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# 27th Illegal Logging Update and Stakeholder Consultation Meeting

19–20 June 2017

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## Introduction

The 27th Illegal Logging Update and Stakeholder Consultation Meeting, held at Chatham House on 19–20 June 2017, explored global efforts and policies to tackle illegal logging and the trade in illegal timber. The meeting brought together 234 participants from governments, the private sector and NGOs to share perspectives on the latest developments and challenges within the forestry sector. The two-day event included an update on progress in Voluntary Partnership Agreement (VPA) countries, including a review of Indonesia’s experiences with Forest Law Enforcement, Governance and Trade (FLEGT) licensing, developments in China, as well as discussion of legality issues in the plantation sector, of legislative developments related to the control of timber imports, of independent forest monitoring and of the use of satellite technology.

This report summarizes the presentations and related discussions during the meeting.

## Opening address: Li Shuming, Vice-Administrator, State Forestry Administration, China

Li Shuming opened the meeting by highlighting the integral role forests play in supporting life on earth and in climate-change mitigation. He outlined how China is championing increased sustainable management of forest resources and a crackdown on illegal logging and the associated trade, domestically and at the international level.

Between 1990 and 2015 the world’s forest area decreased by 129 million hectares. During the same period China increased its forest area by 75 million hectares, and the government is committed to increasing forest cover by a further 23 per cent by 2020. As well as implementing a new wildlife conservation law in January 2017, China is revising its forest laws and working to promote law enforcement. It has been working with timber producers and consumers to promote the legal trade, and has also been developing its forest certification system to ensure the target of increased forest cover is met.

Shuming emphasized China’s commitment to the Paris Agreement, and that it is continuing to engage in international dialogue and cooperation. For example, it has been engaging on the issue of the illegal timber trade within the Asia-Pacific Economic Cooperation (APEC) forum, promoting corporate social responsibility among Chinese companies and investors operating overseas, and providing training to other countries.

In his closing remarks he underlined that combating illegal logging is a long, complex process that requires multi-sector participation and dialogue.

## Session 1: An update on the VPAs

Chair: Alison Hoare, Chatham House

### EU FLEGT-VPA Update: Luca Perez, European Commission<sup>1</sup>

- So far six VPA negotiations have been concluded and these agreements are being implemented, while nine others are at various stages of negotiation. heralding a major milestone for the FLEGT Action Plan, in 2016 Indonesia became the first country to have a fully operational FLEGT licensing system. An evaluation of the first year of its implementation will be conducted to identify and address any challenges.
- Elsewhere, significant progress is being made in Ghana, Vietnam, Laos, Guyana, Honduras and the Republic of the Congo. However, issues of capacity and political uncertainty are hampering efforts in Thailand, Myanmar, Malaysia, Cambodia, the Philippines, Liberia, Cameroon, the Central African Republic, Côte d'Ivoire, Gabon and the Democratic Republic of the Congo (DRC).

### Questions and discussion

*Are there any plans for VPA negotiations in South American countries?*

Perez: There is limited interest from South American countries in negotiating a VPA. The EU is working with countries in the region to address FLEGT objectives and tackle illegal logging through other means of engagement.

*Now VPA negotiations in Guyana are coming to a close, how does the EU intend to address the issues of tenure rights and free prior informed consent for indigenous groups?*

Perez: The European Commission strives to ensure that issues related to indigenous peoples are fully considered and addressed within VPA negotiations. There are limitations as to what can be considered, as the VPA is a specific tool with particular objectives. However, there are a number of tools that the EU uses to deliver on its commitments to human rights.

*As part of the VPA negotiations, what provisions are made regarding the risks of illegal timber entering the supply chain from neighbouring non-VPA countries?*

Perez: This is a very important issue, and the EU does not want the VPA to become a tool for green-washing timber from illegal or unverified sources. Therefore, all agreements make provisions to ensure all sources of timber are monitored, tracked and verified. For example, in discussions with Vietnam there has been an emphasis on the issue of imported timber and the EU is working closely with Mekong Delta countries.

