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GOVERNANCE AND TRADE TEAM  
OF THE EUROPEAN FOREST INSTITUTE

# New EU market requirements

## The EU TIMBER REGULATION and FLEGT Voluntary Partnership Agreements (VPAs)

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## EU timber market

less than 10% EU timber consumption is imported

<b>1: <u>China</u></b>	<b>(6)</b>
<b>2: US, Russia, Brazil</b>	<b>(4 – 4.6)</b>
<b>3: Switzerland, Norway, Canada</b>	<b>(2 – 2.6)</b>
<b>4: <u>Indonesia</u>, <u>Malaysia</u></b>	<b>(1.2 – 1.6)</b>
<b>5: Chile, <u>Vietnam</u></b>	<b>(1)</b>
<b>6: Cameroon, Gabon, <u>Thailand</u></b>	<b>(0.45 – 0.7)</b>

- China, Vietnam and Thailand manufacturing hubs, sourcing through imports
- Imported timber associated with all sorts of trouble
- an estimated 20% of import into EU is illegal

## 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, halt deforestation, poverty eradication, carbon storage.

### Support trade in guaranteed legal timber

- **2013 all FLEGT Action Plan elements operational.**
  - EU Timber Regulation effective
  - Voluntary Partnership Agreements delivering FLEGT licensed timber

# EU Timber Regulation



## EU Timber Regulation - main obligations -

1. It prohibits the placing on the EU market of illegally harvested timber and products derived from such timber;
2. It requires EU traders who place timber products on the EU market for the first time to exercise 'due diligence';
3. keep records of their suppliers and customers.

## EU Timber Regulation - What is Due Diligence?-

1. **Information**: 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.
2. **Risk assessment**: operator to assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation.
3. **Risk mitigation**: When there is a risk of illegal timber in the supply chain, mitigate that risk by requiring additional information and verification from the supplier.



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## EU Timber Regulation - WHAT IS LEGAL? -

- Legality is defined on the basis of the applicable legislation of the country of harvest, covering:
  - **Rights to harvest** within legally gazetted boundaries;
  - **Payments for harvest rights and timber**, incl. duties related to timber harvesting;
  - **Timber harvesting**, incl. environmental and forest, **legislation**;
  - **Third parties' legal rights concerning use and tenure** affected by timber harvesting;
  - Forest sector-related **trade and customs legislation**.

## EU Timber Regulation - Which products?-

- Almost all timber products covered, including solid wood products, flooring, plywood, pulp and paper.
- Not included: recycled products, rattan, bamboo, printed papers such as books, magazines and newspapers.
- The product scope to be amended if necessary.

The Regulation applies to both imported and domestically produced timber and timber products.

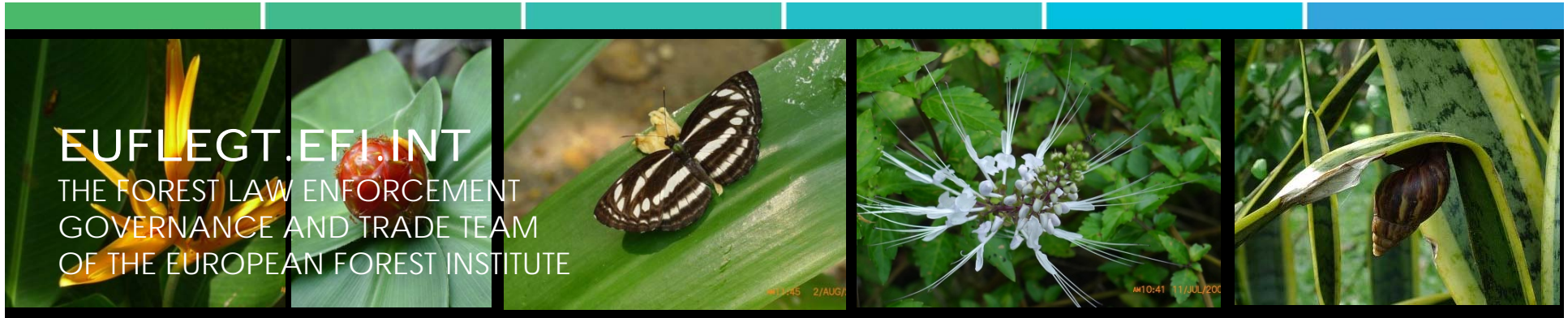


## EU Timber Regulation - Implementation -

- Regulation entered into force November 2010
- Regulation applicable/operational after 27 months, i.e. 3 march 2013
- More detailed rules on the "due diligence system" June 2012 (EU Implementing Regulation).

