

# The changing tropical timber trade

Presentation for Chatham House, Illegal Logging Update Meeting  
November 2018

Rupert Oliver, IMM Trade Analyst



---

Independent Market Monitoring of FLEGT-Licensed Timber

# IMM Background

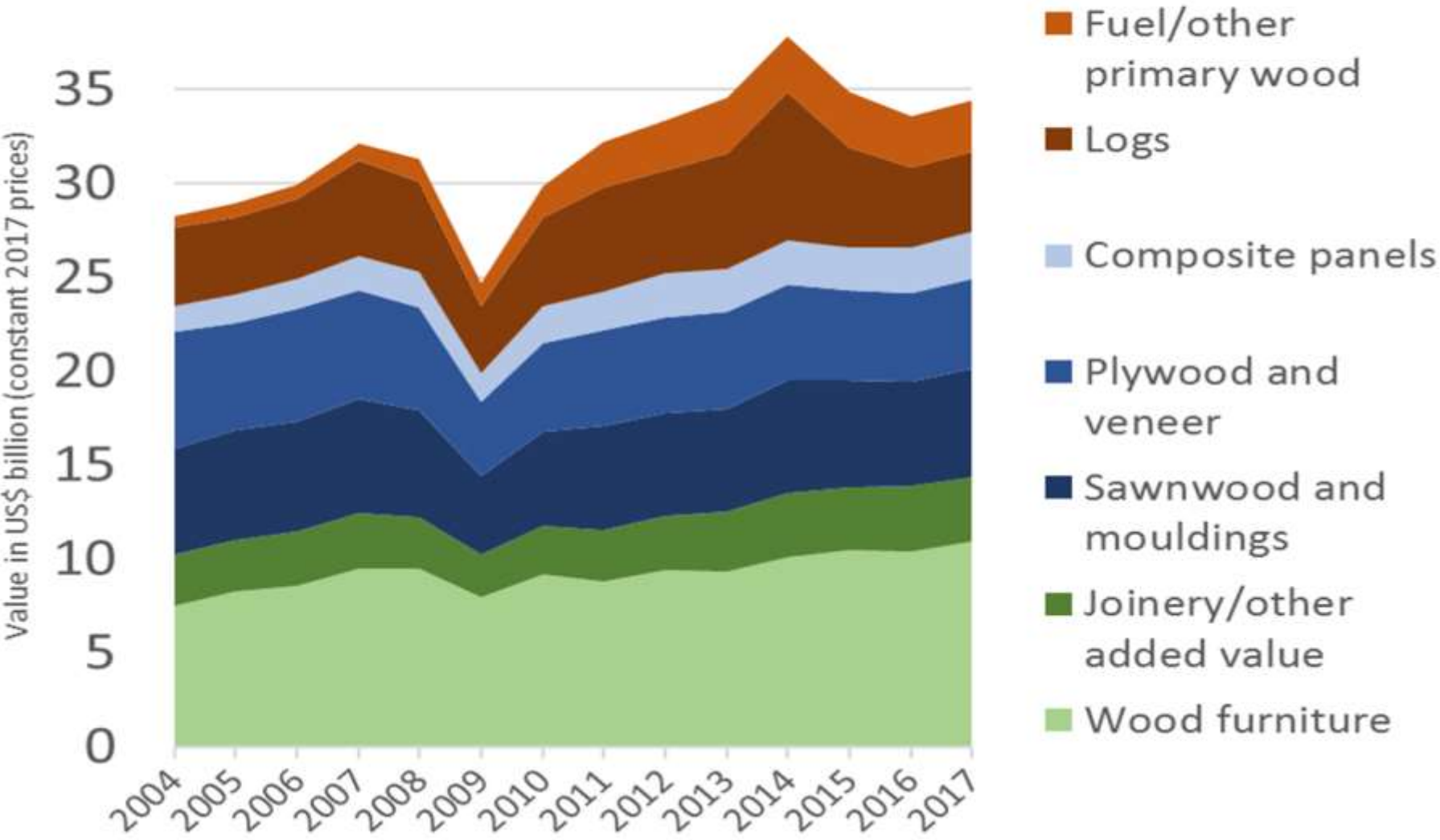
---



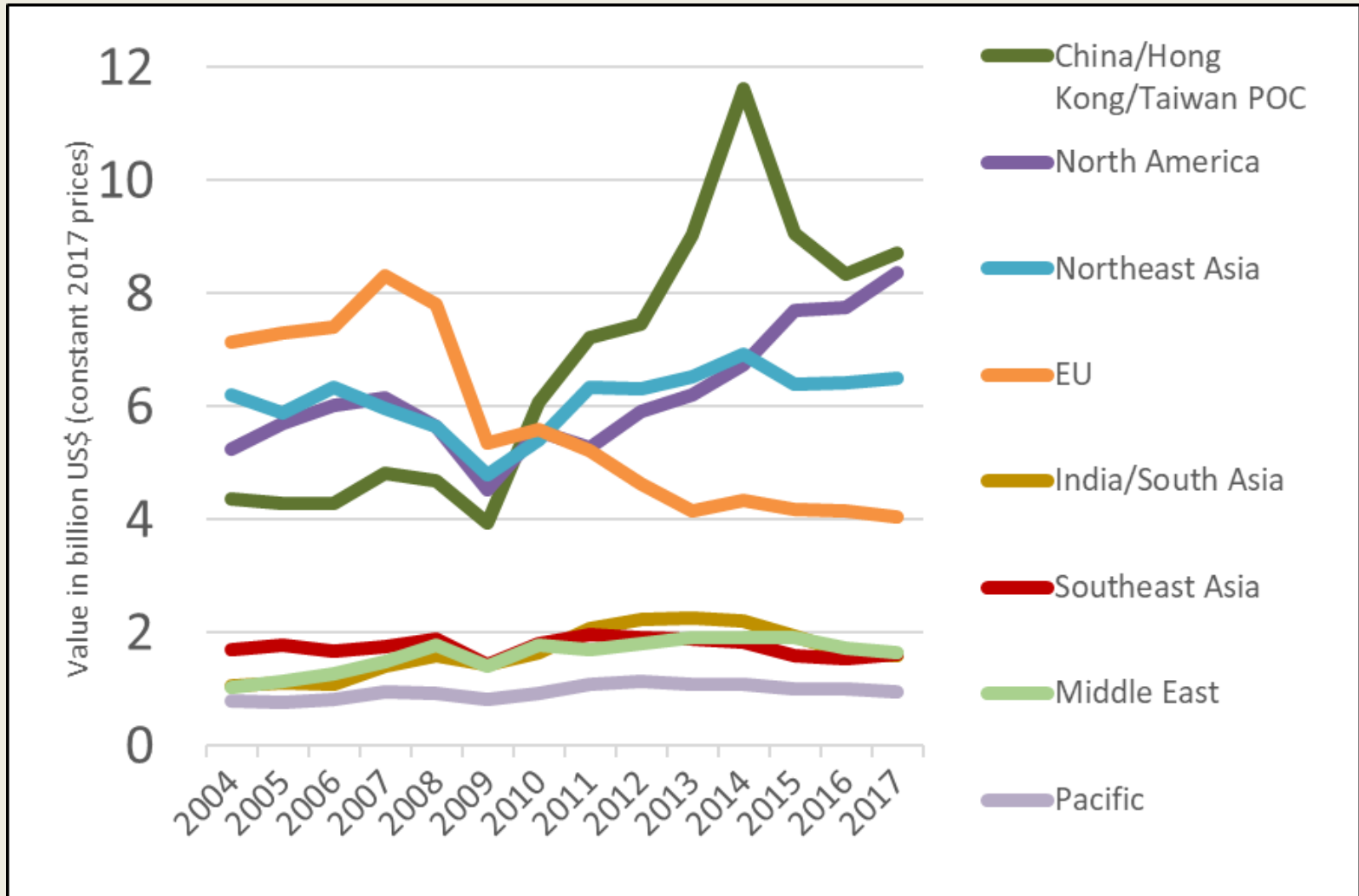
- Mandated by FLEGT VPAs
- Funded by EC DG DEVCO & managed by ITTO
- Project term extended to January 31, 2022
- Objectives
  - Independently monitor FLEGT VPA market impacts
  - Improve understanding of impacts on timber prices, trade and market trends globally
  - Ensure VPA countries & EU provide 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 trade by product group: 2004 to 2017

