



Promoting Sustainable Wood Use in ITTO Producer Countries

Regional workshop
ITTO-BMEL Teak Project

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

(ITTO)



We are living in unprecedented times ...



- Pandemics
- Armed conflicts
- Disrupted supply chains
- Inflation
- Extreme weather events
- Ecosystems degradation



Higher awareness of the need for sustainable development—> more attention to forests as part of the solution.



International commitments on sustainability related to forests



- The G7 Ministers responsible for Climate, Energy and the Environment
- The Glasgow Leaders' Declaration on Forests and Land Use (November 2021)
- The UN High-level Political Forum on Sustainable Development
- The Paris Agreement
- The UN Forum on Forests
- The Convention on Biological Diversity
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora
- The Global Environment Facility
- The Green Climate Fund
- The UN 2030 Agenda for Sustainable Development and the Sustainable Development Goals

Nonetheless, threats to forests continue



- Deforestation and forest degradation continue at alarming rates:
 - The world lost an estimated 10 million ha of forest (an area the size of the Republic of Korea) per year between 2015 and 2020.
- Major drivers of tropical deforestation: competing land uses that produce higher and more rapid financial returns (agriculture, energy, mining and transportation infrastructure).
- Illegal logging, woodfuel collection, fragmentation, disturbances from insects, disease, severe weather events and wildfires.
- RESULT=The escalating impacts of climate change and biodiversity loss.

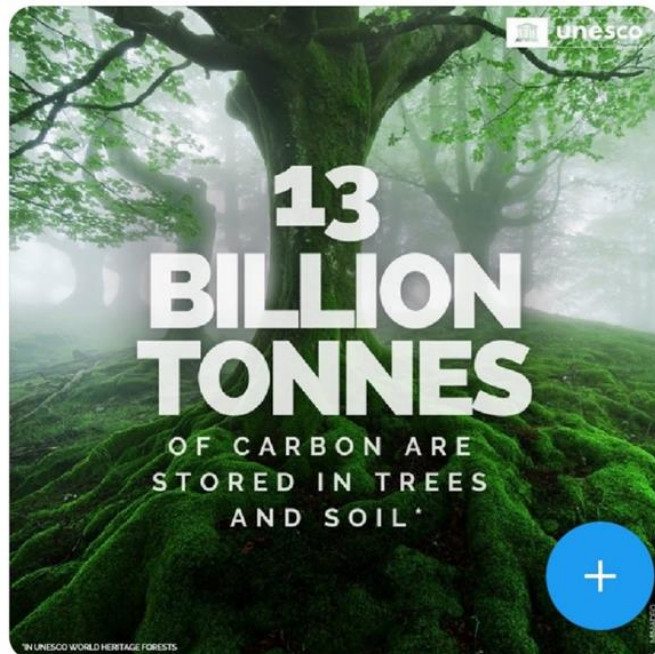


Benefits of sustainable tropical forestry



António Guterres @antoniog... · 07 Aug
Protecting forests is one of the most effective ways to address the climate crisis.

Forests can benefit the planet & all its people, and are invaluable in our [#ClimateAction](#) efforts to build a sustainable future.



- The sustainable harvesting, processing and trade of tropical timber and other forest products:
 - supplies residential and commercial consumers worldwide,
 - contributes to local and national economies, and
 - **enhances value of tropical forests**—a key factor in reducing forest conversion to other economic land uses.
- When sustainably managed, tropical forests are:
 - healthy, productive and renewable ecosystems.
 - contribute to nature-based solutions.
 - the sustainable management of forests is of critical importance to the 2030 Agenda for Sustainable Development and almost ALL SDGs:

Tropical forestry is misrepresented



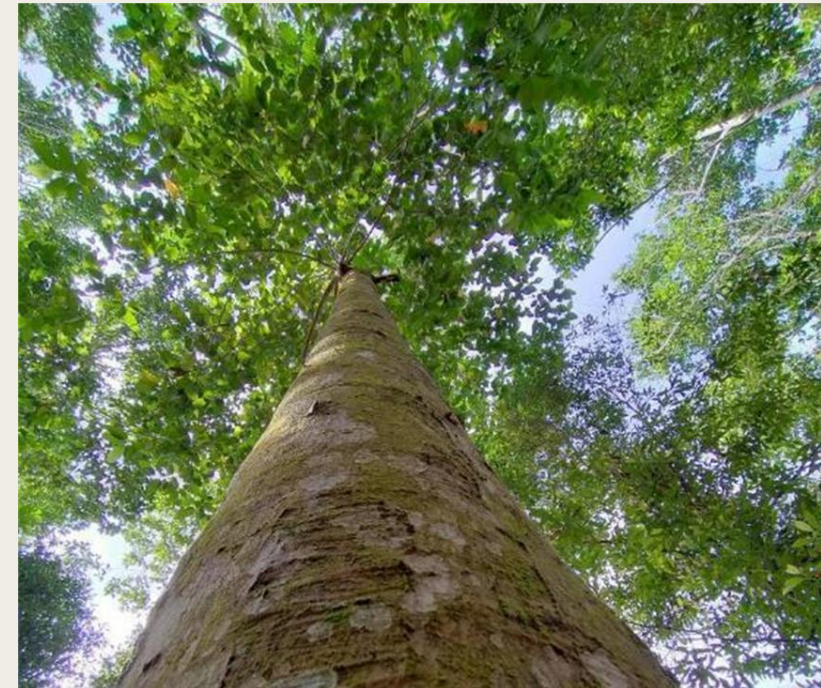
- Forest-based enterprises and international trade add value to tropical forests & can contribute significantly to sustainable economies and livelihoods.
- The share of tropical wood in major markets - affected by the negative environmental image of tropical wood and by its substitution by non-tropical wood and non-renewable materials (plastics, non-wood laminates, concrete and metals).
- Consumer markets - overlooking the significant benefits of tropical timber as a renewable, environmentally friendly resource.

