



A M A T A

THE FALSE LEGALITY CHALLENGE

ROBERTO S. WAACK

Forest Product Legal Trade Legislation
Forest Trends - Chatham House - FAO
Rome – October 2014

Brazil

- ✓ 4rd largest producer of logs (8% mkt sh)
- ✓ 5th largest producer of sawn timber (6% mkt sh)
- ✓ Plantations in Brazil
 - ✓ 90% of legal logs production
 - ✓ 75% of legal sawn timber production

Industrial Roundwood

	Production	Imports 1000 cum	Exports	ANC
--	------------	---------------------	---------	-----

World	1537214	111530	114533	1534211
USA	300218	1318	11586	28995
Russian Fed	132800	12	21243	11156
Canada	129558	4745	4019	13028
Brazil	128400	3	24	12837
China	102428	35217	133	13751

Sawnwood

	Production	Imports 1000 cum	Exports	ANC
--	------------	---------------------	---------	-----

World	390695	110479	110740	390434
USA	58645	16515	4502	70659
Canada	38667	2073	22375	18365
China	37685	16238	835	53087
Russian Fed	28312	31	17781	10562
Brazil	25080	84	1359	23805





- ✓ Annual consumption of logs ~14 million m³
- ✓ Annual consumption of sawn timber ~ 6 million m³
- ✓ Average saw mill yield 46% 
- ✓ Industry income ~ R\$ 4,3 billion (US\$ 1,9 billion)
- (*) signs of illegality (conversion of illegal to legal timber) 

Tabela 17. Evolução da indústria madeireira da Amazônia entre 1998, 2004, 2009, 2010 e 2011.

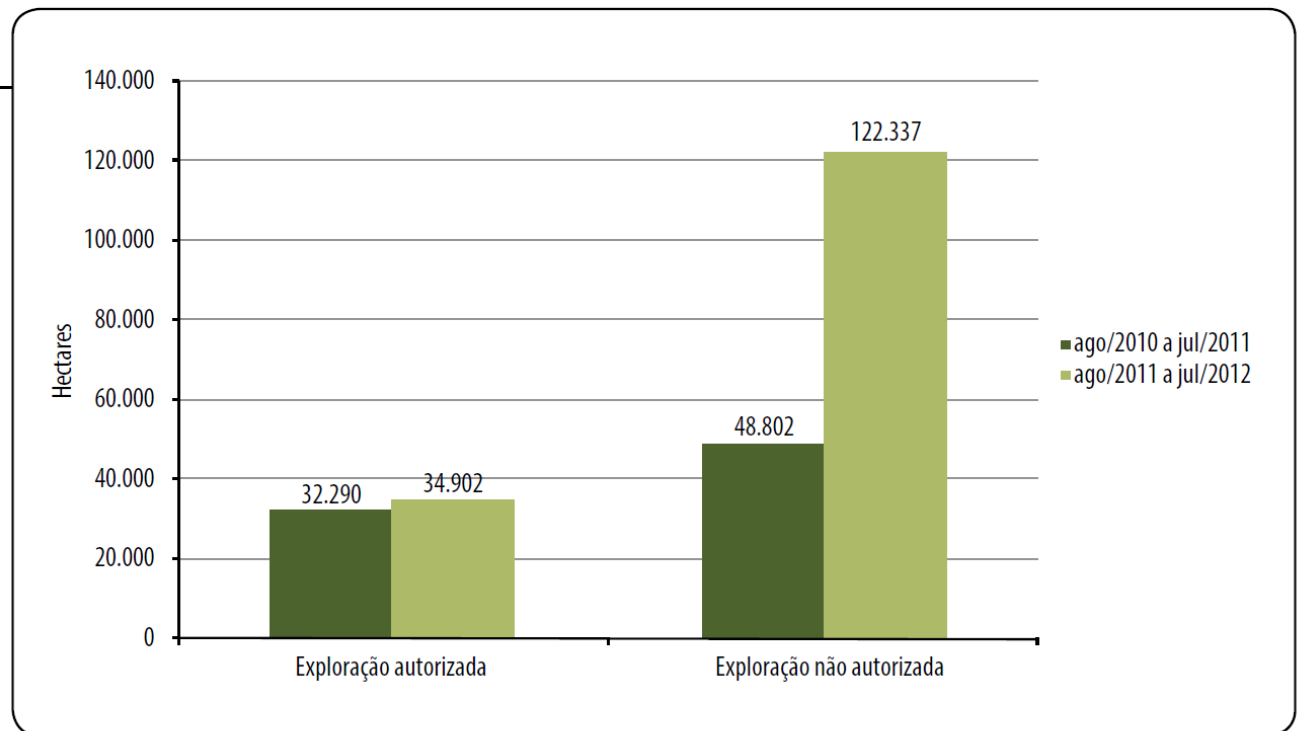
Item	1998 ^a	2004 ^b	2009 ^c	2010 ^d	2011 ^e
Consumo anual de madeira em tora (milhões m ³)	28,3	24,5	14,2	11,6	12,9
Produção anual processada (milhões m ³)	10,8	10,4	5,8	5,9	5,9
Rendimento médio do processamento	38%	42%	41%	50%	46%
Número de polos madeireiros	72	82	71	-	-
Número de indústrias	2.570	3.132	2.227	1.203	1.945
Receita bruta (R\$ bilhões) ^f	2,88	6,75	4,94	3,52	4,28

