

The Second Round of the International Experts Meeting on Illegal Logging

Chairpersons' Summary

The Second Round of the International Experts Meeting on Illegal Logging took place in Tokyo, Japan, on 3-4 March 2008. The Meeting was hosted by the Government of Japan and attended by 51 senior level experts on the illegal logging issue as well as 11 observers. Participating countries were 18 major timber-producing and timber-consuming countries, namely, Australia, Canada, France, Gabonese Republic, Germany, Republic of Ghana, Indonesia, Italy, Japan, Malaysia, the Netherlands, New Zealand, Papua New Guinea, Romania, Russian Federation, Solomon Islands, the United Kingdom and the United States, and European Commission, as well as representatives from international organizations and institutions, namely FAO, ITTO, the World Bank, Chatham House, IGES, Lembaga Ekolabel Institute, TRAFFIC International and World Resources Institute, that are actively involved in initiatives to combat against illegal logging. Representatives from the private sector and civil society also participated as observers.

The first day of the meeting consisted of 13 presentations divided into sessions on actions to tackle illegal logging and their impacts, verifying legality and sustainability, ensuring transparency of forest management, and further options to eliminate illegal logging and its associated trade.

1. Opening Remarks

The Meeting was opened by the co-chairs, H.E. Mr. Kyoji Komachi, Ambassador for Global Environmental Affairs, Ministry of Foreign Affairs, Japan and Mr. Salman Al Farisi, Director for Development, Economic and Environmental Affairs, Ministry of Foreign Affairs, Indonesia.

The co-chairs welcomed the participants from producer and consumer countries, international organizations and the private sector. Ambassador Komachi emphasized the importance of SFM especially with the recognition of the critical role of forests to the efforts to address global challenges such as climate change. He stressed that as President of the G8, Japan will take initiative to tackle forest issues, including illegal logging, and he stressed the importance of producer and consumer countries working together to combat illegal logging. He explained that the outcome of the Meeting should contribute to the G8 Hokkaido-Toyako Summit.

Mr. Salman Al Farisi expressed appreciation to the Government of Japan for organizing the meeting and noted efforts at the international level to promote SFM and combat illegal logging such as the UNFF's MYPOW and the NLBI.

The co-chairs explained that China was unable to send a representative but that Japan was pleased to welcome the Solomon Islands, Gabon, Ghana and Romania as new participants in this meeting.

The co-chairs explained that the Meeting would review developments on illegal logging at the national and international levels, the effects of measures taken and discuss how further progress can be made.

2. Actions to Tackle Illegal Logging and their Impacts

This session consisted of presentations on i) developments since 2002 in forest law enforcement, governance and trade, ii) policies of Gabon to tackle illegal logging, and iii) FLEG initiatives, specifically in East Asia.

During the discussion one participant warned that the new issue of climate change may soon replace illegal logging as the next theme for forests, as yet another shift in the forests agenda, but without significant impacts on deforestation rates.

Further elaboration was provided of the study by Chatham House on indicators of progress in dealing with illegal logging. The study will initially cover 12 countries, the indicators are not yet fully decided and there may be scope for social issues to be included.

The 11 steps for Indonesia to tackle illegal logging that had been developed by the World Bank and others also generated interest. Some of the steps may now be reflected in some aspects of national policy but it appears that these steps have not become a truly national programme. The WB, together with others, is supporting Indonesia in promoting the development of national efforts.

One participant asked whether we could reflect on the recommendations of the last meeting in our discussions, i.e. whether they are still valid or whether we can build upon these. The co-chair stated that this would be touched upon in session 4.

Logging, whether legal or illegal, was recognized as very important in the Solomon Islands. As part of its development policy the government is reviewing its logging legislation and is putting in place a code of ethics of logging. The Solomon Islands would like further assistance from G8 countries for these initiatives.

A participant felt that the FLEG discussion lacked a result focus, i.e. a mechanism to assess whether countries are moving forward. Due diligence (prosecutions etc.) can be measured and could be used to reward countries through ODA. One participant felt that market incentives such as favourable prices from consumer countries that can be channeled back to producer countries would work better to enhance progress in forest management in a country such as Malaysia that does not receive ODA.

Another participant emphasized that illegal logging was a livelihood strategy of poor communities in countries that had experienced colonialism and that the Meeting needed to take up this issue in its discussion. It was noted that there is a need for different policy responses according to whether illegal logging is driven by poverty or by greed.

A participant explained that the partnership agreement approach of EU-FLEGT is based on a dialogue between parties, identification of what needs to be done, a program of action, agreement of what support is required and measurement of results.

