



Emerging international timber trade requirements and ITTO's response

Thematic Workshop 3

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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

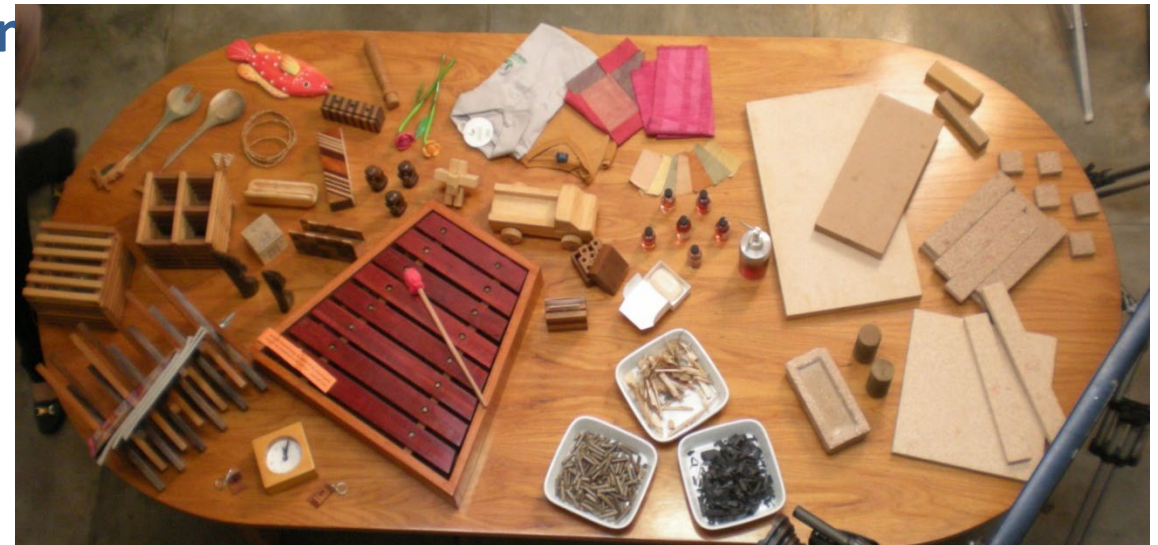


- A key requirement of sustainability—**compliance with all legal frameworks**.
- Forest governance and legality requirements are meant to **reduce/eliminate illegal practices** in tropical forests.
- Greater need to **demonstrate the legality and sustainability** credentials of forest products.
- National 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.

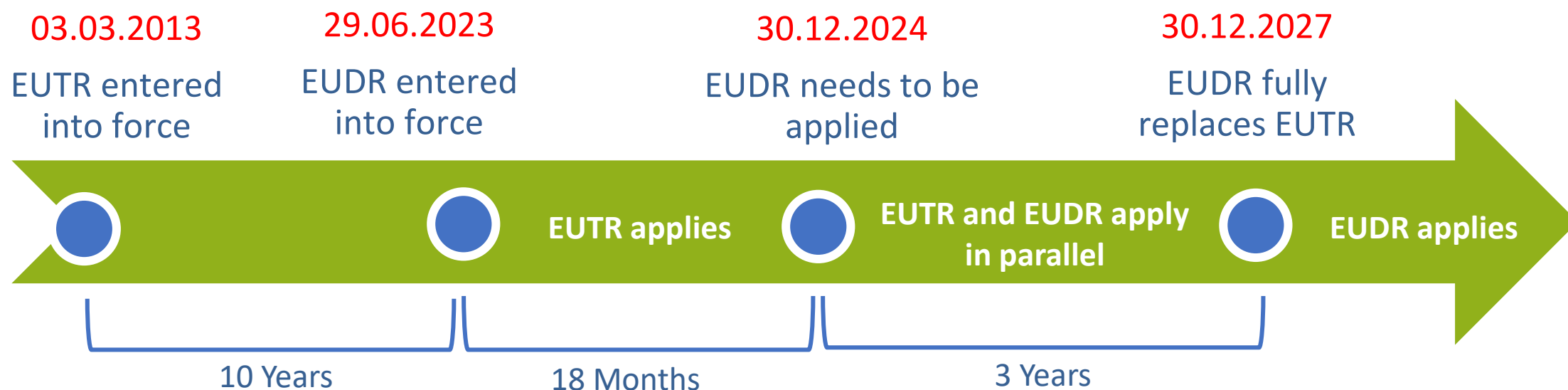
Updates on major international timber trade regulations and their requirements



