



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTY-NINTH 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-ninth Session of the Committees was opened on 27 October 2025 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Ms. Kenneth T. Almarines (Philippines) deputizing for Mr. Ray Thomas Fernandez Kabigting (Philippines), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), who was absent from the meeting. The list of participants is presented in document ITTC(LXI)/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(LIX)/1 Rev.1 was duly adopted. The CEM and the CFI met on 27, 29 and 31 October 2025 to consider items 1, 2, 3, 6, 7, 8, 9B, 11, 12, 13, 14, 15 and 16 of the Agenda. The Joint Session of All Committees met on 28 October 2025 to consider items 4 and 10 of the Agenda and on 29 October 2025 to consider items 5 and 9A of the Agenda. Ms. Cassandra Price, Australia, Vice-Chairperson of Council, chaired the Joint Session of all Committees.

3. Admission of Observers

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

4. ITTO Annual Market Discussion – 2025

The Committees noted the summary of the ITTO Annual Market Discussion – 2025, held in the Joint Session of All Committees as part of the Trade and Markets Day on 28 October 2025, as contained in Appendix A. The theme of the Market Discussion was “The Timber Industry Reimagined: Lessons from Market Struggles and Sustainability Efforts”. Ms. Ashley Amidon and Dr. Ivan Tomaselli (TAG Co-coordinators) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/ittc-61/presentations/>):

Ms. Emily Fripp Efeca (UK)	<i>Promoting Sustainable Tropical Timber Products Trade and Changing Consumer Perception: A New Phase</i>
Mr. Ngo Sy Hoai Vietnam Timber & Forest Products Association	<i>Learning from Viet Nam : How to Develop Value- added Tropical Timber Industry</i>
Mr. Jaime Sotela Montero Cámara Forestal Madera e Industria de Costa Rica	<i>The Future of the Tropical Timber Industry in the Central America Region – Towards a Comprehensive Agenda for Sustainability, Competitiveness and Legality</i>
Mr. João Baldasso CIPEM (Brazil)	<i>Forest Plantations in Latin America: Contributions to Ensure the Sustainable and Competitive Global Supply of Tropical Timber</i>

Ms. Tullia Baldassarri
INTERHOLCO AG

The Tropical Forest Industry in Africa: Efforts to Promote Integrated Social, Environmental and Economic Development

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 Sixtieth 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-60 (presentation available at <https://www.itto.int/ittc-61/presentations/>).

The Sixtieth Panel appraised eleven (11) proposals. The Panel noted that:

- Eight (8) Project Proposals (73 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1); and
- Three (3) Project Proposal (27 percent of the total) will be sent back to proponent for essential revision, rated as category 2.

6. New Projects

The Committees noted the project that was approved on 24 October 2025 under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Sixtieth Meeting as follows:

Committee on Economics, Statistics and Markets		
PD NUMBER	TITLE	SUBMITTED BY
PD 948/25 Rev.1 (M)	Experimental Commercial Plantations of Caoba (<i>Swietenia macrophylla</i>) in the Northern Coastal Area of Peru	Peru

The Committees were also informed that in compliance with the new financing architecture (approved by the 56th ITTC under Decision 4(LVI)), a donor has expressed interest in funding the Concept Note CN-25040-Viet Nam. Subsequent to that, the following proposal has been developed (without review by the Expert Panel as per the provisions of Decision 4(LVI)) by the Executing Agency in collaboration with the ITTO Secretariat and donor and taking into account comments received during the time-bound electronic no objection procedure that was completed on 24 October 2025:

Committee on Forest Industry		
PD NUMBER	TITLE	SUBMITTED BY
PD 952/25 (I)	Driving Forest-based Bioeconomy in Viet Nam's Acacia Forestry: Development of Guidance and Dialogue Platform for Cross-Border Vietnamese Acacia Value-Chain Stakeholders	Viet Nam

The Committees decided to recommend the above projects for immediate funding.

7. 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(LIX)/2 Rev.1 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 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 935/23 Rev.1 (I) Promoting Sustainable Wood Use for the Domestic Market in Malaysia
3. PD 943/25 (I) Enhancing Legal and Sustainable Supply Chains in the Wood Industry to Stimulate Good Forestry Governance (Indonesia)
4. PD 951/25 (I) Strengthening the Forest Sector Value Chain through Sustainable Forest Management and Harvesting in Costa Rica

The Korean delegate commented that PD 935/23 Rev.1 (I) is well aligned with the main objectives of the ITTO 2024-2025 Biennial Work Programme (BWP). However, Korea proposes that future project report include not only capacity-building and policy outcomes but also quantitative indicators such as market changes and economic impacts, so that project effectiveness can be evaluated more objectively. A more integrated approach linking CEM-CFI in policy, industry and market dimension will significantly contribute to achieving ITTO's sustainability goals.