3. Challenges Ahead and Ways to Move Forward

3.1 Verifying Legality and Sustainability

The three presentations in this session were on i) the experience of Indonesia in timber legality verification, ii) public procurement policies for legal and sustainable timber, and iii) initiatives by the private sector in Japan.

A question was raised as to whether governments should develop their own criteria or use what is available in certification schemes for public procurement. In response, it was suggested that governments should develop their own standards to explain what they mean by legality and sustainability and that these could raise the performance of certification schemes. One participant felt that principles from certification, which are broadly accepted, could be used to develop national legality standards that could then be used for public procurement.

A problem noted of certification is that it was introduced to improve forest management in tropical countries but it has progressed most in the temperate zone countries because of their longer experience with SFM. A concern raised was that while Japan's current procurement system is useful, timber rejected by countries with procurement policies will be consumed elsewhere. The need for additional measures was discussed.

One participant argued that if Indonesia develops a good verification scheme, it should be accepted by all countries. A concern that VPAs might be discriminatory trade measures was raised. Another participant responded that these are voluntary agreements and that discussions with Latin American countries are now underway, i.e. that there is no intention to limit the VPAs to Asia and Africa. The issue of changing forest agendas again stimulated interest with one participant arguing that without fundamental changes in forest governance climate change objectives cannot be met.

One participant explained that in Indonesia the legality verification standard has been elaborated to distinguish between planted forests, community forests and natural forests and that this will help in combating illegal logging. He felt that a global scheme may be ideal but it is unrealistic; therefore, mutual recognition agreements between important producing and consuming countries to ensure that only verified legal products from the producing countries are permitted entry to the consuming countries may be a more practical and important measure.

Another participant explained that because forest certification has progressed further in temperate forests most governments have included alternative verification

modalities in their procurement policies, allowing the purchase of verified legal products from tropical countries. Public procurement policies that only use the two global forest certification schemes may be discriminating against tropical countries.

The concern that public procurement policies will merely shift the flow of illegal wood to countries without policies is also relevant for the substitute of wood materials, according to one participant. To reduce these risks, he argued that there is a need to bring in cost effective systems and to promote harmonization amongst consumer countries.

3.2 Ensuring Transparency of Forest Management

i) Improvement of international trade statistics, ii) multi-stakeholder initiatives to promote transparency, and iii) forest governance initiatives in Ghana were the three topics of presentations in this session.

A question was asked as to whether there is evidence that transfer pricing continues to be a significant source of revenue loss for producer countries.

One participant felt that there is a need for information to be connected with a clear process for informed action, but that for transparency we need a lot of data that may not be available.

The issue of discrepancies in trade statistics was a point of interest for participants. One participant explained that some discrepancies are to be expected, but that we need to identify which of these are due to forest crime, and that in such cases there is a need for further investigation. He felt that this is the responsibility of national governments; therefore, we need to build the capacity of governments to follow up on some of the clues from these discrepancies. He explained that ITTO studies have shown that this follow up is very inadequate.

Another participant noted that if information is in the public domain, the public can play a role in forest monitoring. Several participants raised the issue of the need for making the counterfactual available to the public.

The participants noted that information sharing is very important. Cooperation between Japan and Brazil under which Japan is providing information from its satellite system was given as an example. One participant recommended that such cooperation could be extended to other countries and suggested to the G8.

Whether FLEGT had a positive impact from the perspective of producer countries was discussed. A participant explained that his country's experience with FLEGT had been very positive. He noted that the country had undertaken policy reforms from 1994, but that it struggled to implement these and that FLEGT provided support for this reform process. He argued that FLEGT should be viewed as a mutually beneficial process.

Another participant noted that developing a standard of legality involving forest stakeholders could have a positive outcome in terms of broad buy in, but explained that this takes much longer than a unilateral process. He felt that additional necessary elements are adequate possession of information and a larger system of information governance including freedom of the press.

On information sharing, one participant felt that it could be very useful for G8 countries to make information available to producer countries, thereby reducing costs, and that informal multi-stakeholder processes can also be very useful (e.g. the process behind the amendment of the Lacey Act). He explained that multi-stakeholder processes have to be chosen and should be inclusive.

One participant explained the experience of a producer country included the following lessons:

- To define the stakeholders for a multi-stakeholder process is difficult.
- Building trust is important but difficult.
- Governments with many different agencies, businesses and the representatives of local people must all decide their positions to be presented in the multi-stakeholder forum.
- Local people need the assistance of local NGOs that can communicate in local languages.
- The issue is not just about transparency, it is also about building trust amongst the stakeholders.

