



# **INTERNATIONAL TROPICAL TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,  
STATISTICS AND MARKETS**

**COMMITTEE ON FOREST INDUSTRY**

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Yokohama, Japan

## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **FIFTY-EIGHTH SESSION OF THE COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS AND THE COMMITTEE ON FOREST INDUSTRY**

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## REPORT

### 1. Opening of the Session

The Fifty-eighth Session of the Committees was opened on 2 December 2024 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Dr. Catherine Karr-Colque (USA), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI). The list of participants is presented in document ITTC(LX)/Info. 2.

### 2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(LVIII)/1 Rev.1 was duly adopted. The CEM and the CFI met on 2, 4 and 6 December 2024 to consider items 1, 2, 3, 6, 8B, 9, 10, 11, 12, 13, and 14 of the Agenda. The Joint Session of All Committees met on 3 December 2024 to consider items 4, 5, 8A and the three policy work items of the CEM under item 9 of the Agenda. Mr. Carlos Espinosa Peña, Panama, Vice-Chairperson of Council, chaired the Joint Session of all Committees.

### 3. Admission of Observers

The Committees admitted the observers listed in document ITTC(LX)/Info.3 Rev.1 as approved by the Council.

### 4. ITTO Annual Market Discussion – 2024

The Committees noted the summary of the ITTO Annual Market Discussion – 2024, held in the Joint Session of All Committees as part of the Trade and Markets Day on 3 December 2024, as contained in Appendix A. The theme of the Market Discussion was “Production and Trade - Rising Costs and Weakening Demand”. Mr. Barney Chan (TAG Coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/itc-60/presentations/>):

Dr Ivan Tomaselli  
Brazilian Mechanically Processed Wood Industry  
Association (ABIMCI)

*Past and Future of Tropical Timber*

Mr. Jean Marie Ntoutoume  
Union des Forestiers et Industriels du Bois du  
Gabon

*Production et Commerce du Bois – Cas du Gabon*

Mr. Alfonso Hernández Ángel  
National Association of Importers and Exporters of  
Forest Products, Mexico

*Mexico Tropical Timber Overview*

Mr. Ngo Sy Hoai  
Vietnam Timber & Forest Product Association

*Vietnam Forestry and Wood Industry amid Global  
Economic and Trade Uncertainties*

Mr. Braden Jenkin  
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*Using natural forest and plantation grown trees;  
different but complementary*

Dr. Luo Xinjian  
Global Green Supply Chains Initiative (GGSC)

*Global Green Supply Chain & GLSTF – An  
Introduction*

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B.

5. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the report of the Fifty-ninth Virtual Expert Panel for Technical Appraisal of Project Proposals. With the absence of the panel members attending the Council Session, Dr. Gerhard Bruelmann from the Secretariat presented the report, as contained in document ITTC/EP-59 (presentation available at <https://www.itto.int/itc-60/presentations/>).

The Fifty-ninth Panel appraised five (5) proposals. The Panel noted that:

- Four (4) Project Proposals (80 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1); and
- One (1) Project Proposal (20 percent of the total) will be sent back to proponent for essential revision, rated as category 2.

6. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(LVIII)/2 and took note of progress in the implementation of the following projects and pre-projects.

**(A) Projects and Activity under implementation**

**Committee on Economics, Statistics and Markets**

1. PD 913/20 Rev.4 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama
2. PD 933/23 Rev.2 (M) Promotion of Sustainable Teakwood Use in Domestic Markets of India

**Committee on Forest Industry**

1. PD 912/20 Rev.3 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru
2. PD 926/22 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption of Wood Products in Thailand
3. PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products (Indonesia)
4. PD 935/23 Rev.1 (I) Promoting Sustainable Wood Use for the Domestic Market in Malaysia
5. PP-A/60-369 Strengthening Surveillance and Monitoring to Tackle the Surge in Forest Loss and Land Degradation, Induced by Intensifying Conflict in Thailand's Border Areas

**(B) Project pending agreement**

**Committee on Economics, Statistics and Markets**

1. PD 933/23 Rev.2 (M) Promotion of Sustainable Teakwood Use in Domestic Markets of India

The delegate of India informed the Committee that the Project Agreement is still under active consideration by the authorities and is expected to be cleared for signing within a month or so. The delegate of Japan, as the donor country, requested the signing of the Project Agreement be finalized as soon as possible.

**(C) Project pending financing**

**Committee on Forest Industry**

1. PD 912/20 Rev.3 (I)      Strengthening Technical and Business Management in the Timber Forest  
Phase II                      Industry of Peru

The Peru delegation took the floor to express their gratitude to the Government of Japan for fully funding the Phase 1 and to the Government of the Republic of Korea for partially funding the Phase 2 of the project. The Secretariat responded that effort to get additional project funding will be discussed with potential donors.

The Committees took note of the updates provided by the Secretariat on satisfactory progress in all the above projects.

7. Report on Completed Projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI(LVIII)/3 and additional information presented during this Session as follows:

**Committee on Economics, Statistics and Markets**

- PD 832/16 Rev.2 (M)                      Implementing Mechanisms to Improve Traceability in the Forest  
Production Chain in Guatemala

The Committees took note of the completion report contained in document CEM-CFI (VLIII)/3.

