



GHANA TRADE FORUM  
(UK TIMBER TRADE FEDERATION)

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**African producer countries' Perspectives**

**(Venue: Miklin Hotel, Kumasi; May 16, 2005)**

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## SECTOR OVERVIEW

- **Forestry contribution to economy (Cameroon, C.Brazzaville, Ghana): between 6-10% GDP**
- **Revenue earner**
- **Forest dependence (Potential contribution to growth and poverty reduction is under-stated)**
- **Investment (Increased investments in wood processing relative to investment in the forest asset is a common among producers) – Industrial processing capacity doubled in 10 years in Cameroon; doubled in 6 years in Ghana**



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## SECTOR OVERVIEW

- **Policy-Improved forest management systems, resource allocation, processing, log export and illegal logging**
- **Fiscal regime:**
  - **Governments are increasing forest taxes to support investment in forest regulation.**
  - **Ghana and Cameroon are aligning the fiscal system with market principles; Gabon and C. Brazzaville are cases of “mixed blessings”**



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## MARKETS

**EU is major markets, but others emerging (Far East)**

**Over-concentration of trade in secondary production and limited species**

**2004 Data summary to uncover stage of forest development-  
i.e. progression of policy and institutional reforms; industry structure and efficiency levels:**

- **Cameroon- Euro 390m (18m ha)**
- **C.Brazzaville - Euro 110m (22m ha)**
- **Gabon –Euro 260m (21.3m ha)**
- **Ghana – Euro 100m (6m ha)**



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## **INDUSTRY SECTOR**

### **The Ghana Case:**

- **Integrated logger-processors' dominance of domestic log market**
- **Industry over-capacity**
- **Concentration of export trade in 20 leading companies**
- **Concentration of export production in secondary processing and limited species**
- **Tertiary production has not responded to 1996/2020 Forestry Development Master Plan**



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## **INDUSTRY SECTOR**

### **The Ghana Case:**

- **Efficiency below international best practice levels**
- **Competitive bidding for timber resources and conversion of existing timber leases to Timber Utilization Contracts (TUCs) under revised legislation**
- **Industry experiencing consolidation under policy reforms**
- **Industry negotiating position on fiscal reforms**



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## **OPPORTUNITIES FOR CONTRIVING LEGAL VALIDATION AND EVENTUAL SUSTAINABLE FOREST MANAGEMENT**

- **Reform initiatives**
  - **Forest regulatory policy**
  - **Institutional reforms to support forest regulation, etc**
  - **Fiscal reforms**
  - **Legislative amendments**
- **Donor/NGO/Government collaboration (working partnerships) towards legal verification and certification**
- **Industry is demonstrating it can respond to policy incentives (Samartex case)**



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## **CONSTRAINTS:**

- **Capacity to regulate and control: State monopolies (cf. Ghana, Gabon, C. Brazzaville)**
- **Legislation –Adequacy, complexities and enforcement**
- **Inadequate investments in forest development**
- **Industry capacity**
- **Uncaptured economic rents**
- **Inequity in distribution of forest benefits**
- **Corruption is a potential threat**
- **Constrained roles of Civil society in reform process**





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## INCENTIVES TO KEEP THE TRADE WITH THE EU

- **Need to avoid negative impacts of trade diversion-initial costs; competitive pricing heightened; adverse terms of trade etc.**
- **Link between national trade policy and Monetary policy: Import trade with EU is significant; wood industry sources significant proportions of capital replacements and consumables from the EU**
- **Buyer-exporter relationships are buttressed by pre-financing of imports and sometimes technical assistance**
- **Donor support (NB: Ghana-UK relationship as an example: trade statistics are an “illusion”**