## EU Timber Regulation - Implementation -

- EU Member States designate competent authorities that coordinate enforcement of the Regulation.
- Each EU Member State determines type & range of penalties in case of non-compliance with the Regulation.
- The Regulation provides for "monitoring organizations" to be recognised by the European Commission; providing EU operators with operational due diligence systems. Operators can develop their own system or use one developed by a monitoring organisation.



## EU Timber Regulation and VPAs, mutually reinforcing

- **FLEGT-licensed timber products (and CITES certified timber) are considered to have been legally harvested.**
- **Countries with VPAs export FLEGT licensed timber into the EU without importers needing to make further legality checks (“Green Lane”)**

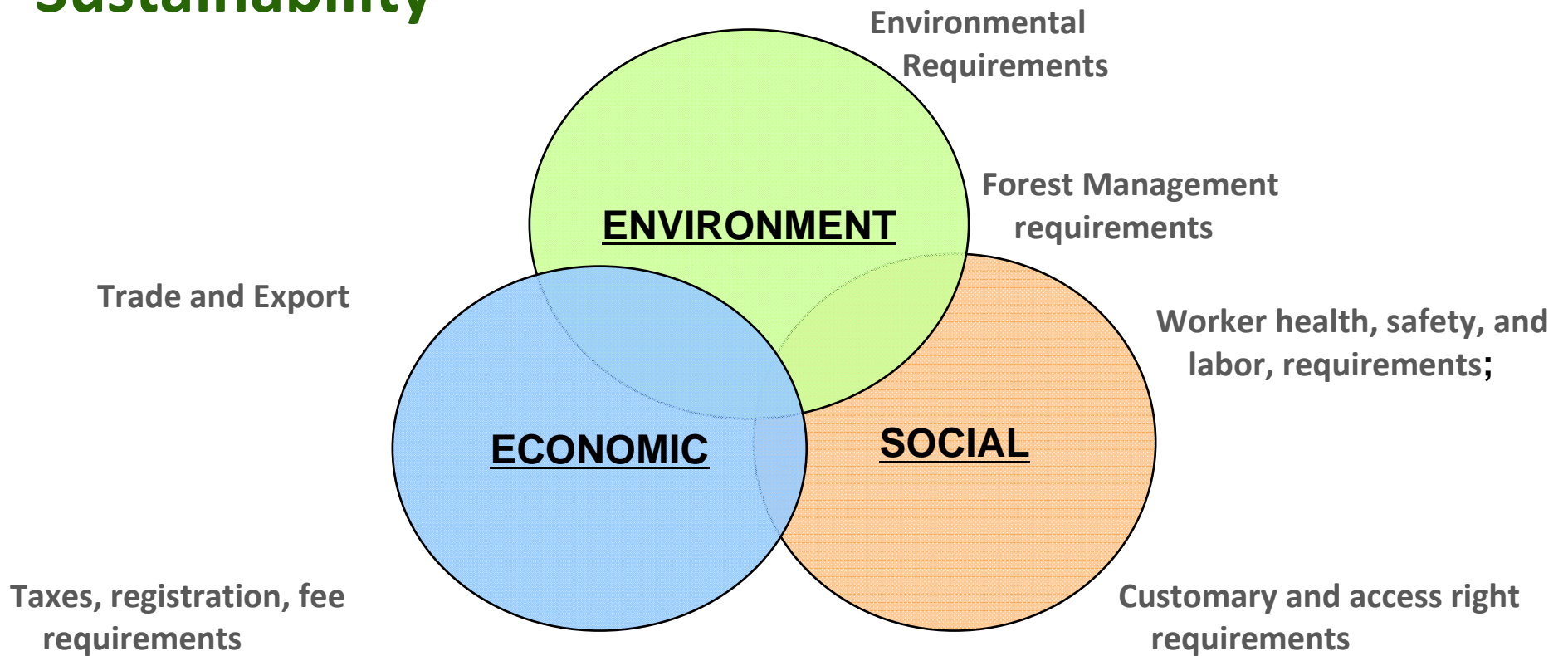
## Key elements of a VPA

- **Legality Definition**
- **Timber Legality Assurance System (TLAS) that verifies compliance with legal definition**
- **Licensing of verified legal timber**
- **Independent 3<sup>rd</sup> Party Monitoring of the system**