*What is the EU's policy on countries in which the VPA process has stalled?*

Perez: There is a need to prioritize and better allocate resources and the European Commission cannot continue to invest in countries that fail to deliver expected results. However, each country needs to be assessed on an individual basis on how best to move forward. Trade in timber with non-VPA countries will continue under the requirements of the EU Timber Regulation (EUTR).

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<sup>1</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session1LucaPerez.pdf>

*How are reports of illegal timber flowing from Myanmar to China being addressed by the EU?*

Perez: The EU is working on both sides of the border to address this issue, through the bilateral coordination mechanism with China and supporting efforts to strengthen verification and traceability in Myanmar.

*What is being done to respond to the allegations of illegal timber entering Vietnam from Cambodia and how does this impact Vietnam's VPA negotiations?*

Perez: The EU is aware of these issues and monitoring the situation very closely. There is genuine political commitment by the government of Vietnam to deal with these issues and to put mechanisms in place to prevent illegal timber entering the market. Both sides are examining the robustness of the Timber Legality Assurance System (TLAS) and FLEGT licensing will not begin until the terms of the agreement have been fully met.

## Session 2: Progress with Vietnam's VPA

Chair: Thomas Pichet, Programme Management Support Team, Forest Governance, Markets and Climate

### **Key commitments and implementation framework for Vietnam's VPA: Nguyen Tuong Van, Forestry Administration of Vietnam<sup>2</sup>**

- After six years of formal talks and multi-stakeholder consultations, Vietnam's VPA negotiations with the EU have now concluded. Setting up the TLAS has been a key component to ensure timber, particularly from imported sources, is legal. The system applies to all markets, including the domestic market and exports to non-EU countries.
- New laws will ensure all operators have due diligence measures in place and they will be classified under a risk-based system. Those deemed at high risk of illegality will be subject to more stringent checks, and timber imports from high-risk countries such as Cambodia will have to show extra evidence that timber has been harvested legally.
- A Joint Implementation Framework is currently being developed. The work plan will include the preparation of guidelines for the TLAS, the elaboration of an independent evaluation mechanism, capacity building and the disclosure of information.

### **The Vietnamese CSO network and its role in the VPA: Vũ Thị Bích Hop, Centre for Sustainable Rural Development<sup>3</sup>**

- Involvement of civil society organizations (CSOs) in Vietnam's VPA process has improved over the last three years and there are now 61 of them from across the country engaged in capacity building, research, education and training to raise awareness of FLEGT and measure its impacts from the community level to the national level.
- The government has high expectations for the VPA and the role of CSOs. Challenges remain for the millions of small and medium enterprises (SMEs) because of their limited capacity to meet the legal requirements, which has implications for how they are classified in terms of risk. The CSO network in

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<sup>2</sup> See the speaker's presentation at [https://www.illegal-logging.info/sites/files/chlogging/Day1Session2\\_NguyenTuongVan.pdf](https://www.illegal-logging.info/sites/files/chlogging/Day1Session2_NguyenTuongVan.pdf)

<sup>3</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session2VuThiBichHop.pdf>

Vietnam has asked the government to grant SMEs legal status, to involve CSOs in the independent evaluation of the TLAS, and to provide extra resources to support their work in capacity building and independent forest monitoring.

### **The private sector's efforts in fighting illegal logging in Vietnam: Tran Le Huy, Forest Products Association of Binh Dinh<sup>4</sup>**

- Vietnam is as an important wood-processing country. In recent years, timber imports in Vietnam from high-risk countries, such as Cambodia and Laos, have decreased dramatically as the private sector has moved towards more sustainable and legal supplies in order to compete in the global market.
- The private sector is fully committed to supporting the government in effective implementation of the VPA process. The Forest Products Association has established a due diligence system, which will require standard documents on timber origin, and all the information will be made available on a public database.

### **Questions and discussion**

*Given the volume of illegally smuggled timber between Cambodia and Vietnam do you think Vietnam's VPA will have a positive or negative effect on Cambodia's forests?*

Vân: Vietnam's government and business community is committed to combating illegal logging in the country as well as in the wider region. The VPA may have negative impacts on trade with illegal operators in Cambodia but for those who operate legally there will be positive outcomes.

