Governance and Forest Law Enforcement

20-21 November 2012, Budapest (Hungary)

WORKSHOP REPORT
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Foreword

Illegal logging is a problem of major international concern and how to create durable governance capable of addressing ongoing environmental, social and economic challenges is one of the crucial questions of our times.

FOREST EUROPE considers illegal logging a relevant matter to tackle and seeks measures to overcome this problem. In the Oslo Ministerial Conference in June 2011, the Ministers stated in the Oslo Ministerial Decision, European Forests 2020, paragraph 24 c their will to strengthening efforts against illegal logging and related trade. Therefore the Expert Level Meeting decided to include the organization of a workshop on governance and forest law enforcement in 2012 when approving the FOREST EUROPE Work Programme in February 2012.

This publication is the result of this workshop on governance and forest law enforcement that was held on the 20-21 November 2012 in Budapest with 53 participants from different countries and organizations from the pan-European region. It overviews ongoing relevant initiatives on combating illegal logging and provides information social, economic and environmental consequences of illegal harvesting activities in the region.

Special thanks go to all the speakers and workshop participants for their valuable contribution to comprehensive picture on the problem of illegal logging in Europe. Special gratitude goes to the Regional Environmental Center and the Ministry of Rural Development of Hungary for hosting and co-organizing this workshop.

María Tourné Whyte
Head of the FOREST EUROPE Liaison Unit Madrid
Building on the Oslo Ministerial Conference and the Oslo Ministerial Decision: European Forests 2020, paragraph 24 c, in which the ministers decided on strengthening efforts against illegal logging and related trade, the Expert Level Meeting (ELM) approved the FOREST EUROPE Work Programme in February 2012. It included the organization of a workshop on governance and forest law enforcement, to be held in 2012.

The FOREST EUROPE Workshop on governance and forest law enforcement, co-organised by the Regional Environment Centre (REC) and hosted by the Hungarian Ministry of Rural development of Hungary, took place on the 20th and 21st of November in Budapest. 53 participants from different countries and organizations from the pan-European region attended the workshop.

The aim of this workshop was to exchange experiences, to develop a better understanding on how to produce synergies among the variety of policy instruments and seek ways to strengthen forest governance and the enforcement of laws to set the conditions to ensure that timber logging and trade within or into the pan-European region derives from legally harvested forests.

This report summarises the presentations and discussions from the workshop. It is aimed at disseminating the outcome to a broader audience.
One of the crucial questions of our times, in this global era, is to better understand how to combine policy instruments on a global and national scale with private mechanisms to create durable governance capable of addressing ongoing environmental, social and economic challenges.

The magnitude of the problem has prompted governments, with the help of international and non-governmental organizations as well as the private sector, to step up their analysis of the socio-economic causes and consequences of illegal logging. There are several ongoing processes all around the world, such as the “Proposal for an EU Action Plan for Forest Law Enforcement, Governance and Trade (EU FLEGT)”, the European Union Trade Regulation (EUTR), the “G8 Action Programme on Forest”, the “Forest Law Enforcement and Governance East Asia Ministerial Conference”, the ENPI FLEG Program “Improving Forest Law Enforcement and Governance in the European Neighbourhood Policy East Countries and Russia”, the “Europe and North Asia Forest Law Enforcement and Governance (ENA FLEG)”, and the “Africa Forest Law Enforcement and Governance Ministerial Conference (AFLEG)”, among others.

In the Vienna Resolution 2 – Enhancing Economic Viability of Sustainable Forest Management in Europe – the Signatory States and the European Community commit themselves to adjusting the policy, legal frameworks and instruments to support sound enabling conditions for sustainable forest management that encourage investment and economic activity in the forest sector. This includes effective measures for forest law enforcement and for combating illegal harvesting of forest products and related trade.

In this context a workshop on combating Illegal Harvesting of Forest Products and Related Trade in Europe was held in Madrid, Spain, in 2005.

FOREST EUROPE also co-organized with Romania, EFI and the World Bank, an expert meeting on forest law enforcement and governance (FLEG), progress and lessons learned which was held in Bucharest, Romania, from the 13th to the 15th of October of 2008. The meeting was to provide support and consistency to the evolution of FLEGT and ENA-FLEG progresses, and to the implementation of FOREST EUROPE commitments, in particular the Warsaw Declaration, paragraph 36.

Building on former initiatives, FOREST EUROPE looks forward to finding ways to strengthen forest governance and ensuring that timber traded within or into pan-European countries derives from legally harvested forests. Therefore following FOREST EUROPE Work Programme adopted in the ELM of February 2012, FOREST EUROPE, with the Ministry of Rural Development of Hungary and the Regional Environmental Centre (REC), convened a workshop to exchange views on the lessons learned, and identify future priority areas for enforcement governance and forest law at national and pan-European levels.

The workshop lasted one day and a half. The first day was dedicated to a series of presentations from different organizations and countries in order to have a better idea of the current situation of the problem of illegal logging and its related trade in the pan-European region. The second day participants were divided into two working groups in which different items where tackled, finishing the session by gathering and sharing the conclusions of those working groups.
1st Day. **Illegal logging and trade in the pan-European region**

The first day was divided into three different sessions where a full range of information was shared among panellists and participants. All the panellists’ presentations are available in our website: [http://www.foresteurope.org/content/forest-europe-international-workshop-governance-and-forest-law-enforcement](http://www.foresteurope.org/content/forest-europe-international-workshop-governance-and-forest-law-enforcement).

The opening of the workshop was presented by Dr. Lajos Bognár, State Secretary of the Ministry of Rural Development of Hungary; Ms. Marta Bonifert, Executive Director of REC and Ms. Ana Belén Noriega, Former Head of the Liaison Unit Madrid.

Dr. Lajos Bognar welcomed all participants and stressed the importance of maintaining the balance of the three pillars of sustainable forest management, including the legal aspect at national and international levels. Ms. Marta Bonifert pointed out the need to work in a cross-sectorial way and highlighted the importance of cooperation among countries, including political support and partnership as essential elements in good governance. Ms. Ana Belén Noriega draw participant’s attention to the new vision for the future of forests in the pan-European region that the ministers stated on June 2011 at the Oslo MC.

**Session 1. Illegal Logging in the Pan-European context**

The first session had two main parts, one dealing with illegal logging in the pan-European region that was presented by Mr. Jussi Viitanen from EFI FLEGT/REDD Facility; and another one tackling social and environmental impacts of illegal logging, presented by Mr. Richard Aishton from IUCN and Mr. Nikolay Shmatkov from WWF Russia.

In his presentation “EU FLEGT Action Plan” Mr. Jussi Viitanen showed some estimations concerning illegal logging in Europe. He pointed out that there are some key common denominators and some similarities when studying the problem deeper: low investments, high profits and low risk to get caught. After summarising the current situation in Europe concerning illegal logging and its trade, he stressed the lack of a common definition and the difficulties to measure something that most of the times is concealed as it is illegal; he went through the novel policy measures that have been taken in the region such as EU FLEGT Action Plan, EU Timber Regulation, and Voluntary Partnership Agreements. He insisted on the need of being pragmatic concerning the problem of illegal logging and its trade and the implementation of all these measures.

Mr. Richard Aishton introduced “Improving governance of forest resources for social, economic and environmental benefit” by pointing out the importance of governance and building resilience in rural communities in order to best understand and utilize the resources locked in forests. He also highlighted that economic development and forest resource conservation are compatible as both can be done in a way that has positive influence in communities and conservation. He concluded by stressing the need of connecting sectors, sharing information, paying attention to successful and unsuccessful lessons and thinking about the future.

In the last part of this first session Mr. Nikolay Shmatkov introduced “WWF’s vision of social and environmental aspects of illegal logging: Russia’s case”. Throughout his presentation he dealt with the following issues: the size and value of Russia’s forests, the political and economic challenges; the scale of illegal logging in Russia; illegal logging and species, communities, and legal business; and asked a key question: does legal always mean sustainable? He finished by giving some examples of what can be done in order to fight illegal timber throughout Europe.

**Session 2. Relevant initiatives, good practices and governance in combating illegal logging and associated trade**

The second session was divided in two parts: the first one focused on regional initiatives. The panellists were Mr. Andrew Mitchell from the World Bank (ENPI-FLEG), Ms. Svetlana Atanasova from the European Commission (EC) and Ms. Shelley Gardner and Mr. Lucas Woolf from the US Forest Service (USFS). In the second part, two regional cooperation networks were introduced by Mrs. Aniko Nemeth from THEMIS network and Mr. Miguel Segur from Mediterranean Model Forest Network.
Concerning the regional initiatives Mr. Andrew Mitchell was the first panellist of this second session, addressing “ENPI-FLEG forest governance partnership in 7 European countries”. He introduced the work carried out in the ENPI FLEG programme as a European Neighbourhood and Partnership Instrument with the objective of contributing to a legal and sustainable forest management and improving forest governance through the main priorities of the ENA FLEG Ministerial Declaration, St. Petersburg, 2005. He reviewed the actions that are being developed in all the 7 countries, finishing with the lessons learnt where he raised important issues such as the need of good institutions, public awareness or having a better information for a well-based management among others.

In the presentation “EU Timber Regulation- what will change from 3rd March 2013” Ms. Svetlana Atanasova from the European Commission introduced the legal framework of this regulation and pointed out the obligations that it will imply. She explained the due diligence system and how to apply it. She also talked about the monitoring organizations and the product scope that are involved. Ms. Atanasova ended by pointing out the issues clarified in the guidance document that the EC has elaborated in order to facilitate the understanding of this regulation among stakeholders that will entry into force on 3rd March 2013.

Ms. Shelley Gardner and Mr. Lucas Woolf made a presentation related to “The Lacey Act and legality assurance technologies” in which they explained US efforts to strengthen forest governance and combat illegal logging and associated trade, introduced in the US Lacey Act 2008 amendments. They also showed some very interesting examples of how USFS is developing a wide range of scientific and technologic tools to combat illegal logging which involves forest inventory and monitoring, timber tracking and wood identification, among others.

The second part of Session 2 continued with the presentation of Mrs. Aniko Nemeth “Regional cooperation networks as a tool for law enforcement focusing in particular on forestry and natural resources, illustration of the THEMIS network”, where she explained that, even though regional cooperation networks are softer tools than the legal ones, they can reach the people more directly implicated. She talked about the reasons for THEMIS network establishment and its work to address the problem of illegal logging and its related trade within the East European region, their goals and activities as well as the lessons learnt.

Session 2 ended with the presentation of Mr. Miguel Segur “Model Forest: an instrument for enhancing local governance and international capacity building” in which he explained what is a Model Forest, its principles and how its members share a will to increase quality of life in rural areas on the Mediterranean environment. He also stressed the importance of traceability, introducing examples of on-going pilot projects on different mechanisms.

Session 3. Country experiences, main challenges. The operational level and its tools

The third session included two main parts, the first one focused on single country experiences. There, Mr. Martin Baranyai presented the Czech Republic’s case, Mr. Niels Bølling explained the current work that is being done in Denmark concerning the EU Timber Regulation and Mr. Johannes Hangler showed Austria’s experience concerning governance. The second part dealt with the operational level and its tools. The panellists included Mr. Johan Vlieger from PEFC International, Mr. John Hontelez from FSC, Mr. Juan José Freijó from CHEP and Ms. Sari Pynnönen from EUSTAFOR.

Session 3 started with Mr. Martin Baranyai’s presentation “Tackling illegal logging in the Czech Republic”. He introduced some basic information about the Czech forestry, the Czech Environmental Inspectorate role in forest protection and how they deal in a most proactive way with illegal activities in forests, and how the country is proceeding with the implementation of the EU Timber Regulation.

Mr. Niels Bølling continued the session with his presentation “Elaborating EUTR into Danish law and administration”. He started with some basic information about the current situation in Denmark and continued by describing the national legislation on EU Timber Regulation and the FLEG
license scheme, explaining the difficulties when trying to implement these regulations and how to address them in a pragmatic way.

Austria’s experience was presented by Mr. Johannes Hangler who started describing Austria’s legal and institutional framework that makes possible that illegal logging is not a problem in the country. He pointed out the necessity to develop means to have better governance and explained what is needed to avoid illegal logging.

The second part of the session related to the operational level and its tools was introduced by Mr. Johan Vlieger from PEFC with his presentation on “Aligning PEFC with the EU Timber Regulation”. He described PEFC Due Diligence system, compared it to the EUTR basic concepts, and explained probable adjustments to PEFC’s chain of custody standard and the implementation of the possible revised chain of custody standard, to ensure companies can use it to help meet their obligations under the EUTR.

Mr. John Hontelez continued this part of the session 3 with his presentation on “FSC and the EU Timber Regulation”. After highlighting that legality is one of their first criteria to address sustainability, he explained the role of certification in the EUTR and carried on describing FSC self-assessment and the consolidation of its compliance. He pointed out some conclusions for “operators” buying certified FSC materials and informed about their work on FLEGT.