(B) Projects pending financing

Committee on Economics, Statistics and Markets

1. PD 948/25 Rev.1 (M) Experimental Commercial Plantations of Caoba (*Swietenia macrophylla*) in the Northern Coastal Area of Peru

Committee on Forest Industry

1. PD 912/20 Rev.3 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru
Phase II
2. PD 952/25 (I) Driving Forest-based Bioeconomy in Viet Nam's Acacia Forestry: Development of Guidance and Dialogue Platform for Cross-Border Vietnamese Acacia Value-Chain Stakeholders

(C) Concept Notes pending financing (Awaiting Expression of Interest by Potential Donors)

1. CN-24028 Establishing a Pilot Plantation Forest Information Sharing and Wood Supply Chain Traceability System in Vietnam

2. CN-25036 Development of a National System to Verify the Geographical Origin of Mexican Tropical Timber through Dendro-isotopic Fingerprinting and Genomic Markers to Combat Illegal Timber Trade, Deforestation and Illegal Logging
3. CN-25041 Reactivation Plan for the Forest Production Sector and its Value Chains, Promoting Increased Wood Consumption in Various Regions of Costa Rica

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

8. Report on Completed Projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI(LIX)/3 Rev.1 and additional information presented during this Session as follows:

Committee on Economics, Statistics and Markets

- | | |
|---------------------|---|
| PD 913/20 Rev.4 (M) | Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama |
|---------------------|---|

The Committees took note of the completion report contained in document CEM-CFI(LIX)/3 Rev.1.

The Project Coordinator of the project presented the main outputs, which included: (i) developing a web-based legal wood network, promoted supplier-user roundtables, and launched a communication campaign with over 1.4 million views to raise public awareness; (ii) over 300 individuals from production chains were trained, with 70 active system users registered, strengthening institutional capacity; (iii) the system's installation of 13 satellite antennas in remote areas enabled real-time data access and improved control post operations; and (iv) outcomes improved environmental monitoring, opened responsible business opportunities, and enhanced sector competitiveness and trust among stakeholders.

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

Committee on Forest Industry

- | | |
|---------------------|---|
| PD 926/22 Rev.1 (I) | Promotion of Sustainable Domestic Wood Consumption of Wood Products in Thailand |
|---------------------|---|

The Committees took note of the completion report contained in document CEM-CFI(LIX)/3 Rev.1. The Thailand Delegate took the floor, on behalf of the Kasetsart University and the Royal Forest Department of Thailand as the Project Executing Agency, expressed their sincere appreciation to the Government of Japan and ITTO for the generous support. The project made a lot of positive impacts both at the project site and at the national level for sustainable wood use and improving livelihood of smallholders.

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.

PD 928/22 Rev.1 (I)

Development of Sustainable Domestic Market for Wood Products
(Indonesia)

The Committees took note of the completion report contained in document CEM-CFI(LIX)/3 Rev.1. The Indonesian Delegate conveyed the highest appreciation to the Ministry of Agriculture, Forestry and Fishery, Japan, for funding the project. The project is beneficial to raise the commitment and engagement of the stakeholders in developing sustainable domestic market for wood products in Java Island in particular and at national as the major wood industry at national level.

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.

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

The Committees took note of the completion report contained in document CEM-CFI(LIX)/3 Rev.1. On behalf of Kasetsart University of Thailand as the Executing Agency, the Thailand Delegate expressed sincere thanks to the Government of Japan and ITTO for the generous support to make the project successfully completed. This is the first project implemented in the community forest of Thailand that applies surveillance and real-time monitoring system through mobile application with the involvement of local community. The project made a lot of positive impacts to effectively prevent forest loss and illegal logging and poaching along Thailand-Myanmar border areas.

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.

9. 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\$167,043.70 and for CFI is approximately US\$30,315.09. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LIX)/1 with a view to making recommendation(s) for ex-post evaluation(s). The Chairperson informed the Committees that PD 913/20 Rev.4 (M) "Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama" 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 2027 to allow more time to realize the project's impacts on the ground. The Committees decided to select this proposal for ex-post evaluation to be carried out in 2027.

10. Policy Work

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

Committee on Economics, Statistics and Markets

(i) **Legality Frameworks**

The Joint Session of All Committees considered this item.

The Secretariat reported on developments relating to legality framework in 2024-2025, including four major legislative instruments: the EU Timber Regulation/EU Deforestation Regulation, the U.S. Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulations geared towards monitoring and controlling the flow of timber into their domestic markets. In addition, the update also covered legislative developments in other important timber markets, namely: the Korean Revised Sustainable Use of Timber Act, Ghana's FLEGT License, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The Delegate of Colombia took the floor and informed the Committee that, with regard to the upcoming COP20 CITES, there are proposed amendments that include certain species of interest to member countries, though not specifically to Colombia. The Delegate noted that, based on the activities and discussions throughout the reporting period, there has been notable engagement from the organization on this matter. In light of the forthcoming COP meeting, the Delegate inquired whether there are any recommendations that should be taken into consideration.

