negotiated and obtained by companies on the basis of a positive impact on the environment.

2.1.4 – Other contributions to the discussions

Following these information sessions on activities undertaken in Central Africa, the workshop went on to presentations of the companies themselves and then some short speeches on the specific activities of cooperative arrangements in the sub-region. These speeches are annexed to the hard copies of this report.

The different presentations were often followed by queries and interesting debates. The suggestions and ideas resulting from these exchanges are shown below.

2.2 – Ideas and suggestions

Main ideas from the workshop:

- All actors in the forestry sector are asked to provide more information on achievements in the sub-region as regards sustainable management of Central Africa's dense, humid forests.
- States and companies are aware of their environmental and social responsibilities regarding sustainable management of forest resources and undertake to work towards ensuring that their forests really are sustainably managed. This concerns awareness of global challenges and the responsibility of all players in this process.
- Within the concept of sustainable management the actors also understand the need to take into account social management and the socioeconomic development of surrounding populations and of states.
- It is necessary to ensure protection of the environment and forests to prevent abuse. The development of concessions is a useful forest management tool.
- Companies must also consider environmental waste management and the obligation to conduct environmental impact assessments.
- It must be possible to prove that timber placed on the export market has been produced legally.
- Sustainable management certification of forests is a good tool for showing the markets the quality of work done in forests.
- There should be permanent consultation and dialogue between the players in order to harmonise practices and work together.
- The development of partnerships between the public and private sectors and NGOs is on the agenda. It is a good way of reducing the risks and costs of innovation and factors of deferred or random profitability.
- All the partners guarantee to COMIFAC their commitment to sustainable forest management with the private sector and NGOs. Funding and aid are available from cooperation and other donors to limit impacts and improve sustainable forest management. All companies have access to financial support in this area.
- It is necessary to adapt sustainable forest management certification to the specific conditions in the countries in the Congo Basin. Questions of forests with a high conservation value, the preservation of interests and the way of life of native populations must be taken into account.
- We suggest that industrial companies in the forestry sector, especially through their associations, should show greater involvement than just attending meetings of the FSC chamber of industry.

- We suggest working with the producing and importing countries on the design of a common codification and legality system.
- We suggest working with COMIFAC to prepare a directive applicable to forestry companies in the Congo Basin.
- We suggest continuing contacts between COMIFAC and the SFA to work together on a directive on the exploitation of natural tropical forests by Chinese companies.
- We suggest that companies seek to take better advantage of partnership offers from different partners.

Congo Basin Forest Partnership

German Facilitation

Final Communiqué

OF THE WORKSHOP FOR DIALOGUE BETWEEN ECONOMIC OPERATORS IN THE FORESTRY SECTOR

LIBREVILLE, 22 MAY 2008

Under the auspice of the Commission for Central African Forests (COMIFAC) and with the support of the German Facilitation to the Congo Basin Forest Partnership (CBFP), the Inter-African Forest Industries Association (IFIA) organised a one-day workshop for facilitating dialogue between economic operators acting on the forestry sector of Central Africa in Libreville, Republic of Gabon, on 22 May 2008. The meeting, chaired by CBFP's facilitator Hans Schipulle, brought together about 70 participants coming, for instance, from the Forest Administration Services of Cameroon, Gabon and the Congo, IFIA's affiliated trade unions and Asian equity companies operating in the sub-region.

The opening ceremony took place in the presence of the Minister for Forestry Economics, His Excellency Henri Djombo, and the German and Chinese Ambassadors to Gabon. The complete guest list will be published as an annex to the present press release.

The meeting's objective was to initiate a dialogue between public and private actors on the one hand, and on the other to bring together those companies who had been working in Central Africa for a long time and the Asian-owned companies who had only recently started to install themselves within the sub-region. This dialogue should move all operators to work together in the respect of laws and policies of the sub-region's countries pointing toward sustainable development, and to explore how to improve the image of the forestry sector in Central Africa with regard to consumers in principal import countries where market demands for legal and eco-certified products are on the rise and growing rapidly. Several presentations treating issues such as forest certification, negotiations for Voluntary Agreements with the EU on FLEGT and legal provisions for export timber, allowed participants to embrace the progress made in the COMIFAC region in terms of sustainable forest management and forest governance.