**EU requirements set out in briefing notes**

**Multi-stakeholder process: ensure credibility nationally and internationally**

# Legality definition based on Principles of Sustainability





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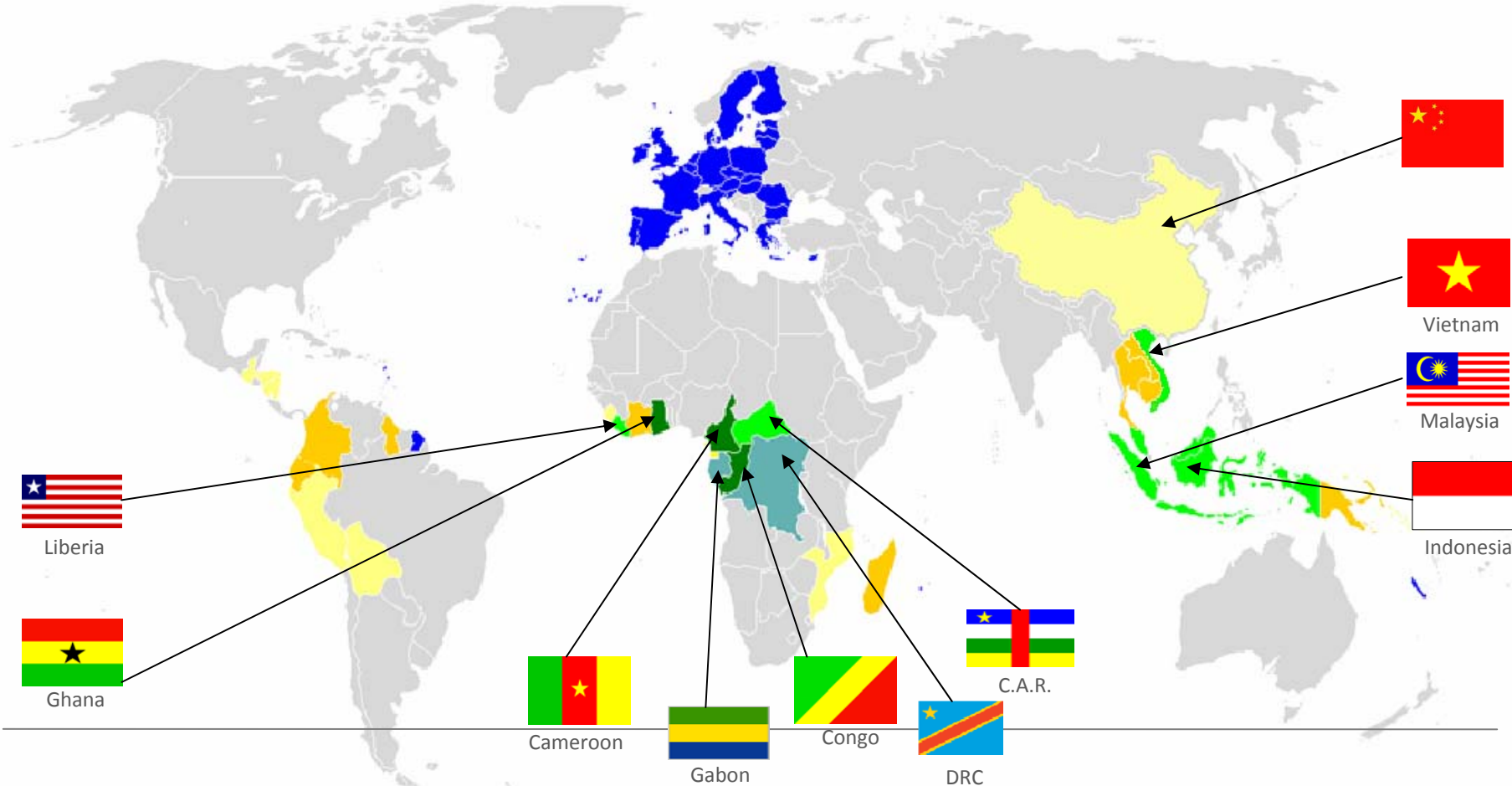
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## Legality definition in a VPA

- Based on existing regulations/legislation, covering the 5 legality areas (= similar to the EU Timber Regulation)
- Makes clear and visible what is legal timber
- Identifies what will be routinely verified to demonstrate timber is legal
- Based on a consultative process with stakeholders preparation of LD dialogue to define priorities.

# Progress on FLEGT VPAs

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





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