The International Tropical Timber Organization's mission

- Promote the **sustainable management and conservation** of tropical forests.
- Promote the **expansion and diversification of trade** in tropical wood from sustainably managed and legally harvested forests.

The **International Tropical Timber Organization (ITTO)** is **THE SOLE** inter-governmental organization focused entirely on tropical forest resources.

- 76 member countries (37 producers & 39 consumers) covering **80% of global tropical forests and accounting for 90% of trade in tropical forest products!**





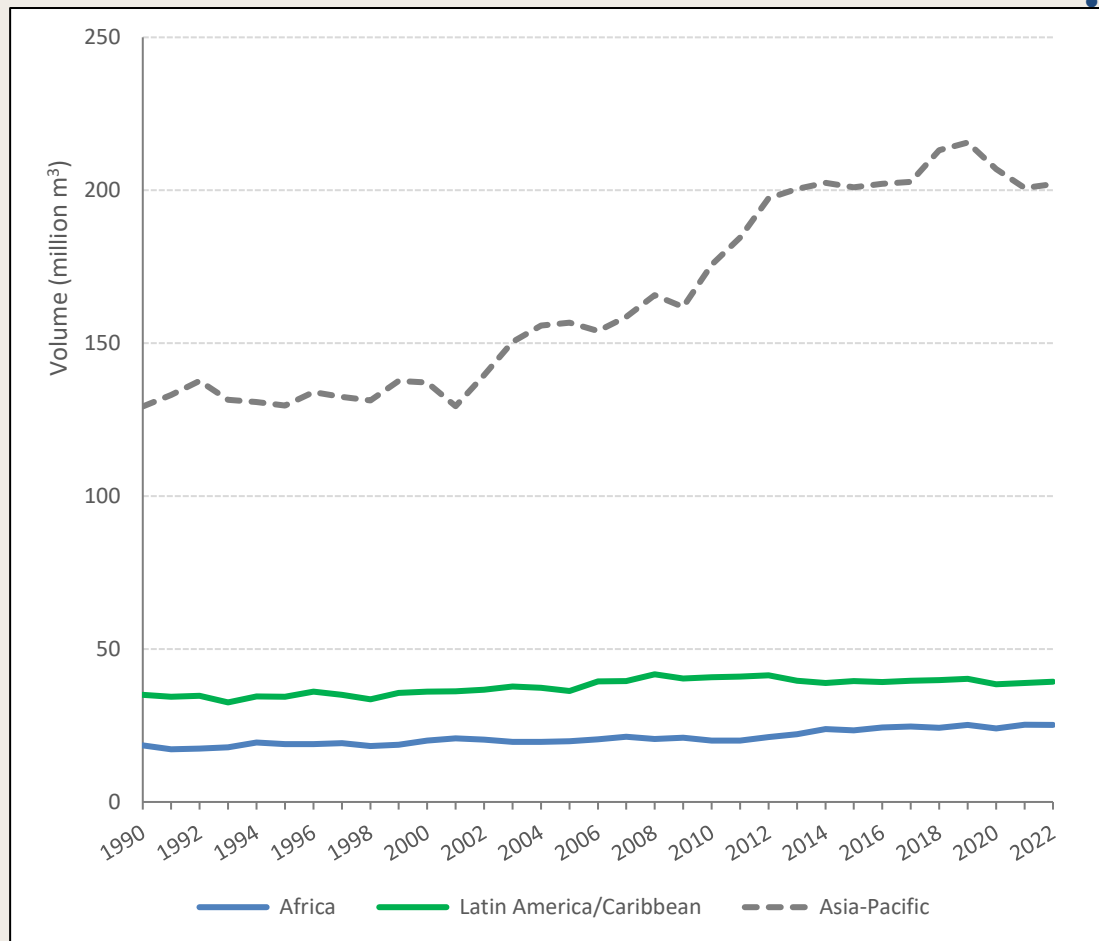
Trends on tropical timber production, consumption and trade (2000s–2023)



- The global financial and economic crisis (2008–2009):
 - Impacted construction and consumer spending & demand for tropical wood products particularly in North America and the EU,
 - growth in consumption and imports of primary wood products in China and India cushioned the impacts of the crisis for tropical exporters.
- The COVID-19 pandemic (2020–2022):
 - severe disruptions to production, consumption, transport, shipping, supply chains etc.
- Ongoing global conflicts – strong impact on production, consumption, supply chains, demand, prices



