

IMM survey examines trade impact of FLEGT licensing

The FLEGT Independent Market Monitor (IMM), hosted by ITTO and supported by EC funding, has reported some preliminary results of the 2018 survey of the European trade (for more see www.flegtimm.eu).

Based on structured interviews with around 150 companies in the seven main EU markets for tropical timber products (Belgium, France, Germany, Italy, Netherlands, Spain and the UK), the survey assessed trade views of the current and potential future market impact of FLEGT licensing.

The survey built on and updated results of the 2017 IMM survey which covered 126 companies in the same EU countries. Reflecting the significant contribution of furniture in the mix of tropical wood products imported into the EU, the 2018 survey included coverage of a larger range of furniture companies compared to the 2017 survey.

The survey highlights that the FLEGT licensing system is now operating smoothly and easing access to the EU market for wood products from Indonesia, which became the first country to start issuing licenses in November 2016.

The survey also highlights that the combination of FLEGT licensing and the EU Timber Regulation (EUTR) is changing purchasing practices in the EU. However, the survey also highlights that licensing, in isolation, is unlikely to transform the EU market for tropical timber, and that broader market development strategies will be required to drive significant increases in EU imports of licensed products.

Compared to the previous year, a much higher proportion of respondents to the 2018 survey found the administrative process of importing FLEGT-licensed timber easily understandable and manageable. This confirms expectations from 2017, that the process was unlikely to present significant bureaucratic challenges once importers became accustomed to it.

The market introduction of FLEGT-licensed timber had no negative impact on importers' tropical timber procurement, according to survey respondents. 12% of respondents reported a small increase in share and 1% a big increase.

Furthermore, in 2018, nearly all respondents said that FLEGT-licensing made importing wood products from Indonesia easier compared to the steps required for non-licensed wood to comply with EUTR due diligence procedures. In 2017, a significant number of respondents had partially (12%) or fully (20%) disagreed that licensing simplified EUTR compliance.

On the other hand, responses to the question of whether companies would actively prefer FLEGT-licensed timber from Indonesia over unlicensed timber from competing sources was more mixed.

Respondents remarked that FLEGT-licensing was a factor that could impact purchasing decisions but only where other product criteria were equal. Respondents emphasised that legality assurance was one of several critical criteria – including price, quality, specification and logistics – that drove purchasing decisions.

The IMM 2018 EU trade survey asked for views of whether FLEGT-licensing and the introduction of the EUTR has had any direct impact on the share of tropical timber in their overall timber imports. A majority of respondents found that the share had not been directly affected by either.

However, where EUTR is concerned, the proportion of companies saying the share of total tropical timber in their imports had decreased slightly (19%) or even substantially (16%) because of its introduction was quite significant.

There was also a small proportion of respondents (2%) that stated that the share of tropical timber in their imports had increased following introduction of EUTR. This may be explained by a shift in the market as some smaller importers gave up direct purchases in tropical countries in response to legality risks and instead purchase from landed stocks of the larger importers. The latter are importing more to make up the shortfall.

The 2018 survey shows that private certification schemes, especially FSC, have profited from the introduction of EUTR. Several survey respondents remarked that gave preference to certified timber since the EUTR came into force and have used certification as a means of compliance with EUTR due diligence requirements.

This effect was particularly pronounced in markets where (FSC) certification of tropical timber products has previously had a lower level of market penetration. Several traders in Germany, France and Italy, for example, reported “big increases” in FSC certified timber purchases due to the introduction of EUTR. This contrasts with the Netherlands and the UK, traditionally larger markets for certified wood, where very few respondents reported significant increases in procurement of certified wood due to introduction of EUTR.

However, when trying to source (additional) certified timber, several companies reported significant supply restrictions, especially when sourcing from Africa.

When asked whether the market introduction of FLEGT-licensed timber from Indonesia had had any impact on their purchases of certified timber the overwhelming majority of companies answered “no change”.

UK agrees to recognise FLEGT licenses in event of “no-deal” Brexit

The UK and Indonesia have signed an agreement committing the former to continued recognition of FLEGT licences after Brexit. The UK Department for Environment (Defra) confirmed the arrangement on its twitter page on March 29.