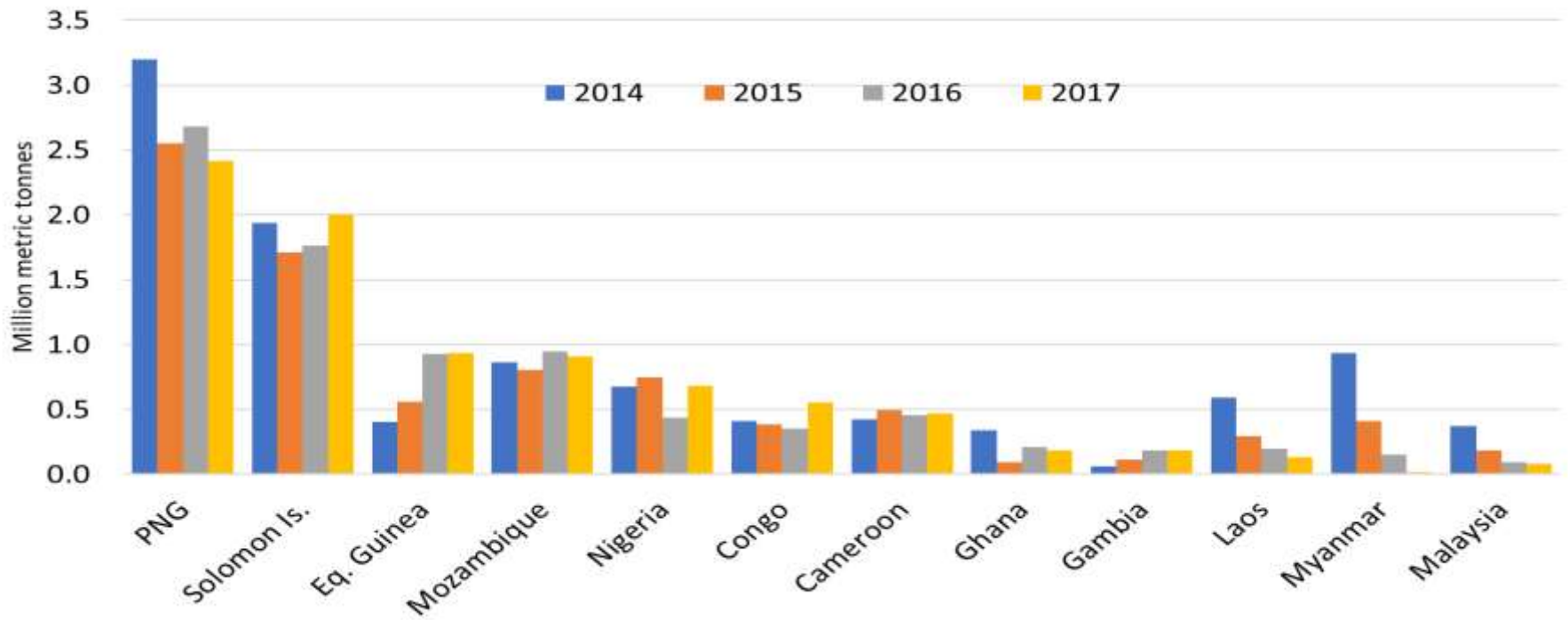


# Global tropical wood-product trade by region of import

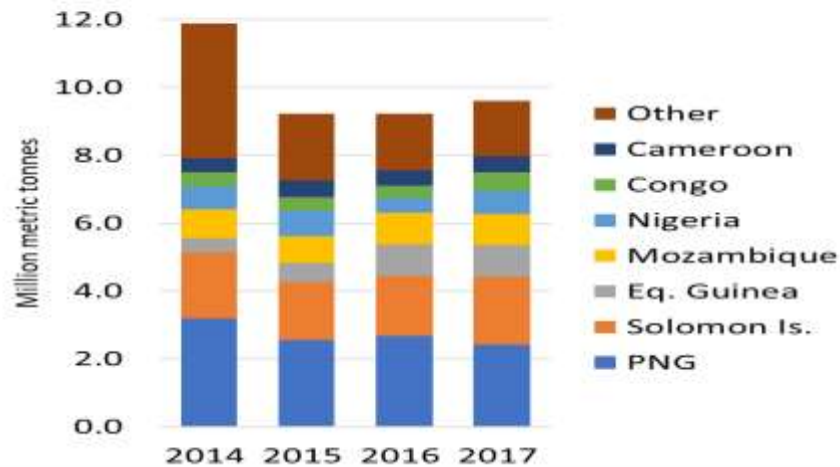


Source: ITTO IMM analysis of Eurostat COMEXT, UN COMTRADE, BTS Ltd data and Global Trade Atlas

