



Illegality Risk in Sourcing from Russia and Ukraine

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Russia and Ukraine

- Don't show up on the radar as often as the tropics
- Simultaneously countries with excellent silvicultural traditions, advanced forest legislation and vast volumes of quality legal wood products...
- ...And well-developed illegality schemes producing large volumes of high risk timber

Trends in illegality

- Outright timber theft an increasing rarity (still a factor in eastern Russia)
- More common: “illegal logging with papers”
- Selling illegal timber under cover of logging tickets (Ukraine) or forest declarations (Russia) that give rights to logging of lower-quality wood, wood in other places
- Problem of inflated AACs (Russia)
- The scourge of “sanitary logging...”



Thank goodness somebody got rid of all these sick trees!

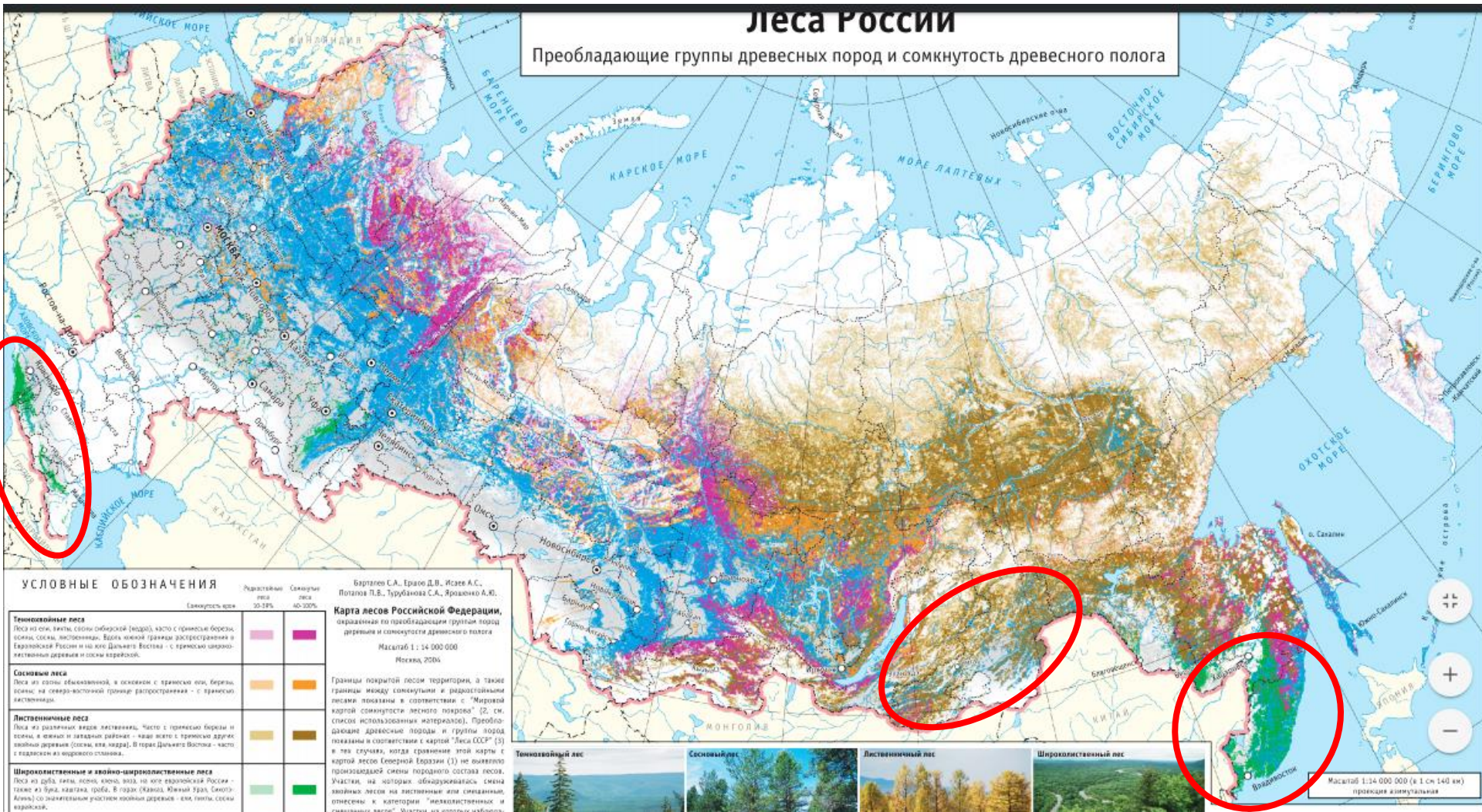
Timber theft under guise of “sanitary logging” in Khabarovsk Krai, Russian Far East. Prosecuted by Russian federal police under illegal logging and organized crime statutes; organizers sentenced to 10 years



A word about Belarus...

