Indonesia and EU announce FLEGT licensing launch

Indonesia and the European Union (EU) have agreed that from 15 November Indonesia can start FLEGT licensing of verified legal timber products it exports to the EU.

The date for the start of licensing, which will exempt timber and wood products from EU Timber Regulation (EUTR) due diligence, was announced today September 15 by the Joint Implementation Committee (JIC), which oversees implementation of the Indonesia-EU FLEGT Voluntary Partnership Agreement (VPA). The Committee's decision, it said, makes Indonesia "the first country to achieve this major milestone in the global effort to combat illegal logging and associated illegal timber trade".

Under the VPA, Indonesia has developed a system for assuring all timber products listed in the agreement comply with relevant national laws on environmental, social and economic aspects identified by stakeholders from government, the private sector and civil society. The system, called SVLK, is independently monitored by civil society.

"Indonesia has achieved great progress in bringing its forest sector under control and improving transparency, participation and other aspects of good governance through dialogue and compromise among all stakeholders," said Putera Parthama, JIC co-chair and Director General of Sustainable Forest Management at Indonesia’s Ministry of Environment and Forestry. "By addressing legality we have built the foundation for sustainable forest management and action to address climate change."

The JIC also agreed activities for 2017 for the EU and Indonesia to oversee continual improvement of Indonesia’s legality assurance system and wider VPA implementation.

"The decision to begin FLEGT licensing is a landmark achievement in a partnership that links EU businesses and consumers with legal traders in Indonesia,” said Vincent Guérend, EU Ambassador to Indonesia and JIC co-chair. "By guaranteeing legality, FLEGT licences should not only make business more efficient for traders in both Indonesia and the EU, but also strengthen governance and ensure fairness for all forest stakeholders. They are the result of increasing transparency and better accountability and stakeholder participation in decisions about forests. Today all of Indonesia’s timber exports are from independently audited factories and forests.”

FLEGT licensed cargoes are expected in the EU before the end of 2016, with Belgium and the UK among likely first points of entry.

ETTF welcomes due-diligence exempt licensing

The ETTF has enthusiastically greeted the news that FLEGT-licensed timber and wood products are set to become available from Indonesia. Secretary General André de Boer sees FLEGT licensing delivering commercial and logistical benefits to the timber sector, as well as a tool for tackling illegal wood. And he urges the wider trade to get behind it.

"It has taken time to get here, resulting in a dip in FLEGT licensing awareness in the marketplace,” he said. “But it has been a huge undertaking by Indonesia and the EU and hopefully will now give the wider FLEGT Voluntary Partnership Agreement initiative, and other suppliers involved, renewed impetus.”

The key EU trade benefit of FLEGT-licensed timber, he added, is in automatically meeting the legality assurance requirements of the EU Timber Regulation (EUTR), exempting operator importers further due diligence.

“That should save time and costs, simplify logistics and reduce corporate risk,” said Mr de Boer.

FLEGT licensing streamlines suppliers’ legality assurance too, as they face just one set of criteria rather than different due diligence documentation from customers EU-wide.

"It should also increase their market access in the EU and potentially other countries with timber market legality requirements,” said Mr de Boer. "It’s evidence they’ve improved forest governance and the rule of law in the timber sector and, as with the EU trade, underlines their commitment to eradicate illegal logging and trade."

But Mr de Boer also stressed that Indonesia’s success was just the “start of the FLEGT licensing journey” and the onus was now on the EU trade to communicate its benefits to the market, adding that ETTF’s member federations are already doing this increasingly vigorously. (see p10)

“We must also maintain pressure for strict, uniform enforcement of the EUTR EU-wide. Any weakness here is a disincentive to supply and buy FLEGT-licensed timber,” he said.

“We need a virtuous trading circle with rigorous EUTR enforcement driving demand for FLEGT-licensed timber.” (see p13)

For more visit the new FLEGT licence information point (see p17): www.flegtlicence.org
Indonesia gears up to deliver on FLEGT licensing promise

Indonesia issues a V-Legal legality assurance export licence document every minute, according to a live tally on the website of its SILK timber legality information system – silk.dephut.go.id

This and other latest statistics show the continuing rapid development of the country’s SVLK timber legality assurance system and framework behind it, all of which ultimately underpins its FLEGT Voluntary Partnership Agreement (VPA) with the EU.

The figures also reinforce trade forecasts that the EU could soon see significant market presence of FLEGT-licensed goods, which, following Indonesia’s full implementation of its VPA, is what its formerly V-Legal-stamped exports there become from November 15.

Among other key SVLK figures, the latest report by the EU-Indonesia VPA Joint Implementation Committee (JIC) in May said the system had certified 23 million ha of forest. All large-scale primary and 82% of secondary processors were audited and over a million SVLK ‘supplier’s declaration of conformity documents’ had been issued to Indonesia’s small-scale mills and producers.

Export SVLK certification was at 95%, with the remainder in process. Consequently, since V-Legal documents’ introduction under the SVLK in 2013, they had been issued for 194 product types. Sales of these – to 200 countries, including all EU member states – totaled US$23bn.

An update on sales value is not available, but it has clearly risen significantly since, as SILK’s total of V-Legal licences issued rose from 354,000 to May to 462,000 to August.

The SVLK’s underlying structures have developed too, with 15,000 central and local government, forestry personnel and community leaders and 700 auditors now trained. The independent forest monitoring network (JPIK) has also grown to 407 individuals and 51 organisations.

With the vast majority of Indonesia’s timber product export categories to the EU covered by the FLEGT VPA and the scale of the SVLK structure and licensing operation, FLEGT national policing bodies in the EU, or Competent Authorities (CAs), expect to be processing significant volumes of FLEGT licensed shipments soon after the first arrive before the end of the year.

“We’ve calculated volume against import codes and anticipate being busy quickly,” said a CA spokesperson in one of the larger EU member states. (see p14)

Mr von Möller acknowledged he had shared trade criticism of FLEGT licensing’s slow progress. “The lack of results after so much time and energy spent by the EU was disappointing for many and I’d almost lost hope it could work out,” he said.

But now, he added, enthusiasm for the arrival of the first licensed timber is growing the closer it gets. “It’s big news and will spread quickly, once it’s here, going far beyond trade insiders. It’s one of the best adverts for the EU timber import trade generally and their commitment to legality, and the tropical trade in particular. It has potential to open new trading value and volumes and impact on timber production.”

Mr von Möller believes Indonesia’s first FLEGT-licensed timber will also “encourage other producers to reach the same level” in their own EU FLEGT Voluntary Partnership Agreements.

“With wood’s resulting image improvement we can hope to achieve an increase in use of our wonderful, sustainable material,” he said.

President hails ‘advert for wood’

FLEGT-licensed timber has the potential to improve the timber trade’s image and reinforce efforts to boost wood consumption, according to ETTF President Andreas von Möller.

Indonesian-EU trade

According to the Eurostat Comext database, Indonesian exports of wood and wood articles, wood furniture, pulp, paper and paperboard to the EU rose 18.6% in 2015. Fastest growth came in wood and wood articles, up 24% to €485m, with paper and paperboard and wood furniture up 12% and 13% to €174m and €107m respectively. Pulp fell 71% to €2.3m. Biggest EU Indonesian wood and wood articles buyer was the UK, at €128m, followed by the Netherlands and Germany. The leading wood furniture importers were Germany at €25.6m, UK, €21.3 million, and France, €15.9 million.

