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China Council for International Cooperation on Environment and Development

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International Forum on Chinese Forestry Policy

论文集

Proceedings

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CCICED Task Force on Forests and Grasslands



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1. INTRODUCTION

On June 13th and 14th, 2002, the CCICED Western China Forest Grasslands Task Force held the International Forum on Chinese Forestry Policy in Beijing. The Forum was cosponsored by the Department of Policy and Legislation of the State Forestry Administration (SFA) and the Center for Chinese Agricultural Policy (CCAP) of the Chinese Academy of Sciences (CAS). The World Bank, the Ford Foundation, the Canadian International Development Agency (CIDA), and the Australian Center for International Agricultural Research (ACIAR) provided financial support. The Washington-based NGO Forest Trends provided technical support.

The International Forum on Chinese Forest Policy was intended to help develop a forest policy research agenda in six key areas of concern to the Chinese forest sector and the ongoing reform and restructuring process in China. The six key themes of the Forum were (1) forest policy in transition; (2) taxation and fiscal policies; (3) forest land tenure and ownership; (4) forest harvesting regulation; (5) forest governance and administration; and (6) forestry and trade liberalization. Field studies of the CCICED Western China Forest Grasslands Task Force and the analysis of the Natural Forest Protection Program (NFPP) and the Sloping Land Conversion Program (SLCP), along with major elements of the new National Forestry Strategy of the SFA, served as the basis for deliberations on the future policy research agenda and China's transition to a modern forest sector in a socialist market economy.

These themes were discussed at length with a broad range of stakeholders, researchers, and policymakers. The Forum formulated recommendations for actions, immediate reforms, and further research. These recommendations include consideration of the need for accelerated ecological and social development and economic restructuring, the need for integration of policies from different sectors, emerging industrialization and trade liberalization trends, and the rapidly changing governance and regulatory environment in China.

This document summarizes the presentations, and also includes comments by the panelists and ensuing plenary discussions. A synthesis of the working group discussions – as formulated in the final recommendations to SFA Administrator Zhou Shengxian – is presented at the end of this document. The complete presentations and formal papers are available on CD-ROM, which is attached to the printed version of the proceedings.

2. FORUM AGENDA

June 13th

Opening Remarks

Session I: Forest Policies in Transition – Chair: Shen Guofang, CAE

8:30~10:30 Overview of SFA's Sustainable Forestry Development Strategy, by *Zhu Lieke*, Vice Administrator, SFA
Experiences from Other Countries Transforming their Forest Policy Frameworks, by *Sten Nilsson*, IIASA

Session II: Taxation and Fiscal Policies – Chair: Neil Byron, APC

11:00~12:00 Forest Tax and Fiscal Policy Issues in China: Status and Implications for Reform, by *Sun Changjin*, RCEEE
Recommendations for Improving the Chinese Public Payment Schemes for Ecological Services, by *Xu Jintao*, CCAP

Panel Discussion, Q & A

Session III: Forest Land Tenure and Ownership – Chair: Li Zhou, CASS

13:30~15:00 Issues in Collective Forest Tenure and Opportunities to Strengthen Security in China, by *Li Ping*, RDI
Forest Tenure in Transition: International Experiences and Trends, by *Andy White*, Forest Trends

