

Public procurement policies for legal and sustainable timber and recommendations for Japan

世界の違法伐採に対する政府の調達政策と
日本の取組への期待

Presented by **Federico Lopez-Casero**,
Forest Conservation, Livelihoods and Rights Project,
Institute for Global Environmental Strategies (IGES)
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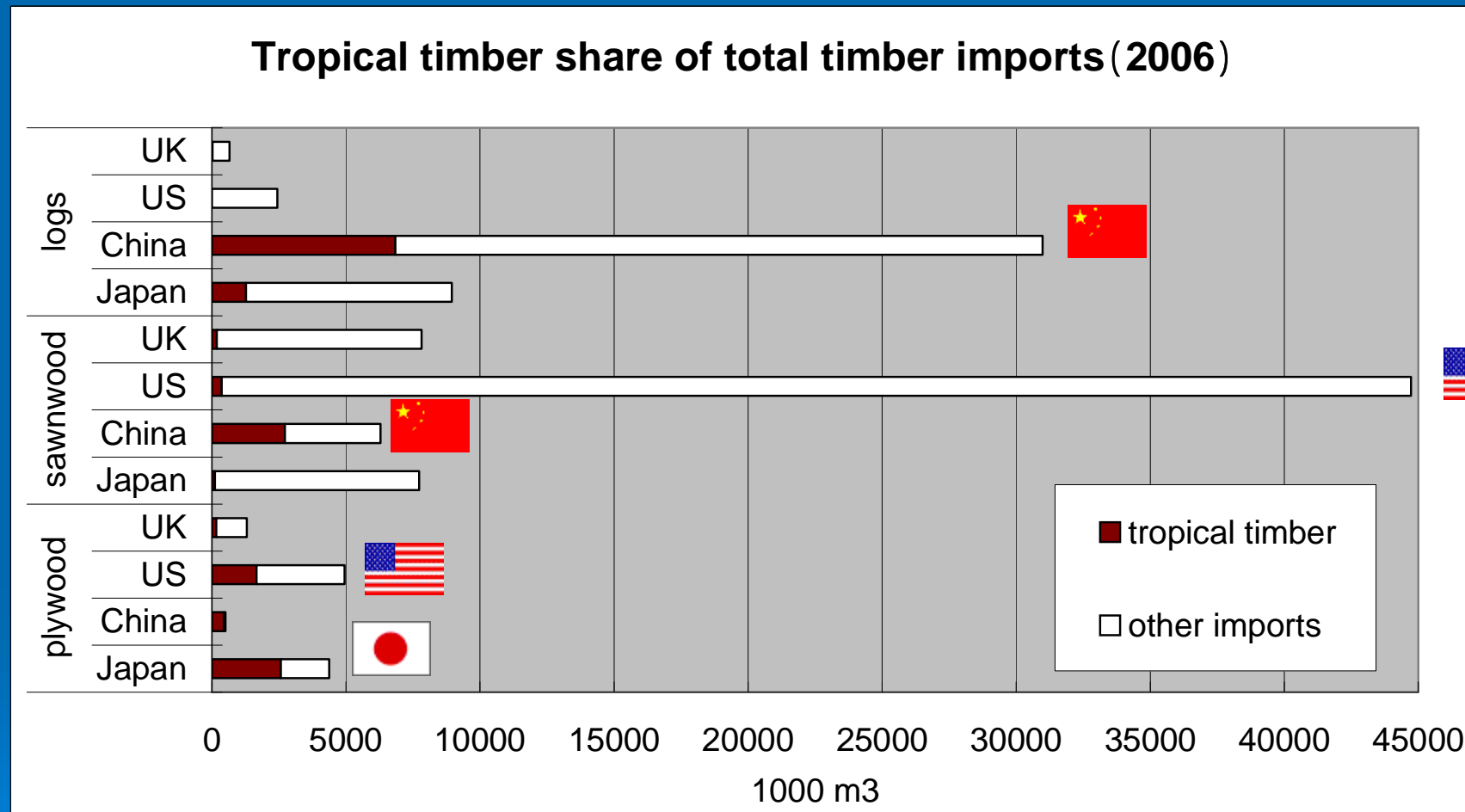
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1. Research background

