

**Advisory Committee on Sustainable Forest-based Industries
(ACSM)**

Webinar 2:

THE GLOBAL FOREST SECTOR AND COVID-19:

**Navigating a sustainable future in an economically and socially
constrained world**

Synthesis of outcomes from an ACSM webinar

24 June 2020

Executive Summary

COVID-19 delivered the world a curveball for which no one was prepared from the perspectives of health, economic, environmental and social. While the upcoming decade still provides unique opportunities for the forest sector to contribute significantly to the UN Sustainable Development Goals (SDGs), it now must do so in a context that is different to anything else in living memory. The quickly evolving and dynamic situation has left the sector with many immediate challenges including the need to be recognised as an essential industry, managing health and safety considerations, changing market dynamics and in some jurisdictions, reduced worker availability, etc. However, the opportunities that existed before the COVID-19 crisis emerged, remain. For example, wood provides a climate friendly building product that can substitute for fossil intensive alternatives. Non-wood forest products provide a wealth of traditional and innovative products that provide income and improve the livelihood of forest-dependent people. Forests also provide key services that help maintain ecosystem services, conserve biological diversity and keep viruses contained. The challenge is, how can the forest sector best deliver upon those important outcomes in a world that is focussed on people's health and the rebuilding of economies?

The FAO Advisory Committee on Sustainable Forest-based Industries (ACSFI) organized a webinar on 24 June 2020 addressing the global forest sector in the COVID-19 pandemic. It took place during the Food and Agriculture Organization's (FAO) COVID-19 Forestry Webinar Week and was co-hosted by FAO and the International Tropical Timber Organization (ITTO). Perspectives on the impact of COVID-19 were presented by representatives of the ACSFI, tropical timber associations and three members of the Collaborative Partnership on Forests (CPF), i.e. (FAO, ITTO and the Global Environment Facility (GEF)). The presenters were:

- Mr. Sven Walter, Secretary of the ACSFI and Team Leader, Forest Products and Statistics, Forestry Department, FAO
- Ms. Carina Håkansson, ACSFI Chair and Director General of the Swedish Forest Industries Federation
- Dr. Steven Johnson, Director, Trade and Industry, ITTO
- Ms Françoise Van de Ven, Secretary General, Union des Forestiers Industriels du Gabon (UFIGA), Gabon
- Dr. Ivan Tomaselli, President, STCP Engenharia de Projetos Ltda. and Vice President, Technology and Development, Brazilian Association of the Mechanically Processed Timber, Brazil
- Ms Annie Ting, CEO, Sarawak Timber Association, Malaysia
- Mr. Matthew Reddy, Senior Private Sector Specialist, Global Environment Facility.

The session provided reflections from these recognized industry leaders' diverse experiences from different parts of the globe on issues such as:

- How should the forest sector and development partners be responding to COVID-19 in the short, medium and long term?
- How can development partners and the private sector develop opportunities for stronger collaboration to effectively promote sustainable forest-related consumption and production patterns and contribute to the SDGs in a post COVID-19 world?

The outcome of the session was the identification of synergies between the private sector, development partners and other stakeholders to enhance strategic partnerships and facilitate the forest sector's capacity to Build Back Better in a post-COVID environment. Key insights and recommendations arising from the presentations included:

- Jobs and job creation are key concerns for Building Back Better;
- Sustainable financial support to the private sector is needed, at least, in the short-term;
- The forest sector has been appropriately recognized in many parts of the world as an essential service;
- A sustainable forest sector lies at the heart of COVID-19 recovery plans that seek to Build Back Better;
- Leaders across the globe, including the United Nations, governments, and the private sector are being called upon for COVID-19 recovery plans to be green, sustainable and climate-smart;
- There is now a unique chance for renewable resources to replace high fossil fuel based products;
- Public and private collaboration should be facilitated to establish dialogue, provide a platform and education programmes for the implementation of global strategies such as nature-based solutions and the circular bioeconomy;
- Private sector projects can be better connected to climate change goals and SDG achievement with templates and blueprints for the respective strategies and indices;
- Detailed and consistent global information is needed to facilitate the assessment of COVID-19 impacts, align actions, define recovery strategies, and support implementation and sustainable development;
- Analysis and reporting are needed on the long-term to measure impacts of COVID-19 and the effectiveness of government responses;
- International cooperation should be strengthened by involving the private sector and sharing good practices, e.g. on , processing wood competitively and producing and consuming forest products sustainably;

