



# 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

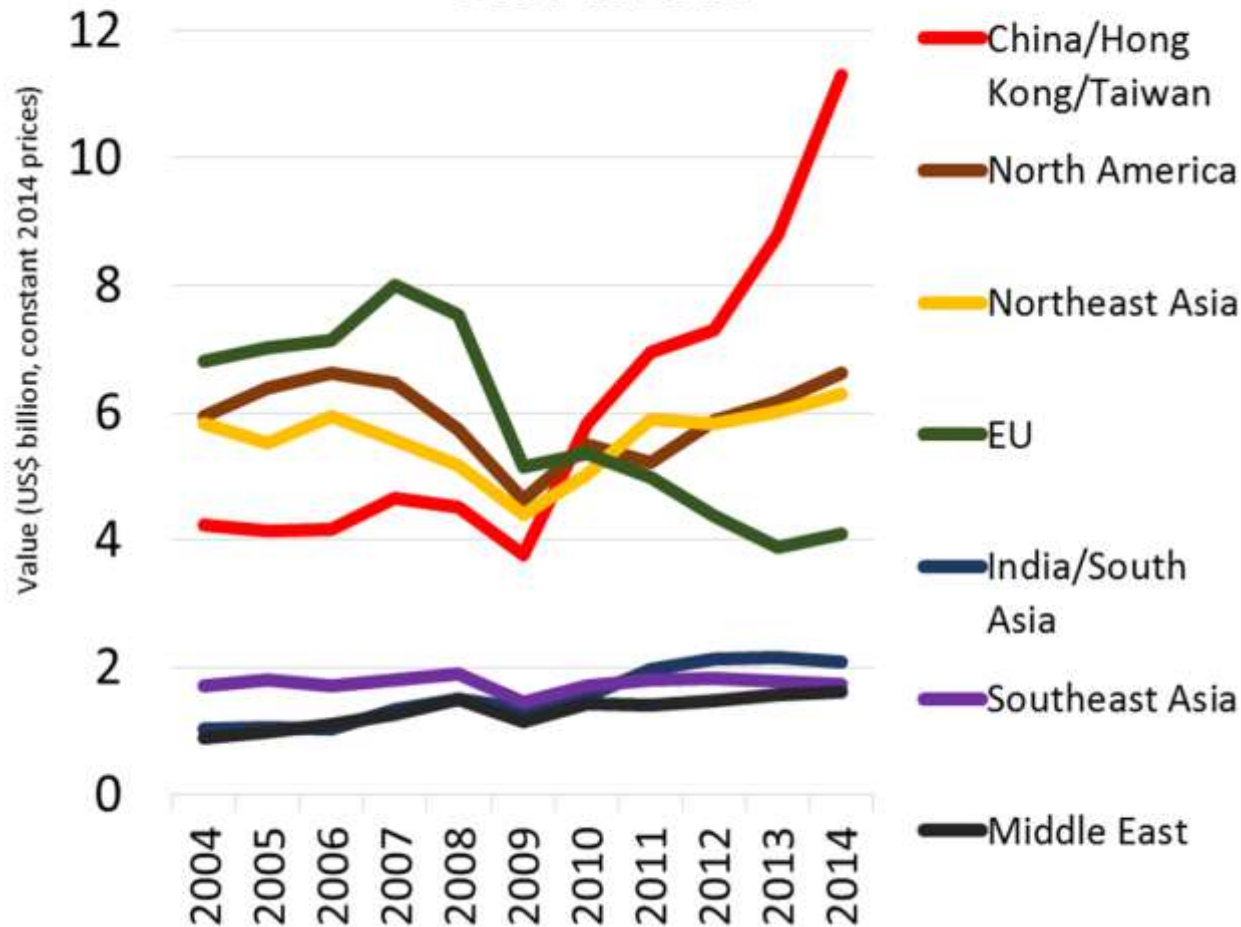


- Up to date and take account of wider trade context
- Reflect what is genuinely achievable on the supply side
- Offer incentives as well as penalties
- Targeted and risk based
- Equitable & non-discriminatory with respect to operators
- Consistently applied and effectively enforced

