



ITTO cross-organization information exchange & Implications of COVID-19 on illegal logging and associated trade of tropical timber and forest products

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Impacts of pandemic on tropical timber trade—Africa



- Some governments (Cameroon, Congo, Gabon, Chad, CAR and Equatorial Guinea) restricting/planning to restrict log exports—aimed at encouraging local processing—investment and training needed.
- New forest laws in the Congo and Gabon—introduced the concept of “shared production” (similar to the oil sector), but TBC how this will work in forestry!
- West Africa log export prices deeply affected by the economic slowdown in China in 2019—exacerbated in 2020 by the COVID-19 crisis.
- Shipping challenges: weather events, processing of export documents, shortage of shipping containers.

Impacts of pandemic on tropical timber trade—ASEAN



- Wild fluctuations throughout pandemic, including fears about impacts in H1 followed by surging demand & production costs in H2 2020.
- Furniture production ramped up further in early 2021, but problems with logistics/soaring freight rates—many factories forced to fill warehouses with finished goods waiting for shipping containers.
- Production (supply chains & workforce issues) declined during lockdowns in some ASEAN economies in mid-2021 but now increasing again.

Impacts of pandemic on tropical timber trade—Latin America



- LatAm generally weathered the pandemic well in 2021—production ongoing and exports rising.
- Industry facing severe supply-chain issues, including limited availability and very high costs of shipping containers (up to 10x pre-pandemic prices), stockpiling at ports and factories, and cancellation of orders.
- COVID-19 would continue to be an issue in the region for the next 3–4 years.



Impacts of pandemic on tropical timber trade—China



- Large increases in cost for Chinese wood product producers, including labour, materials, energy and shipping.
- Growing trade barriers and reduced communication between suppliers and buyers (many nations ban log exports).
- Pandemic-driven development of “green” products for the domestic market, technological innovations aimed at reducing energy consumption and increasing resource-use efficiency.

Impacts of pandemic on tropical timber trade—North America



- Demand for imported wood products very high in North America in 2021:
 - Many people working from home and others moving out of urban areas, leading to rises in home construction, repairs and remodelling/refurbishment.
- Increase in economic activity has led to labour shortages and increases in wages— inflation at highest rate in more than 30 years.
- North American wood product importers are facing the same supply-chain challenges as other regions:
 - Shortage of containers, low inventories and high costs;
 - Such disruptions to continue for some time.



Impacts of pandemic on tropical timber trade—Europe



- Indonesia timber product exports to Europe remained resilient during the pandemic (particularly furniture—consumers invested in improving living spaces).
- EU27 imports of tropical sawnwood still below pre-COVID level—marginal gains in tropical veneer and plywood.
- 11% downturn in EUTR country import value to USD1.17 billion in 2020.
- FLEGT VPA nations —share of timber products rising due to imports from Viet Nam at the expense of US and China.
- Limited container space, massive hike in freight rates, store closures and other restrictions on retailing activities—rising consumer prices.
- Substantial shift to furniture sale online.
- Supplier diversification to reduce risk.
- Tropical timber’s negative image in some markets—a ban on the use of tropical timber in construction associated with the 2024 Olympic Games in Paris.
- The proposed new EU regulation on commodities and products associated with deforestation and forest degradation—grave concerns and uncertainty.

Recent trends in seaborne trade



Freight rates to remain high for some time:

- Social distancing and other controls—ships need to spend more time in ports.
- Fewer ships—affecting shipping cycle.
- Consolidation among shipping lines = reduced competition.
- Decarbonized shipping = increased costs during the transition phase.
- The need for more ships if they move more slowly (to reduce greenhouse-gas emissions).
- Increase in risk premiums given uncertainties in the global regulatory environment, especially around emissions and the price of carbon.