- General consensus from eastern European colleagues: Belarusian forest authorities keep tighter control over system than in neighboring Russia and Ukraine, legality risk is lower
- Largely a matter of maintaining Soviet level of control and employment in Forest Service
- Illegality in neighboring countries thrives at the “seams” of old Soviet FM system

Russia: Zones and Species of Risk

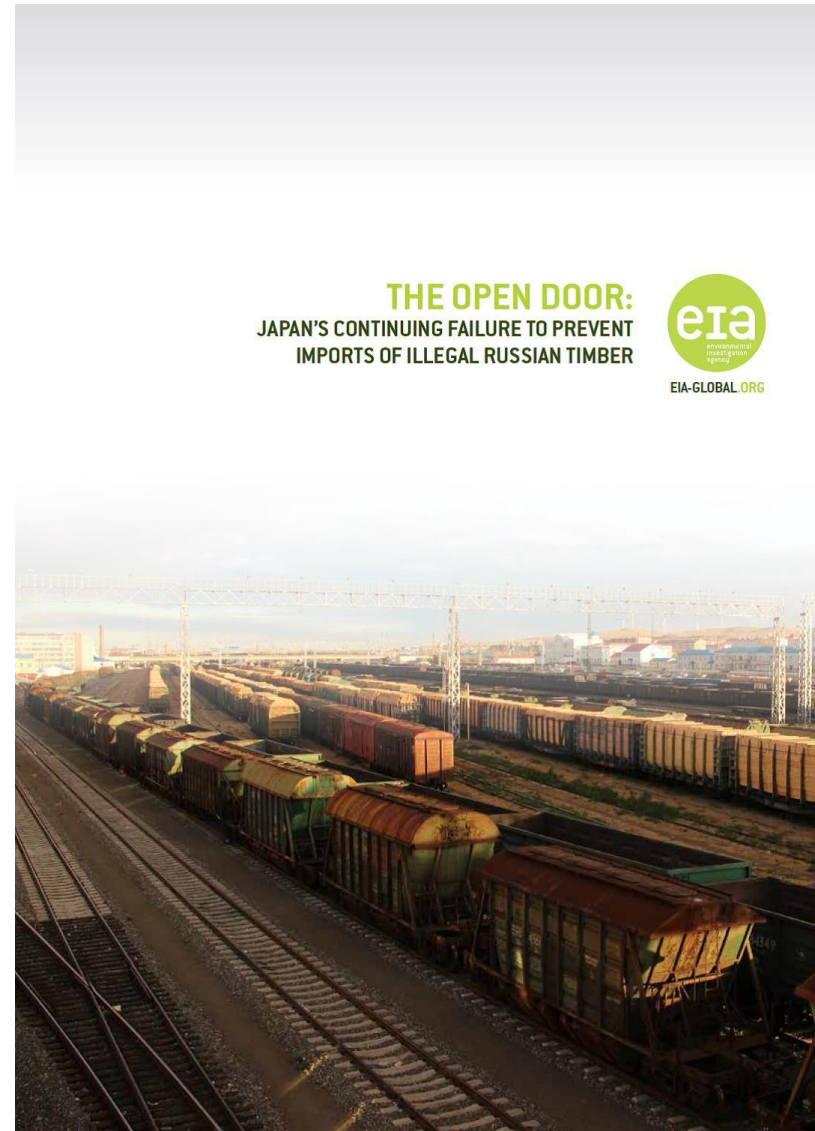


Caucasus: Oak, chestnut, beech

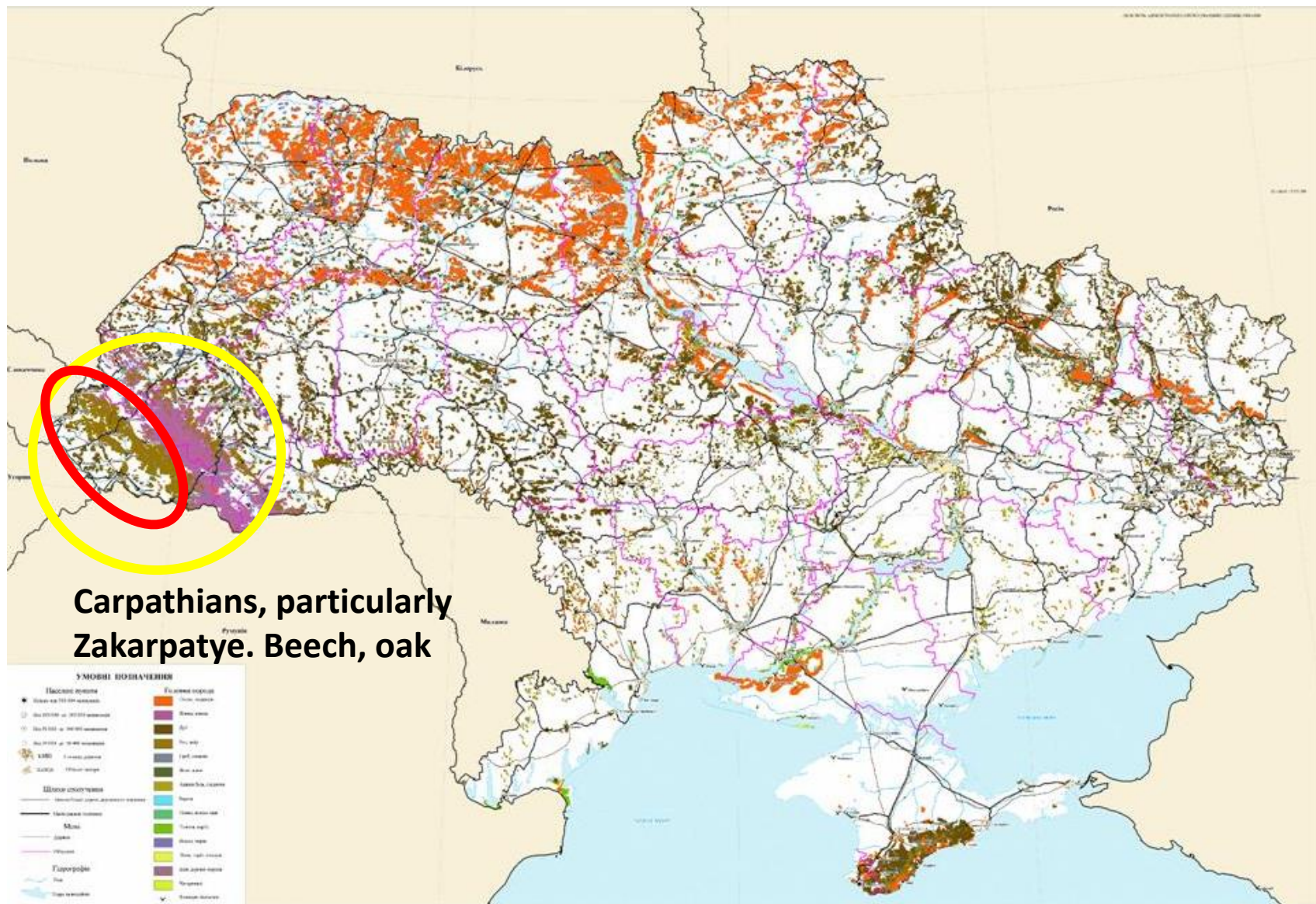
Southeast Siberia: High-grade Scots pine

