China
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China has a subtropical/temperate climate, depending on the region. The country is one of the world’s largest importers, exporters, and consumers of timber and timber products. Since 1998, the government has introduced a series of strict domestic forest protection measures including a complete ban on commercial logging in its natural forests in 2016. With its domestic conservation efforts and growing demand for timber, China’s timber imports, dominated by logs and sawnwood, have significantly increased in the last two decades. Despite efforts to tackle illegal logging and associated trade in recent years, China’s timber imports from some tropical forested countries are at high risk of illegality. In 2019, China revised its Forest Law with a ban on “purchasing, processing, or transporting timber that is known from illegal sources”. The National Forestry and Grassland Administration released a draft version of the Implementation Regulation of the Forest Law in 2022 for public comments, but details about how the new article on legality will be implemented remain unknown as there were no further information about legality in the draft Regulation.

Forest Management

According to China’s Forest Law, forests and forestland are owned by the State, except those that shall be collectively owned as prescribed by law. Private ownership can be found in trees and other natural products from forestland. Certificates are issued according to the ownership and use rights of forests, trees and forestland, including state ownership, collective ownership, individual ownership of trees, as well as state, collective, and individual use rights of forestland and trees (Table 1). Among them, ownership of trees and use rights of forestland and trees can be transferred.

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The National Forestry and Grassland Administration (NFGA) leads China’s national forestry affairs and oversees the conservation and management of China’s grasslands, forests, wetlands, and wildlife. NFGA provides policy guidance and manage the implementation efforts for tackling illegal logging and associated trade.

Timber in China can be commercially harvested from naturally regenerated forests and planted forests. China imports more than half of its timber and timber products from other countries. Below you will find a list of relevant laws and regulations to consider during your due diligence process.
Transparency

For information regarding transparency and risk scores in China, head to these links:

- [Transparency International Corruption Index](#)
- [Worldwide Governance Indicator Data](#)

Laws and Regulations

Forestry Laws

- [Forest Law of the People’s Republic of China (2019)](#): Enacted to protect forest resources, promote sustainable development, and contribute to ecological civilization. This law is the main legal mandate against illegal logging and protects forests in China. Regulations under this law include forest ownership, development planning, forest protection, tree planting and afforestation, forest management and administration, supervision and inspection, and legal liability. The amendment in 2019 includes an article on legality, which bans buying, transporting, and/or processing illegally sourced timber and requires processing companies to establish a data record of raw materials and products (Article 65). The law emphasizes the principles of sustainability and ecological civilization and seeks to fully realize the role of forests in providing economic, social, ecological, and cultural services. The amended law also categorizes forests as for either public benefit or commercial use and allows for the adoption of different management measures.

- [Regulation on the Implementation of the Forest Law of the People’s Republic of China (2016)](#): this Regulation is formulated according to the Forest Law of the People’s Republic of China and is currently being updated for the latest revision in 2019. The Regulation provides detailed measures regarding the implementation of the Forest Law, including but not limited to issues like timber harvesting, forest tenure, and timber transportation in China.

Transport Laws

- [Rules on the Origin of Export Commodities](#): Generated to improve the control over the origin of export commodities and to promote the development of foreign relations and trade. Export Commodity Origin Certificate is a document testifying that the People’s Republic of China is the origin of the export commodity. Clear evidence of documents and licenses for all enterprises involved in timber products transportation must be available. Timber transporters not belonging to State management timber sources must have a valid timber transportation certificate issued by a Forestry Administrator. The validity of the timber transportation certificate is based on the timber harvesting license which verifies the legal source of the timber; and the “Quarantine Certificate,” which should be used in combination with the Transportation Certificate.

Tax Laws

If a foreign company has an establishment in China, it will be subject to Chinese tax on all income effectively connected with that establishment. China does provide some tax exemptions and other preferences for projects related to agriculture, forestry, certain environmental projects, etc.
However, when it does require fees, evidence of all taxes, and royalties Receipts from the relevant agencies are acceptable proof of taxes paid. Forest related taxes include a value-added tax (VAT), reforestation fees, and fees for special agriculture, where applicable. China encourages the import of logs over processed woods by requiring full import duties and value-added tax (VAT) on lumber, but zero import duties and only a reduced VAT on roundwood since it wants to encourage domestic production and to meet demand. Forest products produced by forest owners are exempt from VAT, but small commercial entities pay 4%. Reforestation fees are collected by the government and used to promote reforestation and cultivation of trees around the country. Special agriculture taxes may be reduced or exempted entirely for log harvest companies, while companies which harvest state-owned forests in Northeast and Inner Mongolia are normally assessed special agriculture taxes of 5%. No special agriculture tax is levied for small-diameter timber (length under 2 meters and diameter under 8 centimeters). Taxes linked to exportation and importation of forest products should come with official receipts, which can be used as proof of payment. Companies also need to have proof of their payments of their Export/VAT and Consumption Taxes for wood.

**Law of the People’s Republic of China on the Administration of Tax Collection**: Any forms of fees that must be paid for the right to harvest.

**Trade Laws**

- **Company Law of the People’s Republic of China (as amended 2018)**: A company must be registered with the State Administration of Market Regulation. It should hold a business registration certificate and an import/export operating license, if the business is directly involved in import and export.