- **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

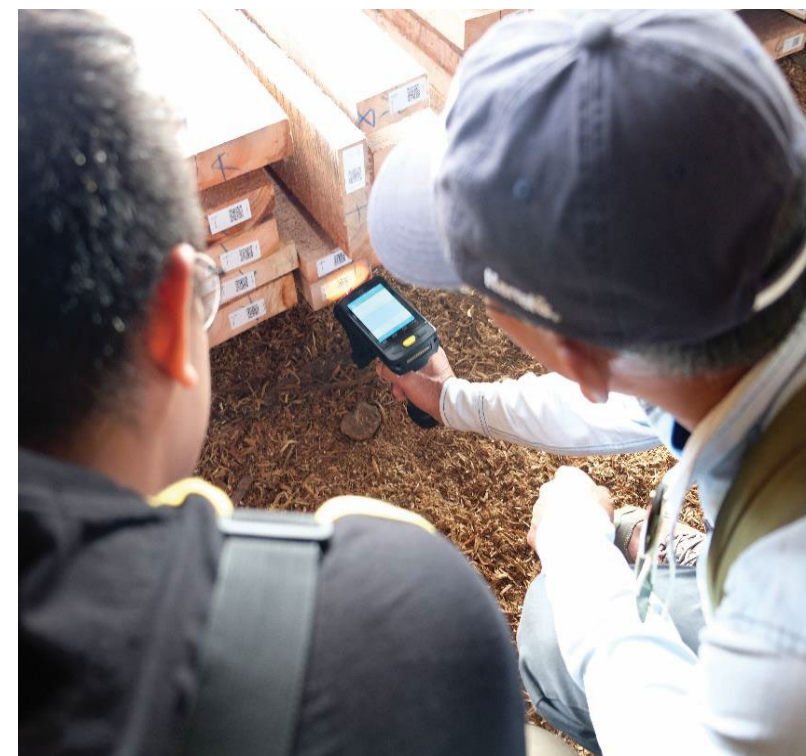


Importers:

