

# The EU policy on Forest Law Enforcement Governance and Trade (FLEGT) in the Asia-Pacific

Kyoto, 29 February 2016



# Overview

- Why combat trade in illegally logged timber and timber products?
- The EU FLEGT Action Plan
- The EU Timber Regulation
- Voluntary Partnership Agreements
- FLEGT in Asia
- Next steps

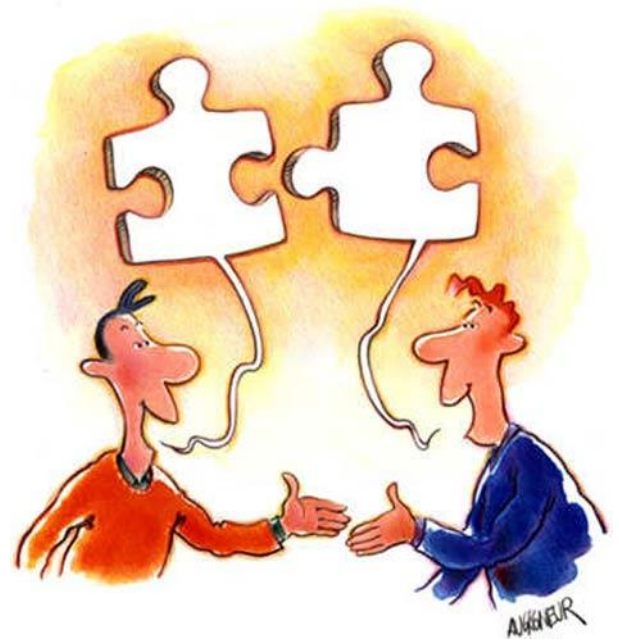
Why combat trade in  
illegally logged timber?

# Pressure from our constituents



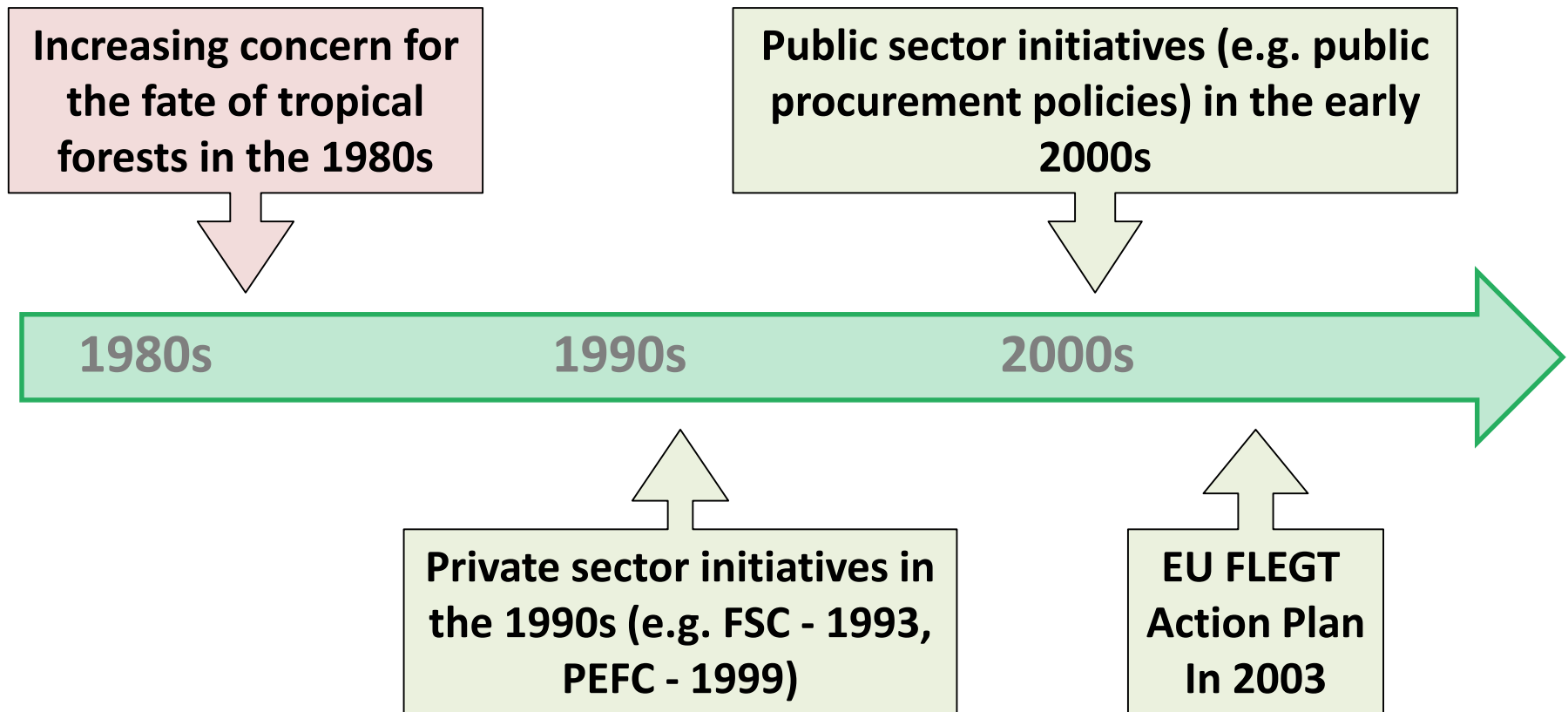
# What is needed for real change?

