

FLEGT VPA Independent Market Monitoring (IMM)

ITTC Market Day, Lome, Togo, December 2019

Independent Market Monitoring of FLEGT-Licensed Timber



IMM



Introduction

- Sustainable Timber Information Exchange (STIX)
- FLEGT VPA partners in trade
 - Global tropical timber trade
 - EU timber trade
- Indonesian (FLEGT licensed) timber in EU trade
- VPA partner trade flows in relation to certified flows
- Concluding comments

www.stix.global



- Joint ITTO-GTF initiative
- On-line, updated monthly, open source, wood product trade flow database & dashboard
- HS44 (wood), 47 (pulp), 48 (paper), 94 (furniture)
- Highest HS resolution
- Current coverage 44 countries, all the largest importers, >85% of world consumption
- Value data standardized (US\$, Euro)
- Quantity data: as nationally reported, to be standardized in 2020 (tonnage & roundwood equivalent volume)
- EU28 COMEXT data combined with data procured from BTS for Indonesia, Malaysia, Brazil, Chile, South Africa, China, Hong Kong, Taiwan, USA, Canada, Japan, South Korea, Switzerland, Norway, Australia, New Zealand (plus Russia in 2020)
- Data validation routine for COMEXT, to be extended to BTS data in 2020
- National authorities encouraged to contribute data where there are gaps

Selection

Data

Flow:
 Import
 Export

Interval:
 Yearly
 Monthly

Indicator:
 Value (USD)
 Quantity

Reporting Countries

Select all Deselect all **Filter** 44 / 44

- Australia
- Austria
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile

Partner Countries

Region **Filter** 138 / 246

select

Special Group

Tropical countries

Hide filter

Select all Deselect all

- Belize
- Benin
- Bermuda
- Bolivia (Plurinational State of)
- Bonaire, Sint Eustatius and Saba
- Brazil
- British Indian Ocean Territory
- British Virgin Islands

Products

Search:

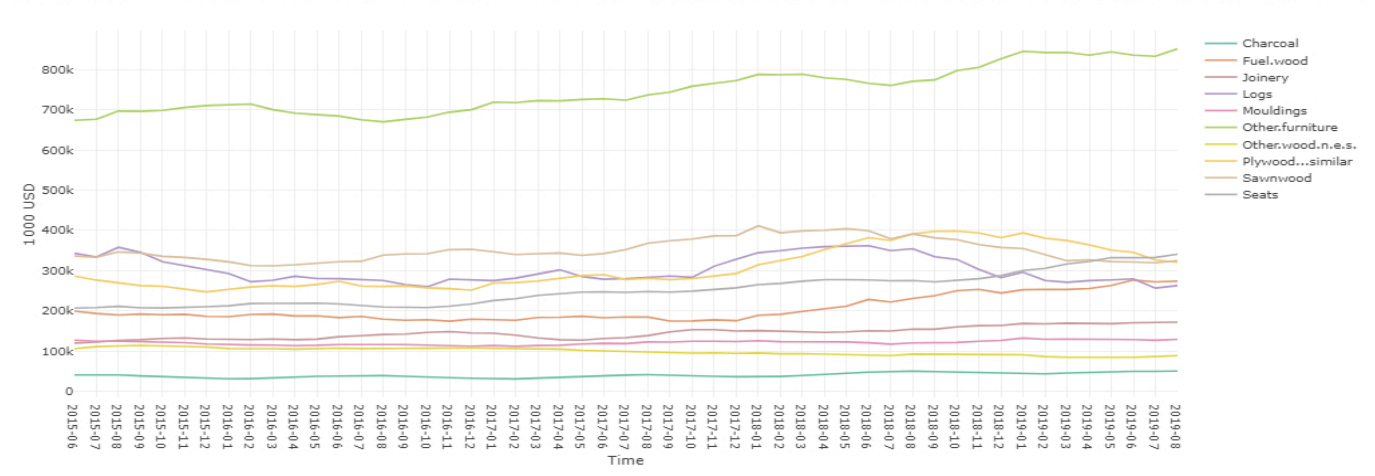
151 / 309

- Select/deselect all
 - Wood
 - Pulp
 - Paper
 - Furniture
 - Other furniture
 - HS - 940330 - Wood - Office
 - HS - 940340 - Wood - Kitchens

Period

2015 January to 2019 August

MONTHLY IMPORTS OF TIMBER PRODUCTS IN VALUE (1000 USD) BY PRODUCT AT 4-DIGIT LEVEL (6-MONTH-ROLLING AVERAGES)



Group by:

None (total value) Reporter Partner Product (2 digit level) Product (4 digit level) Product (6 digit level)