- Roughly **6 million hectares** of world's primary forests **lost or degraded** each year (1990-2005) (FAO, 2006)
- No indication of this rate slowing
- Major timber **importing countries** are acknowledging their **responsibility** to contribute to combating illegal logging
- They **benefited** through access to large volumes of high quality, cheap timber...
- ...but at the cost of **forests** and **forest governance** in producer countries
- Some consumer countries have introduced **public timber procurement policies**

2. Timber imports (tropical & all timber) a) by major consumer countries

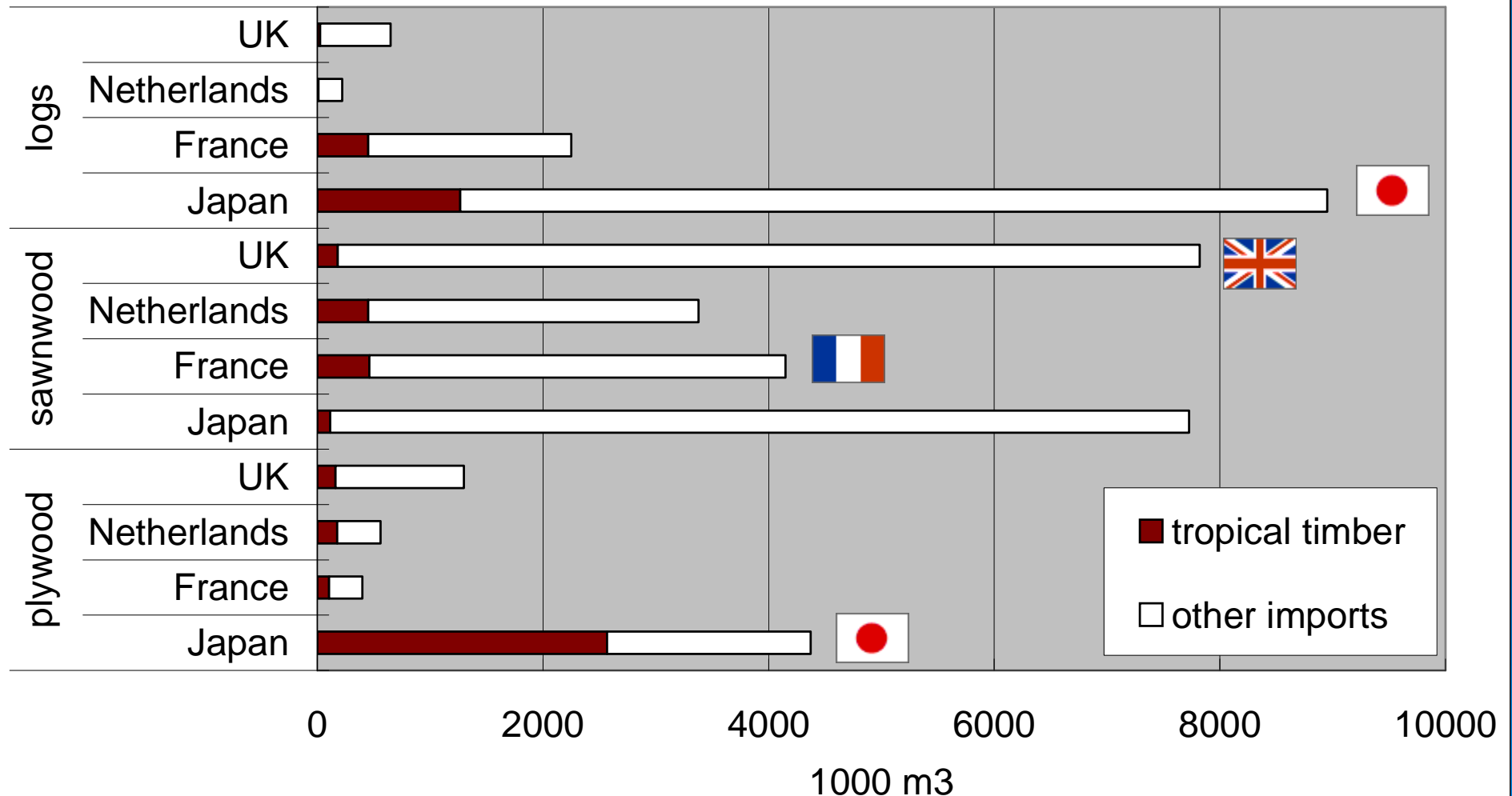


Source: ITTO (2007)

- Japan largest importer of **tropical plywood** (2.6 million m³ in 2006)

b) by countries with timber procurement policies

Tropical timber share of total timber imports (2006)
in selected consumer countries with procurement policies



c) Why timber procurement policies?

- In May 1998, the G8 launched its Action Programme on Forests to address **illegal logging** (as one of 5 issues)
- While the programme led to no substantial new strategies, it provided momentum for later initiatives
- **Public procurement** estimated to have a 18% share of total G8 timber imports (Toyne, O'Brien and Nelson 2000)
- In Japan, public procurement estimated at a 3% share
- **Need for hard policy options** to combat the trade in illegal wood
- Procurement policies may elicit a response from the **private sector**

3. National timber procurement policies globally

		Enactment	Requirements presently
A P	Japan	April (Oct) 2006	Legal timber (sustainability as factor for consideration)
	NZ	December 2006	Legal and preferably sustainable timber
	Australia	<i>Policy under consideration</i>	
	NL	February 1997	Legal and preferably sustainable timber
E U	Denmark	June 2003	Sustainable timber (under revision)
	UK	January 2004	Legal and preferably sustainable timber
	France	April 2005	Legal and/or sustainable timber
	Belgium	March 2006	Sustainable timber
	Germany	2007 (old: 1998)	Sustainable timber
	Spain	<i>Policy under consideration</i>	
	Sweden		
	Finland		
	Norway	Tropical timber excluded from public procurement	

4. Research objectives

1. Describe and analyse the **context and features** of Japan's public timber procurement policy
