



COMBINING OLD-GROWTH, REGROWTH AND PLANTATION TIMBER FOR SUSTAINABLE TRADE

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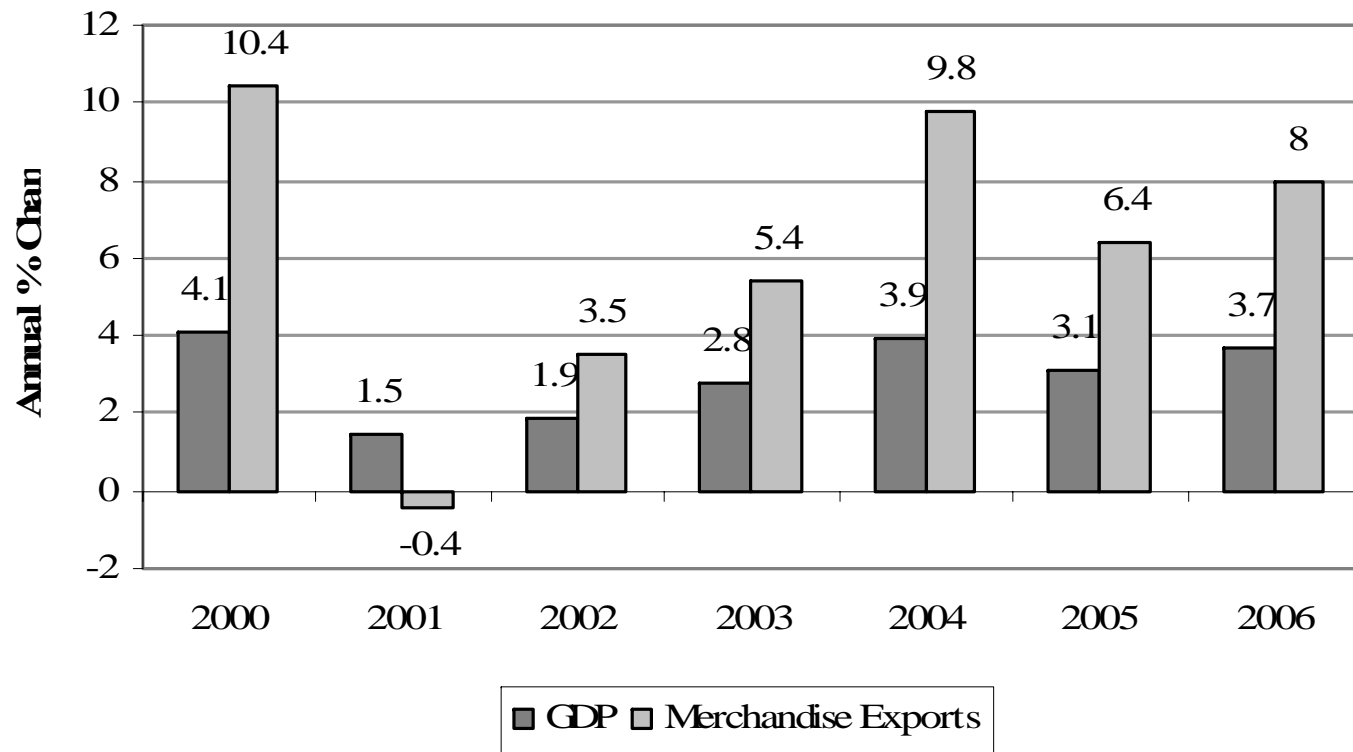
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IVAN, 14/02/2008

1. **INTERNATIONAL TRADE**
2. **GLOBAL DISCUSSION ON TRADE AND ENVIRONMENT**
3. **DOHA AGENDA AND FORESTS**
4. **OLD-GROWTH, REGROWTH AND PLANTATION FORESTS**
5. **FOREST INDUSTRY CHALLENGES**
6. **CONCLUSIONS AND RECOMMENDATIONS**



GLOBAL GROWTH IN TRADE AND GDP



Source: WTO, 2007



CONSULTING
ENGINEERING
MANAGEMENT



INTERNATIONAL TRADE

INTERNATIONAL MERCHANDISE TRADE (2006)

Region	USD Billion	Share (%)
North America	2,355	20.0
South & Central America	378	3.2
Europe	5,118	43.4
Commonwealth of Ind. States (CIS)	290	2.5
Africa	283	2.4
Middle East	381	3.1
Asia	2,839	24.1
World	11,783	100.0

