



FLEGT VPA Process

Bangkok, 30 May 2013

Illegal Logging and Trade

- What is at stake? -

Loss i

Loss of Biodiversit

Trade Reput:



ade opportunities

Compete and Invest



Undermines the Rule of Law

EU response to illegal logging : the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan

The 2001 East Asia Bali FLEG Declaration was a catalyst

Civil society, industry, governments pressure:
stop the EU acting as a market for illegally harvested timber

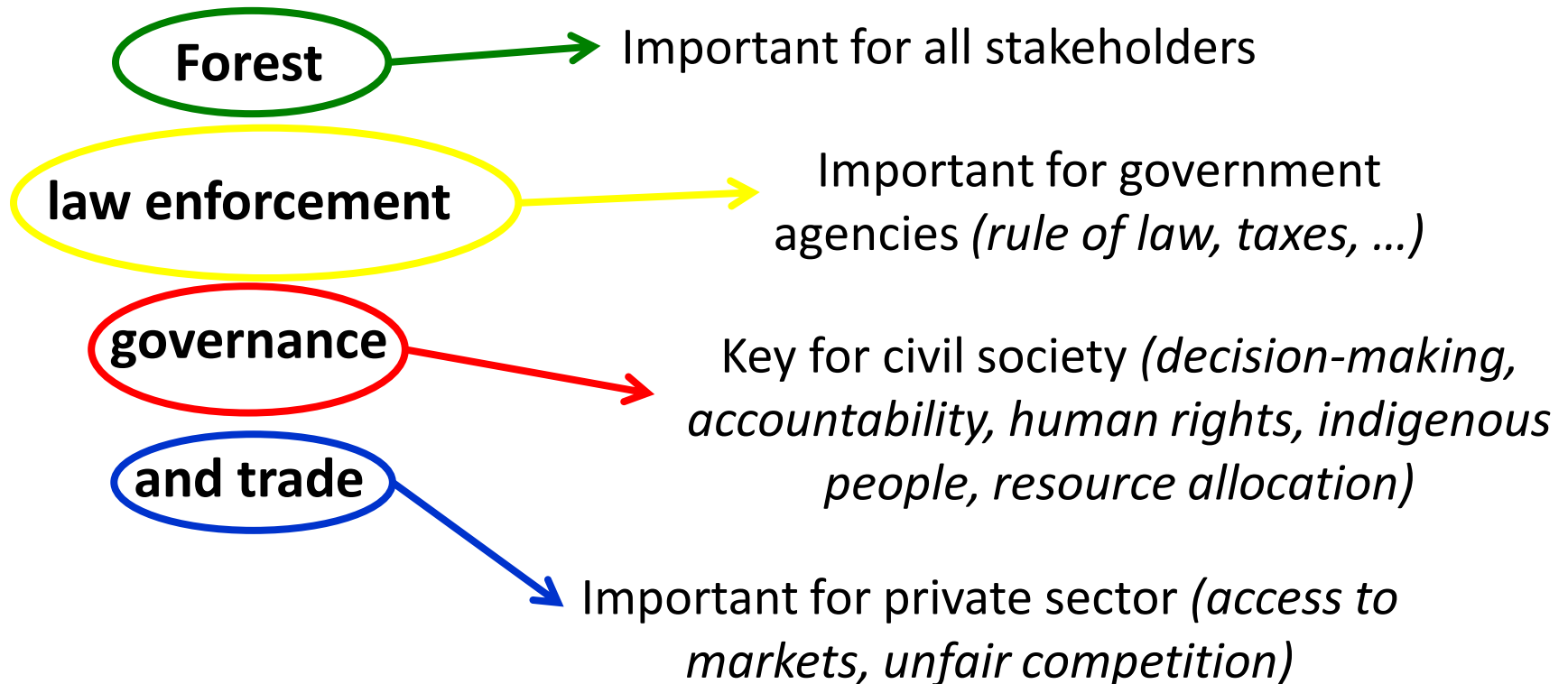
2003 FLEGT Action Plan

Towards Sustainable Forest Management, good governance & transparency
Mix of supply and demand sides activities:

- New Legislation
- Bilateral Trade Agreements (VPAs)
- Encouragement of public and private procurement policies

Aim to eliminate trade in illegal timber in the EU (2013)

FLEGT – goes beyond illegal logging



3 Key Obligations for 'operators' and traders in the EU

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';

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.

Applicable legislation of the producing country/ 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

What products are covered?

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

Most timber products are covered. The products covered may change in future.

EU Timber Regulation

Could the EU Timber Regulation affect your business?

