



**GLOBAL LEGAL  
& SUSTAINABLE  
TIMBER FORUM**

**20  
24**





# GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM

Together Towards Reliable  
and Effective Global Timber  
Supply Chains

# 20 24

11–12 September 2024, Macao SAR, China

Co-hosted by



Organized by









# 2024

11-12 SEPT, MACAO, CHINA  
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## 全球合法與可持續木業高峰論壇 GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM FÓRUM GLOBAL DE MADEIRA LEGAL & SUSTENTÁVEL

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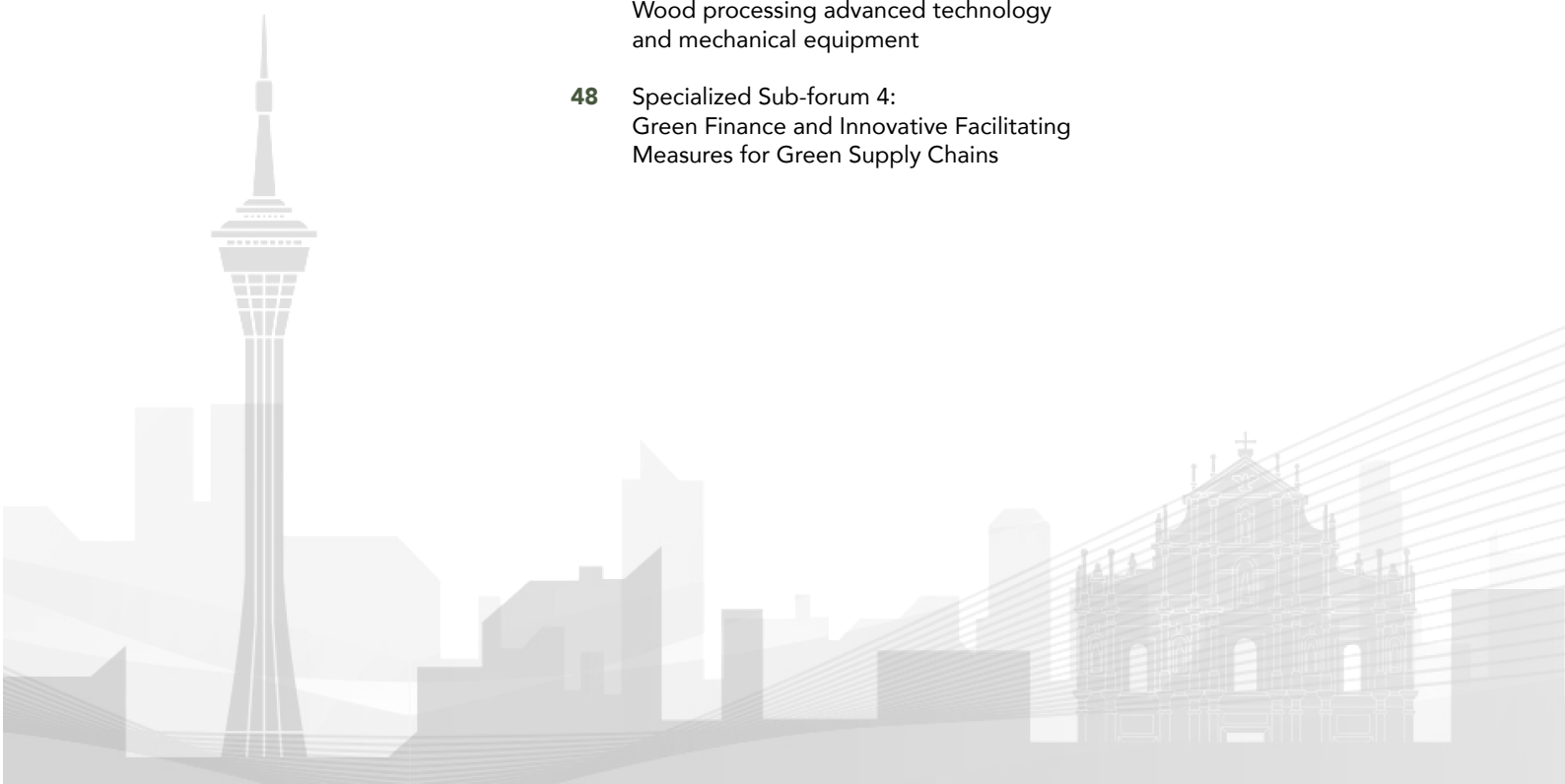
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#### Rapporteurs

- Tetra Yanuariadi (ITTO Projects Manager)
- Rupert Oliver (ITTO Expert, Director, Sustainable Wood Ltd)
- Yongyut Trisurat (Professor, Kasetsart University, Bangkok)

## I. The Event

The **International Tropical Timber Organization (ITTO)** formulated its Legal and Sustainable Supply Chain (LSSC) Program 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 Program, ITTO and the **Macao SAR Commerce 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.

The inaugural GLSTF was held on 21–22 November 2023 at the Galaxy International Convention Center, Macao SAR, co-hosted by ITTO and IPIM in collaboration with the Global Green Supply Chains Initiative (GGSC). The GLSTF 2023 was the first global forum under this partnership focused on measures to be considered to improve the legality and sustainability of tropical timber supply chains.

The GLSTF 2024, which was organized on 11–12 September 2024 at the MGM Cotai, Macao SAR, has achieved collaborative and substantial outcomes in further promoting legal and sustainable timber supply chains. The milestone event brought together nearly 800 participants from 40 countries, representing timber industry stakeholders from governments, industries, associations, companies, international organizations and academia. During GLSTF 2024, a variety of activities have been organized, such as the main forum, specialized sub-forums, achievements release, side events, B2B matchings, bilateral meetings, and an industry exhibition.

The theme of the GLSTF 2024 was “Together Towards Reliable and Effective Global Timber Supply Chains”. The main forum discussed topics related to reliable and stable timber resource supplies, trust and effectiveness along the timber supply chains, and prospects for revitalizing global timber supply chains. The specialized sub-forums were organized by partner agencies to contribute to this theme. Selected sub-forum topics were timber legality and sustainability; sustainable timber resources, markets and trade; advanced technology and machinery for wood processing; and green finance and innovative facilitating measures.





## Action Framework for Promoting Legal and Sustainable Timber Supply Chains

11 September, GLSTF 2024

As a major achievement of GLSTF 2024, the following Action Framework presented to by Dr Nurudeen Iddrisu, the ITTO Director of Trade and Industry, and endorsed by forum participants will enable the identification and implementation of practical actions to help build legal and sustainable timber supply chains.

The global timber industry is facing challenging and uncertain times, given the impacts of expanding global conflicts, weak economic growth, excessive trade requirements, and increasing resource pressure. Timber supply chains are becoming more fragile and vulnerable, with a widening gap between demand and supply for wood products.

A dynamic and resilient timber industry depends on the legal and sustainable management of forests and reliable and effective supply chains. There is an urgent need to address issues arising from difficulties and uncertainties and to revitalize global timber supply chains. Building and strengthening legal and sustainable timber supply chains are key nature-based solutions.

It is essential to sustain and strengthen collaboration and share knowledge, experience and information on sustainable timber production and supply among timber industry stakeholders worldwide, with a view to building a sustainable collaborative platform on legal and sustainable timber supply chains.

Towards this end, ITTO has established and implemented the Legal and Sustainable Supply Chain (LSSC) Programme. In partnership with the Macao SAR Commerce and Investment Promotion Institute (IPIM), it also founded the Global Legal and

### A dynamic and resilient timber industry depends on the legal and sustainable management of forests and reliable and effective supply chains

Sustainable Timber Forum (GLSTF), with the inaugural forum held in 2023 in Macao SAR.

The GLSTF provides a collaborative platform for enhancing and strengthening networking, collaboration, and business exchanges among timber industry stakeholders to facilitate the legal and sustainable use and trade of wood products in a stable, transparent and predictable business environment.

This collaborative platform requires practical and effective actions and action-oriented achievements in various fields to increase uptake of legal and sustainable timber supply chains, which will be beneficial for all participating timber industry stakeholders.

Therefore, this Action Framework for Promoting Legal and Sustainable Timber Supply Chains has been developed, with the goals of strengthening international collaboration among stakeholders in timber supply chains, promoting sustained and sound development of the timber industry, and ultimately contributing to the Sustainable Development Goals (SDGs) and climate change mitigation and adaptation.

The specific objective of the Action Framework is to identify and implement a series of concrete and practical actions in various fields of the timber industry, with a view to building legal and sustainable timber supply chains and promoting timber production and trade, sustainable green finance and investment, innovative technologies, technology transfer, and industrial collaboration.

The expected outputs of the Action Framework may involve but are not limited to the following specific fields and actions:

- **Partnership networking.** Establish strong networks by fostering partnerships and collaboration among timber industry stakeholders based on mutual respect, trust and cooperation and a win-win aspiration to support legal and sustainable forest management and wood product supply chains. The GLSTF, which performs this kind of role annually, will enhance its efforts to encourage actions of networking, collaboration and business exchange among stakeholders.
- **Information sharing.** Promote and encourage information exchange with and among the private sector and enhance the efficiency and effectiveness of policies and measures related to legal and sustainable timber production and trade. The Global Timber Index (GTI) provides a valuable platform for enhancing the quality and regularity of timber market information sharing, which should be improved and upgraded to expand its coverage of countries and enterprises while providing a multi-dimensional service.
- **Market access facilitation.** Support a stable, fair and transparent business environment by facilitating more reliable and predictable market access opportunities for the global wood products trade, through trade facilitation, improved supply and service systems, enhanced international logistics efficiency, and win-win timber supply chains. More collaboration and B2B activities will be organized based on partnership networking and information sharing.
- **Certification and traceability innovation.** Introduce and utilize new technology and tools, including digital and intelligent technologies, to ensure the legitimacy and sustainability of timber sources and improve international and national certification schemes and standards. A study on a Blockchain-based Timber Traceability System (BTTS) has been carried out through a collaborative mechanism, and a simulation platform has been developed and tested. The use of this BTTS system in real business scenarios for timber traceability will be encouraged.
- **Innovative technologies and technology transfer.** Provide support to encourage the accelerated adoption of advanced technologies, machinery and equipment, including intelligent and digital development, which is essential for the sustainable development of the global timber industry, and promote exchange and transfer of advanced timber processing technology. The GLSTF platform will organize events and activities to this end.
- **Sustainable green finance and investment.** Formulate and develop innovative incentive mechanisms for sustainable green finance and investment, such as

payments for environmental services, to increase investment in support of sustainable forest management and sustainable supply chains. Based on the GLSTF platform, a demonstration action is being formulated for integration on Sustainable Green Finance and Green Supply Chains (GF&GS).

- **Industrial clusters and parks development.** Encourage the building and development of industrial clusters and parks to support enterprises in adopting legal and sustainable best practices and advanced technologies. A demonstration action is being developed in a “source to customer” supply chain through a collaboration between Central African and Chinese timber industrial clusters and parks that, among other things, will provide enterprises in the clusters or parks that adhere to legal and sustainable best practices with one-stop services and policy preferences such as tax exemptions and a green lane for customs clearance.
- **Capacity building and training.** Support producers and consumers to build capacity for achieving legality and sustainability in forest management, governance assurance enforcement, timber production and processing, industrial development, marketing and trading, technology upgrading, finance and investment promotion, and advocacy and awareness-raising. In collaboration with relevant partners, capacity-building and training programmes and activities will be identified and developed accordingly.

This Action Framework will be based on the principles of voluntariness, openness, and transparency. Its implementation will comprise various demonstration actions within the framework of expected fields and outputs. All interested stakeholders are welcome to participate in its formulation and implementation.

The success of the Action Framework for enhancing legal and sustainable supply chains depends on cooperation and collaboration among timber industry stakeholders. Let's work together to build and promote reliable and effective global legal and sustainable timber supply chains, by jointly creating and implementing the Action Framework and associated successful demonstration actions.

## II. Opening Session



### Welcoming remarks by Mr. Lei Wai Nong, Secretary for Economy and Finance of Macao SAR Government

The Macao SAR Government is pleased to host two consecutive GLSTF meetings. The Governor welcomes approximately 800 delegates from over 40 countries attending the GLSTF 2024. On 23 July 2024, the State Council issued new Guidelines for a comprehensive green transformation designed to promote the development of new low carbon industries. The document targets significant growth in low carbon industries by 2030 that will contribute to the green transformation of the global timber market.

The GLSTF 2024 is expected to provide a timely and effective platform to promote linkages across timber value chains from forest resources to end user applications thereby creating more opportunities.



### Welcoming remarks by Ms. Sheam Satkuru, Executive Director of the International Tropical Timber Organization (ITTO), in a video presentation introduced by Dr. Mohammed Nurudeen Iddrisu, Director of Trade and Industry (ITTO)

- a. There is an urgent need to address issues in global timber supply chains and ITTO believes that building and improving legal and sustainable timber supply chains are key nature-based solutions. To this end, the GLSTF must sustain and enhance collaboration and information exchange among timber industry stakeholders worldwide with the aim to building a sustainable platform to promote legal and sustainable timber supply chains.
- b. The GLSTF aims to enhance networking, collaboration, and business exchanges among timber industry stakeholders, thereby strengthening support for sustainable forest management, and facilitating the legal and sustainable use and trade of wood products in a stable, transparent and predictable business environment.
- c. Under the theme "Together Towards Reliable and Effective Global Timber Supply Chains", participants at GLSTF 2024 will discuss topics related to reliable and stable timber resource supplies, trust and effectiveness along the timber supply chains and prospects for revitalizing global timber supply chains. As an industry forum, GLSTF is also looking forward to action-oriented achievements for the timber sector.



### III. Keynote Addresses

**Moderator:** Mr. Vincent U, President, IPIM

#### Promoting reliable global timber supply chains in the uncertain world



**Mr. Cheng Hong, Vice Administrator, China National Forestry and Grassland Administration**

- a. In recent years, climate change, biodiversity loss, intensified desertification, and frequent extreme climate events have brought severe challenges to human survival and development.
- b. Forests play a unique and irreplaceable role in climate change mitigation and adaptation. Sustainable production and utilization of wood is an important path to promote sustainable forest management. Countries around the world regard it as an important part of forestry mitigation and adaptation to climate change and are working hard to improve the level and capacity of sustainable development of the wood industry.
- c. Over the past decade, the Chinese government has adhered to President Xi Jinping's ecological civilization thought as a guide, coordinated the integrated protection and systematic management of mountains, rivers, forests, farmlands, lakes, grasslands and deserts, and carried out large-scale national afforestation actions in a scientific manner. The forest area and stock volume have continued to grow, making China the country with the fastest and largest growth in forest resources in the world, and the diversity, stability and sustainability of ecosystems have been continuously improved.
- d. China has become the world's largest producer, trader and consumer of forest products. In 2023, China's forestry output value reached 9.28 trillion yuan, and the industry scale and growth rate remained at the forefront of the world.
- e. To promote the development of the global legal and sustainable wood industry, China has been engaged in the following four activities. First, establish and improve the policy mechanism for wood production and processing. Second, actively promote forest certification and timber legality verification. China has established the China Forest Certification System (CFCC), formulated and implemented the China Timber Legality Verification Group Standard, and is the country with the most certified timber companies in the world. Third, actively carry out green procurement and green finance practices. Fourth, strengthen international cooperation and undertake joint sustainable forest management projects, such as pilot testing of the blockchain system in the Congo Basin region.



