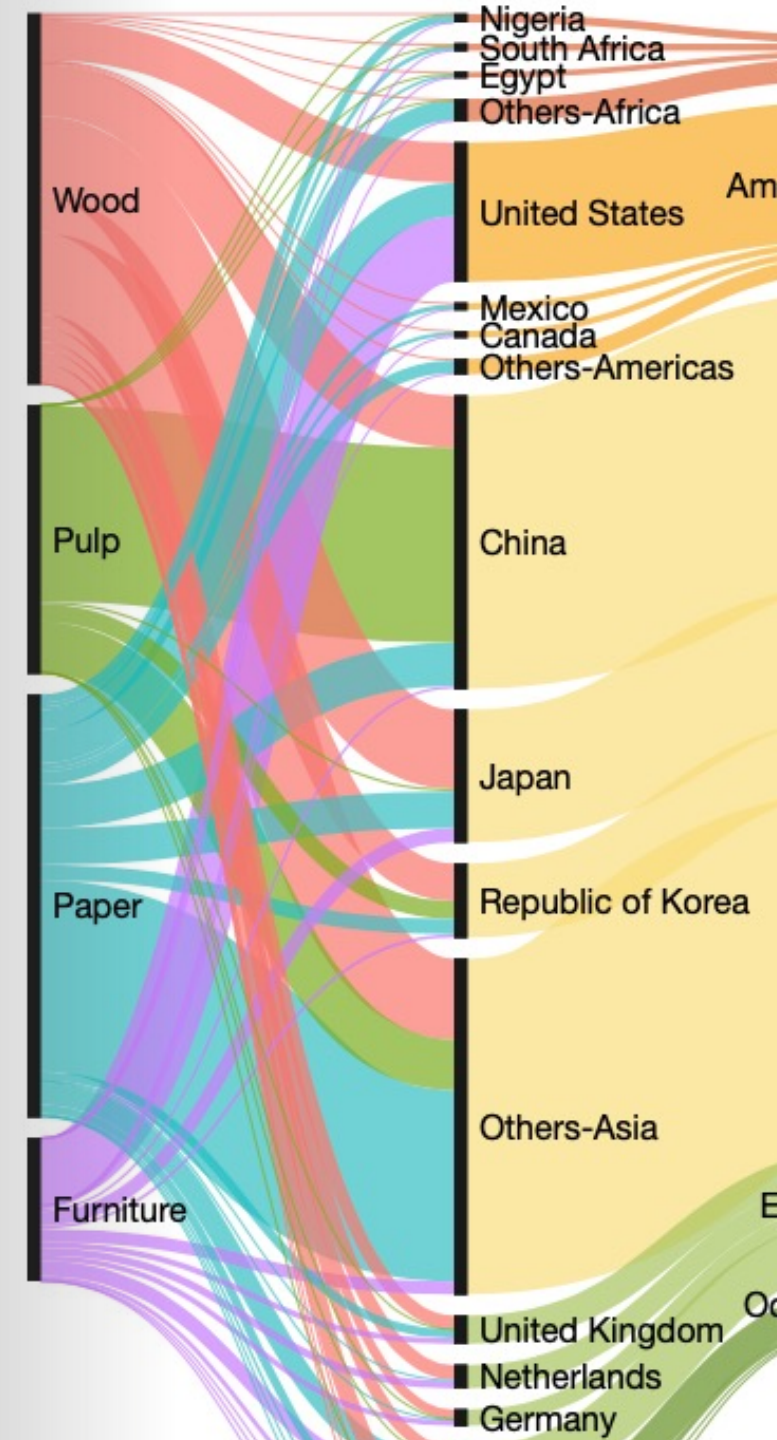
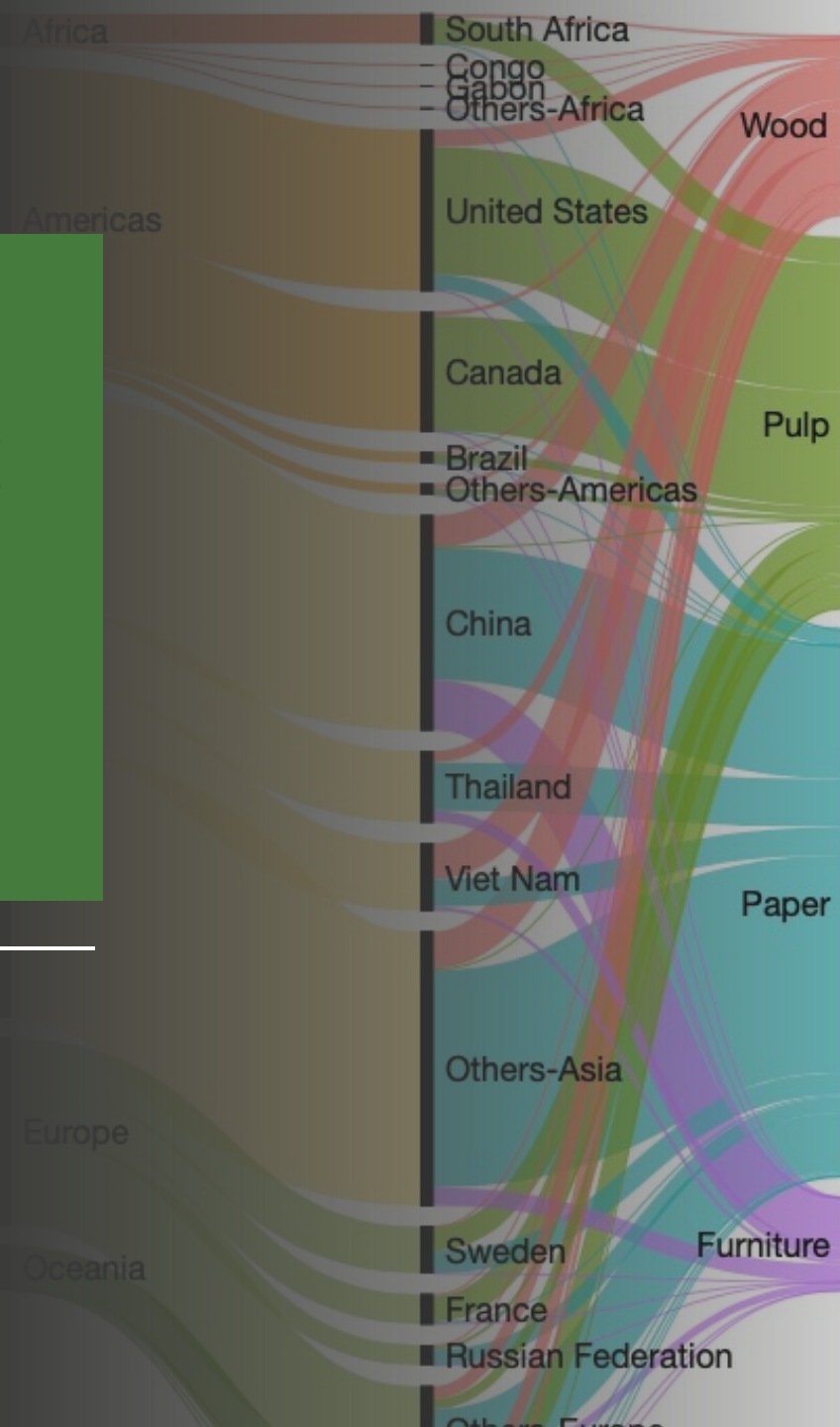