Yes

If your product is covered by the regulation

Yes

If you export your product to the EU or your clients export your product or parts of it to the EU



What does it mean for exporters and manufacturers?

Buyers will ask about the origin and legal compliance of timber and timber products.

How to react?

1

Negotiation of FLEGT Voluntary Partnership Agreements between the EU and timber-exporting country

2

Private sector initiatives (e.g. voluntary forest certification and legality verification)

3

Use other means of providing information on legality

What is a Voluntary Partnership Agreement?

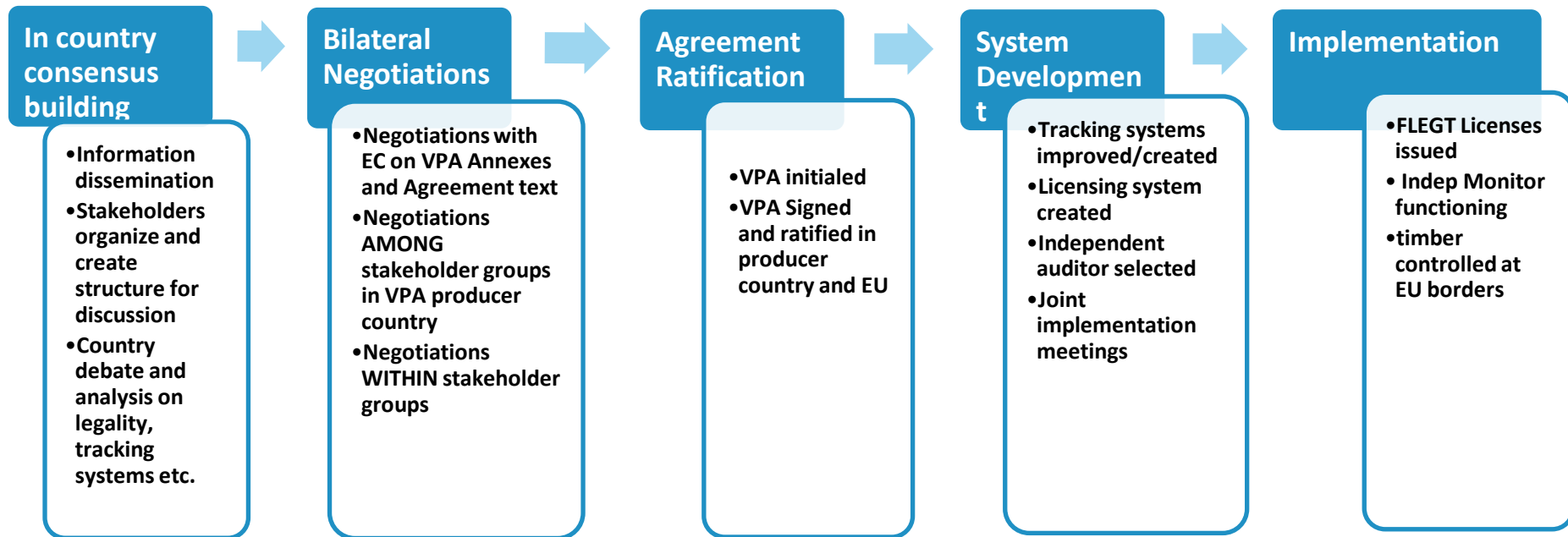
A VPA is a bilateral agreement between the European Union and a timber-producing country.

- The purpose of a VPA is to ensure that timber and timber products exported to the EU come from legal sources.
- The timber-producing country agrees to control and license its timber exports as legal.
- The EU agrees to accept only licensed imports from that country.
- Legality is assured through an agreed timber legality assurance system.

Once VPA is in full implementation, the partner country's exports to the EU carry a FLEGT-license, which indicates the legality status.

Voluntary Partnership Agreements

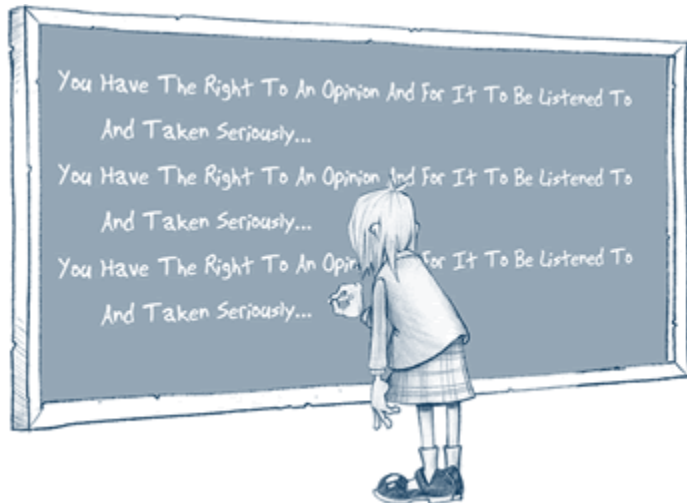
The Process



Voluntary Partnership Agreements

Defining Legality

- The legality definition outlines the **set of laws that will be enforced and monitored** in the context of the FLEGT agreement

