USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.07

Required Report - public distribution

Date: 9/23/2004

GAIN Report Number: IV4013

Cote d'Ivoire

Solid Wood Products

Annual

2004

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Report Highlights:
The lingering political instability is contributing to increased deforestation as weakened authority is favoring illegal logging in many parts of the country. However, total log supply to the processing mills continues to be low due to diminishing forest resources. External financial resources for forest reforestation have dwindled due to the unstable political situation.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Abidjan [IV1]
[IV]

Executive Summary

Exports of wood and wood products were $269 million in 2003 against $253 million in 2002. Higher export receipts were due to the drop in the dollar exchange rate, but the volume of exports was down. The volume of exports was 639,245 M3 in 2003 compared to 733,595 M3 in 2002. The drop in volume was due to the civil strife that has reduced general economic activity in the country and has undermined wood supply to processing firms. Wood and wood product exports in 2003 accounted for 4.8 percent of total export earnings and were the third export earner after cocoa and petroleum products. The major export markets were Italy, Spain, Germany, France, Netherlands, United Kingdom, India, Ireland, Senegal and Morocco. The major wood product exports are logs, lumber, veneer and plywood. Cote d'Ivoire imports of wood and wood products in 2003 were $1.5 million and remained an insignificant proportion of total imports.

The lingering political instability is contributing to the increased deforestation. In addition to increased deforestation due to illegal occupation of classified forest for farming, the current unstable political situation is favoring illegal logging in the classified forest and above the 8th degree latitude. In the absence of visible forestry authority in rebel-held territory since the outbreak of hostilities, there has been uncontrolled forest exploitation in these areas for logging. In government-held territory, budgetary constraints and political problems are encouraging negligence that is also contributing to illegal logging activities.

This unusual political situation has caused a slight rise in domestic log production in recent times. However, log supply to processing mills remains insufficient. If the political situation were to regularize, and some measure of administrative control over forests were to be re-established, the supply situation would trend downward and remain in decline for the next five years and further.

To maintain operational levels of existing processing facilities, Cote d'Ivoire will increasingly depend on log imports from neighboring countries. New investments in processing facilities will remain minimal due to the diminishing log supply situation. Product varieties processed are expected to remain largely unchanged, with a slight shift in product mix towards increased production of more value-added products like veneer and plywood.

The political situation has stopped external financing for forest projects. Financial assistance and negotiations with the World Bank and other donor agencies have been suspended pending the normalization of political situation. SODEFOR depends solely on internal resources mainly from the sale of export quotas of forest products, which are limited.

Exchange Rate: U.S. $1 = 534 F CFA on September 15, 2004.

Forest Area

The Ivorian forest remains a natural rain forest. The planted area is estimated at 160,000 ha at the end of 2003. The natural rain forest comprises a "Permanent Domain" and a "Rural Domain". The Permanent domain consists of classified forest areas, national parks and reserves. The total area of the Permanent Zone is 6,155,203 ha with the area for national parks and reserves estimated at 1,959,203 ha, and of classified forest 4,196,000 ha. A classified forest is a government-gazetted forest where forest exploitation activities are prohibited. However, for maintenance purposes, limited log production is permitted occasionally in classified forest areas. In 2003, about 148,271 M3 of log was produced from the classified forest. There are 231 classified forests whose areas vary from 315,000 ha for the largest to 6 ha for the smallest. They are spread throughout the country in the three forest zones: 1,337,238 ha in the humid dense forest zone in the south; 1,274,834 ha in the semi-deciduous forest zone in the center; and 1,584,663 ha in the savannah forest zone in the north of Cote d'Ivoire.

Logging is permitted in the Rural Domain. In 2004, the Ministry of Forestry allocated an area of about 14 million ha for logging. This area is divided into 379 concessions of between 25,000 and 75,000 ha each. The exploitation quota for logs per concession ranges from 150 to 250 M3/ha depending on the nature of the forest. All the concessions are situated below the 8^{th} degree latitude. The timber species are mainly hardwoods of mixed stand. The minimum diameter for logging is 60 cm, but this minimum is sometimes circumvented or ignored.

