O'ZBEKISTON RESPUBLIKASI
INVESTITSIYALAR VA TASHQI
SAVDO VAZIRLIGI HUZURIDAGI
EKSPORTNI RAG'BATLANTIRISH
AGENTLIGI

EXPORT PROMOTION AGENCY
UNDER THE MINISTRY OF
INVESTMENTS AND FOREIGN
TRADE OF THE
REPUBLIC OF UZBEKISTAN

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Министерствам и ведомствам
(по списку)

В адрес Агентства продвижения экспорта при Министерстве инвестиций и внешней торговли Республики Узбекистан, поступило обращение со стороны Министерства иностранных дел Республики Узбекистан и Посольства Республики Узбекистан в Германии, касательно вопроса включения Узбекистана в проект «Import Promotion Desk».

Справочно: «IPD» - Проект, финансируемый Федеральным министерством экономического сотрудничества и развития Германии, который направлен на обеспечения немецких импортеров надежными поставщиками из стран-партнеров.

В ходе реализации проекта проводится отбор предприятий-производителей для участия в европейских профессиональных выставках пищевой продукции и натуральных ингредиентов. По итогам реализации проекта предусматривается подписание контрактов на поставку продукции между отечественными производителями и немецкими покупателями. Реализация проекта окажет содействие увеличению экспорта национальных продуктов на европейские рынки.

По результатам проведенных Посольством Узбекистана в Германии переговоров немецкая сторона выразила готовность рассмотреть возможность включения Узбекистана в проект "IPD" и провести в течении 2019 г. соответствующее изучение экспортных возможностей республики с целью выявления номенклатуры товаров для последующего импорта в Германию.

В качестве основы для подготовки к вступлению новых стран-партнеров в "IPD" организаторами проекта используется соответствующий «Шаблон изучения секторов экономики» *(стандартная форма прилагается)*. Согласно немецкой стороне, в ходе заполнения шаблона необходимо обратить внимание на информацию о компаниях, работающих в предлагаемых секторах экономики, включая их вид *(малые, средние, крупные/частные, государственные, иностранные)* и объем производимой ими продукции.

С учетом изложенного, а также принимая во внимание планируемое увеличение объёмов экспорта национальных продуктов на европейские рынки, просим оказать содействие в подготовке и предоставлении необходимой информации в соответствии с «Шаблонов изучения секторов экономики» (на английском языке) для дальнейшей проработки с немецкой стороной (для возможного использования в качестве образца прилагается заполненный «Шаблон изучения секторов экономики Колумбии»).

Приложение на 29 л.

Вр. **И.о. Заместителя Директора** **Ж. Авезов**

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SECTOR SCAN TEMPLATE
XYZ Sector in COUNTRY
Status Quo and IPD Approach

Table of Content

1 Situation in the Sector (6-8 pages)

- The chapter should be started in this paragraph with a short section on the sector potential in terms of export trade and may be a list of relevant trade agreement / and trade preferentials (Source ITC Market Insider and actual exports that already take place; best to be written when the overall document is almost completed.

1.1 Value-Added-Steps (1 page)

- Input markets and services
- Production
- Refinement
- Marketing
- Number of producers / companies active in the different value-added-steps
- Economic description of relevant subsectors and products; Workforce, volume, turnaround,…. please provide as much details here as needed to understand the IPD approach in chapter 2
- Chart picturing the sector structure / steps / supply chain
- Production capacities, shortages and bottlenecks
- Conclusion on export growth potential and the potential to reduce poverty through creation of jobs etc. should be made here – this is the first step of justification to set up a IPD intervention....

1.2 Relevant Actors (1 page)

- Role that the government plays in the sector and sector importance to the government (check e.g. for National Export Strategies)
- Ministries, government agencies and their programmes and strategies relevant to the IPD approach
- BSOs (chambers, associations, clubs etc.), role, number of members; programmes and strategies relevant to the IPD approach
- Civil society organisations
- Other major stakeholders in the sector
- All institutions named in chapter 2 / IPD approach need to be introduced here
- If exists: chart picturing the most important actors / stakeholder map
- Conclusion: Government agencies, BSOs and further actors and their current support in the area of export promotion/marketing
- Conclusions of shortcomings from actors
- Conclusion on relevance of IPD for the sector

1.3 Export Markets (1 page)

- Export-competencies / buyer markets, (typical) export strategies
- Exports status quo and logistics: regions, countries; via ship? Via airplane? Current limitations and bottlenecks re: logistics
- Export to / demand of EU; seasonal variations
- Current demand characteristics and future trends for Germany
- Business environment regarding exports (trading preferences, trading barriers etc.; e.g. number / percentage of companies with certain certifications)
- Core challenges of the sector as a whole relevant to the development of exports
- Conclusions of challenges and shortcomings in export trade

Forest Products Industry Sector in Colombia
Status Quo and IPD Approach

Title	Sector Scan Colombia – Forest Products Industry
Document Owner	IPD
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Date	16/08/2017

Table of Content

List of Figures

Abbreviations

AREA / CAR	Autonomous Regional Environmental Authorities (*Corporaciones Autónomas Regionales*)
ASOCARS	Association of Regional Autonomous and Sustainable Development Corporations (*Asociación de Corporaciones Autónomas Regionales y de Desarrollo Sostenible*)
B2B	Business-to-business
BMO	Business Membership Organisation
BSO	Business Support Organisation
CARDER	Autonomous Regional Environmental Authorities of Risaralda (*Corporación Autónoma Regional de Risaralda*)
CONIF	National Corporation for Forestry Research and Development (*Corporación Nacional de Investigación y Fomento Forestal*)
CPI	corruption perception index
DANE	National Statistics Department (*Departamento Administrativo Nacional de Estadística*)
EU	European Union
Fedemaderas	National Association of the Forest Products Industry (*Federación Nacional de Industriales de la Madera*)
FOB	Free On Board (Incoterms)
FPI	Forest Products Industry
GDP	gross domestic product
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH
GOC	Government of Colombia
hec	hectare
ICA	Colombian Institute for Agriculture and Forestry (*Instituto Colombiano Agropecuario*)
IDEAM	Institute of Hydrology, Meteorology and Environmental Studies (*Instituto de Hidrologia, Meteorologia y Estudios Ambientales*)
ILO	International Labour Organisation
IPD	Import Promotion Desk
ITTO	International Tropical Timber Organisation
MADR/MinAgricultura	Ministry of Agriculture and Rural Development (*Ministerio de Agricultura y Desarrollo Rural*)
MinAmbiente	Ministry of Environment, Housing and Territorial Development (*Ministerio de Ambiente, Vivienda y Desarrollo Territorial*)
NGO	non-governmental organisation
PAF	Forest harvest plan (*Plan de aprovechamiento forestal*)
SMEs	Small and Medium Enterprises
STE	Short-Term-Experts
TPP	Trade Promotion Programme

1. Situation in the Sector

The Republic of Colombia (hereinafter referred to as Colombia) accepted the Kyoto-Protocol in 2005[1] and is a full member of the ITTO[2]. It is a producing country. Colombia is a member of the Amazon Cooperation Treaty Organization (ACTO) which tries to tackle illegal logging primarily in the Amazon rainforest[3].

Colombia is well embedded in international trade networks. It favours economic liberalism. Since 2013 there is a free trade agreement between Republic of Colombia and the European Union. There is also a free trade agreement between the so-called EFTA states Republic of Iceland, the Kingdom of Norway (since 2014) and the Principality of Liechtenstein and the Swiss Confederation (since 2011)[4]. Beside others, it maintains free trade agreements with the USA, Canada[5] and Mexico. It is a full member of the Andean Community (*"Comunidad Andina de Naciones"* / CAN) and is an associated member of Mercosur[6] - two main intergovernmental associations that promote trade relations among numerous Latin American countries.