The Secretariat informed the Committees that the completion report, the technical report and the final audit report has been delivered by the executing agency in accordance with the project agreement. The Committees duly declared the project complete.

The delegate of the United States took the floor to thank Guatemala and the Secretariat for the briefing on the successful completion of the project. The delegate congratulated Guatemala on producing positive results on timber traceability, despite delays due to the COVID-19 pandemic. The delegate requested to learn more about the simplified forest management plans and how INAB and others will help ensure this assistance doesn't unintentionally result in greater forest degradation and deforestation or negatively impact the role of women, restoration, markets, and land tenure. The delegate requested the Secretariat to provide the project completion report.

The Japan delegate took the floor to express its appreciation for the efforts of the Secretariat and the implementing agency to successfully complete the project. The project has made a significant contribution to the establishment of the legal and the sustainable timber supply chain in the country, promoting the involvement of a wide range of the stakeholders, including local governments, small timber-related businesses, and small forest owners.

The Guatemala delegation took the floor and expressed that the Government of Guatemala and the National Forest Institute are very pleased with the funding support from the donor countries and ITTO to enable the implementation of the project to improve the traceability and enhance transparency in the production chain of forestry products in Guatemala.

The Secretariat informed the Committees that the completion report, the technical report and the final audit report have been delivered by the executing agency in accordance with the project agreement. The Committees duly declared the project complete.

**Committee on Forest Industry**

- PD 922/21 Rev.1 (I)                      Promotion of Sustainable Domestic Wood Consumption in Vietnam

The Committees took note of the completion report contained in document CEM-CFI (VLIII)/3.

The Secretariat informed the Committees that the completion report, the technical report and the final audit report have been delivered by the executing agency in accordance with the project agreement. The Committees duly declared the project complete.

The delegate of Vietnam thanked the Government of Japan for providing the valuable funds and support for the implementation of the project in Vietnam. He further explained that Vietnam has been emerging as a very top wood product producer and exporter worldwide, but sometimes did not give enough attention to local market, especially during and after the pandemic. In many cases, the wood-processing industry of Vietnam has to rely on the domestic market and there is a need to promote the domestic market for wood products, because Vietnam is a developing country and has over 100 million population with immense demands for wood products.

The delegate of Japan appreciated the efforts of the ITTO Secretariat, the executing agency, and all other parties involved in the project and was very pleased that the project has been successfully completed. Japan is currently working on a concept note to be developed into a full proposal for phase two which will build on the outcomes of this project and focus on urban wood construction. Japan will further discuss the details of the project with the Secretariat and the executing agency (VIFORES) and hope to contribute to the establishment of a decarbonization society in the producer countries by leveraging the knowledge and technologies of the Japanese wood industry.

The delegate of Vietnam was very much inspired to hear that Japanese government, through the Japan Forestry Agency, has considered to provide further support for promotion of sustainable wood use in the domestic market. Vietnam's Concept Note will be submitted to the Japanese Government. If it is approved, it will give special attention to housing/building construction, which will make better use of wood and will significantly contribute to emissions reduction.

The Secretariat informed the Committees that the completion report, the technical report and the final audit report have been delivered by the executing agency in accordance with the project agreement. The Committees duly declared the project complete.

8. Ex-post Evaluation

**(A) Ex-post Evaluation Reports**

To facilitate the sharing of experiences and lessons learned from ex-post evaluation of projects among members, the consideration of ex-post evaluation reports is undertaken in a Joint Session of All Committees. There were no ex-post evaluation reports on projects under CEM and CFI at this Session.

**(B) Selection of Projects for Ex-post Evaluation**

The Secretariat informed the Committees that the current balance available following consultation with donors on remaining monitoring and evaluation funds from completed projects for CEM is approximately US\$139,837, while all CFI pooled funds have been depleted. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LVIII)/1 Rev.1 with a view to making recommendation(s) for ex-post evaluation(s). The Chairperson informed the Committees that PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala is eligible for the ex-post evaluation. The Secretariat made a proposal that the project be selected for the ex-post evaluation at this session with execution in 2026 to allow more time to realize the project's impacts. The delegation of Guatemala agreed with said proposal to carry out the ex-post evaluation in 2026.

9. Policy Work

Three issues/activities under the CEM were considered by the Joint Session of All Committees. One issue under the CFI was considered by the Joint Session of the CEM and the CFI.

**Committee on Economics, Statistics and Markets**

(i) Market Access

The Joint Session of All Committees considered this item. The Secretariat reported on developments relating to market access for tropical timber in 2023-2024, including on four major legislative instruments:

the EU Deforestation Regulation (EUDR), the U.S. Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulating timber entering into these markets. In addition, the update also covered legislative developments in other important timber markets, namely: the Korean Revised Sustainable Use of Timber Act, Vietnam Timber Legality Assurance System (VNTLAS) and Chinese Forest Law Amendment, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The delegate of Cote d'Ivoire informed the Committees that Cote d'Ivoire has signed the Voluntary Partnership Agreement (VPA) in February 2024, which has been ratified by its Parliament in September 2024. Cote d'Ivoire is trying to finalize its national system for traceability and legality as the EUDR recognizes timber which is already in accordance with EU-VPA legality requirements.

