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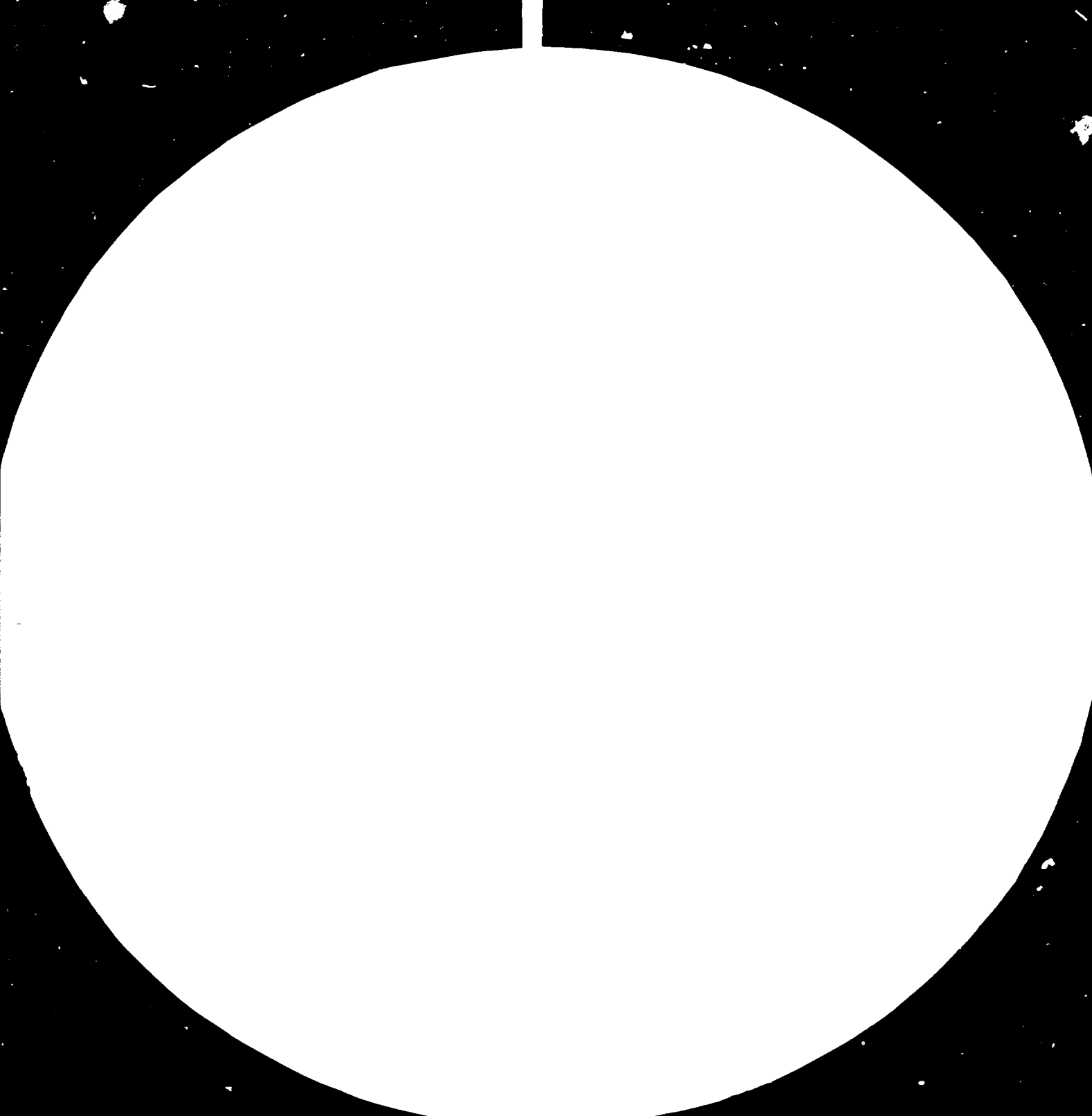
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Regional Meeting for Africa in preparation of
the First Consultation on the Wood and Wood
Products Industry
Vienna, Austria, 21-25 June 1982

REPORT * (Meeting on wood and
wood products industry in
Africa)

