

Restricting Illegal Timber Trades: Korea's Progress with the New Regulation

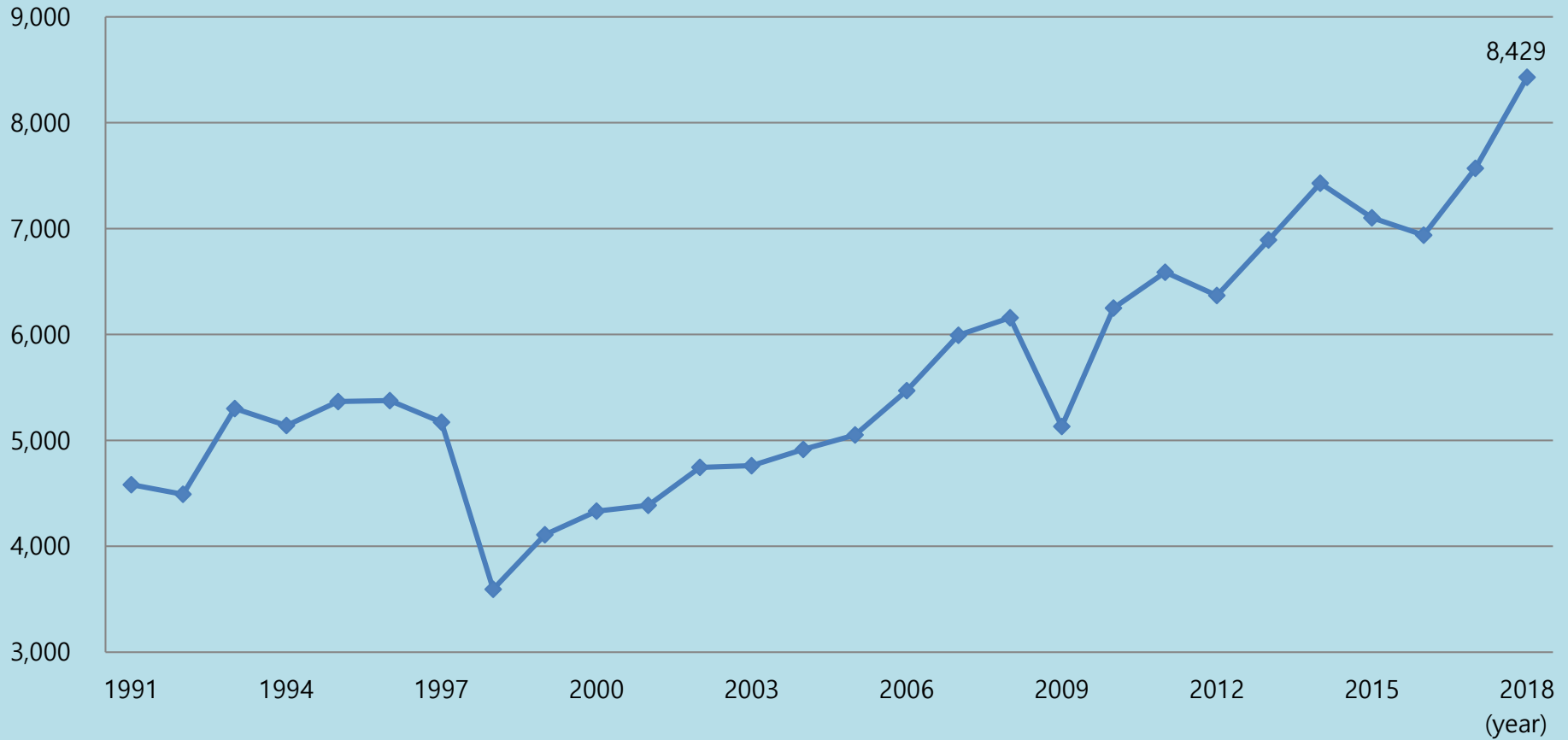
20 November, 2019

Sunmi Lee

