



On the nature of intergenerational and social networks in the African forest sector: the case of Chinese, Lebanese, Indian & Italian business networks

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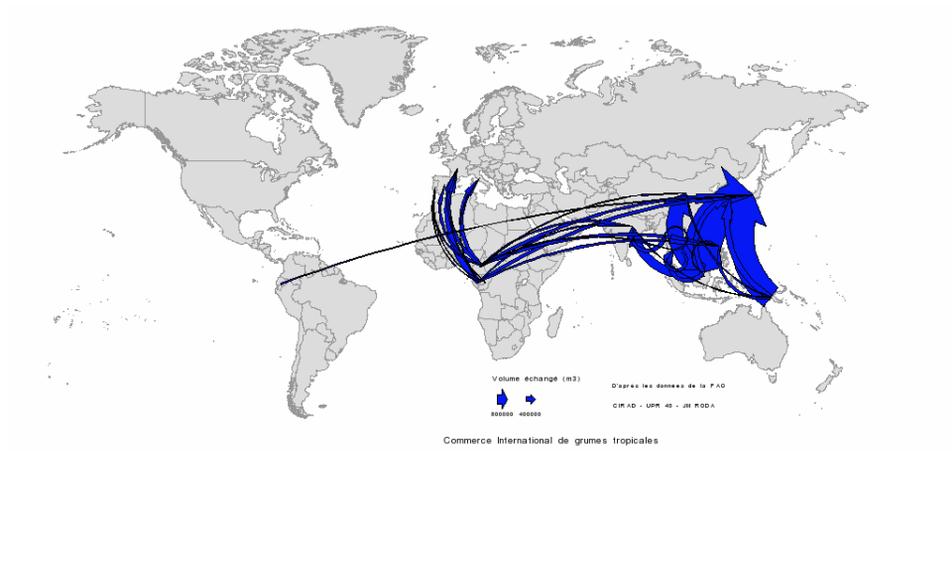
Some definitions

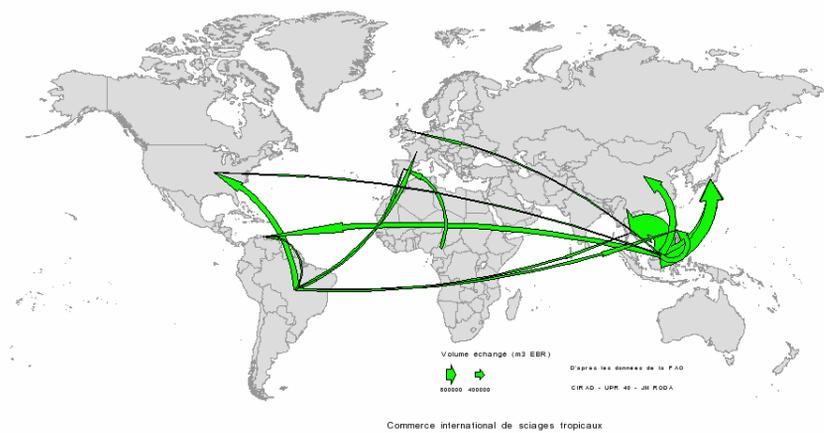
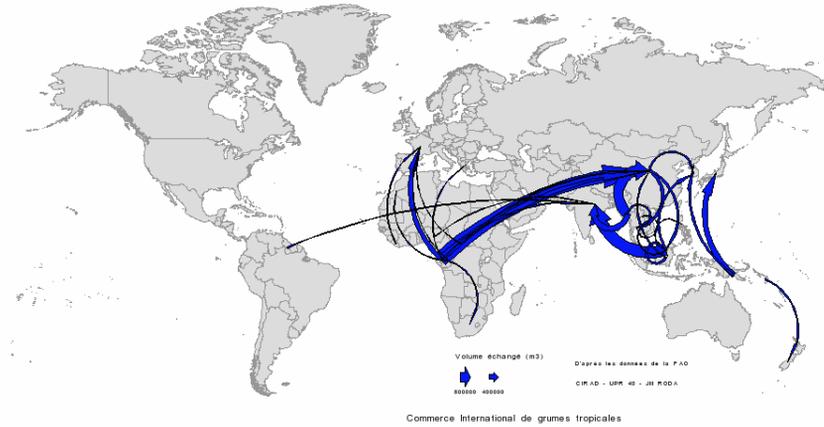
- No multinationals, but web of transnationals
- Transnationals = companies without direct legal financial link, and oftenly without direct legal links. They are not subsidiaries of a group !
- Social business-networks and communautarist networks
- Community = here, is a social group (geogaphically localised or not) with common cultural values (eventually language) and kinship (even extended) references

