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?
Towards a European approach to combat illegal logging

Increasing concern for the fate of tropical forests in the 1980s

Public sector initiatives (e.g. public procurement policies) in the early 2000s

Private sector initiatives in the 1990s (e.g. FSC - 1993, PEFC - 1999)

EU FLEGT Action Plan In 2003
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)

- Prohibits sale of illegal timber in the EU

Voluntary Partnership Agreement (VPA)

- 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?

<table>
<thead>
<tr>
<th>1. INFORMATION</th>
<th>2. RISK ASSESSMENT</th>
<th>3. RISK MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
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

- Workers’ rights
- Community rights
- Market access
- Environmental protection

Stakeholders have different points of view on key challenges and offer different experiences that strengthen the VPA.
FLEGT in Asia
FLEGIT engagements in the Asia-Pacific Region

- Information
- Preparation
- Negotiations
- Implementation
- "Other Consumer markets"
- RFE and PNG
- China (BCM)
- SAARC
SAARC Region
FLEG'T developments in ASEAN

- Indonesia
- Vietnam
- Laos
- Philippines
- Cambodia
- Myanmar
- Thailand
- Malaysia

Legend:
- Information
- Preparation
- Negotiations
- Implementation
China – Bilateral Coordination Mechanism
Illegal logging ‘legislation’ in place or considered:

- South Korea
- Australia
- New Zealand
- Japan
- Taiwan
- USA
- Canada
- Indonesia
- Vietnam

Flags: Canada, USA, Japan, South Korea, Taiwan, Indonesia, Australia, New Zealand.
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**

**India: Tropical log imports**

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

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
2016

• New momentum due to FLEG licenses
• Follow up of Court of Auditors; FLEG 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

Regulatory compliance

Marketing power

Market knowledge

Access to resources

Lobbying influence

Access to finance
EU FLEGT Facility
Kuala Lumpur, Malaysia

Telephone
+603-4251 1886

Email
Vincent.vandenberk@efi.int

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/forests-illegal_logging.htm