Show top 10 only

Switch to trend graph

3-month-rolling

6-month-rolling

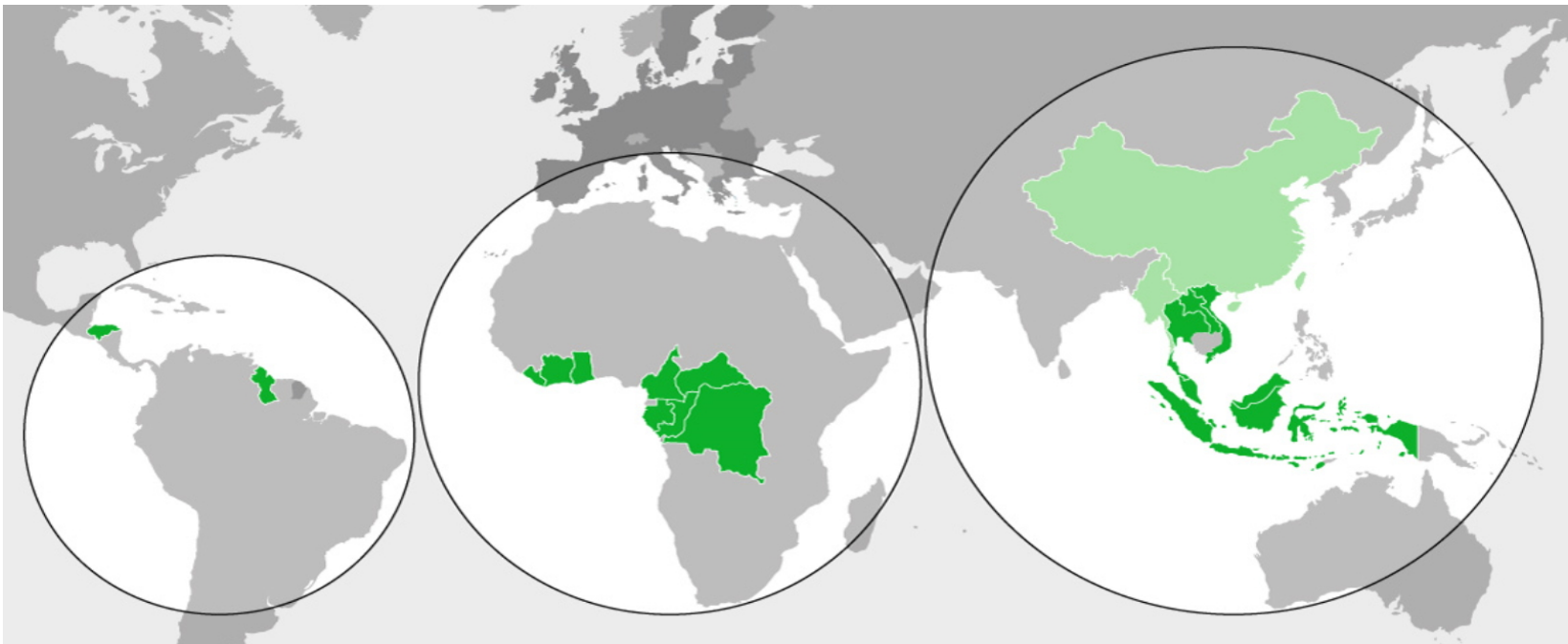
12-month-rolling

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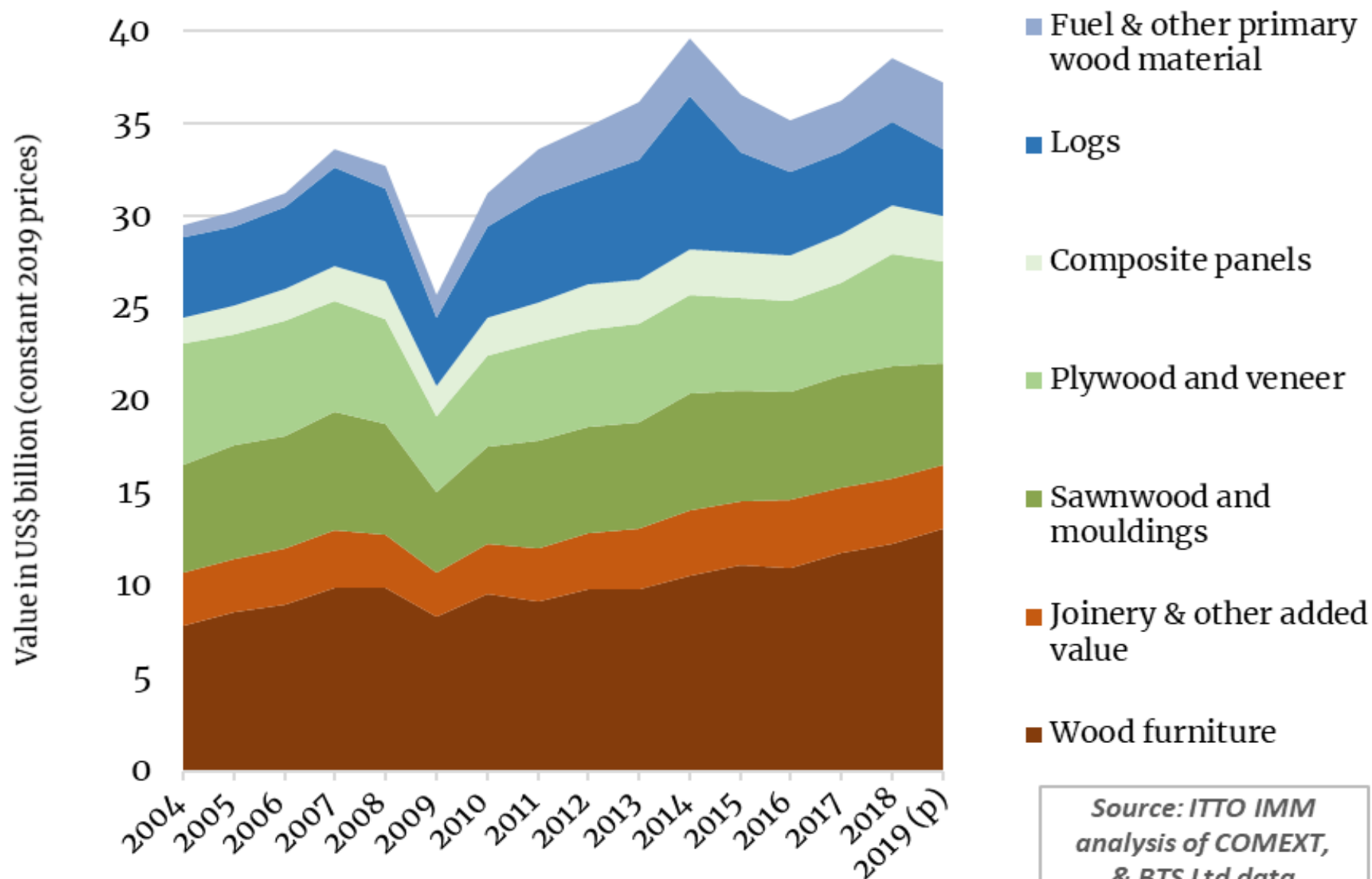


FLEGT VPA status

- **FLEGT Licensing**
 - Indonesia
- **VPA implementing (Asia)**
 - Vietnam
- **VPA Implementing (Africa)**
 - Cameroon
 - Central African Republic
 - Republic of Congo
 - Ghana
 - Liberia
- **VPA initialed (South/Central America)**
 - Guyana
 - Honduras
- **VPA negotiating (Asia)**
 - Lao PDR
 - Malaysia
 - Thailand
- **VPA negotiating (Africa)**
 - Côte d'Ivoire
 - Democratic Republic of Congo
 - Gabon

