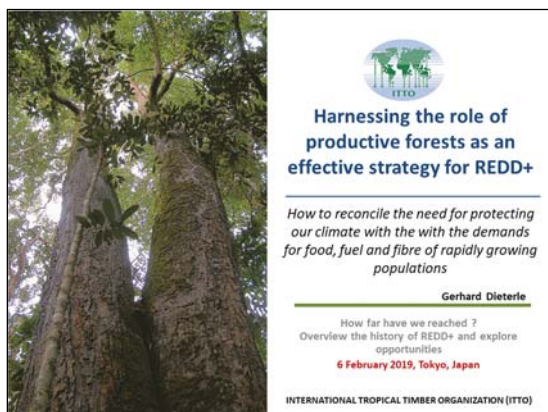
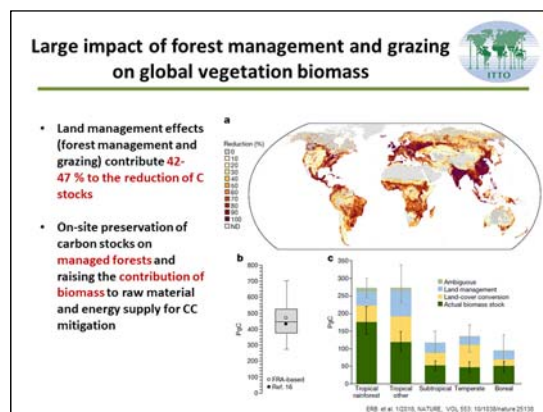
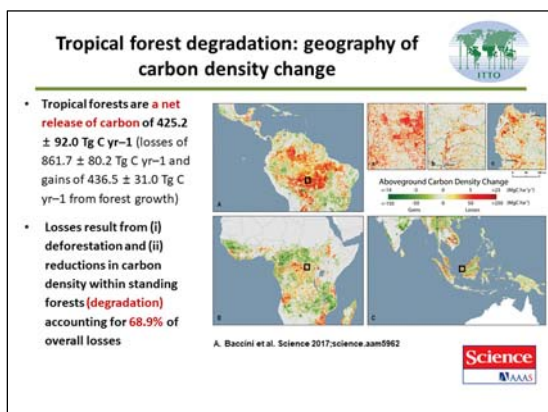


Harnessing the Role of Productive Forests as an Effective Strategy for REDD+
-How to meet the world's hunger for timber and forest products-
Gerhard Dieterle (International Tropical Timber Organization (ITTO))



This theme is very relevant for all of us, because we all work to address climate change and development, biodiversity conservation, social issues, and so on. Today, my role is to give our assessment from International Tropical Timber Organization (ITTO) as to the role of productive forest in the context of climate change mitigation and adaptation and how that can relate as an effective strategy to contribute to climate to REDD+ activities.