From the industry side Mr. Juan José Freijo from CHEP made a presentation on “Sustainable timber sourcing in the corporate sustainably strategy. CHEP: a success case”. He introduced CHEP as a leading pooling solution and a provider of reusable packaging and its work all around Europe. He pointed out to a wide range of equipment solutions and its environmental benefits concerning reutilization, transport efficiency and wood benefits. He highlighted CHEP’s commitment to reduce its environmental footprint. He finished by talking about their current process of having a chain of custody in all their wood and products.

Ms. Sary Pynnönen closed the session with her presentation on “State Forest Organization’s view on EUTR and illegal use of forests”. She made an introduction on EUSTAFOR commitments and explained the main challenges of the EUTR for the State Forest Organizations. She described the illegal logging situation in state-owned forests, and mentioned some reasons behind illegal logging and other forms of illegal use/harvest of forests and its products. She finished by pointing out some ways of prevention and control.
The second day the participants of the workshop split into two working groups. The Working Group 1 dealt with enhancing governance to strengthen measures against illegal logging and trade in a political and legal framework. Working Group 2 focused on raising awareness and understanding the negative impact of illegal logging and related trade on the environment, the markets and the society. Both working groups tried to answer key questions and give some recommendations as a way forward to achieve the objectives set out.

**WG 1: Enhancing governance to strengthen measures against illegal logging and trade, in a political and legal framework**

This working group concentrated on three topics: the causes and responses to illegal logging, the lack of a common definition of illegal logging, and the possibilities to strengthen the penalties when violating the forest law.

The discussion started with the problem of corruption and the need of transparency in the pan-European region, and how sometimes is a matter of culture, and that culture transformation takes time. Some participants stressed the need to use social media tools and new technologies to combat illegal logging, and not only rely in documents that can’t always can be trusted. The difficulties related to land tenure and property rights were also raised, as well as the necessity to look for ways to engage the local communities to strengthen their feeling of ownership. The relations among NGOs, forest owners and authorities were also brought up by the participants. Another important issue raised was the importance of communication, within the sector and within the society. The requirement of a common definition of illegal logging and a common understanding on the legality of forest products were also tackled as well as the need to strengthen sanctions at a global scale.

After a very fruitful discussion, well guided by Mr Niels Bølling, and captured very efficiently by Mr John Hontelez, the main ideas were summarized as follows.

**Causes and responses to illegal logging:**

The discussion concentrated on domestic illegal logging. These are some of the causes and responses that the group came up with:

***Causes:***
- There are different situations across the pan-European region: in some countries illegal logging is a marginal issue, in others, a systemic matter.
- Most of the time, corruption is linked to low payments, but sometimes is a more systemic problem.
- It seems that there is a lack of capacity to enforce, and follow up complaints.
- There is a need of transparency on what is legal and what is not, including leases and harvesting rights. Transparency is also needed to tackle corruption.

***Possible responses:***
- Public involvement/engagement is necessary— including using modern information tools.
- Strengthening the cooperation between competent bodies and referring illegal trafficking with the customs.
- Assisting the new private forest owners in CEE is essential by clarifying their rights and duties; providing trainings; assisting in investments; encouraging self-organisation, even if this is not easy, given history of forced self-organisation in the region.
- Applying tracing tools to uncover illegal origin would be another useful measure.
- Communication on negative economic and social impacts of illegal logging is necessary to mobilise the business sector.

**What is legal?**

The group agreed on:
- The need for a common international definition of illegal logging.
- The need of clarifications at the national level. In some countries there is a Forest Act which brings all the partners together, but in others (look at VPAs), there can be more than 30 laws.
• The lack of clarity about “documents” as required in the EU TR: how to ensure reliability? Sometimes NGOs only provide information showing that the information is false. “Other information” can be legality verification schemes.

Sanctions (focus on big scale):
The group agreed on:
• The need for transparency: perhaps by blaming and shaming, definitively focusing on the real offenders, for instance the companies harvesting, not just the operators.
• Black lists of companies already involved in illegal operations could be a good tool, but it should be discussed at the EU level. EU could apply the same rules as in fishing. EU rules to combat illegal, unreported and unregulated fishing, Regulation 468/2010 establishing the EU list of vessels engaged in illegal, unreported and unregulated fishing.

WG 2: Raising awareness and understanding of the negative impacts of illegal logging and related trade on the environment, the markets and society

In this working group three main points were tackled: the challenges of communicating about forest issues, the instruments that can be used in the forest sector and with the public, the channels to better mobilize the public opinion, and the important messages to deliver about illegal logging in Europe.

After a very fruitful discussion guided by Mr. Gerben Janse and Ms. Elena Estrada, and some inputs from the plenary, the main ideas are:

Challenges:
Some of the main challenges that were pointed out along the discussion were:
• How to raise the interest of the media, and also how to “educate” it.
• How to deal with the negative messages (illegal logging) and address the positive ones (SFM, sustainability of forests products, livelihoods, trade) in an active and easy way.
• How to turn misconceptions as the negativity of wood as a material, logging (not only illegal one) is bad.
• How to coordinate with all the organizations, to speak with one voice in one message.
• How to explain what is legal and what is illegal. How to address the differences from the local illegal logging cases and the commercial ones.
• How to turn environmental challenges and forest services into a positive message for the economy and forest owners.

Instruments:
The instruments to deliver the messages were tackled in two levels: the forest sector and the general public. Most of them could be used in both cases.

Instruments for the forest sector:
• Education and training more targeted and oriented. Organise specific training on communication for foresters.
• Consistency of messages from the sector/organizations (speaking with one voice).
• Step up communication efforts.
• Joint communication with the NGOs.
• Link the strategic planification of forests to the educational plan and other environmental planning, linking forest matters to other sectors.
• Joint efforts between private owners and communities, and intensify the extension services sharing information and best practices.
• Support and use forest owners in the communication channels and messages, not only an administrative approach.
• Influence politicians through exhibitions in Parliaments, making seminars between scientists and politicians.
• Develop and use factsheets, handouts, not only on statistical facts but also on forests and wood benefits.

Instruments for the public:
• Use social media in a more proactive way, not only react to the news, do networking, monitor and invest in the media, contract advisor services, and actively
invite the media to trainings, conferences, workshops, etc.

- Present case studies to the media and show experiences on the site.
- Truly show forestry, not only as a static forest but as an active one.
- Use the new communication areas depending on targeted audiences: general public (internet, social networking, media), teenagers (social networking, education) and children (schools, education).
- Focus on schools/children, education programmes SFM, forest resources, legality vs illegality.
- Open forests: use forests for events, for schools, field trips etc. place information panels on public parks and forests addressing positive and negative uses/impacts (local focus).
- Develop small campaigns to consumers/buyers at local level directly from forest owners or associations.
- Give information on “the bad guys” being prosecuted for illegal logging.

**Messages:**

The messages were:

- Elevator messages, straight to the point (what the organization do? Where is it heading? Why should anyone care?).
- Search and have repetitive slogan for the whole sector.
- Use and develop simple and clear ideas/sentences as messages.
- Give a realistic approach with positive and negative messages.
- Communicate the long life of wood (what happens after it is being harvested).

Some key ideas for messages that were proposed along the brainstorming were:

- Forest carbon sink capacity.
- Forest is renewable.
- Forests belong to the people.
- Positive effects on each step of the product life cycle.
- Wood has mechanical strength.
- Forest sector is a high-tech sector.
- Forest as a recreational area.
- Forests as an area of living.
- Woods products can be repaid.
- Wood is good.
- Wood is biodegradable.
- Forests for wildlife and biodiversity.
Illegal logging is a problem of major international concern. It poses a significant threat to forests as it contributes to the process of deforestation and forest degradation, which is responsible for about 20% of global CO₂ emissions, threatens biodiversity, and undermines sustainable forest management and development, including the commercial viability of operators acting in accordance with the law.

Even though in some European countries illegal logging is not a problem per se, it becomes one when they import wood products from other countries from the pan-European region and other countries, where illegally harvested wood is a common practice because of: corruption and weak institutions, poverty, criminal organizations or simply the low investment, high profit and low risk of getting caught.

One of the main problems, when fighting illegal logging in the pan-European region, is the lack of a common definition of illegal logging and a common understanding of the legality of forest products origin. This could be one of the main goals to focus on in the future, at a national and pan-European level, to fight more effectively against illegal logging and try to achieve the FOREST EUROPE 2020 goals and targets.

There is also a need to synergy our efforts and actions in order to enforce the law and to prevent and minimize illegal activities. For this aim we must combine forest strategies and action plans with crosscutting strategies because not only forestry service and forestry police have obligations by the national law and from international agreements.

How to improve the knowledge concerning the economic, social and environmental consequences of illegal logging and its related trade is another issue to focus on. The exchange of information and communication within the sector and among society should be improved to raise awareness of the real problems to better coordinate policy responses, capacity building and implementation of best practices.

EU regulations FLEGT and the EUTR are introducing requirements, which will affect operators who place timber and timber products on the EU market as those regulations oblige operators to adopt responsible purchasing policies respecting applicable legislation in the country of harvest. It will be interesting to see how the EUTR is implemented by all the actors, how it affects third parties and what are the new challenges and main problems they face, as well as the needs in order to facilitate its implementation to have the expected results. FOREST EUROPE could play a role in the future trying to help this implementation by following closely the process and detecting the real challenges this regulation may imply for the actors involved.

Ineffective forest policies and legislations, and lack of human and economic resources in some East European countries make illegal logging and its related trade a real challenge. FOREST EUROPE should find ways to further strengthen the efforts towards good governance and forest law enforcement in this region in the years to come in order to collaborate with the European Union, the ENA/FLEG and other processes against illegal logging and related trade.

The workshop was a really good opportunity to share different experiences from the countries and organizations who attended. It gave all of us a global vision of what is the current situation in the pan-European region concerning illegal logging and its related trade. The years to come, in which the countries will adopt new regulations, regional and national, will be crucial to the region.
Annexes

ANNEX 1: PRESENTATIONS

Regional Cooperation

Ms. Marta Szegli Bonifert
Executive Director
Regional Environmental Center

Regional Environmental Center (REC)

... is an international organization with a mission to assist in solving environmental problems (...)
- The REC is equally based on a charter signed by 30 countries and the EC
- Multi-stakeholder international Board
- 190 staff (some 30 nationals)
- Office network serving 15+ countries
- 100% project based organization
- Over 200 running projects
- 10 – 12 million Euro annual turnover
- Operates in various regions:
  - EU Member States of Central and Eastern Europe
  - EU15 Enlargement countries, candidates and potential candidates
  - Eastern Partnership Countries
  - EU17
- Operation beyond the REC Country Office Network

Donors (1990-2011 — over 177 million Euro*)

RECENT DONORS:
- European Commission
  - The governments of Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Czech Republic, Denmark, Germany, Hungary, Italy, Japan, Lithuania, Luxembourg, the former Yugoslav Republic of Macedonia, Mongolia, the Netherlands, Norway, Russia, Romania, Sweden, Switzerland, the United Kingdom, and the United States
  - as well as other inter-governmental and private institutions

TOP 12 REC projects
**Topic Areas of the REC**

- "Governance for sustainability" main direction of work
  - Educational Tools
  - Health and Environment
  - Law Development, Enforcement and Compliance
  - Local Governance
  - Participatory Governance
  - Sustainable Development Academy

- "Green economy" main direction of work
  - Biodiversity
  - Climate change and clean energy
  - Environmental Financing
  - Environmental Management
  - Green Transport
  - Water management

**Forests' assets**

- Economic: wood/non-wood production; employment
- Social: social and cultural functions
- Environmental: biodiversity conservation, nutrient cycling, protection of microclimate
  - + Global values: carbon storage, tourism and future genetic resource use

**Illegal logging project by REC: 2008-2010**

- Under the ENVSEC Initiative
  - Fact-finding report concerning the magnitude, severity, practices and consequences of illegal logging in selected countries (SEE and Ukraine)
  - Diagnostic audits to evaluate their capacities to address the issue of illegal logging according to international standards.
  - Action Plan: concrete recommendations directed at specific institutions and relevant actors (Regional Roadmap).
  - Conference to bring attention to the problem of illegal logging and the formulation of the THEMIS network for the SEE

**Illegal Logging and Environmental Crimes Network**

- The regional informal network for the EU candidate countries and potential candidates: THEMIS – Natural Resource management and Environmental Crime Network.
- Themis was the Greek embodiment of order and law.

**2009 - 2010**

**ENVSEC projects on Illegal Logging (Ukraine and SEE)**

**Project Outcomes:**
- Fact finding, diagnostic audit, regional report, final conference (Budapest 2010)

**Creation of Themis by the Countries**
- Joint Statement, ToR, Work Plan
- Broadened scope

**Lessons Learned**

- In the most successful projects efforts are
  - Crossborder / regional activities
  - Multistakeholder approach
  - Framework-type activities
  - Involving partners
Welcome to the REC!
Addressing illegal logging
EFI’s EU FLEGT facility experiences

Mr. Jussi Viitanen
Deputy Head of Unit
European Forest Institute

1. Illegal logging a problem for Europe?
Some estimations:

• Worth 30 to 100 billion US$ yearly
• 15–30% per cent of global forest production
• Timber prices depressed by 15%
• Meanwhile... 1.2 billion people, a fifth of the world’s population, depend on forests for their livelihoods.

