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INTERNATIONAL COMMODITY PROBLEMS

Tropical Timber

As indicated in GATT/AIR/507, the following text of a note on problems in international trade in tropical timber prepared by experts from African countries, is being circulated to contracting parties, with a view to discussion in the Working Group on International Commodity Problems.

International Trade in Tropical Timber

Although it is very difficult to compile accurate statistics on world production of tropical timber, one can estimate, on the basis of OECD reports, that in 1963 production amounted to approximately 21 million cu.m. in Asia and 8 million cu.m. in Africa. Because of the contradictory statistics available for Central and South American countries, no figures can be given here.

I. Timber in the National Economy of the African States

In many African countries, forests form an important part of their natural resources and timber exports are steadily increasing. Local consumption in Africa has remained rather low, so that timber trade is closely related to foreign trade, more particularly between Europe and Africa. Nine tenths of timber exports from African countries are taken up by Western Europe (including the United Kingdom), and, in terms of value, approximately 74 per cent of imports of tropical timber into Western Europe are of African origin.

In the past ten years, exports of tropical timber from the West Coast of Africa have risen from 2,330,000 cu.m. to 5,700,000 cu.m. and the rate of expansion has been remarkably steady. Two species are well in the lead - okume and obeche. This is due to the exceptional technological qualities of these two species and to the fact that very extensive natural stands exist.

Natural reforestation is being assisted by many forestry techniques, although for a very long time tropical forests were considered inexhaustible. In this connexion we may mention the effort being made in Gabon where 2,000 hectares per annum are being planted with okume, and it is planned to extend the area to 3,000 hectares yearly.

Some countries which are major timber exporters apparently hesitate to invest large sums in reforestation. Having regard to the fact that the principal varieties require fifty to sixty years to mature, one may think that these countries run the risk of a considerable drop in earnings when their natural forests are exhausted. It is a matter of long-term investment which is necessary if exploitation is to continue to be profitable. Only the far-seeing producing countries will be able to supply the world timber market without any break.

In 1963 for the first time, nearly 5 million cu.m. of logs were exported by the African countries - an increase of nearly 800,000 cu.m. over the preceding year.

To this figure should be added exports of 600,000 cu.m. of sawnwood and 150,000 cu.m. of veneer sheets and plywood (including 80,000 cu.m. of okume exported by Gabon).

First on the list of the principal species exported comes okume (Gabon, Congo (Brazzaville), Spanish Guinea) which has overtaken obeche (Ghana, Ivory Coast, Nigeria). In 1963, exports of okume amounted to 1,200,000 cu.m. as compared with 1,100,000 cu.m. of obeche. Next come mfumbi (Ivory Coast, Ghana), light corina (Congo) and mahogany (Ivory Coast, Ghana). The list of the other secondary species would be too long to include here.

These indications apply to the majority of tropical African countries, the principal producers still being Cameroon, the Central African Republic, Congo (Leopoldville), Congo (Brazzaville), Ivory Coast, Gabon, Ghana and Nigeria.

Timber exports are of great importance in the foreign trade of East Cameroon. They come in fourth place, with a value of 2,063 million CFA francs for 1963, equivalent to 7.1 per cent of total exports. Production of logs rose from 156,162 cu.m. in 1962 to 225,885 cu.m. in 1963. The country has some thirty sawmills and two peeling factories.

In the Central African Republic, production is still rather low but is progressing. In 1964, 120,000 cu.m. of timber was felled and exports of rough wood and sawnwood amounted to 89,000 million CFA francs in 1963. There are seven sawmills producing approximately 25,000 cu.m. per annum.

In Congo (Brazzaville), timber forms the principal economic sector and accounts for 35 per cent of the total value of exports. In 1963 production reached a record level of 520,393 cu.m. The processing industry consists of sixteen sawmills and three peeling factories. In 1963, 439,562 cu.m. of logs, sawnwood and peeled wood was exported, with a total value of 3,647,700 CFA francs. Exports of logs are expanding steadily.

Timber makes a substantial contribution to the economy of the Congo (Leopoldville). It is difficult, however, after the upheavals which have affected the country, to give any precise information in this regard. Finished or semi-finished products can be seen to occupy a very important place in timber exports. Log exports have declined while those of sawnwood and plywood have risen. The figures for 1963 are not very different from those for 1959. In 1963, the country exported 71,029 cu.m. of logs, 34,129 cu.m. of sawnwood and 26,775 cu.m. of veneer sheets and plywood.