Tropical roundwood production



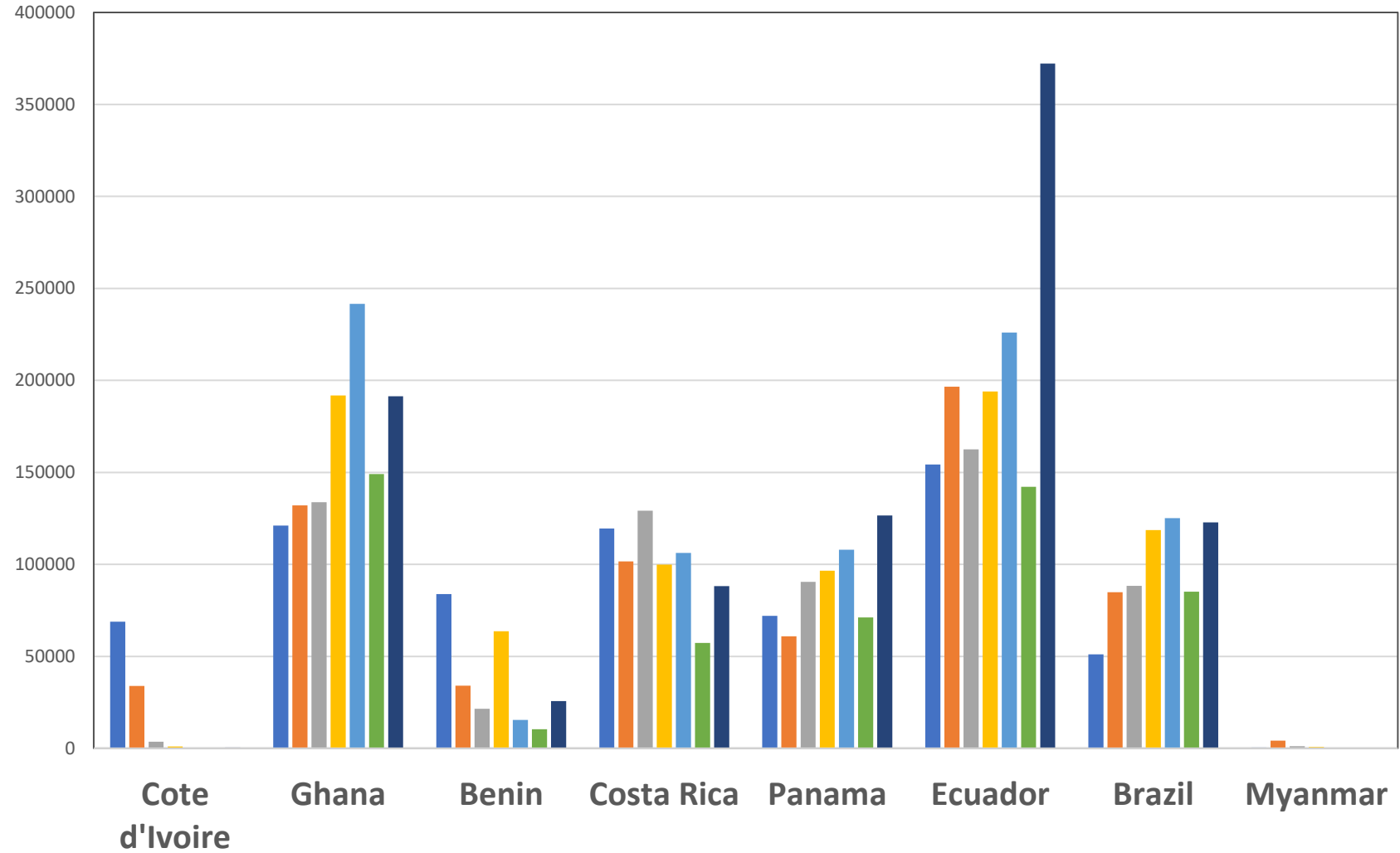
Dominated by six countries:

- Indonesia (30%),
- India (18%),
- Viet Nam (12%),
- Brazil (11%),
- Thailand (4%) and
- Malaysia (4%).

Malaysia's production has declined significantly since 1990, in response to reductions in logging quotas associated with its SFM policies. In contrast, production has grown over the period in Indonesia and Viet Nam.

A major trend has been growth in roundwood production from plantations in tropical producer economies and a decline in production from natural forests.

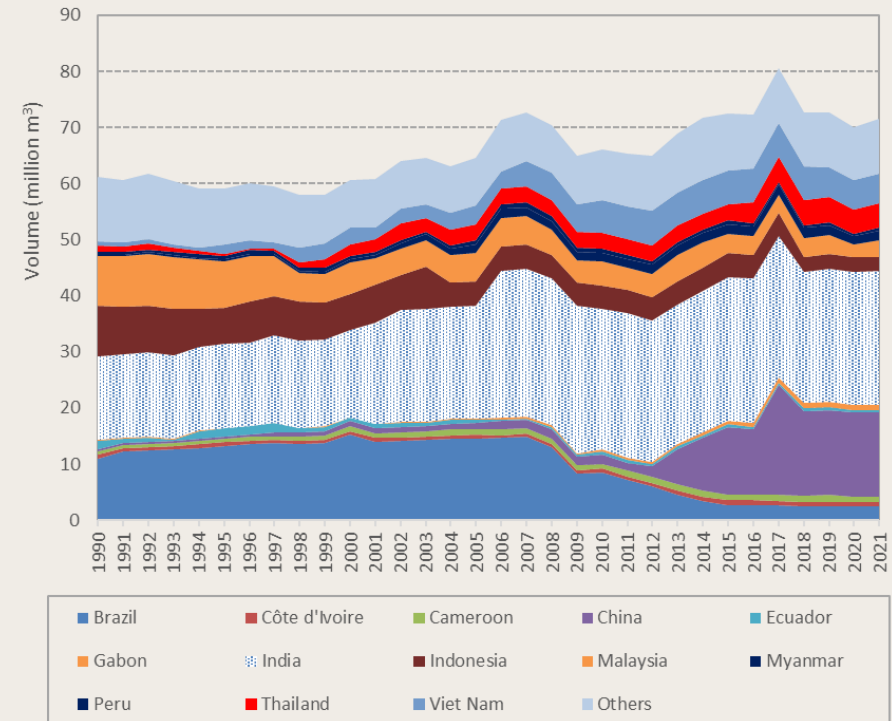
India: Imports of Teak Log 2015-2019 (m³)



