

## **FORESTRY IN ZAMBEZIA: CHINESE TAKEAWAY**

### **SUMMARY**

While accounts of illegal logging in southeast Asia's and central Africa's tropical forests to supply the booming Chinese economy are increasingly common, this report is one of the first studies to document the "Chinese takeaway" from the forests of Southern Africa. Chinese traders, local business people, and members of the Government of Mozambique and their forest services are colluding to strip precious tropical hardwoods from these slow-growing, semi-arid forests at a rate that will see the resource exhausted in 5-10 years. The timber is exported as unprocessed logs, undermining local industry, and transferring all its potential benefits from one of the poorest countries in the world, to what is becoming one of the richest. This report focuses on the province of Zambezia, but the same or worse is going on in the other producing provinces, particularly Cabo Delgado, Nampula and Niassa.

The volumes involved in this trade are small in comparison with those in the humid tropical producing countries, and this has led to the relative neglect of this issue internationally. However, while the volumes are small, the impact on the economy of this poor country is great. This report does not call for a ban on logging, but for measures to bring the forests under sustainable management and to harness them for the development of poor rural communities. It proposes a ban on log export, that would promote industrial development and jobs in the long-term - and perhaps most importantly, that would fulfil a government's promises to its people.

The Government of Mozambique and its donors have subscribed to a wide range of policies and programmes to support the country's main goals of sustainable economic development and poverty alleviation. The Action Plan for the Reduction of Absolute Poverty (PARPA), the National Agricultural Programme (PROAGRI, phases I and II), and the policy, law and regulations for the forestry and wildlife sector, formulated between 1999 and 2002, all set out the requirement for sustainable forest management and the development of forest industries for combating rural poverty. The Yaounde Ministerial Declaration on African Forest Law Enforcement and Governance (AFLEG), was signed in 2003 by GoM, committing itself, internationally, to the fight against illegal logging and hunting, trade and corruption, and to promote sound forest governance.

This report demonstrates how the Government – and by association – the donors who support it, have failed to deliver on these commitments. The report compares government rhetoric with the reality of forest management practices in Zambezia, and finds not a lack of technical capacity or resources in the forest service, or simply a lack of political will. Rather, it reveals a direct conflict of between the public responsibilities and private interests of government officials – notably the National Directorate and Provincial Services for Forestry and Wildlife (DN/SPFFB) and Provincial Directorate of Agriculture (DPA) - and others, including senior political party (FRELIMO) members. Together with local business interests and Asian traders these public servants constitute a "timber mafia". Rather than combating illegal logging, they are, through measures including the manipulation of forest regulations, technical information and statistics,

taking bribes and personal involvement in logging, are facilitating and personally benefiting from this “Chinese takeaway”

The international community, most recently George Bush, is parading Mozambique as a success story of African development and governance a model democracy and reformed socialist state that has embraced capitalist development. However the reality is that its leaders, corrupted by donor payoffs and negligence, are busy cashing in whatever natural resources they can, lining their pockets at the expense of their impoverished population. Donors pursuing politically correct budget support mechanisms for aid delivery impose only loose performance targets on the GOM and have lost touch with what is really happening in the country. The report calls donors to account – for the sake of the poor of Mozambique, and their own domestic tax-payers.

Three cornerstones of sound forest management for long-term local development, should be a system for limiting the annual cut to levels that can be sustained in the long-term, forest concessions with management plans, and industrial capacity, in balance with forest productivity. Following the major scandal in 2000, of almost totally unlicensed forestry in Zambezia forestry, the forest services have been obliged to organise production around sustainable annual quotas. According to the last published inventory from 1994, the annual allowable cut of currently marketable species in Zambezia is around 18,000 m<sup>3</sup>. However, for the last 5 years, SPFFB has authorised over 28,000 m<sup>3</sup> per year, and the quota for 2004 was nearly 50,000 m<sup>3</sup>. New inventory data is cited to justify the new quota, but the data have never been made public.