EU timber businesses take a similar view due, as one said, to the “combination of the trade value of FLEGT-licensed product and Indonesia’s licensing and supply capability”.

“We can see FLEGT licences winning Indonesia business from other suppliers,” said Chris Sutton, Managing Director of UK timber and panel products importer/distributor James Latham. “And they can clearly handle demand.”

Peter Pieper Director of Belgian plywood trader FEPCO agreed that FLEGT-licensed products efficiently-delivered could “bring Indonesia new trade and business lost in the past” (see p8 for more trade views)

SVLK by numbers

23 million ha – area of forest SVLK certified

1 million – Supplier’s Declaration of Conformity documents for small companies

2700 – mills and processors SVLK audited

1800 – exporters SVLK certified

US$23 billion – V-Legal export value so far

EU imports of wood and paper products from Indonesia, 2014 versus 2015

<table>
<thead>
<tr>
<th>€ million</th>
<th>2014</th>
<th>2015</th>
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<tr>
<td>Wood and articles of wood, HS44</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Paper and paperboard, HS48</td>
<td>200</td>
<td>280</td>
</tr>
<tr>
<td>Wood pulp, HS47</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Wooden furniture, HS94</td>
<td>50</td>
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</tbody>
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www.ettf.info

www.flegtlicence.org

PHOTO: JPIK

SVLK legality assurance covers companies large and small

Photo: JPIK

Andreas von Möller
Getting to the point of issuing the first FLEGT licences has been a long journey for Indonesia – technically taking over a decade of forestry and timber sector reform.

But those involved say the destination was worth the time and effort. They include Agus Sarsito, a former FLEGT Voluntary Partnership Agreement (VPA) negotiator for Indonesia, and Andy Roby, senior forestry advisor at the UK Department for International Development (DFID) and former FLEGT facilitator for the EU-Indonesia VPA.

“We’ve seen a wide range of stakeholders work hand-in-hand to a common goal: legal forest management,” said Mr Sarsito. “It’s important not just for Indonesia and the EU, with its due diligence exemption for FLEGT-licensed wood under the EU Timber Regulation, but globally, as another advance against illegal trade.”

“Licensing isn’t the magic bullet to eradicate Indonesian illegal logging overnight,” said Mr Roby. “But it’s a significant step and structural and legislative improvements and stakeholder engagement levels achieved are impressive.”

When Mr Roby first visited Indonesia in 2003, tackling illegal timber looked daunting.

“It was supporting a UK Timber Trade Federation on a bilateral legality assurance initiative. But then Greenpeace launched a campaign on UK-Indonesian illegal trade and a government audit stated Indonesian logging was 80% illegal. More urgent measures were clearly needed.”

Subsequently, he added, building on a huge groundswell for action from Indonesian community groups and NGOs, plus export boycott threats, new initiatives emerged.

“What was needed wasn’t just improved governance, but greater definition of timber legality too,” he said. “With hundreds of laws applying to one stick of wood, regulatory complexity was an added enforcement issue.”

Successive Indonesian and EU-Indonesian multi-stakeholder collaborations followed, including the ongoing UK-backed Multi-stakeholder Forestry Programme, aimed at improving forest management, environmental performance and community participation. But perhaps best known was the EU-supported Timber Trade Action Plan, run by TFT and involving European trade bodies, Indonesian civil society groups, NGOs and sustainability organisations. Critically, this provided the testing ground for the NGO-developed Indonesian Timber Legality Standard. Subsequently an auditing system was developed for this to create a template for a regulation: the breakthrough SVLK (Sistem Verifikasi Legalitas Kayu, or timber legality assurance system).

Simultaneously the EU was developing its own Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, including VPAs to facilitate EU market access for supplier countries which introduced timber legality assurance systems.

Supply and demand-side action

Indonesia’s VPA negotiations with the EU began in 2007, but, said Mr Roby, there could be no final Agreement for the country without complementary EU demand-side steps to block illegal wood and incentivise legal timber procurement. “With lobbying from EU NGOs, politicians and industry, plus the example of the US anti-illegal timber Lacey Act, that probably added impetus for the EU’s introduction in 2010,” he said.

Meanwhile Indonesia had made the SLVK a regulation. “With its V-Legal export licence system, this formed the basis for Indonesia’s VPA timber legality assurance system and FLEGT licensing,” said Mr Roby. “But it was implemented independently, emphasising the Indonesian government’s own growing determination to tackle illegal logging, even if NGOs demanded some revisions.”

“And SVLK created effective systems, including a clear template for managing legality licence flow via the SILK licensing information unit,” said Mr Sarsito.

With these elements in place, Indonesia and the EU signed their VPA in 2012 and ratified it in 2014. That it took to 2016 for full implementation and first V-Legal documents to be ‘rebranded’ FLEGT licences for exports to the EU, understandably caused frustration in both EU and Indonesian timber trades.

VPA a demanding process

“But given the industry’s scale and the spin-off regulation and stakeholder consultation required, developing legality assurance systems that satisfied all sides inevitably took time,” said Mr Roby.

However, said Mr Sarsito, delays weren’t due to lack of commitment to engage with the VPA process, as the potential benefits were becoming increasingly recognised.

“Our motivation for signing the VPA wasn’t just to get market access and consumer country support against illegal logging, but to be internationally recognised for our legality enforcement and assurance efforts,” he said. “Some businesses resisted the multi-stakeholder participation required, but that changed too and we’re now in a new era for communication between Indonesian industry, NGOs and communities.”

Further refinement of SVLK legality assurance via the VPA has also helped to streamline enforcement. “It’s no longer hundreds of laws per stick of timber, so even the police like it!” said Mr Roby. “Remarkably, we’ve also seen 700 SVLK auditors trained.”

But with Indonesia’s VPA now implemented...
and legality assurance firmly embedded, the hard work isn't over. “Legality assurance must be a live system, constantly adapting to change,” said Mr Sarsito. Mr Roby agreed, but said Indonesia’s commitment to continuous improvement so far indicates this won’t be an issue. “They started the legality assurance journey with square wheels, but consistently accepted criticism until they were round and ready to accelerate,” said Mr Roby. “They know that approach must continue.” Meanwhile Indonesia’s first FLEGT licences are also expected to create added interest and momentum in the wider international FLEGT initiative. “Licensing is FLEGT’s ultimate proof of concept,” said Mr Roby. “So I’m sure Indonesia will now get more delegations from other supplier countries coming to learn from its FLEGT experience, having already had groups from Vietnam, China and Myanmar.” The other key for FLEGT going forward, said Mr Sarsito, is for the market impacts of licensing to come through. So he urged EU authorities and the timber sector to support Indonesia’s first licensed shipments, both for their own value and to show other countries FLEGT licensing’s “real benefits”. “The EU should also focus even more on EUTR implementation to minimise illegal and unlicensed timber market access,” he said. “Ultimately trade statistics will sell this for Indonesia and other supplier countries,” agreed Mr Roby. “And I would urge EU businesses to reappraise Indonesia. It’s a dynamic, fast-developing timber producer, now with this added assurance which should settle any EUTR-compliance or reputational concerns that held buyers back before.”