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PREFACE

The System of Consultations

The Second General Conference of the United Nations Industrial Development Organization (UNIDO), held at Lima, Peru, in March 1975, recommended that UNIDO should include among its activities a system of continuing consultations between developed and developing countries with the object of raising the developing countries' share in world industrial output through increased international co-operation, ^{1/}

The General Assembly, at its seventh special session in September 1975, in its resolution 3362 (S-VII), decided that the System of Consultations called for by the Lima Declaration and Plan of Action should be established at global, regional, interregional and sectoral levels ^{2/} and that UNIDO, at the request of the countries concerned, should provide a forum for the negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves.

The System of Consultations has been established under the guidance of the Industrial Development Board. At its fourteenth session, the Board decided to establish the System of Consultations on a permanent basis with the following main characteristics, including those described in its past decisions:

(a) The System of Consultations should be an instrument, through which the United Nations Industrial Development Organization (UNIDO) would serve as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries; ^{3/}

1/ "Report of the Second General Conference of the United Nations Industrial Development Organization" (ID/CONF.3/31), chapter IV, "The Lima Declaration and Plan of Action on Industrial Development and Co-operation", para.66.

2/ Official Records of the General Assembly, Seventh Special Session, Supplement no.1, para.3.

3/ Official Records of the General Assembly, Thirty-fifth Session, Supplement no.16, para.151(a).

(b) Consultations would also permit negotiations among interested parties at their request, at the same time as or after consultations;^{4/}

(c) Participants of each member country should include officials of Governments as well as representatives of industry, labour consumer groups and others, as deemed appropriate by each Government;^{5/}

(d) Final reports of the Consultations should include such conclusions and recommendations as agreed upon by consensus by the participants as well as other significant views expressed during the discussion.^{6/}

Consultations on the Wood and Wood Products Industry

The Industrial Development Board, at its fifteenth session in May 1981, decided to include the First Consultation on the Wood and Wood Products Industry in the programme of consultation meetings to be convened in 1982-83. In accordance with the established work programme for the preparation of the First Consultation and the Agreement signed between UNIDO and the Government of Finland, the First Consultation on the Wood and Wood Products Industry will be convened from 19 to 24 September 1983 in Helsinki, Finland.

In order to identify priority issues to be submitted for consideration at the First Consultation, the UNIDO secretariat will convene a Global Preparatory Meeting in November 1982.

Prior to the Global Preparatory Meeting, preparatory activities have been initiated at the regional level and they include:

- Preparation of regional papers on the wood and wood products industry in Africa, Asia and Latin America.
- Convening of Regional Preparatory Meetings for Africa, Asia and Latin America.

Accordingly, the Regional Preparatory Meeting for Africa was organized by the UNIDO secretariat from 21 to 25 June 1982 in Vienna, Austria. The basic objectives of this meeting were:

^{4/} Ibid., para.151(b)

^{5/} Ibid., para.152

^{6/} Ibid., Thirty-second Session, Supplement no.16, para.163

- Discuss the present situation of the wood and wood products industry in the region, its potential for expansion and future requirements in view of possible redeployment or reallocation of industrial capacities;
- Identify common and particular constraints which hamper the trend towards further development of primary and secondary processing in developing countries of the region;
- Examine and propose ways and means for international co-operation and action needed to overcome identified constraints;
- Select specific issues for further elaboration to be discussed at the Global Preparatory Meeting and for possible inclusion for submission to the First Consultation on the Wood and Wood Products Industry.

I. CONCLUSIONS AND RECOMMENDATIONS

1. The Meeting concluded that the following are the main constraints which hamper the development of the Wood and Wood Products Industry in the African region:

(i) Raw material

- a) Due to regional imbalances of availability of raw material many countries already face, and will increasingly face in the future, acute shortages of wood both for industrial use and for fuel. This is particularly true in the Sahelian region and north Africa, where the need to secure a steady supply by timber deficit countries will grow with the growth in demand.
- b) So far countries have not yet started to exploit their forests on a long-term sustained-yield basis. Lack of land use planning, forest inventories and proper forest management are limiting factors to a more rational use of forest resources.
- c) With a few exceptions, present regeneration, rehabilitation and afforestation efforts are inadequate and will have to be increased in order to compensate deforestation. For many countries they are the only way to meet an increased demand of wood products.
- d) Residues in the forest are only marginally used as a raw material for semi-finished products or for the production of energy or other industrial purposes.

