External factors which will impact timber trade in the region in the future

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Dependence towards the rest of the world for raw materials

- Among the Asia-Pacific countries, two countries are severally constrained in their development by a shortage of available timber: Viet Nam and China forcing them to diversify their imports as well as to look further and further for tropical timber.
- **Viet Nam** has been diversifying its imports of raw materials by importing more and more timber from temperate regions.
- In 2016, one third of the industrial roundwood and one third of the sawnwood imported in Viet Nam was non-tropical.
- Major trade partners were the USA and New Zealand.
- The imports of non-tropical primary products has been exponential between 2000 and 2016 as the volume imported in RWE was multiplied by 6 from 500 000 m^3 to 3 million m^3. This demand is likely to increase as the furniture industry is booming exponentially.
- To meet its demand in tropical logs, Viet Nam has to import from further and further as log exports ban in Asia-Pacific constraint its development.
- It can be accused of “cannibalizing” neighboring countries such as Lao or Cambodia as illegal trade used to be or is intense between these countries and Viet Nam.

Dependence towards the rest of the world for raw materials (continued)

- China’s imports of non-tropical industrial timber have been exponential as well. It multiplied its imports of non-tropical timber by 11 between 2000 and 2016 from 11 million m3 to 88 million m3 in RWE.
- The major non-tropical partners were New Zealand, Russia, USA and Canada supplying together around 86% of the coniferous industrial roundwood to China in 2016.
- Imports of tropical timber are also constrained in the region. The historical Asia-Pacific suppliers are either facing exhaustion (Solomon Islands) or requesting China’s help for the implementation of their log exports ban (Myanmar).

Dependence towards the rest of the world for raw materials (continued)

- China-Africa relations have been strengthening over the recent years. The Chinese private sector is quite present on the continent.
- Concerns are raised on the efficiency of the log exports ban in Africa (Chinese corporations prefer logs rather than transformed products) and on sustainability (Mozambique).
- Implementation of timber legality is also constrained. Major Chinese operators in Africa are from the private sector and the Chinese govt does not have as much leverage as it would if the operators were state owned.

Dependence towards the rest of the world for outputs

- Legality issues EU-FLEGT.
- Implementation and negotiation take time. Indonesia and Viet Nam are the two Asia countries which signed a VPA.
- Indonesia became the first country to have FLEGT licenses issued. The first shipment of FLEGT-licensed timber arrived in the UK in Jan. 2017.
- The recent survey of the IMM conducted by ITTO showed that while the Indonesian side seemed optimistic on the long term effects of the VPA, Europeans are more reserved on their short term effects as they don’t believe that FLEGT-licensing could bring a competitive advantage. High quality and reliability were more favored by potential buyers than legality.

Dependence towards the rest of the world for outputs

- Protectionism -> change of the US policy towards China might benefit other countries in the region (Malaysia, Viet Nam…).
- China stills relies heavily on western markets.
- Nevertheless, it can rely on the developing booming markets such as Africa. However, it prevents intra-African trade to develop.

Paper, role in communities in SFM.

- Paper is seen as a potential replacement to plastic. Demand for wood pulp **might** grow in the future and this will have an effect by increasing plantations.
- Communities might play a role in SFM as depleted land might not be of interest for companies anymore. Empowering and strengthening these communities might have a positive effect on forests.