Panel Discussion, Q & A

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- Session IV: Forest Harvest Regulation – Chair: Hein Mallee, Ford Foundation**
- 15:30~17:30 Harvesting Quotas-International Experiences, *by Gary Bull, UBC*
 Harvesting Quotas in China, *by Xu Jintao, CCAP*
 Logging Ban-International Experiences, *by Thomas Waggener, IFSA*
 International Certification, *by Zhu Chunquan, WWF*
 Panel Discussion, Q & A
- June 14th,**
- Session V: Governance and Administration – Chair: Chen Genchang, SFA**
- 08:30~10:30 Forest Governance in China: Status and Issues, *by Zhang Lei, FEDRC*
 The Role of the Federal Government in the U.S. and Canada, *by Douglas MacCleery, U.S. Forest Service*
 Panel Discussion, Q & A
- Session VI: Forestry and WTO – Chair: Andy White, Forest Trends**
- 11:00~12:30 World and Regional Trade Agreements and Forestry: Emerging Issues and Implications for Governments, *by Harry Nelson, UBC*
 Implications of WTO for China's Forestry, *by Lu Wenming, CAF*
 Panel Discussion, Q & A
- Session VII: Discussion: Identifying Elements of a Research Agenda**
- 14:00~15:30 Working Groups
- Session VIII: Setting an Agenda for Future Forest Policy Research**
- 16:00~17:30 Recommendations from the Conference, *by Ian Bevege, ACIAR*
 Comments from *Prof. Shen Guofang, CAE*
 Closing Speech from Administrator Zhou Shengxian, SFA

3. WELCOME REMARKS

Shen Guofang, Task Force Co-chair, Vice President, Chinese Academy of Engineering (CAE)

Following welcoming remarks, Professor Shen briefly reviewed the terms of reference of the Western China Task Force on Forests and Grasslands and its previous achievements. When China adopted a series of major initiatives to strengthen forest conservation and environmental protection, such as the NFPP and SLCP in 2000, these measures had large impacts on the domestic environment and the national economy of China.

In response to these impacts, the China Council on International Cooperation on Environment and Development (CCICED) established the Forests and Grasslands Task Force to research and analyze the impacts of the resource policies and to prepare recommendations for their improvement. During the previous two years, the Task Force conducted surveys and field studies. The Task Force has previously reported to CCICED with specific recommendations on the existing policies. Because of its successful work, CCICED had extended the Task Force's mandate for a third term and requested a final Task Force report to be delivered in November 2002. Professor Shen emphasized that the success of the Task Force has been greatly due to the continued support of Dr. Uma Lele of the World Bank, who serves as the second Task Force Co-chair. At the end of 2002, the Task Force will present its third report to the government.

The International Forum on Chinese Forestry Policy is the culmination of two years of Task Force work. It provides an opportunity for experts from different countries to exchange and synthesize field research findings and to discuss their policy relevance with regard to the NFPP and SLCP. The second major purpose of the Forum is to strengthen the dialogue in forest policy formulation between SFA and both international and domestic organizations in forestry and related sectors. In order to make this Forum a successful event, participants are encouraged to use this opportunity to

openly discuss all issues of concern and provide as much input as they can.

4. OPENING SPEECH

Zhang Kunming, Secretary General, China Council for International Cooperation on Environment and Development (CCICED)

Two environmental key events during the last few years brought nationwide attention to the status and extent of ecological degradation in China – the 200-day drought in the lower reaches of the Yellow River in 1997, and the major flooding events along the Yellow and Yangtze Rivers and in the northeast in 1998. Also, just recently, everybody has experienced the severe sandstorms around Beijing, which occur more and more frequently.

In response to continuing ecological deterioration, the Chinese Government has instituted a number of immediate measures and policies such as the NFPP and SLCP, which in their pilot phases focused on the middle and western regions of China. On several occasions, Premier Zhu Rongji has met with CCICED and stressed the importance of environmental policies such as NFPP and SLCP.

CCICED is a high-level international advisory council that directly reports its findings and recommendations to the State Council. There is a high international interest in this advisory body. It has prominent members, such as Mr. Wang Sun of the CAS and Mr. Ian Johnson, Vice President of the World Bank. In order to effectively address the issues and impacts of the NFPP and SLCP, both CCICED members recommended establishing the Forests and Grasslands Task Force, and suggested that the Task Force should directly report to CCICED.