Source: WTO, 2007

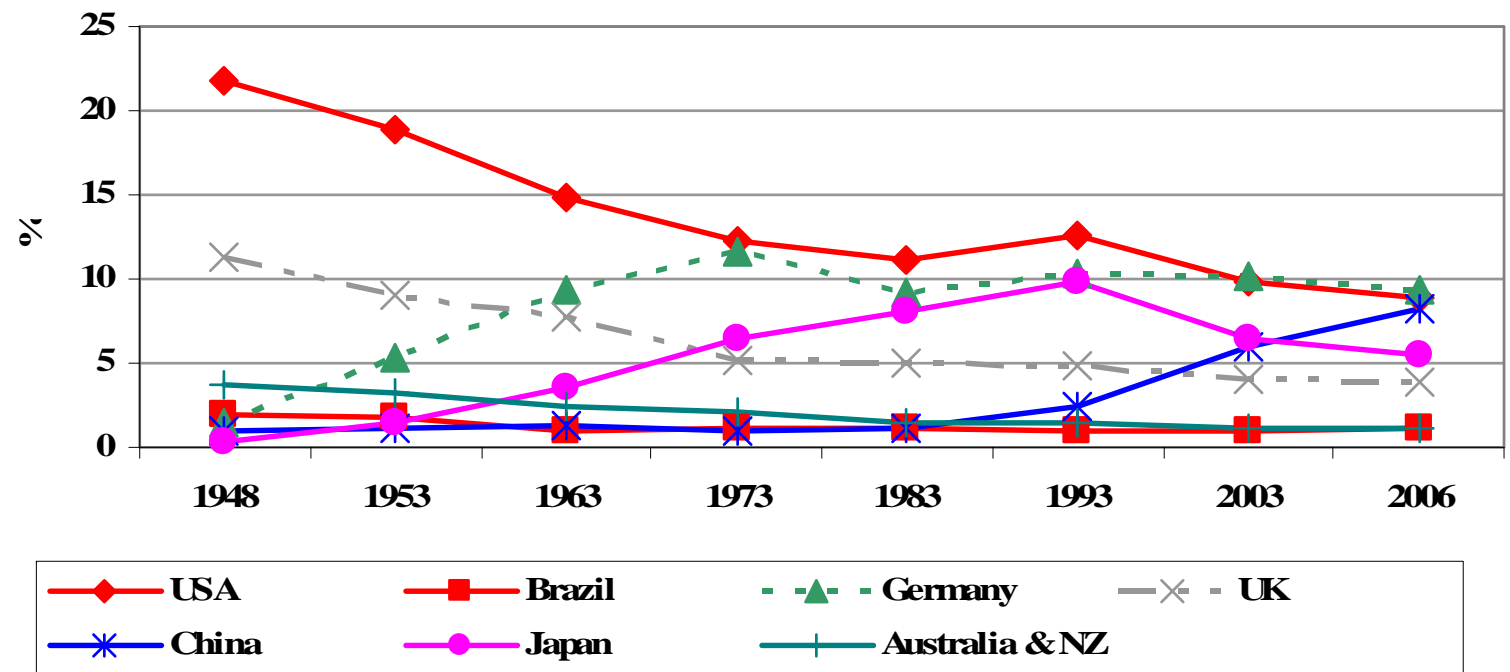


LEADING MERCHANDISE EXPORTERS (2006)

Rank	Country	USD Billion	Share (%)
1	Germany	1.112	9.2
2	USA	1.083	8.6
3	China	969	8.0
4	Japan	650	5.4
5	France	490	4.1
24	Brazil	138	1.1
26	Australia	123	1.0