FLEGT VPA Independent Market Monitoring (IMM)

ITTC 2023

Sarah Storck

Rupert Oliver



What was the IMM?

Embedded in the EU-IND VPA:

Article 15 b:

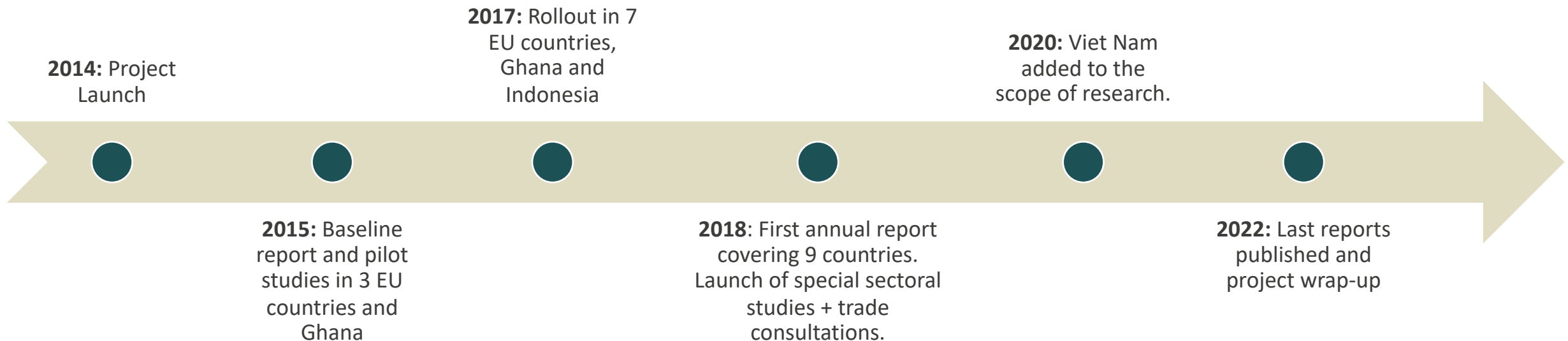
“the Union, in consultation with Indonesia, shall engage the services of an Independent Market Monitor to implement the tasks as set out in Annex VII.”

