Update on the EU FLEGT Voluntary Partnership Agreement (VPA) processes

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The market sets the trend

- Critical end-users increasingly require legal and sustainable timber
- Larger timber traders need to manage corporate and reputational risk
- European trade federations develop systems to provide such guarantees
- Market changing with traders talking to their suppliers abroad
World-wide developments

- ‘Due diligence’ expected of buyers in many commodity sectors
- Large traders forced to manage corporate and reputation risk
- Trade federations developing codes of conduct
- Development of public procurement policies
- Legislation in prep criminalizing the trade in illegally harvested timber products
The policy response in the EU

- Governments under pressure as a result of public concern with deforestation
- Increasing recognition of the need for a stepwise approach towards SFM
- Increasing recognition of the importance of demand-side measures
- 2003 EU FLEGT action plan
The EU FLEGT Action Plan

Strengthening existing bottom-up initiatives in the 27 EU Member States under one umbrella (coordinate & harmonize)

- Promote SFM
- Development cooperation
- Green Public Timber Procurement policies
- Private sector purchasing policies
- Financing and investment
- Conflict timber
- Money laundering
- etcetera
The EU FLEGT Action Plan (new)

- **Bilateral partnership agreements** (VPA) with wood-producing countries
- **Additional legislation** reinforcing the VPA’s by measures to stop imports of illegal timber into the EU
- **Market incentives** for FLEGT licensed timber (EU Communication on Green Public Procurement)
Voluntary partnership agreements I

Voluntary partnership agreements between the EU and timber-producing countries to:

- Increase trade in guaranteed legal timber between FLEGT countries and the EU;
- Control & licensing systems to guarantee legality;
- Provide financial, technical and institutional support to improving forest governance
Timber Legality Assurance System (TLAS):

- Legality definition based on the laws of the producing country;
- Legality assurance system includes chain of custody, verification, licensing and Independent monitoring;
- Assurance system to build on existing control and licensing systems
The Malaysia process

- Consultations started in April 2004
- Series of focussed consultations in 2005 – 2006
- September 2006 Malaysia and EU agreed to start formal negotiations
- Formal negotiations; Technical working group meetings; stakeholder consultations; market study
- VPA to be concluded by the end of 2008?
FLEGT Malaysia

- Long term market strategy. Increase market share for processed timber products;

- Brand the country reputation;

- FLEGT as a tool towards sustainable forest management
Three types of countries

**Timber producing countries:**
Negotiating: Malaysia, Indonesia, Ghana, Cameroon
Consulting: Gabon Congo DR & Brazza, Liberia, Latin America

**Processing hubs:** like China and Vietnam

**Consumer countries:** Japan, USA, South Korea, EU, (Australia, New Zealand)
Thank you