Source: WTO, 2007

SHARE IN WORLD MERCHANDISE EXPORTS: SELECTED COUNTRIES



Source: WTO, 2007



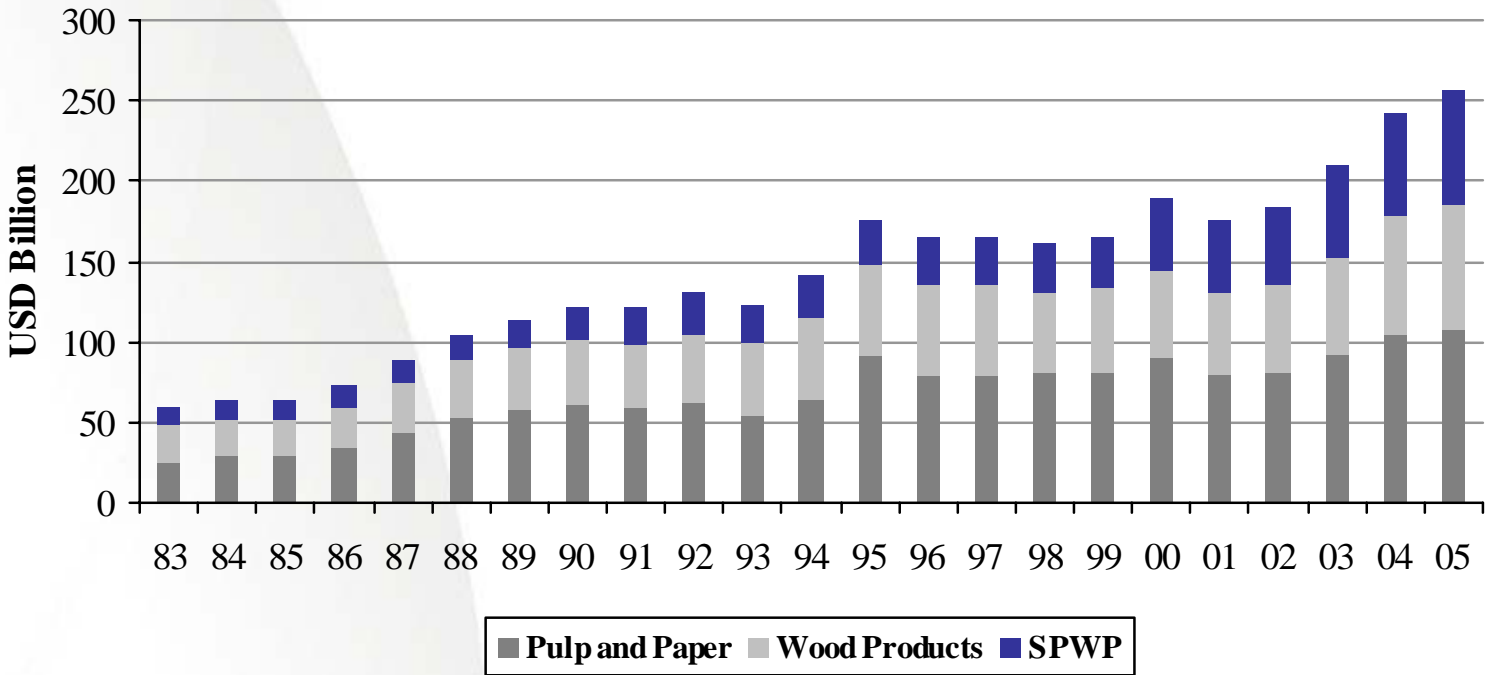
FOREST PRODUCTS SHARE IN THE GLOBAL TRADE (2005)

#	Product	Value (USD Billion)	Share (%)
1	Fuels	1,400	14%
2	Transport equipment	1,302	13%
3	Office and telecomequipment	1,275	13%
4	Chemicals	1,104	11%
5	Food	683	7%
6	Iron and steel	318	3%
7	Clothing	276	3%
8	Forest Products*	257	3%
9	Textiles	203	2%
10	Non-ferrous metals	199	2%
	Other	3,141	31%
Total		10,159	100%

* Includes SPWP

Source: WTO; FAO; ITTO - Adapted by STCP

INTERNATIONAL TRADE OF FOREST PRODUCTS



Source: FAO; ITTO - Adapted by STCP



GLOBAL DISCUSSION ON TRADE AND ENVIRONMENT

INTERNATIONAL COMMUNITY

- RECOGNIZES THAT THE PROMOTION OF SUSTAINABLE DEVELOPMENT MUST BE THE ULTIMATE GOAL OF ALL ECONOMIC DEVELOPMENT
- AGREEMENTS (WTO-1994/DOHA-2001) PROVIDE CRITICAL DISTINCTION BETWEEN PROMOTING ECONOMIC DEVELOPMENT AND PROMOTING SUSTAINABLE DEVELOPMENT



GLOBAL DISCUSSION ON TRADE AND ENVIRONMENT

CONCERNS FOR SUSTAINABLE DEVELOPMENT

- INCREASINGLY EXPRESSED THROUGH PURCHASING PREFERENCES
- ACCESS TO MARKETS INCREASINGLY DEPENDS ON DEMONSTRATE THAT PRODUCTS HAVE BEEN PRODUCED ACCORDING TO PRINCIPLES OF SUSTAINABLE DEVELOPMENT



