

ITFT Newsletter

Welcome to TFT's Newsletter! It's a busy time for TFT and we'd like to keep you updated on our work around the world.

Issue 5 ~ November 2009

[2nd ITTFD in Geneva](#)

[The Climate Change
Chinese Federations](#)

[TTAP updates](#)

[Facebook](#)

[Prince's Rainforest
Project](#)

TFT Members' Update

TFT now has 59 members

See the complete list on our website.

Workshop held in Paris on the proposed European Regulation.

(See [TFT website](#) for more)

'In Conversation'

TFT's 'In Conversation' Podcast aims to capture stories, thoughts, aspirations and motivations from the people we meet or work with around the world.



See our website to download our latest podcast:

[www.tft-forests.org/
podcast.php](http://www.tft-forests.org/podcast.php)



www.tft-forests.org



[www.timbertradeactionplan.
Info](http://www.timbertradeactionplan.info)



www.climatetree.org

Great success for 2nd International Timber Trade Federation Day in Geneva



World Leaders of the timber trade industry gathered in Geneva on the 8 and 9 October for the second **International Timber Trade Federation Day (ITTFD)**. The event hosted by the UK based charity "The Forest Trust" (TFT) aimed to discuss solutions for legal and sustainable timber sourcing issues. The meeting attracted exceptional interest; twenty seven timber trade associations from 19 countries and 12 global forest companies came to contribute to solutions and debates in open and lively discussions.

Collectively, participants represented nearly ten thousand companies from around the world. Since the first ITTFD in October 2008, the financial crisis has dramatically impacted the global timber industry. Yet despite the economic turndown, attendance was up from last year with participants eager to learn about practical solutions to the new challenges they are facing.

The discussions started with a focus on the "buyer's dilemma" - requesting low prices and good quality products while complying with new legislations and responsible purchasing policies. Thus, with the US Lacey Act enforced and the EC Due Diligence legislation upcoming, not only buyers but also producers are feeling the increasing pressure of changing market requirements.

While the timber trade industry is welcoming those changes, there is an apparent incompatibility between the drive for low prices and the high costs of meeting those legal and sustainable standards. Therefore, discussions at the 2nd ITTFD largely focused on how Timber Trade Federations and companies could collaborate to reduce some of the costs of compliance.

Solutions discussed ranged from direct subsidies and technical assistance to suppliers, to enhanced communication and marketing to consumers to promote legal and sustainable wood products. While challenges are significant especially for small producers, there was a general sense of optimism that the forest industry will continue to adjust.

This event took place in a context of increasing awareness of climate change and in the wake to the Copenhagen Summit. Illegal logging is a major cause of deforestation, which is responsible for 15% of the annual greenhouse gas emissions which fuel climate change.

The loss of forests, currently estimated at 13 million hectares per year, also critically threatens biodiversity and forest dependent people around the world. In many countries, the scale of illegal logging is estimated to be equal or even greater than legally permitted forest activities.

With so much illegal wood on the market, the competitiveness of the legitimate forest industry is challenged and national economies are prevented from receiving their due royalties. The transformation of the Timber trade is therefore not only critical to the industry but is also fundamental to many countries and the future of the planet.



The World Bank estimates that US\$10 billion is lost each year in developing countries due to illegally logging public lands, and an additional US\$5 billion is lost in tax revenues on legally logged wood. It has also been estimated that prices in US and EU markets are depressed between 7 and 16% due to the trade of illegally wood products.

Visit the [TTAP website](#) to download the event's presentations.

The Climate Tree



The Climate Tree is an initiative of The Forest Trust (TFT) that gives individuals, organizations and their staff the opportunity to choose, support and engage with their own forest conservation program.

By linking your support to TFT programs working to conserve forests around the world, you can have a big

and very direct impact on forest conservation.

The new Climate Tree website is now live and will enable us to accept donations to support our projects and programmes on the ground.

Visit www.climatetree.org.