- ✓ 78% of tropical forest operations in Para State are illegal (non authorized)
- ✓ Percentage of non authorized is growing
- ✓ Para accounts for around 40% of timber production in Brazil

Figura 2.

Áreas exploradas com autorização e sem autorização no Estado do Pará entre agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex).



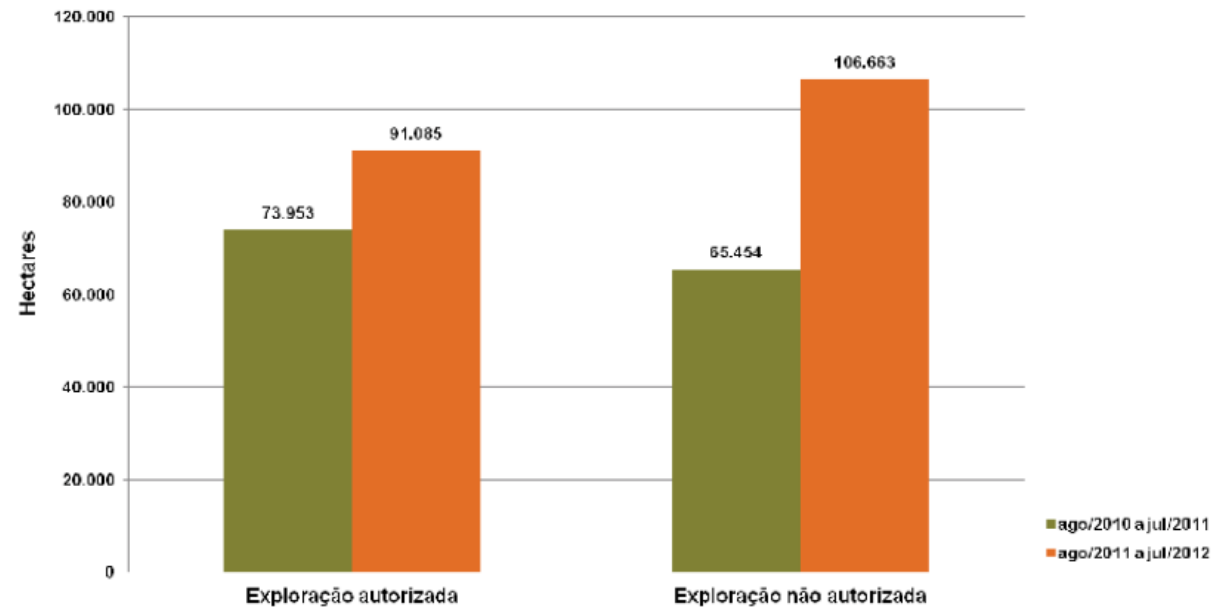
Imazon

- ✓ 54 % of tropical forest operations in Mato Grosso State are illegal (non authorized)
- ✓ Percentage of non authorized is growing
- ✓ Mato Grosso accounts for around 30% of timber production in Brazil

Figura 6.

