

ITTO Tropical Forest

UPDATE

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



Procuring favorably

Timber procurement policies have evolved rapidly in recent years. Spurred by concerns over illegal logging and unsustainable forestry (often in the tropics), policies restricting purchases to legal and/or sustainable timber have proliferated. Such policies were initially adopted by developed country governments to guide their purchases of timber for public works projects, usually the only segment of the market that governments can exert direct influence over. Recent years have seen such policies being developed by both developing country governments and the private sector in addition to their continued evolution in the public sector of developed countries.

There is no doubt that timber procurement policies have worked as a positive incentive for change in some tropical timber exporting countries. However, the rapid proliferation of such policies has raised concerns regarding the often differing requirements imposed by such policies and the burdens that meeting such requirements place on exporters. This issue of the *ITTO* focuses on this topic by summarizing a recent report on timber procurement policies published by *ITTO*.

An overview of the impacts of timber procurement policies



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on tropical timber producing countries is provided by three case studies that were commissioned for this ITTO report. These are also summarized in this issue together with the review article by Markku Simula, the study author.

Cameroon and Malaysia are examples of countries that have already carried out substantial work to meet the requirements of timber procurement policies, most notably by working towards voluntary partnership agreements with the EU under its FLEGT (forest law enforcement, governance and trade) program. Cameroon (page 8) recently completed this process while Malaysia (page 11) is undertaking internal consultations amongst its constituent states to allow its VPA to be finalized. The forest sectors in both of these countries have benefited from the process of review and strengthening associated with their negotiations with the EU to meet its procurement policy as captured in their respective VPAs, but both are concerned about the costs of compliance and the need to possibly undertake more or different activities to meet timber procurement policy requirements of non-EU countries. Peru (page 14) is an example of a country that is at an earlier stage in developing approaches to meet the requirements of timber procurement policies. However, a recently signed free trade agreement with the USA (one of its major timber markets) has catalyzed several initiatives to improve forest management and governance, including efforts to quantify the costs of independent certification of forest management in the country. These costs, including the additional costs of sustainable management, are not insignificant.

As Simula states in the overview article on page 3, significant differences between the timber procurement policies of countries are a cause of concern for those tropical-timber producers who want to supply several markets. There is a danger that differing definitions will continue to emerge, further complicating international trade. It is important that countries implementing such policies carefully monitor their impacts on trade and undertake regular consultations with other countries to attempt to harmonize policies and definitions in so far as possible. Countries should also provide

clear guidance on the requirements of their timber procurement policies and support to exporters who need it to achieve compliance. The Central Point of Expertise on Timber set up by the UK (see *Out on a limb*, page 32) is a good example of the type of information sharing function that is required. It is essential that as procurement policies evolve to include new requirements such as social and labour standards that clear information and guidance is provided to prevent such policies contributing to barriers to trade.

One area where more work needs to be done is in assisting small and medium sized forest enterprises (including those under community and/or indigenous peoples' management) to meet the requirements of TPPs. As has already been seen in the case of forest certification, these are often the stakeholders least able to comply with the more stringent forest management and monitoring standards implicit in many TPPs. Since the income provided by forests is often essential to lifting such groups from poverty, helping them meet TPP requirements is a matter of some urgency.

ITTO will continue to monitor developments in and promote a dialogue about timber procurement policies. It will also provide support to tropical timber exporters to meet the evolving requirements of TPPs, particularly through the new thematic programs on Forest Law Enforcement, Governance and Trade (TFLEGT) and Trade and Market Transparency (TMT). Only transparent and on-going dialogue, together with effective support to exporting countries, will allow TPPs to meet their objective of promoting legal and sustainable timber trade without erecting undue barriers to such trade.

**Steve Johnson,
Editor**



Editor Steven Johnson
Editorial assistant Kenneth Sato
Design DesignOne

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International Tropical Timber Organization
International Organizations Center – 5th Floor
Pacifico-Yokohama, 1-1-1 Minato Mirai, Nishi-ku
Yokohama 220-0012 Japan
t 81-45-223 1110
f 81-45-223 1111
tftu@itto.int
www.itto.int

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