

58<sup>th</sup> 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

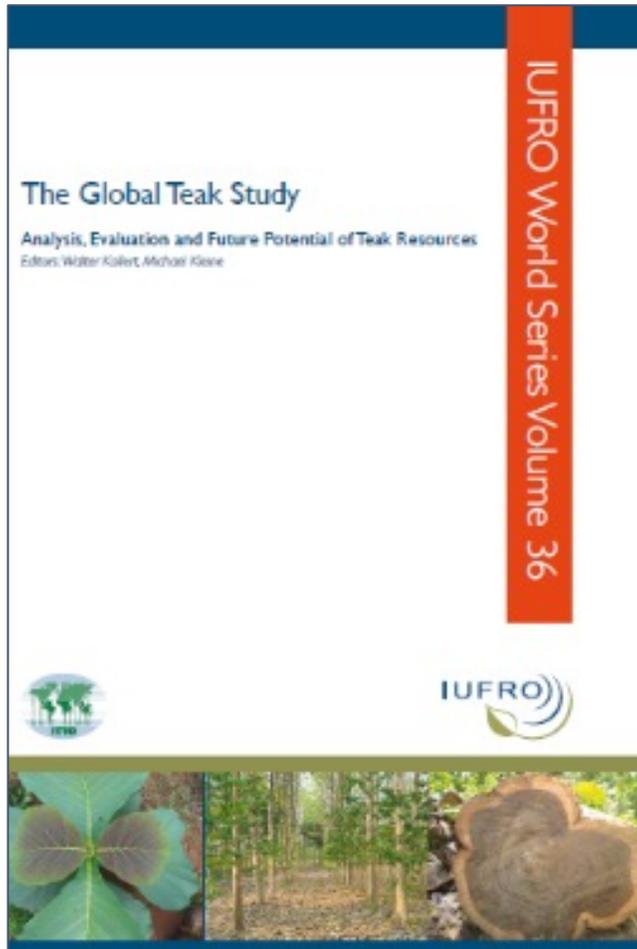
Hwan-ok Ma, ITTO



**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),**

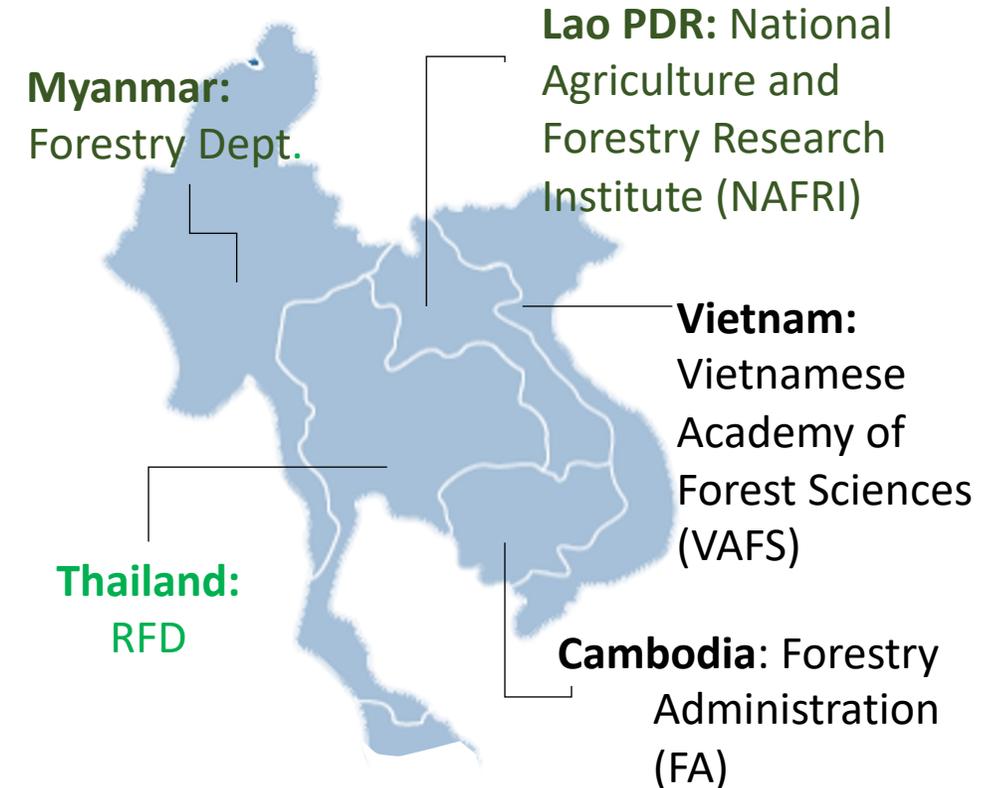


## Objective

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



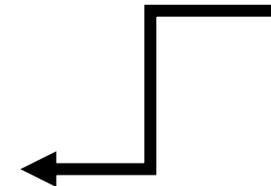
Propagation and smallholder networking



SFM and minimize loss



Smallholder & silvicultural practices



## 5. Smallholder teak enterprise



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

