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Title

“Challenges and Prospects for Further Advancement of Wood Verified as Legal and Sustainable (Goho-wood)

I. The area of tropical forests sustainably managed and certified is relatively small when compared to temperate and boreal forests. This indicates the complexity of tropical forests and countries and the challenges faced by many developing tropical countries. Therefore global initiatives to promote legal timber, such as Japan’s Goho-wood, EU FLEGT Voluntary Partnership Agreement and the US Lacey Act are most pragmatic in the pursuit of the long-term objective to certify tropical forests for sustainability.

II. Malaysia is a major exporter of tropical timber and timber products which amounted to about RM 23 billion in 2008 of which Japan accounted for 20 percent mainly in the form of plywood (64 percent), furniture (13 percent), logs (7 percent) and sawntimber (5 percent). Japan and Malaysia therefore play important and strategic roles from the demand and supply sides to promote Goho-wood. It must be stressed that international trade in tropical timber is vitally needed in order to provide the leverage to influence policies and practices to promote the production of timber that meets the requirements of Goho-wood. Without such trade we would lose a strategic means to promote the supply of Goho-wood.

III. Malaysia’s timber supply is sourced from three legal categories of land:

- Permanent Reserved Forests (PRF)
- State Land Forest (SLF)
- Alienated Land (AL)

PRF and SLF are public owned whilst AL is under private ownership. PRF are sustainably managed whilst SLF and AL are not and are being converted into other forms of land-uses. Currently, about 33 percent of PRF (4.43 million hectares) have been certified as being sustainably managed under the Malaysian Timber Certification Scheme which has been endorsed by PEFC. Thus, timber sourced from Malaysia’s certified forests with Chain-of-Custody Certification is sustainable timber and has no difficulties in meeting the requirements for Goho-wood.

IV. Efforts are underway to implement sustainable management and certification of the rest of PRF. Nevertheless, harvesting and other procedures are being implemented in these uncertified PRF, SLF, AL to assure their legality to meet Goho-wood's legality requirements.

V. The whole world is brain-storming on the implementation of incentives in both exporting and importing countries, to promote trade of legal tropical timber to contribute to the long-term objectives of achieving sustainable management of tropical forest. These include public procurement policies of Japan by the Japan Federation of Wood Industry Association for Goho-wood. In an extreme action, Norway announced a ban on the use of tropical timber for government projects. Legislation is in force (US) or being enacted (EU) to deter the importation of illegal timber even though with somewhat different approaches elsewhere.

In view of the tropical forest situation, challenges faced by developing countries, the measures being promoted by major importing countries and the market situation, how may the commendable objectives of Goho-wood to combat illegal logging and related illegal trade, be further promoted? I wish to share some personal views at this Symposium.

- Whilst sustainable wood must continue to be our objective, pragmatism, would indicate that Goho-wood should focus on legal timber in the short-term.
- Goho-wood is a new initiative. Timber legality is based on the laws of the exporting country and thus country specific and implementation details must be worked out. Teething problems maybe expected. This calls for the establishment of a bi-lateral consultative forum between Japan and Malaysia with the participation of the timber trade. The Expert Group under the Japan-Malaysia Economic Partnership Agreement can be an appropriate forum for such a consultative process.
- For the promotion of Goho-wood, there needs to be more clarity on the definition of legal timber including the listing of all the relevant laws that must be complied with including the procedures that must be implemented to demonstrate compliance. In this context, the principles and criteria to define legality under the EU FLEGT Voluntary Partnership Agreement, merit consideration for Goho-wood.
- Implementation of Goho-wood requirements from the supply side, being a new initiative should be promoted through a 'soft approach'. At the same time credibility is important to blunt any allegations of malpractices. Perhaps, the licensing authorities should include additional documentation or statement to give assurance of the legality of the timber consignment exported under the license issued.
- In spite of the availability of certified timber in Malaysia, many exporters and manufactures are not keen to take CoC Certification, because a premium for

such timber is either very small or non-existent to justify their efforts and extra costs involved. Such market benefits are also needed due to the extra cost to implement SFM and certification. We need to consult on how to address this issue. Perhaps, incentives could be part of the public procurement policy.

- In the context of the discussion to elaborate the definition of legal timber, technical assistance for capacity building should also be considered to strengthen implementation and where necessary develop new methods and procedures based on recent advances in technology for better efficiency, and cost-effectiveness.

Vi. Goho-wood is a commendable initiative to combat illegal logging to promote trade in legal timber to contribute to the long-term objective of achieving SFM and forest certification. Whilst we need to assure timber legality in a credible manner, it is necessary for the procedures and arrangements formulated to be pragmatic, and implementable taking into account costs and market benefits so that the trade in tropical timber is not disrupted or curtailed. With the support of all stakeholders and consumers, we must all unite and work together to ensure success of Goho-wood in the important Japan market.