

Global Legal & Sustainable Timber Forum 2023
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Session III: Global Cooperating and Sharing Platform for the Timber Industry

The Key Challenges and Difficulties of International Cooperation in Timber Supply Chains

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Firstly, let me thank the organisers for giving me the opportunity to speak in today's Forum with so many distinguished participants and speakers.

Secondly, I like to say that as much as I am honoured to deliver this paper, I need to highlight the constraints we face including in coming here to speak out about "The Key Challenges and Difficulties of International Cooperation in Timber Supply Chains".

Thirdly, I am currently the Chairman of Sarawak Timber Association which many are familiar mainly due to environmentalists and NGO attacks on our members and some leaders of our government in the past.

Despite my personal dedication to conscientiousness and practising good environmental governance in the light of growing climate change awareness, I feel helpless and frustrated witnessing seemingly illegal activities, deforestation and the loss of forests occurring worldwide.

Today, I shall speak about the constraints faced by the Sarawak timber industries in the past, present and may be foreseeable future. I hope that this can provide honest and candid perspective of facts and reality to formulate a workable solution for everyone, i.e., to achieve a global timber supply chain accredited with true legality and wholesome honest sustainability although time is very limited for such an important and extensive topic.

Forests Loss

To start with, let me quote the astonishing global lost of 4.1 million hectares of tropical primary forests in 2022 (table below) which is 10% more than that in 2021. The countries that experienced significant loss of primary forest in terms of area in 2022 are: -

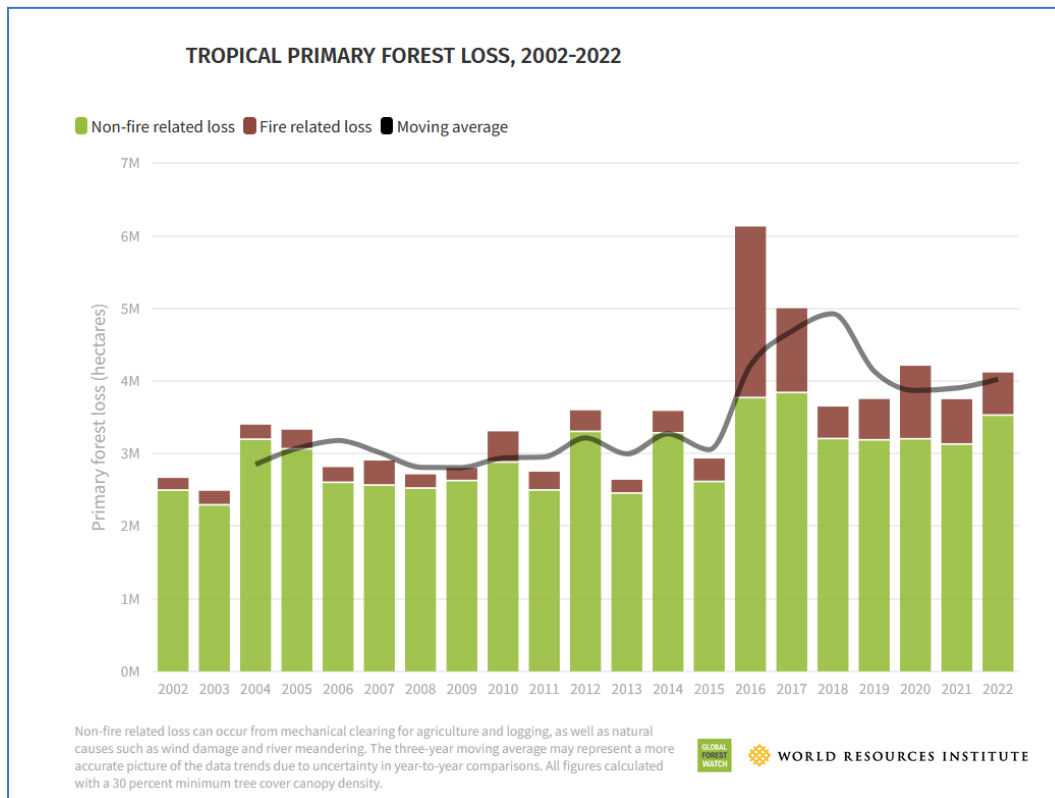
Top Countries for Tropical Primary Forest Loss by Area in 2022

Country	Primary Forest Loss Area, %	
	Percentage, %	Hectares
Brazil	43.1	1,767,100
Democratic Republic of the Congo	12.5	512,500
Bolivia	9.4	385,400
Indonesia	5.6	229,600
Peru	3.9	159,900
Colombia	3.1	127,100
Laos	2.3	94,300
Cameroon	1.9	77,900
Papua New Guinea	1.8	73,800
Malaysia	1.7	69,700
Others	14.7	602,700
Total	100%	4,100,000

Data source: World Resource Institute

Deforestation

Deforestation in the tropics is often associated with the expansion of commercial agriculture, timber extraction, forest fires, and infrastructure development. Global leaders, through various international platforms such as the New York Declaration on Forests in 2014 and the 2021 Glasgow Leader's Declaration on Forests and Land Use, have pledged to halt and reverse forest loss.



However, after decades of motioning against forest loss and various initiatives taken, the pertinent question is why the astonishing loss is continuing persistently?