The ITTO Secretariat responded that one of the key proposals to be addressed during the upcoming Conference of the Parties (COP) concerns Brazilwood (*Paubrasilia echinata*), submitted by Brazil, which seeks to transfer the species from Appendix II to Appendix I of CITES. Additionally, there are two species from Africa, namely *Afzelia bipindensis* and *Pterocarpus soyauxii* proposed by group of countries from the Congo Basin region, for removal from Appendix II. The Secretariat further noted that these species had only been proposed for inclusion in the appendix II during the previous COP meeting held in Panama in November of 2022.

The ITTO Secretariat further informed the Committee that another species from India, proposed for listing by the European Union, was not supported by India. As part of the CITES consultation process, ITTO is regularly requested by the CITES Secretariat to provide technical comments on species proposed for listings by parties before any COP. Accordingly, ITTO convened a meeting to review and discuss the comments submitted by the European Union and other proponents. During the consultation process, several members provided their inputs, which were consolidated and subsequently transmitted to the CITES Secretariat as ITTO's official comments and observations for consideration during the upcoming COP meeting. Members were informed that they may access the detailed comments submitted by ITTO for reference.

The Secretariat also noted that another proposal concerned a conifer species from Argentina. However, as ITTO's mandate does not extend to coniferous species, the Organization did not provide any comments or observations on that proposal.

The Delegate of Malaysia reaffirmed the country's strong commitment to promoting the legal and sustainable trade of tropical timber. Since 2013, Malaysia has implemented the Timber Legality Assurance System (TLAS), which comprises MyTLAS in Peninsular Malaysia, the Sabah TLAS, and the Sarawak Timber Legality Verification System (STLVS). These systems ensure that all timber produced complies fully with national laws and regulations. Building on this foundation, Malaysia

completed a comprehensive study in August 2025 aimed at further strengthening its TLAS. The study focuses on harmonizing the existing regional systems into a unified national TLAS, thereby enhancing legality, traceability, transparency and sustainability. This initiative underscores Malaysia's proactive approach to aligning with international due diligence requirements and reinforces its position as a trusted and responsible supplier of legally and sustainably sourced tropical timber.

The Delegate of Indonesia reaffirmed the country's commitment to strengthening its Forest Legality Framework through the Enhanced Timber Legality Assurance System (ETLAS+) - Timber Legality Verification System (SVLK+). Indonesia continues to promote the legal and sustainable trade of tropical timber through active participation in international fora, including APEC EGILAT. Key initiatives include the full implementation of the SVLK, development of the Timber Legal Area Guidance Template, and ongoing contributions to regional and global dialogues. These efforts demonstrate Indonesia's dedication to sustainability, transparency, and good regulatory practices in the forestry sector. Furthermore, Indonesia continues to actively contribute to the implementation of ITTO projects that promote sustainable forest management (SFM) and help address the funding gaps that cannot be fully met through natural resource revenues alone.

(ii) Forest and Timber Certification and Traceability

The Joint Session of All Committees considered this item.

The Secretariat reported on recent developments in forest certification, traceability and transparency in ITTO producer member countries, covering the period of 2024-2025. In 2025, the total area of certified forests (FSC + PEFC) in ITTO producing member countries was 46.4 million hectares, accounting for 8.5% of the world total. The number of chain of custody (CoC) certificates in ITTO producer countries was 8,674 in 2024 (11% of the world total), an increase of 13%.

The FSC certified forest area in ITTO producer countries reached 26.4 million hectares which was 16% of global FSC certified area, while the PEFC certified area reached 19.9 million hectares, accounting for about 6.7% of the world total of PEFC. Eight (8) ITTO producer member countries that have PEFC certified areas were: Malaysia, Brazil, Indonesia, Congo, Gabon, Vietnam and Thailand.

Malaysia continues to strengthen forest certification through the Malaysian Timber certification scheme or MTCS. As of September 2025, 5.78 million hectares of natural forest and about 146,000 hectares of forest plantations have been certified under The MTCS together with 387 companies holding. This achievement reflects Malaysia's steadfast commitment to sustainable forest management and responsible timber production.

The Delegate of Australia stated that Australia takes the legal and sustainable trade of timber very seriously. Australia has recently reformed its legal logging laws, which place due diligence obligations on importers and processors to assess and mitigate the risk of illegally logged timber. Under these laws, importing illegally logged timber is a criminal offense, and certification is now formally recognized. The Delegate expressed appreciation for updates from the ITTO Secretariat and key trading partners, including Indonesia and Malaysia, on their efforts to ensure timber legality and sustainability. Australia also highlighted its strong focus on traceability in timber supply chains.

The Delegate of Panama provided an update on forest certification in the country. Panama is in the process of obtaining forest certification for approximately 155,000 hectares managed in eastern Panama and the Darien region. This initiative is part of the Government's efforts to consolidate sustainable forest management nationwide.

