

# Windows of opportunity



Fotonatura

*A transparent tropical timber trade and a responsible forest industry can contribute to sustainable development and conservation in tropical countries*



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Every two weeks from its headquarters in Yokohama, Japan, the International Tropical Timber Organization (ITTO) opens a window to the tropical timber trade.

The Organization's newsletter, *Tropical Timber Market Information*, delivers market news, prices and trends for hundreds of tropical timber products to trade groups, executives and analysts worldwide. It is part of a multi-faceted effort by ITTO to promote a transparent trade in tropical timber products.

Why do this? After all, many people hold the tropical timber industry at least partly responsible for tropical forest destruction and would prefer to see it shut down.

But such an attitude denies the need of tropical countries to develop: the tropical timber trade and industry provide much-needed employment and revenue – revenue that helps justify keeping forests as forests. Moreover, the growth of the industrial sector assists the development of important infrastructure such as electricity and water supplies, roads, schools, hospitals and ports.

Increasingly, people agree that a responsible timber industry and a trade in wood products from sustainably managed forests – sustainable development in action – are part of the solution to deforestation, because they allow countries to generate income and employment while maintaining the forest estate. This is where ITTO comes in.

## ITTO's role

ITTO brings together 57 member states with interest in the trade of tropical timber and the management and conservation of tropical forests. It funds hundreds of projects – in Africa, Asia-Pacific, and Latin America and the Caribbean – that build the capacity of its members to improve their forest sectors.

The link between conservation, trade and development is recognized in the agreement under which ITTO operates, and was made explicit in 1991 when members agreed to Objective 2000, which states that members should strive to achieve an international trade in tropical timber from sustainably managed forests. A recent review of progress towards this objective found that members had made significant advances, particularly in policy development, but that much more needed to be done to translate good policies into field implementation.



Tropical Forest Foundation

The Organization is supporting its members to do just that. Projects are helping governments and the industry to reduce the impact of timber harvesting on the environment, and regional training programs and model forests are demonstrating to concessionaires and forest communities the principles of good forest stewardship.

## Market intelligence

But good forest practice is only part of the sustainable development puzzle. At the same time, there must be transparency in the tropical timber sector if the positive role of the market is to be realized. Moreover, it is only through the free flow of accurate information on forests and trade that governments and industry can evaluate their resources, develop strategies for achieving sustainable development goals, and take appropriate action to discourage illegal activities.

Transparency is also important for other reasons. For example, consumers in some markets increasingly seek evidence that the timber they buy has been harvested from well-managed forests. Equally, forest owners and people living in the forest want reassurance that a fair share of the benefits of the timber trade are used to improve local livelihoods and meet the costs of sustainable forest management.



## Collective capacities

In support of these needs, ITTO regularly reports on tropical timber production, trade and market trends and investigates a host of market-related issues. Statistics on tropical timber production, trade and prices, maintained in computer databases at ITTO headquarters, are analyzed and published each year in the *Annual Review and Assessment of the World Timber Situation*. This contains the most comprehensive and timely tropical timber production and trade statistics available at the global level.

The *Annual Review* depends largely on statistical information supplied by members, but many countries, both within and beyond the tropics, need more help to deliver such information to an adequate standard. The Organization works with national and international agencies to develop statistical infrastructure and information systems and to train local statisticians in their use.

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## Moving markets

Other work takes a look into the future, developing models to simulate different trade scenarios given developments in economies and usage patterns and changes in supply. For example, timber-supply and trade models for the Asia-Pacific region project the consumption of major products such as logs, plywood and sawnwood for 20 years into the future.

A separate study recently forecast China's production, consumption and trade of forest products to the year 2010. It produced new data showing China's rapid growth as a market for tropical timber as its housing and furniture markets expand (see Figure 1); however, these markets will start to change significantly by 2010 as China's own plantations replace imports.

Another important trend is evident. While the value of trade in commodity tropical timber products (logs, sawnwood, plywood and veneer) has dropped by almost a third in the past decade, that of higher-value (or 'downstream') products like doors, windows, furniture and joinery has grown almost four-fold (see Figure 2). This reflects the growing importance of processed and downstream products – for which demand and prices are more stable – in insulating the trade against the ebb and flow of commodity markets.



Figure 1: China is growing rapidly as a market for primary tropical timber products, fuelled by demand in the construction and furniture sectors.