Three Chinese Timber Trade Federations sign MoU with TFT

Three Chinese Trade Federations representing thousands of businesses and companies signed Memoranda of Understanding to increase collaboration in promoting Legality in the Timber Trade on October 9th in Geneva.

These three federations are the **China National Furniture Association (CNFA)**, the **China Timber and Wood Product Distribution Association (CTWPDA)** and the **China Timber and Wood Product Distribution Association flooring committee (CFD)**.

The CNFA, CTWPDA and CFD, a sub-committee of CTWPDA, signed MoUs with TFT during the International Timber Trade Federation Day conference. The MoU is an important achievement at this conference, and will promote the collaboration between the TTFs and TFT. The MoU will be in place from 9 October 2009 until 31 December 2011.

This enhanced collaboration will support TFT's efforts and overall will contribute to more sustainable practices in the timber sector.

Considering the strong position of China in the global timber industry, the commitment of these 3 pioneering trade federations will undoubtedly bring support to the fight against illegal logging. This will ultimately allow more forest responsible forest products to reach the market.

These trade federations have taken a decisive step and have set a leading example for more companies and trade federations to follow.

TFT will cooperate with the federations and explore the opportunities to work with the organisations on areas of common interest as and when required and improve communications, share lesson and linkages to the private sector and EU markets in line with common business development goals.

The Trade Federations will contribute to the EU TTFs process of harmonising codes of conduct and purchasing policies. This will involve representing the producers in discussions and apply lessons and outputs of the TTFs code of conduct. The TTFs will also bring support and promote TFT's activities, and share lessons learnt.



China National Furniture Association. (www.cnfa.com.cn/)

The **CNFA** was represented by its Vice Chairman Zhu Changling. This trade federation registered in Beijing was founded in October 1978 and has now 741 member companies and local furniture member associations; overall the CNFA represent over 5000 companies. The large majority of them are furniture producers. The rest consists mainly of local furniture associations and furniture markets, with a small amount of traders and agents.



Mr. Zhu Changling and TFT CEO Scott Poynton



China Timber and Wood Product Distribution Association. (www.cnwood.org/)

The **CTWPDA** was represented by Mr. Guangqian Zhu, President and Ms. Xiaping Lin, vice-president.

The CTWPDA (formerly CTDA-China Timber Distribution Association) was founded in 1985. The association is engaged in the distribution and production sector of timber and wood products and scientific research. Its member companies represent manufacturers for the large majority, with a minority of traders and agents.



Mr. Poynton and Mr. Guangqian Zhu



China timber distribution association floor Committee (www.ccfloor.net/)

The **CFD** was represented by Mr. Zhihua Gao, President. The CFD is a floor focused sub-committee of CTWPDA, which was founded in August 2001. The basic aim of CFD is linking government and enterprises. The association is also engaged in collecting information to predict the trade situation and pushing new floor standards in China. CFD is a department of the CTWPDA.



Mr. Zhihua Gao and Mr. Poynton

Update on the Timber Trade Action Plan: Progress towards legality verification around the world

Since 2005, TFT has been managing the Timber Trade Action Plan (TTAP) on behalf of the participating European Timber Trade Federations and their members.

With co-funding from the European Commission, we work in the tropical timber producing countries of Camer-

oon, Congo-Brazzaville, Gabon, Indonesia, Malaysia, China, Brazil and potentially Bolivia and Guyana, supporting suppliers companies exporting to the EU establish systems for legality verification.

TTAP is now working in **51** supply chains out of target 70 for TTAP 1 & 2 - two more years until the end of the project and more supply chains are being nominated.

In **Asia**, we are working in China, Indo-

nesia and Malaysia, where nine supply chains are already legally verified and three more supply chains are planned for audit in January 2010. Overall in Asia, sixteen supply chains are currently working with TTAP.

