



**GLOBAL LEGAL  
& SUSTAINABLE  
TIMBER FORUM**

**20  
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# GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM

Connect, cooperate and share  
to promote the recovery of  
the global tropical timber  
market

# 20 23

21-22 November 2023, Macao SAR

Co-hosted by



Organized by





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## FÓRUM GLOBAL DE MADEIRA LEGAL & SUSTENTÁVEL 2023

### GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023

主辦單位  
HOSTS



ITTO  
INTERNATIONAL TROPICAL  
TIMBER ORGANIZATION



澳門貿易投資促進局  
Instituto de Comércio e de Investimento de Macau  
Macau Trade and Investment Promotion Institute

承辦單位  
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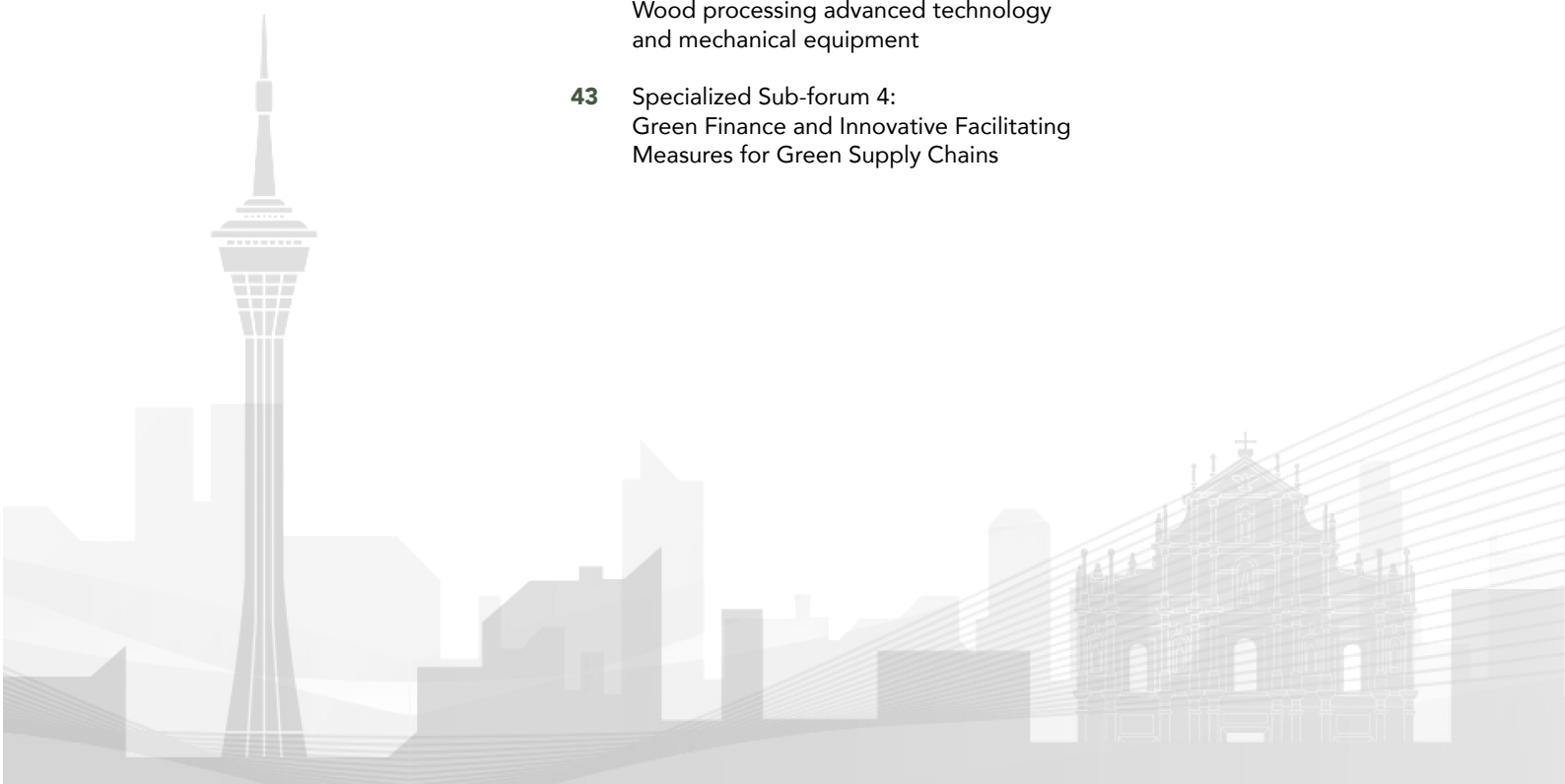
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## The Event

The International Tropical Timber Organization (ITTO) formulated its Legal and Sustainable Supply Chain (LSSC) programme with the aim of building legal and sustainable tropical timber supply chains through a multipronged, integrated approach of governmental frameworks, private-sector initiatives, financial resources and capacity building. As part of the LSSC Programme, ITTO and the Macao Trade and Investment Promotion Institute (IPIM) have entered into a collaborative framework agreement to co-host the Global Legal and Sustainable Timber Forum to accelerate the development of legal and sustainable wood product supply chains.

### Objectives

The aim of the Global Legal and Sustainable Timber Forum is to increase networking, collaboration and business exchange among timber industry stakeholders - producers, buyers, processors and market players - with a view to promoting sustainable forest management, creating legal and sustainable wood product supply chains, facilitating the legal and sustainable use and trade of wood products in a stable, transparent and predictable business environment, and contributing to sustainable development and climate-change mitigation.

GLSTF 2023 was organized by the co-hosts in cooperation with the Green Global Supply Chains (GGSC) Secretariat at the Galaxy International Convention Center, Macau SAR, China, 21-22 November 2023.

### Rapporteurs

- Tetra Yanuariadi (ITTO, Projects Manager)
- Rupert Oliver (ITTO Expert)
- Ratih Damayanti (BRIN-Indonesia, Director of Scientific Collection Management)

The Forum comprised two components:

1. The Global Legal and Sustainable Timber Forum.
2. Four specialized sub-forums: a) timber legality and sustainability; b) resources, markets and trade of legal and sustainable timber; c) advanced technology and machinery for timber processing; and d) green finance and innovative facilitating measures for green supply chains.

The Forum aimed to:

- Raise the profile of productive forests and their contributions to sustainable development and climate-change mitigation.
- Identify challenges and opportunities for the recovery of the global wood industry.
- Review the role of the wood products sector in global supply chains and its contributions to sustainable development and climate-change mitigation.
- Discuss issues relating to sustainable forest management and deforestation-free practices within the framework of the Collaborative Partnership on Forests (CPF) and the CPF initiative "Sustainable Wood for a Sustainable World".
- Promote the sustainable production and consumption of legal and sustainable wood and other forest products in international and domestic markets.
- Review advanced technologies and machinery for timber processing and production.
- Discuss green finance, blockchain-based technologies, and other tools to improve legal and sustainable timber supply chains.
- Make recommendations to promote partnerships for further building legal and sustainable timber supply chains.

ITTO Top Story on the GLSTF 2023

## Global Forum Calls for Action to Sustainably Develop Timber Sector

Macau, 24 November 2023: Timber is a crucial material for a sustainable future, according to 700 participants from governments, enterprises, international organizations and research institutions at the inaugural Global Legal and Sustainable Timber Forum (GLSTF), which issued a set of nine actions to ensure the stability of the timber sector's future based on legal and sustainable forest management and supply chains.

The aim of the Forum, which was convened jointly by ITTO, the Global Green Supply Chain Initiative, and the Macao Trade and Investment Promotion Institute and held in Macao SAR, China, on 21–22 November 2023, was to bring together the key players in the global timber sector and map a course for the sector's future sustainable development.

"Timber is an environmentally friendly, renewable, carbon-storing, recyclable material and thus a pillar of sustainability when produced, processed, traded and used legally and sustainably," said ITTO Executive Director Sheam Satkuru during the Forum. "We believe in the benefit of bringing all stakeholders in the sector together because forests and timber are vital for the planet's future."

The world is facing many challenges, such as economic volatility stemming from the aftermath of the COVID-19 pandemic, global conflicts, trade wars, rising energy prices, climate change, biodiversity loss and resource pressure.

But Forum participants agreed that such challenges present opportunities for timber to become a cornerstone of circular bio-economies.

A sustainable and resilient timber industry, it was asserted, would not only contribute to wealth creation but also support healthy lifestyles and reduce the risk of climate change. The sustainable use of timber can also help safeguard other forest services, such as conserving biodiversity, soil and water, storing carbon, preventing land degradation, and reducing the risk of disasters.

After two days of extremely insightful presentations and discussions, consensus emerged among participants about key strategies to promote the legal and sustainable development of the global timber industry and accelerate its recovery. These include the following nine key actions:

- 1 Strong networks and partnerships:**  
there is an urgent need for strong networks and partnerships built on mutual respect and trust to support legal and sustainable forest management and timber supply chains.
- 2 Nature-based solutions:**  
building and improving legal and sustainable timber supply chains should be recognized as key nature-based solutions from local-to-global challenges.
- 3 Trade promotion:**  
the trade of legal and sustainable timber products should be promoted to facilitate a stable, fair, transparent and predictable environment for the recovery and growth of the global timber industry.
- 4 Global Legal and Sustainable Timber Forum:**  
the Forum is a necessary platform for scaling up cooperation and information exchange between the public and private sectors and should be held annually.
- 5 The Global Timber Index:**  
this initiative, which has been piloted for about a year and was officially launched at the forum, improves the quality and regularity of timber market information, encouraging greater information exchange in the private sector, and enhancing the efficiency of policy formulation. It should be continued and scaled up.
- 6 Advanced technology and traceability:**  
the use of new technologies, tools and methodologies should be encouraged to help ensure the legitimacy and sustainability of timber resources, including the implementation of sustainable forest management and digital timber traceability.
- 7 Financial mechanisms:**  
innovative financial mechanisms, such as payments for ecosystem services, should be further developed and used to increase investment in support of sustainable forest management and sustainable supply chains.
- 8 Timber industrial parks:**  
legal and sustainable timber industrial parks should be established to incubate enterprises as models for the wider industry, thereby accelerating the adoption of best practices and advanced technologies.
- 9 Support for advanced technologies:**  
the global timber industry requires more support for adopting advanced technologies as a means for accelerating its sustainable development.

At its conclusion, the Forum urged participants to continue working together by connecting, cooperating, and sharing knowledge. The inaugural GLSTF, planned to be an annual event, has emerged as a cornerstone for building this global network.

## Key Messages from GLSTF 2023

## Key Messages from Global Legal and Sustainable Timber Forum 2023

Forests are critically important to climate change mitigation, biodiversity conservation, and sustainable development. Protecting forest resources and preserving the environment is our common responsibility.

When managed sustainably, forests conserve biodiversity, soil and water, filter air, prevent land degradation, and reduce the risk of natural disasters. Meanwhile, timber is a renewable, carbon storing, recyclable, and sustainable material, which has been an indispensable pillar of mankind for thousands of years.

A sustainable and resilient timber industry will contribute to wealth creation and support the development of healthy lifestyles, while reducing the risk of climate change and other negative environmental impacts.

When timber is legally and sustainably produced, processed, traded, and used, the industry enhances the value of standing forests, greatly reducing the risk of deforestation, and making a major contribution to the achievement of the Sustainable Development Goals.

In many ways, this is a very difficult and challenging time for the global timber industry, which is a leading employer and contributor to the national economies of many countries. Perhaps for the first time all the major markets of the world are slowing at the same time – weighed under the economic volatility that followed on from the COVID pandemic, the threat of conflicts, trade wars, rising energy prices, climate change, and mounting pressure on resources.

However, the potential for timber to act as the cornerstone of modern circular economies gives encouragement that these challenges can be turned into opportunities. A sustainable and resilient timber industry will contribute to wealth creation and support the development of healthy lifestyles, while reducing the risk of climate change and other negative environmental impacts. Timber will also substitute for more energy and carbon intensive products in the building and furniture sectors.