1. Illegal logging a problem for Europe?
EU vs. Global imports of wood products
(Only industrial roundwood + sawnwood + veneer + panels)

Source: ITTO, 2012

1. Illegal logging a problem for Europe?
... Yes, in some ECE countries

• Low investment, high profit and low risk of getting caught
• Need - Poverty-driven for subsistence and wood fuel
• Greed - Criminal gangs aided by corruption and weak institutions (forestry, police, judiciary)
• Ranged from few % in most Balkan countries to around 10 % in e.g. Albania and Ukraine (REC, 2010)
• Past problems in Russia, Baltic States... Current state?
1. Illegal logging a problem for Europe?
Illegal = Hidden = Difficult to measure

Illegal logging
- No common definition of illegal logging
- No harmonized assessment of size (quantity and value) and (social, environmental and economic) impacts
- No repeated assessment = No Monitoring
Trade in illegal produce
- intra-EU trade recording thresholds

2. Novel policy measures
FLEGT: fight against illegal logging

FLEGT Global Historical perspective

East Asia FLEGT Bil. Africa FLEGT Yaoundé Europe & North Asia FLEGT St Petersburg

EU FLEGT


US Lacey Act amendment
Australian Illegal Logging Prohibition Bill

2. Novel policy measures

Objective
Address the driving forces of illegal logging both on the demand side as well as in the timber producing countries.

Main Instruments
1. Public Procurement Policies (demand)
2. Voluntary Partnership Agreements (supply)
3. EU Timber Regulation (demand and supply)

2. Novel policy measures
EU Timber Regulation

Operators and Traders
- who place timber and timber products on the internal EU market for the first time

Due Diligence System (DDS)
- Legal conformity information to be recorded throughout CoC
- Risk assessment
- Risk mitigation
- FLEGT licensed wood from VPA countries: “negligible risk”

2. Novel policy measures
Voluntary Partnership Agreement (VPA)

- Voluntary Trade agreement
- Bilateral: between a timber producer country and the EU
- High Level Objectives, e.g.:
  - Strengthen & enforce legal standards
  - Improved and more resilient livelihoods
  - Reduced deforestation and degradation
3. EFI EU FLEGIT Facility Experience
FLEGIT country interaction
State of play of FLEGIT/VPAs...

3. EFI EU FLEGIT Facility Experience
Lessons from VPA for European context
- Address IL through comprehensive governance approach
- There are no easy solutions
- Work through stakeholder engagement, involving civil society and industry with government
- Communication and awareness raising is needed between and within levels high and low, steadily throughout the process
- Don’t focus on exports only – address domestic market too
- Think about Small and Medium Enterprises too
- Legal reform needs to separate need and greed driven IL

Key studies
- Ottisch (2005)
- Ottisch & Moseyev (level of IL in Russia) (2003/4)
- EEA study (2005)
- MCPFE IL workshop in Madrid (2005)
- REC country reports Ukraine and Balkans (2009-2010)
- WWF (Bosnia)

For further information on EFI’s EU FLEGIT Facility
European Forest Institute
www.efi.int
EU FLEGIT Facility
www.euflegt.efi.int
Jussi Viltanen, Deputy Head of FLEGIT-REDD Unit
jussi.viltanen@efi.int

Sign up for our newsletter!
www.euflegt.efi.int
Improving governance of forest resources for social, economic and environmental benefit

Mr. Richard Aishton
ENPI FLEG Program Coordinator
IUCN
ENPI FLEG
Improving Forest Law and Governance in European Neighbourhood Policy Countries and Russia

Follow the thread – the ‘web of causality’ related to rural forested communities – literally 10's of thousands of such communities

http://www.enpi-fleg.org

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Rural Communities

External Pressure

Reduced Resilience

(Individuals, community, region)

As resilience subsistence living

Unauthorised or unregulated use of forest resources

Resource depleted – value of ES neither realized nor maximized

Value-added for community benefits lost

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Governance of resources begins with knowledge of the true value of the Forest Resources – ENPI FLEG core value

Economic development and forest resource conservation are compatible – both can be done in a way that has a positive influence on communities (Econ & Social) and conservation.

http://www.enpi-fleg.org

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Forests and Rural Livelihoods

Economic Development – rural livelihoods and better understanding of the value of forest resources – better utilization

- Develop local economy = better utilization = longer term use
- Longer term use => greater local value-added => increased resilience
- Increased resilience => more stability

http://www.enpi-fleg.org

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Conclusions?

(1) Important to reach out and to connect with other sectors, programs - THIS IS A CROSS-SECTORAL ISSUE SET OUT IN A COMPLICATED MATRIX

(2) SHARING Information is a necessity;

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(3) PAY ATTENTION to and use lessons learned from SUCCESSFUL and UNSUCCESSFUL initiatives

Thank you for your attention

ENPI FLEG
Improving Forest Law and Governance in European Neighbourhood Policy Countries and Russia

(4) Think about the future
WWF’s vision of social and environmental aspects of illegal logging: Russia’s case

Mr. Nikolay Shmatkov
Forest Policy Projects Coordinator
WWF Russia

What will we learn from this presentation?

- Size and value of Russian forests, political and economic challenges;
- Scale of illegal logging in Russia;
- Illegal logging and species, communities, and legal business;
- Legal = rational and sustainable?
- What can we do?

Russian forests are big...

Good news:
There are a lot of forests in Russia - Russia holds 20% of the World’s forest cover ~ 1.18 bln hectares.
The condition and management quality of Russian forests are important for everyone.

... but have a limited economic value and unattended

Bad news:
- Low value of forests in the view decision-makers (less than 2% of GDP) and huge “underutilized” resources: why bother protecting forests?
- Forests are more than just standing timber? Ecosystem services, local and traditional values, value of intact forests - are not assessed and recognized
- Non-stop reforms in forest legislation (19 sets of amendments to the Forest Code since 2005) and in management structure
- Lack of reliable inventory information (less than 20% of forests are covered)
- Only about 20-30% of forests are economically accessible due to lack of roads, slow growth on bogs or permafrost, mountainous conditions (26% of the intact forest are of the World is in Russia)

Pressure on economically accessible forests in Russia

Blue color refers to transformed low quality birch and aspens stands
(Ponomarev et al. 1986)
Primorsky Krai: light red are river- protection forests leased for logging in 2008;
dark red – in 2012
Scale of illegal logging in Russia: what is the truth?

Reports from 81 regional governments: 1.3 mln m³

Results of the federal check-up of 30 regions based on remote sensing: 1.8 mln m³, no data for small-scale and selective logging

NGOs: 35-40 mln m³ (2010-2012)

World Bank, IUCN, WWF: 40 mln m³ (est. 2010-2011)

In 2011 Russia officially harvested 197 mln m³

Areas of high risk in Russia

Drivers for illegal logging in Russia

- No one’s forests: former collective farms’ forests, forests on abandoned agricultural lands
- High level of corruption
- Low level of interdepartmental cooperation
- Low quality of life in rural areas: salaries 100-150 EUR per month
- Low law enforcement: 70 000 forest rangers before 2005 and less than 17 000 in 2012

Illegal logging in Primorsky Krai

<table>
<thead>
<tr>
<th>Species</th>
<th>Volume authorized to log (m³)</th>
<th>Volume actually logged (m³)</th>
<th>Illegal overcutting x 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean pine</td>
<td>250</td>
<td>2072</td>
<td>x 10.6</td>
</tr>
<tr>
<td>Manchurian ash</td>
<td>190</td>
<td>2098</td>
<td>x 11.6</td>
</tr>
<tr>
<td>Total (including 8 other species)</td>
<td>833</td>
<td>6628</td>
<td>x 7.8</td>
</tr>
</tbody>
</table>

Data on illegal logging for one of the lease areas in Primorski Krai 2000-2009 WWF-Russia-Kurile Branch, 2011

Some rare and valuable species threatened by illegal logging in Russia

Forbidden for logging:
- Korean pine (Pinus koraiensis)
- Manchurian walnut (Juglans mandshurica)
- Persian walnut (J. regia)
- Juniper (Juniperus spp.)
- Velvet tree (Endlicheria peltata)
- Chestnut (Castanea sativa)

Commercial resources depleted / overharvested:
- Siberian pine (Pinus sibirica)
- Mongolian oak (Quercus mongolica)
- English oak (Q. robur)
- Linden (Tilia spp.)
- Maple (Acer spp.)
- Ash (Fraxinus spp.)
- Elm (Ulmus spp.)
Illegal logging: destruction of habitats and food chains for rare species

Communities, business and illegal logging

- No taxes and other fees for the budget
- Generation of money for corruption
- Legal and responsible businesses have to compete unfairly with illegal ones
- Competitive disadvantages on ‘green’ markets (EUTR, Lacey Act)
- Need to invest money to prove legality (corporate systems, voluntary certification, due diligence)

Does legal always mean sustainable?

Clear cut in intact forest in the Archangelsk Region – completely legal – no protection for intact forests in the national legislation

Illegal logging:
- destroying Indigenous values
- killing tigers
- supporting corruption
- undermining legal business and forest management efforts

What can we do?
- Gather and publish truthful information on scale of illegal logging – the problem will not be solved unless it is recognized to be the one
- Close markets for illegal timber – will EUTR and Lacey Act be effective enough?
- Close breaches in national laws – logging in intact forests, ‘salvage’ logging, no timber accounting
- Support public participation in forest management
- Support domestic ‘green’ market – ‘green’ procurement policies, private sector initiatives
- Buy FSC certified timber and ... improve quality of FSC
- Address the problems outside the forest sector: corruption, rural underemployment, no real power with municipal authorities and much more ...

Russian forests are valuable for Europe
Help us save them

cshmatkoy@wwf.ru
www.wwf.ru
ENPI FLEG. Forest governance partnership in seven European countries

Mr. Andrew Mitchell
Sr. Forestry Specialist
World Bank

Structure
- Background and general description
- Examples of country activities
- Next steps
- Lessons learnt

ENPI-FLEG
- EU funded program to implement the St. Petersburg agenda
- European Neighbourhood and Partnership Instrument
- 2008-2012
- European Union, World Bank, IUCN and WWF
- Technical assistance, training, research, pilots
- Fora for national and regional collaboration

ENPI-FLEG
- Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine and Russia
  - regional activities
  - Central Asian States observers to regional events
- Euro 6.3 million
  - European Union and Government of Austria
- parallel activities: WB, DFID and Korea, mainstreaming PROFOR work

Objectives
- overall objective
  - to contribute to legal and sustainable forest management and utilization practices, a strengthened rule of law and improved local livelihoods, focusing on environmental sustainability, human rights aspects and gender equity
- specific purpose:
  - improved forest governance arrangements through the main priorities of the ENA FLEG Ministerial Declaration, with the support of selected pilot activities and with the active involvement of governments, civil society and the private sector.
**Results Areas**

1. Increased awareness and commitment of key stakeholders on FLEG
2. Effective national and regional FLEG action processes in place
3. Increased national ownership and capacity
4. Improved regional and sub-regional collaboration and knowledge sharing
5. Effective engagement of key trading partners
6. Continuation of the formal official Europe-North Asia FLEG process
7. Sustainable forest management practices implemented

**Armenia**

- Guide on Forest Legislation
  - analysis of forest legislation of Armenia (Forest Code and related acts) and capacity building
  - Guide on Forest Legislation was prepared
    - Road-shows “Turn to the Law, Protect Yourself and Your Forest”
    - Increasing coverage in media

**Azerbaijan**

- Media campaign and training
  - Increased understanding on forest problems, benefits of sustainable forest management
  - Educational publications in the secondary schools and specialized institutions
- Legal work
  - Strengthening knowledge on forest laws and implementation
  - Proposals supported by the Parliament

**Belarus**

- Proposals made by FLEG program included in “Government Program of Forest Sector Development in Belarus for 2011-2015”

**Georgia**

- Recommendations on Integrated Management of Forest Ecosystems
  - a) determination of new functional zones of the state forest fund, and b) guiding principles of restoration, maintenance and sustainable use of forest ecosystems
- Income Generation from Sustainable Use of Forest Resources
  - projects support employment and increasing incomes for the local population -> local population less reliant on illegal logging.