Participants underlined the importance of business associations for coordinating and supporting the profession's efforts to stay on track with sustainable management, which should be pivotal for enabling long-term forestry activities in Central Africa and for promoting tropical timber products on the international

market. In addition, some companies exposed and shared their own experiences and commitments with regard to sustainable forest management and the consideration of social development.

The meeting thus presented an opportunity for both Chinese administration services and Asian-owned companies, to underline the importance accorded to sustainable management of forests in the Congo Basin and to the respect for national legislation as well international environment conventions. It also allowed them to build up ties and direct inter-professional contacts with other private companies in the forestry sector in order to reinforce dialogue with these companies about combating the plague of illegal logging that penalizes law-abiding companies. The other participants enjoyed an opportunity to learn more about Chinese forestry strategies, especially those concerning reforestation. Finally, the workshop promoted a common understanding of planning rules and principles, and management and use of natural forests.

Participants welcomed IFIA's initiative as well as the support granted by the German Facilitation of CBFP and COMIFAC's Executive Secretariat in organising the meeting that led to converging viewpoints about several aspects relating to management of the Congo Basin forests. They showed enthusiasm for the strong feedback from private companies, national and international NGOs and development partners operating in the sub-region. The presence of all these actors was proof enough that the meeting responded to a real need sensed by all of them.

Finally, participants appreciated the development partners' commitment to continued support for the efforts of the countries of the Congo Basin in pursuing sustainable management of their production forests, certification of forest concessions, forest governance and legal timber trade within the FLEGT process, management of protected sites, mobilisation of the private sector, reduction of greenhouse gas emissions, negotiations on the carbon market (REDD process), capacity-building and monitoring the green cover, to quote just some of the topics.

In the end, participants called for continuous mobilisation of the international community, in order to succeed in saving the forests of the Congo Basin known as humanity's green lung.

For the future, participants expressed the following wishes:

- 1) May the dialogue that has started between economic operators in the forestry sector of Central Africa, continue to proceed, especially among professional associations. In this regard, operators are invited to take advantage of the training course in forest management planning offered by the ATIBT in Kribi (Cameroon) during the first week of June.

- 2) May a second dialogue be organised for forest companies operating in other countries of Central Africa.
- 3) May all that is necessary be done to rid the forest sector and logging companies of those suspicions about unsustainable management and illegal practices that lie heavily on them by pursuing transparent activities and by improving public communication;
- 4) May the Chinese partners establish contact with COMIFAC to refine the management directives for natural forests under preparation in order to meet the conditions prevailing in the sub-region of Central Africa.

ANNEX 1: Addresses

Welcome speech by the CBFP Facilitator, Hans SCHIPULLE

22.5.2008

1. Minister Djombo from the Congo, Your Excellencies the Ambassadors of China, France and Germany, Mr Executive Secretary of COMIFAC, Ladies and Gentlemen
2. Welcome to this dialogue workshop. As Facilitator of the Congo Basin Forest Partnership, I have the honour of chairing today's session.
3. First, allow me to thank our hosts, the representatives of the Gabonese Ministry of Forests, for their understanding and patience with the organisers, as they, like all of you, were the victims of the haste with which this event was prepared. This meant that Mr Doumba, the Forest Minister of Gabon, who gave us considerable encouragement in taking the initiative for this meeting, was unable to attend personally. Quite simply, we wanted to take advantage today of a visit by an eminent delegation from China – welcome to you too!
4. The number of participants, which has far exceeded our expectations, just goes to show the great interest in this dialogue. On behalf of the organisers, I would like to apologise to you all for any small logistics problems that may arise during the workshop.
5. Without further ado, I would like to ask the Executive Secretary of COMIFAC to take the floor. He will be followed by the representative of the Minister of Forest Economy of Gabon and by the Minister of Forest Economy of the Congo, His Excellency Mr Henri Djombo. For the rest of the workshop, activities and debates will be chaired by the moderator Jean-Marie Noiraud.

Speech by the Executive Secretary (ES) of COMIFAC

**Your Excellency the Minister of Forest Economy,
Mr Secretary General of the IFIA,
Mr Facilitator of the Congo Basin Forest Partnership (CBFP),
Representatives of the companies in the timber sector in the Congo Basin,
Distinguished Guests,
Ladies and Gentlemen,**

COMIFAC, which I have the great honour of representing, is glad to be attending this dialogue.

