

ECONOMIC PERFORMANCE OF THE CONGO BASIN'S FORESTRY SECTOR

2021

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01 Introduction

The Congo Basin is made up of six countries: Cameroon, the Central African Republic, the Republic of the Congo, the Democratic Republic of the Congo, Gabon and Equatorial Guinea. The Congo Basin's forests, being the second largest 'lungs' of the world after the Amazonian forests, have an area of about 178 million hectares (ha) of dense humid forests with almost one third earmarked for timber production¹. The region also has 18 million hectares under conservation and 100 million hectares that are still unallocated².

Despite this extraordinary forest endowment, wood from the Congo Basin has been exported in raw form to foreign countries over the last 60 years, while African countries have imported finished wood products at higher cost with an incalculable loss in economic opportunities. In the timber industry, the Congo Basin occupies an extremely marginal place in the world despite its magnitude. It accounts for only 1% of global sawnwood production; 5% of the world's production of tropical logs; 6% of global tropical sawnwood production; 7% of the world's tropical veneer production; 1% of global tropical plywood production; and little or no secondary or tertiary wood transformation³. This low performance by the Congo Basin countries, disproportionate to the size of the resource, is undoubtedly associated with an insufficiently industrialized wood processing sector, with most of the timber still being exported in the form of logs or at best sawnwood and other primary processed products.

The Congo Basin's forests have already been shown to provide unparalleled opportunities for forward and backward linkages that would accelerate capital accumulation, industrial development, economic diversification, improved livelihoods and job creation⁴. Research estimates that adding value to primary processed products before export could generate additional margins of between 350% and 1000% and a multiple of 4-12 times more jobs⁵ ⁶. This value addition would be a driver towards green and sustainable economic and social

¹ Isabelle Tritsch, Gwenolé Le Velly, Benoit Mertens, Patrick Meyfroidt, Christophe Sannier, Jean-Sylvestre Makak, Kenneth Hounbedji. 2020. Do forest-management plans and FSC certification help avoid deforestation in the Congo Basin? *Ecological Economics* 175 (2020). <https://doi.org/10.1016/j.ecolecon.2020.106660>

² AFDB. 2018. *Integrated and sustainable development of the timber value chain in the Congo Basin. Opportunities, Challenges and operational recommendations. Regional Report.* 308 pp.

³ RDGC and ECNR. 2018. *Sustainable Industrialisation of the Timber Industry in the Congo Basin. Recommendations from a 2018 African Development Bank Regional Study. Policy Brief*

⁴ AFDB. 2018. *Integrated and sustainable development of the timber value chain in the Congo Basin. Opportunities, Challenges and operational recommendations. Regional Report.* 308 pp.

⁵ Bickel A. and Cerutti P. 2017. *Liberia: Domestic timber value chain analysis. Extractive Overview Report.* January. 53 pp.

⁶ Buongiorno J. and Zhu S. 2014. *Assessing the impact of planted forests on the global forest*

development, supporting the resilience of economies in the post COVID-19 era. This brief does not deal with wider management or governance issues in the forestry sector but rather dwells on the performances of the national timber sectors in terms of trade balances in key wood products within three significant product categories.

02 National forest potentials in the Congo Basin

Within the Congo Basin, the Central African Republic is classified as a high forest cover country (with forest cover estimated at 31-50%) while Cameroon, the Congo, the DRC, Equatorial Guinea and Gabon are very high forest cover countries (with over 50% of total land area under various forest formations) ⁷. Table I provides data on the extent of forests in the countries of the Congo Basin with estimates on net annual change between 2010 and 2020.



economy, *New Zealand Journal of Forestry Science*: 44 (Suppl 1): S2 <http://www.nzjforestry-science.com/content/44/S1/S2>

⁷ Traore M. and J.C. Tieguhong. 2018. *How Forestry Contributes to the African Development Bank's High 5 Priorities: Challenges and Opportunities.* Abidjan, Côte d'Ivoire: African Natural Resources Center, African Development Bank.