(ii) Processing

- a) Lack of trained manpower at all levels seems to be responsible to a large degree for the low efficiency in factories through inadequately maintained and operated equipment.
- b) Shortage of spare parts due to the lack of foreign exchange and inexistence of local production is a major factor leading to low capacity utilisation.
- c) A large part of the existing machinery and equipment is obsolete, and even if new it is very often not adapted to local conditions.
- d) There is a lack of trained middle management so that production planning and quality control are in most cases inadequate.
- e) Ways to reduce costs by use of residues have yet to be applied. Neither the use of residues to produce by-products, nor their recycling for energy is a common practice.
- f) There is a lack of capabilities and awareness to plan and design new processing plants and to assist existing factories.
- g) There is a lack of knowledge in timber engineering and standardization for primary and secondary processing.

(iii) Trade, transport and marketing problems

- a) So far African countries have not been able to establish their own marketing chains; and efforts to have a coordinated production and pricing policy for exports of wood based products vis-à-vis consuming countries have not been successful.

- b) Commercially less accepted species are insufficiently promoted and sufficient provision has not yet been made in existing standards and building specifications to allow for their local use.
- c) Freight rates are extremely high and the countries' possibilities to influence their fixation and share the benefits are reduced. Part of the high shipping costs are due to poor infrastructure of ports and lack of coordination of shipments.
- d) Inland transport costs are extremely high due to the lack of adequate road, rail and river systems.
- e) Local markets within economic transportation distance are limited.

(iv) Finance

- a) Financial assistance is inadequate for:
 - forest regeneration and rehabilitation activities;
 - development of physical infrastructure;
 - preparation of investment studies (prefeasibility and feasibility studies);
 - expansion of processing facilities and acquisition of more advanced processing technology;
- b) Not enough finance is available in terms of soft loans or seed money for this industry although it is labour-intensive and resource based.

(v) Technology

- a) In spite of the availability of processing equipment designed for tropical species, too often the wrong equipment is installed. Also, the degree of sophistication is not always adapted to local conditions in terms of availability of spare parts and maintenance services.
- b) Enterprises from developed countries are sometimes tempted to promote exports of obsolete machinery to African countries, for which spare parts are not available and this does not help them to become competitive.
- c) Technological change is sometimes thought to be positive per se without taking into account economic, social, ecological and climatic considerations.

(vi) Industrial infrastructure

- a) Adequate channels to disseminate information on research and development in the region and fora to discuss work in progress are lacking.
- b) Many research institutions seem to be still directed from abroad and do not disseminate information adequately.
- c) A uniform nomenclature and classification for existing species is still lacking and efforts on grading have been insufficient.
- d) Not enough has been done so far on training activities to coordinate the existing efforts and to specialise existing institutions.
- e) Statistics on production of forest products and on primary and secondary products are lacking.

f) There are insufficient industry associations as well as trade and marketing associations at national and regional level.

g) Standardization institutes are lacking.

2. The Meeting recommended the following priority issues to be further elaborated and discussed at the Global Preparatory Meeting for consideration at the First Consultation:

(i) Strengthening the raw material base as a permanent resource through:

a) Management of forests on a long-term sustained yield basis and improvement of logging techniques.

b) Clarification of the status of woodland, reserving areas for permanent forests and solving problems related to pressures which lead to depletion of forests (shifting agriculture, fuel shortage).

c) Intensive reforestation and rehabilitation programmes.

d) Increased use and promotion of commercially less accepted species.

e) Making increased use of timber waste and forest residues for energy and processing purposes.