- **Will measures on one side alone be enough to combat illegal logging?**
  - Consumer boycotts of tropical hardwood products
  - Industry codes of conduct
  - Voluntary certification schemes
  - Public procurement policies
  - Timber regulations
  - ...
- **Could something be missing...**
  - *... a combination of demand & supply side measures?*



# The EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan (2003 – 2015)

# Towards a European approach to combat illegal logging



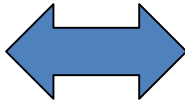
# FLEGT Action Plan – 7 areas

1. FLEGT integrated in development cooperation
2. Bilateral trade agreements (VPAs)
3. New legislation (EUTR) – legal minimum requirement
4. Public procurement policies – more than legal
5. Private sector initiatives – more than legal
6. Financing and investment safeguards
7. (Address conflict timber)



# FLEGT – Key demand & supply side measures

**EU Timber Regulation  
(EU TR)**



**Voluntary Partnership  
Agreement (VPA)**

- *Prohibits sale of illegal timber in the EU*

- *Ensures export of only legal timber to EU from participating countries*

➤ **Demand side  
measure**

➤ **Supply side measure**

No more illegal timber on  
the EU market, the EU  
Timber Regulation ( EUTR)

# The EU Timber Regulation (2013)

- 1** It prohibits the placing on the EU market of illegally harvested timber and products derived from such timber
- 2** It requires EU traders who place timber products on the EU market for the first time to exercise 'due diligence' (information, risk assessment and mitigation)
- 3** Other traders further down the supply chain must keep records of their suppliers and customers

# What is due diligence?

## 1. INFORMATION

Operator must have access to 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

Operator must 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, the operator must mitigate that risk by requiring additional information and verification from the supplier.

# Who is involved?

The European  
Commission

Member  
States

Monitoring  
Organisations



Civil Society

Industry  
(Operators & Traders)

# Implementing the EU TR

## Competent Authorities

Each EU Member State appointed one or more Competent Authorities, responsible for the correct application of the regulation. CAs ensure that the regulation is effectively implemented and enforced.

## Monitoring Organisations

Legally EU based entities who offer systems that help EU operators comply with the due diligence requirements.

Voluntary Partnership  
Agreements – trade  
agreements legal timber  
between EU and partner  
countries

# FLEGT Voluntary Partnership Agreements (VPA)

- Bilateral agreement between the European Union and a timber-exporting country.
- To ensure that timber and timber products exported to the EU come from legal sources.
- The timber-exporting country agrees to control and license its timber exports as legal.
- The EU agrees to accept only licensed imports from that country (FLEGT licensed timber).
- Legality is assured through an agreed VPA Timber Legality Assurance System (TLAS).



# What is legal under EU TR and VPAs?

The legislation should cover environmental, social and economic principles

- Legal rights to harvest

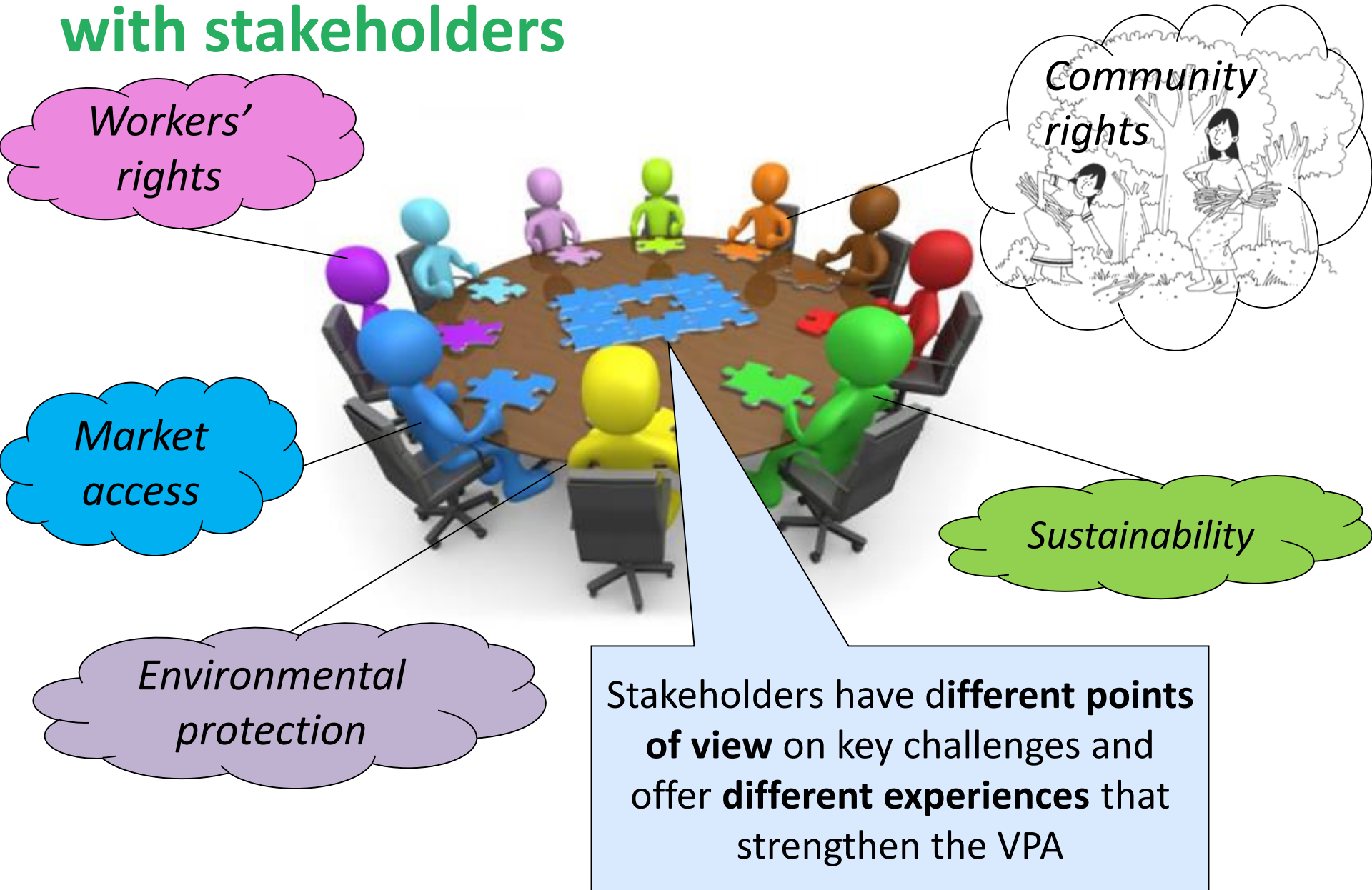
- Payments taxes and fees related to harvesting

- Timber harvesting laws including environmental and forest legislation

- Third parties tenure and use rights (affected by harvesting)

