



# The role of productive forests for environment and development

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How can the demand for tropical wood be met in a sustainable way?“

**Gerhard Dieterle**

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“Timber trade and the conservation of forests

- Five years of experience with EU timber regulation and the Thünen Centre of Competence on the Origin of Timber”

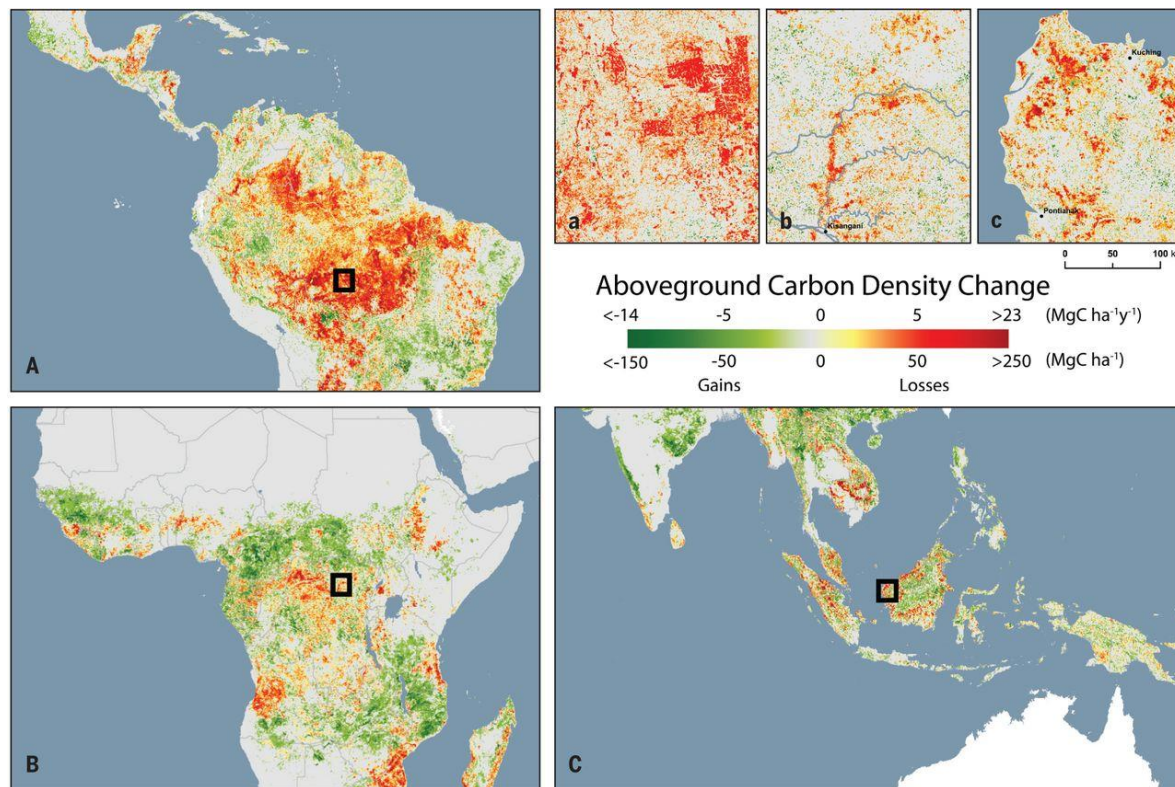
Hamburg, 8./9. October 2018

**INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)**



# Tropical forest degradation: geography of carbon density change

- Tropical forests are a **net release of carbon** of  $425.2 \pm 92.0 \text{ Tg C yr}^{-1}$  (losses of  $861.7 \pm 80.2 \text{ Tg C yr}^{-1}$  and gains of  $436.5 \pm 31.0 \text{ Tg C yr}^{-1}$  from forest growth)
- Losses result from (i) deforestation and (ii) reductions in carbon density within standing forests (**degradation**) accounting for **68.9%** of overall losses



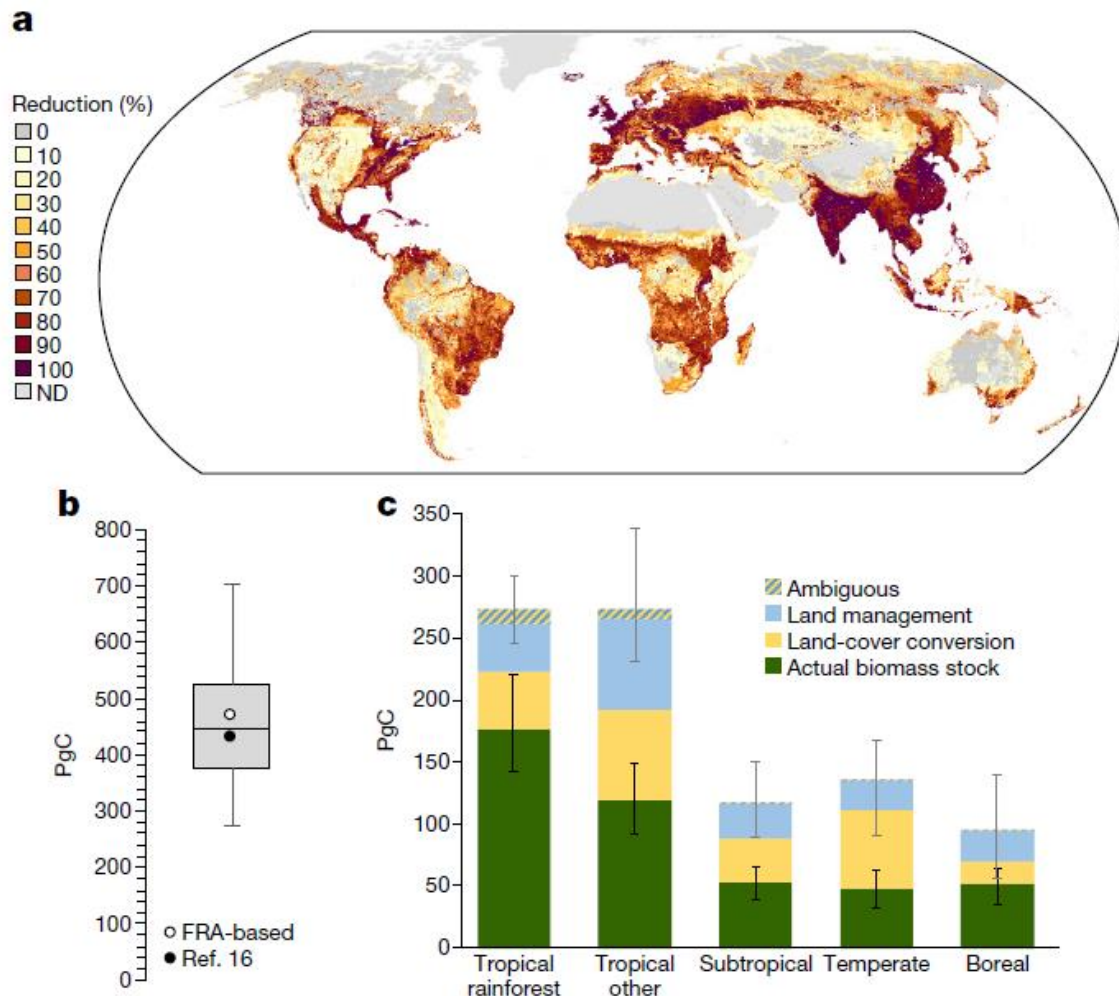
A. Baccini et al. Science 2017;science.aam5962