The sector "forest products industry" (FPI) is a relatively young sector in Colombia. This is due to the armed conflict that prevented harvest operations and plantation management on industrial scales for several decades. There was very limited access to forest resources. Not until the GOC started to improve the security situation at the beginning of the new millennium, the private sector started to invest in FPI. Ever since, the sector has experienced a strong growth. However, exports of forest products, compared to other producer countries of ITTO, are relatively small yet. Main export partner are the United States of America and neighbour countries like Panamá, Venezuela, Ecuador and Peru. In recent years China and India also became important buyer countries of Colombian forest products. Depending on the source of information in 2014 exports of forest products accounted for value between US$ 128.9 million (FOB) without pulp and paper and US$ 54.5 million. Key export products are flooring products, sawn wood, joinery products, logs and squares. Until today, there has been little trade between Colombia and Germany or the European Union in terms of forest products so far.

There is a large potential for a future growth of exports which is outlined in the following chapters. Colombia owns immense forest resources and expands its industrial forest plantations at a great pace. Wood volumes being harvested at present are by far smaller than the volumes that could be used on a sustained basis. From that point of view and taken for granted a continued political stability, a general growth of FPI can be expected for the coming years. The first two chapters explain in detail the resource situation, the sectors' structure and highlight relevant stakeholders. Chapter three investigates current exports of forest products in detail. The subsequent chapter illuminates social and environmental aspects of the FPI. Chapter five puts the FPI into the context of economic cooperation particularly with Germany and the European Union. The last chapter summarises potentials and needs of the FPI and provides an outlook for possible interventions of the IPD.

[1] unfccc.int/kyoto_protocol/status_of_ratification/items/2613.php
[2] www.itto.int/itto_members/
[3] www.otca.org.br
[4] http://www.efta.int/free-trade/free-trade-agreements/colombia
[5] http://www.cic.gc.ca/english/resources/tools/temp/work/international/columbia.asp
[6] http://www.tlc.gov.co/publicaciones.php?id=5398

1.1. Value-Added-Steps

***Chapter summary**: FPI sources its raw materials from both natural forests and industrial plantations. Plantations are growing strongly and become more important to the FPI. The sector is an important employer particularly in rural areas. FAO states the highest number with 493,000 people working in about 3,040 production units. An enormous growth potential of the sector is being identified. The FPI can be divided into producers of round wood, transformers of round wood and traders of wood products. Two charts illustrate the sectors' structure at the end of the chapter.*

Input markets for the FPI are formed by natural forests and industrial forest plantations. Natural forests cover about 61 million hec (53%) of Colombian terrestrial territory according to the FAO[7]. The Colombian institute for statistics, DANE, states a forest cover of 62 million hec (57%)[8]. In 2013 plantations covered approximately 477,000 hec. Between 2002 and 2013 the forest plantation area grew by 273% from 175,000 hec to 477,000 hec[9]. This corresponds to an annual reforestation of about 27,500 hec. This extensive expansion of forest plantations throughout the country continues until today. The ITTO indicates a total round wood production of 12.9 million m³ in 2013 including fuel wood. Total sawn wood production is indicated with 560,000 m³ in the same year[10]. However, round wood production for industrial uses from natural forests and plantations accounted for 3.55 million m³ in 2011[11]. Looking at the fact that the German Forest Products Industry harvests about 76 million m³ of wood annually from its own forests that only cover an area of 11.4 million hec, an enormous potential of the Colombian forest sector becomes concrete[12]. The analysis of the contribution of the FPI to the GDP shows a similar potential. By *Fedemaderas* it is estimated that there are 90,000 direct jobs (formal and informal part of the sector) and 280,000 indirect jobs[13]. Pursuant to FAO 48,000 people or 0.2% of the total labour force were directly employed in the sector in 2014. Including the informal sector FAO counts a total of 493,000 people or 2.2% of the labour force working in the sector. The sector's share of the GDP is 0.6% of the total GDP. The German forest sector, possessing rather minor forest resources than Colombia, contributes with 0.8% to the GDP[14]. This indicates the sectors high potential to reduce poverty via the creation of new jobs particularly in rural areas. For example in the department of Vichada the forest plantation sector has become a major source for employment as several large scale reforestation projects have been realised since 2006.

The **number of saw mills** and wood-processing companies in the different value-added steps of the FPI varies significantly according to the source of information. According to *ProColombia* there are 3,040 production units of which 92.1% are micro-enterprises, 6.9% are small enterprises and 0.9% are medium enterprises. They subdivide into 647 timber traders, 1,806 wood manufacturing businesses and 560 companies dedicated to forest plantations[15]. At the IHB database, a worldwide network of timber industries, counts 110.000 voluntary member companies in 178 countries. At the time of research 217 Colombian companies were registered[16]. About 40% of these companies have 1 to 10 employees. About 42% operate with 11 to 100 employees and 6% have more than 100 employees. For the remaining 12% of the member companies, the number of employees was not available at the time of research. The turnover of the FPI accounts for about US$ 4.3 billion per annum[17]. The distribution along the subsector is highlighted in figure 1. Wooden furniture is by far the most important solid timber product with a share of 23% or US$ 1000 million respectively.

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[7] FAO: "Evaluación de los recursos forestales mundiales 2010 Informe Nacional Colombia" p. 8
[8] DANE 2015: "CAN - Tercer Censo Nacional Agropecuario – cifras preliminares September 2015"
[9] Fedemaderas 2013: fedemaderas.org.co/wp-content/uploads/2012/04/Presentación-gremial-y-sectorial-23.06.201512.pdf
[10] http://www.itto.int/annual_review_output/?mode=searchdata
[11] in "Evaluation and scoping of EU timber importers & imports from South America“ by O. Ruppert, UK 2013
[12] BMEL 2014: "Der Wald in Deutschland – Ausgewählte Ergebnisse der dritten Bundeswaldinventur" p. 34
[13] Fedemaderas 2013
[14] FAO State of the World's Forests 2014, p. 103 ff.
[15] Report ProColombia 2015
[16] www.ihb.de/wood/Country/?q=&cs=288&rs=&as=&ces=&cts=&nrs=&ps=&ss=&bss=&s=re&ipp=500
[17] DANE in WWF 2015: http://d2ouvy59p0dg6k.cloudfront.net/downloads/ilegalidadmadera_m3_b18_c5_web.pdf, p. 24 ff

The **plantation sector** becomes more and more important to the FPI. Main tree species are: Teak (*Tectona grandis*), Melina (*Gmelina arborea*), Acacia (*Acacia mangium*), Pochote / Ceiba (*Bombacopsis spp.*), Eucalyptus (*Eucalyptus spp.*), Pine (*Pinus spp.*), Cypress (*Cupressus spp.*), Roble (*Tabebuia rosea*). Ceiba, Cypress and Roble also occur in natural forests. There are 18,000 hec to 25,000 hec of Teak plantations.[18] Plantations of Eucalyptus and Pine supply more than 500,000 m³ and 200,000 m³ per year respectively[19]. Plantations of the broadleaf tree species are concentrated in Caribbean coast, especially in departments of Antioquia, Córdoba and Magdalena. Coniferous species like Pine and Cypress are cultivated in higher altitudes of the Andean Mountain Chain. The general potential of the plantation sector is vast. Between 5.5 million hec (FAO[20]) and 17.3 million hec of land are suited for commercial forest plantations. These areas can mainly be found at the Caribbean coast, the Orinoco basin and the so-called "Eje Cafetero". The "Eje Cafetero" includes the departments Huila, Tolima, Quindío, Risaralda and Caldas. The Orinoco basin includes the departments of Arauca, Casanare, Meta and Vichada. Today only 2.0% of that land is being used[21].

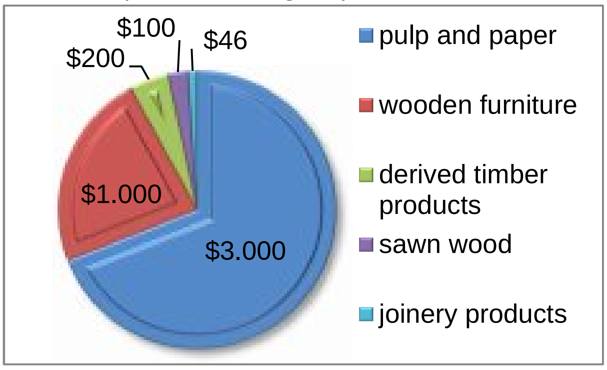

Figure 1: Distribution of turnover within the FPI according companies with at least 10 employees in million US$. Source: DANE in WWF 2015

Another indicator for the growth of the sector is the biggest national FPI trade show called "**Feria Muebles y Maderas**". Between 2010 and 2012 the number of exhibitors grew by 15.8% to 220 companies. The number of visitors grew by 34.9% to 14,228 in the same period[22]. Next *Feria Muebles y Maderas* will be held from March 9th to March 12th 2016 in Bogotá. These figures indicate the current growth of the Colombian FPI which in turn increases the general potential for growth of exports of forest products as well.