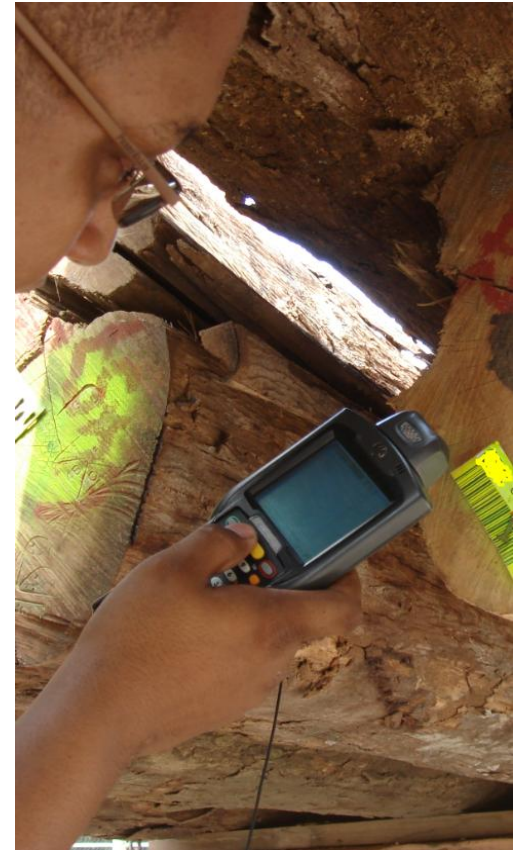


- ‘Legality’ is based on the laws and procedures of the timber producing country in question, and must include laws addressing **social, environmental and economic issues**
- The definition must be developed through **extensive participation** of all stakeholders and rights holders

VPAs and FLEGT-licensed timber

What is FLEGT-licensed timber?

A country that has a Voluntary Partnership Agreement (VPA) and an operational FLEGT-licensing system based on that Agreement can issue FLEGT licences. A FLEGT licence is issued to timber and timber products verified as legal.



VPAs and FLEGT-licensed timber

FLEGT licensing is in development in 6 countries

FLEGT-licensed timber is not yet available

- 6 countries have agreed a VPA with the EU and are implementing the systems to assure timber is legal (including Indonesia).
- 9 countries in negotiating phase with the EU (including Malaysia, Vietnam, Laos and Thailand).

EU operators must apply due diligence until FLEGT licenses are available

- Exporters in VPA countries will be asked to provide evidence of compliance with national legislation.
- The definition of legal timber set out in the VPA is a useful reference for checking timber legality.

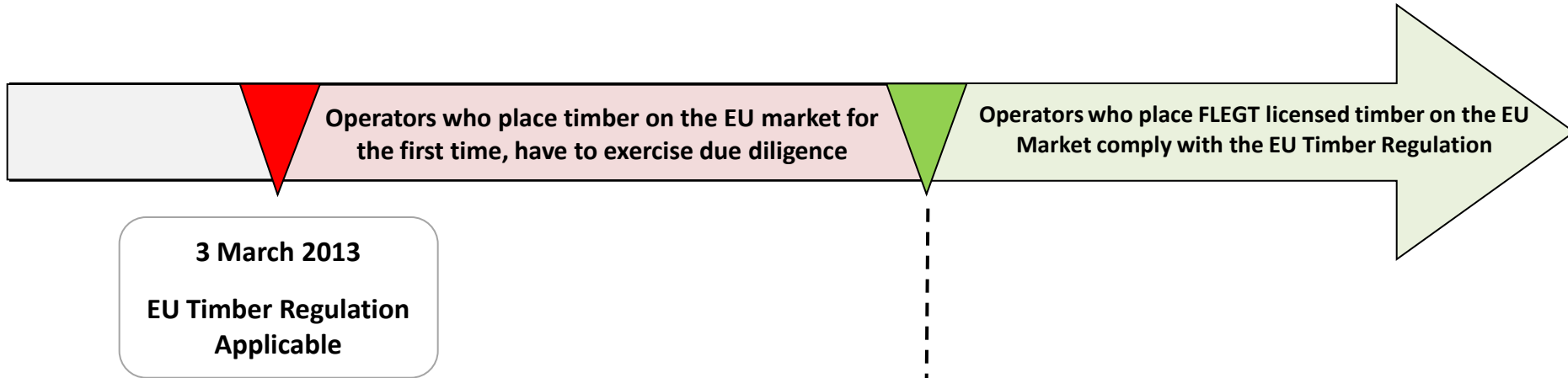
What about certified timber?