# Large impact of forest management and grazing on global vegetation biomass



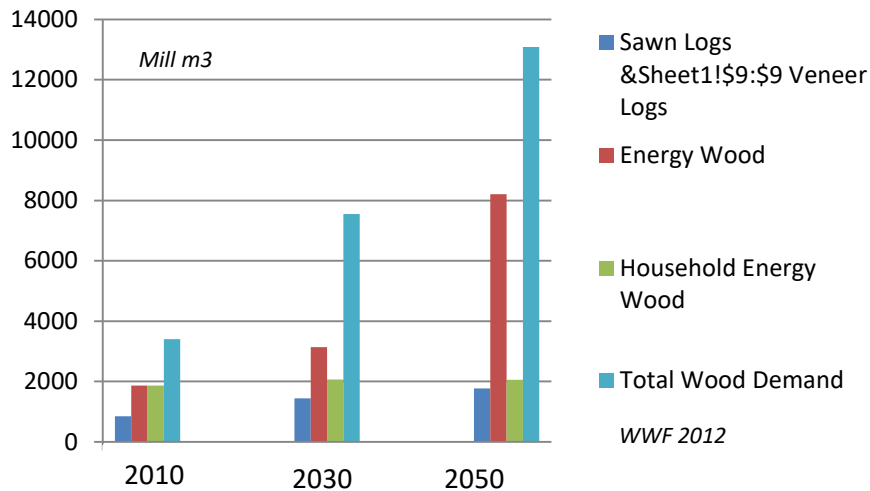
- Land management effects (forest management and grazing) contribute **42-47 % to the reduction of C stocks**
- On-site preservation of carbon stocks on **managed forests** and raising the **contribution of biomass** to raw material and energy supply for CC mitigation