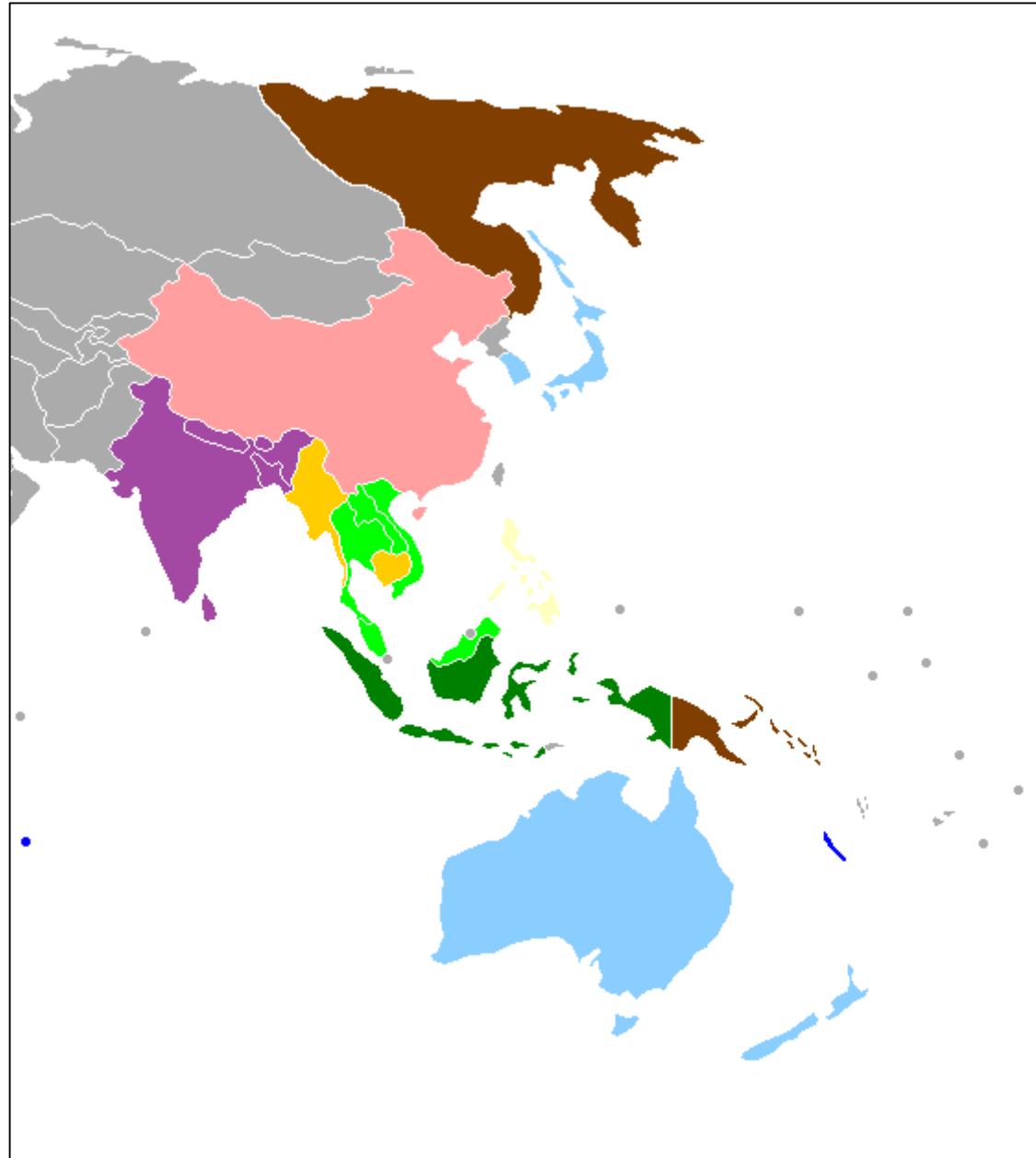
- Trade and customs

# Government defines VPA legality together with stakeholders

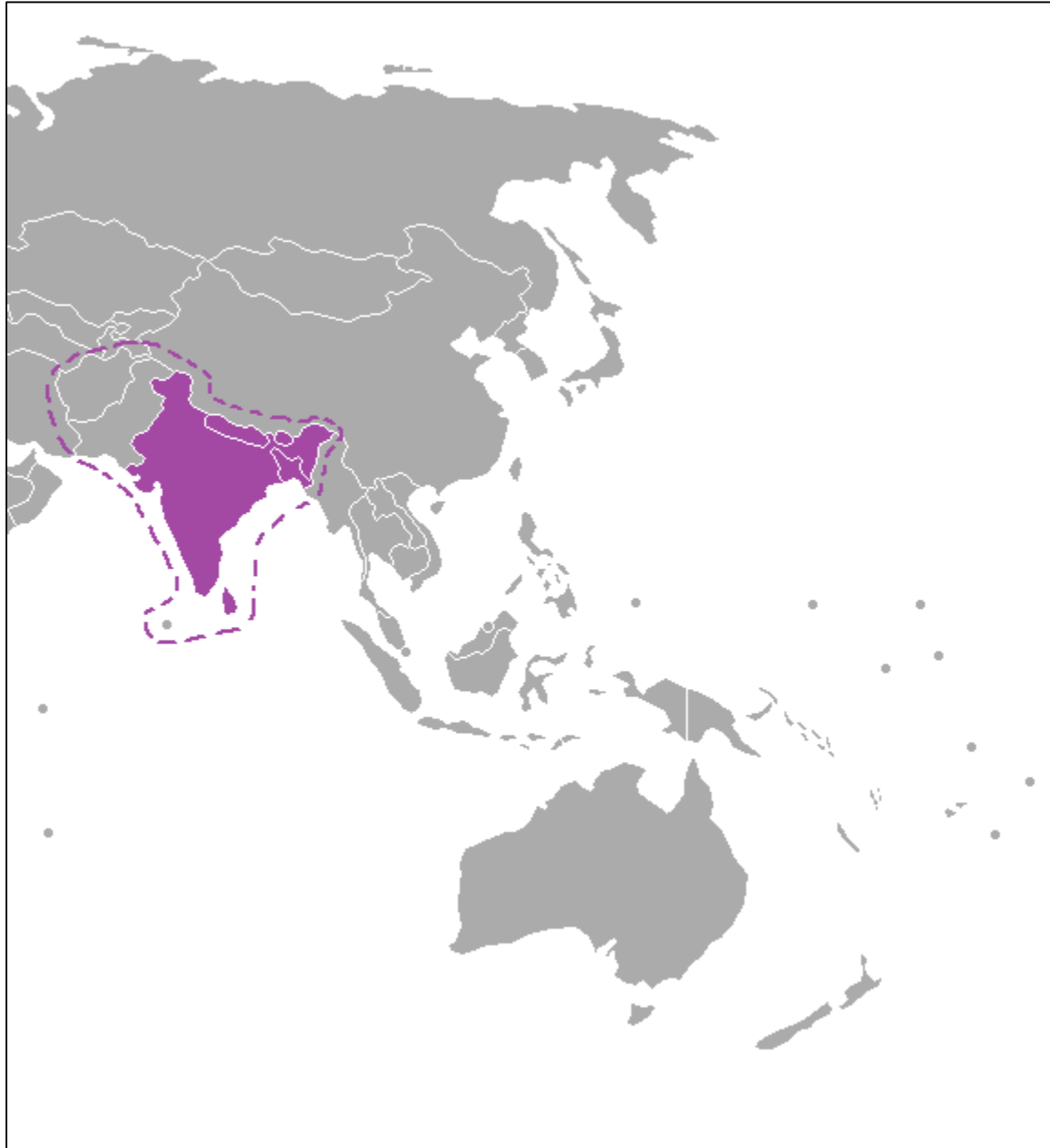


# FLEGT in Asia

# FLEGT engagements in the Asia-Pacific Region



