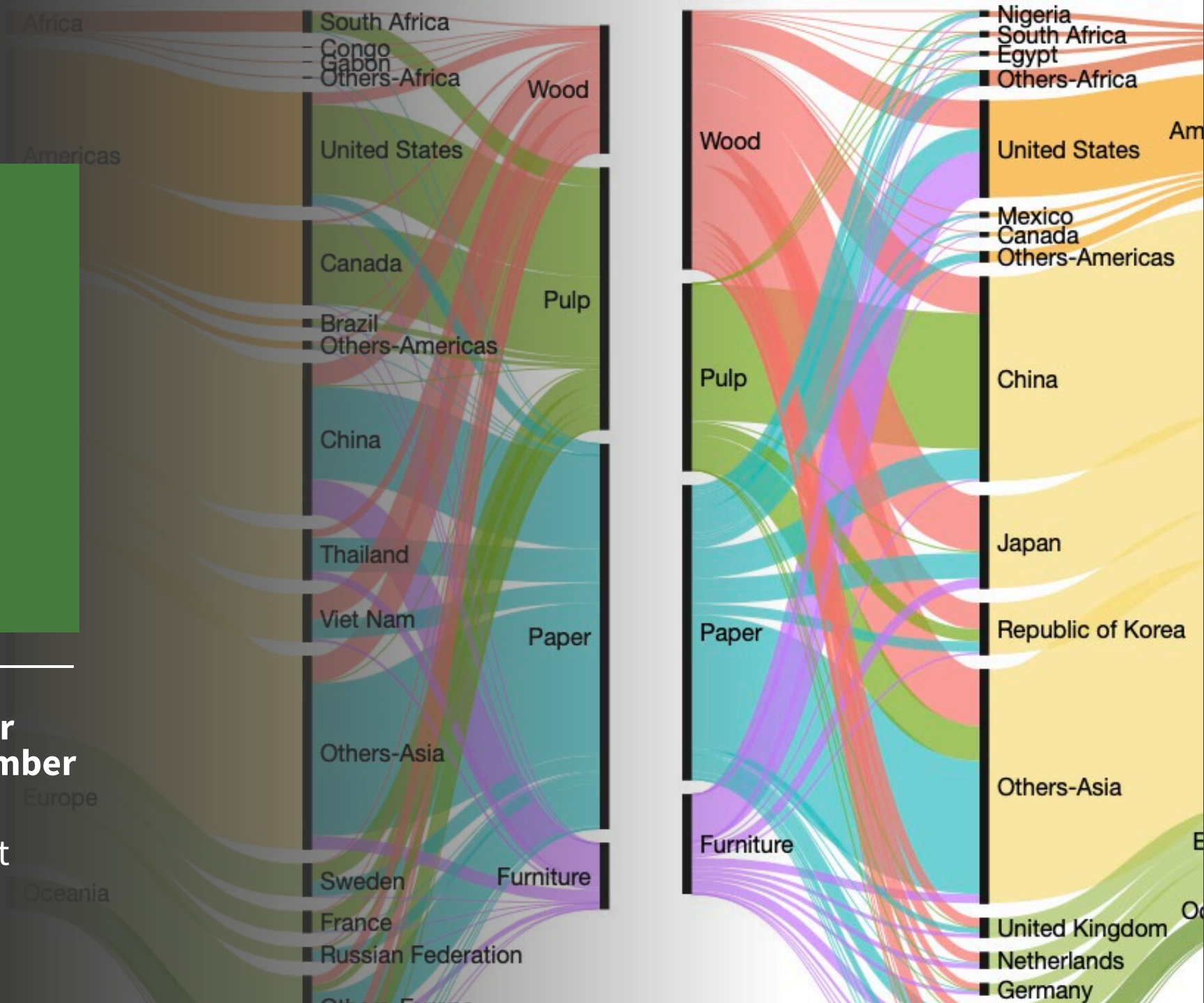


FLEGT VPA Independent Market Monitoring (IMM)

