

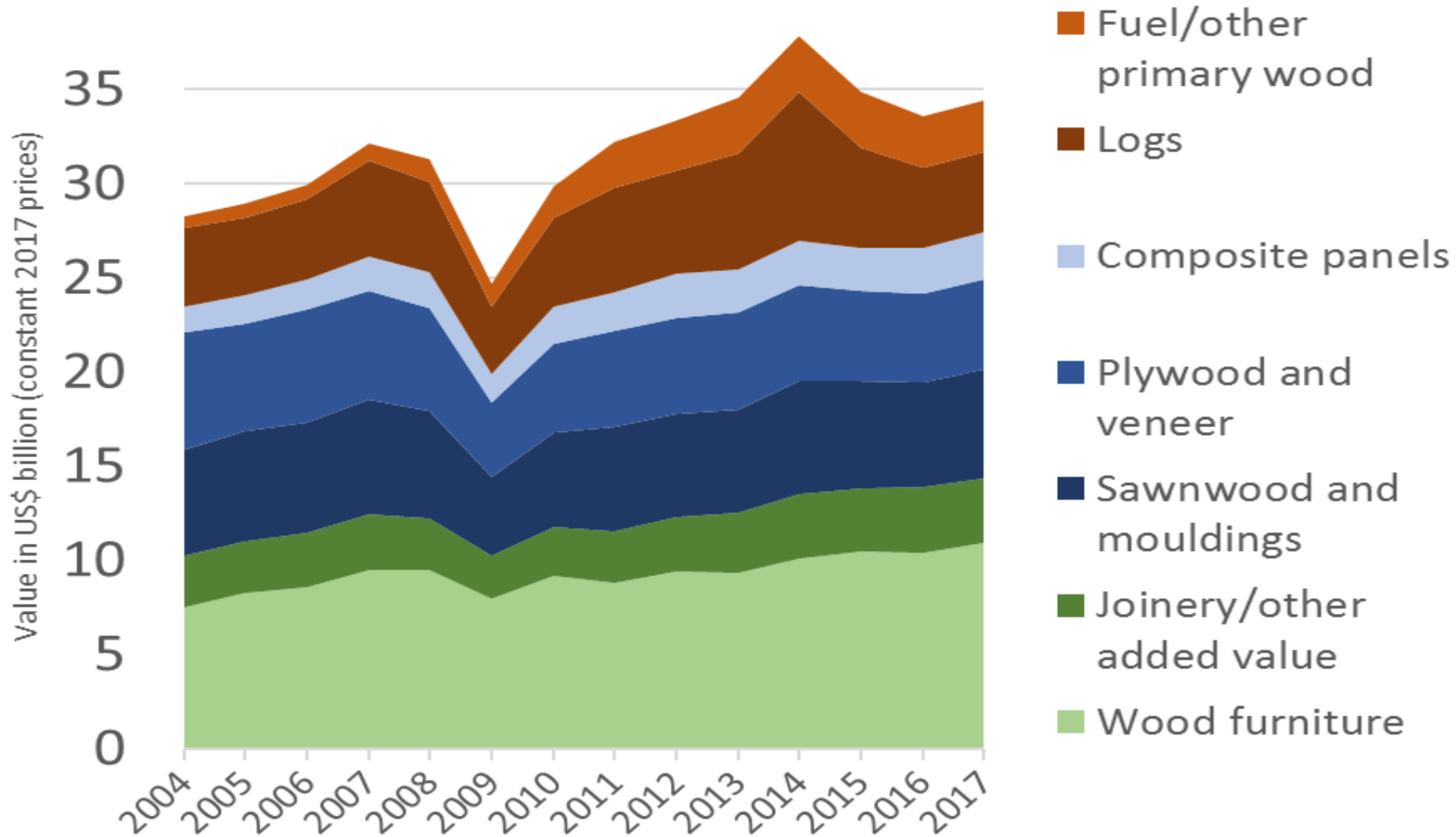
The EU market for tropical timber products

Presentation to UK Trade Consultation, 8 March 2018
Rupert Oliver, IMM Trade Analyst