3.3 Further Options to Eliminate Illegal Logging and its Associated Trade

The four presentations in this session covered i) emerging lessons from VPAs and prospects for additional legislative measures, ii) efforts by Malaysia to combat illegal logging, iii) engaging Customs to curb the trade in illegal wood, and iv) US actions to combat illegal logging.

The suggestion of using Customs declaration forms to combat the international trade in illegal wood generated a lot of interest. A question as to whether they were easy to tamper with and defraud was raised. In response it was noted that there are some measures used by Customs to determine whether documents are accurate, but that there needs to be further analysis of documentation processes to determine if export declarations can be used at the importer end. Another participant felt that further work on the awareness of Customs of illegal logging is needed. He asked how high illegal logging is on their agenda, given that they are very busy people. Another participant noted that the strength of using a Customs declaration form is that if it does not accompany a shipment it will not be imported.

Another participant asked what the most effective disincentives and incentives are for businesses in relation to illegal logging and also whether the VPA schemes could address the issue of countries importing from non-VPA countries.

Appreciation for the study by TRAFFIC on Customs was expressed and the need to seriously consider how exporting and importing countries can exchange information on trade statistics was emphasised. One participant felt that before taking action we need to discuss what timber items should be included when a producer country decides to implement export bans. He felt that we must consider how markets can provide incentives for legal timber and noted that most countries do not yet have a market for verified legal and sustainable timber. He felt that the focus should be on increasing supply and that action should start with the developed countries that can most easily provide timber verified as legal to the market and that this could be used as an incentive for developing countries.

A participant explained that the Cebu workshop in 2005 on promoting cooperation among Customs and forest authorities showed that there was little action by Customs on illegal trade. The workshop found that international action was focused on forest departments and that the role of Customs was not being addressed. He explained that they lack expertise on forest crime and need other agencies to work with them.

Another participant noted that a strength of the proposed amendment to the Lacey Act is that an existing system is being used and that overall this is a significant step to tackle illegal trade.

Several participants expressed the view that timber should be perceived as a free trade commodity. A concern was raised that there appears to be no mention of the FLEGT VPAs in the public procurement policies and that expecting case by case assessment of evidence for public procurement would be too much, especially after countries had gone through the VPA process. One participant noted that the VPAs cannot stand on their own and that they need market incentives. He explained that the additional legislative options discussion should result in legislative options to support the VPAs. He also noted that the procurement policies in Europe prefer certified timber and hoped that they will acknowledge the VPAs. Another participant explained that the FLEGT license will be the only legality verification used by the UK from 2009 and that the licensing system needs to be elaborated to deal with laundering, and that there are two studies on this issue underway. He noted that the FLEGT licensing system would offer an easy way to ensure that any banned exports from VPA partner countries (e.g. logs or sawnwood) could not be imported into EU countries.

The desirability of reciprocal action was again raised in the discussion with one participant stating that this would be useful in relation to the Indonesia log and sawn timber export ban.

It was noted that there are three tools that could be considered in relation to the role of Customs: i) UNEP Green Customs Initiative, ii) International Network for Environmental Compliance and Enforcement, which tries to professionalise law enforcement in the realm of the environment, and iii) international law enforcement academies, which are regional training centres that have law enforcement tools and can include environmental issues.

One participant suggested that the new focus on REDD should be viewed positively as it would increase attention towards the same governance issues that the illegal logging agenda is attempting to deal with.

In commenting on the discussion that had taken place throughout the day one participant felt that the keys to success are good governance, effective verification, an appropriate legal framework and enforcement, and that the participation of communities is essential. He noted a shift in the global agenda from SFM as a whole to its parts - on illegal logging and moving on to REDD - and stressed that there is a need to return to a holistic SFM approach that engages local communities and that incorporates international approaches. He felt that many lessons are offered by bilateral approaches that would allow us to develop a broader multilateral approach, and that an effective legal arrangement is the best approach to SFM and would include recognition of the problem of illegal logging.

Co-chair summary of discussion

The co-chairs briefly summarised the day's discussion noting that participants had discussed many lessons from existing initiatives and best practices, but that they had also identified issues for further discussion such as timber as a free trade commodity and incentives for legal timber and timber products.

4. The G8 Forest Experts Meeting Report on Illegal Logging

Participants made suggestions that may be considered in preparation of the G8 Forest Experts Meeting Report on Illegal Logging. It was announced that the Draft Report will be drawn up by the Government of Japan in consideration of the discussion held at the Meeting with the intention of forwarding it to the G8 Environment Ministers Meeting to be held in May this year.