

International Symposium to Combat Illegal Logging and its Associated Trade, 12 June 2015,

Tokyo, Japan

Statement by Dr. B.C.Y. Freezailah during Panel Discussion*

1. I am most grateful to the organisers of this important Symposium for inviting me to become a member of the panel. Although I currently chair the Malaysian Timber Certification Council (MTCC) and the International Tropical Timber Council (ITTC), in addition to an advisory role in the negotiations to conclude the Forest Law Enforcement, Governance and Trade, Voluntary Partnership Agreement (FLEGT VPA), I wish to clearly state, that I am making this statement in my own personal capacity.
2. Tropical deforestation continues at more than 11 million ha annually. Illegal logging is reported to be rampant. Out of the world's tropical forests, estimated at some 2 billion ha, only 36 million ha, or less than 2 per cent of the total have been certified for sustainability. There is therefore a tropical forest crisis in spite of concerted global efforts by the international community, the ITTO, non-governmental organizations and other stakeholders. The current state of tropical forests clearly demonstrates the enormous difficulties faced by tropical countries to implement sustainable forest management for certification or verification to assure timber legality. Obviously there are no instant or easy solutions.
3. Malaysia has made considerable progress in certification for sustainability and verification for timber legality. Timber certification started in 1999 and to date 4.6 million ha of its permanent reserved forests, have been certified under the Malaysian Timber Certification Scheme (MTCS) which has been endorsed by the PEFC and hence, internationally recognized. The certified forest area in Malaysia represents 13 percent of the world's tropical forests which have been certified.

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4. Malaysia was one of the first countries to commence negotiations with the EU to conclude a FLEGT VPA starting in 2006. Substantial progress has been made although a few outstanding issues remain. With some flexibility on both sides, these issues are not insurmountable. Indeed the Timber Legality Assurance System (TLAS) developed within the framework of the FLEGT VPA is now under implementation as MYTLAS, since Feb 2013 as a purely Malaysian initiative, to meet the Due Diligence requirements of the EUTR.

5. In his presentation earlier, Mr. Rupert Oliver informed us that six countries have concluded negotiations, signed the VPA and are in various stages of implementing the FLEGT VPA and the associated TLAS. Nine countries, including Malaysia, are still in the negotiation process. Twelve other countries are in the early stages of “informing” prior to initiate negotiations. I must note that the number of VPA countries who are prepared to negotiate and be bound by such a legally binding agreement as the FLEGT VPA, is a major breakthrough in international cooperation on the part of VPA countries, the political significance of which should not be lost or underestimated by the international community and the consumer countries, especially the EU, the US and Australia who have enacted legislation to compel trade only in timber verified for legality. Yet, in spite of such strong political commitment by VPA countries, and almost one decade of negotiations and preparations which involve large investment of time and resources, we must note with serious concern, that we are yet to see the first consignment of FLEGT licensed timber entering the EU market. Why, this lack of tangible progress by any of the six VPA countries now implementing the FLEGT VPA? But we must pay tribute to Indonesia as the most advanced, VPA country.

6. It is from these global perspectives and the tropical forest and timber situation which I have briefly outlined and our experiences in Malaysia, that I venture to make some proposals on the way forward. In doing so, I hasten to add that I continue to believe that the FLEGT VPA is one of the most

important initiatives with the potential to combat illegal logging and trade in illegal timber, but not, in its present form and stringency which is well beyond the capacity and resources of developing tropical countries to comply currently. This dream for legal timber by consumers with very demanding requirements, has now become a nightmare to VPA countries. We are unlikely to see any FLEGT licensed timber anytime soon under current requirements and if any, the amount would be small and insignificant. These initiatives, though well intentioned, may even kill the trade in tropical timber or it will be diverted to other markets where no questions, apart from pricing, will be asked. These unintended consequences will worsen, rather than improve the tropical forest crisis. If we are not careful we could well be our own worst enemies. I am therefore very pleased that the EU is equally concerned and has commissioned a major evaluation of the FLEGT Action Plan.