Most recently two companies working with TTAP in Indonesia and in Malaysia were awarded Verification of Legal Origin (VLO) certificates. The Forest Company 'PT Wapoga Mutiara Timber' achieved the VLO certificate in September 2009 for its Forest Manage-

ment Unit II, the sawmill Wapoga Mutiara Industries and the Moulding Factory Kharisma Duta Utama. The Forest Management Unit II is located on the island of Papua and covers an area of 196, 900 hectares with Merbau as the principal species harvested. This concession is one of the biggest on the island of Papua.

Also in September 2009, Sabah Forest Industries SDN BHD (SFI) achieved Verification of Legal Origin (VLO) for their 288,623 hectare forest management unit in Sabah, Malaysia.

The certificate also covers their Integrated Timber Complex (ITC) that produces sawn timber, veneer and plywood. TFT has provided technical support to SFI over the last year and a half in challenging conditions to bring VLO product to market, covering a product scope of 21 different species.

TFT continues work on seven supply chains in Indonesia and four in Malaysia under the TTAP project with increasing interest from other companies

to pursue legal verification of wood products.

The pace is also picking up in China where TFT has significantly strengthened its presence in the past year. This has been in conjunction with China's growing awareness for sustainable and legal wood in China. Currently in China, TFT is working on five supply chains. Our program in China also focuses a lot on education and networking. TFT participates in events like the Business Roundtable this past September in Shanghai where we presented our expertise in bringing «Forest Responsible Products» to market and discussed legally verified and certified timber products in the Asia-Pacific region.

The TTAP target countries in **South America** are Brazil, Guyana, Bolivia and Suriname. Currently TFT is active in Brazil where nine supply chains are engaged - three are planned for audit in the 1st Quarter of 2010.

Since the project's launch in South

America in February 2008, TFT has been busy in the region, especially in Brazil where it has assessed over 150,000 hectares of forest and is currently working with 9 supply chains towards legality verification.

TTAP is also working in **Africa**, in Cameroon, Republic of the Congo and Gabon. In June, two supply chains were legally verified in Cameroon (ALPI was awarded OLB - *Origine Légale du Bois*) and another fifteen supply chains engaged with TTAP, either undergoing a Gap Assessment or implementing an Action Plan towards legality verification.

Despite the current financial hardships, good progress is expected to continue towards legal verification in TTAP projects in Africa, Asia and South America as work goes on in the forests and factories.

To stay up to date with TTAP wider developments, **Visit the [TTAP project website](#).**

TFT on the road in Brazil – visits to forests and factories



From 26th to 29th October, TFT organised a Roadshow in Brazil. The Brazil team (Flavio Guiera, Xavier Andrillon, Cristian Stoltenberg and Camila Nardon) and Scott Poynton (TFT Executive Director) hosted the UK TTF representative Rachel Butler and some timber companies such as Latham Company, Altripan UK LTD, Kingfisher and Wolseley on visits to forests and factories and held meetings and seminars with partners and government officials.

Scott Poynton said: "It was a great trip. As well as the factory visits and various meetings - the Seminar Camila Nardon from TFT organized was a great success that stimulated much discussion.

The highlight for me was visiting the Rondobel Forest near Santarém. Having seen their past logging operation, which can only be described as really bad, the dramatic difference in their forest management since TFT started

working with them in June was so stark that it highlighted the real impact we can make with Sustainable Forest Management technical assistance.

Congratulations to our team for transforming the work on the ground but congratulations also to Rondobel's field team for their work. Given we flew for 40 minutes over swathes of deforestation to reach Rondobel, it proved to me that SFM really is possible and that it really does have an important role to play in climate change discussions."

Brazil's timber trade

The forests of Brazil represent about one-third of the world's remaining rainforests, host to more than 56,000 described species of plants, 1,700 birds, 695 amphibians, 578 mammals, and 651 reptiles. Brazil's forest industry contributes approximately 4% to GDP, 7% of exports and 2 million jobs in the wood and non-wood forest products industry.

About 10 % of Brazilian wood production and 30% of total wood exports are destined to the EU. Of Brazil's exports, the EU imports approximately 2% of the roundwood, 25% sawnwood, 20% veneer and 42% plywood.