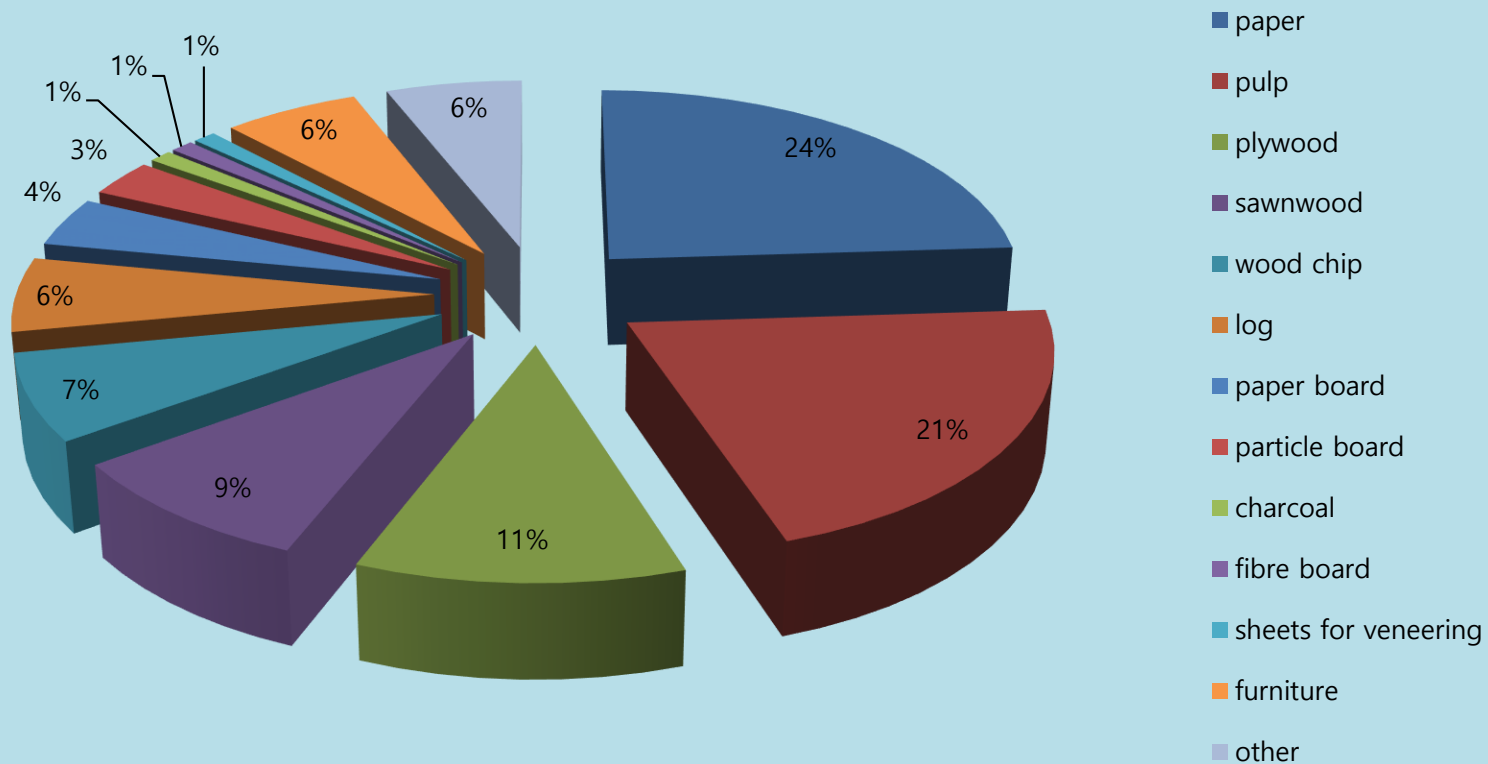
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83% of Korea's Domestic Demand for Wood is Satisfied by Imports

