



STTC conference 2019 'Exploring pathways to verified sustainable tropical timber'

Conference report 'Trade must pull together to ensure verified sustainable timber'



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Berlin



The European Sustainable Tropical Timber Coalition (**STTC**) is an alliance of industry, business, government and NGOs dedicated to increasing European demand for verified sustainable tropical timber. The STTC's aim is to develop the market in order to incentivise the growth and spread of responsible forest management in tropical countries. Please visit www.europeansttc.com for more information.

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Introduction

There's growing recognition of the urgency of accelerating uptake of sustainable forest management (SFM), especially in the tropics. Global warming and environmental degradation are constant topics in the media and loss of tropical forest and its invaluable climate and wider environmental benefits is a core theme of coverage.

Timber and forestry industries in turn recognise ever more clearly their responsibility to maintain forest cover as a vital resource for mitigating climate change, sustaining biodiversity and livelihood, as well as a source of renewable, low carbon construction and manufacturing material. Consequently, there are numerous strategies and initiatives to drive SFM and the sectors' wider environmental performance. The focus of the Sustainable Tropical Timber Conference in Berlin on November 20 was how varied approaches could be aligned to achieve shared goals.

Titled 'Exploring pathways to verified sustainable tropical timber', the event highlighted broad consensus on the need for the timber industry to collaborate on environmental issues. Perhaps inevitably, it also underlined some differences of opinion on the way forward, notably around the respective roles and value of the EU Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement (FLEGT VPA) legality assurance programme and third-party certification.

STTC Conferences have established a reputation as trade forums. Delegate discussion and input are as key an element as presentations. That was maintained by this year's event, which attracted approximately 120 delegates from across Europe and beyond and was co-hosted by STTC-founder IDH-the sustainable trade initiative, German Timber Trade Federation GD Holz and STTC-member the City of Berlin and organized by Probos.

Speakers addressed a range of subjects, including an update on the European market for verified sustainable tropical timber, tropical timber promotion and various legality and sustainability verification approaches and their potential coordination. These provided a stepping off point for debate and questions, energized by dynamic moderator Peter Woodward.

There was also a rolling programme of Conversation sessions. Experts in their field gave concise overviews of specific topics as an introduction to delegate discussion and exchange; from the impact of certification on landscapes in Indonesia and Peru, to timber tracking tools, FLEGT outcomes in producer countries and market trends from the perspective of a concession holder and trader.

Welcome addresses

GD Holz Chief Executive and European Timber Trade Federation Secretary General Thomas Goebel opened by stressing the need for the timber sector to take a joined-up approach on sustainability. “At the recent ITTO and ATIBT Shanghai conference, Together Towards Global Green Supply Chains, speakers addressed pathways to tropical timber sustainability and the outlook was positive,” he said. “But there are important areas where we need progress. These include improving tropical suppliers’ corruption perceptions index ratings. The ETTF would also like to see the EU FLEGT process accelerate and more supplier countries achieve FLEGT licensing stage. We must collaborate on these issues to achieve worldwide free trade in legal, sustainable timber products.”

IDH Program Manager Nienke Sleurink said the role of the STTC was to facilitate a cohesive industry-wide approach to grow the sustainable tropical timber market. “Its website pools and shares useful tools, data and common messaging,” she said. “And it’s a living document, designed for the industry to develop.”

Plenary Sessions

Data report European market Sustainable Tropical Timber

In the conference section headlined ‘Highlighting the stepwise approach towards sustainable’, IDH and STTC unveiled their new report, *Unlocking Sustainable Tropical Timber Market Growth through Data*. Co-authored by forest and timber sustainability advisors Probos and the Global Timber Forum, the report’s rationale, said Probos’s Mark van Benthem, is that accurate data is key to informing market development strategies. Its calculations are based on the ‘exposure to certification method’, taking the area of certified forest in a country as a guide to the percentage of its certified exports to specific markets. This reveals wide variation in market share of verified sustainable tropical timber imports between Europe’s seven leading consuming countries; from 67.5% in the Netherlands, to 5% in Spain. The average is 28.5%, rising to 40% when Indonesian FLEGT-licensed timber is taken into account.

“We also calculate that, if these seven countries sourced 100% verified sustainable primary tropical timber products, it could positively impact 16 million ha of semi- and natural tropical forests,” said Mr van Benthem, adding that the report identifies potential linkages between FLEGT and certification, with the former acting as a ‘stepping stone to sustainability’.