As you know, the Congo Basin constitutes the second largest tropical forest after the Amazon. Thanks to its extent and the riches that it holds, this forest plays a triple economic, social and environmental role.

Economic: the forest generates millions of jobs in the Congo Basin, thereby creating centres of activity in areas far from the urban centres.

Social: The forest represents a living and a source of income for millions of people who draw from it their basic food, traditional remedies and other services.

Ecological: It contains remarkable ecological diversity and helps regulate the world's climate, especially through carbon capture and sequestration.

Today, these forests are subject to threats from entropic practices leading to deforestation and the deterioration of the forest massif.

These threats include non-sustainable forestry and industrial exploitation, formal exploitation, firewood, itinerant slash-and-burn agriculture, poaching, non-sustainable fishing, mining and oil extraction, armed conflicts and demographic pressure.

In order to face up to these threats and preserve this universal heritage, the Central African heads of state have undertaken to work together for the conservation and sustainable management of their forest ecosystems. They signed the Brazzaville Treaty on 5 February 2005 and set up the Central African Forest Commission (COMIFAC), a sub-regional institution responsible for orienting, coordinating, harmonising and monitoring forest and environmental policies.

COMIFAC facilitates concerted action to eradicate non-sustainable exploitation in the Congo Basin. It ensures the coherence of common measures for the conservation and sustainable management of forest ecosystems in the sub-region.

It favours the reinforcement of actions to increase the participation of rural populations in the planning and management of ecosystems.

In order to realise the vision of the heads of state, a convergence plan was adopted and its priority actions were scheduled and planned.

COMIFAC has acted as a catalyst and facilitator in the development of partnerships aimed at promoting the implementation of this convergence plan. Ranking among these partnerships, we have the Congo Basin Forest Partnership (CBFP), of which the IFIA is a member.

Finally, I would like to wish you fruitful discussions between the players in the timber sector of the Congo Basin.

Thank you very much.

Speech by Mr HENRI DJOMBO

CONGOLESE MINISTER OF FOREST ECONOMY ON THE OCCASION OF THE DIALOGUE WORKSHOP FOR ECONOMIC OPERATORS IN THE FORESTRY SECTOR

Libreville, 22 May 2008

Your Excellencies the Ambassadors,
Mr Executive Secretary of COMIFAC,
Mr CBFP Facilitator,
Mr President of the IFIA,
Distinguished Guests,
Ladies and Gentlemen:

May I, on behalf of the Congolese Government, express my sincere congratulations to the organisers of this dialogue workshop, the IFIA and German Facilitation, for their idea of bringing together European and Asian economic operators to discuss the issues of sustainable management of forests in the Congo Basin? I would like to thank them for personally inviting me to this meeting.

I would also like to take the opportunity to thank the Gabonese authorities for allowing the meeting to be held in Libreville.

Your Excellencies,

Ladies and Gentlemen:

Efforts fostering an all-inclusive rapprochement of the players in initiatives and actions aimed at sustainable management of forests in the Congo Basin deserve to be encouraged.

Today, it is clear that the private sector is the main financial operator, due to its investment not only in forestry activities (inventories, forest development, timber industry), but also in poverty reduction, the opening-up of the hinterland and development of the monetary economy and social infrastructures in rural areas.

Since states disengaged from production and trade activities, the private sector has played a decisive role in increasing forest production.

Also, in order to keep up with this progress in recent years, the countries in the sub-region have all made a qualitative leap by adopting new laws and regulations and harmonising their forest policies, going from mining to rational forest exploitation. The certification of forest concessions in certain countries in Central Africa is tangible proof of the efforts by companies to implement this political will of the states.

At an industrial level, Central Africa is working towards quantitative and qualitative change guaranteeing industrial use of timber in the countries. Traditional sawmills are progressively giving way to modern, diversified factories with higher outputs and more substantial value added. We are witnessing vertical integration of extractive activities with those of industry and marketing.

Forest exploitation in Central Africa has been backed by western capital since the beginning of the 20th century. In the last ten years there has been diversification in sources of capital with the arrival of Asian companies as a result of the wish of the international community to introduce new forestry practices in South-East Asia and the growing needs for timber in China and Japan.