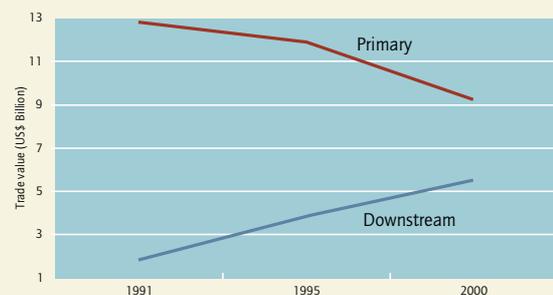


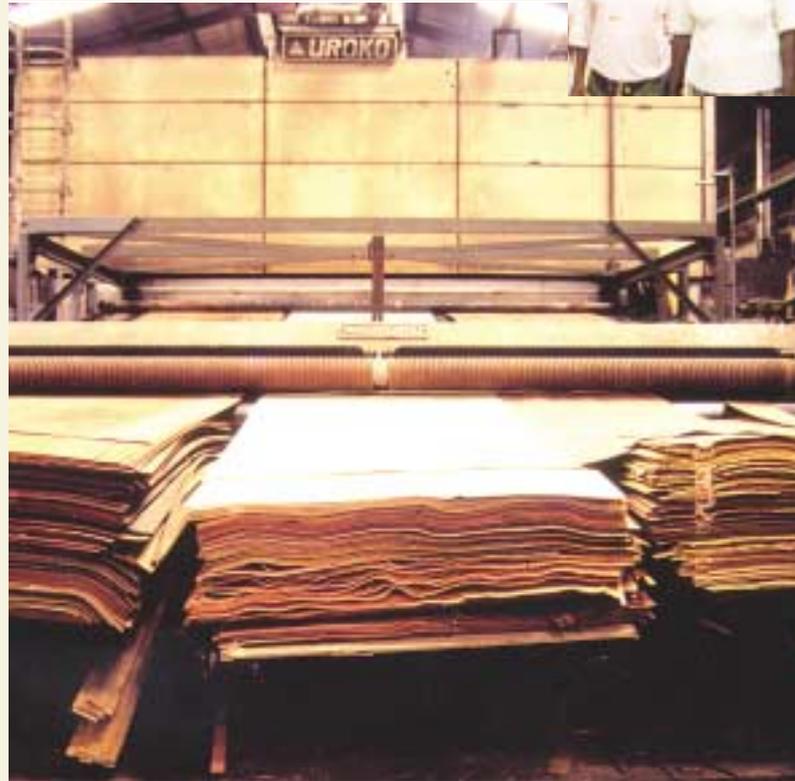
Figure 2: Trade in logs, sawnwood, plywood and veneer by ITTO countries is being replaced increasingly by downstream products such as joinery and furniture.



## Going downstream

In fact, the processing sector has a vital role to play in tropical forest conservation. As more raw timber is manufactured into downstream products, more local people will find employment and, importantly, concrete reasons for protecting the forest resource. Moreover, as the wealth of a nation increases, so too does the level of resources that can be applied to protecting the many values of natural tropical forests.

ITTO studies have explored different ways of promoting downstream processing. At a national level, projects have produced status reports on trends, prospects and constraints affecting wood processors. Others have prepared industrial and export strategies, and facilitated technology transfer, joint investments, and training in technical and design skills. Still others have studied and, where appropriate, promoted the use of lesser-used timber species (see box).



Malaysian Timber Council

## Improving timber use efficiency

ITTO is also investigating ways of increasing the efficiency with which timber is harvested and processed. As a matter of urgency, advanced technologies need to be introduced to improve production efficiency and reduce waste in tropical timber industries; this will lead to increased profitability for the processing sector and means that less forest need be harvested for the same yield. The Organization is developing guidelines to facilitate increased utilization efficiency and is funding projects with the same aim.

## Lesser-used species

Many tropical forests boast a vast array of tree species, sometimes several hundred in a single hectare. Yet only a handful of these are valued by the market: the rest, the so-called lesser-used species, are more difficult to commercialize.

Some people believe that increasing the use of lesser-used species is a way of making natural forest management more viable: as more species are utilized per hectare, revenue per unit area will rise and, consequently, so will the perceived value of the forest. Moreover, by harvesting more volume per hectare the same quantity of wood will be produced from less area, leading to the possibility that less forest will be logged. Others counter these arguments by saying that increasing the number of trees harvested in an area will lead to forest degradation and the loss of biodiversity.

Several ITTO projects have investigated the use of lesser-used species. In Peru, for example, a project introduced about 20 such species to markets through training, trade missions and other measures to the point that these species are now a permanent feature of the country's wood industry. An independent review of the project found no harmful environmental or social impacts.

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## Trade Advisory Group



In 1999, ITTO's governing body, the International Tropical Timber Council, invited tropical timber trade representatives to establish a formal advisory group to strengthen their participation in Council deliberations.

The trade was quick to take up this invitation: the Trade Advisory Group (TAG), comprising representatives of the tropical forest industries, timber exporters and importers, timber trade and industry consultants, and trade and industry associations, held its first meetings in November of the same year.