Brazilian exports have decreased dramatically from 2008 to 2009, by about 50%. A number of factors can explain this sudden drop. The global financial difficulties have caused an overall decrease in demand and a drop in market prices; in addition the US dollar has

caused an appreciation of the Brazilian Real.

The situation is also made more difficult by remaining high log prices on the domestic market. The situation has caused industries to be now running at only 40% of their capacity.

On a positive note, deforestation rates are on a downward trend, but estimates of forest loss each year in Brazil are still between 16,000- 20'000 km². To improve forest industry sustainability and reduce illegal activity, the Government of Brazil is focused on a combination of regulatory mechanisms,

improved monitoring and enforcement of forest exploitation and the provision of incentive structures to encourage legal and sustainable resource use. In addition, customer demand for forest responsible products encourages companies to engage with sustainable management.

Field visits

The aim of the Brazil Roadshow was to encourage and facilitate links between buyers and their suppliers while also sharing clarifications about EU legal and sourcing requirements.

The group visited forests management units and industries to understand and witness the Brazilian experiences in working towards CoC traceability, legality verification and certification.

Hosts were the forests Cikel Brasil Verde (FM FSC Certified) and Rondobel, a forest working with TFT under the TTAP project towards legality verification.

Factories visited included Rondobel's facilities, SEMASA, Ebata (CoC FSC Certified assisted by TF, with a medium term aim to achieve FSC certification as well) and Tramontina (CoC FSC Certified).



Meetings and Seminar

Representatives from TFT, UK TTF, US Department of Justice, private sector and Governmental Bodies met in Brasília. The meeting was organized by the Fórum Nacional das Atividades Florestais, (the National Forum of Forest Activities) represented by Mr. Fernando Castanheira. The objectives of this meeting were to explore the international requirements relating to timber products.

And finally, the highlight of this Roadshow took place on the 28th October in

Belém, Pará State. TFT organised a seminar on the Lacey Act and FLEGT (Forest Law Enforcement, Governance and Trade). This event was intended to update Brazilian producers and traders on US Lacey Act and EU initiatives. Delegates were given the chance to put questions to a panel of experts and learn what solutions are available. This was also a good opportunity for the Brazilian producers and trade to advise international visitors on developments.

Close to 70 participants attended the event, including representatives from trade federations, government bodies, NGOs, timber companies, and timber products retailers.

Representatives from TFT, UK TTF, US Department of Justice, private sector and Governmental Bodies met in Brasília. The meeting was organized by the Fórum Nacional das Atividades Florestais, (the National Forum of Forest Activities) represented by Mr. Fernando Castanheira. The objectives of this meeting were to explore the international requirements relating to timber products.

And finally, the highlight of this Roadshow took place on the 28th October in Belém, Pará State. TFT organised a seminar on the Lacey Act and FLEGT (Forest Law Enforcement, Governance

and Trade). This event was intended to update Brazilian producers and traders on US Lacey Act and EU initiatives. Delegates were given the chance to put questions to a panel of experts and learn what solutions are available. This was also a good opportunity for the Brazilian producers and trade to advise international visitors on developments.



Close to 70 participants attended the event, including representatives from trade federations, government bodies, NGOs, timber companies, and timber products retailers.

Working in Brazil since 2008, TFT already has brought very positive concrete changes and has helped forest companies to dramatically improve management. We are positively looking towards the future

TFT is on Facebook

Discover exclusive content, links and get in touch directly with us!

<http://www.facebook.com/pages/The-Forest-Trust/154586823573>

TFT supports the Prince's Rainforest Project

TFT supports the campaign aimed at raising awareness on the problem of climate change and the role of deforestation.

On behalf of the rainforests, the PRP is asking everyone to send an SOS in the form of their name, and an optional short message. This message is to demonstrate the level of public support for action to be taken to stop rainforest destruction because of the impact of the burning of forests on climate change.

Such a message is vital ahead of global climate change negotiations in Copenhagen this December. visit www.rainforestsos.org