TABLE I: Extent of total forest areas including naturally regenerating and planted forests in Congo Basin.

Country	Forest category	Forest area *1000 ha		Net annual change 2010-2020	
		2010	2020	Ha*1000/year	%
Cameroon	Extent of total forest area	20900	20340	-56.0	-0.27
	Naturally regenerating forest	20859	20279	-58.0	-0.28
	Planted forest	41	61	2.0	4.04
DRC	Total forest area	137169	126155	-1101.4	-0.83
	Naturally regenerating forest	137111	126098	-1101.4	-0.83
	Planted forest	58	58	0.00	0.00
Central African Republic	Total forest area	22603	22303	-30.0	-0.13
	Naturally regenerating forest	22601	22301	-30.0	-0.13
	Planted forest	2	2	0.00	0.00
Congo	Total forest area	22075	21946	-12.9	-0.06
	Naturally regenerating forest	22016	21887	-12.9	-0.06
	Planted forest	60	60	0.00	0.00
Equatorial Guinea	Total forest area	2532	2448	-8.4	-0.34
	Naturally regenerating forest	2407	2323	-8.4	-0.35
	Planted forest	125	125	0.00	0.00
Gabon	Total forest area	23649	23531	-11.9	-0.05
	Naturally regenerating forest	23619	23501	-11.9	-0.05
	Planted forest	30	30	0.00	0.00

Source: Compiled by author from FAO 2020⁸.

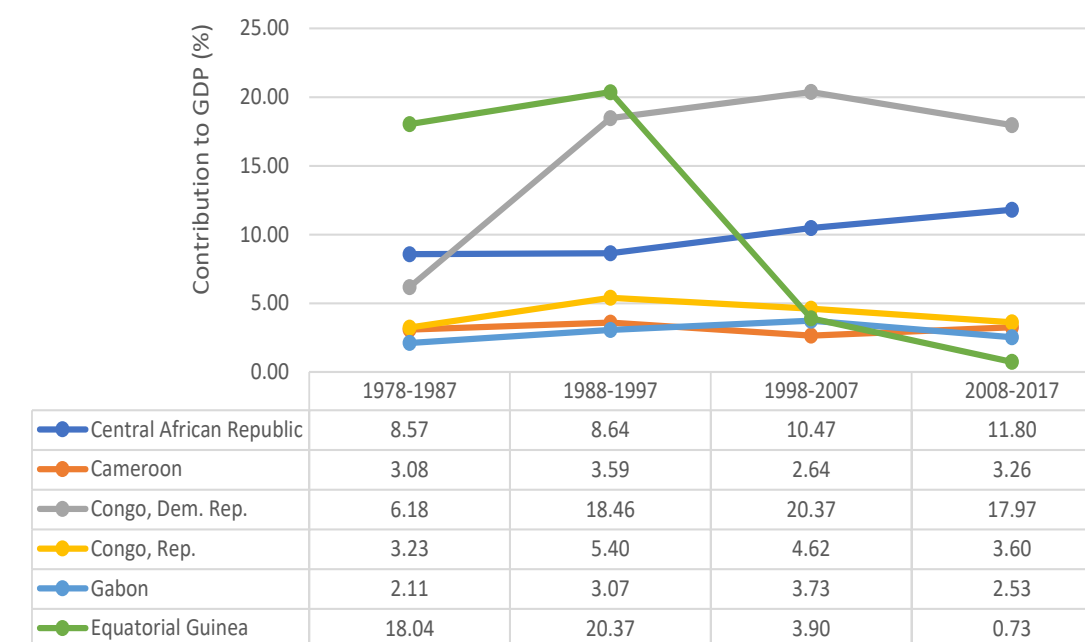
03 Economic contribution of forests to national economies

Over the last 40 years (1978 - 2017), the forestry sector contributed on average between 1% and 20% to the GDPs of the countries in the Congo Basin. These contributions vary between countries and over decades. While the contributions to GDP remain below 5% for Cameroon, the Republic of Congo and Gabon, those of the DRC increased steadily from about 6% in the 1978 - 1987 period to over 20% in the 1998 - 2007 period and slightly down to 18% in the 2008 - 2017 period. Steady increases were also observed for the