**Moldova**

- Forest management and resources inventory; interagency collaboration
  - “Moldsilva” and State Ecological Inspectorate: improve accountability in forests. “Moldsilva” and Agency of Land Relations and Cadastre: joint utilization of data and improved forest mapping
- Strengthening of forest owners’ capacities
  - (i) building capacities for Moldsilva, (ii) law enforcement seminars for all forest owners (governmental, community forests, private) and (iii) information technologies
Russia

- Improving regulatory and legal framework and enforcement
- Improving planning and monitoring at national, regional (local), and interagency levels
- Actions to be implemented by lead Russian forest companies and their international trading partners
- Safeguarding the rights of local communities and small businesses to forest resource use
- Increasing transparency of actions and raising public awareness

Ukraine

- Manuals on the administrative, criminal and civil liability
- Reference guidelines “Preventing corruption in the forest sector in Ukraine”
- Memo for forest guards (actions during the arrest of violators, registration and investigation of offenses)
- Reference book “Forest legislation of Ukraine in questions and answers”

Regional

- Communication
  - website, publications
- Cross-border trade workshops
- Economic and social impact of inefficient, unsustainable forest practices and illegal logging.
  - comparative analysis between ENPI FLEG countries
- Targeted surveys of professionals regarding FLEG processes

Follow-up, phase 2

- European Union will continue support
- Same organizations
- 2012-2016
- Building on the successes of the first phase
- Country and regional work plans developed during inception phase (6 months)

Follow-up, themes

- Continue processes started, especially in policy and legislation
- Behavior change, public awareness, certification
- Regional cooperation e.g. Russia-China-EU, FOREST EUROPE
- Use of ICT and other technologies
- EU Timber Trade Regulation; US Lacey Act

Follow-up, themes

- Community forestry
- Keep FLEG/FLEGT on international agenda;
- collaboration with EU member states
- Impact assessment
- Safeguards
Lesson learnt, key issues

- Vision, consensus
- Right policy – good legislation
- Good institutions
- Public awareness and education
- Training of professionals, judiciary and journalists
- Information management
- Monitoring and enforcement

Ms. Svetlana Atanasova
Legal Officer
Directorate General “Environment” European Commission


What will change on 3/3/13?

Directorate General “Environment”
European Commission

Legal Framework

EUTR

Delegated Regulation
Implementing Regulation
Guidance

OBLIGATIONS

Due diligence

Art. 5 2: The supplier must perform a due diligence that allows assurance that the timber or timber product does not enter the market. To that end, the supplier must establish a framework of procedures and requirements aimed at reliable and comprehensive identification of the source of the products in order to avoid illegal timber, and must take all necessary measures to verify that the conditions under which the products were obtained were carried out in a manner that is consistent with the framework established

Prohibition

Art. 4 1: The trading on the market of illegally harvested timber or timber products originating from such timber shall be prohibited

> What does “illegally harvested” mean?
Art. 2 (g)

> What is the “applicable legislation” in the country of harvest?
Art. 2 (h)

Traceability

Art. 5 Obligation of traceability

What is Due Diligence System (DDS)?

EUTR: Implementing Regulation

1) Access to information

- What type of information? Art. 6(1)(a), EUTR
- What is the full scientific name of the tree species; the sub-national region and the concession of harvest required? Art. 3 (b)
  - full scientific name; ambiguity in the use of the common name exists
  - sub-national region; concession; the risk of illegal harvesting varies

Concession: Any arrangement conferring the right to harvest in a defined area

- What else? Art 6(1)(e) last Indent: documents or other information

2) Risk assessment

Criteria Art. 6(1)(b), EUTR

3) Risk mitigation Art. 6(1)(c), EUTR

What is negligible risk - where following full risk assessment no cause for concern can be discerned

What is DDS?
How to apply DDS?

**Article 2 and 5, IR (application not shipment based)**

- To each specific type of timber or timber product supplied by a particular supplier within a period not exceeding 12 months, provided that the tree species, the country or countries of harvest or, where applicable, the sub-national region’s (and concession’s) of harvest remain unchanged.
- Access to the information for each consignment of timber and timber products placed on the market.
- Information concerning the operator’s supply and application of risk mitigation procedures shall be documented through adequate records which shall be stored for 5 years and made available for checks by the competent authority.

PRODUCT SCOPE

- Listed in Annex using EU Customs codes
- Covers a wide range of timber products
- Does not cover:
  - Waste and recycled products
  - Packaging material to support or carry another product
  - Certain baseless and rattan products
- May be amended to include other products (Chapter 49)

Monitoring organisations (MO)

**Article 8, EUTR; OR**

- Legally established within the EU and recognised by the Commission (procedure in the delegated Regulation)
- Maintain and evaluate a due diligence system and grant operators the right to use it
- Ensure that operators correctly apply the due diligence system
- Will be subject to checks by competent authorities
- MO assist operators and is an option for operators

Placing on the market

**Relevant legislation: Art. 2, EUTR**

Supply must be:
- on the internal market
- for the first time (refers to each individual product, not product line)
- for distribution or use in the course of a commercial activity
- in return for payment or free of charge

Case Study

An energy company based in the EU imports wood chips directly from Canada, which it then burns to generate energy. This energy is sold to a National Grid.

**Do these wood chips fall within the scope of the Regulation?**

YES
Role of 3rd party verified schemes?

- Recognition of the voluntary certification in the Preamble - Recital (19)
- Role in the risk assessment - Art. 6 (b)
  "[...] Risk assessment procedures that take into account [...] relevant risk assessment criteria including: Assurance of compliance with applicable legislation in which may include certification or third party verified schemes which cover compliance with applicable legislation [...]"
- Role in the risk mitigation - Art. 6 (c)
  "[...] Risk management procedures [...] may include requiring additional information or documents and/or third party verification"

Issues clarified in Guidance

- The definition of "placing on the market"
- Definition of negligible risk
- Clarification of "complexity of the supply chain"
- Clarification of the requirement for documents indicating compliance of timber with applicable legislation
- Clarification of the product scope - packaging materials; "waste"/"recovered" products
- The role of third parties verified schemes in the process of risk assessment and risk mitigation
- Regular evaluation of a due diligence system
- Composite products
- "Forest sector" in Art. 28(a), EU TR
- Treatment of CITES and FLEGT-Licensed Timber

Role of 3rd party verified schemes?

- Criteria for assessing their credibility in the implementing Regulation

Art. 4 Risk assessment and risk mitigation

(a) [...] they have established and made available for third party use a publicly available system of requirements, which system shall at the least include all relevant requirements of the applicable legislation
(b) [...] they specify the appropriate checks, including field-tests, are made by a third party at regular intervals to ensure that the applicable legislation is complied with;
(c) [...] they include means, verified by a third party, to trace timber harvested in accordance with applicable legislations and timber products derived from such timber, at any point in the supply chain; before such timber or timber products are placed on the market;
(d) [...] they include means, verified by a third party, to ensure that timber or timber products of unknown origin, of timber or timber products which have not been harvested in accordance with applicable legislation, do not enter the supply chain.

ROLE OF THE MEMBER STATES

- Competent authorities (CA) = national government bodies responsible for the application and enforcement:
  - Check operators
  - Check MOs
  - Reports, etc.
- A list of CA can be found here: http://ec.europa.eu/environment/forests/timber_regulation.htm
- Penalties: effective, proportionate and dissuasive penalties

Thank you!

European Commission
DG ENV,E,2 – Environmental Agreements & Trade
E-mail: svtia.atanassova@ec.europa.eu;
Website: http://ec.europa.eu/environment/forests/timber_regulation.htm
The Lacey Act and legality assurance technologies

Ms. Shelley Gardner
Illegal logging Program Coordinator
US Forest Service

Wildlife Trafficking and Conservation: A Call to Action

- Secretary Clinton convened government officials, NGOs, and private industry to spur collective action Nov 8.
- Increasingly, wildlife trafficking intertwined with other illicit activities and organized criminal networks.
- Threatens national security and the role of law, undermines conservation efforts, robs local communities of economic base, and contributes to the emergence/spread of disease.
- US committed to tackling the problem of wildlife trafficking as a first tier foreign policy issue.
- Four Pillar Conservation Matters strategy
  1. Catalyzing political will/diplomatic outreach
  2. Engaging in public diplomacy/outreach
  3. Identifying training and technology needs
  4. Building on existing partnerships and initiating new cooperation to improve enforcement capacity and reduce consumer demand.

Forests and Forestry
U.S. Approach

- Value and take account of multiple goods and services of forest ecosystems – promoting sustainable forest management
- Address underlying causes of deforestation (e.g., tenure, corruption, perverse incentives)
- Support participatory approaches – raising awareness and building capacity through bilateral and multilateral efforts
- Base policy on the best available science
- Strengthen transparency and accountability in the international trade in forest products.

Current regulations, policies and laws governing the international trade in forest products

- US Lacey Act
- EU Timber Regulation
- Australian Timber Regulation
- ASEAN Timber legality
- FLEGT
- United Kingdom Procurement Policy
- Denmark Procurement Policy
- Netherlands Procurement Policy
- Japan Procurement Policies
- Belgium Procurement Policies
- New Zealand Timber and Wood Products Procurement Policy
- French Timber Procurement Policy
- German Procurement Policy
- Cameroon VPA
- Ghana VPA
- Republic of Congo VPA
- Central African Republic VPA
- Democratic Republic of Congo VPA
- Indonesia VPA
- Liberia VPA
- Malaysia VPA
- Vietnam VPA

U.S. Efforts to Strengthen Forest Governance & Combat Illegal Logging and Associated Trade

- MOUs with Indonesia and China
- Asia-Pacific Regional Dialogue
- Commitments in trade agreements
- Bilateral and regional assistance for forestry
- Support for ITTO Programs and Projects
- Support for RAFT and Forest Legality Alliance
- Investment in legality assurance technologies
- Amended Lacey Act - adds an enforcement tool

SHELLEY GARDNER
U.S. Forest Service, International Programs
U.S. Lacey Act 2008 Amendments
Prevention of Illegal Logging Practices

History of the Lacey Act
- Oldest wildlife protection statute in the U.S.
- Well-established tool to combat trafficking in illegal wildlife, fish and plants
- Amendments provide a tool to assist other countries and U.S. states in combating illegal logging

The Amended Lacey Act
1) Expands Lacey protection to broader range of plants and products, including timber
   - Enforcement effective May 22, 2008
2) False Record Provision - it is unlawful to submit a false record or label, or any false identification of a covered plant
   - Enforcement effective May 22, 2008;
3) Introduces new declaration requirement for plant products
   - Enforcement is being phased in

The Plant Import Declaration
- Filed by U.S. Importer
- Declaration requires basic information about the shipment:
  1. Scientific name (genus and species)
  2. Value of importation
  3. Quantity of the plant
  4. Country of harvest

What if the information is unknown?
If the species varies and is unknown:
- The importer must declare the name of each species that may have been used to produce the product
If the species is commonly harvested in more than one country and the country is unknown:
- The importer must declare the name of each country from which the plant may have been harvested

Lacey Act Enforcement
Penalties for Lacey Act Violations:
- Forfeiture—seizure of product
- Civil Penalties—Monetary penalties
- Criminal Penalties—Fines and potential imprisonment
Exercising Due Care

- “Due care requires that a person facing a particular set of circumstances undertakes certain steps which a reasonable person would take to do his/her best to ensure that he/she is not violating the law.”
- Due care “is applied differently to different categories of persons with varying degrees of knowledge and responsibility.”

Lacey Act Enforcement

- Underlying foreign law violation does not have to be a criminal violation.
- Underlying violation need not be committed by person charged with violating the Lacey Act – third party might have taken the product illegally.
- Fact-based, not document based approach.
- Burden of proof on U.S. government.
- Underlying foreign law can be interpreted by U.S. courts.

U.S. v. Harlan Crouch & Cocobolo, Inc.

- Wood from Peru valued at $7,500.
- Strict liability administrative forfeiture under Lacey Act.
- Petition for remission denied June 2010.
- No exercise of due care where:
  - Broker correctly classified product in the past, but in this case declared it under an incorrect tariff code.
  - Supplier told petitioner that the company he was dealing with had gone out of business and requested payment directly to herself.
  - Petitioner could have but did not (1) request genus and species information from the Peruvian supplier to prepare the declaration, (2) check out the supplier with the Peruvian government, (3) consult with USDA APHIS or CBP.

