



THE FOREST TREASURE CHEST
Delivering Opportunities for Everyone



Cairns, Australia 4-8 June 2023



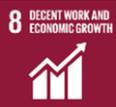
Situation and trends of trade and market access of tropical timber and timber products

IUFRO All Division 5 Conference 2023
4-8 June, Cairns, Australia

S13 Teakwood Quality:
Challenges and Opportunities



Tetra Yanuariadi
Projects Manager, ITTO



INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

Outline

1. About ITTO
2. Tropical timber products
3. Market issues and development
4. Promoting sustainable wood use
5. Trends: tropical timber industry and trade



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- ITTO was established under the auspices of UNCTAD in 1983
- Consisting of 75 member countries, including EU:
 - 37 Producers
 - 38 Consumers
- The HQ is located in Yokohama
- ITTO, the only inter-governmental organization focused solely on tropical forest resources.





ITTO's twin objectives



- To promote the sustainable management and conservation of tropical forests.
- To promote the expansion and diversification of trade in tropical timber from sustainably managed and legally harvested forests.





Tropical forest products

- 1) Commodities produced in tropical countries are not always viewed in a positive light → associated with deforestation, forest degradation, illegality, etc.**

- 2) Degraded forests will reduce their capacity to supply local, national and global market with essential forest products**

- 3) The COVID-19 crisis has affected tropical timber and timber product trade and amplified the economic slow down in its both producer and consumer countries.**



- 4) Tropical timber producer countries need to regularly assess the situation of competitiveness of their products in international markets to ensure continued maintenance of production and trade of sustainably managed tropical timber products.**

- 5) Ensuring sustainable tropical timber trade requires optimizing the utilization and improving productivity of production forests, which will, in turn, benefit conservation and protected forests, in terms of reducing pressures and disturbances.**

- 6) A key requirement of sustainability is compliance with all relevant legal frameworks.**



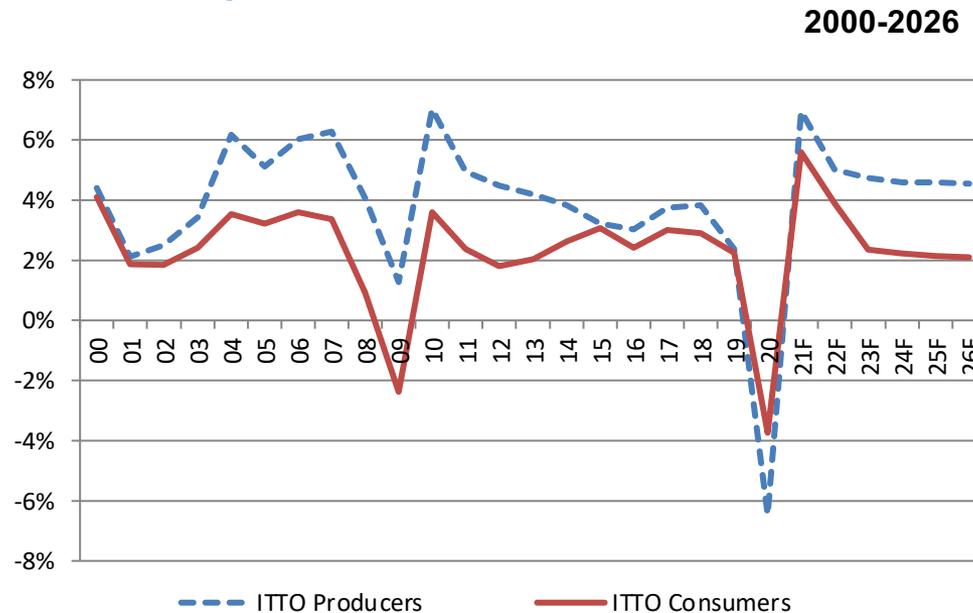
Market developments of tropical timber and timber products

3 important factors:

Economic trends, Building and construction indicators, and Market policy trends and access



Economic trends: major indicator of demand for tropical wood; GDP is an important measure of a country's economic outputs





Market developments of tropical timber and timber products

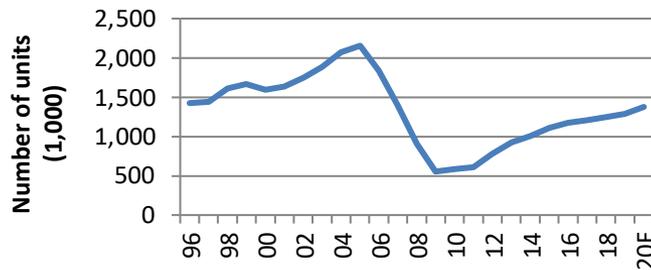
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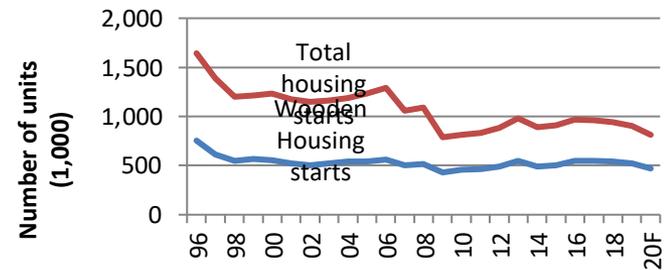


Building and construction trends

- Global housing and construction trends are important indicators of tropical wood products demand
- Major countries: USA, China, Japan, and EU



United States Housing Starts, 1996-2020 (1,000 units)



Japan Housing Starts, 1996-2020 (1,000 units)



Market developments of tropical timber and timber products

3 important factors:

Economic trends, Building and construction indicators, and
Market policy trends and access

Market policy trends and access

Numerous policy measures are now being implemented to improve forest law enforcement and governance and counter the trade in illegally harvested timber, including requirements on forest certification, procurement policy and CITES species protection.





“Deforestation free” market legislations



- Major timber markets have sent signals on the need to demonstrate that forest products are from legal or sustainable sources:
 - Legislation introduced by Australia, EU, Japan, Republic of Korea, UK, USA, etc.
- In general, these recognize the effects of deforestation on climate change and seek to address those by prohibiting certain commodities produced on (illegally) deforested land from being placed on their respective markets.
- Some implement a risk-based system/due diligence measures.



International Timber Trade Policies



US Lacey Act Amendment

- 1900 US law that bans trafficking in illegal wildlife;
- Amended in 2008 to include plants and plant products, such as timber and paper
- Required specification of timber species origin and scientific name of any species used



European Union (EU) Timber Regulation

- Since March 2013; prohibition of illegally harvested timber and associated products in the EU market/Deforestation free regulation



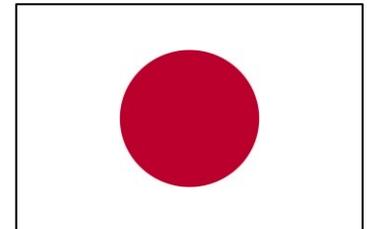
Australia Illegal Logging Prohibition Act

- Established in 2012, amended in 2013;
- Requires due diligence - an importer before importing regulated timber product should get evidence of compliance with the law of any foreign country; and evidence that the product has not been illegally logged



Japan Clean Wood Act

- Operational since 2017
- Requires “Confirmation of Legality”, showing that registered companies that timber products they handle are harvested in compliance with the national regulations





Promoting Sustainable Wood Use in Domestic Market



- ITTO promotes sustainable wood use in domestic markets through projects implementation, financially supported by Japan Governments in Viet Nam, Thailand and Indonesia. SWU project in Malaysia is on preparation stage.
- Projects's scope: improve domestic strategy/policy, improve production capacity, improve CFE's skill capacity, enrich assortment of wood products, educate consumers on advantages of using wood products vs substitute products
- Projects' outputs and outcomes support SW4SW initiative → strengthen sustainable wood value chains in order to enhance their social, economic and environmental benefits from production to consumption

Basic Plan for Forest and Forestry

- **Basic Plan for Forest and Forestry in 2021**
 - The Basic Plan indicates policy directions on forestry incorporating changes in society and the state of forest and forestry.
 - In the Basic Plan, the promotion of wood use has been one of the priority measures along with forestry development.
- **Policy Direction – Green Growth**
 - Proper management of forest resources and utilization,
 - Developing and implementing measures toward “New Forestry”,
 - Enhancing international competitiveness and local competitiveness of wood industries
 - Development of “Second forests in urban areas”
 - Creation of new value for rural and mountain villages.

