

ITTO Workshop

Phased Approaches to Certification

Market Requirements and Implications

An Importer's Perspective

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International Wood Products Association (IWPA)

- An association of North American wood importers, overseas producers and associations, and associated industries.
 - Hardwoods and Softwoods
 - Plywood, lumber, flooring, decking, moulding
 - Ports / Shipping Companies

Importers' Perspective

- The port-to-port trade-link.
 - Active throughout the world
 - Not one sourcing location.
 - Flexible business models
 - Important source of market information, expectations and trends
 - From overseas to N. America
 - From N. America to overseas
- What are they hearing?

Topics of Discussion

- Legality as Baseline
- *Cer-ti-fi-ca-tion*
 - A **voluntary, market-based tool** for linking harvesting, manufacturing, and consumer purchases to sustainable forest management.
- Phased Approaches Basics
 - Keep Simple and Consistent
 - Maximize Flexibility
 - Minimize Costs

Legality is Key

- Elements of the marketplace are demanding more assurances of legality.
- Illegal logging is defined to mean timber that is harvested, transported, processed or sold in contravention of a country's laws.
- Illegal trade not identified as main factor in recent eNGO initiatives – focus on “associated trade”

Legal Trade Happens

- What establishes legal trade and legal compliance with laws?
- Countries control imports and exports
- This is done through a system of declarations

Export Compliance

- Assign classifications to what is exported
- Check documentation
- Must satisfy domestic and foreign regulations prior to being allowed to board vessel.

Import Compliance

- Invoices / Bills of Lading
 - Appropriate declarations (volume/value)
 - Country of origin
 - Agriculture Permits / Certifications
 - Duties and Fees are assigned and paid
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- All occurs under the watchful eyes of government inspectors

So why the need?

- Address *industry* legal assurance needs.
 - Small, family-owned businesses
 - Lack of leverage, ability to influence
 - Lack of resources, due diligence only to a point

 - Predictability key to expanding business in country.

- It is not meant to substitute or replace legal framework in sovereign countries

What is illegal?

- No uniform definition, range of actions
 - Each country working on eliminating illegality
 - Labor, Land Tenure, Conflicting/Confusing Laws and Regulations, Unintentional/Intentional, Smuggling, Fraud, Bribery, Counterfeiting
- Most suspicious volume does not enter the international supply chain
 - 2 to 4 per cent?
 - 23 to 30 percent?

Phased Approaches - What importers need?

- Simple and consistent rules
- Flexible Time Frame
- Affordable

Keep it Simple

- Use ITTO benchmarks
- Don't change the rules
- Make sure it translates country to country

Flexible Timeframe

- Certification is a voluntary, market based tool.
 - As such, companies should be able to choose the level of certification that works best for them and STAY at that level.

Affordability

- No price premiums for certified wood products in the United States
- Certification does not translate into a larger market share.
- Certification has to be sustainable – environmentally and financially.

The debate ahead

- Simple, transparent rules that don't change
- No “end goal” requirement
- Cost efficient
- Multiple partner opportunities – competition is good in industry and among “certifiers”