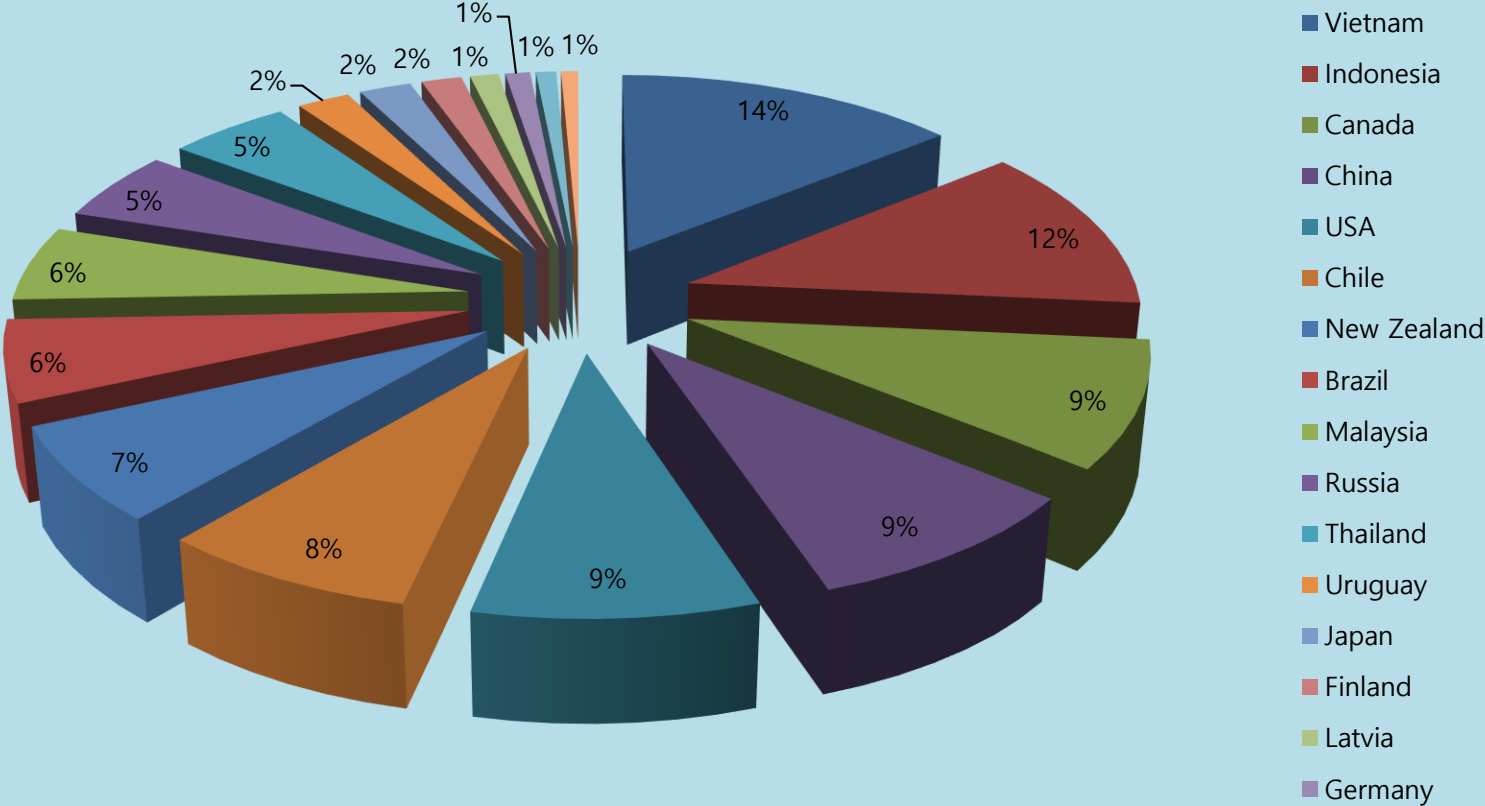
(Million USD)



Composition of Korea's Timber Product Imports (by value, 2018)



Countries Exporting Timber Products to Korea (by value, 2018)



Development of the Act and Regulation

■ **The Act on the Sustainable Use of Timbers**

(amended in 2017 and came into force on 1 Oct 2018)

- Importers shall file an import declaration to Forestry Minister
- The Minister shall require an inspection agency to inspect the documents before customs clearance
- Importers and processors shall retain documents verifying timber legality (for five years)

■ **Detailed standards for determining the legality of imported timber and timber products** (enacted 1 Aug, 2018)