7. I also view with much concern the proliferation of legality verification schemes with different approaches and requirements but with the common objective of combating illegal logging and trade in illegal timber. Producer countries have difficulties in understanding, let alone complying with these different schemes demanded by consumer countries. Some of these schemes call for consultations and negotiations all of which involve time and limited resources of exporting countries. Some form of coordination and harmonization by importing countries, in consultation with exporting countries, would be most desirable.

8. I must congratulate Dr. Takeshi Toma, Mr. Rupert Oliver, Mr. Shunsuke Miyazawa and Mr. Arbi Valentinus for their excellent presentations which I find most thoughtful and thought-provoking. Mr. Rupert Oliver has suggested that consumer countries should “reflect what is genuinely achievable on the supply side” and the need to “offer incentives as well as penalties”. I fully share such views. Amongst challenges in the implementation of the SVLK, Mr. Arbi Valentinus indicated that “certification means additional cost and is perceived as export disincentive”. This view has often been expressed by many others that the FLEGT VPA has too many sticks with no carrots. Mr. Arbi Valentinus also stated that “coordination amongst key Ministries” is a challenge in the implementation

of the SVLK. We experience a similar challenge in the implementation of MYTLAS in Peninsular Malaysia which involves coordination between eight different enforcement agencies under four Ministries.

9. Organised jointly by the Committee for Wood Utilization Caravan to Bridge Forest and City of Japan and the ITTO with the generous sponsorship by the Forestry Agency of Japan, this Symposium is most timely and indeed significant. Let us remind ourselves that the ITTO's membership comprises producer and consumer countries of tropical timber and the organization has been created to provide "an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy". Specifically its objectives also includes "strengthening the capacity of members to improve forest law enforcement and governance and address illegal logging and related trade in tropical timber" to achieve the overall objective of promoting "the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests.....".

10. Whilst the motivation and need for measures implemented by consumer countries to combat illegal logging and trade in illegal timber is appreciated, producer countries on their part are committed to cooperate with such initiatives as clearly demonstrated by the many VPA countries in Asia, Africa and Latin America who are in various stages of negotiations or implementation of the FLEGT VPA. But in view of the enormous difficulties and challenges faced by producer countries, and the lack of tangible progress, we may conclude that we must have better understanding between producers and consumers and more importantly we must match ambition with realities on the ground in tropical countries. Prudence will dictate that we develop a TLAS which is pragmatic and implementable under existing circumstances and constraints. The successful implementation of such a TLAS will result in a base-line from which we could strengthen from time to time based on experience, capacity building assistance, use of new technologies and systems and market incentives.

11. Following from what I have said, it is necessary for consumer and producer countries to have an open and honest dialogue on what can and must be done in order to make progress. And I wish to suggest that the ITTO is the most ideal forum for the conduct of such discussions taking into account its membership, scope of the International Tropical Timber Agreement, 2006, its structure and possible funding assistance for capacity building. In the ITTO forum non-governmental organizations and the industry can provide direct inputs into its consultative process through the ITTO Civil Society Advisory Group (CSAG) and the ITTO Trade Advisory Group (TAG) respectively.

12. I wish now to conclude by proposing that this Symposium invites Japan to initiate discussions in the ITTO forum to develop a comprehensive programme and a TLAS which is meaningful and implementable to combat illegal logging and trade in illegal timber that producers and consumers could agree within the context of the International Tropical Timber Agreement, 2006 taking into account the experiences gained from the development and implementation of “Goho-wood” scheme to assure timber legality, the EU FLEGT VPA TLAS, the US Lacey Act and the Country Specific Guidelines under the Australia Illegal Logging Prohibition Act and other relevant consumer country measures. Japan is well positioned to initiate such a proposal in the ITTO being its most generous donor apart from hosting its Headquarters in Yokohama. Let me also not fail to note that it was Japan who was instrumental in building consensus at the G8 Kyushu-Okinawa Summit in 2000 to put the issue of combating illegal logging and its related trade on the agenda of the G8 countries. With such strong political commitment and generosity, the expertise of its Forestry Agency, the support of its non-governmental organisations and the timber industry, we could look forward with confidence that Japan could play a pivotal and positive role in the ITTO forum on combating illegal logging and trade in illegal timber.

Thank you.

Tokyo,

12 June 2015