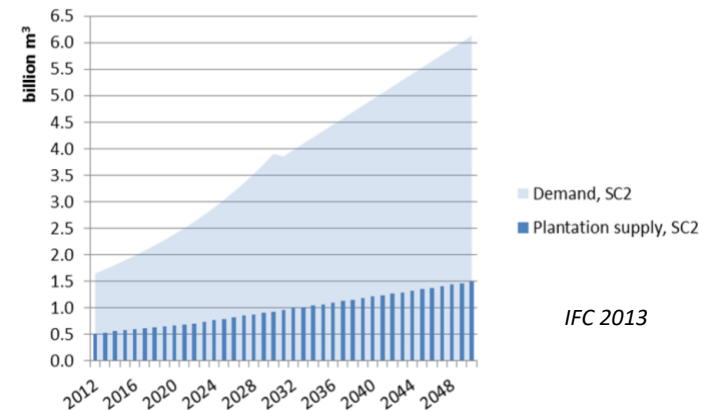


# Increasing global wood demand

## Increasing global demand for wood

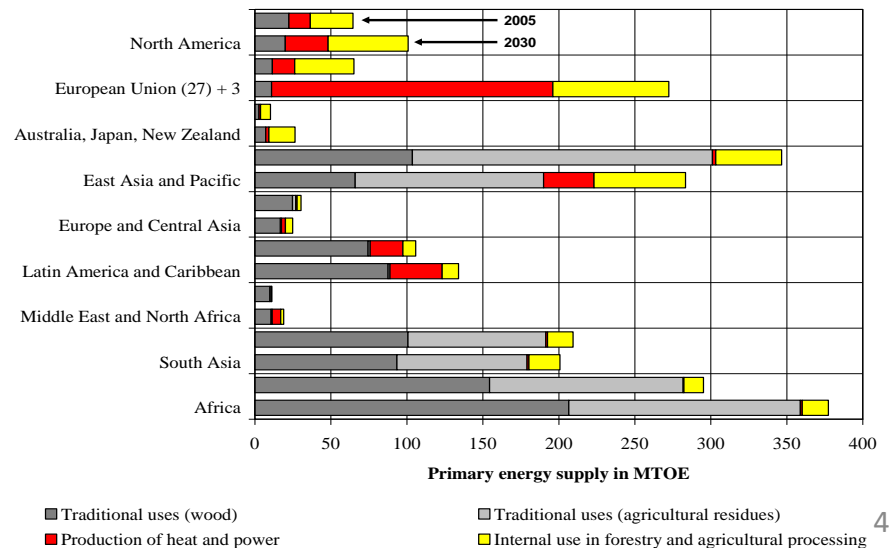


## Increasing Gap for Industrial Roundwood

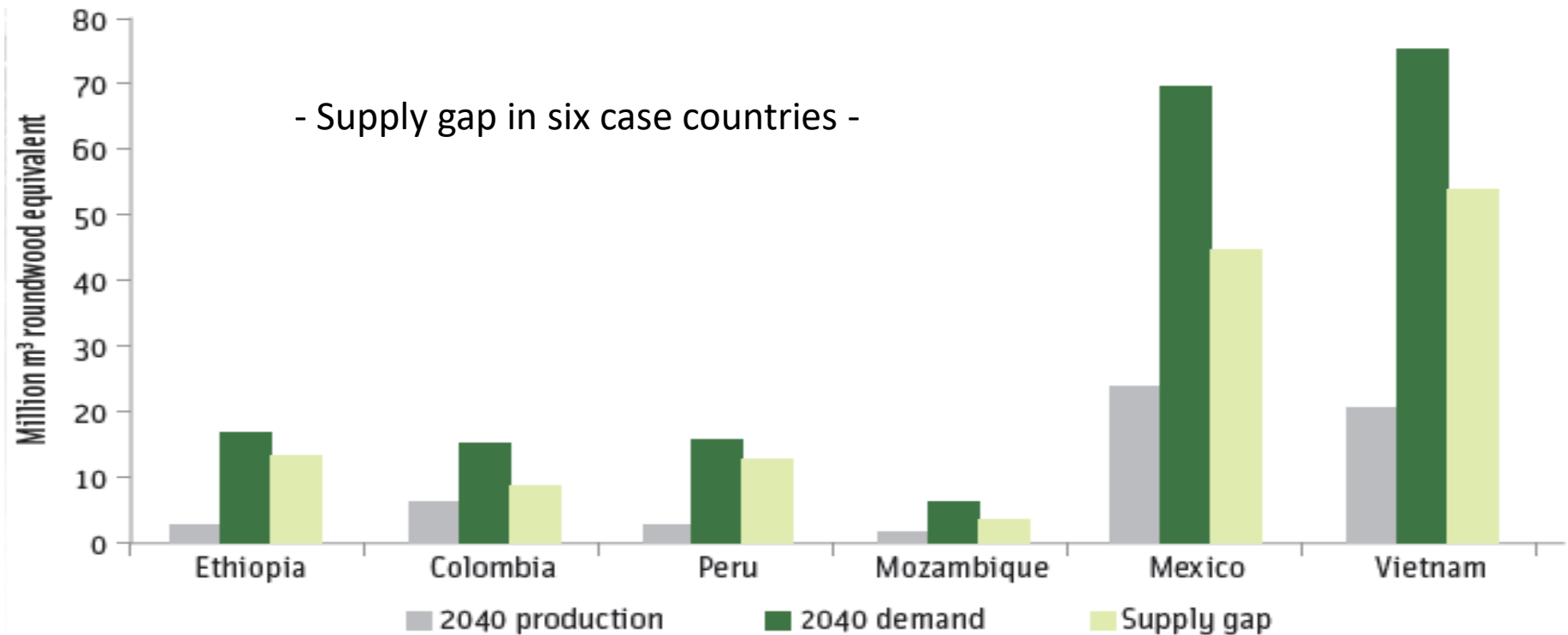


## Demand in woodfuel and charcoal continues to increase

- 2.8 billion people will depend on traditional fuels in 2030
- Massive increase in demand for energy wood in industrialized countries