2. Assess the robustness of this policy
3. Identify the **essential elements** of a robust public timber procurement policy
(to effectively distinguish legally verified and certified sustainable wood)
4. **Explore and recommend options** for strengthening Japan's policy

5. Analytical Framework

1. Detailed description of **Japan's procurement policy** and **analysis** of the context in which it emerged
2. Juxtaposition of the policy against **forest realities** in one “high risk country” (Papua New Guinea) to assess whether its modalities are likely to be effective
3. **Comparison** with procurement policies of other countries to examine their different approaches and the relative strengths and weaknesses of each
4. Identification of **elements of a robust procurement policy**, and extraction of **recommendations** for strengthening Japan's procurement policy

6. Initial observations on Japan's policy

➤ **Main focus** on the **private sector**:

- Granted wide **autonomy** to establish their own voluntary codes of conduct for the verification of legality
- Considered **trustworthy** by the Japanese government
- **Status** of Japan Federation of Wood Industry Associations

➤ **Less focus** on the **public procurer**:

- Expected to **require** documentation for legality verification in accordance with one of the modalities
- **No independent** government/ 3rd party verification required
- **No major capacity building** efforts or advice intended
- Limited options for procuring agents to pay **price premiums** for certified products

7. Overview of compared policies

	Policy enactment (date, instrument)	Binding effect		Gov. criteria for legality/ CoC/ SFM standards
		Central	Local	
NL	Feb. 1997 (since 10/2005 <i>BRL guideline</i>)	Mandatory	Recommended	✓ (focus: SFM, CoC)
Denmark	June 2003 <i>Guidelines</i>	To develop own policies	Recommended	✓ (focus: SFM, CoC)
Germany	1998 (1/2007) <i>Directive</i>	Mandatory	No	No (FSC and PEFC)
UK	Jan. 2004 <i>Advice note & CPET guidelines</i>	Mandatory	Recommended	✓
France	April 2005 <i>Advice note</i>	Mandatory	Recommended	No
Belgium (no paper)	March 2006 <i>Admin. circular</i>	Mandatory	Separate guideline	✓ (focus: SFM, CoC)
Japan	April (Oct) 2006 <i>Guideline</i>	Mandatory to give preference	Expected	No