(ii) Development of primary and secondary processing through:

a) Training of industrial manpower at all levels to increase the supply of sawdoctors, sawmillers, machine operators, maintenance mechanics and electricians as well as practical engineers and designers. Improvement of managerial skills.

b) Measures oriented towards the increased availability of spare parts and ancillary material by increasing foreign exchange allocations, finance and promotion of local production.

c) Establishment of new plants on the basis of their economic viability and directed towards an increased integration in order to make full use of the raw material available.

d) Increased finance for expansion of industrial capacities and rehabilitation of existing ones.

e) Introduction of adequate product standards, quality control design and timber engineering skills.

f) Search for new forms of mutually beneficial contractual arrangements with timber importing countries from the region or outside, taking into account the legitimate interest of producing countries to increase local processing.

(iii) Improvement of market access in developed countries through:

a) Improvement of marketing channels and increased awareness of the market situation as well as coordination of export policies.

- b) Reduction of shipping costs by means of more active participation in the fixation of freight rates, innovative shipping arrangements as well as improvement of port facilities and operations.
 - c) Abolition of protectionist policies in developed countries and improved competition by standardization of products.
- (iv) International, regional and sub-regional cooperation through:
- a) Long-term arrangements for the supply of input materials for industry in timber importing countries for further processing.
 - b) Establishment of mutually beneficial contractual arrangements between timber importing and timber producing countries to solve production, marketing and transport problems for all products.
 - c) Coordination of training and research and development activities on a regional basis through a more rational use of existing facilities at national and regional level.

II. ORGANIZATION OF THE MEETING

3. The Regional Preparatory Meeting for Africa was convened in Vienna, Austria, from 21 to 25 June 1982. It was held at UNIDO's Headquarters at the Vienna International Centre.
4. There were 23 persons attending the Meeting, including 7 participants from 6 countries of the region, 2 representatives of Africa regional organizations and 3 participants from developed countries, the balance were from the United Nations and its specialized agencies (the list of participants is included as Annex I).
5. The Meeting was opened by Mr. Mile Janjić, from the Negotiations Branch of UNIDO.
6. The Meeting elected Mr. Makon Wehiong as Chairman.
7. A statement on the origin and scope of the UNIDO System of Consultations, stressing the main features of UNIDO's Consultations, was delivered by a UNIDO staff member.
8. The Meeting adopted the following agenda:
 - (i) Wood and Wood Processing Industry in the region
 - (ii) Consideration of main topics
 - (iii) Regional and sub-regional co-operation
 - (iv) Consideration and adoption of the report of the Meeting.
9. Mr. Albert Mazel, UNIDO Consultant, presented his Draft Regional Paper: Assessment of Forest Resources and Wood Processing Industries in selected African countries (ID/WG.373/1 and add.1)
10. In the pre-session document, *Problem Areas in the Wood and Wood Products Industry in the African region* (ID/WG.373/3/Rev.1), the UNIDO Secretariat described major trends of the sector and main problem areas in the African region. The other documents submitted to the Meeting are listed in Annex II. The representative of UCBT, Mr. K.G. Dahms, made a statement summarized in Annex III.
11. The Meeting adopted this Report at its final session on 25 June 1982.

III. SUMMARY OF DISCUSSIONS

12. The Meeting discussed the problems of the sector following the order proposed in the agenda.

Raw materials

13. It was stated by participants that there is an increasing imbalance in the region between the needs of the consuming countries and forest resource availability, and that reduced availability is leading towards the limitation of log exports by formerly forest rich countries. As a result of this, there is a growing concern among timber importing countries in Africa to secure their long-term lines of supply.

14. The Meeting accepted the view that the forest should be managed as a permanent resource and exploited on a long-term sustained yield basis. For this purpose it was suggested that priority should be given to the establishment of clear cut land use policies, to divide land for forest and agricultural use, to allow for the conservation of the forest. Present forest management policies were found to be unsatisfactory and it was felt that more research will be needed on tropical forest management to find ways of replacing the species harvested. Inventories of the forest resources were found to be lacking and it was stressed by the Meeting that they constitute an essential tool for adequate forest management.