# SAARC Region



**ASEAN**



# FLEGT developments in ASEAN

- Information
- Preparation
- Negotiations
- Implementation



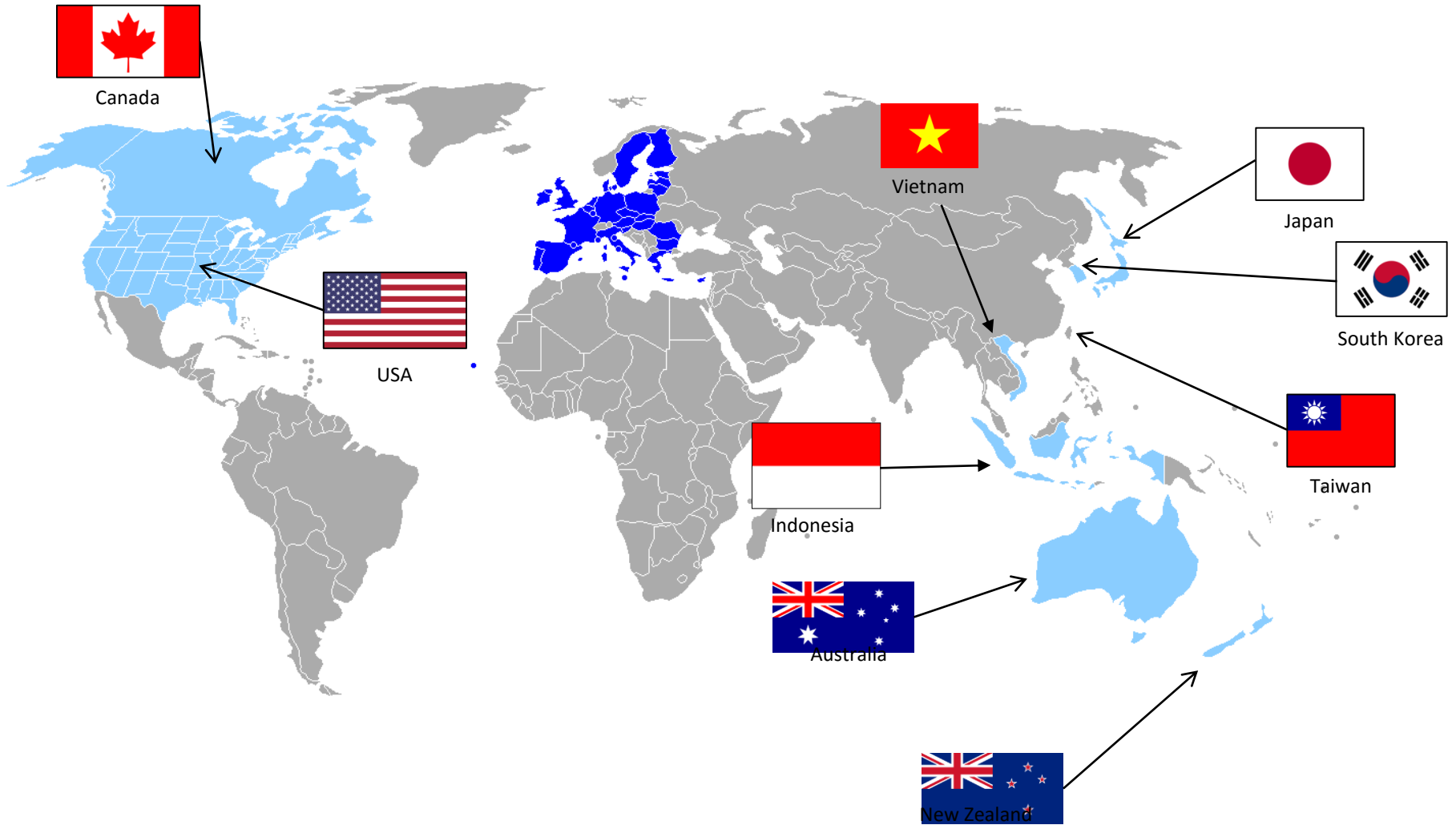
# China – Bilateral Coordination Mechanism

 China (BCM)