The **structure of the sector** is complex. It subdivides into a formal and an informal part. The formal part refers to legal timber production, whereas the informal part refers to the illegal or "legalised" production. Until today there are cases of unauthorised timber harvests. Statistics about illegal logging are scarce and vague. The World Bank stated that 42% of harvests were illegal in 2006. Annual deforestation accounted for 0.2% between 1990 and 2010 according the FAO[23]. Today the sector undergoes a transition phase. It moves from a semi-organised sector on a local level to a fully organised sector within a national framework. Nevertheless, the degree of development in the sector may vary greatly according geographic region or company. In general the sector is more advanced in larger cities like Medellín, Barranquilla or Bogotá than in rural areas.

The **production chains** are illustrated in figure 2 and 3. In Colombia the basic administrative system separates strictly between plantation forestry and forestry in natural forests. Therefore two charts were developed. Figure 2 displays the general supply chain of products originating from natural forests applied in the rain forests at the Pacific coast. Here, the indigenous community may conduct the harvest by itself or hire an external company. In either case a forest harvest plan (*plan de aprovechamiento forestal / PAF*) has to be prepared. The whole process is being controlled by the correspondent autonomous regional environmental authority (CAR). In order to transport round wood one has to apply for a specific document called "*salvoconducto*". In most cases timber is being harvested via those cutting permissions, even though a private company may also obtain a forest concession if the forest belongs to public land, so-called state forests. Figure 3 shows the production chain for plantation timber. Here the federal governmental agency ICA controls any harvest

[18] Plantaciones de teca en Colombia 2010 A. B. Montealegre et al
[19] Evaluation and scoping of EU timber importers & imports from South America by O. Rupert, 2013
[20] FAO - Status of Tropical Forest Management 2011, p. 289 ff.
[21] ProExport Colombia - Forestry sector in Colombia 2012
[22] http://www.feria-mm.com/es/index.php?option=com_content&view=article&id=21&Itemid=41
[23] http://www.illegal-logging.info/regions/colombia

operations. In order to transport round wood from plantations one has to apply for a specific document called "*registro de movilisación*". The following steps are similar in both cases: The timber is usually transported in squares, also called flitches, to the saw mills that are often located far away from the place of harvest, usually in bigger cities. Regarding the subsequent refinement there is little statistical and reliable data available. Relatively small timber drying capacities can be assumed as e. g. in 2014 only 51 timber drying equipments were imported to Colombia[24]. However, a wide range of wood products is produced in Colombia and partly exported (*see chapter 1.3*). A chart picturing the sector structure as a whole can be found in the following chapter illustrating all relevant actors as well.