Mardi Minangsari

Indonesia’s forestry and timber sector legality reform has come from the ground up. Community and Small business groups, NGOs and local authorities were involved from the outset in developing the country’s SVLK legality assurance system, its EU FLEGT Voluntary Partnership Agreement (VPA) and FLEGT licensing. And they weren’t invited in by government to win approval for the process. Rather they drove it and initiated the whole multi-stakeholder approach, according to Mardi Minangsari, Environmental Investigation Agency consultant and member of JPIK, the Indonesian Forestry Monitoring Network. “Government didn’t encourage us to get involved, but with engagement it has become more receptive and now listens to stakeholder concerns and appreciates their input.” Ms Mardi herself was involved in Indonesia’s forest legality reform through the 2000s. As part of NGO Telapak’s forestry team, she worked on development of the Indonesian Timber Legality Standard and Timber Legality Assurance System (TLAS), now better known by its Indonesian acronym, SVLK, and enshrined in law. “Civil Society Organisations (CSOs) were represented on the SVLK steering committee and standard drafting team,” she said. “The test is ensuring credible timber legality system.”

Already firmly established in domestic efforts to assure timber legality, she added, the multi-stakeholder approach readily transferred to Indonesia’s VPA with the EU. “All parties were consulted on whether Indonesia was ready for a VPA and our negotiation delegation was also multi-stakeholder.” Another group which needed winning over to CSO involvement was big forestry business. “But most are now used to us being in the room,” said Ms Mardi. “I guess our interaction allowed us to trust each stakeholder’s commitment to the common goal – a robust, credible timber legality system.”

CSO engagement became more deep-rooted still with the 2010 launch of JPIK, which now represents 51 organisation and 407 individual members, with a mandate to monitor the SVLK. “We need their commitment to source only FLEGT-licensed timber from Indonesia,” said Ms Mardi. “And I would urge EU businesses to reappraise Indonesia.”

Community spirit

Widespread engagement is vital for the credibility of FLEGT licensing, says Indonesian EIA consultant Mardi Minangsari

Ms Mardi, meanwhile, now supports civil society engagement in other FLEGT VPA countries. “It ensures VPAs don’t just tackle trade, but governance, transparency, participation and accountability,” said Ms Mardi. “We’re happy to share our experience and already engage with groups in Thailand, Myanmar, Vietnam and Ghana.”
License a huge milestone, says Vella

In this exclusive interview with the ETTF Newsletter, EC Environmental Commissioner Karmenu Vella describes the EU FLEG Action Plan as making a major contribution to improving forest governance and combatting illegal wood worldwide, not least through the support of the EU timber trade. Indonesia’s issue of the first ever FLEGT licences, he says, will be a further key moment in this effort.

ETTF: How important will the issue of the first FLEGT licences by Indonesia be, both for EU-Indonesian timber trade and the wider EU FLEG Action Plan?

Karmenu Vella: It is a huge milestone for both. Indonesia has demonstrated that it’s possible to bring complex supply chains under effective control and verify legality of timber products. The FLEGT licence is what connects two of the Action Plan’s demand and supply side measures: the EU Timber Regulation (EUTR) and Voluntary Partnership Agreements (VPAs), as all timber and timber products with a FLEGT licence automatically comply with the EUTR. The ultimate proof of concept will come from market reaction to the availability of FLEGT-licensed timber. As a recent ITTO survey in Germany, Spain and UK showed, EU operators want FLEGT-licensed timber as it will reduce legality risk to zero and mean no additional checks under the EUTR need be performed.

ETTF: What are European Commission (EC) plans to step up communication on the FLEG initiative to support the first-licensed timber?

KV: The EC has informed FLEGT Competent Authorities in all 28 member states when Indonesia will begin FLEG licensing, so they can prepare for first licensed shipments later this year. We’re communicating directly with the private sector across the EU and have developed an online information point focused on FLEGT licences. We’re also planning to mark the arrival of the first licensed timber products in the EU with an event at the end of the year.

ETTF: The EU trade sees uniformly strict enforcement of the EUTR as vital for incentivising demand for EUTR-exempt FLEG licensed timber. How is the EC ensuring this?

KV: The EC ensures the EUTR is implemented in full by member states through a number of measures to promote compliance. For example, by establishing a communication platform, developing guidance, promoting cooperation with third countries and encouraging sharing of experience and best practice between member states. Significant progress has been registered since 2014. Then there were 18 countries where compliance with formal EUTR requirements remained in development. Today all EUTR Competent Authorities are performing checks and taking action when faced with EUTR breaches.

ETTF: Will the first FLEGT-licensed timber coming to market incentivise other VPA countries to complete the process?

KV: Even before the start of Indonesia’s FLEG-licensing, we’ve seen accelerating progress in several countries implementing or negotiating VPAs. Ghana, in particular, is at an advanced stage of implementation and likely to be the next country to begin FLEG licensing. If the market responds positively to FLEGT-licensed timber from Indonesia, I imagine that others will want to advance towards full implementation of their VPAs.

ETTF: How do you respond to European Court of Auditors comments that FLEG supplier country support from the EU must improve?

KV: We’re considering, with Member States and all concerned stakeholders, the most appropriate measures to improve the overall situation.

“Indonesia has demonstrated that it’s possible to bring complex supply chains under effective control and verify legality of timber products”

ETTF: What would you say to trade critics that licensed timber has taken too long to arrive in the EU?

KV: VPAs are not quick fixes. They take the time needed to overcome longstanding governance challenges. To be credible and robust, they’re developed through multi-stakeholder processes that build national consensus about how to address issues that matter to different stakeholders. The time between signature and licensing can easily reach several years. However, this is used to develop ambitious verification systems and implement governance reforms in challenging environments.

Although it has taken longer than expected for VPA partner countries to deliver FLEGT-licensed timber, many other gains have already resulted from VPAs and underlying national processes. Governance changes are far reaching. They include better law enforcement, more effective regulation, greater accountability, stronger measures to tackle corruption and organised crime, unprecedented transparency and structures and processes to enable forest stakeholders to participate in decisions about forests.

ETTF: How do you respond to European Commissioner Karmenu Vella’s description of the EU FLEGT Action Plan as making a major contribution to improving forest governance and combatting illegal wood worldwide, not least through the support of the EU timber trade? Indonesia’s issue of the first ever FLEGT licences, he says, will be a further key moment in this effort.

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continued...
effectiveness of Action Plan implementation. This is done in parallel with work towards a more coherent EU international forest approach to combat deforestation and forest degradation. A feasibility study of policy options to step up action in these areas is expected to be completed by the end of 2016.

ETTF: The Auditors also suggested focusing the FLEGT initiative on fewer countries more likely to complete the VPA process sooner. Is this the plan?

KV: The fifteen countries negotiating or implementing VPAs provide 80% of EU tropical timber imports. The Commission has allocated resources to a relatively large number, partly related to the number where illegal logging prevails and which have expressed interest in FLEGT VPAs, and as a measure of the general interest in the FLEGT initiative. We are exploring ways to find the right balance between achieving broad coverage, responding to countries’ interest and managing limited resources.

ETTF: Are there plans to promote FLEGT licensing as evidence of timber legality to other markets with timber legality requirements?

The Commission, with member states, co-operate and share information with counterparts in other major timber markets, such as Australia, China, Japan and the US. The EU has, for instance, political and technical dialogue with China under FLEGT through the Bilateral Coordination Mechanism on Forest Law Enforcement and Governance. In this context, the value of FLEGT licensing as evidence of timber legality is already promoted. We’re also supportive of Indonesia’s efforts to demonstrate the value of its timber legality assurance system to markets outside the EU, including China.

ETTF: The UK has been an important supporter and driver of the FLEGT initiative and EUTR. Will this continue post-Brexit?