Promotion of Use of Wood in public buildings



6. Wood use for biomass energy

- The government introduced FIT (feed-in tariff) which includes woody biomass for power plants in 2012.
 - The government decide prices of biomass, and requests electric companies to purchase electricity from biomass power plants.
- 86 Woody biomass power plants are under operation.
- For heating system, 2,069 woody biomass boilers were installed in 2019.





MAFF
Ministry of Agriculture,
Forestry and Fisheries

Analysis of Timber Legality Assurance Systems and Good Practices in China and Vietnam for Sustainable Timber Trade

- Project number: PP-A/56-342B
- Host Government: Government of Japan
- Name of the Executing Agency: Institute for Global Environmental Strategies (IGES)
- Project period: February 2021 – March 2023



2. Objectives and expected outcomes

Development objective

- To contribute to enhancing importers' commitment to the trade of legal and sustainable timber and timber products

Specific objective

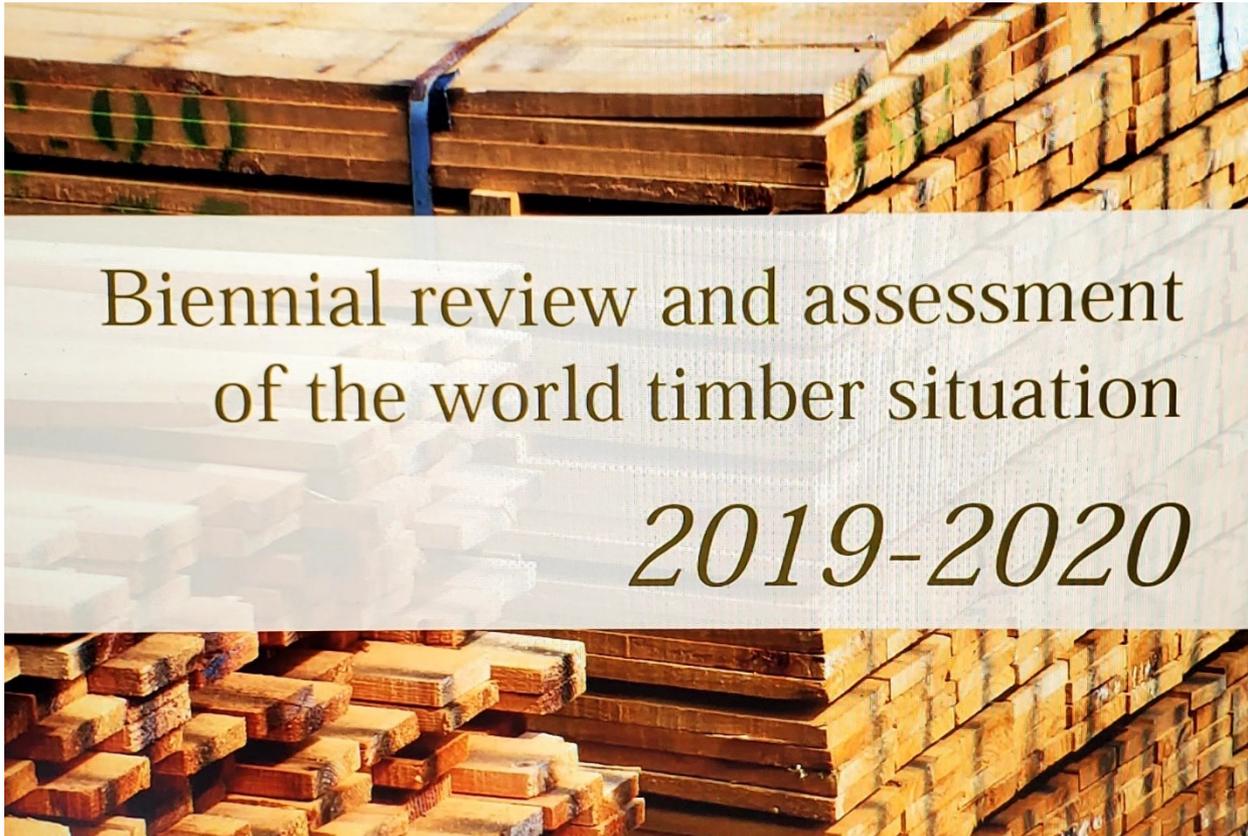
- Systematically analyse existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam to support importers for the legal and sustainable timber trade

Expected Outcomes:

- The project ensures that the results will be practical and beneficial for timber importers to confirm the legality of imported timber and timber products sourced from China and Vietnam countries and to address the sustainability in the supply chains
- It is expected that the quality and availability of information is increased, contributing to resolving the challenges for timber importers to ensure the legality and sustainability of timber and timber products sourced from China and Viet Nam
- Increase the number of Japanese importers with a better understanding on how to ensure and verify the legality and sustainability of timber and timber products from China and Vietnam