**H.E. Mr. Gervais Mbata, Minister of Water, Forest, Hunting and Fishing, The Central African Republic**

- a. The Central African Republic (CAR) forest products sector has faced many challenges including conflict in the country, economic crisis, and the pandemic.
- b. Fourteen forest management certificates have been issued in CAR to thirty companies, including some forest communities.
- c. A robust control system for legal and sustainable timber production and trade is being developed to include three management systems: i) a monitoring system for certification; ii) an enforcement framework for the Ministry of Water, Forest, Hunting and Fishing; and iii) a traceability system for legal timber to be applied by a specific CAR agency in cooperation with other institutions, including international organizations.
- d. However these processes alone will be insufficient to address the challenges which include: ecological and biodiversity protection; legal compliance and enforcement; increasing planted forest area to fulfill rising wood demand; political conflict; the shortage of electricity; and limited finance and investment.
- e. More work and resources are required to sustainably develop forest resources and strengthen collaboration with stakeholders.





**H.E. Ms. Alitia Bainivalu, Minister of Fishery and Forestry,  
The Republic of Fiji**

- a. Fiji is a tropical country comprising more than 300 islands located in the Pacific Ocean. The reduction in global forest area is affecting small island developing countries like Fiji as it contributes to climate change and impacts on wood products supply.
- b. Fiji's forest area of 1.1 million hectares equates to 60% of the country's land area. Of these 1.1 million hectares, natural forests account for 82.0%, softwood plantations for 7.4%, hardwood plantations for 6.5%, and mangrove forests for 4.1%.
- c. Trees and forests play a multifunctional role in Fiji, ensuring that the needs of forest dependents are met. They are sources of timber, which mainly drive the forest sector economically. They also provide food, shelter, and other sources of livelihood. They protect the environment and its biodiversity, prevent soil erosion, and enhance air and water quality. Overall, forests contribute to environmental protection and socio-economic growth in Fiji.
- d. In 2020, Fiji's GDP stood at USD 8,856.9 million. The forestry and logging industry contributed USD 26.6 million (0.3%) to Fiji's real GDP in 2020, a 7.7% increase when compared to 2019. The sawmilling industry contributed an additional USD 60.0 million in 2020.
- e. The Fiji government is helping to facilitate wood processing in the country by introducing an online system for licensing of operations from 7–10 days to less than 24 hours.
- f. Forest plantations in Fiji started in 1970 with a focus on fast growing species to fill the gap between available supply and demand from the wood industry and local communities while reducing the pressure on natural forests. Two big commercial plantation companies dealing in pine and mahogany and jointly owned by the government and landowners are operating in the country. Fiji's plantations supply around 600,000 cubic metres of timber per year.
- g. The Government launched a plantation initiative in 2019 focusing on rehabilitating degraded land and targeting the planting of 30 million trees in 30 years.



**H.E. Ms. Rosali Matondo, Minister of Forest Economy,  
The Republic of the Congo**

- a. During the past decade, the Republic of the Congo has implemented major forest policy reforms to strengthen sustainability. Congo has an estimated forest cover of 22.4 million hectares, which represents 65% of the total land area, of which 14.67 million hectares are allocated as forest concessions. There are an estimated 300 tree species, but only around 50 are commercially harvested and processed. There are 71,000 hectares of plantation forests in the country and this area has continued to grow in recent years with the expansion of industrial plantation projects.
- b. Congo's forestry sector remains a major contributor to the national economy, a major employer, and an important producer of tropical hardwoods, including logs, lumber and panels.
- c. The country has built strong supply and value chains to prevent illegal timber and timber products from entering the market and helping to mitigate and adapt to climate change. A traceability system is being developed to improve transparency, build consumers' confidence, and promote legality and sustainability. Congolese operators have been working jointly with Chinese companies in a pilot blockchain project. Public-private partnerships are also being progressed.
- d. China is an important partner for Congo and other African countries in the fields of economy, technology, finance and capital to produce higher value timber and timber products.

## Mr. Garo Joseph Batmanian, Director General, Brazil Forest Service, The Federative Republic of Brazil (video speech)

- There is a critical need to keep forests standing to help prevent climate change. If all tropical forests were to be deforested, global temperatures would rise by 1°C.
- However, a standing forest doesn't necessarily mean an untouched forest. Legal and sustainable forest management can play a role in conserving forests, bringing revenue for standing forests and therefore also helping to mitigate climate change.
- Brazil has developed a high-quality monitoring system for the country's concessions. Brazil has 1.8 million hectares of forest under concessions where harvesting of only 20–25 cubic metres per hectare is allowed subject to rigorous procedures which may be certified under the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).
- There is a need through technical and marketing innovations to ensure that lesser-known species (100–120 species) become "better-known species" and widely used for construction and other higher value applications.



## Forest and timber towards 2030 and beyond



### Dr. Wu Zhimin, Director of Forest Division, UN Food and Agriculture Organization of the United Nations (FAO), and Chair of Collaborative Partnership on Forest

- Dr. Wu presented on the topic 'Forests and Timber by 2030 and Beyond'.
- Global forest area is 4.06 billion hectares (45% tropical, 27% boreal, 16% temperate, 11% subtropical). Most of the world's forests are natural forests (93% natural regenerating forests, 3% plantation forests, and 4% other planted forests).
- More than half of the world's forest is in only 5 countries (Russian Federation 815 million hectares, Brazil 497 million hectares, Canada 347 million hectares, USA 310 million hectares, China 220 million hectares, Rest of the World 1,870 million hectares).
- The global area of forests is decreasing but the pace of deforestation is slowing. The average annual rate of deforestation between 2015 and 2020 was 10.2 million hectares. Africa has the highest net loss of forest area. However, the annual rate of deforestation in Africa decreased between 2016–2019 and 2020–2022 in all subregions. In Indonesia, deforestation decreased by 8.4% in 2021–2022

compared to the previous year and by 90% between the 1990s and early the 2020s. In Brazil's Legal Amazon region, deforestation decreased by 50% in 2023 year-on-year.

- The United Nations Strategic Plan for Forests includes the goal to increase forest area globally by 3 percent from the 2015 baseline by 2030. This implies increasing forest area from 4,084 million hectares in 2015 to 4,206 million hectares in 2030. In 2020, the area stood at 4,059 million hectares, less than in 2015, further highlighting the urgent need to reverse a declining trend.
- The top ten countries for average annual net gain in forest area between 2010 and 2020 were:
 

China (1,937,000 hectares)	Turkey (114,000 hectares)
Australia (446,000 hectares)	USA (108,000 hectares)
India (266,000 hectares)	France (83,000 hectares)
Chile (149,000 hectares)	Italy (54,000 hectares)
Vietnam (126,000 hectares)	Romania (41,000 hectares)
- Climate change makes forests more vulnerable to stressors, including wildfires and pests.
- Traditional knowledge combined with innovation based on scientific research can push the boundaries of what can be done with forest products.
- Global wood production is at record levels of 4 billion m<sup>3</sup> per year. Furthermore, nearly 6 billion people use non-timber forest products. Global forest product exports hit a record level of USD 576 billion in 2022.
- Projections through to 2050 indicate a significant increase in global wood demand. However, there are significant uncertainties around future wood supply due to: climate change; policy interventions and priorities (for example whether the focus will be on production, carbon, or biodiversity); and the area available for production.
- Meeting increasing needs in a less resource intensive way will require forest sector innovation, including social, technological, financial, institutional, and policy innovations.

## IV. High Level Segment: Together towards reliable and effective global timber supply chains

### Moderator:

Dr. Nurudeen Iddrisu, (Director, Trade and Industry Division, ITTO)

### Panelists:

- Ms. Nelly Paredes del Castillo (Executive Director, SERFOR, Peru)
- Mr. Mazlan bin Othman (Senior Undersecretary, Ministry of Plantation and Commodities, Malaysia)
- Mr. Herve Martial Maidou (Executive Secretary, Central African Forests Commission (COMIFAC),
- Ms. Ashley Amidon (Executive Director, International Wood Products Association), Mr. She Xuebin (Board Chairman & CEO, Nature Home Co, Ltd. & Nature Forestry Group Co. Ltd.)

This session involved dialogue between government and industry to jointly explore the main challenges and opportunities of global timber supply chains in an uncertain world and to identify possible solutions. The international economic situation has become more complex, with various factors contributing to a landscape of uncertainty and change, such as global conflicts, weak economic growth, excessive regulatory requirements, rising energy prices, climate change, biodiversity loss, and resource pressure. The timber supply chain is becoming much more fragile, more regionalized and localized. This has led to increased costs and more difficult operations for timber companies.

However, these difficulties cannot be resolved by the private sector alone. There needs to be collaboration amongst all stakeholders towards reliable and effective global timber supply chains.

### The dialogue's highlights:

- The dialogue responded to the on-going challenges and actions needed to genuinely promote legal and sustainable timber supply chains. It drew on the direct experiences of the panelists in Malaysia, Peru and African countries on the producer side, and in China and the United States of America on the consumer side.
- Peru's forest reform process, on-going now for 20 years, has involved a shift from an extractive model to a sustainable forest management model. The latter balances the conservation of forests with the economic and social needs of the communities.
- Peru has made significant progress in establishing public policies and procedures designed to ensure the legal origin and traceability of wood. Peru has developed technical guidelines for formulation and execution of forest management plans, alongside procedures for carrying out visual inspections to verify the existence of trees in the forest. Supervision to corroborate compliance with approved forest management plans have been established. The National System for Forestry and Wildlife Control and Surveillance is being institutionalized, a system that is part of the National Forestry Management System-SINAFOR, which is responsible for optimizing coordination and support between State institutions, different levels of government, and civil society for forestry and wildlife control and surveillance actions. At the regional level, guidelines for forestry and wildlife control and surveillance have been established. These interventions by the Peruvian State are reflected in a decrease in the illegal wood index from 37% to 22% in recent years.
- The timber industry is a keystone of Malaysia's economy, contributing approximately 1.4% to national GDP in 2023. The export value of Malaysian timber and timber products reached MYR 22.1 billion in 2023, a testament to Malaysia's role as one of the world's leading exporters of tropical timber. This industry not only provides significant economic benefits but also supports the livelihoods of local people, particularly in rural communities. The diverse range of timber products, from raw materials to high-value-added goods, reflects the robustness and dynamism of the industry.
- While challenges exist, these also present opportunities for improvement. One of the key challenges is ensuring transparency across the entire supply chain. Malaysia has made significant progress in this area through the Timber Legality Assurance System (TLAS) and the Malaysian Timber Certification Scheme (MTCS), which as of June 2024, had certified over 6.7 million hectares, covering 37.3% of total national forest cover. This has significantly enhanced Malaysia's credibility on the global stage.
- The evolving demand for certified timber products across diverse global markets also presents a challenge. However, this





challenge has encouraged Malaysia to strengthen international collaboration and embrace new technologies, positioning the country as a leader in promoting legal and sustainable timber trade.

- g. In response to these challenges, Malaysia focuses on three key areas: collaboration, promoting legality and sustainability certification, and developing new technology. First, in strengthening global collaboration, Malaysia is actively involved in platforms like the Asia Pacific Economic Cooperation forum's Expert Group in Illegal Logging and Associated Trade (APEC EGILAT) and the ITTO. These collaborations allow Malaysia to align with global efforts, harmonize standards, and share knowledge. Secondly, Malaysia is promoting compliance with national laws and sustainable forestry standards by expanding the reach of certification schemes like the MTCS and strengthening the enforcement of legal frameworks such as the TLAS. Thirdly Malaysia is leveraging advanced technology. The integration of satellite monitoring and forest tracking systems is crucial. These tools enhance the transparency and traceability of the timber supply chain, ensuring accountability at every stage. These technologies help Malaysia to monitor compliance, reduce illegal activities and improve overall supply chain management.
- h. "Resilient sustainability" requires that every stakeholder collaborates and contributes to a transparent, legal and sustainable global timber supply chain.
- i. The challenges encountered by COMIFAC member countries in Africa relate particularly to capacity building for younger generations and policy changes. Training needs include managerial aspects (including taxation) and technical forestry aspects (including resource management and supply chains).
- j. There is a need for younger generations in Africa to take part in local, national, regional and global supply chains for timber and timber products. The forestry sector must help to accommodate increasing employment needs in African tropical timber producing countries.
- k. Challenges in COMIFAC member country supply chains include effective and efficient integration of new technology, work force development, capacity building, infrastructure development, and forest law enforcement. Many consumers do not understand sustainability and the role of small and medium-sized enterprises in the forest industry and for economic development.
- l. There is a need to better understand the demands of consumers in the forest products supply chain, all the way from the trees to the final user. The way consumers make choices about the materials they use and the products they buy is not always considered. Consumers tend to buy cheaper products and may be strongly influenced by negative perceptions of tropical wood products, including an assumption that they are illegally sourced or contribute to deforestation. There is a need for greater investment in marketing activities and to develop capacity for these activities.
- m. Application of certification throughout the supply chains can make an important contribution to deter deforestation, promote legal and sustainable forest management, and to improve the reputation of tropical forest products in global markets.
- n. Information sharing and enhanced cooperation between trade partners and other stakeholders is key to dealing with emerging market requirements, such as the European Union

Deforestation Regulation (EUDR). This may be achieved through webinars, seminars, and forums like the GLSTF.

## V. Session 1: Restoring reliable and stable timber resource supplies

This session focused on discussing how to build confidence, stability, and partnerships throughout timber supply chains. It considered trends in timber trade requirements and regulations (EUDR, logging and log export bans, listings under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), forest certification schemes, legality verification, traceability and sustainability assurance systems. There was a strong focus on the opportunities presented by emerging technologies in fields such as communications, data storage and analysis, remote sensing, artificial intelligence (AI) and blockchain.

### Moderator:

Mr. Thorsten Arndt, Head of Advocacy, PEFC

### Presentations:

**'Identifying uncertainties and challenges on legal and sustainable timber supplies', Mr. Rupert Oliver, ITTO Expert/Director, Sustainable Wood Ltd.,**

Key points of the presentation:

- a. On-going technological developments have been characterized as establishing the conditions for a "fourth industrial revolution". Key developments with strong potential to facilitate the development of legal and sustainable timber supply chains include: rapidly improving access to regularly updated and high-resolution remote sensing data; the development of AI tools for enhanced and more rapid data analysis, interpretation and visualization; blockchain for secure data transfer throughout supply chains; roll-out of 5G wifi networks and fibre optics providing for more robust and rapid communication and data transfer; plant-chemistry-based timber testing to identify provenance; and the continuous expansion and development of social media networks and tools.
- b. Some potential implications of emerging technologies for the development of legal and sustainable supply chains include: i) emerging potential to provide absolute proof of deforestation-free status at point of sale; ii) "Deforestation-free" claims based on unambiguous analysis of remote sensing data and robust of chain of custody procedures may overtake "certified sustainable" and "legally-verified" certification systems; iii) new technology greatly facilitates jurisdictional and landscape-based verification systems – for example by allowing more rapid and robust appraisal of changes in forest and other land uses, and immediate feedback from local communities via social media; the combination of remote sensing and data analysis tools can ensure very clear and current attribution of deforestation to

specific drivers and actors; data gathering on legal conformance and social/environmental impacts can be collated and communicated rapidly; and mitigation actions can be better and more efficiently targeted.