[24] Journal "El Mueble La Madera", 90th edition, December 2015, p. 84

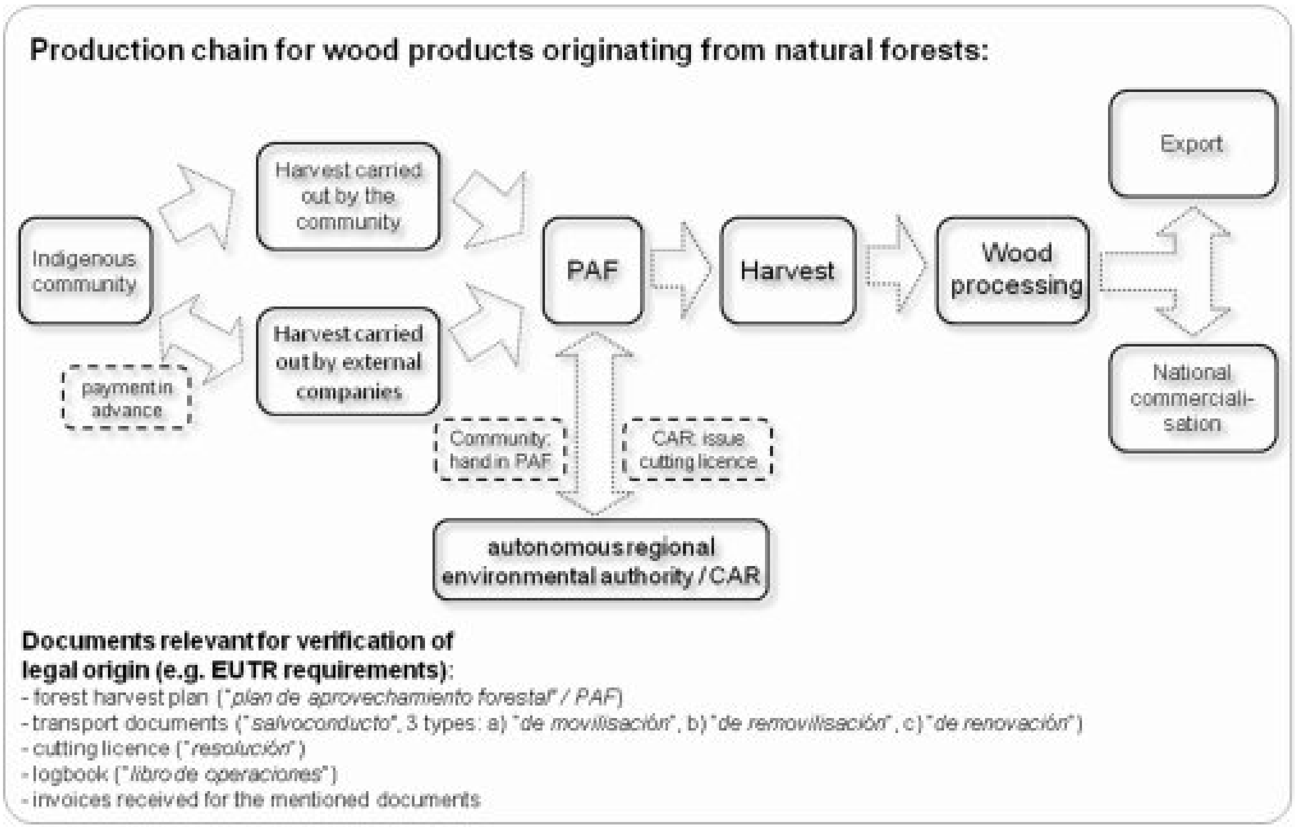

Figure 3: Production chain for wood products originating from natural forests

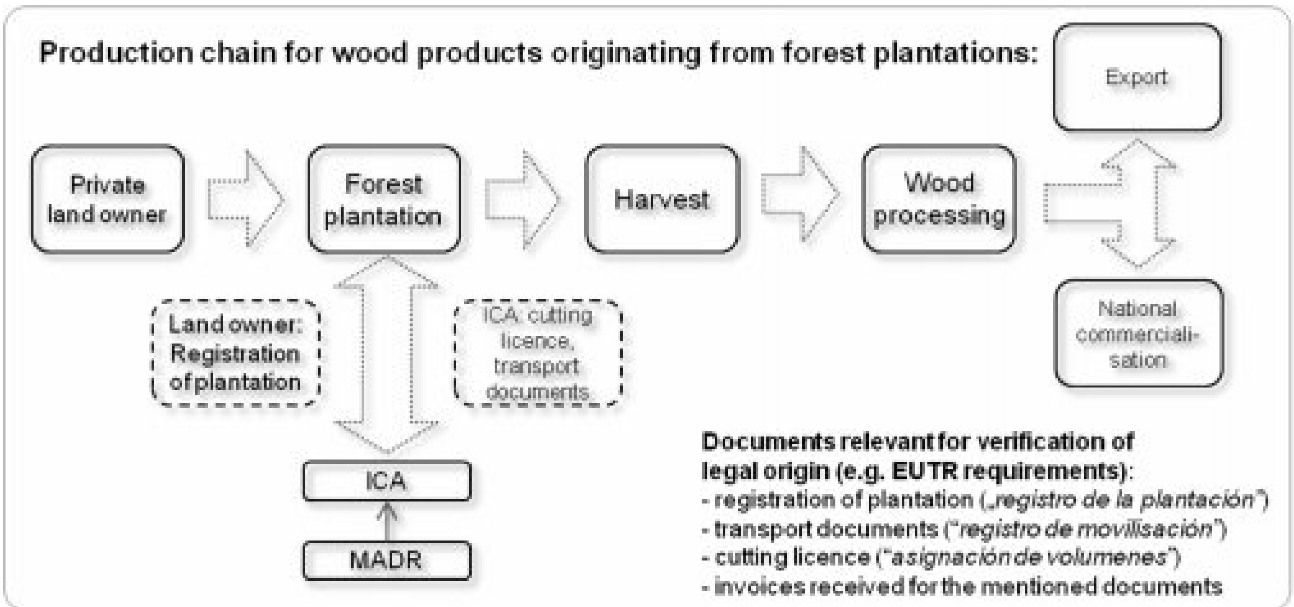

Figure 2: Production chain for wood products originating from forest plantations

1.2. Relevant Actors

***Chapter summary**: Fedemaderas, ProColombia, MinAmbiente and MADR are very important actors for a potential IPD approach. They keep contact with private companies of the FPI. The GOC has a strong interest in developing the sector and has launched various programmes to do so. A stakeholder's map at the end of the chapter pictures the sector's structure and provides an overview of all relevant stakeholders.*

The GOC has a strong interest in developing better forest management and affiliated forest products industries. There is a national forest development plan for the period 2014 to 2018 ("*Plan Nacional de Desarrollo Forestal*" / PNDF). The national reforestation plan designed by MADR encompasses an extension of industrial forest plantations to 1.5 million hec till 2025. This reflects a growth of 328% compared to 2011[25]. The GOC has launched two programmes that provide subsidies for the establishment of commercial forest plantations, new saw mills and wood manufacturing plants. The programmes are called CIF[26] ("*certificado de incentivo forestal*") and ICR[27] "*Incentivo a la Capitalización Rural*". They facilitate private entrepreneurs to receive up to 50% of the investment costs for reforestation and wood manufacturing projects. It is particularly directed to support SMEs of the FPI.
Furthermore there is the "programme for agricultural production" called PROAGRO ("*Programa de Producción Agropecuaria*") led by MADR. The programme FINAGRO[28] provides funding particularly for forestry based projects including internationally traded timber species. All these measures favour the growth of the production of forest products.

The sectors importance to the GOC is further expressed in a recent environmental campaign called "Trans-sectoral pact for legal wood in Colombia" ("*Pacto Intersectorial por la madera legal en Colombia" / PIMCL*). It is trans-sectoral because it has been signed by federal public institutions (several ministries), non-governmental organisations and various private entities[29]. The campaign is also connected to the environmental campaign called "*soyEcolombiano*"[30] that seeks to raise environmental awareness among the Colombian population. The positive development of the forest management has been acknowledged in public as well. In an assessment of 50 countries, the British NGO *Global Canopy Programme* concludes that Colombia, beside Peru and Brazil, implements a rather progressive forest policy compared to other tropical countries[31].

Additionally, the GOC plays a crucial role for the FPI, as a steady supply of raw material depends on a safe environment with guaranteed constitutional legality. The peace-building process between FARC and GOC has stimulated the FPI extensively in recent years, which can be recognized in growing prices for land. In 2006 one hectare of grass land in Vichada cost approximately $US 15. Today prices vary between $US 240 and $US 300 per hectare. The new security has attracted numerous private investors in Vichada. Also a German company, called *Forest Finance*, has invested in large forest plantations (> 1000 hec) in Vichada. In general the improved security situation has contributed considerably to the growth of the Colombian economy in recent years.[32] The GDP has grown every year by at least 3% since 2010[33].

The following lists most important stakeholders:

[25] Proexport "Sector Forestal en Colombia 2012", p. 4
[26] https://www.minagricultura.gov.co/convocatorias/Paginas/CIF-Certificado-de-Incentivo-Forestal.aspx
[27] www.minagricultura.gov.co/tramites-servicios/credito-agropecuario/Paginas/Incentivo-a-la-Capitalizacion-Rural-Programa-DRE-v2.aspx
[28] https://www.finagro.com.co/.
[29] http://pactomaderalegalcolombia.weebly.com/firmantes---compromisos.html
[30] http://www.soyecolombiano.com/site/-quienes-somos/-como-nace-esta-iniciativa.aspx
[31] www.globalcanopy.org/about/press-enquiries/press-releases/new-global-%E2%80%98ratings-agency%E2%80%99-ranks-500-institutions-have-power-e
[32] OECD Economic Surveys Colombia Jan 2015
[33] http://www.minhacienda.gov.co/portal/pls/portal/!PORTAL.wwpob_page.show?_docname=17422604.PDF

Public stakeholders:

- **MADR**: The Ministry of Agriculture and Rural Development (*Ministerio de Agricultura y Desarrollo Rural /* MADR) is the federal institution for forest management and control. It is also responsible for CIF, ICR, "*Plan de Acción para la Reforestación Comercial*"
- **MinAmbiente**: Ministry of Environment, Housing and Territorial Development (*Ministerio de Ambiente, Vivienda y Desarrollo Territorial* / MinAmbiente). For the period 2014 – 2018 it declared three main goals as most important: 1. Public purchase of legal wood only. 2. Implement large parts of a traceability system for forest products. 3. Expand compromises of the "Trans-sectoral pact for legal wood in Colombia"[34].
- **ProColombia**: The governmental agency promotes exports, foreign investments and others. It organises workshops for capacity building in order to enhance export competencies or language skills. It has launched several export programmes, e. g. the programme "BDEX 2" (*Programa Bogotá Diversifica y Exporta*), a programme that provides capacity building for selected private companies that aspire to export their products. In 2015 three companies of the FPI were included in BDEX 2[35].
- **IDEAM**: Institute of Hydrology, Meteorology and Environmental Studies (*Instituto de Hidrologia, Meteorologia y Estudios Ambientales* / IDEAM). Provides data regarding national forest resources and zoning of the national territory.
- **CAR**: Autonomous Regional Environmental Authorities (*Corporaciones Autónomas Regionales* / CAR). Each department of Colombia has its own CAR. There are 33 CARS in total. The CARS play an important role on the local level. They are a very important authority for companies of the FPI. They issue cutting permits, control transportation of timber, support export procedures. Some of the CARS are also actively engaged in national issues like the FLEGT process or certification (CORPOURABÁ[36] in the department of Antioquia, CARDER[37] in the department of Risaralda)
- **ICA**: Colombian Institute for Agriculture and Forestry (*Instituto Colombiano Agropecuario*). It is an important entity for plantation owners. It controls management of industrial forest plantations.
- **INCODER:** Institute for rural development (*Instituto Colombiano de Desarrollo Rural*). Implements governmental FPI-related projects in rural areas and others
- **CONIF**: National Corporation for Forestry Research and Development (*Corporación Nacional de Investigación y Fomento Forestal* / CONIF). It conducts research about plantation forestry, capacity building in forest management.

Private stakeholders:

- **FEDEMADERAS**: National Association of the forest products industry (*Federación Nacional de Industriales de la Madera* / FEDEMADERAS). Fedemaderas has about 700 member countries and represents the private sector of the FPI. It realises marketing campaigns, capacity building, business meetings and among others.
- **Revista M&M**: It is an important medium that reaches the FPI on a large scale (*medio especializado para la industria madera-mueble* / *Revista M&M*). Beside the FPI journal that is released every three months it publishes on a yearly basis a directory of companies belonging or relevant to the FPI.
- **GTCFV**: Work group to promote voluntary forest certification (*Grupo de Trabajo para Certificación Forestal Voluntaria en Colombia* / GTCFV). The NGO seeks to expand forest certification in Colombia based on FSC standards.
- **WWF Colombia**: Investigates and debates illegal logging and timber trade in Colombia, is engaged in the FLEGT process.
- **Fundación Natura**: Is an NGO conducting environmental projects throughout the country.
- **GFTN**: WWF's Global Forest & Trade Network (GFTN) is actively engaged in strengthening of forest law enforcement and sustainable timber trade.