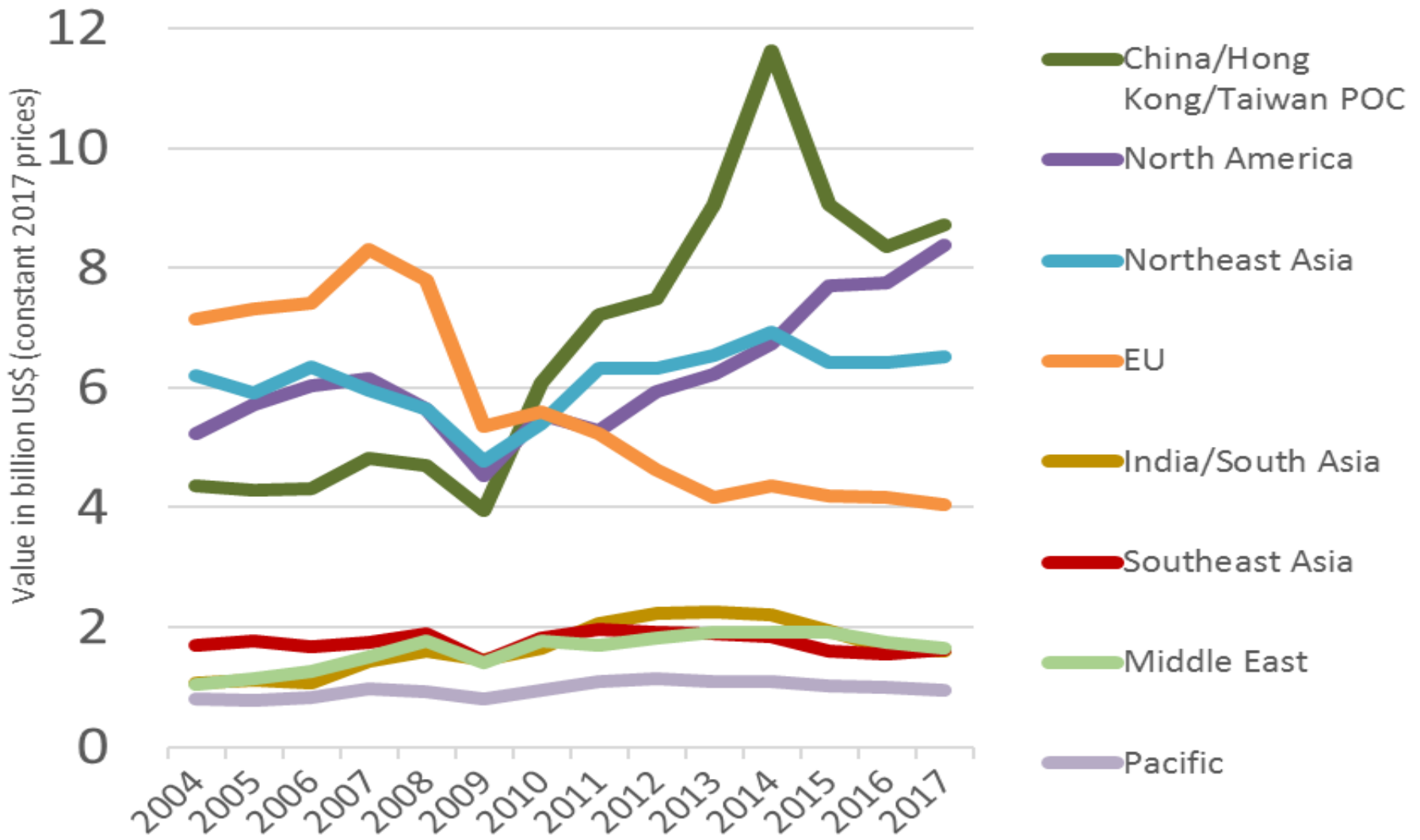


Independent Market Monitoring of FLEGT-Licensed Timber

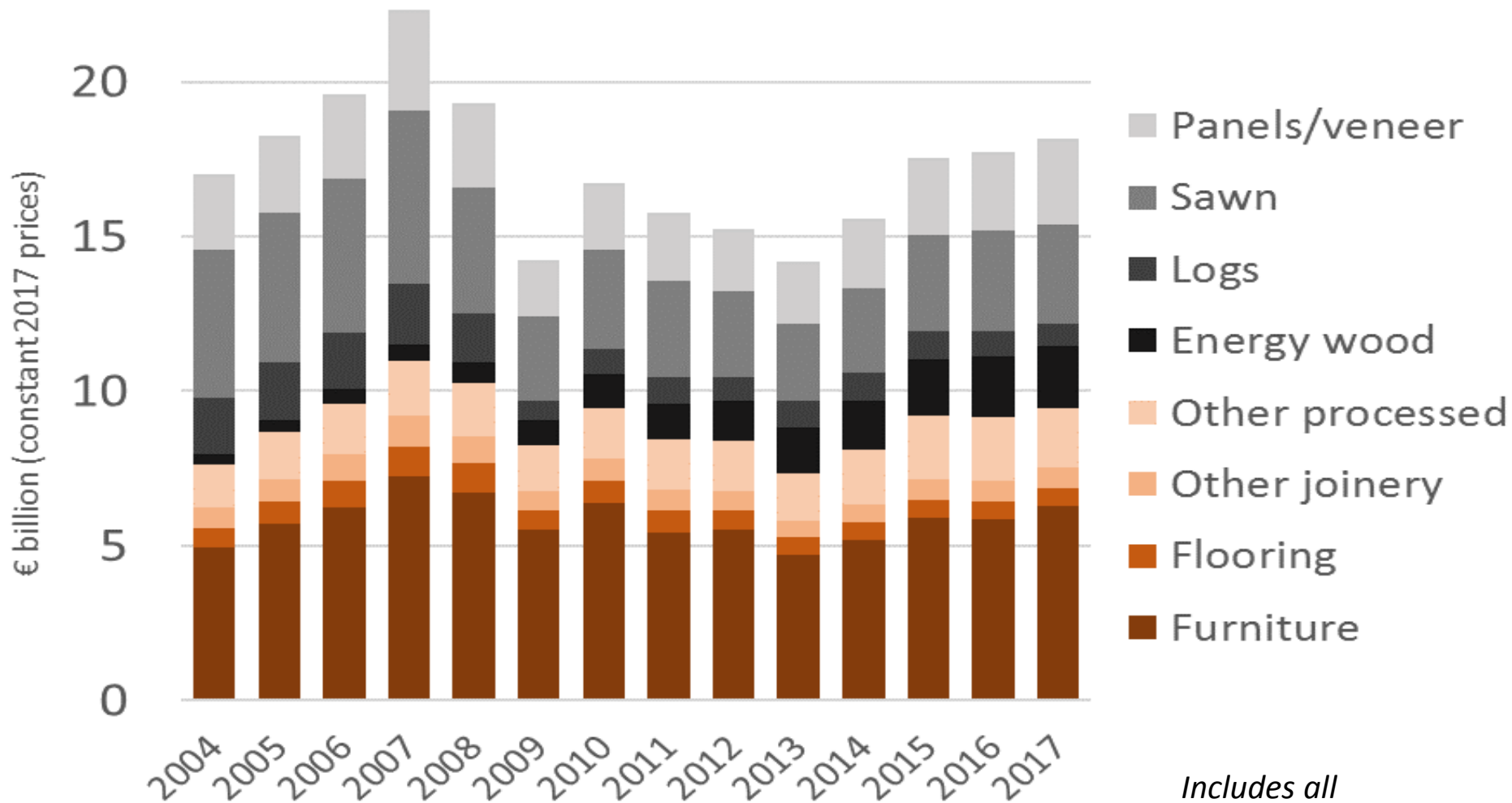
Global tropical wood trade by product group: 2004 to 2017



Tropical wood product imports by global region 2004 to 2017



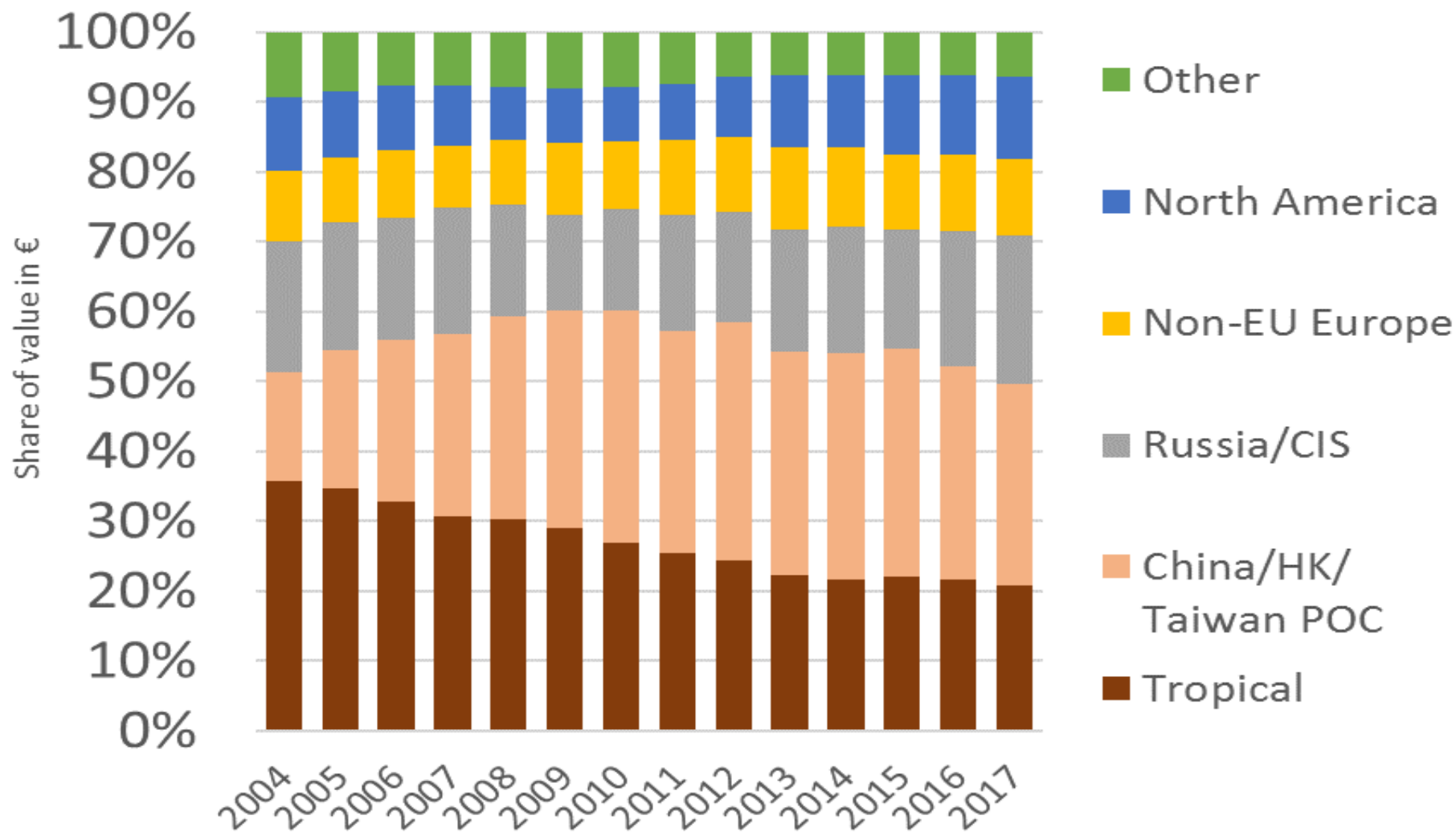
EU imports of wood by product group 2004 to 2017



Source: ITTO IMM analysis of Eurostat COMEXT

Includes all imports from outside the EU by 28 EU countries

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

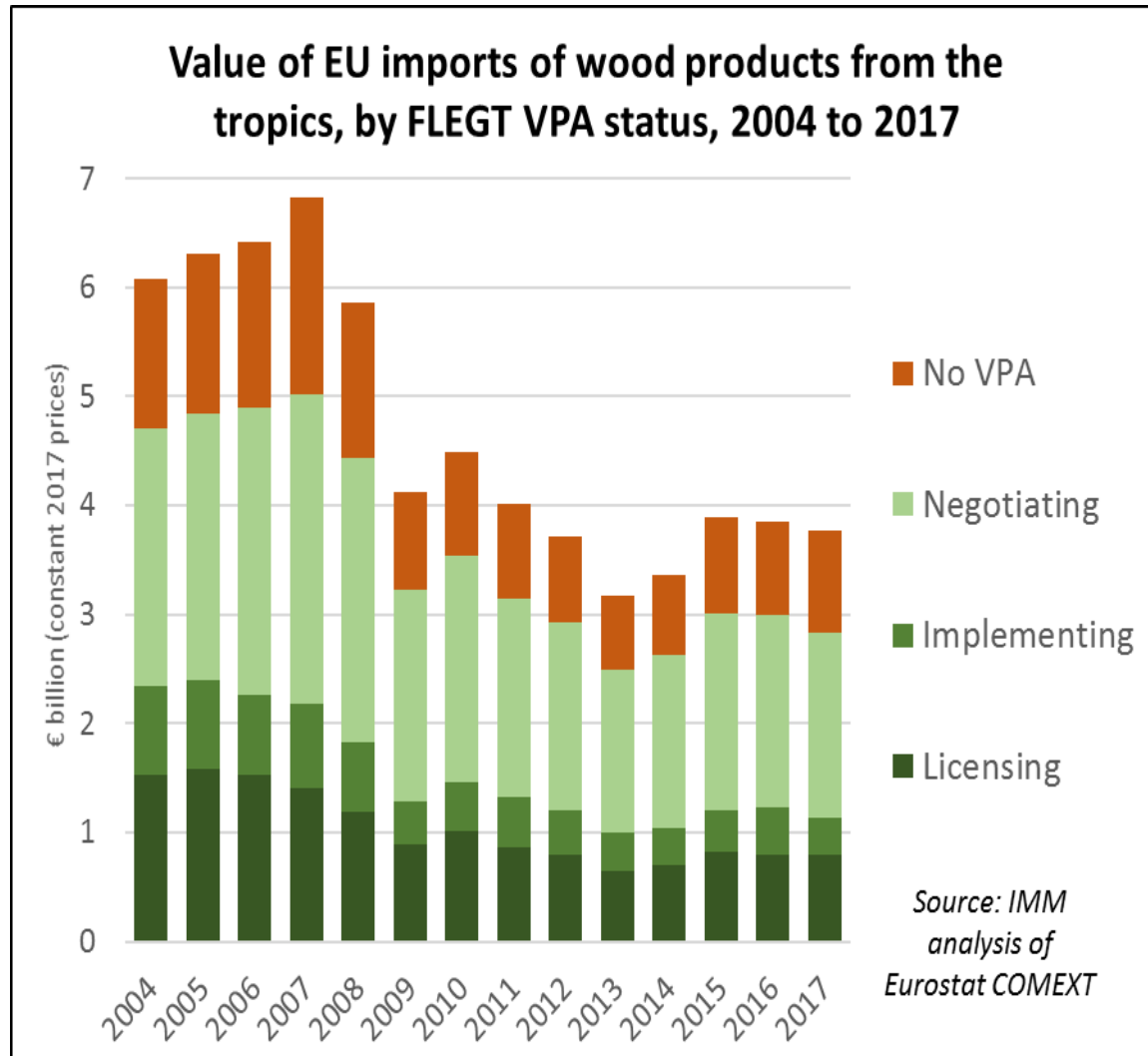
Substitution by
temperate wood &
composites