Annex VII

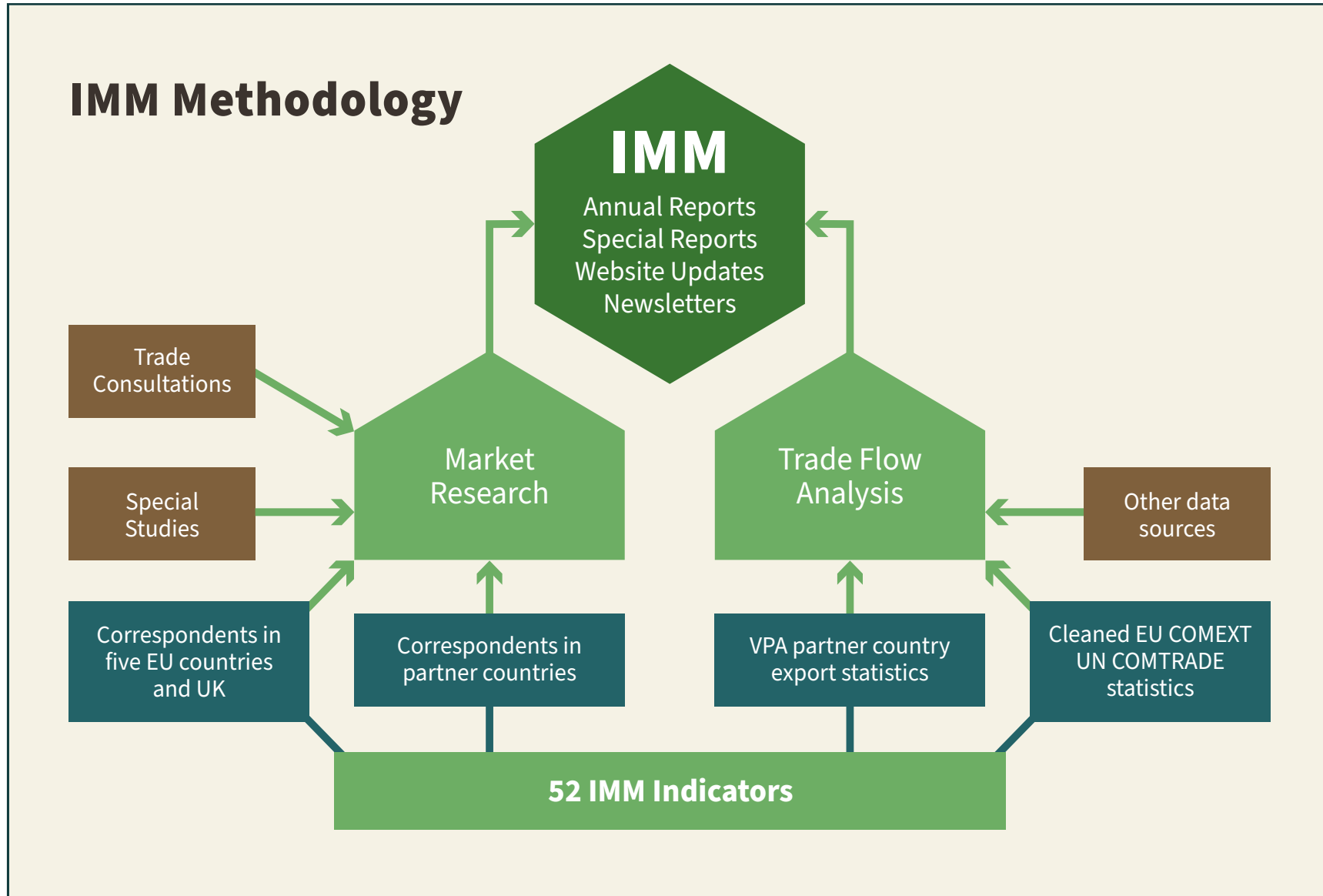
2. Scope:

“IMM shall cover:

- The release for free circulation of Indonesian FLEGT-licensed timber at points of entry in the Union;*
- The performance of Indonesian FLEGT-licensed timber in the Union market and the impact of market-related measures taken in the Union on the demand for Indonesian FLEGT-licensed timber;*
- The performance of non-FLEGT-licensed timber in the Union market and the impact of market-related measures taken in the Union on the demand for non-FLEGT-licensed timber;*
- Examination of the impact of other market-related measures taken in the Union such as public procurement policies, green building codes and private sector action such as trade codes of practice and corporate social responsibility.”*