The Secretariat of CCICED organized the Forests and Grasslands Task Force in the first half of 2000 and received great domestic and international support for its efforts. Professor Shen Guofang (CAE) and Dr. Uma Lele (World Bank) are the appointed Co-chairs of the Task Force, and since its initiation have devoted a great deal of energy and time to the Task Force's

work. Also to be mentioned are Dr. Susan Shen (World Bank) and Dr. Xu Jintao (CCAP) for their valuable input and continued guidance. The Task Force has proved to be hard working and always delivered its findings and results quickly and in a timely manner. The Task Force has provided many helpful recommendations to the government, not only narrowly focused on domestic forestry issues but with a broader perspective on international issues, inter-linkages between different sectors, and many related aspects of the society.

The Task Force and its affiliated research institutions have conducted many field- work studies during the last two years , whose essential findings resulted in specific recommendations to CCICED. The second phase is now ending , and CCICED has decided to continue the Task Force for a third term. During this third period, the Task Force is asked not only to provide specific recommendations based on detailed field findings, but to generate broader and strategic recommendations for China's policy reform process and its transition toward a modern economy. With these field experiences and the excellent international perspectives now available at this Forum, it is hoped that this event will discuss and formulate these recommendations and that the Forum will be a success to all participants.

5. OVERVIEW OF CHINA'S SUSTAINABLE FORESTRY DEVELOPMENT STRATEGY

Zhu Lieke, Vice Administrator, SFA

As an introductory presentation to the Forum, Vice Administrator Dr. Zhu Lieke provided an overview of the major elements of the new National Forestry Strategy of China. The National Forestry Strategy is currently being reviewed by SFA and will be released to the public later in 2002 as part of China's long-term fundamental strategy of sustainable development.

The presentation was divided into three sections. First, Mr. Zhu reviewed six key research areas, which provide the conceptual basis for China's strategy of sustainable forestry development (SFD). Then, Mr. Zhu

described the steps taken to implement a modern forestry sector. He concluded his presentation with an overview of reforms and policy measures that will accompany the implementation of the strategy.

The first strategic research task in promoting SFD is to appropriately position the forestry sector in China's overall economic and social development process. This includes the accurate prediction of economic and ecological carrying capacities of China's forest ecosystems, as well as an assessment of how – with existing natural resource endowments – the development process can be accelerated. Second, multiple forest functions and interdependencies among forest resource management, environmental conservation, and economic development need to be documented; in addition, awareness of the overarching importance of forests in maintaining the country's ecological balance needs to be raised. Third, China's simplistic paradigm of human-nature integration, which originated in historic times, needs to be shifted toward a contemporary sustainable management model utilizing Western forest management theories that are adapted to the Chinese political, economic, and social context. Fourth, linkages between different developmental stages in forestry will be explored to fast-track the development process and to quickly enter a new stage of sustainable development. Fifth, China's forestry development is to be based on a realistic assessment of its current forest resources and will be implemented along science-based guidelines, principles, and strategic targets. Finally, strategic research is needed to identify measures for policy adjustment and transition management as well as to determine appropriate institutional and legislative frameworks, adequate industry restructuring processes, and resource allocation mechanisms.

Besides these six areas of strategic research, the SFD implementation process, as Dr. Zhu described it, needs to ensure the harmonization of national development goals and regional development priorities. This includes the integration of forest production and planning in the form of a national overall plan based on natural resources inventories and economic and social considerations. Implementation will be focused on China's six

major forestry engineering programs located in the Northeast State-owned Forest Region, Northern and Central Forest Region, Three North Region, Upper and Middle Reaches of Yangtze and Yellow Rivers, South Forest Region, Southeast Coastal Region, and Qinghai-Tibet Plateau. Regional forestry development priorities will be adjusted accordingly. Key features of this national forestry plan will be nationwide greening of urban centers; tree-planting along rivers, coastal lines, roads and railways; and in preparation of the Olympic Games in 2008, the launch of several ecological restoration programs around Beijing.

The second task is to strengthen the role of forestry in the restructuring process of China's agricultural and rural economy. Modern rural forestry with Chinese characteristics will promote farming, animal husbandry, economic forests, and forest products processing, with a special focus on backward mountainous areas. Rural forestry will play a key role in restoring the ecological environment and improving farmers' living standards, and will also be directed at greening of smaller urban centers, improving ecological safety and health conditions, and increasing rural energy supplies. Resource access and allocations will be regulated in ways that reduce conflicts at the local level, as well as between the regional and national levels.

