

Trade Statement

Madam Chairperson,
Members of the Council,
Ladies and Gentlemen,

Thank you for giving the Trade Advisory Group (TAG) this opportunity to make our Trade Statement. My name is Barney Chan and I am the Coordinator of the TAG.

The global tropical timber trade has been hit by a tsunami.

There is no other way to describe the effects of the financial market meltdowns and the subsequent shift towards recession by many major economies. These are terribly difficult times; make no mistake about them. Initial trade statistics are very gloomy indeed: for example, Bolivia has reported a drop of 15% in their exports this year as compared to last year; Malaysia has dropped by 7.5%; PNG logs exports projected to drop 17%.

In Africa, the exports have dropped so much that some companies are staring at bankruptcies. Members of the Council will recall our Opening Session on Monday when the Minister of Forests and Wildlife from Cameroon, H.E. Elvis Ngolle Ngolle spoke of the great number of employee layoffs due to the drop in exports, and how this would have serious consequences on sustainable forestry management. The Minister called upon ITTO to take proactive action before things get worse.

We in TAG are fully supportive of the call by the Minister. We are fully aware that this Organisation can do things which will be of direct benefit to the trade. And when this is done and the value of the forests is once again enhanced, we can continue strengthen our work towards SFM again. TAG urges the Council to consider quick and appropriate action on the following two items.

Firstly, promoting the use of timber. There is a desperate need to grow the market, for more people to buy and use more timber in order to keep our industry alive. Apart from the current severe downturn in our trade, we are also faced with intense competition from non-timber products like steel, aluminium, concrete and plastics. We need to have a “wood-is-good” campaign immediately. The idea was mooted in the Market Discussions and

gained good response and support from the audience. Therefore, we urge Council to set in motion, actions which will lead to a global generic promotion to use more timber. In support of such a campaign, more work should be undertaken, if necessary, on Life Cycle Analysis with special linkages to carbon. ITTO must tell the world, using responsibly harvested timber is good!

Secondly, ITTO needs to help members understand the concept of legality. The intense interest in illegal logging and its associated trade has created a few international processes to tackle the problems. In this Council Session alone, there has been so many references to the EU FLEGT VPA process. But, Japan has its Goho-wood system and USA, the Lacey Act. Other consumer countries such as Australia and New Zealand are also working on various ways to ensure that the timber they use is indeed legally sourced. The issue faced by producers is the lack of harmonization in the treatment of legality by consumers thus leading to different “standards” which producers have to follow. Can one approach on legality be acceptable to all consuming and producing members of ITTO? In the past, ITTO has tackled bigger issues like SFM and has produced C & I which are readily acceptable by both producers and consumers. The TAG urges Council to take similar actions which can bring both consumers and producers towards an acceptable set of common elements which are deemed necessary to demonstrate legality.

Ladies and Gentlemen, we in the TAG wish you can solve the problems associated with the global economic recession. However, we are more realistic about what Council can actually do with the economy; but we do know that the Council can, and must, take quick actions within its means to save the tropical timber trade and SFM. These are desperate times and we urge you to rise to the challenge and take quick and appropriate actions now.

Thank you.

7 November 2008