



Tools to Ensure Continued Access to EC & US Markets

TFT's Experience with Supply Chain Management

China and the Global Forest Products Trade: Trade of Legal and
Sustainable Wood in China- 4th Round

April 21st, 2009 Beijing PRC





Tropical Forest Trust

Non-profit founded in 1999 in context of garden furniture/illegal logging campaign in Europe

Complex, opaque supply chains in SE Asia

We help businesses become **'Forest Responsible'**

"Products not linked to deforestation; illegal practices; social conflict or environmental destruction"


- Supply chain risk management, due diligence systems
- Forest management technical assistance to FSC certification
- Communication support for product and company marketing

60 Members; >100 clients; 90 staff in 14 countries inc. China, SE Asia, Brazil, Congo Basin, Europe & the US



TFT helps its
Members & clients



To here 

Link their supply
chains

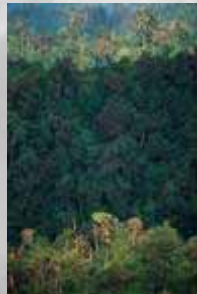



Secure system

Legal wood

That is FSC certified

Or moving toward it



From here 



SERVICE 1: Supply Chain Risk Management



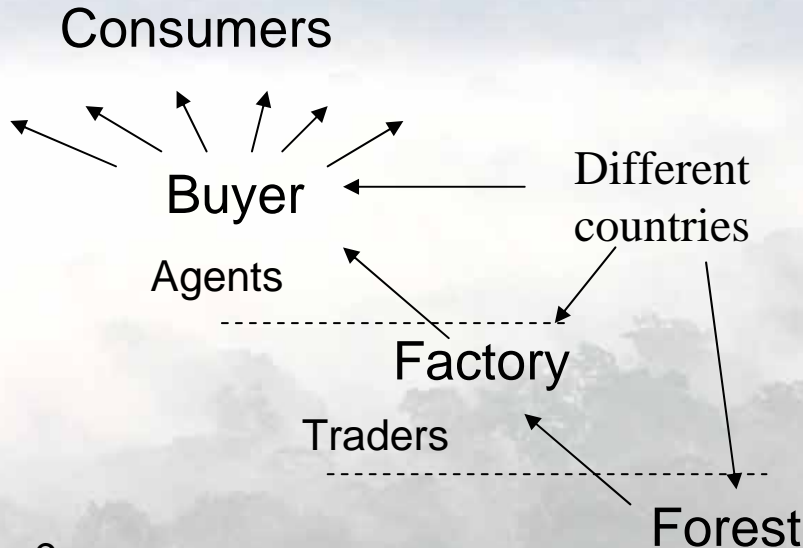
A Perfect Supply Chain



A Typical Supply Chain



Non-Compliant product = **LARGE PROBLEM**



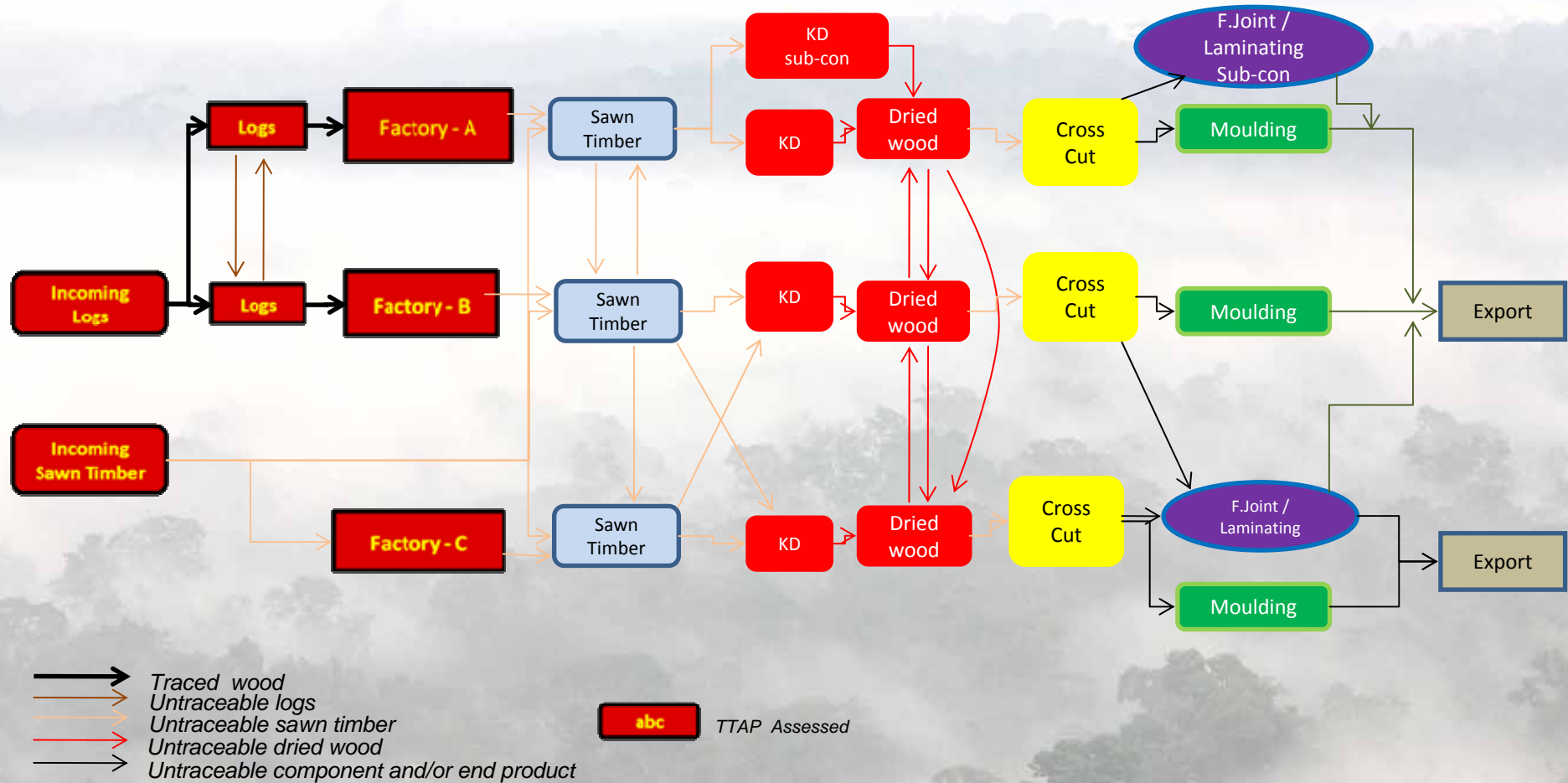
Visibility:
 Worker H&S?
 Pay rates?
 Housing, meals?
 Other Social issues?
 Environmental concerns?

Visibility:
 Wood origin?
 Illegal logging?
 Conversion?
 Forest management?
 Indigenous peoples?
 Community relations?
 Tenure?
 Fair Trade???
 Other social & environmental concerns

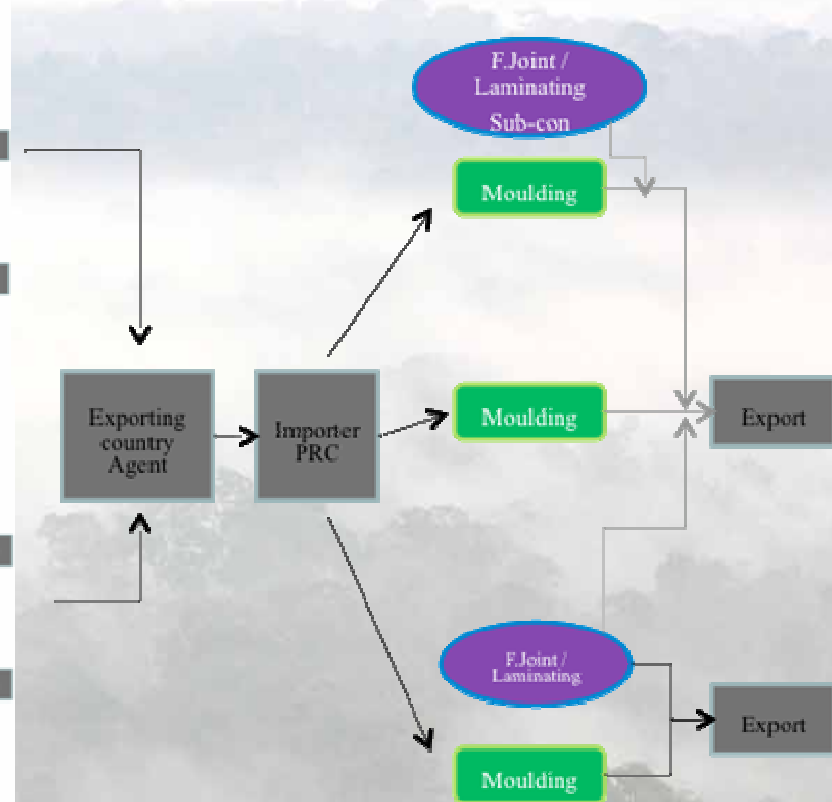
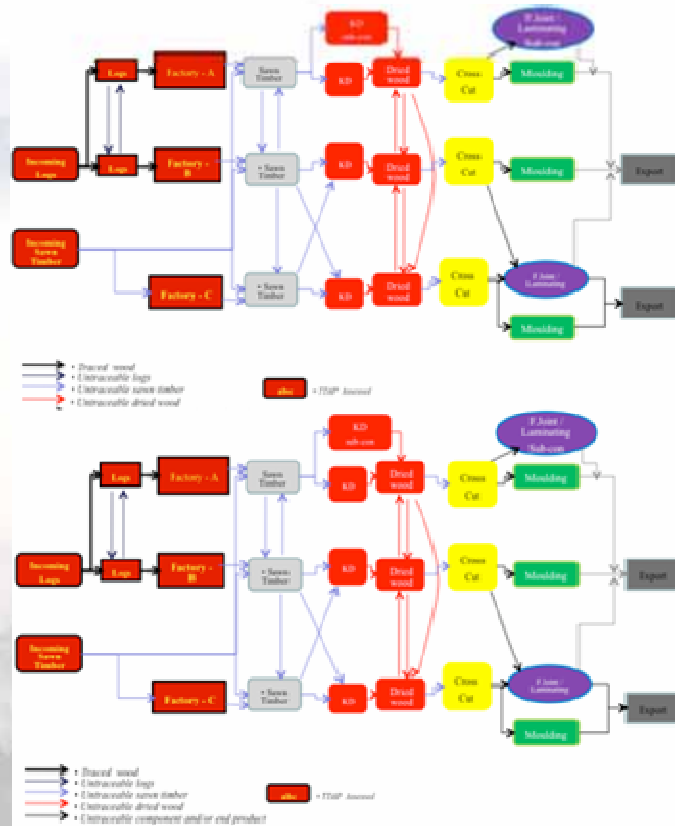