Áreas exploradas com autorização e sem autorização no Estado de Mato Grosso de agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex)



LEGALITY IN TROPICAL TIMBER PRODUCTION IN BRAZIL A M A T A

Figura 2.

Áreas exploradas com autorização e sem autorização no Estado do Pará entre agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex).

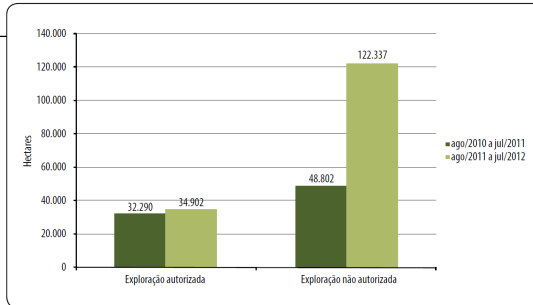
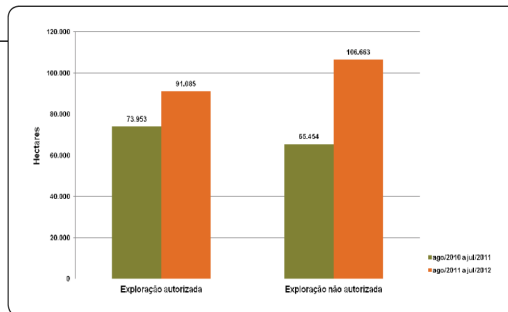


Figura 6.

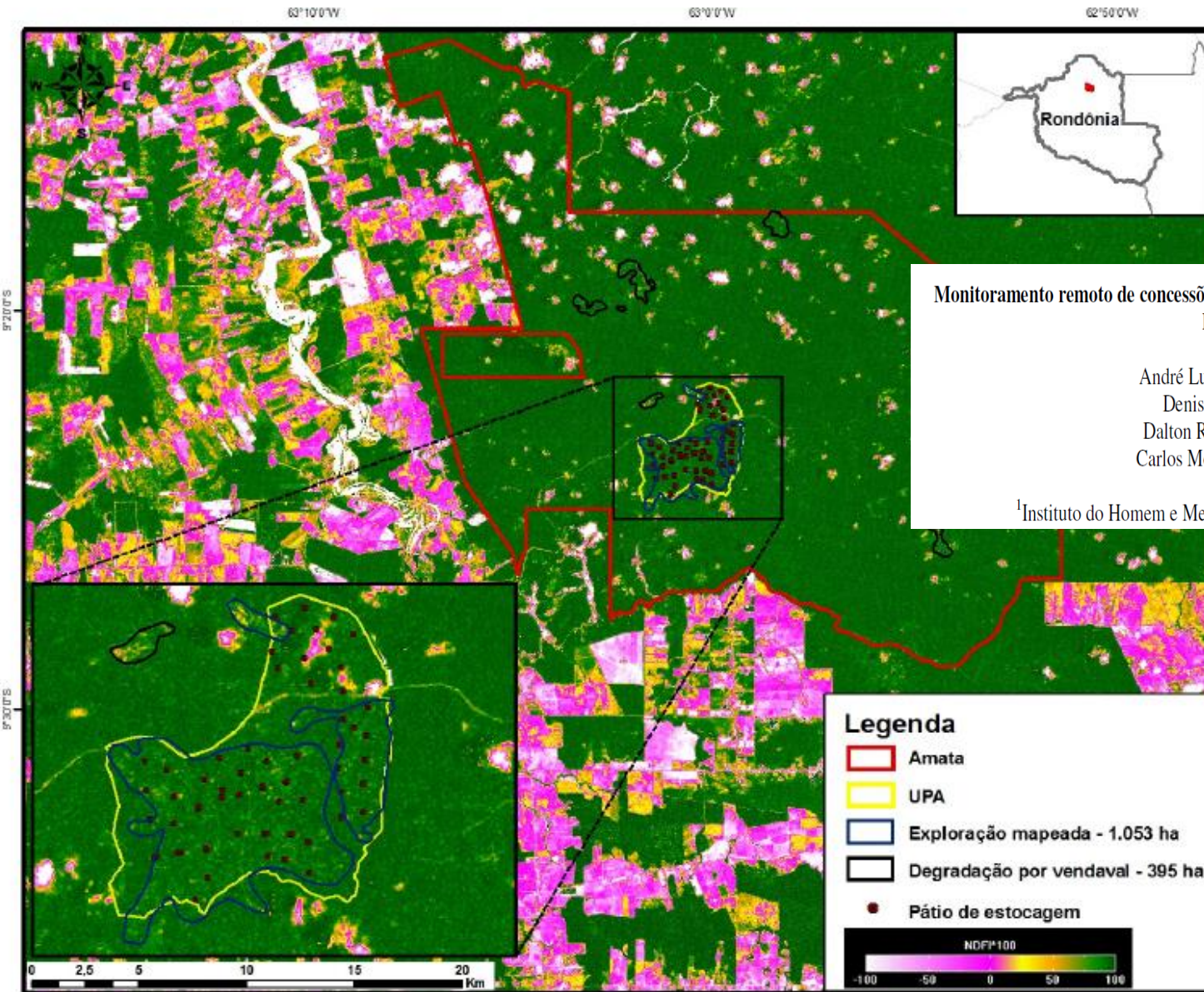
Áreas exploradas com autorização e sem autorização no Estado de Mato Grosso de agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex)