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[34] Fedemaderas Newsletter 30 Oct 2015
[35] Journal "El Mueble La Madera", 90th edition, December 2015, p. 134
[36] http://www.corpouraba.gov.co/
[37] http://www.carder.gov.co/

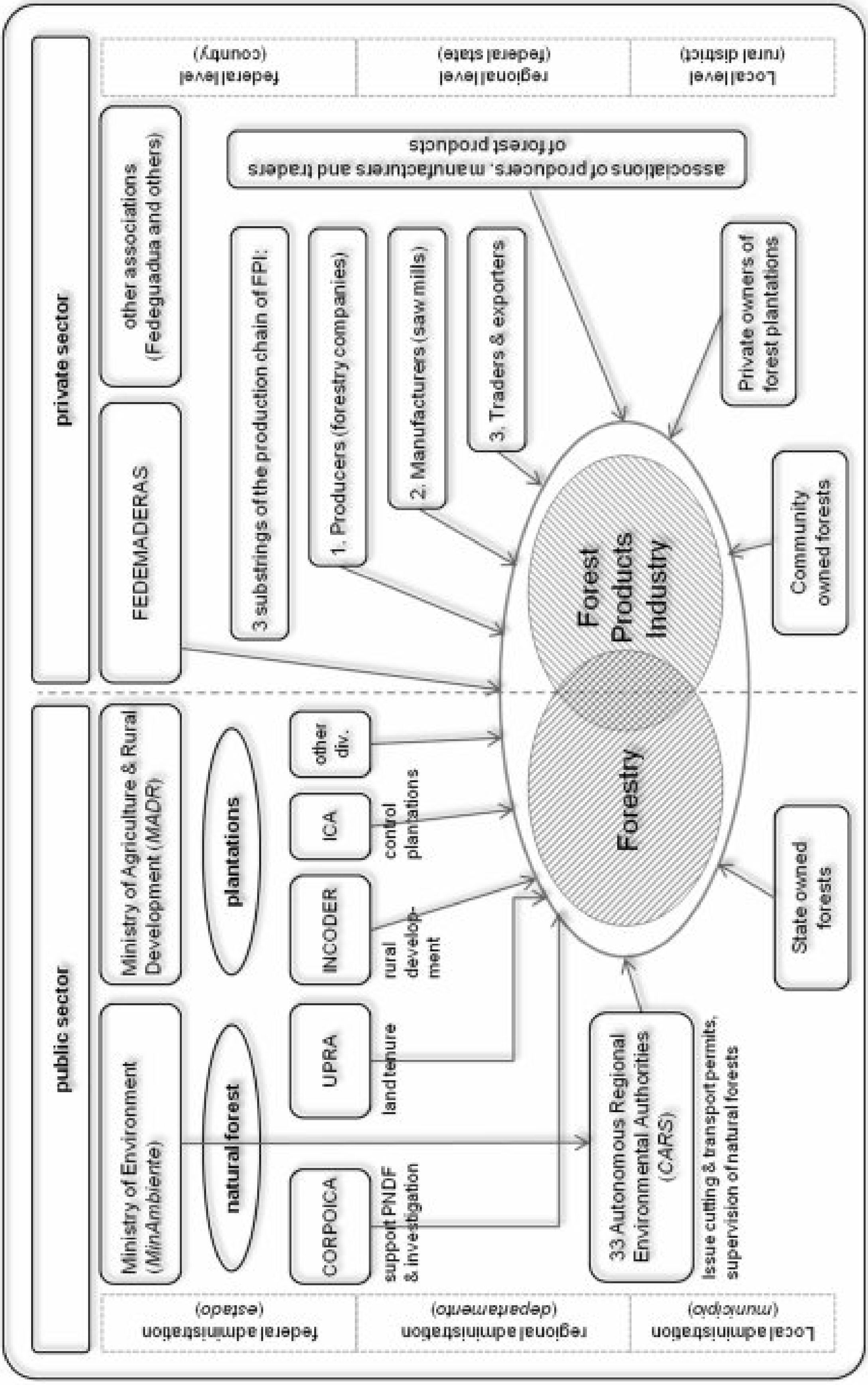
The excel-file attached to this work contains a list with these and other less important stakeholders.

FEDEMADERAS is organising so-called roundtables in the context of the trade show "*Feria Muebles y Maderas*" between 9th and 12th of March 2016. There are two roundtables planned, one on "supplies for the FPI" and one on "Legal Wood". These events increase the cross linking and competitiveness within the sector and support the enhancement of export competencies. FEDEMADERAS promotes intensively the strengthening of forest policy and forest law enforcement. For instance on October 20th 2015 *Fedemaderas* and the forestry company *Refocosta* organised the "Congress for furniture and legal wood" (*Congreso de Mobiliario y de productos de Madera legal*") in Bogotá together with FAO and FLEGT representatives. In total 253 participants were registered[38]. In November 2015 WWF Colombia published a new report about timber trade in Colombia and compiled a list of the latest FLEGT developments along with contact details for all entities and executive managers involved[39]. Also ProColombia organises business roundtables including the FPI as well. Next roundtables take place on 17th and 18th of March 2016 in Bogotá[40].

The stakeholders Fedemaderas, ProColombia, MinAmbiente and MADR are very likely the most important ones when looking at a potential IPD approach. Fedemaderas is the biggest nationwide organised association of the FPI and has much expertise in addressing its members via events, newsletters, campaigns and other media. ProColombia maintains an office in Germany. The IPD can assist these stakeholders in promoting Colombian forest products on German and European markets. Figure 4 shows a stakeholders map picturing the sector's structure and relevant stakeholders. The chart separates the sector in a public and a private part and detects 3 levels of administration: local level ("*municipio*"), regional level ("*departamento*"), federal level ("*estado*"). It gives an overview about the linkages and relationships among the stakeholders.

[38] http://fedemaderas.org.co/2015/10/notifedemaderas-octubre-23-de-2015/
[39] http://d2ouvy59p0dg6k.cloudfront.net/downloads/ilegalidadmadera_m3_b18_c5_web.pdf p. 36 ff
[40] http://www.macrorruedasprocolombia.co/macrorrueda60/index.html?js=1&why=&ci=&tu=&p= *page view: 23rd Jan 2016*

Figure 4: Structure of FPI in Colombia



1.3. Export Markets

***Chapter summary**: Exports are directed mainly towards neighbour countries, North America and Asia. The business environment is characterised by economic liberalism. Key products are wooden furniture, flooring, sawn wood, logs and squares. Core challenges for the growth of exports are: inform Colombian producers about German / European demands, increase awareness regarding product quality and reliability of supply, strengthening traceability of forest products, make SMEs familiar with procedures regarding export / international timber trade, change German wood importers' perception of Colombia, inform German importers about the product range available.*

Traditionally main **export partner** are the United States of America and neighbour countries like Panamá, Venezuela, Ecuador and Peru. Recently China and India also belong to the ten biggest buyer countries of Colombian forest products. In 2014 Panamá was the biggest buyer and imported 15% of exports of the Colombian FPI. This corresponds to a value of US$ 20 million (FOB). Second and third biggest importers were the United Stated and India with a share of 12% and 11% of the exports respectively. China imported 9% followed by Venezuela and Ecuador importing 7% each. In total Colombia exported forest products amounting to US$ 128.9 million (FOB)[41]. Trademap reports a total export volume of US$ 54.5 million for 2014 for the FPI excluding pulp and paper products[42]. The exports of the recent years are illustrated in figure 5. In 2014 pulp and paper exports accounted for US$ 347 million.