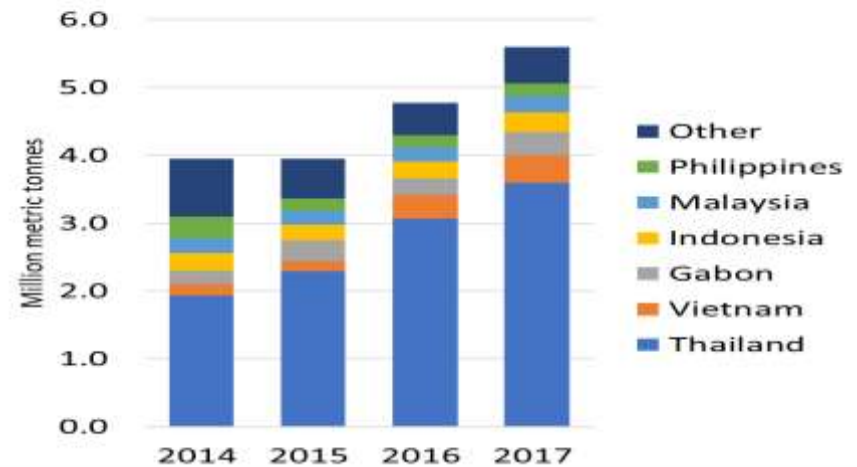
### China imports of tropical hardwood logs by main supply country



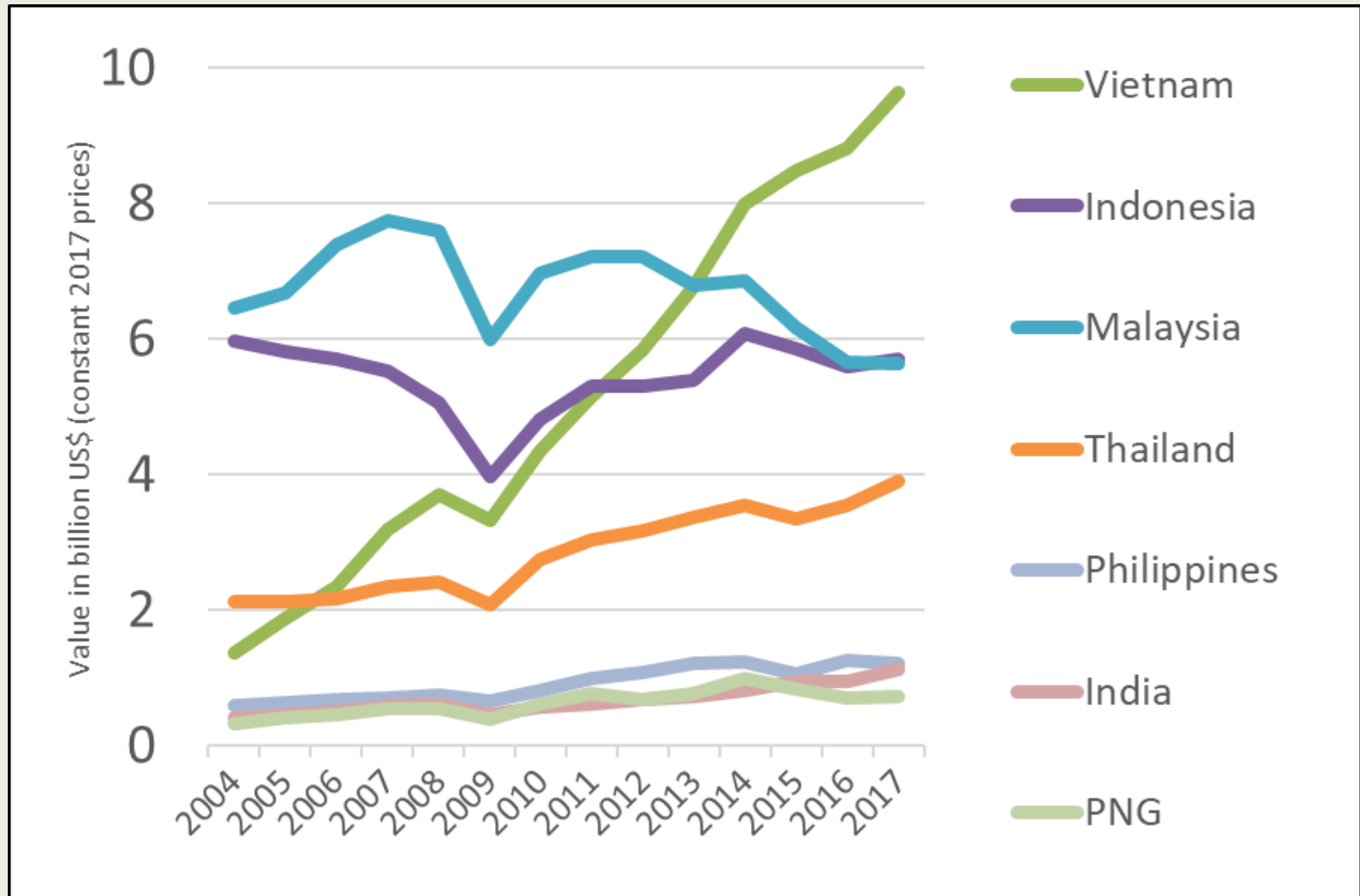
### China imports of tropical hardwood logs



