

ITTO Tropical Forest Update

UPDATE

A newsletter from the International Tropical Timber Organization to promote the conservation and sustainable development of tropical forests



Moving beyond conflict on procurement

Public timber procurement policies have been a hot topic of debate among governments, tropical timber traders and environmental groups for a very long time. Environmental groups argue that tropical timber-importing countries can lead the way to sustainable forest management by buying only certified or at least legally verified tropical timber; timber-exporting countries say that such procurement policies give non-tropical timber an unfair market advantage; and traders worry about the cost of conforming to new standards. Public timber procurement policies, therefore, are a divisive issue in international forest policy.

Yet, as Martin and Baharuddin demonstrate in their article on page 3 of this edition of the *Tropical Forest Update*, major changes are underway in the tropical timber trade that overshadow the impacts of public timber procurement policies. Most notably, the trade is shifting from its traditional markets (such as the European Union and the United States) towards emerging, south-south and domestic markets.

Such a shift need not—and indeed should not—reduce the impetus in the trade to provide credible evidence of legality and



Inside: the impact of public procurement policies; timber legality verification

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Design DesignOne
Printing/distribution Print Provider Aps (Denmark)

The *Tropical Forest Update* is published quarterly in English, French and Spanish by the International Tropical Timber Organization. Content does not necessarily reflect the views or policies of ITTO. Articles may be reprinted without charge provided the *TFU* and author are credited. The editor should be sent a copy of the publication.

Printed on METAPAPER SILK RECYCLING, FSC-certified (mixed-sources), 100% recycled and CO₂ compensated paper stock. Printed using vegetable-based soya inks. All METAPAPER papers are produced with an average of 74.66% of renewable energies.

The *TFU* is distributed **free of charge** to over 15 000 individuals and organizations in more than 160 countries. To receive it, send your full address to the editor. Please notify us if you change address. The *TFU* is also available online at www.itto.int.

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Images: Cover: ITTO's Executive Director, Emmanuel Ze Meka, inspects the identification tag on a Cameroonian log in Shanghai, China, as part of the monitoring of ITTO Project TFL-PD 017/09 Rev.2 (M). That project, described on page 17, aimed to assist small and medium-sized forest enterprises in China in procuring legal tropical timber from sustainably managed forests. *Photo: Li Qiang, ITTO*

Above: An officer from Guatemala's National Environmental Police checks a timber consignment at Izabal, Guatemala (see page 14). *Photo: INAB/ITTO*

sustainability, and a great deal of work is being done in tropical countries to this end. Degen and Bouda (p. 8) report on an ITTO-funded project that is investigating DNA fingerprinting and stable isotope techniques, which could assist timber traders in meeting their due-diligence obligations and authorities in ensuring that timber-legality laws and regulations are adhered to. Estraviz and his co-authors (p. 11) report on Ecuador's new system for collecting and recording forest information, developed partly through an ITTO project, which is an important step in ensuring timber legality in the country. García (p. 14) reports on a similar project in Guatemala—also with assistance from ITTO—that has enabled the country to establish a system for the real-time collection of standardized, high-quality data on the flow of forest products with a view to strengthening the oversight of the forest sector and increasing its efficiency.

Understanding and meeting the verified-legality needs of customers is a major challenge for small and medium-sized forest enterprises in China. Such enterprises generate more than 90% of China's total industrial forest output, yet they are largely unaware of the issues around procurement and the increasing need to source their timber from verified legal and sustainably managed forests. Luo Xinjian and Meng Qian (p. 17) report on an ITTO project that assessed the understanding among SMFEs of the risks posed to their businesses by the lack of an adequate approach to timber procurement. The project also provided training on timber procurement to selected pilot enterprises, and developed an online information-sharing platform with the aim of helping SFMEs to interact more effectively with relevant government departments and to communicate on policy and market developments.

Nagahisa (p. 21) describes the *Guideline for Verification on Legality and Sustainability of Wood and Wood Products* (the “goho-wood guideline”), which was introduced by the Government of Japan in 2006 with the aim of combating illegal logging. Japanese companies are able to use one of three methods for verifying the legality of their timber imports.

Oliver (p. 22) rounds off the topic of procurement by recapping some of the major changes in the tropical timber trade that have occurred in the last decade, which he says are “some of the most dramatic” to have occurred in the trade for at least 60 years. Oliver believes that two distinct markets have evolved in the tropical timber trade: an “in crowd” of enterprises that have been influential in the development of forest certification and progressive procurement policies, and the “outcasts”, who are unable or unwilling to access certified supply chains. Oliver says that the approach inherent in many public timber procurement policies is having increasingly less traction in tropical countries and that “a much greater focus is needed on partnerships” between buyers and suppliers to progressively raise environmental performance. The European Union's Forest Law Enforcement, Governance and Trade Action Plan, which combines demand-side and supply-side actions, has the potential, says Oliver, to “help establish the pre-conditions in which a much larger range of operators are able to benefit from the move towards sustainability”.

It is possible to move beyond the rhetoric and conflict that have often characterized debate on public timber procurement policies by taking concrete steps to provide timber legality assurance, including through the use of new technologies. Partnerships between buyers, suppliers and other stakeholders, supported where necessary by governments and intergovernmental organizations like ITTO, can achieve positive outcomes for all.