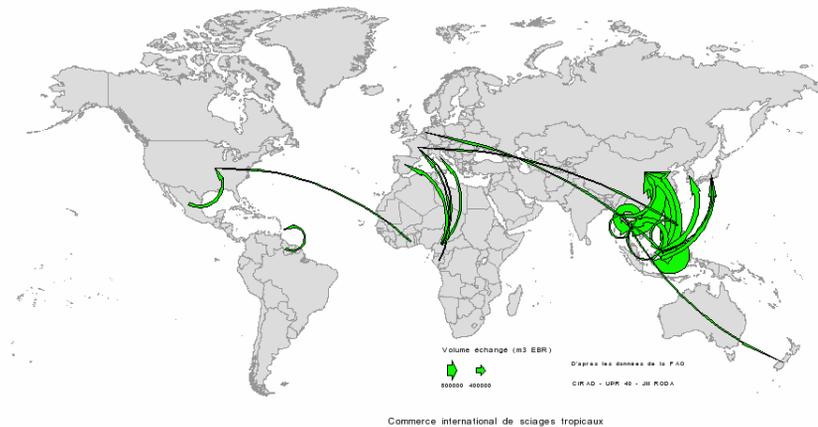


Context of tropical timber trade

- Since de 1960s, the global timber trade has gradually evolved from a South-North trade to South-South trade, with an acceleration of the phenomenon in the mid 1990s.
- Asia consumes more than 70% of the forest products originating from the tropics, and nowadays, Africa is becoming the new frontier for the supplies of wood material for Asian giants







On the social networks operating in the forest industries in Africa

- Relaying the Asian demand, Asian industrial actors become an important, if not a major, feature of the wood products production and trade
Ethnic chinese networks are the subject of a lot of conversations
- A distinctive feature of these asian actors is to display collective efficiency under the form of informal and intergenerational networks organised accross the globe
- In the African forest sector, other networks of industrial actors, also display similar communautarist features
- Chinese, Indian, Lebanese, and Italian



The common knowledge

- They present strong ethnic and or cultural homogeneity, displaying a communitarist behaviour
- Characteristics : informality and « trust » within the community, secrecy and opaque behaviour
- Allegedly involved in « unsustainable » operations or « traffics »
- Chinese, Indian, Lebanese, businesses : allegedly so,
- Italian businesses : allegedly not so



Observations and analysis in Africa from 1996 to 2006

Location	Year	Duration	Type of Business-Network	Related publication
Cameroon	2006	3 weeks	Chinese, Lebanese, Italian	(Roda 2006)
Gabon	2005	1.5 week	Chinese, Lebanese, Indian, Italian	(Roda and Rathi 2005)
DRC	2003	5.2 weeks	Lebanese, Italian, Indian	(Roda and Erdlenbruch 2003)
DRC	2003	4.5 weeks	Lebanese, Italian	(Roda and Erdlenbruch 2003)
Gabon	2003	1.7 week	Chinese, Italian, Lebanese	(Roda and Gérard 2003)
RCA	2003	5 weeks	Lebanese, Italian, Chinese	
RCA	2002	2 weeks	Lebanese, Italian	
Mozambique, South Africa	2001	3 weeks	Chinese, Indian	(Roda 2001)
Gabon	2000	1.7 week	Chinese	
Côte d'Ivoire	1996	3 weeks	Lebanese, Indian	(Roda 2000)



The global nature of these social business-networks



Specificities of the various social business-networks

- Chinese : Initially predominantly « importing » asian workers; segmented into several subcontracting companies, associated with logistic companies, using a lot of midlemen and subcontractors (foreign as well as local). Wide range of qualities and acceptable defaults, wide range of species. After several spectacular failures, acquiring former « western » companies
- Indian : Originally better established in East Africa, maybe more eclectic than Chinese regarding the range of timber species, very discreet, mainly avoiding forest operation and focusing on trade. Also source other goods than timber. Using a lot of middlemen
- Syro-Lebanese : diversifying in various agrobusiness sector, around a core logistic specialisation. Specifically able to address the African domestic demand, lowering standards and qualities, expanding in downstream processes and finished products.
- Italian : Avoiding forest operations, high level of mechanisation, specialising in highly transformed products, and marketing of finished products. Diversifying around automation, public works



Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► Predator or efficient relay ?

- Various legal irregularities : no significant variation between « classical western » companies and Asian business groups
- Forest management plans : significative differences according to the nature of the forest concessions or forest « class », but nothing significative according to the « ethnicity » of the companies
- Ecocertification : significative differences according to the market of the companies (ecosensitive markets or not)
- Supplying strategy : Italian and Indian networks tend to avoid or limit forest operations, and buy on the local market. Thus these groups are not really concerned by the forest management
- These business networks are able to maintain economic activities in the most unstable and difficult conditions



Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► Predator or efficient relay ?

