

The Tropical Forest Trust (TFT)



**Private Sector Experience with
Supply Chain Management:
SE Asia & China**

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Linking Business with Responsible Forest Management

Introduction



- A UK registered not-for-profit organization funded by membership fees.
- Assists those trading in tropical wood products to link supply chains to well managed forests.
- Helps forest managers to achieve FSC certification.
- Activities centered in South East Asia.



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TFT's work with trade & industry



- Works with factories & buyers to monitor wood sources & supply chains.
- Verifies that raw material is legal & from well managed forests.
- This helps to establish environmental credibility for timber product traders.



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TFT's Origins



- A trade response to campaigning against a major furniture manufacturer.
- No straightforward answer as the “greens” demanded FSC certified timber.
- Such timber was not available in either the quantities or species required.
- The solution was the establishment TFT.
- The aim is to increase the availability of FSC certified timber.



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Profile of TFT Members



- Traditionally members have been associated with trade in garden furniture.
- Now over 40 members involved in a range of activities.
- Members are predominately Europe based.
- Also include Indonesian factories & growing interest from N. America.



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The TFT Model



- The model for support to industry is **“Good Wood, Good Business”**.
- “Good Wood” means wood verified as legal & from well managed forests.
- Credentials established as an industry backed organization addressing environmental issues.
- Main achievements with wood processing factories in Indonesia.



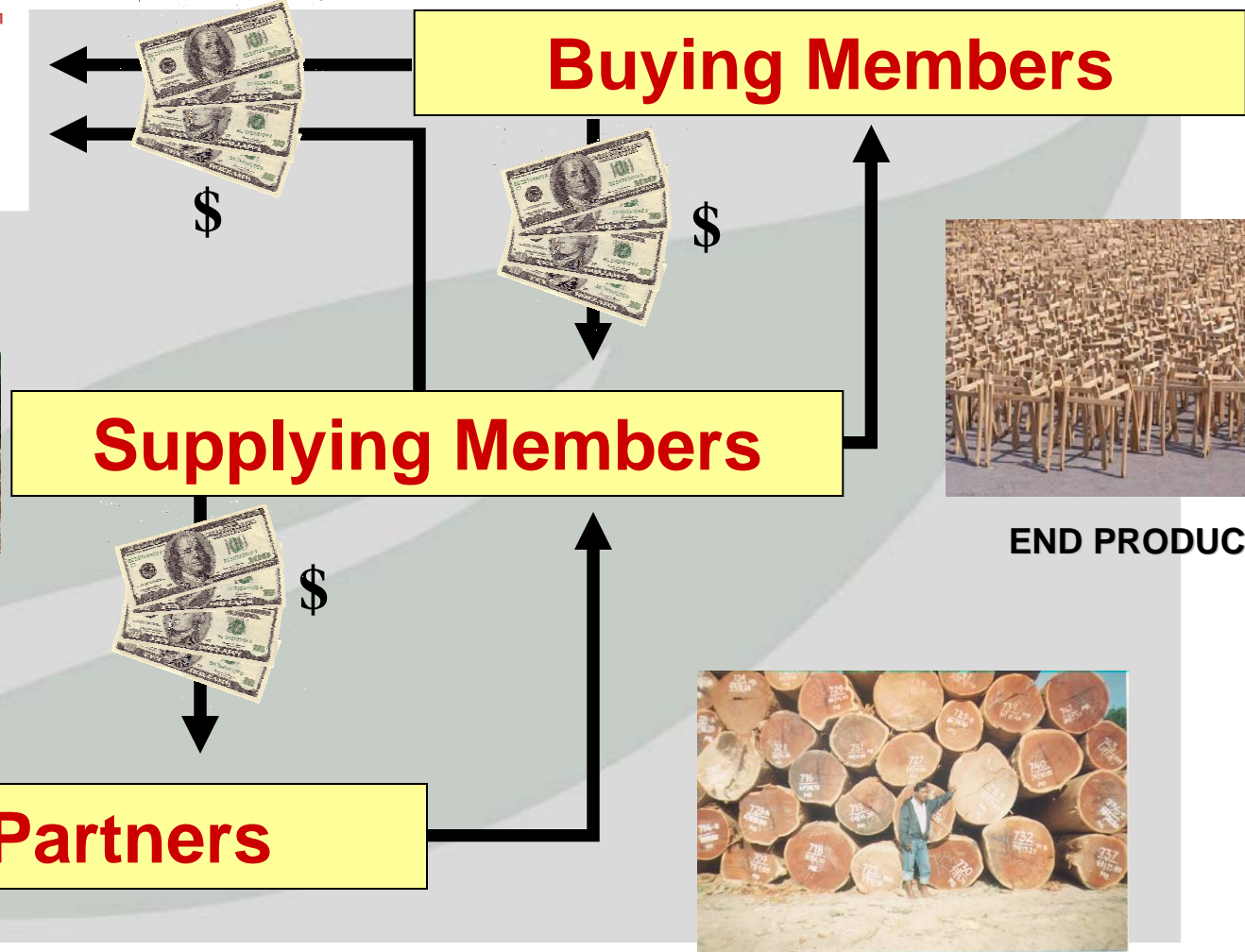
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The Mechanics