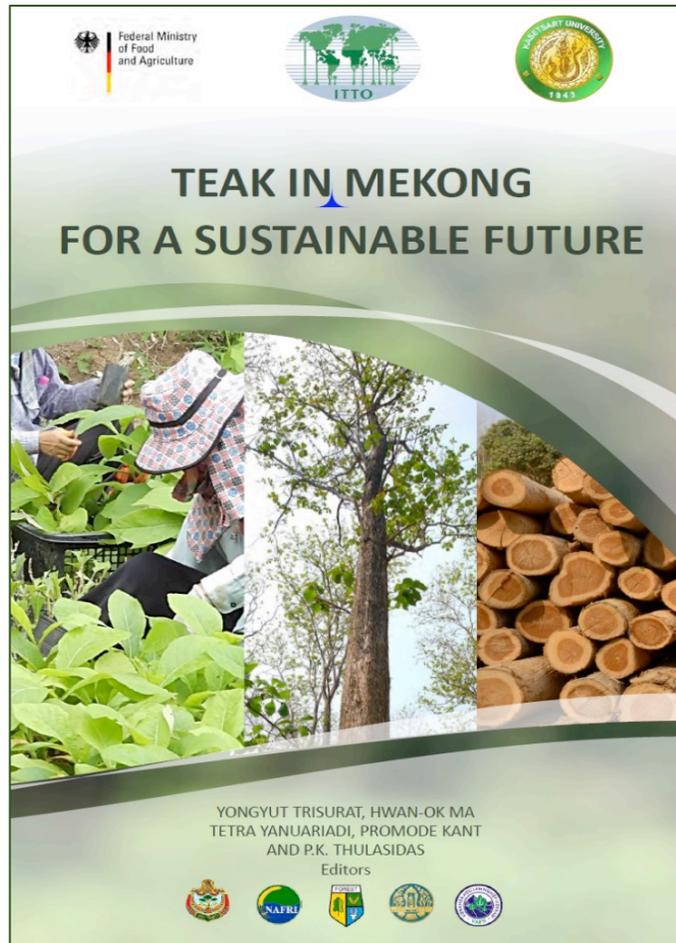
Actor	Profit (USD/m <sup>3</sup> )	Rate (%)	Note
Farmer (year/m <sup>3</sup> )	4.5	2.6	90 USD/ha (rotation of 20 years)
Middlemen	31.7	18.1	
Sawmill	139.1	79.3	



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 4<sup>th</sup> 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/](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 World Teak Conference  
(Accra, Ghana, 5-8 Sept 2022)



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Current rotation period has a 15-year cycle