Exploitation of these opportunities and long-term recovery in the global timber industry will depend on the legal and sustainable management of forests and associated supply chains. It requires the development of a strong international network to strengthen cooperation and share knowledge and experience of sustainable timber production and supply. The Global Legal and Sustainable Timber Forum held for the first time in Macau and planned to be held annually into the future, provides the key platform on which to build this global network.

Today, more than 700 representatives from 36 countries' governments, enterprises, associations, international organizations, and research institutions gathered in Macau to attend this forum. After two days of extensive and in-depth discussion, the following consensus was reached on how to promote the legal and sustainable development of the global timber industry and accelerate its recovery:

- Faced with complex and variable threats and challenges, there is an urgent need to establish strong networks and partnerships, built on mutual respect and trust, in support of legal and sustainable forest management and timber supply chains.
- Building and improving legal and sustainable timber supply chains are key nature-based solutions.
- Supporting and promoting legal and sustainable timber and timber products trade will facilitate a stable, fair, transparent, and predictable environment for the future recovery and growth of the global timber industry.
- Creation of Global Legal and Sustainable Timber Forum is necessary to promote cooperation and information exchange between the public and private sectors.
- The Global Timber Index (GTI) provides a valuable platform to improve the quality and regularity of timber market information, encourage greater information exchange between and within the private sector, and thereby enhance the efficiency and effectiveness of policy formulation in relation legal and sustainable trade.
- Applying advanced technology, tools, and methods to ensure the legitimacy and sustainability of timber sources, including the implementation of sustainable forest management and digital timber traceability, exploring the establishment and operations of a traceability system based on blockchain technology, and compliance with legal and sustainable timber standards is highly recommended.
- Innovative financial mechanisms, such as payments for environmental services, need to be further developed and utilized to increase investment in support of sustainable forest management and green supply chains.
- Legal and sustainable timber industrial parks should be established to foster enterprises that will provide models for the wider industry and thereby accelerate the adoption of legal and sustainable best practices and advanced technologies.
- The global timber industry needs additional support to adopt advanced technology, machinery, and equipment, thereby accelerating the intelligent and digital development of the global timber industry.

Let's work together by connecting, cooperating, and sharing, to accelerate the sustainable recovery of global timber markets, and promote legal and sustainable timber supply chains, by jointly building the Global Legal and Sustainable Timber Forum, Macao.



## Opening session

Mr. Lei informed participants that the GLSTF 2023 is the first international meeting to promote the achievement of the global sustainability target 2030 in relation to the timber trade and industry in Macao. The Forum is in line with efforts to promote legality and sustainability and recovery of timber markets and is expected to build global leadership in timber legality and sustainability. It is also related to new business opportunities in the context of China's Belt and Road Initiative. He welcomed and wished the forum a great success.



Ms. Satkuru said that it is a great honor for ITTO to work together with the Macao Government to organize the GLSTF 2023. She briefly introduced ITTO which consists of 75 member countries and has worked for 37 years in managing tropical forests. ITTO is the only multilateral organization exclusively focused on the sustainable management of tropical forests and as such has a strong belief in cooperation and partnership. For ITTO, sustainable management of tropical forest is the first priority and the critical step to ensuring legal and sustainable trade in timber and non-timber forest products. Ms. Satkuru congratulated China as a member of ITTO that sustainably manages its forests. China is the largest ITTO member and a major contributor to ITTO's mission to extend and diversify the international trade in legal and sustainable tropical timber. The Forum is a key part of ITTO's efforts to promote dynamic recovery in the tropical timber industry.



## Keynote addresses

**H.E. Ms. Rosalie Matondo, Minister of Forest Economy,  
Republic of Congo**



H.E. Ms. Matondo informed the Forum that the Republic of Congo has been involved in many international fora related to climate change, global environmental and forestry issues. RC is engaged in far-reaching forest sector reform that includes promulgation of a new forest code in 2020 covering: processing industry, Reduced Impact Logging (RIL), certification, and sharing production. The reform

aims to increase employment opportunities and job security, and to generate income and improve livelihoods. The reform also provides a national framework for legal enforcement and verification for timber and timber products.

The Government enforces a sustainable forestry framework allowing maximum production of 8 million m<sup>3</sup> per year, or 60% of the total forest productivity, with okoume and sapele dominant amongst hundreds of timber species. It was noted that Vietnam has recently emerged as one the major partners for Congo Basin countries in the timber export trade.

Furthermore, much is being learned from Asian countries on modern wood processing technologies to enhance timber value and reduce waste. The African Development Bank is providing financial support to the Congo Basin countries, including for the development of forest plantations, integrated forest management, and industrial modernization.



**Ms. Noraihan Abdul Rahman, CEO, Malaysia Timber Council (MTC), 'Timber industry and sustainable development'**

Ms. Rahman introduced the role and structure of the Malaysian Timber Council and highlighted key trends in the global timber trade and forest policy environment. She observed that the value of global forest products trade (based on import value) increased from US\$200.7 billion in 2010 to US\$330.4 billion in 2022.

In the pre-COVID-19 era, the main issues facing international trade were raw material supply, manpower, automation, legality, and sustainability. In the post-Covid era the emerging issues are deforestation-free products, environment, social and governance (ESG), net zero carbon emissions and carbon trade and carbon footprints.

She also highlighted that the global economy is currently threatened by high levels of public and private sector debt in many countries, suppressed growth in housing starts and construction, and high energy costs. All these trends are feeding through into weakening demand for timber in the short term.

She observed that the technical regulations imposed on EU trade under the EU Deforestation Regulation (EUDR) may be a hindrance to the timber trade's potential role to help mitigate climate change.



**Mr. SHE Xuebin, Board Chairman & CEO, Nature Home (China) Co. Ltd & Nature Wood Group Limited, 'Opportunities and challenges in the global timber industry transformation'**

Mr. SHE introduced the Nature Home (China) Co. Ltd & Nature Wood Group Limited as a leading global forest company focused on zero carbon lifestyles and transparency in the legal and sustainable wood products supply chain. The company has worked for twenty years on sustainable timber supply issues. As an FSC supplier, the company abides by requirements for legality and sustainability of products at source. The company is also involved in innovative efforts to enhance carbon storage and the sustainability of forest operations, for example by developing bio charcoal projects for enhanced use of offcuts, branches and other scraps. The Company also cooperates with the Wood Industry Research Institute of the Chinese Academy of Forestry on research and development of biomass carbon electrode materials.

Another major focus is to transform traditional wood production into a high-tech industry. In April 2006, the Home Furnishing Group formed a strategic partnership with the China Greening Foundation. It has donated a total of 20 million yuan to plant trees in the Yellow River Basin, the Yangtze River Basin and the Alxa Desert, and has been actively fulfilling its social responsibilities for many years.

Mr. SHE further emphasized the need to promote the production and consumption of timber and other forest products in China's domestic market, thereby contributing to more diversified economic development across regions. The company is also working on harmonization of rules and standards in the international timber trade, and to enhance international cooperation and development of the forestry industry.

He concluded that sustainable forest management and legal and sustainable wood product supply chains may only be achieved through close cooperation by all related stakeholders.

## High Level Segment: Global Timber Market Recovery under the Unprecedented Great Changing Time

### Moderator:

Ms. Sheam Satkuru, Executive Director

### Panelists:

- H.E. Ms. Rosalie MATONDO, Minister, Ministry of Forest Economy, Republic of Congo
- Ms. Ivonne HIGUERO, Secretary General, CITES Secretariat
- Mr. LI Jiafeng, President, China Timber and Wood Products Distribution Association
- Mr. Thomas GOEBEL, Secretary General, European Timber Trade Federation (ETTF)
- Mr. Christoph GUILHOU, Co-Facilitator, the Congo Basin Forest Partnership (CBFP), French Development Agency (AFD)

This session involved dialogue between government and the private sector to jointly explore the main challenges and opportunities faced by the global timber sector at a time of unprecedented change. The main questions addressed to each Panelist were: i) what are the main challenges currently faced by the timber industry and the obstacles that most urgently need to be removed for market recovery? ii) opportunities often lie in crises, especially for visionaries and pioneers; therefore, what do you see as the major opportunities for the timber industry at this difficult time?; and iii) in just one word or sentence, express your expectations for recovery of the timber industry and market.

### The dialogue's highlights:

- At present the global timber industry faces unprecedented challenges: the global economy is slowing; the international competitive environment is complex and volatile; timber supply chains were impacted severely by the pandemic and are still under reconstruction; and there is growing conflict between advocates of protection and development.
- Current uncertainties and challenges call for concerted efforts by all stakeholders in the forest and timber sectors to address the complex issues threatening the global timber market and forest products supply chains. Legal and sustainable timber supply chains offer a nature-based solution that can reconcile the conflict between the continuing urgent need for economic development and growth on the one hand, and nature conservation on the other.
- The ETTF forecasts timber market decline in the EU of 10% to 15% this year. In the first half of 2024 the market is expected to remain challenging, but the situation is tentatively forecast to improve in the second half of next year. Climate change mitigation is seen as the most significant problem now faced by the EU. In the forest sector, the effects of climate change are already apparent as spruce and pine have been severely

affected by droughts and pest outbreaks in recent years. There is expected to be a shift to more hardwood production in the future. The ETTF supports more work to harmonize standards for hardwoods placed on the EU market. The EUDR presents both a challenge and an opportunity for forest products suppliers everywhere and relative competitiveness will be heavily dependent on their ability to provide the due diligence information required. The provision of data on the carbon footprint and other lifecycle environmental impacts is another emerging competitiveness issue. For example, in Germany government subsidies for house building is now dependent on provision of this data by material suppliers. Sanctions on wood imports from Russia have not caused supply shortages in the EU, but this is mainly due to the fact that wood consumption is currently very low. However, with demand expected to rise next year, supply gaps are expected to open up, providing new opportunities for wood from elsewhere. Wood consumption in the EU is expected to increase in the future in response to policy commitments to net zero which has boosted support for wood buildings.

- There is a continuing urgent need to promote lesser used tropical species in order to reduce pressure on the most popular species and to increase returns from sustainable forest management. This promotion requires strong collaborative efforts between operators in tropical countries and their main exports markets.
- When CITES was first introduced in 1973, there were only 15 tree species listed. Today more than 700 tree species are listed. There is a strong need for continued capacity-building in tropical producer countries, requiring international support, to allow these countries to prepare the reports on non-detriment findings and legal acquisition to facilitate continued sustainable trade. There is also a strong need for robust traceability mechanisms for CITES-listed species in global trade.





## Session 1: Contributions of timber industry to climate change mitigation and economic and social development

### Moderator:

Mr. Alain Karsenty, Senior researcher of CIRAD

### Presentations:

**'The economic, social and environmental benefits amid the development of global timber industry', Mr. Ivan Tomaselli, Founder and current President, STCP Brazil**

Key points from Mr. Tomaselli's presentation included:

- The global timber industry has: i) a significant economic impact globally; ii) a positive social impact as millions depend on forestry and timber industry-related activities, and iii) environmental benefits as: sustainably managed forest areas contribute to soil, water and biodiversity conservation; trees sequester and store carbon as they grow; wood products provide long-term carbon storage and require less energy to produce than alternative

materials and thereby contribute to climate change mitigation.

- The economic contribution of the forest products sector is very significant and has been rising. The value of the global wood products trade increased 143% to US\$244 billion between 1990-2019 (FAO 2021). The sector now contributes US\$ 1.3 trillion to the world economy, the timber sector alone accounting for US\$600 billion. In Brazil, log production is now valued at over US\$ 2.5 billion per year. By 2030, SFM has the potential to create \$230 billion in business opportunities while curbing the effects of deforestation and generating millions of jobs.
- Systems of legality verification have made timber exports to countries with stringent environmental standards, offering opportunities for both tropical and non-tropical countries to access new markets.
- The use of mass timber in construction is forecast to take off at scale over the next decade. This will jump-start mass timber supply chains worldwide, thereby boosting the economy.

