Update on International Activities to Promote Timber Legality and Good Governance
- Subtopic 3 -

4th Sub-Regional Training Workshop on Timber Legality Assurance

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Initiatives Verifying And Promoting Timber Legality
Background

 ► Initiatives developed to respond to the illegal logging problem
   ► Deforestation & degradation, poverty loss of biodiversity, climate change
   ► Result of governance failure
   ► Governance reform, stricter enforcement and market support seen as a way to address failures

 ► Governmental (regulatory) and private sector (voluntary) initiatives

 ► Initiatives are changing the international timber trade
Voluntary and Regulatory Approaches to verify Legal and Sustainable Timber

**Voluntary**
- Forest Certification (FSC, PEFC, MTCS, LEI)
- Verification of legal origin (VLO)
- Verification of legal compliance (VLC)

**Regulatory measures**
- CITES
- Public Procurement
- National export/import prohibitions
- EU FLEGT : VPA and EU TR
- US Lacey Act
- AUS Illegal Logging Prohibition Act

**Sustainability**
- Voluntary
- Regulatory measures

**Legality**
Supplier side – Producing Countries
Poor governance - Poor reputation

Transparency International’s Corruption Perception Index for Top 13 Teak Producing Countries

- Quartile 1 (ranking 1-43) - 56%
- Quartile 2 (ranking 44-87) - 0%
- Quartile 3 (ranking 88-131) - 1%
- Quartile 4 (ranking 132-174) - 43%
New Policies and changing Markets – How to react?

► Documenting the origin and legality of timber becomes an increasingly important task
  – Legality is the entry point to EU and US, but more and more also to other markets
  – Legality as a concept to increase governance and control in the forest sector -> valid for other policy processes e.g. climate change, REDD+, other commodities (conversion!) and related funding

► How to react on national level:
  1. Negotiation of FLEGT Voluntary Partnership Agreements between the EU and timber-exporting countries (development of a FLEGT TLAS)
  2. Private sector initiatives (e.g. forest certification and legality verification)
  3. Use other means of providing information on legality
Demand Side – EU Initiatives

The 2001 East Asia Bali FLEGT Declaration was a catalyst

Civil society, industry, governments pressure: stop the EU acting as a market for illegally harvested timber

FLEGT Action Plan 2003: Towards SFM, good governance & transparency
Mix of supply and demand sides activities:
1) New Legislation (EU Timber Regulation)
2) Bilateral Trade Agreements (VPA)
3) Encouraging public procurement policies
4) Encouraging private sector initiatives

Aim to eliminate trade in illegal timber in the EU
EU Timber Regulation

- Prohibition to place illegal timber on the EU market
- EU operators need to develop Due Diligence system
- For all timber first placed on the EU market
- Covers a broad range of timber products
- System of criminal penalties and fines in each EU MS (in progress)

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Voluntary Partnership Agreement (VPA)

- Voluntary but legally binding trade agreements between the EU and timber-producing countries
  - Set up control and licensing systems to guarantee legality
    - FLEGT License: direct access to EU market
  - Provide technical and institutional support to improving forest governance
    - VPAs are country steered multi-stakeholder processes
    - VPAs increase transparency
  - Provide an efficient and long lasting way to address governance failures and new timber market requirements
TLAS as defined under VPA

1) National legality definition
2) Control of timber supply chain
3) Verification of legality
4) Independent auditing of the entire system
5) Issuance of FLEGT licenses
Private Sector Initiatives
Private Sector Initiatives

- Businesses and their associations working to eliminate illegal forest products from their supply chains since 1990s
  - Promotion of sustainability initiatives like voluntary forest certification (FSC, PEFC) and verification of legal timber (VLO/VLC)
  - Green purchasing policies and sourcing programmes (Code of Conduct) by timber associations and individual companies
  - Initiatives to define and secure workers rights and health and safety requirements
Other Governmental Initiatives
Trade & Policy related initiatives

► Green Public Procurement Policies
  ► Promotion of use of legal and sustainable produced timber in public procurement
  ► EU MS, US, Canada, Japan, Norway, New Zealand, China, (Indonesia)

► US Lacey Act (2008): Regulation to exclude illegal timber on US markets
  – Importers and traders to ensure that the products they handle are legally sourced

► Australian Illegal Logging Prohibition Act (2012)
  ► Prohibits the import of illegally logged timber products & logs
  ► Due diligence requirements for importers

► Bi-lateral MoUs, Free trade & Comprehensive Economic Partnership agreements

► Building sector, Finance Sector, …
Developments in ASEAN
Consumption 1992

Note: Primary-processed products in roundwood equivalents
Sources: FAO and WorldMapper, 2013.
Consumption 2011
Developments in ASEAN

- Regional developments concerning timber legality

  - Discussions in ASEAN working groups & ARKN-FLEG
    - Regional Criteria and Indicators for Legality of Timber
    - Guidelines for Chain-of-Custody for legal and sustainable timber
  - ASEAN market integration envisaged for 2015, timber one of the key integration commodities
  - Regional enforcement in legal timber
Developments in ASEAN (2)

- Bi-lateral developments on timber legality
  - All exporting ASEAN member states explore ways how to react to new market requirements for legal timber
    - Indonesia, Malaysia, Vietnam, Thailand and Lao PDR in FLEGT VPA negotiations with EU
    - Myanmar, Cambodia, Philippines exploring the issue
  - Discussions by ASEAN MS with other markets (IDN-Australia)
  - Agreements between ASEAN MS (Vietnam-Lao PDR)
Thank you

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