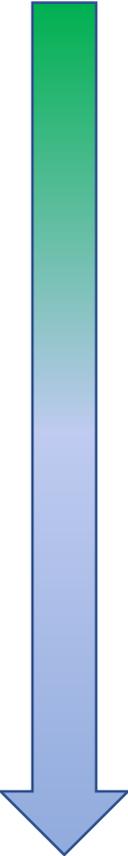
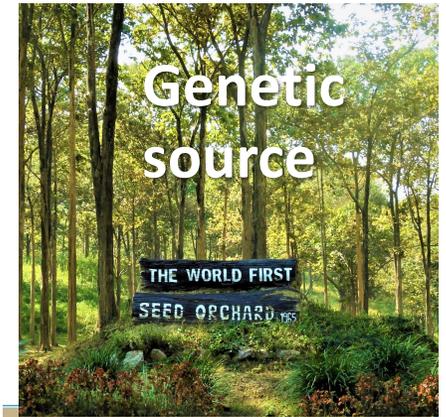
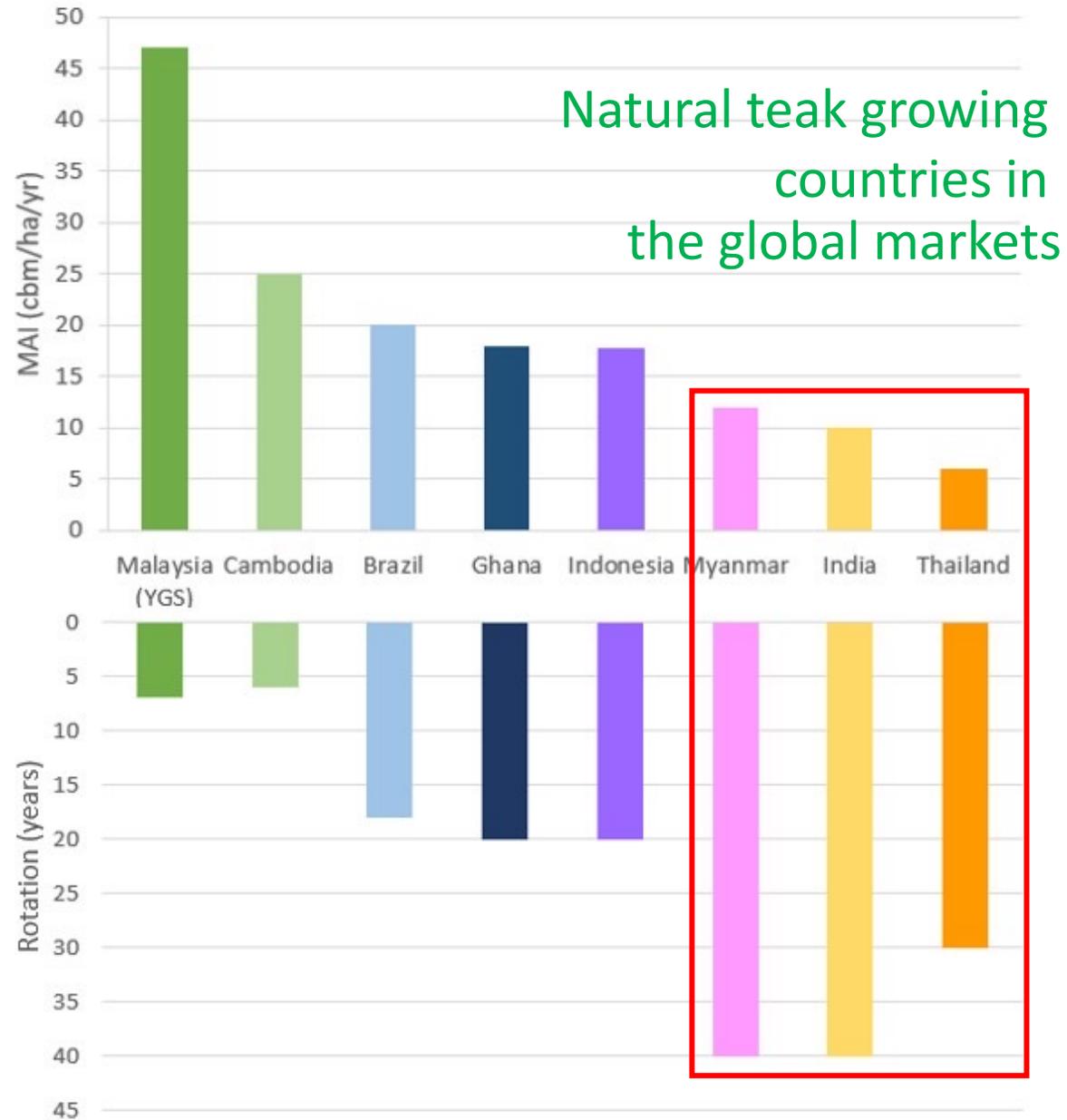
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Current rotation period has a 15-year cycle for 85-90% of the plantations as opposed to traditional practices (30-60 years cycle (>25 years - Not commercially viable)).