Typical Supply Chains



Very Complex Supply Chains

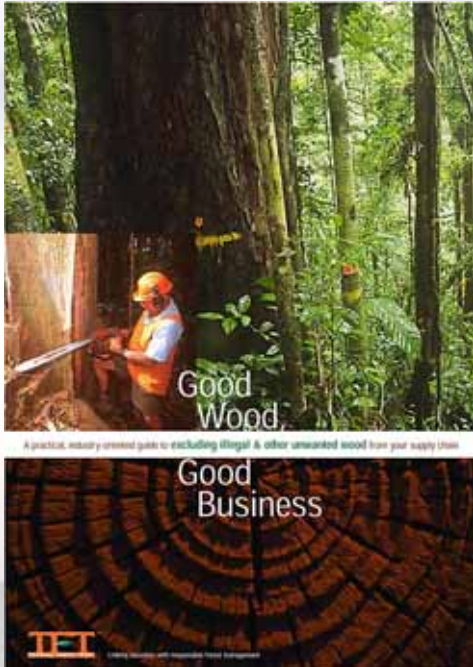


- Untraceable logs
 - Untraceable sawn timber
 - Untraceable dried wood
 - Untraceable component and/or end product
- abc = FIP Assesed





Lacey Act, FLEGT: What to Do?!?!



Based on TFT's 10 years of experience:

A Wood Control System Approach

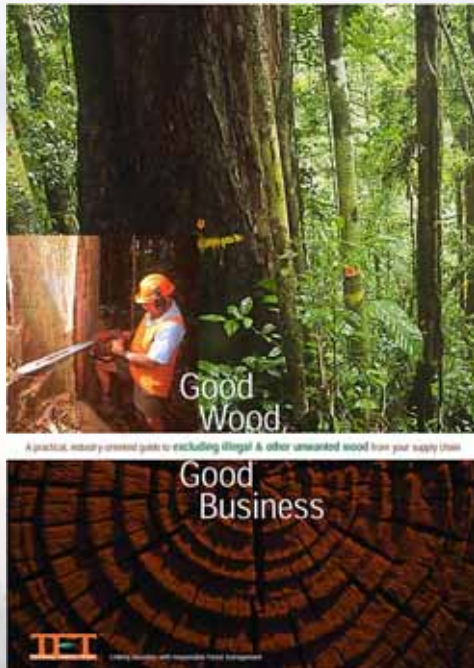
- Wood Policy
- Procurement program
- Chain of Custody COC
- Wood Origin Control WOC
- Internal audit
- 3rd party audit
- Reporting system

7 Elements





Good Wood Good Business



A Wood Control System Approach

- Project Team
- Communications Program
- Work out baseline
- Develop a Wood Policy
- Take Action
- Achieve Targets