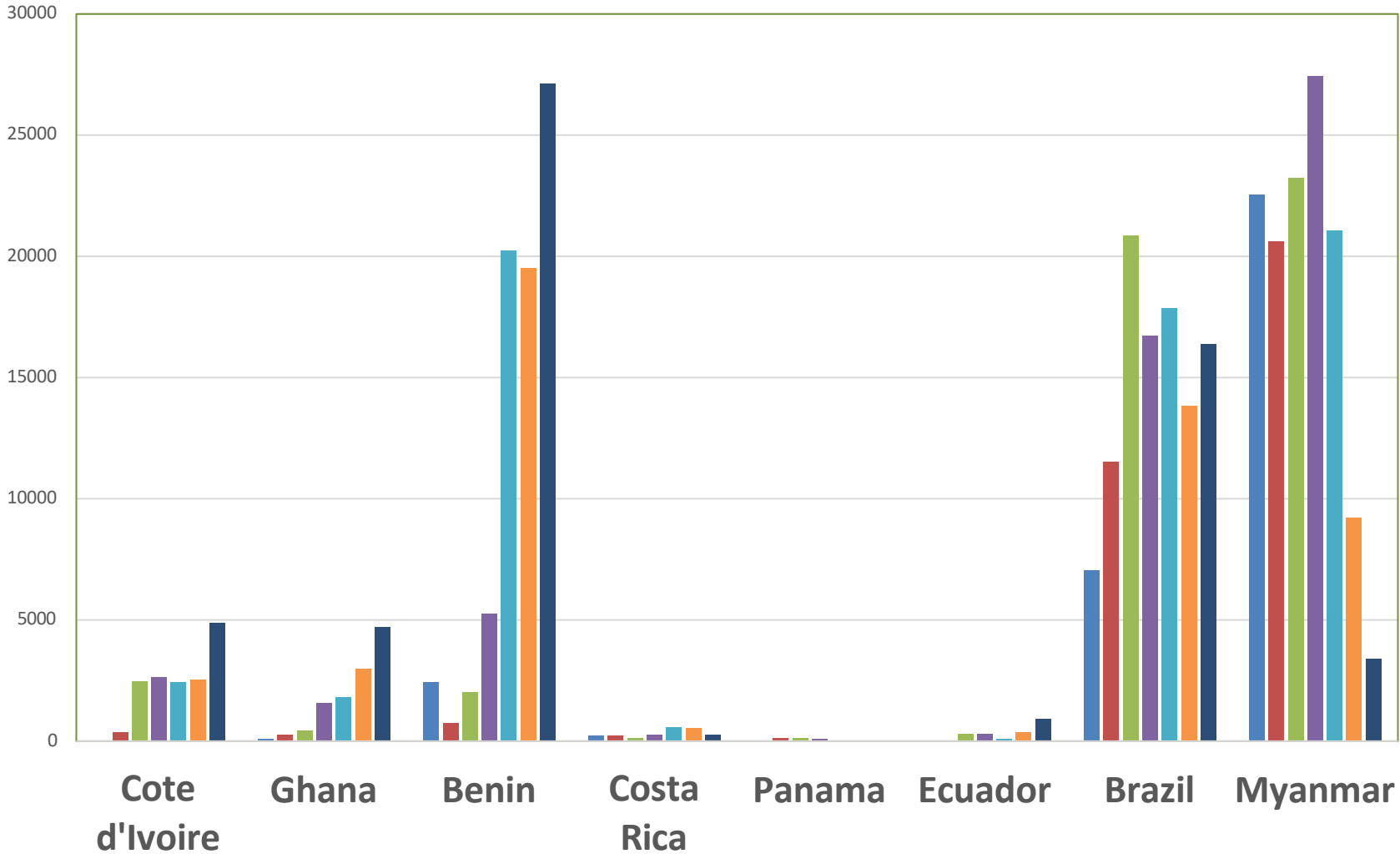


Tropical sawnwood production

- Relatively steady globally between 1990–2000, fluctuations 2000-2021:
 - two peaks in 2007 and 2017, at 72.7 million m³, and 80.8 million m³, before retreating to 71.4 million m³ in 2021,
 - emergence of China as a major producer (2012) based on imported tropical logs,
 - Brazil's production declined sharply since 2012, and production fluctuated, reduced volumes from Malaysia and Indonesia from about 1990,
 - the tropical sawnwood industry is dominated by SMEs (vulnerable to economic shocks),
 - Africa is highly export-dependent. Since 2010 industry investment has transfer from European to Asian firms, reflecting an increase in Chinese demand for hardwood sawnwood from non-traditional sources.



India: Imports of Teak Sawnwood 2015-2021 (m³)





Secondary Processed Wood Products (SPWP)

- China and Viet Nam have become major tropical manufacturing hubs.
- Malaysia, Indonesia and Thailand are also important tropical SPWP producers based on plantation timbers.
- Tropical producer countries are generally characterized by:
 - low levels of investment in wood technology, manufacturing, marketing, and research and development;
 - limited access to finance, negotiating power, and ability to respond quickly when markets recover;
 - the vulnerability of SMEs in the tropical producers during global economic shocks.