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.

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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.



Sri Trang LTd,  
Nan Province

# Major countries exporting teak wood.



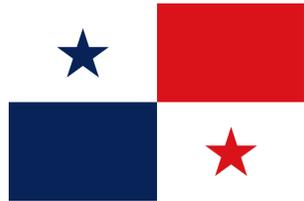
Brazil



Colombia



Ghana



Panama



Costa Rica

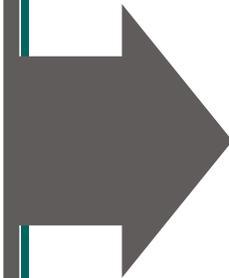


Benin



Ecuador

**~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).

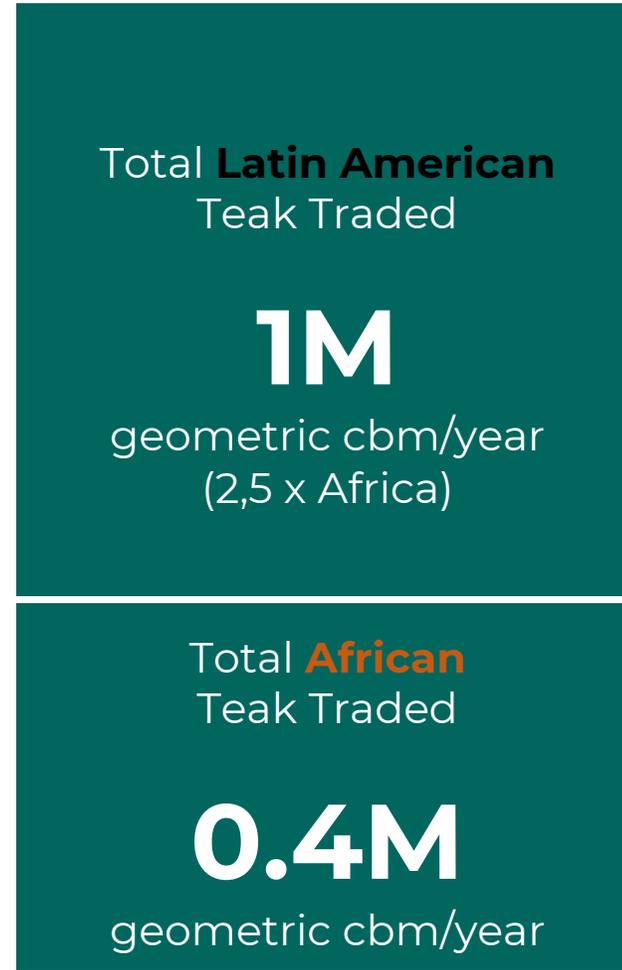
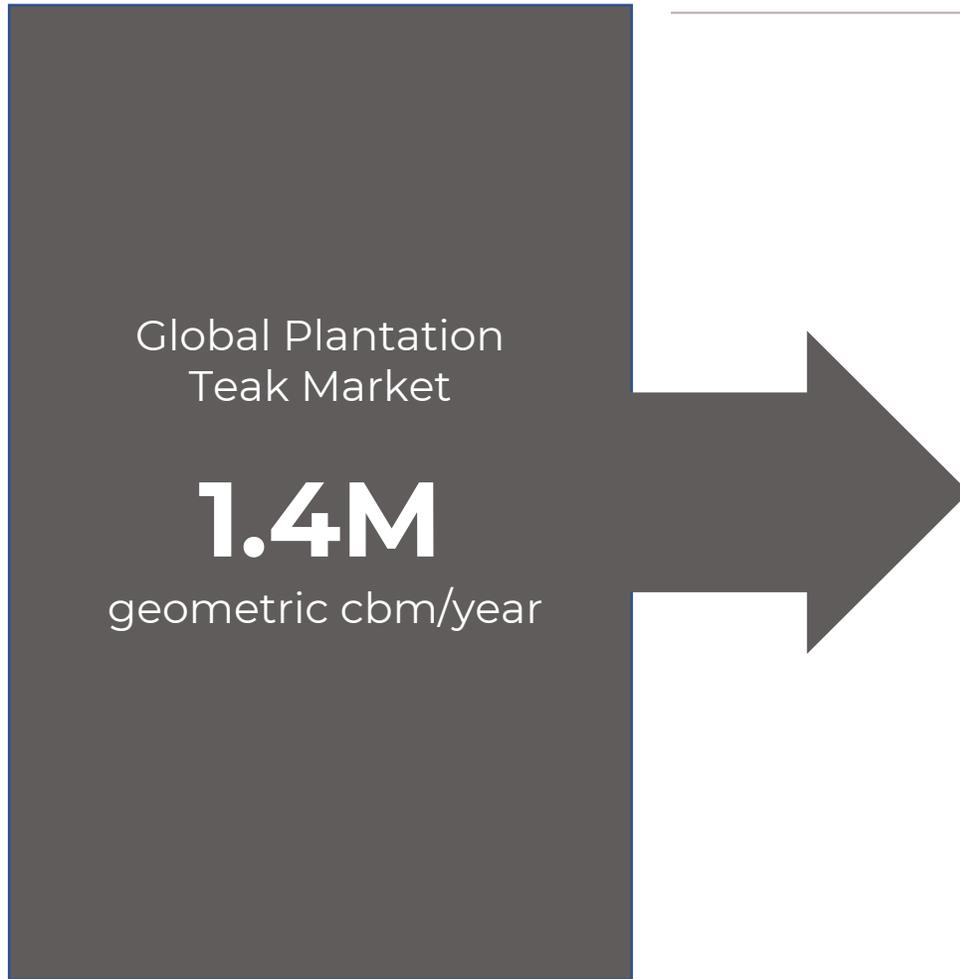
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## Break bulk is **not** the future of the teak industry.