KV: The UK remains an EU member state and integral part of the FLEGT initiative. The terms of its engagement with FLEGT post-Brexit will be determined by negotiations following its triggering Article 50 of the Lisbon Treaty. The UK remains fully committed to implementing the EU FLEGT Action Plan and to Indonesia’s multi-stakeholder forestry program. UK business and civil society have also expressed commitment to FLEGT and the EU Timber Regulation.

ETTF: How do you see the FLEGT initiative going forward?

KV: While focusing primarily on legality, the EU FLEGT Action recognises that the EU’s wider objective is to encourage sustainable forest management. Legality provides the foundation for this. Addressing governance and law enforcement challenges in timber producer countries is a pre-requisite to promoting sustainable forest management on a national scale. VPAs signed to date have included requirements that species and harvesting quotas are followed; that annual operational plans and forest management plans guide production; and that environmental impact assessments have been completed. VPA countries have also used the process to start discussing reforms related to customary rights and community forests and recognition of local communities is a principle of sustainable forest management.

ETTF: And what would you say about the FLEGT contribution of the EU private sector?

I’d like thank your readers and other stakeholders for their important role in keeping illegal timber out of the EU market. The independent evaluation of the EU FLEGT Action Plan earlier this year concluded that FLEGT is a relevant and innovative response to the challenge of illegal logging and that it has led to major improvements in forest governance worldwide and reduced imports of illegal timber in the EU. Strong private sector support for FLEGT, the EUTR and FLEGT-licensed products has been vital to the success of the EU FLEGT Action Plan and responsible operators and traders in EU member states are at the forefront of a growing global movement to end illegal logging.
Fifteen tropical countries are now negotiating or implementing FLEGT Voluntary Partnership Agreements (VPAs) with the EU, with the goal of supplying EU Member States with verified legal FLEGT-licensed timber products. Together their forests cover an area the size of the EU and they account for 80% of its tropical timber imports.

VPAs – the background
VPAs developed out of the EU’s Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, launched in 2003 in response to concerns over the environmental, social and economic impacts of illegal timber trading worldwide.

A VPA is a legally binding trade agreement between the EU and an external timber-exporting country, and aims to ensure that timber and timber products destined for the EU market from that partner country comply with its relevant laws.

VPA partner countries establish a timber legality assurance system and introduce a range of other measures set out in the Agreement, working with EU support and guidance and broad stakeholder participation. When these are fully implemented, the supplier country will be able to issue FLEGT licences for verified legal timber and products.

FLEGT-licensed products automatically meet the requirements of the EU Timber Regulation (EUTR), which prohibits EU operators from placing illegally harvested timber and timber goods on the EU market. As a result, operators (companies which first place timber on the EU market) don’t have to undertake further EUTR due diligence.

As well as promoting trade in legal timber, VPAs are designed to improve transparency, accountability, participation and other aspects of good forest governance. The first country to sign a VPA was Ghana, which is now implementing its commitments ahead of FLEGT licensing. Five others have also ratified VPAs and are at various stages of implementation: Cameroon, Central African Republic, Liberia, the Republic of the Congo, and, of course, Indonesia, which begins FLEGT-licensing on 15 November 2016.

Countries currently negotiating VPAs are Côte d’Ivoire, the Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand and Vietnam. And others have held discussions on the initiative.

Products covered by VPAs
The product scope of each VPA is listed in an annex. The minimum requirements are that it covers logs, sawn wood, veneers, plywood and railway sleepers. To date, however, all VPA partner countries have included additional products to cover all their exports to the EU. For instance, Indonesia’s VPA and FLEGT licensing scheme includes furniture, fuel wood, wooden tools, packing material, builders’ joinery and wood carpentry, pulp, paper and paper products, kitchen and tableware.

Latest VPA news
Latest developments in VPA implementation and negotiation are reported at www.flegt.org/news. Among the news is Cameroon’s action to combat illegal logging. In the first quarter of 2016, four Cameroonian logging companies had their licences suspended, while 35 were issued with warning notices, and fines imposed for illegal timber activity totalled €82.6 million.

An independent study is also reported to have found that both Ghana and Indonesia have greatly improved forest governance and achieved measurable declines in illegal logging through implementing their VPAs. The study, by Christine Overdevest and Jonathan Zeitlin of the Universities of Florida and Amsterdam, also highlighted that VPA implementation had led to “substantially increased participation by civil society and other stakeholders in forest governance, greater transparency and accountability of forestry administration and heightened recognition of community rights”.

Meanwhile, the June meeting of the Republic of the Congo-EU VPA Joint Implementation Committee reported “significant progress” in the country’s timber legality assurance system and that its supporting computer software was nearly ready for national deployment.
Thomas Burgess, Head of Secretariat, Timber Retail Coalition

“Carrefour, IKEA, Kingfisher, and Marks & Spencer formed the Timber Retail Coalition to support measures for curbing illegally harvested timber and help ensure timber regulation is workable and effective. Achieving assurance of legality is a vital step towards proving sustainable management practices, so national commitments to implement a proof of legality system, like FLEGT licensing, should be encouraged. Effective EU Timber Regulation (EUTR) due diligence systems are now embedded at importers EU-wide. FLEGT licensing will additionally operationalize EUTR due diligence requirements, offering an automated ‘green lane’ for licensed products into the EU. FLEGT-licensed timber goods can also be a tool to communicate, business-to-business, that suppliers are delivering against EUTR requirements, while being complementary to retailers’ commitments to offer independently certified sustainable forest products.”

Claudio Kaiser, CO-CEO Impan, German trader/plywood agent

“Being the first country to achieve FLEGT licensing is a huge step for Indonesia and transforms the country’s image from bad guy to role model. That it has achieved full VPA implementation also shows other negotiating and implementing countries that it’s doable. FLEGT-licensed timber will be attractive in the market. There are still differences between individual company’s EUTR due diligence systems and it’s unclear which documents Competent Authorities will accept. FLEGT licences will remove all uncertainties.

If consumers knew about them and what they meant, licences could also be used as a marketing tool.”

Boris Zeisser, Natrufied Architects, Netherlands

“As architects we’re attracted to tropical timber by its technical and aesthetic characteristics and we want to encourage its use in buildings. We employ it extensively in structural and interior applications and believe we can develop its potential further. But we and our clients must be sure it comes from legal, well-managed sources so, its use drives forest maintenance, not deforestation. If FLEGT licensing, a system backed by law in producer countries and supported by the EU, gives that added guarantee, we’re strongly in favour. Being exempt from EUTR due diligence, FLEGT-licensed timber also reduces administrative and logistical workload for EU importers sourcing legally-assured tropical timber, which should have supply and availability benefits for end users and specifiers like us.”

Bruce Uhler, Environmental Ambassador, Kährs flooring, Sweden

“We’re pleased that, thirteen years after the launch of FLEGT, first FLEGT licences are being issued. And it’s historically and environmentally appropriate that it’s in a tropical timber exporting country, as they’ve suffered most in terms of deforestation and discriminatory market avoidance from temperate areas. FLEGT licensing offers producers such as Kährs a purchasing opportunity to contribute...”
Broad EU Backing...continued

against the risk that it leads to sustainably-sourced certified timber losing market share. It is important too that we encourage adoption of such initiatives in markets worldwide, including the Middle East, Asia, Africa, where growth of consumption of tropical timber can be expected."

Katerina Germanis, Group Environmental Compliance Manager, Brooks Bros UK importer/distributor

"Let’s be clear, FLEGT and FLEGT licensing are about legality. Whist social and environmental considerations are covered through their multi-stakeholder processes in the signatory country, they don’t necessarily equate to international standards of sustainable forest management. That’s why we still see great value in FSC certification, which provides responsible stewardship assurance throughout the supply chain.

