

# **Lessons from legality verification by timber associations for the Japanese domestic market and its potential to become an international standard**

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## **1 Introduction**

The Japanese Forest Agency introduced a Guideline describing a method to ensure timber legality from the point of harvest through the supply chain. The method authorizes companies that are accredited by associations to provide legality verification (a kind of environmental quality information) to timber demanders and consumers. After 6 years implementation of the Guideline, this method has been serving not only for the Green Purchase Act but also other relevant subsidy services including that of promoting Long-Life Quality Housing by Ministry of Land, Infrastructure, Transport and Tourism. I would like to introduce the significance of this well established system in the international context.

## **2 The experience of legality verification by companies authorized by associations**

### **(1) Overview of Japanese timber industry organization**

Japan has tens of thousands of timber companies including loggers, saw millers, distributors and manufacturers. Nearly twenty thousands of them are organized in industry-groupe organizations like regional cooperatives, prefectural-scale associations and nation-wide associations per type of businesses.

### **(2) Process of authorization by associations**

Timber related associations that want to authorize their member companies according to the Forestry Agency's Guideline shall establish the self-disciplinary code of conduct (anti illegal logging, support to governmental policies and promote the effort actively etc), publish the developed authorization procedure and promote it to their own member companies. The member companies that want to be authorized assign the responsible person and develop the policy on management system of product separation from non-verified products, documented management procedures etc following to the standard to submit to their authorizing association. Once authorized, the company can issue the verification for their products as long as they are made up of only verified material. The chain of verifications according to the business chain enables the buyers to

ensure the legality of timber.

At present, 142 associations have been registered and 8,600 companies are authorized. (For more information in English please go this link <http://www.goho-wood.jp/world/>. Also please view our short movie (in English and Chinese available) from the link)

(3) Legality information from the point of origin

For domestic timber, the point of origin of legality is the harvest permission by the Prefectural Governor (if from conservation forest) or “notifications of harvest and silviculture” submitted to the mayor (if from privately owned forest).

In the case of imported timber, 1) verification by authorized associations, 2) forest certification schemes or 3) export permissions which are linked to the evidence of harvest origin and accredited by specific countries (i.e. Indonesian BRIK endorsement (to be reformed to TLAS system) and Malaysian endorsed export permission) are eligible. Goho Secretariat welcomes the information related to the verification and willing to make open discussion and make the information publicly available. When question arises, we will open for further discussion.

**3 The significance of having a chain of authorized companies**

(1) The importance of information on the environmental quality of timber

Timber is recognized and promoted as an alternative of fossil resources; a renewable resource, helping to fix carbon. However, illegally logged timber can have the opposite effect. It is important to provide environmental quality information of timber products including burden and contribution on the environment of the production process of the products no matter where it was harvested and distributed. For example, the exporter of FLEGT-licensed timber to EU market would like to have identification system in EU market of their products for the consumers in EU. . Therefore, we need an efficient system of distributing information to compete materials sourced from underground.

(2) Timber trade has complicated supply chains

Petroleum-based materials and metals which compete against timbers are not difficult to trace especially in the production process with only limited players involved. In contrast, timber usually goes through many hands and comes from various sources and has countless harvest origins and production stages and paths, the business network is more diverse from upstream to downstream. It is impossible to keep monitored the whole timber market through whole supply chain by a third party. It is important to utilize the registered association’s

wide-range existing network for distributing information.

### (3) Diversity of origin of environmental quality information of timber

Apart from how to manage the legality information, distributing environmental quality information is important as long as it clarifies the any kind of source of information.

For example, The Goho-wood model verification chain system is now also required in the verification of wooden chip sourced from thinning operation, responding to Green Purchase Act (“Guideline for verifying wooden chip sourced from thinning operation” Forest Agency, July 2009) and the identification of “unused wooden biomass produced from forest harvesting and thinning” to address act on special measures for procurement of renewable energy by electric power suppliers (“Guideline for verifying wooden biomass used for power generation” June 2012).

### (4) Global potential of Goho-wood

Consumers will become demanding various information about environmental burdens or contributions of production process of timber. Industry sectors are requested to cooperate each others for utilization of business network for the mission. The Goho-wood may have such flexible potential in Japan and also possible in global context as the minimum systemic infrastructure to be adopted for any type of scheme.

## 4 Credibility of authorized associations system

Our challenge is ensuring the credibility. As the Goho-wood doesn't include third party monitoring, the solution must be the open information.

When even only one company in the supply chain failed to follow the standard, it affects on whole credibility. It is vital to ensure opening information of verification issuance process by individual companies and transparency of legality evidences.

At present, I identified the challenges Japan needs to address as 1) more transparent public information by associations, 2) establishment of common monitoring procedures.