Prefabrication: Switch
from adaptable utility
woods to tightly
specified materials

Competition from
China for material
access and in markets
for finished goods

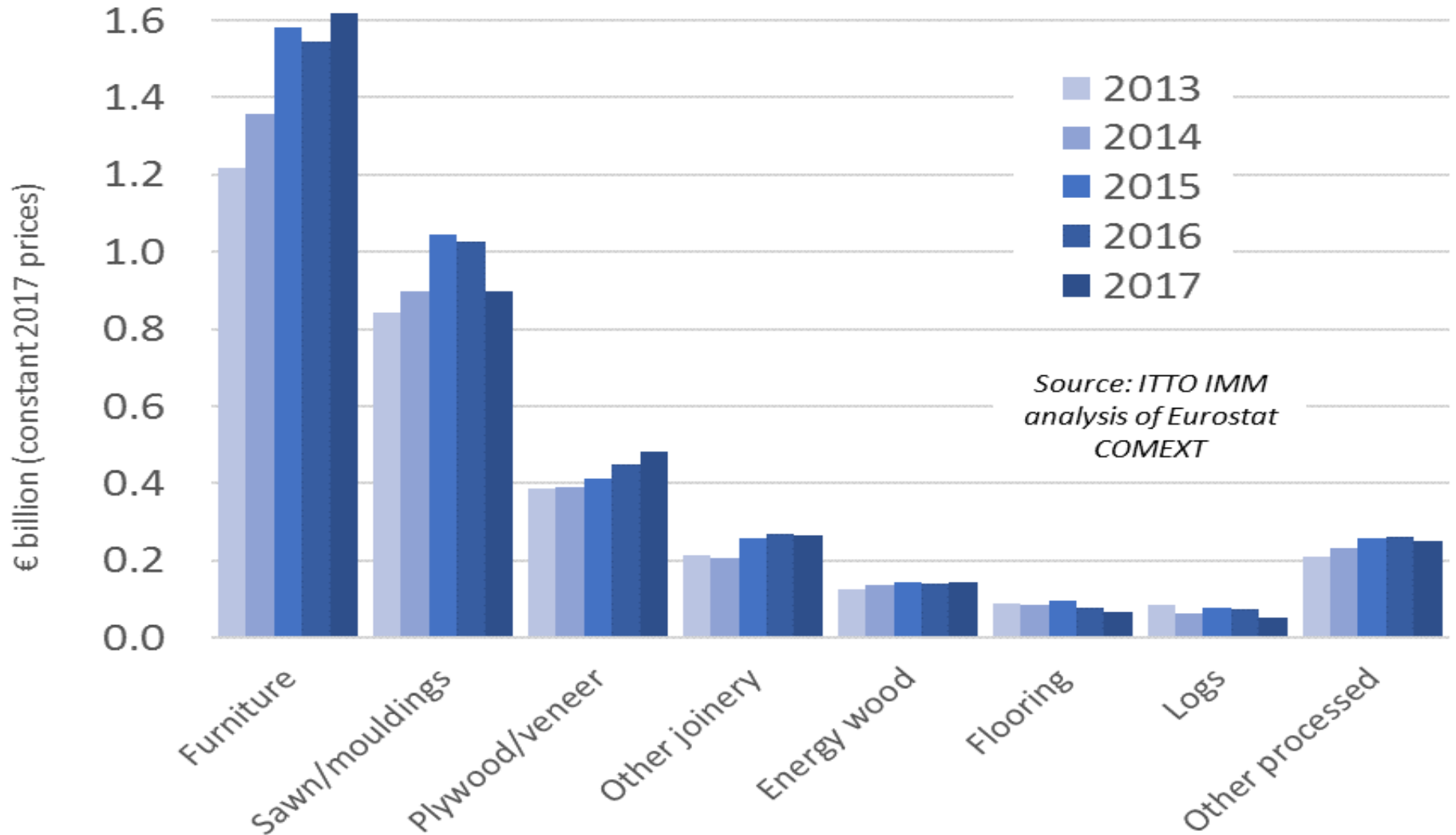
Environmental
prejudices &
uncoordinated
marketing

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)

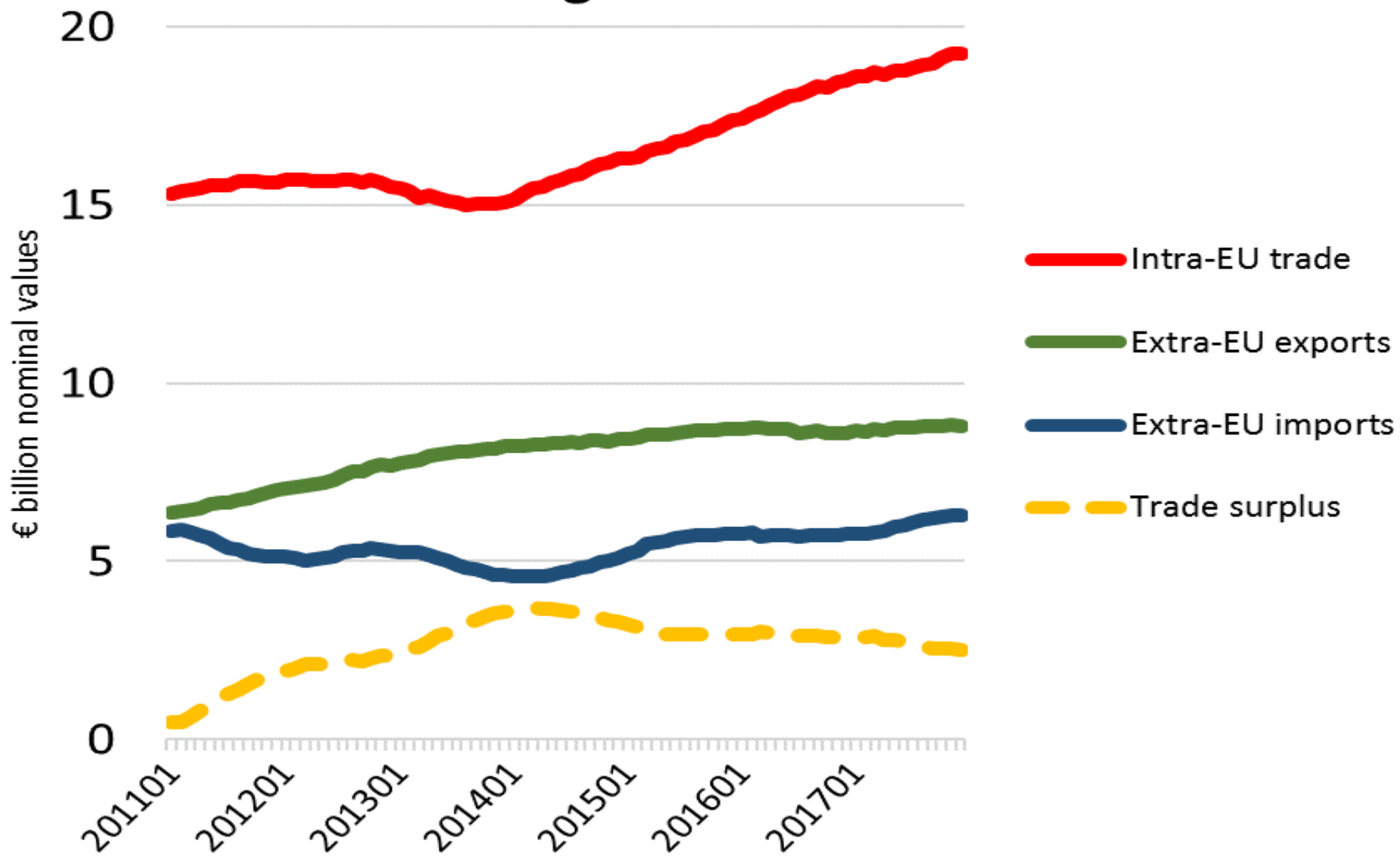
EU imports of tropical wood by product 2013 to 2017



