Chapter 1: Introduction to the Study

This study assesses the current condition of the industrial wood production base and both current and projected wood demand levels in China’s Guangxi Zhuang Autonomous Region. The analysis was commissioned by the World Bank as part of the appraisal process for a proposed Guangxi Integrated Forest Development and Conservation Project. The study builds upon research initiated by the Center for International Forestry Research (CIFOR) under a grant from the European Commission’s Asia Pro Eco Programme.

The findings presented in this report are the product of cooperation between CIFOR and the Guangxi Provincial Forestry Bureau (G.F.B) and the Guangxi Forestry Survey and Design Institute. In November 2004, these institutions collaborated on the design of survey questionnaires which were distributed to a representative sample of plantation companies and wood processing industries within Guangxi. The Guangxi Forestry Bureau and the Forest Survey and Design Institute were responsible for disseminating the questionnaires, and for ensuring that they were completed and returned. They were also responsible for helping to secure government statistics, industry data, and secondary information on plantation development and wood processing industries in Guangxi, as well as facilitating meetings with key informants in Guangxi province and providing logistical support during the course of the study.

The study is organized into six analytical chapters, structured as follows:

Chapter 2 provides a concise analysis of Guangxi’s existing forest resource base, summarizing available data on management category, species, age class, standing volumes, annual harvest levels, and geographic distribution.

Chapter 3 examines the structure of the wood processing sector in Guangxi as well as the current demand for wood within the province. This includes an analysis of the recent production trends for major grades of wood panels, wood-based pulp, and wood chips; and their implications for wood consumption by each industry segment. The analysis focuses largely on demand for small-diameter wood fiber, with relatively less attention given to larger diameter roundwood used for structural purposes.

Chapter 4 analyzes the commercial competitiveness of Guangxi’s fast-growing plantations, particularly those developed to produce wood fiber as compared to imports of wood chips from other countries in the region. This includes information on species use; growth rates and productivity levels; site management practices; cost structures; institutional and management arrangements through which plantations are being developed.

Chapter 5 analyzes future demand for plantation wood from Guangxi by assessing likely market trends and by analyzing the wood supply strategies of leading forest industries in the region. Potential growth in wood fiber demand through 2010 is
assessed by examining various scenarios for capacity expansions in both wood panel industries and wood-based pulp production.

Chapter 6 assesses the volumes of commercial timber and green residue which could, theoretically, become available in 2010 in each of Guangxi’s prefectures. It then provides a forecast of the projected wood demand by prefecture, based on projections of likely growth in capacity within each segment of the wood processing sector under various wood demand scenarios. These figures are then used to obtain preliminary estimates of both the current and future wood supply-demand balance within each prefecture, as well on a regional and provincial scale.

Chapter 7 contains an analysis of strengths, weaknesses, opportunities, and threats (SWOT) of the province’s existing program for commercial plantation establishment and wood industry development. The SWOT analysis can be used as a platform for identifying risk factors and formulating recommendations that will need to be considered to ensure that forestry sector development in Guangxi is conducted in a manner that is both cost-competitive and socially and environmentally sustainable over the long-term.