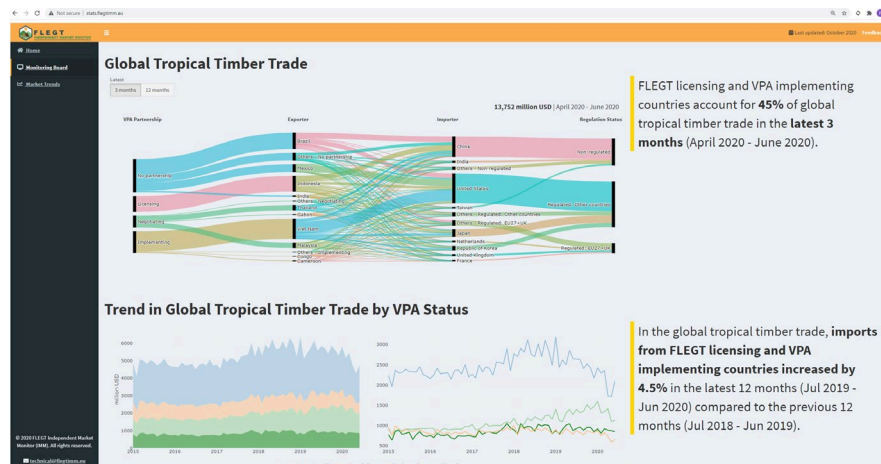
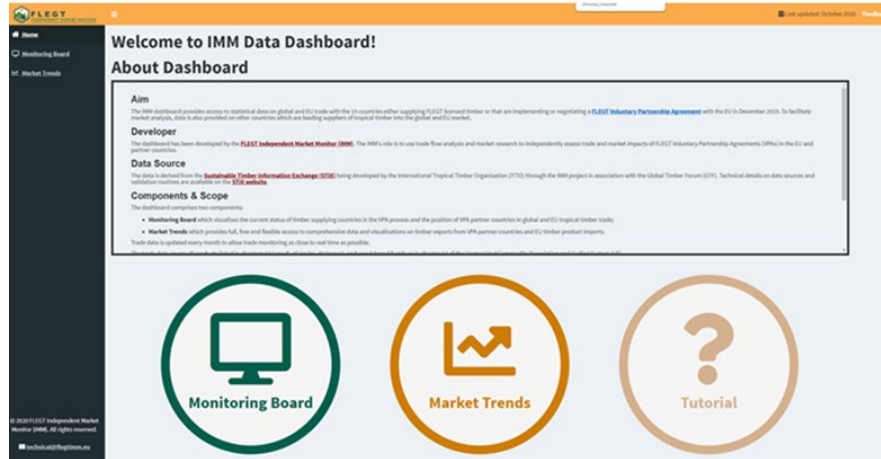
**Presentation for the November
2020 International Tropical Timber
Council**

Rupert Oliver, IMM Trade Analyst



IMM Dashboard

www.stats.flegtimm.eu Or www.immstats.org



- Statistics on Global and EU trade with 15 VPA partner countries
- 28 EU Member Countries in December 2019
- EU in context of wider VPA partner exports
- VPA partners in context of total EU trade
- Product scope defined by VPAs: Wood (HS 44), Pulp (HS 47), Paper (HS 48), Furniture (HS 94)

IMM Dashboard Data Source

- Sustainable Timber Information Exchange
- Joint ITTO-GTF initiative
- 46 reporting countries - EU28 + Australia, Brazil, Canada, Chile, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Norway, Russia, South Africa, South Korea, Switzerland, Taiwan, USA
- 90% of global forest products trade
- Highest HS resolution
- Updated monthly