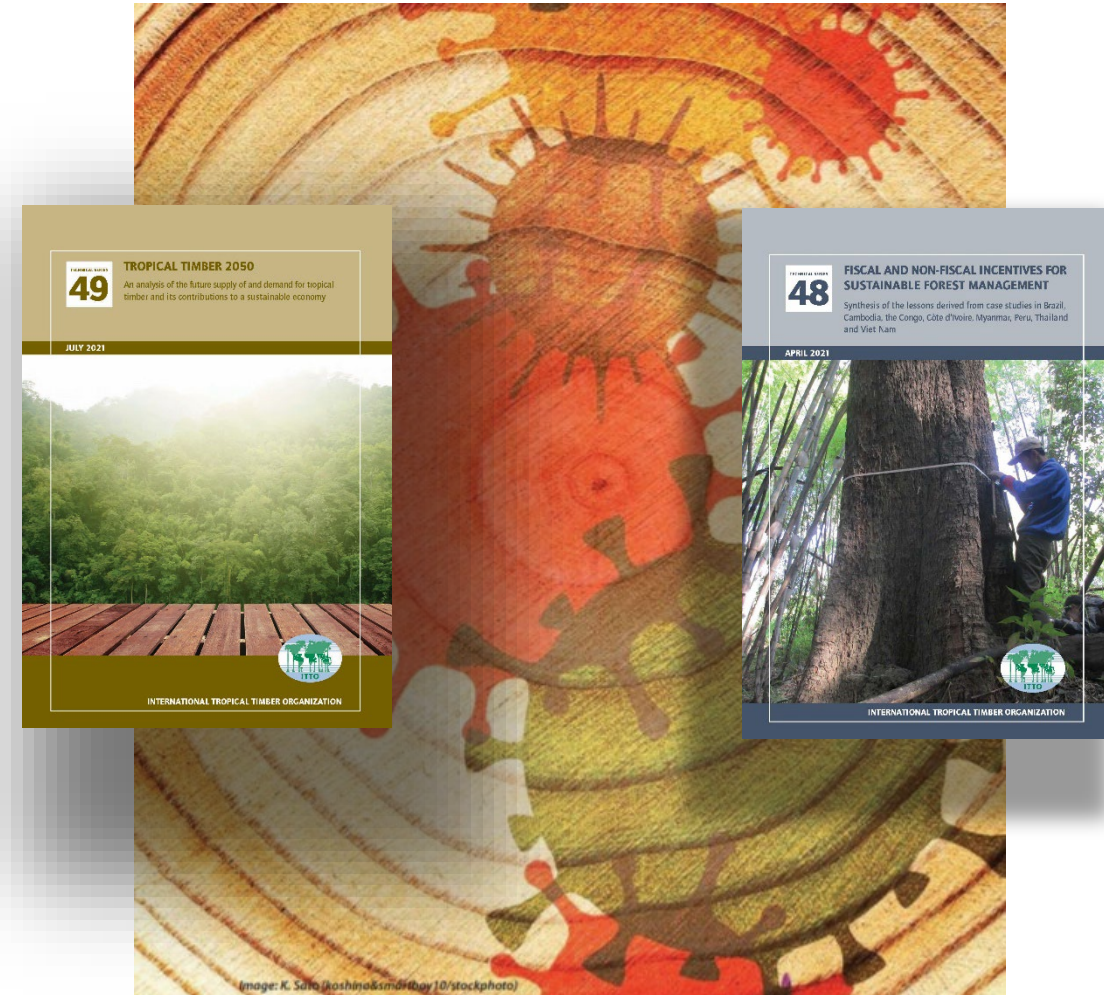
Source: UNCTAD—Review of Maritime Transport 2021

ITTO's response to COVID-19



- Survey on the impact of the pandemic in tropical timber sector:
[www.itto.int/news/2020/05/08/survey shines light on covid 19 impacts on tropical timber sector](http://www.itto.int/news/2020/05/08/survey_shines_light_on_covid_19_impacts_on_tropical_timber_sector).
- Joint statement by the CPF “Towards sustainability: forest solutions in response to the COVID-19 pandemic”, available at www.fao.org/collaborative-partnership-on-forests/publications/en.
- Modelling the recovery of the tropical timber sector:
 - ITTO study on incentives—**“Fiscal and Non-fiscal Incentives for Sustainable Forest Management”**—case studies in Brazil, Cambodia, the Congo, Côte d’Ivoire, Myanmar, Peru, Thailand and Viet Nam.
 - ITTO study **“Tropical Timber 2050”**—includes a model to forecast trends in tropical timber supply and trade to 2050—analyzes potential scenarios, examines previous economic/non-economic shocks to estimate the likely time required for the sector to recover to pre-pandemic levels.

Both studies are available at www.itto.int/technical_report/.



ITTO's response to COVID-19 II



- Continuous updates on market trends and trade news in ITTO's Tropical Timber Market Report (published every two weeks): www.itto.int/mis/.
- ITTO Annual Market Discussion at ITTC57 in November 2021 under the theme "Challenges in manufacturing and trade during the COVID-19 pandemic": www.itto.int/ittc-57/market_discussion/.
- Publication of success stories on SFM, landscape restoration and legal and sustainable supply chains: www.itto.int/top_stories/.
- Increased virtual presence.
- Extension on implementation of ITTO projects.



