



# Emerging international timber trade requirements and ITTO's response

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

# The International Tropical Timber Organization's mission



- Promote the **sustainable management and conservation** of tropical forests.
- Promote the **expansion and diversification of trade** in tropical wood from sustainably managed and legally harvested forests.

The **International Tropical Timber Organization (ITTO)** is **THE SOLE** inter-governmental organization focused entirely on tropical forest resources.

- 76 members (37 producers & 39 consumers) covering **80% of global tropical forests** and accounting for **90% of trade in tropical forest products!**



# Forest legality and sustainability requirements

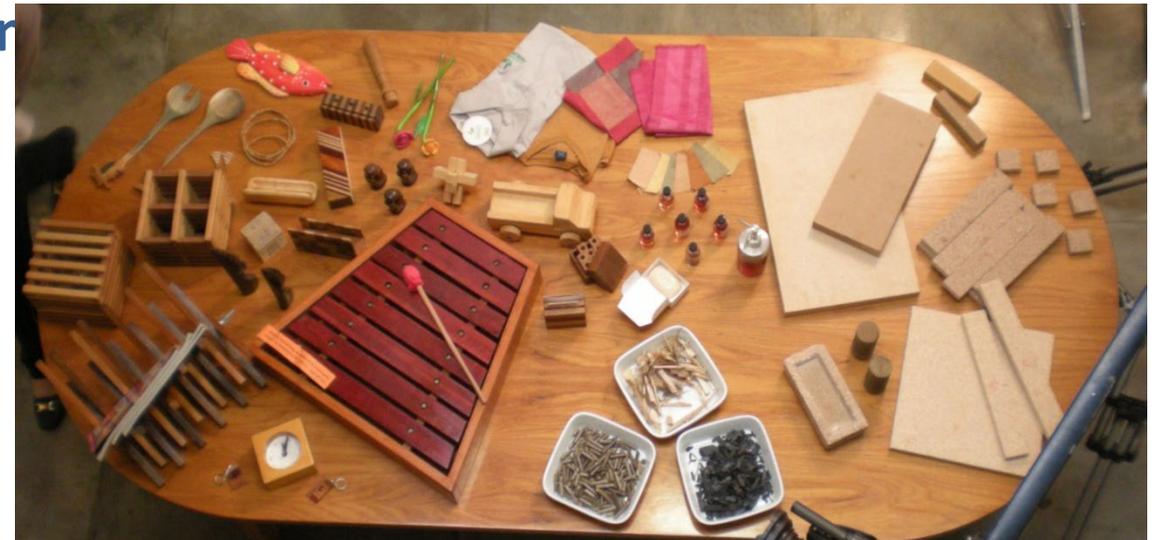


- A key requirement of sustainability—**compliance with all legal frameworks**.
- Forest governance and legality requirements are meant to **reduce/eliminate illegal practices** in tropical forests.
- Greater need to **demonstrate the legality and sustainability** credentials of forest products.
- National and international legislations/regulations require **evidence of the legality** of imported forest products.
- Major markets for tropical timber and timber products - strong signals to importers.
- More requirements are being faced by timber producers.