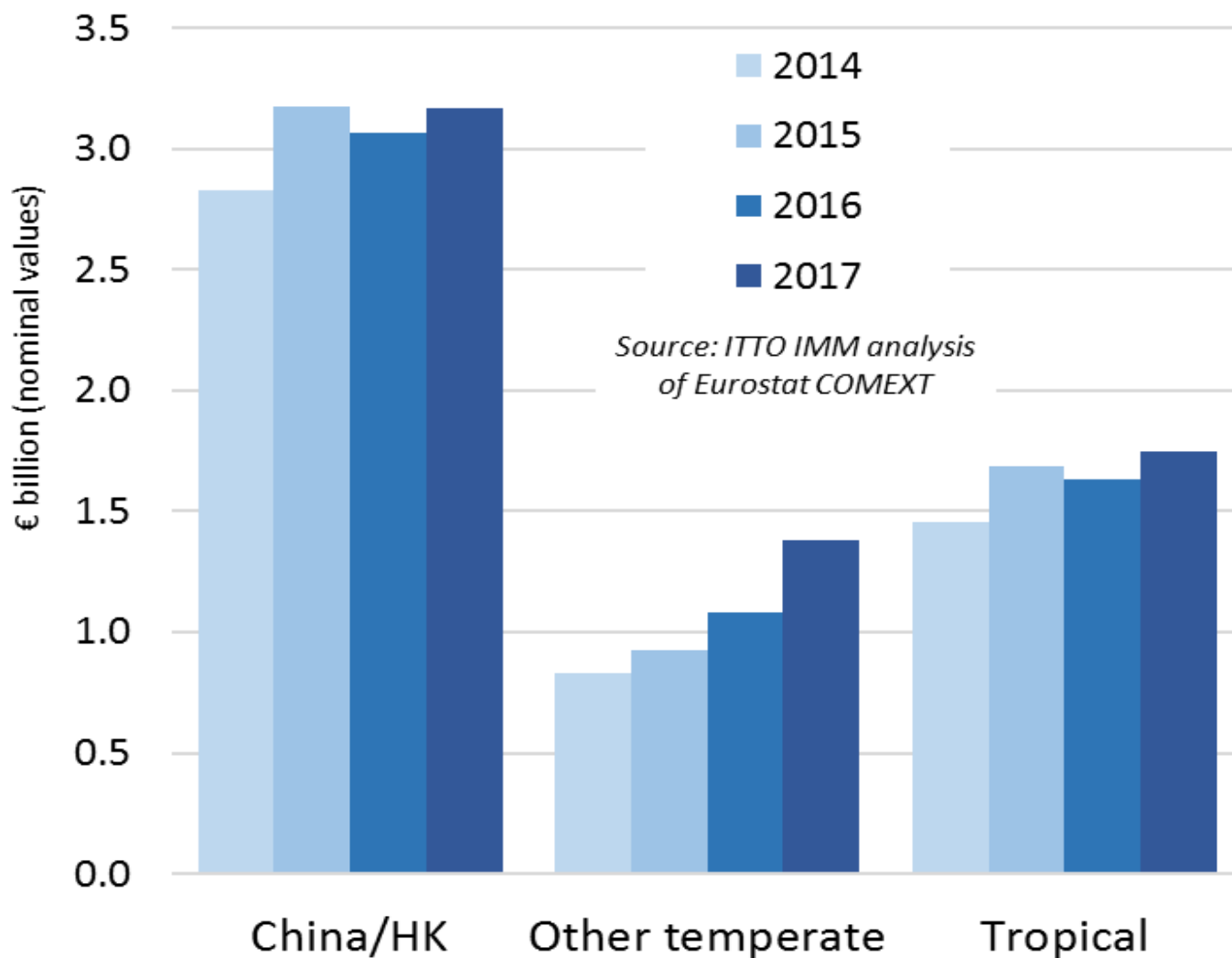
Includes all wood products in HS Chapters 44 (wood) & 94 (furniture) from countries wholly in the tropics plus products identified as "hardwood" from Brazil and products identified as "tropical hardwood" from elsewhere

EU wood furniture trade

12 month rolling value Jan 2011-Dec 2017



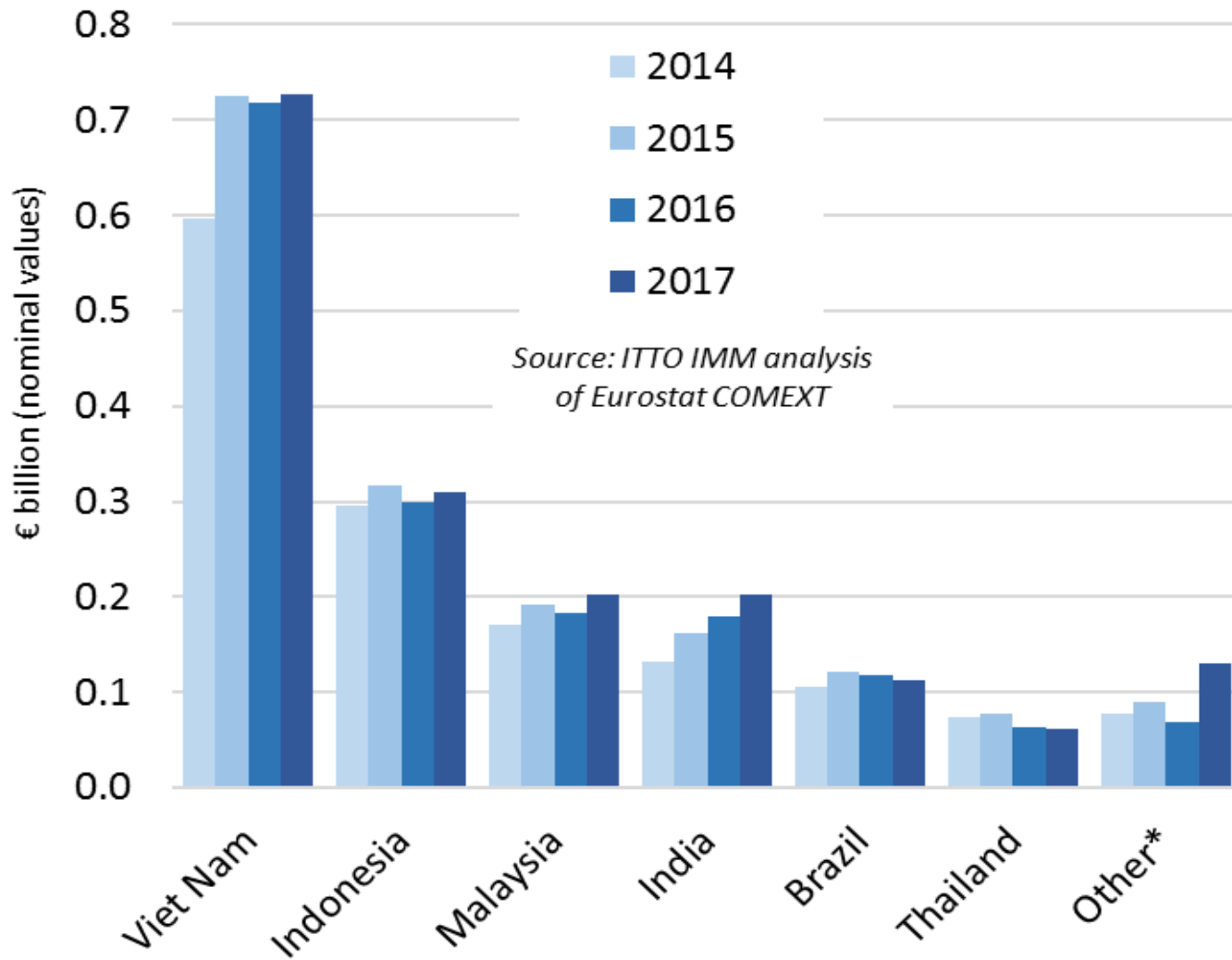
EU imports of wood furniture from China and other regions