15. Several participants mentioned the fact that there exist about 300 species in African forests and that at present only around 50 are being utilized. Furthermore, to extract some few species very often all others are destroyed. In this connection the Meeting concluded that massive efforts in the promotion and use of "secondary" or commercially less accepted species are needed. Some participants voiced the need of a common nomenclature of the species in order to avoid the use of different names for the same species. It was further stated that one of the main problems of marketing commercially less accepted species from Africa lies in the fact that the European market requires large volumes. Therefore, grouping of species according to their appearance and also their physical properties should be envisaged. The Meeting agreed in this connection that nomenclature and grouping are one of the directions in which work should be done for the promotion of commercially less accepted species.

16. It was felt that given the present rate of depletion, massive afforestation efforts were needed. However, it was stated that so far attempts to replace large forest areas with plantations have not been entirely successful, and that a lot of research is still needed in this area. It was also suggested that the possibility of finding ways to ensure that consumers share the cost of replacing the raw material they consume should be investigated, in order to overcome the financial constraints which limit at present afforestation and plantation policies.

17. Participants also voiced their concern about the fact that forest residues are not used, even as a source of energy in situations where energy shortages exist nearby. The need to investigate possible uses of residues in the production of panels other products was felt to require special attention. Logging equipment was said to be very often inappropriate and destructive of the forest eco-system and the need to develop more adequate equipment was stressed.

Processing

18. The Meeting stressed the fact that local processing is insufficient and that the African region continues to be a source of raw material for industries located elsewhere. It was also said that there is an irreversible wish, contained in the Lagos Plan of Action,^{1/} to increase local processing of raw materials. It was recalled that in the programme for the implementation of the industrial development decade for Africa, priority is being given to the promotion of resource-based industries and that wood processing industries are one of main ones.

19. It was stated by some participants that at present forest industries in Africa are regarded by their countries as unattractive and have, to a large extent, been neglected. Only half a dozen countries have made a success of developing their forest industries, the vast majority of the others are in decline. Among the reasons for this situation old machinery and equipment, inadequately maintained and operated at low efficiency levels, was mentioned in the first place. It was also said that the majority of existing plants are working at low utilization of capacity levels, sometimes as low as 25 %. Lack of spare parts is a major reason for this, often due to the lack of foreign exchange and even to the lack of ability to identify and reorder the parts. In general, it was said that this reflects the lack of trained manpower at all levels.

^{1/} The Lagos Plan for the implementation of the Monrovia Strategy for the economic development of Africa was adopted by the 2nd Extra-Ordinary Assembly of OAU Heads of State and Government, devoted to economic matters, which met in Lagos, Nigeria, from 28-29 April 1980.

20. Having recognized this situation, the Meeting considered measures to help to rehabilitate these industries and to place them on a more rational basis. It was proposed that measures to ensure an adequate supply of spare parts should be taken, like the establishment of a special fund to finance imports. The possibility of establishing local production of simple equipment and spare parts was also discussed and agreement was reached that in some countries this might be possible and desirable.

21. The existence of adequately trained manpower was found to be the basis on which to build a successful industry. The need of programmes for training and education of artisans and technicians at all levels was stressed. Specifically it was said that sawdoctors, sawmillers, machine-operators and maintenance mechanics and electricians as well as practical engineers are essential to run industry efficiently.

22. Participants expressed the view that product design is essential for the development of secondary processing, taking into consideration the tastes of consumers for furniture and the properties of wood specially in the case of joinery. It was also said that governments could do a lot to promote the use of wood locally, for example for school furniture, office furniture and so on. The creation of centers for tool maintenance and wood drying were also mentioned in this connection as areas where governments could take action with the aid of international organizations,

23. On the long-term plans for development of the industry it was said that promotion of new industries should be on the basis of cost/benefit considerations, but taking also into account other aspects, like the creation of employment. The need of integration for the production of a wider range of products, to make full use of the raw material, was found to be extremely important in the planning of new industries. The need to increase and strengthen capacities in secondary processing was also stressed by the Meeting, taking into account - among other factors - its labour intensiveness.

24. On the establishment of joint-ventures with timber importing countries to promote local processing, the experience of undertakings between countries from the region and from outside the region was discussed. The Meeting concluded that this might be an adequate way to satisfy the need of importing countries to ensure the supply of wood in unprocessed or semi-processed form taking into account at the same time the legitimate wish of producing countries to manufacture as much as possible of the raw material. Importing countries could provide capital and know-how and in return ensure the supply of raw material in their industries.