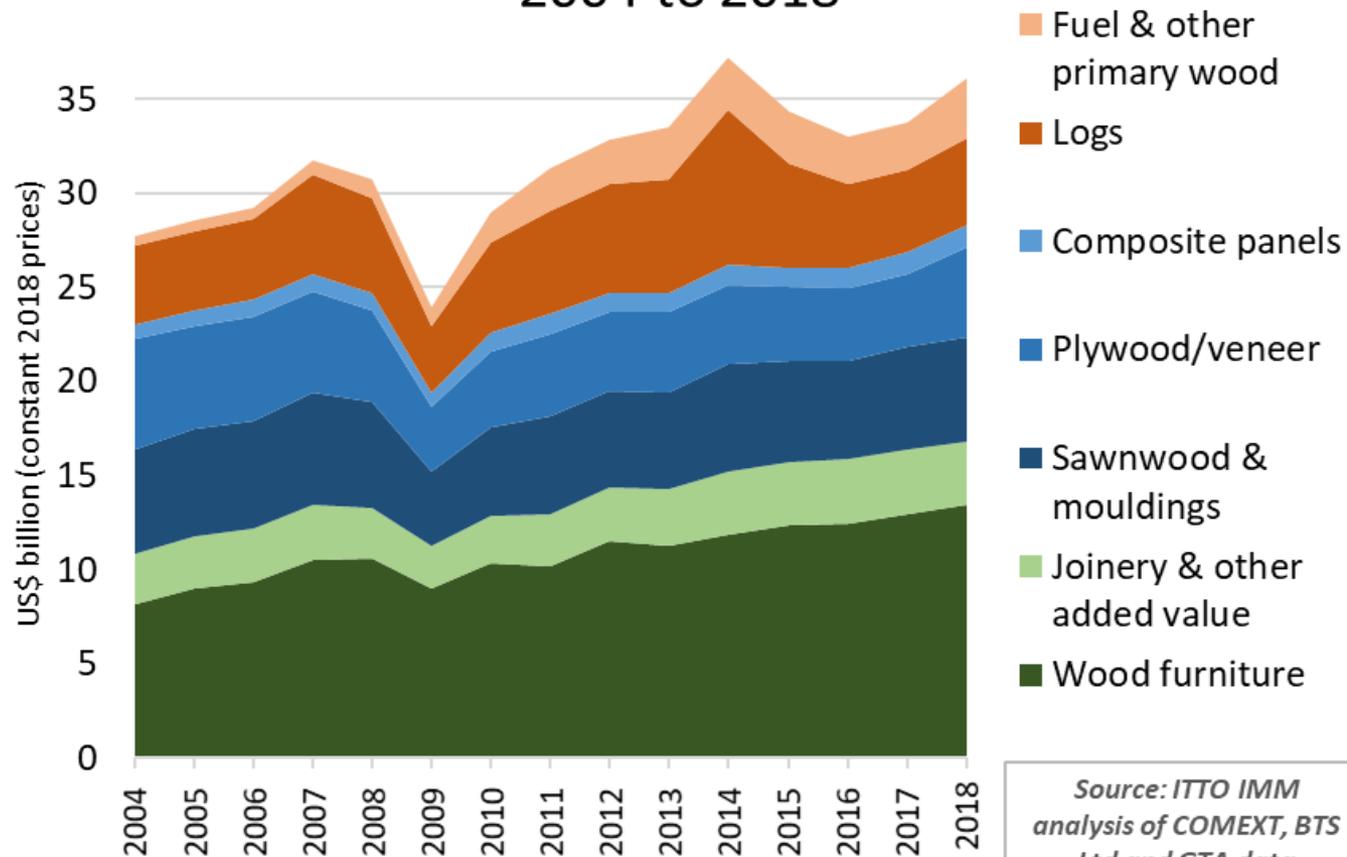


Trends: tropical timber industry and trade





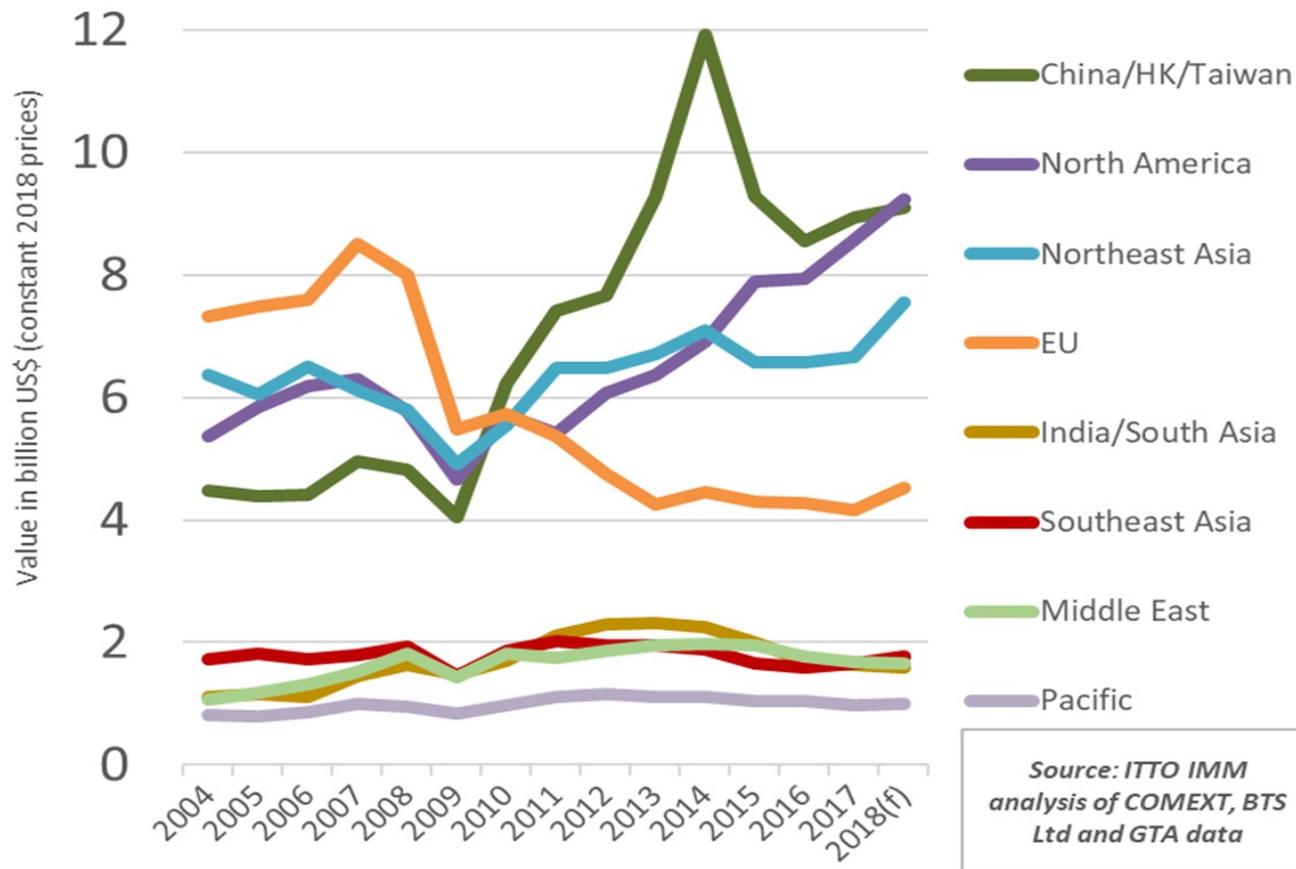
Global tropical wood trade by product group: 2004 to 2018



Source: ITTO IMM
analysis of COMEXT, BTS
Ltd and GTA data



Tropical wood product imports by global region 2004 to 2018



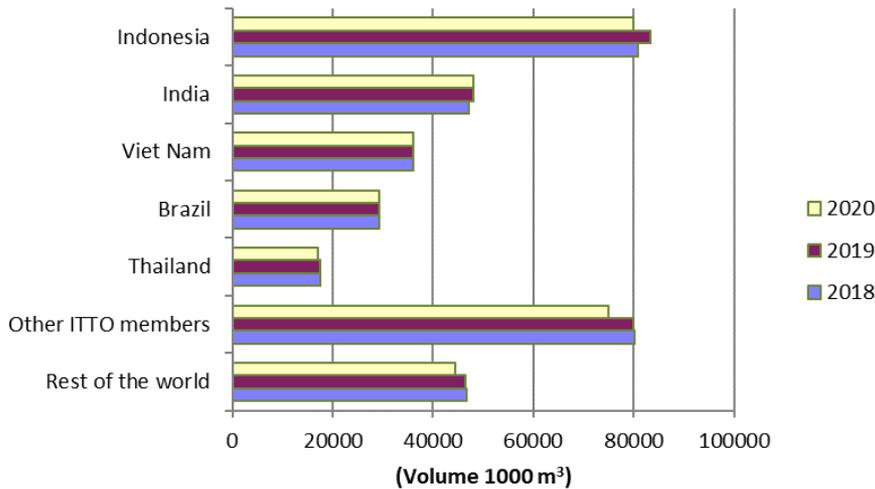


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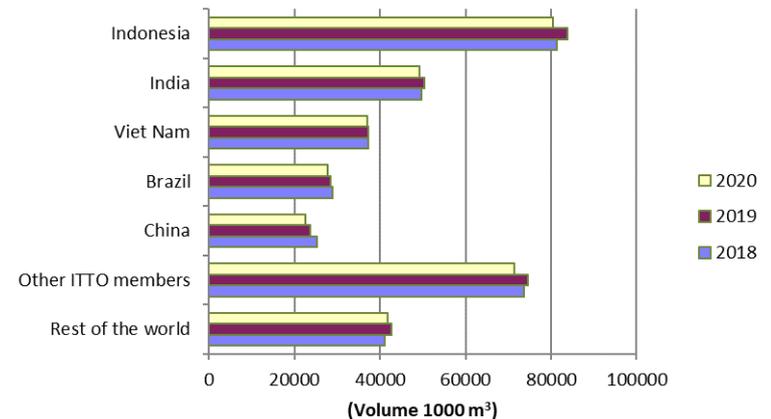
Production, consumption & export of tropical log (2018-2020)



Tropical log producer



Tropical log consumer



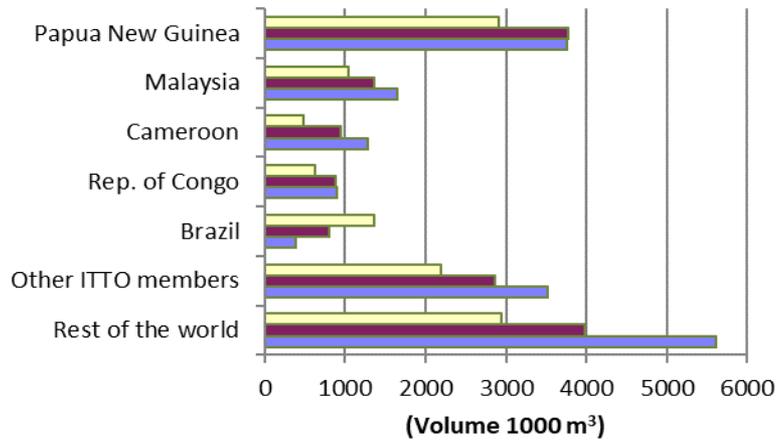
**Total production in 2019:
295.1 mill M3**