Third, key issues in the conversion of farmland to forests will be addressed; conversion targets will be formulated in an ecologically, timely, and regionally balanced manner. Reforestation will be expanded, especially in mountainous areas, by supporting farmers with subsidies and codes of practices. Ecological measures will be integrated into existing and new farming models. Furthermore, new policies and operational mechanisms – such as household contracting for conversion, joint management, and shareholding cooperation – will be introduced along with the commitment of long-term public financial input.

The fourth strategic key issue is rapid urbanization. New policies will focus on urban greening, urban landscape design, and the establishment of urban

forests to sustain the diversity of landscapes, ecosystems, and species.

Fifth, forest conservation and sustainable forest management need strengthening in order to overcome the difficulties created by the restructuring of forest sector industries and the implementation of the NFPP. Actions will include research on the efficient conservation of natural forests, the promotion of classified forest management with special focus on ecosystem processes, harvest regulation, multiple forest functions, and the recognition of claims and social needs of forest-dependent people and forest enterprises.

Sixth, combating desertification is of paramount importance to China's sustainable development. Today, a total area of 2.6 million km² is affected by desertification; annual economic losses are estimated at 5.5 billion Chinese Yuan. The new National Forest Strategy will determine priorities in this area, including protection circles around Beijing and Tianjin Municipalities, the North China Agriculture and Pasture Transition Zone, the Northern Grassland Zone, selected desert areas, and the Qinghai-Tibet Plateau. Actions will also focus on the protection of ecologically fragile lands and their rehabilitation, proper allocation of water resources, and environmentally compatible industry development. Policy instruments to be developed or improved include targeting mechanisms, taxation, economic incentives for protection, and the development of an on-site monitoring network.

In combination with vegetation rehabilitation and water resource allocation, wetland protection is the seventh key issue in China's forestry development strategy. Research will be directed at studies of hydrological effects of forests and wetlands and at developing measures for wetland rehabilitation. On the policy side, market-based compensation mechanisms for ecological benefits from wetlands will be introduced, accompanied by resource surveys and monitoring of wetland development.

Eighth, wildlife protection and nature reserve development will ensure the

protection of forest biodiversity. Habitat standards covering all ecological zones of China will be developed and a system of key ecosystem conservation areas set up. This will also include the collection and preservation of gene resources and their sustainable economic utilization. The existing national research and monitoring network will be strengthened, and new labeling systems for wildlife products introduced. Law enforcement mechanisms will be improved, as will public participation and international co-operation. Fire prevention and fire management are of strategic importance as well.

Finally, timber supply shortages and increasing demand are strategic issues and need to be resolved. To narrow the gap between supply and demand, forest industry development will be promoted in a regionally balanced way. Establishing high-yielding industrial plantations in close proximity to centers of major consumption are a key element in this process. Additional strategic measures include resource efficiency of the timber industry, the substitution of other raw materials for timber, and the exploration and exploitation of overseas forest resources. Emphasis will also be put on developing innovative new industries such as tourism, bamboo and rattan production, and strengthening the efficiency and management capacities of existing enterprises.

In the final part of his presentation, Mr. Zhu, listed six groups of key reform and policy measures that will address the above-mentioned strategic issues, and discussed how SFA will contribute to the sustainable development of the forest sector.

The first measure to achieve sustainable forestry development is the analysis of opportunities and constraints to fast-track reform and the formulation of developmental guidelines. These guidelines will be based on a flexible interpretation of classified forest management and focused on technology transfer. The regional focus will be determined by the six key forest engineering programs.

Second, new resource allocation policies will be adopted, which include flexible financing strategies for integrated land use planning and mechanisms to reconsider and adjust development objectives in the light of ecological constraints.