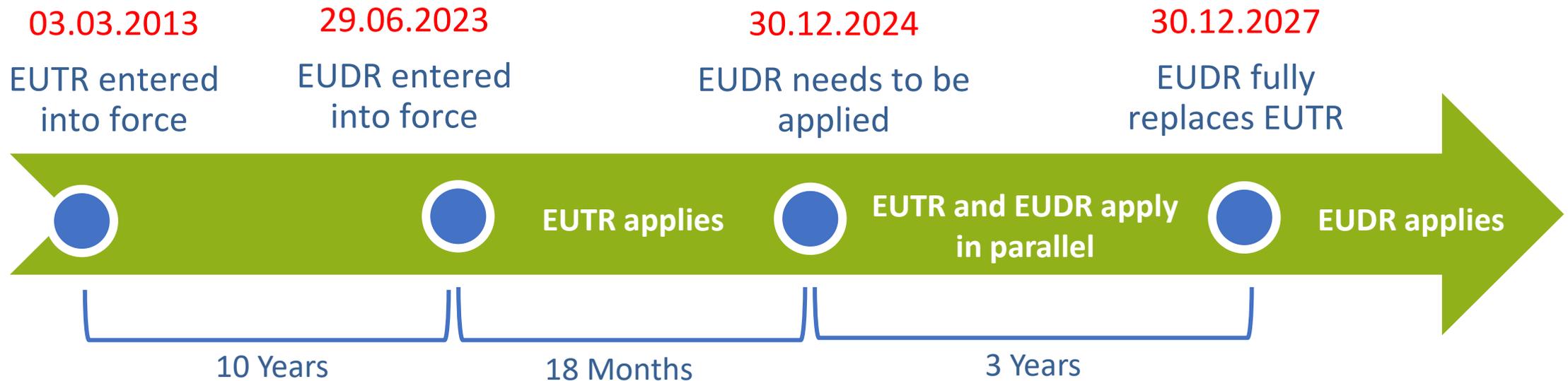
# Updates on major international timber trade regulations and their requirements



- **EU Timber Regulation/EU Deforestation Regulation**
- **CITES**
- **US Lacey Act Amendments**
- **Australia Illegal Logging Prohibition**
- **UK Environment Act**
- **Revised Japan Clean Wood Act**
- **Korea**
- **China**
- **Viet Nam**



# EUTR → EUDR



EUTR continues to apply in case of:

- Harvest before 29 Jun 2023
- Placing on the EU market between 30 Dec 2024 and 30 Dec 2027

EUDR applies to all wood harvested from 29 Jun 2023

# EU Deforestation Regulation (EUDR)



- EUDR entered into force on 29 June 2023:
  - From 30 Dec 2024 to 30 Dec 2027, EUTR and EUDR will exist in parallel.
- EUTR continues to apply if:
  - harvest before 29 Jun 2023; placing on the EU market between 30 Dec 2024 until 30 Dec 2027.
- EUDR applies to all wood harvested from 29 Jun 2023.
- EUDR covers a wide range of timber products, including sawn timber, wood-based materials, paper and furniture.
- Exporters will need to provide EU importers with the following information and documentation:
  - tree species,
  - country of harvest,
  - geo-coordinates of all plots of land where the timber was harvested,
  - date of time range of harvest,
  - evidence that the timber was legally harvested, and
  - evidence that the timber is deforestation-free.



# EUDR: Deforestation/forest degradation



- Importers must prove that products don't originate from a plot of land where **deforestation or forest degradation occurred after 31 Dec 2020**.
- **Deforestation:** conversion of forest to agricultural land.
- **Forest Degradation:** conversion of primary forest or naturally regenerating forest to plantation.
- **Possible evidence:** Satellite images, official documents, certification, own audits etc.
- *NOTE: No international consensus on the definition of deforestation and/or degradation*