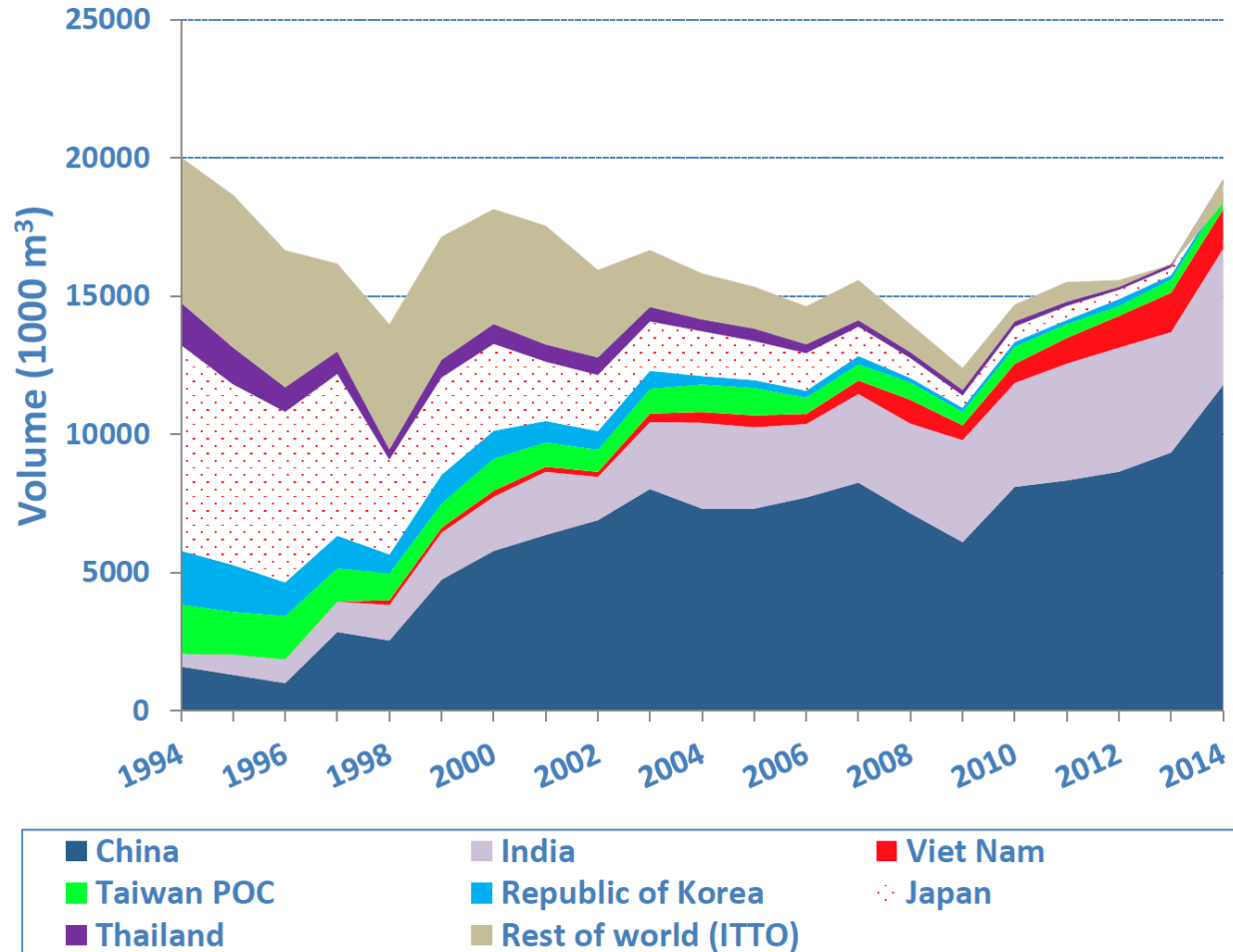


# Illegal logging 'legislation' in place or considered



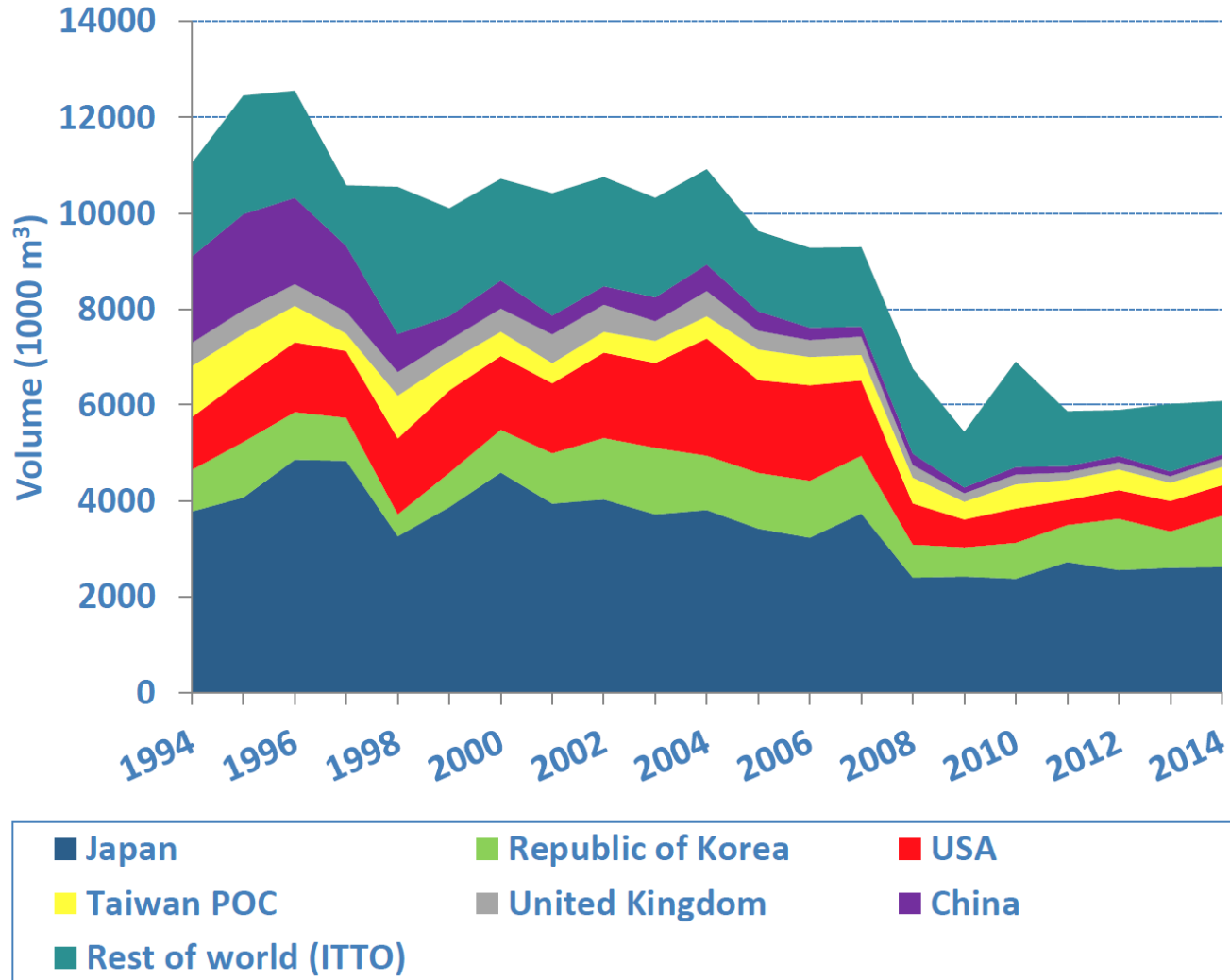