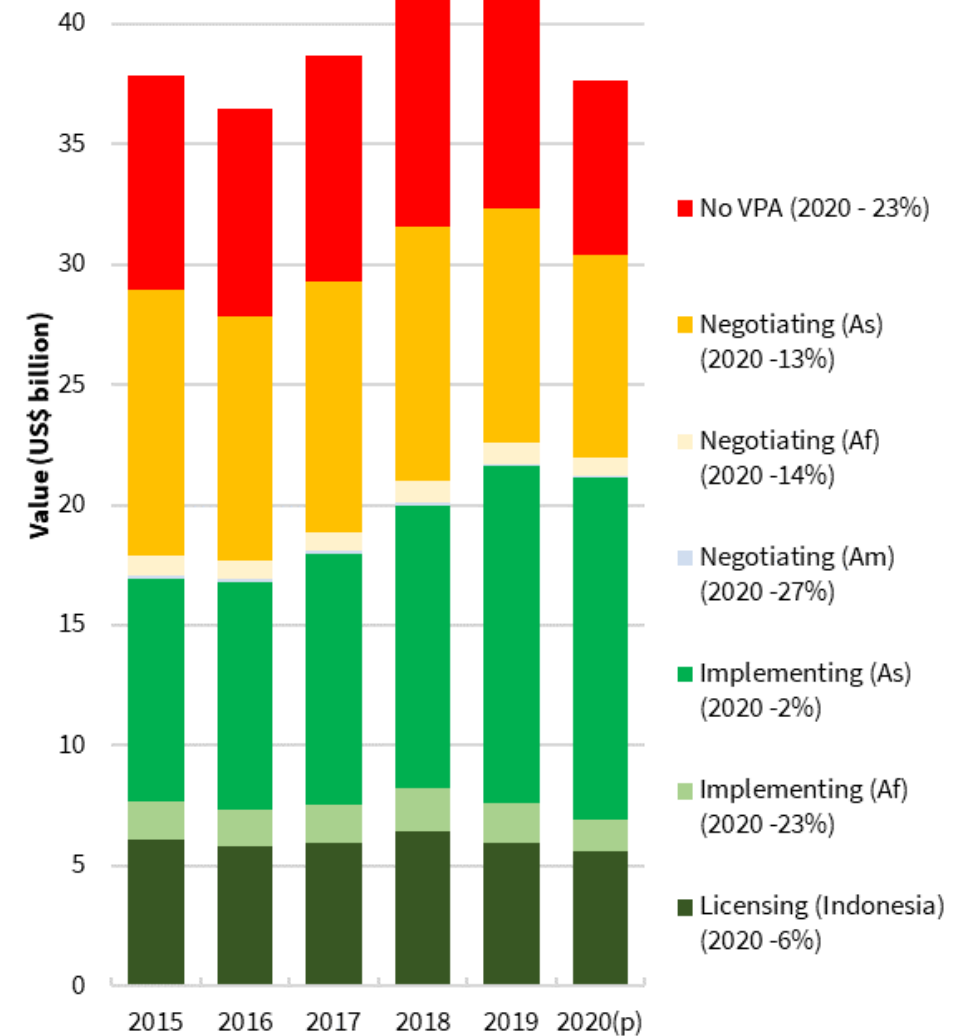


www.stix.global

Tropical trade by VPA status

- Value of global trade in tropical wood & wood furniture +0.2% to US\$41.7b in 2019
- Projected 10% decline to US\$37.7b in 2020
- Rising role for VPA partner wood & wood furniture products in global trade
- FLEGT Licensing/Implementing countries 48% of tropical trade in 2018, 52% 2019, 56%(p) 2020
- Vietnam driving large rise in exports from tropical countries 2016-2019 - led by furniture destined for U.S.
- Indonesia exports rising to 2018 but slight slippage in 2019 - plywood & decking still dominate but share of furniture & joinery rising