⁸ FAO. 2020. Global Forest Resources Assessment 2020: Main report. Rome. <https://doi.org/10.4060/ca9825en>

Central African Republic over the four decades from about 9% in the 1978 - 1987 period to 12% in the 2008-2017 period. A reverse trend was observed for Equatorial Guinea with about 20% during the 1988-1997 period sliding down to 4% in the 1998 - 2007 period and 1% during the 2008 - 2017 period (Figure 1). These trends suggest industrial stagnation or lack of innovation and investments in some countries and the lack of prioritization of the forestry sector in some others.

FIGURE 1: Mean contributions of forestry to GDP in the Congo Basin (%)



Source: Compiled by author from World Bank statistical data base.

04 National performance on trade in forest products

National trade performances is generally positive for primary products except for plywood in the DRC, the Central African Republic, the Congo and Equatorial Guinea. Negative trade balances were only observed for veneers in the Central African Republic. However, very high negative trade balances are in evidence for secondary and tertiary forest products. The details are provided below following detailed analyses of trade data from FAOSTAT and ITTO annual statistical databases from 2010 to 2019.

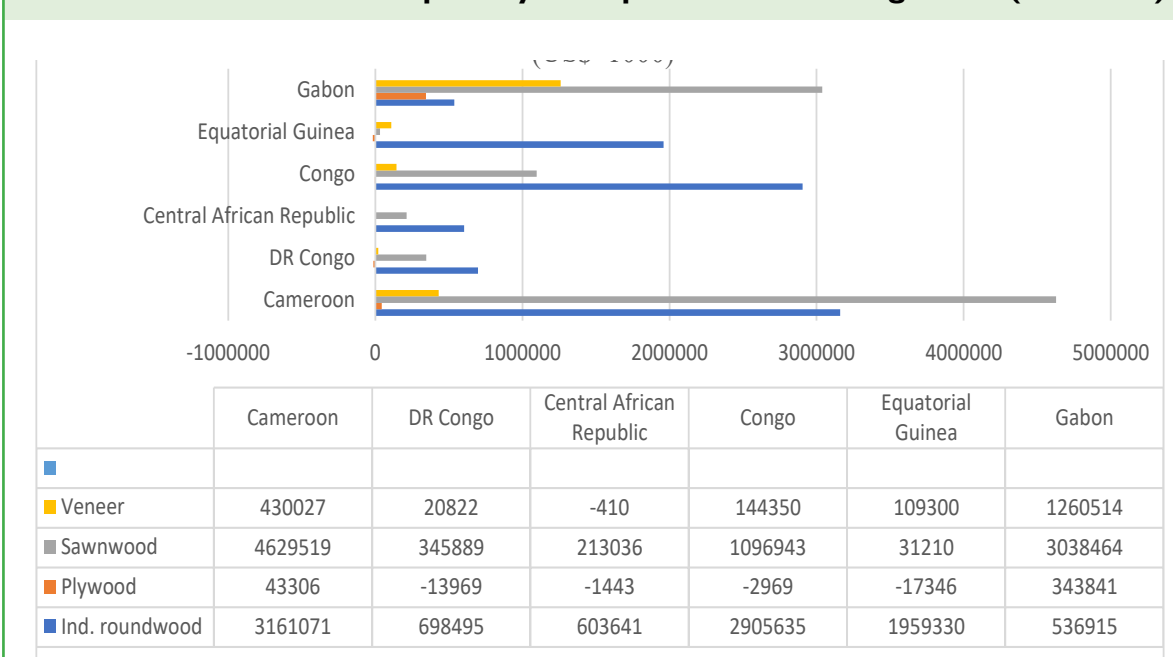
4.1. Primary products

The four primary wood products considered in this report are: industrial round wood (logs), sawnwood, plywood and veneers. Over the reporting period (2010-2019) countries in the Congo Basin were net exporters of primary wood products worth about \$21.54 billion. However, the regional total obscures the variation between countries and among products. For instance, the Central African Republic, the Congo, the DRC and Equatorial Guinea were net importers of plywood totaling \$35.73 million while Cameroon and Gabon were net exporters, worth a total of \$387.12 million. For all six countries, positive trade balances were registered for industrial roundwood and sawnwood with total value of \$9.87 billion and \$9.36 billion respectively, during the reporting period (Figure 2; Annex 1).

