

58th International Tropical Timber Council
7-11 November 2022, Yokohama, Japan



CRF 56 Item 5 - Policy Work (iii)
Dissemination of ITTO Guidelines for Forest Landscape Restoration

Global Teak Supply Chains

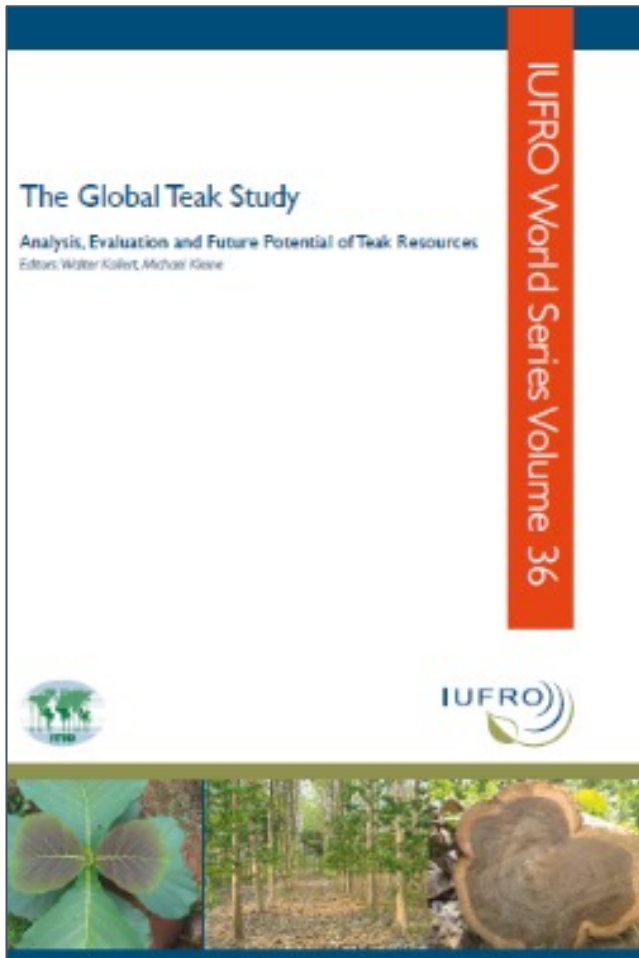
Hwan-ok Ma, ITTO



ITTO Project: “Enhancing Conservation and Sustainable Management of Teak Forests and Legal and Sustainable Wood Supply Chains in the Greater Mekong Sub-region”



Overview of Global Teak Supply



Teak (*Tectona grandis* Linn. f)

Teak is a highly celebrated timber in the tropics. Teak has been the most preferred timber due to its favorable wood properties and resistance to attack by diseases and insect pests.

Natural teak forests

Natural teak forests in Myanmar, India, Laos and Thailand are reduced substantially (29 million ha, 2010)

Planted teak forests

- estimated to cover around 7 million ha across about 70 tropical countries (Kollert et al., 2017); 83% grew in Asia, 11% in Africa, 6% in tropical America and less than 1% in Oceania.
- Since 1995, the planted teak area has increased in
 - ✓ Africa (e.g. Benin, Ghana, Togo, Côte d'Ivoire, Nigeria, Tanzania)
 - ✓ Central America (e.g. Costa Rica, El Salvador, Guatemala, Nicaragua, Panama)
 - ✓ South America (e.g. Brazil, Ecuador, Panama, Columbia)
- Globally, there is a minimum 4 million ha of teak plantations: a substantial component of teak plantations is managed by smallholders



Federal Ministry
of Food
and Agriculture

Signing Ceremony for Teak Project at ITTC 54 on 6 Nov 2018, Yokohama, Japan



USD 1,236,250

Gerhard Dieterle, Former ED, ITTO (left), and Matthias Schwoerer, Germany (right),