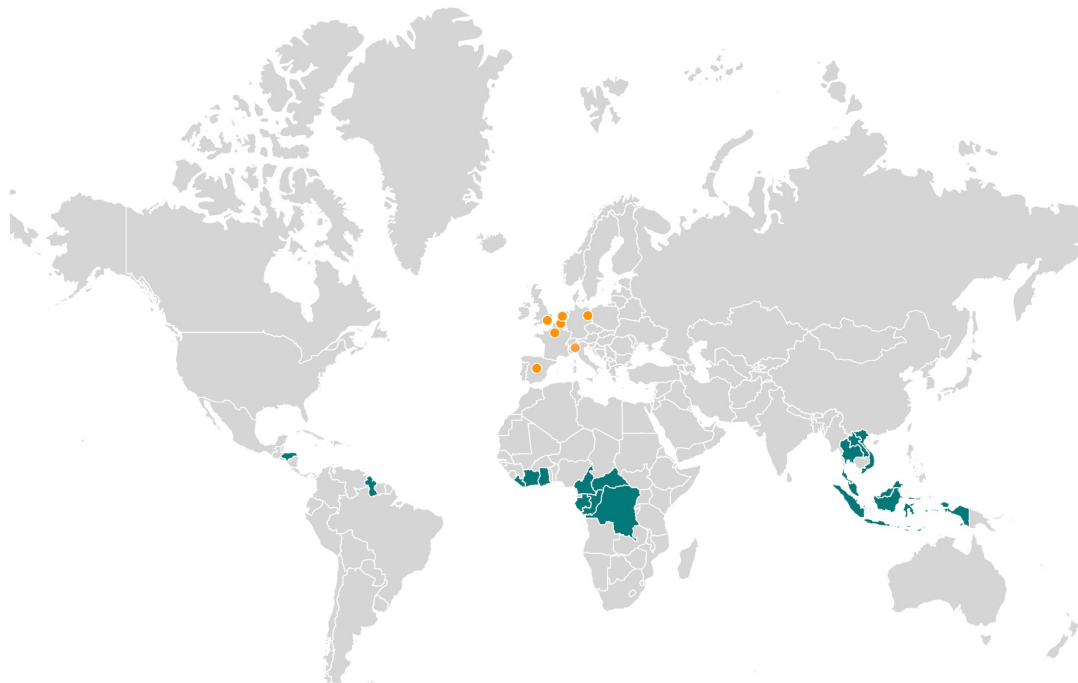


IMM methodology





IMM Market Research 2017-2022



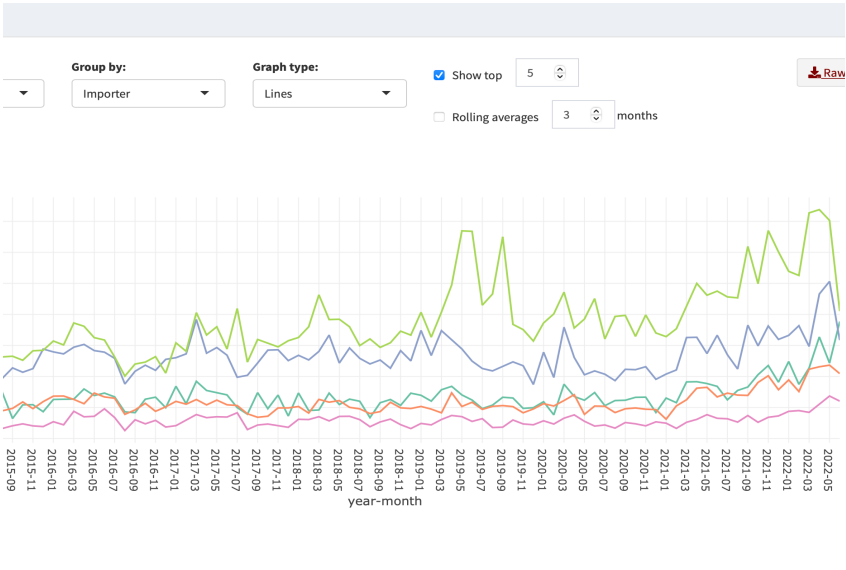
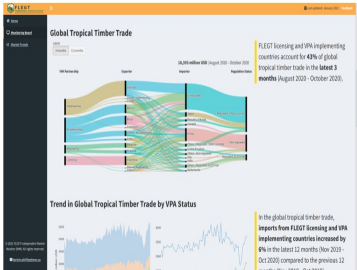
- **Around 800 interviews with timber importers & traders** as a part of annual standardised surveys in key EU countries + UK between 2017-2022.
- **Interviews with 80+ furniture importers and traders** for the 2018 and 2020 furniture special studies.
- **Interviews with architects** for the 2020 special study on architects' perceptions of FLEGT and use of tropical timber
- **Interviews with finance and investment specialist** for the special studies on FLEGT impact on forest sector investment in 2019 and 2020.
- **Annual interviews with Competent Authorities, associations and Monitoring Organisations in key EU countries.**
- **Direct consultation of 200+ timber imports & traders and other stakeholders** at IMM trade consultations in 2018 /2019.
- **2022 Stakeholder consultations** in Jakarta (May), Nantes (June), Ghana (online, August), and Viet Nam (online, November).
- In VPA partner countries: **interviews with 20-40 companies/year/country + associations, CSOs, government agencies.**

IMM outputs

Explore up-to-date data on timber trade flows across the world

You can get a bird's eye view on global timber trade! Plus, customize tables and charts for your own analysis.