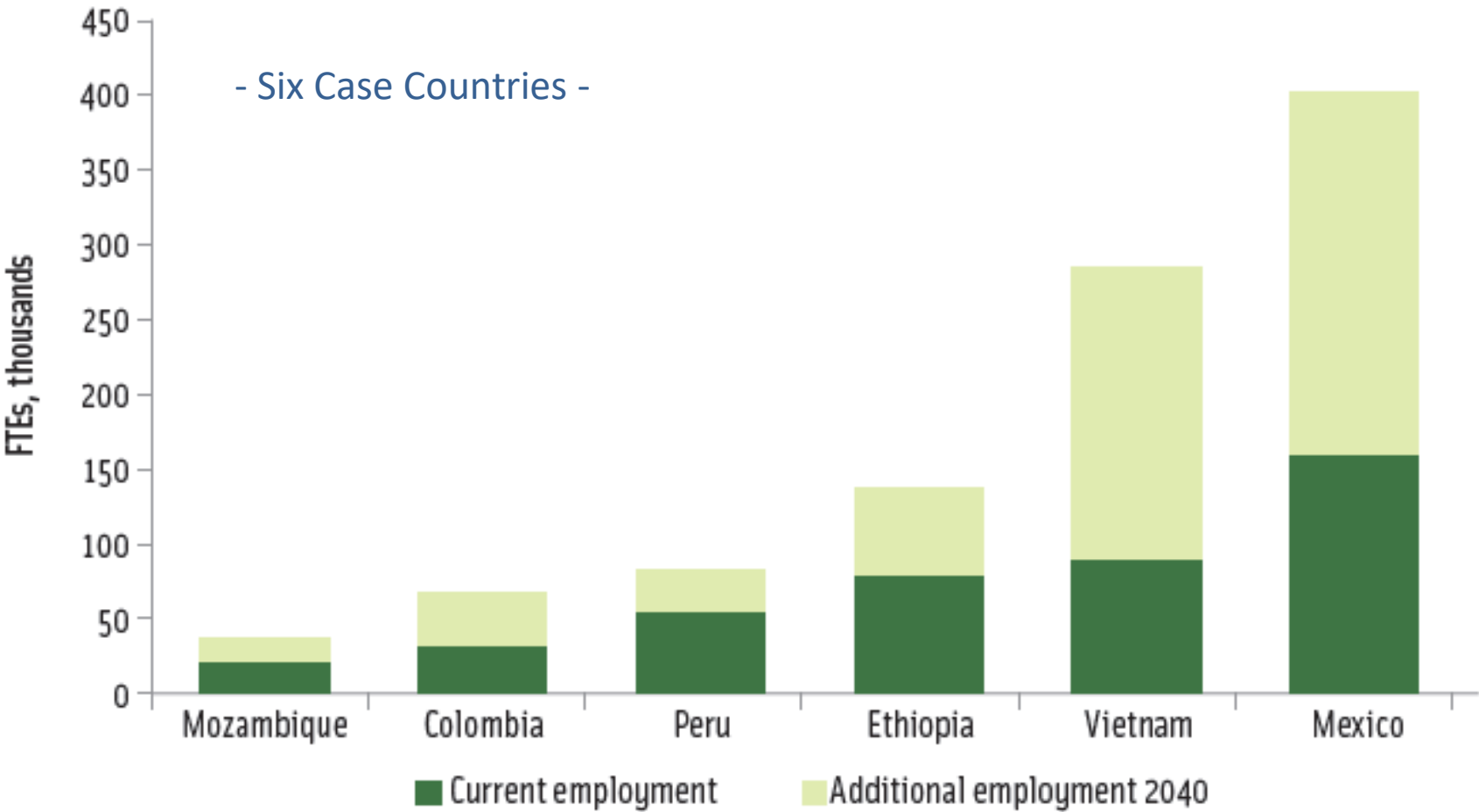


# Projected HWP supply gap in 2040 under current conditions



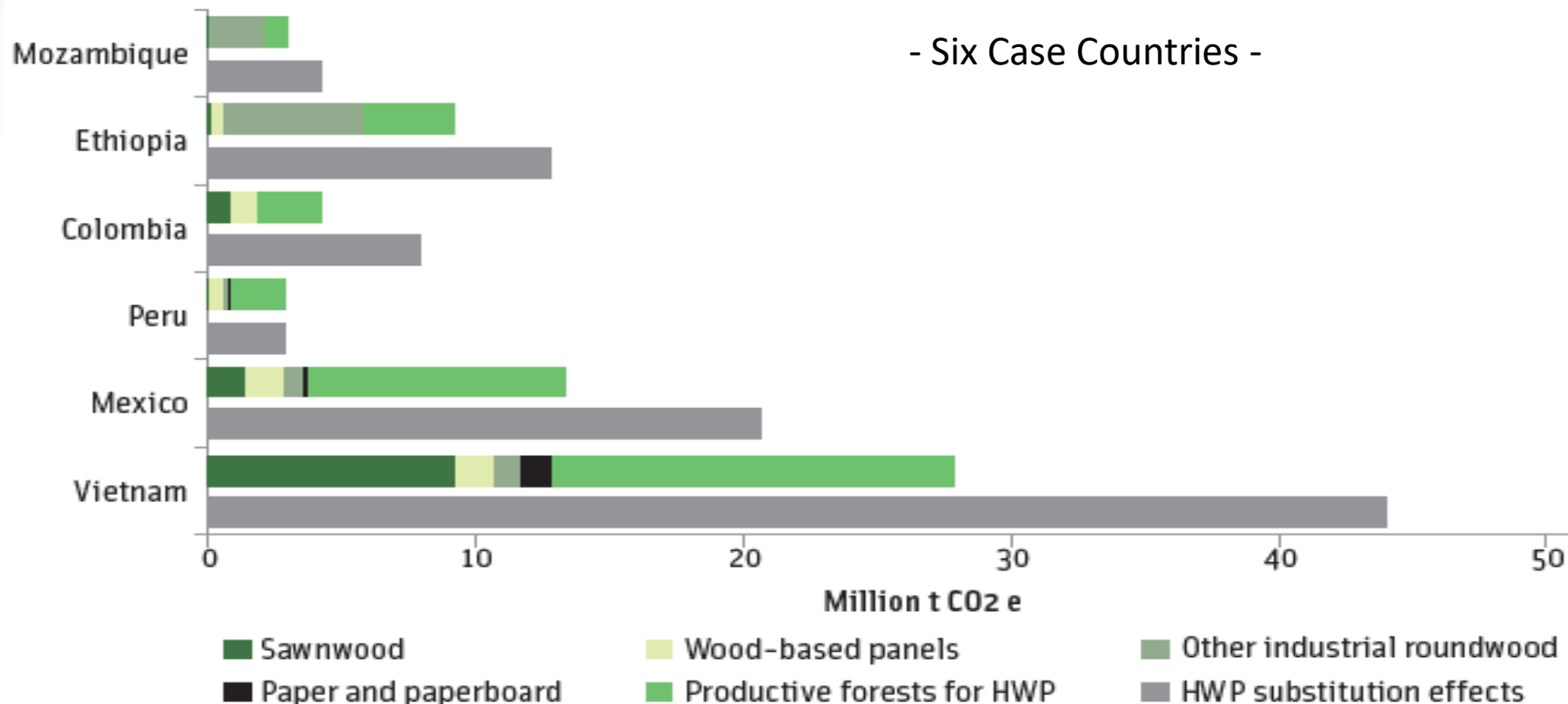
Note: HWP = harvested wood products; m = meter.

# Employment benefits of the Green Growth Scenario



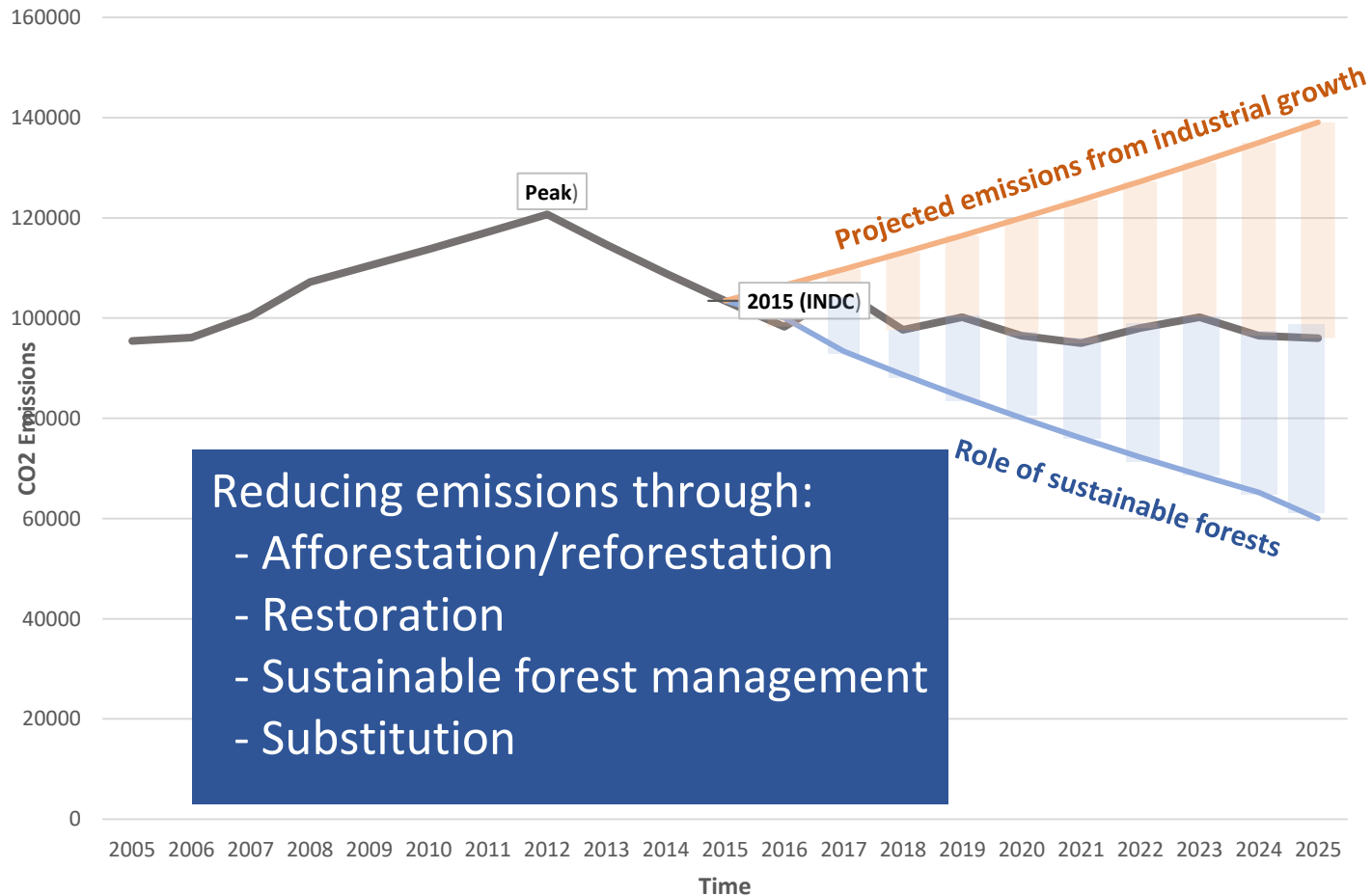
Note: FTEs = full-time equivalent workers.

