

# Status and issues of Chinese investments in forest land in Cameroon

## Cameroon



Credit: James Mayers

### Forestry sector investment in Cameroon

Research in this project suggests that Chinese involvement in the Cameroon timber sector comprises: 19 permits (6 concessions and 13 'sales of standing volume') which in 2014 appeared to be in Chinese ownership – covering about 650,000 ha, or a little over 10% of the forestry permit area in Cameroon and mainly concentrated in the East region. Between 2009 and 2014 some 2,586,282 m<sup>3</sup> of forestry product was exported to China, including logs, sawnwood and other products – with a yearly average of about 85% of these exports being raw logs. Between 2009 and 2012, 1,157,439 m<sup>3</sup> of logs were exported to China out of a total of 2,098,000 m<sup>3</sup>, or about 55%, of the volume of logs exported from Cameroon. The number of Chinese timber trading enterprises present all year around in Cameroon appears to be about 20-30.

The main species exported as logs are: Ayous/Obeche, Awoura, Diabema, Ekop Ekusek, Azobe, Kossipo, Okan/Adoum, Tali, Bilinga and Naga. Ayous/Obeche and Sapelli are the main species in sawnwood exports, whilst Ayous is also the main species exported in plywood and veneer. China is also a key destination for some 'special forest products' from Cameroon. The exported volume of Ebony between 2009 and 2014 increased from 30,000 kg to 350,000 kg, whilst that of Yohimbe decreased over the same period. In 2014, Raffia Nuts appeared in the special forest product exports to China figures for the first time.

Economic benefits of Chinese linked-investment within the forestry sector to date seem limited. Despite increased involvement in the sector since 2009 there appears to be few opportunities for local value-addition from timber processing, as the bulk of the exports are logs, and little effective technology transfer. Some jobs are created but the level of registration of workers in social insurance is reportedly weak, and some workers complain that salaries are particularly low. Social obligations appear to be only poorly delivered whilst implemented corporate social responsibility programmes are rare. Implementation of even simple environmental management plans remain a challenge both for Chinese companies and the Cameroonian administration tasked with monitoring them, and some attribute the perpetuation of some illegal operations in the informal forest sector, like illegal exploitation of Bubinga species by rural chainsaw loggers and millers and its sale to Chinese traders. This trade has brought economic benefits to rural communities, however it has severe sustainability consequences.

### Why it is important

China has become one of the main economic and commercial partners of Cameroon with annual investments estimated at USD 400 million since 2007. Chinese-linked trade and investments have major implications for forests and community livelihoods in the context of questionable sustainability of investments, illegal logging, violation of laws, and poverty amongst the rural population. Weak implementation of national and international regulations applying to Chinese-linked investments, and a lack dialogue amongst Chinese and Cameroonian actors, exacerbate these effects.

### Key statistics

**Chinese investment in Cameroon is worth 2.5 times more** than all other sources of investment combined.

**80% of Chinese investment is in infrastructure** - roads, water, electricity, ports - with a little in agribusiness and forestry.

**85% of the total volume of timber** exported to China is raw logs.

**12,000 jobs have been created** by Chinese investments – more than half of these in forest areas.

*Chinese-linked investments have begun to shape the landscape of Cameroon with a growing number of modern infrastructure and development projects. But many questions remain about implementation of those projects. Will they respect environmental standards, social obligations and corporate social responsibility?*

**Martin Biyong**, Director of Centre for Alternative Local Development – a civil society organisation based in Kribi.

## Non-forestry sector investments that affect land use and local livelihoods in Cameroon

Of about thirty major Chinese-linked investments projects, a dozen affect forest areas directly. The value of these investments is estimated at USD 2,942 million, representing more than 60% of the cumulative value of Chinese-linked investments in Cameroon since 2001 (estimated at USD 4,589 million). Infrastructure investments play a big part, including roads (USD 1,270 million), hydroelectric and electric infrastructure (USD 931 million), whilst mining and port infrastructure investments are reportedly worth USD 567 million and USD 485 million respectively. Agriculture and agro-industrial sector investments – which generally require total clearance of forest – have been estimated at USD 53 million.