The influx of huge amounts of capital has inspired certain misgivings. Some regarded these new operators as players who had come to destroy the African forests and engage in illegal forestry practices. However, reality has shown that fraudulent practices in the sector are not an attribute of any one region in the world.

We have to recognise that the weaknesses of forest administrations, such as understaffing, shortages of work resources, and unmotivated agents and external interference have sometimes favoured laxity and illegal felling in the sub-region by bad forestry players.

The application of laws is hindered by these phenomena, which have been diagnosed by the administrations themselves, while everyone wallows in criticism and no-one wants to bring in appropriate means of eradicating bad practices.

In all countries, the evils that stand in the way of sustainable management of forest ecosystems have been identified and the remedies defined, but everywhere we lack support for vigorous action for strict respect for forest laws and regulations. For example, capacity building in forest administrations, which is one of the strategic axes of the sub-regional convergence, is not yet receiving any real support.

Your Excellencies

Ladies and Gentlemen,

In my country, all companies are on an equal footing and their obligations are:

- to draft and implement development plans for their concessions
- to conduct exploitation inventories
- to respect annual felling
- to process at least 85% of the timber in the country
- to build modern site facilities for their workers
- to pay taxes and charges to the state
- to work towards local socioeconomic development
- to supervise their concessions and conserve fauna
- to respect the commitments they have made to the state.

On the whole, all these requirements are normally met under the supervision of public services.

In 1998, the Congo chose to develop forestry activities in very large FMUs (between 200,000 and 1,300,000 ha). This made it possible to considerably reduce the number of players in the forestry sector, thereby encouraging major investments and ensuring the continuity of resources and the sustainability of companies.

Thanks to this measure and the diversification of the business partnership in the forest sector, production of logs grew from 500,000 m³ in 1997 to 1,470,000 m³ in 2005. In the medium term, it will reach 2.5 million m³ when the newly allocated concessions go into production. In addition, several thousand kilometres of forest roads have been built and now contribute to the opening-up of the hinterland.

Your Excellencies,

Ladies and Gentlemen,

I salute the initiative of the IFIA and German Facilitation of bringing together the main players in forestry for dialogue on issues related to the sustainable management of forests in the Congo Basin. I am convinced that this first meeting will enable African, European and Asian companies to exchange ideas, forge closer ties and work together for legality in forestry, the positioning of African timber on foreign markets and better management of their companies and societies.

The moment must come when we tear down barriers and preconceptions and break the ice in order to foster a new state of mind and a climate of trust between operators in the tropical forests of the Congo Basin.

Wishing you great success in your work, I now declare the dialogue meeting between economic players in the forest sector in the Congo Basin open.

Thank you very much

Presentation by Ms Li KUN (SUNLY/SUNRY GABON Group)

Ladies, Gentlemen, Dear Friends.

It is a great honour and a real pleasure for me to participate in this dialogue workshop bringing together all the eminent members of the forest sector in the Congo Basin. It is, above all, a special opportunity for Chinese companies to forge links and form closer contacts with different international bodies and timber producers in the sub-region. This will allow us to take stock of sustainable management of forests and nature in the Congo Basin, a question that is eternal and corresponds to the wishes of everyone living on this planet.

The company that I represent here is called COFCO in China and is one of the most important Chinese state groups in a variety of sectors, such as agriculture, industry, capital assets, processing and forestry production all over China and also abroad. In Gabon, it is represented by Sunly Gabon and Sunry Gabon and for industries by SAFOR INDUSTRIES (sawmill at Lambaréné) and SUNLY IFL INDUSTRIE, with a rotary cutting plant at Lambaréné in the field of trade, forestry and processing.

Since our company was installed, we have acquired many forestry licences which will constitute three CFADs with a total area of around 850,000 hectares, which are situated as follows:

- 1 CFAD in the NORTH EAST (Makokou)
- 1 CFAD in the CENTRE SOUTH/ NGOUNIE (Lambaréné)
- 1 CFAD in the EAST (near OKONDJA)

These three CFADs are currently under development under Law 16/01 on the FOREST CODE in the Gabonese Republic. An environmental statement to this effect has already been signed and published by the Directorate-General of Water and Forests for the purpose of committing to the sustainable development process and its rules in future.

