



# Actions taken by major timber importing countries on legality assurance

## Global Outlook

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ITTO FLEGT Independent Market Monitor (IMM) Project



# Key requirements for consumer country measures

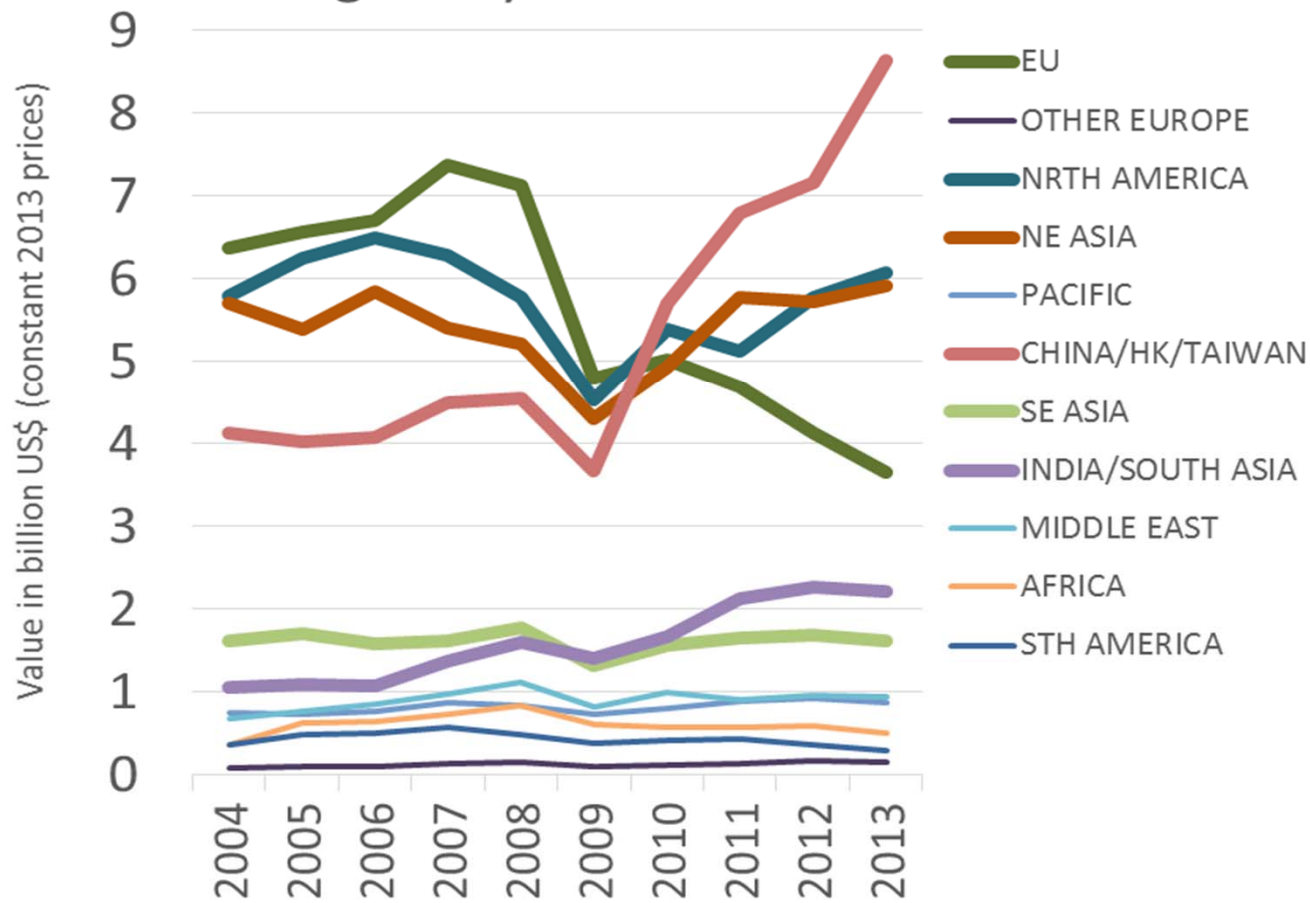


- Up to date and take account of wider trade context
- Reflect what is genuinely achievable on the supply side
- Offer incentives as well as penalties
- Targeted and risk based
- Equitable & non-discriminatory with respect to operators
- Consistently applied and effectively enforced