GLOBAL DISCUSSION ON TRADE AND ENVIRONMENT

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HAS BEEN THE MAIN DRIVING FORCE TO DEVELOP STANDARDS FOR SUSTAINABLE TRADE



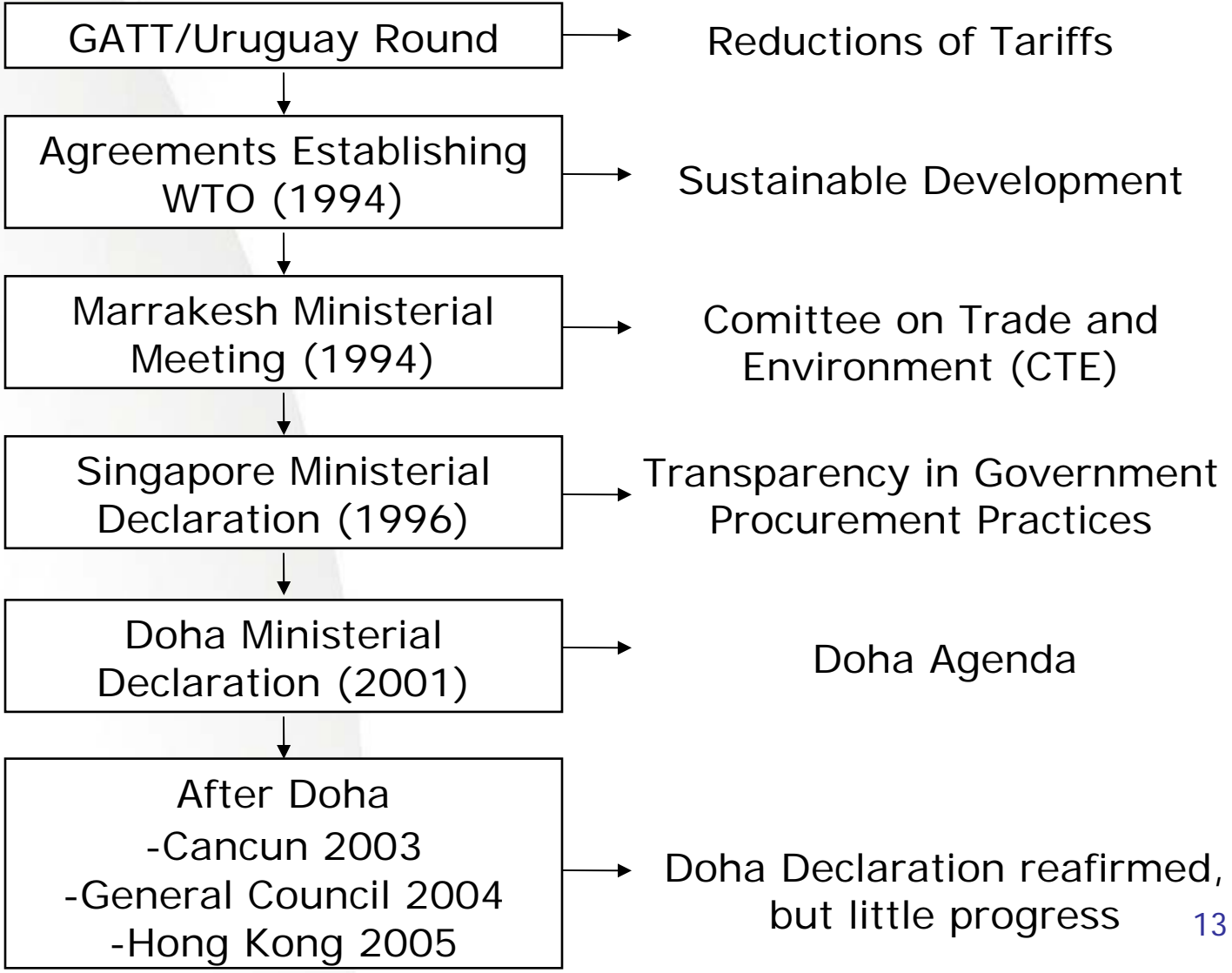
GLOBAL DISCUSSION ON TRADE AND ENVIRONMENT

SUSTAINABLE TRADE

IMPLIES A TRADING SYSTEM THAT DOES NOT HARM THE ENVIRONMENT OR DETERIORATE SOCIAL CONDITIONS WHILE PROMOTING ECONOMIC GROWTH