The UK government committed to incorporating both the FLEGT and EU Timber Regulations in UK law after Brexit in 2018. However, Defra also advises online that in the event of a ‘no deal’ departure from the EU, while UK law for trading timber will have the same requirements as existing EU rules, timber businesses will have to follow different trading processes.

Operators will have to undertake due diligence on timber and wood product from inside as well as outside the EU and European Economic area, the only exception being timber with a FLEGT licence or CITES permit.

If exporting to an EU or EEA country, UK companies may also need to provide documentation verifying source and legality of the timber so that customers can meet EUTR due diligence requirements.

Also in the event of a no deal, the UK will continue to recognise Monitoring Organisations based in the UK, but will not automatically recognise those operating in EU or EEA countries. The EU has indicated too that it will not recognise Monitoring Organisations based in the UK in a no deal scenario.

In the year ending November 2018, the EU imported 422,000 tonnes of Indonesian wood products, valued at €794 million, of which the UK accounted for over 180,000 tonnes.

STTC and ATIBT to collaborate in marketing of “verified sustainable” tropical wood

The Sustainable Tropical Timber Coalition (STTC) and ATIBT’s Fair & Precious (F&P) branding campaign are to collaborate in communications and marketing. Both initiatives promote “verified sustainable” tropical timber in Europe and highlight the role demand for it plays in incentivising the uptake of sustainable forest management in tropical supplier countries and in preserving tropical forest.

The two initiatives commend FSC or PEFC certification as procurement criteria. But while both have voiced support for the FLEGT VPA initiative and FLEGT licensing, with the latter advising the African private sector on implementation of VPAs and their impact on business, neither is willing currently to endorse licensed products in conjunction with certified timber.

In its latest strategy ‘roadmap’, the STTC lists as a key action point the need to ‘align where FLEGT stands in relation to promoting verified sustainable tropical timber’. It acknowledged FLEGT as ‘an important stepping stone to sustainability’ but said ‘timber trading companies need clarity on how to sell it’.

Under their cooperation agreement, the two will exchange information and coordinate websites. They will jointly produce six to eight newsletters annually, which will be distributed to a combined database, and develop and distribute a sustainable tropical timber marketing toolkit to certified operators and F&P brand users. They will also share and co-brand the annual STTC data market report monitoring European sales share of certified timber.

Building on tropical hardwood’s construction potential

Advocacy for using timber as a mainstream modern construction material is increasing in Europe and other regions. Faced with the need to satisfy growing global housing need, while simultaneously reducing the construction industry’s environmental footprint, wood is becoming the building material of choice for a growing number of architects, engineers, designers and contractors.

Adding impetus to this trend are the development and increasing application of more technically advanced structural timber products. These are allowing the construction sector to build bigger and ever more ambitiously in wood and enabling it to compete head-on with energy intensive rival materials, steel and concrete.

At the same time, there are early signs that architects and others are looking to broaden their timber building product palette, exploring the structural capabilities of hardwood as well as softwood and, while it is yet to hit the headlines, considering the possibilities of using tropical as well as temperate species. This could not only help provide much needed, affordable, low carbon housing, but also act as an added incentive to sustainably manage forests for timber production.

These are the main conclusions of interviews with leading architects just undertaken by Mike Jeffree, a freelance journalist and timber specialist who is consulting editor of the UK Timber Trades Journal (TTJ).

While tropical timber has been used extensively in solid form in bridges and other marine applications for a long time, Netherlands-based Boris Zeisser is one architect who sees its potential,

in Europe and around the world, for a broader spread of construction applications, including in engineered formats.

Zeisser has used tropical species extensively in his buildings, and not just in more conventional applications, such as cladding, roofing, decking, joinery and interior fixtures. Where it's suited and the client wants it, he also uses it in structurally, usually expressing the building frame to complement other wood elements in the project.

Nor, unlike some, does he see tropical timber in construction being limited to a market niche. Natrufied uses it for mainstream public and commercial buildings, private and social housing and it sees its combination of looks, performance and environmental benefits (which, he also believes, if sustainably sourced, include encouraging maintenance of tropical forests) giving them potential for increasing uptake in architecture generally.

"What we need is more training in their application, and in timber use generally, at architectural schools," said Zeisser. "I'm now teaching at the Rotterdam Academy and I, of course, cover tropical timber."