Other markets

# Major importers of tropical logs



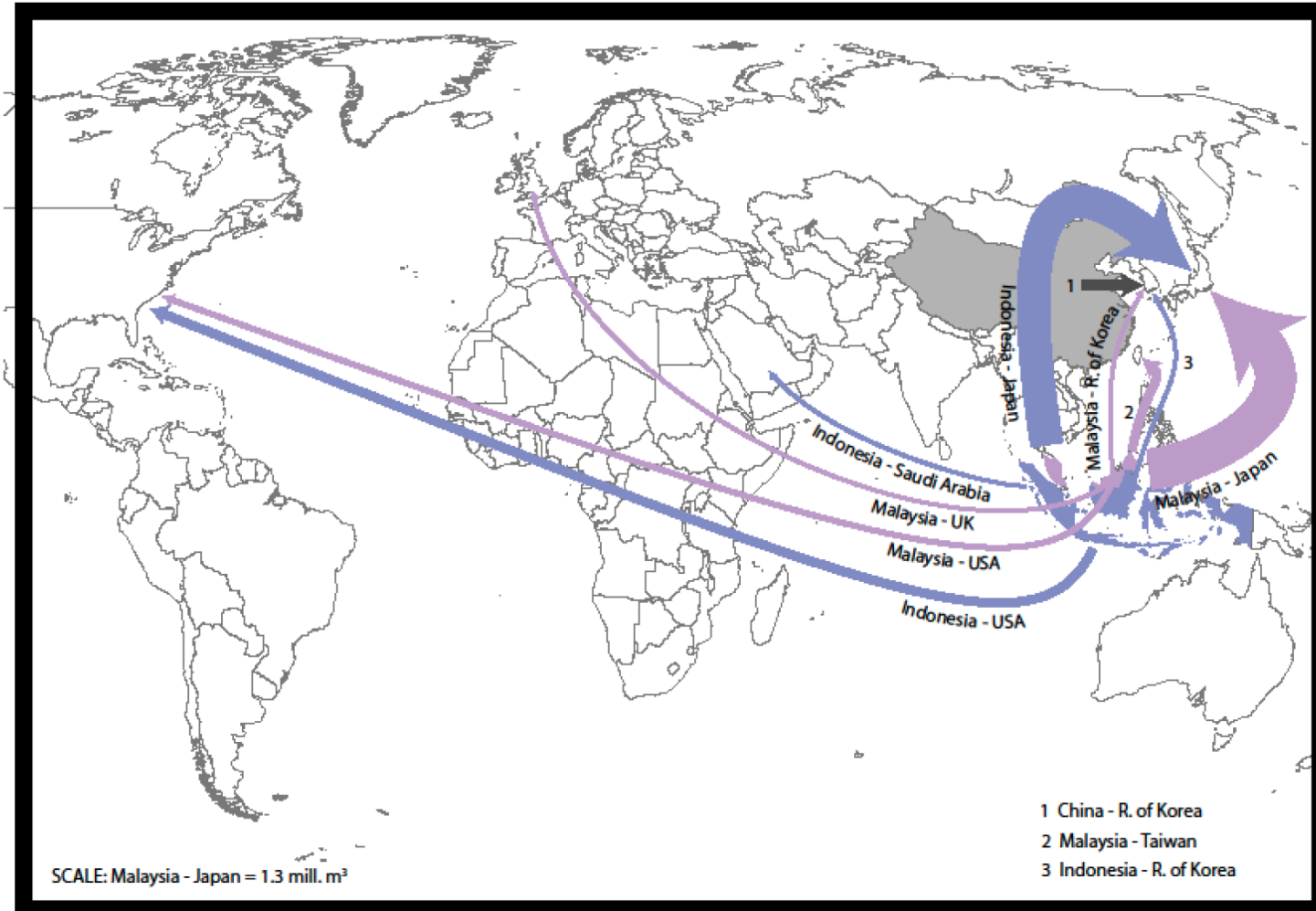
Sources: ITTO Statistics Database, COMTRADE