INTERNATIONAL MULTILATERAL TRADE DISCUSSIONS



RELEVANCE TO FORESTS

DOHA AGENDA



PREAMBLE

LINKS WITH SUSTAINABLE DEVELOPMENT AND INTERNATIONAL COOPERATION

NON-AGRICULTURE PRODUCTS (NAMA)

PARAGRAPH 16:

REDUCE/ELIMINATE TARIFFS AND NON-TARIFF BARRIERS

TRADE AND ENVIRONMENT

PARAGRAPH 31:

- RELATIONS BETWEEN WTO AND MEAs
- REDUCE/ELIMINATE TARIFFS AND NON-TARIFF BARRIERS

PARAGRAPH 32:

- INSTRUCTIONS TO THE CTE
- EFFECT OF ENVIRONMENT MEASURES ON MARKET ACCESS
- PROVISIONS OF TRIPS (PROPERTY RIGHTS)
- LABELLING (ENVIRONMENT)

PARAGRAPH 33:

- TECHNICAL ASSISTANCE/ CAPACITY BUILDING ON TRADE AND ENVIRONMENT

WTO/DOHA AGENDA AND MEAs



- COORDINATION BETWEEN WTO AND MEAs SECRETARIATS HAS NOT BEEN EFFICIENT
- NUMBER OF MEAs HAS RAPIDLY INCREASED (250)
- MEAs AND FORESTS:
 - BIODIVERSITY CONVENTION (CBD)
 - ENDANGERED SPECIES CONVENTION (CITES)
 - KYOTO PROTOCOL/CLIMATE CHANGE
 - INTERNATIONAL TROPICAL TIMBER AGREEMENT
 - OTHERS

LINKING TRADE AND SFM

- FOREST CERTIFICATION
- CHAIN OF CUSTODY VERIFICATION
- PRODUCT LABELLING
- GOVERNMENTS INITIATIVES
 - FLEGT
 - PROCUREMENT POLICIES
 - OTHERS

QUESTION: HOW CAN GOVERNMENTS SUPPORT INITIATIVES AND AVOID DISCRIMINATION IN DEALING WITH MARKET ACCESS?



TRADE LIBERALIZATION AND SFM

- TRADE LIBERALIZATION:

IS NOT LIKELY TO INFLUENCE FOREST PRODUCTS CONSUMPTION BUT IS EXPECTED TO **INCREASE TRADE** (MAINLY OF VALUE ADDED PRODUCTS)

- GOOD GOVERNANCE:

NEEDED TO ENHANCE POSITIVE EFFECTS OF INTERACTIONS AMONG TRADE LIBERALIZATION, MARKET AND SFM



TRADE LIBERALIZATION AND SFM

- PROBLEMS RELATED TO GOVERNANCE

- GENERALLY THOSE WHO DEAL WITH FORESTRY AND THOSE WHO DEAL WITH TRADE DO NOT INTERACT MUCH
- FOREST DEPARTMENTS ARE NOT PREPARED TO MANAGE AND NEGOTIATE TRADE ISSUES