# Mitigation potential of the Green Growth Scenario



Note: HWP = harvested wood products; t CO<sub>2</sub> e = tons of carbon dioxide equivalent.

# Potential of forest for achieving NDCs –important for transition countries–



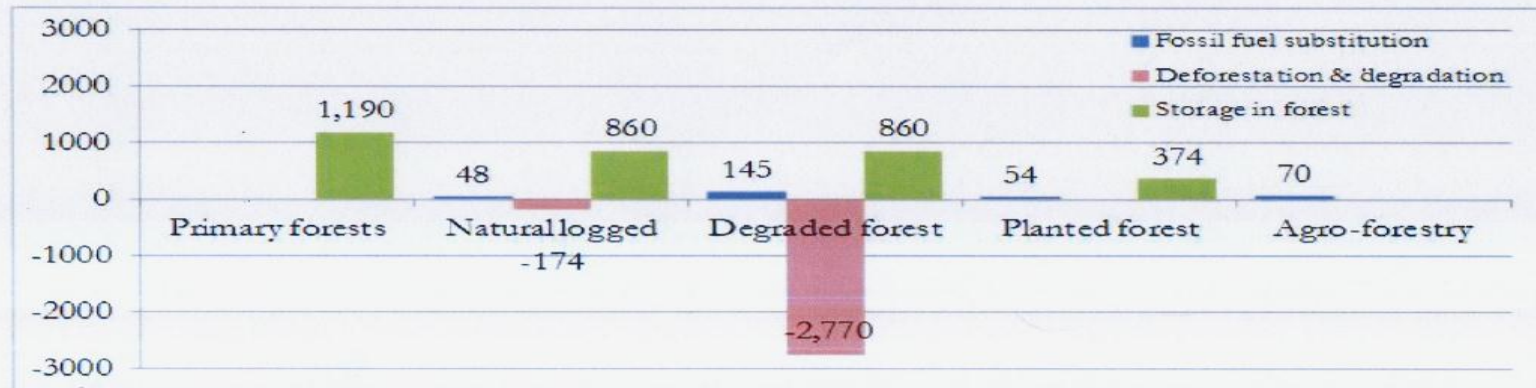


# Simulation: roughly sequestration and substitution effects in tropical forests

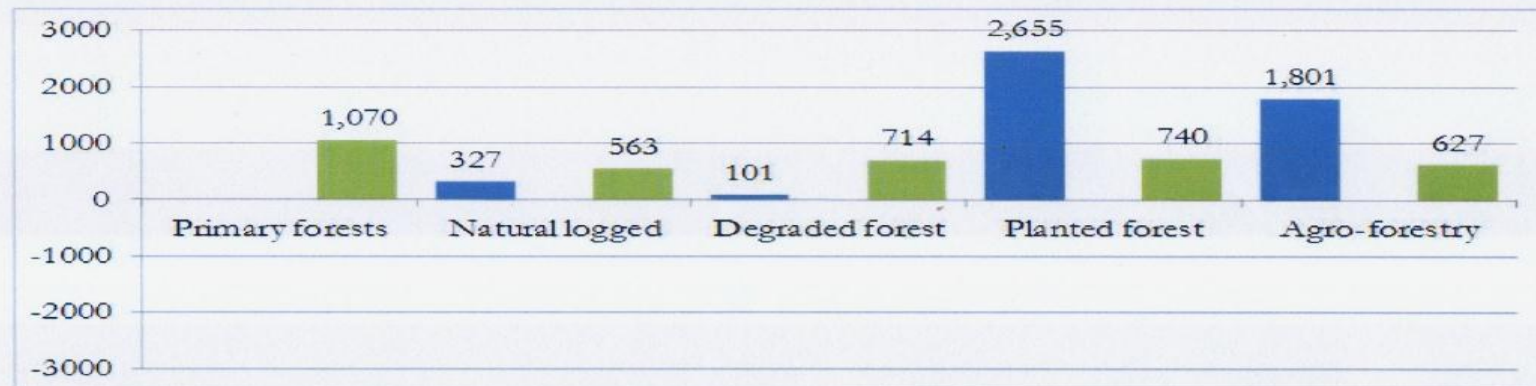


*Fossil Fuel Substitution, Deforestation and Degradation, and Forest Carbon Storage in 2010 and 2050  
(million tons carbon per year)*

