Meet International Timber Legality Requirement: Our Efforts

China-UK Collaboration Program on International Forest Investment & Trade (InFIT)

LI JING
Center for International Forest Product Trade of State Forestry Administration
Research Institute of Forestry Policy and Information, Chinese Academy of Forestry

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**Outlook**: Strengthen Exchanges and Corporations
Background

Illegal logging and Associated Trade

**Problem posed:** 1998.5 G8 summit

**Impact:** Environment degradation /Deforestation/Government revenue/Company profits / Income of people in the industry

21st Century, Illegal logging and associated trade have become one of global concerns.
A variety of measures have been taken by many governments, enterprises and non-governmental organizations and the general public to combat illegal logging and associated trade. **Timber Legality Verification System** is regarded by the international society as an important tool.

A timber legality verification system which both lives up to international standard and suits Chinese specific condition has been proactively explored based on suggestions and piloting use in certain enterprises.

- Contributing to the efforts of combating illegal logging and associated trade;
- Further regulating the production of China’s timber products;
- Generally meeting up with global timber legality requirements;
- Assisting Chinese enterprises exploring international markets;
- Boosting global forest products trade;
- Promoting China’s forestry legalization process in the country.
‘Implementation Framework and Standards of CTLVS’

April 28 of 2015: ‘Implementation Framework and Standards of China Timber Legality Verification System (First Edition)’ has been published by Center for International Forest Product Trade (CINFT) affiliated with SFA.

➢ Establish a verification standards that is voluntary, cost-efficient, due-diligence based guided by the government.

This drafting of this document was based on the current development of international timber legality verification and China’s specific condition through extensive previous research and communications with various stakeholders.
## CTLVS Standard System

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CTLVS Standards of Legal Timber

**Due Diligences System Management**

- **Control Indicators**
  - Forest Management
  - Supply Chain
  - Chain of Custody

**Timber Legality Standard**

1. Applicable scope
2. Terms and Definition
3. General requirement on due diligence management
4. Legality control indicators
General requirement on due diligence management

- Commitment to legal procurement
- Responsibilities & authorities
- Retaining of documented evidence
- Monitoring of due diligence system
- Scope of due diligence system
- Supply chain & timber origin information
- Risk assessment
- Risk mitigation
- Statement
Legalization Promoting

Legality control indicators

Forest management
- P1 forest land tenure
- P2 Legal registration
- P3 Tax payment according to law
- P4 Legal harvesting
- P5 Environmental Protection
- P6 Workers & community rights

Supply chain
- P7 Legal Registration
- P8 Import legality
- P9 Transport legality
- P10 Export legality

Chain of custody
- P11 Management systems
- P12 Purchase of raw materials
- P13 Material Receiving & storage
- P14 Processing
- P15 Sales
- P16 Timber legality statement
CTLVS Implementation Framework

CTLVS--Stakeholder Advisory Committee

CTLVS Working Group

CTLVS Verification Bodies

FME

Trading Enterprise

Processing enterprises

Supervision

Audition

Accreditate

Report

Guide

Consult & complain

Work report

Appeal

Framework Structure of CTLVS
CTLVS Piloting Application in Enterprises

Guangxi Jingui pulp & Paper Co., Ltd and Furen Group Co., Ltd. have been chosen as the pilot enterprises to use CTLVS to verify timber legality by the team in cooperation with BV Certification.

The modification of certain CTLVS standards based on Chinese specific condition and industry development level has made CTLVS more acceptable by the industry and the market on the premise that it generally conforms to the relative laws and regulations of most nations.
Ⅱ. China Timber Legality Due Diligence Toolkit

China Timber Legality Due Diligence Toolkit was developed and finalized by working with NEPCon.

**Aim:** Helping companies to effectively gather information of materials and evaluate potential risks and also take risk mitigation measures to reduce illegality risk if potential risks are specified.
China DDS Toolkit: Framework

In line with the due diligence requirements in EUTR, US Lacey Act and Australia Illegal Logging Prohibition Act.

01 Guidelines

Provide guidance on DD procedure, risk evaluation, risk mitigation and supplier auditing.

02 Tool/template

Provide tools and templates for information gathering, risk evaluation and risk mitigation.
The guidelines provide practical stepwise guidance to companies for how to use template and tools as per due diligence requirements.
China DDS Toolkit: Tools and Templates

- Responsible purchasing policy
- CDDDS Procedure Manual
- Supplier risk management form
- Supplier information form
- Supply chain information form
- Supplier consent letter
- Risk specification form

Tools and templates assist companies in their supply chain management and internal management and monitoring.
Background: Chinese companies are lack of commitment and responsibility for responsible forest trade.

An effective market service and motivation mechanism is in urgent need to establish for pushing companies in undertaking legal and sustainable forest product trade.

We have worked with environmental organizations, international organizations, foundations, academies, industry associations, leading companies and financial organizations to initiate the China Responsible Forest Product Trade and Investment Alliance — Increasing self-discipline and corporate actions against Illegal timber.
Missions of China RFA

An Exchange Platform: sharing information relevant to responsible forest trade for common interests;

Market linkage: initiating and promoting concept and practices of responsible forest product trade and investment for furthering sustainable development process in China;

Promote policy dialogue

Facilitate market link

Better service to business: providing technical supports and training for the industry to achieve sustainable development and improve corporate awareness and capacity relevant legality;

Policy dialogues: supporting the practice of national policies regarding responsible forest trade and investment.

Service the industry

Build a platform
Membership

- Member enterprise: Commit and practice responsible production, trade and investment of forest products
- Qualification: Provide evidences on legality/sustainability for fulfillment of commitment
- Rights: Accessible to the services offered, e.g. information, technical support, etc.

Council

- Manage the Alliance and agree the operation and action
- Seek to find necessary resources to support the actions by the Alliance
- Involved to review and supervise the membership as well as the Alliance operation

Secretariat

- Center for International Forest Product Trade of State Forestry Administration/Research Institute of Forestry Policy and Information, Chinese Academy of Forestry
- Member management
Planned Main Activities:

- Establish the information center for China Responsible Forest Product Trade;
- Set up company/product database for China Responsible Forest Product Trade and Investment;
- Develop technical guidelines and tools/templates;
- Facilitate the discussion and development of standard and policy relevant to responsible forest trade;
- Provide training program and technical support;
- Organize training workshops;
- Promote companies to engage due diligence exercise and responsible trade practices.
We have initially established the website for China Responsible Forest Product Trade and Investment Alliance.

APEC economies have recognized that Illegal logging and associated trade is a significant problem facing the Asia-Pacific region and has adverse economic, environmental and social impacts.
➢ Indonesia, Malaysia, Vietnam, China and PNG have already established or are moving towards establishing certain systems to verify the wood products exported are from legal sources.

➢ Carried out bilateral dialogues and communications successively, in particular on enhancing mutual understanding on timber legality.

**Future:** Establish a regional timber legality recognition mechanism, promote an Asia-Pacific regional timber legality recognition via policy dialogue, technical exchange, capacity building and information sharing.