- PERSPECTIVES

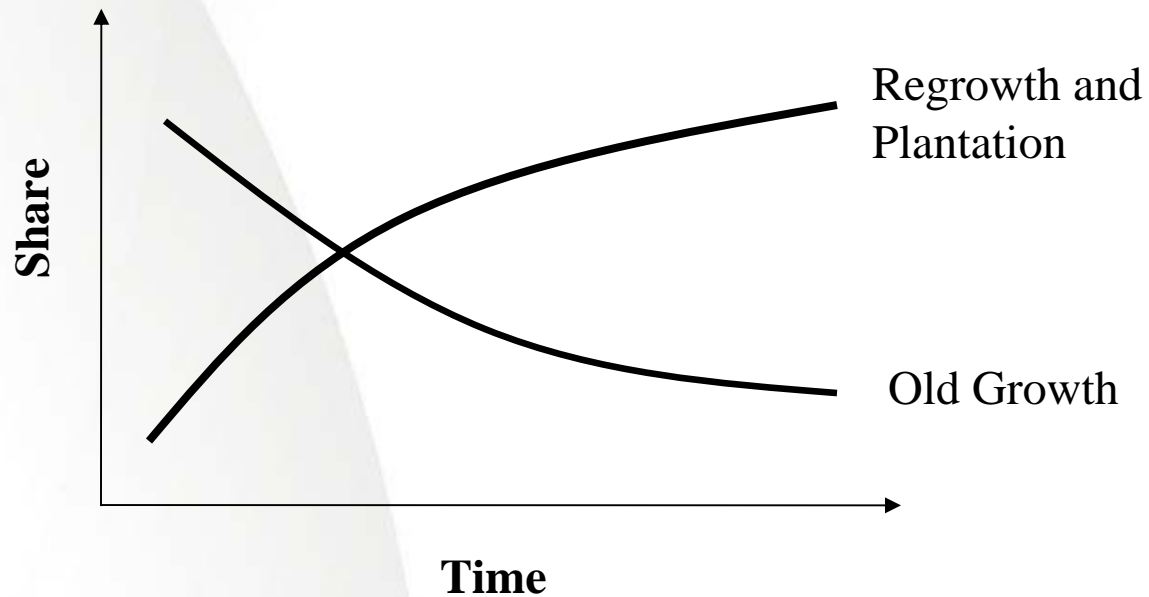
- DEVELOPING COUNTRIES WILL SUFFER
- DEVELOPED FOREST-RICH-EXPORT-ORIENTED COUNTRIES WILL BE BENEFITED (TASMANIA?)





OLD-GROWTH, REGROWTH AND PLANTATION FORESTS

TRENDS ON INDUSTRIAL ROUNDWOOD



- PLANTED FORESTS: AROUND 40% AND INCREASING
- SEMI-NATURAL FORESTS: SIGNIFICANT SHARE
- NATURAL FORESTS: DECLINING

OLD-GROWTH, REGROWTH AND PLANTATION FORESTS

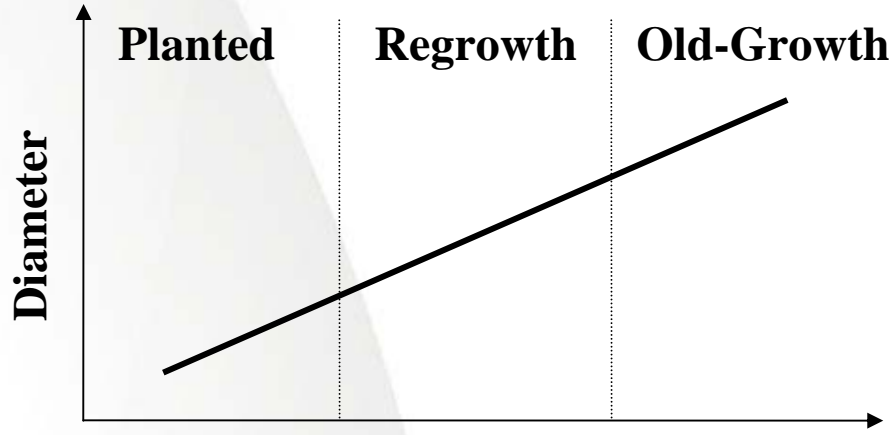
MAIN DRIVING FORCES



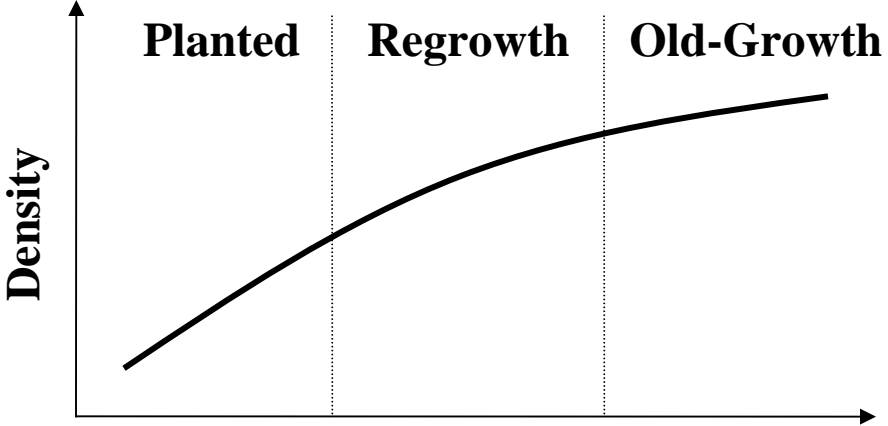
- REDUCTION ON AVAILABILITY OF NATURAL FORESTS SUPPLY
 - LOGGING
 - LAND USE CONVERSION
 - EXPANSION OF PROTECTED AREAS
- MARKET PREFERENCES (GAINING IMPORTANCE)
- NEW REGULATIONS ARE ADDING COSTS AND REDUCING THE COMPETITIVENESS OF THIS RAW MATERIAL SOURCE
- NEW TECHNOLOGIES HAVE ENHANCED THE COMPETITIVENESS OF SMALLER DIAMETER/SHORT ROTATION TIMBER