Application and Scope: Timber Products Subject to Regulation

- **Log (4403)**
- **Sawn timber (4407)**
- **Laminated wood (4407)**
- **Wood pellets (4401.31)**
- **Anti-decay wood (4407)**
- **Fire-retardant-treated wood (4407)**
- **Plywood (4412)**

* HS Code : 4403, 4407, 4412, 4401.31

One-year 'trial operation'

■ **Period** : 1 Oct 2018~30 Sep 2019

■ **Volume of import declarations** : 40,398 (200 per day)

Products	Log (HSK4403)	Sawn Timber (HSK4407)	Plywood (HSK4412)	Wood Pellet (HSK4401.31)
Declaration	4,941	19,654	11,405	4,398

■ **A range of activities (Support for entities)**

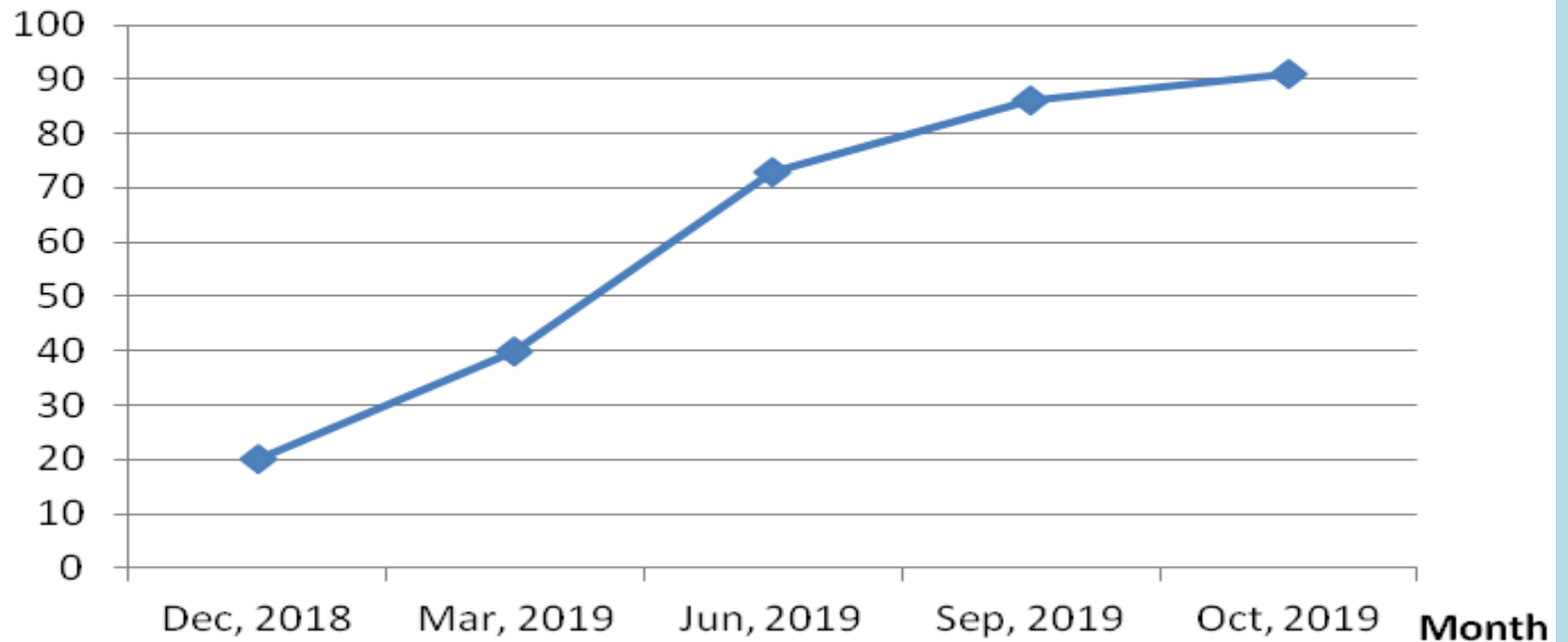
- ✓ Providing consultation program through email or phone
- ✓ Developing country specific guides (finalized 56 out of 73 countries)
- ✓ Providing related information on the Forest Service's webpage
 - Guidance materials, Q&A, CSG