The delegate of New Zealand updated that its government has been progressing work to strengthen the integrity of the forestry and wood processing supply chain through developing a legal harvest assurance system, which will help reduce illegal logging, facilitate exporters to sell timber overseas, reduce the risk of timber being illegally harvested, and ensure that timber products imported into New Zealand come from legally harvested forests. From 29 November 2024 to 28 February 2025 New Zealand has been seeking feedback on regulatory proposals to help provide clarity on obligations such as information, record keeping and reporting requirements.

The delegate of Malaysia informed the Committees of its efforts in fostering international cooperation. Malaysia has actively participated in two Phases of ITTO activity of establishment and operation of the Global Timber Index platform as part of the ITTO Legal and Sustainable Supply Chain (LSSC) Program, which will strengthen the competitiveness of Malaysian timber industry globally and open new market opportunities for tropical wood products in countries that prioritize sustainability and legality standards.

The delegate of Papua New Guinea appreciated an ITTO-supported project in 2010-2011 promoting forest law enforcement and governance which enabled PNG over many years to develop a timber legality standard. Based on project implementation, the standard has been approved by the government and is being piloted in a number of timber concession areas with auditing by international certification bodies.

The delegate of Indonesia said they have made information on deforestation publicly accessible through a dedicated map available online called Simontana, a national forest monitoring system that utilizes remote sensing and terrestrial data to provide accurate, transparent, integrated and up-to-date forest information and changes.

The delegate of Panama commented on EUDR that there should be an exchange so that EU can clarify to the producing countries how this new regulation is going to be applied and what will be the processes, so that the producing countries can respond to the new regulation with their own legal frameworks, systems, and processes.

The Secretariat further added that Ghana has set 30 June 2025 as the date to deliver the first consignment of FLEGT licensed timber. This was confirmed during the EU-Ghana Joint Monitoring and Review Mechanism held on 7 November 2024. This will be the first in Africa and second in the world for FLEGT licensed timber.

## (ii) Forest and Timber Certification

The Joint Session of All Committees considered this item. The Secretariat reported on recent developments in forest certification in ITTO producer member countries. As of mid-2024, the total area of certified forests (FSC + PEFC) in ITTO producing member countries was 42.8 million hectares, representing 9.4% of the world total. The number of chain of custody (CoC) certificates in ITTO producer countries was 7,674 certificates, which is more than 10% of the world total. The FSC certified forest areas in ITTO producer countries reached 24.2 million hectares which was 15% of global FSC certification, while the PEFC certified area reached 18.6 million hectares, accounting for about 6.3% of the world total of PEFC. About 10 national certification schemes were endorsed by PEFC as of 2024 namely: CERFLOR of Brazil, MTCC of Malaysia, IFCC of Indonesia, PAFC of Gabon, NCCF of India, VFCO of Vietnam, PAFC of Cameroon, PAFC of Republic of Congo, F.T.I. of Thailand and GFC of Guyana.

The delegate of Malaysia provided an update that, as of October 2024, a total of 6.4 million ha of natural forests and 148,000 hectares of forest plantation has been certified under the Malaysia Timber Certification Scheme (MTCS). Additionally, 369 companies currently hold chain of custody certification under the MTCS reflecting the Malaysian steadfast dedication to sustainable forest management and responsible timber practices.

The delegate of Papua New Guinea stated that they are developing a timber legality verification standard through a project funded by the EU on Timber Legality Verification System that will strengthen forest certification in Papua New Guinea. For Papua New Guinea, a number of timber companies have already been certified.

The delegate of Panama informed that they have 65% of their territory covered by forests and also have plantations for commercial purposes. Around 40,000 hectares forest area have achieved FSC certification in Panama. However, as a producing country, even though there's a traceability system funded by different phases by ITTO projects, Panama still needs to extend the traceability system to cover the entire country.

The delegate of India briefly updated that they have the forest and wood certification scheme since December 2023, covering natural forest and the trees grown by farmers outside the forest areas.

The delegate of Indonesia also updated that there is a mandatory national system in Indonesia for forest certification which is known as the Timber Legality and Sustainability System (SVLK), and at present time, Indonesia is continuously improving its SVLK by its rebranding to be SVLK+ to enhance the traceability in SFM in Indonesia and its global market. Currently there are approximately 12.9 million hectares of natural production forests that have been certified under the system.

(iii) APEC EGILAT and ITTO collaboration

The Joint Session of All Committees considered this item. The Secretariat reported the participation of ITTO in the following APEC-EGILAT activities:

- i) Online Focused Group Discussion, organized by the APEC EGILAT Indonesia Project Team of Developing Integrated Timber Data for Xylaria Networking on 16 January 2024. ITTO made a presentation entitled 'Sustainable Pathway of Traded Tropical Timber in APEC Economies';
- ii) Workshop on Wood Identification Technologies for APEC Members, organized by the APEC EGILAT Indonesia Project Team of Developing Integrated Timber Data for Xylaria Networking on 23-25 April 2024. ITTO made a presentation entitled 'ITTO's responses to emerging timber market requirements'; and
- iii) The 26th APEC EGILAT Plenary Meeting and its associated workshop organized by Peru's National Forestry and Wildlife Service (SERFOR) held in Lima, Peru, on 12–15 August 2024. At the workshop, ITTO made a presentation entitled 'Innovation in information system in APEC Economies for traceability and ensuring the legal origin of timber'. At the Plenary meeting, ITTO made a presentation to update on ITTO's efforts to support the use of sustainably produced tropical timber in domestic markets of member countries through projects implementation in Vietnam, Thailand, Indonesia, Malaysia and India.