Mr Tomaselli concluded with a **Call to Action**, emphasizing that the global timber industry has a unique opportunity to make a significant contribution to mitigate climate change by: i) encouraging sustainable forest management; ii) investing in restoration/afforestation; iii) promoting the use of timber in construction; iv) implementing measures to reduce waste; v) and expanding and sharing knowledge on climate mitigation potential of forest products. While policy measures in response to climate change will offer opportunities to grow the global timber industry, it is also important to understand, monitor, and act on the direct impacts of climate change on the structure and growth of forest.

### **'Timber industry development ≠ deforestation', Ms. Francoise Van de Ven, President of ATIBT**

Key points from Ms. Van de Ven's presentation included:

- **Definition of deforestation:** removal of a forest or stand of trees from land that is then converted to non-forest use (agriculture, live-stock ranches, urbanization, mining operation, and wood industry logging). The effects of climate change are another cause via the increased risk of wildfires.
- **"Nature Managers":** While deforestation is more prevalent in tropical countries, it is not due to the timber industry which engages in selection harvesting and leaves the forest intact. Reduced impact logging has become the norm in many areas and, in fact, it would be more accurate to describe those operators that are FSC or PEFC certified in these regions as "nature managers".

- **Increasing the value of tropical forests.** Although proven that the timber sector has huge potential to disincentivize deforestation, for job creation, and that new industrial techniques lessen the impact on logging and increase the yield when timber is transformed, there is still a big gap in funding of sustainable forest management. The demand for timber for house building will increase considerably, as it is considered an eco-friendly construction material.

Ms. Van de Ven concluded that: i) international regulations all have the goal to maintain the forest particularly in the context of climate change; ii) regulations such as EUDR and CITES can help put an end to illegal logging and illegal timber trade but may also create barriers to legitimate trade if applied without sufficient consultation with, and support for, tropical countries; iii) there is an urgent need to add value to the forest, whether for sustainable management, conservation or community forests in order to reduce deforestation; and iv) ATIBT is open to collaborate with all parties concerned to find solutions and ensure that tropical forest industries achieve appropriate recognition.

### **'Congo Basin Forest Partnership (CBFP) and its action to promote the economic & social development of tropical forest and timber sector', Mr. Christoph Guilhou, Co-facilitator of the (CBFP), French Development Agency (AFD)**

Mr Guilhou explained the role of the Congo Basin Forest Partnership. He noted that the Congo Basin is the largest tropical rain forest region in Africa, covering 95% of tropical forest and around 70% of all forests in Africa. Since its creation in 2002, the Congo Basin Forest Partnership (CBFP) has brought together an ever-increasing number of members. Today, nearly 120 partners work for conservation of biodiversity, the sustainable management of forest ecosystems, the fight against climate change and poverty reduction in Central Africa in the member countries. The CBFP objectives are sustainable development, economic growth, and social welfare, solving climate change problems, and forest management. There are many multilateral organizations engaged with CBFP to promote sustainable transformation of the forest industry and increased investment. Key activities include capacity building for local people, policy transformation and promoting women's participation.

**‘Sustainability, Responsibility, Integrity: from forest to markets’,  
Ms. Tulia Baldassarri, Communication Leader, Interholco (IHC),  
Switzerland**

Ms. Tulia Baldassarri emphasized the central role of forests and of responsible forest products industries to the world’s environment. “The future of the forest is the future of mankind”, she said. She mentioned three key objectives: to halt deforestation, to restore degraded forests, and to promote sustainable forest management. She noted the importance of the climate change issue to drive home the importance of responsible practice. Ms. Baldassarri also noted that forests are even more critical to the stability of world climate than previously understood. Scientists recently found that only two thirds of the “cooling power” of forest is due to their ability to sequester carbon. Forests also act as giant humidifiers, pulling water from the ground into the canopy and thereby cooling the atmosphere. She noted that the global voluntary carbon market was valued at US\$2 billion in 2021 and that experts expect this market

to grow at least five-fold to between USD10-60 billion by 2030. Rising demand for pricier, higher quality carbon credits suggests that companies are willing to pay more to ensure supply-side integrity. Ms. Baldassarri went on to describe the environmental policy and practices of IHC, noting that the company only harvests 0.8 trees per hectare once every 30 years. Ecosystem care starts from people: social security, access to drinking water and electricity, vocational training, production bonuses for employees and performance bonuses, and medical insurance. The company is committed to a better environment, better nutrition, better production, and better life. Wood products are the company’s “second forest at home” as they are low-carbon products engineered by nature. IHC is committed to responsible practice “from forests through to markets” to: drive climate action for people and planet; benefit forest communities and respect their rights; have clear sustainability objectives; and engage in multi-stakeholder dialogue with all parties involved, including NGOs.

### The Panel Discussion’s highlights:

#### Panelists:

- Mr. Ngo Sy Hoai, Vice President and Secretary General Vietnam Timber and Forest Products Association (VIFOREST)
- Mr. Harnold Jean Marie Ntoutoume, Secretary General, UFIGA, Gabon
- Mr. Martin Nkie. Secretary General SYNEFOR, Cameroon
- Mr. Ednei Blasius, President, CIPEM, Brazil
- Mr. Zhang Enjiu, Chairman of Board, Treesun Holding Co., Ltd, China
- Mr. Zhang Yan, Vice Chairman, Tata Wooden Door Group, China

- Vietnam is a key emerging country for wood products export and has a successful record in forest plantation management over recent decades. In term of ensuring the legality and the sustainability of wood products, Vietnam has developed a robust TLAS that ultimately will allow the nation’s forest industry to contribute to solving problems related to climate change and to contribute to economic and social development.
- Gabon has made considerable efforts to address illegal logging, a significant problem the country has struggled with for decades. In 2001, Gabon passed a Forest Law calling for good governance and the sustainable management of forests. Gabon banned the export of logs in 2011. In November 2019, Gabon became the first country in the Congo Basin to develop and operationalize the Pan African Forest Certification (PAFC) scheme, which certifies sustainable forest management and the traceability of wood from the forest to the final product. Gabon is committed to conserving forests and reducing GHG emission by 50% by 2050 through sustainable land use.
- The Cameroon government is concerned about illegal trading in the country which negatively impacts on the value and reputation of Cameroon timber products in the international market. The need to prevent illegal timber smuggling and promote legal forest products is at the heart of the country’s forest reform and law enforcement process which is a high priority since the forest sector plays an important role in the economic development of Cameroon.
- The two representatives of Chinese companies on the panel emphasized that the timber industry in China is an important source of employment and wealth creation in the country. They also explained the importance from a sustainability perspective of investment in new processing capacity and R&D to improve the efficiency of wood material use and to reduce wastage, to improve product quality and durability, and to identify new product applications and markets.





## Session 2: Global legal and sustainable timber supply chains

### Moderator:

Ms. Siti Syaliza Mustapha,  
Deputy Secretary-General/COO of PEFC

### Presentations:

#### 'The development trend of legal and sustainable timber supply chains', Mr. Rupert Oliver (ITTO expert, Director for Sustainable Wood Ltd., United Kingdom)

Mr. Oliver noted that the forest products sector is going through a period of unprecedented volatility due both to the challenging economic and geopolitical climate, the introduction of new policy measures, and emerging, potentially disruptive, technologies. In these conditions it can be useful to consider the long-term view. The history of deforestation shows that deforestation in temperate regions fell rapidly during the 20th century in response to changing socio-economic conditions as rapid economic growth and increasing urbanization ultimately reduced dependence on land, provided space for adoption of more effective land use planning, increased resources for forest conservation, and capacity for sustainable forest management. Although there is no room for complacency, the same trends are becoming evident in tropical countries as the rate of deforestation peaked in the 1980s and has been declining since then. Experience in temperate countries in the last century, and more recently in Brazil and Indonesia, has shown that deforestation will decline with economic development and when the right policies are put in place at national level.

Against this background, Mr. Oliver argued that the underlying role of international policy measures must be to foster sustainable forest programs at national level. They should aim to encourage multi-stakeholder engagement in forest areas to ensure equitable access to the benefits of forest management. Policy measures on the demand side must be designed so that they are well aligned with, and actively support, reform on the supply side. These measures must include "carrots" as well as "sticks" and acknowledge the positive role of forest products industries to enhance forest value and discourage conversion, promote rural development, and substitute for more carbon-intensive materials.

Mr. Oliver reviewed recent policy measures in the light of these ideas, noting that the certification movement has had mixed success to date. Sustainable forest management certification under the two international frameworks – FSC and PEFC – achieved rapid growth between 2000 and 2013, but then uptake slowed after that. The "low hanging fruit" of large state and industry lands that could benefit from economies of scale, much of it in rich countries, was certified early on. But most tropical forest areas, and areas where smallholders predominate in all forest regions, remain uncertified to this day. In practice the market driver for certified products has been inconsistent, focused on a few countries and sectors, with too many opportunities for leakage, through diversion of trade to other markets and substitution of wood for other materials. Mr. Oliver noted that certification remains a valuable tool – particularly as it conveys positive messages about the sustainability of forest products to consumers – but it needs to be made much more accessible to smallholders and operators in tropical countries.

Mr. Oliver suggested that the international FLEG program initiated 20 years ago has considerable strengths as it encourages countries to reform and enforce their own national forest laws. Unlike certification, which may create small islands of good practice in a sea of unsustainable harvesting, FLEG sought to encourage coherent land use plans and raise standards across whole countries. Under FLEG, timber consuming countries recognized that trade policy could support these national sustainable forestry programs by ensuring that only products of legal origin should be sold in their markets. Over the last 15 years, in the forest products sector these legal frameworks have extended to cover most of the global timber trade. Import regulations vary widely, but most encompass some sort of due diligence requirement placed on importers to ensure only legally sourced wood is being traded. Many tropical countries have focused on the development of Timber Legality Assurance Systems (TLAS) to support their continuing market access.

Mr. Oliver noted that the EU was formerly a leader in this process, the EU's FLEGT VPA framework adding an innovative element by offering the promise of increased market access through active promotion of FLEGT licensed timber in the EU market. This provided a powerful incentive for active engagement by tropical countries and achieved a notable success when Indonesia started issuing FLEGT licenses endorsed by the EU in 2016. Ghana looks set to be the second country to achieve this objective in 2024.



However, with the introduction of the EUDR (due to be enforced from January 1, 2025), EU policy has changed as the focus is now less on support for forest reform and law enforcement in tropical countries, and on promotion of legal and sustainable tropical timber, and **more** on 100% tracking to ensure all regulated products are “deforestation free” in accordance with procedures and definitions established by the EU. At this stage the effects of this policy shift in the EU on the wider global policy environment and market are uncertain.

Mr. Oliver concluded by referencing a newly launched initiative, the Broader Market Recognition Coalition (BMRC) of which founder members are Indonesia, Cameroon, Ghana, Liberia, Congo, and Guyana. The central objective of the BMRC is to ensure that there is broad global market recognition of on-going work in these countries to reform forest laws in line with international sustainability principles, and to develop timber legality assurance mechanisms. BMRC includes a set of principles agreed by member countries to provide a template for the development of National Sustainable Forestry Systems and envisages a framework for independent endorsement of these systems. Also, a chain of custody framework is planned to allow graduated on-product claims for forest products that originate in countries working within the BMRC framework.

**‘Enterprise practice and experiences for establishing legal dan sustainable timber supply chains’, Mr. Huang Jianjun (Chairman, Zhejiang Great Luck Trading Co. Ltd., China)**

Mr. Huang Jianjun explained the profile of Zhejiang Great Luck Trading Co. Ltd and noted that a key issue for the company is to improve the livelihood of the local people in the Congo Basin area. The company invests in local infrastructure, for example providing modern facilities for education and health, and contributes to development of the local economy. Following recent rapid growth, the company’s business performance and its ability to invest have continued to expand. The company is committed to further development of the forest resources over which it has control and of timber processing capacity.