- **Customs Law of the People’s Republic of China**: The Customs of the People’s Republic of China exercise control over means of transport, goods, travelers’ luggage, postal items and other articles entering or leaving China. It also collects Customs duties and other taxes and fees, prevent and combat smuggling, compile Customs statistics and handle other Customs operations.

- **Foreign Trade Law of the People’s Republic of China**: The Foreign Trade Law applies to import and export of goods and technologies and the international trade in services. Importing and exporting prohibited goods or restricted goods without authorization shall be punished by the Customs in accordance with relevant laws and administrative regulations.

- **Regulation of the People’s Republic of China on the Administration of the Import and Export of Goods**: This Regulation provides detailed measures on the administration of the import and export of goods in China.

**Criminal Laws**

The **Criminal Law of the People’s Republic of China** includes two areas of implications for forest-related crimes, natural resources criminal offenses (Article 344 and 345) and smuggling offenses (Article 151). Article 344 describes the punishment for illegal logging, destroy, illegal purchase, transportation, processing, and sale of precious trees and other plants under special State protection. Article 345 focuses on the punishment for stealthily and arbitrarily logging of general trees as well as the purchase and transportation of those illegally logged trees. The smuggling crimes related to forests are part of the chapter on Disrupting the Order of the Socialist Market Economy in the Criminal Law. Article 151 articulates the punishment for smuggling of rare plants or related products and goods whose import and export are prohibited by the State.
CITES

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement among governments whose purpose is to ensure that the international trade of wild animals and plant species does not threaten the survival of these species. It is up to each country to draft their own domestic legislation to comply with its CITES obligations. China signed onto the Convention in 1981 and has published regulations to implement CITES laws.

Regulation on the Administration of Import and Export of Endangered Wild Animals and Plants (2019): Restates that it is illegal to import/export any endangered wild animals and plants. There are exceptions for scientific research, propagation, cultural exchange, etc., which all need to be approved by the State Council. Must obtain an Import/Export Permission Certificate that verifies legal transport of endangered animal and/or plant.

The species under the protection of CITES are listed in three Appendices based on how threatened they are by international trade. The species listed in Appendix I are the most endangered and international trade in these species are prohibited unless the purpose of import is noncommercial. The species listed in Appendix II are tightly controlled in international trade and may be authorized with an export permit or re-export certificate. Appendix III lists species at the request of a Party that needs other countries’ cooperation to regulate the trade in the species. International trade in Appendix III is allowed with appropriate permits or certificates.

If you don’t know if the species you are interested in sourcing from this country is CITES listed, please check this link. If it is, please use this database to identify the National CITES Authority. In China, the CITES managing authority is the Endangered Species Import and Export Management Office of the People’s Republic of China. China also established the National Inter-Agency CITES Enforcement Collaboration Group in 2011 to better support coordinated enforcement efforts.

Forest Resources

According to 2020 FAO data, China has 219 million hectares of forested land in total.

China divides forest resources into five categories:

- Protection forest: Mainly for ecological protection, including water conservation forest, soil and water protection forest, windbreak and sand fixation forest, agricultural and pastoral shelter forest, bank protection forest, road protection forest, and other shelterbelt forest
- Special-use forest: Mainly for tree species resources conservation, ecological environmental protection, national defense, forest tourism and scientific experiments
- Timber forest: Mainly used for timber or bamboo production
- Fuelwood forest: Mainly used for fuelwood production
- Economic forest: Composed of economic, of which main purpose is to produce fruits, cooking oil, drinks, spices, industrial raw materials and medical materials

Contacts

Below are incomplete lists of government ministries, industry associations, civil society groups,
and research institutes involved with forestry, trade, and efforts to combat illegal logging and associated trade.

**Industry Associations**

- China National Forest Products Industry Association (CNFPIA)
- China Timber and Wood Products Distribution Association (CTWPDA)
- China Forestry Industry Association (CFIA)
- China National Furniture Association (CNFA)

**Civil Society Organizations**

- CDP-China
- China Dialogue
- Conservation International (CI)
- The Global Environment Institute (GEI)
- International Union for Conservation of Nature - China (IUCN-China)
- The Nature Conservancy (TNC-China)
- Forest Stewardship Council
- Beijing Forest Society (BFS)
- Greenpeace China
- WWF China
- Rainforest Alliance Certification
- Tropical Forest Trust

**Government Ministries**

- Ministry of Natural Resources (MNR)
- National Forestry and Grassland Administration (NFGA)
- Ministry of Commerce (MOFCOM)
- Ministry of Ecology and Environment (MEE)

**Research Institutes**

- Chinese Academy of Forestry (CAF)
- Beijing Forestry University (BFU)
- Northeast Forestry University (NEFU)
- Southwest Forestry University (SWFU)
Tools and Resources

- APEC Experts Group on Illegal Logging and Associated Trade (EGILAT) - Timber legality guidance template for China
- China Responsible Forest Product Trade and Investment Alliance (China RFA)
- GFTN & TRAFFIC - Framework for Assessing Legality of Forestry Operations, Timber Processing, and Trade
- Chatham House - Forest Governance and Legality
- Madera Legal - Country Risk Assessment
- Global Forest Watch Country Profiles
- FAO TimberLex
- Forest Trends - China's Log Imports from Countries with Log Export Bans
- NEPcon Timber Sourcing Hub

Citations