8. Policy processes in selected countries

a) Netherlands

- April 1996: Keurhout Foundation jointly created with industry
- Feb. 1997: “Minimum requirements” for sustainable timber
- Oct. 2005: Multi-stakeholder *Broad Consultations* approve
“National Assessment Guideline for the Certification of Sustainable Forest Management and the Chain of Custody for Timber from Sustainably Managed Forests” (BRL)
- **BRL** to serve 2 functions:
 - Forest certification scheme in itself
 - System to assess certification schemes as “BRL equivalent”
- However, **none** of six selected certification schemes passed a test assessment (by July 2007)
BRL system does **not work** in its present form

b) UK





- July 2000: **Gov. announces** procurement policy on timber
- Jan. 2004: ***Timber Procurement Advice Note***
- **Consultancy ProForest assessed** 5 certification schemes:
FSC, PEFC, SFI, CSA, MTCC
- Aug. 2005: **ProForest commissioned to operate *Central Point of Expertise on Timber (CPET)***
- **Tasks of CPET:**
 - Develop **frameworks** (criteria) for assessing evidence
 - Free consulting service (*helpline*) for public buyers & suppliers
 - Training workshops for procurement agents
 - Monitoring programme to assess policy implementation
 - *Reference Board*: advances policy formulation/ implementation

c) France




- March 2004: *Permanent Study Group on Public Procurement for Sustainable Development and the Environment* established to guide public buyers and make specific recommendations
- Jan. 2005: **President J. Chirac** announces that “the State will only use eco-certified timber for big building works. In 2010, the totality of public purchases will have to conform to this”
- April 2005: **Prime minister’s Advice note** (“Circulaire”) on *public wood purchases for sustainable forest management*
- Central state agents to demand evidence of legality and/or SFM for procured products from 2 categories:
 - I. Timber, sawing, veneering products, and plywood
 - II. Secondary transformation products (particle boards, furniture, paper)

9. Comparative analysis





a) Verification through forest certification

	Prior assessment	Accepted forest certification schemes
NL 	✓	BRL scheme & equivalent schemes (future) Keurhout validated schemes (past)
UK 	✓	Currently 5 accepted schemes: FSC, PEFC, SFI, CSA, (only legality:) MTCC
France 	No	All schemes referred to by ITTO
Japan 	No	All major schemes: SGEC, FSC, PEFC, SFI, CSA, MTCC, LEI





b) Government criteria on SFM standards

				
1. Legal, policy and institutional framework (incl. management plan)	✓	✓	-	-
2. Extent of forest resources (“conversion”: degradation, deforestation, land-use change)	(✓)	✓	-	-
3. Forest health and vitality	✓	✓	-	-
4. Productive functions of forests	✓	✓	-	-
5. Protective functions of forests (soil, water)	✓	✓	-	-
6. Biological diversity	✓	✓	-	-
7. Socio-economic/cultural functions (Prior consent/ consultation/ participation/ claims/ local economies of communities & indigenous people to be considered)	No (under review)	✓	-	-




c) Criteria for assessing certification schemes

					
Certification	Consistency with ISO guidelines	62, 65, 66 or equivalent	NEN-EN-ISO 14001	-	-
	Stakeholder consultation	✓	✓	-	-
	Info from certification reports publicly available	(✓)	✓	-	-
Accreditation	Consistency with ISO guidelines	17011 or equivalent	NEN-EN-ISO 45012	-	-
Chain of custody	By accredited body/ auditor complying with ISO	65 or equivalent	NEN-EN-ISO 45012	-	-
	Threshold for verified sustainable wood	70%	70%	-	-
	Recycled material origin	✓	✓	-	-
Labelling	Clear credible & non-misleading rules	✓	✓	-	-