He had little exposure to wood at college in the Netherlands and the US, but his first job at the practice of Erik van Egeraat gave him his initial experience. He worked on the wood interiors of a concert hall in Breda and a college in Utrecht and they featured more unusual species for the time, including red cedar and bamboo. "Then van Egeraat used padouk cladding on his own house, which caused a stir and caught my interest," said Zeisser.

He went on to launch his first practice 24-H, later leaving to set up Natrufied.

With experience, his interest in wood use grew – as did the range of types he used. Projects included the Soneva Kiri resort in Thailand which featured river red gum for floors, stairs and other timber elements, a bamboo frame structure and a variation on rattan for the roofs.

He also specified cumaru for cladding and balcony flooring on a 13-storey block of flats in Nijmegen and sucupira amerela and lauro gamela for joinery and cladding in an eco-community housing project in Leiden. In the same town he designed Marecollege. This is another multiple species project, using keruing for flooring and interior cladding, sucupira amerela for windows and doors and lauro gamella for exterior cladding.

Zeisser described discovering the potential of tropical hardwoods as a step by step process; use in flooring, joinery and interior cladding led to exterior application, then structural.

The first project where Mr Zeisser used engineered tropical hardwood structurally was a private house in Cadzand. This includes seven different tropical species; mahonie and wenge for interior cladding, coromandel for interior furnishings, padouk for suncreening, afromosia for window frames and jatoba for doors, flooring and decking.

The seventh species is iroko which comprises the glulam structural frame. "Where we use a glulam frame, it's mostly larch, but we always show clients samples of tropical wood as an option," said Zeisser. "Our tropical glulam is made by a contractor and doesn't seem to pose any technical problems in manufacture. The main issue is cost. Its strength means we use less, but it's still about 1.5 times as much as larch. Even so people still want it."

Natrufied has iroko structural frames for other buildings. "And other tropical species would have been suitable for the glulam, such as jatoba," said Zeisser.

He stresses that he does not use tropical timber regardless. “We aim to build in wood as much as possible, but that could also be softwood, or a combination. We propose tropical where its relevant and appropriate structurally and aesthetically – it won’t do us, or tropical suppliers, any good if it’s used for applications where it’s not suited.”

With that proviso and better timber training for architects, Zeisser believes tropical wood can make a still greater structural impact. Even more so if the construction sector and consumers understand that ‘in creating a market for sustainably sourced tropical species it can underpin sustainable forestry’.

Mike Jeffree’s interview with Michael Green, a leading Canadian architect, suggests that the opportunities for timber in construction are literally “sky high”. Green authored the influential book ‘The Case for Tall Wood Buildings’ which has boosted worldwide interest in the potential for high rise timber construction.

While the mass timber market that this would create would likely be dominated by softwoods, Green reckons there will be good niche opportunities for tropical hardwoods, particularly plantation-grown. He also emphasises the strong potential for modern forms of timber construction to satisfy the massive demand for high density, cost-effective, energy-efficient, carbon neutral, low-pollution, fire-proof and earthquake resistant buildings in emerging markets.

Green’s architectural practice MG-Architecture (MGA) has been one of the leading lights in North American timber building since its establishment in 2012. Among MGA’s projects are the Wood Innovation and Design Centre in Prince George, British Columbia, formerly, at 29.5m, the world’s tallest modern, all-wood structure.

MGA was also responsible for 220,000 ft² T3 office development in Minneapolis, billed as the first modern timber building in the USA for a century. The practice is now aiming higher still. Its entry for the Réinventer Paris urban regeneration architectural competition comprised a large-scale commercial and residential complex featuring the 35m Baobab Building.

In 2018, MGA became part of the \$3 billion Silicon Valley tech and construction group Kattera, the company behind a 250,000ft² cross laminated timber (CLT) plant in Spokane, Washington. The move, said Green, would grow MGA’s impact in North America and beyond and ‘advance our agenda on design, quality, sustainability and affordability’.

The basis of Green’s confidence in the capacity of timber to ‘disrupt’ the modern construction industry lies in the development of the new generation of mass/engineered wood products, including CLT, laminated veneer and strand lumber and glulam. These, he says, present architects with the ‘first legitimate reason to revisit what the future of building looks like’ in 150 years and have the potential to revolutionise construction globally as much as the dawn of building in steel and concrete.

