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The EU FLEGT Voluntary Partnership Agreement and EU Timber Regulation

Report on Progress

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31 March 2011, Cambodia

EU Timber Market

- An estimated 10% of the timber used in the EU is imported
- An estimated 20% of these imports are from illegal sources
- China, Indonesia and Malaysia are the largest Asian source countries for the EU
- China, Vietnam and Thailand are manufacturing hubs, sourcing e.g. through imports from Cambodia, Lao, Myanmar

Countries

Export Value to EU (Billion USD)

1. <u>China</u>	6
2. US, Russia, Brazil	4 – 4.6
3. Switzerland, Norway, Canada	2 – 2.6
4. <u>Indonesia</u> , <u>Malaysia</u>	1.2 – 2.6
5. Chile, <u>Vietnam</u>	1
6. Cameroon, Gabon, <u>Thailand</u>	0.45 – 0.7

EU response: FLEGT

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

2003 FLEGT Action Plan

Towards SFM, good governance & transparency
Mix of activities on the supply and demand side of the timber trade

Encourage trade in guaranteed legal timber

In 2013 all FLEGT Action Plan elements operational

- EU Timber Regulation
- Voluntary Partnership Agreements delivering FLEGT licensed timber

EU Timber Regulation - main obligations -

1. It prohibits the placing on the EU market (all 27 MS) of illegally harvested timber and products derived from such timber;
2. It requires operator who place timber products on the EU market for the first time ('First Placers') to exercise 'due diligence' as a risk mitigation approach;
3. It requires traders keep records of their suppliers and customers.

Operator must have information describing the timber and timber products, country of harvest, quantity, details of the supplier and information on compliance with national legislation. If not, they can be prosecuted.

EU Timber Regulation

- Implementation -

November 2010

Regulation entered into force

- Prohibition
- "due diligence"

By June 2012

EU Implementing Regulation: more detailed rules on the "due diligence system"

3 March 2013

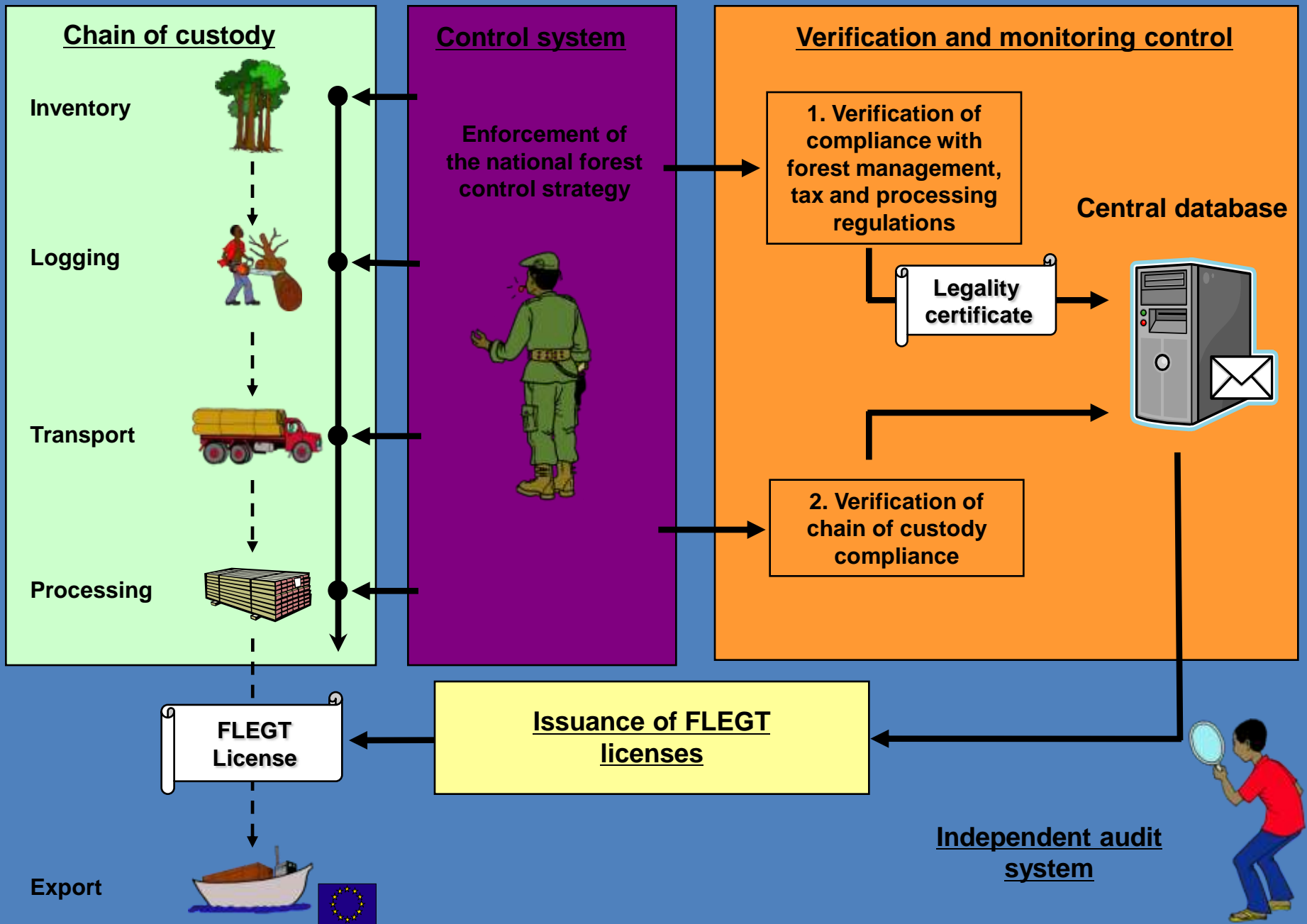
EU Timber Regulation applicable / operational