- Support is needed for integration and recognition of Sustainable Forest Management (SFM) certification schemes;
- Private sector associations can be integrated into initiatives such as SW4SW and support the recognition of tropical timber as sustainable and renewable;
- Forest bioeconomy development can include support for effective wood waste management, including wood energy opportunities in Africa and markets for African timber; and
- Science and data are needed to Build Back Better and this is an important role for FAO and its partners.

The ACSFI is a statutory body that guides FAO on issues at stake for the sustainable consumption and production of forest products. It also provides a forum for dialogue between FAO and the private sector to identify strategic actions that promote sustainable forest management. The ACSFI recognises that the COVID-19 pandemic is impacting all parts of our lives across the world including food trade, food supply chains and markets as well as people's lives, livelihoods and nutrition. During the crisis, forest products have been critical on the front line providing personal protective equipment, and other supplies and services, including hygiene and sanitary products, biomass for heating, ethanol for sanitizer, respirator paper and packaging for parcels.

The ACSFI believes that strategic planning is required to build an enabling and impact-oriented framework for joint and coordinated action to Build Back Better by promoting the sustainable consumption and production of forest products. Actions could include:

- Building Back Better Together – by pursuing a collaborative approach of all stakeholders concerned, including governments, civil society, academia, development partners such as FAO and the private sector to facilitate collaboration and coordination of shared initiatives, and definitions of success that identify gaps and address deliverables.
- Build Back Better Informed - by promoting joint research efforts and actions to inform responsible supply and demand systems as well as strategic communications.

Introduction

The FAO Advisory Committee on Sustainable Forest-based Industries (ACFSI) organized a webinar on 24 June 2020 addressing the global forest sector in the COVID-19 pandemic. It took place during the FAO COVID-19 Forestry Webinar Week and was co-hosted by FAO and ITTO. Perspectives on the impact of COVID-19 on the forest sector were presented by representatives of the ACFSI, tropical timber associations and members of the Collaborative Partnership on Forests (CPF), i.e. FAO, ITTO and the Global Environment Facility (GEF)). The presenters were:

- Mr. Sven Walter, Secretary of the ACFSI and Team Leader, Forest Products and Statistics, Forestry Department, FAO
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- Dr. Steven Johnson, Director, Trade and Industry, ITTO
- Ms Françoise Van de Ven, Secretary General, Union des Forestiers Industriels du Gabon (UFIGA), Gabon
- Dr. Ivan Tomaselli, President, STCP Engenharia de Projetos Ltda. and Vice President, Technology and Development, Brazilian Association of the Mechanically Processed Timber (ABIMCI), Brazil
- Ms Annie Ting, CEO, Sarawak Timber Association, Malaysia
- Mr. Matthew Reddy, Senior Private Sector Specialist, GEF.

Questions for consideration:

1. How should the forest sector and FAO be responding to COVID-19 in the short, medium and long term?
2. How can development partners and the private sector develop opportunities for stronger collaboration to effectively promote sustainable forest-related consumption and production patterns and contribute to the SDGs in a post COVID-19 world?

Presentation Summaries

The following sections provide brief summaries of each presentation

Mr. Sven Walter, ACFSI Secretary and Forest Products and Statistics, Forestry Department, FAO

Mr. Walter welcomed the audience and participants and introduced the program which was organized by the ACFSI, and co-hosted by ITTO and FAO. He described the ACFSI as a statutory body that guides FAO on issues at stake for the sustainable consumption and production of forest products. It also provides a forum for dialogue between FAO and the private

sector to identify strategic actions that promote sustainable forest management. He mentioned that this is the second ACSFI webinar on the issues related to the impacts of COVID-19 on the forest sector, the first being on 27 May 2020¹.