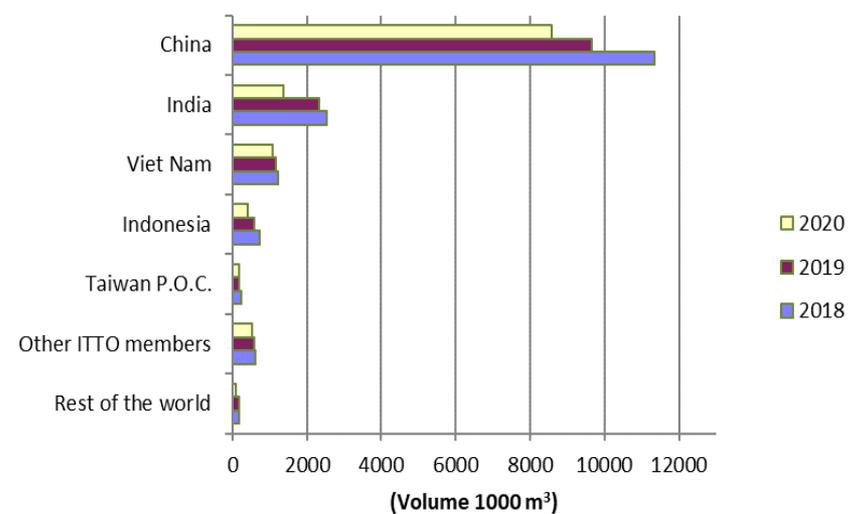
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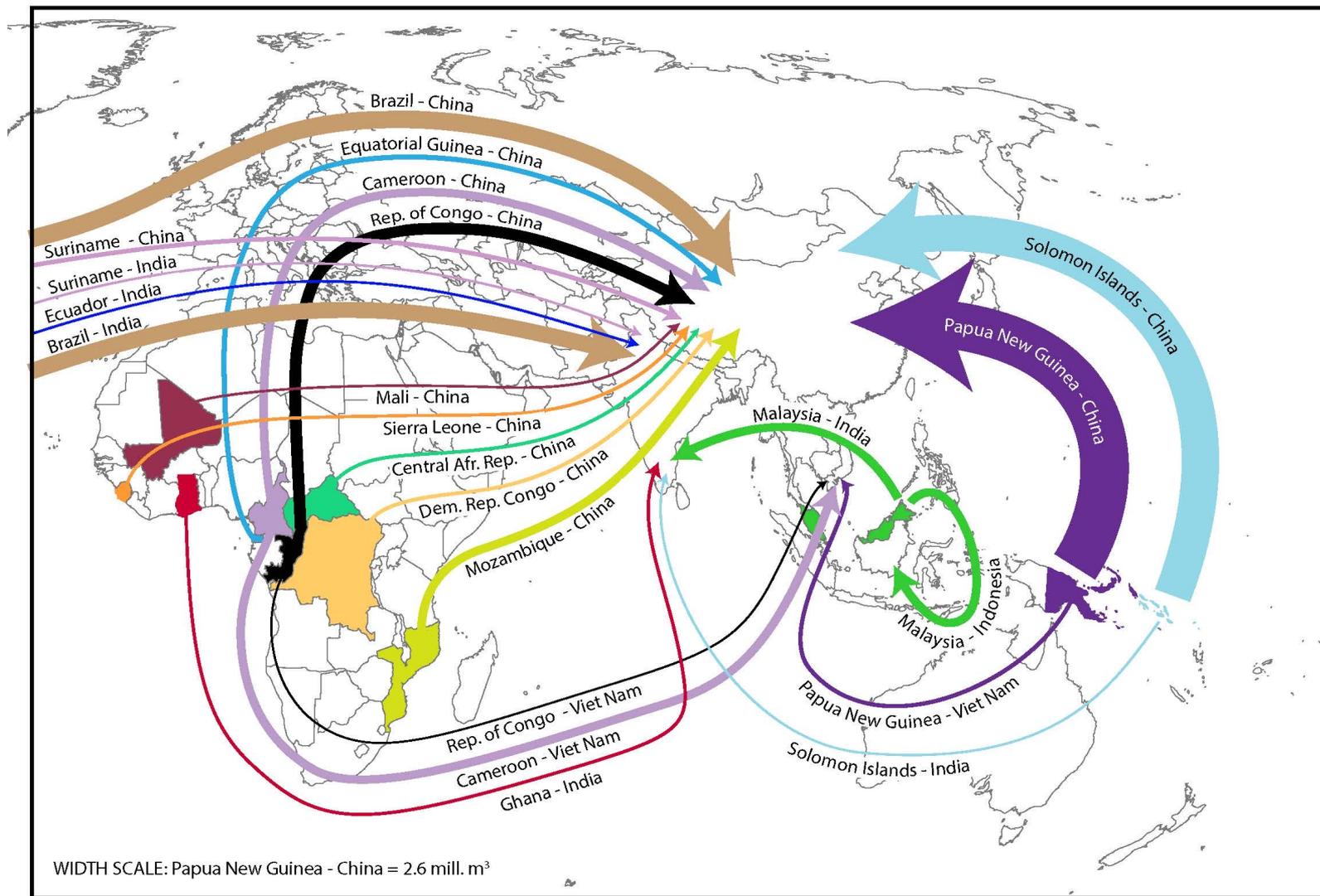
Tropical log exporter



Tropical log importer



MAJOR TRADE FLOWS 2020: TROPICAL LOGS



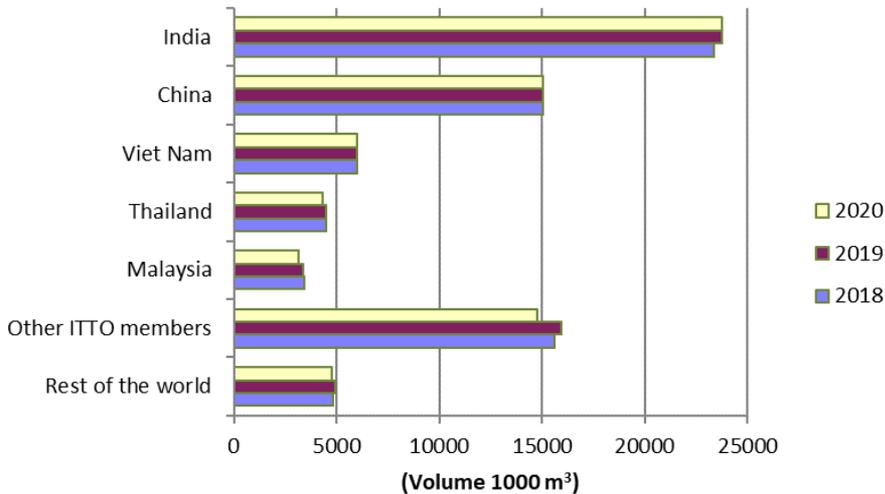


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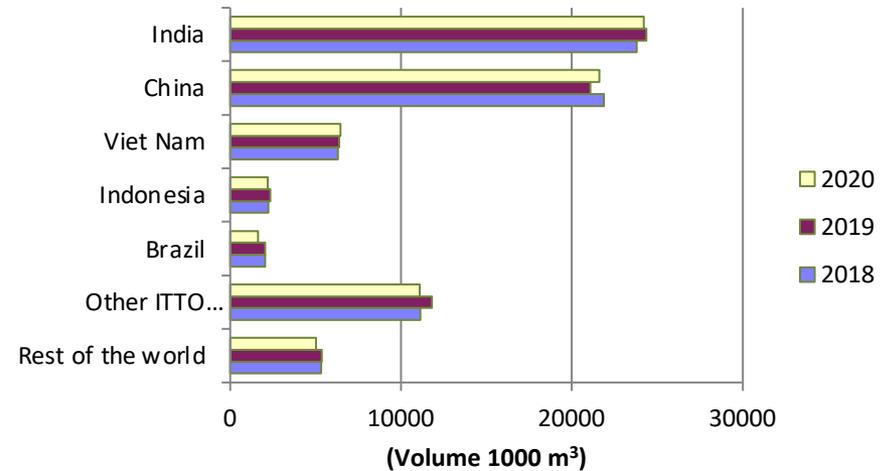
Production, consumption & export of tropical sawntimber (2018-2020)