- 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

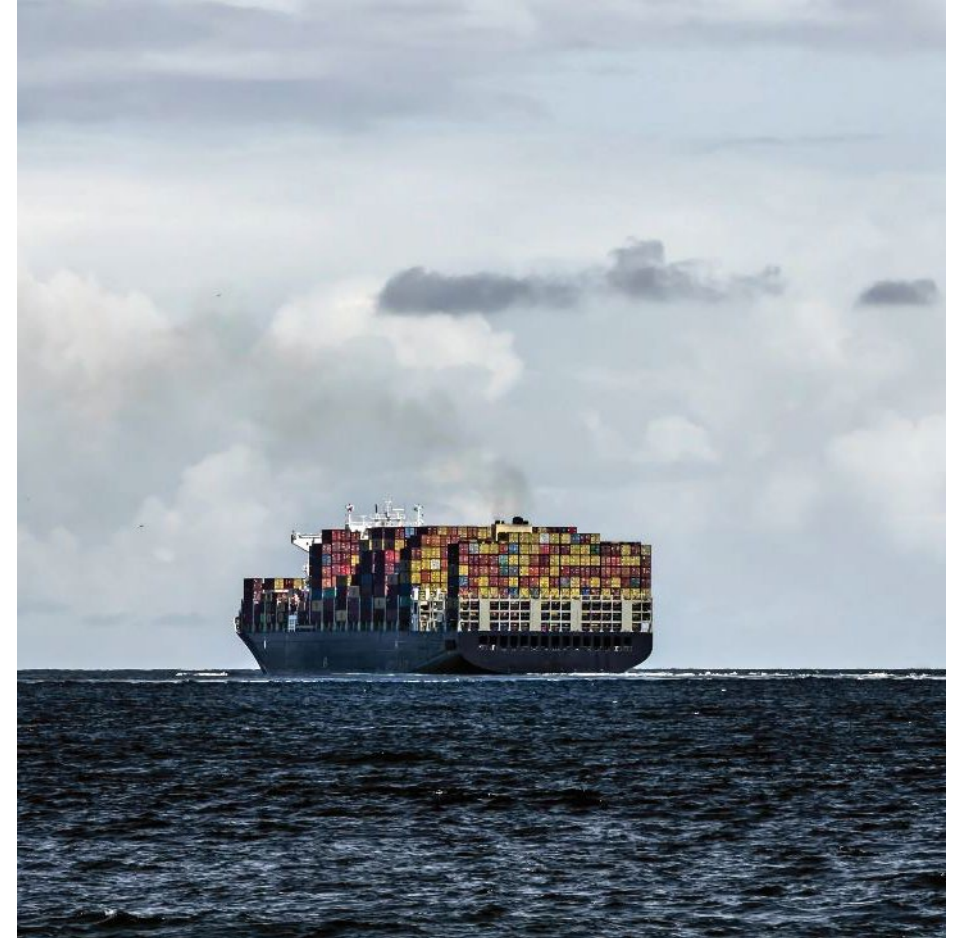


No exemption for wood covered by FLEGT or CITES

- **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

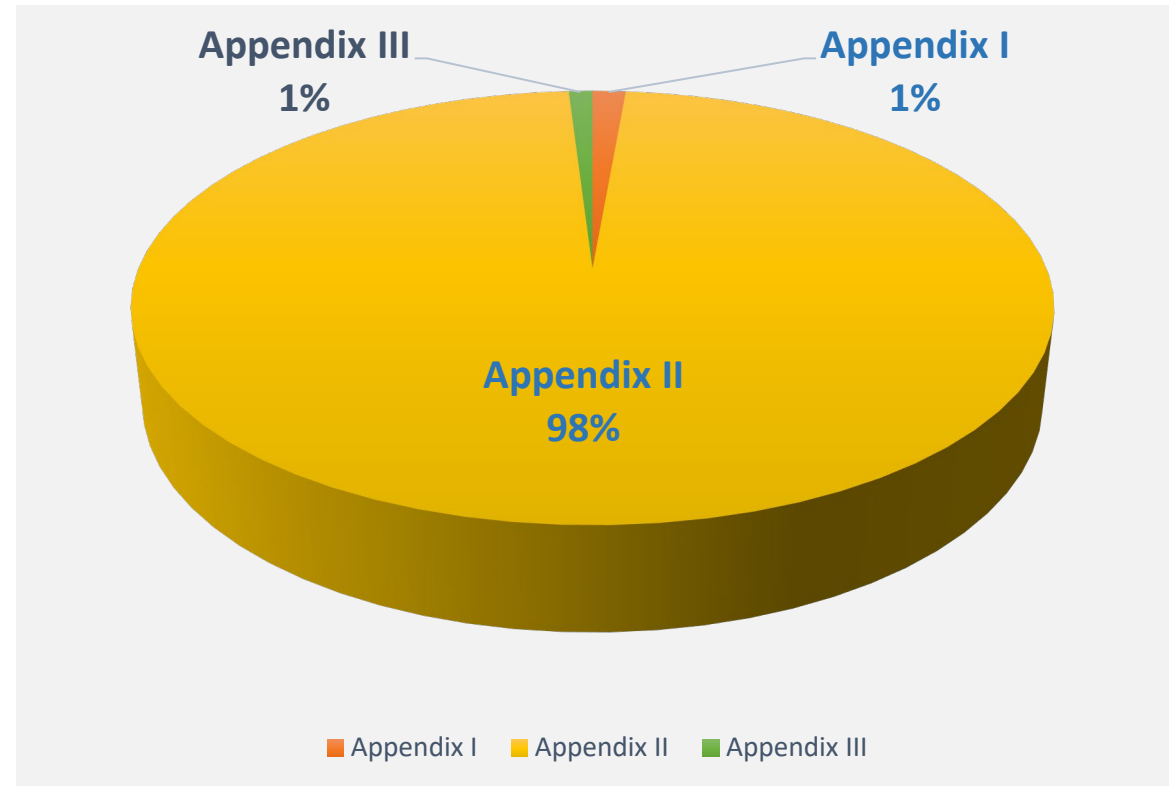
Commercial trade
permitted and
controlled

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

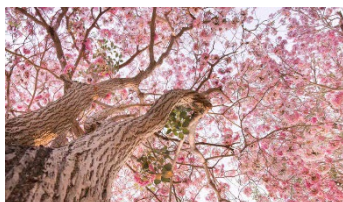
Commercial trade
permitted and
monitored

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)

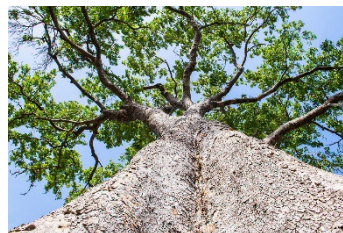
Roseodendron spp. (Ipe)