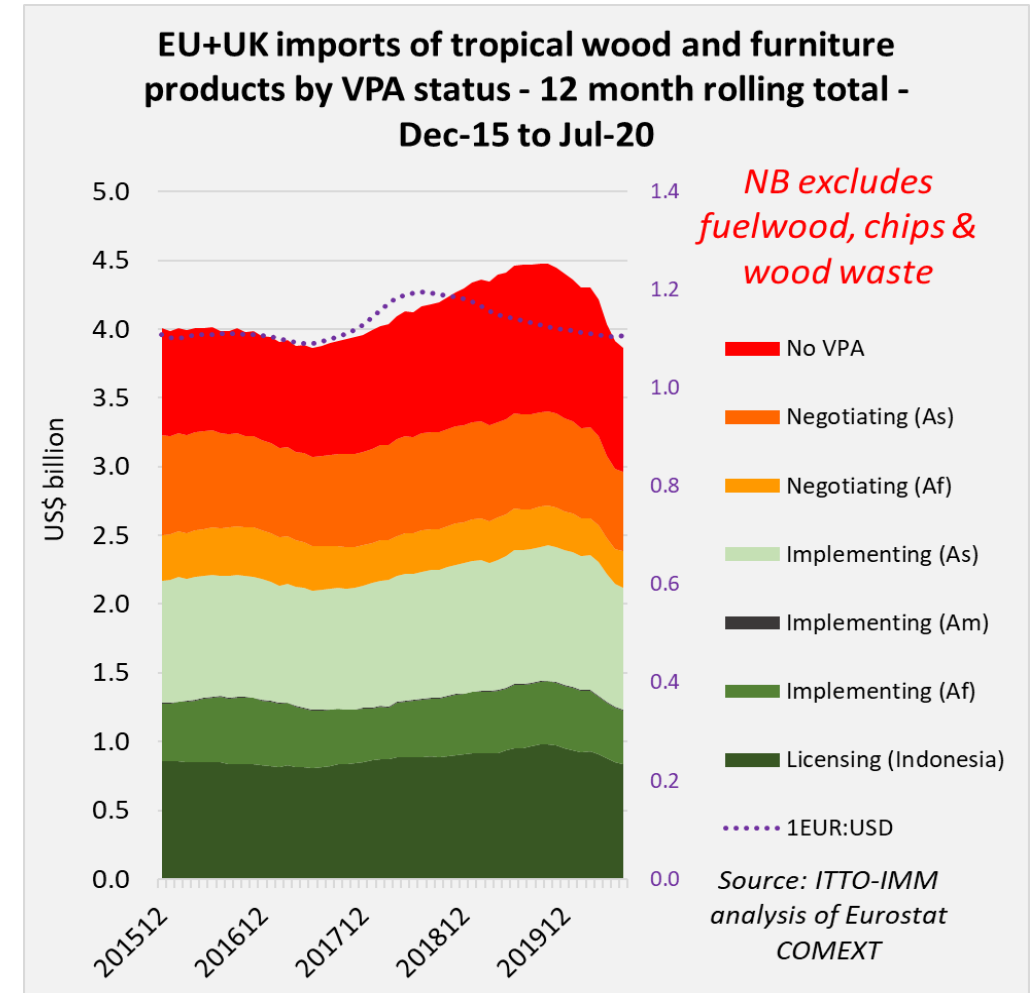
Global trade in tropical wood (HS44) and wood furniture (HS94) by VPA status 2015-2019, 2020 projected