“Mass timber represents a major shift,” said Green. “These panels and beams that come in large formats and perform so much better in fire and structurally than established lightweight timber frame, enable us to build bigger. Not only that, they can be better understood and assimilated in building cultures where wood construction is not prevalent and concrete and steel are the default structural materials.”

Green also maintains that, due to its suitability for prefabrication, rapid build times, low waste, relative lightness, plus, critically, its low environmental footprint, mass timber building is ideally

suited to development of urban centres at a time when urbanisation and urban construction densification are accelerating worldwide.

“Wood is the ultimate in rapid renewable building materials. It’s got the lowest water footprint and the lowest carbon footprint – it actually sequesters carbon. It’s low energy to process and transport, delivers energy efficient buildings and you’re not hauling non-renewable resources out of the ground when using it, as you are in the case of concrete, steel and the fossil fuels you need to make them,” he said.

“So, as urbanisation happens, wood is finding this new form ideally suited to urban environments, with new products and approaches that are easier for other building cultures to comprehend.”

Modern mass timber building has its origins in central Europe and may now be growing most rapidly there, in North America and other developed regions using temperate softwoods. But Green sees its greatest potential economic and environmental impacts coming in developing countries, including in the tropics.

“My personal interest is in how this whole movement in construction will ultimately address the needs of the developing world,” he said. “In South America and Africa, for instance, there is great opportunity. In both regions, urbanisation is happening much faster than Europe and North America and, at the same time, the rate of deforestation is among the highest in the world, with the loss of habitat and carbon emissions that causes.

“But they have these fast growing species, such as blue gum, which are renewable on a 10-12 year cycle and could be ideal for making products like laminated veneer and strand lumber. Currently there isn’t the technical capacity to manufacture and use these materials at scale in these regions, so they’re building more and more in old school, unhealthy ways to cope with urbanisation. But industries from areas where mass timber is established could share their expertise and help develop that capacity.”

This in turn, according to Green, could be part of the solution to halting, even reversing deforestation.

“Certification schemes have advanced sustainable forest management to a degree in these regions, but alone they’ve struggled to create a sound argument for not taking the immediate financial return of a deforestation and redevelopment programme,” said Green.

“Often currently a better economic argument is seen in selling off the trees for initial financial benefit, then converting the land to more profitable agriculture, soya or palm oil plantations or development. But these new higher added value engineered timber products could provide the incentive to adopt sustainable forest management and even reforest, plus the materials to develop the lower carbon building approaches so urgently needed.”

What could also give added impetus to wood building in the developing world, he said, is a change in mindset on the value of timber plantations.

“I certainly don’t want to see the destruction of old growth forest to accommodate plantations. But properly located, managed well, with the right rotation and restoration of nutrients to the soil, they can be beneficial, both in terms of reducing the attraction of clearing natural forest and in providing the construction timber needed.”

To achieve this shift in attitude and assist the spread of wood construction internationally, Green also advocates greater accord and cooperation between the timber and timber building industries, environmental certification schemes and NGOs.

“There is already growing appreciation that they have shared values; timber companies are recognising that environmental groups can be valuable partners and environmental groups that timber companies have an economic incentive and a commitment to managing forest sustainably, but there’s still room for improvement,” he said.

“In particular we need to move on from the view that one size fits all when it comes to certification. There should be more adaptation to regional and local environments, conditions and needs, and to develop the understanding for this in turn requires greater investment in forest science and forest schools worldwide.”

Looking forward there is growing consensus in the construction sector that, given the volume of housing needed, particularly in urban centres, combined with ever more stringent environmental controls, the move to building in wood can only accelerate.

“We’re making this construction soup and the only ingredient you can throw in flat out and come out carbon neutral is timber,” said Michael Green.

Meanwhile, Boris Zeisser reiterates his belief that wood construction can also become an increasingly potent tool for adding value to forests worldwide and helping avert conversion to alternative uses, such as cattle farming, particularly in tropical regions.

“That’s how I explain to clients and students why using sustainably sourced tropical hardwood can be among the most environmentally positive ways of building,” he said. “As our Netherlands Timber Trade Association says on tropical wood, it’s a case of ‘use it or lose it’. It’s a choice between having forests full of trees or fields full of cows.”