# Trade context



Global tropical timber trade by import region - years 2004 to 2013

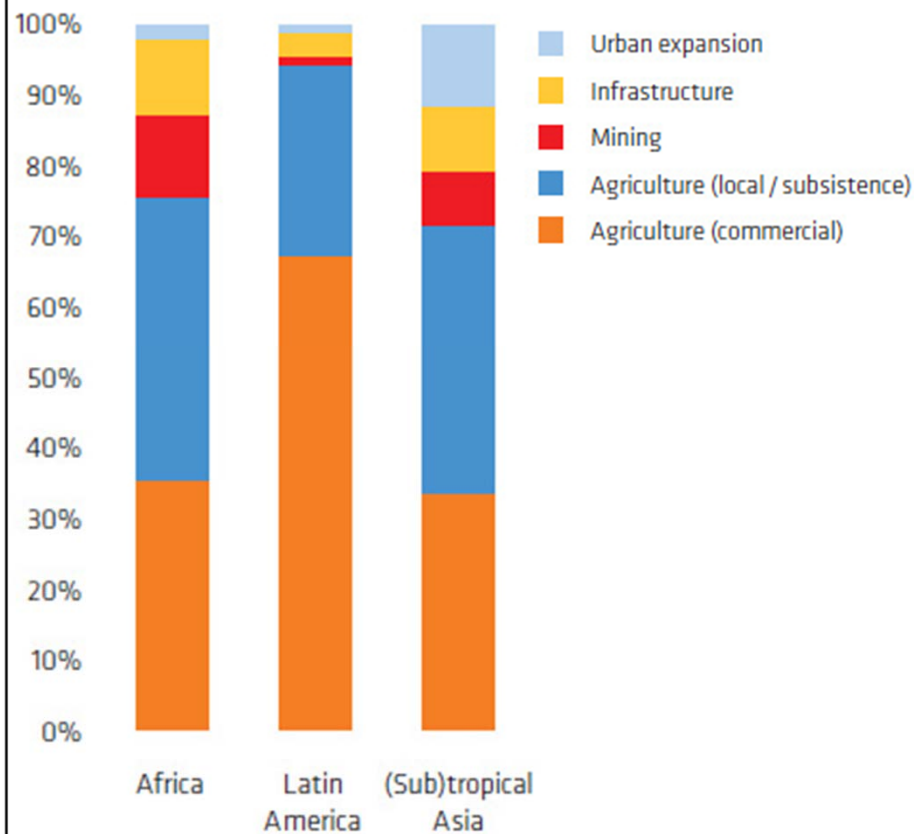


Source: ITTO FLEGT  
Independent  
Market Monitor  
Baseline Report

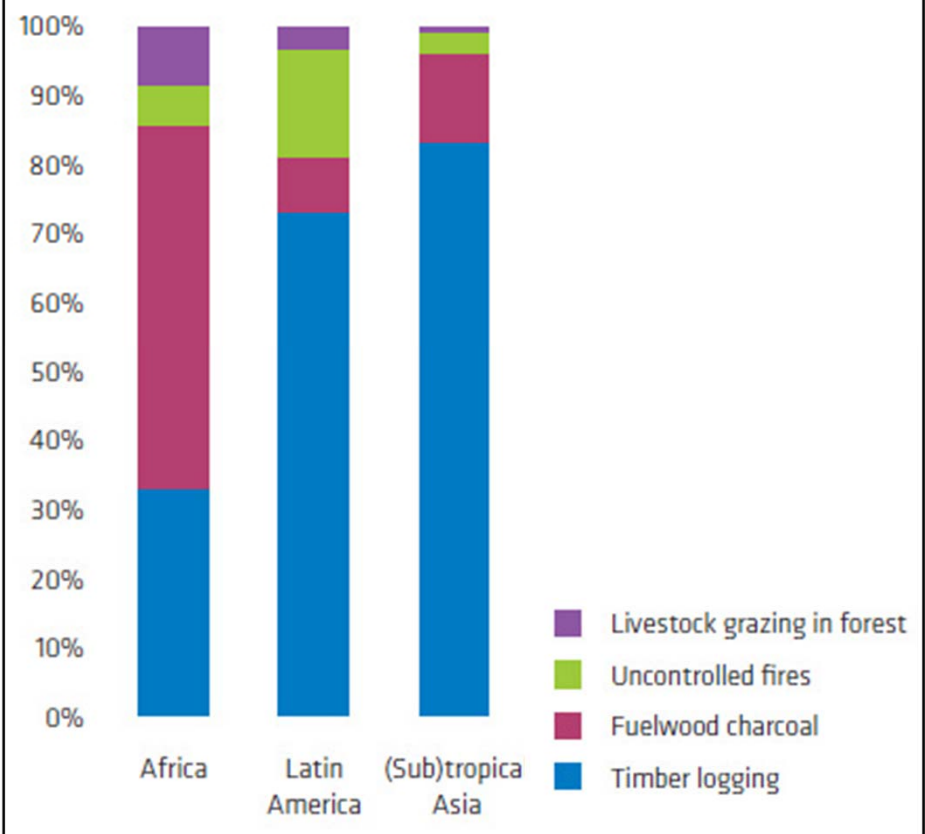
# Forestry context



## a) Drivers of Deforestation



## b) Drivers of Forest Degradation



Source: *Drivers of Deforestation and Forest Degradation 2012*, Kissinger et al, Lexeme Consulting & Wageningen University.

# Business context



- Barriers to financial investment in sustainable forest management
- Tenure insecurity
- Information gaps
- Small-scale of operation
- Lack of business organization and capacities
- Lack of infra-structure & connectivity to trade networks
- Example: decline in value-added processing & rise in log exports in African countries struggling to compete in global wood products markets

# Consumer country laws



- US Lacey Act Amendment
  - Since May 2008
- Europe Timber Regulation
  - Since March 2013
- Australia Illegal Logging Prohibition Act
  - Prohibition since 2012,
  - Due diligence required Nov 2014
- Indonesia Requirements for Forest Products Imports
  - Since February 2015



# Lacey, EUTR & ILPA



- Prohibition on trade in any timber from illegal sources
- Timber traders must demonstrate “due care” or “due diligence”



• June 14

• AHEC Convention

Tianjin



# Innovative regulations



- Wood only sector able to claim that all material is legally sourced
- Build strong market image for wood
- Reward responsible procurement practices
- Contribute to supply continuity & reduced volatility



**Responsible  
Purchaser**



• June 14

• AHEC Convention

Tianjin



# Respect national sovereignty



- Recognise efforts to promote sustainable forestry in producer countries