Gibson Guitar Corporation

- Company continued to import ebony from Madagascar after an employee traveled to Madagascar and learned of the legal ban on harvest and export of ebony in that country.
- Criminal Enforcement Agreement:
  - Penalty of $300,000.
  - $50,000 community service donation for benefit of wood species.
  - Compliance plan.
  - Forfeiture of Madagascar wood.
Other Useful Statutes: All Plants

- Customs Laws
  - 18 U.S.C. § 541: entry of falsely classified goods
    - 2 years, $250,000/$500,000
    - 2 years, $250,000/$500,000
  - 18 U.S.C. § 545: importation contrary to law
    - 20 years, $250,000/$500,000
  - False statements: 18 U.S.C. § 1001
    - 5 years, $250,000/$500,000
    - 5 years, $250,000/$500,000
    - 20 years $500,000: 5 years, $250,000 respectively
  - Plant Protection Act: 7 U.S.C. § 7794 1 year, $100,000

EU Regulation vs. Lacey: Obligations

<table>
<thead>
<tr>
<th>EU Timber Regulation</th>
<th>US Lacey Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prohibition on trading in illegally sourced timber, applies only to “first placer” on EU market</td>
<td>Prohibition on trading in illegally sourced timber, applies to entire supply chain</td>
</tr>
<tr>
<td>“Due care” - eliminates need for individualized supply chain checks</td>
<td>“Due care” - flexible, no need for individual supply chain checks</td>
</tr>
<tr>
<td>Point of control: first place on the EU market</td>
<td>Point of control: any point in the supply chain</td>
</tr>
<tr>
<td>Basic traceability requirements for traders</td>
<td>No specific traceability requirements, implicit in concept of due care</td>
</tr>
<tr>
<td>No customs declaration</td>
<td>New declaration form (FPL 192) for designated importers per plantation schedule</td>
</tr>
<tr>
<td>Applies to internally sourced forest products as well as imported products</td>
<td>Applies to internally sourced forest products as well as imported products</td>
</tr>
</tbody>
</table>

CITES/Endangered Species Act

- CITES LISTED PLANTS
  - ESA, 16 U.S.C. §§ 1538, 1540
    - 1 year, $100,000/ $200,000
    - 5 months, $25,000
  - Rosewood
  - Ramin
  - Mahogany
  - Cedar
- ESA is normally used in international cases as the underlying law to felony smuggling

For additional information:

U.S. Department of Agriculture:

U.S. Customs and Border Protection
www.cbp.gov

The Forest Legality Alliance – FLA
www.forestlegality.org

USFS tools and technology to combat illegal logging

- Forest inventory and monitoring
- Timber tracking
- Wood identification, wood science

USFS Timber Tracking

Domestic USFS log tracking system
- Integrated system to track logs from source to final destination
- Law enforcement

International collaboration
LIBERIA, BOLIVIA, and HONDURAS
- Higher tech” approach, IT, GPS-based, computerized CoC systems
- Forest operations information management system
- Forest Mapping
- CoC Monitoring
- Open platform for storing, producing, managing documents
- Audit for data validation and reconciliation
Wood science and timber tracking
- Compliance and enforcement of policy - legislative and market requirements
- Timber tracking and forensic support
  - Wood identification
    - Genus, species
    - Geographic Origin
  - Based on information inherent to the wood - cannot be falsified
  - Independent from documents following the product
  - Does not have to accompany wood through chain of custody

Complementary technologies
Scientific, tamper-proof systems where technologies verify genus, species, geographic origin anywhere along supply chain.
- Chain of custody documentation
  - Falsifiable and substitutable
- Wood Anatomy
  - Taxonomic identity but not always to species
- Stable isotopes
  - Geographic origin on a regional scale
- Molecular genetics
  - Individual identity
  - Taxonomic identity, often to species
  - Geographic origin

Wood science initiatives and international collaboration
- Applying science to chain of custody
- Wood anatomy
  - Classical laboratory analysis
  - Field Identification manuals
  - Training field personnel
  - Fiber testing
  - Automated wood ID
  - Wood anatomy of molecular techniques
- Fingerprinting methods
  - DNA
  - Stable isotopes

Wood anatomy classical laboratory analysis
- Depends on highly specialized scientific expertise and access to xylarium (reference samples)
- USFS FPL long standing history
- Center for Wood Anatomy Research
- Traditional analysis of seized material
  - CITES violations
  - Lacey violations

Content verification: fiber analysis of pulp and paper products
Pulp and paper microscopy
Experts can determine:
- Pulping process (mechanical, chemical)
- Wood type (e.g. hardwoods, softwoods)
- Genus, sometimes species
Field identification manuals
Alex C. Wiedenhof, Research Botanist

- CITES Tropical Timber Manual
  - 2002: English, French, Spanish, Polish, Chinese
- Identifiación de las especies maderables de Centroamerica
  - 2011: Spanish, English

Automated wood ID
Alex C. Wiedenhof, Research Botanist
John C. Hermanson, Research Scientist

- Field manuals and training inefficient
- Research into more efficient identification is necessary
- Use computers and sensors to develop portable, handheld identification application
- Rethinking Biology

leafsnap

- Improving efficiency in extracting DNA of sufficient quality and quantity from wood products
- Identify DNA in wood - predictably located in certain cells
- Pre-processing specimens can maximize extraction efficiency
- Evaluate extractions

Fingerprinting methods
DNA - genetic verification

- Forensic Network
- USFS National Forest Genetics Laboratory
  - Forensic analysis in cases of timber theft and fire
- US Fish & Wildlife Service National Forensics Laboratory
  - Dedicated to crimes against wildlife
  - Case history example - fraudulent interstate salmon sales
- US Customs and Border Protection Laboratories and Scientific Services

Fingerprinting methods R&D

VTI Institute of Forest Genetics—Germany
- ITTO-Project: Development and implementation of a species identification and timber tracking system with DNA fingerprints and stable isotopes in Africa

- Pilot study: Timber tracking and species identification of Russian larch and Mongolian oak
  - Russia-Germany-US -- Russian Academy of Science
DNA-based Timber Tracking
- DNA testing integrated with existing system - scientific proof to verify CoC
- DNA samples taken at separate points in supply chain and physically matched together using paper-based system
- Paired samples DNA-tested, similarly to human paternity test, to verify if they come from the same tree, scientifically and independently validating the CoC documentation
- Reduces need for physical audits of paper-based systems, generally acknowledged to be difficult to manage and vulnerable to fraud
- Peru Forest Sector Initiative - Forest Control Module

The way forward - collaboration
- Investment in R&D, technology transfer and outreach
  - Public–private partnerships
- International Barcode of Life (IBOL)
- Tree Barcode of Life (TreeBOL)
  - Smithsonian Institute
- The Global Timber Tracking Network (GTTN), International Center for Identification of Timber Species and Origins, Bioversity International

Integrating Science & Technologies
Tracking legal timber from forest...
...to client

www.forestlegality.org
Prosecuting Illegal Logging

Ms. Shelley Gardner
Illegal logging Program Coordinator
US Forest Service

Illegal Logging: The Problem

- Every two seconds an area of forest the size of a football field is clear-cut by illegal loggers
- In some countries, up to 90% of all logging taking place is illegal
- Illegal logging generates approximately U.S. $10 to 1.5 billion annually worldwide — funds that are unregulated, untaxed, and often remain in the hands of organized criminal gangs
  

Illegal Logging: Consequences

- Deprives governments and communities of resources
- Undermines sustainable forest management
- Unfairly competes with legal production and trade
- Destroys forests, watersheds and habitats
- Profits fuel other crimes and conflicts
- Contributes to climate change

Illegal Logging: Global Responses

- Raising the profile and securing commitments through multilateral efforts such as the G8 International Tropical Timber Organization, and the United Nations Commission on Crime Prevention and Criminal Justice
- The U.S. has entered into innovative bilateral and regional agreements such as memorandums of understanding with Indonesia and China, and through commitments in Free Trade Agreements
Illegal Logging: Global Responses
- Establishing partnerships such as the Responsible Asia Forest and Trade Program, the Liberia Forest Initiative, and the Asia-Pacific Network on Sustainable Forest Management and Forest Rehabilitation
- Working cooperatively to help strengthen governance in developing countries

Illegal Logging: U.S. Response
- The Lacey Act
  - Oldest U.S. wildlife protection statute
  - 16 U.S.C. §§ 3371-3379
  - Contains criminal penalties, civil fines and forfeiture authority
  - Prohibits two broad categories of conduct:
    - False Labeling
    - Trafficking

Lacey Act Amendments
- Before amendment, the Lacey Act covered only plants indigenous to the United States and protected by state law or CITES (i.e., did not allow use of underlying foreign laws)
- 2008 amendments
- Expanded Lacey protection to a broader range of plants
- Created new declaration requirement relating to plant products

Lacey Act: Definition of “Plant”
- Any wild member of the plant kingdom, including roots, seeds, parts or products thereof, and including trees from either natural or planted forest stands
- Exclusions
  - Common cultivars (except trees)
  - Common food crops
  - Scientific specimens for research and plants to remain planted or be replanted
    - that are NOT listed on CITES or protected under the ESA or under state law

New Declaration Requirement
- Declaration must be made at time of importation
  - Must contain:
    - Scientific name of plant (including genus & species)
    - Value of importation
    - Quantity of the plant
    - Name of the country in which the plant was harvested
    - For paper and paperboard products with recycled content, state the average % recycled content without regard for species or country of harvest
    - Does not apply to packaging material used to support, protect or carry another item (unless the packaging material itself is the item being imported)

What if Information is Unknown?
- If species varies and is unknown:
  - Declare the name of each species that may have been used to produce the product
- If the species is commonly harvested in more than one country, and the country is unknown:
  - Declare the name of each country from which the plant may have been harvested
Phased-in Declaration Enforcement

- Declaration requirements began being phased in as of April 1, 2009
- Failure to submit a declaration will not be prosecuted until after the phase-in date for the product at issue
- Issues regarding the truthfulness of any declaration submitted may be immediately prosecutable
- Phase-ins will continue

Lacey Act Trafficking

- It is unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any plant (with some limited exceptions), taken or traded in violation of the laws of the U.S., a U.S. state, or foreign law

Sample Foreign Law Violations

- Theft of timber, including from parks and protected areas
- Harvesting without permission
- Failure to comply with harvesting regulations
- Failure to pay royalties, taxes or fees

Lacey Act False Labeling

- It is unlawful to make or submit any false record, account or label for, or any false identification of, any plant, that is imported or exported, or intended for import or export
- False label or record need not be material
- False label or record need not be submitted anywhere

Lacey Act Penalties

- Felonies
  - Knowledge of facts and illegality, not specific law violated
  - Trafficking involves import or export or commercial conduct with plant value of more than $350
  - 5 years incarceration, $250,000/$500,000 fine

- Misdemeanors
  - In the exercise of due care should have known plant was illegally taken, possessed, transported or sold
  - or knew, but did not involve import or export or commercial conduct with plant value of more than $350
  - Applicable only to trafficking violations, NOT to declaration/false labeling requirements
  - 1 year incarceration, $100,000/$200,000 fine
Lacey Act Penalties

- Forfeiture
  - Civil provisions create strict liability forfeiture for plants involved in a Lacey Act violation (government must follow forfeiture procedures)
  - Can occur with or without a criminal case being brought
  - Criminal provision requires a felony conviction before forfeiture of other property is allowed, e.g., vehicles and equipment

证据的适当性

- That degree of care which a reasonably prudent person would exercise under the same or similar circumstances
  - Asking questions
  - Compliance plans
  - Industry standards
  - Records of efforts
  - Changes in above in response to practical experiences

Lacey Act Timber Basics

- The underlying foreign law violation does not have to be a criminal violation, nor one actively enforced in the foreign country
- The underlying violation need not be committed by the person charged with violating the Lacey Act — a third party might have taken the product illegally
- The underlying foreign law can be interpreted by U.S. Courts

International Plant Trafficking

1. Plant Taken, Possessed, Transported or Sold in Violation of Underlying Law

   FELONY
   - (1) imported or (2) sold or purchased, offered to sell or purchase or intended to sell or purchase over $500 of plants or (3) attempted or aided and abetted someone else to

   MISDEMEANOR
   - Implied, exported, transported, sold, received, supplied, or purchased in foreign commerce, or attempted or aided and abetted someone else to

   Knowing that plant had been taken, possessed, transported or sold in violation of underlying law

2. Defendant Knowingly

In The Exercise Of Due Care Should Have Known that plant had been taken, possessed, transported or sold in violation of underlying law

Evidence of Lack of Due Care

- Goods significantly below usual market rate
- Cash only, or lower price for goods without paperwork
- Paperwork facially invalid or otherwise suspect, such as does not match product ordered or anticipated/possible country of origin
- Unusual sales methods or practices – deserted loading dock at midnight
- Inability to get rational answers to questions
- Failure to ask questions when alerted to possibility of illegality
- Variation from the industry norm (source, method of import/purchase)

U.S. v. Harlan Crouch & Cocobolo, Inc.