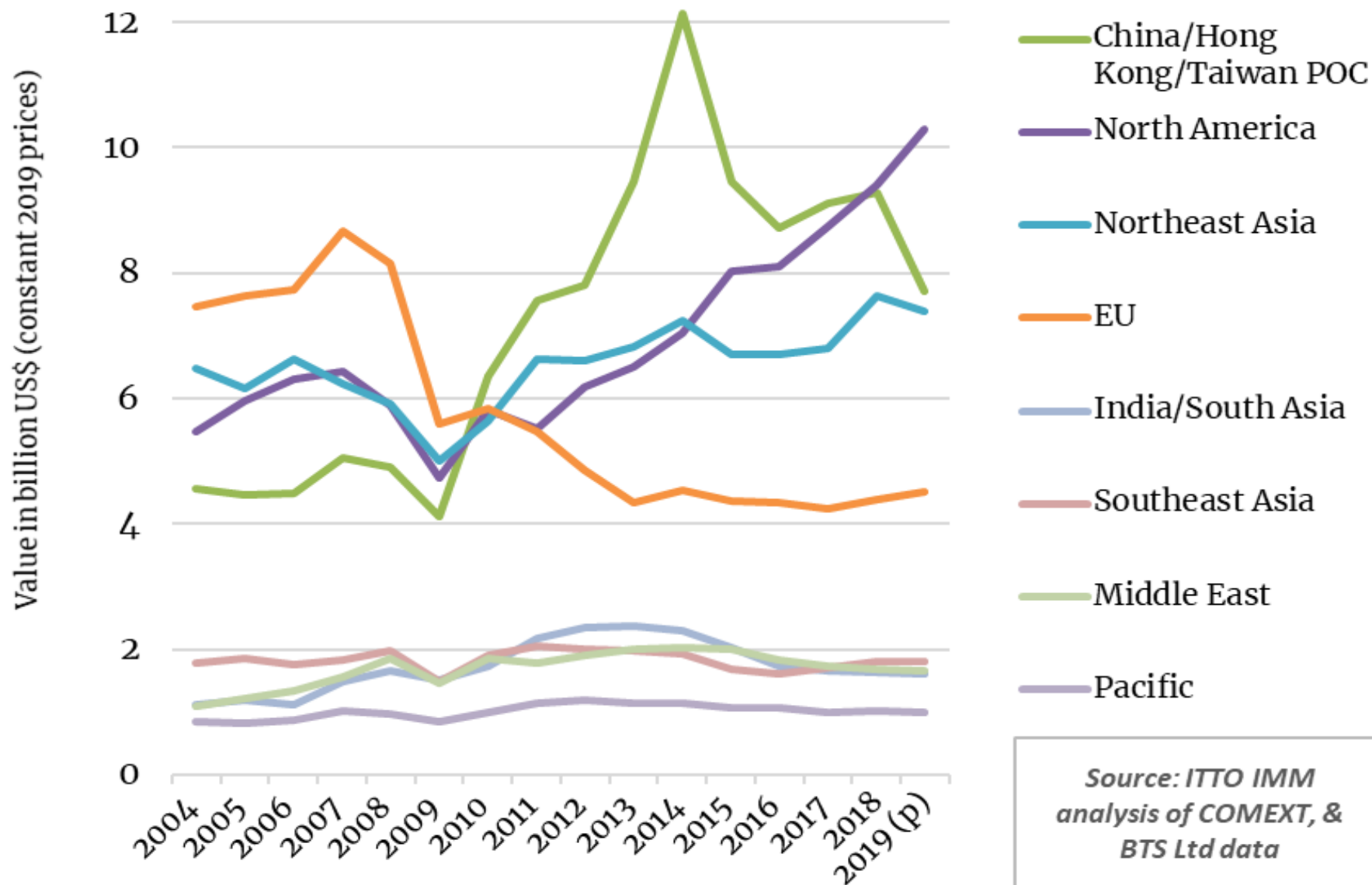


Global tropical wood trade by product group: 2004 to 2018, projected 2019

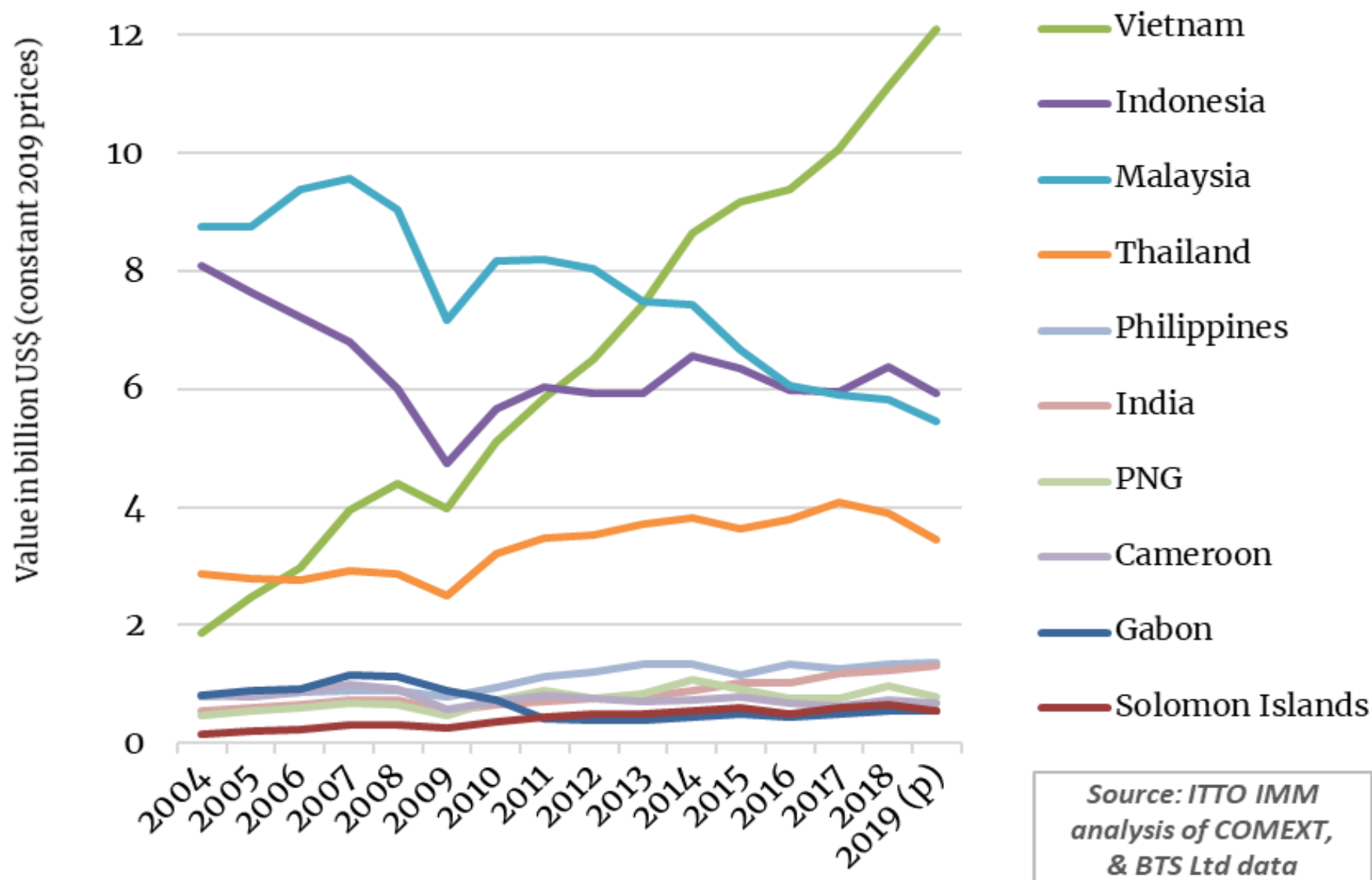


Source: ITTO IMM analysis of COMEXT, & BTS Ltd data

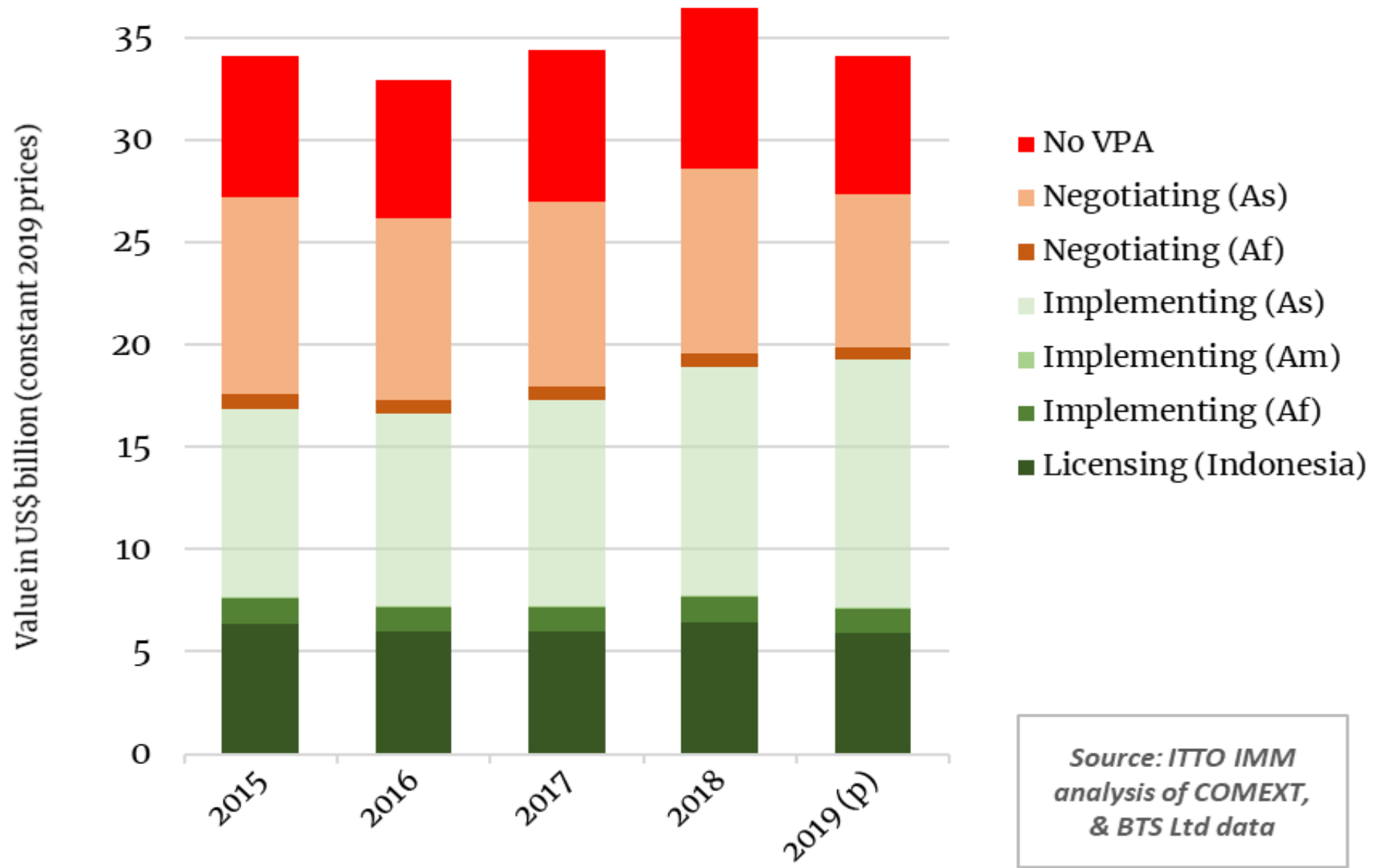
Tropical wood product imports by global region 2004 to 2018, projected 2019



