



# Strengthening Global Teak Resources and Markets for Sustainable Development



Summary Report on the Third World Teak Conference held in Guayaquil, Ecuador, from May 11<sup>th</sup> to 15<sup>th</sup>, 2015

## Table of Contents

1.	Organization, Sponsors, Participants .....	2
2.	General Context .....	2
3.	Session I: Economics, Investments, Markets and Trade .....	3
4.	Session II: Genetics, Tree Improvement, Silviculture and Wood Quality .....	4
5.	Session III: Management Models for Different Value Chains including Smallholder Forestry....	4
6.	Session IV: Teak Plantation Management & Environmental Protection .....	5

## 1. Organization, Sponsors, Participants

1. **Organization.** The Third World Teak Conference (WTC3) was organized by ASOTECA (Asociación Ecuatoriana de Productores y Comercializadores de Teca y Maderas Tropicales), in cooperation with FAO (Food and Agriculture Organization of the United Nations), TEAKNET (International Teak Information Network), IUFRO (International Union of Forest Research Organizations) and SAMBITO (Soluciones Ambientales Totales). The Conference was held in Guayaquil, Ecuador from May 11<sup>th</sup> to 15<sup>th</sup>, 2015 comprising 4 thematic plenary sessions and two field excursions to the Hacienda la Danesa and the town of El Empalme, one of Ecuador's largest teak plantation areas. Prior to the conference IUFRO in cooperation with FAO had organized a 2-days pre-conference workshop on the Sustainable Management and Genetic Conservation of Planted Teak Resources that was attended by ca. 15 participants from African and Latin American countries. The Conference had organized 44 Ecuadorian and international exhibition stands displaying products and services related to the global teak market, suppliers of seeds and inputs, logistics, transportation, developers, manufacturers and marketing experts. Previous World Teak Conferences were held in Costa Rica 2011 and Thailand 2013.
2. **Sponsors.** The conference was supported and sponsored by the Ecuadorian Government (Ministerio de Industrias y Productividad, Ministerio de Agricultura, Ganadería, Acuacultura y Pesca), two strategic allies, the National Finance Corporation (CFN) and the Agricultural Research Institute of Ecuador (INIAP) as well as a number of private companies and international organisations (OLAM, Nirmala International, Aron Global, the EU-FAO FLEGT Programme, PVS International, TEAKELITE, Associate Group, CATIE, Cecomex22, ChemCrop, DHL Global Forwarding, ITTO, Madhav Overseas, Profafor Latinoamérica, PROTEAK, PROTECA, REFOREI, VIMEK, WaKa Forest Investment Services AG, and World Forest Investment). In a demonstration of government support for forestry, the Ministers of Environment (MAE), Industry and Productivity (MIPRO) and Agriculture (MAGAP) and the President of the National Finance Corporation (CFN) contributed to the opening ceremony that was inaugurated by the President of ASOTECA.
3. **Participants.** More than 330 registered participants from 36 countries representing 5 continents attended the Symposium to share knowledge and experience and to exchange ideas on the multiple economic, social and environmental benefits that teak resources can provide. The participants represented government institutions, the private sector, universities, research institutes, international and non-governmental organizations. They raised a wide range of points about teak, the most important of which are summarized below.

## 2. General Context

4. **Significance.** Teak makes only a small proportion of world timber production and trade however it has become a major component of the forest economies of many tropical countries. Planted teak forests have attracted large investments from the private sector in Africa, Asia and Latin America. Globally, teak constitutes the only valuable hardwood resource that is increasing in terms of area.

5. **Joint forces.** Stakeholders in the international teak community have been called upon to establish a Global Teak Trade Federation or a Global Teak Alliance in order to develop joint marketing strategies, share best practices, establish economic databanks, undertake lobbying and joint fund raising, and organizing trade fairs.
6. **Research and development.** The commitment to research and development was identified as being critical to advance the sustainable management of planted teak forests in particular with regards to clonal propagation, the susceptibility to diseases and pests and the impact of planted teak forests on the environment.
7. **Grading rules.** The international teak community is requested to develop internationally accepted quality standards for teak logs, standardized measuring units and uniform log grading rules in order to facilitate international teak trade and promote opportunities for wood processing along the value chain.
8. **TEAKNET** was identified as a global teak information network that supports knowledge transfer to stakeholders at a global level. Its outreach to the public was appreciated by its members.