4.2. Secondary products

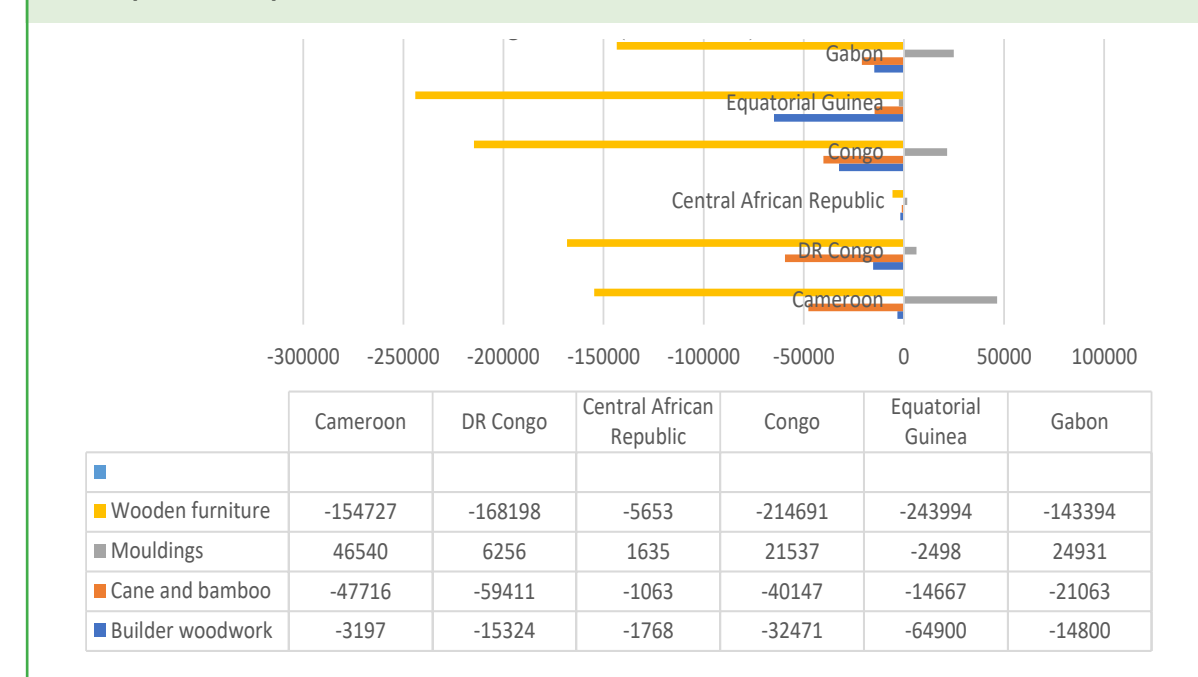
With an exhaustive variety of secondary wood products and craft items, four were analyzed based on the availability of data and the huge volume of trade: wooden furniture, builder woodwork or construction wood, mouldings and cane and bamboo products. Over the reporting period (2010 - 2019), the entire Congo Basin countries suffered large negative trade balances of over \$1.15 billion for these wood products, with wooden furniture representing the lion's share of 81%. Equatorial Guinea registered negative trade balances for all four products while the other five countries registered negative balances for

FIGURE 2: Trade Balances for primary wood products in the Congo Basin (US\$*1000)



three products, excluding mouldings. Countries with the highest negative trade balances included Equatorial Guinea (\$326 million), the Congo (\$266 million), the DRC (\$236 million), Cameroon (\$159 million), Gabon (\$154 million) and the Central Africa Republic (\$6.85 million) (see Figure 3; Annex 2).