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)



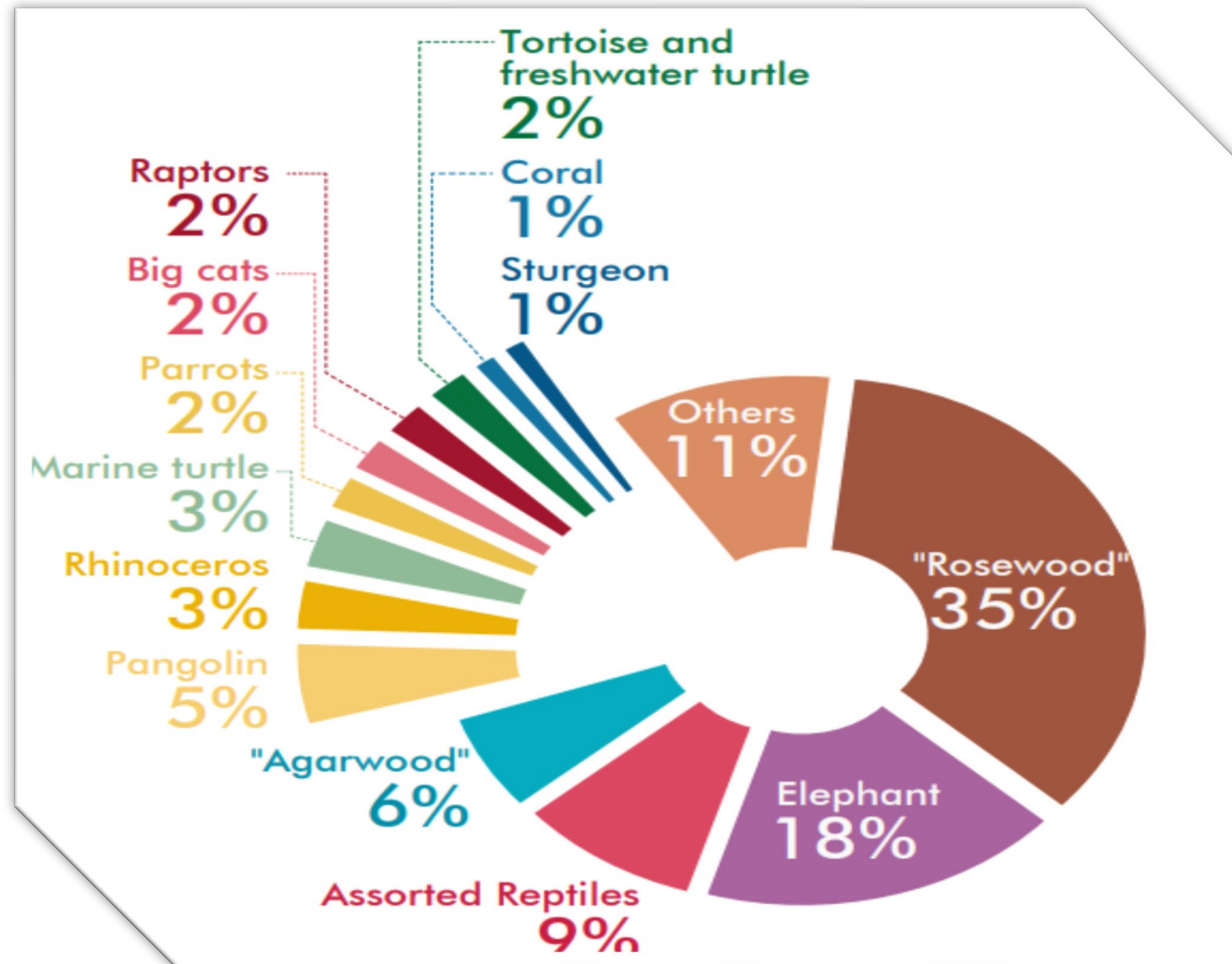
Medicinal and aromatic trees:

