

Summary of International Workshop on Policies on Trade in Timber and Timber Products

Dec. 6-7 2008, Beijing

With the support from SFA, the US State Department & USTR, the Sino-US Bilateral Forum and Asia Pacific Network of Sustainable Forest Management and Rehabilitation (APFNet), as a contribution to the US-China Strategic Economic Dialogue co-hosted “**International Workshop on Policies on Trade in Timber and Timber Products**” on December 6-7, 2008 at the International Bamboo and Rattan Hotel in Beijing right after the 5th Sino-US SED. The Nature Conservancy (TNC), Forest Trends, and 3 other Chinese industry associations are co-hosts. More than 180 participants attended the meeting, including large crowd of Chinese export-oriented wood industry representatives, government officials from China, US, Australia, EU, UK, and Indonesia, industry associations and business from these countries, NGOs and experts from Academic and research institutions.



I. Workshop background

Illegal logging and associated trade has become one of important factors that lead to deforestation and forest degradation, particularly in tropical forest regions in the past 15 years. Trade in timber and timber products from suspicious or illegal sources cause revenue loss for government and hinders the fair competition to companies which adopt responsible timber purchase policy, and more importantly, it also presses more pressure on biodiversity conservation in primary forest-rich areas such as South East Asia, Amazon and Russian Far East. In the past years, different initiatives have been launched by government agencies, private sectors, and environmental NGOs to promote trade in legal sourced timber and timber products.

US and China signed MOU on combating illegal logging and associated trade in May 2008 under the Sino-US Strategic Economic Dialogue mechanism, and both sides agreed to work together to share information, improve market transparency and work with timber and timber products producer countries. Action plans are under development to implement this MOU, and the Sino-US Bilateral Forum was also established in 2008.

II. Workshop Contents

Totally 22 Speeches were delivered by the officials and experts from governments, international organizations, industry associations and enterprises from China, the U.S., Australia, EU, Indonesia

and Malaysia. The discussions covered the topics including the importance of legal-sourced timber, laws and regulations of timber-producer and timber-consumer countries, and the responsible purchase policies adopted by forestry associations and businesses from both China and the other countries.

1. The first session including Keynote speech on “The Importance of Using Legally Harvested Wood: Supply Side” was delivered by Mr. Mr. Gunawan Wicaksono. He highlighted the challenges and progress of Using Legally Harvested Wood: Supply Side, Situations in SE Asian Countries, Russia, , Brazil and African countries. TNC and USAID’s Responsible Asia Forestry and Trade (RAFT) Program was also explained.. Another Keynote speech on “The Importance of Using Legally Harvested



Wood: Demand Side “was delivered by Michael Bennett on behalf of Kerstin Canby from Forest Trends. He highlighted the markets that require timber legality and sustainability certificates including EU, China, the U.S., Japan and Australia and the importance of these markets to global trade and China’s imports and exports. Ms. Zhang Yanhong from SFA and Mr. Russell Smith from USTR also explained each government’s concerns and efforts to prompt Trade of legal sourced timber and timber products in recent years.

2. The second session focused on the Laws, Regulations, and Policy Measures in Main Consumer Markets of Forest Products and in Timber Producing Countries.

- Ms. Elinor Colbourn, Attorney of the U.S. Department of Justice systematically and comprehensively introduced the background when Lacey Act was first enacted and the amendments made in 1981 and 1988. She focused on the amendments made to Lacey Act Amendment in May 2008, including the definition of “plant”, the new declaration requirements related to plant procedures, the current implementation and the violation and penalties. The participants particularly discussed on the declaration procedures and how to define the legality of imported and exported timber and timber products;
- Mr. Hugh Speechly from UK Department for International Development (DFID) introduced the background of the U.K.’s policies, the laws and regulations governing the trade in timber products, the U.K. forest governance and program, the EU FLEGT Action plan in the U.K., the U.K. public timber procurement policies and the private timber procurement.
- Mr. Phil Townsend from Australian Department of Agriculture, Fisheries and Forestry introduced Australia’s multi-tiered approaches to combat illegal logging, such as the use of multilateral forums like ITTO, UNFF, APFC, and APFnet, the use of bi-lateral forums, seeking consistency with other processes and efforts including East Asia Pacific FLEG, PAN-ASEAN certification scheme for legality verification and EU-FLEGT. He also

stressed Australian government's domestic commitments in promoting the use of certification and chain-of-custody, working with regional governments and capacity building, and designing domestic regulatory system.