SODEFOR (the government agency responsible for forest development) manages the 231 classified forests. Its activities include identifying new forest areas to be included in the classified forest area, are reforesting and rehabilitating classified forests, which have been illegally logged and over cut. The classified forest has become a target of continuous illegal occupation for farming due to an extensive system of cultivation and increasing demand for land for cash crop production. In addition, the cultivation of cocoa under canopy and the quest for new agricultural land due to the entry of new farmers, deterioration of existing agricultural lands as a result of erosion, underutilization of fertilizer, and land tenure problems have also been contributory factors to the illegal exploitation of the classified forest.

The lingering political instability is contributing to the increased deforestation. In addition to increased deforestation due to illegal occupation of classified forest for farming, the current unstable political situation is favoring illegal logging in the classified forest and above the 8^{th} degree latitude. In the absence of a visible forestry authority in rebel-held territory since the outbreak of hostilities in September 2002, there has been uncontrolled forest exploitation in these areas for logging. In government-held territory, budgetary constraints and political problems are encouraging negligence that is also contributing to illegal logging activities. There are press reports of indiscriminate issuance of logging permits and declassifying forest areas for logging. Post estimates illegal logging at between 100,000 and 150,000 M3 in 2003 and 2004. More specific estimate for illegal logging is difficult to come by. These developments and the continued political stalemate have disrupted the government's objective to increase the permanent forest cover from 14 percent to 20 percent by the year 2005.

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2003, SODEFOR's budget was 10.9 billion F CFA with 90.8 percent from its own resources, 7.5 percent from donor contributions and the rest from the government counterpart contribution. In 2004, the budget allocation is 17.8 billion F CFA with only 89 million F CFA (0.5% of the budget) from government funds and the rest from SODEFOR's resources, European Union, ECOWAS and OIBT (International Organization of Tropical Wood).

The government maintains a policy to encourage private sector participation in its afforestation program by the annual celebration of "Tree Day". However, public interest in this program has waned over the years since its institution in 1996. In this program, each resident in Cote d'Ivoire is required to plant a tree on an announced day in July each year. Another aspect of private sector participation is to oblige concession holders to rehabilitate and reforest their concessions. In 2003, forest exploiters reforested 10,427 ha in the Rural Domain and 522 ha in the classified forest. During the first trimester of 2004, about 2,468 ha has been reforested in the Rural Domain and 408 ha in the classified forest.

Deforestation is also caused by bush fires, and by charcoal and firewood production. The traditional method of clearing – slash and burn – encourages bush fires and is more rampant in dry periods and in areas of strong winds, mainly in northern Cote d'Ivoire. Thousands of hectares of forest are destroyed each year through the negligence of farmers despite education programs organized by the government. Firewood and charcoal remain the main energy source of Ivorians. Their use continues to increase with rising population and is estimated at 24 million cubic meters of wood annually. In the urban areas, the proportion of the population using firewood and charcoal will continue to remain dominant as the gas supply situation has been inconsistent in recent times. In the rural areas, few households use gas due to unavailability and fear of accidents. Producers of charcoal and firewood are required to use only rejects from industrial logging operations. To have operating licenses, producers are required to have contracts with industrial units with forest concessions that allow them to use only rejects from the operation of these industrial units. The number of licenses the Ministry issued to legal producers fell from 242 in 2002 to 182 licenses in 2003 due to the division of the country. In addition, illegal producers use trees felled during clearing for farming or negotiate with landowners or village chiefs to harvest young trees of between 20 cm and 40 cm in diameter.

Cote d'Ivoire has resorted to log imports to supplement diminishing local production. In 2002, log imports were estimated at 160,000 MT and were from Liberia and Guinea. In 2003 and 2004, the civil conflict and the division of the country discouraged imports from neighboring countries but limited amounts of informal log imports were estimated between 50,000 and 60,000 M3.