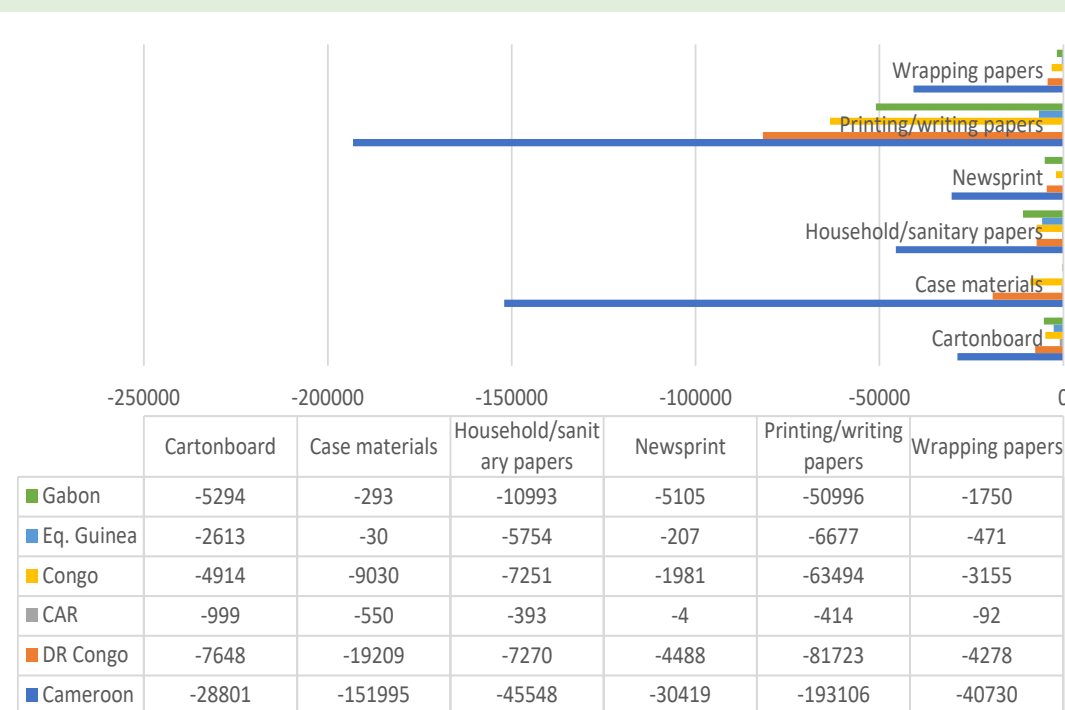
FIGURE 3: Trade balances for secondary processed wood products in the Congo Basin (US\$*1000)



4.3. Tertiary products

There are thousands of tertiary forest products and consequently the six most common types were considered for this brief. These include printing and writing papers, wrapping papers, household and sanitary papers, newsprints, cartonboard and case materials. All the countries in the Congo Basin in every product registered huge negative trade balances over the reporting period, amounting to \$797.68 million or an annual average trade deficit of about \$80 million. Over the reporting period, Cameroon registered a total trade deficit of \$490.6 million, the DRC \$124.6 million, the Congo \$89.8 million, Gabon \$74.4 million, Equatorial Guinea \$15.6 million and the Central African Republic \$2.5 million. In terms of the products, printing and writing papers registered the highest share of the deficit at \$396.4 million followed by case materials at \$181.1 million, household/sanitary papers \$77.2 million, wrapping papers \$50.5 million, cartonboard \$50.3 and newsprints \$42.2 million (see Figure 4; Annex 3).