### China imports of tropical sawn hardwood

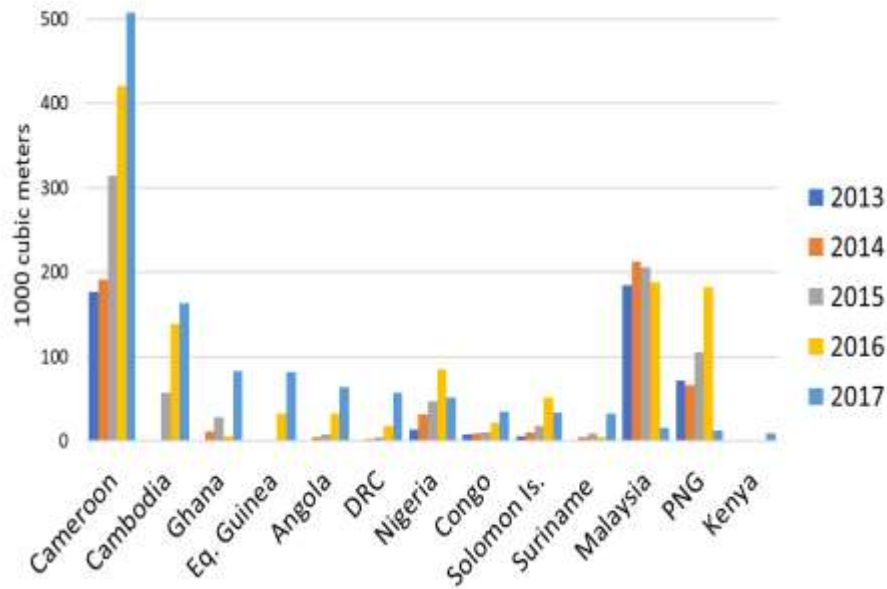


# Trends in exports by leading tropical timber supplying countries

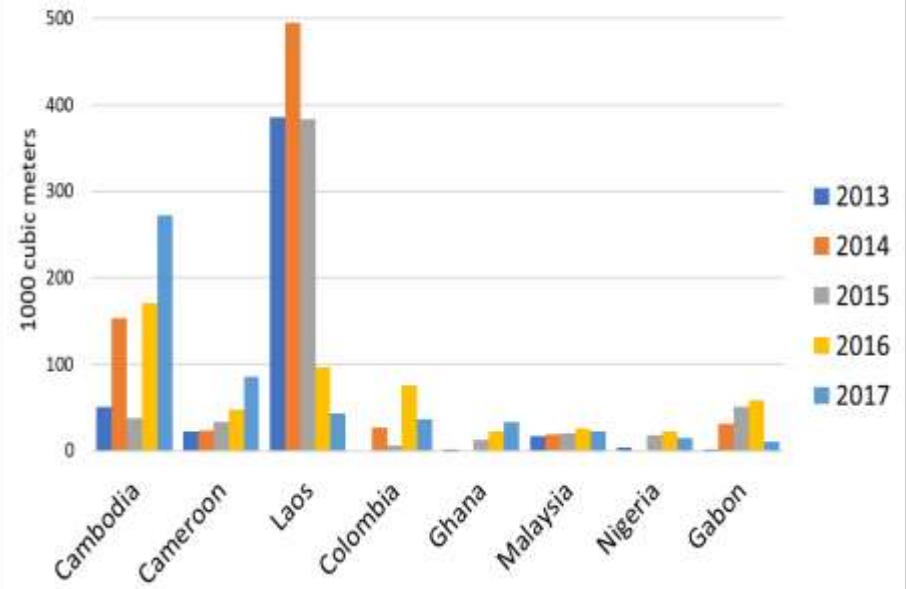


Source: ITTO IMM analysis of Eurostat COMEXT, UN COMTRADE, BTS Ltd data and Global Trade Atlas

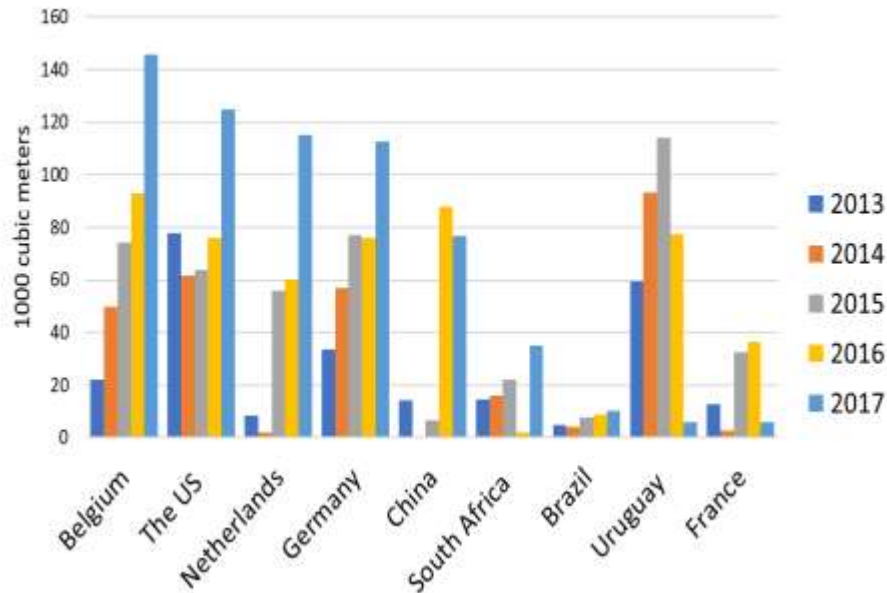
### Vietnam imports of tropical hardwood logs