EXPLORE



www.flegtimm.eu

Modular Reports

- VPA partner timber trade and market perceptions update
October 2022
- FLEGT-licensed timber trade and market perceptions update
May 2022

Annual Reports

- FLEGT VPA Partners in EU Timber Trade 2020
October 2021
- FLEGT VPA Partners in EU Timber Trade 2019
November 2020
- FLEGT VPA Partners in EU Timber Trade 2018
November 2019
- FLEGT VPA Partners in EU Timber Trade 2017
November 2018
- FLEGT VPA Partners in EU Timber Trade 2014 to 2016
October 2017
- Europes Changing Tropical Timber Trade 2004 to 2014
November 2015

Special Studies

- Study of EU public timber procurement policies, private sector policies and related guidance
September 2021
- Assessing the impacts of timber legality on the European Union's wood-furniture sector and the associated VPA partner country timber trade
December 2020
- The impact of FLEGT VPAs on forest sector investment risk in Indonesia and Viet Nam
December 2020
- Forest sector investments in FLEGT VPA countries
September 2019
- A study of EU public timber procurement policies, related guidance and reference to FLEGT
July 2019
- EU wood promotion programmes and their recognition of FLEGT
April 2019
- EU voluntary private sector timber procurement policies & the role of FLEGT licensing
December 2018
- Scoping study for assessing the impacts of timber legality on the European Union's wood-furniture sector and the associated tropical timber trade
October 2018

Latest News



FLEGT awareness raising key, say Ghana consultations

Oct 24, 2022
[READ MORE](#)



Jakarta consultation highlights usefulness of IMM data

Aug 5, 2022
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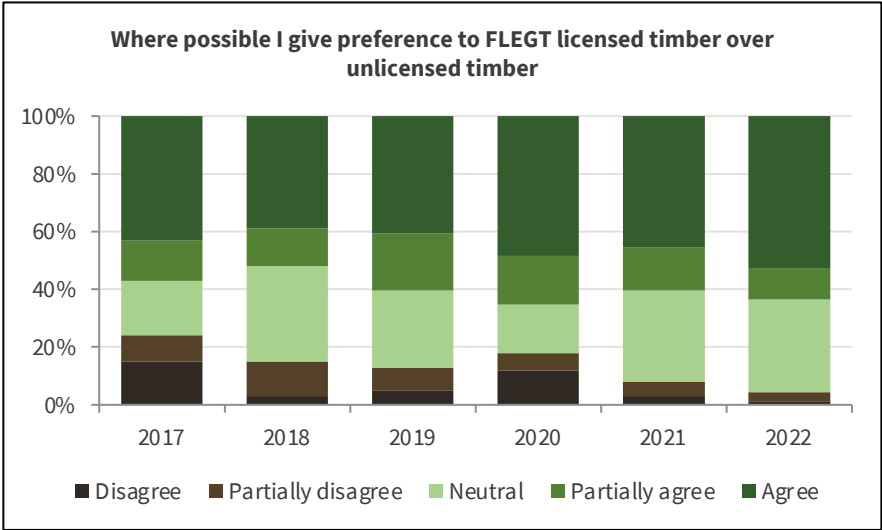
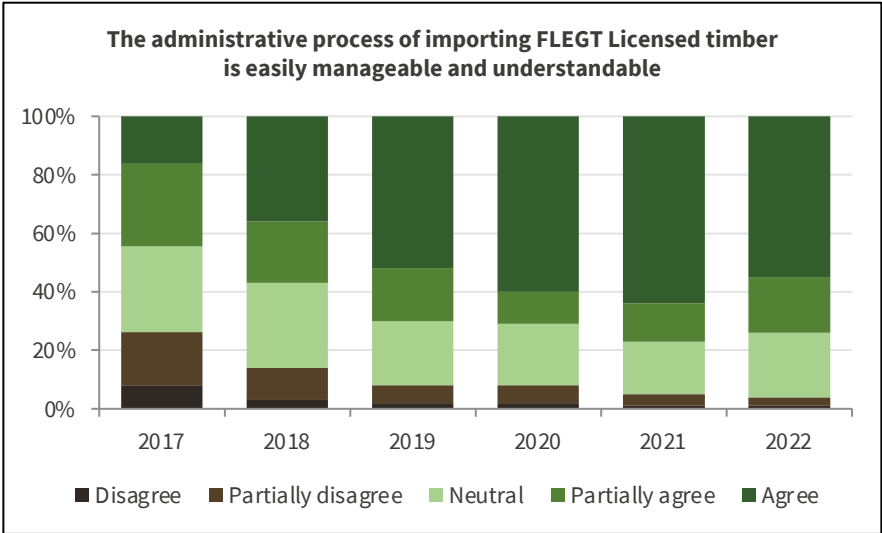
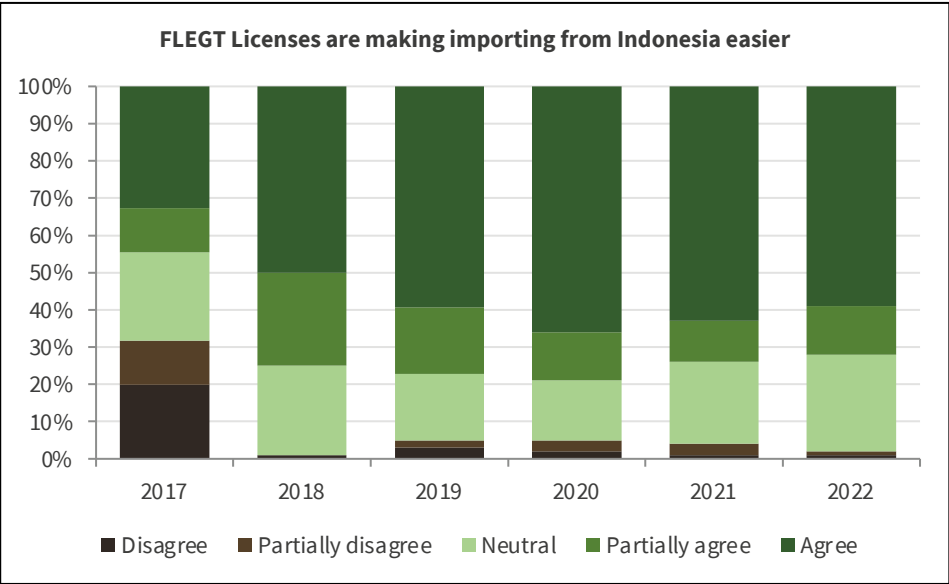
Nantes consultation backs ongoing FLEGT and tropical trade market monitoring