How to react in a producing country ...

- EU foresees two ways:
 - Bi-lateral trade negotiation process on timber & sector governance
 - Private sector initiatives (forest certification)
- EU offers to interested partner countries to negotiate a **FLEGT Voluntary Partnership Agreements (VPA)**
 - Set up control & licensing systems providing Government-backed guarantee of timber legality from harvesting in forests and imports to point of export/domestic use
 - Timber Legality Assurance System (TLAS) to be developed by each country
 - EC confirms by signing a VPA that the proposed TLAS constitutes a credible system to verify that the timber has been legally harvested and offers green lane to EU market

Legality & TLAS under a VPA

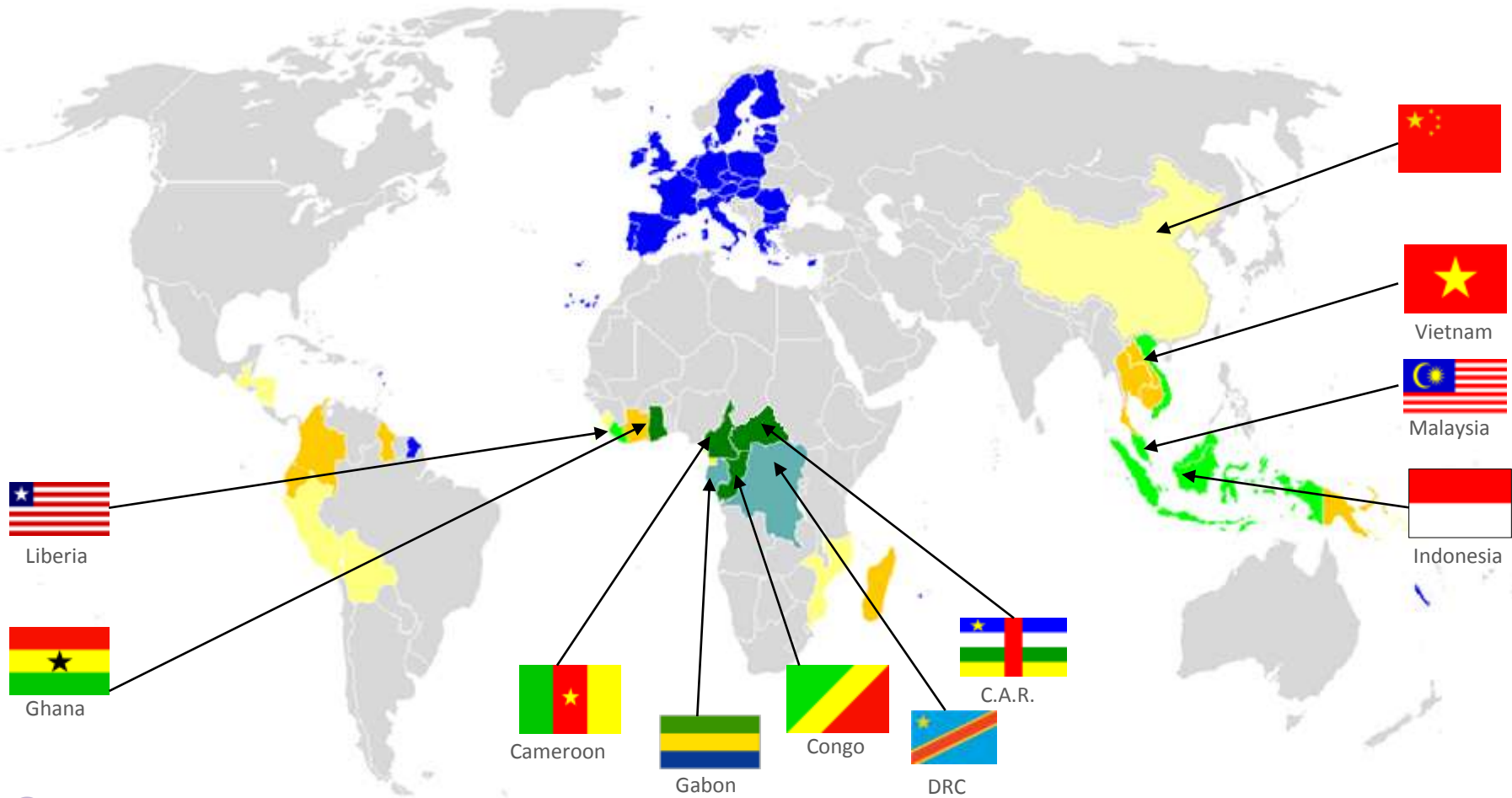
- Elements of a credible TLAS
 - Country specific and consulted legality definition
 - Verifiable control of the production/supply chain (traceability system similar to Chain of Custody, including imports)
 - Sufficient capacity and appropriate tools to safeguard verification
 - Independent monitoring of the entire system by a third-party
 - Licensing of national licensing authority
- TLAS improves Governance and Enforcement



Legality assurance system (LAS) – applies to all timber exported and traded

Progress on FLEGT VPAs

- FLEGT licenses (not yet)
- System development
- Formal negotiations
- Moving to negotiations
- Preparation, in-country consensus building
- Introduction to VPAs



State of Play on FLEGT VPA in the Asia Pacific Region

<i>Name of Country</i>	<i>State of</i>