# Major importers of tropical plywood



Source: ITTO Statistics Database

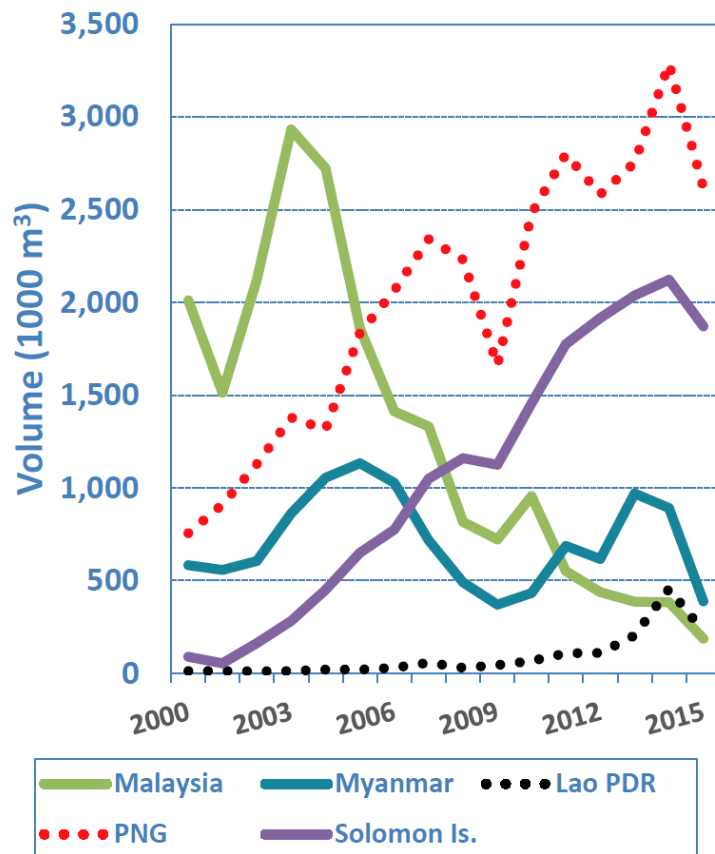
# Major Trade Flows: Tropical Plywood, 2013



Sources: ITTO Statistics Database, COMTRADE. Note: Major directions of trade as recorded by exporting countries.

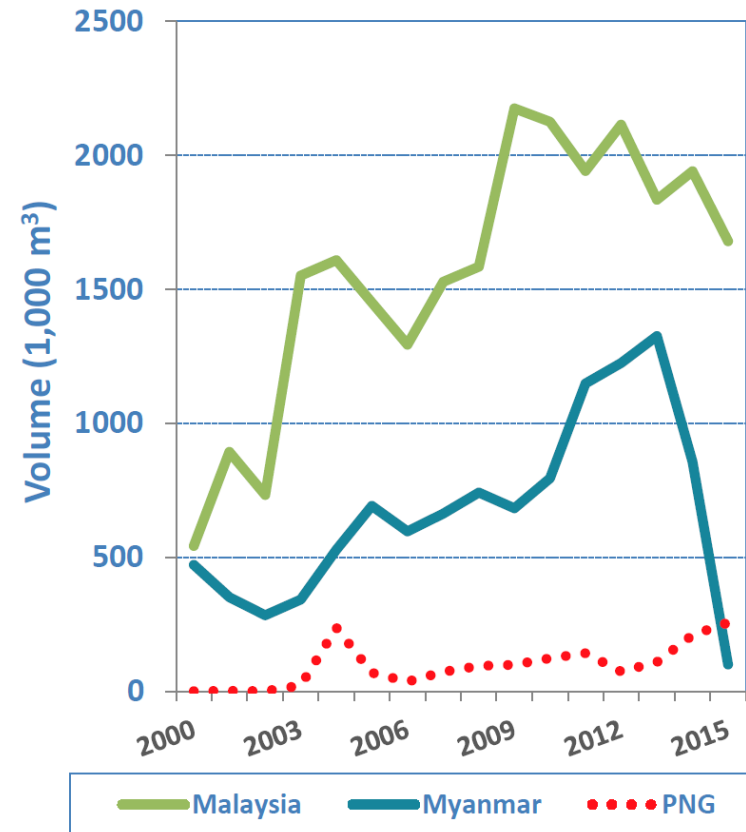
# China and India: Imports of tropical logs by major Asia-Pacific supplier

## China: Tropical log imports



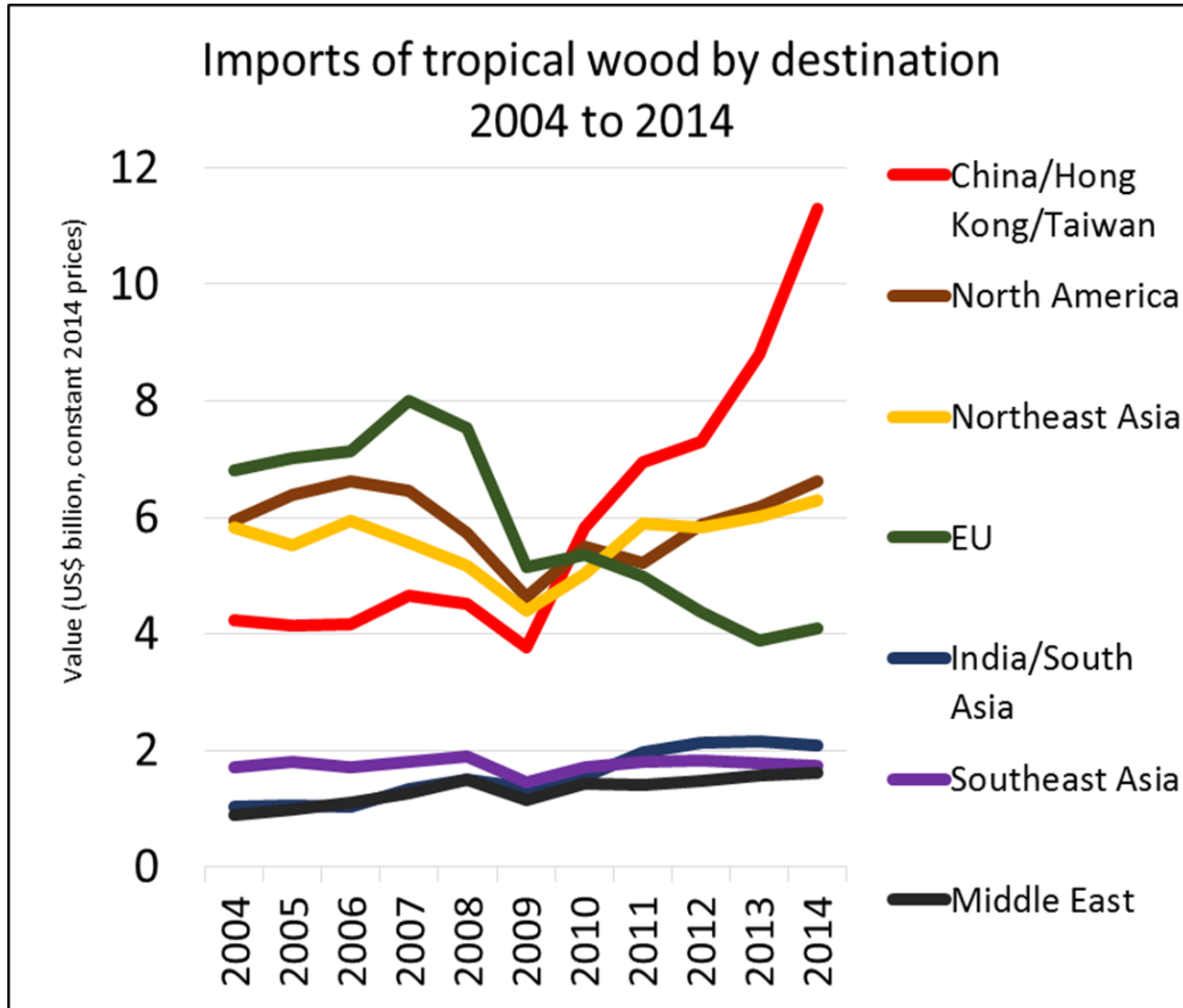
Sources: World Trade Atlas, ITTO Statistics Database, COMTRADE. Data for 2014/2015 converted from weights to volumes.