(iv) Items for CEM Policy Work for 2025

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2025:

- Legality frameworks;
- Forest and timber certification and traceability; and
- APEC EGILAT and ITTO collaboration;

**Committee on Forest Industry**

(i) Promotion of Sustainable Wood Use in Domestic Markets

The Joint Session of the CEM and the CFI considered this item. The progress of the sustainable wood use (SWU) projects, funded by the Government of Japan, implemented in Vietnam [PD 922/21 Rev. 1



(I)], Thailand [PD 926/22 Rev. 1 (I)]; Indonesia [PD 928/22 Rev.1 (I)]; and Malaysia [PD 935/23 Rev. 1 (I)] were reported to the Committees by the respective project coordinators.

The US delegate thanked all presenters and the Secretariat for putting together an interesting set of projects and descriptions and it is informative to see them all back-to-back sharing their work. She further thanked the presentation from Vietnam that reflected the timber legality assurance steps the US and Vietnam have worked on together for many years. The United States has supported capacity building on design for wood buildings and additional activities such as a contest for young designers to design tall wood buildings which led to new creative sustainable constructions in Portland, Oregon and in New York City. Wood is an important material that is now being used in some of these tall buildings. She noted work in the Forest and Climate-Leaders Partnership (FCLP) along these lines and the potential for ITTO to discuss projects and implementation with them. She thanked the presenter from Indonesia for mentioning the work on gender and social inclusion mainstreaming. This is very important topic given ITTO gender guidelines, which need to be applied and operationalized.

The Chairperson of the Committees thanked the US delegate who brought in the importance of FCLP in which the initiatives on green buildings/construction have been accommodated. She mentioned that a number of member countries have also been quite engaged in the initiatives and might facilitate connections between the FCLP and the ITTO Secretariat.

Mr. Ngo Sy Hoai of Vietnam thanked the US for comment and for congratulations to Vietnam, Indonesia, Malaysia and Thailand. The projects that have been implemented in these countries are for domestic markets to promote sustainable wood use, but the implication is beyond the domestic market.

The Japan delegation thanked all the presenters and ITTO Secretariat. He said, Japan believes that for forests, not only conservation is important, but also sustainable wood use. Japan has a long history of using wood. Long ago Japan produced the samurai sword from iron, sand and charcoal. He recommended the participants visit Kyoto to see the oldest wooden building in the world. ITTO or JICA projects help disseminate Japanese knowledge on wood.

ITTO Secretariat encouraged donor countries to expand the implementation of sustainable wood projects in different ITTO regions.

(ii) Items for CFI Policy Work for 2025

The Committee considered and agreed on the following item for discussion under its policy work agenda in 2025:

- Promotion of sustainable wood use in domestic markets.

10. Election of Chairpersons and Vice-Chairpersons for 2025

Following the usual consultations undertaken by the producer and consumer groups, Mr. Ray Thomas Fernandez Kabigting (Philippines) was elected as the Chairperson of the CEM and CFI for 2025 and Ms. Rata Muda (New Zealand) was elected as the Vice-Chairperson of the CEM and CFI for 2025.

11. Dates and Venues of the Fifty-ninth and Sixtieth Sessions of the Committees

The Fifty-ninth Session of the Committees will be held in conjunction with the Sixty-first Session of the International Tropical Timber Council in 2025.

The Sixtieth Session of the Committees will be held in conjunction with the Sixty-second Session of the International Tropical Timber Council in 2026.

12. Other Business

None.

13. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following project approved and partially funded by the Republic of Korea at an earlier Session:

**Committee on Forest Industry**

PD 912/20 Rev.2 (I)  
Phase II

Strengthening Technical and Business Management in the Timber  
Forest Industry of Peru [US\$145,706]

14. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairperson of the Committees.

## APPENDIX A

### REPORT ON THE ITTO ANNUAL MARKET DISCUSSION – 2024 “Production and Trade - Rising Costs and Weakening Demand” 3 December 2024, Yokohama, Japan

The theme of the 2024 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Production and Trade - Rising Costs and Weakening Demand”. The Market Discussion was chaired by Mr. Barney Chan (TAG Coordinator).

The speakers, and the titles of their presentations, were as follows:

Dr. Ivan Tomaselli Brazilian Mechanically Processed Wood Industry Association (ABIMCI)	<i>Past and Future of Tropical Timber</i>
Mr. Jean Marie Ntoutoume Union des Forestiers et Industriels du Bois du Gabon	<i>Production et Commerce du Bois – Cas du Gabon</i>
Mr. Alfonso Hernández Ángel National Association of Importers and Exporters of Forest Products, Mexico	<i>Mexico Tropical Timber Overview</i>
Mr. Ngo Sy Hoai Vietnam Timber & Forest Product Association	<i>Vietnam Forestry and Wood Industry amid Global Economic and Trade Uncertainties</i>
Mr. Braden Jenkin Sylva Systems Pty Ltd (Australia)	<i>Using natural forest and plantation grown trees; different but complementary</i>
Dr. Luo Xinjian Global Green Supply Chains Initiative (GGSC)	<i>Global Green Supply Chain &amp; GLSTF – An Introduction</i>

The presentations were followed by a question-and-answer session with members of the Council. Following the event, Mr. Barney Chan (TAG Coordinator) presented the TAG Statement (Appendix B). Presentations made during the 2024 ITTO Annual Market Discussion and the TAG Statement are available at <http://www.itto.int/ittc-60/presentations>.