Tropical wood exports by major suppliers, 0.15 2004 to 2018, projected 2019

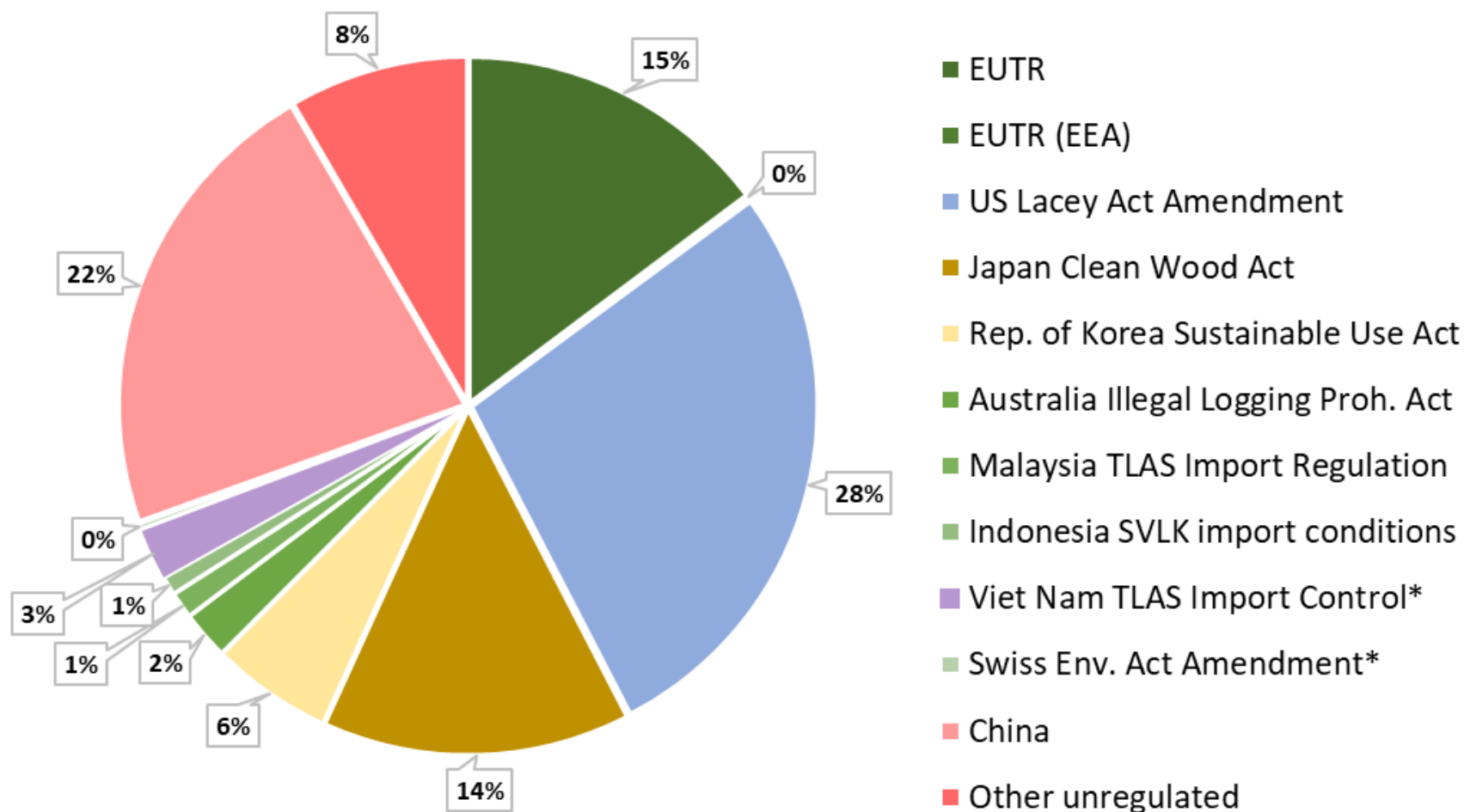


Global tropical wood trade by VPA status 2015 to 2018, projected 2019



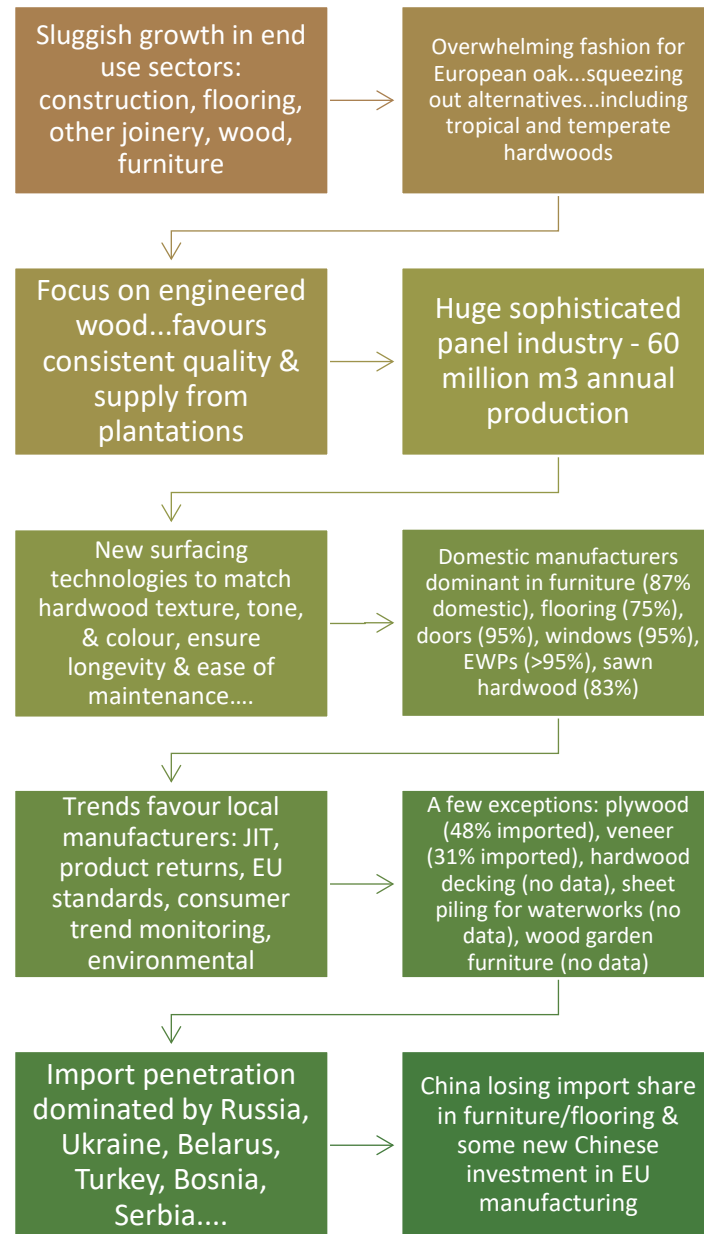
% of global tropical wood import value subject to import control in 2019