ADVICE &
GUIDANCE

Forest Partners



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The TFT in China



- Increasing focus by NGOs on the China wood industry.
- TFT now here to help business reduce negative impact.
- Establishment supported by U.K. Department of Food & Rural Affairs (DEFRA).
- Activities started mid 2006.
- Partners: U.K. Timber Trade Federation & GEI (Global Environmental institute).
- Working with factories on raw material issues & supply chain management.



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TFT's Wood Control Systems (WCS)



- WCS has two components:
 - WOOD ORIGIN CONTROL (WOC) addresses issues related to source
 - CHAIN of CUSTODY (CoC) to verify wood origin in factories.
- DEFRA grant subsidizes rates of TFT engagement:
 - Advice on problem issues
 - Action plans detailing effective solutions
 - Assistance with action plan implementation.



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The Seven Elements of WCS



Element 1: Identifies which wood is acceptable in end product.

Element 2: Targeted procurement policy.

Element 3: Implementation of CoC throughout supply chain.

Element 4: WOC to control wood entering supply chain.

Element 5: Internal auditing to ensure system is secure.

Element 6: Independent third party verification.

Element 7: Reporting systems.



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The Six Step Approach to WCS



Step 1: Build a strong team

Step 2: Develop a communication program

Step 3: Determine baseline supply

Step 4: Develop a wood policy

Step 5: Taking action

Step 6: Achieving targets



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Disadvantages

- Developing WCS can be complex and time consuming.
- Legal wood can be more expensive.
- The price of finished product may rise.



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Benefits



- **Illegal wood is often of inferior quality**
 - lower recovery.
- **COC requires efficient handling**
 - better recovery.
- **Only legal wood in your supply chain is good for export business.**
- **Premium prices may be achieved.**
- **Legal timber may become a pre-requisite for continued business.**



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Real Benefits



Recovery differences achieved in Vietnam by using fresh cut legal logs:

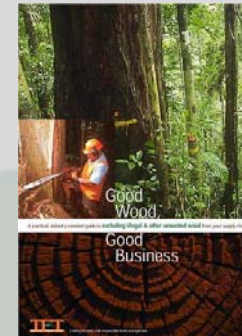
ILLEGAL LOGS			LEGAL LOGS		
Log price	Recovery	Sawn timber cost	Log price	Recovery	Sawn timber equivalent cost
\$185/m ³	40%	\$462.50/m ³	\$200/m ³	50%	\$400/m ³

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Why Should Industry Get Involved



- The demand for legality is gaining influence.
- Maintaining trade with valuable export markets requires wood used to be legal.
- Taking action will mean businesses comply with future requirements.
- Increasingly assistance is available.
- Currently TFT manages the DEFRA grant.
- The European Commission will extend the Timber Trade Action Plan to China.



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Conclusion



**The Tropical Forest Trust is here to help you
address the issues & find solutions. In
partnership with Chinese industry we believe we
can make a difference.**

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Contacts & Further Information



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