Source: ITTO IMM analysis
of Eurostat COMEXT

Note: import growth from "other temperate" mainly Bosnia, USA, and Ukraine

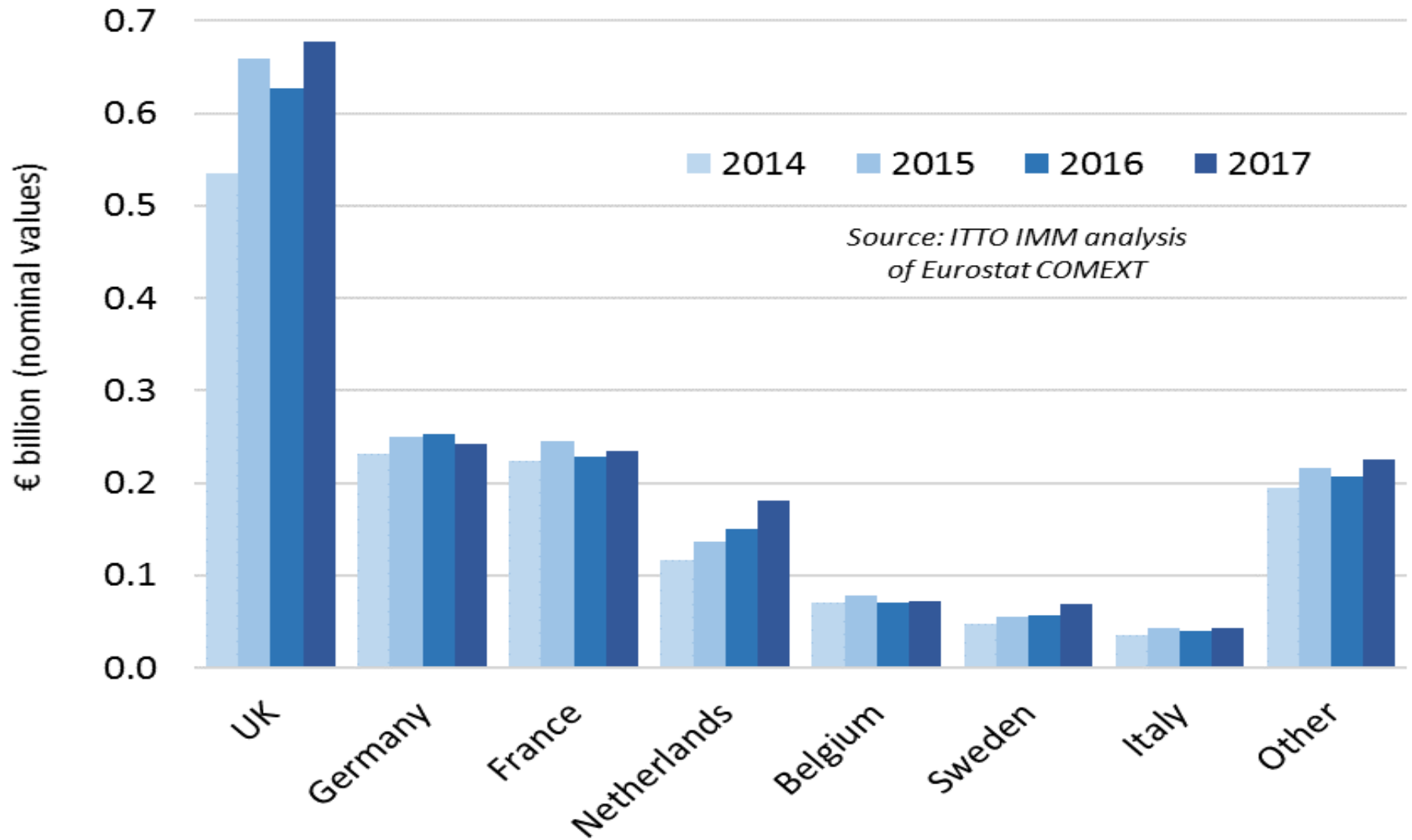
EU imports of wood furniture from tropical countries



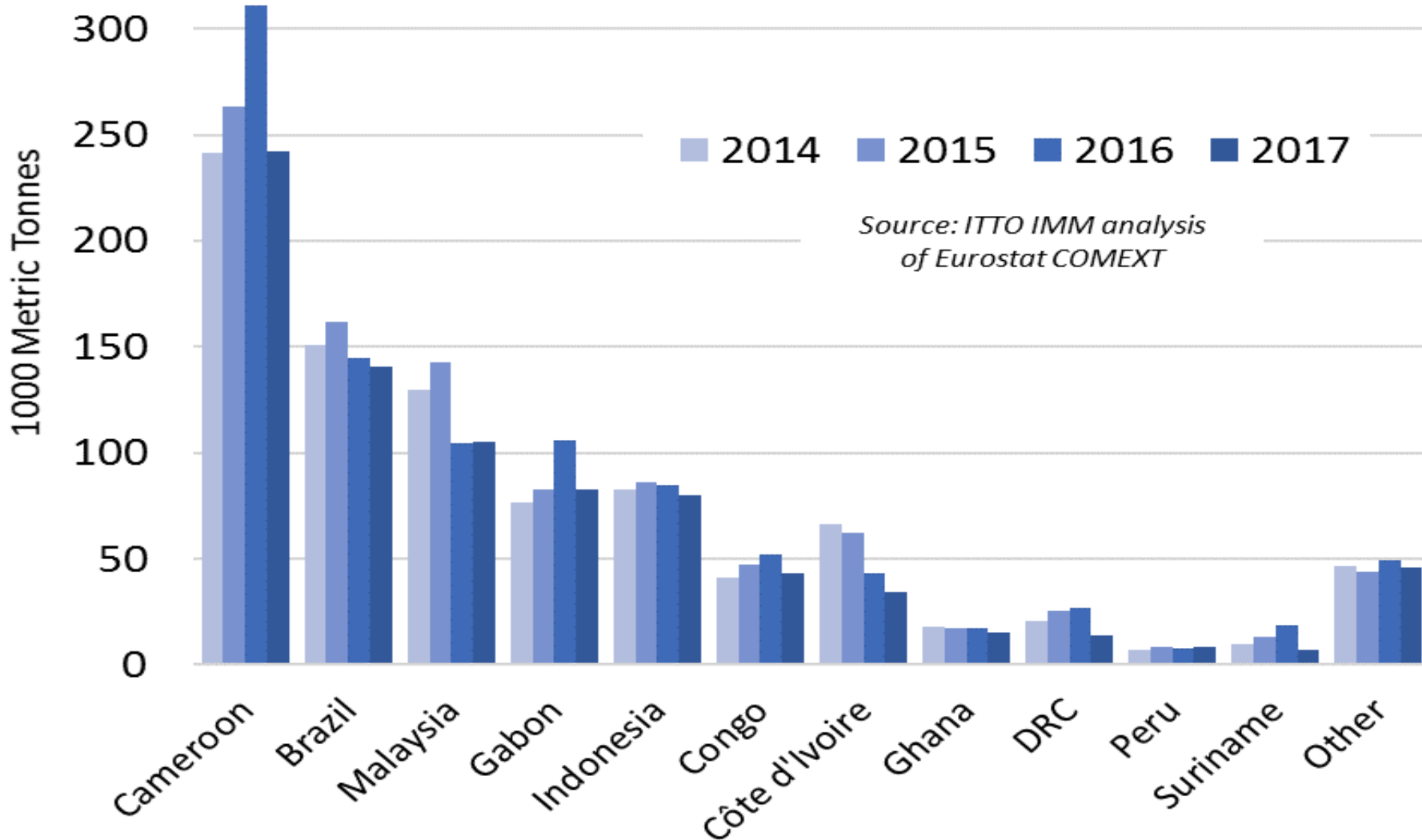
Source: ITTO IMM analysis of Eurostat COMEXT

* "other tropical" dominated by UAE & Singapore

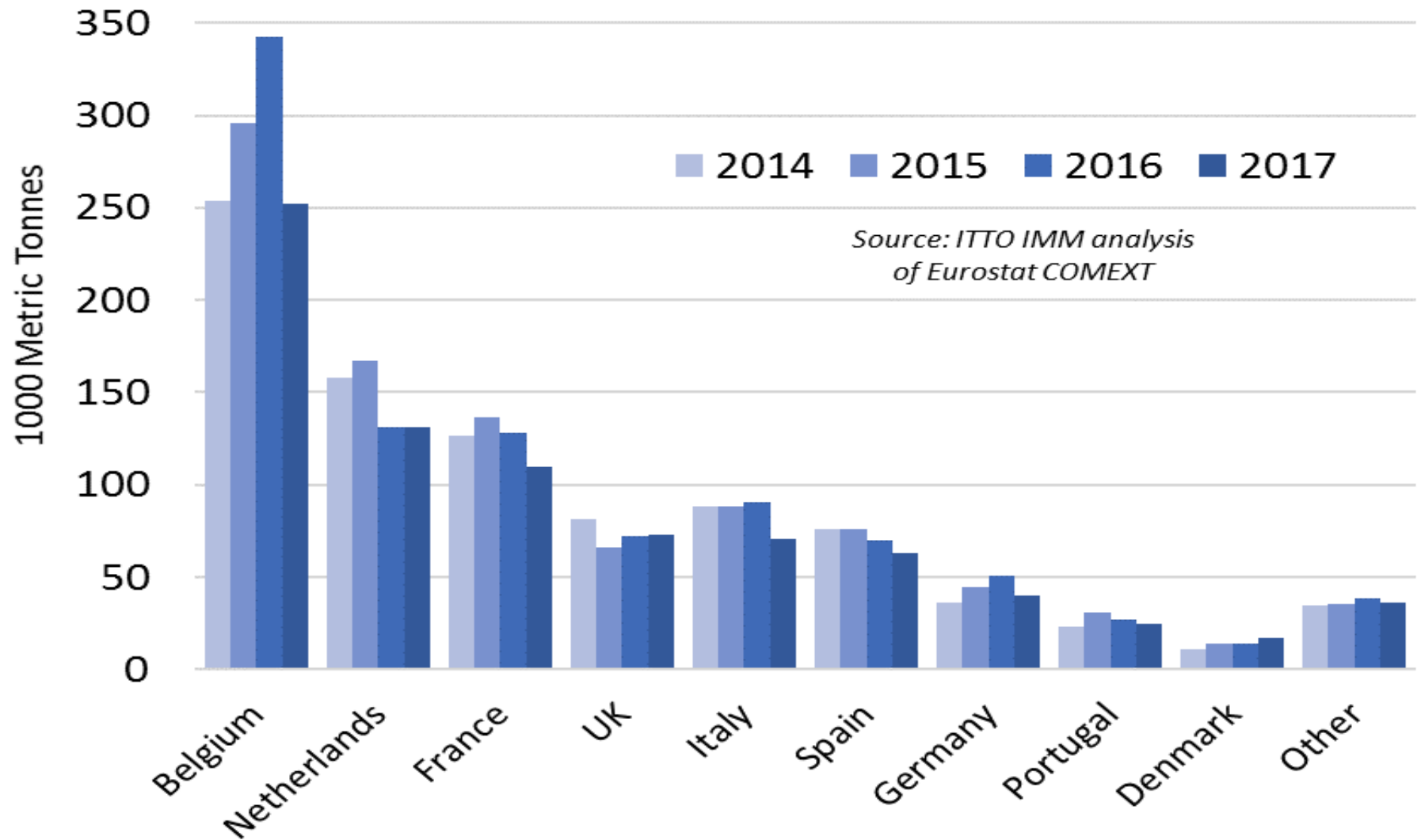
Imports of wood furniture from the tropics by EU countries