FIGURE 4: Trade balances for tertiary processed wood products (US\$*1000)



05 Concluding remarks

The Congo Basin undoubtedly has enormous potential in its forestry sector that could contribute to local, national and regional economies through value addition but also from expanding intra-African trade with the 40 African countries with fewer forestry resources. To ensure sustainable forest production, national forestry regulations in the region have made forest management plans (FMP) mandatory in logging concessions to produce timber while preserving biodiversity, contributing to socio-economic development and enhancing climate change adaptation and mitigation outcomes⁹. The important role of forests in responding to climate change has been underscored by a number of global policy interventions. Among them are the Nationally Determined Contributions (NDCs), the Paris Agreement on Climate Change targets and Reducing Emissions from Deforestation and Forest Degradation and the Role of Conservation, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks in Developing Countries (REDD+) initiatives. Other regional initiatives to protect this valuable forestry resource are the Central African Forest Initiative (CAFI) and the AFR100 commitments to restore 25.41 million ha of degraded lands reaching 12.06 million ha in Cameroon, 8 million

⁹ Tieguhong J.C., Ketchatang P.T., Chia E., Assembe-Mvondo S. and Oeba V.O. 2019. The role of the private forestry sector in response to climate change in central Africa: the case of Cameroon. *International Forestry Review* Vol.21(SI), 2019: 112-125

ha in the DRC, the Central African Republic committing to 3.5 million ha and Congo committing to 2 million ha. A further regional umbrella institution in the Congo Basin is the Central African Forests Commission (COMIFAC) with its forest convergence plan and the existence of forestry certification schemes are another useful resource to support forestry sustainability.

From an industrial development perspective, the forestry sector contributes far less than its potential would suggest to the GDPs of the Congo Basin countries due to the low level of processing and lack of manufacturing at scale to develop primary forest products into consumable goods. For instance, from 2010 to 2019, countries in the Congo Basin were net exporters of primary wood products worth about \$21.54 billion but were also net importers of secondary and tertiary wood products worth \$1.15 billion and \$797.68 million respectively. The figures suggest poor industrial performance in the secondary and tertiary wood processing sectors and that economic gains from the export of primary products are diminished by importing finished products. This absence of local added value manufacturing has major economic consequences for the region in terms of the loss of jobs and worth creation opportunities that are currently displaced beyond the continent. For instance, the import of wooden furniture constitutes over 80% of the trade deficit associated with secondary wood products trade in the Congo Basin, when there are huge opportunities for promoting small-scale furniture production and carpentry hubs to create several thousand jobs in the region. Moreover, about 50% of the trade deficit in tertiary products is from printing and writing papers for which demand will continue to increase in coming years as the regional population increases, representing a good investment opportunity. Investments from visionary and audacious investors could accelerate the transformation of the forest industry in the Congo Basin. Such industrialization should reduce the focus of export from only primary wood products to a rapid increase in the export of secondary and tertiary processed products which will result in significant positive impacts on trade balances. This will constitute a real evolution of a new industrial model in the Congo Basin building firmly on the recommendations of the regional industrialization strategy. Not only will the benefits be seen in national economies at a level this paper has now scoped, but also at a community level with the creation of more skilled and better paid jobs and sustainable livelihoods.

ANNEX 1: Trade balances for primary forest products by countries in Congo Basin (US\$*1000) – 2010-2019						
Country	Trade (US\$*1000)	Ind. roundwood (US\$*1000)	Plywood (US\$*1000)	Sawnwood (US\$*1000)	Veneer (US\$*1000)	Grand Total (US\$*1000)
Cameroon	Exports Value	3163801	48052	4631909	430329	8274091
	Imports Value	2730	4747	2389	302	10167
	Trade balance	3161071	43306	4629519	430027	8263924
DRC	Exports Value	703580	304	361958	21749	1087592
	Imports Value	5085	14274	16069	927	36355
	Trade balance	698495	-13969	345889	20822	1051236
Central African Republic	Exports Value	603645	130	213862	1597	819234
	Imports Value	4	1573	827	2006	4410
	Trade balance	603641	-1443	213036	-410	814824
Congo	Exports Value	2906960	4832	1097779	147948	4157519
	Imports Value	1325	7801	835	3598	13560
	Trade balance	2905635	-2969	1096943	144350	4143959
Equatorial Guinea	Exports Value	1959591	10294	32742	112693	2115320
	Imports Value	261	27639	1532	3393	32825
	Trade balance	1959330	-17346	31210	109300	2082495
Gabon	Exports Value	537618	346809	3040581	1262017	5187025
	Imports Value	703	2968	2117	1503	7291
	Trade balance	536915	343841	3038464	1260514	5179734
Grand Total Congo Basin	Export	9875195	410422	9378830	1976334	21640781
	Import	10107	59002	23769	11730	104608
	Trade balance	9865088	351420	9355060	1964604	21536172
Source: Compiled by author from ITTO Statistical data base. https://www.itto.int/biennial_review/						