Projected global tropical wood trade in 2019: US\$34 billion

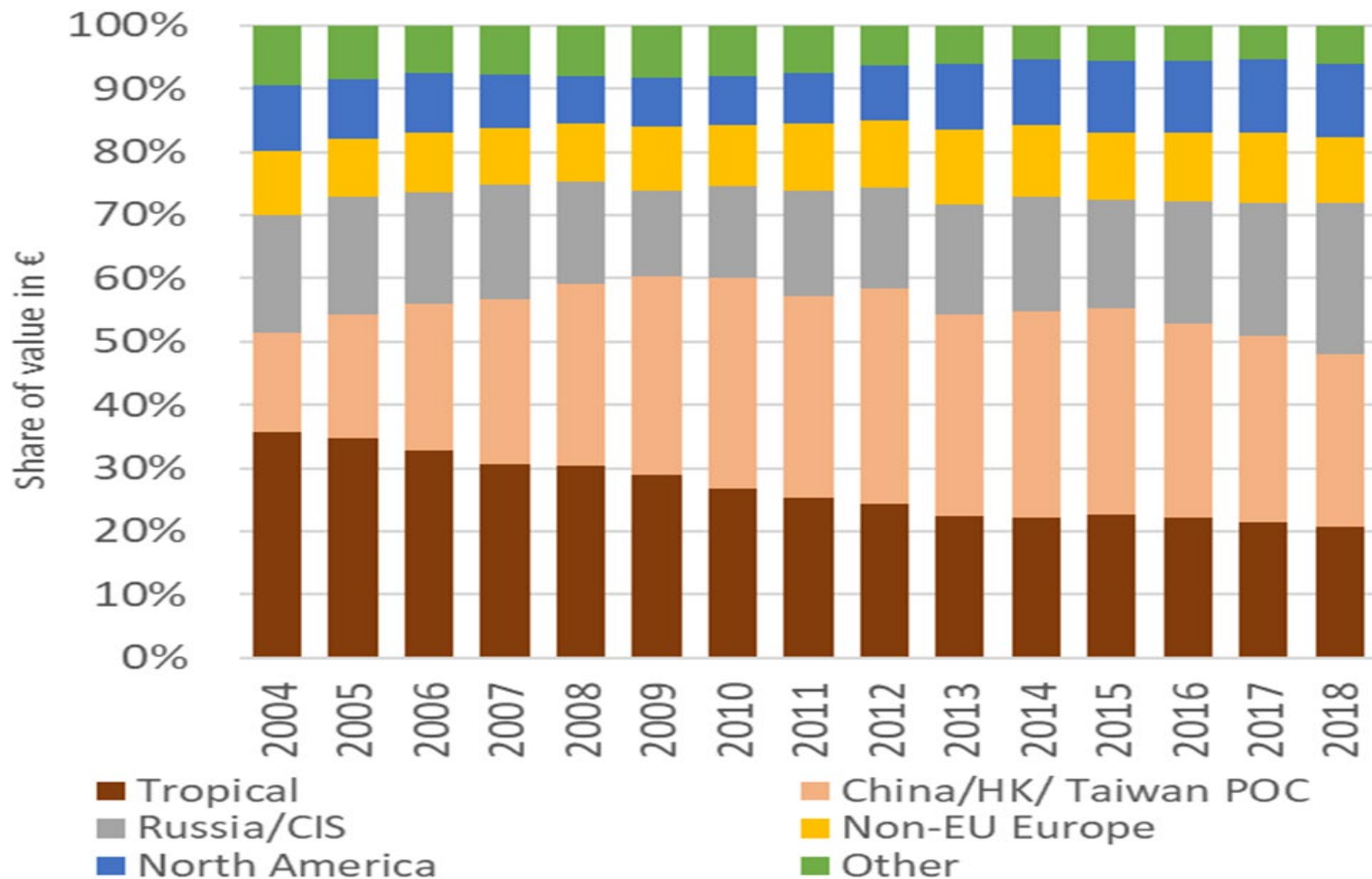


* Regulation under development in 2019

EU market: challenging ground for VPA partner suppliers



Share of EU wood imports by supply region - 2004 to 2018

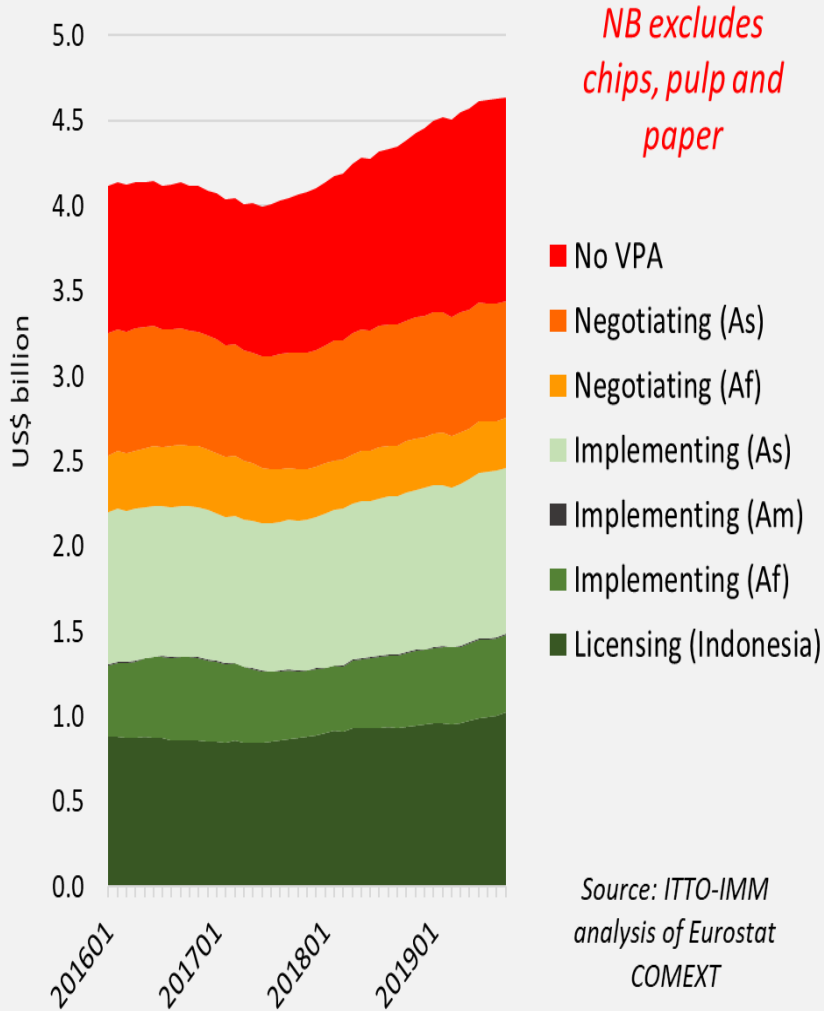


Source: ITTO IMM analysis of Eurostat COMEXT

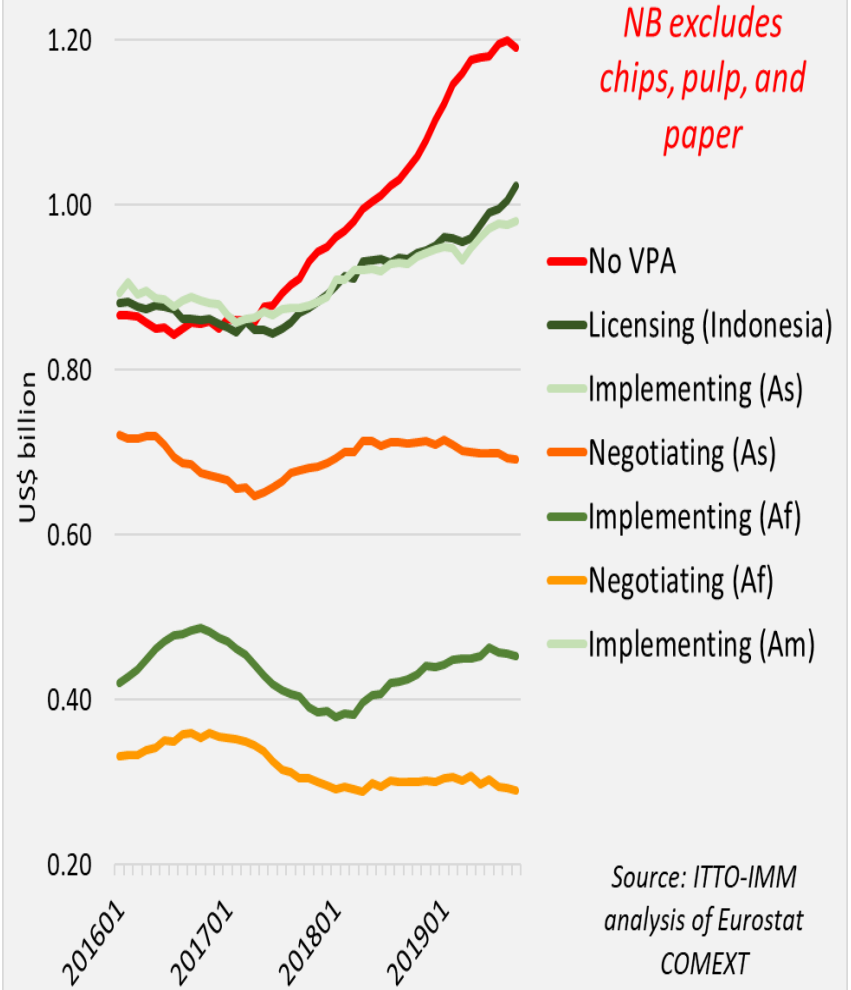
10 strategies to improve the market position of VPA partner timber in the EU

- Ordered by priority and likely effectiveness at IMM Trade Consultations
 1. Regulatory approach: increase supply of FLEGT-licensed timber & effective enforcement of EUTR
 2. Gather LCA data on tropical timber & promote wider environmental benefits (e.g. carbon)
 3. Recognise FLEGT licensed timber as equivalent to FSC & PEFC in government procurement
 4. Liaise with ENGOs
 5. Private sector voluntary: FSC/PEFC certification, responsible procurement policy, Fair & Precious brand
 6. Move up the value chain - more secondary, tertiary and EWPs
 7. Promote technical qualities to engineers, architects and specifiers
 8. Research matching timbers to end-user applications
 9. More engagement in EU technical standards-setting bodies
 10. Pro-active steps to build B-to-B relationships (e.g. trade missions, trade shows etc).
- Zero rated (No votes at any IMM Trade Consultation)
 - Deregulation. i.e. repeal EUTR & FLEGT VPA obligations

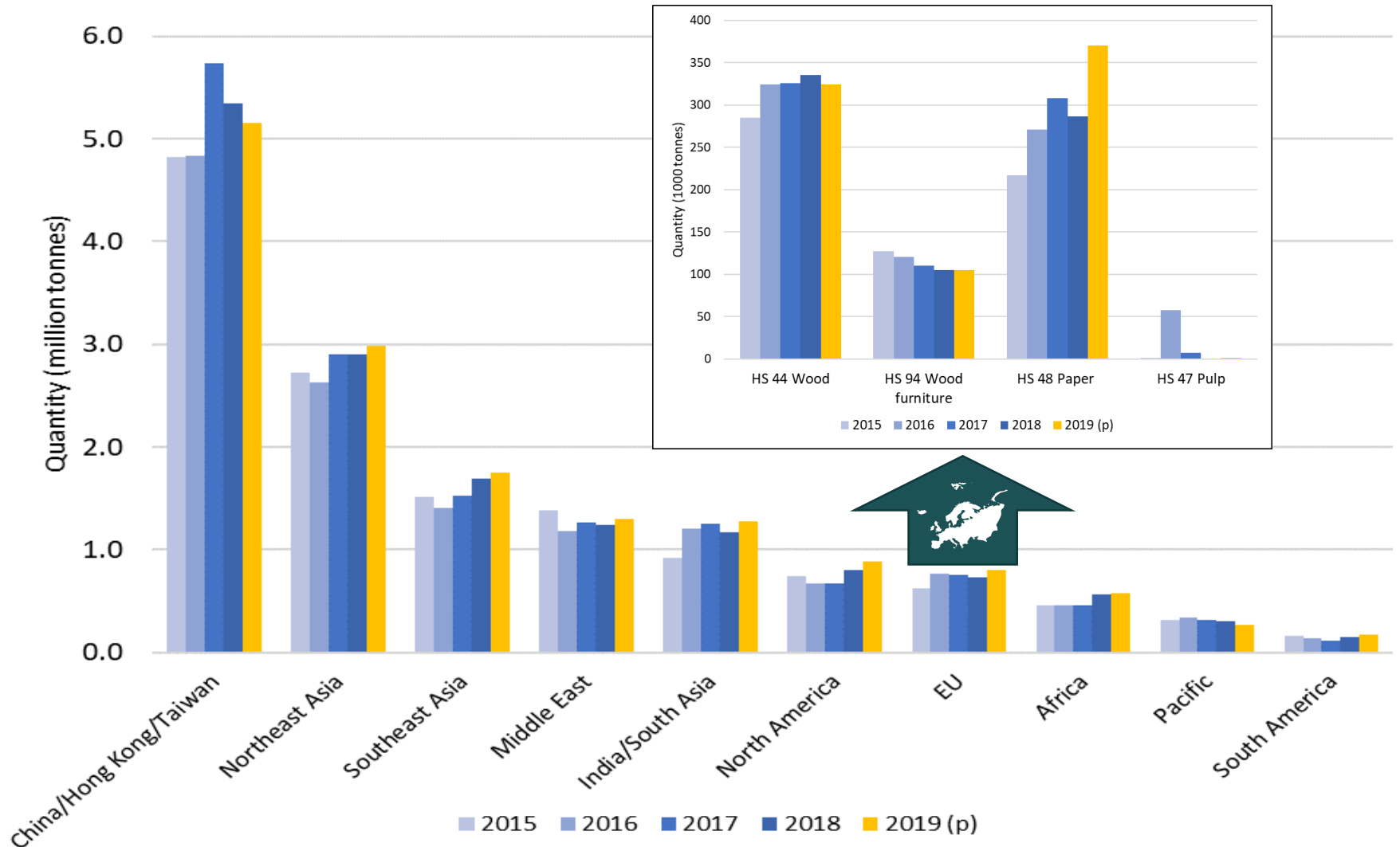
EU imports of tropical wood products by VPA status - 12 month rolling total Jan-16 to Sep-19