- Support existing forest laws
- Consuming countries not setting forestry standards
- Multi-lateral FLEG Process



# Risk-based legislation



- Effort/  
work  
needed



- Level of  
risk

- Concentrate limited time & resources on  
products & regions where risks are high

# Build on private sector initiatives



- Importers responsible procurement policies & codes since early 1990s
- NGO initiatives like WWF Global Forest & Trade Network
- AHEC Seneca Creek Study 2008 - negligible risk of illegal harvest by US non-industrial owners
- FSC Controlled Wood procedures
- 3<sup>rd</sup> party legality verification & certification – valuable tool to demonstrate negligible risk of illegal harvest

# EU FLEGT VPA



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- A world map is displayed in the background, with countries shaded in three colors to indicate their status under the EU FLEGT VPA: dark green for implementing countries, medium green for negotiating countries, and light green for informing countries. The implementing countries are primarily in Africa, Asia, and Latin America. Negotiating countries are scattered across Africa, Asia, and Latin America. Informing countries are mostly in Latin America and Africa.
- Implementing:**  
Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of the Congo
  - Negotiating:**  
Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand, Vietnam
  - Informing:**  
Bolivia, Colombia, Ecuador, Guatemala, Peru, Philippines, Cambodia, Myanmar/Burma, Papua New Guinea, Solomon Islands, Sierra Leone

- Direct link between EUTR & governance support
- Timber Legality Assurance Systems to license exports
- EU only accepts licensed imports from VPA country
- Excluded from EUTR due diligence
- VPA countries require legal assurance on imports