### **3. Session I: Economics, Investments, Markets and Trade**

9. **Statistics** on teak resources and markets that are quoted from different sources do not match. Efforts should be made to develop and establish more reliable and consistent databanks on teak resources and markets.
10. **Teak and Myanmar.** Myanmar is a teak heavyweight playing a significant role in the global teak trade. It has the largest area of natural teak forests and is the number 1 producer of teak logs in the world including good-quality teak that sells at comparatively high prices; after India and Indonesia, it has the third largest area of planted teak forests. Globally, imports from Myanmar take a share in the teak trade of more than 40%, but this share varies considerably by country.
11. **Trade volume and value.** In the past 10 years (2005-2014) the global trade of teak roundwood was above 1 million m<sup>3</sup> on average per year; imports were valued at 487 million USD/year which is about 3% of the value of the global timber trade (15.5 billion USD). Teak trade was dominated by 3 major importing countries: India imports three quarters (74%) of the total trade volume, followed by Thailand (16% of total) and China (10% of total).
12. **Trends.** Since 2000 the global trade in teak logs of the 3 major importing countries has more than doubled in terms of volume and more than quadrupled in terms of value. This increase was mainly borne by the rising imports by India and China. The significance of Myanmar as a global player in the teak trade has declined.
13. **Emerging traders in Africa and Latin America.** Myanmar remains the dominant supplier of teakwood, but China and in particular India meet their growing demand increasingly from a number of Latin American and African countries. The emerging teak roundwood traders in Africa are Ghana, Ivory Coast, Benin, Togo, Nigeria and Tanzania (for sawnwood). In Latin America Ecuador, Costa Rica, Panama, Colombia and Brazil (for sawnwood) have

continuously expanded their trade volume since 2000 reaching a peak in recent years, which is likely to continue.

14. **Teak prices.** In the past 10 years the prices of quality teak logs from Myanmar and plantation teak logs from Africa and Latin America show an upward trend of 3% to 4.5 % per year on average. However the markets and prices for both these products are fundamentally different. The unit price of quality teak logs imported from Myanmar is above the unit price for imports from other countries notably in the Indian market.
15. **Future belongs to planted teak forests.** The supply of quality teak logs originating from old-growth natural teak forests in Myanmar will decrease due to the impact of the log export ban in force since 1<sup>st</sup> April 2014, the decline of harvestable area in natural teak forests and the deterioration of the quality of naturally-grown teak. This has led to increased interest and investment in establishing and managing planted teak forests. The quality of teak wood originating in planted teak forests has improved where good management practices are applied.

#### **4. Session II: Genetics, Tree Improvement, Silviculture and Wood Quality**

16. **Mass propagation of teak.** Seed propagation has biological constraints in some areas and clonal propagation has been developed as an alternative option. Clonal propagation of highly selected teak has today emerged as a superior alternative to achieving high productivity and quality. However, clonal propagation needs genetically rich base populations to be sustainable and to maintain natural resilience against diseases and pests.
17. **Gene pool.** A prerequisite for sustainability is to conserve the highly differentiated gene pools of teak both within and outside its natural habitat in order for breeding programs to maintain and renew diversity in the planting stock. In addition, there is a particular need of amplifying the genetic base in planted teak outside its natural habitat.
18. **Monitoring the use of germplasm.** The application of molecular markers and functional genomics is a significant utility in designing conservation and breeding programmes; these tools may in the future contribute further to manage, monitor and control the use and deployment of teak germplasm with clear genetic identity, to assure optimal benefits of growing teak.
19. **Genetics and wood quality.** There is a clear indication that the geographical provenance of teak germplasm has an impact on wood quality.

#### **5. Session III: Management Models for Different Value Chains including Smallholder Forestry**

20. **Rural livelihoods and food security.** In many tropical countries smallholders and farmers own planted teak forests or trees and depend on them for their livelihoods. They gain employment and income from nursery operations, land preparation, plantation establishment and maintenance, and in wood-based industries. Hence, planted teak forests support rural development and sustainable livelihoods.



21. **Quality germplasm** should be more readily available for use by smallholder growers in order to improve the quality of planted teak forests.
22. **Capacity building.** Smallholders should have better access to training facilities in the teak industry in order to improve resource management and wood processing.
23. **Improving profitability.** Smallholder growers are required to apply better silvicultural techniques, to use intercropping systems to bridge the initial years without earnings from forestry, to organize group marketing and to make better use of marketing data and information.

## **6. Session IV: Teak Plantation Management & Environmental Protection**

24. **Environmental impact.** The impact of planted teak forests on the environment depends to a large extent on the resource conditions found prior to the land being planted. Planted teak forests established on logged-over and degraded forest lands, unprofitable or marginal agricultural lands, shifting cultivation areas or other abandoned and idle lands can be sustainable under responsible management and contribute to the restoration of rural landscapes for productive and protective purposes. In this context good management practices will help to minimise negative environmental impacts.