Issues of concern also remain with Indonesia’s SVLK timber legality assurance scheme, which forms its FLEGT timber legality assurance system, such as potential declaration of conformity loopholes. But we believe there’s a solid framework to facilitate continuous improvement and hope these gaps will be closed.

And the arrival of much-awaited FLEGT licensed timber is an industry milestone. FLEGT is a legal sourcing tool for importers that has delivered measurable improvements in Indonesian forest governance, by no means a small feat."

Peter Gijsen, Sustainability Manager, BAM Bouw, Netherlands construction group

"In line with objectives to become climate and resource positive, Royal BAM group policy is to use only certified sustainable timber. Procurement of sustainable tropical timber, especially, can help reduce climate change, stimulate forest certification and disincentivise conversion.

Legal timber isn’t the same as sustainably sourced, but as a responsible international construction company, we also want to comply with national and international laws, so purchase of legally harvested material is an essential starting point. Being legally enforced by the producer country, which certified timber isn’t, FLEGT licensing offers customers added assurance in this area. It could also, we believe, underpin certification and even make it easier for producers."

Peter Pieper, Director, FEPCO, Belgian plywood specialists

"That politically and geographically complex Indonesia has achieved this should encourage all tropical wood producers. But whether others follow its example will also depend on its success from here. It’s nice to be praised, but eventually the efforts and investment in FLEGT have to bring returns in volume, turnover, jobs and real income. However, the Indonesian wood industry will gain recognition and credibility and benefit from being first to issue FLEGT licences. The confirmation of its efforts against illegal logging, and acknowledgement from EU authorities are perfect marketing tools and publicity and should give Indonesian products a competitive edge.

NGOs will keep an eye on developments, no doubt, but they also have an interest in making this a success story.

At FEPCO we see FLEGT licensing as the best thing that could happen for the tropical timber industry and we’ll certainly be supportive."

Armand Stockmans, Director, Somex, Belgian hardwood importer

“We already have a good due diligence system so the immediate beneficial impact to us is difficult to see. Buyers who left the [tropical] timber market to avoid EUTR due diligence may also return, increasing competition. But it’s good the FLEGT initiative was taken in terms of awakening more producer countries to the need to improve forest management and improving timber’s image. Attitudes of NGOs have also changed, with recognition of the need for forests to be economically as well as sustainably managed to avoid conversion to other uses. Hopefully the example Europe has set will also now be followed by the rest of the world and perhaps NGOs will focus more on driving industries like pvc and aluminium to meet equivalent standards."

Iain McIlwee, Chief Executive, British Woodworking Federation

“From the perspective of the UK joinery industry and furniture manufacturing, we also see development and associated work to improve the legality, ethics and ultimately the sustainability of our supply chain is welcome. A recent UN report emphasised that it is vital to integrate forests and wood products in climate change strategies and initiatives which is ensuring all of us in the timber and associated industries support effective forest management in key exporter markets, such as Indonesia. I know just how hard the UK Timber Trade Federation, their members and the UK Government have worked on this and for me it is another huge step forward in our collective efforts to use wood and forests wisely.”
Communication is key, say ETTF members

ETTF member Federations view FLEGT licensed timber as a potentially major business and reputational benefit for the trade, but say communication will be vital for ‘smooth and credible market uptake’

Tropical timber has potential for new applications

PHOTO: SATURFIED ARCHITECTS

Paul van den Heuvel, Managing Director, Netherlands Timber Trade Association (NTTA)

“The NTTA congratulates the Indonesian government, producers, suppliers and all other organizations and institutions involved with the first FLEGT-licensed timber brought to the European market. Tremendous efforts have been made by many people to bring us to this important outcome for the international timber sector.

As one of the EU’s leading importers of tropical timber, including, of course, timber products from Indonesia, it’s a particularly significant development for the Netherlands. There was a need for this type of legislation and law enforcement in the international trade. But now, with Indonesia’s FLEGT Voluntary Partnership Agreement (VPA) fully implemented and licensed timber available, the Indonesian government and EU member states have clearly established their respective tasks and responsibilities to create an effective legality assurance system. We also hope that this Indonesian milestone will create added incentive for other FLEGT VPA countries to follow its example soon. We especially want to see it boost international trade in responsibly produced tropical timber as we appreciate it’s use or lose it.”

Bart de Turck, General Secretary, Belgian Federation of Wood Importers

“Our federation has strongly supported the FLEGT Regulation as an important instrument for assuring legality of wood purchased by members. Even in the preparatory phase it has had important impacts. But now the first FLEGT-licensed timber is on route to market, it is even clearer the initiative merited the time and investment that has gone into it from all stakeholders; producers, buyers and authorities in EU and VPA countries.

The Belgian import trade is familiar with the FLEGT initiative, several of our importers having already participated in a programme to process trial licensed products from Indonesia.

Obviously the due diligence benefit that FLEGT licensed timber enjoys under the EU Timber Regulation (EUTR) will have a positive market impact. Although, that being said, other traditional business considerations, such as quality, price and species, will remain important.

But FLEGT licensed timber is the sort of thing consumers want; legally harvested timber without additional bother. They want to be certain of the provenance of the wood they purchase, but consider it the responsibility of the authorities to ensure and validate its legality. With FLEGT-licensed timber, both producer and EU consumer countries assume this responsibility.

Importers who have actively participated in setting up an effective licensing system will continue to monitor its performance and development closely. But it should now lighten their legality assurance administrative burden.”

Dave Hopkins, Managing Director, UK Timber Trade Federation (TTF)

“The announcement from the EU/Indonesian Joint Implementation Committee secretariat, giving a definitive date for the start of FLEGT licensing is the culmination of years of hard work and significant reform and should be applauded. It marks a new chapter in the fight against illegal logging and demonstrates reform can be achieved through a collaborative, deliberative process.

The UK TTF has been at the forefront of the EU drive to timber market legality assurance. We have our own compulsory Responsible Procurement Process and advocated introduction of the EUTR. The UK has also been a strong supporter of Indonesia through its FLEGT VPA process. So we welcome these first FLEGT licences.

And, whilst we recognise it’s still an early stage, it is a positive market development and one that will complement and work with existing mechanisms and frameworks. It is this complementary process that’s vital to ensuring FLEGT licensing’s success and the continued assurance that forests have value. A buoyant, receptive timber trade is vital in ensuring this value is met and FLEGT licensing can be an core part of the process.

For the timber trade as a whole a government-led and endorsed initiative can only be a progressive step and it’s one that our federation will continue to work on.

continued...
Communication is key... continued

alongside and support. The next step is a full communication programme with producers, importers and end-users so that all actors in the chain fully understand what FLEGT is, what it means, how it can impact on their business and how they can support it.”

Jakob Rygg
Klaumann, Director, Danish Timber Trade Federation

“We’re pleased to see FLEGT licensing finally happen. We consider FLEGT Voluntary Partnership Agreements as a cornerstone of the EU FLEGT Action Plan and the issue of first licences is a significant moment for the EU and wider global timber trade.

We’re now planning a members’ meeting to discuss the issues for the trade with our national EUTR competent authority, which is also responsible for handling FLEGT-licensed timber.

In the short run, we don’t think licensed timber will create a particular market advantage due to availability. But when more countries conclude VPAs and start licensing, more importers may consider sourcing from them due to the due diligence benefits.