**‘Financial incentives for legal and sustainable timber supply chains’, Mr. Bruno Guay, Advisor, Private Sector Engagement and Carbon Finance, Central African Forest Initiative (CAFI)**

Mr. Guay noted that the forests of Central Africa are home to more than 10,000 plant and animal species and account for 70% of total forest area in Africa. The Central African forest is largest net tropical forest sink in the world at -0.61 Gt CO<sub>2</sub>e per year compared to -0.10 Gt CO<sub>2</sub>e per year in the Amazon and +0.49 Gt CO<sub>2</sub>e per year in South Asia. The Central African forest provides livelihoods for more than 75 million people. However, the forest region receives only 11% of climate financing (in the 2008-2017 period) compared to 34% in Southeast Asia and 55% in the Amazon. CAFI works in DRC, Cameroon, Gabon, CAR, RC, and Equatorial Guinea with total committed project financing of US\$843m (of which US\$500m has so far been approved). CAFI trust fund finance is distributed to various sectors as follows: governance (11.9%), agriculture (31.7%), demography (13.2%), land tenure (3.9%), land use planning (9.3%), forestry & conservation (21.3%), and energy (8.6%).





## The Panel Discussion's highlights:

### Panelists:

- Dr. Krisdianto Sugiyanto, Director, Forest Product Processing and Marketing, MoEF, Indonesia;
- Ms. Carole Ogandagas, Director, Research, Statistics and Planning Center, Ministry of Water and Forests, Gabon;
- Ms. Cindy Cheng, Regional Director, FSC Asia Pacific;
- Mr. Li Chongyu, Secretary General, China Wood Protection Industry Association;
- Mr. Peng Yanqing, Secretary General, Puyan Modern Home Furnishing Industry Alliance, China;
- Mr. Frank Rogieri Almeida, President, National Forum for Forest-Based Activities (FNBF), Brazil;
- Mr. Banson Tang, Managing Director, Weinig (Yantai) Woodworking Technology Co., Ltd.

- This session focused on discussing the legal and sustainable issues of the global timber supply chains, exploring new pathways for empowering the development of the timber industry through legal and sustainable supply chains, involving aspects such as laws and regulations, policy requirements, legality recognition, new technologies, incentive mechanisms, and third-party timber certification in different countries.
- In recent years, global timber supply chains have been seriously impacted by the fallout from the pandemic, geopolitical instability, trade tensions, and, starting around mid-2022, a global economic downturn. This has led to serious imbalances between supply and demand, logistical challenges, volatile pricing, and uncertainty over future market prospects and investment. Now, more than ever, there must be a strong policy focus on measures that will contribute to a resilient recovery

in the timber trade and industry. As noted by the ITTO Executive Director, legal and sustainable timber supply chains are key nature-based solutions and more investment in sustainable tropical forestry is essential to promote inclusive and resilient solutions.

- The panelists responded to the questions on: i) the biggest challenges or obstacles for the timber supply chain; ii) proposals to improve the resilience and efficiency of timber supply chains and to ensure these are based on legal and sustainable forest operations; and iii) opinions on the wider role of legal and sustainable timber supply chain as nature-based solutions.
- In Indonesia, a significant challenge is to generate sufficient finance for plantation development. Carbon credits offer significant potential to provide this finance. However, there is a need to improve understanding of the role of carbon markets in the forest sector. New business models need to be developed to determine how to integrate and balance plantation development for timber production and for carbon credits.
- Certification provides a mechanism to demonstrate the legal and sustainable origin of forest and to convey these assurances throughout the supply chain. It has an important role to play to positively promote the benefits of active forest management and timber harvesting to the final consumer and to policy makers. FSC is keeping up to date with the different requirements of the market, including the recent requirements of EUDR.
- The representatives of Chinese industry companies and associations on the panel emphasized the importance of maximizing the value of timber and reducing waste through application of the latest technologies, including AI, and through green design and green storage. There was a need to strengthen collaboration with research institutes and to train and certify staff in the latest techniques and procedures.



## Session 3: Global Cooperating and sharing platform for the timber industry

### Moderator:

Dr. LU De, Executive Director, Asia Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet)



### 'The timber industry calls for global cooperation and sharing platform', Mr. Diego Montiel Oscura, Deputy Manager, Commission Nacional Forestal - CONAFORA, Mexico

Mr. Oscura set out details of the National Forest Information System (SNIF), a platform developed by CONAFORA that records, integrates, organizes, updates, and disseminates information on Mexico's forestry sector. The system is an important part of the national program to ensure sustainable management of Mexico's forests which cover 138.7 million hectares, and which are home to, and help support the livelihoods of, 11.9 million people of which 3.6 million are indigenous. SNIF includes and makes publicly accessible data relating to: the national forest and soil inventory; forest zoning; areas under forest management; commercial forest plantations; restoration and protection actions; forest production; and economic indicators of the forestry sector. The system describes both the procedures to ensure compliance with national forest regulations, and for voluntary certification of Mexican forests.

### Presentations:

#### 'The key challenges and difficulties of international cooperation in timber supply chains', Mr. Dato Henry Lau, Chairman, Sarawak Timber Association, Malaysia

Mr Lau emphasized that deforestation in the tropics is often associated with the expansion of commercial agriculture, illegal timber extraction, forest fires, and infrastructure development. However, blame is often attributed largely to the timber sector, undermining the industry's reputation, and leading to the positive contribution of sustainable forest management for timber to be overlooked. This in turn can lead to tighter restrictions on timber harvesting which can, inadvertently, reduce the value of standing forests and thereby encourage conversion to other uses. Other challenges for the sector were noted, including lack of security of tenure which can hinder implementation of long-term plans and sustainable forest management. The existence of complex and varying consumer country legislation creates significant obstacles to international market access. GLSTF was welcomed as a new platform to help identify and continuously address challenges in the international timber supply chain and to generate actionable solutions among stakeholders towards sustainable management of forests for economic, social, and environmental benefits.

#### 'Together towards the global cooperating and sharing platforms: lessons learned from the GTI platform case', Dr. LUO Xinjian (Secretary General, Global Green Supply Chain Initiatives)

Dr. Luo Xinjian emphasized the important role of good quality, regular data on timber supply, market demand, and sentiment in building legal and sustainable supply chains. This data helps reduce market volatility, contributes to better and more efficient allocation of finance and investment, and improved utilization of forest resources, and thereby assists enterprises to achieve a better balance between profitability and social and environmental responsibility. Through improved data and market understanding, forest and timber enterprises are better placed to support jobs and livelihoods over the long term.





Dr. Luo explained that the Global Timber Index (GTI) Platform has been established for global timber enterprises, based on the Global Timber Index, to facilitate business information and data exchange and collaboration among stakeholders including timber producers, buyers, processing industry and market players nationally and internationally. The GTI, which is released monthly and draws on data provided by corporate members of the platform, monitors the operating status of logging enterprises and manufacturing enterprises as well as

trading companies. The GTI composite index is calculated by summing the five sub-indices of production, new orders, raw material inventories, employees, and delivery time. When the GTI is above 50%, it indicates that the wood industry is in an uptrend; below 50%, it indicates the opposite. In addition to providing a new and readily available leading indicator of market trends in the international timber trade and industry, the Platform will help build a strong network in the private sector in support of legal and sustainable supply chains.

## The Panel Discussion's highlights:

### Panelists:

- Dr. Preecha Ongprasert, Director of Forestry Foreign Affair Office, Thailand Royal Forest Department
- Dr. LU Wenming, Deputy Director of General, International Bamboo and Rattan Organization (INBAR);
- Dr Ralph Ridder, Head of Forest Policy Facility, GIZ Office China
- Mr. LUO Hailong, President, Nankang Furniture Association, China;
- Mr. Guo Xianyang, Chairman, Shenzhen SAMPO KINGDOM Household Co. Ltd., China
- Mr. ZHUANG Bingcuan, Chairman, ALONG Garden Limited, Gabon

- The need for good quality, consistently maintained, and readily accessible data on forests, forest industries and livelihoods, forest products, and markets is critical for development of legal and sustainable supply chains.
- There needs to be more and sustained investment in the development of information platforms in the international forest products sector. This is essential to deliver on these critical data needs, to foster greater collaboration and partnership between stakeholders, and to increase trust and understanding of the role of the timber industry and trade in delivery of sustainability goals.
- There also needs to be greater investment in capacity building in data acquisition, management, analysis and reporting in tropical timber producing countries to deliver on sustainability objectives.
- As the only multilateral organization focused on sustainable forest management for timber and non-timber products in the tropics, and on the international trade in these products, ITTO has a central role to play in the development of information platforms at international level, to identify the need for and to channel support into capacity building in tropical timber producing countries, and to facilitate dialogue on common standards for legal and sustainable trade.





## Wrap up: The GLSTF 2023

The following statement drawing from the day's discussion was prepared and delivered to the Forum by the Rapporteurs:

The aim of the Forum, in brief, is to connect, cooperate, and share experiences to promote recovery of global tropical timber market based on the supply of legal and sustainable products. Thanks to the sponsors, the participants, and to the Macao government – whose claim to offer the “best convention center in SE Asia” was well supported by the experiences of those attending the event – the Forum went a long way to delivering on that objective.

The Forum linked together several large and extra-ordinary networks: the ITTO which consists of 75 governments globally, and which has worked for 37 years in managing tropical forest; the Global Green Supply Chain Platform, which was formally inaugurated during the Forum; the Congo Basin Forest Partnership; the ATIBT, and the Central African Forest Initiative, amongst others.

The Forum heard that in many ways this is a very difficult and challenging time for the tropical timber industry – when for perhaps the first time all the major economies of the world are slowing at the same time – weighed under the economic volatility that has followed on from the COVID pandemic, the threat of conflicts, trade wars, rising energy prices, climate change, and pressure on resources.

However, the high level of participation at the Forum, combined with messages about the strong potential for growing markets for tropical timber to mitigate the risks of deforestation and to act as a key component of a modern circular economy – for example by

substituting for more energy intensive products in the building sector – gives encouragement that these challenges can be turned into opportunities.

Particularly encouraging is that the Forum is not intended to be a one-off event – the aim is to grow the Global Green Supply Chain platform and the Global Timber Index platform each year, with future fora already being planned to report on these and other initiatives.

A key theme that came through during the Forum was the critical need to add value to timber products in tropical countries, to generate more wealth and encourage even more job creation prior to export. This is important not only to add value to standing forests, but also to help diversify the economies of tropical countries and contribute to the attainment of wider sustainable development goals.

A key theme that came through during the Forum was the critical need to add value to timber products in tropical countries, to generate more wealth and encourage even more job creation prior to export.

A particularly striking observation made during the Forum is that in the Congo basin, for example, the forest products sector is already the second largest employer after the public sector. Imagine how many more jobs, and how much more wealth could be generated locally if more wood could be processed in the region.

This in turn requires modernization of the means of production in tropical timber supplying countries. When talking about sustainable forest products industries, there is often not enough focus on the need for more inward investment in efficient processing and manufacturing, and more welcoming investment climates in many tropical countries.

It's only through such investment that more value can be generated from the materials that the forests have to offer on a sustainable basis. For example, to reduce waste and expand use of lesser-known species.



## 2023全球合法與可持續木業高峰論壇 FÓRUM GLOBAL DE MADEIRA LEGAL & SUSTENTÁVEL 2023 GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023

### 可持續林業經營與負責任的木材工業運營的聯合意向聲明

Declaração Conjunta de Intenções (JDol) sobre a Gestão Sustentável das Florestas e as Operações Responsáveis da Indústria Madeireira  
Joint Declaration of Intent (JDol) for Sustainable Forest Management and Responsible Timber Industry Operations

#### 簽署儀式

Cerimónia de Assinatura  
Signing Ceremony

主辦單位  
PATROCINADORES  
HOSTS



承辦單位  
ORGANIZADORES  
ORGANISERS



中國澳門 · Macao, China 21.11.2023



The discussion during the Forum went a long way to rectifying that. There were inspiring presentations and comments from several Chinese manufacturers who provided models for how modern forest products companies should operate, reducing environmental impact through waste minimization, product development, support for numerous initiatives on the ground in supply areas, focusing communication squarely on the contribution this makes to reduced carbon emissions and climate change mitigation.

But realizing the potential of tropical timber requires forest reform, knowledge, and investment, and a key part of the Forum's future work must be to find ways to transfer this further into the tropical domain. It was mentioned several times at the Forum that this remains a significant challenge in many tropical countries.

