The EU market for tropical timber products

Presentation to Racewood Conference, 21 June 2018
Rupert Oliver, IMM Trade Analyst

Independent Market Monitoring of FLEGT-Licensed Timber
IMM Background

- Mandated by FLEGT VPAs
- Funded by EC
- Managed by ITTO
- Objective:
  - Independently monitor FLEGT VPA market impacts
  - Thereby inform decisions by VPA Joint Implementation Committees
- Analysis of trade flow data
- Surveys by country correspondents
  - Ghana, Indonesia
  - 7 EU countries accounting for > 90% tropical imports (Belg, France, Germany, Italy, Spain, NL, UK)

www.flegtimm.eu
Increasing access to data

- **FLEG T IMM Data Dashboard -** www.stats.flegtimm.eu
- Wood trade by FLEG T VPA partner countries
- EU import data from Eurostat COMEXT
- Will include best available export data
Tropical wood product imports by global region 2004 to 2017

Source: ITTO IMM analysis of COMTRADE & COMEXT
Value of timber exports from the African continent by product - 2004 to 2017

Source: ITTO IMM analysis of COMTRADE & COMEXT

Legend:
- Other
- Mouldings
- Joinery products
- Plywood
- Charcoal
- Veneer
- Fuelwood, waste wood
- Sawnwood
- Logs

Value in billion US$ (constant 2017 prices)
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 prejudices & uncoordinated marketing

www.flegtimm.eu - Libreville - Gabon - June 2018
FLEGT: Platform to help rebuild market share?

• Indonesia (21% of EU tropical imports in 2017): FLEGT Licensing since November 2016

• VPA Implementing (9%): Cameroon, CAR, Ghana, Liberia, Congo

• VPA negotiating (45%): Côte d’Ivoire, DRC, Gabon, Guyana, Honduras, Laos PDR, Malaysia, Thailand, & Vietnam

• Tropical non-VPA (25%): notably Brazil (decking), India (furniture), China (tropical plywood)

Value of EU imports of wood products from the tropics, by FLEGT VPA status, 2004 to 2017

Source: IMM analysis of Eurostat COMEXT
IMM 2017 survey

- 126 companies interviewed in 7 EU countries

How aware are you of the FLEGT VPA Process and what it involves?

“Very aware”: 92% in UK - > 37% in Italy

Would your organisation give preference to FLEGT-licensed timber over unlicensed timber from competing sources? (N=119)

- Yes: 76%
- No: 9%
- Not sure yet: 14%
IMM 2016 report recommendations

• FLEGT licence can underpin market development for tropical products in the EU, but this is a long-term process

• Consistent enforcement of EU Timber Regulation most effective way to assure market advantage for FLEGT licensed timber

• Improve communication and raise awareness of steps required to implement FLEGT licensing system
IMM 2016 report recommendations (cont.)

• Consider how FLEGT licenses fit within FLEGT partners’ broader timber industry and export development strategy

• Private sector must be engaged in positive marketing of FLEGT licensed timber, not treated as passive actor responding to regulatory signals

• Encouraging recognition for licensed timber in DD legislation and public & corporate procurement in other large markets should be an EU priority
Thank you

Rupert Oliver
IMM Trade Analyst
technical@flegtimm.eu

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