# EUDR: importers and producers' obligations

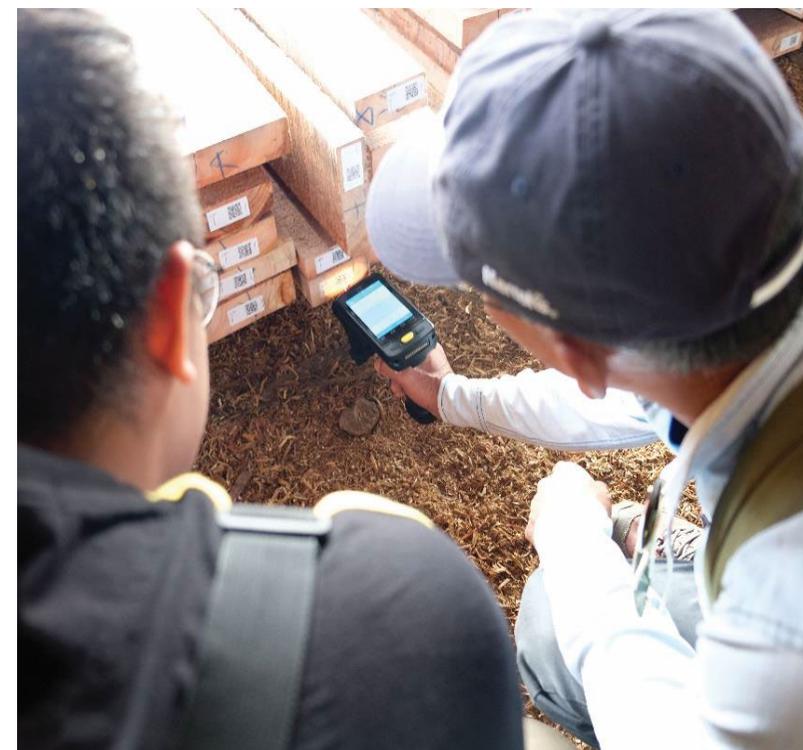


## Importers:

- Apply a due diligence system (DDS) prior to placing on the market:
  - Aspects to be considered in DDS:
    - Deforestation
    - Forest degradation
- Production (= harvest) according to local laws.
- Submit due diligence statement to EU Information System.
- Communicate information to customers.

## Producers:

- Evidence that wood was harvested legally.
- Evidence that wood doesn't originate from a plot of land where deforestation or forest degradation occurred after 31 Dec 2020.
- For high-risk-economies (evidence of corruption or mixing along supply chains etc.), additional information and risk mitigation measures might be necessary.



Source: ETTf 2023

# EUDR: Information required from producers



- Geo-coordinates of all plots of land where wood was harvested:
  - Area under four hectares: single point
  - From four hectares: polygon
  - In case of several plots of land: **everything must be specified!**
- Date or time range of harvest
- Information about the product (scientific name etc.)



Source: ETTF 2023

# EUDR: Legality requirements



Proof that wood was harvested according to local laws:

Land-use rights

Forest-related rules

Tax regulations

Labour rights

Environmental  
protection

Trade and customs  
regulations

Human rights

Anti-corruption  
regulations

Third parties' rights

Indigenous peoples'  
rights (including  
FPIC)

# EUDR vs FLEGT/CITES



## No exemption for wood covered by FLEGT or CITES

- **FLEGT = evidence of legality.** Deforestation and forest degradation still need to be checked.
- For CITES-wood, a complete DDS must be applied.
- **FLEGT/TLAS still good starting point!**

# EUDR: Consequences of non-compliance

- Without geocoordinates, no due diligence statement can be submitted
  - Customs will not allow import
- Importers and their clients are responsible for the legality of imports
  - Companies can be sued by authorities
- Through satellite imagery and EU Information System, authorities can identify plausibility of information
  - False information will cause serious problems for importers:
- High level of penalties (maximum amount: at least 4% of turnover).
- Exclusion from public procurement, seizure of products.
- Public "blacklist" of companies who violate the regulation.



# EUDR: Challenges



- The biggest challenge = collecting and sharing necessary proof that the wood is **legal** and **deforestation-free**.
- **Insufficient** information = **no import** into EU possible.
- Many are ill prepared for this regulation, but tropical forestry enterprises which have experience with EUTR and GIS systems will have evidence/experience for compliance.



# CITES Appendices



Species subject to CITES regulations are included in one of **three Appendices**:

*Appendix I: Species threatened with extinction*

Commercial trade generally prohibited

*Appendix II: Species not necessarily threatened with extinction, but for which trade must be regulated to avoid their becoming threatened*