Aug 5, 2022
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MORE NEWS

Market advantages for FLEGT-licensed timber - IMM EU trade surveys* 2017-2022

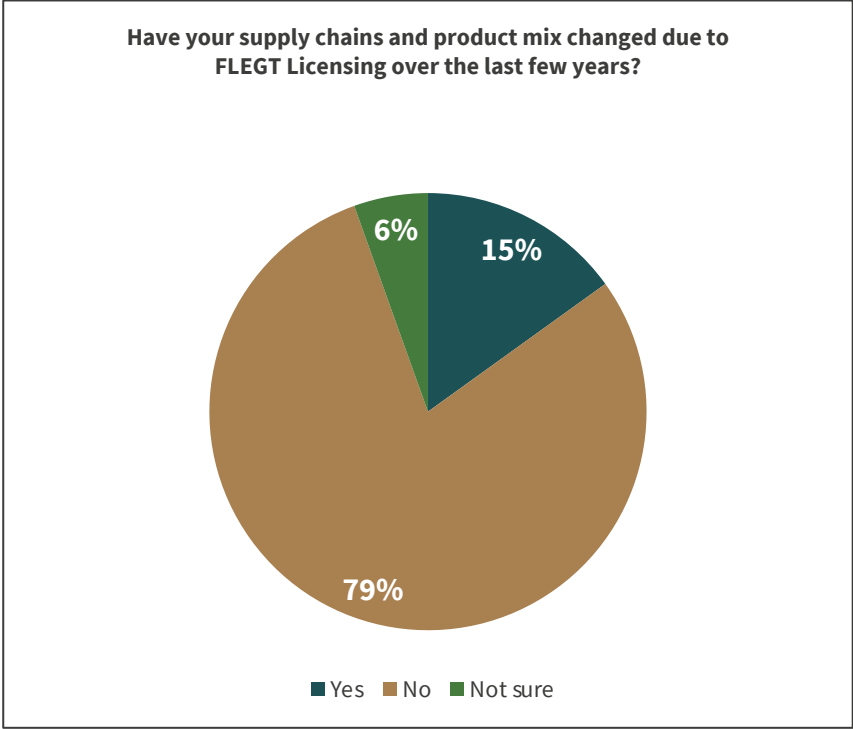
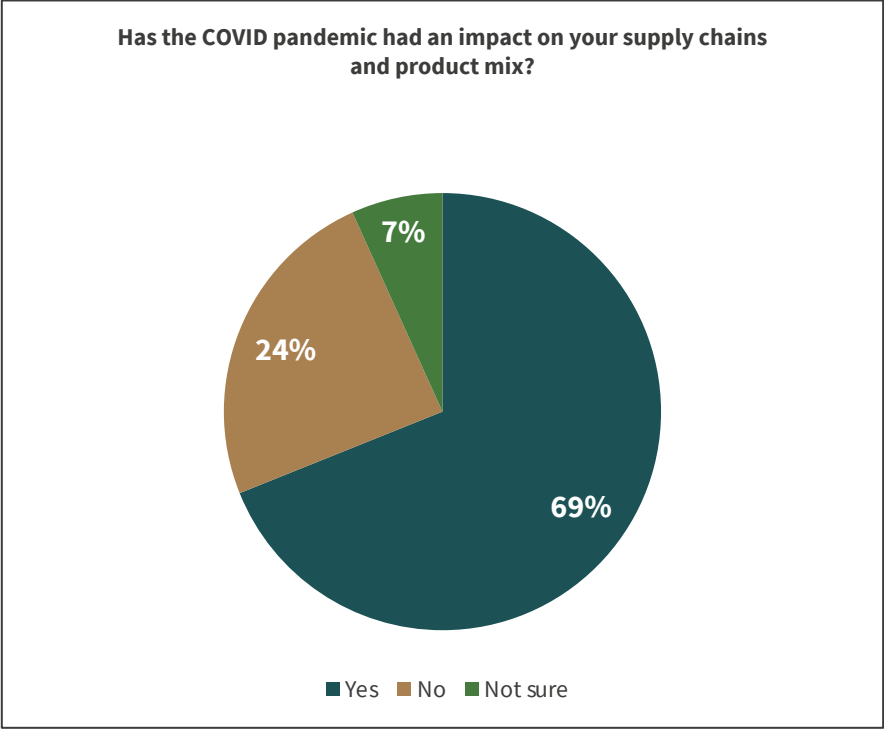
Strong evidence that FLEGT Licensing provides advantages in terms of reduced administration, bureaucracy and operators' own risk under EUTR.