Constraints, challenges and difficulties

What are the constraints, challenges and difficulties?

1. For a start, let's assume that we are all gathered here today to exert whole heartily our efforts to carry out timber activities with pride and dignity but above all do so with utmost efforts in defending our forests in our contribution towards the protection of a forest ensuring its productivity in terms of economic, social and environment contributions benefits.

For me, I speak of the constraints facing by the timber industries (from Sarawak perspective) with the intention to help toward global legal and sustainable timber activities.

Timber players labelled as Culprits

1. Timber industry players are frequently labelled and prescribed and perceived as culprits solely driven by economic gain and often neglecting broader concerns. In reality, when illegal activities take place, there is a tendency to assume that operators from timber industry are involved, prioritizing economic gain over the well being of forests and the environments, consequently contributing to global warming and potential climate disasters.

In fact, when an NGO receives a complaint from local inhabitants showing photos and video of logging activities, the general perception often implicates the timber players, suggesting a recurrence of exploitation, suppressing helpless local natives and instances of land grabbing. How often do we pause to consider who the actual culprits are, and in doing so, do we remember the responsible timber players who have contributed positively in the past?

There is a Chinese saying “一竿子打翻一船人” which literally means “knocked over a boat of people with one pole”, simply put the actions of one can lead to widespread repercussion for an entire group.

Where can responsible timber players find help ?

2. For those who are committed to carrying out their timber activities with an emphasis on delivering economic values while equally maintaining social and environmental well being and good governance, where can they find help and assistance? In fact, many view the cessation of forest harvesting for economic gain as absurd, often failing to realise that if the forests have no economic value, they are vulnerable to conversion for other uses. The Brazilian Amazon forest serves as the most prominent example of this phenomenon.

Uncertainties in tenure security

3. Apart from being consistently placed in the front line by almost everyone else, the timber players are also facing uncertainties in tenure security. Timber players require long and secure tenure to implement sustainable forest management, preventing deforestation, in line with the 17 Sustainable Development Goals (SDG) of the United Nations. With regrets, I believe that most of the timber players including those in Malaysia in general, Sarawak in particular are facing insecurity of tenure. What is the effect of this uncertainties? It is my humble view that all stakeholders should incorporate this issue as part of the constraint to achieve economic, social and environmental attainments.

With due respect to various good governance bodies, NGOs and environmentalists, how many of you advocate for the government to adhere to the same standards of good governance in issuing licences and permits and in establishing operational rules and regulations, taxes & levies without consultation and other due processes?

After all, Government is a critical entity that we entrust to implement sensible and determined policies so that we can achieve attainable legal and sustainable timber activities. Mind you, legal timbers often are not sustainable or green.

Complex and disparity in consumer countries' legislations

4. Another challenge faced is ensuring compliance with various timber legislations enforced by consumer countries as well as gaining market recognition for the efforts undertaken by producing countries. The timber legislation can be highly complex and differ significantly from one country to another. Inconsistent definitions, regulations, and requirements can create trade barriers, confusion and inconsistencies in international cooperation efforts.

More resources, capacity building and additional manpower are needed to comply with diverse legal requirements which translated into higher cost. These requirements have translated into exorbitant costs that are, regrettably, not adequately offset by the prices of our products.

This unjust situation places our producing country at a significant disadvantage on the global stage. Failure to acknowledge the invaluable efforts and significance of our forests could precipitate the conversion of these forested areas into more profitable commodities, such as palm oil production and cattle farming.

EUDR

5. The European Union (EU) Deforestation-free Regulation (EUDR) is poised to take a resolute stand against commodities linked to deforestation and forest degradation, including timber, in the EU market starting 30 December 2024, or 30 June 2025 for micro and small businesses. Under this regulation, commodities entering the EU market must be deforestation-free, produced in legal compliance, and covered by a due diligence statement.

This regulation poses a significant challenge for tropical timber-producing countries because they still need to develop their nations. This situation could lead to a vicious cycle: as market share is lost, these producers will experience reduced income, potentially increasing poverty, which in turn may contribute to an increase in deforestation as a means of survival.

Timber products a more sustainable material

6. Lastly, timber is one of the best renewable materials with a low carbon footprint, and when sourced from responsibly managed forests, it can be an environmentally friendly material. Timber products are commonly used in residential, commercial, and industrial settings due to their durability, aesthetic appeal, and versatility. However, the rise of alternative materials like plastics, steel, aluminium, composites, and engineered wood products has made them an increasingly popular choice for consumers. This poses a threat to the timber industry as it could reduce the demand for timber and timber products. More efforts are required to promote the utilisation of timber as sustainable materials in alignment with the circular bio-economy.

Way forward

I, therefore, reverently wish that the 'Global Legal and Sustainable Timber Forum' of 2023 will serve as the ideal platform for addressing tropical forest issues, fostering discussions, and generating actionable solutions pertaining to the key challenges and difficulties of international cooperation in timber supply chains; not only the broader perspective but also examining the constraints and challenges faced by almost everybody, including, but not limited to, loggers, NGOs, government and even certification bodies, let alone the general population and media. Only this way, forests will be treated with sensibility and appreciation, ensuring valuable forests can be sustainably managed for economic, social and environmental attainments.