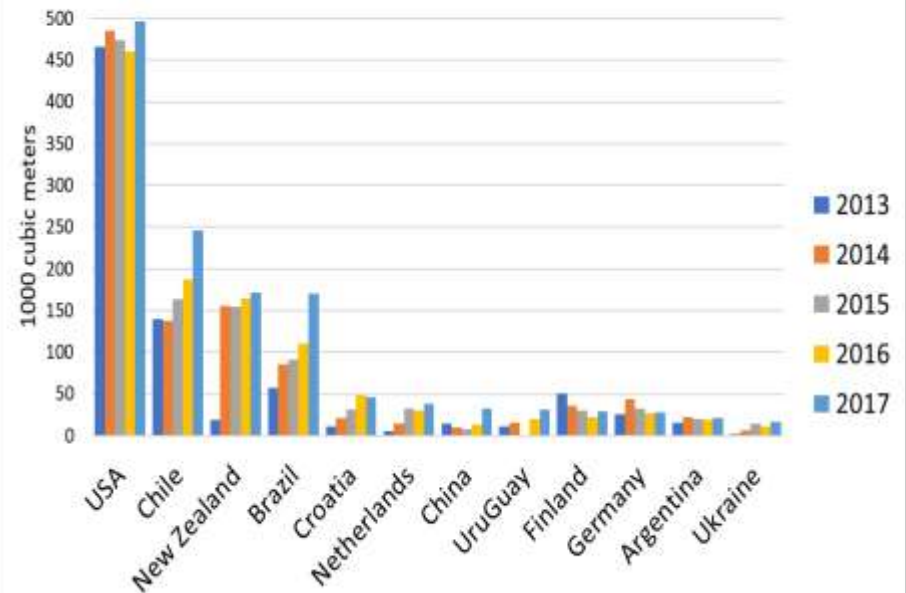
### Vietnam imports of tropical hardwood sawn



### Vietnam imports of temperate hardwood logs



### Vietnam imports of temperate hardwood sawn

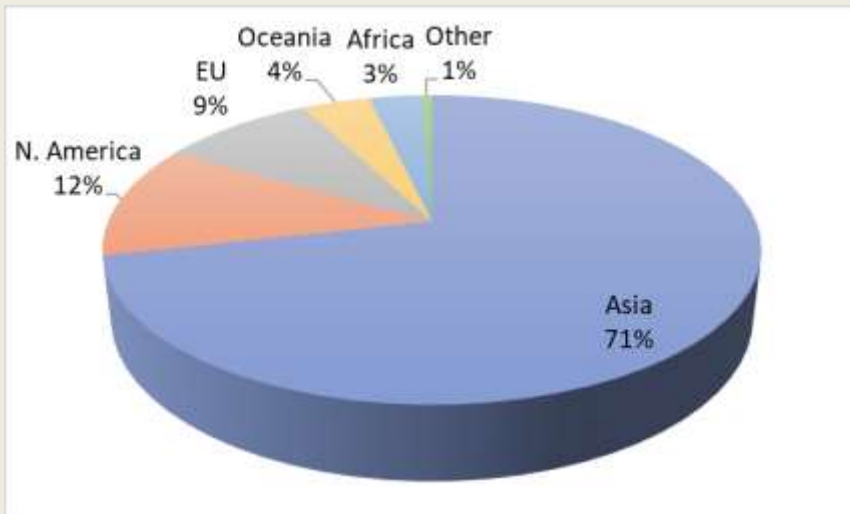


# Indonesia's achievement

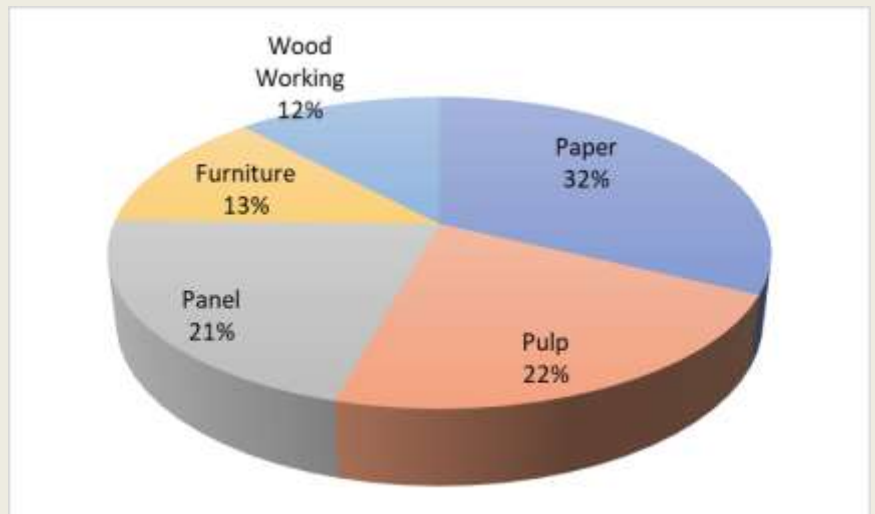


- World's largest tropical timber exporter in 2017 (if P&P incl.)
  - Over 200,000 V-legal certificates
  - FOB Value US\$10.8
  - 15 million tons