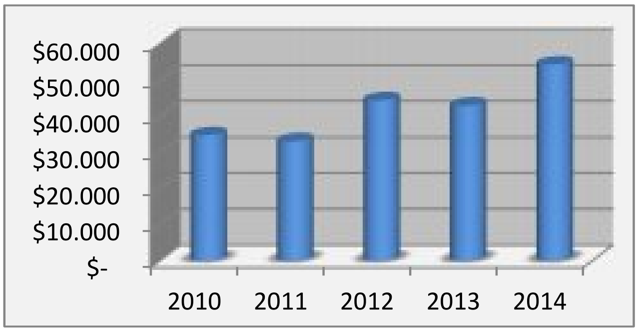


Figure 5: Export volume of wood products in 1000 $US without pulp & paper (Source: Trademap October 2015)

Well-established **export products** are primarily wooden furniture for interior and exterior uses and paper and packaging materials. Other key solid wood export products are flooring products, sawn wood, joinery products, logs and squares (e. g. teak). In 2014, Colombia exported a total of 54,000 m³ of round wood[43] of which about 40,000 m³ came from teak wood plantations. The country belongs to the emerging teak wood exporters from Latin America beside Ecuador, Panama and Costa Rica[44]. Plantation teak is an internationally traded timber species and of great importance in the Colombian FPI. Colombian teak logs reach highest prices on the international timber market with US$ 796 per m³ in October 2015. Only logs from El Salvador reached a higher price with US$ 934 per m³. Lowest prices a realised in Guyana and Belize with merely US$ 450 and US$ 400 per m³[45]. Exported derived timber products are plywood, particle board, fibreboard and mouldings. In 2009 wooden furniture exports declined from US$ 87 million (FOB) to US$ 47 million in 2010. This may be related to the financial crisis during that time. Since then furniture exports amounted on average US$ 40 million (FOB) per annum with US$ 46 million (FOB) in 2013 according to Fedemaderas[46]. Latest reports by DANE, state furniture exports ad valorem US$ 8 million (FOB) in 2013 and US$ 10.7 million (FOB) in 2014, which reflects an increase of 33%[47]. Further there is a significant export of sawn wood, round wood and plywood valuing $US 9.8 million[48], $US 18.9 million and $US 2.0 million respectively in 2013[49]. Thus,

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[41] Report ProColombia May 2015
[42] http://www.trademap.org/Product_SelCountry_TS.aspx
[43] ITTO's Biennial Review and Assessment of the World Timber Situation 2013-2014, http://www.itto.int/annual_review/
[44] Global Teak Trade in the aftermath Myanmar's log export ban, FAO 2015 Working Paper No. 49, p. 22
[45] Analysis of teak prices based on ITTO Tropical Timber Market Report Vol. 19 Number 15 - 20, Aug – Oct 2015, p. 6 ff
[46] Fedemaderas 2013: fedemaderas.org.co/wp-content/uploads/2012/04/Presentación-gremial-y-sectorial-23.06.201512.pdf
[47] Boletín técnico Comercio Exterior – Exportaciones DANE February 2015 p. 12
[48] ITTO: www.itto.int/annual_review_output/?mode=searchdata
[49] FAO in www.factfish.com/statistic/sawnwood%2C%20total%2C%20export%20value

the figures show that export is noticeably volatile. Further, they also show that export data clearly vary between sources. Main causes for these differences can be identified in different grouping and classification approaches within these statistics.
The **export of forest products to the EU and Germany** has been quite small. As mentioned above Europe has not been a traditional export destination so far. In 2012 export volume accounted for US$ 12 million[50]. According to Trademap Colombia exported forest products to Germany accounting only for $US 120,000 for solid wood products and $US 1.1 million for pulp and paper products in 2014[51]. This means that about 10% of the exports to Germany originate from the solid timber industry and 90% from the pulp and paper industry. Timber exports from Colombia in general have remained rather steady in recent years due to a growing inland consumption.

In February 2016 a total of 71 companies were registered on the official FSC database with a valid **FSC certificate**[52]. Furthermore three companies were listed at the PEFC register with a valid **PEFC certificate**[53]. Taken for granted a number of wood processing companies between 450 and 1800 (s. chapter 1.1) this reflects a share of FSC or PEFC certified companies between 16% and 4%. In terms of forest management an area of 136,279 hec[54] is certified according FSC. A total of 31 chain of custody certificates have been issued. There is also a group of actors based in Cali that promotes voluntary forest certification according to FSC guidelines[55].

The **demand characteristics** for tropical hardwood in the EU and Germany are similar. In general imports of tropical hardwood to Europe are expected to shrink slightly in future[56]. This is caused for instance by the development of chemically treated or modified softwood products which substitute tropical wood products. A closer look however opens a different perspective as one needs to differentiate between product types. For instance, imports of tropical plywood to Germany grew by 22% between January and September in 2015 compared to 2014 to a total of 104.237 cubic metres[57]. Tropical sawn wood imports to the European Union, rose by 14,2% to €565,1 million in the same period[58]. Imports of industrial round wood to Europe grew by 11.4% between 2010 and 2014. Imports to Germany grew by 8.6%. In this context industrial forest plantations will play a key role in future. The German company *Faber-Castell AG*, one of the world's leading pencil manufactures, sources its raw material from tropical forest plantations in Brazil, Indonesia and Colombia. Worldwide imports of wooden furniture to Germany increased by 3.1% between 2010 and 2014 from 5,164 million US$ to 5,323 million US$[59]. Here Colombia can play a more important role in future - especially due to the trend that more finished and semi-finished products are being imported.

Apart from the actual product European and German timber importers also require a stable reproducibility and a reliable supply. It is important that product quality is kept stable at one level. Other bottlenecks for exports are technical limitations of the manufactures which increase production costs. There is also a language barrier as many processors speak very little or no English at all[60]. Since 2013 conformity with the European Union Timber Regulation (EUTR 995/2010) has become another crucial step for importers. The regulation imposes verification of the legal origin of the timber that is imported to the EU. This inflicts new requirements for exporting companies as well. These are important issues that can be improved considerably by an appropriate IPD intervention.

Furthermore, lesser known timber species may become more important in future both in Europe and Germany. On the one hand the intensifying scarcity of well-established species (e. g. Merbau, Ipé) may spotlight other species. On the other hand continuing controls of EUTR conformity especially

50 Evaluation and scoping of EU timber importers & imports from South America, O. Rupert 2013, p. 38 ff
51 http://www.trademap.org/Bilateral_TS.aspx
52 http://info.fsc.org/certificate.php#result (2016-02-13)
53 http://pefc.org/company-detail?id=546045 (2016-02-13)
54 FSC Facts & Figures October 2015 - https://ic.fsc.org/facts-figures.839.htm
55 http://www.fsc-colombia.org
56 https://www.cbi.eu/market-information/timber-products/trends/
57 Journal EUWID Holz Und Holzwerkstoffe Edition 48.2015 of 26th November 2015, p. 13
58 https://itto-d2.r-cms.jp/files/user/mis/MIS_16-30_Nov%202015.pdf p. 16 (2016-02-14)
59 http://www.unece.org/fileadmin/DAM/timber/statsdata/fpamr-2015-tables.pdf#page=4
60 Interview Forestry Expert Ing. Ana Soledad Alferez Sanchéz

regarding well-established species that are, in many cases (e. g. Ipé), so-called high-risk species, may favour the introduction of lesser known timber species as import may be easier. This also opens opportunities for the Colombian FPI, as up to 251 timber species are traded within the country.
Exports are still hampered by **logistic and infrastructure** deficits. Typical for many other developing countries, about 95% of goods are transported via truck in Colombia. Practically there is no railway system. River transport is limited to local connections or interrupted by terrestrial transport. Although Colombia keeps a road charge system for all users, many highways are in a relatively poor condition. This makes terrestrial transport rather expensive[61]. Pursuant to the latest Global Competitiveness Report of the World Economic Forum the country ranks on place 84th of 140 countries in terms of quality of the general infrastructure and on place 126th regarding quality of roads[62]. This lack of efficient infrastructure still hampers exports. On the other hand the GOC is developing its infrastructure at great speed. There are several large infrastructure projects ongoing including 47 new highways. In total about 8000 km of new highways shall connect Bogotá and Medellín with the main ports on the Atlantic by 2021. There are plans to improve navigability of the Magdalena River till that date, too. The German company *Kühne & Nagel* belongs to the biggest foreign logistic providers in Colombia with subsidiaries in Bogotá and Cartagena. The German shipping company *Hamburg Süd* maintains its biggest international port of transhipment in Cartagena. In 2014 the company installed a new container terminal at the port of Barranquilla, where the Magdalena River disembogues into the Atlantic Ocean[63]. The export via sea is mainly realized at the ports of Barranquilla, Santa Marta and Cartagena at the Caribbean Coast and Buenaventura and Tumaco at the Pacific Coast. Barranquilla plays a major role for the FPI due to its higher concentration of wood manufacturing companies. Forest products are usually exported under the Icoterm FOB.