*For the risk-assessment classifications, how do you decide which countries and organizations are at risk of illegality and how often will you re-evaluate?*

Vân: Jurisdictions with strong legislation to tackle illegal logging, like the EU, US and Japan, as well as fellow VPA countries will be considered low-risk and various timber certification schemes will be closely considered. The risk assessments will be submitted to the Joint Implementation Committee for review. All organizations will be expected to submit a self-assessment on an online platform, which will be reviewed by the government, and organizations will have the opportunity to resubmit.

*How much money has the Vietnamese government allocated for TLAS implementation?*

Vân: There are more than 13,000 forest rangers involved in verification but we understand we need to improve capacity on the ground, including within the customs authorities to assess the risk of imports. Resources are most needed to build the self-assessment website and provide training on how to use it.

*How involved is civil society in monitoring timber imports and exports?*

Hop: Aside from CSOs involvement in strengthening capacity at the community level, we are also interested in assisting with monitoring of imports and exports. At this time we do not have the government support or resources to do this but we hope provision will be made in the future.

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<sup>4</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session2TranLeHuy.pdf>

*What is the government doing to help SMEs implement due diligence?*

Vân: There is an issue with SMEs complying with the due diligence requirements and the TLAS, and we do need to offer more support. We have created a programme to address this issue and have supplied a series of easy to follow guidelines for SMEs to help them to meet the requirements.

### Session 3: Indonesia's FLEGT licensing – experiences from the first six months

Chair: Alex Hinrichs, European Forest Institute

#### **Indonesia's implementation of the VPA: Putera Parthama, Ministry of Environment and Forestry<sup>5</sup>**

- In its first few months of implementation, Indonesia's roll-out of FLEGT licensing and the SVLK (Indonesia's Timber Legality Assurance System) has been largely successful. Twenty-five million hectares of forest have been certified since 2010, along with 3,400 companies, and 22,790 FLEGT licences have been issued for shipments to 26 EU countries. The export value of timber products remains high and the number of cases of illegal logging continues to decline. The government is working closely with the independent forest monitoring organizations and all stakeholders to review regulations and make continuous improvements to the system, including through the forthcoming Impact Monitoring Assessments.
- On the demand-side, challenges include international buyers requesting additional legality certification and that so far FLEGT timber is not commanding the higher prices expected. There is more work to be done with improving compliance and the capacity of SMEs, as well as the engagement of all companies.

#### **The Independent Forest Monitoring Fund: Christian Purba, Independent Forest Monitoring Foundation<sup>6</sup>**

- The Independent Forest Monitoring Fund supports the work of CSOs in independent forest monitoring (IFM), which plays an integral role in the success of SVLK and FLEGT licensing. There is scope to extend the role of CSOs to incorporate monitoring of illegal forest conversion and forest concession permit irregularities. It is hoped that funds from the licensing fee can be channelled back into supporting IFM over the coming years and that the EU will continue with financial support to ensure that it can maintain its impartiality and independence.
- One area where monitoring can be strengthened is at the point of export. CSOs recommend random customs checks, reinforced by the competent authority on the EU side, to ensure the volume of shipments tally with data on SILK (Indonesia's Timber Legality Information System) and so enable a crackdown on the falsification of documents.

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<sup>5</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session3PuteraParthama.pdf>

<sup>6</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session3ChristianPurba.pdf>

### **APKINDO's perspective on FLEGT licensing: Robianto Koestomo, Indonesian Wood Panel Association (APKINDO)<sup>7</sup>**

- The expected increase in wood panel and plywood exports has not materialized since FLEGT licensing was introduced and the private sector feels that the costs of additional due diligence requirements make it harder for Indonesia to compete in the international market.
- In light of Article 13 of the VPA, APKINDO calls on the EU to fulfil its commitment to promoting and procuring FLEGT-licensed timber, including through raising awareness among consumers.

### **Private-sector experiences with FLEGT licensing in the first six months: Rudiyanto Tan, Samko Ltd<sup>8</sup>**

- Samko Ltd, a leading manufacturer of wood products in Indonesia, has seen FLEGT licensing having a positive impact – increasing confidence among EU buyers in Indonesian products and enabling Indonesian companies to access the EU market. However, certification schemes of the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification appear to be more widely recognized by the EU market, and awareness of FLEGT licensing needs to be further promoted among consumers. At the harvesting level many of the plantation smallholders who supply Samko Ltd struggle with certification and it is hoped some form of collaboration can be made between FLEGT and other certification schemes.