- c. New technology offers potential for different, and to some extent conflicting models to prove timber provenance. The models which will eventually come to dominate are still uncertain. For example, blockchain technology might facilitate 100% tracking to specific harvest sites throughout the entire supply chain. The procedures will be extraordinarily robust but will also demand participation of all supply chain actors. This may be challenging for smallholders and small and medium-sized enterprises (SMEs). Conversely regular SIRA/TEA/LIBS testing of a random sample of timber products at point of sale may be used to ensure provenance to jurisdictions with a negligible risk of deforestation and illegal harvest. Widespread use of this technology may allow for the application of more flexible chain-of-custody procedures which are more applicable by smallholders and SMEs.
- d. Several pointers to successful regulatory frameworks were offered, building on past experience and thoughts around the potential of new technology: regulations should cover all forest-risk commodities, although measures applied respectively to timber and agricultural products must be adapted to reflect differences between the sectors (e.g. whereas agricultural crops replace forests, sustainable timber extraction helps to preserve forest); it is important not to lose the focus on promoting good governance and legal conformance; efforts should be made to maximize use of new technology, while not overselling this technology and ensure expectations are moderated; robust objective risk assessment is a prerequisite to effective regulation; regulations need to accommodate jurisdictional and landscape-based approaches to verification; regulations should demand traceability, but only to the extent necessary to demonstrate negligible risk; regulations need appropriate lead-in times and should accommodate far-reaching and appropriate social

protection measures; consumer country regulations should be built on consultation, engagement and partnership with producers; and there should be a strong focus on international co-ordination and, where possible, harmonization.

**‘Building partnership in mutual recognition and trust between timber supply and demand sector’, Mr. Benoit Jobbe-Duval, General Manager, Association Technique Internationale des Bois Tropicaux (ATIBT)**

Key points of the presentation:

- a. ATIBT aims to serve the tropical timber industry, from the forest to consumer. ATIBT is a driving force in the implementation of international projects dedicated to the sustainable and responsible management of tropical forests. ATIBT’s objective is to encourage cooperation and engagement throughout the tropical timber supply chain.
- b. ATIBT contributes to capacity building for legal and sustainable timber supply chains and is an important platform for collaboration between forest products enterprises in the Congo Basin, linking these with enterprises in other regions.
- c. ATIBT is engaged in proactive and innovative communication and market development work, notably the Fair & Precious campaign which is contributing to improved perceptions of tropical hardwood in the international market. The campaign is closely linked to FSC and actively promotes certified products. It informs consumers about the role of tropical forestry. A key aim is that customers and users themselves become ambassadors for the industry.
- d. ATIBT also promotes the “My Tropical Timber” online platform that links EU manufacturers directly with companies in producer countries. 300 companies are now registered on the platform. The platform is playing a key role in promoting lesser-known tropical hardwoods, providing technical data on 108 tropical timbers.





**'Innovative measures in promoting global legal and sustainable timber supply chains', Dr. Ivan Tomaselli, Founder and current President, STCP Brazil/President Brazilian Association of the Mechanically Processed Timber Industry (ABIMCI)**

Key points of the presentation:

- The timber supply chain encompasses the entire processes of harvesting, processing, transportation, and distribution of a large range of wood products.
- The sustainability and legality of the timber trade is crucial for several reasons: i) environmental impact: unsustainable practices lead to deforestation, habitat loss, and climate change; ii) economic value: the legal timber trade boosts local economies, creates jobs, and supports responsible business practices, aligning with the SDGs; iii) social responsibility: sustainable and legal timber ensures the protection of indigenous rights, local community access to forest resources, and equitable benefit distribution; iv) market access: there is growing demand for sustainable and legally sourced timber to ensure compliance with regulations such as the EU Timber Regulation and the US Lacey Act.
- Innovative measures for promoting legal and sustainable timber supply chains include: i) integration of blockchain technology with certification; ii) adoption of AI for legal monitoring; iii) digitized community-based forest management; iv) performance-based economic incentives for sustainable procurement policies; v) advanced technology integration for monitoring and enforcement; vi) dynamic multi-stakeholder collaboration platforms; vii) innovative payments for ecosystem services (PES) models; and viii) integrated biometrics and digital verification systems.
- Future directions include: i) enhancing and expanding the application of advanced technologies including blockchain, digital platforms, AI, big data, remote sensing, and drones; ii) policy innovations including strengthened international frameworks, adoption or tightening of national regulations, and provision of incentives for sustainable practices; iii) enhanced collaboration, for example fostering public-private partnerships and greater community engagement; iv) enhanced market-based measures: for example expanding forest certification to be more accessible and affordable, especially for small-scale producers; v) developing sustainable financing mechanisms, for example supporting sustainable management through diverse funding sources, including international funds, development banks, private investments, and philanthropic organizations.



### Panel discussion:

#### Panelists:

- Ms. Jennifer Conje (Director, Forest Management Division, ITTO)
- Ms. Dian Novarina (Vice Chair for Forestry Multi-Business Division, Indonesian Forest Concessionaires Association/ APHI)
- Ms. Carole Ogandagas (Central Director of Studies, Statistics and Programs, Ministry of Water and Forests, Gabon)
- Mr. Edouard Zama (Permanent Technical Secretary of Voluntary Partnership Agreement/VPA-FLEGT, Ministry of Water, Forests Hunting and Fishing, Central African Republic)
- Mr. Zhang Enju (Chairman of the Board, Treessun Holding Co. Ltd., China)

### Highlights of the discussion:

- Between January and July 2024, Indonesian forest products exports decreased 4.4% year-on-year which consequently led to a 9.9% decrease in demand for roundwood from natural forests in the country. However, demand for wood from forest plantation has increased. Community and small holder enterprises in Indonesia are also becoming more important suppliers of wood to industry in Indonesia.
- With growing concern for deforestation and climate change, the future of Indonesia's forest industry is increasingly dependent on sustainably managed forests and demonstrating sustainability in the national and international marketplace.
- Gabon faces similar problems to neighboring countries in terms of demonstrating that the timber industry is not contributing to deforestation and fulfilling emerging market requirements. With a policy focus on promoting higher-value industries, there are opportunities for wood-based manufacturers in Gabon to improve their performance and profitability.
- The demand for transparency and traceability in the timber trade and industry is rising. Technological innovations offer potential for enhanced transparency and more robust traceability.
- Domestic timber markets are expanding in tropical countries creating a new dynamic and new opportunities and challenges for delivery of legal and sustainable timber products.
- Certification offers an opportunity for the Central African Republic and other African countries to improve their timber supply chains, improving management of resources and enhancing reputation in export markets.
- The increasing numbers of natural forest species controlled under the CITES permit requirements may increase demand for plantation species and encourage greater plantation development.

- h. For Indonesia, the 30 December 2020 cut-off date for EUDR may create problems due to the volumes of timber now being derived from social forestry programmes designed to rehabilitate degraded forest land and high dependence on smallholders who have only limited capacity to provide the required information.

## VI. Session 2: Enhancing Trust and Effectiveness along timber supply chains

This session discussed how to achieve effective collaboration along global timber supply chains to reduce costs and increase efficiency. This topic involves aspects such as accurate matching of supply and demand, technological integration and innovation, and market facilitating measures.

### Moderator:

Dr. Preecha Ongprasert, Director of Forestry Foreign Affairs, Thailand Royal Forest Department

### Presentations:

**'Measures and practices in promoting global legal and sustainable supply chains', Ms. Sunita binti Muhamad, Senior Deputy, Licensing and Inspectorate Division, Malaysia Timber Industry Board**



Key points of the presentation:

- a. The Malaysian Timber Industry Board (MTIB) is a government agency responsible for leading and developing Malaysia's timber industry. MTIB acts as a coordinator in formulating policies and strategies to increase the growth of a legal and sustainable timber industry in Malaysia that is locally and internationally competitive.

- b. Challenges in legal and sustainable supply chains include: i) unstable trade and a slowdown in demand; ii) negative perceptions of the timber industry in relation to illegal logging, deforestation, land degradation, climate change and carbon issues; and iii) the imposition of new technical requirements to demonstrate products are deforestation-free.
- c. Measures and practices in promoting global legal and sustainable supply chains include: i) creating awareness of the importance of legal and sustainable supply chains; ii) establishing legal rules and policies to encourage innovation; iii) providing incentives to help companies and operators; and iv) ensuring close collaboration between government agencies and the private sector.

**'Promoting trade facilitation of timber and timber products', Mr. Tevita Bulai, Acting Conservator of Forest, Ministry of Forestry, The Republic of Fiji**



Key points of the presentation:

- a. Facts about Fijian forest resources, log production and wood products trade were presented. Fiji's wood products exports are dominated by wood chips (69%), followed by sawn timber (22%), slabs (6%), decking (5%), and plywood (2%). Imports are dominated by plywood (34%), followed by sawn timber (13%), particle board (11%), hardboard (11%), and other products (31%).
- b. An online licensing system has been implemented since 2019 which benefits the timber sector in the country.

**‘Accelerating technological integration into and innovation of the timber industry’, Ms. Tullia Baldassarri, Communications Managers, Interholco, Switzerland**

Key points of the presentation:

- Interholco (IHC) is one of the largest producers of African tropical hardwood, specialized in forest management and wood production. Its subsidiary company IFO manages a 1.16 million hectare natural forest area in the Republic of the Congo which is now the largest FSC-certified tropical forest concession. In the IHC concession, 69% of the area is utilized for production, 27% for conservation/protection and 4% for rural development. Interholco has extensive experience with natural and social capital assessments.
- IHC’s leading strategy is to manage forests well and sustainably, to secure a long-term supply of high-quality wood. The tropical forests in West and Central Africa are valuable renewable resources. Development of a sustainable forest and wood economy is an economic and social incentive for the population to maintain the forest cover and avoid deforestation. It has been determined which parts of the IHC forest areas are available on a long-term basis for forestry and which, due to their uniqueness, have to be preserved as protected areas.
- Innovation is synergy. The private sector has a pivotal role to play, combining existing policy with expertise, serving as a platform for stakeholder engagement, collaboration and knowledge-sharing. Synergy means integrating diverse stakeholders, fostering multi-stakeholder partnerships and promoting more inclusive decision-making.
- “We work better when we work together, sharing what we know. Being open to a diversity of viewpoints leads to increased awareness and better problem solving.”

**Panel discussion:**

**Panelists:**

- Mr. Deryck Pantoja Martins (President, Association of Wood Exporting Industries/(AIMEX), Pará State, Brazil)
- Dr. Peter O. Alele (African Regional Director, FSC)
- Mr. Eric Gitadi Gilungu (Secretary General, Federation of Wood Industry/(FIB), Democratic Republic of the Congo)
- Mr. Jirawat Tangkijngamwong (Chairman, Thai Timber Association)
- Mr. Wei Xu (Chairman, Zhejiang Starforest Flooring Co. Ltd.)
- Mr. Wang Tianbing (President, Guangzhou Custom Home Industry Association)

**Highlights of the discussion:**

- Brazil has succeeded in integrating a range of different technologies to solve many problems encountered by the timber industry and to promote efficiency and reduce bureaucracy.
- However, the science of traceability is, in some respects, still quite immature and has yet to deliver the desired impacts at scale or to allow reliable supply chain monitoring.
- Access to new supply chain technology is also still quite low. The level of adoption to date has been insufficient to deliver positive results at country and landscape level.
- It is critical to involve all stakeholders along the supply chains and to make sure that everybody participates.
- With regards to EUDR, the most challenging issue is education. In Thailand, the work to educate stakeholders has been on-going for 13 years but there is still a gap in knowledge that needs to be closed. Thailand has developed a due diligence framework but this still does not satisfy the EUDR regulatory requirements.
- The wood-based industry in China has been negatively affected by the global economic crisis that followed the COVID-19 pandemic. After the pandemic, industries in China have been less profitable and suffer from poor growth. Stable legal and sustainable supply chains are needed to improve economic performance in the sector.
- The digital transformation has potential to improve transparency and communication in the forest products sector, benefiting both producers and consumers of timber products. However, capacity building to ensure greater connectivity and widespread access to technology throughout the supply chain is required to better exploit this opportunity.
- Inclusiveness is an important aspect for collaboration and partnership both at company level and at various geographical scales to ensure adoption and effective use of technologies within the timber supply chain.

The world is interconnecting. There is a need to develop mutual trust through the development of appropriate technology.





## VII. Session 3: Prospects for Revitalizing Global Timber Supply Chains

This session explored transformative measures and solutions for revitalizing global timber supply chains, especially the idea that innovative transboundary linkages can create new opportunities, for example by fusing timber clusters and special industrial zones in different countries, developing new mechanisms for green finance and technology transfer, and through international payments for ecosystem services.

### Moderator:

Ralph Ridder, Founding Member of Global Green Supply Chains of Forest Products (Macao) Federation

### Presentations

#### **'Enhancing matchings and collaboration between special industrial zones and timber manufacturing clusters', Ms. Zhai Jianchao, Director, Investment Promotion and Business Development of Arise IIP (Congo Basin Cluster)**

Key points of the presentation:

- Enhancing linkages and collaboration within and between special industrial zones and timber manufacturing clusters can increase the efficiency and profitability of legal and sustainable timber supply chains.
- The trend towards digitization is also empowering the establishment and management of timber manufacturing clusters and the upgrading and addition of value within timber supply chains.
- ARISE's digital log traceability system was explained. Key benefits of the log traceability application include: i) more transparent supply chains which, together with certification, guarantee that raw materials come from legally and sustainably managed forest resources; ii) more efficient logistics planning; iii) a guarantee of 100% accuracy and a reduction in transaction time at each step as the need for handwritten documents is greatly reduced; and iv) enhanced customer trust since the source of goods is transparent, legal and traceable.



#### **'Encouraging innovative ways and means for industrial collaboration', Mr. Bruno Guay, Advisor on Private Sector Engagement and Carbon Finance (Central African Forest Initiative (CAFI))**

Key points of the presentation:

- CAFI was established in 2015 on the margins of the United Nations General Assembly as a partnership initiative that gathers: a coalition of donors (Belgium, EU, France, Germany, the Netherlands, Norway, the Republic of Korea, Sweden, the United Kingdom and the United States); six partner countries (CAR, Democratic Republic of the Congo, Cameroon, Congo, Equatorial Guinea, and Gabon), implementing organizations (including UN organizations, the World Bank, international cooperation agencies and non-governmental organizations), and South-South partners.
- The presentation focused on CAFI's work to improve access to finance for legal and sustainable enterprises in Central Africa.
- Although CAFI does not directly fund private companies, it facilitates connections with implementing organizations to accelerate private sector project development.
- CAFI offers investment grants for risk-sharing and below-market rate loans with favorable terms, and performance-based grants that value environmental services, dependent on verified results
- In 2023 CAFI approved the project "Scaling-up commercial investment in deforestation-free Central African commodity supply chains" with a total budget of USD 51.1 million focused on scaling-up commercial investment in tropical agricultural supply chains while transforming them with deforestation-free and socially inclusive practices at a landscape level.
- Following a call for expressions of interest for the Regional Private Sector Facility in September 2023 and the approval of the CAFI investment and performance framework by CAFI's Executive Board, USD100 million were allocated for project development grants to support early-stage projects, pilot new technologies, and address investment risks and information gaps.