Source: IMM analysis of STIX

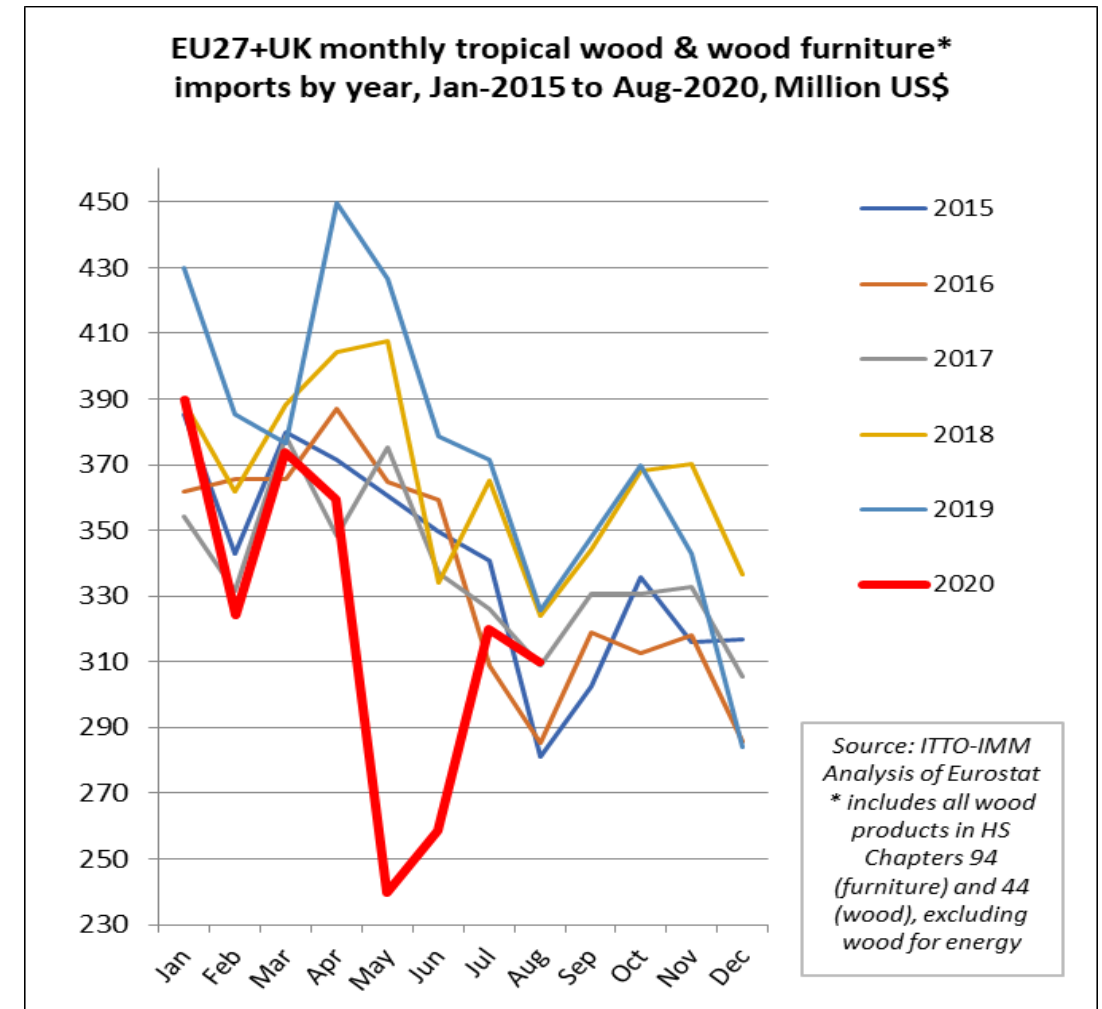
2018 & 2019 good growth in EU tropical wood products imports

