



Implementing the EU FLEGT Action Plan

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Overview of this presentation

- ☞ Public concern with illegal logging
- ☞ The EU FLEGT Action Plan
 - Voluntary Partnership Agreements
 - Legality Assurance System
- ☞ Demand-side measures
 - Public procurement
 - Due diligence proposal



Illegal logging : What is at stake?

- ☞ Loss in assets and revenues
- ☞ Loss of future trade opportunities
- ☞ Loss of development opportunities
- ☞ Loss of biodiversity
- ☞ Loss of reputation



World wide trends

- ☞ 'Due care' expected in many commodities, not only in timber and timber products.
- ☞ Users increasingly require legally and sustainably produced timber.
- ☞ Traders need to manage corporate risk and develop codes of conduct and risk assessment procedures.
- ☞ Consumer countries developing public procurement policies.



The policy response in the EU

- ➡ Member state governments under pressure as a result of public concern with deforestation
- ➡ Increasing recognition of the need for a stepwise approach towards SFM
- ➡ Increasing recognition of the importance of demand-side measures
- ➡ 2003 EU FLEGT action plan



Aims of the FLEGT Action Plan

- ☞ To take a step-wise approach towards sustainable forest management by applying existing legislation.
- ☞ To provide guarantee of legality to EU consumers using timber from FLEGT partner countries
- ☞ To strengthen governance by enhancing forest sector transparency, participation and accountability
- ☞ To provide market incentives to make such changes



Voluntary partnership agreements I

Voluntary partnership agreements between the EU and timber-producing countries to:

- ☞ Increase trade in guaranteed legal timber between FLEGT partner countries and the EU
- ☞ Set up control and licensing systems to provide guarantee of legality
- ☞ Provide financial, technical and institutional support to improving forest governance



Voluntary partnership agreements II

Legality Assurance System

- 👉 Legality definition based on the laws of the timber producing country and defined by that country
- 👉 Legality assurance system also covers chain of custody, as well as verification, licensing and Independent monitoring procedures



Defining legality I

- ☞ Partner countries propose a set of laws which together define ‘legality’ for the purpose of FLEGT
- ☞ **Process:** Definition to be developed through stakeholder consultations
- ☞ **Content:** Definition must be
 - consistent
 - objectively verifiable
 - operationally workable



Defining legality II

Definition to cover:

- ➡ The granting of legal rights to harvest
- ➡ Compliance with forest management regulations including relevant environmental and labour laws
- ➡ Taxes, fees and levies
- ➡ Respect for other parties tenure/use rights
- ➡ Trade and export procedures



Three types of countries

- ☞ Timber producing countries: Malaysia, Indonesia, Ghana, Cameroon, Congo.
- ☞ Processing hubs: China, Vietnam
- ☞ Consumer countries: Japan, USA, South Korea, Australia, New Zealand, EU



FLEGT VPAs: Where are we?

- ➡ VPA with Ghana concluded. Formal negotiations with Cameroon, Congo, Malaysia and Indonesia. Talks with other countries advancing.
- ➡ VPA conclusion \neq FLEGT licensed timber to EU.
- ➡ Full systems to be implemented after conclusion. First FLEGT timber expected in 2010.
- ➡ Implementing regulation outlining FLEGT Customs procedures to be implemented in 2009.



EU demand-side measures

Create market incentives for legal timber through:

- ➡ Green public procurement policies
- ➡ A legislative proposal against the trade in illegally harvested timber



Green Public Procurement and timber



- ☞ Timber procurement policies in place in 7 EU member states;
- ☞ Public sector covers 10–20% of the EU timber market with main effects in construction, furniture and paper products;
- ☞ Most member state policies focus on sustainability only, some also recognise legality;



Green Public Procurement and timber



Green Public Procurement Communication (July 2008):

- ➡ Wood products dealt with under the priority categories; construction; energy; furniture; paper.
- ➡ Recommendation to stipulate as minimum the use of legally harvested timber;
- ➡ FLEGT license recognised as proof of legality;
- ➡ Process of consultations with a view to streamlining public procurement policies across the EU;



Due diligence proposal I

Key characteristics of the proposed regulation:

- 👉 **Aim:** To recognize the efforts of producers/traders that invest in the legality of their timber products;
- 👉 **Product scope:** round wood; sawn timber; veneer, panels, wooden furniture, pulp, paper, wood chips;
- 👉 **Focus:** The first act of placing timber products on the Community market.



Due diligence proposal II

- 👉 **Obligation:** traders to demonstrate due diligence in order to minimize the risk of trading in illegally harvested timber;
- 👉 **Systems:** traders may develop their own control systems or use existing systems;
- 👉 **Risk:** Use of risk assessment procedure;



Due diligence proposal III

What will be required of EU traders:

- ➡ **Tracking and tracing:** Track flow of timber and determine the country of harvesting
- ➡ **Documentation:** Seek access to information concerning compliance with applicable legislation
- ➡ **Audits:** Audit effective implementation



Due diligence proposal IV

- 👉 **Guidance:** Exact criteria for due diligence to be developed through a separate procedure;
- 👉 **Exemptions:** FLEGT and CITES timber;
- 👉 **Enforcement:** Check on use of due diligence systems by the Member States;



Expected effects

- ➡ **Level playing field:** Requires all EU traders to use due diligence and prevents undercutting;
- ➡ **Supply shift:** provides an incentive to source imports from low risk rather than high risk suppliers;
- ➡ **Premium:** May generate a premium for legal timber;
- ➡ **Incentive for FLEGT:** Provides partner countries with an incentive to join FLEGT



Thank you

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