#### **'Exploring possible solutions towards better legal and sustainable timber supply chains and achieving the SDGs', Dr. Luo Xinjian, Secretary General, Global Green Supply Chain Initiatives (GGSC)**

Key points of presentation:

- Launched in 2019, GGSC is an international non-profit organization supported by ITTO and related stakeholders. GGSC is a platform voluntarily joined by wood producers, traders, processors, and consumers along global forest products supply chains.
- GGSC supports timber industries in achieving the SDGs through collaboration and consensus with governments and stakeholders by: i) promoting multi-party consensus and collaboration based on the notion that 'legal and sustainable timber supply chains is a nature-based solution'; ii) promoting policies that support legal and sustainable supply chains (tax incentives, ecological compensation); and iii) promoting cooperation and dialogue between governments.



## Panel discussion:

### Panelists:

- Dr. Richard Gyimah (Director of Operation, Timber Development Division, Ghana Forestry Commission)
- Mr. Jean Marie Ntountoume (General Delegate, Union of Foresters and Wood Industry of Gabon (UFIGA))
- Mr. Zhuang Bingchuan (Chairman, Gabon Asian Forest and Wood Industry Association (UFIAG))
- Mr. Ngo Sy Hoai (Vice President and Secretary General, Vietnam Timber and Forest Products Association (VIFOREST))
- Mr. Zhou Zhenyang (Chairman, Foshan Furniture Association)
- Mr. Peng Yanqing (Secretary General, Puyang Modern Houseware Industry Alliance, China)

## Highlights of the discussion:

- Government regulations in Ghana must promote revitalization of timber supply chains, particularly since the downturn following the COVID-19 pandemic. Ensuring transparency and traceability can contribute to this. However, forest plantations also need to be developed, and lesser used species need to be promoted as availability of better known commercial species from managed natural forests have declined.
- It is important to look at integrated business models that are more efficient and productive, that minimize waste, add more value per unit volume, and optimize profits.
- Wood-based industries in Viet Nam have also focused on improved efficiency to increase competitiveness. There is a need to develop and expand innovative financing mechanisms, for example to transfer payments for forest ecosystem services to farmers to encourage better forest management and improved wood supply. Viet Nam has already succeeded in obtaining around USD 51 million from carbon credits. A further USD 150 million per year may be derived from other services such as hydro-electric power and ecotourism. The availability of these funds means that Vietnamese industry is increasingly aware of the value of the green transformation.
- Investments for better infrastructure will help reduce transportation costs for the forest industry.
- The use of advanced technologies, such as AI and robotic technologies, has potential to further improve efficiency and reduce production costs in wood-based industries.

## VIII. Wrap-up: The Main Forum

**Mr. Rupert Oliver (ITTO Expert)** presented the wrap up. The following statement drawing from the day's discussion was prepared and delivered to the Forum by the Rapporteurs:

Just as a reminder of why we are all here. The Global Legal and Sustainable Timber Forum provides a collaborative platform. It aims to enhance and strengthen networking and business exchanges among timber industry stakeholders to facilitate sustainable forest management and the legal and sustainable use and trade of wood products. It aims to deliver this in a stable, transparent and predictable business environment.

I think comments today indicate that we are some distance from operating in such an environment. This is partly due to outside factors. The global economy has entered an uncertain period. There are severe and potentially expanding global conflicts. There is weak economic growth after the brief post-COVID boom.

some lesser-known species may well have strong potential in development of new mass timber products as a low-carbon construction option, particularly in rapidly expanding urban areas in emerging markets.

Other factors are inherent to the forest sector over which the timber industry has some measure of influence. FAO reported from their 2020 FRA that the rate of global deforestation has declined but remains stubbornly high at over 10 million hectares per year. Every year over 100 million hectares of forest are lost or damaged by wildfires and pests. Climate change is a profound challenge, which requires an effective response to deforestation and adaptation measures in forestry. It also highlights the importance of supplying low-carbon products into the international market.

At national level, there are some net gains in forest area, most notably in China, and these efforts need to be encouraged more widely. Where substantial areas of plantation forest already exist, such as in Indonesia and Brazil, we heard today that trade seems to have been less affected by the recent downturn in trade.

We also heard mention of the continuing importance of

income and employment generated through the selection harvest of managed natural forest – and the incentive this provides for maintaining these forests. We heard about the critical need to increase the income that can be derived from low intensity harvesting of natural tropical forests, for example by adding more value to timber prior to; supplementing this income by the sale of environmental services; and also by ensuring the market is more willing to take the diverse range of species and grades that these forests can provide, rather than focusing only on a narrow range of more recognized species.

It was noted that some lesser-known species may well have strong potential in the development of new mass timber products as a low-carbon construction option, particularly in rapidly expanding urban areas in emerging markets.

The scale of this opportunity over the long-term was highlighted by the projection from FAO that global demand for wood has potential to increase by 49% in 2050. Surely therefore the current downturn should only be short term – over the long term there is a land of opportunity for market development. But there is a huge amount yet to be done to exploit this. There is also a serious risk of forest degradation without widespread implementation of sustainable practices.

One major challenge identified during our discussions was the lack of consumer awareness of the positive role that the tropical timber industry can play – indeed is already playing – in helping to maintain tropical forests and the contribution it makes to rural livelihoods. There is little awareness outside the forestry sector of the strong level of commitment to development of national legal and sustainable forestry systems, and to the evolution of highly transparent supply chains.

This of course is not a new problem, far from it, and the relatively poor level of communication around this issue to date was widely acknowledged today. More positively, there was a sense that the solution to this problem is very much something that we hold in our own hands. To improve communication in consumer markets, we need much higher level of collaboration than we have seen in the past. This is one area where this forum can provide real leadership and a strong platform.

The need for greater collaboration and partnership across a wide range of issues was highlighted regularly today – to share information on new technical advances, identify new investment opportunities and product applications, in developing strategic marketing campaigns with common messaging throughout the supply chain, in the development of workable regulatory frameworks which are genuinely effective, efficient and equitable.

The good news is that there are already several initiatives building these partnerships in various parts of the world, and the GLSTF has a significant role to accelerate this process. The pilot blockchain project for timber products shipped from

Gabon into China is an early demonstration of the type of work that can be effectively pursued through the platform.

More generally, the critical need for the global timber industry to adopt and adapt to new technologies, and the accelerating pace of change is creating many challenges in the short term. But it also creates enormous opportunities in the long-term, again highlighting the importance of this platform. As an industry we can only hope to deal with these new technologies effectively by working together. Some of the problems linked to the roll-out of the EU Deforestation Regulation were briefly touched on today. They may be seen as a direct result of a failure by European regulators to collaborate more widely when drawing up this law.

A key output from today is the Draft Action Framework for Promoting Legal and Sustainable Timber Supply Chains presented by the ITTO Officer in Charge. The key actions should be reiterated:

- a. Establish strong networks by fostering partnerships and collaboration among timber industry stakeholders based on mutual respect, trust and cooperation.
- b. Promote and encourage information exchange with and among the private sector and enhance the efficiency and effectiveness of policies and measures related to legal and sustainable timber production and trade. The Global Timber Index (GTI), already launched and well established, is a key part of this.
- c. Support a stable, fair and transparent business environment by facilitating more reliable and predictable market access opportunities for the global wood products trade.
- d. Introduce and utilize new technology and tools to ensure the legitimacy and sustainability of timber sources and improve international and national certification schemes and standards.
- e. Provide support to encourage the accelerated adoption of advanced technologies, machinery and equipment.
- f. Formulate and develop innovative incentive mechanisms for sustainable green finance and investment, such as payments for environmental services.
- g. Encourage the building and development of industrial clusters and parks to support enterprises in adopting legal and sustainable best practices and advanced technologies.
- h. Support producers and consumers to build capacity for achieving legality and sustainability in forest management, governance assurance enforcement, timber production and processing, industrial development and other areas.

#### Rapporteurs:

- Tetra Yanuariadi (ITTO, Projects Manager)
- Yongyut Trisurat (Professor, Kasetsart University, Bangkok)
- Rupert Oliver (ITTO Expert; Director Sustainable Wood Ltd)



**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2024**

## **Specialized Sub-forum 1**

**Timber Legality and Sustainability:  
'Responses to emerging timber trade requirements'**

12 September 2024, Macao

Organized by



**ITTO**  
INTERNATIONAL TROPICAL  
TIMBER ORGANIZATION







## Opening remarks by the ITTO Executive Director (represented by Ms. Jennifer Conje, Director, ITTO Forest Management Division)

### Highlights of the remarks:

- a. Forest-based enterprises and international timber trade add value to tropical forests and can contribute significantly to sustainable economies and livelihoods. For decades, the tropical timber sector has grappled with numerous challenges and even threats as it struggles to maintain its stake in the international timber markets. It is now essential for tropical timber producing countries and the international tropical timber trade to adopt a positive and proactive approach to addressing the priority challenges, including weak forest governance.
- b. There is an urgent need for efficient and effective strategies to reform and strengthen forest governance and rein in illegal logging and trade. A key requirement of sustainable forestry is compliance with all relevant legal frameworks. 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 SDGs. Legally and sustainably produced wood is also one of the most environmentally friendly construction materials.
- c. Ensuring sustainable tropical timber trade requires that the

utilization and productivity of production forests is optimized. This will in turn reduce pressure on and disturbance to conservation and protected forests.

- d. The perception that illegal operations are widespread in tropical forests taints the image of the tropical timber sector in certain major import markets. Concerned over illegal logging and its associated contribution to global deforestation and forest degradation, governments in some major timber consuming countries have enacted laws to regulate their market, giving preference to legal and, in the case of the EU, deforestation-free timber products. Many governments and private companies are also implementing procurement policies favoring legal and sustainable timber products.
- e. To ensure continued market access and improved competitiveness of tropical timber products, producing countries need to strengthen their systems for forest and timber trade monitoring and control to ensure only legally harvested products enter supply chains. They also need to consider formalizing these systems into national forest certification schemes to provide wider assurances of deforestation-free and/or sustainability status.
- f. The main purpose of this specialized sub-forum is to share experiences and to learn from different perspectives of stakeholders throughout the tropical timber supply chain in relation to international timber trade requirements and national systems for legality verification and sustainability certification. It pays particular attention to the potential effects of the "EU Regulation 2023/1115 of the European Parliament and of the Council", or EUDR for short. The implementation of EUDR will have a significant impact on the tropical timber trade in the EU and also has serious implications in tropical timber producing countries.
- g. The specialized sub-forum is divided into two sessions: 1) Potential impacts on and responses of tropical timber producers resulting from emerging timber trade requirements (EUDR); 2) Updates on national forest certification schemes to support legal and sustainable supply chains.

# Session 1: Potential impacts on and responses to tropical timber producers towards emerging timber trade requirements (EUDR)

## Moderator:

Ms. Jennifer Conje (Director, ITTO Forest Management Division)

## Speakers + Panelists:

- Mr. Rupert Oliver (Forest Industries Intelligence, UK),
- Dr. Ivan Tomaselli (President, STCP; Vice-President, Brazilian Association of the Mechanically Processed Timber Industry (ABIMCI)),
- Mr. Ngo Sy Hoai, Vice President/Secretary General, Viet Nam Timber & Forest Products Association (VIFOREST),
- Ms. Ashley Amidon, International Wood Products Association (IWPA)

## Additional Panelists:

- Dr. Wu Zhimin (Director, Forest Division, FAO),
- Dr. Nurudeen Iddrisu (Director, ITTO Trade and Industry Division)

Session 1 discussed the status of producer countries' readiness for the full implementation of EUDR. 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. More importantly, we need to know whether and how far these regulations will contribute to combatting illegal logging, poor governance, deforestation and forest degradation in the tropics and whether there are any significant unintended consequences that may arise for the tropical timber trade and industry.

## Highlights of the discussion

- The underlying objective of EUDR, to mitigate the risk of commodity-driven deforestation and forest degradation, is accepted by all parties. Nevertheless, there is a need for much wider consultation with producer countries to ensure that the regulation is successful in achieving this objective.
- Many stakeholders in the timber supply chain are calling for a pragmatic approach to implementation and enforcement of EUDR.
- The level of technological development for delivery of geolocation data and direct assessment of deforestation risk at individual property level using satellite imagery, and the extent of access to this technology, is currently insufficient to deliver



in the way envisaged by the policymakers that formulated the EUDR.

- The text of the EUDR implies adoption of a highly bureaucratic and inflexible approach, particularly in the context of smallholders and SMEs, and certain specific aspects should be amended to facilitate more efficient, effective and equitable application.
- Many questions have been forwarded to the EU Commission which have yet to be answered. Country-risk assessments, which are mandated in the text of the EUDR, and which are designed to allow for more targeted implementation, have yet to be prepared.
- Education and information sharing are important aspects to make EUDR workable and fully accepted by all parties involved.
- Large companies have the capacity to collect information and mitigate risks whereas SMEs have limited capacity and often derive their supply from numerous sources, including smallholder plantations, and are required to collate more information to prove legality and deforestation-free status.
- For Viet Nam, domestic timber products are ready to comply with the EUDR requirements as the origin of the timber is clear. However, demonstrating conformance for imported timber is more challenging.
- EUDR prohibits wood from being placed on the EU single market if it is derived from plantations established on land where naturally regenerating trees were previously dominant after a December 2020 cut-off date. This may restrict opportunities for tropical countries to enhance production and restore forests by tree planting in areas of degraded forest.
- The concept of sustainability represents a global consensus to manage and maintain natural resources in a way that balances economic, social, and environmental needs. FAO's aim is to support national governments in delivering on all the dimensions of sustainable development.
- Demanding that products are "deforestation-free" implies a single-issue focus which could potentially distract from achievement of wider sustainable development goals. To help mitigate this risk and contribute to effective and efficient application of laws focused on deforestation and forest

degradation, FAO will seek to build consensus around the definitions of these terms. However, policy makers should not lose sight of the wider sustainability goal.

- I. Peru is responding to the rising global demand for greater transparency and assurance of sustainable timber supply and to the EUDR requirements through development of a national forest law enforcement and timber traceability system.