d) Alternative Modalities

	Modalities to verify legality / sustainability other than forest certification	Requirement of	
		Impartial monitoring	Supplier accreditation
	To adopt UK's criteria for Category B assessment (so far no modality, but <i>Keurhout Protocol for Legality Validation</i> used)	(✓)	(No)
	Assessment of Category B evidence against gov. criteria	(✓) (if concern)	No
	4 alternative modalities (depend / rely on private sector response)	(✓)	No
	2 alternative modalities (depend / rely on private sector response)	Monitoring by JFWIA & associations	✓

e) Differences between alternative modalities

Evidence required for: (1) Legality				
	Legal origin	Chain of Custody	Segregated mgmt.	(2) Sustainability
UK 	Checklist 2: 1) Ownership/use rights 2) Compliance with local & national laws	Checklist 1: Supply chain description, etc.	✓	Checklist 3: Must be well defined and implemented
F 	For Category I products: 1) Legality license (future FLEGT) 2) Attestation of management plan 3) Manager's or 4) supplier's compliance with trade association's code of conduct For Category II: eco-label		(✓)	Procedure identical with that for legality
J 	Trail of documents through supply chain Specified by codes of conduct of industry federation/associations (modality 2) or individual companies (modality 3) Domestic schemes of exporter countries, e.g. BRIK, SKSHH (Indonesia), SGS (PNG)		✓	Procedure follows that for legality – but not yet developed in practice

f) Means for policy implementation

		UK 	NL 	France 	Japan 
Guidelines		✓	✓ (In pre- paration)	Advice note	✓
Expert advice on demand	To procure- ment agents	✓	Considered	-	-
	To suppliers	✓	Considered	By trade/ industry associations	By industry associations, federation
Cooperation between central & local govts.		Developing strategy	✓ (support, guidance)	No active	Information provided
Public-private cooperation		“very positive”	Considered	✓ (with trade association)	Traditionally intense
Monitoring of agents’ familiarity & adherence		Developing strategy	✓	-	In context of Green Procurement. Law
Evaluation of policy implementation			✓	Research institute CIRAD	Exploratory Committee

g) Main observations from comparative analysis

Similarities shared by all policies:

- **Mandatory** for central state authorities
- Accept **forest certification** as primary verification method
- **Stepwise** approaches (legality focus in **Japan** social criteria in **NL**)
- Have elicited responses from their **private sectors**

Differences in terms of:

- **Prior assessment** of certification schemes (**UK, NL**)
- Establishing government **criteria** for assessment (**UK, NL**)
- Strong **reliance** on private sector (**France, Japan**)
- Requiring **third-party monitoring** (**UK, NL, France**)
- **Institutional support** for & **capacity-building** of buyers (**UK**)

10. Elements of a *robust* procurement policy (1)

1. Apply to major types of **wood product** from all regions
2. Contain **generic definitions/criteria** of legality & sustainability
3. If **existing** legality/sustainability assurance schemes accepted:
 - a. **define adequate criteria** for assessing these
 - b. employ a 3rd party to **conduct** and publicise **assessments**
 - c. allow **freedom to pay price premiums**
4. If the policy includes **alternative modalities** to existing assurance schemes, these modalities should:
 - a. for **legality** assurance, cover **legal origin/compliance & CoC**
 - b. for **sustainability** assurance, include those **criteria** that are broadly recognised by the international consensus (sustainable forest management C&I processes)
 - c. include **neutral assessment** of documentary evidence

Elements of a *robust* procurement policy (2)

5. **Monitoring** of suppliers and **3rd party investigation** when concern over legal origin/compliance, CoC or sustainability
6. Be **mandatory** to the extent possible
7. Provide sufficient **guidance** for procuring agents to implement the policy
8. Encourage participation from **all** public administration **levels**, both horizontally (government agencies and administrative bodies) and vertically (national and subnational)
9. Include **internal monitoring** of procuring agents' familiarity with and adherence to the policy
10. Include a participatory and transparent **revision procedure** for policy strengthening