Commercial trade permitted and controlled

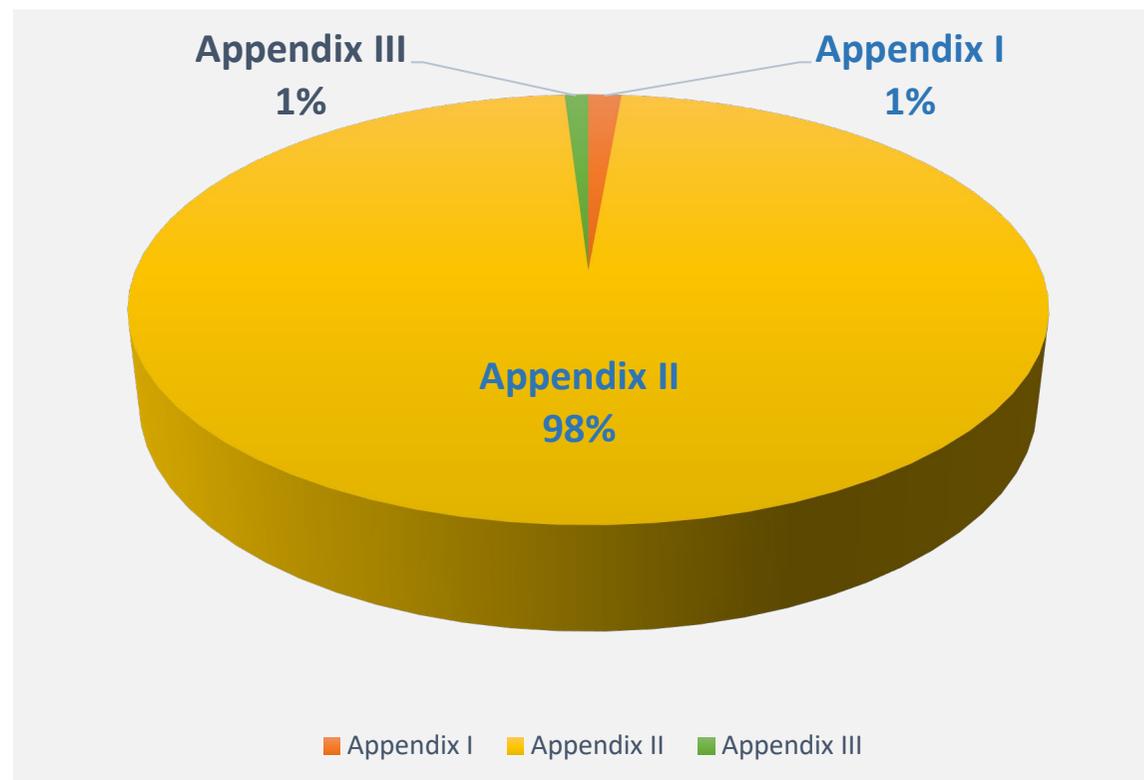
*Appendix III: Species for which a country is asking Parties to help with its protection*

Commercial trade permitted and monitored



# Tree species listed in the Appendices

- In 1975, **18** tree species were included in the Appendices.
- In 2022 at CoP19, **150** new tree species were included in Appendix II.
- To date, +- **700** timber tree species included in the CITES Appendices.
- **+97%** listed in Appendix II.



# Highlights of Appendix II listed tree species



## New CoP19 listings of tree species!

*Handroanthus* spp. (Ipe)

*Roseodendron* spp. (Ipe)

*Tabebuia* spp. (Ipe)

*Azelia* spp. Only African populations

*Pterocarpus* spp. Only African populations

*Khaya* spp. Only African populations



## Other precious timber-producing species include:

Rosewoods (*Dalbergia*, 275 species)

Cedars (*Cedrela*, 17 species, populations of the Neotropics)

Ebonies (*Diospyros*, 85 species from Madagascar)

Bubinga (*Guibourtia*, 3 species)

African teak (*Pericopsis elata*)

Mahogany (*Swietenia*, 3 species)

Malagasy ebonies of the genus *Diospyros* spp. (around 85 species)