Share of export value by global region



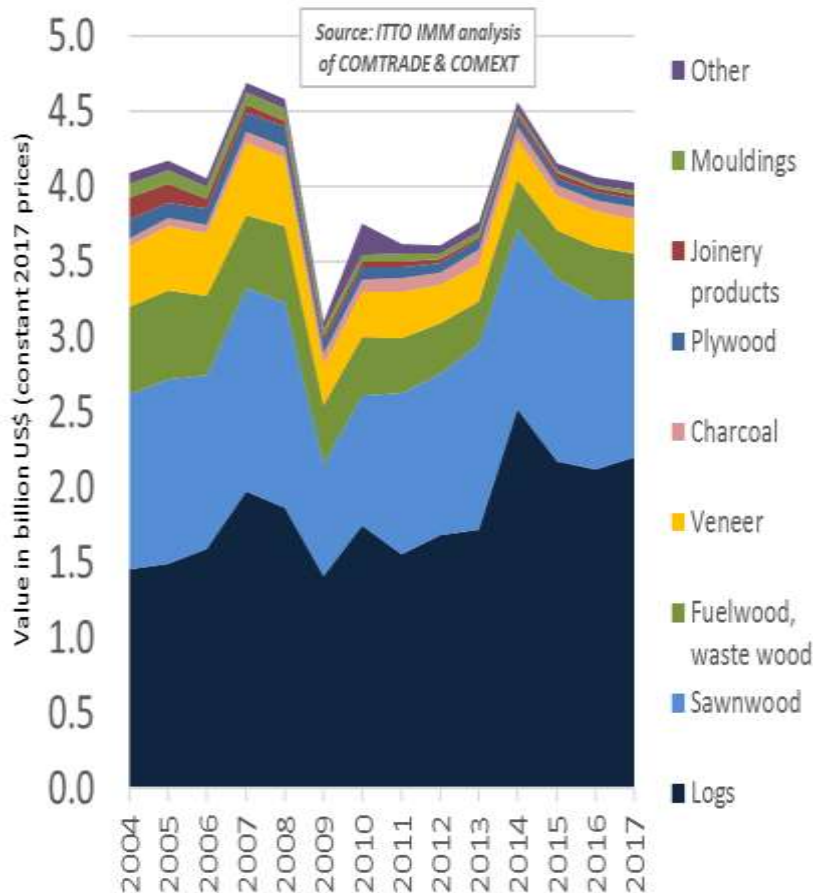
Share of export value by product group



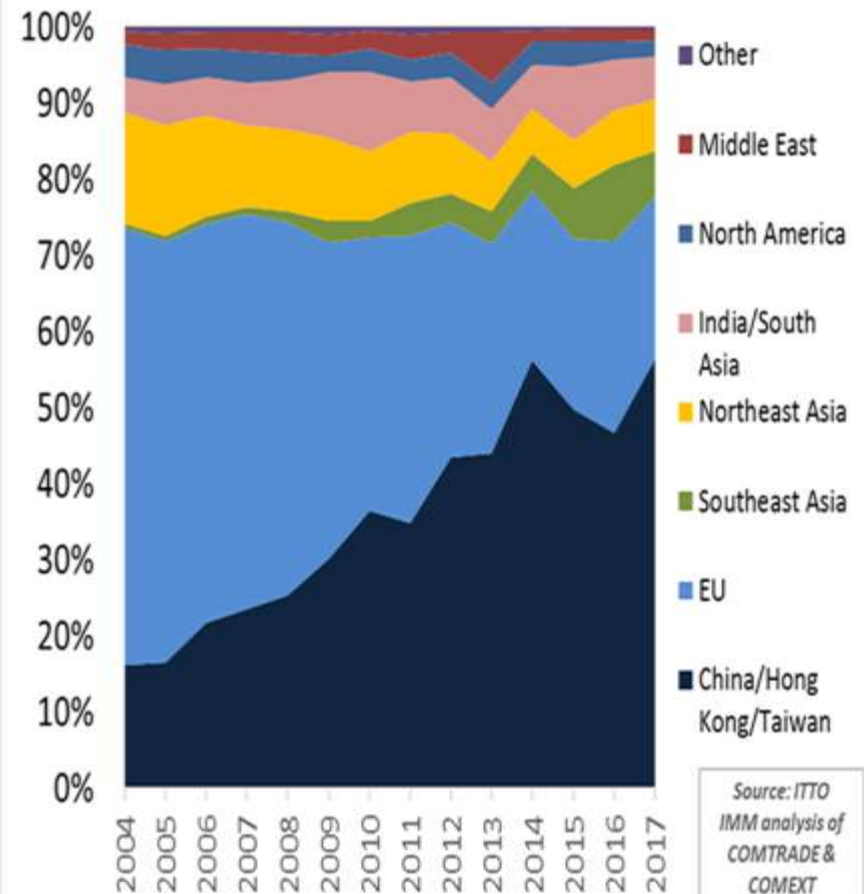


# Africa's continuing dependence on primary wood exports

Value of timber exports from the African continent by product - 2004 to 2017



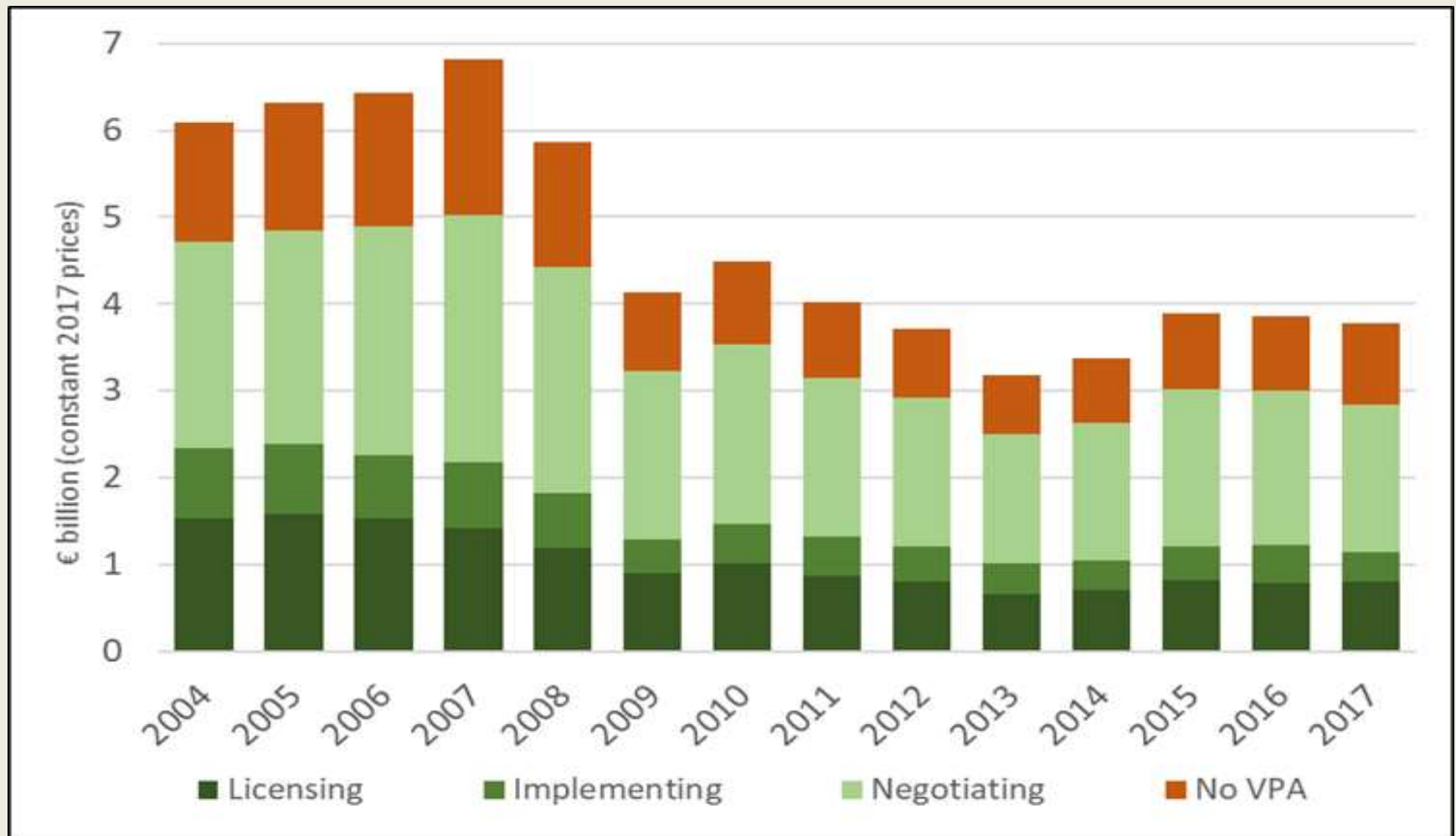
Share of timber US\$ export value from the African continent by destination - 2004 to 2017



# Domestic market overshadows exports

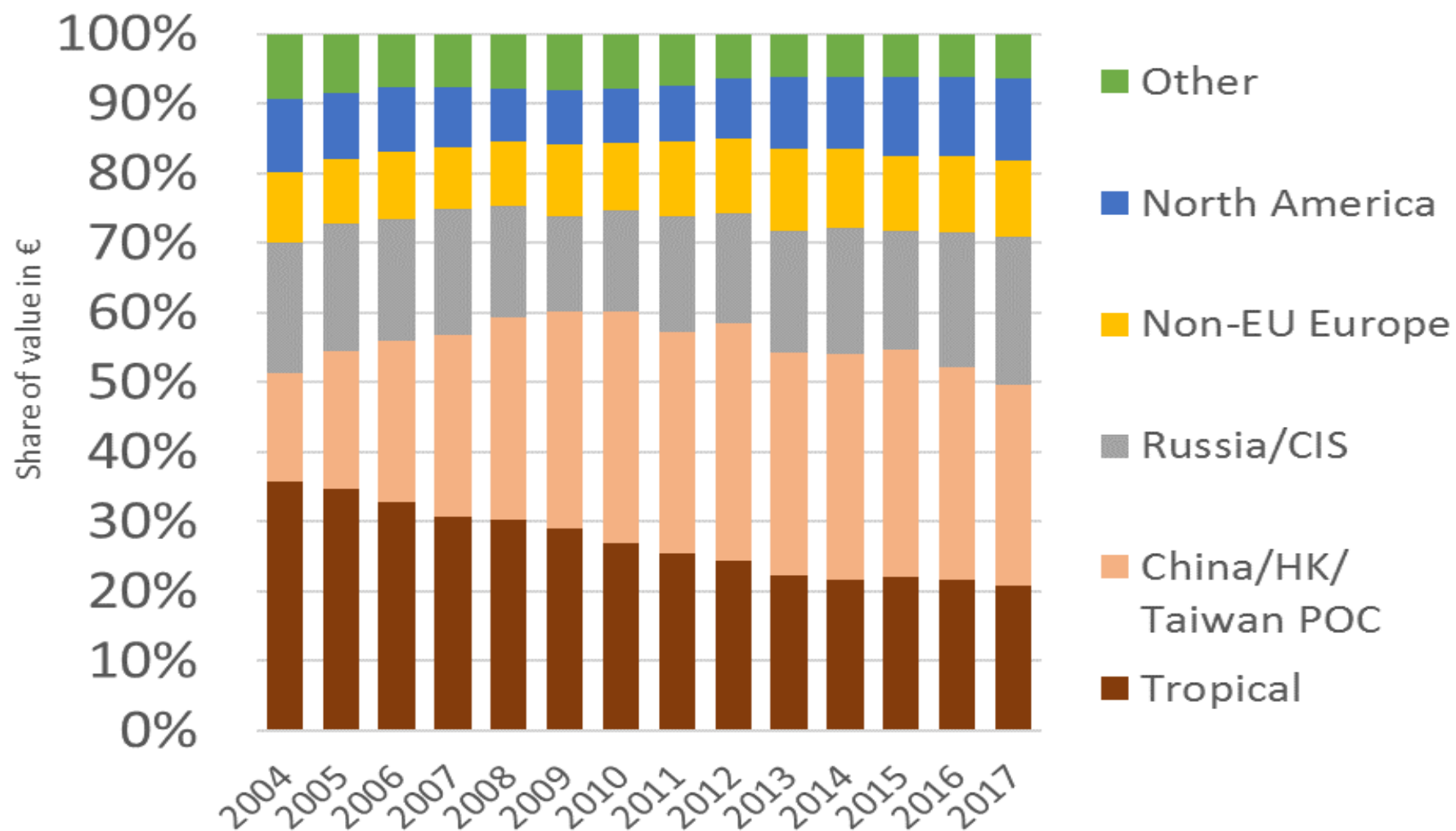
- CIFOR/CIRAD surveys of informal chainsaw milling for domestic market in Africa (Lescuyer et al, various papers 2012-2015)
  - Cameroon – informal production 662,000 m<sup>3</sup>/yr, plus 198,000 m<sup>3</sup>/yr sawmill scrap, against formal exports of 343,000 m<sup>3</sup>
  - Gabon - informal production 70,000m<sup>3</sup>/yr, formal sawnwood exports 150,000 m<sup>3</sup>
  - Congo - informal production 109,500m<sup>3</sup>, formal sawnwood exports 93,000 m<sup>3</sup>
  - DRC - informal production 146,000m<sup>3</sup>, formal sawnwood exports 29,000 m<sup>3</sup>
  - CAR – 61,000 m<sup>3</sup> informal production, 4000 m<sup>3</sup> for unofficial overland export, compares to official exports of 41,000 m<sup>3</sup>
- Hansen et al 2012
  - Ghana domestic consumption & overland export around 1.4 million m<sup>3</sup> compared to formal export sales of 0.5 million m<sup>3</sup>