2010



2050

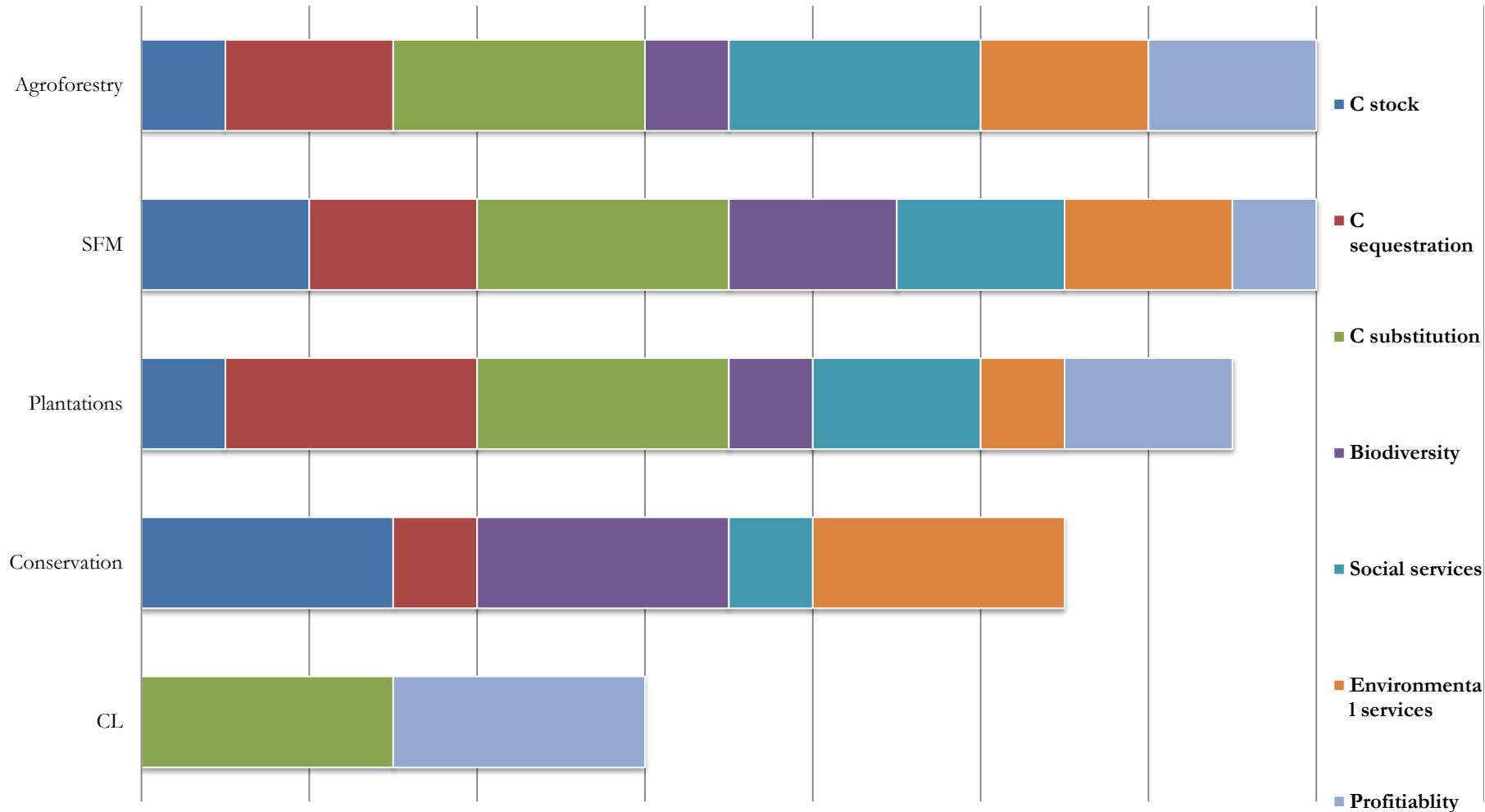


# Multiple wins from sustainable forest supply chains



- Economic growth
- Poverty reduction
- “Wood security”
- Additional climate mitigation benefits: Emission reduction + Co2 removals+ substitution + storage:
  - Potential is up to 8GtCO<sub>2</sub>/year, however accounting of substitution benefits unclear
- Increased environmental/biodiversity benefits
- Global water regime

# Multiple-benefits of common forestry practices



# The Role of ITTO



**Promote sustainable production & consumption of wood products, NTFPs & NTFS in international and domestic markets**

**Examples**

# The Role of ITTO

Promote sustainable production & consumption of wood products, NTFPs & NTFS in international and domestic markets



Intervention Area	ITTO Service Offer
<b>Policies</b>	Creating awareness across international forest regime; policy processes, broad public about the role of productive role forests and forest products in a green economy: <b><i>Poverty alleviation, economic/rural development, climate, biodiversity, social</i></b>
<b>Incentives</b>	Urgent need for <b>fiscal and taxation incentives</b> as stimulants for massive investments in tropical forest landscape restoration <b><i>Joint WB – ITTO initiative</i></b>
<b>Rules of the game</b>	Promote/facilitate <b>conversion towards universal criteria</b> for legal and sustainable supply chains; <b>Reduce complexity</b> for producers and consumers: economic, environmental, social
<b>Information and capacity building</b>	Support and assist with information, data and skills throughout supply chains: producers and consumer government, traders, processors, market; Building <b>user associations</b> among SMEs and informal producers
<b>Tracking and verification</b>	Piloting <b>innovative tracking and verification technology</b>
<b>Assist private sector initiatives</b>	<b>Encouraging/promoting/piloting private sector initiatives</b> for green supply chains (from legality to sustainability); company-commodity certification is not sufficient – avoid supply chain apartheid. What to do with informal sector?

# Policies

## Why Green Supply Chain Initiatives are important



### Consumer countries

- Foreign investment by progressive wood industry will focus on **low-risk countries** to ensure legality and sustainability.
- Consumer countries will become increasingly **self-sufficient**: increasing North-South trade
- Market share of **chemically & mechanically modified softwood** (e.g. Kebony, acetylated wood, compressed softwood) eroding the demand and market share for tropical hardwood will decrease.
- **Public and political acceptance** of tropical timber will further erode if GSC is not done.
- Demand for verification of legality and sustainability will become the “norm” in an increasing number of countries.
- **REDD+ approach needs to be complemented**: access to investment finance, fiscal/tax/other incentives, capacity building, public-private partnerships etc.