- Timber certified under the main forest certification schemes is still subject to due diligence requirements.
- You can expect questions from your buyers about your certified timber supply.

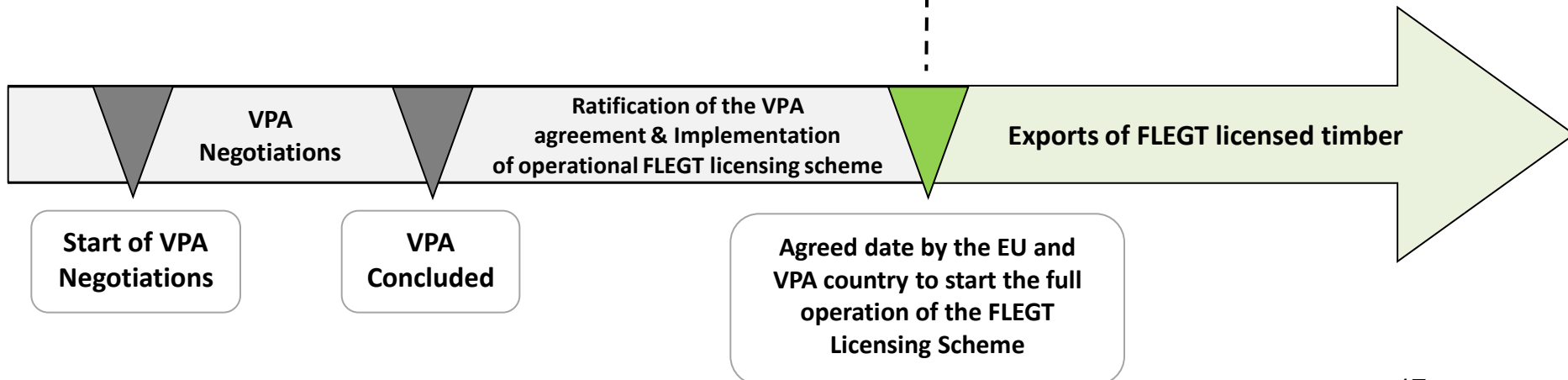


The EU Timber Regulation and FLEGT Licensed Timber in VPA Countries

Applicability of the EU Timber Regulation



When do VPAs deliver FLEGT licensed timber?