OLD-GROWTH, REGROWTH AND PLANTATION FORESTS

DIFFERENT RAW MATERIALS



PROPERTIES



ROLE AND CHALLENGES

- FOREST INDUSTRY ROLE
 - CORROBORATE TO GLOBAL EFFORTS TO PROMOTE SUSTAINABLE TRADE;
 - FOREST INDUSTRY CAN MAKE AVAILABLE ENVIRONMENTALLY FRIENDLY PRODUCTS, EXPAND MARKET SHARE AND ADD VALUE TO FORESTS
- GLOBAL CHALLENGES
 - TBTs ARE ADDING COSTS TO PRODUCTION AND TRADE OF FOREST PRODUCTS
 - PROCESS OF SUBSTITUTION OF WOOD FOR OTHER MATERIALS MAY BE ACCELERATED
 - SUBSTITUTION MAY BE DETRIMENTAL TO THE ENVIRONMENT



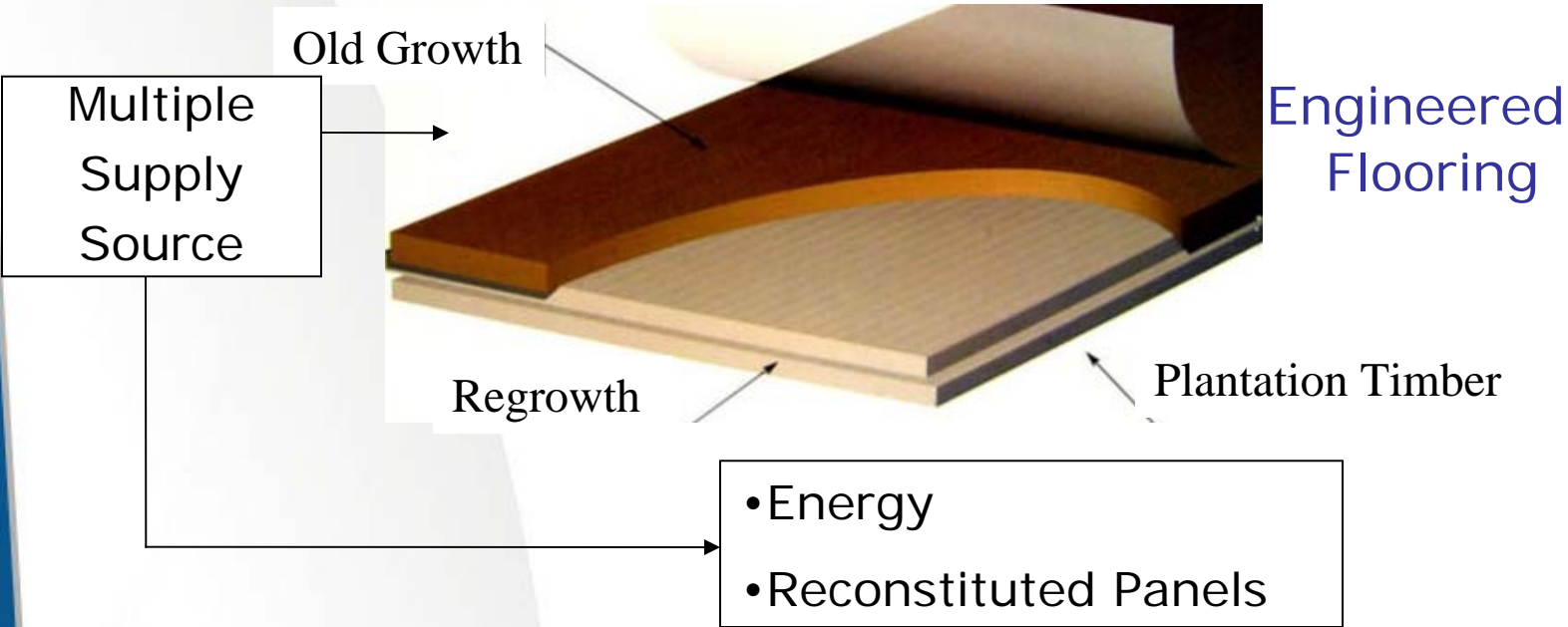
INDUSTRIAL DEVELOPMENT STRATEGY

- TO ENSURE THAT RAW MATERIAL PRODUCED FROM DIFFERENT SUSTAINABLE SOURCES ARE EFFICIENTLY USED TO MAKE AVAILABLE TO MARKETS HIGH QUALITY VALUE-ADDED COMPETITIVE PRODUCTS
- THIS REQUIRES CONTINUOUS CHANGES AND INVESTMENTS TO IN:
 - INDUSTRIAL PROCESSES
 - INDUSTRIAL FACILITIES
 - PRODUCTS DEVELOPMENT
 - MARKETING AND TRADE



FOREST INDUSTRY CHALLENGES

- **MULTIPLE SUPPLY SOURCES**
 - IMPORTANT: TO OPTIMIZE THE USE OF RAW MATERIALS AVAILABLE



- **OTHER OPTIONS**
 - SOLID WOOD PANELS
 - FURNITURE
 - MOULDINGS
 - ENGINEERED DOORS
 - COMPOSITE PRODUCTS

VALUE ADDED PRODUCTS BASED ON MULTIPLE SUPPLY SOURCES



DOORS



FURNITURE



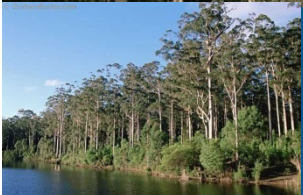
FLOORING



MOULDINGS

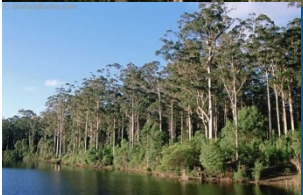
FOREST INDUSTRY DEVELOPMENT STRATEGY