The current Ivorian land tenure law has become one of the main controversies in the ongoing political crisis, and the various peace accords seek to resolve certain discrepancies in the law. The point of contention has been the status of land titles held by immigrants and granting of inheritance rights to land titles held by deceased immigrant parents to their children. The current law recognizes that all land belongs to the state but may be accessible to all persons of good moral character. However, only the state, public institutions and individual Ivorians may be owners. Non-Ivorian landowners lose their land entitlements to the state on death. The forests in the "Rural Domain" are confined to the customary chiefs and all titles to the land must be registered. All non-registered lands are considered without owners and become automatically property of the state. Transfer of title through sales is recognized under the current law.

The revision in the Ivorian forest code is in process and being financed by the FAO (the Food and Agricultural Organization). This project includes creating new forestry laws and accompanying decrees.

FOREST PRODUCT STRATEGIC INDICATOR TABLES FOR (COUNTRY)

(Please do not add/delete rows or columns -- note and other info must be added below row 110 -- thank you!)

CONSTRUCTION MARKET

Country: Report Year:	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (thousand units)			
--of which, wood frame (thousand units)			
--of which, steel, masonry, other materials (thousand units)			
--of total starts, residential (thousand units)			
----of residential, single family (thousand units)			
----of residential, multi-family (thousand units)			
--of total starts, commercial (thousand units)			
Total Value of Commercial Construction Market ($US mil)			
Total Value of Repair and Remodeling Market ($US million)			

FURNITURE &

INTERIORS MARKET

Country: Report Year:	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)			
Total Number of Households)			
Furniture Production ($US million)			
Total Furniture Imports ($US million)			
Total Furniture Exports ($US million)			
Interiors Market Size ($US million)			

MATERIAL HANDLING MARKET

Country:Cote d'Ivoire Report Year:2004	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Value of Industrial Output ($US million)			
New Pallet Production (million units)			

FOREST AREA

Country:Cote d'Ivoire Report Year:2004	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Land Area (million hectares)	32	32	32
Total Forest Area (million hectares)	19	20	20
--of which, Commercial ('000 hectares)	13,000	14,000	14,000
----of commercial, tropical hardwood ('000 hectares)	13,000	14,000	14,000
----of commercial, temperate hardwood ('000 hectares)			
----of commercial, softwood ('000 hectares)			
Forest Type			
--of which, virgin ('000	4,000	4,000	4,000

hectares)			
--of which, plantation ('000 hectares)	160	164	170
--of which, other commercial (regrowth) ('000 hectares)	13,000	14,000	14,000
Total Volume of Standing Timber (thousand cubic meters)	1,220,000	1,250,000	1,260,000
--of which, Commercial Timber ('000 cum)	550,000	560,000	560,000
Annual Timber Removal ('000 cum) 1/	26,000	26,000	27,000
Annual Timber Growth Rate ('000 cum)	15,000	15,000	15,000
Annual Allowable Cut ('000 cum)	2,100	2,100	2,100

1/ If Removals exceeds growth rate, analyze impact in text.

WOOD PRODUCTS SUBSIDIES

Country:Cote d'Ivoire Year of Report:2004	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Solid Wood Export Subsidy Outlay ($US million)	0	0	0
Is there a ban on the export of logs, lumber, or veneer? 1/	Yes	Yes	Yes
Are there export taxes (yes/no)? 2/	Yes	Yes	Yes
Total Wood Production Subsidy ($US million)	n/a	n/a	n/a
Scope (thousands of hectares)			
Are there other wood products export expansion activities? 1/			

1/ If yes, describe in report.
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.