#### Summary of Presentations

**Dr. Ivan Tomaselli**, Brazilian Mechanically Processed Wood Industry Association (ABIMCI)  
**Past and Future of Tropical Timber**

In the early part of the presentation Ivan Tomaselli crisscrossed the tropical world revealing production and trade trends over the past decade. He observed that tropical timber harvested for export, now and in the past, has always been a fraction of the total forest harvest. Most wood harvested is consumed in-country

He presented data to show there has been a steady decline in raw material exports from the largest producers such as Brazil, Indonesia and Malaysia whereas primary product exports from West and Central African countries remains only slightly down. The situation in PNG is different, over the past decade there has been an upward trend in raw material exports. In some countries where there has been a decline in raw material exports there has been a welcome rise in trade in finished products.

In the second part of the presentation Ivan Tomaselli asks, has ITTO fulfilled its two overarching objectives? which he paraphrases as “to promote sustainable management and legal harvesting of forests that produce tropical timber and to promote expansion and diversification of international trade in tropical wood products”.

He challenges, have we failed? No, saying ITTO has made great progress in fostering sustainable management of tropical forests and has firmly established sustainability as an integral feature in the actions of the tropical timber industry and trade. He also challenges, are we failing? Saying Yes - and identifies the immediate challenges.

Tropical timber is being replaced by other woods and products, market share has been eroded as costs soar undermining competitiveness. High forest management standards, certification, market impediments, social and environmental demands, reporting requirements, logistics and disruptive policies are driving up costs and driving down confidence in investment and modernisation.

Looking at options for the future Ivan Tomaseli believes “consumers (buyers of tropical timber) in our traditional markets are not receiving information about the progress tropical timber producers have made and are continuing to make”

**Mr. Jean Marie Ntoutoume**, Union des Forestiers et Industriels du Bois du Gabon  
**Production et Commerce du Bois – Cas du Gabon**

Before the discovery of petroleum in the mid-20th century, forestry was the leading foreign exchange earner in the country. Today, even with the emergence of the oil industry, forestry remains a major foreign exchange earner and accounts for around 17,000 direct and indirect jobs in the private sector. Since 2021, each year log production has far exceeded its level reached 3 years before the ban on the export of logs.

Today, the log production is completely processed locally. Gabon produces mainly sawnwood, veneer and plywood. Now, our industry needs to improve the competitiveness of its products. This requires working mainly on the supply chain and energy to lower production costs and reduce the response time to an order. We also need to develop new products to reach new markets.

Challenges remain in the forestry and wood processing sectors and these include the need for accurate monitoring of production and trade, the impact of logistic issues on trade, how to achieve sustainable development goals, addressing climate change, protecting biodiversity, seizing opportunities in carbon markets and achieving widespread certification.

**Mr. Alfonso Hernández Ángel**, National Association of Importers and Exporters of Forest Products, Mexico  
**Mexico Tropical Timber Overview**

Roundwood production in the latest year for which full data is available amounted to 8.8 million cubic metres and on average, during the period 2013-23, the value of timber and non-timber forest products was just over 71 billion pesos (US\$3.9 billion dollars) however, Mr. Hernandez stated production levels remain well below the potential for processing and commercialization. He added, in 2023 the forestry sector generated 266,336 jobs.

Forests are important for the people of Mexico, he said, with almost 12 million people living in or dependent on forest ecosystems. The forests of Mexico extend over some 138 million ha. and there are almost 17 million ha. of communal land used for agriculture in which community members have usufruct rights (Ejidos). The geographical location and climatic conditions support a wide range of ecosystems, home to an extensive biodiversity.

Mr. Hernandez enumerated some of the challenges in the forestry sector, the main being deforestation. He said the permanent loss of forest cover is a serious problem and identified clearing for livestock grazing, agricultural crop production and infrastructure and real estate developments as the main causes.

Additional issues for the traditional timber sector include competition from wood substitutes such as plastic and aluminum and from composite wood products. In his opinion, Mr. Hernandez emphasised the sector has great potential but investment in forest plantations is handicapped by the land ownership system (Ejidos) which does not provide legal certainty and this limits sourcing investment funds. As a result few Ejidos are interested in long-term investment. To conclude Mr. Hernandez provided his suggestions on desirable policy directions that would enable the forestry and wood processing sectors to contribute more to the national economy.

**Mr. Ngo Sy Hoai**, Vietnam Timber & Forest Product Association  
**Vietnam Forestry and Wood Industry amid Global Economic and Trade Uncertainties**

In his presentation Ngo Sy Hoai provided a wealth of data illustrating the success of both the forestry sector and the wood processing industries which is the result of supportive government interventions on land reform, a good understanding of international market demand, effective R&D and tree seed selection, innovative forest management models and government policy on industrial privatization.

