



PRESS RELEASE

INNOVATIVE PRODUCTS OFFER NEW MARKET OPPORTUNITIES FOR LAO WOOD PROCESSING INDUSTRY

(For immediate release)

Vientiane, 31 May 2016: The Lao wood processing industry will soon be able to increase their profits and yield, as small diameter logs and lesser known timber species can be used for the production of high value-added wood panels. A prefeasibility study for a pilot production plant for such solid wood panels was conducted with support by the German Development Cooperation's project '*Support to the Lao EU-FLEGT Process*' (ProFLEGT), implemented by GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit). The prefeasibility study was presented during a two-day workshop on 30 and 31 May 2016 led by the Department of Industry and Handicraft (DOIH), Ministry of Industry and Commerce (MOIC), as part of the government's economic strategy to ensure that more value is added to the country's forest resources, and the government's engagement in the negotiation between Laos and the European Union on a Voluntary Partnership agreement (VPA) under the Lao EU-FLEGT process (Forest Law Enforcement, Governance and Trade).

"The Lao wood processing industry can now overcome the insufficient and inconsistent supply of round wood with the utilisation of lesser known timber species, small dimensioned logs, branches and waste wood", said Mr. Manohack Rasachack, Director General of DOIH, MOIC. "This practice can also generate and maintain jobs especially in rural areas, increase quality and add more value to products made from locally available low value resources, enhance the efficient use of timber, and increase tax revenues for the government", he added.

According to the results of the "Pre-feasibility study on the Production of Blockboards and 1-/3-Layer Solid Wood Panels using Lesser Known Species, Small Dimensioned Logs, Branches and Waste Wood", conducted by Applikatio company, based in Germany, the products recommended for these types of resources are blockboards and one- and three-layer solid wood panels. These products are popular for interior design and are highly flexible regarding the use of different wood species, relatively simple for further processing with existing manufacturing knowhow and existing machines and tools.

"The three described high-value panel types with their wide range of applications provide excellent sales opportunities in the local and international markets, especially India, Thailand, China, Turkey and Europe", said Dr. Dieter Fink. "The specific potential will also depend on the properties and the attractiveness of the used timber species, especially when using lesser known species, the quality



and delivery times, the price and market demand and the fulfilment of the specific customer requirements”, Dr. Fink added.

“By processing unused resources into high value-added products, the production plant could serve as a model for other investors in the areas of Chain of Custody (CoC), modern efficient and environmentally friendly production technology, state-of-the-art production management system in connection with Chain of Custody systems, and preventive machine and tool maintenance”, commented by Mr. Heiko Woerner, senior international adviser to the German Development Cooperation’s project ‘*Support to the Lao EU-FLEGT Process*’ (ProFLEGT), implemented by GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit). “Nevertheless, to achieve this, there is an urgent need to strengthen the capacity of staff on different topics such as the production management and Chain of Custody procedures, performance and cost monitoring in production plants, and quality management in connection with basic knowhow in wood technology and material science”, he expressed.

During the two-day meeting, participants also had a chance to discuss and agree the further development and implementation of this scheme, and to identify and agree with some potential private companies to implement this pilot project.

As part of the Action Plan on Forest Law Enforcement Governance and Trade (FLEGT) to combat illegal logging globally, the European Union (EU) is concluding Voluntary Partnership Agreements (VPA) with timber producing countries. A VPA is an international trade agreement to reduce illegal wood harvesting and promote legal timber trade. The legal definition of timber forms an important component of Timber Legality Assurance Systems that are part of Voluntary Partnership Agreements (VPAs).

Laos has started to negotiate such an agreement with the EU, with assistance from the GIZ project *Support to the Lao EU-FLEGT process* (ProFLEGT).

ProFLEGT is a joint initiative of the Lao Government and the German Development Cooperation. It is working closely with the Ministry of Agriculture and Forestry (through the FLEGT Standing Office under the supervision of the Department of Forest Inspection, DOFI), Ministry of Industry and Commerce, and Ministry of Natural Resources and Environment, as well as other Government agencies, civil society organisations, academia and timber processing industry.

In Laos, WWF is working with the Department of Forest Inspection (DoFI) to implement its FLEGT project in support of the Lao EU-FLEGT process in the two pilot provinces (Khammoane and Attapeu provinces). WWF takes a solutions-oriented, integrated and local to global approach that seeks synergies with relevant stakeholders to influence drivers of deforestation and degradation.



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Ministry of Industry and Commerce

NOTES FOR EDITORS

In 2003 the EU published a Forest Law Enforcement, Governance and Trade (FLEGT) action plan to help combat illegal logging in countries from which it imported timber. A key element of the FLEGT Action Plan is a voluntary scheme to ensure that only legally harvested timber is imported into the EU from countries agreeing to take part in this scheme. The internal EU legal framework for this scheme is a Regulation adopted in December 2005, and a 2008 Implementing Regulation, allowing for the control of the entry of timber to the EU from countries entering into bilateral FLEGT Voluntary Partnership Agreements (VPAs) with the EU.

A key element of a FLEGT VPA is the development and implementation of a timber legality assurance system (TLAS) which comprises a national timber legality definition, a system of supply chain controls, procedures for timber legality and supply chain verification, a FLEGT licensing scheme; and independent auditing of the entire system.

Once agreed, the VPAs include commitments and action from both parties to halt trade in illegal timber, notably with a license scheme to verify the legality of timber exported to the EU. The agreements also promote better enforcement of forest law and promote an inclusive approach involving civil society and the private sector.

For further information on Lao EU-FLEGT Process: <http://flegtlaos.com/>

For further information on EU-FLEGT Action Plan: <http://www.flegt.org/>

For further information for journalists reporting on efforts to combat illegal logging through the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan: <http://www.flegtmedia.org/>

For further information on ASEAN Forest Policy: <http://www.asean.org/>

For further information on the Forest Law Enforcement Governance and Trade initiative:
http://ec.europa.eu/development/policies/9interventionareas/environment/forest/forestry_intro_en.cfm
www.euflegt.efi.int

For further reading on the European Timber Market and the EU Timber Regulation:
<http://www.cbi.eu/market-information/timber-products/eutr-guide>

For further information on understanding timber flows and control in Lao PDR:
<http://www.euflegt.efi.int/publications/-/document/25520>

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