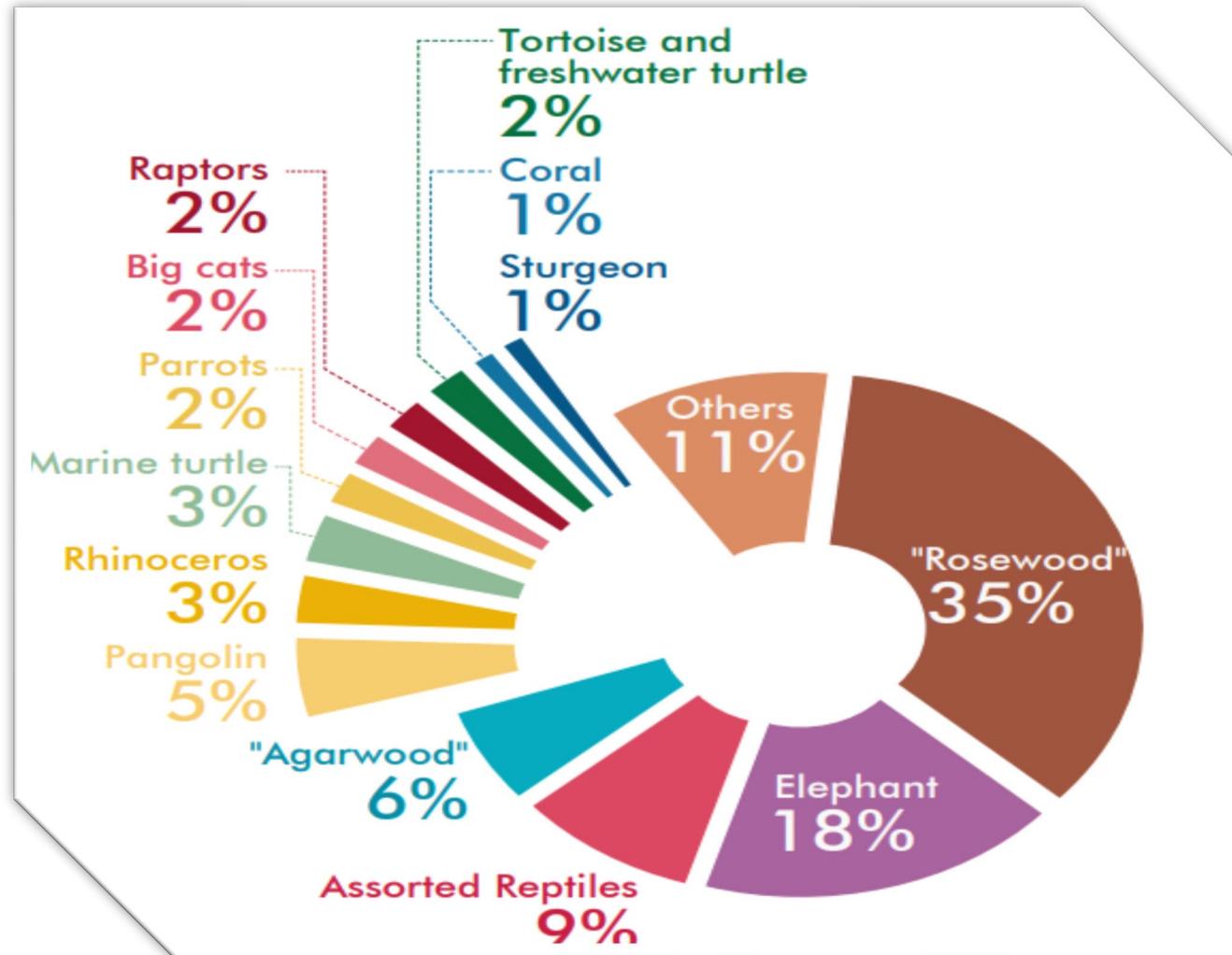
## Medicinal and aromatic trees:

African cherry (*Prunus africana*)

Agarwood producing trees (*Aquilaria*, *Gonystylus* and *Gyrinops*)



# Enforcement related challenges (tree species)



Source from CITES: Share of type of wildlife among total seizures (aggregated on the basis of standard value) 2005-2014