Objective

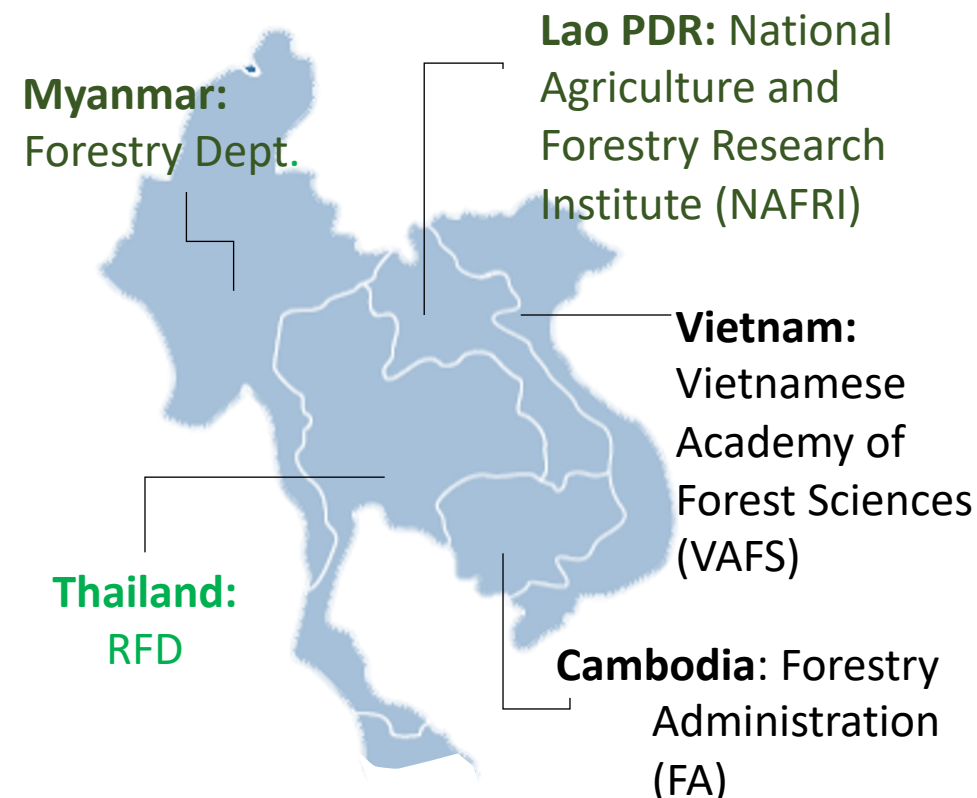
To demonstrate legal and sustainable teak supply chains with the engagement of local communities, smallholders and government actors in the Greater Mekong Sub-region

Output 1: The **conservation of teak genetic resources, sustainable management** and use of natural teak forests and market accesses of teak from legal sources have been shown

Output 2: **Community-based and smallholders** teak forest management and agroforestry systems have been strengthened with improved legal and sustainable supply chains

Output 3: **Regional and international collaboration**, information sharing and knowledge management, networking, policy development and outreach on the sustainable management of teak forests strengthened

ITTO Teak Project in Mekong



Demonstration Plots in Thailand: Teak Supply Chain

1. Mae Ka Silviculture



2. Ngao Silviculture



3. Khunmae Kummae Teak Plantation (FIO/FSC)



4. Mr. Suchat's Plantation



High quality seeds



Propagation and
smallholder networking



5. Smallholder teak enterprise

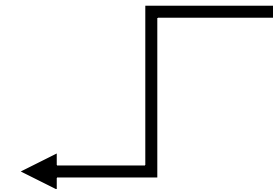


SFM and minimize loss



Smallholder &
silvicultural practices

RFD registration
Using ITTO's C&I/CoC



(August 2020 in Nan province, Thailand)

Smallholders Teak Value Chain In Vietnam



Plantation

Demonstration site in Son La province in March 2020

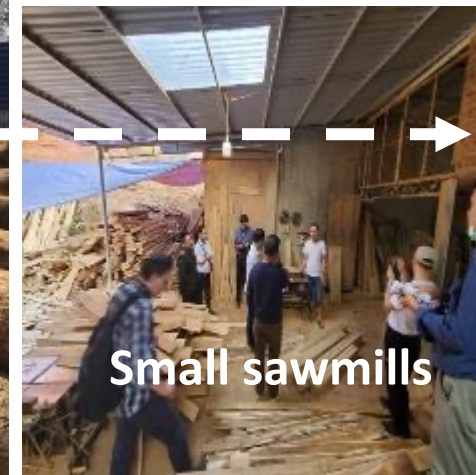
Actor	Profit (USD/m ³)	Rate (%)	Note
Farmer (year/m ³)	4.5	2.6	90 USD/ha (rotation of 20 years)
Middlemen	31.7	18.1	
Sawmill	139.1	79.3	