*Around 75-125 interviews per year in 5-7 countries. 2017-2019: Belgium, France, Germany, Italy, Netherlands, Spain and UK; 2019-2020: Belgium, France, Germany, Italy, Netherlands, and UK; 2021/2022 Belgium, France, Germany, Italy, Netherlands.

Source: IMM EU Trade Surveys 2017-2022

FLEGT in decision-making



Conclusions from the Final Report on IMM

Based on evidence from IMM surveys, trade data analysis, consultations in the EU and Indonesia, as well as analysis of reports from other agencies:

Relating to trade in FLEGT-licensed timber

- Realising the **full potential of FLEGT-licensing** has been negatively impacted by the fact that **Indonesia remains the only country** to have reached the Licensing stage.
- **FLEGT policy measures are only one factor** driving changes in market share and **impacts are often obscured by other, more dominant issues** on both the supply side (wood availability, logistics, labour rates, exchange rates etc) and demand side (changing distribution and composition of consumers, fashion changes, standards etc).
- There was an **encouraging rise in EU import value of Indonesian timber products in the immediate aftermath of FLEGT licensing** between 2017 and 2019. However, there was no strong signal in trade data of significant market benefits due to FLEGT licensing during this period.
- Growth in imports from Indonesia **coincided with a larger increase from other countries, mainly lower and middle income (LMI) countries not involved in the VPA process**. The most consistent gains were being made by Russia (before the war against Ukraine) and other CIS countries, plus Turkey, and India. However, FLEGT Licensing may have contributed to stabilising Indonesia's market share in a difficult and competitive environment.

Conclusions from the Final Report on IMM

Based on evidence from IMM surveys, trade data analysis and consultations in the EU and Indonesia, as well as analysis of reports from other agencies:

Relating to trade in FLEGT-licensed timber

- IMM trade survey data paints a more positive picture of **market impacts of FLEGT-licensing**, including that the green lane for FLEGT-licensed timber is making importing from Indonesia easier for EUTR operators and EUTR operators value the “zero risk” status of FLEGT-licensed timber and will give preference where other commercial product criteria are equal.
- While the trade data does not reveal any significant FLEGT licensing related growth in market share, **the positive attitude of traders implies that FLEGT licensing may have contributed to stabilising this share in a difficult and competitive environment** after a long period of decline.
- The private sector in **Indonesia values the role played by FLEGT to improve forest management and governance.**
- There is an **increasing role for SVLK (and other systems certifying legality/sustainability) at a global level** due to the growing number and expanding market dominance of regulated markets.