Transport problems

25. It was said that in many African countries the development of the sector is limited by the fact that forest resources are located far from the consuming places and that there is a lack of an adequate transport infrastructure. Also that to the domestic transport problems have to be added those related to shipping. In this connection it was said that freight rates represent a very high proportion of the f.o.b. price, and that their fixation by Conferences seems to be subject to some arbitrariness. It was also mentioned that high freight rates might be due to the slowness in loading ships in African ports and to the lack of adequate port infrastructure.

26. It was proposed that efforts should be made by national governments and by interregional organizations to improve road and port infrastructure. Regarding freight rates it was agreed that efforts should be undertaken and different solutions should be studied to enable African products to reach consuming countries at a competitive price. The possibility of a coordinated action of African exporters to charter ships and grouping small shipments was mentioned as a means to reduce freight rates. It was also suggested that shipping problems of processed wood based products needed to be studied in depth.

Trade and marketing problems

27. The Meeting stressed the fact that the phasing out of log exports and the drive towards local processing by producing countries creates new problems on the marketing side. Local markets are not large enough and traditional log importing countries are not necessarily markets for manufactured and semi-manufactured products.

28. On the question of tariff escalation it was said that in comparison to other products, protectionism is not a problem in the case of some secondary processed products like furniture. This of course might change if those products constitute a threat to local production. However, in the case of plywood, effective rates of protection in some developed countries still constitute a limitation to the exports of developing countries.

29. Participants voiced the view that the major problem seems to be for developing countries to build up an aggressive marketing network, in order to identify products which might be produced locally competitively and to promote them adequately. It was also said that the marketing of processed products

needs a different chain from the one used for logs, due to the fact that log exporters are linked with the same type of processing industry in developed countries and are therefore not interested in promoting exports of manufactured products.

30. One major constraint to the export of manufactured products was said to be the lack of standardisation of sawnwood, plywood and secondary products. It was pointed out that some efforts have been made by the African Timber Organization but that a lot more could be done together with developed countries to improve marketing practices.

31. On behalf of UNCTAD, the representative of ITC informed the Meeting about the latest developments on tropical timber in the framework of UNCTAD's Integrated Programme for Commodities. He stressed, among other things, the fact that an agreement might be reached in the near future to set up an international organization for tropical timber. In this regard participants pointed out that it was hoped that adequate provision would be made in the above-mentioned agreement to strengthen local processing both at primary and secondary level.

Finance

32. There was agreement among participants that lack of finance affects nearly all activities in this sector. It was however pointed out that finance is particularly difficult to find for connected activities like infrastructure, afforestation, regeneration, research activities etc. It was also said that it is not so difficult to find finance once a bankable feasibility study and a market for the products exist, but that the main difficulty lies at the prefeasibility or feasibility study stage.

33. On the above mentioned question it was pointed out that many projects do not go further than the project identification phase due to lack of funds to undertake feasibility or prefeasibility studies inside and outside the UN system. It was suggested that international banking institutions and regional development banks should be persuaded to devote "seed" money to permit the preparation of this type of studies. It was also stated that soft loan financing should be made available for projects where the market or the project is at present too small for full initial viability, but where these could be foreseen in the not too distant future and where major foreign exchange savings could be made or other socio-economic considerations,

Technology

34. It was said that most of the equipment used in African countries comes from developed countries and is designed for softwoods. This was said to create sometimes problems when the machines are used to process hardwood.

35. On the appropriateness of equipment it was felt that the machinery has to be adapted to a more rudimentary industrial infrastructure and has to be more robust. It was pointed out, however, that appropriateness should not mean obsolete and outdated equipment and the fear was voiced that developed countries might be tempted to dispose of their obsolete equipment by sending it to Africa.

36. On the choice of technology it was said that African countries should not be a trial field for new technologies, but that proven technologies should be chosen. In this regard it was pointed out that when a new technology was being selected for African conditions it should be clearly determined whether technology changes were aimed at improving the quality, saving raw materials or saving labour costs. The need to adopt the latest quality improvements depends on whether the product is directed towards the local or the export market. Labour saving technologies should be considered taking into account the local cost of labour.