Middle-men



transaction cost



Small sawmills

Farmer house in Son La province

Sawmill in Son La province

A New Teak Book: Teak in Mekong For a Sustainable Future



- It has 27 chapters presenting best practices for planting, managing, harvesting and processing teak in the Mekong and demonstrating legality and sustainability along supply chains
- *“This book is timely because of the potential for sustainable teak production to play an important role in green recovery from the COVID-19 pandemic and moving towards a sustainable future”.* (ITTO Executive Director, Sheam Satkuru)
- Launched at the 4th World Teak Conference (Accra, Ghana, 5-8 Sept 2022)



Teak in Mekong For a Sustainable Future:

https://www.itto.int/news/2022/09/07/itto_launches_new_book_on_teak_in_the_mekong/

Global Teak Supply Chains:

Outcome of the 4th Word Teak Conference
(Accra, Ghana, 5-8 Sept 2022)



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Current rotation period has a 15-year cycle

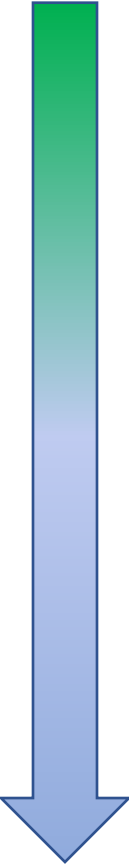
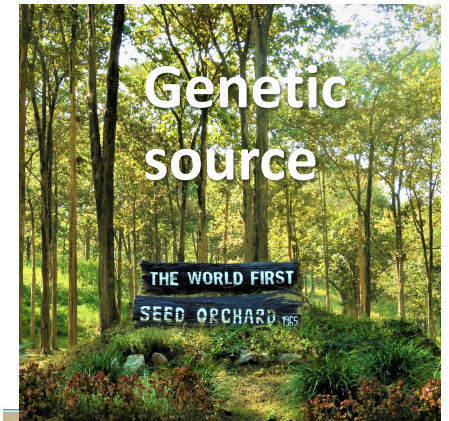
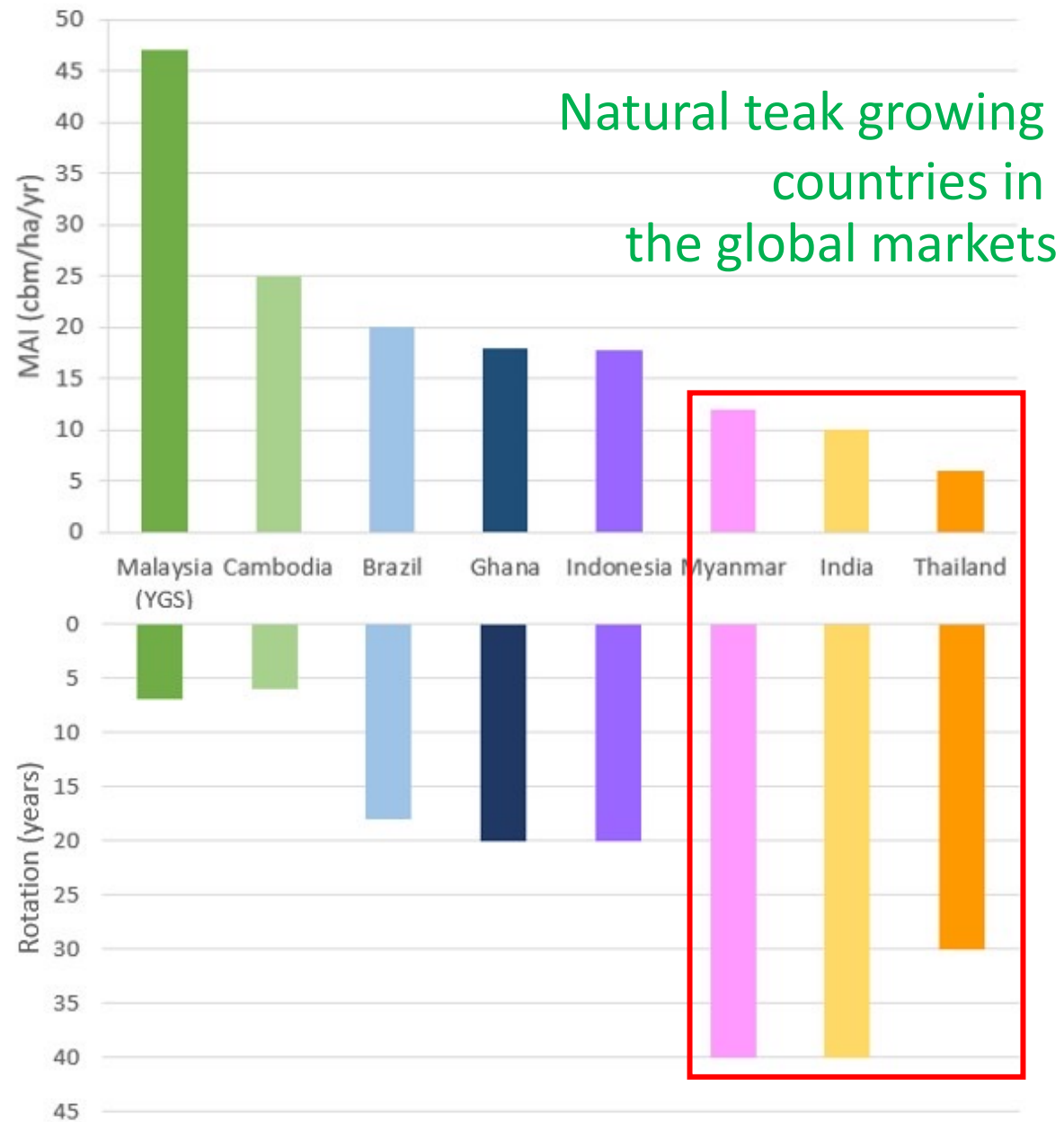