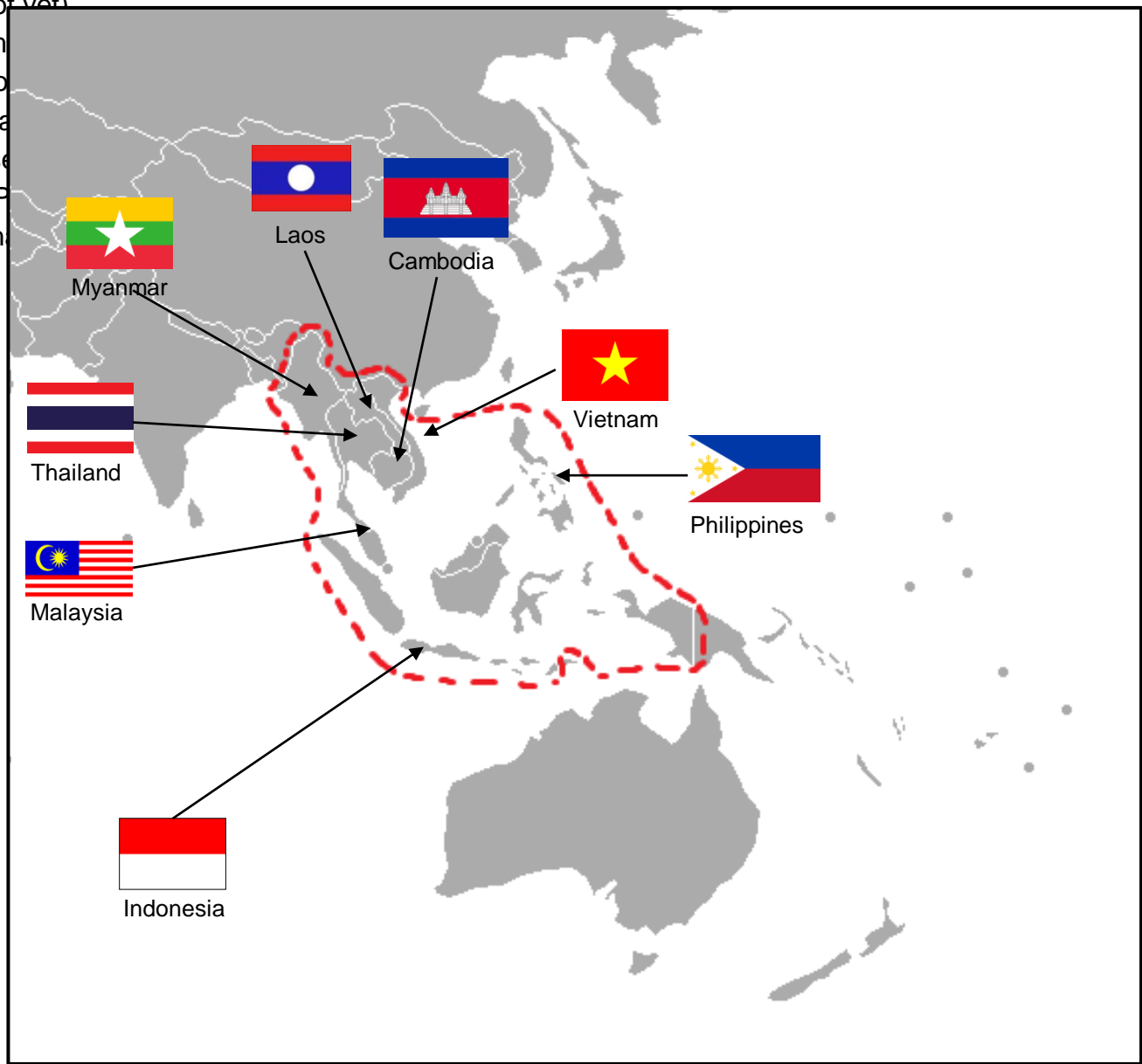
- FLEGT licenses (not yet)
- System development
- Formal negotiation
- Entering into negotia
- Preparation, in-country conse
- Introduction to VP
- Bilateral Coordination Mech