- Wood from Peru valued at $7,500
- Strict liability administrative forfeiture under Lacey Act
- Petition for remission denied June 2010
- No exercise of due care whereas:
  - Broker correctly classified product in the past, but in this case declared it under an incorrect tariff code
  - Supplier told petitioner that the company he was dealing with had gone out of business and requested payment directly to herself
  - Petitioner could have but did not (1) request genus and species information from the Peruvian supplier to prepare the declaration, (2) check out the supplier with the Peruvian government, (3) consult with USDA APHIS or CBP
Gibson Guitar Corporation

- Company continued to import ebony from Madagascar after an employee traveled to Madagascar and learned of the legal ban on harvest and export of ebony in that country
- Criminal Enforcement Agreement:
  - Penalty of $300,000
  - $50,000 community service donation for benefit of wood species
  - Compliance plan
  - Forfeiture of Madagascar wood

Other Useful Statutes: All Plants

- Customs Laws
  - 18 U.S.C. § 541: entry of falsely classified goods
    - 2 years, $100,000/500,000
    - 2 years, $100,000/500,000
  - 18 U.S.C. § 545: importation contrary to law
    - 20 years, $500,000
  - False statements: 18 U.S.C. § 1001
    - 5 years, $250,000/500,000
    - 5 years, $250,000/500,000
    - 20 years $500,000, 10 years, $250,000 respectively
  - Plant Protection Act: 7 U.S.C. § 7734: 1 year, $100,000

CITES/Endangered Species Act

- CITES LISTED PLANTS
  - ESA, 16 U.S.C. §§ 1538, 1540
    - 1 year, $100,000/200,000
    - 6 months, $25,000
  - Rosewood
  - Ramin
  - Mahogany
  - Cedar
  - ESA is normally used in international cases as the underlying law to felony smuggling

Information on the Internet

- U.S. Dept. of Agriculture, Animal and Plant Health Inspection Service (APHIS)
  - www.aphis.usda.gov/plant_health/lacey_act
- U.S. Customs and Border Protection
  - www.cbp.gov
- To look up genus/species:
  - http://plants.usda.gov/classification.html
Regional cooperation networks as a tool for law enforcement: THEMIS network

Mrs. Aniko Nemeth
Expert
Regional Environmental Center (REC)

How networks operate?
- Informal Networks
- National contact points
- Plenary Meetings/annual forums
- Multi-Annual Work Programme
- Strong Secretariat
- Sustainable Funding

Reasons for establishment
- Insufficient legal structure
- Uncertain position in government
- Weak control system
- Ineffective compliance and enforcement activities
- Lack of human and technical resources
- Lack of financial resources
- Non-compliance with multilateral environmental agreements
- Lack of public participation

Objectives and activities
- Increase effectiveness of national authorities
- Compliance with environmental legislation;
- Well trained environmental officers
- Improved exchange of experience
- Consistent approach
- Capacity building and exchange of information/best practices
- Institutional development
- Information database and cooperation platform
- Communication
- Spill-over effect information/knowledge transfer

Benefits of networking
- Platforms for cooperation: constant dialogue
- Bottom-up operation -> problem-driven agenda
- Ownership of activities and results
- Institution building through information exchange
- Learning by doing
- Common identity and communication
- Partnerships with other networks and organisations
THEMIS network

- Informal coordination mechanism
- Regional platform for cooperation (SEE)
- Secretariat support
- Coherence with other instruments and partners’ activities
- Specialized focus: shared natural resource management and combating environmental crimes/illegal logging
- Establishing ground for future involvement of beneficiaries in regional and international forestry processes (e.g., Forest Europe)

History: 2009-2010

ENVSEC projects on Illegal Logging
(Ukraine and SEE)

Project Outcomes:
- Fact finding, diagnostic audit, regional report, final conference (Budapest 2010)
- Creation of Themis by the Countries
  - Joint Statement, Task Work Plan
  - Broadened scope

Start-up year 2011

- Development Cooperation
- ADA
- Fundraise
- Strengthen international partnerships
- Reinforce network structures (REC Secretariat)

THEMIS Activities 2012-2013

- Secrecy and Security
- Executive Committee
- Network focal points
- Network秘密 way
- Beneficiaries/Secretariat
- Network Governance
- Targeted Assistance
- Based on specific requests (on the job training, draft law/regulation, etc.)

Lessons learnt

- Objectives and needs based on national priorities
- Strong commitment to cooperation
- Countries joint thinking and decision making
- Regular monitoring and reporting on the progress and developments (indicators, transparent results)
- Country acceptance and ownership of the results
- Focus on capacity building, exchange of experience and implementation/ enforcement of environmental law
- Cooperation and communication
- Secretariat as a cooperation hub
INECE regional network manual

- INECE: international law enforcement network. THEMIS operates under its umbrella.
- Manual for Creating and Sustaining Regional Environmental Compliance and Enforcement Networks: practical information for organizers and leaders of regional networks.

Thank you for your attention!
Aniko Nemeth
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Model Forests: an instrument for enhancing local governance and international capacity building

Mr. Miguel Segur
Secretariat Coordinator
Mediterranean Model Forest Network

Model Forests involve...

A Model Forest is a voluntary association of people that live in a particular territory, and are interested in discovering, defining, enhancing and guarantying its sustainability; and in sharing their experiences and their knowledge to contribute to global environmental goals.

Model forest principles

- An inclusive and dynamic partnership
- A landscape large enough to represent an area’s diverse forest uses and values
- A commitment to the sustainable management of forested landscapes
- A governance structure that is representative, participative, transparent and accountable
- A program of activities reflective of partner needs and values
- A commitment to knowledge-sharing, capacity-building and networking, from the local to international level
- Every model forest is unique but principles are shared by all

Some key observations

- Assists in enhancing ecological sustainability, increasing good governance and creating wealth
- Model Forests influence policy at the institutional, state and national levels
- No new land management structure created
- Each site develops a locally relevant program while having enough in common with others to allow networking to take place
Members

- Share a vision to increase quality of life in rural areas
  on the Mediterranean environment
- Are competent authorities and Model Forests

Main common areas

Model Forests, forest products and...
Traceability

Is a positive approach feasible?
- A local, value-adding point of view
- What are the competitive (and non-competitive) advantages of enforcing the law?
- Interoperability and existing systems, compulsory and voluntary
- Aim at improving the management systems of the agents

Traceability

Different mechanisms studied
- A Mediterranean regional point of view
- An international point of view: Ecotrust-CESEFOR
- A local point of view: Montagne Fiorentine Model Forest

“Timber operators will have to comply with the EU Timber Regulation after the date of application on 3 March 2013”

Traceability projects going on

PEFC Project, in collaboration with Ecotrust
(CCPEFC Collaboration Fund Application)

Mushroom Pilot in
Urbión Model Forest

Forest traceability: marketing mushrooms in the
Spanish Urbión Model Forest (100% PEFC Certified)

1) OBJECTIVE: Fully investigate the local marketing synergy between
PEFC certification and traceability
2) OBJECTIVE: Test traceability in a PEFC region and targeted sector
(mushrooms)

www.micodata.es
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Czech forestry.
Tackling illegal production

Mr. Martin Baranyai
Head of the Forest Protection Department
Czech Environmental Inspectorate

Contents
- Czech forestry - basic information
- Czech Environmental Inspectorate role in forest protection
- Illegal activities in forests
- Implementation of Timber Regulation

Czech Forests
- Total area 2,655,212 ha (33.8%)
- 3_categories - productive 75%, protective 3%, special purpose 22%
- Harmful factors in forests
  abiotic – weather, wind, snow, floods
  biotic – insect, game, human being activities

Czech Forestry
- Total growing stock 673 million m³
- Total timber felling 18.5 million m³ (6.98 m³/ha)
- Annual felling is lower than annual increment
- Timber export 4.3 million m³, import 1.2 million m³
- 70% forests have been certified by PEFC or FSC
  ...ensuring the management complies with criteria SFM

Forest Ownership in the Czech Republic

Graph showing the distribution of forest ownership between private, state, municipal, foundations, agricultural cooperatives, and forest cooperatives from 2006 to 2011.
Changes in Forest Composition

- Spruce
- Fir
- Pine
- Birch
- Oak
- Beech
- Birch
- Hornbeam

Few articles from Forest Act

- Limit for clear-cut is 1 ha (in special cases 2 ha)
- Forest owners over 50 ha have to elaborate forest management plan and respect maximal range of logging for 10 years period
- Forest owners less than 50 ha have to follow forest management outlines, where harvesting have to be approved by forest manager and forest authority
- Reforestation duty - within 2 years after harvesting

Czech Authorities in Forestry

- Ministry of Agriculture
  - Regional office Forestry Dpt
  - District office Forestry Dpt
- Ministry of the Environment
  - Czech Environmental Inspectorate
  - Regional office Nature Dpt
  - District office Nature Dpt
- Licensed Forest manager
-FOREST OWNER
- CEI

Example of cases solved by the CEI

- Inadequate protection against harmful insect
- Illegal logging
- Illegal waste dumping in forests
- Damage to forest stands during felling and transporting timber
- Check biodegradable capacity of petroleum products used in chainsaws and hydraulic systems

Czech Environmental Inspectorate

Forest Protection Dpt - 50 inspectors

Bark Beetles
Illegal waste dump

Non compliance with reforestation duty

Illegal logging in Czech forests
- Cases solved by the CEI up to 100 ha/year, less than 17,000 m³/year
- Forest authority estimation – hundreds of hectares, less than 20,000 m³/year
- Forests in total 2.66 million hectares = affected forests less than 0.01%
- Total timber felling 16,5 million m³ = less than 0.02% of domestic production

Risk analysis

Import of timber and timber products
- Annual import estimation – approximately 1.2 million m³ of timber and 1.6 million tons/year of timber products
- More than 90% imported from third countries (first placing on the EU market)
- Illegally harvested timber estimation 100,000 m³ and 25,000 tons of timber products

Implementation of Timber Regulation

Responsible authority – Ministry of Agriculture
Negotiation from March 2011 to June 2012 - core team:
- Ministry of Agriculture with Forest Institute
- Ministry of the Environment with Czech Environmental Inspectorate
- Ministry of Finance with Customs Office Directorate
- Ministry of Industry and Trade with Czech Trade Inspection Authority

Proposal of new Timber Act
- Discussion in Parliament

Question for future
- Compliance control and enforcement?
- Measures, penalties, seizure of timber?
Thank you for your attention

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Elaborating EUTR into Danish law and administration

Mr. Niels Bølling
Head of Section
Danish Nature Agency

Elaborating EUTR into Danish Law and Administration

Agenda
1. Basic information
2. National legislation on FLEGT license scheme
3. National legislation on EU Timber Regulations
4. Duties of the Competent Authority (EUTR)
5. Organizing inspection

Elaborating EUTR into Danish Law and Administration

2. National legislation on FLEGT
Danish Administrative Order: FLEGT bekendtgørelse
- Role of Competent Authorities
- Role of Custom
- Role of Operator
- MoO with Custom
- Approval of FLEGT License

Participation in Indonesia-EU VPA Shipment Test Run

Elaborating EUTR into Danish Law and Administration

1. Basic information
Danish Nature Agency is Competent Authority responsible for administration and inspection
- 250 importers of rough timber
- 5,200 importers of other wood and wood products
- 25 - 29.000 private forest owners
- 190,000 hectares state owned forests
- ??? Traders

Elaborating EUTR into Danish Law and Administration

3. National legislation on EU-Timber Regulation
New law proposal in Parliament at October 11th, 2012:
“Law for the administration of the Europe Union Regulations on timber and timber products by the purpose of combating illegally harvested timber”
Expected to enter into force 1. January 2013

Proposal for new law
New Administrative order for inspection, sanctions and follow up on irregularities
Expected to enter into force 1. Marts 2013
Elaborating EUTR into Danish Law and Administration

4. Duties of the Competent Authority (EUTR)
Tasks of the CA

Timber Regulation 995/2010
Art. 10 Checks on operators
Art. 11 Records of checks
Art. 12 Cooperation
Art. 13 Technical assistance etc.
Art. 14 Penalties
Art. 15 Reporting

Delegated Regulation 363/2012 (MO’s)
Art. 5 Legal personality
Art. 6 Appropriate expertise
Art. 7 Capacity to exercise as MO
Art. 8 Absence of conflict of interest
Art. 9 Information on subsequent changes
Art. 10 Reporting to the Commission

Implementing Regulation 607/2012
Art. 2 Application of due diligence system
Art. 3 Information concerning operators supply
Art. 4 Risk assessment and mitigation
Art. 5 Recordkeeping by operators
Art. 6 Frequency and nature of checks on MO’s
Art. 7 Reports on checks

Elaborating EUTR into Danish Law and Administration

5. Organizing Inspection
Drafting and content of official inspection plans
Define inspection strategy

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5. Organizing Inspection
Possible selection of operators to be checked

2013
Inspections of few big professional operators with due diligence in place - high import volume
(Placard the upper bar)

2014
Risk based inspection
Theme: (not decided yet)

2015
Risk based inspection
Theme: (not decided yet)
Follow up on 2014

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5. Organizing Inspection
Inspection of due diligence-systems

Tell me
Show me
Prove me wrong

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5. Organizing Inspection
Inspection of due diligence-systems

Draft inspection scheme

Establishment of audit team with skills of law enforcement, international purchasing, forest management and finance
Training and calibration
Need for cooperation with other authorities
5. Organizing Inspection
Transfer of information between CA and Custom

Forvaltningsloven
Encrypted e-mail

5. Organizing Inspection
Sanctions
- Injunction
- Prohibition
- Fine
- Seizure (How to handle?)
- Prison up to one year

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5. Organizing Inspection
Risks
- Type of operator (small, medium, big)
- Big forest owners with own heat production
- Information from Custom
- Country/region of origin
- Market information
- Value of import
- Violation of tax- or other regulations

Elaborating EUTR into Danish Law and Administration

THANK YOU

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Governance and forest law enforcement – experiences and lessons learned in Austria

Mr. Johannes Hangler
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Austrian Forests – Ownership Structure

- Private forests ≤ 200 ha: 40%
- Private forests > 200 ha and community forests: 32%
- Austrian Federal Forests: 15%
- Other publicly owned forests: 4%

81% PRIVATE, 19% PUBLIC

SFM in Austria – Multifunctionality

...the basic principle:
All forests should cover all functions.

Protective Functions

Austria is an alpine country. Stable forest are essential to protect life and infrastructure against soil erosion, floods, avalanches, and landslides etc.

Environmental Functions (e.g. Biodiversity)

In Austria about 659,000 hectare forests are part of protected areas according to different categories of nature protection laws.

Recreational Functions

Tourism is one of the most important economic sectors in Austria. Forests provide scenic beauty and important services.