In order to implement development plans in the three CFADs, we have set up a Development and Eco-certification Department, which is equipped with computer tools and numerical cartography. At present, in partnership with Société Sylvafrica, all the development inventories of the three future CFADs and socioeconomic surveys are up and running. Several of our permits are undergoing exploitation inventories and a follow-up unit is in place at Lambaréné for closer monitoring and rationalisation of exploitation. It is worth noting that we are also working in close collaboration with the DIARF (water and forests) to achieve the publication of development plans for these three CFADs by 2010.

In addition, we are in the preparation phase of the future certification of our forest products and we have chosen the OLB certificate (origin and legality of wood // Ecocertifor Véritas).

So far, the follow-up procedures for personnel, safety, the environment and traceability are practically complete and testing will begin before we conduct a pre-certification audit around 2009.

Like many forestry companies, we have acquired MICRO BOIS traceability and exploitation follow-up software as a more efficient management tool.

The COFCO Group in Gabon currently employs more than 530 people, 80% of whom are Gabonese nationals. Its head office is in Oloumi, Libreville. The two processing units are both in the Lambaréné region.

We have set up a human resource department in addition to other personnel services for better management of our employees in strict compliance with the Gabonese labour code. Employees receive regular training in order to optimise their performance and productivity. In addition, the company has participated in donations of material for the development and wellbeing of village communities in all our CFADs.

I would like to focus mainly on the environmental component, and particularly waste treatment and recovery, which are currently being studied and implemented:

- 1) a study on cogeneration of BIOMASS to produce electricity at our Lambaréné industrial site
- 2) recovery of waste from the SAFOR Industries sawmill in Lambaréné by a simple plant manufacturing sawmill and charcoal briquettes for export

As for investments, they were substantial in 2007 and will continue to be this year, as we will be setting up and opening a large sawmill at our Lambaréné site and are planning another one at Makokou. These investments are absolutely necessary if we are to respect the industrial and development plan provided for in the regulations and achieve our development.

Finally, I am pleased to announce that we are the first Chinese company to join the UFIGA and we are constantly mindful of all innovations in the field of sustainable development and sustainable management. We will be participating regularly in all the seminars and meetings in this area (ATIBT, etc.) to show our commitment to processes of sustainable management, in order to conserve forest resources for the future.

With regard to our current portfolio of activities - exploitation, development and processing, we feel that we clearly fall within the framework of the Gabonese government's forest policy. Moreover, our prospects will only reinforce this will, which is why we are asking the administration to accompany us in this long, important process.

The planet is ours. It is our job to protect it. United we are strong. I hope that, with our joint efforts, we will be able to live on this clean, harmonious planet for ever.

Ladies and Gentlemen, I thank you very much for your attention and wish you a pleasant stay in Gabon.

Eric He, Representative of the Vicwood Group, Africa

Dear friends and colleagues,

After listening with interest to all the contributions addressing the main focus of the workshop, I believe that this meeting is a good opportunity to foster mutual understanding of the principles of sustainable development of forest resources.

On behalf of the Vicwood Group, I would like to express our sincere thanks to the Ministry of Forest Economy, Water and Fisheries of the Gabonese Republic, the Ministry of Forest Economy of the Republic of the Congo, the IFIA, COMIFAC and the German facilitation of the Congo Basin Forest Partnership for organising today's workshop.

I would also like to take up this opportunity to say a few words about the Vicwood Group and its activities in the forest sector in the Congo Basin.

The Vicwood Group was set up in the early 1960s by Kee Ting Chong, a Hong Kong entrepreneur. It has grown into a renowned international group with activities in forestry, wood processing, real estate, shipping and international trade.

Today, the Vicwood Group is one of the world's largest firms operating in timber extraction and in manufacturing of timber products. Internationally, it is primarily known for its activities in the areas of forest management and wood processing. Production activities are concentrated in Asia, Africa, Europe and North America and the group's timber products are distributed and used in more than 60 countries.

In the early 1980s, the Vicwood Group launched its operations in Africa. It has been investing in a number of countries, especially in the Congo Basin, for ten years. Today, the group has several forestry sites and wood processing plants in Cameroon, the Central African Republic and the Republic of the Congo, which employ 1,600 full-time workers.