The **external business environment** is characterised by economic liberalism. There is a free trade agreement between Colombia and the European Union since 2013[64]. It also refers to the trade of forest products and foresees a mutual cooperation with respect to promotion of "*trade in legal and sustainable forest products, [...], forest certification and strengthening of control mechanisms for timber production*"[65]. Further Colombia has several other free trade agreements as for example with the United States and Israel. After several years of negotiation between GOC and the EU, the abolishment of visa for Colombian citizens had been realised in December 2015. Today Colombian citizens are allowed to enter the Schengen territory (26 European countries) without a visa for a maximum of 90 days[66]. This is a considerable approach between the two political parties and will relieve the entry into the EU significantly and make business trips easier. It is likely that the multilateral agreement will facilitate a more intensive economic cooperation between Colombia and the EU in general.

Despite its immense timber resources Colombia is yet a relatively small forest products supplier in comparison to well-known tropical timber producer countries like Brazil, the Democratic Republic of Congo or Malaysia. For many decades the sector was not able to develop, because the armed conflict strongly blocked the access to forests resources. The private sector was unable to mobilise timber resources. This has changed since the beginning of the new millennium and has improved the **internal business environment** noticeably (s. chapter 1.2). Under the name of "*Plan Colombia*" President Pastrana started a settlement of the civil conflict in 1999. Since then both successors President Alvaro Uribe and current President Manuel Santos have continued and extended that policy. Nowadays the general public debates already about the time of the so-called "*posconflicto*". The "*posconflicto*" refers to the time after which the peace agreement will have entered entirely into force. A large part of the FARC supporters that today are rather considered as a terroristic organisation has been demobilised[67]. This increasing safety in the country correlates with the massive increase of forest plantation area (s. chapter 1.1). From that point of view it is most likely that this boom will

[61] http://www.gtai.de/GTAI/Navigation/DE/Trade/Maerkte/suche,t=kolumbien-investiert-in-neue-verkehrswege,did=1059344.html
[62] http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/#indicatorId=GCI.A.02
[63] http://www.gtai.de/GTAI/Content/DE/Trade/Fachdaten/PUB/2014/07/pub201407148005_19222_transport-und-logistik---kolumbien--2014.pdf
[64] Deutsch-Kolumbianische Industrie- und Handelskammer 2015 "Energieversorgung in abgelegenen Regionen Kolumbiens"
[65] http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147704.pdf s. Article 273
[66] http://www.bogota.diplo.de/Vertretung/bogota/de/08Visa/HBVisaabteilung.html
[67] Historia de Colombia contemporánea 1920-2010 R. A. Trijillo 2013, p. 186 ff

continue for the coming years. Nevertheless, the exports of the Colombian FPI towards Europe suffer from a bad reputation of Colombia as a country being lost in drug trade, civil war and taking of hostages. According to *Transparency International* Colombia is positioned on rank 94 out of 175 countries and scores 37 points out of 100 on the corruption perception index[68]. Brazil as another major tropical timber exporter ranks similar on place 69 and scores 43 points on the CPI. Having in mind that reputation of the sector is relevant to the development of exports another core challenge arises: The change of that particular perception among German and European wood importers. Here an IPD approach in Colombia may contribute very much to a potential change via its functions as an intermediary. Furthermore an IPD intervention can strengthen the sector as a whole via cross linking stakeholders and addressing private companies. The more companies of the FPI will export to the EU the more awareness will be raised regarding the compliance with legal rules and forest law enforcement. This is also a goal of the FLEGT initiative. On the other hand it needs to be mentioned that Germany has got a very good standing within the Colombian public. Many companies would like to export to Germany or European Union.

1.4. Environmental and Social Aspects

***Chapter summary**: Colombia ranks around average regarding employment protection legislation. Yet, social standards may vary between region and company. Programmes for raise of social responsibility of enterprises have been launched. Risks that companies may not comply with EUTR 995/2010 are at hand. There is a strong environmental awareness within the society.*

The Colombian public features a strong environmental awareness. Several examples of social and ecological grievances that occurred in the last years shall be stated in order to show that environmental awareness:

- **5-Star-Hotel in National Park Tayrona**: The GOC, under President Manuel Santos, planned to build a seven-star luxury hotel inside the national park Tayrona at the Caribbean Coast[69]. After a large nationwide protest movement against it, the GOC decided to cancel the project.

- **Dubious timber harvest in primary forests in Chocó:** The Canadian forest company REM Prima Hardwood somehow obtained harvesting rights for large areas of the Pacific coastal rainforest. Finally, after social protests due to questionable logging activities like clear cuts and helicopter logging, the GOC withdrew the harvest permission and *REM Prima Hardwood* stopped its operation[70].

- **Deforestation by mining business "El cerrejon"**: Another very important object of the environmental debate is the coal mine "El cerrejon", which spans over 69.000 hec. It is the largest surface mining project in Latin America and is blamed for dubitable resettlements of local population and ecological devastation.

- **Interpol tackles illegal timber trade**: In early 2013, Interpol conducted an international raid in Central and South America including Colombia and confiscated large amounts of timber that apparently was cut illegally[71].

The status of implementation of national and international standards for the sector, particularly **ILO and UN standards**, very much depends on region and enterprise. However, general standards also apply nationwide to the FPI: Maximum labour time is 8 hours per day and 40 hours per week. When shift-working is applied labour time is 6 hours per day and 36 hours per week. In comparison to OECD countries Colombia ranks around average regarding employment protection legislation. However,

[68] https://www.transparency.org/country/#COL
[69] http://www.elespectador.com/noticias/nacional/multinacional-construira-hotel-siete-estrellas-el-parqu-articulo-302837
[70] http://www.unperiodico.unal.edu.co/dper/article/arboles-del-choco-entre-la-lucha-de-david-y-goliat.html
[71] http://www.interpol.int/News-and-media/News/2013/PR017

there are not enough labour inspectors and the collection of fines is still deficient[72]. Also labour unions are much less powerful as they are in Germany for example. According to the legal framework there are numerous social and environmental standards[73]. A major problem in this context, as for many developing countries can be identified in law enforcement in rural areas. Here the compliance is more up to the individual company as it is universally applied. Another social challenge is the form of employment particularly of the FPI. Companies often employ day labourer with a short-term contract, whereas the duration of the contract may vary from one day up to a whole season. In many cases, especially for auxiliary jobs, this leads to unofficial employment, which is not subject to social insurance contribution. This in turn provokes a lot uncertainty for the jobholder. Primarily only the bigger companies manage their staff including full social insurance contribution.
Until today there are illicit cultivations in the southern Amazon and Pacific regions that may offer more attractive jobs in rural areas in terms of remuneration. This may also involve social problems with forest or saw mill workers. On the other side, in regions that observed a strong growth of the plantation sector, such as the departments of Vichada or Meta, the forest sector created numerous new jobs and replaced former employment on illicit cultivations.
The stakeholders that are supposed to address these issues are mainly the ones mentioned in chapter "1.2 Relevant Actors". The GOC has introduced several social programmes that provide financial support for poor families in rural areas (e. g. "*Familias en acción*", "*Familias Guarda Bosques*" or "*Jóvenes rurales*")[74]. Since 2005 there is the programme "ComprometeRSE" (*Responsabilidad Social Empresarial*) that promotes social responsibility of enterprises for their employees[75]. Actors that are rather concerned about the compliance with social standards also try to address these, like e. g. *WWF Colombia, Fundación Natura or Observatorio Latinoamericano de Conflictos Ambientale / OLCA*[76]. The current risks for wood importers consist primarily in the exporter's compliance of EUTR 995 / 2010. Here a potential IPD approach can assist exporters in terms of the EUTR compliance. There are currently five timber species listed within CITES[77] that can be found in Colombia. The excel-sheet attached to this work gives an overview about relevant timber species and their CITES-status for Colombia.