- ✓ Para + Mato Grosso, 70% Brazilian timber production
- ✓ Average 65% non authorized operations
- ✓ Can be roughly extrapolated to Brazilian territory :

65% of tropical timber production are from non authorized areas. Illegal!



Monitoramento remoto de concessões florestais na Amazônia - Flona do Jamari, Rondônia

André Luiz Silva Monteiro¹
 Denis Conrado Cruz¹
 Dalton Ruy Seco Cardoso¹
 Carlos Moreira de Souza Jr.¹

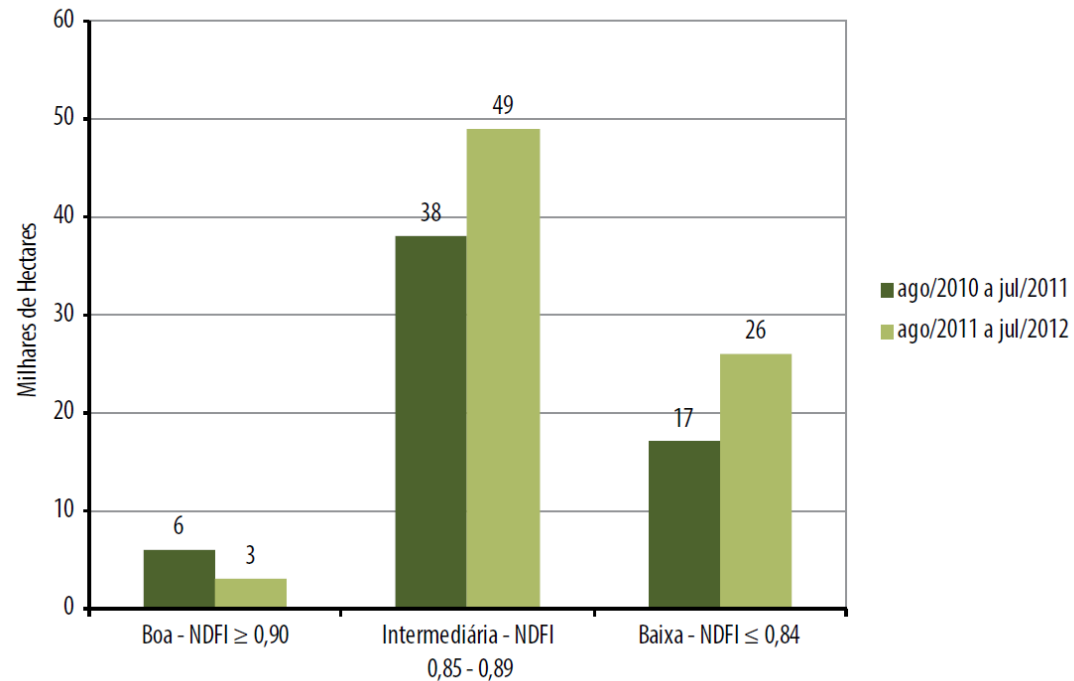
¹Instituto do Homem e Meio Ambiente da Amazônia - Imazon