### Tropical timber producing countries

- Tropical timber producing countries will face increased demand for verified legal and sustainable timber.
- **Risk of losing global market access** for tropical timber is imminent; Increased trade deficit.
- Without addressing **emerging domestic supply gaps of timber** and wood-based energy many tropical countries will
  - Depend increasingly on non-renewable materials (steel, concrete, fuels)
  - Risk of increased deforestation/degradation
  - Depend increasingly on imports from the North.
- **Reduce risks and improving governance** is essential for attracting foreign investment
- **Incentives and capacity building in SFM** and green supply chains needed.



# Working with partners: SW4SW Initiative: FAO, ITTO, WB, WWF

<http://www.fao.org/forestry/sustainable-wood/en/>



Food and Agriculture  
Organization of the  
United Nations



SUSTAINABLE  
WOOD *for a*  
SUSTAINABLE  
WORLD



# ITTO and forest landscape restoration (FLR) guidelines



ITTO has committed to the development of voluntary guidelines for the design and implementation of successful FLR in the tropics as part of the CPF ***“Fostering Partnerships to Build Coherence and Support for Forest Landscape Restoration”*** initiative.

ITTO is revising and updating its guidelines for the restoration, management, and rehabilitation of degraded and secondary tropical forests. ITTO Policy Development Series no 13, through:

- Taking stock of lessons from FLR projects in Africa, Asia-Pacific and Latin America;
- Identifying opportunities for synergies;
- Reviewing the use of existing FLR tools/guidelines developed by CPF members
- Under the framework of operationalizing GPFLR’s principles for FLR, design the scope and key elements of new FLR guidelines to promote the restoration and management of degraded tropical forests and decide on the next steps to develop new guidelines.
- Applying and promoting FLR principles and criteria in ITTO operation

**Expert Group Meeting for Forest Landscape Restoration in the Tropics (14–16 November 2018 in Bangkok, Thailand).**





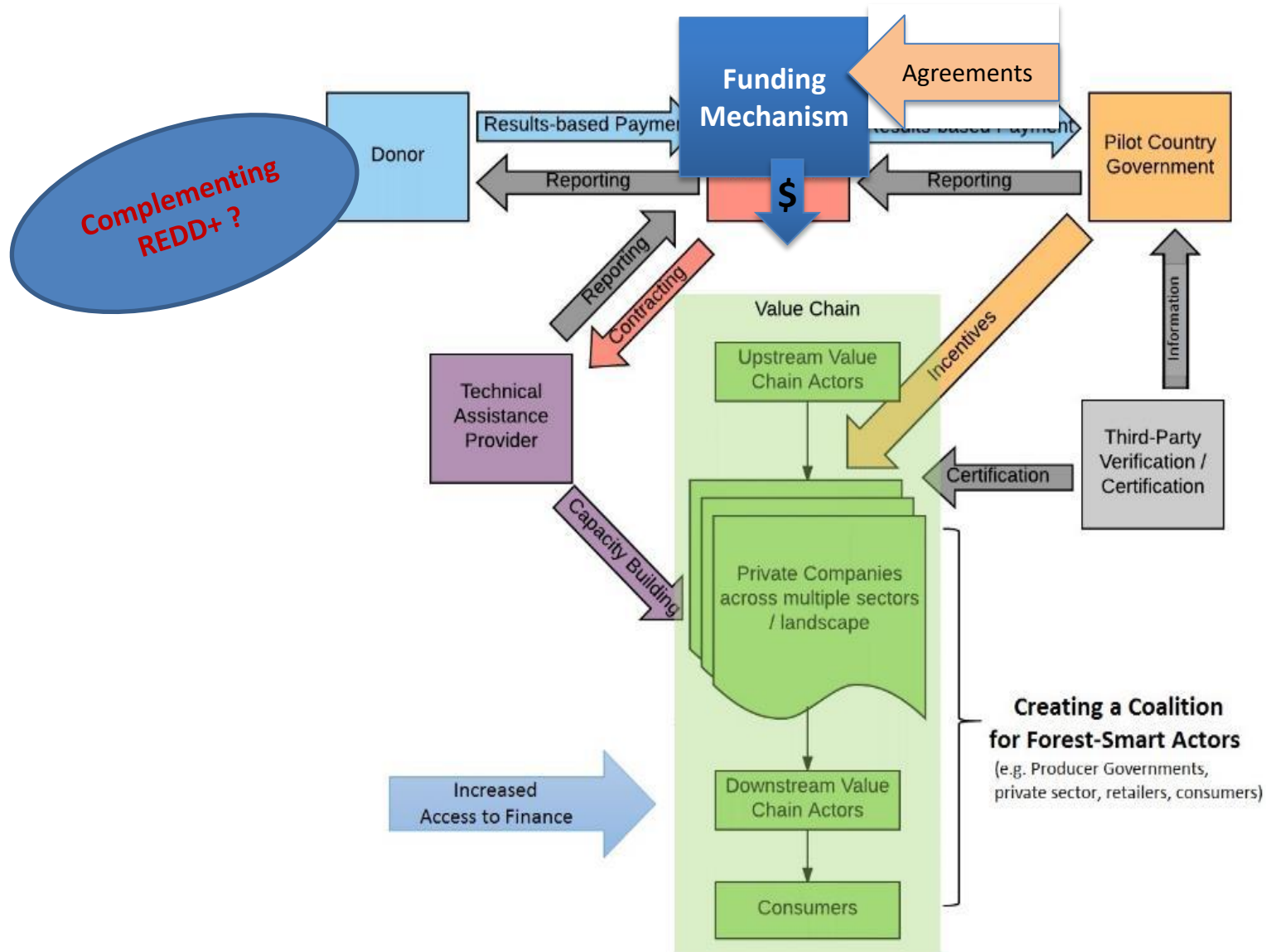
# Example Mexico:

## Potential of productive forest restoration

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- **Mexico has committed to restore 8.5 million hectares of degraded land under the Bonn Challenge:**
  - If 1/3 of this commitment is dedicated to productive forest, Mexico could meet its demand for HWP while making a contribution to the NDC.
- **The challenge is to develop/upgrade the wood processing industry, which heavily relies on imports.**
- **It is projected that Mexico will demand 70 million m<sup>3</sup> by 2040 in HWP (sawnwood, wood-based panels, paper and paperboard):**
  - Projected supply gap of 45 million m<sup>3</sup>
  - The gap could be addressed by 2.6 million hectares of plantations (1.8 million hectares of short rotation –pulp and paper)
  - Availability of land remains a challenge

# Example: Financial Incentive Mechanism towards deforestation-free commodity value chains



# Information and capacity building for Green Supply Chains



## International and National Legality and Sustainability Frameworks

SDGs, UNSPF, National Policies, Intl. Agreements, Proofs of Legality (Certification Schemes, Timber Tracking Systems, DNA Fingerprinting, .....)