11. Recommendations for Japan

a) “Low hanging fruit”

1. develop **minimum legality/sustainability standards**
2. participate in development of **national legality standards**
3. **assess assurance schemes** using these standards
4. assess and advise on the **documentation systems** for each producer country
5. **incorporate** the minimum standards and the assessment results into **codes of conduct**
6. provide **expert support service** for government suppliers, for assessing documentary evidence
7. specify **comprehensive, systematic and transparent procedures** to review documentary evidence when there is concern over its accuracy or veracity

b) “High hanging fruit”

1. **involve procurement agents** in case-by-case assessment of legality/sustainability evidence
2. establish & employ **professional support service** to assist in reaching “low hanging fruit” as well as:
 - a. advise the case-by-case evidence assessments by procurement agents
 - b. guide the implementation and strengthening of the policy
 - c. handle grievance claims

12. Prospects of policy development

		Recent & prospective developments
A P	Japan	To shift toward favouring procurement of sustainable timber
	NZ	From 2008 sustainable timber?
E U	UK	To require legal <i>and</i> sustainable timber from 2009, with exception for FLEGT-licensed legal-only products until 2015
	NL	UK criteria for legality; sustainable timber required from 2010; Revision of BRL guideline to become workable
	France	To require legal <i>and</i> sustainable timber from 2010
	Denmark	Revised criteria for legal <i>and</i> sustainable timber pending
	Germany	New policy requires sustainable timber (FSC and PEFC)
	Belgium	Requires sustainable timber; review for autumn 2007

13. What this means for producer countries

Risks:

- Possible increase in use of domestic timber and non-environmentally friendly timber substitutes at the expense of tropical timber imports
- Shift in demand for timber **from high to low risk countries**
- Demand for assurance of sustainability, but **no willingness to pay for costs**

Opportunities:

- Improve forest governance and reduce forest crime by implementing **chain of custody**
- Increase demand for **certified timber**
- Promote **sustainable forest management**

Thank you!



ご静聴ありがとうございました。

HEADQUARTERS

2108-11 Kamiyamaguchi, Hayama
Kanagawa, 246-0115, Japan
Tel +81-46-853-3700 | Fax +81-46-855-3709

TOKYO OFFICE

Nippon Press Center Bldg. 6F, 3-1 Uchisaiwai-cho, Chiyoda-ku
Tokyo, 100-0011, Japan
Tel +81-3-3595-1061 | Fax +81-3-3595-1064

KANSAI RESEARCH CENTRE

I.H.D. CENTER 3F, 1-5-1 Wakohamamatsugae-Dori, Chuo-ku
Kobe, Hyogo, 651-0073, Japan
Tel +81-78-262-6634 | Fax +81-78-262-6635

NIITAKYU-NOBU OFFICE

Kirakayuhu International Conference Center 6F, 3-9-30, Asano,
Kokurakita-ku, Daitohyozhu, Fukuoka, 802-0001, Japan
Tel +81-93-513-3711 | Fax +81-93-513-3712

BEIJING OFFICE (SINO-JAPAN COOPERATION PROJECT OFFICE)

IGES Sino-Japan Cooperation Project Office
Sino-Japan Friendship Center for Environmental Protection #505 Room
No.1 Nubinank, Chaoyang District
Tel +86-10-6463-6314 | Fax +86-10-6463-6314

PROJECT OFFICE IN BANGKOK

c/o UNEP-ERIC, AP, Outreach Bldg, 3F, AIT
PO Box 4, Klongkroing, Pathumthani 12120, Thailand
Tel +66-2-524-6441 | Fax +66-2-524-6233

JAPAN'S

PUBLIC PROCUREMENT POLICY OF LEGAL AND SUSTAINABLE TIMBER

<http://www.iges.or.jp/en/fc/index.html>

lopezcasero@iges.or.jp

PROGRESS, CHALLENGES AND WAYS FORWARD