# Trade context



Imports of tropical wood by destination  
2004 to 2014

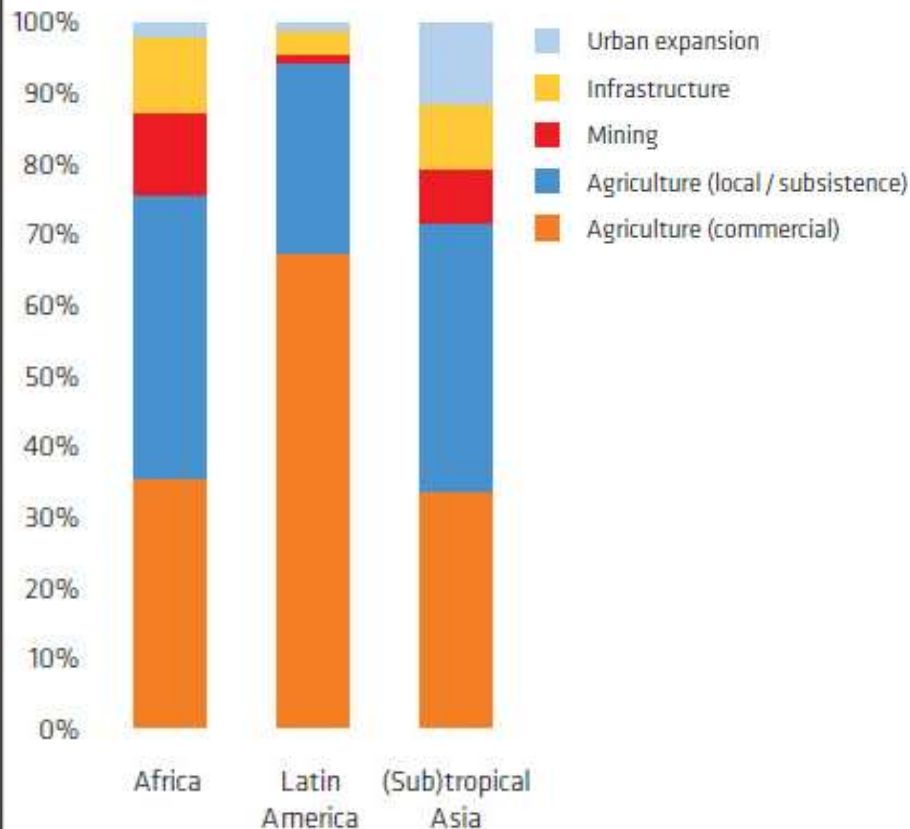


Source: ITTO FLEGT  
Independent  
Market Monitor  
Baseline Report

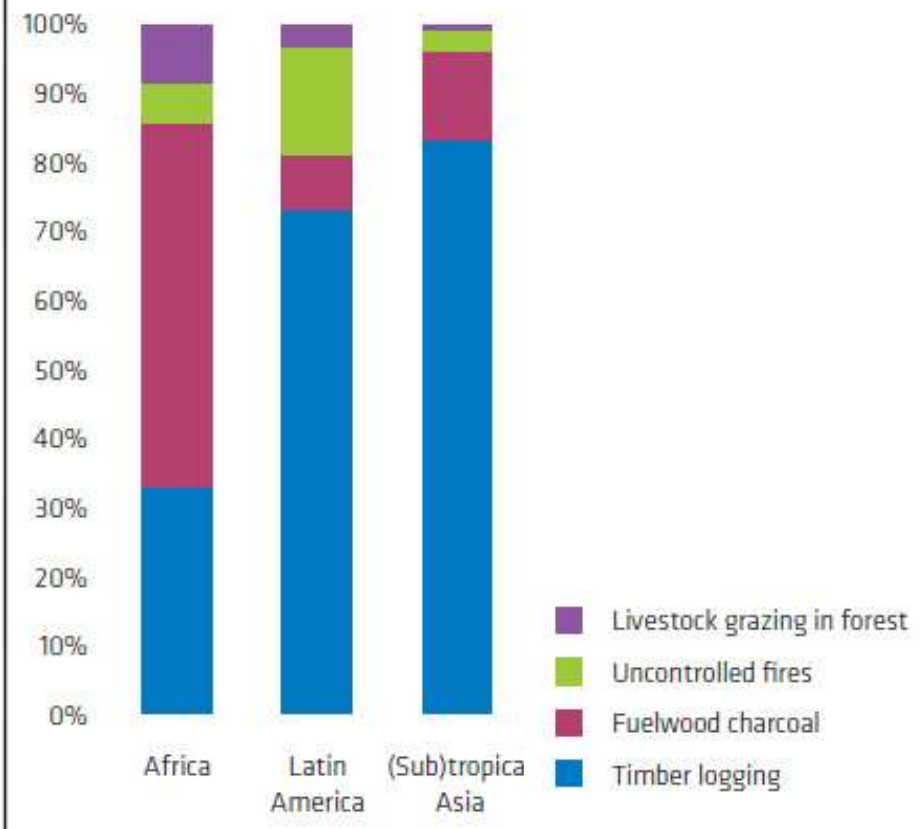
# Forestry context



## 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”





# 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**





# 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