Productive Functions

Timber is the most important forest product. Its sustainable production has a long tradition.
Legal Framework (1)

Austrian Forest Law
- In the past:
  - A number of forest regulations
  - First comprehensive forest law in 1852: established tenure rights, introduced obligation to manage forest sustainably
- Currently:
  - Austrian Forest Act of 1976 (amended several times)
  - Applies to both private and public forests
  - Principles: Sustainability and multifunctionality
  - Defines SFM in accordance with FE provisions as an approach for securing the long-term economic, environmental and social dimensions of forest comprehensively and in a balanced manner.

Legal Framework (2)

Austrian Forest Act (1975)
- Specific and quite detailed management regulations:
  - Conservation of forests (prohibition of clear-cutting, obligatory reforestation)
  - Size of clear cuts limited
  - Prohibition of final cutting of immature forests <60 years
  - Further restrictions for protection forests
  - Forest holdings >1000 ha have to employ certified forest professionals
- But hardly any needs for paperwork: no cutting permission for normal logging required
Legal Framework (3)

Austrian Forest Act (1975)
- Tasks of the Authorities:
  - Forest supervision
  - Reporting
  - Advise forest owners
  - Co-operation in forestry sub-sidisation
  - Annual assessment of timber harvest
  - Forest-related education (forest pedagogics)
- Sanctions

Illegal logging is actually no problem in Austria. Only very few cases of illegal logging are reported in the annual statistics.

Institutional Framework

What's needed to avoid illegal logging (1)

A solid and balanced legal framework
- A clear and stable property law to ensure long-term land tenure
  - incl. inheritance law and inheritance taxes ensuring a smooth handover of forest holdings to the next generation without endangering economic viability
- Forest Act relevant to practice and understandable
  - without excessive administrative effort
  - without hampering entrepreneurship of forest owners
- Tax system without incentives for evasion of taxes
  - e.g. through income taxes based on soil productivity rather than on actual logging

Legal Framework (4)

- Taxes (income and other taxes)
  - Based mainly on soil productivity
  - Flat rate system for small holdings: Income tax is based only on soil productivity, not on actual logging.
  - Most of the forest owners are not obliged to keep books.
  - Forest holdings with turnover >400,000 Euro or basic value >150,000 Euro: mandatory accounting
- Subsidies
  - based mainly on rural development policy (EU programme)
  - allocation by forest authorities and chambers of agriculture
  - at the time about €25 Million (without forestry measures in protection forests)

What's needed to avoid illegal logging (2)

A functioning institutional framework
- Effective (forest) authorities
  - Ensuring law enforcement
  - Providing extension service (advisory services) and granting subsidies facilitates getting in touch with forest owners
- Strong interest groups (chambers and voluntary interest groups)
  - Lobbying for practicable legislation & sufficient budgetary resources
  - Providing extension service for their members
- An efficient instrument for balancing the different interests on forests
  - National Forest Programme (Austrian Forest Dialogue)
What’s needed to avoid illegal logging (3)

A good knowledge base
- Education and further training
- incl. knowledge about forestry relevant law
- Research
- to be able to recognize changes and adapt adequately and early enough the (legal) framework
- to improve efficiency and ensure economic viability
- Monitoring (e.g. National Forest Inventory) and reporting
- to evaluate implementation of forest relevant law
- in case of undesirable developments: to adapt the (legal) framework

What’s needed to avoid illegal logging (4)

Forest owners’ individual motivation to manage their forest in a sustainable (and legal) way
- Possibility to get income from forestry (economic viability)!
- Family property and a long SFM tradition
- SFM is self-evident for forest owners in Austria.
- In Austria forest owners try to hand over their forests to the next generation in the best possible condition.
- Confidence in stability of the legal and economic framework
- long-term investments require stable/predictable conditions
- in case of accession to an estate the inheritance tax should not endanger economic viability of a forest holding

Thank you for your attention!

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Aligning PEFC with EU Timber Regulation

Mr. Johan Vlieger
Technical Officer
PEFC International

Overview
- What is PEFC?
- EUTR Basic Concepts
- Probable Adjustments to PEFC’s Chain of Custody Standard
- Way Forward & Support to Certified Companies
- Conclusion

What is PEFC?
- Global, not-for-profit, non-governmental organisation based in Geneva, Switzerland
- Voluntary mechanism promoting sustainable forest management providing independent, third party certification of good practices
- Alliance of national forest certification systems with global representation and an international chain of custody
- World’s largest forest certification system and provider of two thirds of the world’s certified, sustainably managed wood
- Certification system of choice for small family forest-owners

PEFC Due Diligence System
PEFC Due Diligence System (DDS) for avoidance of raw material from controversial sources

Controversial sources = forest management activities which are:
- not complying with local, national or international legislation ...
- utilizing genetically modified organisms,
- converting forest to other vegetation type, including conversion of primary forests to forest plantations.

The organization shall implement the PEFC DDS in three steps relating to:
- supplier’s self-declarations,
- risk assessment and
- management of high risk supplies.
EUTR Basic Concepts
- Differentiation between operators and traders
- Operator’s responsibility
- Due Diligence System based on specific information
- Monitoring Organizations
- Negligible risk only

EC’s Basic Objective
« Behaviour modification »

Negligible Risk Concept
- Where was the timber harvested?
- Is the level of governance of concern?
- Is the supply chain complex?
- Are all documents indicating compliance with applicable legislation made available by the supplier, and are they verifiable?
- Are there indications of involvement of any company in the supply chain in illegal practices?

Consequences for Companies
- Operators shall implement a Due Diligence System (DDS), covering the EUTR requirements
- The DDS shall be reviewed and amended on a regular basis
- The implementation of the DDS shall be verified by
  a) the Competent Authority (CA) of the particular EU member state
  b) a Monitoring Organization (MO)
     - Operator shall implement the DDS offered by the particular MO
     - Reduction of additional audits by CA

Process So Far
- PEFC Board of Directors decision to ensure compatibility with international legislation (EUTR, Australian Bill etc) in February 2011
- PEFC Chain of Custody and Labelling Working Group responsible for the revision of the standard and the implementation of the Board decision. The task force on compliance with International legislation is composed of international stakeholder groups (incl. Weyerhaeuser, Stora Enso, SCA, IKEA, BWI, SGS, BM Trada)
- Goal - ensuring that every PEFC Chain of Custody certificate holder can use the PEFC DDS to address EUTR requirements (and other legislative processes)
Proposed Adjustments to PEFC Chain of Custody

- Changes to PEFC’s Definition of "Controversial Sources"
- Additional Information Requirements
- Modifications to the Due Diligence System & Risk Assessment
- Extension of PEFC Registration and Information system

Definition of Controversial Sources

- Specification of activities "not complying with legislation of the country of harvest relating to trade and customs, in so far as the forest sector is concerned", in addition to already existing exclusion of activities "not complying with local, national or international legislation"
- Editorial changes, such as specification of "biodiversity conservation" in addition to "forest conservation"

Additional Information Requirements

- Country of forest, where applicable
- Characteristics of the forest (in terms of biodiversity and conservation)
- Conversion of forest
- Quantity (and possibly value, weight, number of units)
- Name and address of the supplier of the product
- Evidence of the traceability of the supply chain products
- Documents or other information indicating compliance of traceable products with the applicable legislation

Proposed Modifications to PEFC DDS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>DDS as appendix of the main standard</td>
<td>DDS as integrated function of the main standard</td>
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<tr>
<td>Basic risk determinates:</td>
<td>Basic risk determinates:</td>
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<tr>
<td>- Likelihood on the origin level</td>
<td>- Likelihood on the origin level</td>
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<tr>
<td>- Likelihood on the supply chain level</td>
<td>- Likelihood on the supply chain level</td>
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<tr>
<td>Differentiation between &quot;High risk&quot; and &quot;Low risk&quot;</td>
<td>Differentiation between &quot;High risk&quot;, &quot;Medium risk&quot;, &quot;Low risk&quot; and &quot;Negligible risk&quot;</td>
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<tr>
<td>Risk mitigation:</td>
<td>Risk mitigation for all risk categories except negligible risk</td>
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</table>

Risk Assessment – Current Approach

Risk Assessment – Proposed Future Approach

High

Low

Medium Risk

High Risk

Low Risk

Medium Risk

High Risk
PEFC Risk Mitigation Elements & Procedures

- Additional credible documentation
- On-site 2nd or 3rd party audits
- 3rd party legality verification
- PEFC DDS certification
- PEFC Chain of Custody & Forest Management Certification
- ...

Risk Assessment – Future Approach

Likelihood on origination level

Negligible Risk
Negligible Risk

Negligible Risk
Negligible Risk

IMPLEMENTATION OF THE REVISED CHAIN OF CUSTODY STANDARD

Training and information (preliminary)

<table>
<thead>
<tr>
<th>Date</th>
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<tr>
<td>1 December</td>
<td>Information folder for PEFC’s chain of custody certificate holder</td>
</tr>
<tr>
<td>18 December</td>
<td>First webinar for certification bodies</td>
</tr>
<tr>
<td>19 December</td>
<td>First webinar for users and interested parties</td>
</tr>
<tr>
<td>13 March</td>
<td>Web conference for accreditation bodies</td>
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<td>Q II – Q III 2013</td>
<td>Training and information on international and national level</td>
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Timeline

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<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>13 November</td>
<td>Finalizing second draft submission to the PEFC Chain of Custody</td>
</tr>
<tr>
<td></td>
<td>and Labelling WG members</td>
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<tr>
<td>27 November</td>
<td>PEFC WG finalizing enquiry draft</td>
</tr>
<tr>
<td>3 December</td>
<td>Start international public consultation</td>
</tr>
<tr>
<td>1 February</td>
<td>End international public consultation</td>
</tr>
<tr>
<td>6 February</td>
<td>PEFC Chain of Custody and Labelling WG meeting – considering comments</td>
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<tr>
<td></td>
<td>received during the public consultation</td>
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<tr>
<td>8 February</td>
<td>Finalizing final draft</td>
</tr>
<tr>
<td>8 February</td>
<td>Recommendation by the PEFC Board of Directors the PEFC</td>
</tr>
<tr>
<td></td>
<td>General Assembly: start postal ballot</td>
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<tr>
<td>11 March</td>
<td>End postal ballot and adoption of new standard</td>
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</table>

Information Folder Contents

- Background information about basic EU TR concepts and requirements and their relation to existing PEFC Chain of Custody Standard (PEFC ST 2002:2010)
- Guidance how to adapt the existing chain of custody system in the organization
- Detailed information about transitional arrangements
## Transitional arrangements (preliminary)

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<td>Issue date: 12th March 2013</td>
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<tr>
<td>Date of entry into force: 12th March 2013</td>
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<tr>
<td>Transition date: To be determined by PEFC Board of Directors</td>
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<tr>
<td>Transition data for system specific chain of custody standards: To be determined by PEFC Board of Directors</td>
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## Summary

- PEFC Board decided in 2011 that the requirements for the EUTR DDS will be reflected in the PEFC Chain of Custody to ensure companies can use it to help meet their obligations under the EUTR.
- PEFC has been tracking the debate and is dedicated to pragmatic workable solutions for all companies in the supply chain.
- PEFC is aware that retailers and others down the supply chain demand the same reassurance from all actors as are being required by EUTR for “first placers.”
- PEFC’s objectives is that everything that is required by the EUTR will be required by the revised PEFC Chain of Custody.
- PEFC suggestions will soon be finalized and out for consultation – please submit any final comment during consultation period.
- PEFC is developing timber tracking and information system to complement company needs.
FSC and the EU Timber Regulation

Mr. John Hontelez
Chief Advocacy Officer
Forest Stewardship Council

FSC response: Legality to Sustainability!
- Timber legality legislation is important: can help reduce deforestation, poor labour conditions, violation of indigenous rights, and corruption of enforcement agents.
- But it may bring sustainable forestry if national laws so require. Where is this the case?
- Legality requirement will make it easier to make the step to certification: less/no competition with cheap illegal timber anymore.
FSC offers the legality solution: legality plus environmental and social sustainability + market opportunities.
FSC certified companies in "risky countries" should not be punished.
However: (In Lacey and EU TR) OFFICIAL RECOGNITION MISSING!

Role of Certification
EU Timber Regulation says:
- "any voluntary chain of custody mechanism which fulfill the requirements of this Regulation may be used as a basis."
- Reference to certification schemes in the second step of the DDS: risk assessment: assurance of compliance with applicable legislation may include certification or other third-party verified schemes..."
- In third step, mitigation procedures as well. Measures can include "requiring third party verification"

Implementing Act on Due Diligence - July 2012
Clarifies requirements for certification schemes to "be taken into account" for risk assessment and risk mitigation
Summarized:
1. Publicly available standards, including all applicable legislation;
2. Appropriate checks, including field-visit, at least every 12 months;
3. Timely tracing of timber/products harvested throughout the supply chain;
4. Controls to prevent timber/products harvested from unknown origin or illegally logged to enter supply chain;

FSC self assessment
Relevant standards
(a) they have established and made available for third party use a publicly available system of requirements, which system shall at the least include all relevant requirements of the applicable legislation;
FSC almost entirely complies: all relevant requirements of the applicable legislation are covered in the FSC Principles & Criteria + implementing measures such as National Standards, Controlled Wood Standards and Advice Notes. Currently not yet "customs and trade laws" related to exporters.
FSC self assessment

Adequate verification

(b) they specify that appropriate checks, including field visits, are made by a third party at regular intervals no longer than 12 months to verify that the applicable legislation is complied with;

FSC almost entirely complies: annual checks, including field visits for all types of forest management certificates covering single or multiple forest management units. Could be intervals longer than those 12 months to allow for some flexibility to consider the heterogeneity of local conditions in natural production systems. Exception: Part of SLMF certificates: needs to be addressed.