One way to encourage this could be recognition of FLEGT licences in national public procurement policies, requiring contractors and suppliers to procure otherwise legally and sustainably authenticated timber, or FLEGT-licensed products, similar to the UK government procurement policy approach.

FLEGT licensing also has potential to benefit the trade’s reputation. But to achieve this, we must communicate the story; including that FLEGT VPAs are one of a number of policy instruments under the far-reaching FLEGT Action Plan.

Ideally, the first licensed timber will pave the way for other countries to speed up existing VPA implementation processes, or sign up to the initiative, perhaps including China. But that will also depend on how Indonesian licensed timber is received and promoted in the EU. And EU timber trade federations have a role in that process, helping licensed timber get a smooth, credible market uptake.”

Thomas Goebel,
Chief Executive, GD Holz, Germany

“At GD Holz we see the start of FLEGT licensing as a significant moment. It was a long time coming and it is extremely important that at least one signatory country has achieved full implementation of a FLEGT VPA. It might give a new impetus to the whole process.

I’m sure our trade’s reaction will be positive. Germany imports significant quantities of decking, window scantlings, and plywood from Indonesia. It will make life much easier for operators now that they have an officially recognised seal of legality, which at the same time will reduce their due diligence workload under the EUTR.

GD Holz will communicate developments surrounding FLEGT licensing to members. We work closely and have a regular information exchange with BLE, the German Competent Authority for FLEGT licensing as well as the EUTR, and will pass on details of procedures around licence processing.

As far as trade impact is concerned, FLEGT-licensed timber will have easier market access. If two countries offer the same product and one is FLEGT-licensed and the other not, importers will tend to buy FLEGT-licensed products as they’re risk-free and save time and money on due diligence.

However, many operators have worked with suppliers for a long time and have due diligence structures in place, in which case they won’t necessarily switch to FLEGT-licensed. But it will definitely play a role for companies that want to start importing new products.”

ETTF offers EUTR due diligence back-up

While supporting FLEGT licensing, the ETTF is also committed to building up support for member companies in meeting due diligence demands of the EUTR.

Core to this is its online Timber Trade Portal (www.timbertradeportal.com), a one-stop-shop for supplier-country legislative and business information. Its aim, said ETTF Secretary General André de Boer, is to help EU importers and those in other countries with market legality regulation to ensure timber has been legally sourced in the country of origin.

“By making this information freely and easily available, we wanted to make legality due diligence more straightforward for everyone and level the playing field between large and small businesses,” he said.

The website also provides supplier-country trade data and contacts, with the objective of “helping buyers and suppliers develop business links, while ensuring that business is legal”.

Backed by the Sustainable Tropical Timber Coalition and International Tropical Timber Organisation, the site initially aims to profile 23 countries. The latest addition is Ukraine, with the Democratic Republic of the Congo, India, Honduras, and Russia to follow.
Certification and FLEGT – complementary potential

FSC Chief Advocacy Officer John Hontelez and PEFC Chief Executive Ben Gunneberg say certification schemes and the FLEGT initiative share goals and can be mutually beneficial.

ETTF: What is your organisation’s perspective on the relation between FLEGT and certification?

John Hontelez: FSC sees FLEGT’s aims and activities as complementary to its own. FLEGT Voluntary Partnership Agreements (VPAs) are unique in the way they promote forest policy reform and establishment of effective enforcement institutions, and these are both preconditions for sustainable forest management. FSC can then help VPA acceptance and realisation. Four of the six countries with ratified agreements have included the possibility of recognising private forest certification as compliant with their FLEGT timber legality assurance system. We’re now asking for the option to recognise certification schemes in all further VPAs at forest management and chain of custody levels.

Ben Gunneberg: PEFC sees FLEGT as very constructive in drawing attention to challenges and opportunities in forest governance and ensuring underlying issues giving rise to illegal logging and trade, such as weak governance and corruption, are addressed at the highest levels. Also, while forest certification delivers locally developed internationally endorsed sustainability verification beyond the scope of FLEGT, it is a voluntary mechanism and applies only to certified forest areas and supply chains. FLEGT VPAs and licensing offer the added value of targeting forest legality issues of producer countries as a whole.

ETTF: How will FLEGT licensing work with certification in the market?

BG: In strengthening multi-stakeholder dialogue FLEGT VPAs have been helpful for PEFC. Stakeholders subsequently have more capacity to build consensus in developing national forest management standards. Continuing discussions from agreeing definitions of legality, to building consensus around requirements for sustainable forest management, is also a natural trajectory.

ETTF: How do you see the future of certification and the FLEGT initiative together?

BG: Ultimately we need to recognize that customers and procurement officials increasingly require evidence of sustainability and not just legality. But this means that all processes taking us towards a world in which people manage forests sustainably will be a move in the right direction and, where certification proves particularly challenging, verification of timber legality under a VPA-timber legality assurance system will offer a first step to improving forest management.
Besides ensuring its due diligence systems are compliant, the European timber trade has had another preoccupation with the EU Timber Regulation (EUTR) since its 2013 introduction – ensuring uniform enforcement across all EU states.

Weak national links in the EUTR chain, it is feared, could destabilise the wider framework barring illegal timber from the EU as, once in, products can cross borders unhindered.

ETTF Secretary General André de Boer said it could also undermine the EUTR's promise of a level playing field for timber market legality requirements across the EU. “If companies in one state face less onerous enforcement, they could gain competitive advantage,” he said. “It’s another reason the ETTF urges rigorous implementation EU-wide.”

The other key concern is that uneven EUTR application could impact supply and demand for FLEGT licensed products, when they come to market. “The trade attraction of FLEGT-licensed timber is that it’s already legally assured and exempt EUTR due diligence,” said Mr de Boer. “That benefit is undermined if the EUTR is not strictly enforced.”

Common enforcement standards
But, while no one pretends all implementation issues are resolved, the good news is that the EU’s 28 national enforcement bodies, or Competent Authorities (CAs), are reported to be making accelerating progress towards achieving a common standard, often in close association with industry. The European Commission’s latest ‘scoreboard’ on the issue shows all states now on track in terms of enforcement obligations and en route to ‘fulfilment’ on outstanding issues. The CAs themselves also maintain that three years’ experience has strengthened enforcement capacity. Their knowledge of the international timber trade, industry engagement and access to intelligence are all significantly improved. They’re also increasingly cooperating with counterparts in other states. (see panel p14)

Stella Boke of Latvia’s CA, the State Forest Service, said her organisation’s expertise “is growing with every EUTR check and discussion with other CAs”. “We’ve also established good, collaborative relations with the timber sector,” she said. “Issues remain reaching smaller companies, but we’re undertaking wider communications, providing operator guidelines, and advising businesses on compliance during checks.”

The Nature Agency of Denmark’s Ministry of Agriculture has issued nine EUTR injunctions so far, working with the country’s Security and Intelligence Service. “We’ve developed a risk-based inspection plan, focusing on operators with big import volumes, high-value products and those from high-risk countries. But we also focus on small and medium-sized operators, so they know everyone is subject to inspection,” said the Agency’s Mads Brinck Lillelund.

Underlining the importance it attaches to industry communications, the organisation has also set up an EUTR website – www.eutr.dk – in association with nine trade bodies.