### **Questions and discussion**

*Despite Indonesia signing a transparency agreement as part of the VPA, why are many crucial documents not widely available and how does this effect monitoring by CSOs?*

Parthama: The Indonesian government is under a legal obligation to maintain transparency and openness. However, some documents, such as maps, are a work in progress and cannot yet be made public.

Purba: So far transparency has not been fully implemented within the Ministry for Environment and Forestry and it has been taken to court in some cases. The relevant regulations are in place but access to maps represents a challenge and the government needs to work harder to improve transparency and the availability of information.

*Are there any plans to monitor the VPA's impact on deforestation and are there any synergies with REDD+?*

Parthama: First, we need to differentiate between planned and illegal deforestation. A significant portion of Indonesia's forests have been set aside for the purpose of food production, settlements and infrastructure projects, and conversion is unavoidable due to population and economic pressures. However, illegal forest conversion and deforestation is unacceptable and has no place in Indonesia.

*How can IFM by CSOs be funded sustainably and how can they maintain their independence?*

Purba: It takes a huge amount of resources to carry out effective IFM and there is only a limited budget available, which is why we really hope money can come from the licence fee.

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<sup>7</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session3RobiantoKoestomo.pdf>

<sup>8</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session3RudiyantoTan.pdf>

## Session 4: Timber trade regulations – developments from around the world

Chair: Mike Sawyer, UK Department for Business, Energy and Industrial Strategy

### **Progress with implementation of Australia’s Illegal Logging Prohibition Act: Stuart Hogan, Department of Agriculture and Water Resources<sup>9</sup>**

- Comprising an act and regulation, Australia’s illegal logging laws of 2012 aim to ensure all wood products entering the country or processed domestically represent little or no risk of illegality, and to encourage more transparent supply chains. Companies are expected to have effective due diligence and risk-assessment systems in place. Country-specific guidelines offer information on the legal framework within timber source countries to help companies undertake due diligence. The act imposes criminal penalties on those that breach it; however, as yet no penalties have been issued for non-compliance as the government adopted a ‘soft-start’ to allow companies to adjust to the new rules.
- An assessment of compliance with the due diligence requirements was carried out in 2015. Targeting the top 500 importing businesses, the assessment found 59 per cent were non-compliant, highlighting the need for greater awareness and training within the sector. The government is conducting a review of due diligence requirements that can limit the regulatory burden while mitigating the risk of illegal timber entering the Australian market.

### **Enforcement of the EUTR: Shingo Masuda, Finnish Agency for Rural Affairs (Mavi)<sup>10</sup>**

- As the competent authority for the EUTR, Mavi is responsible for ensuring the 2,000 operators that import €500 million worth of timber products into Finland each year are in compliance with the regulation. Eighty per cent of this timber originates from Russia, and 5 per cent from China. With the limited resources available, keeping track of all these companies can be challenging, but by using customs data and sampling techniques Mavi carries out targeted checks to verify if operators are in compliance. Finland’s participation in the Nordic Baltic cooperation among competent authorities also strengthens EUTR enforcement in the region.

### **An overview of developments in Asia: Marigold Norman, Forest Trends<sup>11</sup>**

- There have been several recent legislative developments in Indonesia, Japan, Malaysia, South Korea and Vietnam to regulate the import of illegal timber. These have been driven by consumer concerns about illegal logging and deforestation, and these measures are also seen as important for maintaining the competitiveness of national forest industries in the global market. Furthermore, import-control measures are a key component of the VPAs.

## **Questions and discussion**

*Can you elaborate on Australia’s country-specific guidelines and is there dialogue with those countries at risk of illegality?*

Hogan: The country-specific guidelines are negotiated between the Australian government and the governments of the exporting countries. They set out the legal frameworks in place within those

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<sup>9</sup> See the speaker’s presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session4StuartHogan.pdf>

<sup>10</sup> See the speaker’s presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session4ShingoMasuda.pdf>

<sup>11</sup> See the speaker’s presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day1Session4MarigoldNorman.pdf>

individual countries, and give advice to importers on what documentation is required and help to inform their risk assessments.