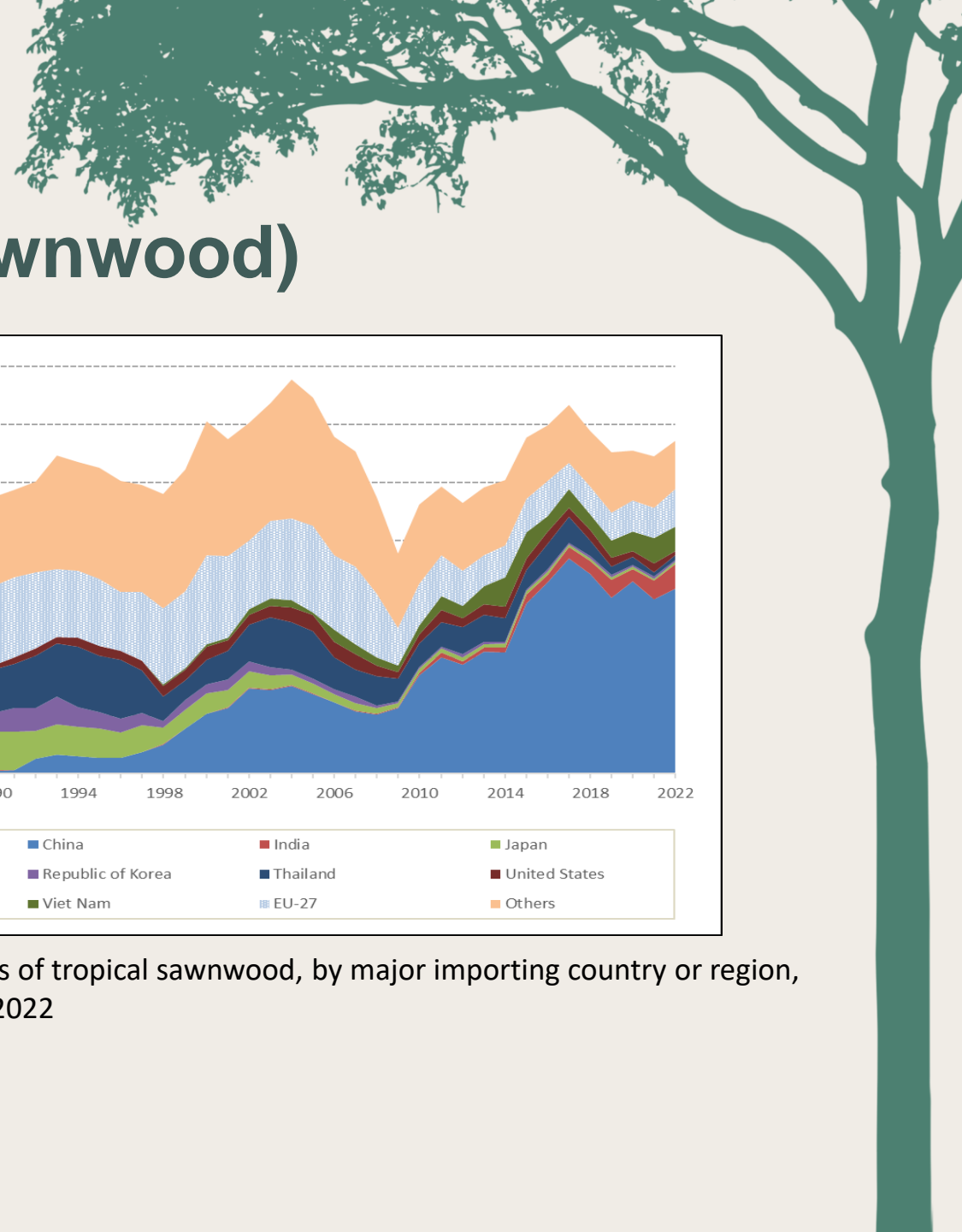


International trade (tropical industrial roundwood)



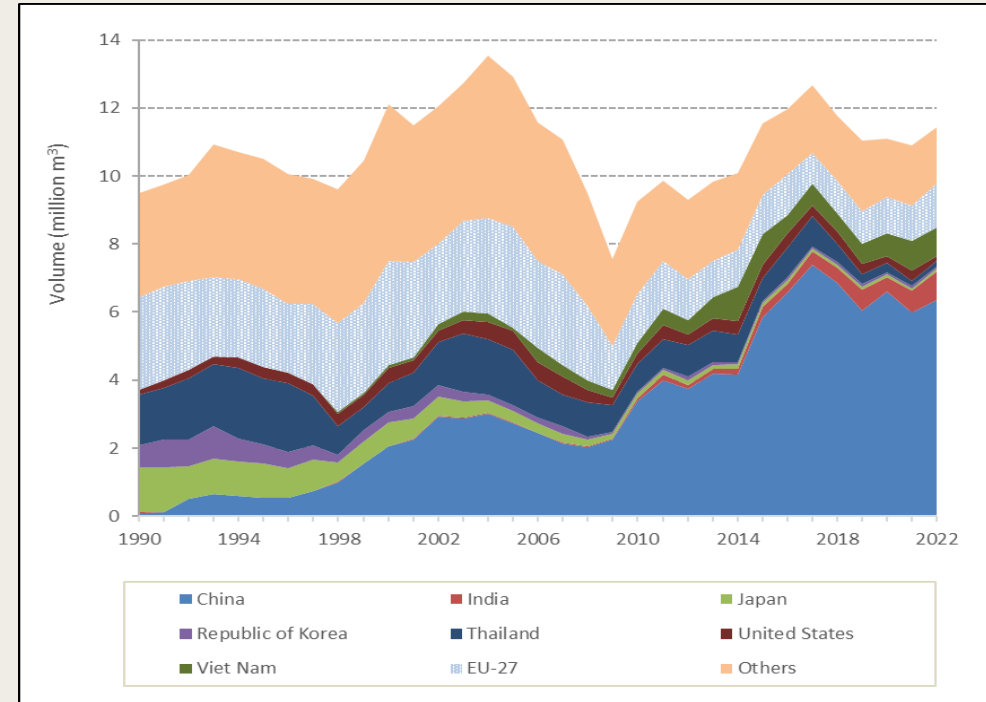
- Trended downwards since 1990:
 - notable declines in 1997, 2007 and 2020 (global economic shocks),
 - peaks in 1990, 2000 and 2014 when demand in import markets surged.
- Major changes in direction of trade:
 - import demand has shifted from traditional markets to mainly China and India (62% and 16% of world imports in 2021),
 - China has diversified its tropical log sources from predominantly Southeast Asia to the Pacific (PNG and Solomon Islands) and Africa,
 - decline of exports from Malaysia and the Mekong subregion,
 - tropical log exports have been affected by trade restrictions imposed by exporter countries (quantitative restrictions, quotas on exports of certain products and species, and log export taxes).