ASEAN

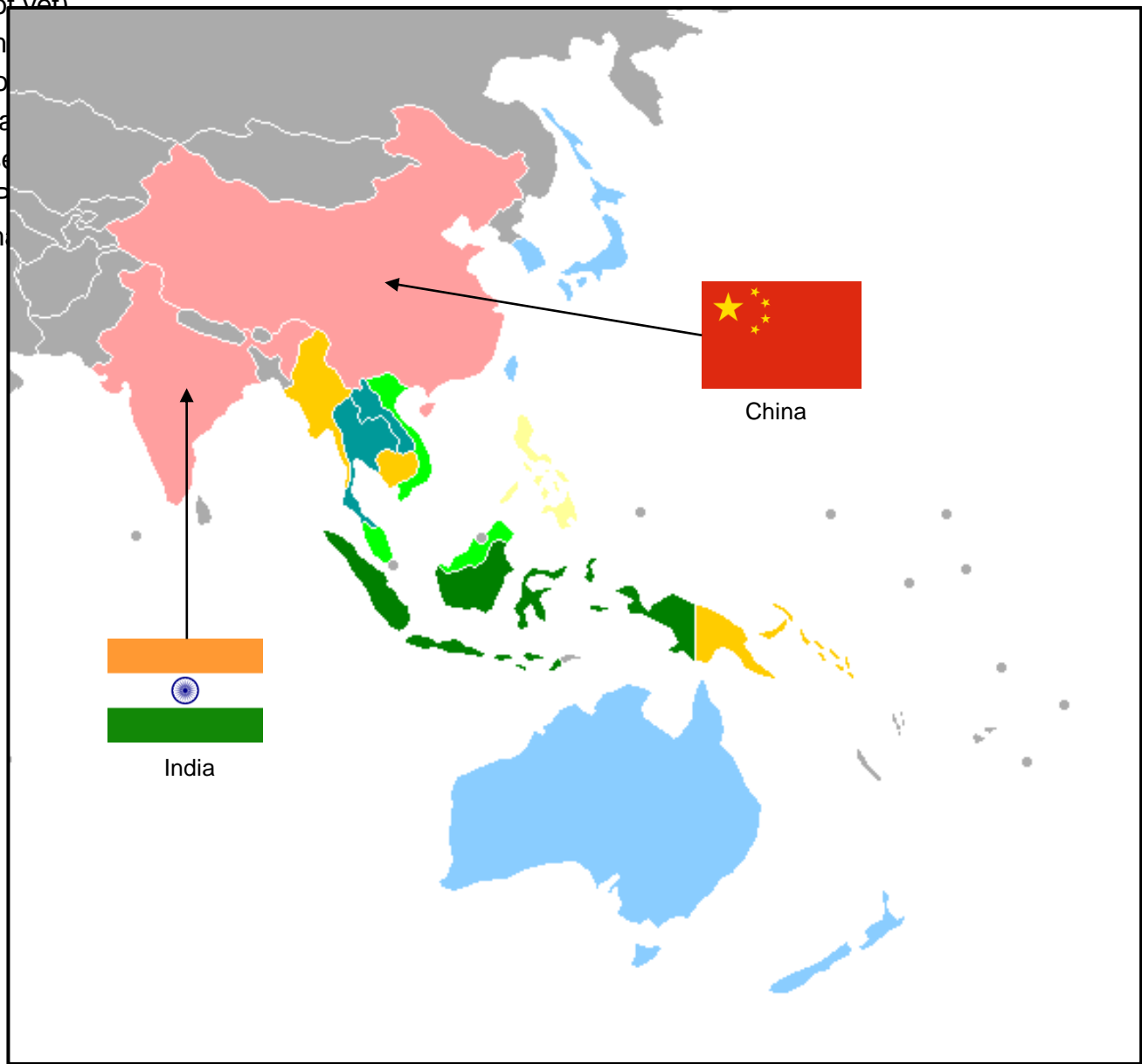


- FLEGT licenses (not yet)
- System development
- Formal negotiation
- Entering into negotia
- Preparation, in-country conse
- Introduction to VP
- Bilateral Coordination Mech





- FLEGT licenses (not yet)
- System development
- Formal negotiation
- Entering into negotia
- Preparation, in-country conse
- Introduction to VP
- Bilateral Coordination Mech

