

FOREST SECTOR TRANSFORMATION

CHARTER

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This document includes comments received from Industry and Labour

All changes are in blue

Industry response to Government undertakings are in italics

Refinements/additions/changes that still need attention are noted in red

Profile of the Forest Sector

The forest sector makes a major contribution to the South African economy. The commercial plantation resource of some 1.33 million hectares forms the basis for a well-developed, highly integrated and diversified forest products industry in South Africa (Figure 1).

The forest industry is characterised by a relatively small quantity of large, corporate enterprises that are involved in the capital-intensive pulp and paper, sawmilling and timber board industries. These industries are characterised by their backward linkages into plantation forestry, motivated by the need to secure reliable roundwood supply. A larger number of medium and emerging enterprises are located in the growers, contractors, sawmilling, pole treatment, charcoal manufacturing and paper processing sub-sectors.

Contribution to GDP

The value addition of Sector activity amounted to R12.3 billion in 2003. This equates to a 1% contribution to the total RSA GDP; 2.4% to the total Primary Sector GDP; 4.3% to the total Manufacturing Sector GDP; and 7.4% to the Agricultural Sector GDP.

Contribution to Foreign Trade

The forest products industry ranks amongst the top exporting industries in the country, Sector exports amounted to R11.0 billion in 2003, which, after deduction of imports of forest products of R4.0 billion gave a net foreign exchange earning to the country of R7.0 billion. The Forest Sector contributed 15.6% of the country's trade balance.

Contribution to Employment

The forest Sector generates employment for more than 170 000 workers, of which 63% are in the forestry sub-sector. Total remuneration as a result of jobs created amounted to R4.1 billion in 2003. Most of the jobs created are in rural and remote areas where unemployment is high and alternative employment opportunities scarce.

Including family dependants, a total of 870 000 people rely on the Sector for their survival.

Contribution to livelihood subsistence and informal trade

The majority of South Africa's rural poor make extensive use of forest products from woodlands and plantations for daily consumption and small-scale trade. Firewood, building poles, medicinal plants and edible fruits are critical to livelihoods of the poor and provide a safety net to the most vulnerable households.

The major challenge to growth and sustainable equity in the forest sector is the shortage in roundwood supply, which is not keeping pace with the increase in the local demand for forest products. If this challenge is not addressed, growth and employment prospects and opportunities for transformation in the forest sector will be seriously constrained.