- Mr. Federico Lopez-Casero from Institute for Global Environmental Strategies (IGES) introduced Japan's regulatory framework in timber trade, Japan's response to illegal wood imports, Japan's framework of green procurement policy, the policy implementation and the impacts on China's industry.
- Mr. Bambang Edi Purwanto from Indonesia Ministry of Forestry and his colleagues jointly explained Indonesian Laws, Regulations, and Policy Measures Governing the Export of Forest Products, including electronic wood tracking system, and Indonesia FLEGT progress.

3. The session 3 highlighted Initiatives for Responsible Procurement Policies by Timber Associations

Mr. John Chan from American Hardwood Export Council, Ms. Aimi Lee Abdullah from Malaysia Timber Council, and Mr. Shi Feng from China Forestry Industry Association delivered on U.S. Wood Association's Experiences, Malaysia Wood Association's Experiences, and Awareness & Efforts of China Forestry Industry Association, respectively, shared their experiences and challenges faced to address Responsible Procurement Policies for member companies.

4. The final session is the Dialogue on Sourcing Legally Harvested Timber among Chinese and Foreign Forestry Enterprises

- Ms. Ruth Nogueron from World Resource Institute (WRI) introduced the practice of how to develop Responsibilities Procurement Polices (RPP) in order to address timber legality issue.
- Ms. Joyce Lam from Proforest delivered an Overview of Policies Adopted by Different Types of Enterprises to Source Legally Harvested Timber, and introduced several practical cases. She suggested that the businesses can exclude the unwanted and unknown sources and gradually increase the portion from the certified sources to improve the timber supply.
- 4 Chinese forestry business speakers from floor board, Paper & Pulp, DIY retailer industry shared their efforts on setting up responsible timber purchase policy and forest certification (COC), and their concerns.
- Mr. Tom Flynn shared Walmart's experiences with current wood suppliers to improve the traceability, transparency and sustainability of their supply chain in order to find new sources that practice sustainable sourcing, and challenges faced after Lacey Act Amendment was launched.
- Mr. Astrik, vice president of Sumalindo shared company's experiences towards FSC-SFM/CoC certification, and their online wood tracking system. The existing challenges for Sumalindo that other similar enterprises may also share include: to meet the FSC Principles and Criteria is time consuming; high Upfront Cost for manpower training, building up knowledge, developing the consciousness and control among workers; not very strong signals from demand market, and negative impact of current Global financial crisis.

5. Discussions

There was a short Q&A session at the end of each session. Key speeches were followed by active discussions which involved lot of audiences. Some clarification questions about New Lacey Act Amendment was raised by Chinese industry, and the main concerns are on how they can better comply with the new Act given non-maturity of producing countries' timber legality system. Some companies also expressed their worries on Lacey Act's possible negative impact on their competitive advantages. How government can better help forestry business in China and Producing countries regarding Lacey Act training and relevant capacity building were highlighted by participants from China, Malaysia, and Indonesia.

III. Conclusions

It turned out to be a fruitful meeting:

- 1) The meeting systematically briefed audiences major consumer countries' efforts on addressing illegal logging, including the newly passed US Lacey Act Amendment, Australian ongoing combating illegal logging and association trade Bills, EU FLEGT process, and Japan's Green Public procurement policy, efforts of producer countries such as Indonesia & Malaysia, and China's efforts;
- 2) The meeting leveraged dialogues among forest industry associations from different countries to share experiences in developing code of conducts and/or helping member companies to source legal timber through their Chain of Custody(COC);
- 3) The meeting also facilitated to business coming from China, Indonesia, US, EU to share experience in practicing responsible timber purchase policies.

The meeting outcomes will be served as a consolidating foundation to set up multi-stakeholder technical working group on trading legal sourced timber in Asia Pacific region, and also will facilitate the Sino-US MOU implementation in 2009.