International trade (tropical sawnwood)

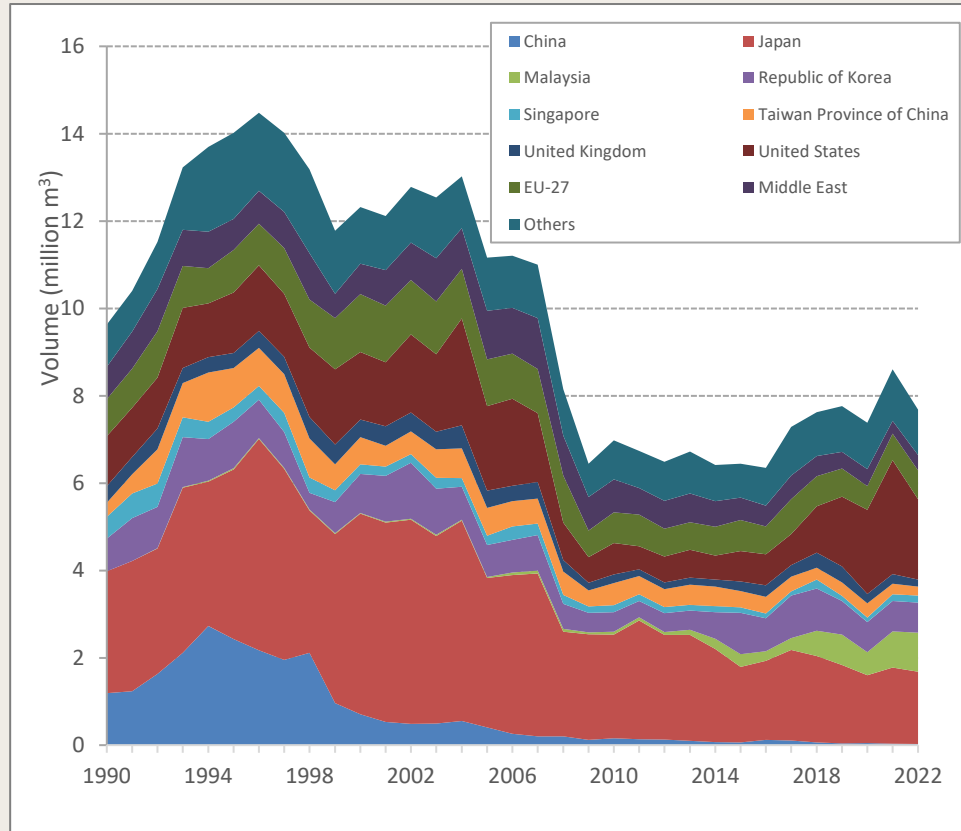
- Trended downwards since 1990:
 - declining trend in European markets since 1990,
 - significant growth of China's tropical sawnwood imports,
 - exports have transitioned from products sourced from natural forests to plantations,
 - declines in sawnwood exports from Brazil, Indonesia and Malaysia,
 - Thailand's exports of plantation-grown rubberwood have grown since 2009, almost all of which has gone to China's wooden furniture industry.



Imports of tropical sawnwood, by major importing country or region, 1990–2022



International trade (tropical plywood)



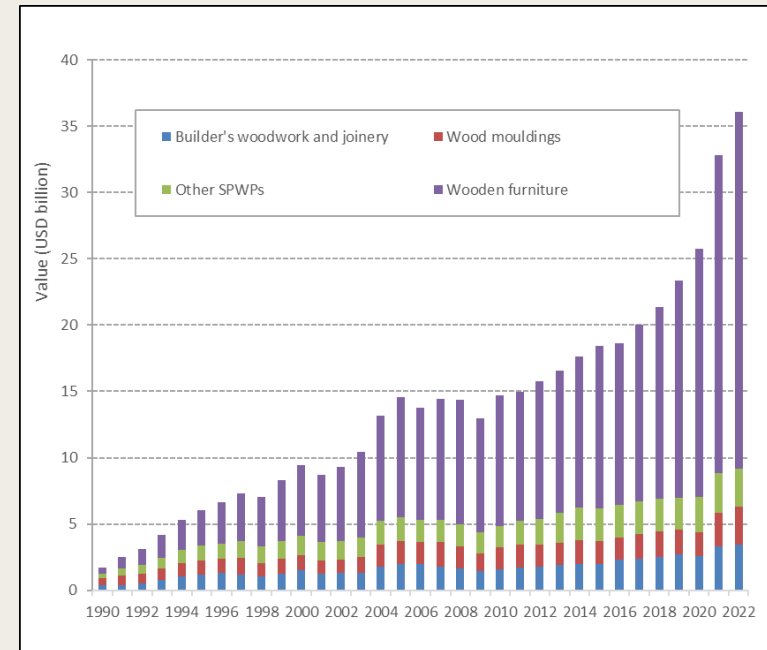
- Trended downwards since 1990:
 - declining trend since 1990,
 - United States tropical plywood imports are linked to housing and construction, with imports accelerating between 2017 to 2021:
 - antidumping investigations and have affected imports of tropical plywood from China, with importers diversifying supply sources to other tropical plywood suppliers,
 - tropical plywood export trade has been dominated by China, Indonesia, Malaysia and Viet Nam.