Independent certification was also mentioned several times at the Forum as an important mechanism for communicating sustainability of tropical forest operations into the market, and thereby reassuring the market and adding value to tropical products. Certification is a valuable tool, but there are challenges in ensuring wider access to certification in the tropics, particularly amongst smallholders, how to deal with the increasing complexity of global supply chains, and to ensure continued compliance with rapidly evolving and often complex regulatory requirements.

The forum touched on these regulatory requirements, on the challenges of compliance with laws like the new EU Deforestation Regulation and the CITES regulations. Regulation is of course essential to build legal and sustainable supply chains, but trade regulations in major timber consuming markets need to be consistent, and tropical countries need support and investment in capacity building to allow their continuing

market access. There is a need for smart regulations that do not unnecessarily add transaction costs that might undermine the relative competitive position of legal and sustainable timber.

The Forum made a major contribution to initiating global cooperation and development of a platform for information exchange on sustainable tropical forestry and markets for legal and sustainable tropical timber products. It will increase positive interactions and understanding between the public and private sector and access to reliable and timely data.

The Global Timber Index presented at the Forum is a particularly important initiative. It will supplement existing data sources such as trade statistics and the ITTO Market Information Service by providing a more regular – monthly – “weathervane” of change in the tropical timber market, drawing data directly from many operators to provide country and sector-specific data. The project will help improve transparency and allow better targeted policy formulation.

To conclude with a key theme mentioned numerous times during the Forum, the recognition that no sector, and no country, is an island, all participants at the Forum need to work together. Successful partnerships need to be built on mutual respect and trust, and that in turn requires regular, clear, credible, and accurate communication. The forum made a major contribution to that and should continue to do so in the years ahead.







**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023**

## **Specialized Sub-forum 1**

**Timber Legality and Sustainability**

22 November 2023, Macao

Co-organized by



**ITTO**  
INTERNATIONAL TROPICAL  
TIMBER ORGANIZATION





## Introduction

Several policy initiatives have been taken both in the public and private sector to promote demand and trade of timber and timber products from legal and sustainable supply chains (LSSC), including the implementation of sustainable forest management and its independent certification, chain-of-custody certification, and other measures to establish traceability of wood products to their origin in the forest, verification of legal compliance and the adoption of responsible public and private purchasing/procurement policies, green building standards, etc.

Forest-based enterprises and international trade add value to tropical forests and can contribute significantly to sustainable economies and livelihoods. There is evidence, however, that the share of tropical wood in major import markets is affected by the negative environmental image of tropical wood and by its substitution by non-tropical wood and non-renewable materials (e.g., plastics, non-wood laminates, concrete and metals). This suggests that some consumer markets are overlooking the significant benefits of tropical timber as a renewable, environmentally friendly resource.

For decades, tropical timber has struggled to maintain its position in the international timber markets. Having faced threats of bans and boycotts in the seventies and eighties, the tropical timber sector must now find ways to comply with laws prohibiting the importation of illegal timber which are being imposed by major importing countries.

Tropical timber producing countries and the international tropical timber trade must adopt a positive and proactive approach. Clear and coherent strategies are needed to reform and strengthen forest governance, to rein in illegal logging, and to trade more efficiently and effectively. These objectives should inform the development and implementation of national timber legality assurance systems (TLAS) that can withstand international scrutiny and meet legal requirements of all international markets, including the recently introduced EU Deforestation Regulation (EUDR).

The implementation of sustainable forest management in tropical countries, and communication of this to international markets, provides an opportunity to build market share and overcome prejudices against the use of tropical timber. Legally and sustainably produced wood is one of the most environmentally friendly construction materials. Sustainable use and trade of forest resources is central to their conservation outside of protected areas as well as securing the livelihoods of forest dependents communities and the sustainable development of rural economies.

This specialized sub-forum will discuss issues related to timber legality and sustainability among different stakeholders and share knowledge on the application of existing tools and techniques to support achieving the objectives of the GLSTF. There were around 70 participants joining the sub-forum.

## Opening remarks



**Ms Sheam Satkuru, ITTO Executive Director**

- Policy initiatives have been taken in both the public and private sector to promote demand and trade of legal and sustainable timber.
- These initiatives include independent forest management certification, chain-of-custody certification, verification of legal compliance, responsible public and private procurement policies, and green building standards.
- Tropical timber producing countries and the international tropical timber trade are urged to adopt a positive and proactive approach to addressing the priority challenges of weak forest governance through clear and coherent strategies for reforming and strengthening forest governance and reining in illegal logging and trade more efficiently and effectively.
- The strategy should form the basis for the development and implementation of a national timber legality assurance system (TLAS) that can withstand international scrutiny and meet legal requirements of all international markets, including the recent development with EUDR.
- Sustainable forest management is a solution because it generates legally and sustainably produced wood - the most environmentally friendly construction materials - and many other products and services.
- Sustainable use and trade of forest resources is central to their conservation outside of protected areas as well as securing the livelihoods of forest – dependent communities and the sustainable development of rural economies.
- The informal timber harvesting sector is significant in many tropical countries where it often comprises small-scale chainsaw millers. These can provide considerable benefits to local populations in terms of income, employment and the overall development of local economies. However, being unplanned and unregulated, the informal sector can also contribute to deforestation and forest degradation.
- Strengthening enforcement to “stamp out” these informal activities alone would be a naïve approach as it fails to address the fundamental drivers of the problem related to economic necessity and lack of alternatives to livelihoods and employment and policy failures. There is no single approach to address the problem which requires a multi-pronged strategy, based

on a detailed diagnosis of the problem in each country, and engagement and dialogue with all actors.

- A TLAS is developed to meet the requirements of the international markets and to ensure continued market access. A key international policy objective must be to ensure a level playing field so that consumer country regulations are non-discriminatory and do not unfairly disadvantage specific countries or operators.
- The wood product sector now faces significant challenges with the implementation of the EUDR. In-depth discussions are already underway in many countries and sectors on how best to meet the requirements of the EUDR without adding unnecessary costs or leading to discrimination against certain operators.
- Sustainable use of forest resources is central to their conservation, while the sustainable trade in forest products can greatly mitigate climate change and other negative environmental impacts by substituting for less environmentally products and contributing to the development of circular economies.



**Mr. Thomas Goebel, ETTF Secretary General**

- The key word for the market is “sustainability”. Sustainability is a unique selling point of all materials. Compared to other non-renewable materials such as concrete, steel, plastic, timber is sustainable. This fact needs always to be emphasized in communication with the markets.
- The EUDR represents a paradigm shift in EU demand from legality to deforestation-free products. It will be harder to fulfil due to more far-reaching documentary requirements and standards for operations at the original source of the product. It will be challenging for many tropical producers, particularly given the fact that there are more than 700 commercial tropical timber species compared to only four important species from Germany. Nevertheless, through close cooperation with producer countries, we should be able to effectively implement the regulation. ETTF is calling for more support for producer countries in their efforts to meet the regulation.
- Timber has a strong future in the EU as a building material. The European Commission is actively encouraging increased use of wood in construction through various regulations and communication campaigns that form part of the wider EU Green Deal. This will increase opportunities for tropical timber producers in the European market.



## Session 1: Updates on legality and sustainability requirements in the supply chains of timber and timber products

### Moderator:

Ms. Sheam Satkuru (ITTO Executive Director)

### Speakers + Panelists:

- Ms. Ivonne Higuero (CITES Secretary General)
- Ms. Noraihan Abdul Rahman (MTC Chief Executive Officer)
- Mr. Thomas Goeber (ETTF Secretary General)
- Mr. Rupert Oliver (Director of Forest Industries Intelligence Ltd.-UK/ITTO Expert)

### Additional panelists:

- Mr. Ngo Sy Hoai (Vice President & Secretary General, Vietnam Timber & Forest Products Association/ VIFOREST)
- Dr. Preecha Ongprasent (Director of Forestry Foreign Affair Office, Thailand Royal Forest Department)
- Dr. Steve Johnson (Director of Trade and Industry, ITTO)

### Focused on challenges and opportunities offered by latest developments in the international market and the readiness of tropical producer countries to fulfil market requirements

Concerned about illegal logging and the illegal timber trade, and its role to undermine forest governance, many timber consuming countries have enacted laws to prohibit trade in illegally sourced timber. This year, the EU has gone one step further with the EUDR which requires that timber and other “forest-risk” commodities be identified to specific “plots of land” that are “deforestation free”. It is important to understand just how effective these regulations are to combat illegal logging, improve governance, and reduce deforestation and forest degradation in the tropics. Also, to understand whether there are any significant unintended consequences for tropical forests and the tropical timber trade and industry. This is required to inform the future development and implementation of policies, strategies and action plans to prevent deforestation and illegal trade, and to improve forest governance by the public and private sector, and by civil society, SMEs and local communities.

## Summary of presentations

### ‘CITES’s work on promoting timber legality and sustainability’, Ms. Ivonne Higuero, CITES SG

- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was signed on 3 March 1973 and entered into force in 1975 and now has 40,000+ species listed in 3 Appendices.
- Tree species listed in the Appendices: i) in 1975, 18 tree species were included in the Appendices; ii) at CoP19, around 150 new tree species were included in Appendix II; iii) to date, around 700 timber tree species are included in the CITES Appendices, of which 97% are listed in Appendix II.
- The main timber sectors and industries that rely on CITES-listed tree species include: i) furniture manufacturing; ii) luxury goods and artisanal crafts; iii) musical instruments; iv) hardwood and softwood flooring; v) construction and woodworking; and vi) timber exporters and importers. The timber trade and industry, in all its forms, is a key ally for the effective implementation of CITES.
- Parties continue to face challenges for the proper implementation of tree listings, particularly in relation to: i) sustainability – information gaps to develop non-detriment findings (NDF); ii) legality – compliance gaps to develop legal acquisition findings; and iii) enforcement – illegal trade and challenges in the identification of tree specimens in trade.
- Timber and wood products are amongst the most traded commodities that CITES regulates. Timber identification is a key skill for CITES enforcement and scientific authorities, and customs officers. The CITES Secretariat partnered with FAO to create the first global repository on timber identification.





**'Malaysia's case on timber legality and sustainability',  
Ms. Noraihan Abdul Rahman, MTC CEO**

- Malaysian timber industry contribution in 2022: i) 1.67% of GDP; ii) 12.6% of total agriculture commodities export; and iii) 1.62% of total export.
- Policy for forestry: i) to conserve and manage the nation's forest based on the principles of sustainable management; ii) to protect the environment; iii) to conserve biological diversity and genetic resources; and iv) to enhance research and education.
- TLAS & Certification Scheme: i) Timber Legality Assurance Systems (TLAS) ensure compliance to legality requirements; ii) Malaysian Timber Certification Scheme (MTCS) serves as a national voluntary sustainable certification framework and is endorsed by the Programme for the Endorsement of Forest Certification (PEFC).
- Overview of the challenges on legality and sustainability: i) cost to maintain third-party certification and audit; ii) closure of business post-Covid-19; iii) slowdown in the construction sector affecting demand; iv) national socio-economic developmental needs; and v) deforestation-free regulations.
- Malaysia's initiatives on legality & sustainability: i) implementing SFM system since 1901; ii) committing to ensure at least 50% of land area under forest cover; iii) supportive national policies on legal and sustainable timber products trade; iv) implementation of the 100 Million Tree-Planting Campaign 2020-2025; and v) establishing Industrial Tree Plantations (ITP).



**'European perspective on legality and sustainability',  
Mr. Thomas Goebel, ETTF SG**

- The EUDR entered into force on 29 June 2023. Between 30 December 2024 and 30 December 2027, EUTR and EUDR will exist in parallel. EUTR continues to apply for: i) products harvested before 29.06.2023; and ii) placing timber products on the EU market between 30.12.2024 and 30.12.2027. EUDR applies to all wood harvested from 29.6.2023. The EUDR covers a wide range of timber products, including sawn timber, wood-based materials, paper and furniture.