Recommendations include that NGOs, the European timber trade, end-users and governments share the common target of increasing use of sustainable tropical timber to incentivise SFM uptake. “Market demand for sustainable tropical timber needs to become mainstream,” it concludes. “Through intensified European ambition and joint public-private actions, we can protect tropical forests.”

Verified Sourcing Areas

Ms Sleurink focused on coordination on sustainability across wider forest products supply chains, looking at the Produce, Conserve, Include initiative and implementation of Verified Sourcing Areas (VSA) in the state of Mato Grosso, the powerhouse of Brazilian soy, beef and timber production. “The PCI initiative involves broad stakeholder participation and combines forest protection with support for agriculture, for instance by restoring degraded farmland,” said Ms Sleurink.

She added that pilot studies for beef production had been carried out under the VSA programme and were now being evaluated for timber. She also addressed benchmarking of the Brazilian Sisflora legality and sustainability scheme with the requirements of the EU Timber Regulation (EUTR), FSC and PEFC. This showed it is satisfying many of their criteria.

FLEGT and Certification

The theme from David Hopkins, UK Timber Trade Federation Managing Director was FLEGT and Certification – Achieving Mutual Benefit. He said that, with currently just 6.5% of tropical forest certified, complementary initiatives were needed to accelerate progress towards verified legal and sustainable forest management. FLEGT could be among them, with its Voluntary Partnership Agreement scheme for suppliers meeting many of the criteria of certification. “FLEGT involves permanent political and legal structural reform, so has a permanence voluntary certification lacks. It also covers entire countries, raising the baseline for all, on top of which you can add certification,” he said. “The key is to get everybody on board the bus for sustainability. We can then improve the bus as we go along.”

Impact of certification on landscapes

Jesse Kuijper of the Borneo Initiative took a different view. He maintained that certification, notably FSC, remained the prime engine for driving timber and forest sustainability. “The only bus has already left, and it’s the FSC bus,” he said. “The mandatory approach of FLEGT fails to take into account such aspects as high conservation forests and flora and fauna protection like FSC and it’s forcing some companies to leave the forest.”

He added that the multi-stakeholder approach of the Borneo Initiative had helped increase FSC certification and controlled wood standard forest coverage in Indonesia to 3 million ha and 2 million ha respectively. The aim was to increase both to 8 million ha by 2030.

City of Berlin promoting timber through its procurement policy

In its efforts to grow use of sustainable timber through its procurement policy, Wilhelm Unnerstall for Berlin, said the city had combined ambition with pragmatism. It had introduced regulation stipulating timber in public projects must be certified under the FSC or PEFC schemes, or their equivalent. “At the same time we worked closely with industry; the certification requirement is for projects of €2000 and above and if contractors are not certified, they can provide proof of sustainability per project,” he said.

As part of its strategy, Berlin has also provided training for local procurement offices in sustainable timber purchasing and for contract bidders. “We also encourage dialogue between different actors to promote development of a long-term cooperative network,” said Mr Unnerstall.

Joining forces to promote verified sustainable tropical timber

Cooperation was also key to timber sustainability efforts in the Netherlands, said Eric de Munck of the timber market development body Centrum Hout and the Netherlands Timber Trade Association. The country’s Green Deal initiative had brought together timber suppliers, users, retailers and other stakeholders to make ‘sustainable timber the market norm’. More recently, the Hout in de GWW campaign had involved 12 NTTA members in a project to increase use of tropical timber in marine civil engineering projects, targeting engineers with promotion, educational materials and LCA studies comparing tropical timber performance versus alternative materials. Dutch initiatives also include a blueprint for a ‘circular bio-based highway’, where lamp posts, noise barriers and other motorway fixtures are made in wood, and the CO2 saving highlighted.

What do companies need?

Mr van Benthem described another Probos project to find out what the European timber trade needs to promote procurement of sustainable tropical timber; a survey of leading importers in the seven lead European consuming countries. Conclusions included that a tailored promotion approach was needed in each country. The price differential between certified and uncertified needed tackling too, but the onus was also on the trade to ‘take responsibility’ and insist ‘wood must come from sustainably managed forest’.

The importance of sustainably managed forest to meet the Paris Agreement

Meteorologist Reinier van den Berg of Meteo Group underlined the urgency to increase sustainable forest management uptake and maintain tropical forests and their role in climate change mitigation. The clock could be turned back, he said, but in terms of hitting international targets on limiting global warming, it already stood at five past midnight.

Conclusion

Concluding, Ms Sleurink said the tropical timber sector had the potential to rise to the challenges of achieving sustainability. “But we only make the task more complex by sending out divided messages,” she said. “Let’s make life easier by collaborating.”