Tropical Forest Degradation

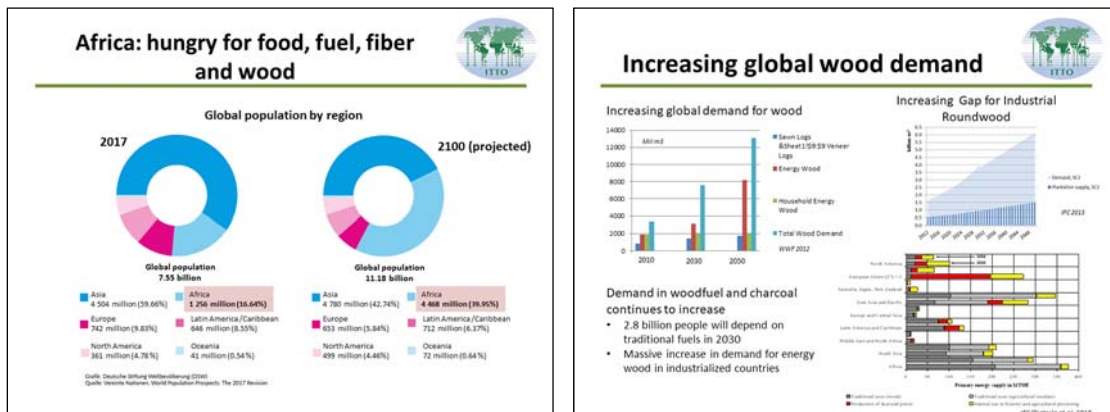


Everything I heard today makes a lot of sense. Everybody looks at the same issue from different angles. Let me start with a couple of facts. A recent scientific study on deforestation and degradation, published in *Science* in 2017 from Baccini et al concludes that that degradation is a very important factor of climate change, and it is a bigger issue than deforestation. It is where people and forest interact and influence existing forests. All the degraded red parts are around big forests regions like the Amazon, Congo Basin, and Kalimantan.

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Another study from ERB et al published in *Nature* in 2018 shows inadequate forest management is a major contributor to carbon emissions from forest in addition to deforestation. This means there is something going on which is not deforestation, but which is human influenced.

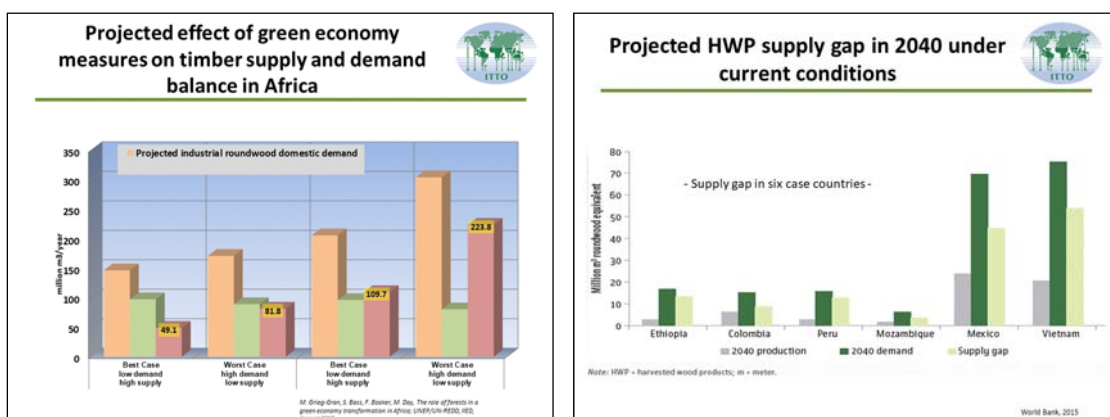
Africa: Hungry for Food, Fuel, Wood



If you look at forest degradation and their carbon emissions from forests and look at the population development up to 2100, you'll see that population in Africa will grow from 1.2 billion to 4.6 billion by the end of the century. This means basically all population growths in the next 80 years will come mostly from Africa.

Based on this population trend, it is clear that people will need forests, forest products and non-timber forest products in the same way as food. There is 99% co-relation between population growth and the demand for wood and wood products. We will talk not only about food security, but also wood security, water security and so on. As a result, projections from the World Bank and our own analysis show a big carbon supply gap in the future. Even until the mid of the century and beyond, there will be an increase of demand for wood-based energy.