- Tropical wood & wood furniture imports +1% to US\$4.4 billion in 2019 (follows +6% in 2018)
- Tropical share in total EU imports increased from 22% in 2018 to 23% in 2019
- EU imports from Indonesia +6% to US\$903m in 2019
- EU imports from VPA implementing countries in 2019: Africa +3% to US\$453m, Vietnam +4% to US\$976m
- EU imports of tropical products from Brazil & India also made gains in 2019



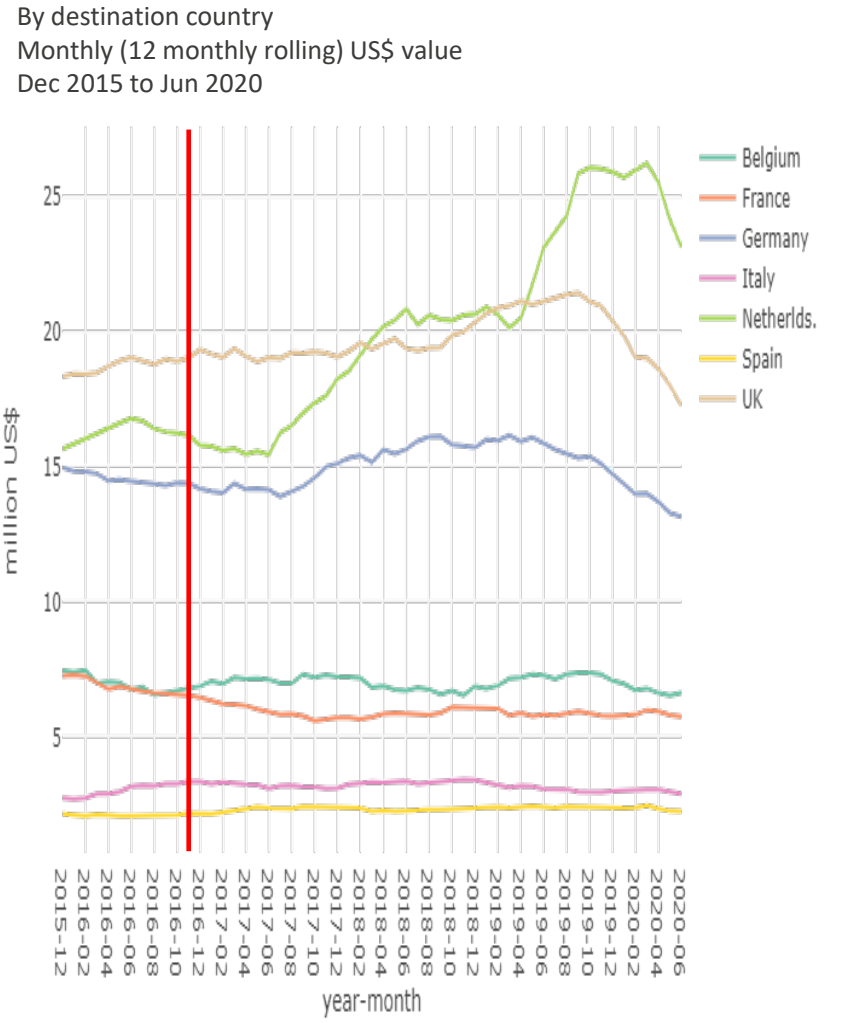
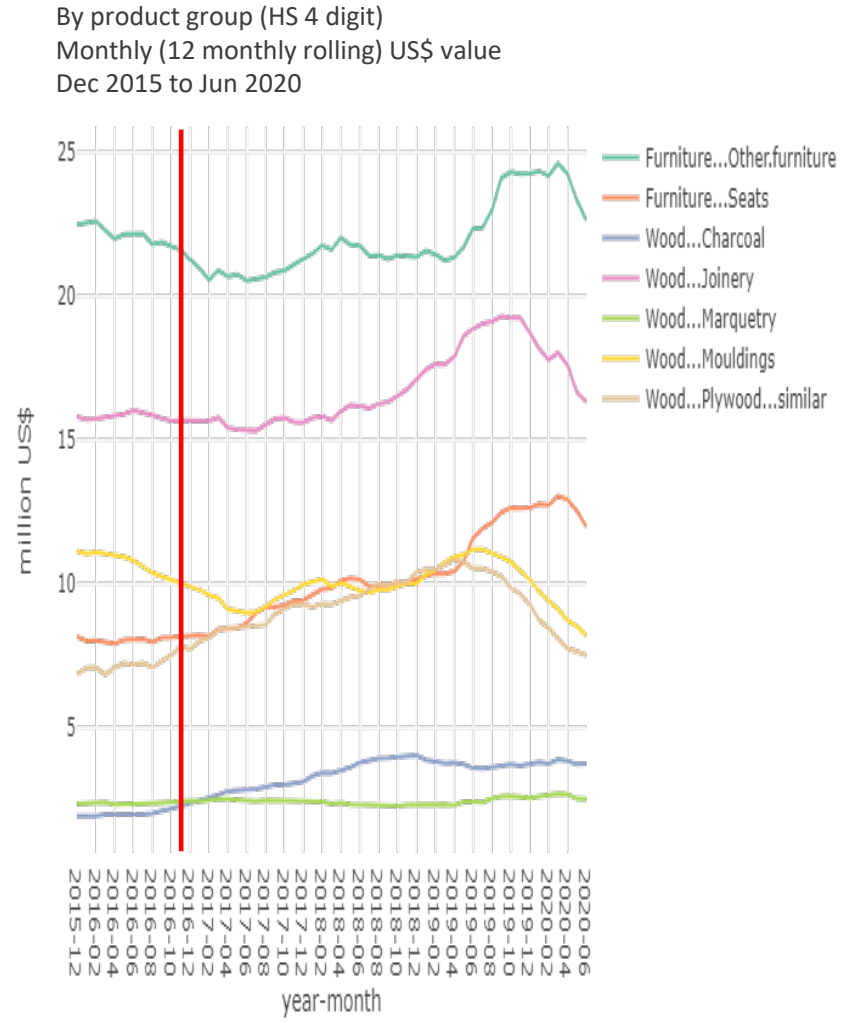
2020 - COVID effects on EU27+UK tropical wood products trade less severe than first feared

- May 2020, imports down 1/3rd against 5-yr average for the month, but recovery in June & July
- Total imports to end Aug: \$2.58 billion, 18% less than the same period in 2019 (back to 2015-16 levels)
- DIY/garden sector buoyant even during lockdown
- EU countries avoiding full lockdowns, e.g. Netherlands, Sweden
- Very strong fiscal stimulus, including focus on construction
- But concern about long-term fallout as government support is withdrawn and debt mounts