37. The Meeting agreed that assistance is specially needed to help developing countries choose the right equipment. It was also agreed that further efforts are needed to develop machinery more adapted to local conditions and capable of meeting adequate quality levels.

Industrial infrastructure and regional co-operation

38. The Meeting concurred with the opinion, expressed by participants, that an adequate institutional and organizational infrastructure is needed to enable the development of the sector.

39. In this regard it was stated that, although there exist some research institutions, their work programme is too often decided abroad and their findings are not sufficiently disseminated among African countries. As an example, it was said that on the use of commercially less accepted species a lot of information exists inside and outside Africa and that an effort would be needed to pool this information and make it available to all countries. It was suggested that existing institutions should coordinate their activities and specialize in specific fields.

40. On training activities it was also said that co-operation is essential. Some examples of national training centers already accepting candidates from other countries were mentioned, and it was suggested that efforts in this direction should be increased. It was concluded that there is scope both on international and regional level to coordinate efforts in this field.

41. Participants underlined the necessity of increased collaboration in the compilation of statistics. It was stated that in the field of foreign trade, for example, there is a need for detailed statistics on trade by species, Also statistics on secondary processing are lacking due, among other things, to difficulties in defining the sector.

42. It was mentioned that among its proposed activities the African Timber Organization envisaged the establishment of a common nomenclature and classification of existing species. There was agreement, in this regard, that there is need for this type of action on a regional level.

43. The lack of industry, trade and marketing associations in the region was pointed out by participants and their importance to ensure coordinated action on different problems of industrial infrastructure stressed.

Annex I

LIST OF PARTICIPANTS

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Annex II

LIST OF DOCUMENTS

<u>Document symbol</u>	<u>Title</u>
ID/WG.373/1 and Add.1*	Assessment of Forest Resources and Wood Processing Industries in Selected African Countries by Albert Mazel Evaluation des Ressources Forestières et des Industries de Transformation de Bois dans quelques Pays Africains par Albert Mazel
ID/WG.373/2	Provisional Agenda Ordre du Jour Provisoire
ID/WG.373/3/Rev.1	Problem Areas in the Wood and Wood Products Industry in the African Region
ID/WG.373/3*	L'industrie du Bois et des Produits du Bois en Afrique, Situation et Problèmes Principaux
ID/WG.373/4	Perspectives de Développement de l'Industrie du Bois par la Société nationale des industries du liège et du bois, Algérie
ID/WG.373/5	Aperçu sur les Industries de Transformation Mécanique du Bois au Cameroun par Makon Wehiong
ID/WG.373/6	L'Industrie du Bois dans les Pays Membres de l'Union Douanière et Economique de l'Afrique Centrale (UDEAC) par le département de l'harmonisation industrielle, UDEAC
ID/WG.373/7	Brief Notes on the Wood and Wood Products Industry of Ethiopia by Kifle M. Zerom
ID/WG.373/8	Situation des Industries Forestières en Côte d'Ivoire par la direction des industries forestières, Ministère des eaux et forêts
ID/WG.373/9	Wood and Wood Products Industry in Kenya by Gursharn Singh Brar
ID/WG.373/10	Brief Background of UNILES Projects in African Countries by UNILES, Yugoslavia
ID/WG.373/11	Development of the Forest Sector of the African Timber Organization Countries by Gahuranyi Tanganika Développement du Secteur Forestier des Pays Membres de l'Organisation Africaine du Bois par Gahuranyi Tanganika

* The French version of the Addendum (ID/WG.373/1/Add.1) and of document ID/WG.373/3/Rev.1 will be published shortly.

Annex III

Statement made by Mr. K. G. Dahms,
President of UCBT

Dear Mr. President, dear Sirs,

I again want to thank you that I have had the opportunity to participate in the meeting and discussion. Due to the fact that I have done it without any preparation, I again want to forward to you a brief comment to the work of this seminary:

1. UCBT - Union pour le commerce des bois tropicaux

This organization grouping all national import federations of the Common Market, is representing an import volume of tropical timbers pro anno of;

- 8 million m3 of round logs and lumber
- equal to US \$ 2 billion in value
- to this have to be added the values of plywood and peeled and sliced veneers.