FOREST PRODUCT TARIFFS AND TAXES (percent) Country: Cote d'Ivoire Report Year:2004	Product Description 1/	Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees	Total Cost of Import 2/	Export Tax
4401	Fuel Wood, Charcoal	5	5	22	27	35
4403	Logs	5	5	22	27	5-35
4404	Hoopwood, Split pole	5-10	5-10	22	27-32	0
4405	Woodwool	10	10	22	32	0
4406	Cross-ties of wood	10	10	22	32	0
4407	Lumber	10	10	22	32	2-35
4408	Veneer	10	10	22	32	1-5
4409	Wood shaped along edges or faces	10-20	10-20	22	32-42	0
4410	Particle board	10	10	22	32	0
4411	Fiberboard of Wood	10	10	22	32	0
4412	Plywood	10	10	22	32	1
4413	Densified wood	10	10	22	32	1
4414	Wooden Frames	10	10	22	32	1
4415	Containers	10	10	22	32	0
4416	Casks, Barrels	10	10	22	32	0
4417	Tools, Tool handles	10	10	22	32	0
4418	Builders' joinery	20	20	22	42	0
4419	Table & Kitchen ware	20	20	22	42	0
4420	Statuettes	20	20	22	42	0
4421	Clothes hangars &match	10-20	10-20	22	32-42	0

	sticks					
4422	n/a	n/a	n/a	n/a	n/a	n/a
4423	n/a	n/a	n/a	n/a	n/a	n/a
4424	n/a	n/a	n/a	n/a	n/a	n/a
4425	n/a	n/a	n/a	n/a	n/a	n/a
Pre-fabricated Houses, a subsection under chapter 96	n/a	n/a	n/a	n/a	n/a	n/a

Solid Wood Overview

PSD Table

Country						
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	2100	1858	2100	1940	0	1960
Imports	200	50	200	60	0	80
TOTAL SUPPLY	2300	1908	2300	2000	0	2040
Exports	130	122	130	130	0	140
Domestic Consumption	2170	1786	2170	1870	0	1900
TOTAL DISTRIBUTION	2300	1908	2300	2000	0	2040

The major wood products are lumber, peeled and sliced veneer, and plywood. The Government's policy is to encourage wood processing with a preference for more value added product. These industries benefit from tax holidays, and exemption from import duties on machinery and other essential inputs. Log exports are banned with the exception of teak. However, official statistics show exports of other log species. Log imports are allowed to ensure availability of raw materials for local processing.

There are no published prices on logs. Prices are fixed by the market. The GOCI instituted taxes on tree felling are as follows: (Taxes vary according to tree species which are, in turn, grouped into three categories according to their importance, with category 1 containing species with highest value).

Cote d'Ivoire: Taxes on Tree Felling

Category	Tax/M3	Species
1	1,500 F CFA	Aboudikrou, Acajou, Avodire, Bosse, Sipo, Dibetou, Iroko, Makore, Tiama, Niangon, Bete, Framire, Lingue, Assamela, Niegre, Kossipo, Amazakoue, Kotibe, Bahia, Akatio
2	1,000 F CFA	Samba, Ilomba, Frake, Essesang, Fromager, Ako, Badi, Azobe, Akosika, Iatandza, Movingui, Aiele, Faro, Kondroti, Tali, Kapkier, Naga.
3	300 F CFA	Ba, Keleke, Lohonfe, Difou, Dabema, Lotofa, Melegba (Ebia), Pocouli, Limbali (Vaa), Eyong (Bi), Pouo, Emien, Etimoe, Bodo, Broutou, Zaizou, Alone, Meblo, Akoua, Boire

Other taxes include an area tax of 50 F CFA/ha, allocation tax of 24 F CFA/ha and Communal or Public Interest Project tax (TIG) of 48 F CFA/ha.

Tropical Hardwood Lumber

PSD Table

Country						
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	600	389	600	500	0	530
Imports	0	0	0	0	0	0
TOTAL SUPPLY	600	389	600	500	0	530
Exports	465	365	465	450	0	470
Domestic Consumption	135	24	135	50	0	60
TOTAL DISTRIBUTION	600	389	600	500	0	530

Production dropped in 2003 due to reduced raw material supply and general downturn in the economy due to the unstable political situation. In 2004 and 2005, production is expected to rise due to anticipated improvement in log supply situation. Production of lumber for the first five months of 2004 was 240,992 M3 compared to 237,884 M3 of lumber for the same period in 2003.