### Role of ITTO & Partners

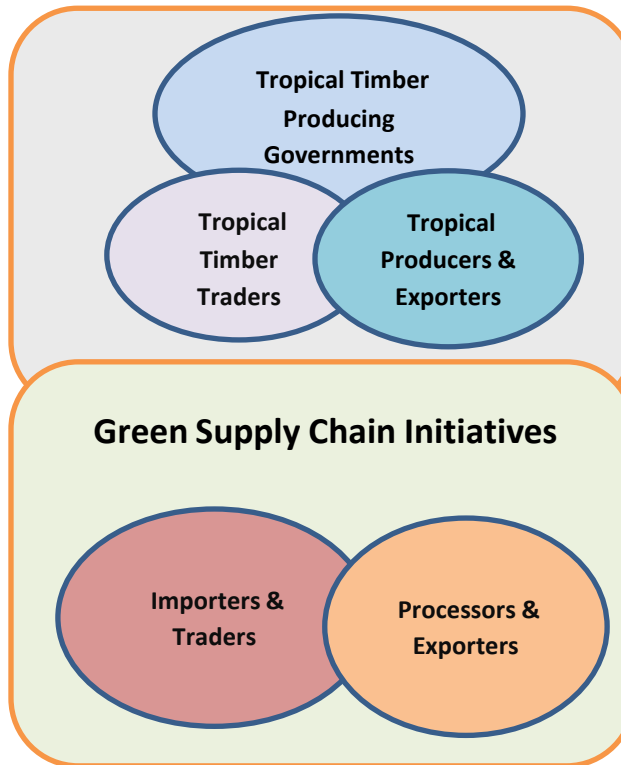
Policy & Regulatory & Institutional Frameworks, Capacity Building, Analysis, ....

Market Information, Guidelines, Capacity, Building & Training Field Projects, Access to Markets ....

Data Base, Intl. Connectivity, Expert Advice, Market Monitoring, Capacity Building & Training ....

Market Information, Intl. Outreach Capacity Building, Networks ....

Analysis, Information, Monitoring ...



**Demand for legal and sustainable products**



**National, Regional and International Markets;  
Consumers ; Advocacy Groups ....**

Consumers ; Advocacy Groups ....

# ITTO projects on legality and traceability of timber



- Species identification and timber tracking using DNA finger printing and stable isotopes (Africa & Indonesia)
- Guatemala's timber traceability system
- Data management system for the forest sector in Ecuador
- Online platform to facilitate the flow of information on timber legality to SMEs in China
- Chain of custody verification in PNG
- Capacity building in monitoring and control mechanism in Panama

Further details of ITTO's projects available from ITTO's project search

[http://www.itto.int/project\\_search/](http://www.itto.int/project_search/)

A magazine with a comprehensive review of above projects is available at

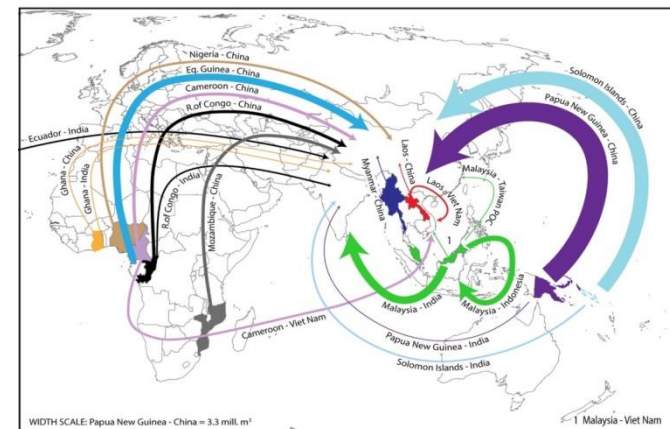
<http://www.itto.int/tfu/id=4367> or from "TFU app" (Apple & Google Play)

# Global Green Supply Chain Initiative (GGSC)

Beijing, June 2018



- **GGSC members:** Currently 14 progressive Chinese wood importing and processing enterprises.  
Trade volume ~US\$ 14 billion
- **GGSC secretariat:** CINFT / NFGA (National Forest and Grassland Administration, previously SFA).
- **GGSC promotion committee:** GGSC secretariat, ITTO, China timber and wood products distribution association, Green carbon foundation, (open for enterprises to join).
- **GGSC expert group:** ITTO TAG, CINFT.
- **External stakeholders / supporters:** MOFCOM, GIZ Forest Policy Facility, TNC, Dfid etc.



# In summary:

## The Role of ITTO in implementing SDGs



### Goal:

- ITTO is to achieve trade in tropical wood & forest products from legally and sustainably managed tropical forests

### Why?

- Trade with products from legally and sustainably managed forest has multiple economic, social and environmental benefits, leading to development outcomes, income generation, meeting global demand for timber & fiber and is an effective tool to prevent further deforestation and landscape degradation.
- Forest-based sustainable management and trade has a great climate mitigation potential through preventing emissions, increased carbon storage and substitution of non-renewable materials and energy
- Sustainable forest landscape management and legal trade is increasing stability, security and rights for population especially in rural areas
- Productive forests are an essential factor for securing global biodiversity and water resources.

### Why ITTO?

- ITTO is unique as it links producers and consumers necessary to create change in the entire supply chain.
- ITTO has the ability to deliver in a fast, measurable and cost-efficient way.
- ITTO has a highly skilled expertise, experience and trust in working with producer and consumer countries.

### What?

- ITTO creates enabling conditions, incentives and partnerships for sustainable tropical forest management and trade
- ITTO builds capacities of communities, private sector, governments and other stakeholders in producer and consumer member countries
- ITTO actively promotes and finances forest landscape restoration, forest management afforestation/reforestation and forest management as well as innovation in processing and marketing services.

# Connect with us !



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International Tropical  
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# Thank you !

[dieterle@itto.int](mailto:dieterle@itto.int)  
[www.itto.int](http://www.itto.int)