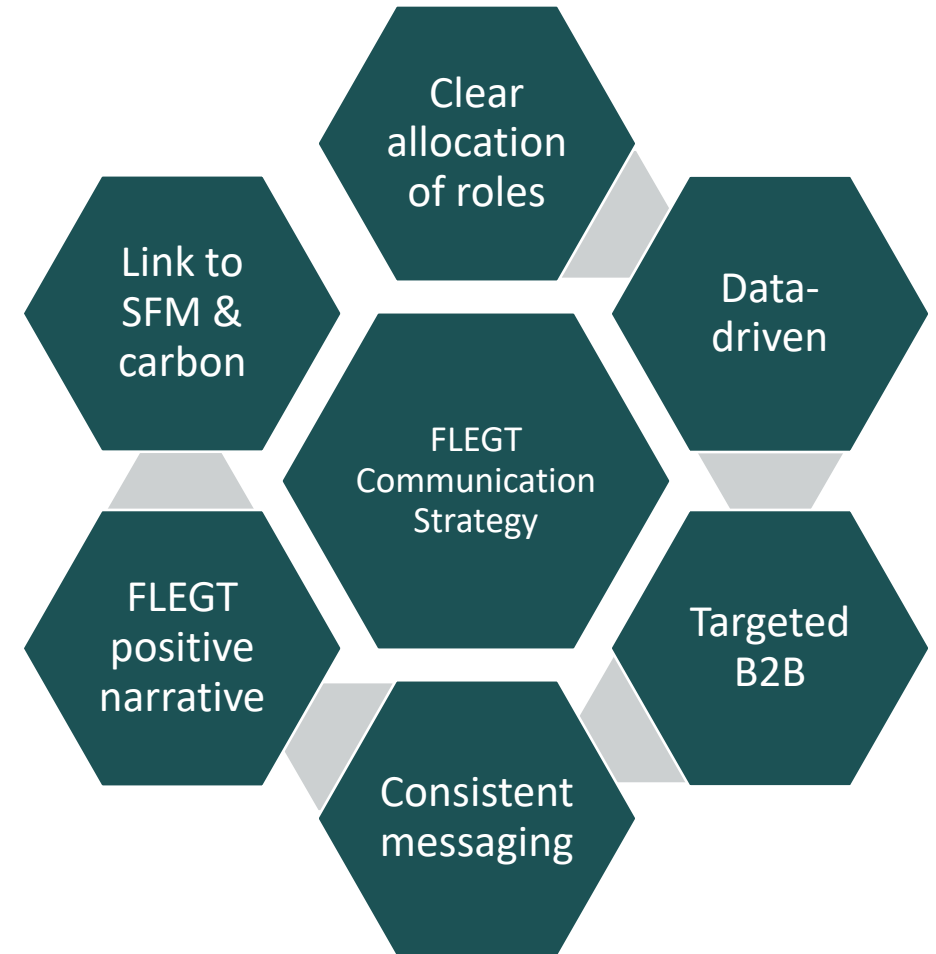
EU27+UK wood (HS44) and wood furniture (HS94) imports from Indonesia

