

Asia Pacific association leaders reveal the pressures on the forest and wood product industry

- Leaders interviewed represent over 13,000 companies, trading in excess of USD \$30 billion
- Study covers 5 of the main producing, manufacturing and consuming countries in the Asia Pacific region
- Over 80% of the membership of these associations are micro, small or medium sized companies

Jakarta, 13 June 2019: [Global Timber Forum \(GTF\)](#) today announces the results of the first ever study [INSERT LINK](#) of associations from five of the main producing, manufacturing and consumer countries in the Asia Pacific region. Those countries included in this report are Indonesia, Japan, Vietnam, Thailand and Australia¹. The twenty-five associations interviewed represent a diverse range of companies from forest managers to primary, secondary and tertiary processors through to retailers.

Two significant challenges for businesses represented by these associations emerged across the selected markets. The first was identified as being the ability for companies to access raw materials. The second challenge related to ongoing compliance with government policies and legislation.

For member companies looking to export to new markets the main obstacle was price competitiveness. Major existing export markets for these five countries were listed as Japan (included in study), China, USA, EU and then Korea. The main customers were traders and manufacturers.

For those associations who have members that currently export, the demand for and questions around 'legality' were reported as mainly originating from customers in the EU, USA, Japan and Australia. The demand for and questions around 'sustainability' are also cited as relatively frequent. EU, USA, Japan and Australia were again noted as the most frequently demanding markets. A comparison of the international demand for 'legality' and 'sustainability' shows both indicators at similarly high levels.

The most challenging service for associations to deliver for members was identified as offering assistance in complying with international product and environmental standards. Other difficult to deliver services included: engaging in legal reform processes; providing market data to the membership; assisting members on raw material sourcing and advising on legal compliance and the related provision of legal assurance. Currently the most common forms of risk mitigation advised to members by associations include certification and legality verification.

Specific training sessions that associations would wish to develop included supply chain management, legal compliance and communications. The most commonly identified priority for external communication was the need to promote the sector, in particular to address issues around the sector's negative image.

The interviews with association leaders also revealed that domestically produced plantation grown hardwoods have become the most common raw material for use by the membership, across

¹ China and India interviews have been undertaken and will be contained in a separate report to be published in due course. Low response rate to interview requests meant sample not representative and removed from results. GTF hopes to include Malaysia in future studies.

countries. Material from natural forests for these associations' membership represent less than a quarter of total volume traded. The associations also estimate that their members source about a third of total volume traded from domestic softwood plantations.

George White, who led the research programme as a Director of Global Timber Forum stated:

“To continue to build the sustainable and legal practices of small and micro businesses it is paramount that we first understand their business landscape. Many of the challenges identified in this study relate to the pressure on small businesses to comply with new or emerging legality mechanisms and consequently gaining access to suitable raw material. Given the millions of livelihoods supported by these thousands of small businesses it is important that governments and institutions who develop regulatory mechanisms also prioritise effective engagement and support.”

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Notes to editors

1. The GTF's Association Survey for Knowledge (ASK) research programme seeks to better understand the challenges faced by forest and wood-based industry and trade associations around the world.
2. The Asia Pacific study INSERT LINK was undertaken with 25 associations in 5 countries.
3. All research was undertaken by interview. Interviews were conducted by January 2019.
4. The survey was made up of three complementary sections. Respondent associations were encouraged to answer all three sections. Associations were identified by local experts and in-person interviews arranged with the senior management of the associations.
5. For the purposes of this research the following definitions were used to identify company sizes: Large – a company with more than 250 employees, Medium – a company with 51 to 250 employees, Small – with 11 to 50 employees and Micro – with 10 or less employees.
6. Together, the Asia Pacific associations represent a combined membership of approximately 13,000 members. This does not include numbers for Japan so the expected total number would be higher.
7. Almost 25% of the membership are micro enterprises.
8. The survey was developed in collaboration with GTF's project partners: UN FAO (Food and Agriculture Organisation of the United Nations) INSERT LINK and WRI (World Resources Institute) INSERT LINK. The views expressed are only those of GTF.
9. The individual survey results are anonymised and non-attributable.

Further information

To receive a copy of the report or to find out further information please contact:

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Funders

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