# FLEGT VPA Independent Market Monitoring (IMM)



## EUROPEAN COMMISSION

DEVCO office for development and cooperation

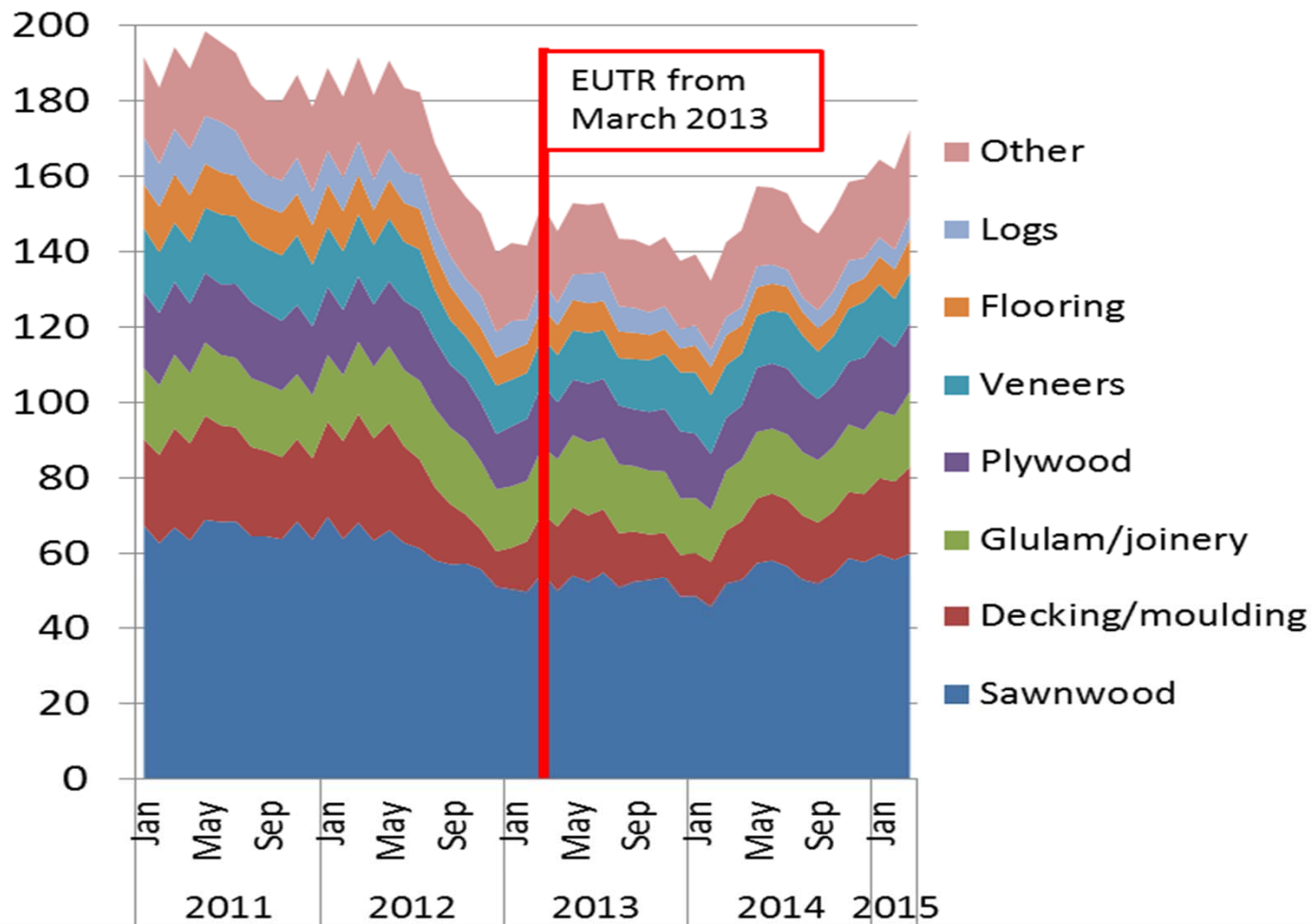
- Required by FLEGT VPAs for impact assessment & annual reporting
- Funded by EU through EC DEVCO
- Budget: €4.4 million over 5 years (2014-2018)
- Hosted by ITTO
- Documented methodology
  - 53 indicators for quantitative assessment – e.g. trade & investment flows, prices
  - Participatory & publicly available



# EUTR Trade Impact



**Value of EU28 tropical wood product imports:  
monthly by product - Jan-11 to Mar-15 (€ million)**



Source: ITTO  
FLEGT  
Independent  
Market Monitor  
analysis of  
Eurostat

# Future of demand side measures



- Consistent approach by consuming countries
- Partnerships between suppliers & consumers
- Legality standards developed & agreed in supplier countries
- Innovative solutions for complex products & small and community owners
- Simpler more relevant and consensual legislation, not just more enforcement
- Equitable demand side measures in south-south trade
- Positive promotion of FLEGT timber products





**Thank you!**

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