He explained the supply of domestically produced wood is increasing due to the expansion of plantations and the application of science and technology to improve planting materials and forest management. Harvests from commercial plantations increased 4.3 times, from 5.2 million m<sup>3</sup> in 2011 to 22.4 million m<sup>3</sup> in 2023.

In Vietnam Acacia is king, providing 80% of raw material for domestic processing. Remarkably, 70-80% of the acacia logs are supplied by small households who achieve harvests of 20 - 30 m<sup>3</sup>/ha/year. This raw material is used for the manufacture of indoor and outdoor furniture (70%), wood-based panels (7%), woodchip (17%) and wood pellet (5%).

It has been realised that the cutting cycle of acacia plantations is too short (4-6 years) as the logs have a high proportion of juvenile wood and the small diameter limits processing options. For long term sustainability of Vietnam's processing industries, there is the need to diversify the country needs to produce more larger diameter and higher quality logs and to upgrade the efficiency of wood industries.

There are many challenges ahead said Hoai and these can be summed up as Volatility, Uncertainty, Complexity and Ambiguity (VUCA). He added there are too many varying regulations which push up production costs and disruption of trade due to geopolitical conflicts, tariffs and volatile freight and logistics costs lead to high transaction costs. Also, competition is tough and market demand has weakened. He concludes by asserting industries in Vietnam cannot remain competitive relying on low cost inputs (labour and raw material) hence there is the need to advance with the help of ITTO through leveraging markets and advocating for fair trade and development of the sustainable wood industry.

**Mr. Braden Jenkin, Sylva Systems Pty Ltd (Australia)**  
**Using Natural Forest and Plantation Grown Trees; Different but Complementary**

This presentation addresses utilising timber sourced from plantation grown trees. It explores wood properties and differences in wood properties between a species in plantations and the same species from the natural forests.

This narrative is set against the background where "global industrial roundwood production is projected to grow by 45% by 2050, to 2.8 billion cubic metres, but tropical production is projected to increase by only 24%, to 533 million cubic metres.

The properties of a species grown in plantations are different from those of the same species harvested in the natural forest and examples of density differences are presented for a range of native PNG hardwoods. Mr. Braden Jenkin points out that "the wood is not bad it is just different".

This difference, he pointed out, requires a mind-reset so product and market development is based on knowledge of the characteristics of the 'new' raw material without reference to what is the norm for the same timber from the natural forest. He added "while plantation wood differs from natural forest trees of a same species it is generally more uniform between trees which is an advantage when processing.

In conclusion, Mr. Braden Jenkin said "plantations offer an opportunity to produce new products in their own right and in combination with natural forest sourced wood.

**Dr. Luo Xinjian, Global Green Supply Chains Initiative (GGSC)**  
**Global Green Supply Chain & GLSTF – An Introduction**

Dr. Luo provided an overview of the Global Green Supply Chain (GGSC) initiative, an International platform dedicated to advancing timber industry sustainability. She pointed out the mission of the GGSC is to "Work together with multiple parties to create a global ecosystem that translates corporate social and environmental responsibility into a competitive advantage".

The GGSC was launched in 2018 by 12 leading Chinese enterprises in forest products industry, and became an international initiative in 2019 during the International Forum hosted by ITTO and other organizations on "Together Towards Global Green Supply Chains –A Forest Products Industry Initiative" held in Shanghai with more than 370 participants from 36 countries.

The GGSC initiative is part of the Legal and Sustainable Supply Chains (LSSC) Programme of activities, which was approved at the 53rd session of the ITTC for being included into the Biennial Work Programme (BWP) of ITTO. Since then, GGSC has been acting as a global platform for serving the sustainable development of the forest products industry.

Dr. Luo then introduced the Global Legal & Sustainable Timber Forum 2024 held on 11-12 September 2024 in Macao SAR, China, which was co-hosted by ITTO and IPIM and organized by GGSC. She specified the achievements released of the Forum such as the Action Framework for Promoting Legal & Sustainable Timber Supply Chains, the Full Operation of Global Timber Index (GTI) Platform(10 pilot countries), the Completed Simulation of a Block-chain-based Timber Traceability System, Action on Integration of Green Finance and Green Supply Chains (GF&GSC), Collaboration on Central Africa-China Timber Industrial Clusters and Parks and the successes achieved in business to business matching.

### **Discussion and interventions**

The delegate from Togo raised two questions on balsa wood which was mentioned by the speaker Braden Jenkins, specifically asking what is the rotation cycle, how long does it take until the trees are ready for harvesting and what is the density of this species?

In response Mr. Jenkins informed that balsa is quite a remarkable crop. Originally from Ecuador it has been grown in Papua New Guinea since German colonial times. In the post second war era balsa has been grown on short rotations in PNG. He added that after four to five years the harvest volume would be around 200 to 300 cubic metres per hectares. Six year old trees can reach a height of 35 to 38 metres with a diameter of 50 centimetres.

It's quite a remarkable crop said Mr. Jenkins. However, if balsa is left for longer than five to six years it develops a red heart, a stain in the wood that is not accepted in the market. Most balsa wood goes into industrial uses especially wind turbine blades. It is also used by the military in a range of vehicles.