- These business networks typically display different marketing capabilities (if not better), which allow us to use a wider range of species and qualities, than traditional western companies
- This entails a better productivity /ha (even after the extremes and failures observed in the mid 1990s)
- Typically, they are basically behaving the same than the « classical western » companies, just « faster » and with more economic efficiency
- Comparison with different countries in the world shows that the same business networks can strictly follow rules management plans as well as doing « hit & run » operations. Very versatile, they adapt and fit to the local level of law enforcement
- They essentially act as « go-between », connecting African forest resources to the middle class demand of Asia and gulf countries



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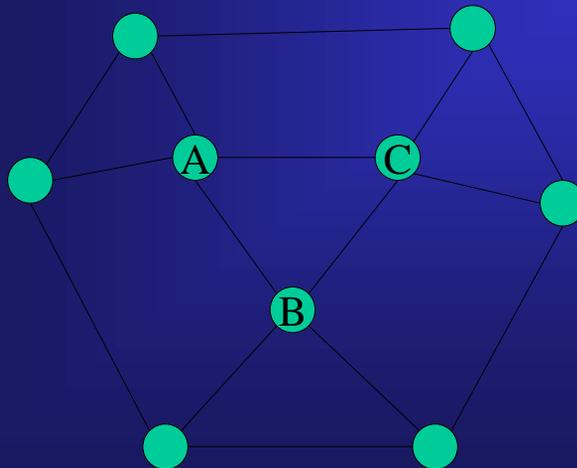
► Coo-petition, « trust », intergenerational reputation and finance

- Calculated cooperation / cutthroat competition regulated by extended kinship and reputation within the network => coopetition
- Unconditional trust based on kinship exists but is very limited. Distrust is generalised, and reputations is the real intergenerational capital
- Reputation allows flexible finance, across the borders and over several generations. Ability to obtain loans and cooperation from the network is proportionate to the reputation within the network
- All the actions and relationships are screened through an implicit hierarchy (kinship, community, elective relationships, external actors and factors)
- Production segmented and decentralised, but transaction cost optimised => « entrepreneurial darwinism »



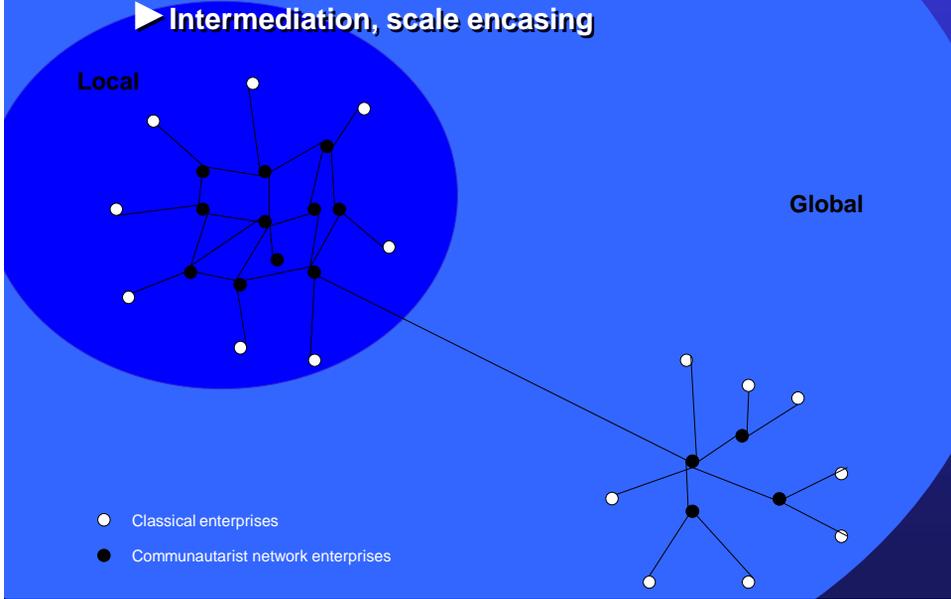
Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► Intermediation, scale encasing