ANNEX 2: Trade balances for secondary processed wood products in Congo Basin (US\$*1000) -2010-2019						
Country	Trade	Builder woodwork	Cane and bamboo	Mouldings	Wooden furniture	Grand Total
Cameroon	Exports Value	11763	411	51262	4784	68219
	Imports Value	14959	48127	4722	159511	227319
	Trade balance	-3197	-47716	46540	-154727	-159099
DRC	Exports Value	7070	176	10059	891	18196
	Imports Value	22395	59586	3803	169089	254873
	Trade balance	-15324	-59411	6256	-168198	-236677
Central African Republic	Exports Value	360	121	1664	992	3137
	Imports Value	2128	1184	29	6645	9986
	Trade balance	-1768	-1063	1635	-5653	-6849
Congo	Exports Value	11387	252	25160	1090	37889
	Imports Value	43858	40400	3623	215780	303660
	Trade balance	-32471	-40147	21537	-214691	-265772
Equatorial Guinea	Exports Value	154	6	0	172	332
	Imports Value	65055	14673	2499	244166	326392
	Trade balance	-64900	-14667	-2498	-243994	-326060
Gabon	Exports Value	4375	200	27334	1784	33693
	Imports Value	19175	21263	2403	145178	188019
	Trade balance	-14800	-21063	24931	-143394	-154327
Grand Total Congo Basin	Exports Value	35109	1165	115479	9713	161466
	Imports Value	167569	185232	17079	940370	1310250
	Trade balance	-132460	-184067	98400	-930657	-1148784
Source: Compiled by author from ITTO Statistical data base. https://www.itto.int/biennial_review/						

ANNEX 3: Trade balances for tertiary processed wood products by countries in Congo Basin (US\$*1000) -2010-2019

Country	Trade	Carton-board	Case materials	Household /sanitary papers	News print	Printing/ writing papers	Wrapping papers	Grand Total
Cameroon	Export Value	918	3293	60	48	852	14410	19581
	Import Value	29719	155288	45608	30467	193958	55140	510180
	Trade balance	-28801	-151995	-45548	-30419	-193106	-40730	-490599
Central African Republic	Export Value	190	0	0	0	740	10	940
	Import Value	1189	550	393	4	1154	102	3392
	Trade balance	-999	-550	-393	-4	-414	-92	-2452
Congo	Export Value	14	100	0	30	366	30	540
	Import Value	4928	9130	7251	2011	63860	3185	90365
	Trade balance	-4914	-9030	-7251	-1981	-63494	-3155	-89825
DRC	Export Value	2598	276	12	26	14568	120	17600
	Import Value	10246	19485	7282	4514	96291	4398	142216
	Trade balance	-7648	-19209	-7270	-4488	-81723	-4278	-124616
Equatorial Guinea	Export Value	110	0	178	0	71	0	359
	Import Value	2723	30	5932	207	6748	471	16111
	Trade balance	-2613	-30	-5754	-207	-6677	-471	-15752
Gabon	Export Value	146	261	207	776	10819	456	12665
	Import Value	5440	554	11200	5881	61815	2206	87096
	Trade balance	-5294	-293	-10993	-5105	-50996	-1750	-74431
Total Congo Basin (US\$*1000)	Export Value	3976	3930	457	880	27416	15026	51685
	Import Value	54245	185037	77666	43084	423826	65502	849360
	Trade balance	-50269	-181107	-77209	-42204	-396410	-50476	-797675

Source: Compiled by author from <http://www.fao.org/faostat/en/#data/FO>





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