**Russian Far East: Mongolian oak,
Manchurian ash, Amur linden, Japanese
elm**

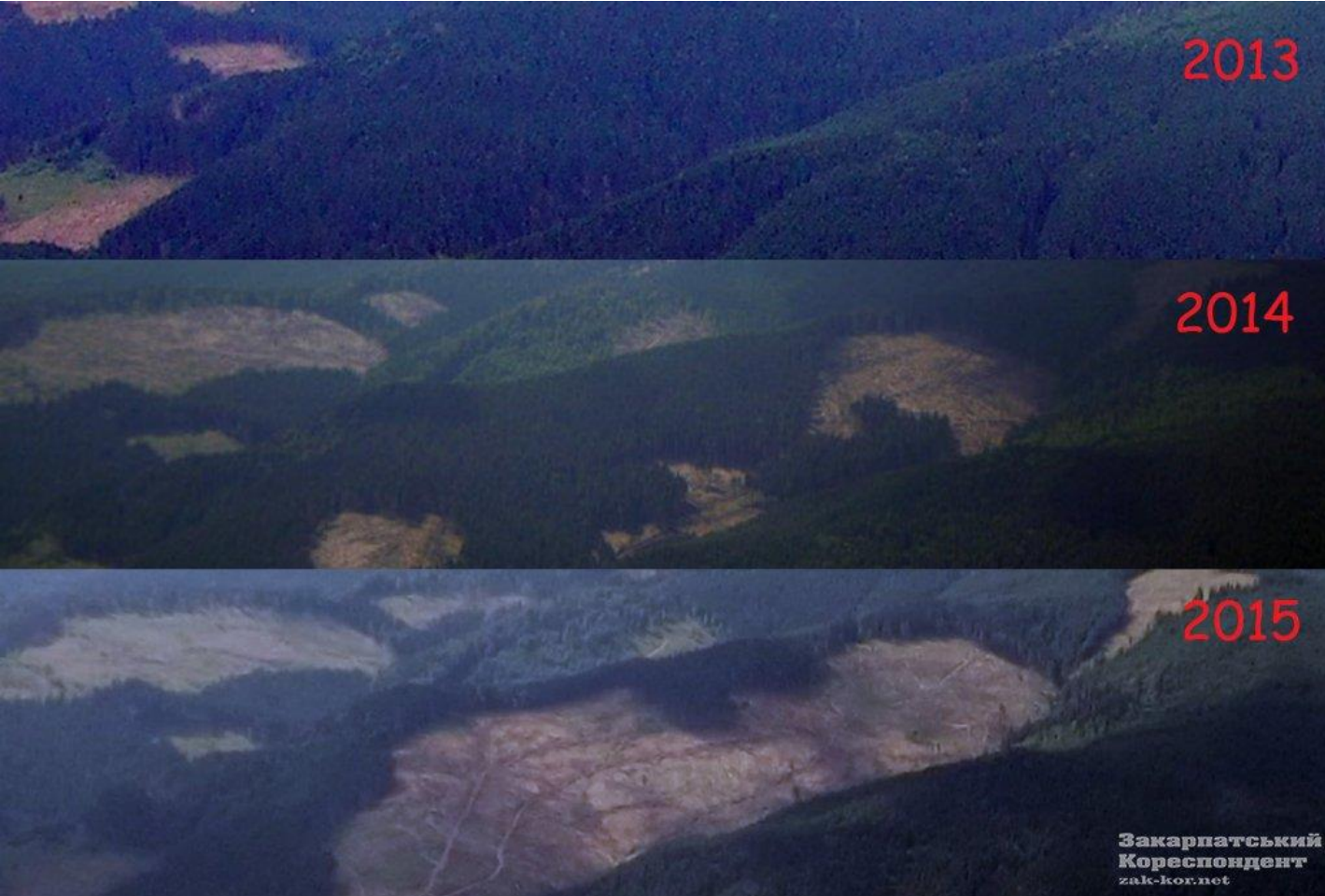
- Russian Far East recognized as illegality hotspot due to Lacey Act case against Lumber Liquidators
- EIA investigations reveal similar illegality schemes at work in southern Siberia (Irkutsk, Krasnoyarsk, Zabaikalye regions) in relation to high grade Scots Pine
- High-value hardwoods from the Caucasus are also high risk, but volumes are insignificant compared to RFE or eastern Siberia



Ukraine: Zones and Species of Risk



- Generally lesser risk levels than above-mentioned Russian regions, but still worth extra attention
- Western Ukraine is large source of sustainable and even FSC-certified timber for Euromarket. But problem of illegal logging not entirely resolved
- Roundwood Ban should significantly complicate illegal export (and possibly crash the FM system...)
- Concerns that extreme economic crisis nonetheless inciting upswing in illegal logging



Large-scale logging in Zakarpatye – sensible reaction to spruce die-off, illegal logging, or a little of both?

- Numerous legal operators in Ukraine and Russia offering quality wood from well-managed forests
- But takes some extra care to separate them from the bad actors
- The complex art of interpreting logging authorization documents (see old TREE presentations for details...)
- High risk zones and species require different level of due care



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