Global imports of tropical plywood, by major importing country or region, 1990–2022



International trade (SPWPs)

- Growth in the value of exports of SPWPs from tropical countries, up from USD 1.7 billion in 1990, to USD 14.7 billion in 2000, to USD 36.1 billion in 2022.
- Rapid growth in wooden furniture exports from China and Viet Nam.
- The share of wooden furniture in total SPWP exports (by value) from tropical countries increased from 28% in 1990, to 57% in 2000, to 75% in 2022.
- Dominant markets for SPWP imports are developed economies:
 - global demand for wooden furniture and joinery follows trends in housing starts and consumer spending in the EU and the United States,
 - imports of wooden furniture have grown considerably worldwide since 1990, especially in Australia, EU, Japan, the Republic of Korea and the United States.



Exports of secondary processed wood products from tropical countries, 1990–2022

Market developments of tropical timber and timber products

3 important factors:

Economic trends, Building and construction indicators, and Market policy trends and access

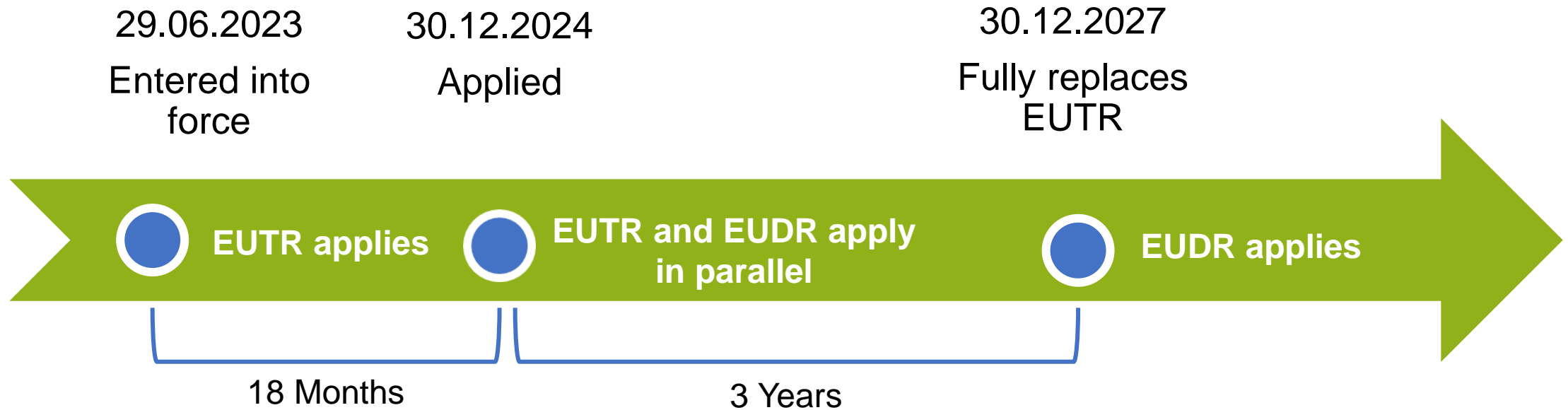


Market policy trends and access



- Numerous policy measures are now being implemented to improve forest law enforcement and governance and counter the trade in illegally harvested timber (Lacey Act, EUTR/EUDR, etc.)
- Certifications, procurement policies , and CITES species protection
- EU Environment Council votes for deforestation-free supply chains. New rules are intended to prevent timber, coffee, cocoa, palm oil, beef, soy and derivative products from entering the EU internal market in future if their production has caused deforestation

EUDR: Timeline



EUTR continues to apply in case of:

- Harvest before 29.06.2023
- Placing on the EU market between 30.12.2024 und 30.12.2027

EUDR applies to all wood harvested from 29.6.2023

EUDR: Conclusion



- The challenge is collecting and forwarding the necessary proof that the wood is legal and deforestation-free
- Insufficient information = no import into EU possible
- Nobody is prepared better for this regulation than forestry enterprises in the tropics (already use GIS systems; documents proving compliance exist; experience with EUTR)

ITTO's Legal Sustainable Supply Chains Programme



- Enhance tropical timber supply and value chains, from the forests to the market, to achieve legality and sustainability.
- Capacities of legal and sustainable supply chain enhanced, business collaboration and networking facilitated

Promoting Sustainable Wood Use



- ITTO promotes sustainable wood use in the producer member economies.
- Current stage: promoting domestic markets through projects implementation, financially supported by Japan Governments in South East Asia economies: Viet Nam, Thailand and Indonesia; under preparation: Malaysia
- Projects's scope: improve domestic strategy/policy, improve production capacity, improve CFE's skill capacity, enrich assortment of wood products, educate consumers on advantages of using wood products vs substitute products
- Projects' outputs and outcomes support SW4SW initiative → strengthen sustainable wood value and supply chains in order to enhance their social, economic and environmental benefits from production to consumption

PD 922/21 Rev.1 (I)

Promotion of Sustainable Domestic Wood Consumption in Viet Nam



Promotion of Sustainable Domestic Wood Consumption in Viet Nam



- Project duration: 2 years, started from November, 2021
- Project inputs: US\$ 361,100, including:
 - ITTO: US\$ 339,500
 - VIFOREST: US\$ 21,600
- Implementing agency: VIFOREST

Promotion of Sustainable Domestic Wood Consumption in Viet Nam



- Objective:

Enhanced and diversified domestic consumption and promoted local markets of wood & wood products

- Output:

Output 1: Improved policy framework to drive domestic consumption of wood and wood products

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



PD 926/22 Rev.1 (I)

**“Promotion of sustainable domestic
consumption of wood products in Thailand”**



Promotion of sustainable domestic consumption of wood products in Thailand



Development objective:

