

MEDIA RELEASE

**For Immediate Release
October 16, 2009**

2nd International Timber Trade Federation Day – timber trade demands level playing field

GENEVA: World Leaders of the timber trade industry gathered in Geneva on the 8 and 9 October for the second **International Timber Trade Federation Day** (ITTFD). The event hosted by the UK based charity “The Forest Trust” (TFT) aimed to discuss solutions for legal and sustainable timber sourcing issues. The meeting attracted exceptional interest; twenty seven timber trade associations from 19 countries and 12 global forest companies came to contribute to solutions and debates in open and lively discussions. Collectively, participants represented nearly ten thousand companies from around the world. Since the first ITTFD in October 2008, the financial crisis has dramatically impacted the global timber industry. Yet despite the economic turndown, attendance was up from last year with participants eager to learn about practical solutions to the new challenges they are facing.

The discussions started with a focus on the “buyer’s dilemma” – requesting low prices and good quality products while complying with new legislations and responsible purchasing policies. Thus, with the US Lacey Act enforced and the EC Due Diligence legislation upcoming, not only buyers but also producers are feeling the increasing pressure of changing market requirements. While the timber trade industry is welcoming those changes, there is an apparent incompatibility between the drive for low prices and the high costs of meeting those legal and sustainable standards. Therefore, discussions at the 2nd ITTFD largely focused on how Timber Trade Federations and companies could collaborate to reduce some of the costs of compliance. Solutions discussed ranged from direct subsidies and technical assistance to suppliers, to enhanced communication and marketing to consumers to promote legal and sustainable wood products. While challenges are significant especially for small producers, there was a general sense of optimism that the forest industry will continue to adjust.

This event took place in a context of increasing awareness of climate change and in the wake to the Copenhagen Summit. Illegal logging is a major cause of deforestation, which is responsible for 20% of the annual greenhouse gas emissions which fuel climate change. The loss of forests, currently estimated at 13 million hectares per year, also critically threatens biodiversity and forest dependent people around the world. In many countries, the scale of illegal logging is estimated to be equal or even greater than legally permitted forest activities. With so much illegal wood on the market, the competitiveness of the legitimate forest industry is challenged and national economies are prevented from receiving their due royalties. The transformation of the Timber trade is therefore not only critical to the industry but is also fundamental to many countries and the future of the planet.

The World Bank estimates that US\$10 billion is lost each year in developing countries due to illegally logging public lands, and an additional US\$5 billion is lost in tax revenues on legally logged wood. It has also been estimated that prices in US and EU markets are depressed between 7 and 16% due to the trade of illegally wood products.

The meeting was convened by The Forest Trust (TFT, formerly Tropical Forest Trust), through the Timber Trade Action Plan’s annual seminar. TFT is a charity organization dedicated to linking

business with sustainable forest management to bring Forest Responsible Products to market throughout the world, TFT works with forest companies and community enterprises to improve the sustainability of forest practices. TFT supported forests are linked to responsible buyers committed to sourcing legal and sustainable timber. TFT's membership currently includes 60 companies, representing a broad spectrum of leading retailers and wood suppliers in Europe, USA, Asia, Africa and New Zealand. www.tft-forests.org/

TFT also manages the Timber Trade Action Plan (TTAP), a project co-funded by the European Commission, participating timber trade federations and their members. TTAP works with suppliers in Africa, Asia, China and South America to help build capacity and enable producers to supply verified legal timber to the European market. www.timbertradeactionplan.info

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