Increasing Global Wood Demand

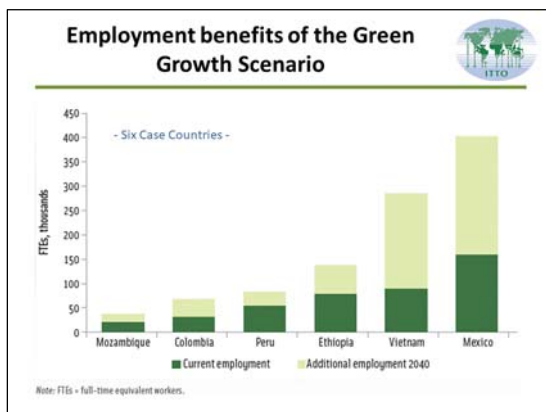


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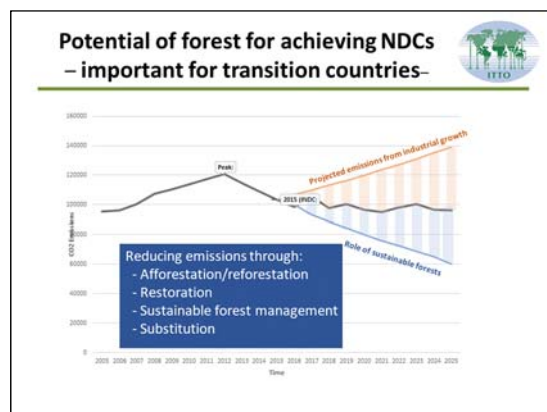
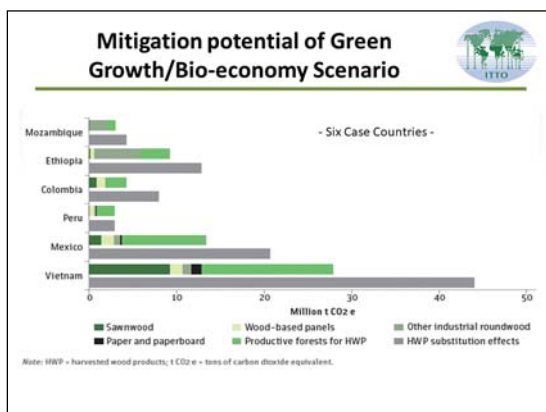
A new UN-REDD study on Africa looks at different scenarios of low demand-high supply, high demand-low supply. It shows a major gap in Africa of 700 million tons per year.

Several countries, even high forest-cover countries, show major future supply gaps including Peru, Mozambique, Colombia, Ethiopia, and so on.



What would happen if we could meet that supply gap through more investments; more afforestation, reforestation and so on? If we could close this supply gap, there would be additional jobs, additional income, and additional GDP created through forest-based measures, especially in rural areas.

Green Growth Scenario Benefits

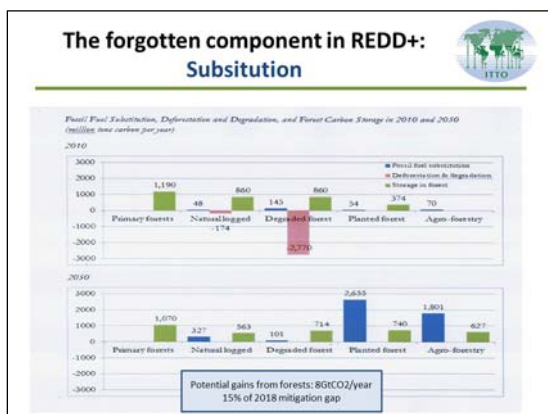


Interestingly, if we could close this gap as part of bio-economy scenario, the biggest benefit would not be only in the forest, but it would be in reducing CO₂ intensive materials in housing, in energy, and so on, that is, substitution. Everywhere the role of substitution is higher than forest-related measures all together. The problem is the emission reductions from forest are accounted under other sectors, not in the forest. That is the problem why we do not see these figures accounted for forests.

If we would grow more forest, countries such as Indonesia or Brazil would have more room for

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economic development in other sectors like cities or infrastructure or energy and so on, because additional forest cover could offset increased emissions from normal regular development.



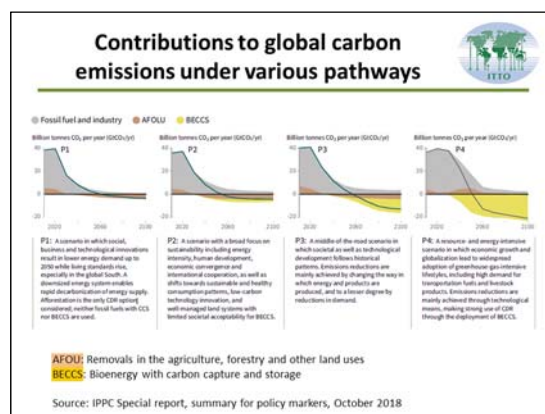
Where could we close the gap? Our comparison between 2010 and 2050 shows that if we are lucky, we can keep the same amount of primary forests. But the fact is that almost all contributions to close the gap would come from afforestation, reforestation, landscape restoration, and from agro-forestry where trees are integrated into agricultural practices. Hence, investments are needed and the question is can results-based payments trigger investments? My belief is we should focus on results-based payments on forest which we need to protect by all means: natural forest, high biodiversity, high conservation forests, and develop viable economic principles and concepts for productive forest where we can meet the demands of future generations. This is a different approach.