- Obligations of importers include: i) to apply a due diligence system (DDS) prior to placing on the market; ii) aspects to be considered in DDS are deforestation, forest degradation, and production (= harvest) according to local laws; iii) to submit a due diligence statement to the EU Information System that will be established by the EC; and iv) communicate information to customers.
- Importers must prove that products do not originate from a "plot of land" – defined as a "single real estate property - where deforestation or forest degradation occurred after 31.12.2020.
- Information required from producers includes: (i) the geo-coordinates of all plots of land where wood was harvested - an area under four hectares requires a single point, an area over four hectares requires a polygon. If regulated material in a single consignment derives from several plots of land, then all must be specified; ii) date of harvest in each plot of land; iii) information about the product (scientific name etc.); iv) evidence that the wood was harvested legally; v) evidence that the wood doesn't originate from a plot of land where deforestation or forest degradation occurred after 31.12.2020; and vi) for high-risk-countries, additional action to mitigate risk of corruption or mixing along supply chains etc.

**'Trends in global timber trade and green market requirements',  
Mr. Rupert Oliver, Director of Forest Industries Intelligence Ltd.-  
UK/ITTO Expert**



- From the perspective of the international forest products sector, EUDR is a mix of "the good, the bad, and the ugly". "Good" elements include inherent recognition that agriculture rather than forestry is the main deforestation driver, that sustainable management of natural forest for hardwoods offers significant carbon benefits, and that the law actively encourages innovative approaches to verification. "Bad" elements include the requirement for geolocation to individual 'real estate properties' with each consignment, a requirement which increases transaction costs on material from smallholders relative to large industry and state operators. "Ugly" elements include the lack of consultation with trade partners prior to introduction of the law, combined with an unrealistic time frame and the fact that by not distinguishing between legal conversion and illegal deforestation, the law cuts across national sovereignty.
- The law as currently written is a blunt instrument. Defining the "plot of land" required for geolocation as a "single real estate property" is "dumb". Forest land in many countries cannot be considered as "real estate" (which implies it can be bought and sold). Rather forest land is vested in the state, or in indigenous and other communities. This definition also creates an unnecessary barrier to material from smallholders

where aggregation and mixing from numerous small harvests in many “plots of land” is often necessary to prepare export consignments of consistent grade and quality or to manufacture complex products.

- A change to the definitions contained in the law would go a long way to resolving this problem. Rather than equating the “plot of land” to a “single real estate property” it could be better defined as *“an area of land delineated for geolocation and traceability purposes that consists of a single integrated management unit or, in the context of smallholders and local communities, a single jurisdictional area or cooperative association, or in the context of Indigenous Peoples, a single tribal area or reservation”*.
- This “smart” definition acknowledges the necessity to identify product provenance while also levelling the playing field between smallholders and large industry and state operators. It also aligns with forest certification systems, whether FMU-based for large forest operators, or jurisdictional risk-based for smallholders, and with the genuine level of resolution of provenance technologies.

- In the absence of such efforts to refine the law, and considerable engagement on the part of the EU to develop practical solutions, there is a risk of unintended consequences such as: less EU imports and exports of composite products in favor of raw commodities; increased costs & decreased competitiveness for EU wood products manufacturers exporting from the EU; segregation of global supply chains for the EU from supply chains for other markets; EU trade becoming focused on larger industry and state lands at expense of smallholders; consolidation of forest and farmland into larger holdings to supply the EU market; disincentives to reforestation on farmland cleared before the 2020 cut-off date; and decreased competitiveness of wood compared to plastics, steel, aluminum, concrete etc.

### Summary of Session 1 discussions



- The discussions were guided by three main questions, namely: (i) what is the likely impact of trade regulations imposed by major consumer countries on the forest industry sector in producer countries, particularly in the context of existing market volatility?; (ii) what steps can be taken in producer countries to ensure their readiness for new regulatory requirements, thereby minimizing threats and maximizing opportunities?; and (iii) what can international organizations, such as ITTO and CITES, do to help their member countries to solve problems encountered in the international timber markets?
- With the increasing number of species listed on CITES, there is a need to help producing countries to increase their capacity to implement CITES and other international agreements. New sources of funding are also required. While EU and other countries are proposing the listing of more species on CITES, funding is no longer provided to help countries to implement the CITES provisions through ITTO. Countries proposing species listings must be encouraged to propose how to fund capacity building to help implement the listing species and to prepare the required documents such as Legal Acquisition Findings/ LAFs and Non-Detriment Findings/NDFs).

- CITES has received a commitment from the EU for so-called bridging funding to continue helping countries to prepare their NDFs. CITES is also supporting producer countries to respond more effectively to challenges around climate change. CITES and ITTO have been allies for many years in linking forest and tree species with the climate sector. Finance is available but it is not always targeted effectively towards the most pressing problems or efficient solutions.
- Thailand has organized a public hearing on EUDR. It found that for Thailand's timber industry the EUDR requirements should be manageable since in Thailand timber is mainly derived from plantation. However, Thailand also imports hardwoods from other countries to supply the furniture manufacturing sector, for which the EUDR requirements will be more challenging.
- The Malaysian forest products industry supports the objectives of the EUDR but needs more clarity on exactly how the law will be enforced and how certain aspects will be interpreted by the EU regulators. For example, the requirement for provision of geolocation data under EUDR raises issues of national security in Malaysia for which the government and industry needs further clarification.
- The Malaysian industry is also concerned about the range of existing standards and requirements for legal and sustainable timber both within the EU and the wider global market. This can lead to duplication of effort and, in some cases, requirements may be contradictory, greatly increasing the cost of trade. There is a strong need for producing and consumer countries to work together towards harmonization of procurement standards and regulatory requirements in trade.



- Cooperation and technology transfer is also necessary to ensure innovations in legality verification and traceability are widely accessible, thereby reducing compliance costs.
- It was emphasized that EUDR obligations apply not only to forest products that are imported into the EU, but also to the placing on the EU market of domestically produced products, and all products exported from the EU. In the forest products sector, there is therefore a level playing field between EU suppliers and those in other countries. ETTF is working with trade partners outside the EU to find solutions that will allow continued market access when enforcement of EUDR begins from 30th December 2024.
- The FLEGT VPA program demonstrated the value of partnerships between timber producers and consumer countries to drive improvements in forest governance. Article 30 of EUDR provides encouragement that the EU is ready to build on this approach through development

of new forest partnerships which will aim to engage all stakeholders to develop procedures for regulatory compliance. However, this process will take time. There is also little evidence yet that EU regulators have given full and appropriate consideration to the challenges of fulfilling the geolocation requirements in relation to composite products such as furniture, particularly when wood raw material is derived primarily from smallholders. The trade of timber and lumber in Southeast Asia is extraordinarily complex and this needs to be acknowledged and time allowed to find solutions. Failure to do so would threaten the credibility of the regulation and could seriously damage trade relations.

## Session 2: Updates on advanced tools and technologies for timber legality and sustainability

### Moderator:

Ms. Siti Syaliza Mustapha (PEFC Chief Operating Officer)

### Speakers + Panelists:

- Dr. Ratih Damayanti (BRIN Indonesia),
- Dr. Victor Deklerck (World Forest ID),
- Dr. Akira Kagawa (Forestry and Forest Products Research Institute/FFPRI, Japan)
- Prof. Dr. Andrew Lowe (The University of Adelaide, Australia)

**Video presentation:** Timflow. Traceability and Transparency as Cornerstones of an Effective Risk Mitigation System. Mr. Michael Proschek-Hauptmann HS Timber Group, Romania

### Additional panelists:

- Ms. Cindy Cheng (FSC Regional Director for Asia)
- Mr. Ngo Sy Hoai (Vice President & Secretary General, Viet Nam Timber & Forest Products Association/ VIFOREST)

Session 2 highlighted the role of advanced tools and technologies, and approaches to support authorities and traders in identifying the legality and sustainability of traded timber and timber products. Selected timber identification tools and traceability system developed by research institutions, the private sector, universities and NGOs were shared and discussed.

### Summary of presentations

#### 'Emerging Technologies of Wood Identification Tools', Dr. Ratih Damayanti (BRIN Indonesia)

- The vision is to make wood identification accessible to everyone. The goal is to develop a portable and easily accessible platform that allows users to identify wood anytime, anywhere. This initiative aims to democratize wood identification and provide broader access to this valuable information.
- A smartphone application called AIKO has been developed. With AIKO, wood identification becomes more accessible and efficient, enabling users to conduct detailed observations and analysis conveniently on their smartphones. The AIKO database encompasses more than 1,200 species, making it an extensive and constantly growing resource for wood identification.
- There are various other techniques utilized in wood identification, including DNA analysis, NIR (Near-Infrared) spectroscopy, DART TOF (Direct Analysis in Real Time Time-of-Flight) mass spectrometry, isotope analysis, and Raman spectrometry. By incorporating a volumetric fixed sensor, a breakthrough was achieved with a tool that can accurately identify wood species in standing trees or logs. Capacitive-based spectroscopy was used in conjunction with machine learning for wood species identification. This development will enable efficient and non-destructive wood species identification.
- Through APEC EGILAT, a project 'Developing Integrated Timber Data to Enhance Legal Timber Trade of the APEC through Xylaria Networking' is being implemented.



### **‘Filling the science and data gap in global supply chains’, Dr. Victor Deklerck, (World Forest ID)**

- World Forest ID is an independent US-based non-profit with a growing global set of scientific partners. Leveraging unique geo-located plant chemistry, environmental data and cutting-edge technology to enable traceable and accountable global supply chains.
- What is ‘Wood ID’: Species ID and Location ID. Species ID: Verification (evaluating a documented/declared species claim) and Determination (answering an open question “what is it?”). Location ID: Verification: (evaluating a location/concession of harvest claim) and Determination (answering an open question “where was it harvested?”).
- For filling the gaps in robust reference material, World Forest ID established trees sampled globally and available for all techniques.
- For Asia Pacific timber supply chains, World Forest ID has an ambition to create reference material for multiple analytical techniques to facilitate transparency and law enforcement in high-risk supply chains in the Asia Pacific Region.
- EUDR is a pivotal moment (geolocation and ‘DNA and chemical’ testing mandated): i) Raising public investment to create unique primary data that makes the sector transparent - for all stakeholders; ii) Setting essential new standards for scientific and statistical credibility/ protecting the sector from expensive greenwash; iii) Raising public investment to collect samples and create public reference data that makes the sector transparent; iv) Setting essential new standards for scientific and statistical credibility; v) Advising investigators and prosecutors on reference material and lab options.



### **‘How to trace wood geographic origin with tree-ring isotopes: Success in temperate zones and challenges in the tropics’, Dr. Akira Kagawa (Forestry and Forest Products Research Institute/FFPRI, Japan)**

- The presentation was based on the outputs of ITTO project PD913/20 Rev.3 implemented in Panama. Every timber has the isotopic fingerprints characteristic of its geographic origin. Oxygen isotope ratios are higher in the tropics and decrease with increasing latitude. In the tropics, the isotope ratios are higher during the dry seasons and lower during the rainy seasons. These spatial and temporal fluctuations in oxygen isotope ratios are imprinted in timber worldwide.
- The Tree-Tree Correlation method, which is our original invention, offers higher precision. An observation leads to a straightforward principle: trees in close proximity tend to exhibit similar isotope patterns. This can be used as a principle to estimate the geographic origin of wood.
- To provenance wood, we found that oxygen isotope analysis was more effective than using carbon isotopes or ring widths. With the “isotope-dendroprovenancing” method, we were able to accurately determine the geographic origin of oak wood with 60 km precision and at a high level of confidence. Application of this method to tropical timber necessitates isotope analysis at seasonal resolution. For broader usability, there is a need to automate the isotope analysis to enhance efficiency.