Noting that the forest industry, and especially forest-based employment, has been impacted by COVID-19, he said this webinar is an opportunity to discuss Building Back Better. The forest sector is on the forefront of recovery through joint efforts by the private sector, development partners and members of the CPF including three at the webinar: GEF, ITTO and FAO. Finally, Mr Walter highlighted the role of the forest sector to build back better a post-COVID world by contributing to prosperous green economies through the sustainable use and production of forest products that ensure the livelihood of millions of people. He then introduced Ms. Carina Hakansson, the Chair of the ACSFI, who gave her opening remarks.

Ms. Carina Håkansson, Chair ACSFI, Director General, Swedish Forest Industries Federation

Ms. Hakansson stated that the ACSFI recognizes that the COVID-19 pandemic has impacted all parts of people's lives. During the crisis forest products were essential in providing an uninterrupted supply of hygiene and sanitary products, biomass for heating, ethanol for hand sanitizer, respirator paper, packaging, etc.

The ACSFI believes that at the heart of recovery from COVID-19 is a sustainable forest sector. Now there are increasing opportunities to substitute fossil fuel-based products with renewable wood-based products. She called on the global leaders, including from the UN, private sector and governments to implement recovery plans that are green, sustainable and climate-smart. Building back better requires:

- Building Back Better together, i.e. by taking a collaborative approach with all stakeholders
- Building Back Better informed, i.e. by promoting joint research efforts and actions and actions to inform responsible supply and demand systems as well as strategic communications.

Dr. Steven Johnson, Director, Trade and Industry, ITTO

Dr. Johnson moderated the webinar and began saying that COVID-19 has had one of the greatest impacts on the tropical forest sector in the last 30 years of ITTO's work. Due to sharp declines in global markets, mills have reduced production and some closed. For example, China

¹ <http://www.fao.org/forestry/industries/9530/en/>

had an 80% decrease in tropical wood imports in the first quarter of 2020. To rebuild the forest sector and to Build Back Better we need to work together. He welcomed the next three speakers from three different tropical forests that provided their perspectives on the COVID-19 impacts.

Ms Françoise Van de Ven, Secretary General, UFIGA, Gabon

Ms. Van de Ven presented the problems caused by COVID-19 in three countries in the Congo Basin (Cameroon, Democratic Republic of Congo (D.R. Congo) and the Republic of Congo) and Gabon. She said that there will be “a before and an after COVID-19.” While forest sector activities continued, albeit reduced, in three of these countries, they were completely stopped for a period in the D.R. Congo. Prevention and protection measures were put into place for workers and their families. However, protection materials such as masks were not sufficiently available.

Closed borders stopped cross-border trade and exports decreased. With reduced imports there was a lack of shipping containers. The main export market demand decreased dramatically from China and Europe. There were many logistic related problems, for example when there were goods to export, port authorities were not always available.

COVID-19 had considerable negative consequences for the forest-based industries. Production decreased in conjunction with domestic and export demand. Prices fell affecting profitability. Contracts were cancelled and there were no new contracts.

Ms. Van de Ven proposed these urgent needs, of which some could be opportunities for the ACSFI to explore:

- Implementing forest management plans without excessive administration;
- Progressing towards certification of sustainability;
- Maintaining markets for sustainably produced, legal, African timber;
- Recognizing private certification schemes in the EU Timber Regulation and FLEGT VPAs;
- Forest-based bioeconomy develops, in part to use wood waste for energy production;
- Connecting private sector projects to climate change and SDG achievement; and
- Integrating private sector associations into SW4SW initiatives.

Dr. Ivan Tomaselli, President, STCP Engenharia de Projetos Ltda. and Vice President, Technology and Development, ABIMCI, Brazil

Dr. Tomaselli started by stating that 20% of the global cases of COVID-19 are in Latin America. In most countries the forest-based industries were deemed essential and continued production, albeit reduced along with demand from the export markets upon which they most depend,

especially China and the United States. Latin America exports 70% of its pulp and plywood production with some countries such as Uruguay exporting 90% of its wood and paper products production. During the pandemic there were logistic problems and domestic consumption fell and prices dropped 20-40% further affecting profitability.