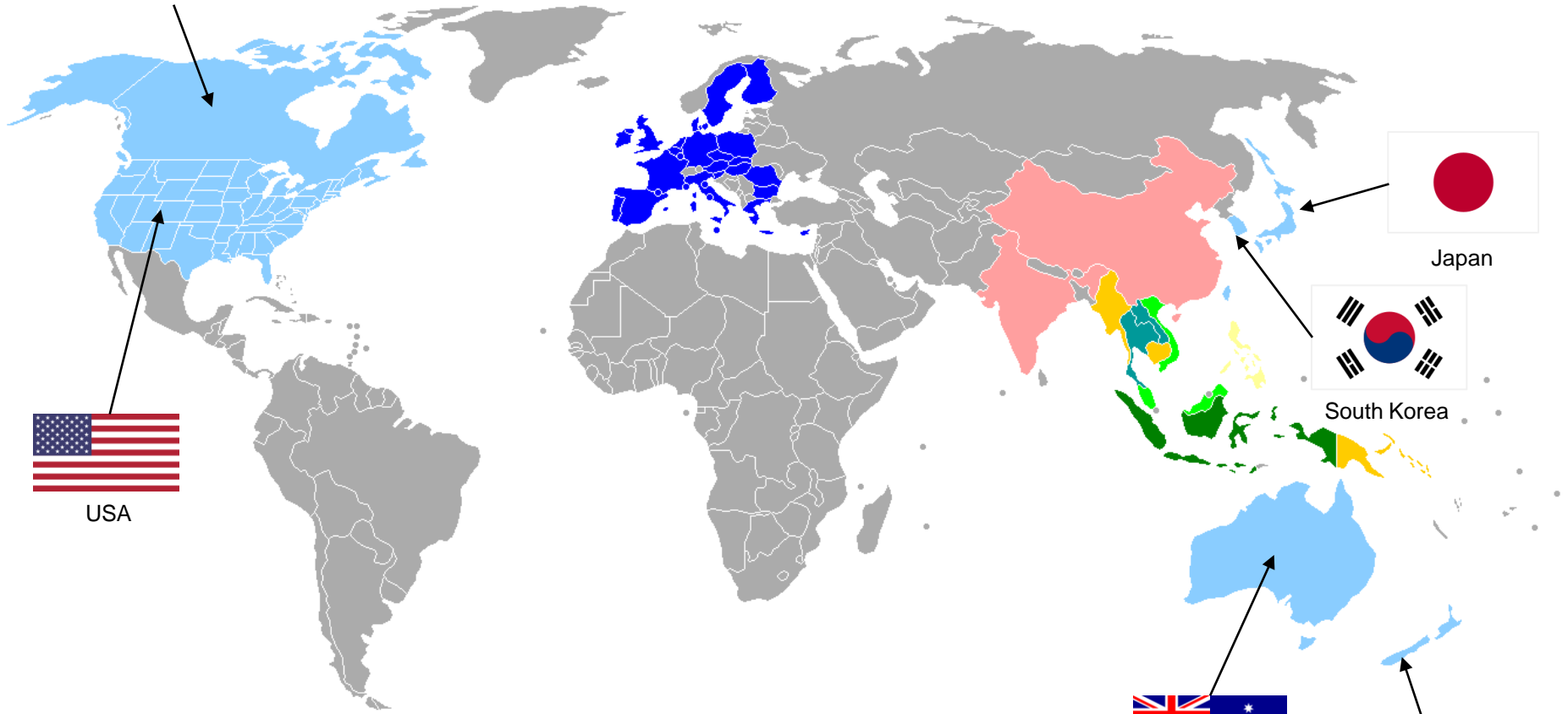




Canada



USA



Japan



South Korea



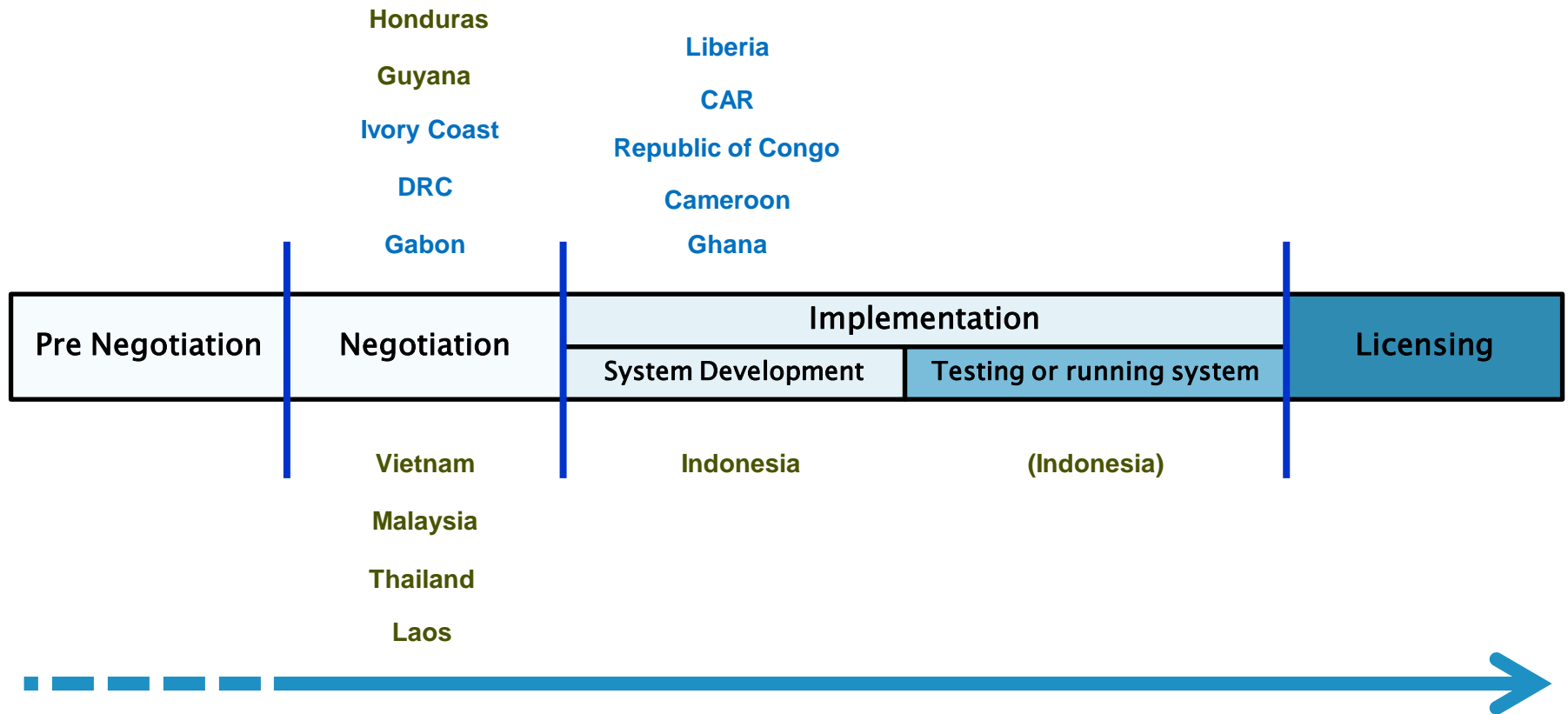
Australia



New Zealand



VPA Landscape



The EU FLEGT Action Plan combats illegal logging and improves forest governance

EU Timber Regulation



Voluntary Partnership Agreements

Prohibits sale of illegal timber in the EU

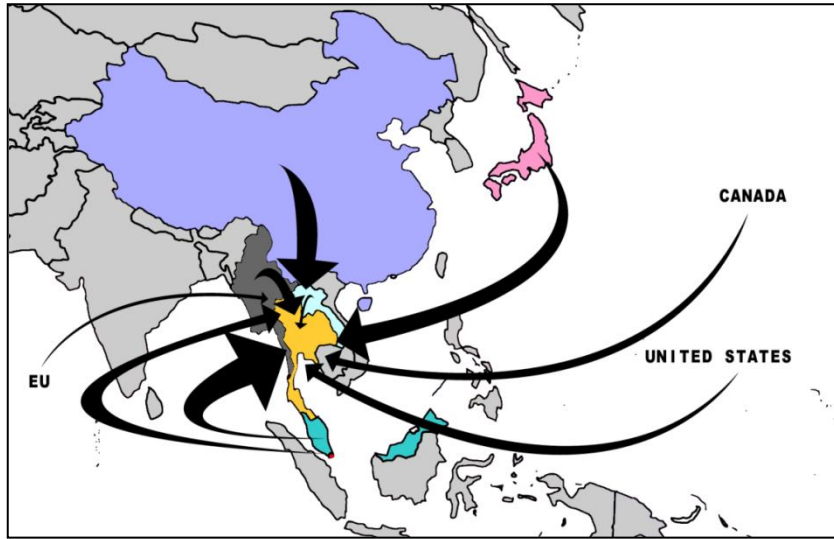
- Binding EU legislation
- EU wood and imported wood
- Applies to timber and a wide range of timber products including furniture, pulp and paper
- **Demand-side measure**

Ensures export of only legal timber to EU from participating countries

- Bilateral treaties with timber exporting countries