Michael Kearney, Enforcement Manager of Regulatory Delivery at the UK Department of Business and Industrial Strategy (BEIS), said the UK CA, RD Enforcement, is now “far more experienced in the sectors concerned and the challenge of undertaking meaningful due diligence on challenging supply chains”. Its risk-based enforcement approach as a result has led to the issue of ‘numerous’ due diligence Notices of Remedial Action. It also produced a hard-hitting report on poor compliance in the UK Chinese plywood trade.

continued...
CAs work together on a bilateral basis and also convene for EUTR expert meetings. But the collaborative initiative perhaps gathering greatest momentum is the Timber Regulation Enforcement Exchange, or TREE.

This forum for networking, best practice and intelligence sharing was launched in 2012 by international think tank Chatham House and research institute Forest Trends (FT). While backed with UK government funding, it is independent and, from the outset, also included US Lacey Act enforcement agencies.

Today bodies involved with monitoring and policing Australia’s Illegal Logging Prohibition Act take part too, and other countries introducing timber market legality requirements, or considering it, including Indonesia, are invited.

TREE’s role is to encourage best practice and intelligence exchange, even live cooperation between enforcement bodies. Supplier country representatives, government delegates, NGOs, auditors and other relevant professionals also attend to provide an ‘expert resource’ and speakers.

The four-day events now take place twice a year in different European venues.

Forest Trends’ Jade Saunders said the main discussion topic so far has been enforcement of operator/importers’ due diligence obligations, but that could now evolve.

“The current focus reflects activity on the ground,” she said. “But going forward delegates may also want to address prohibition issues.”

The meetings were increasingly popular, she added, with 25 of 28 EUTR CAs attending so far.

One TREE attendee is Michael Kearney, Enforcement Manager of the UK CA.

“We are advocates for continued international engagement and cooperation in EUTR enforcement,” he said.

Cross border cooperation

The impetus for Competent Authorities (CAs) to strengthen EUTR enforcement through collaboration is increasing.

EU country authorities prepare for FLEGT licences

Across the EU, national FLEGT Competent Authorities (CAs) are preparing for arrival of first FLEGT-licensed shipments, which they will register, authenticate and police. Some countries have appointed the same bodies that act as EU Timber Regulation CAs to the FLEGT CA role. Others are taking a different approach.

Few details are yet available on FLEGT CAs’ preparations, but those in Germany and the UK have released some information.

In the former, the EUTR CA, the Office for Agriculture and Food (BLE), is also responsible for FLEGT, working with customs. German operator importers must send it all original FLEGT paperwork, which it will then validate and register on the EC’s harmonised FLEGT computer system.

“We will check stamp and signature authenticity and also give the green light to customs, which will check delivered quantity against documents,” said the BLE’s Jörg Appel.

Two BLE officers will be dedicated to FLEGT licence work, with a third having oversight.

Action in the event of FLEGT violations, said Mr Appel, will “depend on who provided the information” which would typically be the exporter. He added that German importers “seem keen on the arrival of FLEGT licences”.

The UK is taking a broader partnership approach, with the Department for Environment Food and Rural Affairs (Defra), working with Regulatory Delivery Enforcement, Border Force and HM Revenue and Customs. It proposes charging £31 per FLEGT-licensed shipment processed, although this is subject to review, and is setting up its own computer system to work with the EC’s.

Precise information on penalties for violations is not yet available, but the authorities say they could be ‘significant’.

The UK agencies, which are also are in communication with relevant bodies in Indonesia, anticipate processing ‘many thousands’ of licences per year.

EUTR enforcers ...continued

But, while clamping down on violations, the UK CAs’ goal is also to help companies avoid them. “We aim to simplify regulation for business and support efforts towards compliance, so strong, collaborative relationships are key,” said Mr Kearney. “In fact, we often rely on examples of industry best practice in communications.”

The UK organisation also sees its role as helping educate supplier countries on EUTR and has visited China and Vietnam.

In common with other CAs, co-operation and networking at Belgium’s Federal Public Service (FPS) also extends to NGOs and supplier country agencies.

Like Germany’s BLE, one of the most active CAs in issuing injunctions, it is also hinting at increasing its staff.

Vincent Naturel of France’s Ministry of Agriculture, Forestry and Environment also highlighted the “huge work” it puts into training inspectors, “the front line in EUTR enforcement”.

In common with other CA representatives, he stressed that, despite his organisation’s use of remedial orders to date, it would prosecute where required. “We take into account companies’ due diligence approach and willingness to improve,” he said. “But we’ll use penal sanctions for clear failures.”

Looking forward, all CAs consulted confirmed plans to reinforce industry engagement and strengthen enforcement capacities further. The latter includes following the likes of Germany, Denmark and the UK in introducing DNA-testing.

Angelo Mariano of Italy’s Forestry Corporation also sees the arrival of FLEGT licensing not only being underpinned by a robustly and uniformly enforced EUTR, but also vice versa. Introduction of licensing in supplier countries where due diligence is a particular challenge could allow timber businesses and CAs to focus risk assessment resources elsewhere.

“It could substantially solve problems linked to high-risk countries,” he said.

For the full list of EUTR CAs 
click here

For a list of all 28 FLEGT CAs 
click here
A clear example of this came recently when the Forestry Commission of Ghana let UK Timber Trade Federation Head of Sustainability Mike Worrell scrutinise all aspects of its Wood Tracking System (WTS).

The WTS technology is key to the timber legality assurance system (GHLAS) Ghana has developed as part of its EU Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement (FLEGT VPA), with its ultimate goal of delivering only FLEGT-licensed timber to the EU.

It has taken time and considerable resources to develop and some aspects are still rolling out. But Mr Worrell, a former Enforcement Head at the UK’s EU Timber Regulation Competent Authority, was invited to view every aspect, from log barcode printing, to data uploading in the forest.

The developers’ faith in the system proved justified. Mr Worrell was impressed. “In a relatively short time they’ve transferred from paper-based timber sector monitoring to electronic,” he said. “It’s a major accomplishment.”

The WTS inspection was part of Mr Worrell’s wider fact-finding mission to see the development and impacts of Ghana’s FLEGT VPA programme to date.

“Via field visits and meetings with the Forestry Commission, EU delegation and stakeholders, from NGOs and businesses, to trade bodies, I saw the entire system that will underpin FLEGT licensing,” he said.

This left him feeling similarly upbeat that the VPA is progressing well and on track to start licensing “in the not too distant future”.

“I was taken aback by the size and complexity of reforms,” he said. “The tracking system has digitised the entire cartography process, undertaking real-time reconciliation of information throughout the supply chain. The FC has also created a Timber Validation Department (TVD) to monitor Ghana’s whole FLEGT system, backed by third-party audit and NGO testing. The VPA has transformed the entire forestry industry.”

This positive outlook is shared by the Ghanaians themselves, from the Forestry Commission and industry to the civil society organisations (CSOs) central to the multi-stakeholder implementation approach the VPA demands.

Timber Validation Department Director Chris Beeko agreed the VPA had already made significant impact. And, having taken corrective action raised at the last EU/Ghana joint assessment of the GHLAS, the country was accelerating towards FLEGT licensing.

“Legality auditing is now operational as well as the WTS and new guidelines for government issue of timber rights [safeguarding all stakeholders’ interests in natural forestry] are being drafted,” he said.

VPAs ensure business transparency

One key effect of reforms has been also to expose timber and forestry businesses to more scrutiny.

“Legality compliance audits and improved reconciliation of wood flows via the WTS have created greater transparency in management processes,” said Mr Beeko. “That’s strengthened adherence to forest management principles, which, over time, could contribute to sustainable forest management.”

The VPA has also given more influence to trade bodies, according to Ben Donkor, Director of the Timber Industry Development Division (TIDD), which will issue FLEGT licences.