## Summary of the presentations

### Speaker 1: 'EUDR: The Latest Developments and Implications for Tropical Timber', Mr. Rupert Oliver



- a. The expanded and changed scope of EUDR compared to EU Timber Regulation (EUTR) was elaborated.
- b. While the EUTR was developed within the context of the Forest Law Enforcement Governance and Trade (FLEGT) framework, squarely focused on improving governance and tackling illegal logging, EUDR has been developed in the context of the EU Green Deal with a stronger focus on achievement of the EU's own emission reduction targets, including a reduction in embodied carbon in imported products and de-risking of supply chains.
- c. EUDR covers the full range of products imported into the EU assessed as having "high embodied deforestation" content, thereby extending beyond timber to include cattle, cocoa, coffee, oil palm, rubber, and soya.
- d. The prohibition on placing illegal timber on the EU market contained in EUTR is extended in EUDR to include a prohibition on any regulated product being derived from land subject to deforestation and on timber harvested in a way that induces forest degradation.
- e. Whereas EUTR requires that timber be traced to source to the extent necessary to demonstrate negligible risk, EUDR requires that all regulated products be geolocated to the specific "plot of land" – defined as "within a single real estate property" – irrespective of the level of risk.
- f. Whereas EUTR imposes these obligations only when timber is placed on the EU single market, EUDR extends the obligations to include larger traders inside the EU and to exports from the single market to allow for conformance to the equal treatment principles of the World Trade Organization (WTO).
- g. EUDR has both strengths and weaknesses as a regulatory tool. Its main strength is that it involves "creative disruption" with potential to shake-up slow and uncertain progress to reduce deforestation and speed up innovation. The fact that it is focused on a simple observable metric helps monitoring and impact assessment and has helped ensure widespread support from consumer organizations and civil society. Another strength is that the EUDR aims to capture the major agricultural drivers of deforestation.
- h. Weaknesses of EUDR are that it disregards the sovereignty of producers; involved very limited consultation with producers; overlaps with and may contradict sustainable forestry and land use policies; and has potential to be discriminatory at various levels. The measures also appear disproportionate for forest products, and the legal status of the law is questionable (both with respect to WTO conformance and proportionality requirements of the EU's own treaties). The law involved an unprecedented short lead-in time and is technocratic and politically divisive.
- i. EUDR: will it fly? There have been significant political challenges to the EUDR, both from major trade partners, and from internal EU interests, including several national governments, right-wing politicians in the European Parliament, and European forest products organizations and farmers. There are also clear signs that EU regulators are ill-prepared. On the other hand, now the law has been passed, there is no simple legal mechanism to change the law. There is very strong civil society support and the greens and socialists holding the balance of power in the European Parliament are determined to make it stick. The bottom line is that while there are many calls to delay the law, even the severest critics are not calling for it to be rescinded. It is almost certain that the law will now be implemented with little amendment, if not when scheduled from 30 December 2024, then no more than one or two years later. Everyone needs to prepare for it.
- j. On potential market impacts, these will depend on a combination of two factors, first how important the EU market is to producers, and second how dependent is the production chain is on smallholders and SMEs.
- k. The biggest immediate market opportunities will be for large vertically integrated and horizontally concentrated producers where the EU is already a large market. These producers will find compliance relatively lower-cost and many are already well down the certification route – for example large tropical timber concessions in Africa.
- l. The biggest potential for positive changes is where small farmers dominate and the EU is the biggest buyer, for example for cocoa suppliers in West Africa where large European corporations will have no option but to invest in compliance systems for their smallholder suppliers.
- m. The biggest risks of negative outcomes are where smallholders and SMEs predominate, and the EU is a relatively insignificant buyer. In these instances, trade is more likely to be diverted away from the EU and the EU's political engagement and ability to influence may be reduced. The progress to develop flexible landscape-based and jurisdictional forms of verification in these countries, previously encouraged by EU policy but now potentially excluded by the strict property-level geolocation requirements, may be undermined. This outcome is a risk for the Southeast Asian palm oil and wood furniture sectors.



### Speaker 2: 'Brazil Timber Industry and Possible Impacts of EUDR Implementation', Dr. Ivan Tomaselli



- a. The EU market for Brazilian forest products is now dominated by pellets (>90%), followed by logs, panels, flooring, pulp and paper, sawnwood and mouldings.
- b. However, the impacts of EUDR in Brazil go well beyond the forestry sector and will be quite significant, with a large projected reduction of Brazilian exports of the regulated commodities to Europe starting in 2025.
- c. While Brazilian forest products exports to Europe are still significant, the EU share has declined in recent years being offset by rising exports to Asia. It is expected that Brazil will be classified by the European Commission as a "high risk" country, which will add to the challenges of conformance. Brazil is currently experiencing a high rate of expansion of agricultural land and the production and marketing of several commodities listed under the EUDR has been rising rapidly.
- d. Exporters of EUDR-regulated commodities in Brazil still do not effectively know what to do and, as a result, have done little. There has been some exchange of information about options on how to respond and how to mitigate the impact. This has involved Brazilian operators discussing with importers, distributors and other supply chain operators in Europe. However, little practical progress has been achieved.
- e. Forestry industry associations, supported by industry federations, have discussed the implications of the EUDR and the alternatives. A pilot Due Diligence test highlighted the complexity involved. The report of this test extended to around three hundred pages.
- f. The Ministry of Agriculture and Livestock in partnership with other organizations has been developing a platform (AgroBrasil+Sustentável) with information to facilitate compliance with the EUDR requirements. The platform integrates information from databases of government institutions in an organized, traceable and reliable manner on sustainable agricultural production in Brazil.
- g. There will be significant challenges in all countries exporting regulated products to Europe. The required due diligence requirements are complex, costly and long. They must cover each individual operator and process at every stage of the chain, separately by product and origin. Inevitably there will be much subjectivity in the analyses and interpretations. Legal penalties for due diligence failures and errors by EU operators are harsh, and exporters may in turn be subject to penalties by way of their contractual arrangements with EU importers.
- h. Most countries face severe challenges to bring together the data required by their EU customers, having to draw together

information from numerous different sources and reconcile data conflicts.

- i. There is a risk, especially in the short term, of shortages of certain commodities products in Europe following the implementation of the EUDR. There may be serious socio-economic impacts in some countries, with potential to increase poverty and worsen environmental problems, including an increase in deforestation.
- j. Countries should push the EU to adopt a phased approach and to make adjustments to EUDR.



### Speaker 3: 'Viet Nam at the Crossroads of EUDR Implementation', Mr. Ngo Sy Hoai

- a. Viet Nam has over 6,000 wood processing/trading companies, mostly SMEs, which together import wood from 114 countries, and which typically reprocess and export wood products to 140 markets. Wood products exports from Viet Nam are growing very fast due to two competitive advantages: low labour costs, and abundant raw material from local plantations, especially *Acacia*. Furniture products are the leading export commodity, contributing about 70% of the wood product export value, followed by wood chips contributing 17%.
- b. The Viet Nam Government signed a FLEGT Voluntary Partnership Agreement (VPA) with the EU in 2018 and implemented the Vietnam timber legality assurance system (VNTLAS), starting in 2020.
- c. The area of forest certified to international and national certification schemes (FSC, PEFC/Vietnam Forest Certification Scheme) in Viet Nam is expected to increase two-fold from 527,000 hectares at present to 1,000,000 hectares by 2030.
- d. Viet Nam supports enterprises and stakeholders to implement formal due diligence systems and legality verification procedures in line with export market requirements.
- e. Through implementation of these mechanisms, Viet Nam is almost ready to supply products that comply with EUDR.
- f. However, Viet Nam's plantation sector has more than 1 million smallholders (each operating less than three hectares on average). Capacity building for these smallholders, particularly to provide geolocation data, is time-consuming and presents a significant challenge in the wood sector.



**Speaker 4: 'Impacts and Implications of EUDR Globally',  
Ms. Ashley Amidon**

- a. The presentation covered: i) immediate global impacts of EUDR for those trading directly in or out of the EU and those whose supply chains trade in or out of Europe; and ii) possible longer term global impacts if other nations copy some or all of the EUDR components.
- b. For those who trade directly in or out of the EU, the requirements of EUDR must be met for trade to occur. This implies the need for significant trade and government investment in supply chain management. Small entities particularly may struggle to find the funds and/or the manpower to invest in the required tracking. Laws and standards may need to change in other countries to facilitate compliance for the affected industries. Some elements of EUDR have already galvanized producer countries and/or industry groups concerned about implementation issues.
- c. Many companies that are not selling directly into the EU, but engaged in more complex supply chains, are unaware that parts of those supply chains are doing business with the EU. There is also a lot of confusion around whether documents and other evidence previously used for EUTR and/or Lacey Act compliance can still be used for EUDR compliance.
- d. Following the introduction of EUDR, those companies manufacturing some products that end up in the EU may decide to demand additional EUDR-related information (geolocation data and deforestation-risk assurances) of all their own suppliers so as to avoid running separate compliance systems, or to segregate products, for different markets. In this way, the requirements to satisfy the EU market may well extend much more widely throughout global supply chains.
- e. Some countries outside the EU are also looking at formal ways to exclude deforestation free commodities and/or products. In the U.S., the Biden Administration and several state legislatures (including California and New York) have put forward proposals for very similar deforestation-free product legislation, so far unsuccessfully.
- f. EUDR is being watched carefully globally for areas of success and struggle – a “wait and see” approach. The rollout and implementation will provide lessons for other countries. It will then depend on mustering domestic political will to implement similar requirements. Immediate adoption elsewhere at present seems unlikely but longer term is not impossible.



## Session 2: Updates on national forest certification scheme to support legal & sustainable supply chains

**Moderator:**

Dr. M. Nurudeen Iddrisu (Director, ITTO Trade and Industry Division)

**Speakers + Panelists:**

- Mr. Sanjay Khumar Chauhan (Assistant Inspector General of Forest, Indian Ministry of Environment, Forest and Climate Change)
- Dr. Richard Gyimah (Director of Operations, Timber Development Division, Ghana Forestry Commission) Dr. Farah Shameen (Malaysian Timber Certification Council/ (MTCC))
- Ms. Basmatee Mohabeer (Coordinator, PEFC Guyana program; Assistant Commission, Guyana Forest Commission)
- Dr. Preecha Ongprasert (Director of International Cooperation, Thai Royal Forestry Department)

**Additional Panelists:**

Ms. Cindy Cheng (Asia-Pacific Regional Director, FSC)



Session 2 discussed national forest certification scheme development. Representatives from several producer countries were invited to provide an update of progress to develop national forest certification schemes. These schemes are designed both to improve forest governance and to facilitate compliance of forest products produced in each country with national and international trade requirements.

### Highlights of the discussion

- a. The development of national forest certification schemes plays a critical role in promoting the legal and sustainable trade in timber. National certification schemes can influence forest policies by providing a framework for legal timber production, encouraging governments to adopt and enforce strict regulations against illegal logging.
- b. In general forest certification provides a standardized approach to assessing forest management practices, ensuring that they meet certain sustainability and legality criteria. This standardization can also help enhance trade by providing clear benchmarks for buyers. The future of national forest certification schemes may involve greater integration with global standards, technology adoption (like blockchain for traceability), and stronger collaborations between governments, NGOs, and the private sector.
- c. The India National Forest Certification Scheme (8 criteria and 69 indicators) has been developed based on the principles of sustainable forest management. The scheme has three components: forest management; trees outside forest/ agroforestry (5 criteria and 73 indicators); and chain of custody. The system uses the National Working Plan Code as the basis for formulating the scheme and forest management standard.
- d. The Ghana Timber Legality Assurance System (TLAS) strongly complements forest certification and the EUDR. It addresses key forest management, sustainability, and governance challenges.
- e. The Malaysian Timber Certification System (MTCs) is aligned and embedded in various national policies related to sustainable development. A key lesson learned in implementing MTCs over the last 25 years is the essential need to build human resources with the capacity and skills to continuously improve forest management and to meet demanding international certification standards (in this case the PEFC).
- f. Lessons drawn from Guyana National Forest Certification Scheme development include the need for strong government and industry support, secure financing, a robust forest governance system, and multi-stakeholder engagement ensures their access to decision-making.
- g. Thailand continues its efforts to promote sustainable forest management and scale up its national forest certification so that it can be accepted internationally.
- h. An international certification body such as the Forest Stewardship Council (FSC) plays a significant role in supporting the development of robust national forest certification schemes to adapt to changing timber market requirements. FSC provides a framework for developing national standards that consider local ecological, social, and economic contexts. This ensures that certification schemes are relevant and effective.
- i. In addition, FSC certification promotes the sustainable management of forests, contributing to biodiversity conservation, ecosystem health and carbon sequestration. This aligns with global goals for climate change mitigation. FSC's work on ecosystem services and verified impact unlocks high-quality forest data to monitor, conserve, and improve efforts worldwide in six categories: carbon, biodiversity, soil, water, recreation, and cultural services.

### Summary of the presentations





**Speaker 1: 'Indian Forest Management Standards and Certification', Mr. Sanjay Khumar Chauhan**

- a. Key features of the National Forest Certification Scheme are that it is based on the principles of sustainable forest management, covers the management of both forests and trees outside forest, and includes a chain of custody system. The National Working Plan Code was the basis for procedures and standards.
- b. The Indian Forest Management Standard provides the framework for monitoring in forest areas, setting guidelines for sustainable forest management. It has 8 Criteria and 69 Indicators which together with a series of verifiers cover environmental, economic and social objectives.
- c. The Standard for Sustainable Management of Trees Outside Forest Areas in India applies to tree owners such as individual farmers, farmer groups and other entities in the timber or non-wood produce value chain who share and adhere to common principles of sustainable plantation/agroforestry management. The standard is applicable to a diverse range of plantations and agroforestry systems. The standard has 5 Criteria with 73 Indicators.



**Speaker 2: 'Ghana's National Mandatory System: Continuous Improvement & Sustainability Requirements', Dr. Richard Gyimah**

- a. Lessons learned from the development of the Ghana Legality Assurance System (GhLAS) include that: it enables the application of forest management standards across the board at the national level; it keeps in focus compliance with social, environmental, and economic standards as enshrined in national laws (that require routine legality verification audits and independent audits); it is embedded in a national multi-stakeholder process which improves legitimacy and buy-in across the board; and national constitutional and legislative provisions with implications for forest legality verification need to be carefully handled to avoid implementation delays.
- b. The GhLAS has the following components: legal standard; verification system; chain of custody; licensing authority; and independent audit. The legality definition is aggregated into 7 Principles: i) source of timber; ii) timber rights allocation; iii) timber harvesting operations; iv) transportation; v) processing; vi) trade; and vii) fiscal obligation. A set of indicators is established for each Principle.
- c. On Ghana's readiness to issue FLEGT Licenses, it was noted that outstanding matters on ratification of Timber Utilization Contracts (TUCs) by Ghana's Parliament are now resolved. An Action Plan to set the stage for FLEGT License issuance is being developed with key stakeholders. Ghana is now set to sit with the EU at a joint session (JMRM) to announce a date for the 'go-live' and issue of the FLEGT License.
- d. In conclusion: the benefits of an effective TLAS go far beyond the delivery of legality licenses. The TLAS strongly complements forest certification and the new EUDR. When well implemented, the TLAS addresses key forest management, sustainability and governance challenges.



### Speaker 3: '25 years on: The Case of the Malaysian Timber Certification Scheme', CEO of Dr. Farah Shameen

- a. The Malaysian Timber Certification Scheme (MTCS) was established in October 1998 and started operations in January 1999 as a voluntary national timber certification scheme to ensure national and international appreciation of the full value and contribution of forests and forest products to global sustainability.
- b. The MTCS is now aligned and embedded in various national policies related to sustainable development.
- c. As of July 2024, 25 years since starting operations, the MTCS has certified around 6.9 million hectares or 37.1% of the national forest cover in Malaysia. Certification covers 37 forest management units, 9 forest plantation units, and 368 companies. The trend of certification increased steadily between 2010 and 2023. The chain of custody certification started with sawn timber in 2003 but now include 27 product categories. About 66% of certified timber product volume (3.86 million cubic metres) are exported to the EU. Another 24% are destined for Asian markets.

### Speaker 4: 'Lessons learned developing a national certification system for Guyana', Ms. Basmatee Mohabeer

- a. The Guyana National Forest Certification System (GNFCS) draws on Guyana's national sustainable forest management principles and associated regulatory framework and the Guyana-EU VPA. The standards include: the Guyana Standard for Sustainable Forest Management; the Group Certification Standard; and the Adopted Chain of Custody of Forest and Tree Based Products – Requirements.
- b. The GNFCS will cover forest management on all land tenures except state lands in conversion. In addition to forests and plantations, the system will cover trees outside of forests. It is intended that certification will be available to individual forest management organizations and potential group schemes. The GNFCS will also facilitate chain of custody certification for entities purchasing, processing and/or trading in both timber and non-timber forest products.
- c. Lessons drawn from GNFCS development include the need for strong government and industry support, secure financing, a robust forest governance system, and multi-stakeholder engagement that ensures their access to decision-making. There needs to be a commitment to transparency and clear documentation and record-keeping. It's important to work closely with the PEFC International Secretariat during development to facilitate alignment with international standards.
- d. The GNFCS strategy for marketing and development is to: aim for maximum recognition within the forest industry as part of the national value-added initiative; encourage the Guyana National Standards Board to become a member of the International Accreditation Forum; minimize costs of compliance, particularly by encouraging group certification; aim at selling the concept of certification as a component of value-added production; and promote GNFCS as a voluntary initiative which has the full support of the government and the key sector stakeholders.

