

Ladies and Gentlemen,

This is a Trade Statement made by members of the ITTO Trade Advisory Group (TAG). We would like to draw attention of ITTO members to a few TAG initiatives which will be presented in this Council Session.

But first, it is worth reminding ourselves that, despite the success of many tropical-timber-producing countries in developing an international trade in added-value products, very little has changed in the past half-century or more in the market for natural tropical hardwood products.

A close look at the main tropical exporters of added-value products—Brazil, Indonesia, Malaysia, Thailand and Viet Nam—will show that the trade of such products depends largely on plantation resources such as rubberwood, acacia, albizzia and pine. The main traded products from natural tropical forests are still primary products.

The trade in wooden furniture and the like is worth far more than the trade in primary products; nevertheless, logs, sawnwood and plywood remain the backbone of the international trade in tropical hardwoods. This trade has experienced considerable uncertainty in recent years.

It is in this context that we make this Trade Statement.

Firstly, in last year's meeting the Council supported a joint TAG/ETTF proposal to create a "one-stop" website on which each producer country can store information on forest resources, production, export and import data, legislative framework and applicable legislation. This website aims at enabling all stakeholders, be they importers, producers, enforcers or others, to obtain relevant information from one source. The project is run by the ETTF with support of ITTO and EU STTC. There will be a detailed presentation on this project and a report is available.

As a side note to this project, we should look towards the Asia Pacific Economic Cooperation (APEC) which adopted the "APEC Common Understanding of the Scope of Illegal Logging and Associated trade" in September 2015. And to further enhance transparency, APEC economies will provide information on their respective domestic laws or regulations in line with the APEC Timber Legality Guidance Template.

Secondly, Activity 23 of the current Biennial Work plan: "Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products." This Activity is to establish the Environmental Product Declarations of three tropical timber products: meranti plywood (Indonesia/Malaysia), khaya sawntimber (Ghana) and ipe decking (Brazil). Many fundamental issues were uncovered in this work which presented an opportunity for ITTO to take the initiative to develop internationally agreed solutions.

This is the first serious attempt at EPDs for tropical timber products and TAG would like to thank ITTO for the support in this Activity. The work was pioneering and challenging with methodological and fundamental issues. This will be reported in full in Committee. Each of the three studies have important conclusions and recommendations but when taken as a whole, this Activity has clearly shown the vital and pivotal role which ITTO can play globally.

- Promote and encourage more EPD work amongst ITTO members, including work on raw material like logs.
- Product rules need to be defined and clarified homogeneously for tropical timber products. ITTO is well placed to take a commanding and leading role in this.
- ITTO can be a neutral and credible depository of EPD information for tropical timber products internationally and should adopt this important role.

Thirdly, TAG has always shown a strong interest to work together with ITTO, not only to increase the market shares of tropical timber in the global markets but also to achieve the ITTA Objectives.

In an answer of TAG's call, the ITTO Secretariat has contracted a consultant to develop comprehensive and innovative ideas to strengthen the private sector's involvement in ITTO. The consultant found there is no clear framework to optimise the private sector's contribution to ITTO's work. ITTO should consider a clear policy for orienting the partnership with the private sector and engaging it for achieving the ITTA's objectives. The policy should be operationalized by respective guidelines as well as internal TAG rules.

In addition, given the role that the private sector can play in post-2015 development, the TAG encourages Council to should raise the appreciation of member countries on the value of private sector partnerships to achieve national objectives in the forestry sector. Again, we in TAG stand ready to work with Council can members.

Finally, we urge Council Members to come together and elect a new Executive Director by the end of this Session in Kuala Lumpur so that our Organisation can move forward again to the benefit of all, especially the Tropical Forests.