- ✓ 4% of RIL in Pará are considered of good quality (satellite image monitoring)
- ✓ 33% are of low quality, meaning high illegality content (overexploitation for instance)

Figura 19.

Comparação da qualidade (em hectares) da exploração de madeira no Estado do Pará entre agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex).

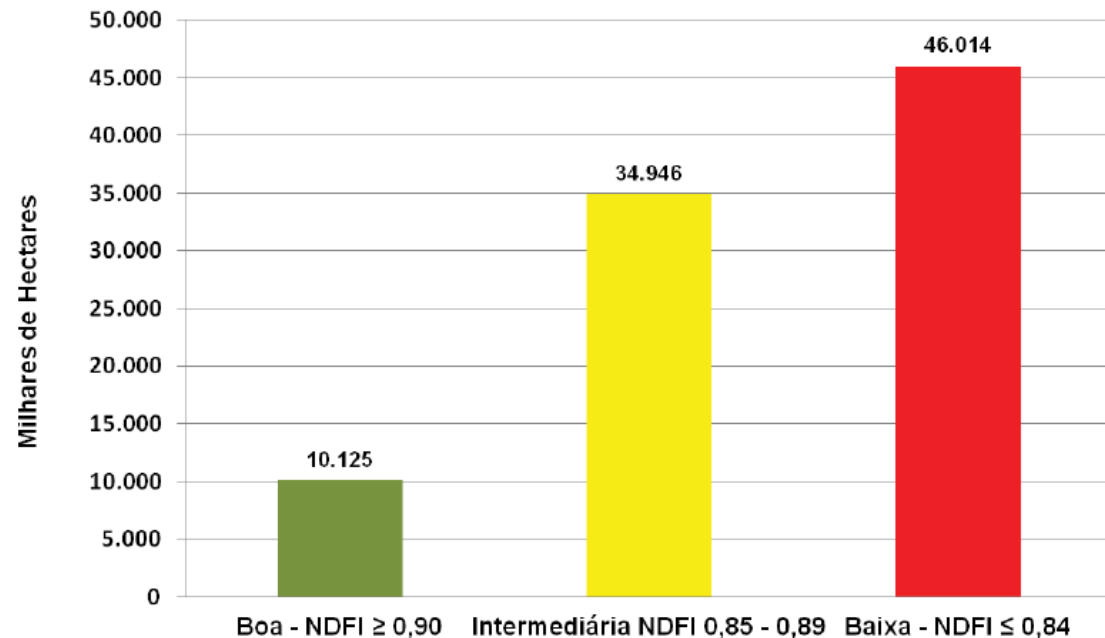


- ✓ 10% of RIL in Mato Grosso are considered of good quality (satellite image monitoring)
- ✓ 50% are of low quality, meaning high illegality content (overexploitation for instance)

Figura 15.

Qualidade do manejo florestal nas áreas de 283 planos no Estado de Mato Grosso entre agosto/2011 e julho/2012.

(Fonte: Imazon/Simex)



- ✓ Para + Mato Grosso, 70% Brazilian timber production in RIL
- ✓ RIL accounts for around 35% of authorized areas

~40% of total timber production originated in authorized Reduced Impact Logging operations, have high content of illegality!

That accounts for ~15% of total Brazilian tropical timber production

Figura 19.

Comparação da qualidade (em hectares) da exploração de madeira no Estado do Pará entre agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex).