**'Integrating Tools into Chain of Custody and Due Diligence System', Prof. Dr. Andrew Lowe (The University of Adelaide, Australia)**

- In the USA, DNA fingerprinting has been developed: i) 430 individuals from 40 populations; ii) 135 variable SNPs screened; iii) Individualization probability  $1 \times 10^{23}$ ; iv) DNA identified population and cut stump of origin; and v) Used in successful legal prosecution. Illegal logging issue: Removal of big leaf maple trees from National Park in Washington state, USA.
- In Myanmar, DNA fingerprinting has been developed: i) 605 individuals from 70 populations; ii) 132 variable SNPs screened; iii) Country and regional differentiation; iv) DNA identified region in Myanmar and tracked back to stump of origin; and v) Used to support legality claims. Illegal logging issue: Conflict timber entering teak supply chain in Myanmar bound for European markets.
- In Australia, DNA fingerprinting has been developed: i) DNA barcoding method developed; ii) DNA sequences for 57 chloroplast genes analyzed; iii) Sequences compared to international genetic databases NCBI/GenBank to identify species; iv) Recent test of important timber showed 40% mislabeled on permits. Illegal logging issue: Import of timber into Australia, species of origin not verified or legal.
- In Russia, DNA barcoding has been developed: i) Total of 4 markers, 2 x SNP, 2 x INDEL; ii) Able to distinguish between North America, Asia and Europe; iii) DNA identified North American origin of sample; and iv) Indicated species to be *Quercus alba*. Illegal logging issue: Client ruling out the possibility of Russian timber entering their white oak veneer supply chain.
- Database building through ITTO projects include: Meranti Dipterocarps/*Shorea*, African teak (*Pericopsis elata*), African cherry (*Prunus Africana*), Ipe (*Handroanthus/Tabebuia*), and Cumaru (*Dipteryx panamensis*).

**'Video presentation: Timflow. Traceability and Transparency as Cornerstones of an Effective Risk Mitigation System', Mr. Michael Proschek-Hauptmann (HS Timber Group, Romania)**

- HS Timber Group production facilities include sawmill, woodworking, and panel processing in Europe and Argentina.
- Multilayer risk situation in Romania: i) 29.5% of Romanian land area is covered by forests (tendency growing); ii) Wood is an important resource for local business, industry and as heating materials; iii) Wood based industries account for 1.75% of Romania's GDP (above European average); iv) Corruption Perception Index 2022 - Transparency International (40/100-High Risk); v) Rule of Law Index 2022 = 0.63 (regional average 0.74); vi) Infringement Procedure from European Commission – improper implementation of EUTR-illegal logging; vii) Highly regulated forestry sector; and viii) NGO reports on illegal logging.
- Key features of Timflow: i) Fixed GPS tracker – all trucks are equipped; ii) Collected data: timestamp, GPS coordinates, photo documentation; iii) Validation procedure at gate – nonintervention and buffer zone maps for national parks, possible virgin forests, confirmed virgin forests and UNESCO sites (live notification via e-mail if a transport is initiated from within these limits); and iv) Online publishing of each transport (timflow.com).



### Summary of Session 2 discussions

- The discussions were guided by three main questions, namely: i) How do you see developments in advanced tools and technologies contributing to operationalization of policies and regulations for timber legality and sustainability?; ii) What factors facilitate integration of advanced tools and technologies into national TLAS?; iii) What is the timescale for introduction of advanced tools and technologies? Is it essential, or possible, for these tools to be implemented immediately? Are producer countries ready to adopt these tools and technologies?
- There is a need for handy and user-friendly tools, for example mobile phone apps, to facilitate traceability and verification of legal origin of timber and timber products. A significant challenge is how to effectively integrate new technologies into supply chains. There is also an issue around confidentiality. Data exchange protocols need to be developed. Application systems need to be adaptable for different site conditions, especially in terms of human capacity and connectivity. Data collection (timber samples), infrastructure, skills, and data processing all need to be addressed.
- The Government of Vietnam promulgated its TLAS in 2020. The traceability of imported timber - which is sourced from more than 100 countries and includes over 700 species and sub-species - is particularly challenging. The TLAS framework classifies imported timber into two categories: "low risk" and "high risk". Imported timber is also categorized as derived from "active" and "non-active" geographic areas. Under Vietnam-US collaboration, a wood identification laboratory has been established to enable rapid analysis of wood samples. There is a lot at stake in Vietnam. Without appropriate tools to identify illegally sourced timber, Vietnam's timber industry will suffer severely, particularly as it is heavily dependent on export markets. Many Vietnamese companies, particularly those focused on selling into the EU market, implemented due diligence procedures many years ago.
- Developing scientific testing procedures in the timber sector is more challenging than many other sectors since it involves so many species, all requiring different reference data. This data must also be readily accessible to a wide variety of stakeholders to allow for independent testing for species and provenance identification.
- There is a need to develop wood identification and provenance testing procedures that can be used by non-scientific staff. The systems developed so far all have weaknesses and strengths. Even during the latest discussions between scientists at the APEC-EGILAT meeting, there was no consensus around which tools may be most effectively and widely implemented, particularly in remote areas. A specific need is for tools that can be used to accurately identify species and transfer this into digital databases in the forest to avoid errors when compiling inventories and during harvesting operations.
- Identification of species at the forest level is critical to the effective operation of TLAS. Scientists need to work with governments to integrate accurate species identification procedures in the forest to ensure accuracy and integrity of regulatory documents. Indonesia has more than 4000 species and, for sustainability reasons, a larger proportion of lesser-known species are being commercialized. Scientists also need to contribute to the development of complete and robust traceability systems that can be implemented throughout the whole supply chain and which allow clear verification of provenance and species by customs officials. There is a strong need for capacity building to create the necessary infrastructure.
- Compared to wood identification technology, research into techniques to identify the provenance of timber is still some way behind. Further work on tree ring isotopes to identify timber origin is still required, both to increase accuracy and to reduce costs which are currently prohibitive.





**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023**

## **Specialized Sub-forum 2**

**Sustainable Timber Resources, Markets and Trade**

22 November 2023, Macao

Co-organized by



中国木材与木制品流通协会  
China Timber & Wood Products Distribution Association



LA RÉFÉRENCE EN MATIÈRE DE BOIS TROPICAL







## Basic description of Sub-Forum 2

On 22 November 2023, China Timber and Wood Products Distribution Association (CTWPDA) and the Association Technique Internationale des Bois Tropicaux – International Tropical Timber Technical Association (ATIBT) co-organized the Specialized Sub-Forum 2 on “Sustainable Timber Resources, Markets and Trade” under the Global Legal and Sustainable Timber Forum 2023.

Mr. Li Jiafeng, President of CTWPDA, and Ms. Françoise Van de Ven, President of ATIBT, delivered the opening speeches. Mr. Li briefly introduced the basic situation of China’s wood industry, explained the role of China in the global wood industry as well as China’s contribution to the world in terms of sustainable resources, markets and trade. Ms. Van de Ven reviewed the achievements of Shanghai forum in 2019 and expressed that the convening of this forum is significant for promoting the global timber legal and sustainable timber industry.

In the **keynote speech session**, Ms. Caroline Duhesme of the International Tropical Timber Technical Association analyzed State of the world’s wood resources and current trends.

Prof. Xu Jianchu, the Principal Scientist of CIFOR-ICRAF and a professor of Kunming Institute of Botany of Chinese Academy of Sciences delivered a speech on plantation economy and sustainable trade on timber.

Mr. Zhang Xinxin of Preferred By Nature interpreted the EUDR, the European Regulation to fight deforestation.

Mr. Tang Zhenzhong, Senior Engineer of China Timber and Wood Products Distribution Association, shared the challenges and opportunities for the timber industry in China.

In the session of **panel discussion** of case studies and testimonies for global timber supply & demand, Mr. Christoph Guilhou, the Co-Facilitator of the Congo Basin Forest Partnership (CBFP) and a representative of French Development Agency (AFD), called for funding for rainforest conservation to reduce deforestation, protect rainforests as a source of carbon sinks, and help developing countries to protect biodiversity.

Mr. Diego Montiel Oscura, Deputy Manager of Commercial Forest Plantation Development, the National Forestry Commission (CONAFOR) of Mexico, said that the Mexican government has put forward a plan to promote industrial afforestation, which is aimed at utilizing unused land to create timber forests, revitalizing the forestry industry, and creating new employment opportunities.

Mr. Xu Jianhua, Bonus Harvest of Gabon, explained the current status of the development of the timber industry and the problems they encountered in Gabon.

Mr. Zhu Guoliang, the General Manager of Boer Flooring in China explained the importance of Chinese companies in placing on legality when sourcing raw materials from overseas.

Mr. Gabriel Mola Motya from the Democratic Republic of Congo (DRC) said that the DRC has rich forest resources, and the development of wood industry has always been a pillar industry emphasized by the government. DRC will attach importance to the legality and sustainability of wood industry.

Mr. Martin Nkié from SYNEFOR, Cameroon mentioned that the Government of Cameroon has imposed severe restrictions on log exports, although the ban on log exports has not yet been fully implemented. In addition to increasing log export taxes, only some licensed timber merchants are allowed to export logs, which has greatly affected the development of Cameroon's wood industry.

Mr. Stephane Glannaz from Precious Wood called on everyone in the industry to take action on forest and timber sustainability.

Panelists of this session discussed the current supply, demand and development of the timber industry in various regions as well as the future trends, and shared some good practices of sustainable management of timber resources.

The sub-forum was moderated by Mr. Huang Nan, the Secretary General of the Wood Doors and Windows Committee of CTWPDA, and Ms. Francoise Van de Ven, the President of ATIBT.

Around 180 participants from 18 countries engaged in wood import and export, wood window, door and floor, research and some government officials participated in this sub-forum. In the meantime, more than 4,000 participants virtually attended the sub-forum through the online format.

## Outcomes

The GLSTF 2023 is the first international event of hardwood industry held in Macau after the pandemic. The successful convening of this sub-forum will contribute to building a communication and interconnection exchange platform for timber industry stakeholders who are concerned about legal and sustainable timber production and trade in various countries. It will also provide new opportunities for information sharing and cooperation for the participating enterprises, and promoting the expansion of international trade and cooperation in the timber industry.



## Achievements

The participated Chinese timber and wood products enterprises are mainly engaged in timber importers, wooden doors and windows, wooden flooring and other enterprises with strong demand and financial strength for the procurement of tropical materials. By participating in this forum, the enterprises deepened their understanding of the policies and dynamics of the global timber market after the epidemic, which will be significant for them to involve in global green supply chains which will promote connecting, cooperation and sharing to accelerate the recovery of the global timber sector.

During the forum, Chinese timber enterprises exchanged ideas and negotiated with enterprises from Africa, Latin America and South-east Asia including establishing business contact and exploring B2B opportunities. For example, more than 10 enterprises, such as the China Qingdao Kaitou Supply Chain Management Company, Ltd., China Guangxi Guanglin Forestry Supply Chain Group Co, Ltd., China Guangdong Dongguan Baoshen Wood Industry Co., Ltd., identified and found potential business partners of upstream and downstream by participating in this forum.

Through this sub-forum, CTWPDA and Brazil CIPEM exchanged information and reached a consensus on future collaborations and cooperation. By organizing this event with ITTO, CTWPDA and ATIBT further deepened the cooperation, improved mutual understanding and efficiency, and laid a good foundation for enhanced cooperation in the future.

During the sub-forum, many unregistered participants joined the discussions due to the attractive topics and high-quality presentations, including high level government officials and industry organizations from overseas.



## Lessons learned

Most of the participating enterprises highly evaluated this forum, but expressed their hope to expand the scale and improve the quality of the B2B matchings.

It would reach better achievements and impact if the preparation could be started earlier with sufficient funding. Earlier organization plan and preparation would be necessary for attracting more participating countries and business partners and upgrading the quality of the sub-forum.

## Recommendations

Participants hope to build the forum as well as this sub-forum into an important international branded event of the timber industry and create a window or platform for information sharing and business exchanges.

It is important for the B2B matchings to be expanded and improved during the forum and sub-forums to provide more opportunities for industrial and private sector enterprises as well as all involved stakeholders.







**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023**

## **Specialized Sub-forum 3**

**Wood processing advanced technology and  
mechanical equipment**

**22 November 2023, Macao**

Co-organized by



中国林业机械协会  
CHINA NATL. FORESTRY MACHINERY ASSN.