Tropical sawntimber producer



Tropical sawntimber consumer



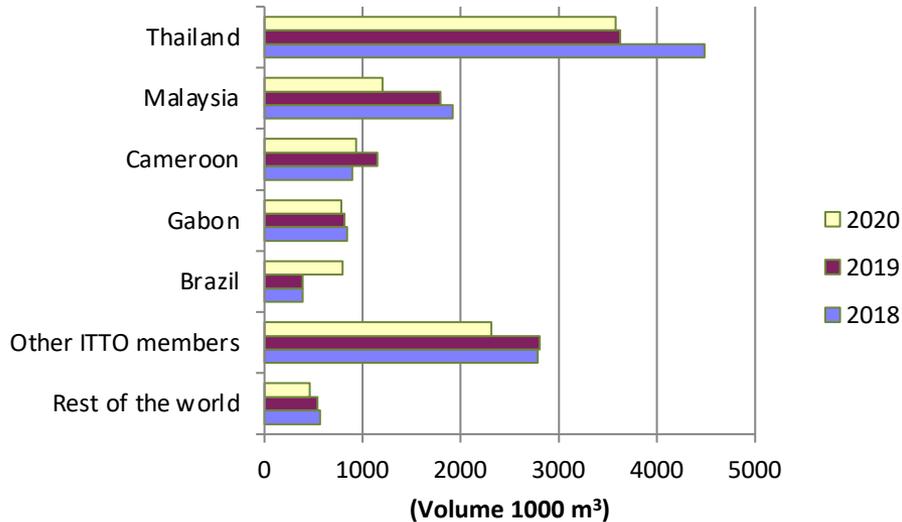


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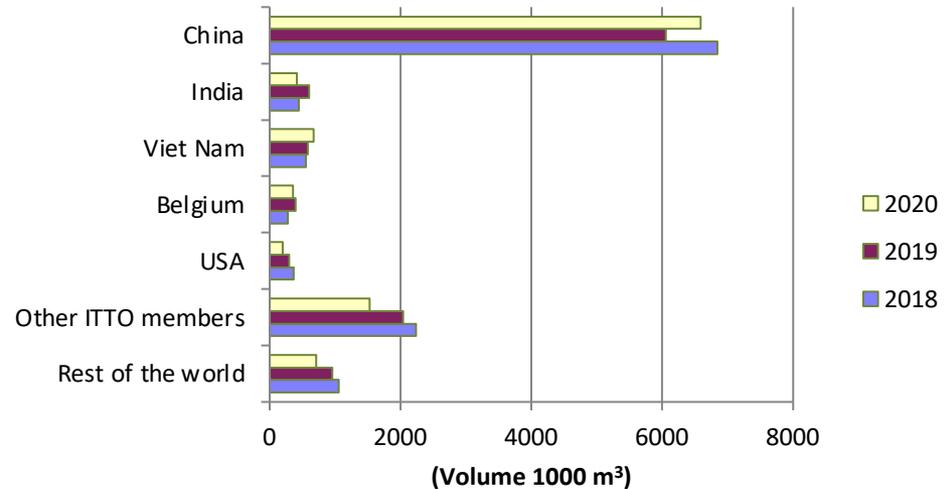
Production, consumption & export of tropical sawntimber (2018-2020)



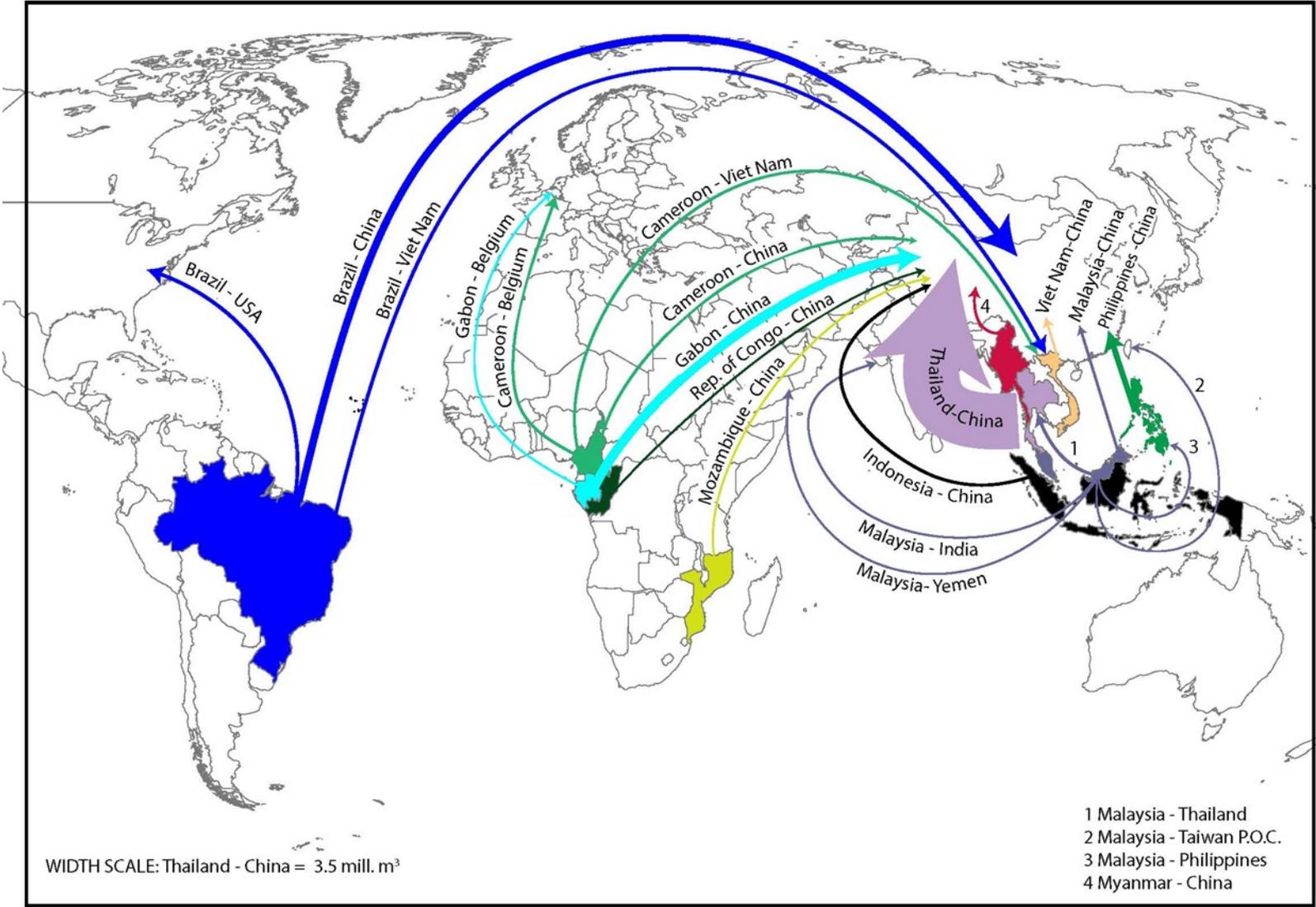
Tropical sawntimber exporter



Tropical sawntimber importer



MAJOR TRADE FLOWS 2020: TROPICAL SAWNWOOD



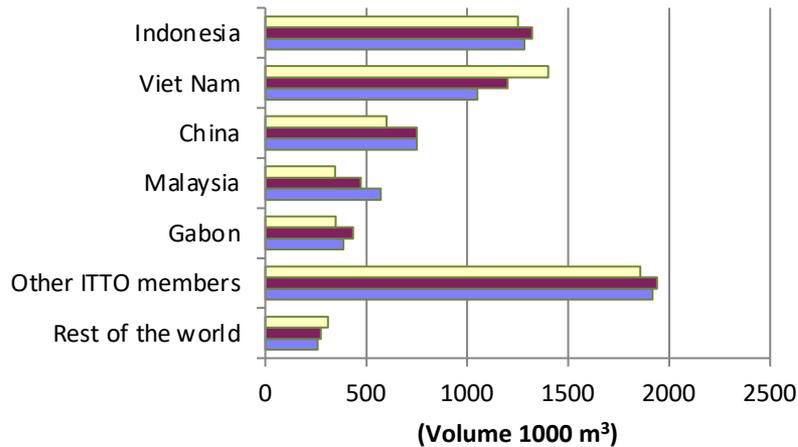


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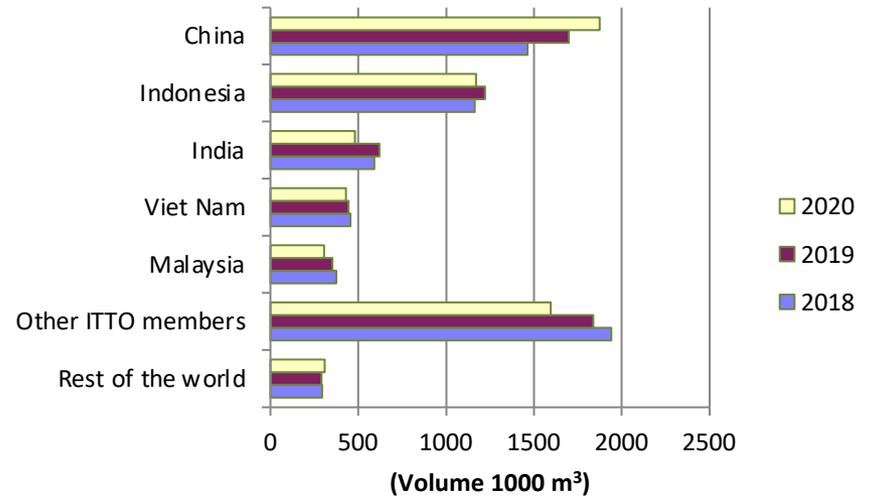
Production, consumption & export of tropical veneer (2018-2020)