*How have businesses reacted to implementation of the different timber regulations?*

Hogan: It has been a mixed bag of reactions in Australia. Many businesses have been fully supportive, particularly those with strong due diligence systems already in place. Others have shown resistance but as time goes on more operators are getting on board and compliance issues will be addressed once the soft-start period ends.

Masuda: Most Finnish operators are willing to cooperate and consider the EUTR to be important. So far we have not prosecuted any companies. However, we still need to raise awareness and knowledge among the private sector.

*Are there any similarities between the regulations being developed in the Asian countries mentioned and the EUTR?*

Norman: Forest Trends' forthcoming report will include a full breakdown and comparison between the frameworks being developed in Asia, including China, as well as the EUTR, the United States' Lacey Act and Australia's Illegal Logging Act.

## Session 5: Developments in China

Chair: Alison Hoare, Chatham House

### **China's efforts to combat illegal logging and trade: Nguyen Fu Jianquan, State Forestry Administration<sup>12</sup>**

- Domestically, China has taken several steps to improve forest governance and law enforcement with legal reform and the implementation of licences and quotas for timber harvesting, transportation and processing. China is also developing a timber legality verification system and forest certification scheme.
- Illegal logging is a global problem and China continues to take an active role in international dialogues and initiatives to tackle the issue. Voluntary guidelines on sustainable forest management, investment and trade have been produced for Chinese enterprises operating overseas. It is necessary to promote policy dialogues among stakeholders in global supply chains and to strengthen policy incentives to boost growth of the green timber trade.

### **China's Timber Legality Verification System (CTLVS): Chen Yong, Centre for International Forest Product Trade, State Forestry Administration<sup>13</sup>**

- The Chinese authorities have been working closely with the private sector to incentivize sustainable practises at home as well as abroad. They do so through raising awareness of illegal logging, helping businesses more easily understand the complex array of regulations and providing a self-assessment website to measure illegality risks in the supply chain. The pilot CTLVS is under evaluation and resources are focused on capacity building. Several Chinese enterprises have agreed to sustainable

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<sup>12</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session5FuJianquan.pdf>

<sup>13</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session5ChenYong1.pdf>

forest management and investment practises in their overseas ventures in countries such as Guyana and Mozambique.

### **Partnership makes positive change – progress with China’s responsible forest product trade and investment: Wang Lei, WWF China<sup>14</sup>**

- WWF has been working with Chinese enterprises in Gabon and Mozambique to foster a greener approach to forest management and investment. Multi-stakeholder dialogues between communities and businesses, capacity building and sustainable-investment guidelines have helped generate positive results, with several companies committing to sustainable practises and certification schemes.
- WWF has been focusing on the other end of the supply chain with a campaign in China to promote sustainable consumption, and it has established the Green Supply Chain Action Plan to encourage sustainable timber procurement within the building industry.

### **Overseas forestry investment practices: Li Baizheng, Daxing’anling Forestry Group Corporation<sup>15</sup>**

- Daxing’anling Forestry Group has timber harvesting operations in Russia. Working in compliance with Chinese and Russian law, it is firmly committed to principled investment and seeks to contribute to public welfare wherever it operates, partnering with local communities to improve healthcare, education and infrastructure.

### **Questions and discussion**

*Is China planning to work more closely with Indonesia and to support FLEGT licences?*

Jianquan: China and Indonesia are hugely influential in the fight against illegal logging. Together we signed a memorandum of understanding on illegal logging in 2012, and we are learning from Indonesia’s TLAS and the country’s work with the EU. China is striving for a system whereby FLEGT licensing becomes the required standard for exporting between all three territories.

Yong: We want to push forward with the collaboration between China and Indonesia. Of primary concern is whether we are able to re-export and maintain the FLEGT licence.

*What tools are in place to prevent illegal logging and the associated trade by Chinese companies, and are they actually working? For example, there was a shipment of illegal timber that entered China from the DRC two years ago.*

Yong: Concerning the illegal trade between the DRC and China, how could the shipment of 661 containers have been allowed to leave the DRC? We need to get to the root of the problem in the production and transportation process. We have tools that ensure all the papers concerning exports are legal and genuine, but countries of origin need to enforce their own measures as well.