Current rotation period has a 15-year cycle for 85-90% of the plantations as opposed to traditional practices (30-60 years cycle (>25 years - Not commercially viable)).

This is because of market requirements and will lead to better financial returns and reduction of liquidity risk.

Growth performance and rotation period

Sources: Thaiutsa (2008)
KU et al. (2022)



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Plant **now**. There isn't much planting happening.



Sri Trang LTd,
Nan Province

If you have **land price/lease viability**, now is a good time to plant (modified **Taungya system**, **long-term investment**).

Planting has progressively slowed down decade by decade with the last decade being particularly slow.

Major countries exporting teak wood.



Brazil



Colombia



Panama



Costa Rica



Ecuador

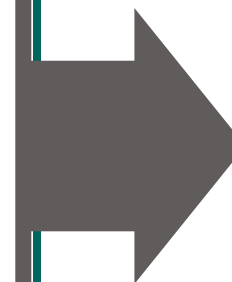


Ghana



Benin

~85%
of teak supply



~25%
of teak supply

Africa hasn't gone into the sunset and has ~30 percent market share.

This market share pattern is likely to continue (Form Ghana, Mere, SRS).

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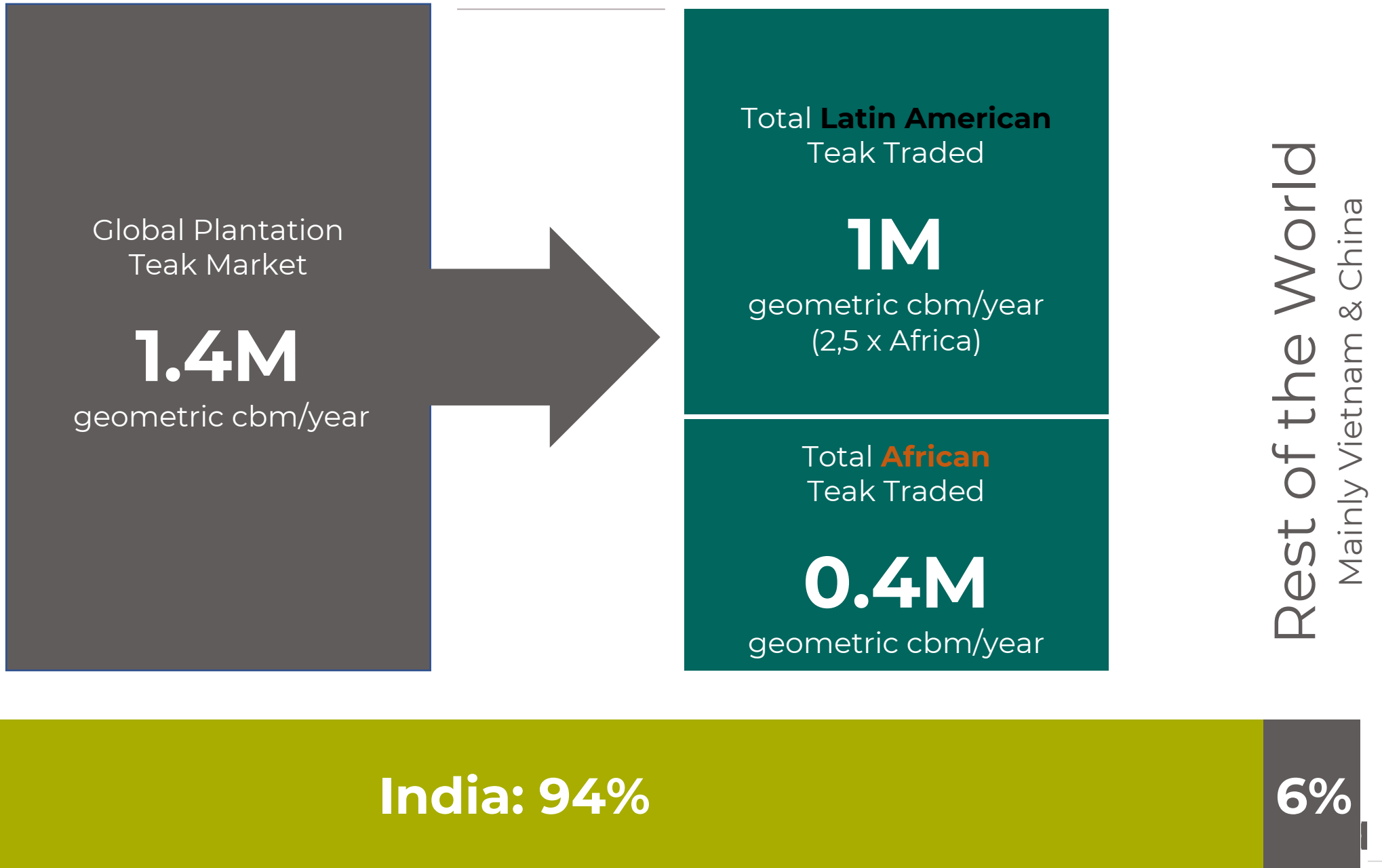
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Break bulk is **not** the future of the teak industry.

Teak from Africa and Latin America, the industry will continue in the **containerized model (roundwood)** even at today's elevated freight levels.

The market does not have the depth to sustain the break bulk model (lack of skills to reprocess woods and to design products before shipping to India).





Conclusions

1. Legal and sustainable **supply chains from plantation teaks** will dominate the global teak markets: **Natural growing teak countries** contribute small portions in global supply chains
2. **Smallholders' teak plantations** will play an increasing role in global teak supply chains (e.g. in Java, Indonesia - 1.5 million smallholders manage 0.4 mil ha; genetic improvement – a local clone “Jun” – 8 yr rotation; MAI-14 m³/ha/yr; teakwood furniture markets): promoting more simplified government regulations and supporting systems.
3. **New world champion**: Improved management for the production of larger diameter, better quality logs, high end markets and attractive design for new markets (young generations)



Federal Ministry
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and Agriculture



Thank you!

**ITTO-TEAK
IN MEKONG**



Credits:

Rahul Ahuja, Founder & CEO of
Aron Global
Sanjay Poddar, CEO SRS Group
Prof. Yongyut Trisurat, Kasetsart
University, Thailand