Mitigating Climate Change

Forest and forest products are essential for mitigating climate change

- Special report by the Intergovernmental Panel on Climate Change (published in October 2018):
 - Massive investments in forestry (afforestation, restoration and rehabilitation) along with
 - Further use of wood-based products and bioenergy

Essential for keeping the global temperature increase within the target of 1.5°C



Last year, the IPCC's Special Report came out in October, which for the first time spoke about the role of forests without which the 1.5°C temperature increase cannot be achieved. They referred to REDD+ activities, as well as the use of wood-based products and bio-energy.

The use of forests and timber and wood products in housing is a key factor which is contributing to substitution. Here in Tokyo the highest, the tallest wood-based building is being projected and other high

risers will come up in other countries. It is a new philosophy about bio-economy integrated into secular economies which have been highlighted by the IPCC Report very strongly. This is a new element to the REDD+ agenda and to the climate mitigation agenda, which we have to have in the future. We need to discuss how this new element can be integrated into global REDD+ approach.

Developing Sustainable Forest Supply Chains

Multiple wins from sustainable forest supply chains

- Economic growth
- Poverty reduction
- "Wood security"
- Additional climate mitigation benefits: Emission reduction + CO₂ removals+ substitution + storage:
Potential is up to 8GtCO₂/year, however accounting of substitution benefits unclear
- Increased environmental/biodiversity benefits
- Global water regime: *Rivers in the Sky*

**Working with partners:
SW4SW Initiative: FAO, ITTO, WB, WWF**

<http://www.fao.org/forestry/sustainable-wood/en/>

Forest and Agriculture Organization of the United Nations

SUSTAINABLE WOOD FOR SUSTAINABLE WORLD

SDG 13 Climate Action

SDG 15 Life on Land

SDG 12 Responsible Consumption and Production

SDG 8 Decent Work and Economic Growth

SDG 5 Gender Equality

SDG 10 Reduced Inequalities

SDG 11 Sustainable Cities and Communities

SDG 14 Life Below Water

SDG 16 Peace, Justice and Strong Institutions

SDG 17 Partnerships for the Goals

SDG 7 Affordable and Clean Energy

SDG 4 Quality Education

SDG 3 Good Health and Well-being

SDG 2 Zero Hunger

SDG 1 No Poverty

scion

The summary is that we need to look not only at the forest, but at the whole supply chain and the value chain of forests.

If you look at sustainable and legal supply chains, a whole range of SDGs are touched throughout sustainable supply chains from the tree in the forest to the shelf on the market.

**What if?
Why legal and sustainable supply chain initiatives are important**

Developments in Consumer countries

- Foreign investment by progressive wood industry will focus on "low-risk countries" and avoiding smallholders to ensure legality and sustainability.
- Consumer countries will become increasingly self-sufficient: increasing North-South trade
- Market share of chemically & mechanically modified softwood (e.g. Kebony, acetylated wood, compressed softwood) eroding the demand and market share for tropical hardwood will decrease.
- Eroding public and political acceptance of tropical timber
- Demand for verification of legality and sustainability will become the "norm" in an increasing number of countries.
- Global climate goals/REDD+ approach cannot succeed without pivotal role of productive forests: meeting demand of growing population, biodiversity, water, bio-economy


Implications for Tropical timber producing countries

- **Without addressing emerging domestic supply gaps of timber and wood-based energy** many tropical countries will:
 - Depend increasingly on non-renewable materials (steel, concrete, fuels)
 - Risk of increased deforestation/degradation
 - Loss of biodiversity/primary forests and protected areas
 - Face trade deficits and loss of jobs/income from increasing dependence on wood imports
- **No investments without reducing risks and improving governance** is essential for attracting foreign investment
- **Legal and sustainable supply chains do not work without incentives for investments and capacity building**
- **Risk of losing global market access** for tropical timber if not produced legally and sustainably;

One of the consequences if tropical countries do not start looking at this new way of thinking is they will go out of business with trade and income generation. Investors will invest in countries where it is safe. Tropical countries will fall behind because new regulations in the US, EU, Japan, Australia, and Korea are all going towards legal and sustainable supply chains.