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<sup>14</sup> See the speaker’s presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session5WangLei.pdf>

<sup>15</sup> See the speaker’s presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session5LiBaizheng.pdf>

*Is there any evidence that Chinese consumers are interested in sustainable purchasing?*

Jianquan: Generally, the higher an individual's income, the more likely they are to be aware of sustainability. We need to engage people with the sustainability story so they can incorporate forest protection into their purchasing decisions.

Yong: Consumer attitudes are changing but we need to raise awareness among consumers so they recognize the benefits of legal timber. If buying habits change then more companies will switch to sustainable practises.

*What are the latest developments with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in China, particularly with listings of rosewood species?*

Jianquan: China is a party to CITES, and has taken actions prohibiting illegal trade in CITES-listed species. We are using social media to raise awareness of the convention among consumers and the private sector, and we are also advocating the importance of CITES through our international engagement.

## Session 6: Legality issues in the plantation sector

Chair: Aline Fabing, FLEGT Facilitator, Republic of the Congo

### **Plantations in the context of the VPAs: Sandra Thiam, European Forest Institute<sup>16</sup>**

- Aside from economic benefits, plantations can provide watershed management, conserve carbon stocks and restore forest cover. However, they do not provide the ecological or social benefits of a natural forest and so it is important to understand the full context when considering the value of a plantation.
- With regard to how VPAs address plantations, this varies as the scope of a VPA is up to the individual country. However, the VPA process can help to clarify legal requirements for plantation establishment and management, to support independent monitoring of the forest sector (including plantations) and to provide a platform for discussing strategic choices related to timber supply and land-use in the forest sector.

### **Legality issues in Vietnamese plantations: Nguyen Vinh Quang, Forest Trends<sup>17</sup>**

- Vietnam has relied heavily on plantation forests and imported timber to supply its 4,000 wood-processing companies since the natural-forest logging ban of the 1990s. With respect to Vietnam's VPA there are legality issues surrounding the plantation sector that need to be resolved, particularly for rubber wood, which is considered an agricultural product, and over land-use certificates and land-rights. Addressing these issues will be time-consuming and requires political will and additional resources.

### **Plantations in Ghana: Hugh Brown, Forestry Commission<sup>18</sup>**

- It is estimated that 40 per cent of Ghana's timber exports originate from plantations. The National Forest Plantation Development Programme was set up in 2001 to attract investment, generate

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<sup>16</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session6SandraThiam.pdf>

<sup>17</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session6NguyenVinhQuang1.pdf>

<sup>18</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session6HughBrown.pdf>

employment, contribute to timber supplies, and restore the landscape in the wake of mining, agricultural clearing, illegal logging, forest fires and charcoal production. Plantations also contribute to Ghana's Bonn Challenge targets and the government is developing a new Forest Plantations Act to improve the legal and environmental framework.

- The VPA process presents an opportunity for increased transparency in the allocation of resource rights and in the chain of custody for timber, ensuring payment of the appropriate fees to land owners, and for promoting continued investment and development of the plantation sector.

## Questions and discussion

*Investment in plantations is becoming potentially risky due to climate change. How is the FLEGT Action Plan able to address the legality of plantations?*

Thiam: Absolutely those are issues that need to be addressed and I think they will be looked at in the EU's Deforestation Action Plan that is being developed. As no decisions have been made yet it is difficult to know how the legality of plantations will be addressed through the VPA process.

Brown: When we set up the VPA process in Ghana the focus was on natural forests because this was where we had the most issues with illegal logging and governance. Now that attention has shifted to plantations, the legal framework is not applicable to this part of the sector, which is why we need to move forward with the Forest Plantations Act and get consensus from all stakeholders.

*What is being done in Ghana and Vietnam to protect the customary rights of those communities living in forest plantations?*

Quang: In Vietnam the government allocated land-rights to smallholders in the 1990s. More recently the government released around 500,000 hectares of land from state-owned companies to local communities.

Brown: In Ghana the bulk of plantation development takes place within unpopulated gazetted forest reserves. Where land is owned by smallholders, they see plantations as a form of investment and grow their own timber to sell. I only know of one case where a company went into a populated area and set up a plantation, and they allowed the local communities to continue to live and use the land.