## Basic description of Sub-Forum 3

The Specialized Sub-forum 3 on Advanced Wood Processing Technology and Mechanical Equipment aims to promote the legal and sustainable development of the global wood industry, improve the level of wood processing technology and mechanical equipment, while emphasizing corporate social responsibility and environmental protection.

The forum, organized by China Wood Protection Industry Association, gathered wood processing enterprises, experts and scholars, policy makers and related industries from all over the world to discuss the future development direction of the wood industry.

## Opening remarks

- Liu Nengwen, President of China Wood Protection Industry Association, delivered the opening remarks.
- The Executive President of Indonesia Saw and Woodwork Industry Association Ir. Suhariyanto, IPU ASEAN. Eng also made opening remarks.





## Session 1: Current situation and future development trend of green and sustainable technologies

- Presentation 1: New technologies enable the recovery and transformation of the global wood and wood products industry (Ma Yan, Deputy Secretary-general of China Forestry Machinery Association).
- Presentation 2: New Technology and New Application of Global Green Manufacturing of Wood Products (Tang Jun, Director and General Manager of Weili Wood Technology Co., LTD., Germany).
- Presentation 3: Research and development and construction of bamboo structure buildings (Zhejiang University (Ninghai) Biomass Materials and Carbon neutral Joint Research Center, Ningbo Banduo New Materials Technology Co., LTD., Professor Xiao Yan, CTO)
- Presentation 4: Sharing industrial internet enables the integrated development of global green home ecological chain (Yu Huailin, Vice President of Zhichang Technology Group Co., LTD.)

### Panel discussion: Development trend of wood processing technology under the background of double carbon

#### Panelists:

- Mr. Fu Shuangcheng, founder of Dongguan Qiyong Culture Communication Co., Ltd., Secretary General of Home Furnishing Committee of World Green Design Organization
- Mr. Hu Zhitao, General Manager of Yuxiang Carbon Measurement Certification (Tianjin) Co., Ltd.
- Mr. Yang Jian, Secretary-General, Ganzhou City Nankang District Furniture Association
- Mr. Zhang Zhendong, Chairman of Shandong Dingchi Wood Industry Group Co., Ltd.
- Nanjing Luban Network Technology Co., Ltd
- Ms. Yu Huilin, Vice President of Zhichang Technology Group Co., Ltd.

### 2023 Award ceremony for China wood industry high quality development overseas



## Session 2: New machinery and equipment to help the green and sustainable development of the wood industry

- Presentation 1: Application prospect analysis of new remote sensing technology of UAV carbon sink in forestry (Hu Zhitao, General Manager of Yuxiang Detection and Certification Co., LTD.)
- Presentation 2: New coating process of wood materials (Yang Qiugui, Deputy General Manager of Marketing of Zhanchen New Materials Co., Ltd.)
- Presentation 3: New Trend in Wood Finish Processing Technology (Fu Qiuxia, Chairman of Guangdong Hanqiu Intelligent Equipment Co., Ltd.)

### Panel Discussion: Future development trend of woodworking machinery

#### Panelists:

- Huang Wei, General Manager of Foshan Machinery Cat Business Co., Ltd.
- Ma Yan, Deputy Secretary-General of China Forestry Machinery Association.
- Chen Chuan, General manager, Guangdong Shunde Ronghao CNC Machinery Co., Ltd. Tang Jun, Managing Director, Wei Li (Yantai) Wood Industry Technology Co., Ltd.
- Chen Gang, General Manager, Foshan Wanlizhong Machinery Co., LTD





## Summary of Sub-forum 3

The overall sub-forum 3 “Advanced Wood Processing Technology and Machinery Equipment” was successfully convened and has achieved its objectives and expected outcomes.

Representatives of wood enterprises from China, Indonesia, Congo and Germany shared their achievements in advanced wood processing technology and mechanical equipment, and the communication of the global wood supply chain.

China is the world's largest wood and products processing country, trading country and producer. The wood industry of China has a large number of employees, enterprises and scientific research personnel. The most prominent part of this meeting is that it has driven a number of outstanding Chinese enterprises in the field of wood industry segmentation to reach the initial cooperation intention with other countries, which is of great significance to promote the development of the wood industry in some developing producing countries.

## Key outcomes/outputs

- Participants had in-depth discussions on the current situation, challenges and future development trend of the global wood industry, which provided valuable reference information for the industry.
- At the same time, some enterprises achieved the intentions of cooperation on wood procurement, equipment procurement and other aspects. Among them, Shandong Dingchi Wood Industry Group Co., Ltd. reached the cooperation intention of structural timber procurement; ZaEnvironmental Protection Technology (Wuhan) Co., Ltd. reached the cooperation intention of decoration materials procurement with a Macau decoration company; woodworking equipment enterprises showed interests for equipment procurement, which promoted the group of Chinese woodworking machinery and equipment enterprises to go overseas.
- In addition, the conference also promoted the cooperation and exchanges between China and industry associations of other countries. The China Wood Protection Association and the Brazilian Timber Association agreed on having regular visits with enterprises.
- These achievements are of great significance for strengthening the wood industry cooperation between China and Pakistan and Africa.
- In the panel discussions, experts from industries discussed the topics of “the future development trend of woodworking machinery”, “double background of carbon, wood processing technology development trend”. Discussions covered various interesting points, such as the new wood intelligent processing line, saving generation wood new technology, and the wood as a natural carbon storage material, the service life of wood and products, the level of the wood processing intelligence, the comprehensive utilization rate of wood, as well the important role of wood in carbon peak and carbon neutrality, etc.
- These experience sharing will help strengthen the wood enterprises to develop future development strategies and promote the common development of the global wood industry.





## Achievements and impact

- Through presentations and discussions, the participants shared and exchanged the latest research findings and practical experiences of advanced wood processing technology and mechanical equipment, which have been promoting the technological progress of the industry.
- The sub-forum emphasized the importance of corporate social responsibility and environmental protection, which contributed to the sustainable development of industry.
- It also helped enhance the technical level of social responsibility for Chinese wood processing enterprises, and promote the sustainable development of the global wood industry.

## Lessons learned and recommendations

- Given the short time for preparation, many enterprises and institutions suffered from conflicting schedules and visa applications, so that their participation have been negatively affected. It is suggested that to start the process earlier next year for GLSTF 2024.
- It is also recommended that the organization of sub-forums should be coordinated in concert and harmony with the main forum, especially for the identification of objectives, agenda design, different themes and major topic of the sub-forums.
- Another recommendation is that the forum should be combined with a commercial and professional exhibition rather than simply a display. In the display attached to this year's forum, though there were excellent enterprises showing new products and technologies, no professional business docking areas were set up. Therefore, the participating enterprises/companies called for commercial and professional exhibitions within future forums.







**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2023**

## **Specialized Sub-forum 4**

**Green Finance and Innovative Facilitating Measures  
for Green Supply Chains**

22 November 2023, Macao

Co-organized by

Global Green Supply Chain of Forest Products (Macao) Federation  
Guangdong-Hong Kong-Macau Greater Bay Area-Green Finance Alliance (GBA-  
GFA)  
Central African Forest Initiative (CAFI)







## Basic description of Sub-Forum 4

### Speakers:

- Mr. Yuan Bin
- Mr. Lu Zhenggang
- Mr. Alain Karsenty
- Mr. Bruno Guay
- Dr. Luo Xinjian
- Mr. Ren Zhenghang
- Mr. Bruno Guay
- Mr. Dang Wenjie
- Ms. Annie Ting
- Mr. Zhuang Bingchuan
- Mr. Peng Yanqing

### Participants:

Timber enterprises, experts and scholars from Africa, China, and Europe

## Brief summary

This sub-forum fully embraced and implemented the GLSTF2023 main forum's theme of "connecting, cooperating, sharing, and jointly promoting the global wood industry market recovery." It took green finance as the breakthrough direction, applied theory to practical scenarios, and engaged in profound exchanges and discussions on various themes such as green financing instruments, cooperation mechanisms, action plans, and successful cases, etc. The importance of environmental and social responsibility was emphasized, and the direction for the future development of production and finance was outlined. An overview of each section of the sub-forum is as follows:

### Welcome Speech Section:

- Mr. Yuan Bing, the Chairman of the Global Green Supply Chain of Forest Products (Macao) Federation expressed the organization's commitment in building international think tanks, sharing global advanced technology, increasing international production capacity, and promoting international cooperation in the field of green finance.
- Mr. Lu Zhenggang of Macao International Bank shared the bank's strategic layout in green finance. Through exploring and practicing cooperation models such as green credit, green bonds, and green funds, the bank aims to promote the assetization of ecological resources and the financialization of green assets, creating a virtuous cycle of ecological resources, ecological assets, and ecological capital.

## Keynote Speech Session:

- Mr. Alain Karsenty shared green financing tools such as ecological compensation mechanisms, biodiversity certification, and responsible forest concessions. These tools are used to achieve ecological compensation, promote biodiversity, and find a balance between fiscal intervention, market incentives, and concession operations.
- Mr. Bruno Guay discussed green finance cooperation under international cooperation mechanisms. By establishing the CAFI fund and building implementing bodies and supervisory mechanisms, the legitimacy of forestry is enhanced, reducing the environmental impact of forestry and tree felling, continually creating value in the value supply chain.
- Dr. Luo Xinjian shared the conceptualization of an action plan for green finance to promote the construction of the Africa-China-Europe green supply chains. The green finance will contribute to reducing the operational costs of enterprises participating in legal and sustainable operations in the supply chains, encouraging upstream and downstream enterprises to participate in the construction of a cross-border sustainable timber supply chains, and achieving co-creation, co-construction, sharing, and win-win outcomes.

## Roundtable Discussion Session:

Seven distinguished panelists showcased green-finance-empowered practical experiences and latest achievements within the industry. They particularly delved into detailed and profound discussions on various aspects, such as the smooth implementation of green finance in promoting the legal certification of timber, advising enterprises to swiftly move towards standardization by overcoming pre-investment barriers in cross-border investments, reducing risks in the private sector through public sector participation, and promoting cost reduction and efficiency improvement in timber enterprises.

Through financial means, the roundtable panelists demonstrated how to establish broader connections upstream and downstream, indicate the way towards collaborative directions, and provide recommendations for facilitating the green and healthy development of the industry.







## Achievements and impact

This sub-forum has garnered widespread attention and notable support from numerous forestry enterprises, industry associations, financial institutions, and government agencies. Through sharing and exchanging ideas, the objective of this sub-forum “Green Finance and Innovative Facilitating Measures for Green Supply Chains ” has been successfully achieved.

All participants shared the view that the sub-forum is just for the beginning of emerging ideas and concepts, but it would be much more significant and challenging for follow-up actions and activities. Some enterprises/companies expressed their interests and willingness for investments in establishing industrial parks in Africa, such as Gabon and Cameroon. They initiated cooperative discussions with participating funds, banks, and other financial institutions. Meanwhile, a number of industrial clusters and local governments in four regions of China - Qingfeng in Henan Province, Linyi in Shandong Province, Nankang in Jiangxi Province, and Hai'an in Jiangsu Province - clearly expressed their intention to collaborate in green finance to empower green supply chains. The follow-up actions will involve the creation of centralized procurement and financing platforms for promoting the legal and sustainable timber supply chains.

## Lessons learned and recommendations

Given the short time for preparations, there were difficulties and challenges in proceeding with sufficient pre-event preparation and adequate on-the-spot adaptability.

It would be proposed with the following recommendations for the next sub-forum relating to the green finance and innovative facilitating measures in the GLSTF2024: comprehensive planning in terms of the program, early preparation for investment attraction, efficient and flexible coordination, and precise and orderly deployment of manpower, etc.







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**International Tropical Timber Organization (ITTO)**

5F Pacifico Yokohama, 1-1-1 Minato-Mirai Nishi-ku,  
Yokohama, 220-0012 Japan

(T) +81-45-223-1110 (F) +81-45-223-1111

[itto@itto.int](mailto:itto@itto.int)

[www.itto.int](http://www.itto.int)