Third, ownership will be reformed and tenure rights strengthened on the basis of flexible and workable policies and user rights. Ownership reform will allow for transfers of individual use rights, private decisionmaking on management and investment, and strengthen the concept of "who plants a tree, owns the tree and receives all benefits". Reforms will also be extended to cover the management and administration of state-owned forests. China will further open up its economy and seek integration of its forest sector into the world economy. China's accession to WTO is a prerequisite to attract further foreign investments, technologies, and human resources into the sector. It will also help to strengthen international trade and international cooperation.

Fourth, new forestry legislation will be enacted for more efficient implementation of the six key forest engineering programs. Specifically, new regulations will be released for the protection of natural forests, wetlands, farmland and artificial plantations, for forest fire and disease prevention, and for combating desertification. In addition, monitoring, law enforcement, and inspection mechanisms will become the responsibility of a centralized forest police authority.

Current functions and responsibilities of agencies such as SFA need to be broadened to include economic, social, and public sector functions. This must be accompanied by infrastructure provisions and capacity building in order to mobilize social resources and organizations to participate in national ecological engineering programs.

Finally, forestry development will take into consideration issues of global concern identified in international conventions on climate, biodiversity, desertification, and particularly on global carbon issues. Incorporating an

international perspective into China's National Forestry Strategy is given the highest priority by the leadership of SFA.

6. EXPERIENCES FROM OTHER COUNTRIES TRANSFORMING THEIR FOREST POLICY FRAMEWORKS

Sten Nilsson, IIASA

In his presentation, Professor Nilsson reviewed international experiences with forest policy reforms and discussed lessons from reform efforts of other countries that could be used to design appropriate policy frameworks.

Many efforts are made around the world to reform forest policies, but not many succeed in halting the degradation of forests. Governments, in general, have to decide how public administration should be organized, which roles and responsibilities civil and private sectors should take on, and what policies and instruments should be implemented. Regarding policy reforms in the forestry sector, governments must also examine how the forestry sector is related to other sectors of the economy domestically and internationally. As experiences show for most cases, these different elements of the policy framework are often disconnected and thus do not lead to desired outcomes.

A sound policy framework for sustainable development should provide a consistent structure. Furthermore, it should integrate the available means and measures to reach social, environmental, and economic goals of the forest sector and should be supported by the key constituents of the society. Many governments struggle with similar elements within such a framework, and the key challenge is to make these elements coherent and focused on the objectives to be achieved.

Many practical experiences from transition countries – including Russia, the former Eastern Europe, and Nordic countries – provide insights into the different dimensions of policy frameworks. In order to better under-

stand the scope of such a policy framework for sustainable development, experiences from Finland and Russia can be usefully compared and evaluated. Both countries have significant forest resources, and have recently been undergoing reform and transition processes.

Looking at the conditions of overall public governance, in Finland every ministry is involved in monthly meetings with key forestry stakeholders, while in Russia the forest sector has not had any political profile since the early 1970s. Forest sector governance also differs significantly between the two countries. In Finland, one finds strong forest sector leadership in the form of various sector associations, while there is no such leadership in the Russian forest sector. Instead, the Russian forest sector is characterized by competence struggles and empire building.

Most of the major policy issues in the forest sector are multi-sectoral and require coordination with other sector policies. For example, sectors closely connected with forestry are agriculture, land use, transportation, rural development, and technology. In Finland, such linkages are managed and coordinated through governmental meetings. In Russia, only a few sectoral policies exist, which often are in sharp conflict with each other.

Forestry policies describe the overall societal goals for the forestry sector and its industries. Policies need to adapt to national and regional objectives of sustainable forestry, consider public expectations, and balance conflicting goals. In Finland, policy objectives and policies seem to be well-defined and coherent, while Russia is lacking any specified goals for its forestry sector and, not surprisingly, does not have any coherent policies in place.

Policy instruments are needed to move sector development toward goals set in the policies. These instruments include legislation, taxes, subsidies, and permits, as well as international commitments such as Criteria and Indicators for Sustainable Forest Management. Finland has well-functioning policy instruments, which are in line with its domestic policies and with Finland's