### Speaker 5: 'Promoting Legal and Sustainable Supply Chains Towards Forest Certification Scheme in Thailand', Dr. Preecha Ongprasert

- a. The National Forest Policy of Thailand 2018-2037 aims to ensure 40% forest cover in the country with 25% allocated for conservation and 15% for production. Thailand's 20-year National Strategy establishes a target to increase green area in the country to 55%. This latter target includes plantations and green areas for recreation in urban areas alongside forests.
- b. Forest management for timber production is administered according to various acts covering the legal supply chain from timber sources, through processing, to products for customers. For legality certification, individual farmers and other private sector actors can apply either the Thailand National Forest Standard (TIS 14061 for SFM and TIS 2861 for chain of custody), or the ITTO Criteria & Indicators, FSC or PEFC international standards. In addition, Thailand is working to comply with the EUDR.
- c. The Thailand Government has various policies and measures to support SFM and smallholder plantations including the e-tree registration system and forest economics management information database. Several pilot projects have been implemented. Nevertheless, only a small percentage of forest production has so far obtained legal certification.









**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2024**

## **Specialized Sub-forum 2**

**Sustainable Timber Resources, Markets and Trade**  
***'Integration of New Patterns in Global Timber Market'***

12 September 2024, Macao

Co-organized by



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



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## Brief Introduction

The Global Legal & Sustainable Timber Forum (GLSTF) 2024 - Sustainable Timber Resources, Markets, and Trade, a specialized forum, was held in the Macao Special Administrative Region on September 12th. The event was jointly organized by the China Timber & Wood Products Distribution Association (CTWPDA) and the Association Technique Internationale des Bois Tropicaux (ATIBT) and supported by World Resources Institute, TRAFFIC, ARISE IIP and the World Wide Fund for Nature (WWF).

Following the spirit of the inaugural 2023 forum, CTWPDA, ATIBT and our partners continued to work on the issues of sustainable timber resource development and utilization, market expansion and trade facilitation to promote the sustainable development of the global timber supply chain, strengthen the protection and management of timber resources, enhance the transparency and legitimacy of the timber supply chain, and build a more resilient, competitive and sustainable timber industry chain. The forum was consisted of opening remarks, keynote speeches and a special session on "Opportunities and Challenges in the Timber Supply and Demand Market".

Eminent representatives and experts from the global timber industry gathered to engage in in-depth discussions on core topics such as sustainable timber resources, market trends, and trade development. The summit aimed to foster collaboration and chart a course for sustainable and green development of the global timber industry.

Mr. Li Jiafeng, President of CTWPDA, and Mr. Benoit Jobbé Duval, Secretary General of the ATIBT, delivered opening speeches.

During the conference, some domestic and foreign enterprises have achieved cooperation intentions.



## Opening Remarks

### Mr. Li Jiafeng, President of CTWPDA

Mr. Li Jiafeng stated that China imported over 77 million cubic meters of timber in 2023, ranking second in the world, only behind the United States. As a global leader in timber processing and wood product manufacturing, China has consistently promoted the construction of green supply chains and firmly implemented its "dual carbon" strategy. Looking ahead, the association will remain steadfast in upholding Xi Jinping's Thought on Ecological Civilization, realizing the "dual carbon" strategic goals, embracing green development principles, and striving to transform development models, adjust industrial structures, and drive industrial upgrading. The association is committed to working hand in hand with global wood industry partners to contribute more Chinese wisdom and solutions towards promoting high-quality and sustainable development of the global timber industry.

## Session 1: Keynote Speeches

### Moderator:

Ms. Liu Zhendong, Deputy Secretary-General, CTWPDA

### Speakers:

- Ms. Yang Junyi, Deputy Secretary-General of CTWPDA, China
- Mr. Benoit Jobbé Duval, Secretary General of the ATIBT, France
- Ms. Zhai Jianchao, Director of ARISE IIP, China
- Mr. He Haiyu, General Manager of Huadong Xingyecheng Investment Co., Ltd., China
- Ms. Caroline Duhesme of the ATIBT, France

This sub-forum aimed to discuss key issues such as sustainable development and utilization of global timber resources, market expansion and trade facilitation. The main contents included interpretation of new patterns and trends of the global timber market, challenges and opportunities for sustainable forest and timber development, establishment of timber legality verification and traceability systems, and building a high quality and productive timber supply chain. Several leading experts were invited to share their insights and help to clarify the direction of industry development.

### Summary of presentations



#### Speaker 1: 'Global Timber Market: Current Situation and Future Trends', Ms. Yang Junyi, Deputy Secretary-General of CTWPDA, (China)

The speaker provided in-depth analysis of the evolving dynamics and trends in the global timber market, offering valuable insights for Chinese timber companies to navigate challenges and seize opportunities.



#### Speaker 2: 'New Technologies in the Timber Industry', Mr. Benoit Jobbé Duval, Secretary General of ATIBT, (France)

The speaker shared insights into cutting-edge technologies and future directions in timber processing, emphasizing the use of technology to build a more resilient, competitive, and sustainable timber industry chain.



#### Speaker 3: 'Investment Opportunities in the Chinese Tropical Timber Market and Special Economic Zones (SEZs)', Ms. Zhai Jianchao, Director of ARISE IIP

The speaker provided a comprehensive analysis of the Chinese tropical timber market, highlighting the significant role of the domestic market in tropical timber trade and emphasizing the abundance of investment opportunities presented by Special Economic Zones (SEZs). SEZs offer a conducive environment for growth and innovation while simultaneously facilitating the development of high-end industry chains.





**Speaker 4: 'Timber Industrial Parks Drive High-Quality Development', Mr. He Haiyu, General Manager of Huadong Xingyecheng Investment Co., Ltd.**

The speaker shared successful experiences in the development of timber industrial parks, providing new ideas for promoting the clustered and scaled development of the timber industry.



**Speaker 5: 'Sustainable Forest Management and Responsible Utilization of Natural Forest', Ms. Caroline Duhesme, ATIBT, (France)**

The speaker highlighted the need to balance meeting market demands with forest resource protection to achieve sustainable development. Ms. Duhesme stressed the significance of safeguarding forest resources and promoting harmonious coexistence between humanity and nature.

## Session 2: Opportunities and Challenges in the Timber Supply and Demand Market

### Moderator:

Ms. Liu Zhendong, Deputy Secretary-General, CTWPDA

### Speakers:

- Patrice Kamkuimo-Piam, Senior Program Director at International Trade Centre, Africa
- Chen Lili, General Manager of Guangxi Pilot Free Trade Zone Guanglin Investment Development Co., Ltd, China
- Rakuira Vakalalabure, Executive Chairman of Fiji Pine Ltd., and Semi Vuloaloa Dranibaka, Executive Chairman of Fiji Hardwood Corporation Limited (FHCL), Fiji
- Sun Jian, China Representative of Preferred by Nature (PBN), China; Ms. Feng Yang, Sales Director of Jilin Forest Industry Jinqiao Flooring Group Co., Ltd, China
- Mr. Liu Song, Director of the Illegal Trade of Endangered Flagship Species Project at WWF's Beijing Representative Office, China



## Specialized Sub-forum 2: Sustainable Timber Resources, Markets and Trade

In view of existing opportunities and challenges, it is important to understand new trends in timber markets. In-depth analysis of timber market supply and demand and trade patterns and prospects for future development can help companies make informed decisions. The Comprehensive understanding of timber supply and demand is crucial for maintaining competitiveness and promoting sustainable growth in the timber industry.

### Summary of presentations



**Speaker 1: 'Current state, opportunities, and challenges of the African timber market', Mr. Patrice Kamkuimo-Piam, Senior Program Director at the International Trade Centre**

The speaker provided an analysis of the current state, opportunities, and challenges of the African timber market. He offered recommendations to Chinese companies on how to effectively expand into the African market.



**Speaker 3: 'Overview of Timber Markets and Exports in Fiji' Mr. Rakuita Vakalabure, Executive Chairman of Fiji Pine Ltd., and Mr. Semi Vuloalua Dranibaka, Executive Chairman of FHCL**

The speakers joined forces to present a detailed overview of the Fijian timber market and export situation to attendees. They showcased the unique appeal of Fijian timber.



**Speaker 2: 'Chinese Timber Market', Ms. Chen Lili, General Manager of Guangxi Pilot Free Trade Zone Guanglin Investment Development Co., Ltd.**

Ms. Chen Lili provided insights into the evolving demands and future trends of the Chinese timber market.



**Speaker 4: 'Challenge and Opportunity for wood products', Mr. Sun Jian, China Representative of PBN**

Mr. Sun Jian provided a detailed analysis of policy changes in the export market, helping Chinese timber companies stay informed and adapt to international market dynamics.



**Speaker 5: 'Current Status and Future Prospects of Wood Flooring Market', Ms. Feng Yang, Sales Director of Jilin Forest Industry Jinqiao Flooring Group Co., Ltd,**

Ms. Feng Yang shared the latest developments in the wood flooring industry and offered insights into future market trends.



**Speaker 6: Mr. Liu Song, Director of the Illegal Trade of Endangered Flagship Species Project at WWF's Beijing Representative Office**

Mr. Liu Song called for the promotion of sustainable timber trade. He emphasized the importance of legal and sustainable timber trade in protecting forest resources and promoting the healthy development of the global timber industry.

## Main Achievements/Outcomes and Recommendations

- a. More than 160 representatives of domestic and foreign associations, enterprises and research institutions participated in this sub-forum, which achieved remarkable results. Many participants said that the meaningful presentations gave them a better understanding of the current situation and development trends of world timber markets. In addition, participants expressed their deep concern for sustainability and legality in the timber trade. The conference provided an opportunity for domestic and international timber industry enterprises to communicate and cooperate. Meanwhile, the promotion of green and sustainable development of the timber industry was called for in this sub-forum.
- b. Successfully organized business-matching meetings with enterprises from Fiji, Gabon, Malaysia, Indonesia, India, Australia, Côte d'Ivoire, Republic of the Congo, Democratic Republic of the Congo, Cameroon, etc., which provided a good platform for enterprises to establish business cooperation with companies in Southeast Asia and Africa, and effectively promoted the 'introducing and going out' between China and the countries in the tropical region.
- c. Successful negotiation and cooperation. China Guanglin Investment Development Co., Ltd. and Fiji Pine Ltd. reached an agreement to carry out cooperation projects. The Chinese company was interested in a purchase contract of CNY 30 million.
- d. CTWPDA member companies are interested in travelling to Brazil to study the timber industry on the ground and look for opportunities to work with Brazilian companies.



## Specialized Sub-forum 2: Sustainable Timber Resources, Markets and Trade







**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2024**

## **Specialized Sub-forum 3**

**Advanced Technology and Machinery for Timber Processing**

12 September 2024, Macao

Co-organized by



**中国木材保护工业协会**  
CHINA WOOD PROTECTION INDUSTRY ASSOCIATION





## Brief Introduction

On September 12, GLSTF 2024 held a professional sub-forum on "Advanced Technology and Machinery Equipment for Timber Processing". The sub-forum was co-organized by the China Wood Protection Industry Association (CWPIA) and the Indonesian Sawmilling and Woodworking Industry Association (ISWA). The forum was divided into two main sessions:

**First Session:** "Green Innovation and Sustainable Development of Solid Wood Furniture", with a roundtable dialogue on the theme of "New Technology Aiding the High-Quality Development of the Solid Wood Furniture Industry".

**Second Session:** "Technical Integration and Product Innovation in the Whole House Customization Eco-chain", with a roundtable dialogue on the theme of "How Smart Manufacturing Technology Reshapes the New Ecology of the Whole House Customization Industry".

More than 160 representatives from China, Indonesia, Fiji, Japan, and other countries attended the forum. Participants conducted in-depth discussions on environmental protection materials and energy-saving manufacturing processes for solid wood furniture, as well as intelligent and personalized solutions in the field of whole house customization. Experts and scholars from home and abroad shared their latest research results in the field of wood processing, demonstrating the tremendous potential of technological innovation in improving product quality and production efficiency, and facilitating exchanges and cooperation between domestic and foreign related entities.



## Opening remarks

CWPIA President Liu Nengwen pointed out that integrating the entire industry chain resources, integrating production, processing, and consumption, building a global green ecological system, breaking technical and policy barriers, and comprehensively upgrading the industry's new quality productivity is the common responsibility and mission of wood industry colleagues around the world. He hopes that everyone will take advantage of this high-standard, international platform to achieve integration and win-win goals, and promote the global wood industry towards high-quality and sustainable development.

ISWA President Wiradadi Suprayoga introduced the current state of the Indonesian timber and wood products industry, expressing the desire to strengthen cooperation with China to jointly promote the legal and sustainable development of the global timber industry.

The Deputy Inspector of the Forestry Bureau of Guangxi Zhuang Autonomous Region Mr. Leng Guangming wished the conference a success and sincerely invited friends and colleagues from all countries to participate in the second World Forestry Industry Conference to be held in Nanning in November.

## Session I: Green Innovation and Sustainable Development of Solid Wood Furniture

### Moderator:

Mr. Xing Xiaobo, Vice-President of CWPIA

### Panel Discussion:

New technology to help solid wood furniture industry high-quality development

### Moderator:

Mr. Liu Fagang, Secretary of the Party Branch and Secretary General of Hunan Provincial Furniture Industry Association

- Mr. Wen Feng, Secretary General of Home Furnishing & Building Materials Industry Committee of China Chamber of International Commerce
- Ms. Xu Xiuhua, Founder of the Global President Summit and President of Guangdong Cabinet Industry Association
- Mr. Feng Chengzhi, Deputy General Manager of Sunhoo Industrial Co., Ltd.
- Mr. Peng Xiaoqing, General Manager of Foshan Shunde Jixin Machinery Manufacturing Co., Ltd.
- Mr. Wen Chaoai, Operations Director of Shenyue New Material Technology (Qingfeng) Co., Ltd.
- Mr. Chen Chuan, Executive Director of Guangdong Ronghao Equipment Technology Co., Ltd.
- Mr. Liang Yaoxue, General Manager of Foshan Lianjiang Furniture Co., Ltd.

In this session, industry experts discussed new trends in the home furnishing industry, updates on consumer concepts and imagery, as well as how new equipment can promote high-quality development of the industry. The roundtable dialogue delved into the role of new technologies in enhancing the solid wood furniture industry.

## Summary of presentations

### New Trends in the Development of the Home Furnishing Industry

Mr. Zeng Yong, Secretary General of the Guangdong Customized Home Furnishing Association



Mr. Zeng Yong pointed out in his sharing that the reason why the custom home furnishing industry has become a highlight track in the home furnishing industry is because it has fundamentally changed the traditional model of consumer home consumption. Unlike traditional home furnishing products that are produced for consumers to choose from, the custom industry produces products based on consumer needs. This model not only reflects the concept of environmental protection but also meets consumers' demands for a better life.

