Trade Statement 2026

As we gather here today, celebrating the 40th anniversary of ITTO in Yokohama, it is both a cause for celebration, as the Trade Advisory Group recognises decades of successful work for the sector as well as concern, as we look ahead to an unclear future. We are grappling with structural uncertainty as trade policy, environmental regulation, changing supply chains and geopolitical developments all reshape international markets. These developments are occurring against a backdrop of softer demand in many traditional markets, changing sourcing patterns, increased scrutiny of timber origin and legality, and a growing number of regulatory requirements in major consumer markets. While many of these measures pursue legitimate policy objectives, their cumulative effect is creating new costs and uncertainty for producers, exporters, and importers, and influencing whether international buyers even choose to source timber products at all.

Let me begin with a clear and unequivocal statement - TAG supports strong enforcement against illegal transshipment, circumvention and fraudulent origin. However we are concerned that enforcement actions are negatively impacting lawful suppliers. As an example, cross-border supply chains are increasingly regarded as evidence of circumvention, when modern production in fact often involves multiple nations. Established legal supply chains should be able to demonstrate compliance without facing disproportionate costs or prolonged uncertainty simply because production involves more than one country.

TAG wholeheartedly believes that timber should be legal and sustainable, but is concerned at the increasingly duplicative regulatory systems that layer on top of one another. They all may have similar or even identical goals, but vary in their methods, creating a significant economic burden. Companies are increasingly expected to demonstrate compliance with timber-legality systems, certification standards, rules of origin, supply-chain due diligence, geolocation and traceability requirements, all without being able to pass these costs along the supply chain. Consumers are ever more price conscious, and making sustainable wood more expensive only further decreases demand. Responsible companies should not become less competitive precisely because they have invested in meeting higher environmental and social standards.

Green financing solutions remain underexplored, and effective mechanisms to channel financial incentives directly to enterprises committed to legality and sustainability remain lacking. The potential for collaboration between the forest sector and green finance is therefore largely untapped. By rewarding forestry’s positive externalities, these mechanisms can turn external policy and regulatory requirements into tangible economic benefits.

Lowering carbon emissions is a top goal for many in this room, and wood is an essential component in that push. Yet when wood is made more difficult and more expensive to harvest, then concrete, steel, wood look-alikes and other non-renewable products with large carbon footprints are substituted. Regulatory hurdles on wood directly advantage carbon heavy industries.

Regulatory decisions must be informed by robust scientific evidence and meaningful consultation with range states, particularly where proposed measures may affect forest-dependent communities and smallholders, taking away valuable employment in rural areas; in some cases the only employment option . Early engagement with affected stakeholders can also help identify practical approaches to implementation and minimize unintended impacts on legitimate trade; we speak specifically to CITES listings and EUDR implementation on this point.

When I look around at those in this room, and those beyond it in all of our capitol cities, I know that I am speaking directly to those who shape our forests. We shape them through regulations passed, through tariffs enacted, through support given to reforestation and to communities, and the products we buy and sell. We shape them in positive and negative ways, and sometimes it can be difficult to see which is which until it is well behind us.

But with that power that all of us wield in our differing ways comes the responsibility to above all, consider the health of the forests. Each of us approach that from different angles, but we do it so that forests can be a living resource to us, to our communities, and to our environment.

And so TAG will leave you with this thought: the long-term goal of all of us should be to create international timber markets in which legal and sustainable production are economically viable, responsible producers are rewarded for compliance, and trade rules effectively target illegal activity, all while keeping forests standing for generations beyond us. Therefore we must push back against the urge to lock up forests in so much red tape and trade policy that they cease to have value to the communities around them. Because that is when we lose forests to mining or agriculture or development. We can sometimes be so focused on the regulatory layers as to forget that the goal is to support trade - legal trade, sustainable trade, trade that is fair and protects this valuable resource, but still at its very base: trade.

Achieving this balanced future will require greater regulatory coherence, recognition of credible existing systems, risk-based enforcement and continued dialogue between producing countries, consuming markets and industry. Legal and sustainable timber trade creates economic value for forests, supports forest-dependent communities and provides an incentive for responsible forest management. We must therefore seek to strengthen these positive outcomes rather than progressively make legitimate tropical timber trade more difficult and expensive.