The Delegate of Colombia reaffirmed the country's commitment to supporting forest communities and implementing a system of sustainable forest concessions. Colombia continues to work with Afro-

descendant and Indigenous communities to expand access to forest concessions and promote sustainable forest management.

The Delegate of India highlighted the country's robust national legislation on legal and sustainable forest management, which classifies all timber, whether inside or outside forests, as forest products. India has long relied on the National Working Plan Code for scientific management of forest resources and has implemented felling and transit regulations. In alignment with sustainability and legality standards, India launched the Indian Forest and Wood Certification Scheme (IFWCS), known as PRAMAAN, in December 2023. Additionally, India is developing tools for timber traceability and waste management, transitioning from the National Transit Park System to the National Transit Management System, which will cover all stages from plantation through harvesting and timber movement.

(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:

- The 27th APEC-EGILAT Plenary Meeting, Gyeongju (Korea), 26-28 February 2025. ITTO presented the progress of programme in line with legal and sustainable supply chains, entitled 'Sustaining legal supply chains of tropical wood and wood products'. The ITTO has also provided an update on its efforts to support the use of sustainably produced tropical timber in domestic markets of member countries through Japan funded Sustainable Wood Use (SWU) projects implemented in Viet Nam (completed), Thailand and Indonesia (to be declared complete at this Session).
- The 28th APEC-EGILAT Plenary Meeting and Workshop on Enhancing Enforcement and Legal Timber Trade, Incheon (Korea), 28-30 July 2025. In the workshop organized by the Government of Malaysia and the Government of Korea, ITTO made a presentation entitled 'Sustainable Tropical Forest and Legal Supply Chains – Pathways to 2030'. In the plenary meeting, ITTO provided an update on ITTO's efforts to support the use of sustainably produced tropical timber in domestic markets of member countries through Japan funded SWU projects implemented in Indonesia, Thailand, Malaysia, and India.

(iv) Items for CEM Policy Work for 2026

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2026:

- 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 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 Delegate of Japan congratulated the Ministry of Forestry of Indonesia, Kasetsart University, and the Royal Forest Department of Thailand on the successful completion of important projects. Japan expressed hope that the results of these projects will continue to be disseminated, further promoting

sustainable production and consumption and contributing to the improvement of domestic markets in both Thailand and Indonesia.

The Delegate of Canada expressed appreciation for the specific examples presented by the panellists regarding sustainable wood product markets and the promotion of sustainable wood use in domestic markets. Canada emphasized that this remains a national priority and encouraged the Secretariat and Council members to continue building on the work of existing initiatives, such as the Forest and Climate Leaders Partnership. The Delegate noted that at COP30 in Belem, Canada will co-chair the Forest Pavilion, which will address issues highlighted in the case studies and presentations, and looks forward to engaging with Council members during the event.

The Delegate of Korea expressed sincere thanks to the Secretariat for the excellent preparation of the project in Malaysia. Korea looks forward to the project's effectiveness in enhancing and diversifying domestic consumption and promoting local markets for sustainable wood and wood products.

The Indonesian Delegate reiterated its strong commitment in implementing and sustainably developing the legality frameworks and Forest and timber certification and traceability by SVLK+. Indonesia has demonstrated a strong commitment to APEC EGILAT forum through several concrete actions, including the implementation of the Timber Legality Verification System (SVLK+), participation in the development of the Timber Legality Guidance Template for Indonesia, and active contributions to APEC EGILAT meetings. Indonesia affirms its commitment to good regulatory practices, including in the forestry sector, to support sustainability and competitiveness. Furthermore, Indonesia has actively contributed in implementing ITTO Project to support SFM and to fill the funding gap due to budget limitation of the government budget

The committees take note of the views expressed and will reflect the agreed and will reflect all the results and updates on this policy work area.

(ii) Items for CFI Policy Work for 2026

The Committee considered and agreed on the following item for discussion under its policy work agenda in 2026:

- Promotion of sustainable wood use in domestic markets.

11. Biennial Work Programme of the Committees for 2026-2027

The Committees took note of the activities of relevance to them in the BWP and noted that the 2026-27 BWP would be taken up for approval under agenda item 12(b) of Council.

12. Election of Chairpersons and Vice-Chairpersons for 2026

Following the usual consultations undertaken by the producer and consumer groups, Ms. Rata Muda (New Zealand) was elected as the Chairperson of the CEM and CFI for 2026 and a delegate of Guatemala, whose name will be informed later, was elected as the Vice-Chairperson of the CEM and CFI for 2026.

13. Dates and Venues of the Sixtieth and Sixty-first Sessions of the Committees

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

The Sixty-first Session of the Committees will be held in conjunction with the Sixty-third Session of the International Tropical Timber Council in 2027.

14. Other Business

None.

15. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the project cycle 2025:

Committee on Economics, Statistics and Markets

PD 948/25 Rev.1 (M)	Experimental Commercial Plantations of Caoba (<i>Swietenia macrophylla</i>) in the Northern Coastal Area of Peru [US\$494,816]
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Committee on Economics, Statistics and Markets

PD 952/25 (I)	Driving Forest-based Bioeconomy in Viet Nam's Acacia Forestry: Development of Guidance and Dialogue Platform for Cross-Border Vietnamese Acacia Value-Chain Stakeholders [US\$280,000]
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- (ii) 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]
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- (iii) The Committees recommended that funding be made immediately available for the following concept note partially funded by USA at an earlier Session:

CN-24028	Establishing a Pilot Plantation Forest Information Sharing and Wood Supply Chain Traceability System in Vietnam [US\$296,280]
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- (iv) The Committees recommended that funding be made immediately available for the following concept notes:

CN-25036	Development of a National System to Verify the Geographical Origin of Mexican Tropical Timber through Dendro-isotopic Fingerprinting and Genomic Markers to Combat Illegal Timber Trade, Deforestation and Illegal Logging [US\$267,960]
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CN-25041	Reactivation Plan for the Forest Production Sector and its Value Chains, Promoting Increased Wood Consumption in Various Regions of Costa Rica [US\$336,726]
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16. 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 – 2025 “The Timber Industry Reimagined: Lessons from Market Struggles and Sustainability Efforts” 29 October 2025, Panama City, Panama

The theme of the 2025 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “The Timber Industry Reimagined: Lessons from Market Struggles and Sustainability Efforts”. The Market Discussion was chaired by Ms. Ashley Amidon and Dr. Ivan Tomaselli (TAG Co-Coordinators).

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

Ms. Emily Fripp Efeca (UK)	<i>Promoting Sustainable Tropical Timber Products Trade and Changing Consumer Perception: A New Phase</i>
Mr. Ngo Sy Hoai Vietnam Timber & Forest Products Association	<i>Learning from Viet Nam : How to Develop Value-added Tropical Timber Industry</i>
Mr. Jaime Sotela Montero Cámara Forestal Madera e Industria de Costa Rica	<i>The Future of the Tropical Timber Industry in the Central America Region – Towards a Comprehensive Agenda for Sustainability, Competitiveness and Legality</i>
Mr. João Baldasso CIPEM (Brazil)	<i>Forest Plantations in Latin America: Contributions to Ensure the Sustainable and Competitive Global Supply of Tropical Timber</i>
Ms. Tullia Baldassarri INTERHOLCO AG	<i>The Tropical Forest Industry in Africa: Efforts to Promote Integrated Social, Environmental and Economic Development</i>

The presentations were followed by a question-and-answer session with members of the Council. Following the event, Ms. Ashley Amidon (TAG Co-Coordinator) presented the TAG Statement (Appendix B). Presentations made during the 2025 ITTO Annual Market Discussion and the TAG Statement are available at <http://www.itto.int/ittc-61/presentations>.

Summary of presentations

Ms. Emily Fripp, Director, Experts in Sustainable Forest & Agricultural Advice (Efeca), UK
Promoting Sustainable Tropical Timber Products Trade and Changing Consumer Perception: A New Phase

Emily Fripp, the founder and Director of Efeca, provided a reflection on the current status and trends and the global tropical timber market. She also offered thoughts on the broader, evolving landscape of forest-related markets, consumers and the opportunities and challenges that this brings.

To begin with she flagged that forestry is no longer about timber, forests play a fundamental role in managing the earth’s climate, nature and biodiversity while providing an income for local communities, businesses and the global economy. This presents both opportunities and challenges for the international forestry sector.

“Today, the sector is facing complex geo-political issues and uncertainty. However, the tropical timber trade is a resilient and adaptable sector. It survived three major economic shocks and many tropical producer countries remain value-added players in the export trade. The sector’s ability to adapt will become increasingly important”.

Tropical timber production is increasingly supplied by plantations, with natural forest supply predicted to decline further. Smallholders and agroforestry systems will become increasingly important given the limited possibilities for expansion of large-scale plantations.

Forest managers, producers, regulators and local communities operate in an increasingly complicated, evolving landscape. This has driven a change from a focus where forest value was placed solely on timber and forest products. Now there is growing recognition of the holistic nature of forests, the many services they provide, and the numerous actors involved. This adds to the complexity of our operating space, bringing with it challenges, but equally huge opportunities.

Success in meeting future challenges will hinge on five pillars of innovation; Financial, leveraging public and/or private finance to be invested within the forestry sector; Social, multi-stakeholder collaboration, including co-creation processes to create contextual solutions; Policy development and implementation at different levels for example by embracing overarching goals and guidelines and Compliance with governance and institutional mechanisms and technological advances.