# African rosewood trade suspension recommendation



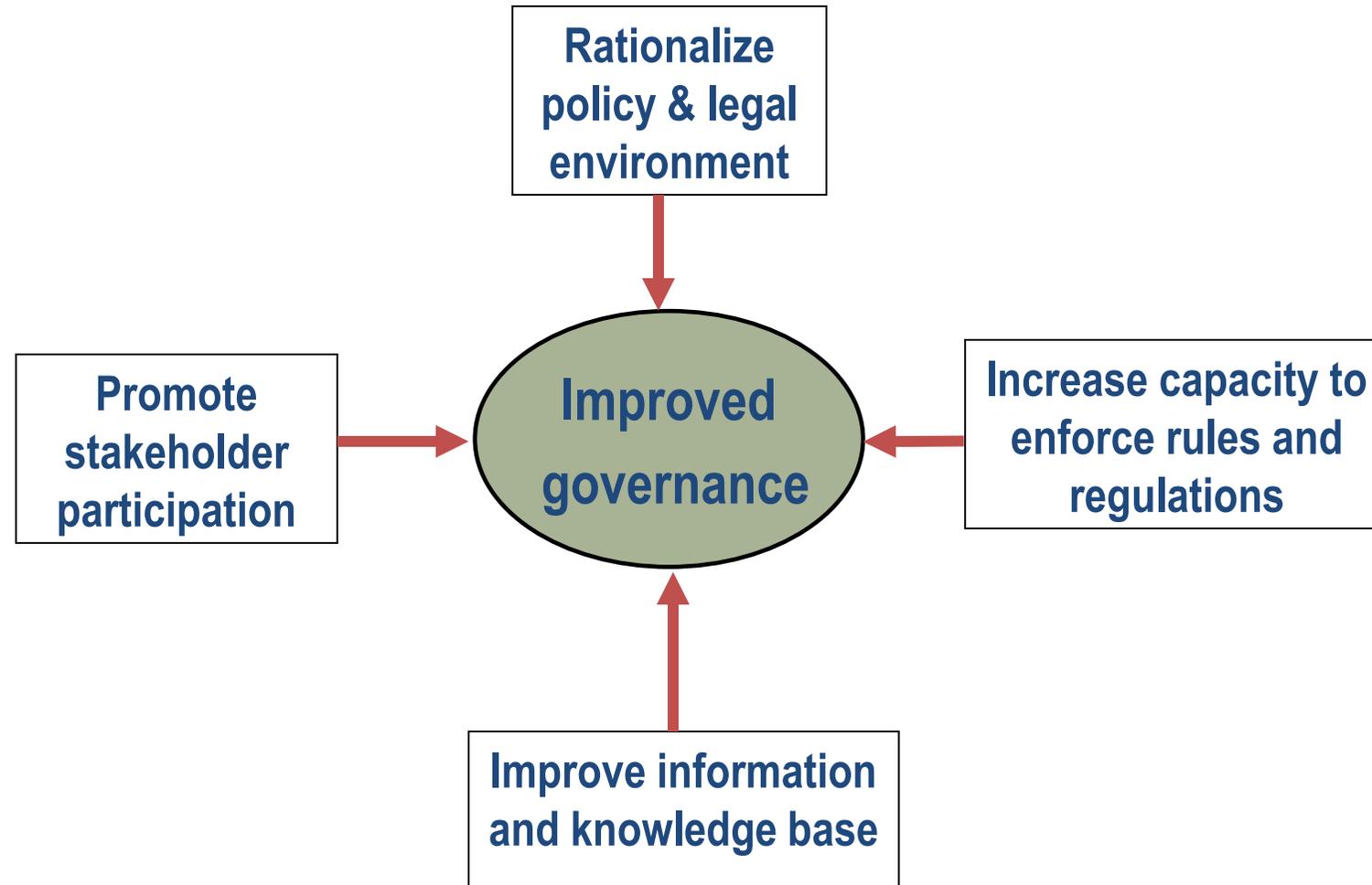
**Article XIII (compliance):** All 16 range States of *Pterocarpus erinaceus* are currently subject to trade suspensions until NDFs and LAFs are developed to the satisfaction of the Secretariat and the Plants Committee.