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



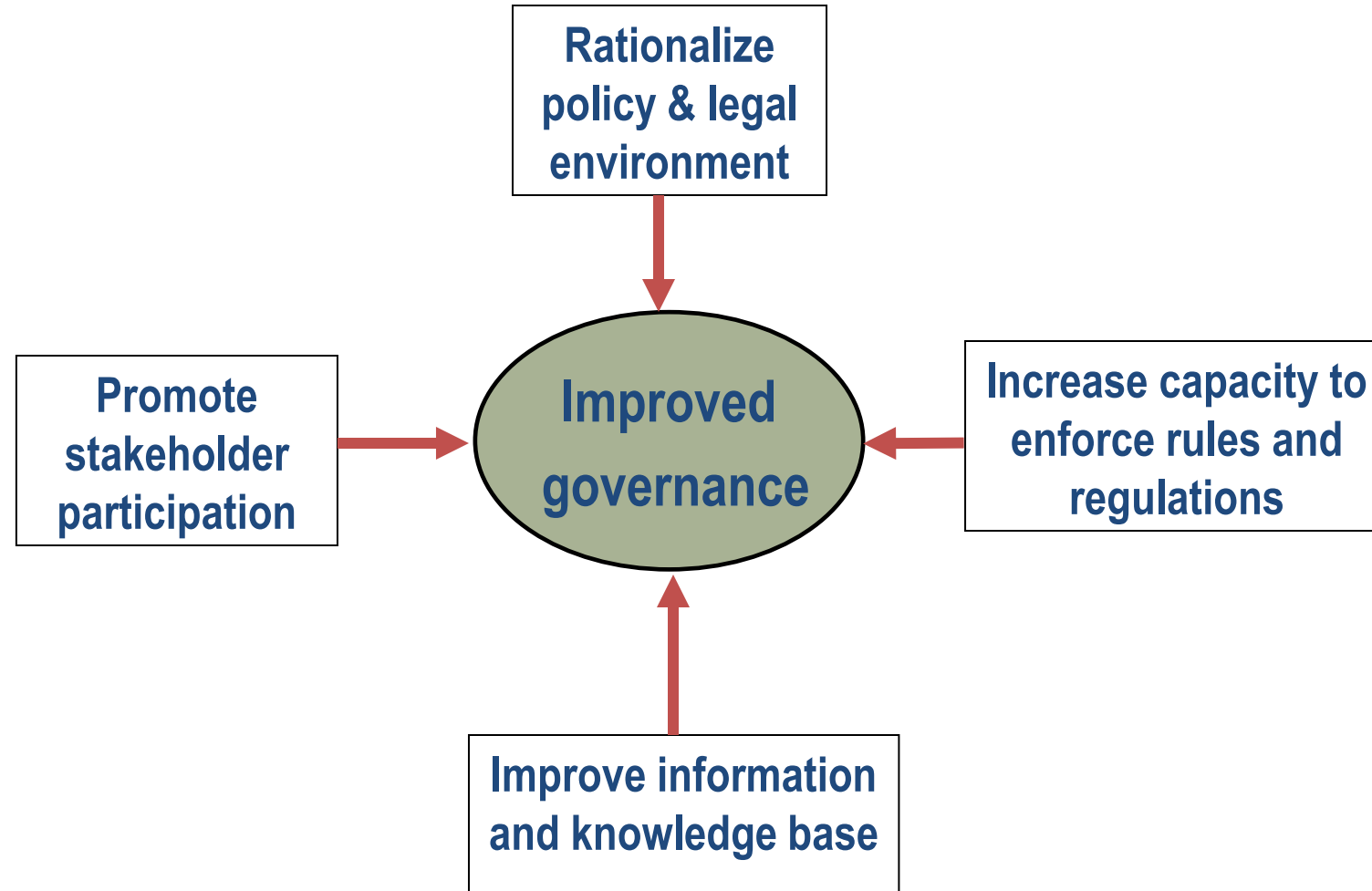
Article XIII (compliance): All 16 range States of *Pterocarpus erinaceus* are currently subject to trade suspensions until NDFs and LAFs are developed to the satisfaction of the Secretariat and the Plants Committee.



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).
- 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
 - 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): published monthly, tracks the performance of the timber sector in 8 pilot countries.
- **Blockchain-based Timber Traceability System (BTTS)** (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.





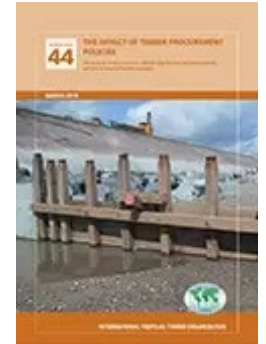
Improving data and knowledge



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/



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

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
Series**



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Other reports



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