Panel discussions

Reversing tropical timber's European market decline

In a panel discussion, ATIBT managing director Benoît Jobbé-Duval, Stefan Meinhardt of importer Hupkes and Ingrid Hontis of Belgian textile, wood and furniture federation Fedustria addressed ways to reinvigorate the European tropical timber market.

Mr Jobbé-Duval saw achieving synergy between marketing development bodies, such as underway between the STTC and ATIBT's Fair & Precious tropical timber branding campaign, as important, plus strategic collaboration between industry and government. "We must also support industries on the ground in tropical regions, including Africa, to ensure sustainable timber production is competitive and profitable," he said.

Ms Hontis emphasized the need to build bridges with NGOs. "We must be proactive in communications with them, rather than just reacting to their comments and campaigns," she said. "We must urge them to come to us with issues and criticism, rather than go straight to the media."

Mr Hupkes urged the timber sector to become better marketeers, with 100% sustainability as its stated aim. "Our goal should be exclusively verified sustainable timber and clear rules around the world on how to treat forests."

Table discussions

In the Conversation sessions at the STTC Conference, delegates had the opportunity to choose three out of 10 concise presentations on an array of tropical timber legality and sustainability certification topics. They then had the opportunity to discuss issues raised and question presenters.

1. Verified sustainable tropical timber – EU 28 market share 2018

George White of the Global Timber Forum (GTF) invited discussion of the new STTC and IDH report, Unlocking Sustainable Tropical Timber Market Growth Through Data, which he co-authored with timber and forest sustainability advisors and analysts Probos. Delegates acknowledged the report's value, given lack of market data on verified sustainable tropical timber imports in the EU, and its potential to provide a benchmark for companies' own trade. Set to be published annually, it was also rated for identifying trade trends.

Key to credibility, said delegates was transparency of methodology and data. They also advocated widening its scope to secondary timber and joinery, as well as primary tropical timber products. Some advocated incorporating furniture data too.

While the report covered the seven countries accounting for 90% of EU tropical timber imports, it was suggested that it expand to cover the whole EU, plus Switzerland. There was also support for it to take into account OLB and other

legality verification schemes, plus data on 'proto-FLEGT-licensed' imports from FLEGT VPA countries which have implemented timber legality assurance systems. Longer term, coverage of the US, China and Vietnam was advocated too and delegates said they would also like access to the raw data used in compiling the report.

2. Impact of certification on landscapes in Indonesia – experiences and lessons learned

Jesse Kuijper of Borneo Initiative posed the question as to whether sustainability verification without certification makes sense. He raised the issue of FLEGT VPA countries, like Ghana and Indonesia, having high Corruption Perception Index ratings, and maintained that a 'good label', such as FSC was needed to provide assurance on corruption.

It was agreed that transparency for any verification system was vital for buyers and that the private sector need to work with VPA country governments on the due diligence issues.

3. Impact of certification on Peruvian landscapes

Suzanne Winter of the WWF outlined an FSC project comparing biodiversity of certified and non-certified forest areas in Brazil using acoustic monitoring. This identified the range of species of birds, mammals, insects and amphibians and showed that the diversity and quantity of species in certified areas was similar to untouched forest.

Delegates asked about plans to translate such scientific research into certification marketing. Wider issues also arose, notably the commercial viability of certification, with one delegate saying that concession holders in Brazil and Bolivia were letting their certificates lapse as they were not seen as giving return on investment.

4. Timber tracking tools, current capacity and the way forward

Nele Schmitz of Thünen Institute of Forest Genetics presented its Global Timber Tracking Network (GTTN) wood identification operation, designed to work with chain of custody tracking systems. Using wood anatomy, molecular biology and chemistry, GTTN is designed for use by law enforcement, commercial operators and scientists.

Issues raised included the marginal commercial value of proof of wood legality for many timber traders and it was agreed that a multi-stakeholder approach from the outset was needed to ensure fitness for purpose of tracking/chain of custody systems.

Jonny Edvardsson of Tracy of Sweden AB described his company's Tracy Forestry TM system to track timber from harvest to point of sale. This uses a digital fingerprint for each log, combined with GPS and cloud-based data processing, to follow the timber through processing and transport at a cost per user of €450 a year.

Silvia Melegari of the EOS considered the Tracy chain of custody control system as best suited to the needs of sawmills.