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**).





Rest of the World  
Mainly Vietnam & China



# 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 m<sup>3</sup>/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)

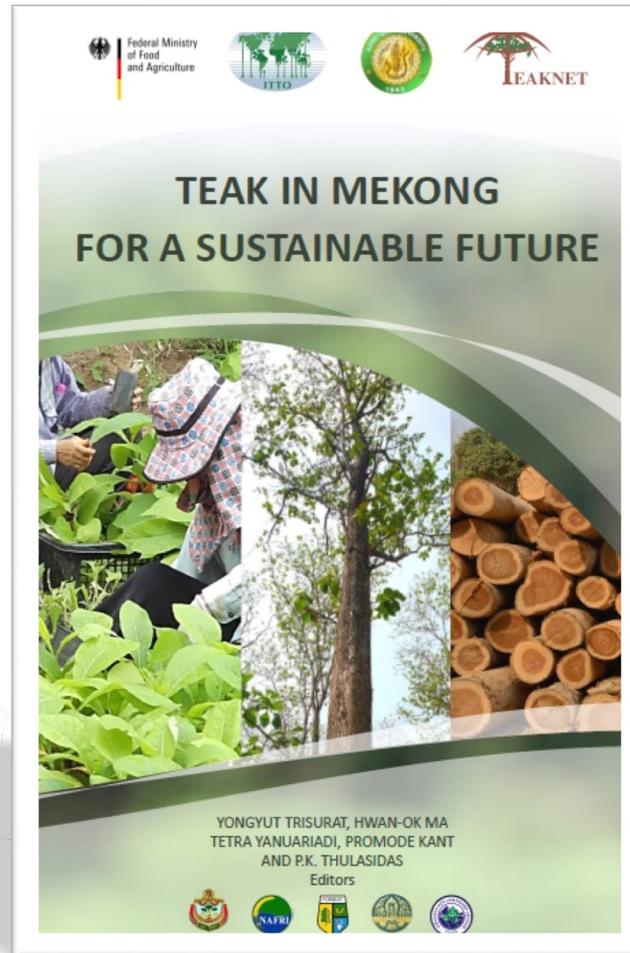


Federal Ministry  
of Food  
and Agriculture



# 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