1.5. Economic Cooperation

***Chapter summary**: The FPI plays a minor role in economic cooperation. Far more important is the mining sector with its exports of black coal. FPI is more important in terms of development cooperation because it has a direct impact on natural resource management. Only little engagement of international stakeholders within the FPI could be recognised so far. An IPD approach may have an accordingly large impact on the development of the sector.*

Until today forest products industries play a minor role in economic cooperation in comparison to other sectors. By far the most important export product of Colombia for Germany is black coal. The country belongs to Germany's biggest black coal suppliers with a trade volume of 10 million tonnes in 2013[78]. Considering the large potential of the forest product sector (comp. chapter 1.1) the economic importance of the sector may highly increase in future. On the other side, the sector plays an important role in terms of development cooperation. For several decades the focus of German development assistance in Colombia has been the support of the peace - building process. Today, the development of employment and use of resources are included as well[79]. Here, forest product industries offer a wide range of opportunities to achieve this. It starts with the adequate management of forests and forest plantations, which requires much manpower over a long period of time.

[72] OECD Economic Surveys Colombia Jan 2015, p. 25 ff
[73] http://www.ica.gov.co/Normatividad/Normas-nacionales/Decretos.aspx
[74] Interview Forestry Expert Ing. Ana Soledad Alferez Sanchéz
[75] Journal "El Mueble La Madera", 90th edition, December 2015, p. 93 ff
[76] http://olca.cl/oca/colombia/bosques01.htm
[77] http://www.bfn.de/fileadmin/BfN/cites/Dokumente/Barrierefrei-holzliste-5.pdf
[78] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2014/04/PD14_141_51.html
[79] https://www.giz.de/de/weltweit/397.html

Thereinafter subsectors like primary timber processing (saw mills), secondary timber processing (manufacturers, e. g. furniture) and timber trade (traders and exporters) follow. The support the Colombian FPI eventually leads to the creation of new jobs as the sector is relatively small yet and development potential is correspondingly big. Wood volumes being harvested at present are a lot smaller than the volumes that could be used without harming the principle of sustainability (comp. Chapter 1.1).

By the time of research only limited assistance from international donors directly linked to the FPI was recognised:

- Together with the **European Union / FLEGT-Initiative**, the autonomous regional environmental authority CARDER (department of Risaralda) developed a traceability system for wood products in Colombia and presented it to the ministry of environment / MinAmbiente in early 2015[80].

- **CARDER, GOC and the EU** organised the forum "Forests and construction of peace - an opportunity for the time of the post conflict" ("*Bosques y construcción de paz, una opotunuidad para el posconflicto*")[81].

- The **USAID Development Programme 2014 - 2018** focuses amongst other things on the strengthening of the road map for peace and restitution of 200,000 rural families that are supposed to receive their land titles again. Furthermore investments of the private sector in conflict areas valuing $150 million are foreseen[82]. These measures are likely to boost the FPI as well, as secure land tenure is a basic requisite for expanding forestry activities within the private sector.

  There are a few sector-related **German - Colombian projects**:

- **Global Business Exchange Programme**: Led by GIZ. It supports companies from different sectors. At least one forestry company has received support so far. The company *Aldea Forestal* received assistance in 2013.

- The German pencil manufacturer ***Faber-Castell AG*** manages forest plantations and a saw mill in northern Colombia (> 1000 hec). The company conducts a carbon offset project together with United Nations[83].

- The German financial service provider ***Forest Finance***[84] owns and manages forest plantations in eastern Colombia (> 1000 hec).

Considering this slight engagement of international stakeholders in the sector, an IPD approach may have a great impact on the growth of the FPI and move current exports towards the European Union and Germany. Beside the economic importance of the FPI, its responsibility regarding an adequate use of natural resources is not to be neglected. The sector belongs to the very few ones that have a direct and spatially comprehensive impact on the natural environment. Hence, the FPI is a key sector for an adequate land management and use of natural resources, in this case, forest resources. Looking at the fact that about 50% of Colombia is covered by forests the mentioned importance becomes visible. From that point of view an IPD approach should also consider the FPIs' relevance for environmental protection.

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80 Journal "El Mueble La Madera", 90th edition, December 2015, p. 134
81 Journal of Fedemaderas, edition 08/2015 p. 14
82 https://www.usaid.gov/sites/default/files/documents/1862/USAID%20Colombia%20CDCS.pdf p.6 ff
83 Source Gisbert Braun, Head of Corporate Quality & Sustainability Faber-Castell AG (gisbert.braun@faber-castell.com), http://www.datasafe.com.co/CICCA/db_84/#/8
84 https://www.forestfinance.de/unsere-waelder/interaktive-karten/

1.6. Options for Future Interventions

In synthesis, the sector scan clearly identifies a significant export potential. It has been shown that Colombia already exports forest products to various American and Asian countries. Further it has been illustrated that the Colombian FPI has been growing strongly for the last few years. One of the main reasons for that is the improved security situation throughout the country which has opened the access to forest resources. From that perspective a broad range of possible options for future interventions becomes available. These interventions led by IPD or by a joint venture of IPD and a Colombian stakeholder may include topics such as:

- Inform Colombian producers about German / European demands
- Inform German importers about the product range available in Colombia
- Increase awareness regarding product quality and reliability of supply among producers
- Strengthening traceability of forest products, explanation of procedures of EUTR 995/2010
- Make SMEs familiar with procedures regarding export and international timber trade
- Improve the perception of German and European wood importers regarding Colombia
- Support stakeholders in raising environmental awareness among producers

The stakeholders *Fedemaderas, ProColombia, CARDER, MinAmbiente* and *MADR* have realised several events and programmes in recent years to enhance export capacities and developed the sector further. The GOC in general has a strong interest in developing the sector (s. chapter 1.2). On the other side Germany has got a very good standing within the Colombian public. Hence, **potential for a successful cooperation** is considered to be correspondingly high. It is likely that *Fedemaderas* may play a key role as it maintains direct contact with a very large number of producers of the sector.

An enhancement of exports presents a major potential for the creation of new jobs. As only a small percentage of a forest product production is usually exported, the growth of exports entails a general growth of production. This in return means creation of new jobs. Additionally the forest products supply chain is generally very labour intensive. The outlook for technical and qualitative improvements is ample. On the one hand producers are very open to make business with European buyers. On the other hand it often occurs that importers and producers mutually develop the product that is exported and improve thereby saw mill efficiency. There is also a given potential for satisfaction of import demands. However, in this context it is necessary to distinguish between actual products and delivery terms. It has been identified that issues like stable reproducibility, reliable supply and traceability of forest products still need to be improved. In total, an IPD approach may have a substantial impact on the growth of exports of forest products towards the European Union and on the development of the sector itself. With the background of the elaborated potentials and needs of the FPI, the fact that the sector is relatively young compared to other countries and the fact that securing a sustainable supply of raw materials is a key priority for the EU[85] such an approach may be justified. Shortages that cannot be addressed by IPD include issues as for example the improvement of infrastructure or forest law enforcement. These aspects need to be addressed by the GOC.

[85] http://ec.europa.eu/growth/sectors/raw-materials/index_en.htm (2016-02-06)

1.4 Environmental and Social Aspects (1/2 page)

- Precarious situations and social or ecological grievances relevant to the sector that gained media attention in the past
- Existence and status of implementation of national and international (relevant ILO and UN Standards) social standards for the sector
- Existence and status of implementation of national / international ecological standards for the sector
- Actors that (should) address these issues; Identification of organisations that are concerned with compliance
- Conclusions on compliance: => identify current and future potential risks through non- compliance to international / national standards Identification / clear specification of shortcomings

1.5 Economic Cooperation (1 page)

- Role of the sector in economic cooperation in general
- If exists: include list of relevant existing VC and support projects, their objectives and their approaches (table)
- Approaches and programmes of international and European donors along the value-added chain of the sector
- German approaches, programmes and objects along the value-added chain of the sector
- …this chapter is the baseline to show the complementarity of IPD approach in Chapter 2

1.6 Options for Future Interventions (1/2 page)

- Potential for export and income increases of the target group
- Potential for qualitative improvements/introduction of quality standards
- Potential for satisfaction of import demand
- Approaches for export development embedded already in the strategies of potential partner organisations, other donors etc.
- Potential for cooperation with other actors regarding the development of the sector
- Shortages / potentials that possibly cannot be addressed through IPD (if existing: Short information by whom it could be addressed)