Tropical veneer production



Tropical veneer consumption



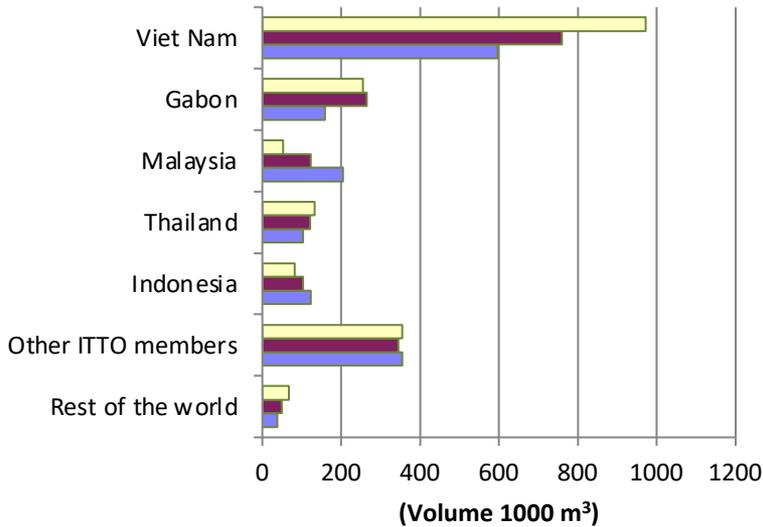


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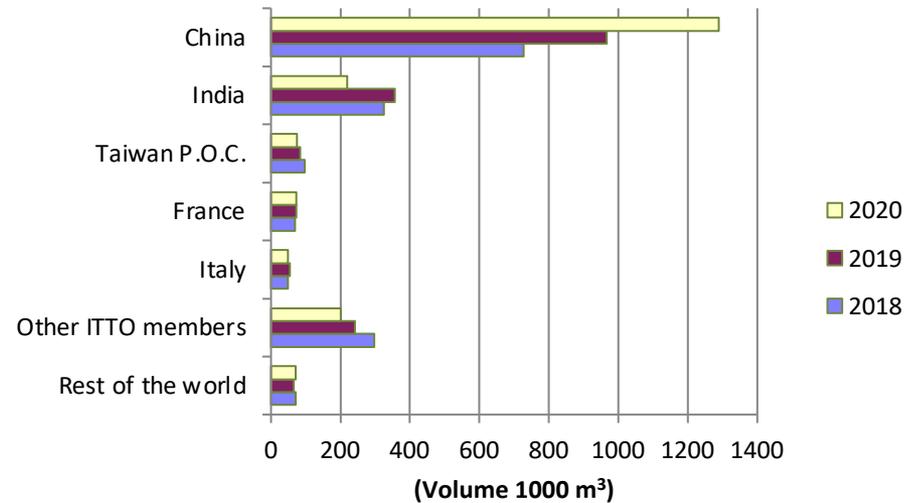
Production, consumption & export of tropical veneer (2018-2020)



Tropical veneer exporter



Tropical veneer importer



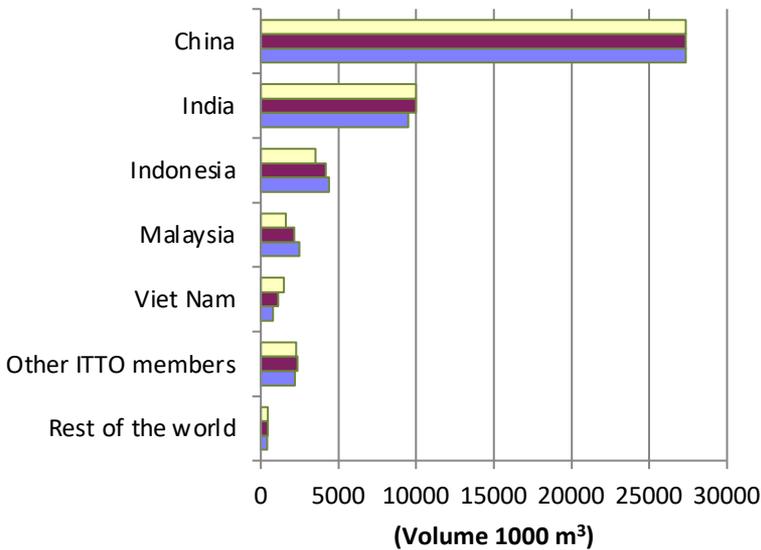


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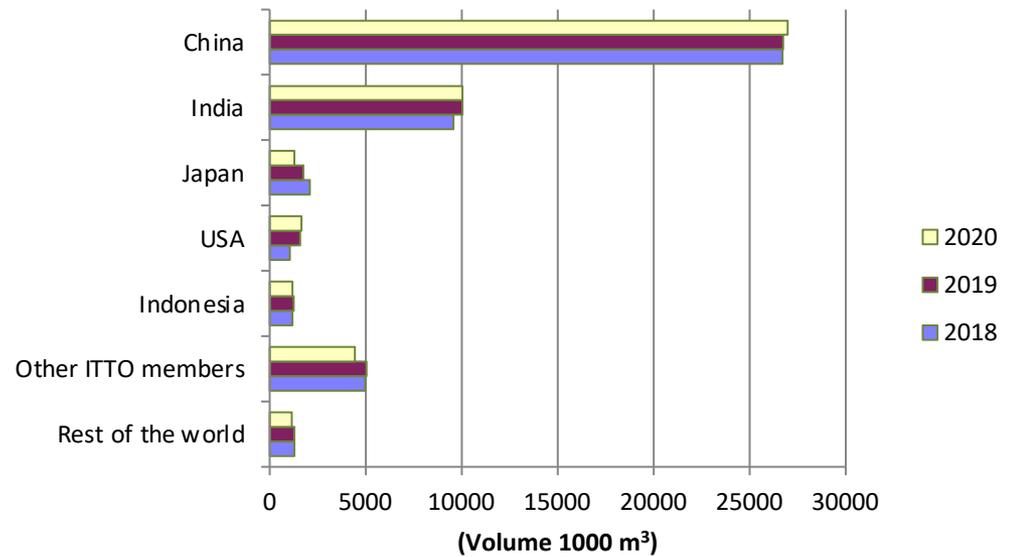
Production, consumption & export of tropical plywood (2018-2020)



