



FLEGT
FOREST LAW ENFORCEMENT
GOVERNANCE AND TRADE

DEMAND AND SUPPLY-SIDE MEASURES IN SUPPORT OF LEGAL AND SUSTAINABLE TIMBER TRADE

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**ILLEGAL/UNSUSTAINABLE LOGGING AND ASSOCIATED
TRADE**

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**SHARED RESPONSIBILITY BETWEEN PRODUCERS AND
CONSUMERS**

(INDIVIDUALS and COUNTRIES)

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**SUPPLY/DEMAND SIDE REGULATORY/VOLUNTARY
MEASURES**

1992 UN Conference on Environment and Development – Earth Summit, Rio de Janeiro

- No legally binding commitments on **sustainable forest management**
- **FSC (1994)**: a non-governmental, independent and international forest certification system
- **PEFC (1999)**: an international umbrella organization assessing and endorsing national forest certification systems



2003 FLEGT Action Plan: EU response to illegal logging



Mix of supply and demand side measures:

- **EU Timber Regulation** (demand side measure)
- **VPAs, Bilateral Trade Agreements** (supply side measure)
- Encouragement of public and private procurement policies (demand side measures)

EUTR (2010)



- Binding EU legislation, came into force in 2013
- Prohibits sale of illegal timber in the EU
- Applies to both EU wood and imported wood
- Requires EU traders who place timber products on the EU market for the first time to exercise 'due diligence'
- Legal timber: in compliance with the laws of the country of harvest

EUTR Applicable legislation of the country of harvest



- Legal rights to harvest
- Payments taxes and fees related to harvesting
- Timber harvesting laws including environmental and forest legislation
- Third parties tenure and use rights (affected by harvesting)
- Trade and customs



EUTR: Due Diligence



1. INFORMATION

Access information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.

2. RISK ASSESSMENT

Assess the risk of illegal timber in his supply chain, based on the information in 1. and taking into account criteria set out in the regulation.

3. RISK MITIGATION

When there is a risk of illegal timber in the supply chain, mitigate that risk by requiring additional information and verification from the supplier.

EUTR: Product Scope (may change in future)



1

Covered (almost all):

- **Solid wood products**
- **Flooring**
- **Plywood**
- **Pulp and paper**

2

Not covered:

- **Recycled products**
- **Musical instruments**
- **Printed matter including magazines, newspapers and books**
- **Some special products, like wooden toys**



EUTR: What about certified timber?



Timber certified under the main forest certification schemes is still subject to due diligence requirements but claims helps mitigate risk (EU Guidance provided).

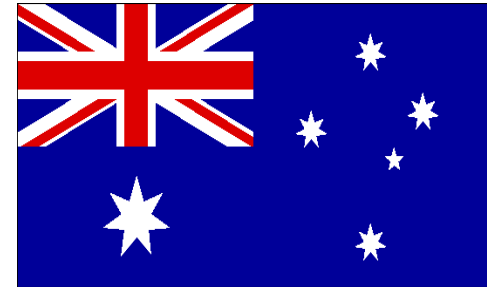


US Lacey Act Amendment (2008)



- **Bans trade in illegally sourced wood products: taken, possessed, transported or sold in violation of the law**
- **Imposes responsibility of “Due Care” on operator**
- **No third-party certification or verification schemes can be used to "prove" legality but helps with Due Care**

Australian Illegal Logging Prohibition Act (2012)

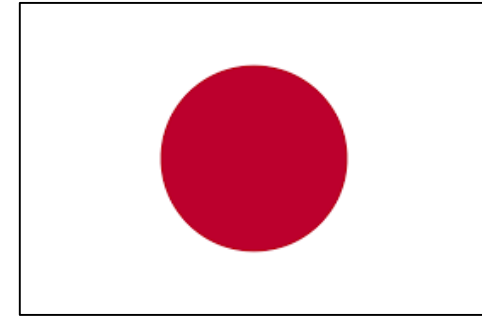


- Entered into force in 2014 but with soft-start to let operators adjust their systems
- Penalties apply since January 2018
- Imposes Due Diligence obligation on importer of timber or wood product
- Certification supports but is not equivalent of proof of legality