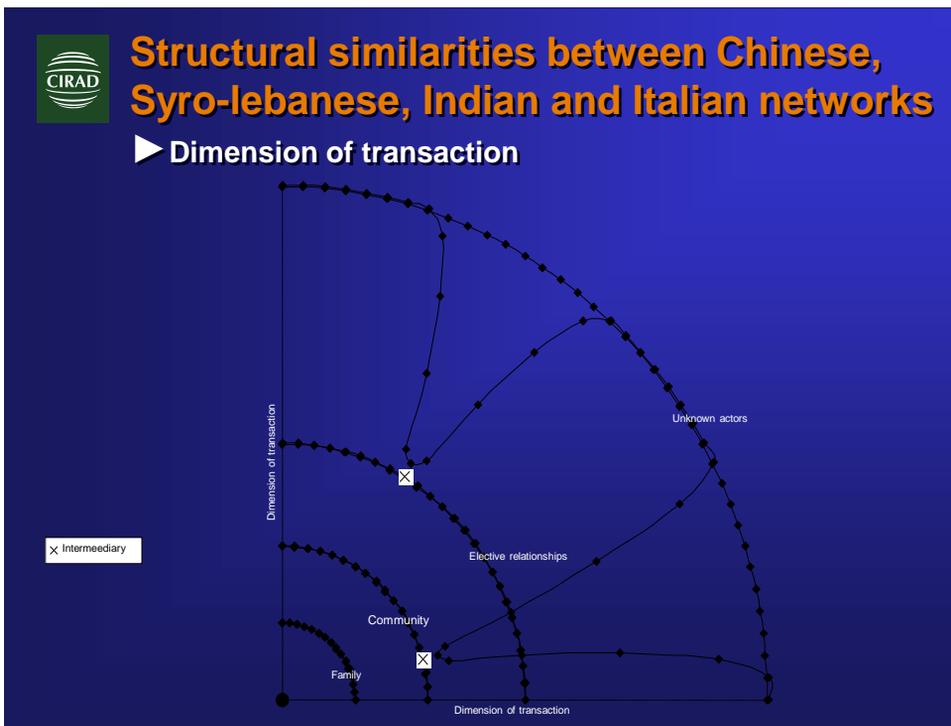
Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► Intermediation, scale encasing



Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► Dimension of transaction





Implications for forest governance in Africa

► From perceptions to objective facts

- Components of forest governance discussed here :
strict legal dimension and broader environmental performance
- Widespread common perception is that the Asian (and other) business networks) actively seek to bypass the law.
Our surveys didn't show any significant difference with other classical companies
- We didn't observe one company not involved in the numerous « mechanisms of compensation, remuneration, redistribution and solidarity » into which corruption is indistinguishable, according to Olivier de Sardan
- Environmental performances (if assessed by existence of management plans and of ecocertification) : there are greater differences between the various companies within each group than between the groups themselves. Market seems the main driver of these differences



Implications for forest governance in Africa

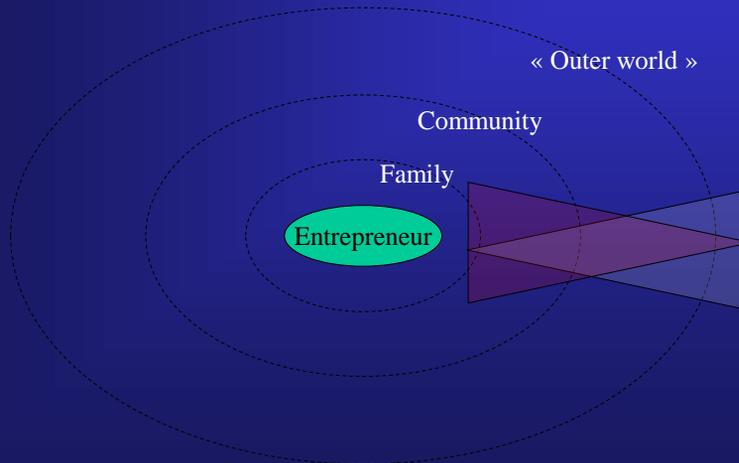
► Policy lessons

- All the policies using market tools which leverage power mainly lies in Western countries (i.e. ecocertification, boycotts, FLEGT) are probably quite limited in terms of impacts on the chains which go through the social business-networks studied here
 - Except for Italian networks, their primary markets are in transition countries where scores of other factors like price, availability of the material, etc. are the essential drivers of the demand
 - Italian networks specialise on semi-finished and finished products which are beyond the scope of the tools like FLEGT. While ecocertification might have an impact, their market niches are more driven by design and innovation.
- Networks adapt and use all the available degrees of freedom of a system
Revelatory of general governance, entrepreneurial environment, & associated risk of country
=> Underlines the dependency of forest governance on other factors which can be very far from the forest itself



Structural similarities between Chinese, Syro-lebanese, Indian and Italian networks

► From network perception to forest governance : where are the triggers ?



Conclusion

- Beyond the forest itself and the forest governance questions, the four business networks analysed here denote a general model of flexible production which is echoed by other sectors and other studies.
- Mirroring some very ancient modes of production, today's competitive production is based on networks of enterprises. Reputation and trust/distrust are institutionnalised within the network. Firms optimise their transactions through a hierarchy of relationships between actors and their own communautarism
- The forest sector in Africa reveals itself a model of the complexity of global economic evolutions, now relayed by the media either when journalists echo the rush of African leaders to Beijing, or when they write about the offensive of « multinationals from the South » into Europe
- Ultimately the triggers and factors which may influence the economic networks in regard of the forest governance, may be very far from the forest itself



Thank you

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