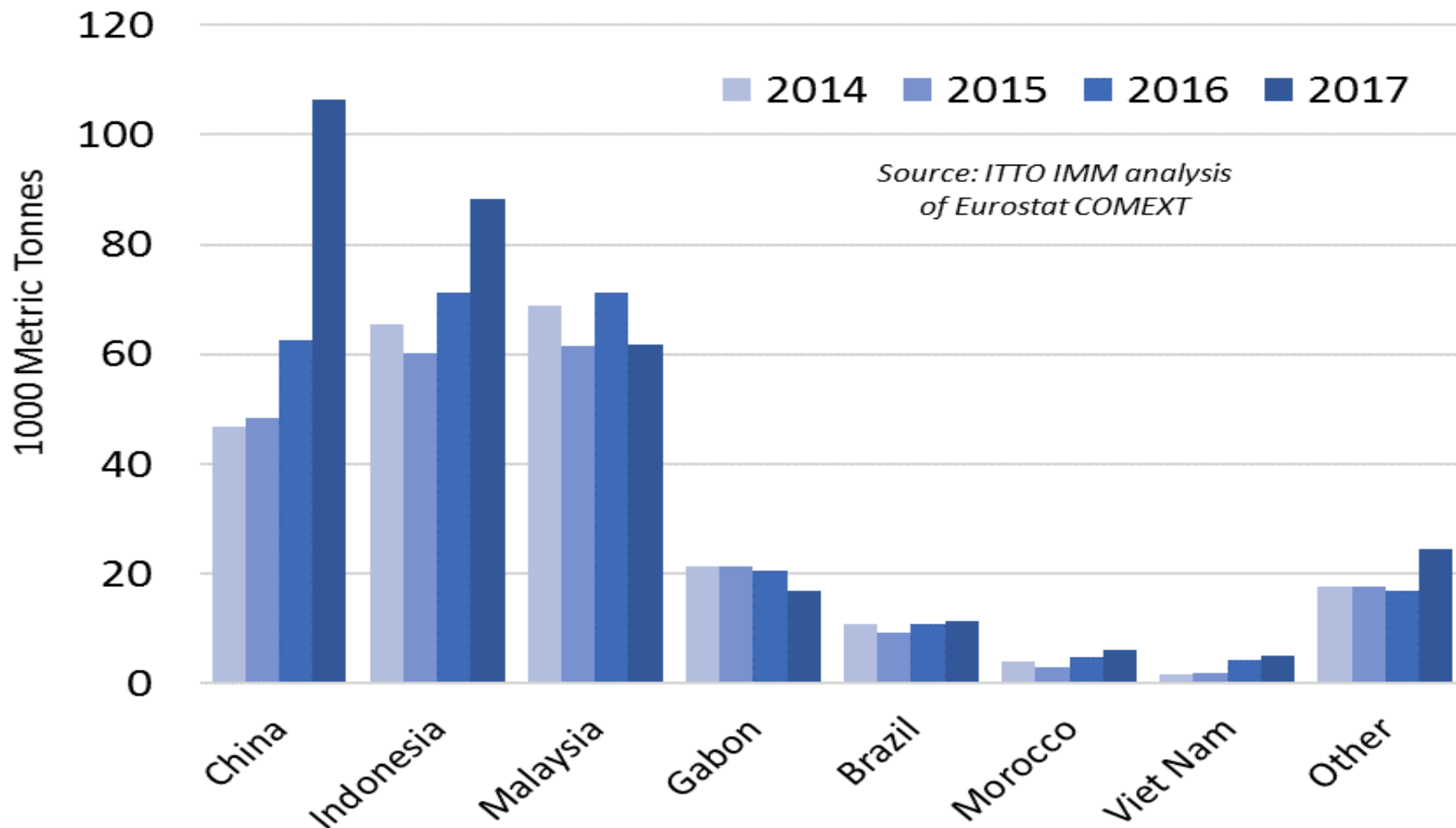
EU imports of tropical sawnwood & mouldings by main supply country



