

# A Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises

## Contents

### Preface

### 1 Objectives (11)

### 2 Basic Principles and Application Scope (11)

### 3 Laws and Regulations (13)

### 4 Forest Management and Utilization (14)

### 5 Ecological Protection (18)

### 6 Community Development (20)

### Appendix A (22)

### Preface

Forest resources are increasingly becoming a focus of the international attention. As a responsible large developing country, China is committed to the protection, restoration and sustainable development of global forest resources. In addition to the great contributions made to protecting and developing its domestic forest resources, slowing the rapid worldwide decrease in forest area and developing forest restoration, China has vigorously carried out international cooperation and jointly promote the sustainable development of forest resources and the mutually beneficial cooperation along with other nations.

In order to enhance the guidance and regularization of the management and utilization of overseas forest resources by Chinese enterprises, the State Forestry Administration (SFA) and Ministry of Commerce (MOFCOM) organized a human force to formulate A Guide on Sustainable Overseas Forest Management and Utilization by Chinese Enterprises (hereinafter referred to as “Guide”), which aims to provide the industry with management criterion and self discipline basis for the management and utilization activities of overseas forest resources by Chinese enterprises.

1. The Guide is composed of 7 sections, including objective, fundamental principles, scope of application, laws and regulations, forest management and utilization,

ecological protection, community development and appendix A. Relevant binding international conventions signed by China is listed in appendix A.

2. The Guide was proposed by the SFA and MOFCOM, and shall be interpreted by the SFA Department of Development Planning and Finance Management as well as MOFCOM Department of Outward Investment and Economic Cooperation.

3. Drafting units of the Guide include: Forestry Project Planning and Designing Institute of the SFA Forest Product Industry Planning and Designing Academy, in collaboration with the World Wildlife Fund (WWF), Nature Conservancy (TNC) and International Union for Conservation of Nature and Natural Resources (IUCN), and Forest Trends.

4. Primary authors of the Guide include You Yingtian, Yu Ninglou, Han Xingrong, Hu Yanjie, Chen Jiawen, Chen Yong, Li Ting and Huang Kankan.

5. Experts checked and inspected on the Guide include: Zhang Yanhong, Chen Lin, Sun He, Liu Daoping, Xu Chuande, Lu De, Hu Yuanhui, Guo Yufu, Li Zhiyong, Lu Wenming, Song Weiming, Zhai Hongbo, Xue Shutian, Sun Siheng, Zhu Guangqian, Lin Xiaping, Zhu Changling, Zhang Senlin, An Yan, Chen Xiaoqian, Sun Xiufang, Li Jia, Jin Jiaman and Wang Aimin.

## 1 Objectives

Guide Chinese enterprises to rationally manage, utilize and protect overseas forests in order to play a positive role in sustainable development of global forest resources. Further standardize the management of forest resources as well as the wood processing and utilization activities of Chinese enterprises in foreign countries, and enhance self-regulation within the industry. Promote the legitimate, sustainable management and utilization of global forest resources and related trade activities.

## 2 Basic Principles and Application Scope

### 2.1 Basic Principles

#### 2.1.1

The principle of national sovereignty: Chinese enterprises shall fully respect the ownership of the host country to its forest resources and strictly observe its laws, regulations and policies when managing and utilizing the forest resources in foreign countries.

### 2.1.2

The principle of mutually beneficial cooperation: Chinese enterprises shall make positive efforts to promote the local economic and community development, and conduct cooperation on the basis of mutual benefit when managing and utilizing the forest resources in foreign countries.

### 2.1.3

The principle of integrating ecological, economic and social benefits: Chinese enterprises shall highly value the ecological benefits of forests, and ensure the unification of ecological, economic and social benefits when managing and utilizing the forest resources in foreign countries.

### 2.1.4

The principle of combining government guidance with industry self-regulation: Chinese enterprises shall act in accordance with the government guidance and industry regulations when managing and utilizing the forest resources in foreign countries.

### 2.1.5

The principle of sustainable management and utilization of forests: Chinese enterprises shall play a positive role in sustainable development of local forests, and safeguard local ecological and environmental security when managing and utilizing the forest resources in foreign countries.

### 2.1.6

The principle of resource saving: Chinese enterprises shall save the forest, land and energy resources to the greatest possible extent when managing and utilizing the forest resources in foreign countries.

## 2.2

### Application Scope

The Guide shall be applicable to the Chinese enterprises engaged in forest harvesting, wood processing and utilization, as well as other related activities in foreign countries.

## 3

### Laws and Regulations

### 3.1

Comply with the agreements/protocols signed between China and the host country of forest resources, in addition to the relevant international conventions/agreements.