Ivory Coast is the principal African exporter of logs. After a difficult three-year period from 1951 to 1953, forest production has risen to a remarkable degree.

From 262,500 cu.m. in 1951 it increased to 1,761,600 cu.m. in 1963. Out of that total 1,448,800 cu.m. of logs were exported and the rest was taken up by domestic sawmills. In 1964, production reached 2,200,000 cu.m. In terms of value, timber accounts for 19 per cent of total exports. In 1965 there are some sixty sawmills and four veneer and plywood factories. The Krupp group is planning to install a pulp factory within the next few years.

In Gabon timber represents the major sector of the economy and accounts for nearly 53 per cent of exports. Gabon's forests contain a variety of different species including a virtual monopoly of okume which is the principal species exported from the tropical zone of Africa. Okume is abundant in Gabon, it can be easily exploited and can be sold even to the most demanding countries. Gabon has therefore organized its forest economy around this species and is not only exploiting existing forests but also making a great effort to ensure fresh plantations of okume to guarantee continuity of supplies in the very long term. Okume production amounted to 821,000 tons in 1964. The other species exploited are mainly oziko, (66,451 cu.m. in 1963) mahogany, niangon, mfumbi, douka, zingana, akomu, tiama, light corina and more than twenty-seven other secondary species. In 1964, Gabon's seventeen sawmills and three veneer factories took up 70,000 tons of this timber. The "Société de Gestion de la Compagnie française" of Gabon alone exported 63,000 cu. m. of plywood.

Out of the total value of exports by Ghana in 1963, 13 per cent was on account of timber. There was, however a 17 per cent decline as compared with 1960. Four main species account for 80 per cent of production: obeche, which is well ahead of the others, utile, sapele and mahoganies. About 40 per cent of the logs produced are processed in forty-three sawmills and four veneer factories. The record year was 1960 with exports of 1 million cu.m. of logs and 229,600 cu.m. of sawnwood. Since 1960 exports of logs seem to have been declining while sawnwood exports have been stable. In 1963 Ghana exported 531,000 cu.m. of logs and 205,000 cu.m. of sawnwood. On the other hand, exports of peeled wood and plywood increased by 1,500 cu.m. reaching 137,000 cu.m. in 1963.

Lastly, in Nigeria timber takes first place in the volume of total exports and eighth place in value. In 1963, 594,000 cu.m. were exported and this figure seems to have been stable since 1959. Nigeria has about 160 usable species but at present only some forty are exploited. In greatest demand is obeche which accounts for about 75 per cent of exports. Abura comes next, (10 per cent of exports). There are about a dozen large modern sawmills and a number of small Nigerian undertakings. There are between forty and fifty sizeable sawmills and several thousands of small sawmills, some of them simply proprietors of a circular saw who term themselves industrialists.

Out of approximately 1 million cu.m. of logs produced in Nigeria, about 420,000 cu.m. are sawn for local consumption.

II. African Timber in the World Economy

In speaking of the rôle of tropical timber in the world economy, one must first and foremost consider trade between Europe and Africa. Indeed nine tenths of the wood exported by Africa is taken up by Western Europe (including the United Kingdom). In the EEC the market is of a very heterogeneous character for the consuming industries in the various member countries are very different. France, Italy and the Federal Republic of Germany import mainly for their domestic needs, while the Netherlands and Belgium are mainly engaged in transit trade. Furthermore, each of these countries obtains its supplies from different producing countries. France purchases 98 per cent of its tropical timber in French-speaking Africa, mainly Gabon and Ivory Coast; Belgium buys from the Congo (Leopoldville); the United Kingdom (included in Europe, apart from the EEC) purchases from Ghana and Nigeria. Lastly, the species purchased also differ. Thirty six per cent of French imports consist of okume, and France buys practically no light wood. Germany, on the other hand, has a preference for light wood although before the war nearly 80 per cent of its imports consisted of okume. In recent years, Italy has imported increasing quantities of light wood while continuing to purchase red wood, apart from okume. Belgium, for its part, prefers light corina.

Between 90 and 95 per cent of EEC imports of logs come from the African countries. European purchases of American and Asian timber are very low. The principal consumers of African timber are veneer and plywood factories and saw-mills. In 1963, the EEC produced approximately 1,600,000 cu.m. of plywood. Demand for African timber continues to be considerable on EEC markets.