Balsa requires deep, well drained fertile soils. It also needs uniform rainfall throughout the year, conditions that exist in Papua New Guinea. On the question of density Mr. Jenkins said the oven dry weight of balsa is between 110-150kg per cubic metre.

The delegate from Malaysia asked, can the GTI and GGSC help participating members meet the requirements of the EUDR?

Dr. Luo explained there are ten pilot countries working with the GTI team. A focal point in each country compiles a questionnaire every month based on the response of participating timber companies on the trends in the sector.

She explained the GTI is an information platform and it is planned to arrange meetings between focal point to discuss the challenges members are facing and it is also planned that GTI focal points will visit associations such as the European Timber Trade Federation to better understand and address importer requirements. Also, there will be efforts to expand B2B matching in order for participating companies to better meet the requirements of the EUDR. Finally, EU timber associations will be invited to provide training to the GTI focal point enterprises.

An Observer from the Malaysian Wood Industries Association (MWIA) commented that many speakers mentioned forest plantations in producer member countries but did not address the challenges to trade in wood products from plantation raw material created by so-called 'gate-keepers', specifically mentioning the various cut-off dates set as a reference point in determining whether commodities taken from any part of a given plot of land are linked to deforestation or forest degradation.

The Observer said Malaysia plans to expand plantations and asked what is the future market for plantation wood, are we planting for the sake of planting?

Dr. Tomaselli, in response, said if you know your plantations are sustainable and provided they are not established on land cleared of natural forest but are established on degraded forest areas I do not see a problem.

Mr. Jenkin commented that maybe the challenge is that plantations for wood production are being captured by the EUDR that is intended primarily for something else.

Contributing to the discussion, the speaker from Vietnam said there are three main commodities from Vietnam that fall under the EUDR. The EU imports around 45% of coffee produced in Vietnam, it imports a large amount of pepper and it imports huge quantities of wood products. He said with wood products Vietnam does not see

much difficulty. After almost one year of preparing he said Vietnam is confident it can meet EUDR requirements in terms of due diligence and geo-location.,

He added, his Association has been guiding different groups of stakeholders and they are quite confident. Many European buyers visit Vietnam and they are confident to sign contract. That the EU has postponed EUDR implementation gives Vietnam enough time to be prepared he said.

The delegate from the USA said the update on the GTI and the GGSC meetings and activities was appreciated and asked for some background on the relationship between ITTO and the GGSC and what are the next steps.

In response, the ITTO Executive Director said the work with the GGSC initiative began in 2018 and was spearheaded by the previous Executive Director. The intention, at that time, (between 2017 and 2018) was to identify the strengths of ITTO and what could be done to enhance the trade portfolio of the Organization. While there were many projects on forest management aspects and biodiversity some members called for a focus on assisting members to establish legal and sustainable supply chains in view of the EU timber regulation.

During that time exports from Africa to the EU began to decline as they were being diverted to China where there was a huge demand for production of manufactured items for export and to meet growing domestic consumption.

The intention for the ITTO's trade portfolio at that time was to try and strengthen the legal and sustainable supply chain from Africa to China with the hope that this would lead to a recovery of consumption of tropical wood products in the EU and the US.

Through the collaboration with the GGSC initiative under the Chinese Academy forests, with which ITTO has a very close relationship with spanning decades, it was hoped that the Chinese government would become even more interested in supporting the work of the ITTO to try and complete circularity of the supply chains. The first event of significance was the international conference that ITTO organized in Shanghai in 2019. Through the ITTO trade network an international group of stakeholders from Europe, Latin America, Africa and Asia convened in Shanghai.

Then came Covid-19 so there was no opportunity for the follow up conference scheduled for either 2021 or 2022 for which funding was requested. During that time the Administration in the Macau SAR made it known they had a policy to diversify its economy. This resulted in ITTO being offered sufficient funding to hold a second international conference to follow through on what was discussed and the commitments that were made in 2019.

Initially Macau SAR requested a focus only on Portuguese speaking ITTO member countries but later agreed, since there were few such ITTO members, it should be open to all ITTO members. This is how the GGSC and the ITTO, together with our partners from the Chinese government, worked out a plan on how we carry the initiative forward.

This is the background to how the first global legal and sustainable timber forum was held in Macau in 2023 as a follow through from ITTO's work in 2019 and this year (2024) the second edition was arranged. The event was well attended with private and public sector delegations from many ITTO member countries.

Turning to the question from the delegate from Malaysia on how the GTI would help members meet the requirements of the EUDR, the Executive Director pointed out that is not the intention of the GTI and that Dr. Luo, in her presentation, correctly explained it is more an information exchange platform in order to update parties who are not yet part of the GLSTF to be able to go to the website and see what information is available on efforts within those countries, what they are doing in terms of putting in place either chain of custody or legality assurance systems, what level of credibility claims they can make and how much stronger they can become with the information through the sub Forums.

As a final point, the Executive Director reported the Administration in Macau SAR has offered to fund and host the 2025 edition and ITTO will continue supporting this initiative and we encourage members of ITTO to participate so that we can try and bring the synergies even closer towards establishing legal and sustainable supply chains and increasing the value chains for forest products in the main consumer markets.