The majority of the quota is allocated, not to existing industries, to support local jobs and development, but to small operators. This situation is being driven by the presence of Asian buyers in the port of Quelimane, who provide credit to these small operators, who could not otherwise afford their licences. The small operators are all Mozambican nationals, but there are so many of them (over 150 in 2003), their activities so uncontrolled, and their reinvestment in the sector so low, that they have become part of the problem of forestry rather than part of the solution. The small operators are a diverse group, but united in the belief that exploiting the country's forests is their right, rather than a privilege awarded to those with the capacity and commitment to manage them wisely.

The forest concessions system, required by policy and law, is being established, but only very slowly. Over 40 concession applicants, including Asian buyers, other foreign investors, local industrial operators and local business interests, some only fronts for members of the forest services or government, have applied for over 50% (1.5 m ha) of the remaining productive forest. Very few have prepared the management plans or established industries required by law, but all are given licences to harvest in their areas, meanwhile. The few management plans that have been approved do not even pretend sustainability, but rather propose to strip all the commercial timber in 5-10 years, making a mockery of the notion that concessions should be the basis of long term forest development.

Rural communities, who fought a long battle to gain rights to their land, have no rights to the timber growing on that land, except for subsistence. With few alternative sources of employment, they are reduced to working for licenced operators for less than the minimum wage, or supplying other dealers with logs they harvest illegally. Although communities are supposed to receive 20% of licence fees, no mechanism has yet been established for its delivery, and the total amount is anyway, small. More radical reform is needed, if communities are to benefit from the exploitation of their forests.

The quotas and licences give little indication of how much timber is really being harvested or from where. Although operators do now pay for some licences, there is only one real checkpoint, under-reporting is widespread and systematic, inspection is lax, bribes are common, and the computer based control system of licensing and transport, introduced by SPFFB in 2001 is largely cosmetic. In 2002, the quota was set at 42,000 m<sup>3</sup>, but SPFFB reported licensing only 33,200 m<sup>3</sup> and the export of only 28,400 m<sup>3</sup>. But that year, 17 bulk carriers and 27 container ships loaded logs in the port, and the port authorities recorded export of 51,000 m<sup>3</sup>. The other government departments involved in forest sector (Port, Customs, Industry) all return contradictory figures.

The greatest problem - because it drives the whole system - is the continued export of logs. According to the Forestry and Wildlife Law, passed by Parliament 2000, the main commercial species must be processed prior to export. However, just as the law was coming into force in 2002, the Ministry under pressure from loggers and their Asian backers, passed an internal decree reclassifying the commercial timbers to permit their export as logs. This decree may be illegal, but until it is declared as such, the “Chinese takeaway” will continue.

In short, too many operators, large and small, are being allowed to take too many logs, from too many places in a way that is rendering the resource unmanageable in the longer term. It also abuses the rights of local communities, denying them opportunities for vitally needed employment and skills development that would come from sustainable forest management, processing industries and community based enterprises. Export of logs, largely illegal, is starving local industry and threatening local jobs. The DNFFB and SPFFB are presiding over and colluding with these abuses, in a way that makes a mockery of the notion of “governance”. There can be no excuse for the personal enrichment and public loss on the scale that is taking place.

The purpose of the study is not only to document and raise awareness of these problems, but also to propose solutions. The main report provides technical details of practices in the forest sector, to explain and justify five key reforms proposed, and to refute arguments put forward by the “timber mafia” to allow the “Chinese takeaway” to continue.

The proposed reforms include an immediate moratorium on log exports, a review of the Ministerial decree permitting this export, the suspension of logging by small operators, the suspension of further concession approvals and independent review of existing forest management plans. The rights of local communities to their forest resources should be

guaranteed by law. Support should be given to communities to manage their own forests, and operators wishing to exploit forests should be obliged to enter into legal partnerships with communities. A series of other measures are proposed for each of the main stakeholder groups. In the meantime, those harvesting operations linked to industries might continue, subject to independent monitoring, to preserve jobs and supply domestic timber needs. It is vital that forest operations, not linked to permanent quality jobs, are stopped, to create the time and incentives needed to bring the sector under control. As problems are successfully addressed, moratoria can be lifted, until all activities are once again permitted. Donor-funded infrastructure schemes are proposed as compensation measures to minimise the impacts on the provincial economy during the transition to sound governance.

Importantly, the report calls for international action to put pressure on the Government of China to take responsibility to ensure that its own economic boom does not rob poor, vulnerable countries of the resources they need for their own development.