Positive effects of Chinese-linked investments include capacity building amongst the workforce (much focused on 'learning by doing'), the benefits of modern infrastructure itself, development and income generation around sites of projects, and access to markets for some agricultural localities enabling regular sale of crops. Negative impacts appear to be generally similar to those in the forest sector: lack of effective technology transfer; low level of registration of workers in social insurance; failure to recognise and implement social obligations and CSR, as well as environmental regulations and standards.

## Frameworks that apply to Chinese-linked investments

The regulatory and guidance frameworks applying to Chinese-linked investments within the forestry sector and sectors affecting forests (mines, agro-industry and infrastructure) consists of national laws and regulations, and international instruments. National laws and regulations consist of: (i) laws, charters and incentives on private investment and their

implementing decrees), (ii) laws forestry, mining, environment, land tenure and labour and their associated regulations.

International instruments consist of: (i) Chinese guidelines and guidance applying to overseas investments, which are non-binding 'soft law' (e.g. guidelines produced by the Chinese State Forest Authority and Ministry of Commerce on sustainable forest management and environmental protection, and green guidelines produced by Exim Bank). (ii) Bilateral agreements between China and Cameroon on economic, commercial, technical and investment arrangements. (iii) International legal and soft law instruments on governance and trade in natural resources management signed/ratified by Cameroon and which are applicable to Chinese-linked investments and associated trade (e.g. the Central African Forest Commission treaty, the Voluntary Partnership Agreement with the European Union on legal timber, the International Tropical Timber Organisation guidelines, the Extractive Industries Transparency Initiative commitments, and the Kimberly process and its implementing decree in the mining sector).

However, this rich policy and legal framework is only poorly and patchily implemented in Cameroon, without real coordination amongst the different administrations concerned. The inadequate implementation of even specific sectoral laws appears to exacerbate a national perception of the impacts of Chinese-linked investments being quite negative. The implementation of guidelines by Chinese companies seems to show promise but is still at a very early stage.

## Interaction and cooperation initiatives to date with China of relevance to forest

The official establishment of diplomatic and commercial relations between China and Cameroon, in 1971, signalled the beginning of a flow of high-level meetings, signatures of economic and commercial bilateral agreements, and participation in

regional cooperation initiatives between China and Africa. A special division for relations with emerging countries, including dealing with Chinese investors, has been set up within the Ministry of Economy, Planning and Management of Territory. Cameroon has also been active in the Forum on China-Africa Cooperation since its launching in 2000, and has participated in a dialogue initiative between the Central African Forest Commission and the Chinese State Forestry Administration on improving sustainability of Chinese forest management operations.

## Looking ahead

Chinese-linked investments in Cameroon's forestry sector and other sectors affecting forests have some positive effects, but also negative impacts that need to be addressed. Significant local employment benefits and local economic development are yet to be clearly recognised. Chinese companies are viewed as only weakly respecting environmental laws and standards, whilst Cameroonian institutions need to rise to the challenge of implementing regulations, coordinating different administrations, and developing a real national strategy on the viability and sustainability of investments. National and international NGOs, through this project and others, can also contribute substantially by raising awareness, and providing technical support to companies and communities.



Credit: Patrice Kamkuimo-Piam

## Find out more

The China-Africa Forest Governance project is a multi-country project that seeks to improve forest governance, by promoting sustainable and pro-poor Chinese trade and investment in Africa's forest. Through research, dialogue and joint action with partners in China, Cameroon, Democratic Republic of Congo, Mozambique and Uganda, the project contributes towards improved policy and investment practice in China and Africa, in ways that foster good stewardship of forest resources and benefit local communities.

Find out more about our work on China-Africa Forest Governance project at <http://www.iied.org/china-africa-forest-governance-project>



This research was funded by UK aid from the UK Government, however the views expressed do not necessarily reflect the views of the UK Government.

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