Comply with all kinds of binding agreements/protocols and other legal documents signed by China and the host country, and the international conventions and protocols acceded to by China or the host country of forest resources.

### 3.2

Comply with the provisions of the related laws, regulations, department rules and documents formulated by the competent authorities of the Chinese government on the overseas investment and economic cooperation of Chinese enterprises.

### 3.3

Comply with the laws and regulations concerned of the host country of forest resources.

#### 3.2.1

Comply with the provisions of the laws, regulations and related documents of the host country on the management of investment, export of labour services, contracted projects and other business operations of the offshore enterprises.

#### 3.2.2

Obtain a full understanding of and familiarize the current laws and regulations of the host country pertinent to the forest resources. The management of forests shall be in compliance with the requirements of the related forestry laws and regulations of the host country, and the corresponding responsibilities and obligations shall also be resumed and fulfilled.

#### 3.2.3

Enhance the legal awareness of the enterprise employees. Avoid and reduce the occurrence of various kinds of illegal activities. Once an illegal act is discovered, prompt measures shall be taken to correct it according to the laws, and such an act shall be placed on record.

## 4.1

### Fundamental requirements

4.1.1 Manage and utilize the forest resources legally. Chinese enterprises participating in the overseas investment concerning the management and utilization of forest resources shall file an application with the relevant departments of the host country to obtain the documents approved by the departments concerned, and manage, utilize and process the forest resources in strict accordance with the requirements such as the approved business place, area, quantity, type, operational scope, etc. no operations beyond the prescribed scope may be conducted. Any contracted project, labour service cooperation, purchasing and management of timber and wood products, etc. concerning the forest management and utilization shall meet the requirements of the relevant laws and regulations established by both sides.

4.1.2 Manage and utilize the forest resources rationally. Give full play to the wood in the logging area, reasonably conduct cross-cutting so as to increase the multipurpose timber utilization rate in an all-round way.

4.1.3 Emphasize ecosystem protection. The measures such as circumvention or slowdown shall be taken to resolve the operation affecting the ecological environment in accordance with the requirements of the laws and regulations in the host country, and the corresponding protective measures shall be taken for the forests with high conservation value.

### 4.2 Forest management

4.2.1 Chinese enterprises obtaining the long-term utilization or leasing of forestland approved by the host country in accordance with the established procedures shall formulate the forest management and utilization program in accordance with the requirements of the laws and regulations on forest resource utilization, and submit a report to the competent national authorities or the competent authorities of the local governments of the host country for review in accordance with the established procedures.

4.2.2 In accordance with the scale of operational activities of the enterprises in the host country as well as the relevant regulations and requirements of the host country, please refer to Guide on Sustainable Overseas Silviculture by Chinese Enterprises for the forest restoration and regeneration after harvesting.

4.2.3 Possess due forest fire prevention and forest pest and disease prevention and control facilities and measures.

4.2.4 The implementation of the forest management and utilization program shall meet the requirements of the approved effective and legal documents of the management and utilization of the forest resources.

#### 4.3 Wood processing and transportation

4.3.1 The wood processing project shall meet the regulations of the industrial policies between China and the host country, relevant investment requirements and permission, and shall be conducive to the mutually beneficial cooperation between both sides and encourage the enterprises to comprehensively  
Conduct further processing of wood.

4.3.2 The said project shall implement the policy of reasonably utilizing the forest resources, conserving energy and protecting resources and environment so as to achieve sustainable development.

4.3.3 The wood transportation shall meet the transportation as well as inspection and quarantine standards and requirements and put on record the relevant documents.

#### 4.4 Personnel training and technical guidance

4.4.1 Encourage enterprises to establish the training system and conduct necessary training and guidance for the personnel concerned.

4.4.2 Ensure that relevant personnel can acquire relevant operating skills such as implementing planning, harvesting, cross cutting, skidding and hauling, regeneration, processing, etc.

4.4.3 The professional technicians shall provide the necessary technical guidance for the field operation personnel concerned.

4.5 Establish the multi-stakeholder publicity and consultation system.

4.5.1 Proclaim the main contents of the effective and legal documents of forest management and utilization to the local communities and the parties concerned.

4.5.2 Make clear the form, content, time limit, etc. in accordance with the requirements of the local governments on establishing the pre-harvesting publicity and consultation system of forest harvesting and utilization. The large scale harvesting shall be proclaimed in the local area; the forest harvesting units (individuals) shall also establish public signs in the wood cutting areas and the surrounding traffic arteries, and proclaim the main content, operational period, etc. of legal harvesting documents approved by the departments concerned.