He also mentioned that during the 20-year development process of the custom home furnishing industry, it has been driven by the need to satisfy consumer demands, undergoing transformation and innovation from the initial single-piece furniture, custom wardrobes, to today's whole-home customization and complete home decoration, constantly iterating and progressing. With the popularization of intelligent technology, consumer demands are also constantly changing. The custom home furnishing industry is integrating smart products into the whole-house decoration system to meet consumers' pursuit of smart home life. In addition, Zeng Yong also emphasized the agglomeration effect of Guangzhou as the "Global Customization Capital" and its role in promoting the development of the industry.



### New Concepts, New Consumption, New Image

Mr. Wang Bin, Vice Chairman of Shenzhen Lansen Integrated Technology Co., Ltd.



Mr. Wang Bin introduced Langsheng as a leading brand in the commercial space whole decoration service, serving approximately 3000 commercial chain brands, including over 100 listed companies.

He emphasized Langsheng's new philosophy, which includes keeping up with trends, managing era cognition, establishing corporate moats, and pursuing cost-effectiveness and moderate R&D. Langsheng has strengthened its competitiveness in the commercial space sector through product upgrades and organizational management enhancements.

Mr. Wang Bin also mentioned Langsheng's efforts in new consumer trends and image, such as improving aesthetics, upgrading the product matrix, and international layout. He invited everyone to visit Langsheng's headquarters for exchanges and to jointly promote industry development.

### New equipment to help the household industry with high-quality development

Ms. Fu Qiuxia, Chairman of Foshan Shunde Purete Mechanical Co., Ltd.



Ms. Fu Qiuxia shared her insights on the advanced "make-up" technologies for wood surface deep processing at Hanqiu, which include three major types: paper material finishing, film material finishing, and paint material finishing. She explained how Hanqiu enhances the quality and efficiency of wood surface treatment through various techniques such as rolling, spraying, pressing, and laminating, as well as advanced technologies like quasi-molecular and electron beam curing.

Ms. Fu also emphasized Hanqiu's investment in intelligent and digital production lines and its commitment to environmental protection and green manufacturing. Finally, she invited everyone to visit Hanqiu's factory in Shunde to experience the wood surface "make-up" technology.

### Summary of Panel Discussion

Mr. Liu Fagang: As the moderator, he introduced the background and purpose of the forum, emphasizing that the forum content covers all aspects of the home furnishing industry chain, forming a complete closed loop. He raised several key questions to guide the discussion among the guests.

Mr. Feng Chengzhi (Deputy General Manager of Shuanghu Furniture): Shared the development of Shuanghu Furniture in the field of solid wood furniture, facing the challenge of how to panelize solid wood furniture to improve production efficiency and reduce costs. He mentioned the changes in market demand for customized furniture and Shuanghu Furniture's efforts to find alternative materials to meet these needs.

Ms. Xu Xiuhua (President of Global Summit Association, President of Guangdong Cabinet Industry Association): Discussed the potential of solid wood furniture in the overall home furnishing industry, emphasizing the environmental protection attributes of solid wood and the demand for high-quality life. She believes that solid wood furniture still plays an important role in the high-end market and the trend of whole-house customization.

Mr. Peng Xiaoqing (General Manager of Jixin Machinery Manufacturing Co., Ltd.): Introduced the company's progress in the research and development and manufacturing of solid wood machinery, especially the development of flexible equipment to adapt to the trend of reduced production of solid wood furniture and increased demand for customization.

Mr. Liang Yaoxue (General Manager of Foshan Lianjiang Industrial Furniture Co., Ltd.): Shared the trends in furniture manufacturing from five aspects: intelligentization, functionalization, customization, material innovation, and environmental protection. He emphasized the importance of safety, comfort, appearance, and price, and mentioned the key role of environmental protection in furniture manufacturing.

Mr. Chen Chuan (Executive Director of Guangdong Rong Hao Equipment Technology Co., Ltd.): Discussed the use of new materials such as fir multi-layer board in solid wood customization, and the company's innovations in electron beam series equipment and environmentally friendly sound-absorbing materials. He emphasized the company's specialization in niche fields and pursuit of quality.

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## Session II: Technology integration and product innovation in the whole-house customization ecosystem

### Moderator:

Mr. Xing Xiaobo, The Vice-President of CWPIA

### Panel Discussion:

How smart technology can reshape the new ecology of the whole-house customization industry

### Moderator:

Mr. Huang Wei, General Manager of Foshan JXCAT commerce Co., Ltd.

- Mr. Yang Hui, CEO of Jiangsu Gianstone Home Collection Co., Ltd.
- Ms. Yan Hong, Chairman of Beijing Kate Easy Living Home Furnishing Co., Ltd.
- Mr. Yang Feng, Founder of Dingfenghui and Special Advisor of Customized Home Furnishings Branch of China Forestry Industry Association and of Guangzhou Customized Home Furnishings Industry Association
- Mr. Luo Tong, General Manager of Hantuo Technology Co. Ltd., and Vice President of China Building Materials Market Association Integrated Wall Branch
- Mr. Liu Chengheng, Chairman of Guangzhou Tianzhixiang Decoration Materials Co., Ltd.
- Mr. Yang Wuhua, General Manager of Guangzhou Lixinya Decoration Materials Co., Ltd.
- Mr. Liu Qishi, Chairman of Huasi Group

In this session the guests discussed the reconstruction of the industry chain, how material technology drives life, and the trends of the industry under new technologies and a new ecosystem. The following round table forum delved into how smart manufacturing technology can reshape the new industry ecosystem.

## Summary of presentations

### The Path to Breaking Through for Home Furnishing Enterprises in the Context of Industrial Chain Restructuring

Mr. Xiao Lingyun, Chairman Assistant of Guangzhou Snimay Home Collection Co., Ltd.



Mr. Xiao Lingyun introduced Guangzhou Sinima Customized Home Furnishing Co., Ltd.'s positioning and innovative practices in the customized home furnishing industry. Sinima focuses on whole-house customized panel furniture and has a history of 21 years with four manufacturing bases. Facing market pressures, the company has focused on market positioning and proposed the concept of "Five Houses in One Life" to meet the decoration needs at different stages of life.

The company is also actively exploring the stock market, carrying out community renovation projects, and achieving growth in overseas markets. Sinima has strengthened its supply chain integration capability through omni-channel drainage and product differentiation, providing integrated design and delivery. At the same time, the company focuses on internal skills, improves the level of informatization, empowers decoration of companies and channels, and aims to build a win-win strategic community for the industry chain.

### Materials and Technology for Better Living

Mr. Lan Jianping, Founder of Guangzhou A3home Co., Ltd., and Partner of Centre De Design Sino-Francais



Mr. Lan Jianping presented the theme of "Materials and Technology Driving a Better Life" in his sharing. From the perspective of design and art, he reviewed the development process of the furniture industry, including the transition from manual production to mechanized manufacturing. He mentioned the diversification of furniture materials, such as solid wood, panel, metal, plastic, etc., and the development of the woodworking machinery industry.

Mr. Lan Jianping emphasized the importance of design in enhancing the aesthetic value of furniture and shared his experience in providing commercial and spatial design for home furnishing companies. He also mentioned some symbolic events of furniture brands like Federal Home Furnishings and Qumei Furniture, as well as the impact of IKEA's entry into the Chinese market.

Mr. Lan Jianping believes that with the pursuit of high-quality life by consumers, solid wood furniture will play a more important role, and he is optimistic about the potential of the existing housing market. He proposed that companies should adapt to market changes through continuous innovation and differentiation to achieve sustainable growth.

### New Technology, New Ecology, and New Trends in Integrated Customization

Mr. Wang Tianbing, President of Guangzhou Custom Home Industry Association



Mr. Wang Tianbing, President of the Guangzhou Custom Home Furnishing Industry Association and founder of Hesheng Ya Ju, shared his insights on the whole-house customization trend. He emphasized the new trends in whole-house customization, including the “three highs” demand for high appearance, high cost-performance ratio, and high delivery standards. He proposed trends such as the integration of furniture and home appliances, the integration of customized whole-house customization, and the transformation of home furnishing consumption from low frequency to high frequency. Mr. Wang Tianbing introduced his “Six Major Systems and Seven Major Packages” whole-house customization model, which includes design, management, supply chain, etc., and provides urban drainage and operational support systems. He invited industry peers to share experiences and jointly promote the development of the whole-house customization industry.

### Summary of Panel Discussion

Mr. Huang Wei: As the moderator, he hoped that the forum could provide practical insights and be conducted in a relaxed manner. He invited the guests to introduce themselves and share their views on how intelligent manufacturing technology could empower whole-house customization.

Mr. Yang Hui: Yang Hui from Jiasidun emphasized the importance of a differentiated strategy. He transitioned from a professional manager to a shareholder and entered the field of all-aluminum customization, believing that the core of products and brands lies in differentiation.

Ms. Yan Hong: The founder of KD Custom Home Furnishing, she mentioned that KD is one of the earliest companies in China engaged in home furnishing customization, advocating style-less customization, and focusing on the personalized needs of designers and customers.

Mr. Yang Feng: He represents from Dingfenghui, a new media platform in the home furnishing industry, that helps home furnishing companies connect resources, promote their brands, and organize offline events.

Mr. Luo Tong: The co-founder of Han Tuo, his company focuses on the research of adhesives, committed to the development of light environmental protection products, positioning itself to provide the most professional and environmentally friendly products in the woodworking industry.

Mr. Liu Chengheng: A representative from Guangzhou Tianzhixiang Decoration Materials Co., Ltd., his company focuses on the production of high-end artificial boards, serving the customized furniture industry, especially the high-end customized market.

Mr. Yang Wuhua: The general manager of Guangzhou Lixin Ya Board Co., Ltd., his company produces melamine faced panels and provides auxiliary materials for small and medium-sized whole-house customization factories.

Mr. Liu Qishi: A representative from Guangxi Huasi Wood Industry, his company focuses on the research and production of green environmental protection multi-layer boards, launching a multi-layer board that does not use glue in the entire production process.

Mr. Huang Wei: Finally, he invited the guests to discuss the current application of intelligent manufacturing technology in whole-house customization and share their insights. The guests shared their views on new materials and new technologies and how these technologies can help the whole-house customization industry improve quality and efficiency.

## Main Achievements/ Outcomes and Recommendations

### Main Achievements:

- a. The sub-forum delved into in-depth discussions on green innovation and sustainable development in the solid wood furniture industry, as well as technological integration and product innovation in the whole-house customization supply chain. The latest technological achievements and practical experiences in the field of wood processing were shared, exploring how to adopt environmentally friendly materials and processes to green the furniture production process, and how to leverage digital and intelligent technologies to enhance the personalization and efficiency of whole-house customization services. The conference also emphasized the key role of enterprises in promoting the sustainable development of industry, including taking on social responsibilities for environmental protection and contributing to the sustainable development of society and the environment through green production and sustainable business models. These outcomes will help enhance the technical level and social responsibility of Chinese wood processing enterprises and provide new ideas and practical examples for the sustainable development of the global timber industry.
- b. The sub-forum has reinforced the international perspective of the participating companies, stimulating their willingness to “introduce” and “go global,” promoting a two-way interaction between domestic and international markets. A total of 30 key leading companies, including QianNianZhou New Material Technology Group Co., Ltd., Guangzhou Siniman Home Furnishings Co., Ltd., Shenzhen Langsheng Whole House Customization Technology Co., Ltd., Zhejiang Jiadesai New Materials Co., Ltd., Guangzhou Tianzhixiang Decoration Material Co., Ltd., Guangxi Zhuangxiang Wood Industry Co., Ltd., and Chengdu Shuanghu Industrial Co., Ltd., were awarded the 2024 Recommended Outbound New Quality Productive Force Benchmark Brand, providing confidence and momentum for the companies’ future internationalization efforts.
- c. Before the sub-forum, the association guided the invited companies to utilize their own resources and widely publicize the event and their brand through various fora such as social media, other promotional media, and streaming media. The event attracted nearly 25 companies to participate in the promotion, which not only enhanced the reputation and influence of the event but also added to the construction of the companies’ own brands. This mode of promotion not only created a strong atmosphere for the sub-forum before it started but also that helped sustained attention during and after the meeting, providing an intangible driving force for the conference’s word-of-mouth spread and brand building. Companies, by participating in the promotion, not only deepened the public’s understanding of their brand but also demonstrated their activity and technical strength in the industry, further enhancing their market competitiveness.

## Recommendations:

- a. Forum Schedule Arrangement: The timing of this forum coincides exactly with the WMF 2024 in Shanghai, which has caused certain difficulties for many technology and equipment companies to participate. Although we have successfully invited satisfactory high-quality representatives under pressure, to avoid similar conflicts, it is recommended that the choice of future conference dates should avoid major national exhibitions.
- b. Sub-forum Schedule Arrangement: Many companies have provided feedback that the professional sub-forums are scheduled for the second day, and many corporate executives, due to their busy business schedules, find it difficult to stay for multiple days without relevant conference content. In order to improve the efficiency of the meeting and meet the needs of the companies, it is suggested that the professional forums and the main forum should be arranged on the same day.
- c. Conference Cost Consideration: Accommodation and catering costs in Macau are relatively high. Even with the subsidies provided by the association, considering the current economic situation, companies still face challenges in terms of conference costs. Therefore, in conjunction with the second point regarding the schedule, shortening the duration of the conference can not only alleviate the financial burden on companies but also help improve the overall efficiency of the meeting.





**GLOBAL LEGAL & SUSTAINABLE TIMBER FORUM 2024**

## **Specialized Sub-forum 4**

**Green Finance and Innovative Facilitating Measures  
for Green Supply Chains  
'New Financial Opportunities in Forest Sustainability'**

**12 September 2024, Macao**

Co-organized by



**GLOBAL GREEN SUPPLY CHAIN**  
OF FOREST PRODUCTS (MACAO) FEDERATION  
全球林產品綠色供應鏈(澳門)聯合會



**粤港澳大湾区绿色金融联盟**  
Guangdong-Hong Kong-Macau Greater Bay Area Green Finance Alliance







## Brief Introduction

This year's Specialized Sub-forum 4: "Green Finance and Innovative Facilitating Measures for Green Supply Chains" was held on 12 September 2024, with the theme of "New Financial Opportunities in Forest Sustainability". The Sub-forum consist of three sessions:

**Session I:** Current Status of Global Forestry Investment and Financing

**Session II:** Challenges and Business Opportunities Brought by Global Forest Sustainability

**Session III:** Supply Chain Finance Innovation in Protecting the Sustainable Future of Forestry

The sub-forum was co-organized by the Global Green Supply Chain of Forest Products (Macao) Federation, GBA-GFA and the Central African Forest Initiative (CAFI), in collaboration with the Macau Association of Banks, UFIAG-Gabon, China Cameroon Timber Industry Association, Doors Association of Guangdong, Qingfeng Furniture Association and Zhangjiagang Putian Chamber of Commerce.

Mr. Vincent U, President of the Board of Commerce and Investment Promotion Institute of the Macao SAR, Mr. Ip Sio Kai, Rotating Chairman of GBA-GFA & the Macau Association of Banks, Mr. Yuan Bing, Chairman of the Global Green Supply Chain of Forest Products (Macao) Federation, Ms. Luo Xinjian, Secretary General of the Global Green Supply Chains Initiative (GGSC), Mr. Bruno Guay, Advisor, Private Sector Engagement, CAFI, as well as representatives from domestic and foreign industry associations and leading enterprises attended the sub-forum. H.E. Ms. Rosalie Matondo, Minister, Ministry of Forest Economy, Republic of the Congo, attended as a special guest and delivered a speech. This sub-forum attracted more than 100 participants.