Until then, no trade shall take place from:

- 1) Cameroon
- 2) Central African Republic
- 3) Chad
- 4) Gambia
- 5) Guinea-Bissau
- 6) Mali
- 7) Nigeria
- 8) Togo
- 9) Benin
- 10) Burkina Faso
- 11) Ghana
- 12) Sierra Leone
- 13) Cote d'Ivoire
- 14) Guinea
- 15) Niger
- 16) Senegal

# ITTO's Response to forest law enforcement (FLE)



# Rationalizing policy/legal environment



- Case studies on FLE (Forest Law Enforcement)/illegal trade in many countries found conflicting laws and/or incoherent policies.
- Projects in several countries have identified underlying causes of illegality and drafted coherent, consistent, enforceable forest legislation.
- Country diagnostic missions also identified problems, promoted improved policies for FLE.
- Programme to improve implementation of CITES requirements for listed tropical timber species, ensure forest laws consistent with CITES.
- ITTO has built capacity in the tropics, notable examples include:
  - Forest and forest products statistics,
  - Criteria and indicators.



# Improving data and knowledge



- Bi-monthly [Tropical Timber Market Report](#) providing prices, market and trade news.
- [Annual Review of the World Timber Situation](#) provides detailed information on trade flows.
- **ITTO Annual Market Discussions** (held during Council sessions).
- **Global Legal and Sustainable Timber Forum (GLSTF):**
  - **2023 edition:** November 2023, Macao SAR, China.
  - **2024 edition: 11–12 September 2024** ([www.itto.int/events](http://www.itto.int/events)).
- Trade discrepancy studies and production/capacity comparisons; [IMM](#) project to monitor FLEGT-licensed timber entering EU.
- Timber tracking projects funded in many member countries.
- Several projects using satellite imagery with GIS (containing details of approved concessions, roads, etc.) to spot illegal forest clearing and track legal timber.

# Improving data and knowledge



- The **Global Green Supply Chains (GGSC)** platform facilitates: [www.itto-ggsc.org](http://www.itto-ggsc.org)
  - Business information exchange and
  - Collaboration among timber producers, buyers, processing industry and wood product market representatives at national, regional and global levels.
- **Global Timber Index and GTI wood-based panel report** ([www.itto.int/gti](http://www.itto.int/gti)): published monthly, tracks the performance of the timber sector in 8 pilot countries.
- **Blockchain-based Timber Traceability System (BTTS)** ([www.itto-ggsc.org/qkl/](http://www.itto-ggsc.org/qkl/)): identify new technology-based paths through the pilot collaborative operation of the blockchain-based timber traceability system to improve the transparency and authenticity of timber traceability in the timber supply chain.





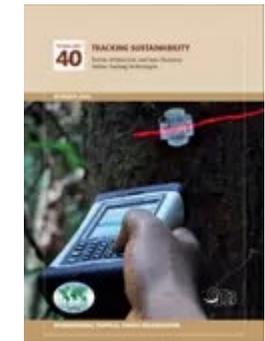
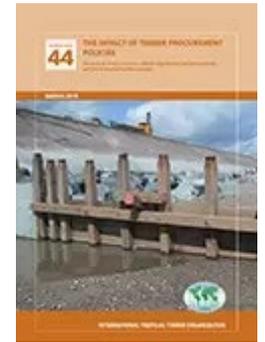
# Improving data and knowledge



## Long-standing work on market access, traceability, certification, among others. Technical reports conducted on:

- The impact of timber procurement policies.
  - Uses and impacts of criteria and indicators for sustainable forest management.
  - Review of electronic and semi-electronic timber tracking technologies.
  - Assessment of major developments in technical and environmental standards in selected major international timber markets.
  - Analysis of global trends impacting on the relative competitiveness of tropical wood products.
  - The pros and cons of timber procurement policies.
  - Developing forest certification.
  - Many more ...
- Updates on issues related to tropical timber market access and certification are presented at ITTC sessions.