## 5. Ecological Protection

### 5.1 Basic requirements

5.1.1 Take actions that suit local circumstances, adopt scientific and rational harvesting ways and operation measures, minimize the impact of forest harvesting on biological diversity, habitats of wild fauna and flora, ecologically fragile areas, natural landscape, water quantity and quality of forest watershed, forestland soil ecosystem and the regeneration of seedling and sapling, and ensure rapid recovery of the functions of forest ecosystem.

5.1.2 Take the corresponding measures to protect the forest, especially the forest with high conservation value.

### 5.2 Environmental Protection

5.2.1 When conducting felling area design, the enterprises concerned shall take full account of the undesirable effects of forest harvesting operation on surface rainfall and underground water resources, slow down soil corrosion, control soil and water erosion and avoid serious destruction to forest catchment due to harvesting.

5.2.2 In the operation process of harvesting, skidding, regeneration, road construction, etc., take rational and effective measures to minimize the damage of human activities to forestland, avoid surface destruction and soil corrosion, and maintain the natural characteristic and long-term production capacity of forest soil.

5.2.3 Take necessary measures to mitigate the noise and air pollution caused by mechanical operation during the harvesting process, immediately and appropriately cope with the production and construction waste and household garbage.

5.2.4 The location and land for wood processing plants and site construction shall comply with the regulation provisions of the home country. The solid, liquid, gas waste and noise generated by the wood processing projects shall meet the discharge standards and requirements of local environment protection departments.

5.2.5 Establish complete system on forest fire prevention and pest control, formulate and implement the measures concerned. Construct corresponding facilities for fire prevention and biological control and provide corresponding equipments in compliance with the requirements of the forest related laws and regulations on forest fire prevention and pest control operation of the host country.

### 5.3 Biodiversity conservation

5.3.1 Conserve the species and their habitats officially provided in international conventions and laws and regulations of the host country.

5.3.2 According to the requirements of related laws and regulations of the host country, identify the districts for forest management and utilization as well as the rare, threatened, endangered species of wild fauna and flora and their habitats, which shall be clearly marked on the maps concerned.

5.3.3 Formulate the corresponding measures to conserve the rare, threatened and endangered fauna and flora and their habitats within the protected zone and carry out related training and education for the staff.

5.3.4 The activities concerning the collection of wildlife specimens shall comply with the host country's regulations related to the

conservation of wild fauna and flora, adopt the acquisition method of sustainable use of resources, and minimize its damage to local resources.

5.3.5 According to the requirements of relevant laws and regulations of the host country, investigate and define the types of forest harvesting areas and its surrounding typical forest ecosystem requiring protection, formulate measures on the protection of typical ecosystem and maintain its natural state.

## 6 Community Development

### 6.1 Respect the legitimate rights of local residents

6.1.1 The management and utilization of forest resources, in the long run, shall be favorable for the sustainable management of local forests and the sound development of the local economy so as to achieve the mutual benefits and win-win solution between trading enterprises and local residents.

6.1.2 When conducting the activities related to the forest management and utilization, the enterprises concerned shall give full consideration to the interests of local residents, and take appropriate measures to prevent the said activities from directly or indirectly infringing, threatening or undermining the ownership or right of use of local residents toward legal resources.

### 6.2 Enhance community development

6.2.1 Actively engage in local public welfare undertakings, and make efforts to provide employment, training and other opportunities of social service for residents of forest regions and its surrounding areas.

6.2.2 Encourage and support community residents to participate in major decision-makings of forest development. Reveal to local residents, as necessary, the management and utilization contents, progress and management situation during the forest management process, so as to promote the enterprises, foster good images and enhance credibility.

6.2.3 Respect the customs of local residents, establish the consultation mechanism with local communities and maintain friendly relationship with local residents.

6.2.4 Actively consult with local residents to designate and protect the forestland with specific cultural, ecological, economic or religious significance to local residents.

## Appendix A

The relevant international conventions, agreements and declarations:

A.1 Convention on Biological Diversity

A.2 Vienna Convention for the Protection of the Ozone Layer

A.3 Non-legally Binding Instrument on All Types of Forests

A.4 United Nations Framework Convention on Climate Change

A.5 International Convention for the Protection of New Varieties of Plants

A.6 Convention on the Conservation of Migratory Species of Wild Animals

A.7 Convention on International Trade in Endangered Species of Wild Fauna and Flora

A.8 Convention on Wetlands of International Importance Especially as Waterfowl Habitat

A.9 International Convention for the Protection of Birds

A.10 Agreement on Cooperation in the Quarantine of Plants and Their Protection against Pests and Diseases

A.11 International Tropical Timber Agreement

A.12 Rio Declaration on Environment and Development

A.13 Agreement on the Protection of Migratory Birds and Their Habitats