■ **A range of activities (*Education and Promotion*)**

- ✓ Conducting workshops for importers, processors, timber industry associations and customs brokers
- ✓ Holding briefing sessions for the officials of each country's embassies in Seoul and for Chilean exporters
- ✓ Publishing education and guidance materials
- ✓ Publicizing the new regulation using SNS, various media and UNI-PASS (Electronic Customs Clearance System)

Compliance rate

Participation
rate(%)



Official implementation

■ **Period** : 1 Oct ~ 31 Oct 2019

■ **Volume of import declaration/inspection**

- Import declaration : 3,843, Import inspection : 3,548
- approval(63%), conditional approval(23%), non-approval(14%)

■ **Inspection status by items**

Products	Log (HS4403)	Sawn Timber (HS4407)	Plywood (HS4412)	Wood Pellet (HS4401.31)
Declaration /Inspection	489 /452	1,774 /1,667	1,215 /1,082	365 /347
Inspection results	a: 278(62%) c: 99(22%) n: 75(16%)	a: 1,113(67%) c: 299(18%) n: 255(15%)	a: 563(49%) c: 386(39%) n: 133(12%)	a: 280(81%) c: 46(13%) n: 21(6%)

Source of timber product imports

■ Regulated timber product imports (Log)

Source country	Value of imports	Import declaration
New Zealand	19,450	194
Unites States	7,448	99
Canada	2,980	53
Japan	1,296	49
Germany	1,213	22
Hong Kong	617	9
Australia	137	9
Republic of Suriname	121	4
Slovakia	111	8
Rest of world	86	5
Total	33,460	452

Source of timber product imports

■ Regulated timber product imports (Sawn timber)

Source country	Value of imports	Import declaration
Chile	7,948	209
Russia	5,877	107
Canada	4,747	106
Germany	4,289	108
Latvia	3,846	115
China	3,240	163
Vietnam	2,250	87
New Zealand	1,996	49
Malaysia	1,856	71
Rest of world	14,766	652
Total	50,817	1,667

Source of timber product imports

■ Regulated timber product imports (Plywood)

Source country	Value of imports	Import declaration
Indonesia	15,802	263
Vietnam	13,675	427
China	4,093	157
Malaysia	3,721	65
Hong Kong	2,410	64
Russia	2,371	60
Latvia	801	6
Finland	241	4
Chile	182	2
Rest of world	810	34
Total	44,106	1,082

Source of timber product imports

■ Regulated timber product imports (Wood pellet)

Source country	Value of imports	Import declaration
Vietnam	12,457	176
Singapore	3,220	25
Malaysia	2,917	51
Indonesia	1,384	55
Thailand	1,057	2
Denmark	833	9
New Zealand	590	6
Russia	477	3
China	321	5
Rest of world	440	15
Total	23,698	347

Challenges for the entities

- Customs clearance period (3 days) extended by import declaration and inspection system
- Inconvenience due to duplicate submission of translated versions of non-English language documents
- Concern of occurrence of trade secret infringement in intermediate trade(third party trade) and direct trade
- For small businesses, difficulties in the preparation of timber legality documents and in verifying timber products from imports from emerging markets or from complex supply chain

Next step

- Provide preliminary consultation program, education and promotion
- Continue to develop country specific guides for reference, and support through consultation between both countries if there is no guide
- (Prevention of trade secret infringement) If disclosure of company's trade secret information through intermediate trade is not preferred, the Korea Forest Service will directly review the relevant documents
- Sampling and species identification, regarding products from high risk countries (KFPI)
- Development of anatomical database and automation technology for domestic and foreign timber species identification (2020~2022, SNU)

World Forestry Congress

The World Forestry Congress (WFC) is the largest and most significant gathering of the world's forestry sector for the sharing of knowledge and experience regarding the conservation, management and use of the world's forests, and covers such issues as international dialogue, socio-economic and institutional aspects, and forest policies.



Peace Forest Initiative



The Peace Forest Initiative (PFI) is a global initiative serving as a partnership framework with a focus on land degradation neutrality (LDN) in fragile and conflict-affected regions. The overall objective is to promote peace and build trust between neighboring countries through trans-boundary cooperation in sustainable land management, including forest.





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