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Editor's note: For background materials and fact sheets, please visit

http://www.efi.int/portal/projects/flegt/liberia_and_indonesia_vpas. For photos, please email

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EU-Liberia Sign Landmark Trade Accord To Ensure Legal Timber Exports To European Markets

MONROVIA (9 May 2011) — The European Union and the Government of Liberia, which presides over half the remaining rainforest in West Africa, announced today a landmark agreement to ensure that all Liberian timber products exported from Liberia to the EU are derived from legal sources and that the resulting trade will benefit the Liberian people.

The Voluntary Partnership Agreement (VPA) with the EU is an outgrowth of an aggressive effort undertaken by the Liberian government to embrace reforms across the timber sector and revive forest production and its export sales. Illegal logging had been rampant during the country's prolonged civil war in the 1990s. The VPA will be signed only five years after the lifting of UN sanctions, imposed on imports of timber from Liberia by the UN in 2003. Timber exports once accounted for more than 20 percent of Liberia's GDP, but the sanctions stopped commercial forestry activity, and they have yet to rebound.

"This historic agreement is a stepping stone for a new, stronger Liberia, built on principles of good governance, transparency, and rule of law," said Dr. Florence Chenoweth, Minister of Agriculture, during an initialing ceremony in Monrovia today. "In the past, Liberia's natural resources have been used to drive conflict and greed that benefited few and destroyed many lives. Now it is clear that we are committed to ensuring the gifts from our forests will benefit all Liberians now and in the future."

Almost 45 percent of Liberia—about 4.3 million hectares—is covered by tropical forest. With over half the entire rainforest remaining in West Africa, Liberia is home to rare and endangered wildlife, and represents one of only 34 biodiversity hotspots worldwide.

The new timber accord is part of a series of VPAs negotiated between the EU and major timber producing countries, including Ghana, Cameroon, the Central African Republic, the Republic of Congo, and most recently Indonesia. VPAs are part of a package of measures set out in the European Union's 2003 Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT), which recognizes the role of EU demand for timber products in driving illicit timber

sales. A legally-binding trade agreement between a timber-producing country and the EU, the VPA defines what constitutes legal timber in the producer country and sets up an assurance system able to verify compliance and ensure that timber for export can be traced back to the source.

"I am pleased to see that yet another country has joined our common fight against illegal logging", said the EU's Development Commissioner Andris Piebalgs. "This decision will contribute to sustainable development and poverty alleviation in Liberia on the one hand, and will benefit the European consumers because they can be sure that Liberian wood is from a legal origin."

The Liberia-EU VPA has involved more than two years of formal negotiations. The Liberian negotiating position was developed through a participatory process that involved a number of government ministries as well as representatives from forest communities, civil society and the private sector.

As part of the VPA, Liberia has developed a comprehensive definition of legal timber that embraces all aspects of timber production, including allocation of harvesting rights, the sharing of benefits, worker rights, and taxes. Compliance with this definition will be monitored by the new Legality Assurance System, which builds on and expands the existing LiberFor chain of custody system. It also includes a licensing scheme that will provide assurance of the legality of all Liberian timber exports, regardless of their market destination. In addition, Liberia will work with an independent auditor, who will provide regular, public reports on the effectiveness of the system.

Globally, between 20 percent and 40 percent of industrial wood production, valued at an estimated US\$10 billion per year, is derived from illegal sources, and up to 20 percent finds its way into the EU. In Liberia, prior to the imposition of UN sanctions, timber sales once were responsible for a fifth of GDP. EU countries were a major destination for Liberia's timber. In 2003, the EU accounted for more than half of Liberia's timber exports.

During the regime of former President Charles Taylor, now on trial at the Special Court for Sierra Leone, the World Bank estimates that corruption in the timber industry may have cost the state as much as half the entire country's budget. Companies operating during this time may have evaded paying over \$200 million in taxes to the Liberian government.

In 2006, the Government of Liberia began enacting reforms that allowed UN sanctions to be lifted. These include an overhaul of all legislation governing the forestry sector, institutional reform of the Forestry Development Authority (FDA). An independent review found that between 1997 and 2003, all logging companies were operating illegally. As a consequence, when she entered office, the current President used her first Executive Order to cancel all these illegal concessions issued prior to 2003.

Liberia also became the first African country to achieve compliance with the Extractive Industries Transparency Initiative (EITI), and the first nation in the world to include the forestry sector in this initiative. A coalition of governments, companies, civil society groups, investors and international organizations, EITI has established a series of standards for verifying and publicizing revenues related to natural resource extraction.

Particularly innovative in Liberia's quest for legitimacy is a chain of custody system for timber known as LiberFor. Liberian forestry workers literally pound a barcode into a tree, which allows

timber harvests and sales to be tracked from before a tree is felled in the forest to the time the logs arrive in a port or mill.

The new systems for granting timber concessions and felling rights are just getting started, and current levels of timber production and export are very low. But demand could increase given the growing movement in consumer countries to require proof that wood and wood product exporters are dealing only in legal timber.

From March 2013, the EU Timber Regulation will come into effect, requiring all companies placing timber on the EU market to demonstrate that they are purchasing legally harvested timber. Through the VPA, Liberia will be issuing FLEGT licenses which meet this requirement. In 2008, the United States amended the Lacey Act, thereby prohibiting the sale of illegally harvested timber in the US. Australia is considering similar legislation. These new laws focus on requiring buyers to provide evidence of legality. European Union's FLEGT process seeks to facilitate the market for legal timber by implementing systems that can provide this proof.

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The **European Forest Institute** (EFI) is an international organization established by European States. EFI works to secure the sustainability of forests and societies by bringing together the best possible cross-boundary knowledge and expertise, and by actively contributing to the ongoing dialogue on forests.

EFI's EU FLEGT Facility is funded by the European Union, the Governments of Finland, France, Germany, the Netherlands and the United Kingdom, and the European Forest Institute. It provides technical support to the preparation, negotiation and implementation of FLEGT Voluntary Partnership Agreements in a number of tropical countries. For more information, please visit: <http://www.euflegt.efi.int/>.