Tropical plywood production



Tropical plywood consumption

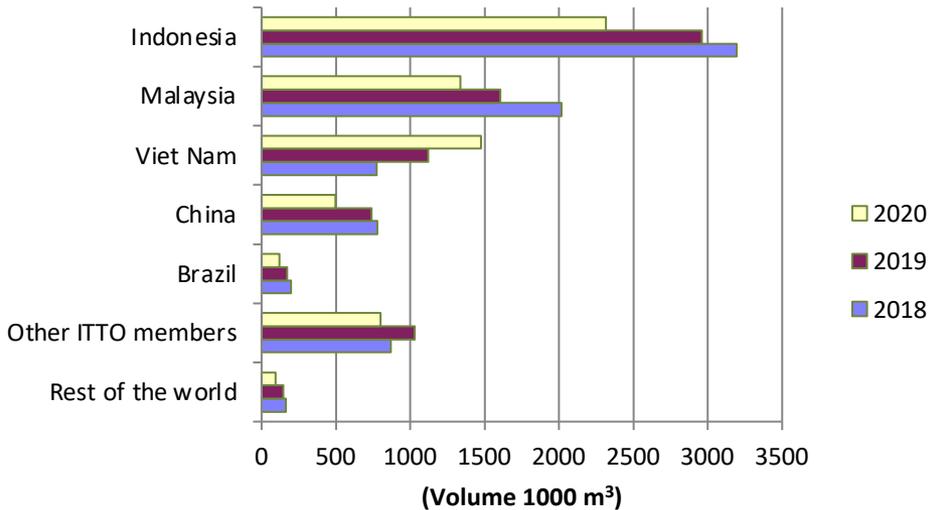




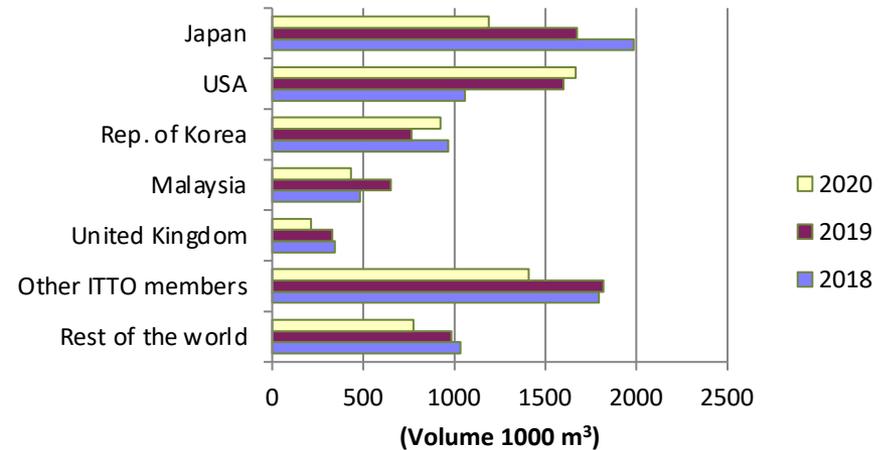
Production, consumption & export of tropical plywood (2018-2020)