“Timber trade associations have been involved in piloting the GHLAS and in VPA implementation committees,” he said. “The result is high levels of interest across the industry.”

The VPA process has also largely ended non-timber forest products rights, covering hunting and gathering for domestic use.”

Thanks to the VPA process, he said, CSOs themselves now wield greater influence in policy making.

“Previously we had NGO coalitions, in Forest Watch and National Forest Forum Ghana, acting as mediums for CSO involvement. But for greater coordination in discussing FLEGT VPA issues, we formed a legal working group, involving other CSOs too. Where authorities previously selected who they engaged, we now initiate joint engagement teams.”

CSOs have subsequently been involved in “achieving VPA deliverables” on the ground, ensuring community land and tree rights are respected, logging companies fulfil Social Responsibility Agreements (SRAs) and new rules and crosschecks under the GHLAS are enforced to verify logger operating rights.

They’ve made technical VPA processes more ‘forest fringes community-friendly’ too.

“We identified areas communities could relate to, then mobilised discussions via forest forums,” said Mr Owusu-Addai. “These focused on issues, such as forest access and non-timber forest products rights, covering hunting and gathering for domestic use.”

In turn, community engagement has improved VPA implementation.

“It has been explained to community representatives that their SRA rights to forestry benefit sharing bring responsibilities to protect the forest against illegal logging.

continued...
Ghana transformed... continued

The result is joint authority-community forest monitoring task forces. It is acknowledged that Ghana’s VPA has taken longer to complete than anticipated and Mr Worrell said false expectations and missed deadlines had, to an extent, undermined EU market confidence in the project. But it is also highlighted that it was a demanding undertaking from the outset, and developments to enhance systems since have increased the workload.

“The task of reengineering processes to conform to the new legality assurance system and jumping the technological gap from paper-based to electronic tracking were underestimated,” said Mr Donkor. “But we had no examples to follow.”

Mr Owusu-Addai accepted that extensive stakeholder involvement may also have slowed VPA implementation. “But it has ensured FLEGT licences will be credible, transparent and acceptable to all,” he said.

Gathering pace towards licensing

And, after a slow start, it is reported that increasing understanding of the FLEGT VPA across the Ghanaian industry, including the domestic trade, where it also applies, is now helping speed the process.

“Trade associations, CSOs and enforcement agencies have all engaged in awareness raising and capacity building,” said Mr Donkor.

“Institutional level communication between Ghana and the EU have also been increasingly effective and we’ve been given several platforms by the EU to dialogue on speeding up implementation.”

But one area that still needs addressing, it is felt, is relatively low awareness and interest in the EU trade and marketplace. This is partly attributed to time taken for FLEGT licences to materialise, during which the alternative route to timber legality assurance, EUTR due diligence, has become ingrained. But, said Mr Worrell, “piecemeal communication from a Ghanaian perspective and around the VPA process generally” has also contributed.

“We need to enthuse and spark interest,” he said. “In Ghana I met people proud to show off the legality assurance systems and we need to broadcast the substantial and transformative work they’ve undertaken. After all, the real incentive for Ghana is a transformative work they’ve undertaken.

With this proviso, the consensus is that the start of Ghanaian FLEGT-licensing timber is now on the horizon and that it will be good for Ghana-EU trade.

“Some legislative reforms, notably around conversion, should be the last hurdle,” said Mr Worrell. “Strong commitment from all sides means we’ll see FLEGT licensed-timber from Ghana sooner rather than later.”

Mr Beeko agreed that the ingredients are in place to begin licensing soon.

“We’ve successfully baked the cake,” he said. “Licensing will be the icing on top.”

For Mike Worrell’s full report on his trip: www.ttf.co.uk

Wood tracking is live

The introduction of Ghana’s online Wood Tracking System (WTS) has been challenging, but it’s now on course for full roll out, according to George Kuru, managing director of system provider Ata Marie

The technology is an integral part of the timber legality assurance system Ghana has developed under its FLEGT VPA with the EU. Introduced in 2013, the WTS replaces the Ghanaian Forestry Commission’s paper-based system for forest inventory management and tracking, log transport, wood processing and export.

Mr Kuru explained how the WTS registers relevant permits and tree and log information forms, enabling authorities to track wood in real time from harvest to point of sale or despatch abroad. “When Ghana’s VPA is fully implemented it will help provide the basis for issuing FLEGT licences to verified legal timber products bound for the EU,” he said.

Field documentation is captured for the WTS using Android mobile devices and then uploaded to a central database in Accra.

“Using open barcodes, the system links data though the supply chain and back to source, flagging discrepancies,” said Mr Kuru. “Compliance requirements are recorded too, including VPA principals and indicators, backed by an audit facility.”

Ata Marie says WTS IT systems are now established nationwide, with its forest inventory and auditing software fully rolled out and harvesting, transport and mill systems on track for implementation.

Training for the WTS has been extensive: PHOTO BERNICE AGYEKWENA

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Staying up to speed on FLEGT online

A new website has been launched to help EU timber buyers and their suppliers navigate FLEGT licensing.

The FLEGT licence information point has gone live to coincide with the announcement that Indonesia will be the first country to issue FLEGT licences and is set to ship its first FLEGT-licensed products to the EU this year.

The site explains what FLEGT licences are and how they can benefit timber businesses in the EU and their suppliers in countries with FLEGT Voluntary Partnership Agreements (VPAs) with the EU.

It also includes answers to frequently asked questions on everything from how FLEGT licences exempt importers from EU Timber Regulation (EUTR) due diligence requirements, to complex trade scenarios and problem reporting.

It provides definitions, terms of use, and advice for branding and communicating accurate, coherent information about FLEGT licences.

There are details too on FLEGT Competent Authorities, which will validate licences in each EU country, plus other useful trading information for importers and other FLEGT-licensed product traders in the EU.

A section on Indonesia covers its SVLK timber legality assurance system, FLEGT licensing procedures and FLEGT-licensed products. There is broader information on other FLEGT VPA countries and dedicated national pages will be added as they move towards FLEGT licensing.

The site will be continually updated to reflect developments in VPA and FLEGT licensing processes and in response to user feedback.

The FLEGT licence information point also aims to keep timber producers and suppliers up to date on the latest developments.

Visit the FLEGT licence information point at: www.flegtlicence.org

FAQs and facts

The Frequently Asked Questions section of the FLEGT licence information point covers a wide range of topics and will develop further in response to user inquiries. Here are just a few of the key queries raised and abbreviated answers.

What is a FLEGT licence?
A FLEGT licence is a document confirming a shipment of timber or timber products has been legally produced, in accordance with relevant laws of the country of harvest.

What are the benefits of importing FLEGT-licensed timber and timber products?
FLEGT-licensed timber and timber products comply with the requirements of the EUTR, so operators can place them on the EU market without further EUTR due diligence, which saves them time and work.

What are wider benefits of FLEGT licences?
To issue FLEGT licences a country will have made significant improvements to forest governance described in its VPA through a comprehensive multi-stakeholder process.

Indonesia’s SVLK timber legality assurance system applies to all Indonesian operators and timber products and, before FLEGT licensing, attested to the legality of all Indonesian timber and timber products through issuance of SVLK legality certificates and V-Legal Documents for exports. Indonesian FLEGT licences will now attest to legality in the same way as V-Legal Documents, but FLEGT-licensed products will be exempt from EUTR due diligence. They will replace V-Legal Documents for all exports to the EU of product types listed in the revised Annex I of the Indonesia-EU VPA.