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The Role of ITTO



Promote sustainable production & consumption of wood as a contribution towards a bio-based economy and meeting demands of a growing global population

The Specific Role of ITTO

Promote sustainable production & consumption of wood as a contribution towards a circular economy



Intervention Area	ITTO Service Offer as part of the CPF SW45W initiative
Policies	Creating awareness across international forest regime; policy processes, bio-economy: <i>Poverty alleviation, economic/rural development, climate, biodiversity, social</i>
Incentives	Urgent need for fiscal and taxation incentives as stimulants for massive investments in sustainable tropical forest landscape restoration and production <i>Country case studies on incentive mechanisms for increased investments in FLR and supply chains; supply-demand analysis; bio-economy potential etc.</i>
Global Green Supply Chain Platform	Promote/facilitate conversion towards universal criteria for legal and sustainable supply chains; reduce complexity for producers and consumers. Support to Information and Business Exchange facilitation
Information and capacity building	Support and assist with information, data and skills throughout supply chains: producers and consumer government, traders, processors, market; Building user associations among SMEs and informal Supporting including verification/certification systems
Tracking and verification systems	Piloting innovative tracking and verification technology ; state-of-the-art wood identification technology (genetic fingerprinting etc.).
Assist private sector initiatives	Encouraging/promoting/piloting private sector initiatives for green supply chains (from legality to sustainability); company-commodity certification is not sufficient – avoid supply chain apartheid. What to do with informal sector?

What can ITTO do? ITTO is an organization whose task is to promote trade with forest products which are coming from legal and sustainable sources and are channeled through legal supply chains to the markets. We believe that we need whole range of measures which need to go hand-in-hand, because it is clear that investment needed can only be done by private sector. However, they [investors] need an enabling environment. They need fiscal incentives, land tenure rights, and green supply chains and that is very complicated. If we want to claim that a timber is coming from sustainable sources, we need to track from the tree in the forest to the market where the consumer can say this is a good product. Forest actors, the traders and the buyers need to know where to go and how to get timbers which meet these requirements.

The raising attention to landscape restoration globally

- 16 international organizations (incl. 11 CPF members) with major program on (forest) landscape restoration
- At least 10 global initiatives and 3 regional FLR initiatives started and implemented
- 8 major FLR guidelines / guidance developed
- At least 7 FLR tools designed and made available

→so far, focus on carbon, carbon storage, biodiversity, community development

→need to look at entire supply chains, form market to the forest, private sector to unlock full SDG benefits



We are now focusing on a new initiative, which started in China with 15 or 16 of the biggest players who want to stay in business for long term. They have created a global green supply chain platform very similar to what we see in palm oil, in coffee and cocoa. ITTO sees its role working with producers in these countries to meet the requirements (of sustainable and legal supply chains) from the forest throughout the supply chain.

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Towards a Global Green Supply Chain Platform

Chinese Private Sector Initiative (GGSC) - Beijing, June 2018

- **GGSC members:** Currently 14 progressive Chinese wood importing and processing enterprises.
Trade volume ~US\$ 14 billion
- **GGSC secretariat:** CINFT / NFGA (National Forest and Grassland Administration, previously SFA).
- **GGSC promotion committee:** GGSC secretariat, ITTO, China timber and wood products distribution association, Green carbon foundation, (open for enterprises to join).
- **GGSC expert group:** ITTO TAG, CINFT.
- **External stakeholders / supporters:** MOFCOM, GIZ Forest Policy Facility, TNC, DfID etc.

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International Tropical
Timber Organization


 TFU app
Get the app

Thank you !

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www.itto.int

It is important that we start this in China because 60% of the global trade in tropical timber goes through China and 70% of that goes out of China as furniture products.

In October this year, we would like to have a global conference and we hope that many Japanese producers will join so that we can create a broad global supply chain platform where we can share information and support producers.