Mr. Ngo Sy Hoai

Vice President and Secretary General, Vietnam Timber & Forest Product Association (VIFOREST), Viet Nam

Learning from Viet Nam: How to Develop Value-added Tropical Timber Industry

In his presentation, Mr. Ngo Sy Hoai, distilled key lessons from Viet Nam’s experience that can inform other tropical countries in their efforts to develop a sustainable, efficient and high-value timber industry.

He pointed out that Viet Nam, once widely criticised for overexploiting its natural forests, has achieved a remarkable transition from dependence on domestic natural forests to sustainable plantation forestry and from being a raw material exporter to becoming one of the world’s leading suppliers of value-added wood products.

According to the Ministry of Agriculture and Environment the value of wood and wood product exports in the first six months of 2025 reached US\$8.21 billion, an increase of almost 9% compared to the same period in 2024.

To advance, Viet Nam is developing its timber industry to be sustainable, efficient and high-value by focusing on advanced technology, improving the legal timber supply chain and shifting to higher-value production.

Key strategies include increasing the use of legal and certified timber, modernising processing facilities, boosting domestic production and promoting research and design to meet international market needs. Viet Nam is increasing plantation areas and fostering private and community-based plantations.

Mr. Jaime Sotela Montero, President, Cámara Forestal Madera e Industria de Costa Rica (CFMI), Costa Rica **The Future of the Tropical Timber Industry in the Central America Region – Towards a Comprehensive Agenda for Sustainability, Competitiveness and Legality**

The tropical timber industry in Central America is facing a historic turning point. Natural tropical forests and forest plantations represent an ecological, social and economic asset of great strategic value. However, their continued existence depends on the ability of the region's countries to harmonize sustainable use with competitiveness and trade transparency, Mr. Montero said.

Central American countries have made progress in forest governance, sustainable forest management, certification, traceability and responsible trade systems. Some have modern legal frameworks and recognised certification while others face informal markets and weak oversight.

To overcome this scenario a regional vision is required where legality, sustainability, traceability and profitability coexist under the same value logic. The challenge is also cultural, repositioning tropical timber as a material of the future associated with the bio-economy and green construction.

The State has an essential role as a guarantor of forest sustainability and in this regard, Costa Rica is seeking a model of institutional coordination and public policy aimed at sustainable public procurement and developing the 'green economy', improving competitiveness, innovation and added value production and creating public-private partnerships and international cooperation.

Mr. João Baldasso

Center for Wood Producing and Exporting Industries of the State of Mato Grosso (CIPEM) (Brazil)

Forest Plantations in Latin America: Contributions to Ensure the Sustainable and Competitive Global Supply of Tropical Timber

Mr. Baldasso began his presentation with an explanation of the structure and objectives of CIPEM, the Mato Grosso Timber Production and Export Industries Center, which brings together eight forest-based employers' unions (523 individual companies).

The aim of CIPEM is to organise and strengthen the forest sector in Mato Grosso and throughout Brazil. CIPEM is at vanguard of sustainable forest management in Brazil, and it sees a huge potential in exploiting medium and low-density Amazonian species that are currently ignored by the market. Baldasso asserted that the Amazon region offers the opportunity to develop profitable and ecologically sound forest plantations, focusing on its native species

In 2024 Brazil's forestry exports generated approximately US\$17 billion of this US\$11 billion came from plantation forest pulp. The forest sector in Brazil today is dominated by plantations. Eucalyptus and pine are the major drivers of wood exports with the pulp and paper industries being key consumers. Over the past 30 years forest plantation productivity has nearly doubled with a lower cost base in Brazil compared to some traditional exporters thereby providing a significant competitive advantage.

The presentation includes a wealth of statistics and data on the distribution of plantations, species and end uses. He determined that the adoption of forest certification and compliance with legal frameworks are essential for market access.

The area of forest plantations in Brazil continues to expand. Currently there are around 10 million hectares and in 10 years this is forecast to grow to 15-16 million hectares with an investment of US\$70 billion and the potential creation of about 200,000 jobs in rural areas.

As the area of plantations expand there needs to be a parallel expansion of processing capacity and development of an efficient physical infrastructure.

Baldasso recommended that to build on the success so far achieved it would be advisable to focus on productivity and prioritise plantations located close to domestic markets, integrate plantations for energy production with agro-industrial end users, strengthen legality, traceability and certification, mobilise green finance and invest in R&D to improve genetics, forestry techniques and product development.

Ms. Tullia Baldassarri, Communication and Marketing, INTERHOLCO AG, Switzerland

The Tropical Forest Industry in Africa: Efforts to Promote Integrated Social, Environmental and Economic Development

Ms. Baldassarri introduced the company she represents, Interholco, a supplier of 'Sustainable Hardwood – Made in Africa'. She explained the company manages a 1.16-million-hectare forest concession in the Republic of Congo which is FSC and PAFC certified.