About 76 sawmills officially operated in 2003 and 122 for the first semester of 2004.

Hardwood Veneer

PSD Table

Country						
Commodity	**Hardwood Veneer**				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	300	190	300	210	0	250
Imports	0	0	0	0	0	0
TOTAL SUPPLY	300	190	300	210	0	250
Exports	180	155	180	165	0	185
Domestic Consumption	120	35	120	45	0	65
TOTAL DISTRIBUTION	300	190	300	210	0	250

Production fell in 2003 due to insufficient raw material supply and the unstable political situation. Production is expected to recover in 2004 and 2005 due to improvement in raw material supply. Production for the first five months of 2004 was 117,209 M3 of peeled veneer and 6,136 M3 of sliced veneer compared to 88,465 M3 of peeled veneer and 5,780 M3 of sliced veneer for the same period of 2003.

In 2003, there were 13 firms that produced peeled veneer and 6 firms for sliced veneer. For the first semester of 2004, there were 12 firms of peeled veneer and 7 firms sliced operated.

Hardwood Plywood

PSD Table

Country						
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	75	53	75	56	0	60
Imports	0	0	0	0	0	0
TOTAL SUPPLY	75	53	75	56	0	60
Exports	35	18	35	20	0	22
Domestic Consumption	40	35	40	36	0	38
TOTAL DISTRIBUTION	75	53	75	56	0	60

Production was down in 2003 in line with the general downturn in the economy and unavailability of raw materials. In 2004 and 2005, production is expected to increase due to the improvement in the raw material supply situation. For the first five months of 2004, plywood production was 30,980 M3 compared to 25,768 M3 for the same period of 2003.

Export Trade Matrix

Country			
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	M3
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
India	96855	India	102197
West Indies	19806	West Indies	17837
Bangladesh	2910	Pakistan	940
Dubai	179	UAE	457
UAE	161	Hong Kong	162
France	64	Australia	72
China	23	Dubai	20
		France	16
Total for Others	119998		121701
Others not Listed	63		0
Grand Total	120061		121701

Export Trade Matrix

Country

Commodity Tropical Hardwood Lumber

Time Period	Jan-Dec	Units:	M3
Exports for:	2002		**2003**
U.S.	15320	U.S.	11170
Others		Others	
Italy	124107	Italy	102476
Spain	98608	Spain	65705
Senegal	49849	Senegal	54374
France	21751	France	13461
U.K.	21027	U.K.	19580
Morocco	20252	Morocco	12269
Tunisia	14238	Ireland	10853
Netherlands	12630	Tunisia	7747
Greece	9614	Greece	6969
U.A.E.	3954	Netherlands	6190
Total for Others	376030		299624
Others not Listed	71678		54629
Grand Total	463028		365423

Export Trade Matrix

Country

Commodity Hardwood Veneer

Time Period	Jan-Dec	Units:	M3
Exports for:	2002		**2003**
U.S.	16779	U.S.	12323
Others		Others	
Italy	42445	Italy	43314
Spain	32478	Spain	35579
Germany	25858	Germany	27443
Tunisia	15093	Tunisia	18253
France	5492	France	5829
Egypt	2618	Egypt	2854
Belgium	1420	Belgium	936
Greece	1267	Greece	667
Total for Others	126671		134875
Others not Listed	6467		8102
Grand Total	149917		155300

Export Trade Matrix

Country

Commodity Hardwood Plywood

Time Period	Jan-Dec	Units:	M3
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
Mali	3366	France	3130
Senegal	2611	Mali	2197
France	4918	Senegal	1987
Italy	1488	Germany	1540
Gambia	1483	Gambia	1449
Germany	1243	Italy	1026
Morocco	770	Morocco	932
Total for Others	15879		12261
Others not Listed	5195		5637
Grand Total	21074		17898