EU import value of tropical wood products by VPA status - 12 month rolling total Jan-16 to Sep-19

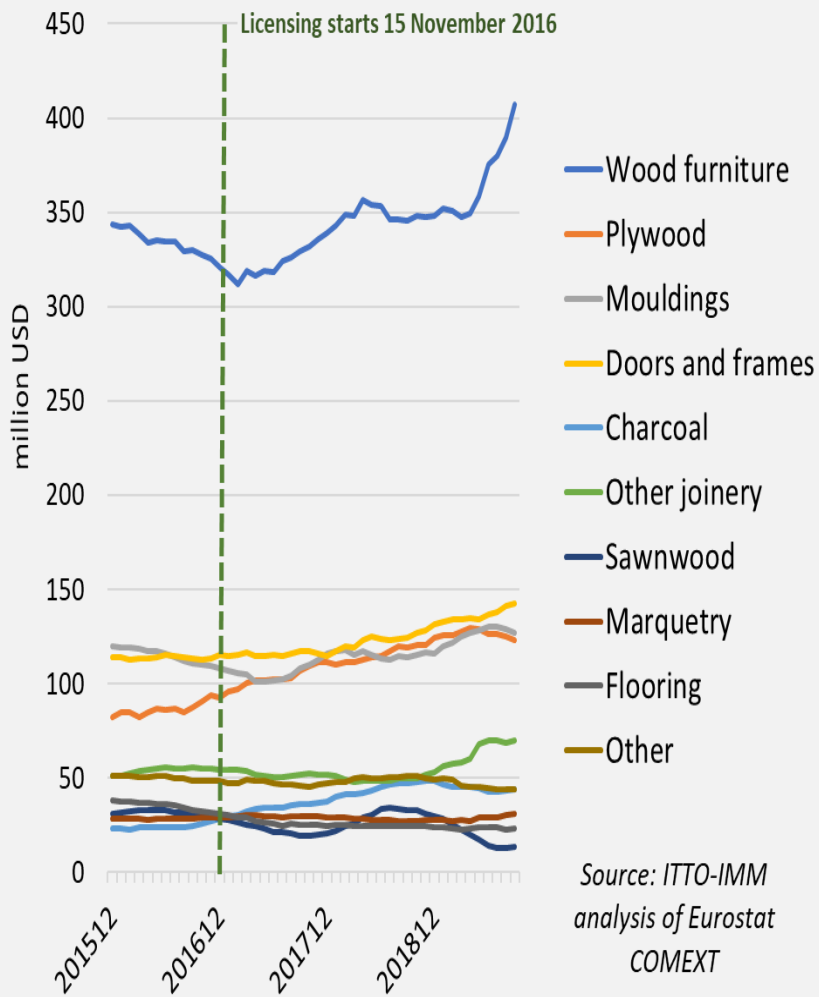


Indonesia timber product export quantity by destination region: 2014 to 2018, 2019 projected

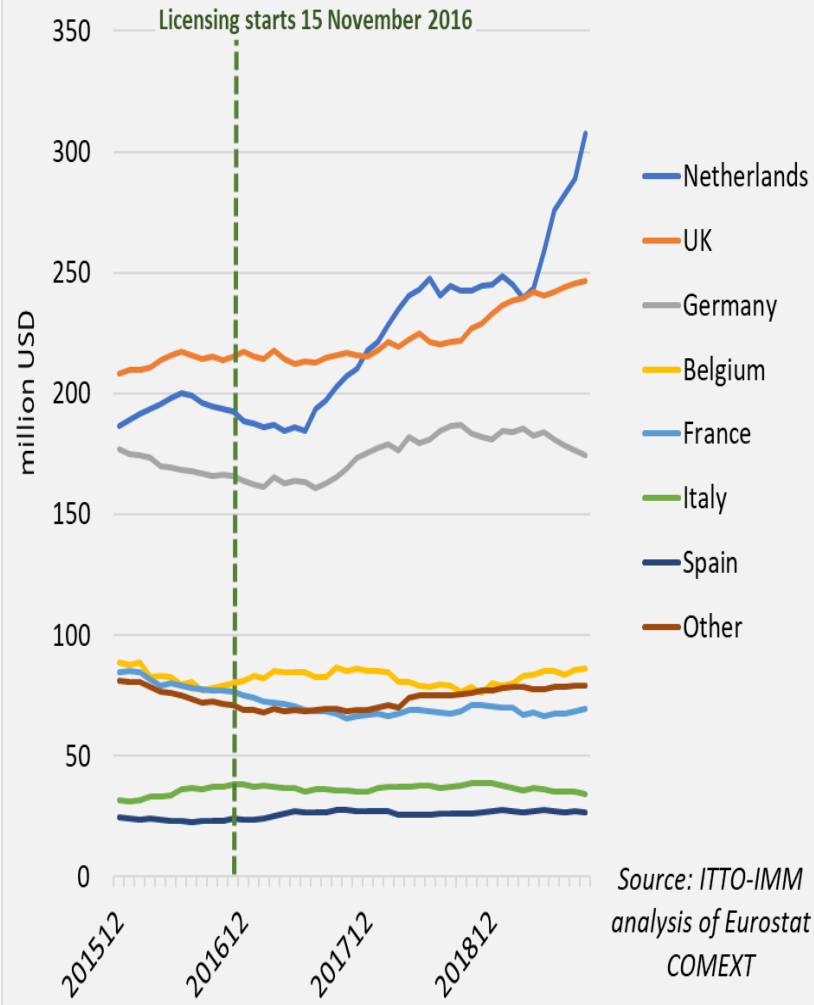


Source: IMM analysis of Indonesia export data from BTS Ltd

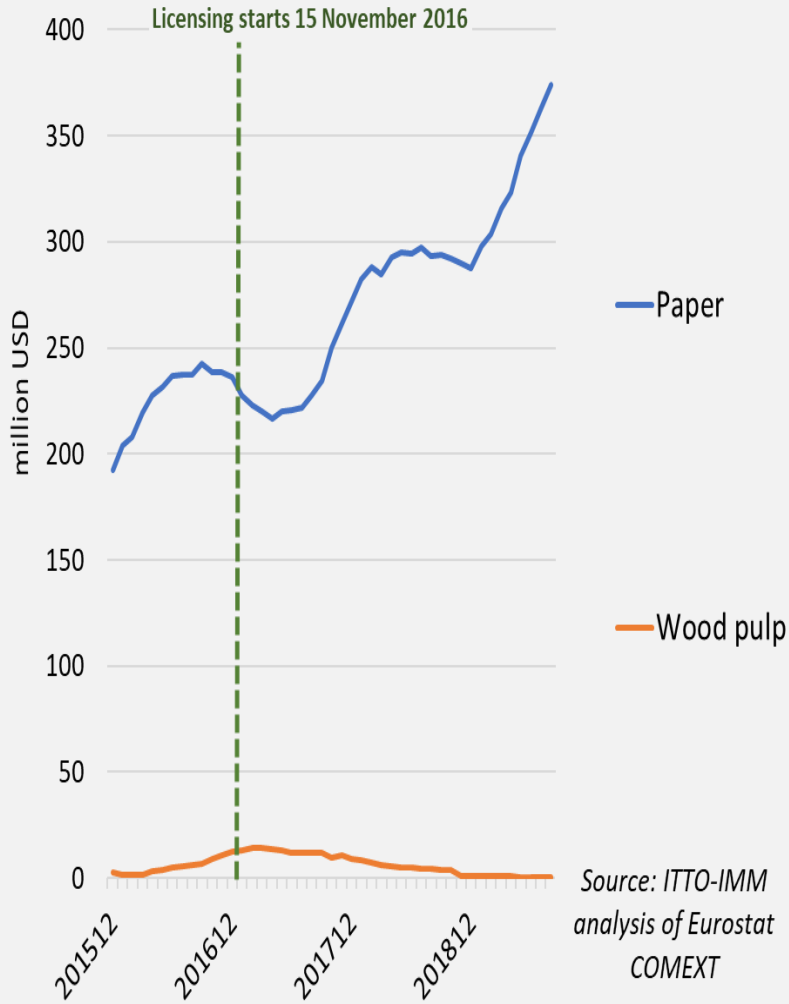
EU imports of wood products from Indonesia - 12 month rolling total Jan-16 to Sep-19