- Voluntary to enter, legally binding once agreed
- **Supply-side measure**

‘Legal timber’ is defined as timber that is in compliance with the laws of the countries where it is harvested.

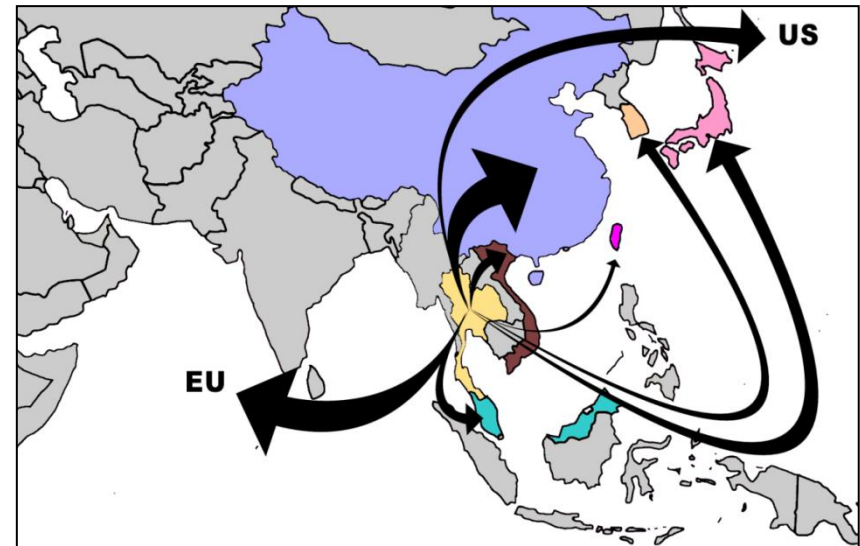
Thailand: timber imports and exports



Significant imports of tropical hardwoods (Myanmar, Laos, Malaysia) and (China)

Domestic production:
Rubber wood;
Eucalyptus; Teak

Exports to EU, US and
Japan: US\$ 840 million
in 2009



EU FLEGT Facility

Ensuring Legal Timber Trade &
Strengthening Forest Governance



EFI
c/o Embassy of Finland
5th Floor, Wisma Chinese Chamber
258, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Telephone: +603-4251 1886

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