# 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

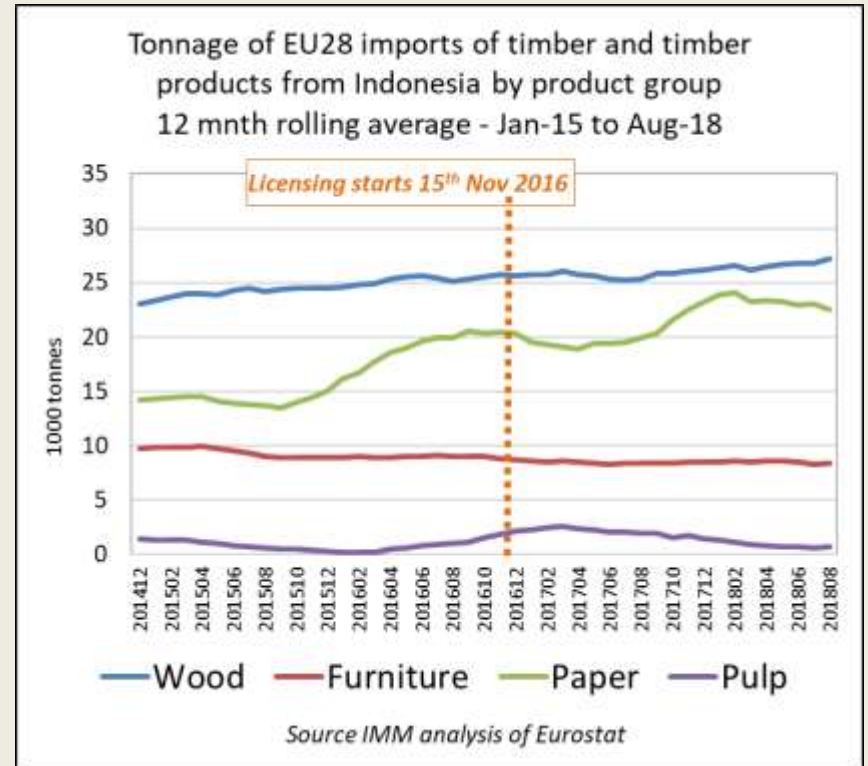
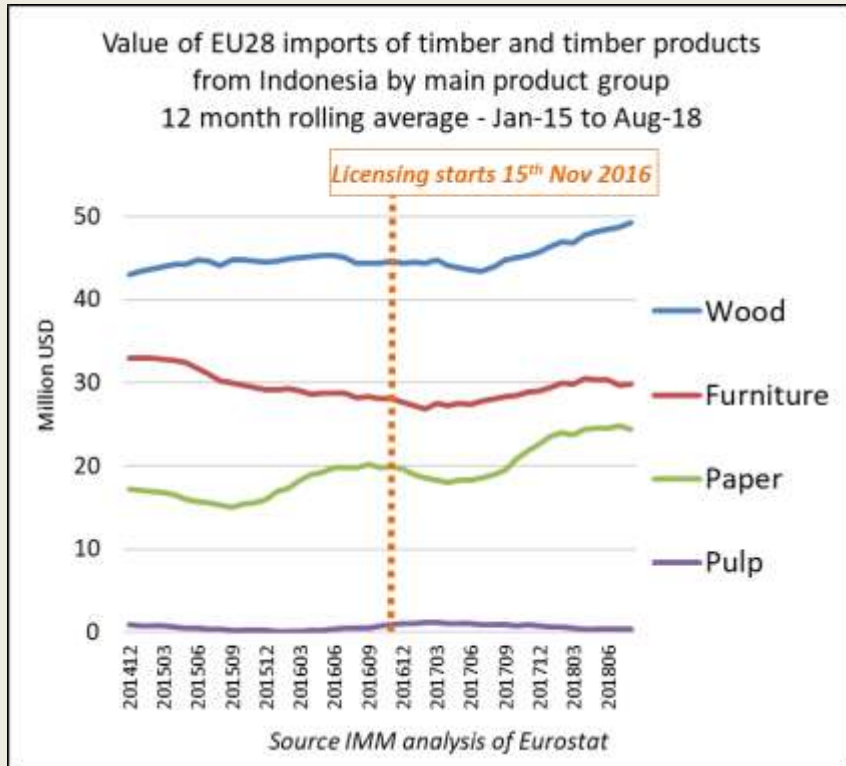
Substitution by  
temperate wood &  
composites

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



# Thank you

Sarah Storck  
IMM Lead Consultant  
[lead@flegtimm.eu](mailto:lead@flegtimm.eu)

Rupert Oliver  
IMM Trade Analyst  
[technical@flegtimm.eu](mailto:technical@flegtimm.eu)



---

**Independent Market Monitoring of FLEGT-Licensed Timber**