**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

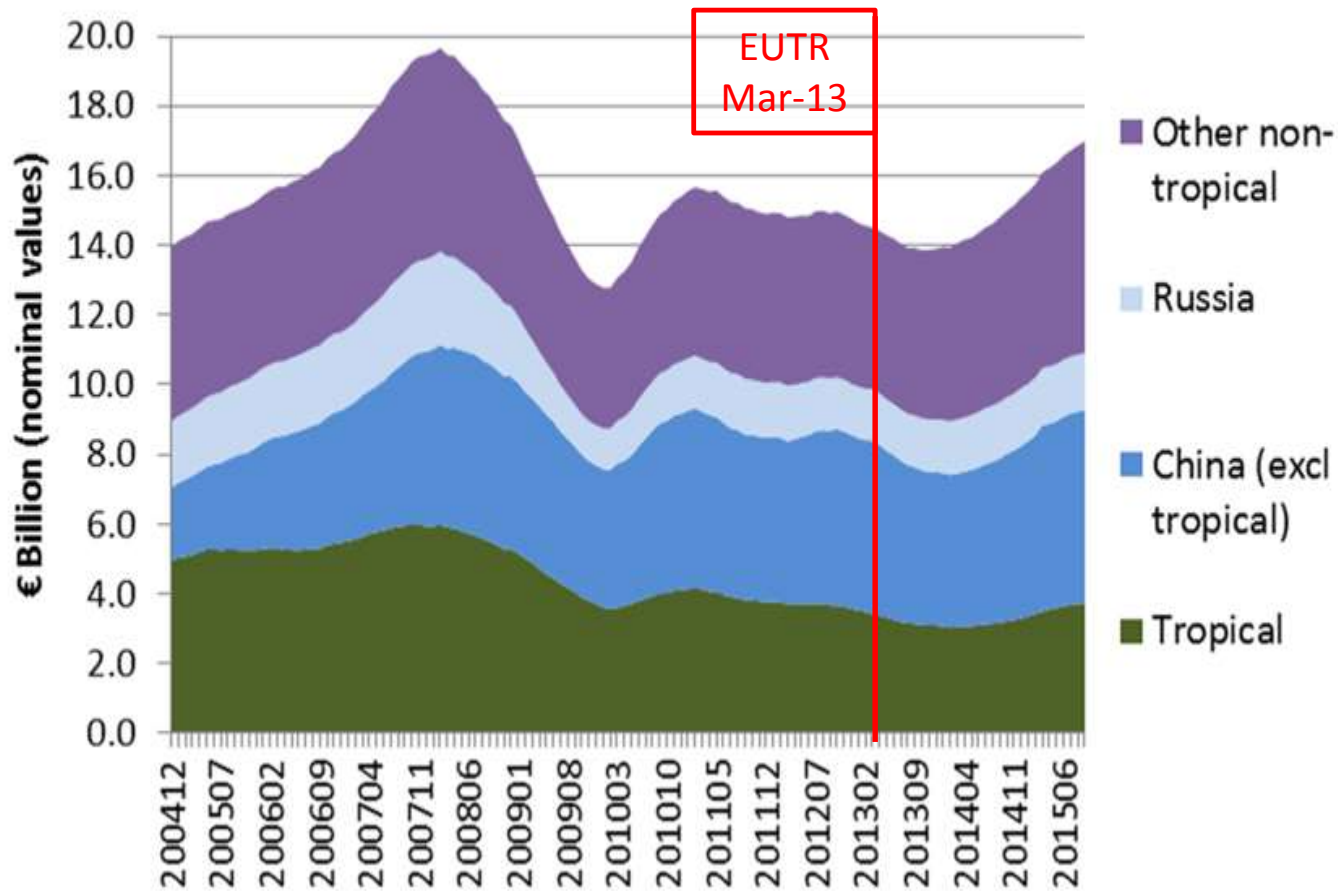
- Required by FLEGT VPAs for impact assessment & annual reporting
- Funded by EU through EC DEVCO
- Budget: €4.4 million over 5 years (2014-2018)
- Hosted by ITTO
- Documented methodology
  - 53 indicators for quantitative assessment – e.g. trade & investment flows, prices
  - Participatory & publicly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