6 Steps

www.tft-forests.org





How it Works in Practice

Risk assessments, 2nd or 3rd party audit

Acting for TFT Member, non-member Clients

Paid with membership levy or fee-for-service

Identifying factories, forests

Training factories, forests

Stump to finished product COC

Very frequent, on-going monitoring e.g. by shipment

Preparing the ground for the 3rd party auditors

Approving TFT logo use on product when all OK

Indonesia, Viet Nam,
China, Congo Basin,
Brazil



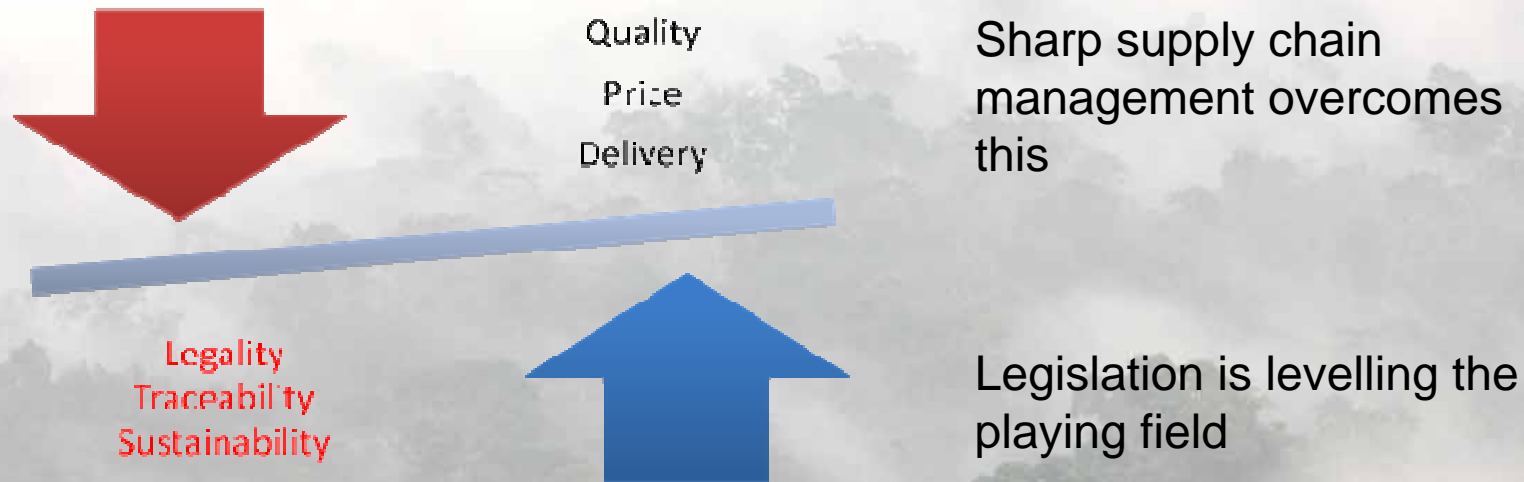


Supply Chain Risk Management

WHICH FOREST? Origin verification is KEY

Once you know origin, you can apply standards, get audited, make claims

Sorting it out will transform your business, supply chains, whole industry





SERVICE 2: Forest Management Support

We help forests achieve FSC certification

Gap Assessments

Certification Action Plans

Technical Support

Marketing Support

Achieve FSC

Maintain certificate

Indonesia, Malaysia, Vietnam, Laos,
Republic of Congo, Cameroon,
Gabon, Brazil, China, USA





SERVICE 3: Communications Support

Company & Product Marketing

Communications strategies

Brochure Text

Customer communications

TFT Logo on Products

Customer meetings

Press Coverage

Peer Review

Across Europe, Australia, NZ, USA,
Indonesia, Vietnam





TFT Today

A Global Network of Specialist Teams – 14, 40, 60, 90, 100, 4 million, billions

EC funded Timber Trade Action Plan (TTAP) project

- Verified legal product into EC; focus on UK, Belgium, NL, others
- China, Indonesia, Malaysia, Brazil, Guyana, Bolivia, Cameroon, Gabon, RoC
- EUR7 million financing, EUR2 million co-funding from companies
- 70 supply chains to be verified legal, RPPs, coherent approach across EC
- International TTF Day – 29 TTFs from around world, lesson sharing, support

The Forest Trust – TFT v2.0

TARGET 100 million hectares in 5 years

- Scaling up beyond tropics – focus on China, high risk areas





TFT in China

Today 4 people with an office in Beijing

Helping factories install WCS, get verified legal, sustainable product

Lacey Act, FLEGT compliance

In the future, a major program here:

Factories

Forests

Assisting government

Russia

Communications

Serious scaling-up of our China operation

Inspirational leader, new Project officers





Challenges Ahead

Helping Chinese industry navigate the new global compliance context

Offering insight for policy-makers

Sharp action needed ASAP in order to be compliant – who knows where the US Justice Department will focus – a Chinese supply chain?

Unfortunately there is no magical solution

So.....is this a nightmare, or an opportunity?

Our experience suggests the latter and that 1st movers gain a significant and long-term, sustained advantage

The legislation is here, your business WILL need to change, so why not lead it?





Being Forest Responsible



If we get it right across the whole timber trade, we **might** have some forests left to supply wood raw materials in the future