The industry in Congo, she explained, has been challenged to achieve the 'Fourth Industrial Revolution', (Industry 4.0) to be advanced by analytics, automation and advanced manufacturing technology backed-up by skill up-grading. This, says Ms. Baldassarri, can elevate the 'Made in Africa' brand.

To close the loop the timber sector needs allies linking achievements in the forest with external expectations, not to just to legitimise what companies do but to understand where and when they meet external expectations for social, environmental, economic and regulatory performance and compliance.

She added that when wood is harvested for the common good it becomes an agent of innovation and that social innovations emerge from interactions among stakeholders to construct solutions to social needs.

She said, for the future there are three milestones to be met: a halt in deforestation, restoration of degraded forests and continued promotion of sustainable forest management.

In conclusion Ms. Baldassarri quoted the following she attributed to Dr. Qu Dongyu, Director General FAO of the United Nations, "Protecting, Restoring and Managing forests are cost-effective options to provide multiple benefits for both people and planet"

Discussion and interventions

The delegation from Colombia made an intervention, asking the panellists how to overcome challenges related to engaging forest communities and sustaining income. Colombia is consolidating its forest economy and linking it with biodiversity and is concerned that due to a long delay (7+ years) before timber yields income that they will be replaced with non-timber forest products that are needed for short-term livelihood. The delegate asked how local communities can be motivated and supported in maintaining forest-based livelihoods, especially in remote areas like the Congo Basin.

Mr. Jaime Montero explained that success is based on three main factors: Environmental services payments since the 1990s provide continuous cash flow to forest users, established by national law and not dependent on external donors, Promotion of agroforestry and diversified forest supply chains with private sector participation, and Private partnerships between forest owners and companies facilitate deforestation control and sustainable procurement. He also emphasized planning reforms carefully to prevent land-use conflicts.

Mr. Ngo Sy Hoai explained that forest protection is linked to food security — when people have enough food, they stop shifting cultivation. Vietnam is now a leading rice exporter, which allows focus on forest protection and many farmers have diversified their livelihoods. He also added that Vietnam receives USD 150 million annually for forest communities from hydropower and ecotourism users. This has resulted in successful forest regeneration and reduced deforestation.

Ms. Tullia Baldassarri highlighted participatory approaches in forest concessions, especially related to Indigenous and local peoples, who are consulted under Free, Prior and Informed Consent (FPIC) principles. Engagement begins two years before logging to prevent conflicts. Grievance mechanisms exist and communities choose their own local benefit projects.

The delegate from Malaysia made an intervention focused on the trade-offs between forest carbon and sustainable forest management (SFM). There is a concern that Carbon markets currently yield less revenue than traditional forest-based industries, and asked panellists' views on balancing both.

Ms. Emily Fripp noted that carbon should be an additional income source, not a replacement. She also noted that opportunities exist at national, plantation, and smallholder levels (especially through agroforestry). She also placed an emphasis on credibility and robust MRV (monitoring, reporting, verification) systems.

Mr. Jaime Montero noted that an optimal model combines SFM revenues + carbon markets to ensure steady cash flow. He noted that relying only on carbon income is unsustainable.

Mr. Ngo Sy Hoai noted that carbon trade and wood trade should complement each other, and he warned against overpromising profits from carbon credits. Vietnam earned USD 50 million from its first carbon credit sale via the World Bank but urges patience.

The delegate from China commended Vietnam and suggested deeper China–Vietnam collaboration through ITTO and trade frameworks (e.g., ASEAN, SAP). They also supported expansion of the BMIC (Bamboo and Forest Products Market Information Center) initiative for reducing small enterprise costs. They also praised African forest initiatives and expressed interest in sharing best practices.

Mr. Ngo Sy Hoai agreed and called for understanding from the U.S. and noted that developing countries supply quality furniture to U.S. consumers.

The First Women's Network made an intervention, thanking Mr. Joel Baldasso for supporting gender inclusion. They cited a mentorship program for 300 women in Brazil's forest sector and noted that women now represent 18% of the workforce. They also emphasized importance of equity and inclusion, not just participation numbers.

The Republic of Korea's made an intervention which highlighted the need for traceability and legal timber systems and introduced Korea's DNA-based verification system to detect illegal timber. They also called for education, infrastructure, and information exchange among ITTO members.

The European Union's made an intervention, explaining the EU Deforestation Regulation (EUDR) proposal context and recent delay due to IT system capacity concerns. The EU aims for a smooth rollout rather than premature launch. They also introduced new EU initiatives for biodiversity credits, complementing carbon markets and promoting investment in biodiversity protection.

Ms. Ashley Amidon as moderator thanked all participants, noting lively exchanges and constructive ideas on forest sustainability, community livelihoods, and balancing environmental and economic priorities.