Licensing begins
November 2016



Concluding comments on FLEGT Market Impacts

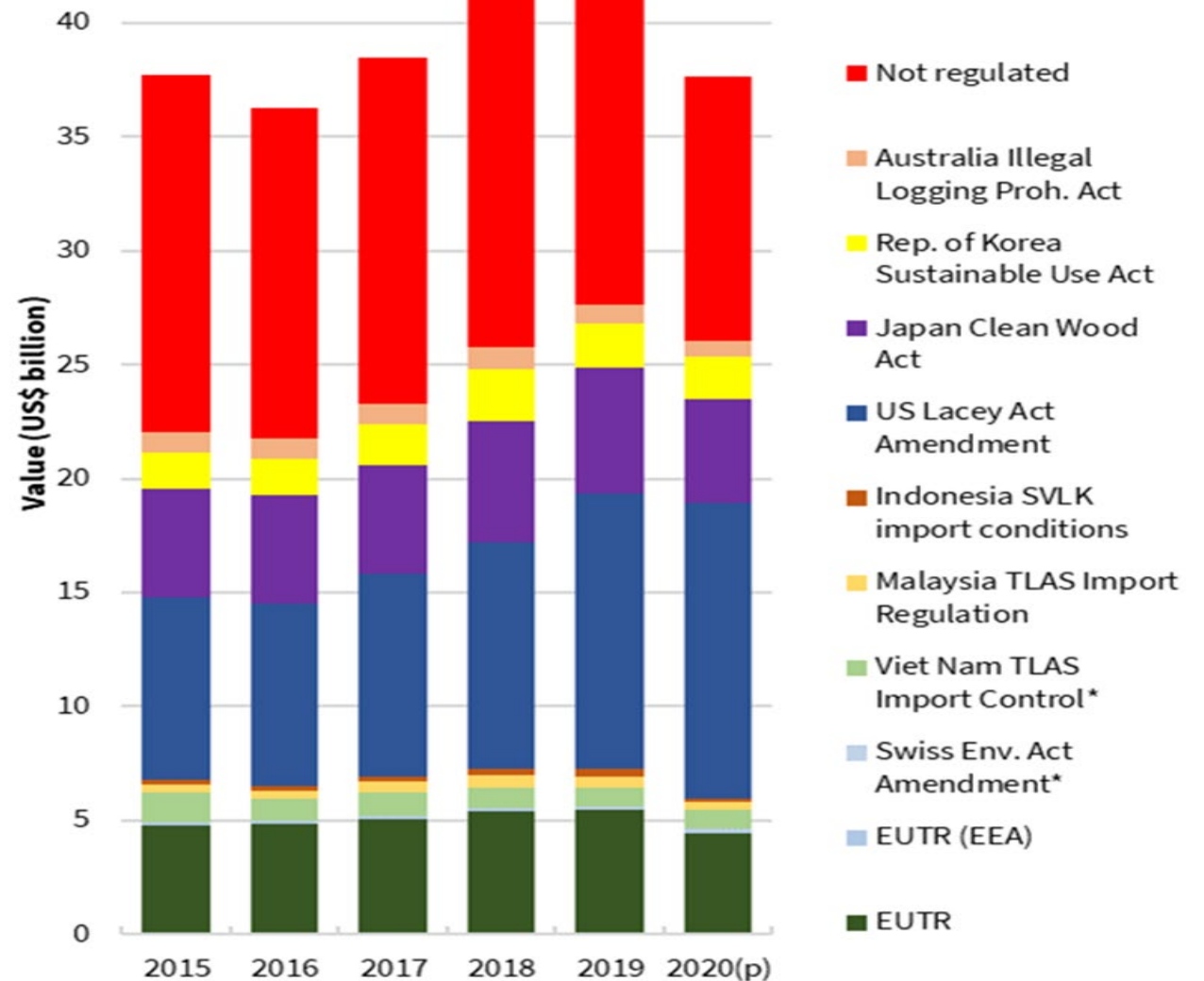
- FLEGT Licensing not the determining factor in market share or able to override other competitiveness issues (price, quality, logistics etc)
- However, IMM Surveys show that FLEGT licensing makes importing from Indonesia easier
- In absence of licensing, suppliers in other countries can struggle to demonstrate negligible risk for EUTR compliance
- Rising Indonesia-EU trade in 2018 and 2019 suggestive of market benefits of FLEGT licensing
- IMM consultations with EU importers: FLEGT/EUTR is best strategy to rebuild tropical wood market share
- Surveys in EU emphasise importance of consistent EUTR enforcement & continuing effort to extend FLEGT licensing
- Much emphasis on need for communication



Legality verification & environmental assurance

- 67% tropical wood product imports into “regulated” markets in 2019 (2018=62%).
- 84% if China included (2020 Forest law Art 65)
- “Green” measures in crisis recovery packages - OECD estimates these amount to USD 312 billion
- Circular economy, energy efficiency, low carbon, ecosystem restoration, health & wellbeing
- **Many new opportunities for wood products with credible demonstration of legal and sustainable supply supported by effective communication strategies**

Global trade in tropical wood (HS44) and wood furniture (HS94) by import control 2015-2019, 2020 projected



Source: IMM analysis of STIX

Thank you

Rupert Oliver
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Independent Market Monitoring of FLEGT-Licensed Timber