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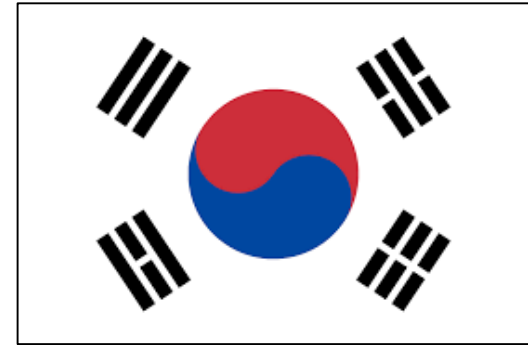
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Japan Clean Wood Act (2016)



- **Implemented since 2017**
- **Voluntary Registration System**
- **Registered “Wood-related Business Entities” take appropriate measures (due diligence, use of certification) to secure use of legally-harvested wood and wood products**

South Korea Revised Act on the Sustainable Use of Timbers (2017)



- Implementation started in October 2018 and penalties apply from October 2019
- Importers of timber/timber products have to file an import declaration with the Forestry Minister
- Inspection agency to inspect the declaration before customs clearance

China's stepwise approach to timber legality verification system development



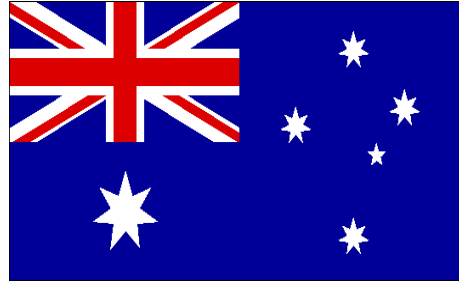
- **Step 1: Development and implementation of legality verification systems at enterprise and association levels based on a series of tools (e.g. verification standards, management procedures, verification and examination guidelines and operating guidelines)**
- **Step 2: Development of formal Chinese timber legality verification system based on Due Diligence principles**

Public and Private Procurement in EU (legality and sustainability)



EXAMPLE: European Sustainable Tropical Timber Coalition

- Alliance of industry, business, government and NGOs dedicated to increasing European demand for verified sustainable tropical timber.
- **Mission:** To grow European sales of verified sustainable tropical timber in order to incentivize responsible forest management in tropical countries
- **Target:** To increase the share of the EU tropical timber market taken by verified sustainable material to 50% by 2020



Responsible Timber Sourcing Policy August 2018

Bunnings has been committed to responsible timber sourcing for well over a decade. We understand our responsibility to ensure that the communities where we source timber derive direct and long term benefit from well managed forestry operations.

Our goal is to ensure all timber and wood products supplied to Bunnings originate from:

- Legal, responsibly sourced and well managed forest operations.
- Plantations or natural forest that don't contribute to deforestation by conversion or clearing.
- Forests that provide direct benefit to local communities.

By December 2020 all timber in our products originating from natural forests will originate from third party certified forests (e.g. FSC or PEFC).

Voluntary Partnership Agreements (VPA): Supply side measure



- **Voluntary but legally-binding agreement between EU and Timber Exporting Country**
- **Ensures export of only legal timber to EU from participating countries**
- **Cornerstone: Timber Legality Assurance System (TLAS)**
- **FLEGT Licenses giving direct access to European Market**

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Import Controls in VPA Countries: Indonesia, Viet Nam, Thailand, Loa PDR and Malaysia

- **VPA TLASs cover all timber sources including imports**
- **Example: Viet Nam**

Vietnamese operators have to apply due diligence to assess the legality of timber and timber products they import from 80+ countries

Concluding remarks (demand side measures)

- Increasing numbers of consumer countries enacting legislation to stop import of illegal wood (trend will intensify)**
- VPAs in producer countries have or will also reinforce import controls**
- Most regulations require Due Diligence where voluntary certification is considered an important and efficient tool for risk mitigation**
- Growing number of large companies and administrations requiring legal but mostly sustainable wood products**



Concluding remarks (supply side measures)

- Certification remains the most common supply side response to increasingly regulated market access (legality) and procurement policies (mainly sustainability)**
- VPA TLASs provide robust legality assurance, green lane access to EU and are increasingly recognized by consumer countries**
- There are other systems but international market recognition can be a challenge (robustness?)**



QUESTION?

What is or should the Philippines do?

THANK YOU



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