On the 3rd of June 1982 I have given the following comment after my election as president of the UCBT, which in the meantime has been published in the Timber Trade Journal: (I will repeat only one sentence).

"We of course agree to this industrial development of the tropical forestry regions under the assumption that this is based on a solid economic background, under consideration of the right relationship, without any monopolizing methods".

2. Some general ideas to this possibilities of industrialization and discussion methods

- It seems necessary to consider the tropical timber market in Europe and the expertises offered on a more realistic basis which corresponds more with the practice. In connection with the crisis existing since 18 months, due to the fact that the tropical timber consumption has been reduced by 30 %, it is sure that this downtrend is not completely finished. Under this development the African forestry economy and timber industry is also suffering and the many companies also the national sales organisations have to overcome a big financial crisis. I suppose that at least 50 % of all

timber industrial companies in Africa show a loss in their balance sheets.

- As soon as the demand, respectively the consumption, in Europe will come to a normal level again a shortage will arise for African timbers in all processing stages. However, a capable competition from South East Asia is giving exact limits to the prices. For example, one cubic meter of Meranti lumber is more expensive than one cubic meter of Sipo round logs. The Asian plywood industry is offering prices which are by 20 to 30 % lower than corresponding prices for African products,

The following points must be taken into account:

- Africa has no timber monopolies and is not uniform either;
- The infrastructure due to the fact that the distance of the transport from the interior of the country to the ports become longer and longer;
- The composition of species and the richness of stockage in the forests;
- The demand of the local markets for industrial products;
- The political laws for the export and for investment.

3. Study and planification

There does not exist:

- A complete statistic of industrial production and exports in 1981;
- An exact forest inventory containing the most important species.

Most of the proposed projects are too large as far as the capacity is concerned and financiers are not considering the effects on the great number of medium and small African companies. Existing industrial investments are treated in a wrong matter by dilapidating those investments. It would be recommendable to operate using solid second hand machines, because those machines are much robust and do not call for as much repairs as new ones. One has to find methods to make the fob prices and freight rates stable so that it will not be possible to displace timber from certain uses, for instance for high use houses where at present many windows are produced out of aluminium or plastics.

4. Industrial forms

Sawmilling industry: They are not enough kiln-drying facilities, which are of big importance in connection with the very high rate of interest. Also, there are not enough sawmills for the production of more sleepers, parquet and mouldings.

Veneer industry: Its capacity and technique is insufficient in Africa;
Plywood industry: I am warning against new investments. This production is too expensive in Africa, contrary to South East Asia. Chipboards cannot be exported due to the high freight rates (in Europe one is calculating with a maximum of 300 km from the factory to the consumer). Many of the existing industrial timber factories are not modern enough.

5. National assistance for investments

Limited import duties for machines, maximum 5 - 10 %, which would also be valid for all spare parts should be envisaged. It would be necessary to grant a "pioneer" status regarding the tax treatment for timber industrial investments for a period of 5 - 10 years. It is necessary that the timber industry receives enough licences for the timber exploitation to have a certain regular basis of raw materials. It is necessary that the export of the industrial products be allowed without high export taxes. It would be necessary to improve the infrastructure of the roads, railways and ports which is the supposition for an improved industrialization. Technology transfer will have to be facilitated through the granting of work licences for European specialists.

6. Export of round logs

Every industry must be allowed to decide itself which timber can only be used by the local industry and which timber can be exported as round logs. A usual key ratio for the export and local production would be 60:40 %. It would be necessary that a company be allowed which is just starting to export unlimited quantities of round logs in order to cover the costs of starting. A demand for special dimensions often exists which can only be supplied from Europe. It would be necessary to produce standard dimensions in Africa in good qualities, because otherwise the freight rate will be too high.

Resume:

I think it would not be recommendable to discuss too many new projects. There are existing enough options and it would be necessary to use the industrial capacities in a better way in order to be competitive on the world market that means that the already existing capacity would have to be brought on a higher level.

I wish to you successful progress of the meeting.