*Ghana's use of mixed indigenous species in plantations is to be welcomed, but what happens to the ecosystem of plants and animals when plantations are harvested?*

Brown: This is an interesting question as plantations are grown to be harvested at a particular time in the future, but in the interim local species may have established themselves. In Ghana companies are obliged to keep 5 per cent of the land for conservation but it is being recommended this should be increased to 10 per cent. They are also supposed to leave dead trees in place and maintain a 25-metre buffer zone around water bodies to improve biodiversity. Most plantation owners are profit-motivated so we have to strike a balance between economic and environmental needs.

## Session 7: Improving transparency and accountability – the role of independent forest monitoring for company due diligence and enforcement needs

Chair: Duncan Brack, Chatham House

### **Different approaches to IFM in the Congo Basin and how these can meet the needs of end users: Aurelian Mbzibain, Centre for International Development and Training (CIDT), University of Wolverhampton<sup>19</sup>**

- There is a wealth of IFM experience in the Congo Basin. In Cameroon IFM is usually non-mandated and so, while CSOs have more freedom to investigate irregularities, access to official information is often limited. Elsewhere in the region IFM is mandated by the authorities, with the work often linked to FLEGT and REDD+. The scope of reports resulting from this approach may be constrained by the government, which is the primary user of the information.
- IFM is a long process that requires validation and objectivity if it is to maintain credibility. It is important to consider how easily end users can access information and attention needs to be focused on building relationships and information sharing between stakeholders, harmonizing data collection and reporting practises, as well as utilizing the latest mobile and satellite technology.

### **Implementing IFM in Cameroon: Angeline Modjo, Foder<sup>20</sup>**

- Foder coordinates an integrated system of IFM between civil society, the government and private sector in Cameroon that combines observation, verification, communication of illegal activity and lobbying for improvements. The approach has led to a decrease in illegal logging and to enforcement action being taken against officials and illegal operators. More resources are needed for Foder to extend its work across the country, as well as better engagement with the Forestry Ministry and increased incentives for local communities to support this work.

### **Making IFM data accessible and relevant to end users – the approach of the Open Timber Portal: Marie Vallée, World Resources Institute<sup>21</sup>**

- The World Resources Institute is developing the Open Timber Portal, a user-friendly interactive website that aims to bring together differing approaches and reporting of IFM in a coherent, consistent and accessible way. Also available in an app to be used by organizations out in the field, the searchable database will enable users to track high-risk operators, pinpoint geographical areas of concern and assess detailed information on company reports.

### **A private-sector perspective on the role of IFM: Caroline Duhesme, International Tropical Timber Technical Association (ATIBT)<sup>22</sup>**

- The ATIBT represents businesses working in the tropical timber industry. It is currently working on an EU-funded FLEGT REDD+ programme to consider the contribution of the private sector to IFM initiatives.

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<sup>19</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session7AurelianMbzibain.pdf>

<sup>20</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session7AngelineModjo.pdf>

<sup>21</sup> See the speaker's presentation at [https://www.illegal-logging.info/sites/files/chlogging/Day2Session7MarieVallee\\_2.pdf](https://www.illegal-logging.info/sites/files/chlogging/Day2Session7MarieVallee_2.pdf)

<sup>22</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session7CarolineDuhesme.pdf>

- The private sector fully supports IFM as a means to improve legality and good forest governance, as well as to enhance its implementation of due diligence, as required by import regulations and to enhance competitiveness in the global timber market. However, the private sector asks that IFM organizations align their approaches and maintain impartiality when collecting data and reporting. They should also have full understanding of the law and not be biased by the interests of international NGOs. Extra resources and transparency are needed to extend the independence and scope of IFM, and private-sector operators should be included in the process.

## Questions and discussion

*What is being done to address impartiality and the interpretation of the law?*

Duehesme: The NGOs in the Congo Basin that are implementing IFM are often linked with international ones and are dependent on their agendas, but some of these have completely different interests. Therefore the impartiality of the information being collected and reported is questioned by the private sector.

