

Action Framework for Promoting Legal and Sustainable Timber Supply Chains

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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 Commerce and Investment Promotion Institute (IPIM), Macao SAR, it also founded the Global Legal and Sustainable Timber Forum (GLSTF), with the inaugural forum held in 2023 in Macao SAR.

The **GLSTF** provides such 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 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 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 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 the 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.
- **Ways and means for 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 collaboration between Central African and Chinese timber industrial clusters and parks that, among other things, and 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 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**.