- CONDITIONS VARY WIDELY AND THEREFORE THERE IS NO SINGLE AND SIMPLE SOLUTION
- MAIN ISSUES TO BE CONSIDERED:
 - INVEST IN PROCESS AND PRODUCT INOVATIONS TO INCREASE COMPETITIVENESS
 - MARKET ACCESS WILL DEPEND ON DEMONSTRATE THAT PRODUCTS HAVE BEEN PRODUCED ACCORDING TO PRINCIPLES OF SUSTAINABLE DEVELOPMENT
 - GREATER INTERACTION IS NEEDED BETWEEN THOSE DEALING WITH FORESTRY AND THOSE DEALING WITH TRADE
 - FROM THE POINT OF VIEW OF THE BUSINESS MARKET PERCEPTION CAN BE MORE IMPORTANT THAN DOING WELL IN FOREST MANAGEMENT



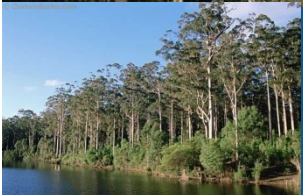
TASMANIA FOREST INDUSTRY HAS STRATEGIC COMPARATIVE ADVANTAGES

- IS A FOREST-RICH-EXPORT-ORIENTED “COUNTRY” AND TENDS TO BE BENEFITED FROM TRADE LIBERALIZATION
- HAS POTENTIAL TO ENHANCE POSITIVE EFFECTS OF INTERACTIONS AMONG TRADE LIBERALIZATION, MARKET AND SFM (GOOD GOVERNANCE)
- HAS CAPACITY TO DEVELOP A MODEL BASED ON DIVERSIFIED SUPPLY SOURCES, COMBINING OLD-GROWTH, REGROWTH AND PLANTATION TIMBERS, AND TO PROMOTE SUSTAINABLE TRADE



TO PROFIT FROM COMPARATIVE ADVANTAGES

- INVEST TO DEVELOP A NEW COMPETITIVE INDUSTRY
- THE STRATEGY NEEDS TO CONSIDER:
 - COMBINATION OF RAW MATERIALS
 - DEVELOPMENT OF VALUE ADDED PRODUCTS
 - DIVERSIFICATION OF PRODUCTS AND MARKETS
 - FULL FOREST POTENTIAL UTILIZATION (PRODUCTS AND SERVICES)
 - SUSTAINABLE TRADE STANDARDS, AND MARKET PROMOTION AND DEVELOPMENT AS A PRIORITY





THANK YOU

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