One of the TAG's functions is to coordinate the Annual Market Discussion, which is convened by Council each year to provide a forum for the trade and to increase the interaction between the trade and Council delegates. It also offers a trade perspective to the policy debate of the Council and contributes to the formulation of projects to help develop a sustainable tropical timber trade.

The TAG is open to anyone with an interest in the tropical timber trade. To find out more, contact its coordinator, Mr Barney Chan, Sarawak Timber Association, [sta@sta.org.my](mailto:sta@sta.org.my)

### More to be done

Although ITTO's efforts have yielded useful results, much more needs to be done to promote efficient timber processing in tropical member countries. A recent ITTO survey found that while Malaysia, Indonesia, Thailand, the Philippines and Brazil have all developed vibrant downstream timber processing sectors, many other countries are lagging behind, particularly in Africa. This was recognized when ITTO recently joined forces with the African Timber Organization to investigate ways of increasing downstream processing in African member countries.

### Forest certification

In recent years there has been a shift in some international tropical timber markets from the threat of bans and boycotts against tropical timber to calls for certification and labelling. Forest certification is a way of verifying whether a particular forest area is well managed and, through labelling, of assuring consumers that in purchasing labelled wood products they are supporting sustainable forest management.

ITTO's work on certification began soon after it was established, with pioneering work on criteria





and indicators for assessing tropical forest management and several important studies on various aspects of certification. Work continues through the Organization's project program to train tropical foresters in forest management assessment techniques. The Organization is also assisting countries to establish their own certification programs and developing guidelines for auditing forest management, a key component of sustainable forest management and any effort to certify it.

## Addressing the illegal trade

International attention on illegal logging and illegal trade has intensified in recent years; both are major impediments to sustainable forest management, forest conservation and a sustainable timber trade. ITTO's information services, particularly *Tropical Timber Market Information* and the *Annual Review*, provide data useful in the analysis of illegal trade. In the field, an ITTO project in Indonesia is testing a method for controlling illegal logging in production and protected areas in Riau and West Kalimantan; the experiences gained will be used to develop guidelines for overcoming illegal logging nationwide.

## Beyond the trees

The sustainable management, processing and export of non-wood forest products complements efforts by the timber industry to add value to the forests. Interest is growing in the largely untapped potential of forest produce for food, medicines and industrial uses, particularly for their role in improving livelihoods for local people. While the economic contribution of these non-wood forest products at the international level is minimal

## Shared responsibility

ITTO's criteria and indicators cover all aspects of forest management, including social equity. For example, one indicator relates to 'the extent to which forest planning and management practices and processes consider and recognize legal or customary rights with respect to indigenous people and local communities, forest dwellers and other forest-dependent communities'. Others deal with forest resource security, the conservation of biodiversity, ecosystem health, and so on.

The tropical timber industry and trade share a responsibility to help increase the transparency and sustainability of forest management at the field level. Timber traders and manufacturers using tropical timbers can encourage sustainable forest management by seeking information from their log suppliers on the application of criteria and indicators in the forest.

ITTO is playing a major role in facilitating this by stepping up the provision of training to forest concessionaires and other industry- and trade-related personnel in the use of the ITTO criteria and indicators, which will include the preparation of assessment reports at the forest management unit and concession levels. Up to 500 tropical forest companies are expected to participate in this process over the next two years.

compared to that of the timber trade, there is no mistaking their importance in many domestic and especially rural economies.

ITTO is helping to build the capacity of communities to harvest, process and sell such products. For example, an ITTO project in the Darien region of Panama is assisting indigenous communities to earn much-needed income through the sustainable harvesting, processing and sale of the seeds of the tagua palm, known locally as 'vegetable ivory', which is used in handicrafts (see photo above left) and the manufacture of buttons.



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## Keeping the windows open

The tropical timber trade and forest industry still face considerable hurdles if they are to maximize their contribution to sustainable development and tropical forest conservation; there is still a need for more information on the trade, greater development of the processing sector, and greater access to consumer markets. More work needs to be done, too, on introducing sustainable forest management at the field level.

But shutting out the trade and industry is not the answer. Without the income and employment they generate, sustainable forest management will inevitably be seen as unviable and an important incentive to keep forests as forests will be lost.

ITTO's information-sharing activities and its on-the-ground project work take a different approach, by opening windows to the tropical timber trade and industry. This creates new opportunities for responsible private sector development, which is a breath of fresh air for tropical countries – and good news for their forests.

*Many of ITTO's market information services, including the Annual Review of the World Timber Situation and Tropical Timber Market Information can be found at [www.itto.or.jp](http://www.itto.or.jp)*



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