

Chatham House meeting takes stock of FLEGT

Chatham House, the UK-based think tank, hosted the annual “Illegal logging Update” meeting in London in June, a two-day event with participants from a range of producer and consumer countries in both tropical and temperate regions – mainly government, NGOs, academics, consultants, trade association and corporate representatives.

The meeting featured a panel discussion on “next steps for FLEGT” which considered the implications of the recently published independent evaluation of the EU FLEGT Action Plan. The panel comprised Alhassan Attah (FLEGT facilitator, Guyana), Rob Busink (Ministry of Economic Affairs, the Netherlands), Julia Falconer (DFID, UK), Harrison Karnwea (Forestry Development Authority, Liberia), Philippe Mayaux (European Commission) and Putera Parthama (Ministry of Environment and Forestry, Indonesia).

The Panel discussion highlighted and reinforced key findings of the FLEGT evaluation. There was agreement that the EU FLEGT initiative remains relevant and is playing a positive role to improve forest governance in targeted countries. There was praise for the role it is playing to promote transparency and multi-stakeholder engagement in the forest sector. The success of these aspects of FLEGT is indicated by their being replicated in other sectors in some VPA countries such as Liberia.

The discussion also confirmed other key findings of the evaluation – that FLEGT activity needs to be better targeted and monitored, to adapt to significant changes in the political and economic environment – such as the rising importance of domestic markets in the tropics and other emerging markets, to improve engagement with and relevance to the private sector, and to focus on better communication and extending the network of those involved.

The panel was questioned directly on the continuing relevance of the FLEGT plan now that the EU plays a less significant role in the global wood trade. The panel broadly agreed that the EU market remains significant, even if timber volumes have declined the EU still takes a large share from many tropical countries, particularly in Africa. The EU is more likely to import higher value products – such as furniture – than other destinations. The panel also emphasised that even as the EU’s direct role in tropical trade is diminishing, the EU can set a positive example for sustainable consumption and make a significant contribution to policy innovation. It was emphasised that FLEGT is more than just a trade initiative, bringing together actors which benefit many in different ways.

The panel was also asked whether lack of FLEGT licences, 13 years on from the launch of the plan, is a problem. The panel acknowledged that the initial plan may have been too ambitious and that there was a failure to anticipate the time required to embed the changes in systems and capacity across entire countries and sectors in order to develop FLEGT. However, it was also noted that significant experience has been gained in dealing with this complexity and licensing is close to being achieved in some VPA countries. Concerted efforts are now required to improve market incentives for licensing and to engage more widely with the private sector.

Update on VPA Progress

The Chatham House meeting heard reports on progress in VPA negotiations around the world from EU officials and government representatives from several VPA countries. VPA implementation and negotiations are moving ahead in 17 countries, and considerable progress is being made in Indonesia, Ghana, Guyana, Liberia, and Vietnam. Progress has slowed in other countries, where issues related to resources for Timber Legality Assurance Systems (TLAS) and communication need to be addressed.

Putera Parthama of Indonesia's Ministry of Environment and Forestry, reported that the country is on course to become the first to finalize the VPA process and start producing FLEGT-licensed timber. Even before official EU recognition of licensing, Indonesia's SVLK ensured that 98% of timber exported in 2015 was legally sourced. A highly integrated data management system, independent forest monitoring and input from NGOs have all strengthened the legality process and boosted progress with the implementation of the VPA. There has also been a strong focus on Indonesia's domestic market, for example through introduction of a green public procurement policy to ensure timber supplied domestically is SVLK-certified.

Chris Beeko of Ghana Forestry Commission and Obed Owusu-Addai of Civic Response said that the VPA process has significantly improved law enforcement, forest governance and trade mechanisms in Ghana; moreover, a wood tracking system (WTS) has been implemented. Engagement with civil society has benefited the VPA process, although the lack of funding for participants is an issue. Broader participation in the implementation of the WTS would be welcome. More capacity and resources are needed to address compliance gaps among SMEs in the forest sector.

Phoxai Inthaboualy of Lao PDR Ministry of Industry and Commerce provided an overview of the VPA process in the country. He emphasised that successful VPA negotiations in Lao PDR will be dependent on multi-stakeholder engagement and reported that a roadmap has been prepared that foresees establishing a legality framework and timber monitoring systems. Given that forest governance is high on the political agenda, it is to be hoped that capacity within government will be increased. At the same time, more input from civil society is required and illegal imports from neighbouring countries will need to be addressed.

Thongsavanh Soulinamat, President of the Lao Wood-Processing Association, provided a private-sector perspective on the VPA process. He emphasised that poverty plays a major part in the prevalence of illegal logging, which, in turn, suppresses timber prices in Lao and deters international buyers. For this reason, the private sector welcomes efforts by the new government and the opportunities opened up by the FLEGT/VPA negotiations to reform the industry. Initiatives within the private sector include establishing an advanced timber flow monitoring system, supporting corporate social responsibility and promoting the establishment of a chain of custody. Clearer guidelines and effective enforcement of regulations should be addressed, along with improvements in technology and increasing skills among the workforce.

Increasing enforcement of due diligence requirements

Turning to consumer countries, Jade Saunders of Forest Trends provided an overview of FLEG-related regulatory developments in the EU, Australia, and the US. A survey conducted between September 2015 and March 2016 in the US, the EU and Australia found that local enforcement agencies had undertaken nearly 500 company site inspections, 955 reviews of due diligence systems and 396 corrective action requirements, and that they had imposed four injunctions and 55 sanctions. China, Brazil, Cameroon, Myanmar and the Republic of the Congo were the countries of origin of the timber most frequently identified in cases of non-compliance.

While enforcement action is now becoming more intensive, Jade Saunders noted that there are still significant obstacles to effective action. It is very difficult to uncover action taking place under the radar and to monitor across the supply chain, while enforcement proceedings are extremely time-consuming. More resources for enforcement agencies are needed while collaboration with producer countries and NGOs is crucial.

Another presentation by Lorenzo Segato of Research Centre on Security and Crime (RiSSC) in Italy highlighted significant regulatory failures on the EU's doorstep. Research into corruption in the forest sector in the Balkans shows that south-eastern Europe is a corridor for criminal activity and illegal timber trafficking. A complex supply chain makes it difficult to identify falsified documents, and the lack of robust enforcement – due to insufficient resources – and the cost of compliance to companies mean that there is little incentive to adhere to the EUTR. A better understanding of the EUTR, as well as more stringent due diligence systems and risk assessment, is needed to tackle corruption in the region.

More details, including full summary report and copies of all presentations, are available at the Chatham House website: <http://www.illegal-logging.info/content/26th-illegal-logging-update-and-stakeholder-consultation-meeting>