Through the sub-forum, a high-level dialogue platform between financial institutions and forestry stakeholders was established, and a preliminary cooperation intention for the construction of wood industry parks in Cameroon and a preliminary action plan for the integration of green finance and green supply chain have been achieved.

## Opening remarks

**Mr. Ip Sio Kai, Rotating Chairman, GBA-GFA & the Macau Association of Banks**



Mr. Ip Sio Kai said that forests, as one of the Earth's important renewable resources, play an important role in maintaining ecological balance and promoting sustainable development. The forest carbon sink and the sustainable development of wood industry are mutually reinforcing. The establishment of green wood industry supply chains plays an important role in establishing a more resilient circular economy and promoting sustainable development.

From the perspective of finance, the forest carbon sink requires a large amount of capital investment, and funds should be directed to projects such as forest protection and sustainable use. Through green

finance empowerment, environmental pollution and resource waste in the wood industry supply chain can be effectively reduced, and green low-carbon transformation and sustainable development of related industries can be promoted.

The State Council of China has just issued the “Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development” and for the first time proposed to build the Greater Bay Area into a world-class green and low-carbon industrial cluster, which will surely accelerate the development of green and low-carbon transformation of the Greater Bay Area, and will drive the demand for the carbon sink function and green industrial chain of all industries, and will usher in the provision of green financial products and services for financial institutions to provide economic entities with significant room for development.

The sub-forum examines the status of global forestry development and discusses the future development direction from the financial perspective, provides new thinking for the sustainable development of the global wood industry in the future, and brings new inspiration for advancing global green and high-quality development.

### Mr. Yuan Bing, Chairman, Global Green Supply Chain of Forest Products (Macao) Federation



Mr. Yuan Bing said, forests are a resource of global significance, for mitigating climate change, improving human settlements and protecting biodiversity. The sustainable production and utilization of wood is an important way to promote sustainable forest management, and countries around the world regard it as an important part of mitigation and adaptation to climate change.

As an important means and tool to optimize resource allocation, green finance plays an important role in promoting forest protection and sustainable forestry management. At present, in the context of the global economic slowdown, the forest product industry is facing many challenges, and a legal and sustainable wood supply chain is a nature-based solution.

In order to promote the integration of green finance and green supply chains, the federation has carried out a series of activities around the United Nations Sustainable Development Goals and made positive progress. These activities will play an important role in promoting the integrated development of green finance in the Guangdong-

Hong Kong-Macao Greater Bay Area, promoting innovation in green financial products and services, and strengthening communication and cooperation among the green finance industry in the Greater Bay Area.

At the same time, it is of great significance for forestry to use green finance to create a global ecology that enables enterprises to transform their social and environmental responsibilities into competitive advantages and serve the Sustainable Development Goals.

## Session I: Current Status of Global Forestry Investment and Financing

### Moderator:

Ms. Malinda Zhu, Executive Director, South Star Australia Group Pty Ltd

### Keynote Speech:

Current Status of Green Finance Supporting Global Forest Sustainability by Mr. Nicolaus Cromme, Chief Operations Officer, Common Fund for Commodities (CFC)

### Panelists:

- Ms. Annie Ting, Chief Executive Officer, Sarawak Timber Association, Malaysia
- Mr. Peng Yanqing, Secretary-General, Puyang Modern Houseware Industry Alliance
- Mr. Guo Xiangyang, Chairman, Shenzhen SAMPO KINGDOM Household
- Mr. Huang Yiming, General Manager, Zhejiang Great Luck Trading Co, Ltd.
- Mr. Carl Lu, Chairman of the Board, A&W (Shanghai) Woods Co., Ltd.





## Summary of presentations



Mr. Nicolaus Cromme delivered a keynote speech entitled “Current Status of Green Finance Supporting Global Forest Sustainability”. He first shared the definition and current status of green finance, and then introduced the experience and challenges of CFC in financing activities such as agroforestry, regenerative agriculture, climate-smart agriculture, plantation forest, as well as the key issues to be solved and the future path.

He suggested creating a reliable and transparent market in terms of market development and access, with services of ecological value, connecting these sustainably produced goods to consumers who are willing to pay a premium for the ecological services provided, and adapting existing project practices to the realities of local communities. Adaptive management and monitoring, and not only large enterprises, but also small enterprises should be included in the process, hoping to establish a mechanism to reduce the impact on the environment. This process can not only achieve ecological and green finance, but also help local small and medium-sized producers or residents to improve their lives.

He said that he will continue to strengthen the cooperation between CFC, ITTO and CAFI in the field of forestry in Central Africa, in the process of reducing carbon emissions and protecting biodiversity.

## Summary of Panel Discussion

Panelists first introduced themselves briefly and talked about their views on the current situation of forestry investment and financing and the financing needs of their units or industries. Then they discussed some problems that forestry enterprises usually encounter in market financing and shared their views and suggestions on green finance to promote forest protection and sustainable forestry management.

**Ms. Annie Ting:** Forestry investment and financing is a long-term investment, and many financial institutions are reluctant to cooperate, and there are many legal and market challenges in the process of investment and financing. Green finance plays a very important role in forest protection and sustainable forestry management.

**Mr. Peng Yanqing:** Finance is the king of all industries. It plays a core role in the process of economic development with its functions of value discovery, risk control, resource allocation and economic regulation. In the process of financing, forestry enterprises are restricted by the credit granted by various banks such as guarantees and mortgages, and cannot obtain financing easily. It is hoped that forestry enterprises and financial institutions can increase exchanges and establish mutual trust.

**Mr. Huang Yiming:** Investment and financing play a very critical role in the wood industry, not only providing financial support for enterprises, but also promoting enterprises to improve their management and drive them to obtain certifications. He mentioned that African wood enterprises face problems in the financing process, mainly including the instability of data networks and the uncertainty of national policies. He suggested that the government should strengthen policy support, including encouraging enterprises to develop sustainably in the long term, combating illegal timber trade, encouraging the circulation of certified products in the market, and bringing higher market premiums to enterprises.

**Mr. Carl Lu:** Due to the crisis of China's real estate market in the past two years, the wood industry enterprises closely related to it are facing huge problems in financing. The timber industry has always been labeled as damaging to the environment, so many government funds, including the labour insurance fund and the social insurance fund, are afraid to invest in this type of industry. In addition, it is also faced with credit, return on investment and other questions, making financing very difficult for forest enterprises. He believes that forest protection is the duty and belief of people engaged in forestry, and how to realize more sustainable value of forests will be more conducive to stimulating forest protection, rather than blindly protecting them.





## Session II: Challenges and Business Opportunities Brought by Global Forest Sustainability

### Moderator:

Mr. Bruno Guay, Advisor, Private Sector Engagement and Carbon Finance, Central African Forest Initiative (CAFI)

### Keynote Speech:

The "Golden" Opportunity of Forest Sustainability by Mr. She Xuebin, Chairman, Nature Home (China) Co. Ltd & Nature Wood Group Co., Ltd.

### Panelists:

- Ms. Tullia Baldassarri, Communications Leader, Interholco, Switzerland
- Dr. Wen Wu, Professor, Zhejiang University (ZIBS), China
- Mr. Zhou Zhenyang, Chairman, Foshan Furniture Association
- Mr. Gao Yuming, Chairman, Putian Commercial Association in Zhangjiagang
- Mr. Li Junhong, President, Doors Association of Guangdong

### Summary of Presentations

Mr. She Xuebin delivered a keynote speech titled "The 'Golden' Opportunity of Forest Sustainability" in which he introduced some of Dasher's experiences in sustainable forestry development and actively utilized forest resources to launch biological charcoal projects. He explored the "golden" opportunities for sustainable forestry development from investment and financial opportunities, technology and innovation, policy and cooperation. He believes that sustainable forest management not only helps to protect the ecological environment, but also brings significant economic benefits. He called on industry, government, investors, and all sectors of society to work together to promote sustainable forestry development.

### Summary of Panel Discussion

In this session, the panelists first discussed the opportunities and challenges of sustainable forestry development, followed by exploring ways to reduce the cost and difficulty of financing, and establishing long-term sustainable green financing channels. Finally, they discussed how to effectively connect government, social organizations, financial institutions, and enterprises, and develop a systematic solution for green finance to support sustainable forestry development with the participation of all stakeholders.

**Ms. Tullia Baldassarri** shared the situation of Interholco's wood enterprise in Africa, as well as the help provided to local residents, such as building schools and hospitals, and teaching them some knowledge related to forest protection. She believes that the forestry industry must use green technologies to establish ecosystems, protect forest resources, and needs the recognition and participation of financial institutions.

**Dr. Wen Wu** shared some experiences in financial and forestry carbon sequestration, as well as digital trade and technology, and suggested combining blockchain and credit period to solve the trust and risk problems in financial financing.

**Mr. Zhou Zhenyang** shared the situation and layout of the furniture industry in Foshan, China, and proposed taking advantage of the special status of Macao Special Administrative Region as a Portuguese-speaking country to leverage more funds from the China-Africa Fund and other funds by working together with the industry.

**Mr. Gao Yuming** shared the situation and financing needs of the wood market in Zhangjiagang and the difficulties faced by Chinese enterprises in investing in the wood industry in Africa, hoping that the forum could better build a platform for forestry-finance exchanges, so that banks and financial institutions could understand the forestry industry and enhance mutual understanding and confidence through the development history of Chinese wood culture.

**Mr. Li Junhong** shared the consumption demand for wooden home and building materials in China's real estate and decoration and renovation markets, bringing opportunities to the forestry industry.



## Session III: Supply Chain Finance Innovation Protecting the Sustainable Future of Forestry

### Moderator:

Mr. Ralph Ridder, Founding Member of the Global Green Supply Chain of Forest Products (Macao) Federation

### Keynote Speech:

Supply Chain Finance Empowering Forest Sustainability – Introduction to the Green Finance and Green Supply Chain Integration Action (GF&GS) Project by Dr. Luo Xinjian, Secretary General, Global Green Supply Chains Initiative (GGSC)

### Panelists:

- Mr. Jean-Marie Ntoutoume, General Delegate, Union of Foresters and Wood Industries of Gabon (UFIGA)
- Mr. Thorsten Arndt, Head of Advocacy, Programme for the Endorsement of Forest Certification Schemes (PEFC) International
- Ms. Jingjing Xi, Vice-General Manager (person-in-charge), Bank of China Macau Branch Transaction Banking Department
- Mr. Peter Nielsen, Impact Investment Manager, Common Fund for Commodities (CFC)

### Summary of Presentations

**Dr. Luo Xinjian** introduced the “Supply Chain Finance Empowering Forest Sustainability – Introduction to the Green Finance and Green Supply Chain Integration Action (GF&GS) Project ” including its background, objectives, outputs and budget. It is hoped that all stakeholders will continue to work together to improve the framework and make it more operational so that all stakeholders can better benefit from the project.

### Summary of Panel Discussion

The panelists discussed innovative technologies and methods of green finance, and how to promote the construction of a global ecological partnership that enables the two-way development of finance and forestry.

**Mr. Jean-Marie Ntoutoume** shared Gabon’s energy needs and lack of infrastructure such as roads and ports, which has led to financial institutions’ concerns about return on investment. Green finance will help change the cost structure of the entire industry and promote legal and sustainable development. He believes that the investment and construction of data centre is very important and can provide more help for financial investment.

**Mr. Thorsten Arndt** shared the certification situation of PEFC and suggested that financial institutions should give priority to certified enterprises in the process of forestry investment and financing. In the certification process, the audit body conducts a comprehensive review of the enterprises, which can effectively reduce risks.

**Mr. Peter Nielsen** shared information about CFC’s sustainable green finance investment projects in the Congo Basin, which are not necessarily directly related to the environment, but have some indirect environmental impacts that can have a positive effect and impact on any ecosystem, including forestry.

**Ms. Xi Jingjing** said the forestry industry is an asset-heavy industry, and banks pay more attention to cash flow in the lending process. However, the forestry industry is a green industry, and social and financial institutions have the obligation and responsibility to support and promote the innovation and development of this industry and serve as an assessment indicator for financial institutions. She also shared the case of 1+N structured supply chain finance carried out by the Bank of China.



## Main outcomes of the Sub-forum

### Set up a platform for high-level dialogue between forestry and finance stakeholders

Representatives from international organizations, multilateral trust funds, financial institutions, industry associations, forestry enterprises and other institutions sought innovation in institutional mechanisms, policy systems, industrial models, financial products and other aspects, and explored systematic solutions for green finance to support sustainable forestry development. A high-level dialogue platform was set up between financial institutions and forestry stakeholders, which will further promote international cooperation in the field of green finance in Macao.

### Reached a preliminary cooperation intention for the construction of a sustainable timber industry park in Cameroon

During the sub-forum, the Global Green Supply Chain of Forest Products (Macao) Federation reached a preliminary cooperation intention with some Chinese forestry enterprises in Africa and representatives of Cameroon's Ministry of Economy, Planning and Territorial Improvement on the construction of sustainable timber industry park

### Reached a Green Finance and Green Supply Chains (GF&GS) Integration Action Plan

Representatives of the Global Green Supply Chain of Forest Products (Macao) Federation, senior representatives of CAFI, the Minister of Forestry Economy of Congo (Burkina Faso), the Minister of Rivers, Forests, Hunting and Fisheries of the Central African Republic, the Minister of Economy, Planning and Territorial Improvement of Cameroon, and some representatives of Chinese forestry enterprises in Africa discussed the Green Finance and Green Supply Chains (GF&GS) Integration Action Plan. The discussion included potential and preliminary ideas of cooperation with African forestry enterprises in the fields of technology transfer, fund raising, market docking and other fields.

### Promoted a number of cooperation intentions

Through this sub-forum, a number of cooperation intentions have been promoted, such as: Nature Wood Group Co., Ltd. has connected with the Forestry Bureau of Peru and the Ministry of Forestry Economy of the Republic of the Congo, reached an initial cooperation intention for timber procurement and investment, and reached an initial cooperation intention with Bank of China Macao Branch; Guangdong Xinfuhong Precision Tool Co., Ltd. reached a preliminary cooperation intention with Xiamen Heqimei Home Technology Co., LTD.; Guangzhou Yongteai Wood Glue Trading Co., Ltd. and Viet Nam, Thailand and other guests to establish business docking.

## Recommendations

- About agenda and topic design, it is suggested to investigate the needs and opinions of forestry enterprises and financial institutions at an early stage to make it more suitable for the market and enterprise needs.
- About participants, it is suggested to invite more leading enterprises and financial institutions in the industry.

## Next steps

- Collect opinions and suggestions from participants, draw experience and lessons, and formulate a plan for the next sub-forum.
- Promote the source docking terminal of industrial park in Central Africa with partner industry clusters in China as a legal and sustainable supply chain demonstration action.
- Promote the Green Finance and Green Supply Chains (GF&GS) Integration Action Plan. First, organize experts to visit relevant African stakeholders as soon as possible to conduct in-depth study and assessment, with a view to determining the GF&GS cooperation framework and specific action plans at an early date. Second, promote mutual visits and exchanges between CAFI and China International Development Cooperation Agency.









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