Malaysia	Advanced negotiations. FLEGT Secretariat under establishment.
Indonesia	Advanced negotiations. VPA to be signed in 2011.
Vietnam	Negotiations formally started in November 2010. Technical work. FLEGT Standing office established.
China	Bilateral Coordination Mechanism agreed. Technical work.
Russia	Information provided, formal expression of interest expected.
Laos	Formal expression of interest in FLEGT received. Technical work starting. Institutional arrangements ongoing.
Thailand	Formal expression of interest in capacity building received. Technical work starting. Institutional arrangements ongoing.
Cambodia	Information provided, formal expression of interest.
Myanmar	Information provided.
Singapore	Issue raised in Free Trade Negotiations. Information to be provided.
Papua New Guinea	FLEGT information mission recently held.
Solomon Islands	FLEGT information mission recently held.

FLEGT in Cambodia

- ASEAN-EU (ASEM) conference in May 2010
- Letter by MAFF to EU on 7. September 2010
 - “... discuss the roadmap and starting point of FLEGT in Cambodia...”
- Vietnam Training in November 2010
 - Cambodian participants highlighted:
 - VPA/TLAS-NFP link
 - TLAS developments ongoing
 - Need for awareness raising on all levels
- Follow up by EU/EFI FLEGT Asia in March 2011
 - Strong interest in FLEGT
 - Institutional set up & activities & REDD+ link



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<http://ec.europa.eu/environment/forests/flegt.htm>

http://ec.europa.eu/environment/cites/home_en.htm

http://ec.europa.eu/environment/forests/illegal_logging.htm