Recommendations from the Final Report on IMM

*Based on evidence
from IMM surveys,
trade data analysis
and consultations in
the EU and Indonesia
as well as analysis of
reports from other
agencies:*

Relating to trade in FLEGT-licensed timber

- While FLEGT Licensing offers **opportunities for market development** these have not been fully realised due to:
 - **inconsistent messaging and lack of endorsement**, e.g. in public procurement policies, that has created confusion about the value of FLEGT licensing and where licensed products sit in relation to definitions of "legal and sustainable" timber products -> **Messaging should be harmonised and the concept of FLEGT-licensing supported and endorsed by policy makers in EU countries.**
 - **inconsistencies in EUTR enforcement** may have created loopholes that weaken the green lane advantage of FLEGT Licences -> **Consistent enforcement of the EUTR throughout the EU should be a priority.**
 - a continuing **lack of vigorous private sector initiatives actively promoting the concept** in EU countries -> **to make a stronger impact, FLEGT Licensing would need more private-sector buy-in and support.**

Conclusions from the Final Report on IMM

Based on feedback from IMM surveys, 2022 IMM stakeholder consultations in Indonesia, the EU, and Ghana as well as IMM team experience:

Relating to the IMM project

- The administrative set-up of a **flexible network of correspondents, coordinated by a Lead Consultant under ITTO oversight worked well** throughout the implementation period and **ensured the independence of the Market Monitor**.
- The combination of expert knowledge/interviews and provision of trade data was a successful approach. While interesting in itself, **data analysis needs expert knowledge to be put into context and to be interpreted**.
- **Coordination with other organisations** and initiatives, including outside the EU, has generated **extremely interesting insights and synergies**.
- **VPA partner countries**, especially Indonesia and Ghana, were given a voice in developing the IMM methodology, but were **not included in IMM Project Steering Committee meetings**.

Recommendations from the Final Report on IMM

*Based on feedback
from IMM surveys,
2022 IMM stakeholder
consultations in
Indonesia, the EU, and
Ghana as well as IMM
team experience:*

Relating to the IMM project

- There was **strong stakeholder support for the continued existence of an independent market monitor function** to observe and analyse the impacts of FLEGT licensing on the EU timber market:
 - A potential future monitoring mechanism should **maintain similar structures** as the current IMM project.
 - A potential future monitoring mechanism should **continue to coordinate closely with other agencies and initiatives, including outside the EU.**
 - A potential future monitoring mechanism should **constantly involve FLEGT licensing VPA partner countries** (and countries close to the licensing stage) by including representatives in the Project Steering Committee.
 - A potential **future monitoring mechanism should be fully supported** and endorsed by the EC.

Success factors for future policy monitoring

Factor	IMM Observations
Reliable and consistent monitoring benefits from:	
• Organisational structure to safeguard independence and engender trust of stakeholders	<ul style="list-style-type: none">• Hosting by ITTO helped maintain IMM independence and build trust with producers• Imbalance in Steering Committee with no producer representation became increasingly problematic
• Continuous funding for collection and analysis of trade data and for regular market surveys	<ul style="list-style-type: none">• IMM benefited from long-term consistent EU funding until end of 2022
• Expert knowledge of the sector(s) being monitored and genuine engagement with the private sector	<ul style="list-style-type: none">• IMM market analysis by correspondents with strong links to the trade and industry• Invaluable insights from wide-ranging interviews and consultation meetings with private sector
• Clear and coherent communication with partners (e.g. to manage expectations)	<ul style="list-style-type: none">• Communication enhanced by links to ITTO, private sector networks, & invitations to JIC meetings• Restricted access to EU policy fora in later stages

Success factors for future policy development

Factor	IMM Observations
Successful policy measures benefit from:	
<ul style="list-style-type: none"> •Willingness to adapt in the light of independent monitoring 	<ul style="list-style-type: none"> •IMM recommendations “fell on deaf ears” after 2019 •CIFOR monitoring (funded by EU-FAO-FLEGT Program) of VPA governance reforms indicated significant benefits •Only one brief mention of CIFOR, & no reference to IMM, in EC Nov 2021 Fitness Check
<ul style="list-style-type: none"> •Forging of strong links between supply side and demand side measures 	<ul style="list-style-type: none"> •Offering “carrots” as well as sticks a significant strength of the FLEGT VPA process •EUTR & offer of enhanced recognition in public procurement encouraged early engagement
<ul style="list-style-type: none"> •Partnerships built on dialogue, mutual respect and trust 	<ul style="list-style-type: none"> •Trust built on multi-stakeholder FLEGT VPA processes focused on reform and enforcement of national laws
<ul style="list-style-type: none"> •Greater clarity on links between regulatory & non-regulatory measures 	<ul style="list-style-type: none"> •Lack of understanding on this issue was a recurring problem both on the supply side and demand side

Thank you

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Independent Market Monitoring of FLEGT-Licensed Timber