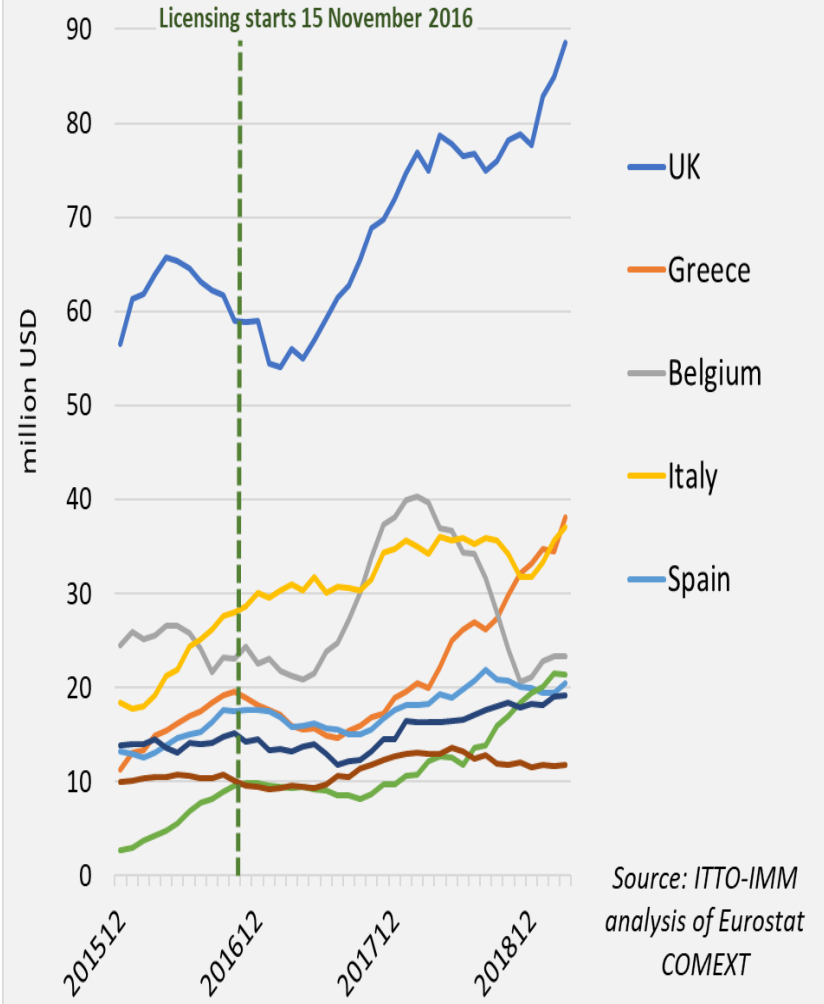
EU Member State imports of wood products from Indonesia - 12 month rolling total Jan-16 to Sep-19



EU imports of pulp and paper from Indonesia - 12 month rolling total Jan-16 to Aug-19

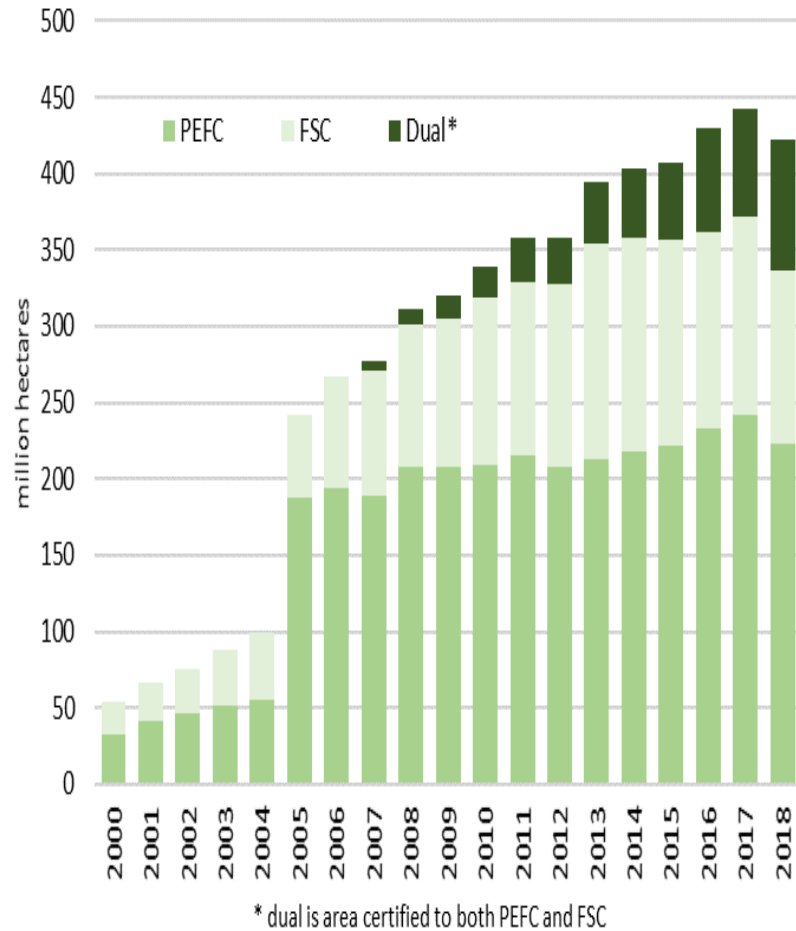


EU Member State imports of pulp and paper from Indonesia - 12 month rolling total Jan-16 to Aug-19

