

Mainstreaming Chain of Custody (CoC) by a Pilot Project to use of small diameter logs and Lesser Known Species from conversion areas to produce a wide range of products

By Mr.THONGSAVANH SOULIGNAMAT

(President of Lao Wood Processing Industry Association, LAO PDR)

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Challenges in General

- In order to open the market as quickly as possible, to promote a finished products and to market as “Made in Laos” to EU the following challenges exist:
 - Absence of standard factories;
 - Lack of advanced technology;
 - Lack of management with international experience;
 - Lack of skillful workforce;
 - No access to sea (Landlocked country);
 - Bad image “Illegal logging in Laos”

Key findings Sector Strategy 2015 Wood Processing Sector Lao P.D.R

- Companies have very limited or “complicated” access to timber supply – especially for timber from natural forests.
- Access to sufficient timber at competitive prices is the main prerequisite for a company to manufacture and create value-added. If this problem is not solved, all other strategies are doomed to fail.

Challenges to ensure timber supply for companies from natural forests

- Large volumes of concession timber is not auctioned at log landing 2 and deals on who gets the timber are made often beforehand
- Figures on available timber are contradictory -> Lao export / Quota figures (2014) approx. 300,000 m³, Vietnamese and Chinese import figures (2014) approx. 1,700,000m³
- No proper or correct forest inventories from Laos for verifying timber quantities and species in concessions
- Large quantities of timber – lesser known species, small dimensioned wood, branches – which cannot be immediately used or sold are destroyed or remain unused
- Different regulations and interpretations in different provinces

Required Measures

- All concession timber must be auctioned at log landing 2, previous deals should be illegal
- Contracts with developers of infrastructure projects must include harvesting costs based on standard costs!
- Companies who have introduced CoC should automatically have preference in obtaining timber
- When CoC systems are introduced in companies, the collected data should not only be used for proving legality but also for a proper production management which is required for the increase of performance and competitiveness

Collaboration with DoIH(MoIC)

Establish National Input-Output Control System (National CoC Standard) with minimum requirements as:

- Input/Output Monitoring (Species with Lao and scientific Name, Source, Volume, Grade, Product Type, etc.)
- Inventory System,
- Conversion Factors,
- Handbook with management procedures,
- Documentation,
- Training requirements.

Collaboration with DoIH (MoIC)

Set up a Pilot Project to use of small diameter logs and Lesser Known Species from infrastructure projects (conversion areas) to produce a wide range of products such as doors, door frames, flooring, solid wood panels, finger joint laminated boards and blockboard.

Lesser known timber species, small dimensioned logs, branches and waste wood

The common practice in **conversion areas of infrastructure projects** is to harvest only the internationally in demand and established species.

Lesser known species, small dimensioned logs, branches and waste wood remain unused and are left to waste.

Innovative Products

In this context, the production of the following types of panels are proposed:

Blockboards consisting of an edge-glued core layer of small wooden strips and two top layers from peeled veneer or thin MDF



Blockboard

3- (and 5-) layer solid wooden panels consisting of an edge-glued core layer of wooden strips and with two top layers from solid wooden planks / battens



Model plant for the sector

Besides processing unused resources into products of high value-added, such a "new" production plant could serve as a model for demonstrating:

- How the legality of processed wood can be proven by a functioning Chain of Custody system
- Modern efficient and environmentally friendly production technology
- State-of-the-art production management systems in connection with Chain of Custody systems

On the job training programmes

Training programs for staff on different topics:

- Production management and Chain of Custody
- Middle Management qualification
- Preventive machine and tool maintenance
- Quality management
- Preventive machine and tool maintenance

Improvement of supply chain control in conversion areas

To overcome problems in the supply chain control in conversion areas the pilot projects aims also to develop an improved CoC system in log landing 1 and 2 of the clear cut area with the following measures:

- Better forest inventory regarding species and volumes
- Complete demarkation of area to avoid any harvesting outside the concession area
- Improved recording and monitoring of logs and log landing 1 and 2
- Results are used for development of TLAS under FLEGT/VPA

LAO FOREST, GLOBAL MARKET