The changing tropical timber trade

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IMM Background

- Mandated by FLEGT VPAs
- Funded by EC DG DEVCO & managed by ITTO
- Project term extended to January 31, 2022
- Objectives
  - Independently monitor FLEGT VPA market impacts
  - Improve understanding of impacts on timber prices, trade and market trends globally
  - Ensure VPA countries & EU provide reliable stats and info on FLEGT timber trade and acceptance in their reporting
  - Contribute to monitoring the impacts of the FLEGT Action Plan and to inform its implementation
Global tropical wood-product trade by region of import

Source: ITTO IMM analysis of Eurostat COMEXT, UN COMTRADE, BTS Ltd data and Global Trade Atlas
Trends in exports by leading tropical timber supplying countries

Source: ITTO IMM analysis of Eurostat COMEXT, UN COMTRADE, BTS Ltd data and Global Trade Atlas
Indonesia’s achievement

- World’s largest tropical timber exporter in 2017 (if P&P incl.)
  - Over 200,000 V-legal certificates
  - FOB Value US$10.8
  - 15 million tons
Africa’s continuing dependence on primary wood exports
Domestic market overshadows exports

• CIFOR/CIRAD surveys of informal chainsaw milling for domestic market in Africa (Lescuyer et al, various papers 2012-2015)
  – Cameroon – informal production 662,000 m3/yr, plus 198,000 m3/yr sawmill scrap, against formal exports of 343,000 m3
  – Gabon - informal production 70,000m3/yr, formal sawnwood exports 150,000 m3
  – Congo - informal production 109,500m3, formal sawnwood exports 93,000 m3
  – DRC - informal production 146,000m3, formal sawnwood exports 29,000 m3
  – CAR – 61,000 m3 informal production, 4000 m3 for unofficial overland export, compares to official exports of 41,000 m3

• Hansen et al 2012
  – Ghana domestic consumption & overland export around 1.4 million m3 compared to formal export sales of 0.5 million m3
Value of EU imports from the tropics, by VPA status

Source: ITTO IMM analysis of Eurostat COMEXT
Share of EU wood imports by supply region
2004 to 2017

Source: ITTO IMM analysis of Eurostat COMEXT
A perfect storm
Drivers of tropical timber’s decline in Europe

- Economic downturn 2008 to 2013
- Diversion of supply to other markets
- Erosion of infrastructure for EU supply
- Importers & bankers increased aversion to commercial risk
- Just-in-time favours more regular less volatile supply
- Substitution by temperate wood & composites
- Prefabrication: Switch from adaptable utility woods to tightly specified materials
- Competition from China for material access and in markets for finished goods
- Environmental concerns & uncoordinated marketing
Indonesia/EU timber trade since the start of licensing

US$ value trend
Euro at 14 year low against dollar in December 2016, rate strengthened from May 2017

Quantity trend in metric tonnes

Euro at 14 year low against dollar in December 2016, rate strengthened from May 2017
IMM Outputs

- Website [www.flegtimm.eu](http://www.flegtimm.eu)
- Annual reports and quarterly newsletter
- Trade consultations (next Berlin 16th Nov)
- Data dashboard [www.stats.flegtimm.eu](http://www.stats.flegtimm.eu)
- Special studies:
  - EU wood furniture trade (on website)
  - More to follow on: wood promotion programmes, private sector GPP, and forest sector investment
Thank you
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