# EUTR Trade Impact



EU28 import of timber products by main supply region  
Dec 2004-Sept 2015 - 12 month rolling total



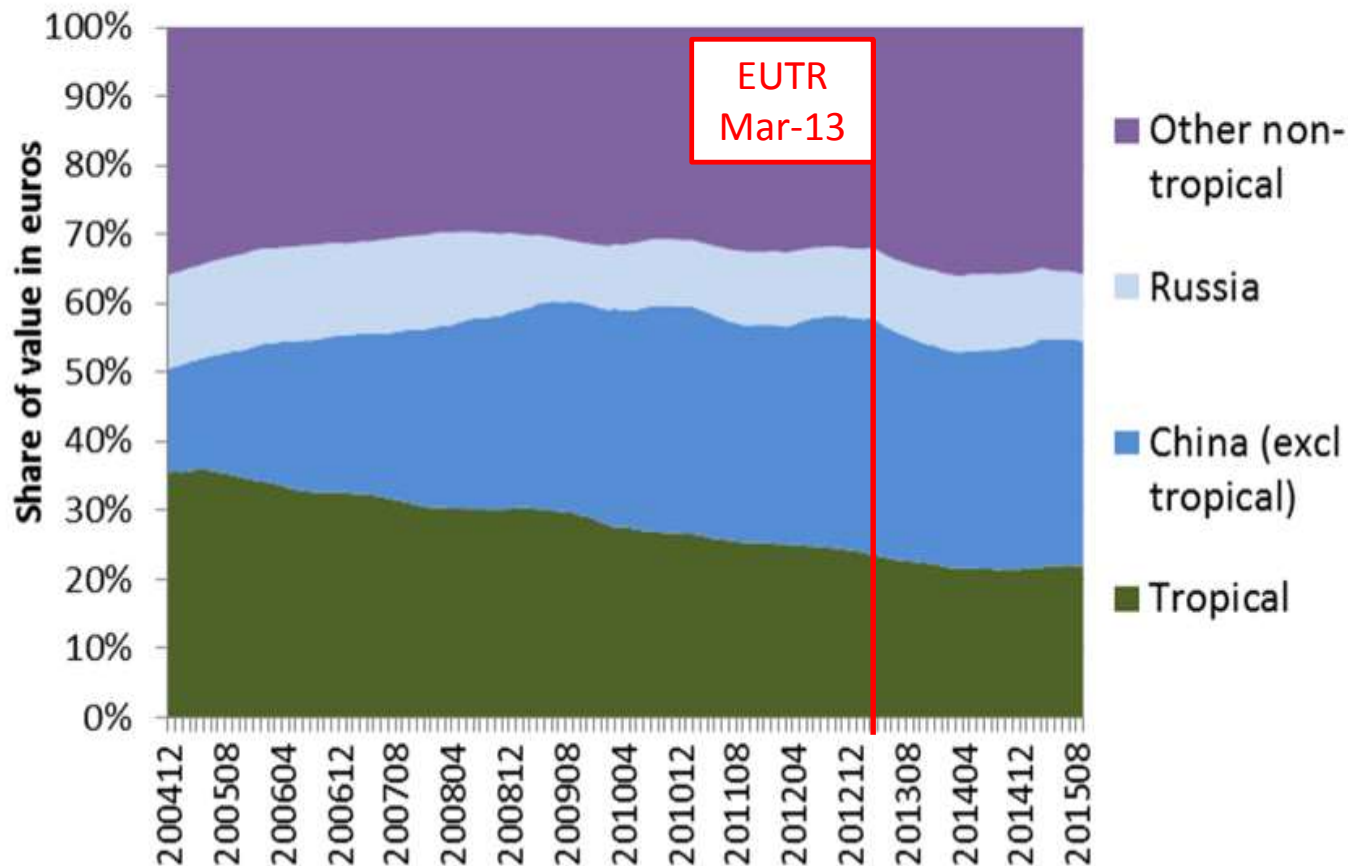
Source: ITTO  
FLEGT  
Independent  
Market Monitor  
analysis of  
Eurostat



# EUTR Trade Impact



Share of EU28 import of timber products by forest zone of origin - Dec 2004-Sept 2015 - 12 month rolling



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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