



## PRESS RELEASE

### **Training and Development Centre for Lao Wood Processing Sector Supports Value-Adding Manufacturing**

(For immediate release)

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**Vientiane Capital, 23 March 2017:** The Training and Development Centre (TDC) for Lao Wood Processing Sector launches its first Training Programme today, after its approval of the Prime Minister's Office on 15 February 2017 with the Notification No. 265 on the Establishment of Wood Processing Model and Wood Processing Cluster. The purpose of TDC is to build capacities for timber processing companies on new wood manufacturing technologies as well as Chain of Custody for the upcoming MOIC Decision (Ministry of Industry and Commerce) on input/output monitoring for wood processing and trade. The training centre has been established with support from the German Development Cooperation's project '*Support to the Lao-EU FLEGT Process*' (ProFLEGT), implemented by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH and local authorities.

“Modernisation of the Lao wood processing industry is the way forward to ensure effective use of forest resources, increase value added from timber products for export, create job opportunities and increase States income”, said Mr. Phouthanong Chanthavong, Deputy Director of Products Standard Division, Department of Industry and Handicraft, MOIC, at the launching of the TDC on 23 March 2017 at the Lao National Chamber of Commerce and Industry.

The need of strengthening the domestic and international competitiveness of the Lao wood processing companies, especially for the European and other western markets, has been identified by the Government of Lao PDR as an important requirement to achieve relevant positive impacts from the Voluntary Partnership Agreement (VPA), a bilateral trade agreement between the Government of Lao PDR and the European Union, under the Lao-EU FLEGT process (Forest Law Enforcement, Governance and Trade), to promote legal timber trade and tackle illegal logging.

“The Lao wood processing industry has been largely restricted to primary processing and mainly exports of logs, sawn timber and semi-finished products to its neighbouring countries in the past. Only a limited number of companies has been active in downstream processing, thus the value-adding generated by the local wood processing industry is extremely low”, said Mr. Thongsavanh Soulinamat, President of the Lao National Wooden Products Industry Association. “Thanks to the Prime Minister Order No. 15, we now have the mechanism to empower us to modernise our domestic timber sector to ensure value-added and quality timber products meet the demand of domestic and international markets”, he added.



“The introduction of the Chain of Custody System will not only serve to show the legality of timber and timber flows, but will also provide additional advantages for the company’s performance”, 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. “Combined with the proper Production Management System, companies can remarkably improve their performance and efficiency as relevant data such as input and output quantities per job order per batch will be automatically recorded and be used for a better production management”, he added.



## 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.

Laos has started to negotiate such an agreement with the EU, with assistance from the German Development Cooperation's project 'Support to the Lao-EU FLEGT Process' (ProFLEGT), implemented by GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit).

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.

During the initial stage of the Lao-EU FLEGT process, three pilot provinces have been selected, which are Sayaboury, Khammouane and Attapeu. In this regard, 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.

***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](http://ec.europa.eu/development/policies/9interventionareas/environment/forest/forestry_intro_en.cfm)  
[www.euflegt.efi.int](http://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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