5. Verified Sourcing Areas, legality and sustainability certification in Mato Grosso

Consultant Rui Pedro de Almeida Ribeiro described the work put in at federal and state level in Brazil on timber and forestry legality and sustainability and implementation of its Sisflora verification and Simlam federal monitoring and licensing systems. In response to delegate questions, he acknowledged that these were not widely known in detail abroad, limiting timber buyers' capacity to use them in their own communications.

"But Brazil is now focused on raising awareness in export markets," he said. He added that the country's goal was also to digitize legality and sustainability documentation and, while signing up to an EU FLEGT VPA was not in prospect for the country any time soon, it was discussing the topic of FLEGT with the EU.

6. Developments in the Congo Basin and the importance of Lesser Known Timber Species

The premise from Ben Romein of FSC Netherlands was that use of lesser known timber species was key to achieving tropical timber sustainability. He described a community-based project in Gabon to develop supply of sustainable timber and its recommendations included market development of LKTS to improve the business case for certification. This has led to the project introducing gombé, ozigo and movingui for the European market.

In conjunction, the FSC is working with the operation to develop a label detailing the ecosystem services delivered by certified sustainable forest management, plus promotional tools. Delegate suggestions included a central database for LKTS technical information, to which Mr Romein directed delegates to the www.lesserknowntimberspecies.com website. The question of limited availability, said delegates, could be resolved by grouping LKTS with similar performance characteristics.

7. The impact of FLEGT in producer countries

Indra van Gisbergen of NGO FERN said her organisation's goal was achieving environmental and social justice for forest peoples through the policies and practices of the EU. Its focus on the EU FLEGT VPA initiative was not only as a tool to stimulate trade in legally sourced timber with the EU, but also to ensure fairness in ownership and management of forests and broad stakeholder engagement.

Discussion focused on the need to speed up the FLEGT VPA implementation process, and on businesses' return on investment in satisfying VPA requirements. Transparency and trust in any verification scheme was also key, they said, which is why many companies still favoured certification over the FLEGT approach.

8. Market trends – experiences from a concession holder and trader

Christophe Janssen of Interholco, which operates an FSC-certified 1.16 million ha concession in the Republic of Congo, underlined the need to grow consumption of certified timber. While 100% of its production was certified, he said, in reality it only sold 15% as such due to lack of customer specification. “We need as an industry to promote legally and sustainably verified timber more effectively to overcome this market disconnect,” he said. Malcolm Scott, chairman of the New Zealand Imported Tropical Timber Group, put forward its strategy as a model. A criteria of membership is that 85% of companies’ imports must be verified sustainable and the balance a minimum of verified legal.

Higher duty on non-verified timber imports was suggested and the consensus was that the industry should work together to promote sustainable tropical timber, including to other major importer countries such as India and China.

9. Moving forward from the ATIBT/ITTO Shanghai Conference, Together Towards Global Green Supply Chains

It is widely accepted that China, the leading tropical timber importer, needs to be engaged in any initiative to promote sustainable forestry and timber trade. In this connection, Benoît Jobbé-Duval, Managing Director of the International Tropical Timber Technical Association (ATIBT), looked at the outcomes of the conference it hosted together with the ITTO and leading Chinese timber sector organisations recently in Shanghai, *Together Towards Global Green Supply Chains*. Participants at the event agreed on the formation of a new alliance, the Global Green Supply Chains Network, pledging to work together to ‘promote sustainable development of forest industries and contribute to the conservation and sustainable use of global forest resources’. It was highlighted that the new Network is open to stakeholders along the supply chain. Developing the spirit of collaboration, added Mr Jobbé-Duval, the ATIBT also signed an agreement with the China Timber and Wood Products Distribution Association to intensify their exchanges on sustainable management and responsible supply chains.

10. FLEGT and Certification – achieving mutual benefit

According to consultant Lucy Kamall, who is heading a European FLEGT communication project at the UK Timber Trade Federation, certification and FLEGT are complementary. FLEGT raises the timber verification bar at country level, while certification covers additional sustainability aspects, for instance, taking into account areas of high conservation value. While FLEGT-licensed imports into the EU are exempt further due diligence, certification can play a role in due diligence risk mitigation.

FLEGT has not yet achieved the market awareness of certification, hence the TTF communication project. A VPA is also bespoke to each signatory country, but that promotes greater stakeholder ownership, said Ms Kamall. Delegates suggested operating FLEGT on a regional as well as a national level, to facilitate involvement by countries such as Brazil in a VPA. Combining FLEGT and certification auditing was also put forward on cost-saving grounds.