Since the launch of sustainable forest resource management in the Congo Basin, the Vicwood Group has become actively involved in the process and especially in the implementation of the development plan and the path to certification.

1. While respecting the forest legislation in force and engaging in forest activities to enhance forest resources, the group has focused, since the 1990s, on promoting secondary species.

2. Firmly committed to the development process, the group's companies have signed the final agreement on development for all the forest concessions in question with the exception of the definitive development agreement for the concession in the Congo, which is now in its final stages. Today, all the forests in the Congo Basin in which we operate have been classified and developed. Their cultivation is organised in accordance with the requirements of the development agreement.

3. Focusing on sustainable management and especially the legality of the timber, the group has accelerated the forest certification process. Taking into account sustainable management and their strategy of exporting products all over the world, and especially to the European market, the group's companies have chosen the SGS and VERITAS for certification. We currently have TLTV certification in Cameroon and the formalities are under way for OLB certification in the Central African Republic. We also intend to make every effort to achieve FSC certification. In China our company has obtained ISO 14000 certification.

Finally, I would like to reiterate that the Vicwood Group's goal is to continue to implement its long-term investment strategy in the Congo Basin, while building on the concept of sustainable management, promoting biodiversity by applying the forest development plan, and promoting the legal export of timber through certification.

Thank you for your attention.

Annex 2: List of participants

N°	Name	Organisation/Country	E-mail	Telephone
1.	AMIA Florence		amiaflo@yahoo.fr	
2.	Bastin Didier	Alpicam-Cameroun	Didier.bastin@alpiwood.com	
3.	Allogho Constant	CARPE Libreville	Ca.obame@iucn.org	+241 07352074
4.	BAULARD Eric	AFD	baularde@groupe-afd.org	+241 743374
5.	Baumüller Heike	WWF	hbaumueller@gmx.com	
6.	Besacier Christophe	French Cooperation	Christophe.besacier@diplomatie.gouv.fr	
7.	Biwaou Danielle	French Embassy	Danielle.biwaou@missioneco.org	
8.	Bourguignon Hervé	Président IFIA	hervebourguignon@wanadoo.fr	
9.	Bogard Frédéric	TBNI		+241 07468801
10.	CARR Brigitte	WWF CARPO	carrbrigitte@hotmail.com	+241 07574966
11.	Charlotte	SUNRY/SUNLY	Charlotte8563@hotmail.com	+241 07704972
12.	Chris Wilks	WCS/IRET	Chris.wilks@yahoo.co.uk	+241 05494919
13.	COLIN CHONG	SICOFOR	colinchongai@hotmail.com	+242 5989936
14.	Colliaux Dominique	Rougier Gabon	colliaux@groupe-rougier.com	+241 743147
15.	Cordel Denis	Rougier		+241 711293
16.	DEMARQUEZ Benoit	TEREA	tereagabon@yahoo.fr	+241 07164666
17.	Dirou Sophie	OLAM/Libreville	sdirou.dan@yahoo.fr	+241 07049888
18.	DITSOUGOU Emile	TTAP	Ditsougouemile2000@yahoo.fr	+241 07855326
19.	Djombo Henry	Minister Congo	hdjombo@yahoo.fr	
20.	DONG			
21.	Ebia Ndongo Samuel	Minfoc Cameroun	ebia_ndongo@yahoo.fr	+237 99624189
22.	Eisen Joe	Brainforest	Joe.eisen@gmail.com	+241 07485496
23.	EYANG Edwige	FSC Libreville	erlymarjo@yahoo.fr	+241 07571827
24.	ERIC HE	VICWOOD		+237 99800119
25.	FAN WEI	Eximbank Chine		
26.	FENG CHEN	ALONG	gabon_along@yahoo.com	+241 07531968
27.	Foubet Christophe	Corawood	foubete@corawood.com	+241 07011829
28.	FOUTH Danièle	GTZ	danielle.fouth@gtz.de	+237 75296769
29.	FOURNIER Jérôme	FAO	Jerome.fournier@fao.org	
30.	Fremond Olivier	BM Libreville	Ofremond@worldbank.org	
31.	Guining Lian	CAITEC	lgn_2007@163.com	
32.	Kong Ing TEE	Taman		+242 5533818
33.	LALOT	SUNLY/SUNRY	jacqueslalat@yahoo.fr	+241 07568094
34.	LIAO Jiangou	Gabon Loulin		+241 07595352
35.	LI XIANG	Eximbank Chine		
36.	LI Agnès	SUNRY Gabon	agneslikun@hotmail.com	+241 07883300
37.	LIU Daoping	SFA China	liudaoping@126.com	+86 1084238508
38.	LU Huengsheng	SINOPEC	hslu@sipc.cn	
39.	Makak Jean Sylvestre	WRI	Smakak2000@yahoo.fr	+241 06644038
40.	Lengouari Alain			
41.	LOUNDOU Paul Simon	FSC Libreville	Paul-simon.loundou@laposte.net	+241 07872466
42.	Makon Samuel	Facilitator Delegate PFBC	Samuel.Makon@gtz.de	+237 75291302
43.	Megard Olivier	OLAM/Libreville	olivier.megard@olamnet.com	+241 07705598
44.	Mirani	VICWOOD	hexuejun@gmail.com	+237 77708630
45.	Moussu Gérard	SG UFIGA	secretaire.general@ufiga.com	+241 06250205
46.	MUKONGO Remy	OAB	remymuk@yahoo.fr	+241 07382779
47.	Nagahuedi Jonas	COMIFAC		
48.	Nan LI	WWF CHINA	nli@wwfchina.org	
49.	Ngoma Tibure	Taman		+242 5399679
50.	Nils Didier	UE Gabon	Didier.NILS@ec.europa.eu	+241 732250
51.	Noiraud Jean Marie	Modérateur	jmn@jmnconsultant.com	+237 99 96 17 83
52.	Ntsiba François	MEFE Congo	katece_fn@yahoo.fr	+242 6663302
53.	Nyare Nathalie	WWF CARPO	nnyare@wwfcarpo.org	+241 07840004