Imports of tropical sawnwood & mouldings by main EU destination

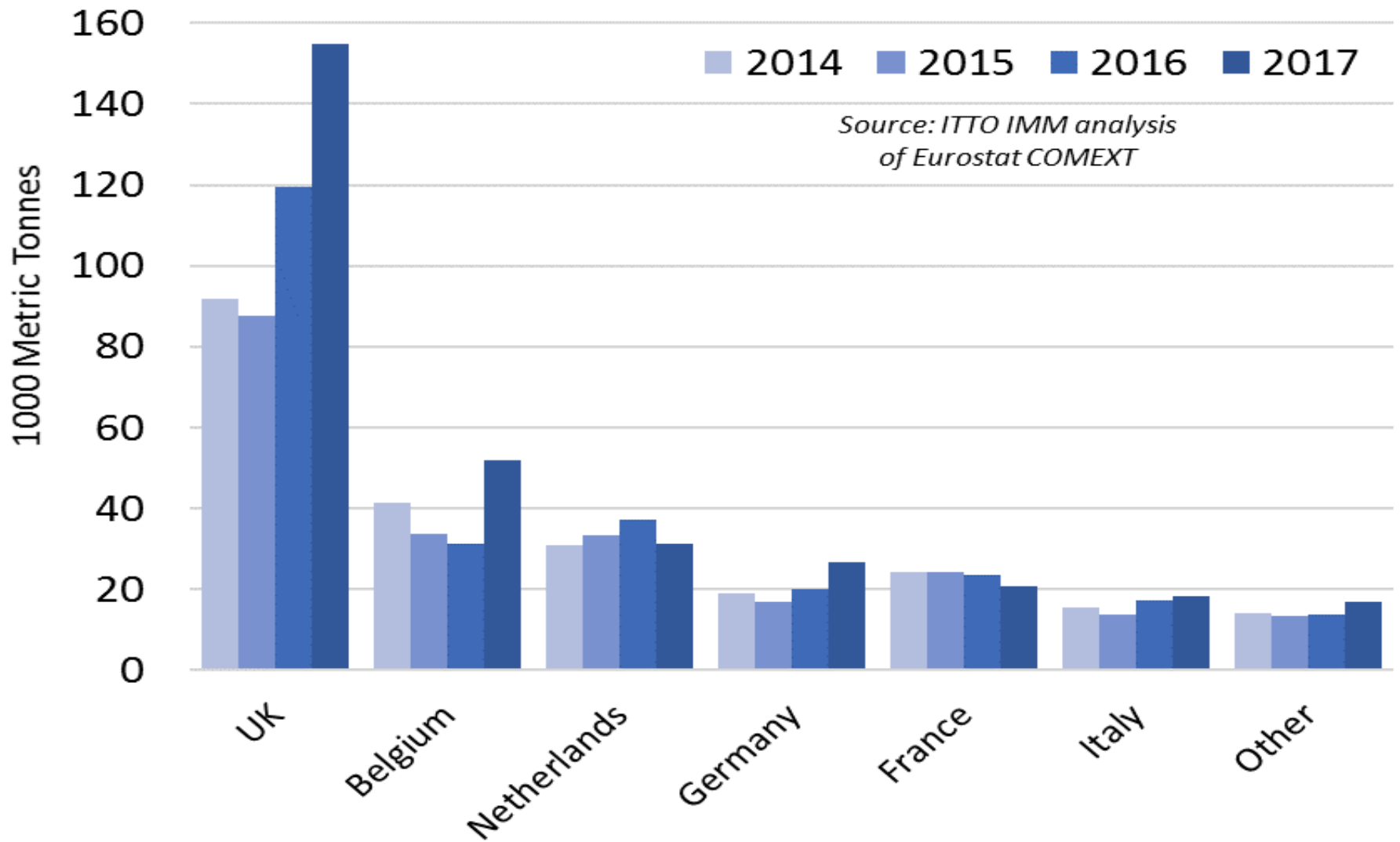


EU imports of tropical hardwood plywood by main supply country

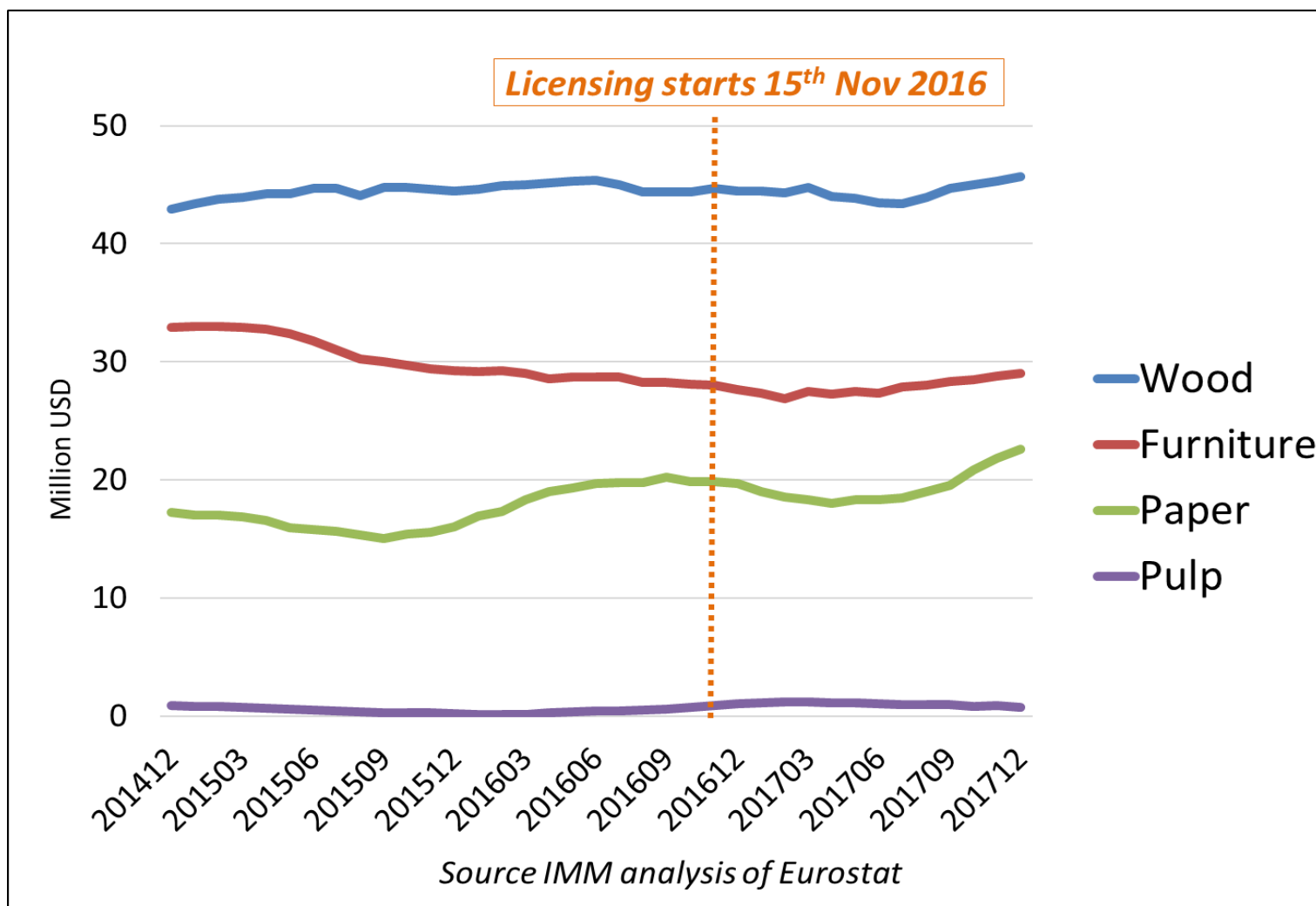


Note: growth in imports from China may be explained by change in HS codes from 1st January 2017 to categorise a wider range of “other” hardwoods as tropical.

Imports of tropical hardwood plywood by main EU destination

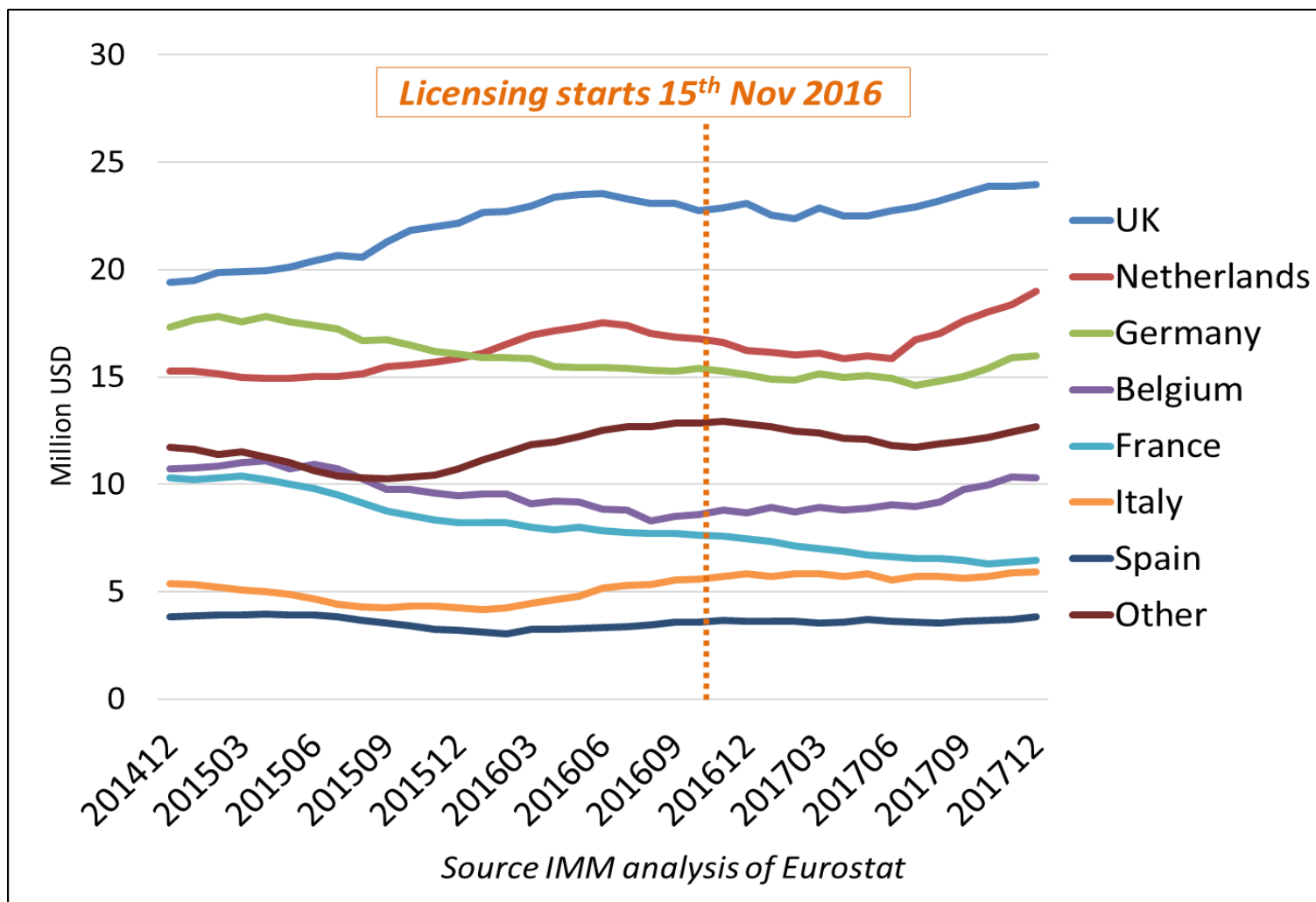


Value of EU28 imports of timber and timber products from Indonesia by main product group 12 month rolling average - Jan-15 to Dec-17