*Is there a way to speed up IFM reporting and what has been the effect of non-mandated reporting in Cameroon?*

Mbzibain: CIDT has just received funding from the EU to improve monitoring in the Congo Basin and to provide training to IFM initiatives as a way of improving the quality of reporting in the region. Delay between monitoring activities and reporting is a challenge and must be addressed. We can hopefully improve the efficiency of reporting in the future.

Modjo: Extra financial support is needed to build capacity. At Foder there are six members of the auditing team who review reports before they are sent to the authorities. With the reduction in mandated IFM, there has been a decline in efficiency and also in the quality of this work, but despite this there has been a lot of positive impact.

Vallée: The reading committees are the biggest reason for delays in producing reports. The Open Timber Portal will help improve the ease of data input and accessibility.

## Session 8: Satellite technology as a tool to improve timber-supply-chain transparency – opportunities and challenges for different stakeholders

Chair: Ruth Nogueron, World Resources Institute

**Panel members: Alvaro Samayoa (FMAP, Arcas/Astrosat, Guatemala), Charton Jahn Locks (Brazilian Forest Service), Anna Kawalec (Codimex, Poland) and Pedro Moura Costa (BVRio, Brazil)**

Alvaro Samayoa opened the panel discussion with a short presentation<sup>23</sup> on Guatemala's Forestry Management and Protection (FMAP), a system that uses satellite data to track illegal logging and timber transportation. He highlighted concerns over data ownership and usage, and said greater police collaboration is needed to tackle logging crimes.

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<sup>23</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session8AlvaroSamayoa.pdf>

Charton Jahn Locks introduced Brazil's Federal Forest Concession tracking system<sup>24</sup> that uses satellites, drones, light detection and ranging, and community information supplied via a mobile app. The multi-pronged approach allows the authorities to identify law infringements more accurately. The main challenges to setting up the system are the limited communications infrastructure and lack of capacity. The need for society to take advantage of future technological developments was highlighted.

Anna Kawalec from Codimex detailed the advantages of Poland's Timber Inventory System.<sup>25</sup> Combining satellite and mobile technology, the system tracks timber from harvest to the end user, allowing companies to verify legality. She called for greater international collaboration and noted the importance of engaging with users when developing tools and technology.

BVRio's Pedro Moura Costa highlighted how the Responsible Timber Exchange analyses satellite and big data to undertake risk assessments, with the aim of promoting the market for legal and certified timber products worldwide.<sup>26</sup> The system is currently free to use, funded by donor organizations, but options for how it can be commercialized are being explored.

### Questions and discussion

*In an industry that is often resistant to change, how are you getting users on board with new technology?*

Kawalec: It is not easy; people can be resistant to change but if you consult with them they will come around and adapt.

Samayoa: We have to train users effectively and fully communicate the benefits of the technology. Making it mandatory would force people to use the system.

Costa: BVRio is working to promote the benefits of technology for local communities. Satellite imagery can be used to see if logging is encroaching in community or indigenous areas.

*How are these initiatives funded, and what is their long-term sustainability?*

Samayoa: The Guatemalan project is currently funded by the UK space agency but it is only a three-year programme. We have learnt that the system can pay for itself if we manage it correctly and work with the private sector.

Locks: The Brazilian government supports us with money recouped through a production tax based on forested areas and we raise revenue from wood that is sold.

Kawalec: TIS members paid for the first system we put in place and we also cooperate with the European space agency.

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<sup>24</sup> See the speaker's presentation at [https://www.illegal-logging.info/sites/files/chlogging/Session 8-Charton Jahn Locks-Presentation.pdf](https://www.illegal-logging.info/sites/files/chlogging/Session%208-Charton%20Jahn%20Locks-Presentation.pdf)

<sup>25</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session8AnnaKawalec.pdf>

<sup>26</sup> See the speaker's presentation at <https://www.illegal-logging.info/sites/files/chlogging/Day2Session8PedroMouraCosta.pdf>

*What are the specific applications for law enforcement?*

Samayoa: We are implementing training to help integrate the police into the strategy against illegal logging in Guatemala.

Locks: Working in collaboration with other Brazilian agencies, the national Forest Service uses reports of the Federal Forest Concession to identify illegalities and alerts the police for them to follow up.