To contribute to sustainable and efficient use of domestic wood resources

Specific Objective

To promote sustainable domestic consumption of wood and wood products in Thailand

Promotion of sustainable domestic consumption of wood products in Thailand”



Outputs

Output 1	Improved policies for promoting domestic uses of wood and wood products
Output 2	Stakeholder capacity built to produce innovative wood and wood products needed by domestic markets

Budget →

Source	Amount (USD)
ITTO	320,000
KU (in-kind support)	25,000
TOTAL	345,000

Project duration

- 2 years
- March 2023 – Feb 2025



PD 928/22 Rev.1 (I)

DEVELOPMENT OF SUSTAINABLE DOMESTIC MARKET FOR WOOD PRODUCTS IN INDONESIA



Development of sustainable domestic market for wood products in Indonesia



DURATION



**18 months
(2023-2024)**

BUDGET



- ITTO: \$261,811
- GOI: \$23,880 (inkind)

Objectives



Development objective:

To increase contribution of the wood industry to domestic economy through strengthened growth of the industry

Specific objective:

To promote strong and resilient domestic consumption of wood products



Outputs

Output 1:

Increased capacity of domestic market to satisfy consumer's need for wood products

Output 2:

Enhanced institutional arrangements for steadily rising domestic consumption of wood products

Promoting sustainable wood use for domestic market in Malaysia (about to start)



Project's focus:

Promote the development of domestic consumption for sustainable wood products, in anticipation of population and economic growth and reduced carbon footprint , through increased resilience of consumption, and enhance supply chains and improved government policies.

ITTO Budget: US\$ 212,088

Status: Project Agreement has been signed by MTCC and ITTO



Promoting sustainable teakwood use for domestic market in India (In preparation)



Project's focus:

The specific objective of the project is to enhance the resilience and sustainability of the teak wood sector and promote sustainable use of teak resources and wood products in India + 5Th World Teak Conference

ITTO Budget: US\$ 296,000

Status: pending Project Agreement
(Kerala Forestry Research Institute-ITTO)



INDIA 2025

**Cochin
17-20 September 2025**

ITTO's continuous updates on timber markets



- ITTO Annual Market Discussions:
 - in 2023 “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities”,
 - Global Legal and Sustainable Timber Forum 2023, 21–22 November 2023, Macao SAR, China (www.itto.int/events). Next forum to be convened in **September 2024**.



Macao GLSTF 2023:

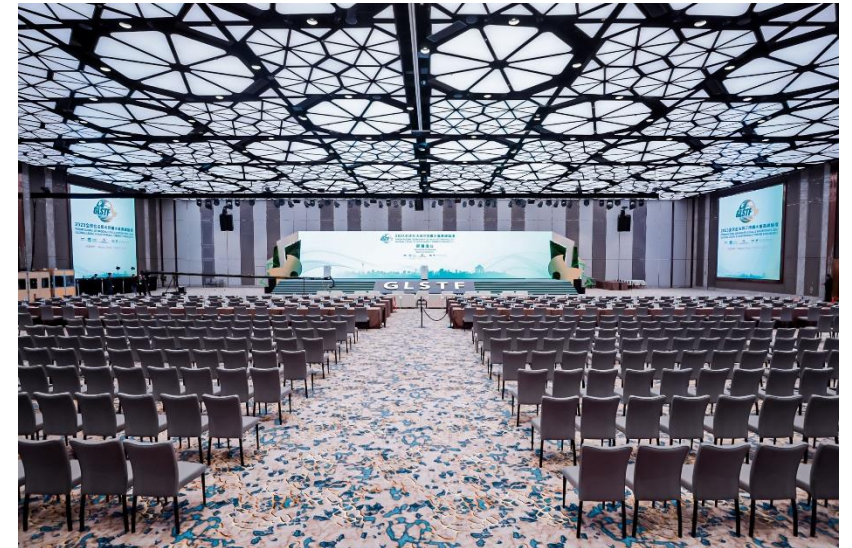
- Promoting SFM, creating legal and sustainable wood product supply chains, facilitating the legal and sustainable use and trade of wood products, and contributing to SDG and climate-change mitigation
- Applying advanced technology, tools, and methods to ensure the legitimacy and sustainability of timber sources, including the implementation of digital/blockchain technology timber traceability, and compliance with legal and sustainable timber standards is highly recommended.
- The forum touched on regulatory requirements, on the challenges of compliance with laws like the new EU Deforestation Regulation and the CITES regulations. Regulation is of course essential to build legal and sustainable supply chains, but trade regulations in major timber consuming markets need to be consistent, and tropical economies need support and investment in capacity building to allow their continuing market access. There is a need for smart regulations that do not unnecessarily add transaction costs that might undermine the relative competitive position of legal and sustainable timber.





Macao GLSTF 2024 (11-12 September 2024)

- Specialized Sub-forum on Timber Legality and Sustainability:
 - ‘Responses to emerging timber trade requirements’
-
- Session 1: Updates on tropical timber producers’ responses towards emerging timber trade requirements (EUDR)
 - Session 2: Updates on national forest certification scheme to support legal and sustainable supply chains



To Conclude: SWU contributions to the future



Scoping SWU promotion:

All SFM aspects of wood supply chains will be practiced → The emission can also be reduced by changes in how the extracted timber is converted into wood products. Harvested wood product is important carbon sink.

Support ITTO member economies achieving their decarbonized society (e.g. Japan)

Using wood in construction also reduces the carbon footprint of buildings/houses in comparison to other materials, meaning that wood offers great potential to revolutionize the greenhouse gas emissions of the construction industry, and in turn will help economies to fulfil their NDC.

→ the future made from wood!

Happiness grows from a tree!



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



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