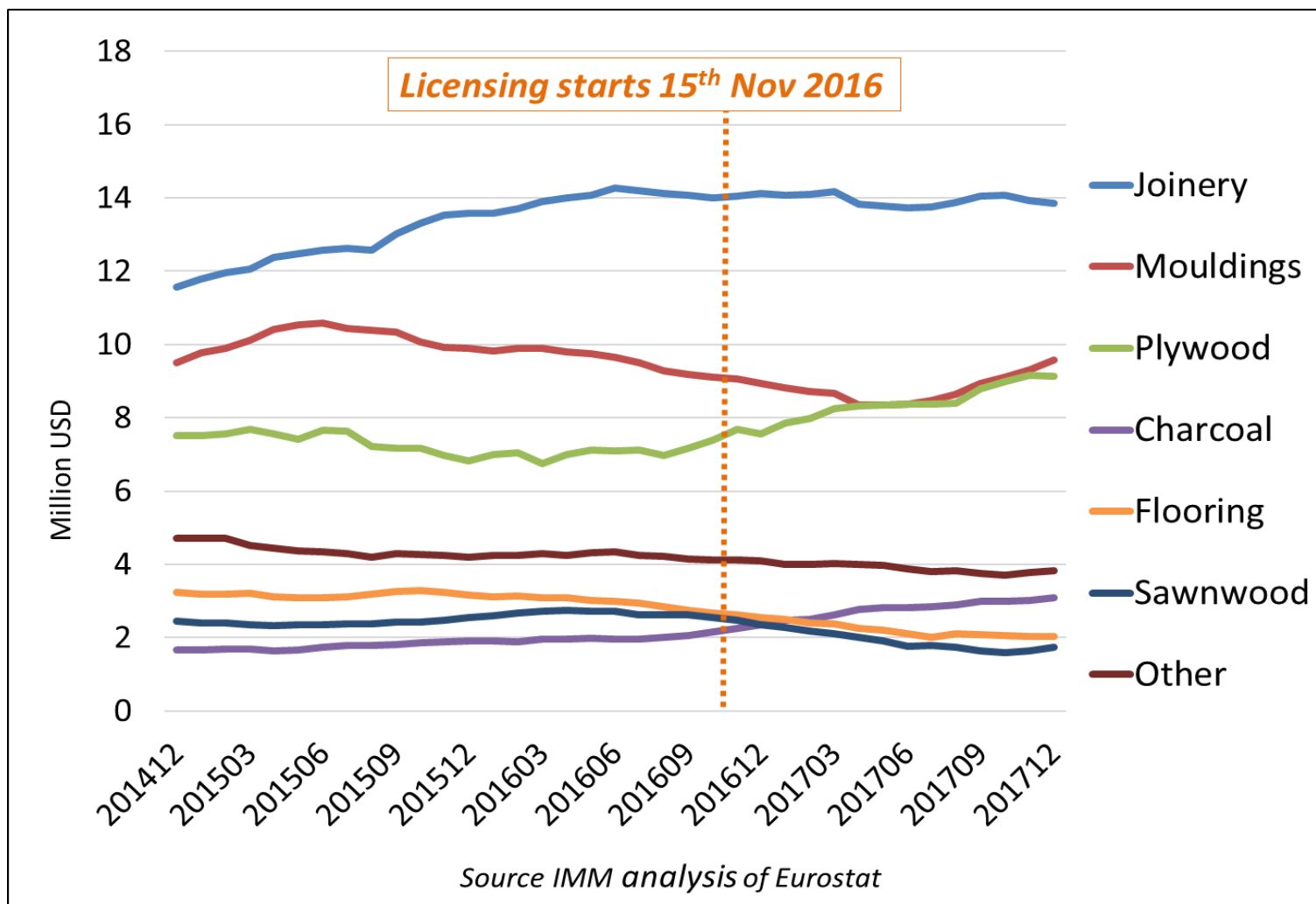


Value of EU28 imports of timber and timber products from Indonesia by main destination

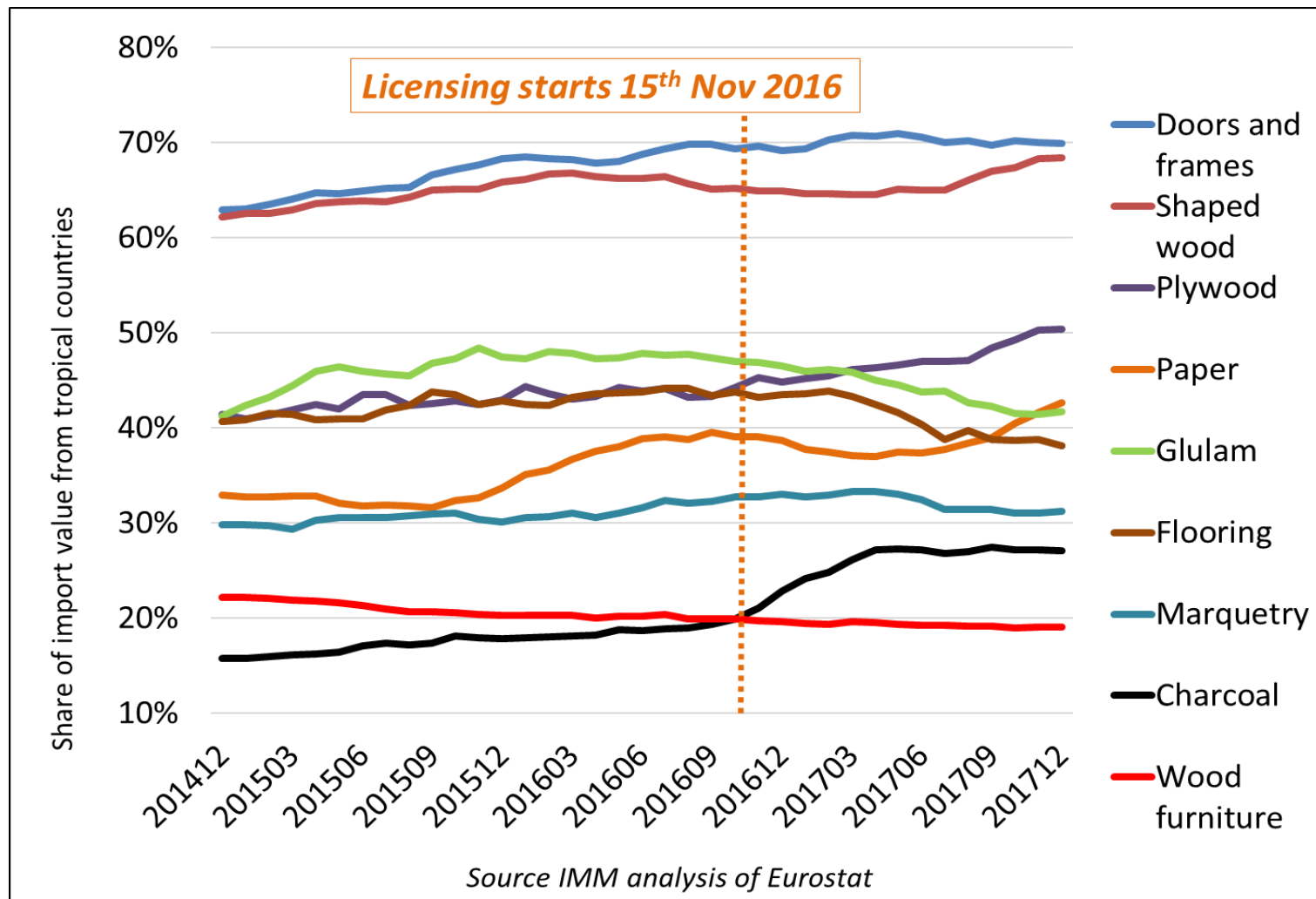
12 month rolling average - Jan-15 to Dec-17



Value of EU28 imports of wood (HS 44) from Indonesia by main product group 12 month rolling average - Jan-15 to Dec-17



Indonesia share of EU imports from tropical countries by wood product group 12 month rolling average - Jan-15 to Dec-17



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 EUTR most effective way to assure market advantage for FLEGT licensed timber
- Need for appropriate recognition of FLEGT licenses in EU public procurement acknowledging wider governance reforms involved

IMM 2016 report recommendations (cont.)

- Improve communication and raise awareness of steps required to implement FLEGT licensing system
- 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

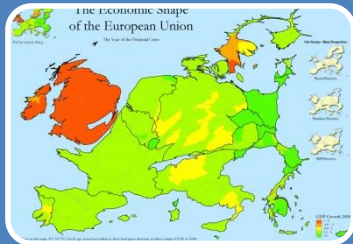
Thank you

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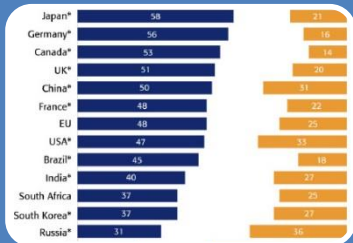
Independent Market Monitoring of FLEGT-Licensed Timber

Why is Europe still relevant for tropical timber products?



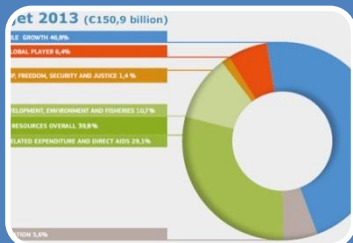
Size

- 2016 GDP: EU \$16500b, US \$18600b, China \$11100b
- 30% global construction value, 20% global furniture production & consumption
- Large diversified markets maximise resource value and reduce commercial risk



Influence

- 2015 Extra-EU FDI flow = \$540 billion, Extra-EU assets = \$6000 billion
- Leadership in design, fashion & product innovation
- Commitment to and leadership in standards development



Opportunities for tropical timber products

- Tends to take higher value lumber & finished products
- Rising acceptance of wood as modern construction material
- Firm commitment to green agenda & increasing role for Life Cycle Assessment

Powerful

positive

narrative