## India: Tropical log imports



Sources: World Trade Atlas, ITTO Statistics Database. Data for 2015 estimated from YTD November data.

# Trade context



Source: ITTO FLEGT  
Independent  
Market Monitor  
Baseline Report

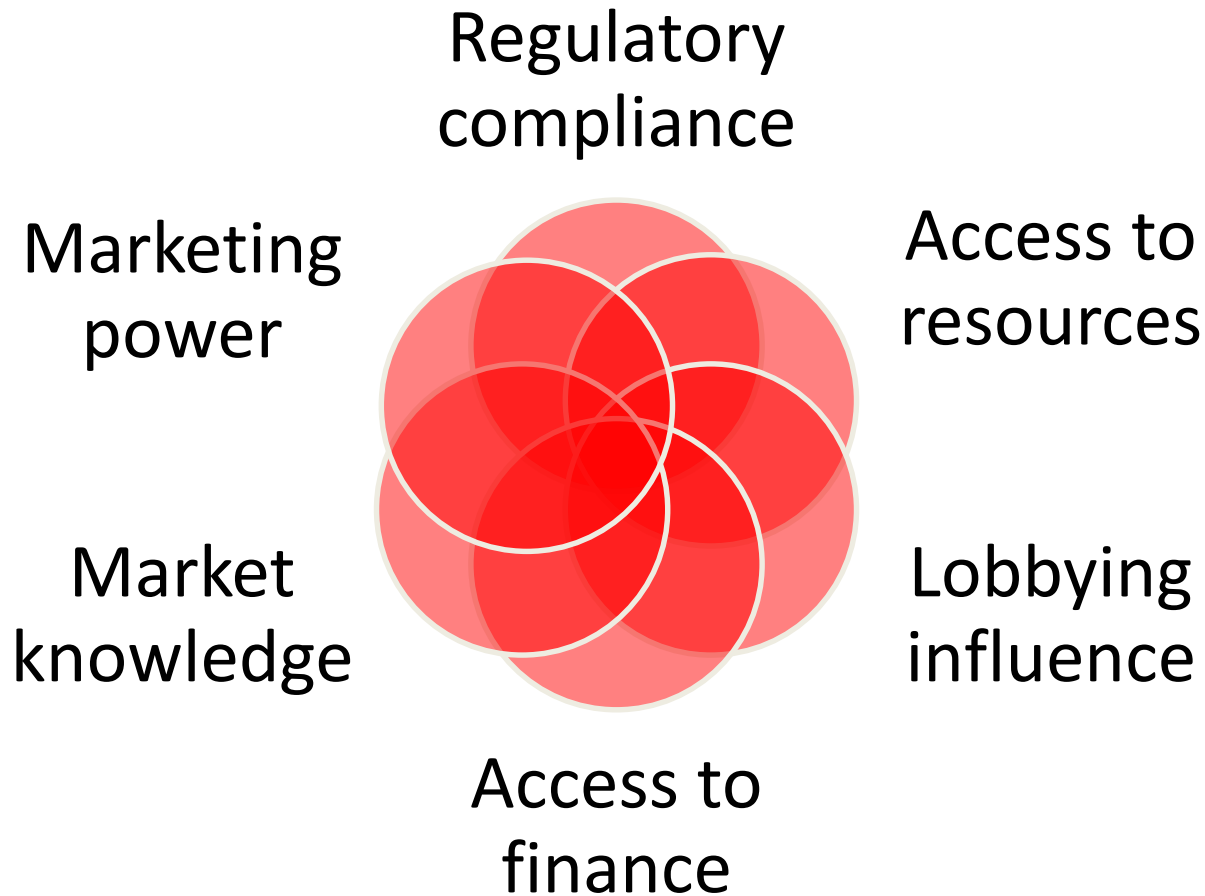
# Next Steps



# 2016

- New momentum due to FLEGT licenses
- Follow up of Court of Auditors; FLEGT Action Plan & EUTR Evaluations
- Feasibility study on EU deforestation action plan
- Cooperation with other consumer markets
- More emphasis on China cooperation
- Small forest enterprises

# Challenges to small forest enterprises in FLEGT processes



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### **Do you want more information?**

European Commission website on EUTR  
for EU operators

<http://ec.europa.eu/environment/eutr2013>

EU FLEGT Facility website on VPAs and  
FLEGT-licensed timber

<http://www.euflegt.efi.int>

### **And more information**

<http://ec.europa.eu/environment/forests/flegt.htm>

[http://ec.europa.eu/environment/cites/home\\_en.htm](http://ec.europa.eu/environment/cites/home_en.htm)

[http://ec.europa.eu/environment/forests/illegal\\_logging.htm](http://ec.europa.eu/environment/forests/illegal_logging.htm)