What we had planned in trying to strengthen supply chains from Africa to China has not yet been achieved as we have not had sufficient support from the Central African Forest Initiative. My hope is that this explanation

puts everyone at ease that this is a transparent attempt at trying to encourage legal and sustainable supply chains concluded the Executive Director.

A delegate from the EU asked for information on the exact support that ITTO is giving to the GGSC initiative? In response the ITTO Executive Director reported that for the last two years the Macau SAR Administration has provided around US\$1.4 million as a voluntary contribution to support the work that is being conducted under the Global Timber Index and also the blockchain study. ITTO supports the GGSC Secretariat as one of the project implementing agencies for both initiatives and has close contact with the main associations in China as stakeholders in the project we discuss what are the main items that should be brought forth in the forum to be shared with the ITTO membership. The Secretariat also advises on the topics to be discussed in collaboration with GGSC and the organising committee. We also offer suggestions on the speakers who can be invited so that we secure balanced representation and balanced views from producers and consumer member countries this ensures the outcomes of the GLSTF is aligned with ITTO's work plan, mandate, strategic action plan and in line with the Organization rules and regulations.

#### **Trade statement**

Ms. Ashley Amidon (TAG) read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

#### **Theme for 2025 Annual market discussion**

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2025 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.



## APPENDIX B

### STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2024 Annual Market Discussion by  
Ashley Amidon (TAG)  
3 December 2024

Chairman  
Ladies and Gentlemen

The TAG welcomes the proposal from the European Commission to delay the EUDR application date by 12 months to 30 December 2025 which will allow more preparation time for the timber industry to comply. However, the industry is concerned over the uncertainty of the delay as well as new 11<sup>th</sup> hour amendments, which are problematic for multiple reasons.

While we acknowledge that ITTO is not able to impact either the delay or the regulation, we would be remiss if we did not highlight this issue, given the seismic impacts the EUDR has and will have on the global forestry policy and trade. We urge the Commission to work with both Consumers and Producers to ensure a smooth implementation of the EUDR.

The tropical timber markets are very unsteady at present and there are a lot of unknowns ahead. The World Bank's latest Global Economic Prospects report highlighted the struggles and slow recovery of global trade in 2023 marking one of the weakest performances in 50 years outside of global recessions.

Today, wood product manufacturers everywhere are reeling from skyrocketing shipping costs and irregular shipping schedules due to, firstly, the drought in Panama severely curtailing ship passages through the Canal; and secondly, the ongoing conflicts in the Red Sea region. The complaints about the logistics in exporting timber products are loudest from Vietnam, China, Indonesia, Brazil, and Malaysia.

Exporters in many producer countries are not happy that shipping companies are using the continuing fallout from the Covid pandemic and geo-political conflicts as reasons to increase marine freight and other logistics costs. Prior to these recent increases, freight charges from Southeast Asia to the US or EU were around US\$ 2,000 per 40 foot container. In the post-Covid pandemic, freight charges soared between US\$ 18,000 - 20,000, and now, because of the war in Ukraine and the Red Sea chaos, freight charges are varying between US\$ 8,000 - 10,000 to the US and EU markets. Ultimately, these costs will not only depress trade but be passed along to the consumer, at a time when price consciousness is an increasing barrier to the use of wood.

So, in the midst of all these global uncertainties, what can ITTO do to help the timber industry?

The Global Legal and Sustainable Timber Forum (GLSTF) was created in 2023 by ITTO and Macao's Commerce and Investment Promotion Institute, and the inaugural Forum was convened in 2023. In September 2024, the GLSTF launched the Action Framework for Promoting Legal and Sustainable Timber Supply Chains to strengthen international collaboration among stakeholders in timber supply chains, promote the sustainable development of the timber industry, contribute to the Sustainable Development Goals, and combat climate change.

In her opening address at GLSTF 2024, ITTO Executive Director Sheam Satkuru asserted that the GLSTF is a collaborative platform of timber industry stakeholders designed to strengthen networking and business exchanges among timber industry stakeholders to facilitate sustainable forest management and the legal and sustainable use and trade of timber and wood products.

During that GLSTF meeting in Macau and subsequent discussions among TAG members globally it was established that the buyers of tropical timber in our traditional markets are not receiving information about the progress tropical timber producers have made and are continuing to make towards SFM. There is a need for a mechanism to communicate, educate, promote, market, and publicise the tremendous progress tropical timber producers have made and are continuing to make since the Rio Earth Summit in 1992 on traceability, legality, and sustainability.

It seems a natural fit now for ITTO and GLSTF to work together on addressing the negative perceptions in the market. Firstly, a Working Group of stakeholders could be formed to define what and how to communicate to the buyers of our products. The information of what the producers have been doing towards SFM could be collated to be used in a campaign to address consumer negative perceptions.

TAG proposes that resources and finances could be set aside to employ a dedicated person to handle this important task. There is a desperate need for a person, working without distractions, to undertake the task with help from all ITTO Members.

This 100% focus on rebuilding demand for tropical timber trade is what TAG seeks from ITTC today. Together, we can create a narrative that demonstrates what we all know – that wood is sustainable, that trade benefits forests, and that together, we can protect tropical forests for the future.

Thank you.

Note: TAG can be contacted at [ti@itto.int](mailto:ti@itto.int)

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