54.	Nyassiki Gaston			
55.	Oscar	ALONG		+241 07545040
56.	Ongouala Paul			
57.	OWELE Alphonse	MEFEPA Gabon		+241 07573943
58.	Penelon Alain	French Cooperation	Penelon_alain@yahoo.fr	+242 5545107
59.	RAFFATIN Florian	AFD	raffatinf@groupe-afd.org	+241 743374
60.	Schipulle Hans	Facilitator PFBC	hans.schipulle@gmx.de	
61.	Shan Yaozhong			
62.	Srideep Kevasan	OLAM	Srideep.kesavan@olamnet.com	+241 07524197
63.	SUN YUNQIANQ	SICOFOR	denisun@hotmail.com	+241 760505
64.	Tellier Laurent	SYLVAFRICA	sylvafrica@aol.fr	
65.	TOMO NISHIHARA	WCS Gabon	tomowcs@gmail.com	+241 07840069
66.	TOMU	French Embassy		+241 06211602
67.	Van Mierlo		vanmierloeric@yahoo.fr	+241 07372955
68.	Vergnaud Pierre	SBL	viott@groupe-afd.org	+241 794931
69.	VIOT Thomas	AFD		
70.	VRAY Pascal	CIB/GIB/CFA	Pascal.vrayh@h-dch-gabon.com	
71.	Yene Yene Germain	TTAP	g.yene@tropicalforesttrust.com	+237 99508683
72.	YU Tengbo	LGG-Gabon	todya@163.com	+86 427 7266638
73.	Wang Lei	Sinopee overseas	Dafei0511@yahoo.com	+241 07685181
74.	Wang QIN	Chinese Embassy		+241 06250207
75.	XU Rulin	TBNI	rulinnoz@hotmail.com	+241 07393418
76.	XUZHU Feng		Delfb21979@yahoo.fr	+241 07 99 24 76
77.	Zhuang Bing Chuan	ALONG		+241 07705428
78.	Zhou UI	CAITEC	datamaster@163.com	+86 1064515043
79.	Zou Qin Suzanne	TBNI	suzannezq@hotmail.com	+241 07595016
80.	Zlupeng Li	Cailli	Lizhipeng.mop@gmail.com	+86 4277266638