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 2026 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2026 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 2025 Annual Market Discussion by
Ashley Amidon (TAG)
28 October 2025

Chair, Honored delegates and guests

Our industry stands at a crossroads internationally. Across the globe, we are navigating a period of profound uncertainty. Tariffs, retaliatory trade measures, declining consumer confidence, and intensifying regulatory burdens are creating a complex environment for those working to keep the tropical timber trade both sustainable and viable. As a result, we have entered a period of existential threat to forests, the trade, and ITTO.

Within the Trade Advisory Group these issues have been the focus of active and ongoing discussion. Today, I would like to highlight four key areas of concern that are shaping our future.

The first is Global Trade policy. TAG sees proposals and actions around the world that seek to limit market access, such as new tariffs on timber and wood product imports. Our members are deeply concerned that such measures will restrict market access, disrupt supply chains, and weaken global confidence in tropical timber. Worse still, these actions could accelerate the use of alternative, non-renewable materials in construction and design — materials that often carry a higher environmental cost than wood.

The 2025 FAO Global Forest Resources Assessment confirms that more than 50% of forests worldwide are now covered by long term management plans, which support forest sustainable management and use. Yet this narrative is not one understood by consumers or specifiers.

Frequent and unpredictable changes in trade policy, coupled with broader geopolitical tensions, are creating an unstable environment for wood and wood product exporters. This volatility makes it increasingly difficult to plan investments, maintain steady operations, and build long-term business partnerships.

The broader application of reciprocal tariffs further underscores the continuing risk for furniture, building materials, and other downstream product categories. Such measures will seriously weaken market demand, compounding existing pressures on both exporters and manufacturers throughout the value chain.

TAG urges policymakers to consider the broader implications of these policies — not only for trade, but for forests, for local communities, and for the credibility of sustainable forest management itself.

We are observing a global drift towards both higher tariffs and non-tariff barriers — and this threatens the very viability of the legal, sustainable tropical timber trade and makes diversification impossible. Forests retain their value to local communities only when they generate sustainable economic returns. If the ability to trade that timber is constrained, we risk creating incentives for forest conversion to agriculture or other land users. We urge all those involved in trade policy to think of the long-term harm that will be done to both businesses and forests if these policies continue.

TAG calls for trade frameworks that prioritize sustainable forest management — ensuring both continued market access and the long-term protection of the world's tropical forests. In short, TAG believes that good trade policy is good forest policy.

TAG would also recommend that the Trade Barriers study completed by ITTO in 2004 be revised and updated with actionable recommendations on how ITTO can help ease those barriers.

Our second concern is the Convention on International Trade in Endangered Species, or CITES. Many TAG members view recent developments under CITES as a serious business risk.

We fully support the intent of the Convention — ensuring that international trade in wild species remains sustainable — but we also emphasize that any new tropical timber listing proposals must be grounded in sound science and developed through transparent consultation with all range states. We also remain concerned that every COP, the list of species proposed and included increases, yet there is almost no additional investment in management and scientific authorities to cope with an increased workload. This has the effect of significantly delaying or even halting trade.

TAG remains deeply concerned about the long-term direction of CITES policy and its cumulative effect on legal, sustainable timber flows. We therefore strongly urge and recommend that future CITES proposals be brought before the ITTC for discussion as was intended. This would allow member countries, industry, and civil society to provide full and meaningful feedback before decisions are finalized.

The third topic is the EU Deforestation Regulation. TAG is aware that the EU is contemplating an additional delay and urges decisive action. Uncertainty affects planning and actions by both governments and the private sector. TAG's concerns remain as they have been since the passage of EUDR in that compliance pathways are still unclear for many operators — particularly small and medium-sized enterprises and that there is a risk of uneven rollout across member states.

TAG emphasizes that effective implementation depends on clear and consistent communication, transparency, certainty, and a defined pathway for implementation and enforcement. We urge the European Commission to continue providing clear guidance, training, and capacity-building support across the supply chain.

Our shared goal should be purposeful regulation that prevents deforestation without undermining legal and sustainable trade, or penalizing those who are already following best practices.

Finally, TAG remains very concerned over consumer and specifier attitudes towards timber in general and tropical timber in particular. Combined with economic headwinds and trade barriers globally, the industry is facing a prolonged period of upheaval. We want to ensure that that prolonged upheaval does not become a prolonged decline. Therefore, TAG has decided to form a working group internally to discuss the causes of the progressive decline in the international tropical timber trade and bring recommendations to the Council in the immediate future.

In conclusion, the Trade Advisory Group remains firmly committed to collaboration: Our industry is a bulwark against deforestation, not a driver, and we look forward to working with governments, civil society, and our partners throughout the private sector to halt land conversion.

We all share a common goal — to ensure that the global tropical timber trade continues to be a force for good: a force that supports livelihoods, sustains forests, and contributes to the world's transition towards renewable, climate-positive materials. We believe we have a strong story to tell about the good forests do for both the economy and the environment. We urge members to work with us as trade policy and regulations are developed and implemented so that together, we can support tropical forests.

Thank you.

Note: TAG can be contacted at ti@itto.int

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