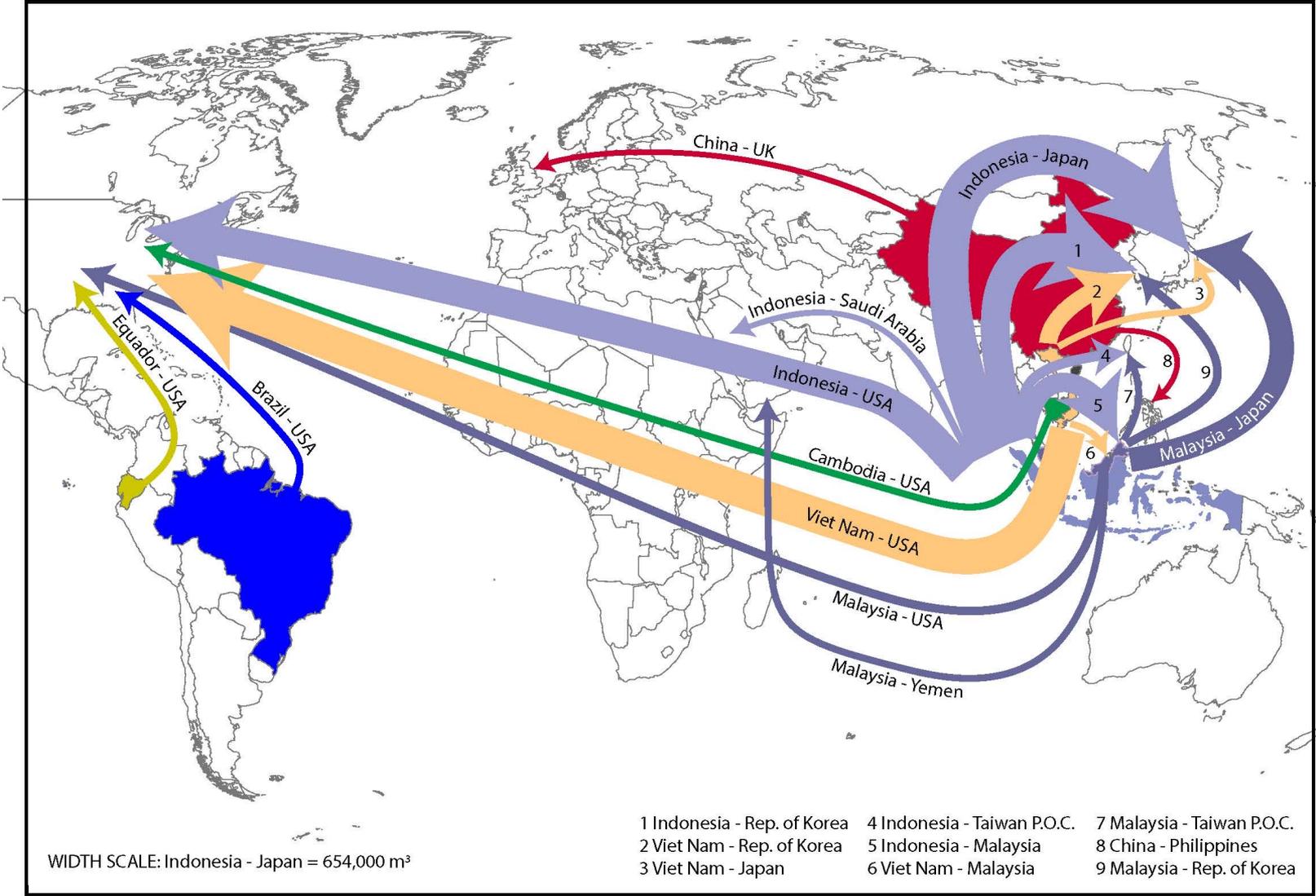
Tropical plywood exporter



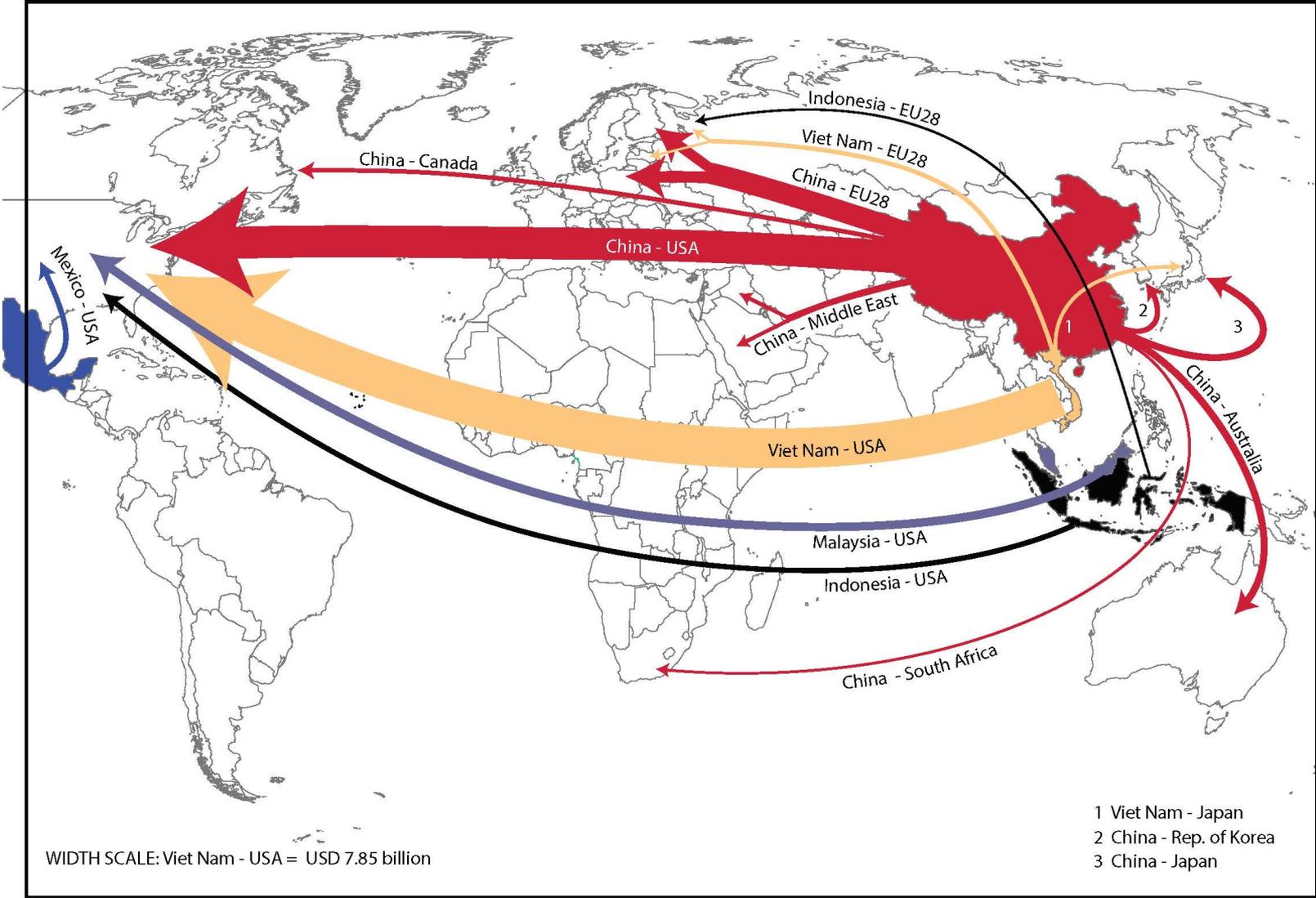
Tropical plywood importer



MAJOR TRADE FLOWS 2020: TROPICAL PLYWOOD



MAJOR TRADE FLOWS 2020: TROPICAL FURNITURE

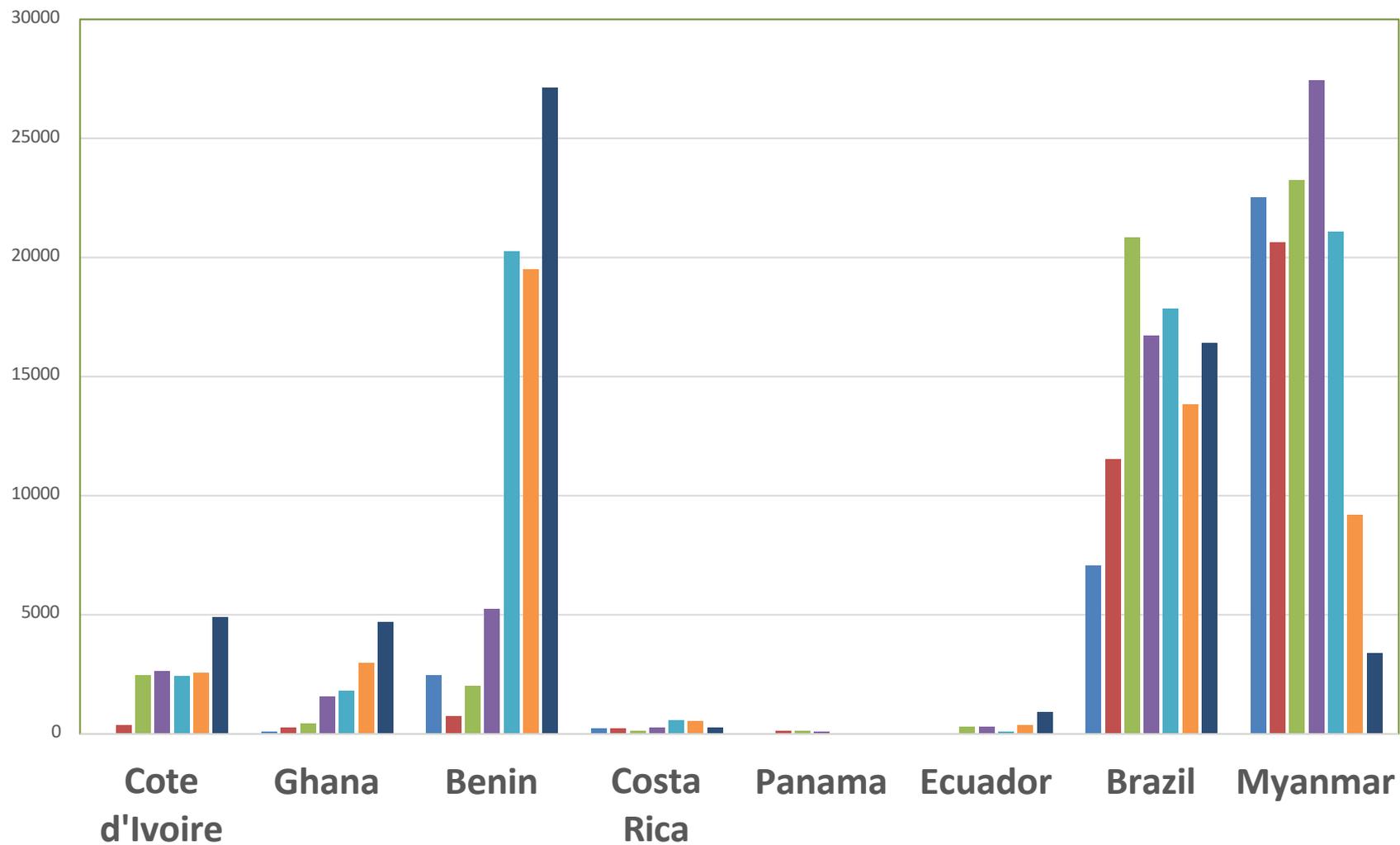


India Timber Supply and Demand 2010–2030

- There will be a substantial increase in wood consumption in India by 2030, exacerbating an existing shortfall between wood production and demand and increasing the country's reliance on wood imports (2022. Kant and Nautiyal)
- The study forecasts a jump of nearly 70% in demand for roundwood in India in the next decade, from 57 million m³ in 2020 to 98 million m³ in 2030, driven largely by the construction sector.
- Without policy change, say the authors, India will need to rely heavily on imports to meet this surge in demand because domestic production is restricted by the country's conservation-oriented forest policy.



India: Imports of Teak Sawnwood 2015-2021 (m³)



ITTO Timber Trade Portal (TTP)



- It provides answers for questions related to timber trade legality, due diligence, and domestic and export requirements.
- Contains 29 country profiles on the timber industry and relevant laws in producer countries in tropical Africa, Asia and Latin America and the Caribbean.
- In 2021, ITTO supported the expansion and update of the portal.

www.timbertradeportal.com

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ITTO's continuous updates on timber and timber markets

- Bi-monthly market updates – ITTO's *Tropical Timber Market Report*: www.itto.int/mis/.
- Biennial Review and Assessment of the World Timber Situation: data on the production and trade of primary and secondary processed wood products in 73 countries worldwide (www.itto.int/annual_review)
 - Latest edition features a market study on timber demand, supply and end use in India.
- ITTO Annual Market Discussions: The 2021 edition was themed "*Challenges in manufacturing and trade during the COVID-19 pandemic*" (www.itto.int/ittc-57/market_discussion/).
- Success stories on SFM available on *ITTO's website* and *Tropical Forest Update* www.itto.int/top_stories/ www.itto.int/tropical_forest_update.

Tropical Timber Market Report

Volume 28 Number 15 1st – 15th August 2022

The ITTO Tropical Timber Market (TTM) Report, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO TTM Report is credited. A copy of the publication should be sent to tj@itto.int.

Contents	Headlines
Central/West Africa 2	
Ghana 2	ECOWAS – second largest market for Ghana 2
Malaysia 4	Indonesia invites Japan to increase forestry investment 5
Indonesia 5	Relief for Indian coastal shipping companies 7
Myanmar 5	Declining export orders in Vietnam 9
India 6	Higher Brazilian exports to the United States 11
Vietnam 8	Another record minimum-wage hike for Japan 13
Brazil 10	Rise in China's hardwood log imports in the first half of 2022 17
Peru 12	US hardwood plywood imports continue down 25
Japan 13	
China 16	
Europe 19	
North America 24	
Currencies and Abbreviations 27	
Ocean Freight 27	
Price Indices 28	

Top story

Big increase in UK import value of wooden furniture from all main tropical suppliers

The UK imported US\$374 million of tropical wooden furniture in the first five months of 2022, 28% more than the same period in 2021. However, the rise in value was driven more by price inflation than strong demand.

The value of imports increased from all of the leading tropical supply countries in the first five months of this year compared to the same period in 2021:

Vietnam	+28%
Malaysia	+6%
India	+47%
Indonesia	+53%
Singapore	+2%
Thailand	+25%

Page 20

Happiness grows from a tree!