FSC self assessment

Strict separation

(d) they include controls, verified by a third party, to ensure that timber or timber products of unknown origin, or timber or timber products which have not been harvested in accordance with applicable legislation, do not enter the supply chain."

FSC complies: it requires a separation of certified and uncertified material throughout the supply chain, which is evaluated and annually controlled by the Certification. This is strengthened with 2 Advice Notes from 1st November 2012.

Consolidation of FSC’s compliance

1. On Information:
   - FSC Online Claims Platform – ability to show countries of origin, species, information, and trade routes, being tested currently.
   - Combined with revision Chain-of-Custody Standard, to ensure function of the Platform
   - Proceeded by Advice Note of 1/11/2012 to help operators in tracking source/species of FSC certified materials in meantime.

A Word on the Online Claims Platform:

- Web-based cloud tool to improve and simplify control over FSC certified transactions along the supply chain.
- FSC certificate holders required to enter into the platform all information currently on invoices. Intention is to make access possible to relevant non-certificate holders (retailers) buying FSC materials.
- Information on species and countries of origin can then be made available for inspection by competent authorities on request.
- Foreseen ready for use from mid 2013, full use as soon as possible after, but not longer than a year.

Consolidation of FSC’s compliance

2. Risk Assessment
   - In Controlled Wood Standard: shift of responsibility for risk verification from companies to FSC.
   - Accompanied with Risk Verification Programme to organise the new way of risk assessment; cooperation between FSC International and National Offices.
   - National assessments and further information on Global Registry: http://www.globalforestregistry.org/
Consolidation of FSC’s compliance

3. Risk Mitigation:
   - In Chain of Custody Standard revision: phase out of the
     exemption for “minor components” from the requirements of the
     CoC System. Advice note 1/11/2012 requires this already from
     1/1/2013 for EU imports.
   - Advice Note on compliance of country-of-origin exporters with
     “trade and customs laws” in preparation.
   - Finding a solution/response on reduced field visit requirements
     for SLIMF certificates

Conclusions for “operators” buying FSC materials

1. Can use FSC Advice Note and, later, the CCP for access to
   information required for DDS.

2. Can claim with Competent Authorities that certified products,
   including Controlled Wood products, are duly checked in FSC’s
   scheme by Certification Bodies, as well FSC’s own risk
   assessments.

3. For products outside the scope of FSC: have to find their own way
   to comply with the EU Timber Regulation. Move to FSC, including
   CW, can be considered.

FSC and FLEGT

- Three agreements, with Cameroon, Rep. Congo and CAR, include
  option to assess private certification schemes on compliance of
  forest management legality.
- Liberia VPA mentions private schemes as possible verification tool
  of legal forest management.
- Cameroonian and Congo are expected to make assessment next year.
  FSC has finalized National Standards with FLEGT related legality
  grids.
- If successful, FSC timber from these countries would be considered
  automatically in compliance with the EU Timber Regulation.

Also read:

“Questions & Answers about FSC and the EU Timber Regulation”
On FSC Website www.fsc.org
www.claims-forum.fsc.org
www.globalforestryregistry.org/

And visit [for official texts in all EU languages]
http://ec.europa.eu/environment/forests/timber_regulation.htm
contacts at FSC International:
j.hontheez@fsc.org
Sustainable timber sourcing in the corporate sustainability strategy. A success case

Mr. Juan José Freijó
Sustainability Director
CHEP
A wide range of Equipment Solutions

- Full size pallets
  - UK Pallet: 1200x1000 Wooden
  - Euro Pallet: 1200x800 Wooden
  - Half Pallet: 800x800 Metal & Wooden
  - Quarter Pallet: 600x400 Plastic
- Fractional pallets

Our Solution: Environmental Benefits of our Solution

- Reutilization: Recycles wood directly reduces waste
- Transport Efficiency: Shorter transport distances, lower emissions
- Wood Benefits:
  - Renewable and biodegradable
  - 100% recyclable

CHEP is committed to reduce its Environmental Footprint

- Year on Year Waste Reduction
- Timber waste: Zero CHEP wood waste to landfill by 2015
- Year on Year Waste Reduction
- Timber sourcing: Chain of Custody certification for all CHEP wood and wooden pallets by 2015
- GHG Emissions: 20% reduction on 2010 emission levels by 2015

Reducing Environmental Footprint: Timber Protection Programme

- CHEP is the only Pallet Company that has both FSC and PEFC certifications
- 100% of the timber we buy in Europe is certified
- 100% of the timber our pallet suppliers use in our pallets is certified
- CHEP as a company is certified in all EU

Chain of Custody CHEP

- 2011
  - Set up all required procedures
  - Conduct Third party to perform External audit (Control Union)
  - CHEP Equipment Pooling NV as a Multisite CoC Certified for BE, UK, ES & FR
  - Setup reporting files to track Timber bought by our CHEP owned Service Centers and Pallets from our supplier compliance

- 2012
  - Extend all European Countries in re-audit of CoC Certification
  - CHEP Equipment Pooling NV as a Multisite CoC Certified for BE, UK, ES, FR, IT, NL, DE, CZ, GR, HU, PL, RO, AW, AT, DK, RO & SI
Actual CoC Process

- Have processes and procedures in place
- Track all Timber flows and pallet flows
- Buy everything with an FSC or PEFC Claim (min accepted by CHEP 70% mix)
- Save all delivery notes and invoices as proof
- Report compliance with the Claim received
- All new suppliers are only approved if FSC or PEFC Certification and will with a claim
- Yearly a third party will perform an audit to evaluate CoC process and re-approve the FSC and PEFC Certification of CHEP

Challenges

- CHEP Business Model. We don’t sell
- Complexity of our Network
- Multisite - Hierarchical structure
- Portugal: almost not certified timber
- Leverage cost increase
- Geographical Expansion
- Other Regions

Benefits

- Do the right thing
- Employee engagement
- Trust and credibility
- Differentiator
- Prepared for increased demand
State Forest Organization's views on EU TR and illegal use of forests

Ms. Sari Pynnönen
Policy Advisor
European State Forest Association

Main Challenges of EU TR for SFOs
- Most of EUSTAFOR members don’t expect any big challenges from EU TR
- Some challenges are foreseen:
  - fulfilling additional requirements without additional resources (money and personnel)
  - proving to the monitoring organization that the timber delivery process qualifies under due diligence
  - informing and explaining to the customers what the EU TR is about and how it will affect them
  - tight schedule

Complying with EU TR
- In general, SFOs already have in place well-functioning systems of planning, tracing and controlling the wood flows to ensure both legality and sustainability
- The legality and sustainability of their operations is proved by internal or external controls and certification schemes
- EU TR is seen partly as an "unnecessary bureaucratic burden" by SFOs, however the importance of ensuring the legality is seen important (competition by the possible illegal imported timber)

Presentation
- Information provided in this presentation has been collected from EUSTAFOR members
- We asked how they view the situation with EU TR and illegal logging for their organization
- 9 State Forest Organizations (SFOs) answered
- EU TR from the point of view of SFOs
- Illegal logging in State Owned Forests in Europe
- Reasons for illegal logging
- Other illegal uses of forests
- SFOs actions against illegal actions
Is there a level playing field regarding competition with imported wood?

- South-East Europe has a lot of potential to import timber into the EU. At the moment there are already significant imports of wood products from countries like Russia, Bosnia-Herzegovina, Serbia. A report from 2008 shows 11% of EU round-wood imports are from eastern Europe.
- The situation with illegal logging looks very different in some areas of Europe: the black market is highly developed and implementation of forest laws and controlling systems are very weak in some areas.
- In some areas, corruption is common throughout the authorities.
- An example from one Balkan country: It is assumed that from 1.2 Mo m³ harvested timber approx. 880,000 m³ are counted as illegal.
- There are several reasons behind this:
  - A forest owner has applied for harvesting permission, but never received an answer — timber will be harvested and used mostly for own needs.
  - Organized black market of timber cuttings and sales.
  - How quickly can the EU change the situation?

Illegal Logging in State-Owned Forests

- Illegal logging is a negligible or a minor problem for EUSTAFORE.
- Some estimations on the volumes:
  - 1% of all SFO harvesting
  - 8870 cases of timber theft in the year 2011 in one SFO (less than 0.1% of total volume harvested)

Reasons behind Illegal Timber

- Organized theft of ready assortments (from road-side storage), possible connections to corruption as well.
- Illegal harvesting to supply small local businesses.
- Local people cutting timber for their own needs, often related to bad economical situations.
- Unintentional illegal use due to lack of knowledge (people don’t know what they are allowed to do in forests).

Other Forms of Illegal Use

- Two main issues: waste dumping into the forest and illegal hunting.
- Happens occasionally and to some extent in most countries, but remains insignificant.
- Situation with dumping has improved because of information campaigns and overall growing environmental awareness.
- Cleaning causes extra costs for the organizations.

Prevention and Control of Illegal Uses

- (Armed) forest guards, special security department, to control and guard forests.
- Forest officers may have the right to react directly in cases where rules are breached.
- Hunting and fishing guards.
- Regular presence of SFO personnel in the fields.
- Social pressure by abundant recreational users effectively prohibit illegal use.

Thank You for Your Attention!

sari.pynnonen@eustafor.eu
www.eustafor.eu
## ANNEX 2: LIST OF PARTICIPANTS

<table>
<thead>
<tr>
<th>Mr/Ms</th>
<th>First Name</th>
<th>Last Name</th>
<th>Organization/Country</th>
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<tbody>
<tr>
<td>Mr.</td>
<td>Francisco Javier</td>
<td>Adell</td>
<td>Ministry of Agriculture, Food and Environment (Spain)</td>
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<tr>
<td>Mr.</td>
<td>Richard</td>
<td>Ashton</td>
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<tr>
<td>Mr.</td>
<td>Predrag</td>
<td>Aleksic</td>
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<td>Ms.</td>
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<td>Atanasova</td>
<td>European Commission</td>
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<td>Mr.</td>
<td>Imre</td>
<td>Ban</td>
<td>Government Office for Bács-Kiskun County, Directorate of Forestry (Hungary)</td>
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<td>Mr.</td>
<td>Martin</td>
<td>Baranyai</td>
<td>Czech Environmental Inspectorate (Czech Republic)</td>
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<td>Mr.</td>
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<td>Basile Lyssa Ghislain</td>
<td>ONG Action Verte</td>
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<td>Mr.</td>
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<td>Mr.</td>
<td>Niels</td>
<td>Balling</td>
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<td>Mr.</td>
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<td>Duerr</td>
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<tr>
<td>Ms.</td>
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<td>Estrada Wilke</td>
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<td>Ms.</td>
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<td>Ms.</td>
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<td>Mr.</td>
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<tr>
<td>Mr.</td>
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<td>Mr.</td>
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<td>Ministry of Rural Development (Hungary)</td>
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<tr>
<td>Mr.</td>
<td>Enis</td>
<td>Tela</td>
<td>Ministry of Environment, Forestry and Water Administration (Albania)</td>
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<tr>
<td>Ms.</td>
<td>Silje</td>
<td>Trollstøl</td>
<td>Ministry of Agriculture and Food (Norway)</td>
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<tr>
<td>Mr.</td>
<td>Aleksandar</td>
<td>Vasiljevic</td>
<td>Serbia</td>
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<td>Mr.</td>
<td>Igor</td>
<td>Vgovskiy</td>
<td>State Forest Resources Agency of Ukraine</td>
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<tr>
<td>Mr.</td>
<td>Jussi</td>
<td>Viltanen</td>
<td>European Forest Institute</td>
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<td>Mr.</td>
<td>Johan</td>
<td>Vlieger</td>
<td>PEFC International</td>
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<tr>
<td>Mr.</td>
<td>Roman</td>
<td>Volosyanchuk</td>
<td>WWF</td>
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<td>Mr.</td>
<td>Zarko</td>
<td>Vunicic</td>
<td>FODEMO project (Forestry Development in Montenegro)</td>
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<tr>
<td>Mr.</td>
<td>Lucas</td>
<td>Woolf</td>
<td>US Forest Service (USA)</td>
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<tr>
<td>Ms.</td>
<td>Anett</td>
<td>Zellei</td>
<td>US Embassy Budapest</td>
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</table>
ANNEX 3: WORKSHOP PHOTO GALLERY

01. Registration

02. Participants of the workshop

03. Participants of the workshop

04. Opening

05. Opening. Dr. Lajos Bognar. State Secretary, Ministry of Rural Development of Hungary

06. Opening. Ms. Marta Bonifert. Executive Director. REC
07. Session 1
08. Session 2
09. Session 3
10. Working Group 1
11. Working Group 2
12. Visit to the Parliament of Hungary