[www.itto.int/technical\\_report/](http://www.itto.int/technical_report/)



# Promoting stakeholder involvement



- **Civil society – Private sector partnership grants** to contribute to SFM and verifiable legality in many countries, some led to efforts to certify concessions.
- **Private sector** – an important forestry stakeholder – taken steps to ensure that they exclude unsustainable and illegal wood from their supply chains.
- Many companies recognize the increasing need to understand and manage the environmental and social impacts embedded in their operations, supply chains and investments = ESG, ESM, CSR etc.



# ITTO Pilot Programme Lines



- **Legal & Sustainable Supply Chains (LSSC)**
  - Enhance tropical timber supply and value chains, from the forests to the market, to achieve legality and sustainability.
  - Capacities of legal and sustainable supply chain enhanced, business collaboration and networking facilitated.
- Conservation of Biodiversity and Ecosystem Services
- Forest Landscape Restoration and Resilient Livelihoods
- Emerging Issues and Innovation

# Increased capacity: ITTO's long-standing partner for SFM in Africa



- Update of the **ITTO/ATO Principles, Criteria and Indicators for the Sustainable Management of African Natural Tropical Forests**.
- **Capacity building** for sustainable management of tropical rainforests and biodiversity conservation in the ITTO Congo Basin countries - [TFU No. 29/1](#).
- Promotion of sustainable management of African forests - [TFU No. 25/4](#).
- Development of intra-African trade and further processing in tropical timber and timber products - [TFU No. 25/3](#).
- Development and implementation of a species identification and timber tracking system in Africa with DNA fingerprints and stable isotopes - [TFU No. 24/1](#).



# Increased capacity: ITTO's long-standing partner for SFM in Africa



- Development of training curricula for Central African countries on Legal and Sustainable supply Chains - [TFU No. 31/2](#).
- **Established cooperation between the GGSC Secretariat (China) and ITTO members in Africa.**
- DNA tracking technology piloted for African cherry (a species listed in CITES Appendix II). A new phase of the ITTO project commenced in May 2021 to implement an effective DNA traceability system to control trade - [TFU No. 30/2](#).
- Supported the 4th World Teak Conference held in Ghana in September 2022 - [TFU No. 31/3-4](#).
- Empowering women in forest landscape restoration (FRL) and agroforestry in Côte d'Ivoire (completed) and Togo (ongoing) - [TFU No. 31/1](#). Benin (about to start).
- Promotion of smallholders' FLR in West Africa.
- More as described in the presentation.



# Increase capacity: LSSC training modules for the Congo Basin *transferable to other tropical regions*

- Aimed at:
  - expanding market access for tropical timber produced in the subregion and
  - increasing the contributions of the sector to sustainable development, climate-change mitigation and other regional objectives.
- **Four modules:**
  - 1) Understanding “zero deforestation”
  - 2) Assessing legality and achieving accountability
  - 3) From legality to sustainability
  - 4) Markets and market access.
- Cover **best practices in legality, sustainability and traceability** (as required by international markets).
- Designed for use by a wide range of stakeholders.

[www.itto.int/resources/?resType=learning-materials](http://www.itto.int/resources/?resType=learning-materials)



# Concluding remarks



- **Forest governance** involves multi stakeholders to negotiate, agree and enforce binding decisions on the management, use and conservation of forest resources.
- **Forest governance**—fast track to sustain tropical forest—strengthened environmental protection, social welfare and economic gain.
- Major markets for tropical timber and timber products - strong signals for enforcement of timber legality and sustainability.
- Increase in emerging trade regulations and requirements are being faced by producers and now also consumers (EUDR).
- Developments on EUDR and CITES may have impact on timber trade of Africa/Congo Basin.
- **Capacity building is urgently needed** for timber producers particularly Africa/Congo Basin.
- **ITTO – can play key role - THE main hub for assisting producing member countries.**
- **Urgent need for fiscal/non-fiscal incentives to motivate stakeholders!**

**WORK WITH US!**  
**GLSTF: 11–12 Sept 2024,**  
**Macao SAR, China**  
**ITTC60: 1–6 Dec 2024,**  
**Yokohama, Japan!**



**LSSC online  
course**



**ITTO Policy  
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