In the Federal Republic of Germany imports of tropical wood seem to have levelled off at about 1,400,000 cu.m. since 1960. Because of exceptional circumstances imports rose to 1,700,000 in 1964. However, since domestic demand did not keep pace with imports, considerable stocks accumulated which makes the market situation rather unsatisfactory. Market conditions are now improving again for fresh wood of good quality.

In France imports of tropical wood have trebled over the past eight years, reaching 1,400,000 cu.m. in 1964. This sharp increase in imports nevertheless had only slight effects on the increase in stocks. The market situation has become normal.

In Italy imports of tropical wood have been greatly influenced by the establishment of a large veneer and plywood industry. In 1964, 628,000 cu.m. were imported, nearly 70 per cent of the orders being for light wood. In the second half of 1964, however, imports fell off appreciably.

In the Netherlands trade in tropical wood is mainly transit trade and domestic market capacity is limited. Plywood manufactures amount to only 45,000 cu.m. The stabilization of German trade might bring some improvement in Netherland imports of this product.

The same applies to Belgium. On the latter point, the majority of African timber is imported under transit arrangements. The plywood industry produces only 60,000 cu.m., equivalent to 4 per cent of total production by EEC member countries. In Belgium too, stocks have risen and this may impair future exports.

One may conclude from these considerations on trade in tropical wood in the EEC member countries that, although there was some disturbance in this market in 1964, particularly in Germany and Italy, timber trade is nevertheless more important than ever and not much is required to restore balance between supply and demand.

The second world war enabled the United Kingdom to realize the tremendous possibilities offered by the African countries in trade in tropical timber. Whereas in 1938 the United Kingdom imported only 50,000 cu.m. of timber from Ghana and Nigeria, its two principal African suppliers, in 1964 it imported approximately 435,000 cu.m. of logs and sawnwood. The only other major timber supplier for the United Kingdom is Malaysia (225,000 cu.m. in 1964). While British imports of logs and sawnwood come mainly from Commonwealth countries, imports of tropical veneers are mostly supplied by France, Gabon and Israel. Annual exports by the latter countries to the United Kingdom amount to approximately 1,700 cu.m. of plywood whereas Ghana and Nigeria supply only 850 cu.m.

III. Evolution and Future Timber Production and Industry in Africa

In the past fifty years there has been a spectacular development in exports of African tropical timber, particularly towards Europe. Long before that, however, these products were already known and used but purchases were limited to fine woods commanding very high prices so that the volume of imports was very reduced.

The first world war contributed greatly towards making tropical woods better known. Until then they had been used almost exclusively in cabinet making. Laboratory tests then showed them to have properties suitable for other techniques. For example, it was found that, at equal weight, high quality wood had a mechanical resistance level two or three times higher than that of the best quality steel. Research was therefore continued on these types of timber and at the same time more attention was given to plywood manufacture. For this industry, European wood is not very amenable to peeling

since the logs are too small in diameter. Okume was then discovered in the forests of Gabon. It had all the qualities required for the manufacture of plywood panels. Increasingly heavy demand for okume resulted in the beginning of industrial exploitation of tropical forests. Exports of this species rose from year to year.

On the other hand, around 1918 the French railway companies needed timber for sleepers to rebuild their railway track. The "Consortium des chemins de fer français" installed a large sawmill in Gabon in order to supply the railway networks. From that time on the use of tropical timber in many fields has continued to develop.

It was more particularly after the 1940-44 period that there was a spectacular upsurge in the use of tropical timber.

Trade became so important that the African countries were able to organize themselves better and industrialize themselves in order to increase production. Large sawmills and plywood factories were built. Large companies were established, for example the "Centre technique forestier tropical" which was designed to utilize the forest wealth of the French-speaking African countries, to improve and protect it - or again the ATBT (international organization for tropical timber), specialized in co-ordinating international trade in tropical timber. Better equipped laboratories are carrying out advanced research into ever more numerous uses. In the past fifteen years, tropical woods have been increasingly used for important purposes where their particular qualities and absence of flaws give them the advantage over European timber.

The future of the market for tropical timber therefore seems very auspicious. The world market is open to it, and in particular the European market. Demand is rising steadily. Supply will have to be able to meet it not only in the next few years, which is assured, but in the much longer term. In this perspective, the producing countries in Africa would no doubt find it to their advantage to agree among themselves to standardize their production. Far-seeing African countries are already investing considerable sums each year in new plantations of sought-after species. In this way it will be possible to assure the future of Africa's forest industry as well as world trade in tropical timber.