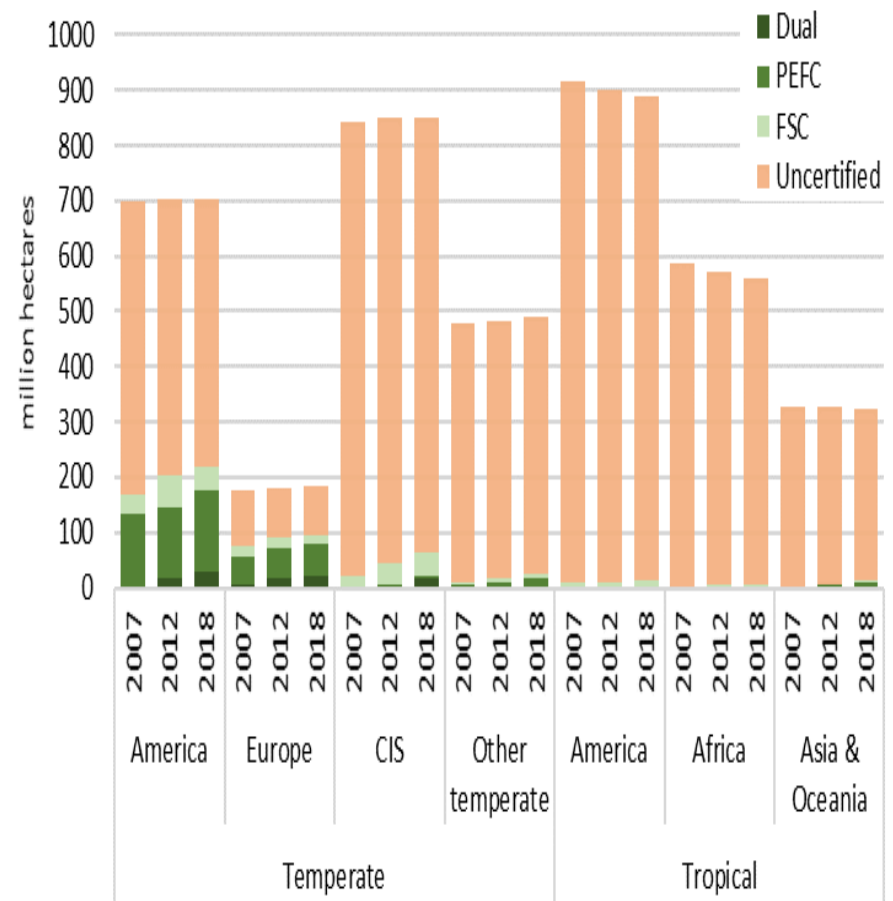


Uneven growth in forest certification

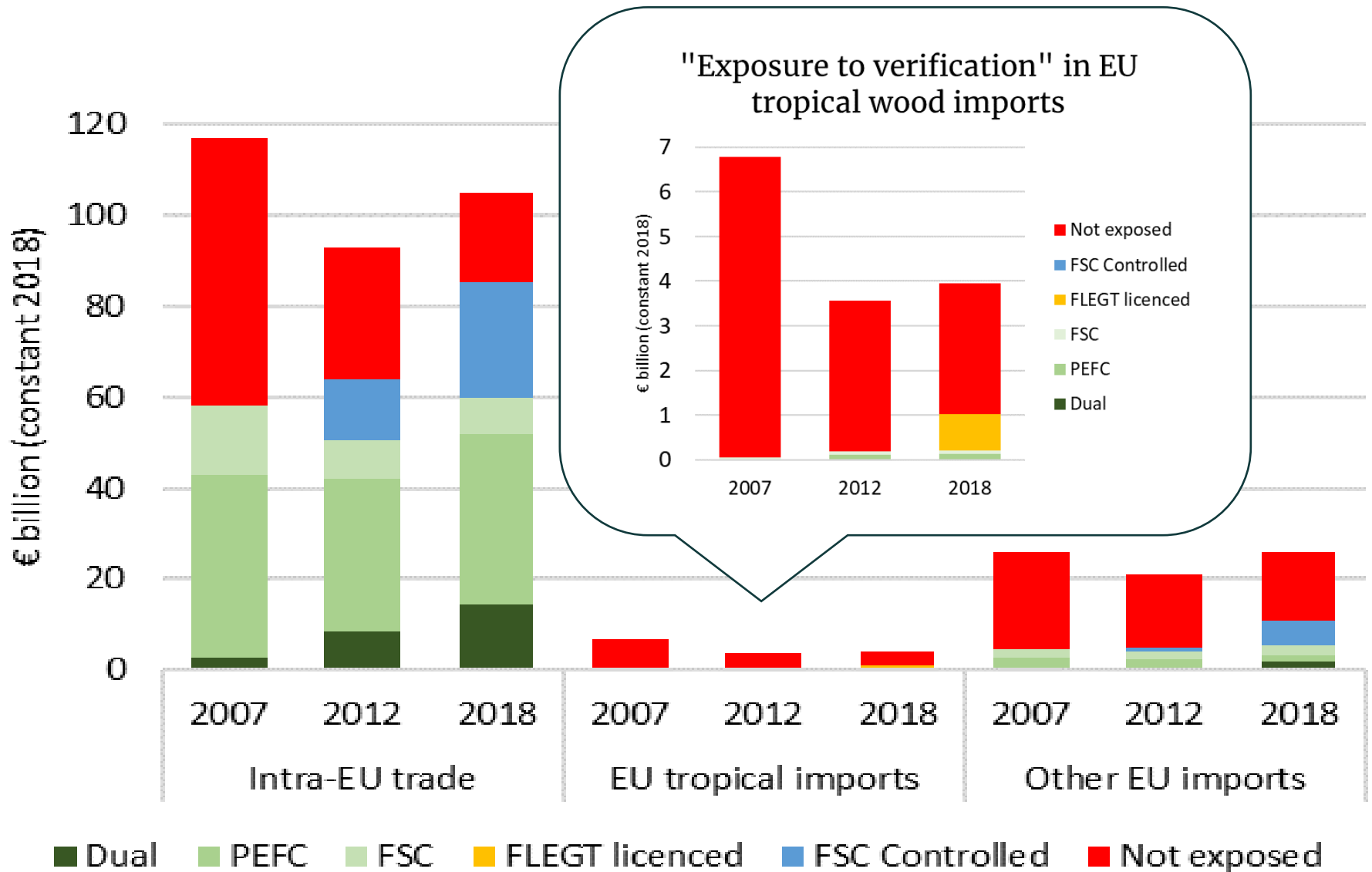
Worldwide area of 3rd party certified forest -
2000 to 2018



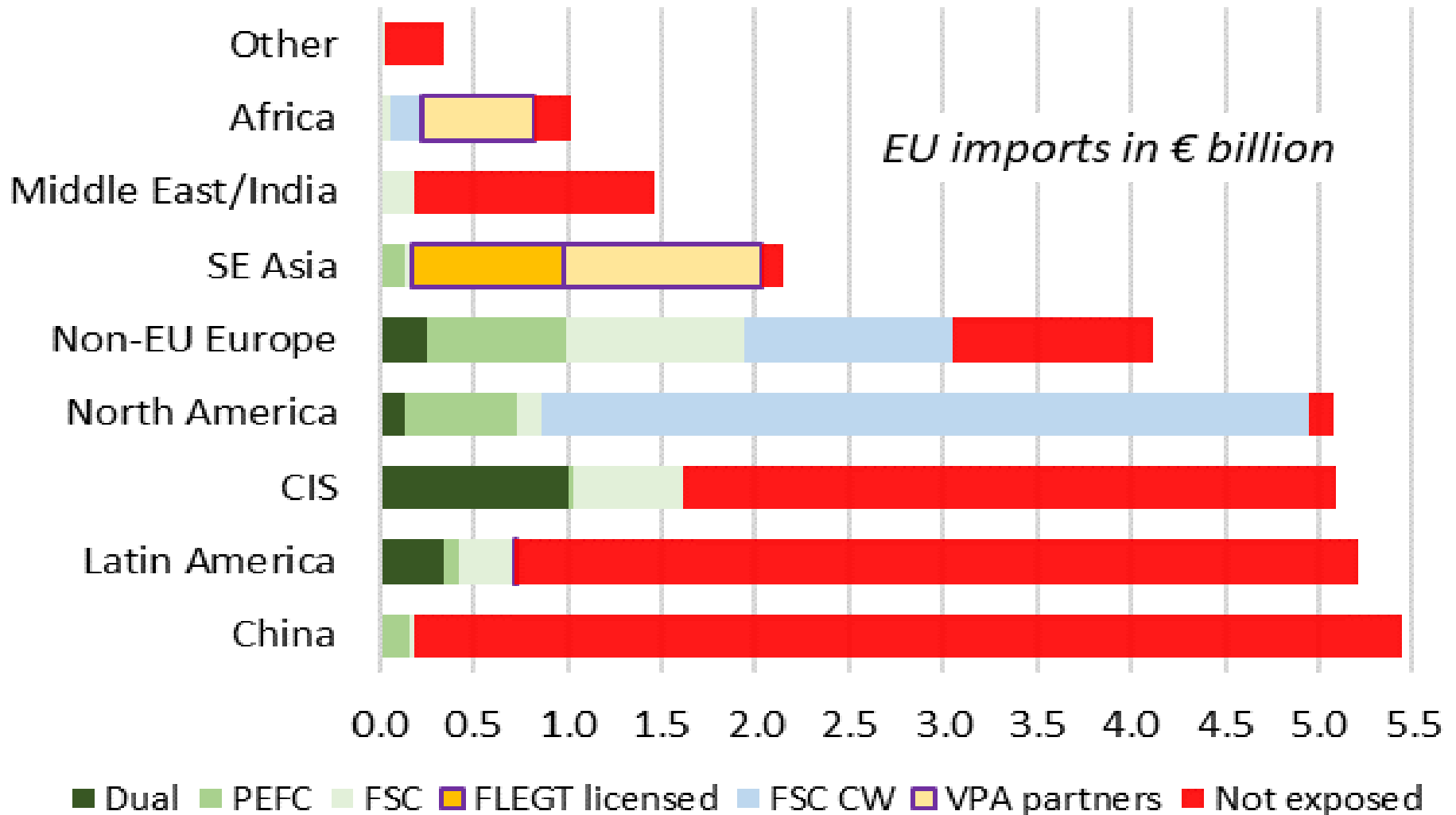
Forest area by global forest region and
certification status



“Exposure to verification” in Intra-EU and Extra-EU wood (HS44 & HS94) trade in 2007, 2012, and 2018



“Exposure to verification” in Extra-EU wood (HS44 & HS94) trade by major source of supply in 2018



Concluding comments

- Recent global trade flow trends increasing role for VPA partner timber products
- In 2019, 70% global tropical timber imports by countries imposing regulations requiring legality assurances
- FLEGT VPA process offers scale in provision of these assurances
- Success of FLEGT should not be judged only on narrow metric of rising share of EU market
- Nevertheless early signs FLEGT is having a positive impact in the EU market
- Strong support for FLEGT licensing & EUTR in EU importing sector
- Concerted effort required to remove remaining barriers: expand recognition in procurement policy; raise awareness of sustainability benefits; build on potential synergies with forest certification
- Targeted communication of FLEGT emphasising link to carbon mitigation

Thank you

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