

FOREST TRENDS

Call for Consultancy: The role of shipping hubs in the global supply chain for timber and timber product

SCOPE OF WORK

Forest Trends is commissioning two related studies that seek to understand the role of shipping hubs in the global supply chain for timber and timber products and the ways in which transit and transshipment can obscure traceability:

1) Overview of laws governing customs, shipping, transit and transshipment

A literature review and short report summarizing relevant international laws governing customs, shipping and global transport.

This study will explore the ways in which goods in transit or transshipment can mask the origin of timber products, and the likely risk that the product might contain illegal timber. The World Customs Organization defines the basic principle of Customs transit as permitting “goods to move, under Customs control, from one Customs office to another in the same Customs territory or another Customs territory, without collecting duties and taxes and without applying economic prohibitions or restrictions, or other commercial policy measures.”¹ Transit goods move from a port of entry to a port of departure. Transshipment goods enter a port and then may be unloaded, repacked, consolidated, or switched to another method of transport.

Key questions the report will answer include:

- What are relevant customs laws for global transport hubs?
- What are relevant international maritime/shipping/admiralty laws and how have they affected the creation of global transport hubs?
- When is it legal to list products as originating from a specific country?
- How does “transit” or “transshipment” affect the information provided (customs and Bill of lading) about the product? When is a source country updated to the port or transit/transshipment?
- Is re-labeling allowed under transit rules?
- What information is required on a bill of lading for goods in transit/transshipment? How do international information-sharing practices/specific countries’ privacy laws/etc. impact this information?

Additional questions and content will be agreed in consultation with Forest Trends.

¹ International Chamber of Commerce. 2013. “Controlling the Zone: Balancing facilitation and control to combat illicit trade in the world’s Free Trade Zones”. ICC: Paris
<https://cdn.iccwbo.org/content/uploads/sites/3/2016/11/Combating-illicit-trade-in-FTZs-1.pdf>

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Output 1: A literature review and short report summarizing relevant international laws governing customs, shipping and global transport.

1) Risks of illegal timber transiting and transshipping through Singapore

a) Scoping study to understand the nature of the transit and transshipment industry for “high-risk” timber products shipped through Singapore.

Desk-based research with telephone/email interviews and in-country interviews to understand the potential risks of illegal timber entering the US and other “regulated”² markets in products sourced from or through Singapore.

The research will detail what happens when a product enters the port of Singapore for onward travel, and the ways in which Singapore officially accounts for all trade. The research will also seek to provide information on Singapore’s domestic timber processing industry, including the number of operators, the nature of the industry and the products primarily produced in Singapore.

Based on a trade data analysis already conducted by Forest Trends, the main products of interest in this study are:

HS code 4403 (logs)
HS code 4407 (sawnwood)
HS code 4409 (moulding and strips including flooring)
HS code 4410 (particleboard)
HS code 4415 (packing cases)
HS code 4418 (joinery)
HS code 940350 (wooden bedroom furniture)
HS code 940360 (other wooden furniture)

Key research questions:

1) Domestic timber sector:

- Does Singapore produce domestic timber? If so, in what volume annually and what are the native species?
- How many Singapore-based operators trade in timber products?
- Where are these operators sourcing raw materials?
- Where are they predominantly selling their products?

2) Singapore port, transit and transshipment questions:

- Who are the main operators trading in the products via Singapore?
- Who are the main importers of the products into Singapore?
- Who are the main exporters of the products from Singapore?
- How many container-shipping companies are operating through Singapore?

² Regulated markets reflect countries and jurisdictions that have developed operational import measures to restrict illegal timber such as the US, Member States of the European Union (as well as Norway and Switzerland), Canada, Australia and Japan

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- How are shipments of timber categorized or counted by Singapore's port authority? (general, bulk, containerized, conventional)
- What happens (the process that the shipment goes through in entering and leaving Singapore? How does this differ based on a shipment going through the port or a Free Trade Zone (FTZ)? How is this linked to transit or transshipment?
- When can shipments of timber be unpacked, re-packed, stockpiled etc? Do any of these activities change their tax/record keeping status?
- How often are timber products unloaded in a Singapore FTZ?
- What is the nature of the timber industry within FTZs? Are timber products being processed (in any capacity)?
- How and when might paperwork accompanying a shipment be updated or changed (if timber is unpacked and re-packaged, if a shipment is unloaded in the FTZ etc)?
- If a product enters a FTZ, does it become a "product of Singapore"?
- Are there standard requirements and clearance procedures for all types of ship? If not, how do these differ?
- What information does Singapore Customs collect about: 1) Products imported into Singapore? 2) Products transiting through Singapore's port? 3) Products transshipping through Singapore? 4) Products entering Singapore's FTZs?
- Where does Singapore Customs check paperwork/ cargo? How does this process work?
- How is Singapore Customs, in collaboration with the CITES MA, able to detect shipments of CITES-listed timber species and flag specimens that are traded in violation of CITES listings?
- What are the main reasons that timber shipments are transiting or transshipping through Singapore (tax benefits, re-fueling, cargo shipping company contracts/agreements with Singapore, governments/trade promotion board, end use in Singapore)
- How are taxes and fees set? How might this impact the way businesses report timber shipments?
- What is the most common trade route (source country/country of harvest and end destination) for products transiting and transshipping through Singapore?
- What factors influence Singapore's leading role as a trans-shipment hub? How might these factors shift trade routes over the next five years?
- What other opportunities are there to improve transparency, governance and oversight over trans-shipment goods transiting through Singapore? How might the provisions of US-Singapore Free Trade Agreement (2004) support US enforcement of the Lacey Act or further transparency into the products?

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Output 2a): Report summarizing the main findings from a desk-based literature review and interviews (desk-based and potentially in-country) answering the key questions outlined for Singapore.

b) Trade analysis and detailed case study of:

- Logs sourced from Nigeria
- Logs sourced from Madagascar

Output 2c): Case study summarizing the main findings from research and interviews looking at the recent spikes in logs sourced from Madagascar (2014) and Nigeria (2017 and 2018).

ACTIVITY TIMELINE

October-November 2019-: Desk-based research to answer the general research questions laid out above, and Output number 1.

October-December 2019: Desk-based research and interviews to answer the Singapore specific research questions, and Outputs 2 a) and b).

EXPRESSION OF INTEREST

To express interest in carrying out the study/studies, please send a proposal, budget and CV(s) to outline how the key questions and outputs will be delivered.

Please send all materials to:

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