The Latin America region's forest sector is dependent on international markets and recovery will largely depend upon global economic recovery. Governments implemented social and economic mitigation measures. But recovery will take longer than these measures and questions remain on:

- Will there be a return to normal? If so, when?
- How will markets be impacted?
- What will be the economic, social and environmental impacts?
- Will government support and stimulus work to mitigate the impacts?
- How will consumer behaviour and confidence change?
- What will be the effects of governments' fiscal deficit on development?

Opportunities exist for the ACSFI to assist with the forest sector's recovery from the COVID-19 crisis. In the short term consistent, detailed, global information is necessary to assess impacts, align actions, define recovery strategies and support sustainable development. In the medium term international cooperation should be strengthened by sharing good practices, e.g. on initiatives involving the private sector, processing wood competitively, producing and consuming forest products sustainably and analysing and reporting the long-term impacts of COVID-19 and the effectiveness of government responses.

Ms Annie Ting, CEO, Sarawak Timber Association, Malaysia

Ms. Ting began by introducing forestry in Malaysia and her association of 360 companies in the state of Sarawak. Malaysia, which is 55% forested and certified under a national scheme recognized by PEFC. Prior to COVID-19 SFM costs were high, but now are higher, without being reflected in market prices and values. And the gap is growing between producer costs and consumer prices which needs to be addressed in order to continue certifying and implementing sustainable forest management.

The impact on Sarawak's forest sector has included supply chain disruptions, declining market demand and production declines. The government's stimulus packages have not benefited all companies and some businesses will close due to cash flow crises. The worst impacts are coming and will be clearer in the 3rd and 4th quarters of 2020.

Ms. Ting presented some of the requirements for the Sarawak forest sector to recover from the impacts of COVID-19:

- Short to medium term: provide sustainable financial support to the private forest sector
- Long term:
 - Recognize sustainably managed tropical timber as environmentally friendly and renewable
 - Governments commit to utilizing tropical timber in their projects
 - Promote green pricing for tropical timber.

Ms Ting offered these opportunities for FAO, including the ACSFI:

- Facilitate public and private collaboration to establish dialogue and provide educational programmes for global strategies on nature-based solutions, circular bioeconomy, etc
- Support recognition of sustainable tropical timber through initiatives such as SW4SW.

Discussion moderated by Dr. Johnson

While the pandemic has had significant negative impacts on people's health and livelihoods, it has demonstrated to millions of people around the world that forest products are essential in almost all parts of our lives ranging from health and hygiene to packaging. Hence, while the impacts on markets for different forest products and regions will differ, an opportunity exists for the forest sector to invest in strategic communications that enhance the understanding and importance that people place on sustainably produced forest products. Moreover, as the world develops strategies to recover from the pandemic, the consumption of such sustainable produced forest products also offers the prospect of green jobs in rural and regional areas around the world.

While so many of the impacts of the pandemic are indeed negative, tangible positive opportunities, including for the forest sector do exist. In Gabon for example, FLEGT licensing, which has been on hold for years has been identified by the Minister of Forests as an initiative that could be resumed.

During the initial "shock" period of the pandemic the impact on the forest sector has been immediate and in some cases, devastating. It is important that in the coming months, governments and agencies such as FAO, invest in understanding the medium and longer term impacts so that support can be provided to ensure that sustainable forest based businesses can survive. These businesses will form an essential component of a green-based recovery but may require assistance such as access to credit in the short term in order to provide longer term benefits.

Mr. Matthew Reddy, Private Sector Specialist, Global Environment Facility (GEF)

Mr. Reddy provided the closing remarks, stating that the challenge is how the essential forest sector can achieve recognition for its role in a world now focussed on populations' health and economic recovery. COVID-19 is an environmental crisis resulting from the collision of human and natural systems. He said that there are varied and multiple impacts on supply chains and cited examples of GEF programmes.

He echoed the call from the panellists to Build Back Better *together* through collective efforts of the private and public sectors. Through the scientific data that international organizations provide it will be possible to Build Back Better *informed*. This is a role for FAO and its partners.

Dr. Johnson closed the session

Thanking the speakers individually, the ACSFI Secretariat and the audience, Dr. Johnson closed the webinar.

For more information about the webinar

The ACSFI website has the webinar program, speakers' presentations, this synthesis and recording of the webinar. See: <http://www.fao.org/forestry/industries/9530>