Global Forest Education project 2021



- Forest education at all levels (primary schools to universities) = insufficient in many nations (global survey by FAO, IUFRO and ITTO).
- A complete forest education preparing students for entrepreneurship and to participate in the growing green jobs sector is deficient in most regions.
- The International Conference on Forest Education (ICFE, 22–24 June 2021), co-organized by FAO, IUFRO and ITTO highlighted the importance of forest education in maximizing the contributions of forests and trees to the GFGs, SDGs and in overcoming the growing disconnection between people, nature and forests.
- ITTO launched a free online LSSC learning course during the conference as part of a global effort to improve forest education. See <https://lsscource.com/>.

Global Forest Education project II



- Participants endorsed a global Call to Action on forest education.
- The conference concluded with the launch of the **CPF Joint Initiative on Forest Education**, which proposed an online platform to:
 - facilitate information dissemination and networking on forest education,
 - work to improve forest education curricula and training systems, and
 - run a global communication campaign to encourage young people to pursue forest-related careers.



Opportunities (for ITTO) to strengthen cross-organizational information sharing/collaboration I



- ITTO—THE SOLE inter-governmental organization focused entirely on tropical forest resources. ITTO members cover over 80% of global tropical forests and account for 90% of trade in tropical forest products!
- Tropical forests = 45% of all forests, or 1.84 billion ha—provide a wide range of goods and services. Trade in forest products:
 - supplies residential and commercial consumers worldwide,
 - contributes to local and national economies, and
 - gives value to tropical forests (a key factor in reducing forest conversion to agriculture and other land uses).

ITTO strengths—capacity building, training, policy rationalization, market/trade data & knowledge, multi-stakeholder involvement, implementing agency.



Opportunities (for ITTO) to strengthen cross-organizational information sharing/collaboration II



- ITTO = a leader for +36 years in the development and application of “criteria and indicators for SFM” in the tropics: www.itto.int/guidelines/.
- Formulated a comprehensive set of internationally agreed guidelines to support SFM in natural tropical forests, incl FLR & conservation of biodiversity in production forests, etc.: www.itto.int/guidelines/.
- ITTO bi-monthly Market Information Service, quarterly Tropical Forest Update and Annual Market Discussions—foremost source of real-time information, statistics and trends on the world tropical timber economy and the tropical forest resource base:
[www.itto.int/market information service/](http://www.itto.int/market_information_service/);
[www.itto.int/tropical forest update/](http://www.itto.int/tropical_forest_update/) and
[www.itto.int/ittc-57/market discussion/](http://www.itto.int/ittc-57/market_discussion/).
- ITTO’s Biennial Review and Assessment of the World Timber Situation compiles the most up-to date and reliable international statistics available on global production of and trade in timber, focusing on the tropics: [www.itto.int/annual review/](http://www.itto.int/annual_review/).



Opportunities (for ITTO) to strengthen cross-organizational information sharing/collaboration III



- Already close collaboration/partnership with a wide-range of intergovernmental, non-governmental and private sector organizations at national, regional and global levels to advance its objectives and leverage synergies across sectors:
 - Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG). See www.itto.int/council_advisory_bodies_groups/;
 - Founding member of the Collaborative Partnership on Forests (CPF);
 - Programmes: ITTO–FAO, ITTO–CITES, ITTO–CBD, ITTO–IUCN;
 - Partners with Eurostat, FAO and UNECE-collect information on global timber production and trade through the Joint Forest Sector Questionnaire.
- Co-sponsored several collaborative activities with regional organizations and processes, including the Amazon Cooperation Treaty Organization (ACTO), the Congo Basin Forest Partnership (CBFP), APFNet and FOREST EUROPE.



Misc critical areas of work 2021/22



- Focus on contributions of tropical forests to climate mitigation/adaptation, & value of forest landscape restoration, etc., in overcoming climate challenges—ACTIVE at UNFCCC COP26.
- Increased governance & enforcement essential for protecting value of sustainably managed tropical forests—contribution to LSSC, enriched livelihoods and empowerment.
- Multi-stakeholder involvement & gender parity—critical—empowerment in decision-making = social, environmental and economic benefits = contributions to GFGs and SDGs.



PLEASE WORK WITH US!



<http://www.youtube.com/user/it>



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