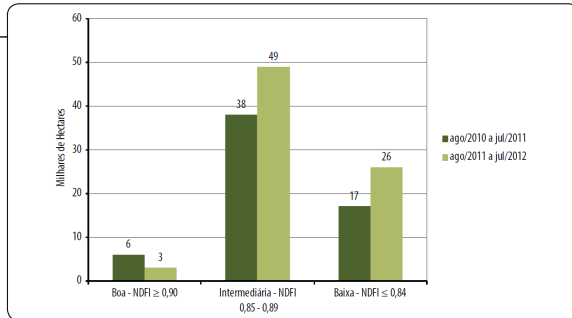
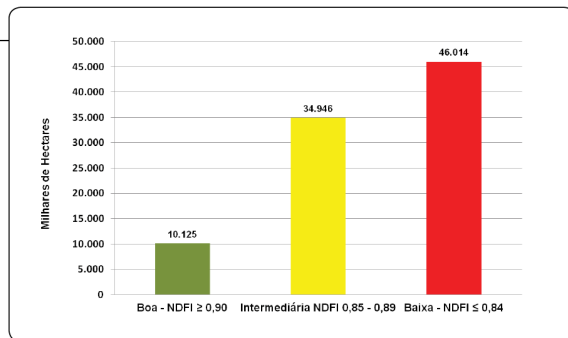


Figura 15.

Qualidade do manejo florestal nas áreas de 283 planos no Estado de Mato Grosso entre agosto/2011 e julho/2012.

(Fonte: Imazon/Simex)



Transparência
MANEJO FLORESTAL



ESTADO DO PARÁ - 2011 a 2012

André Monteiro, Dalton Cardoso, Denis Conrado, Adalberto Veríssimo & Carlos Souza Jr. (Imazon)

Transparência
MANEJO FLORESTAL



ESTADO DE MATO GROSSO - 2011 a 2012

AUTHORIZED REDUCED IMPACT LOGGING OPERATIONS A M A T A

Figura 19.

Comparação da qualidade (em hectares) da exploração de madeira no Estado do Pará entre agosto/2010 a julho/2011 e agosto/2011 a julho/2012.

(Fonte: Imazon/Simex).

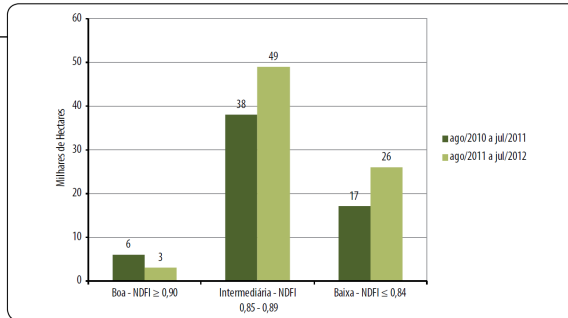
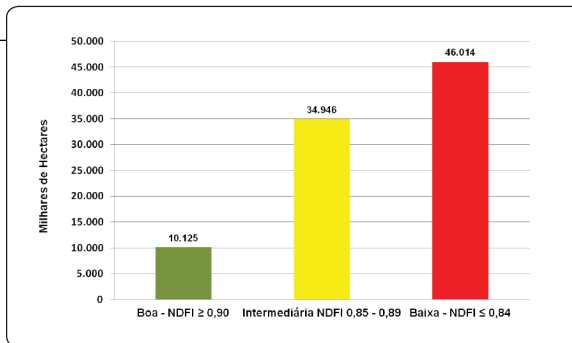


Figura 15.

Qualidade do manejo florestal nas áreas de 283 planos no Estado de Mato Grosso entre agosto/2011 e julho/2012.

(Fonte: Imazon/Simex)



- ✓ Brazil has ~7 million hectares of authorized RIL (*) with around 240 thousand ha exploited per year (cycle 25 years)
- ✓ Good/medium quality RIL accounts for 60% or ~ 145 thousand ha per year. Average of 15m³/ha = 2,2 million m³/year of logs

~% 20% of timber production can be considered truly legal!

(*) PA + MT = 170 thousand ha/year . 70%. Total Brasil = 242 thousand ha. Management cycle 30 years > Total Brazil = 7 Million¹¹ ha

- ✓ ~65% illegal origin (deforestation and degradation)
 - ✓ partially falsely documented (?? 30%??)

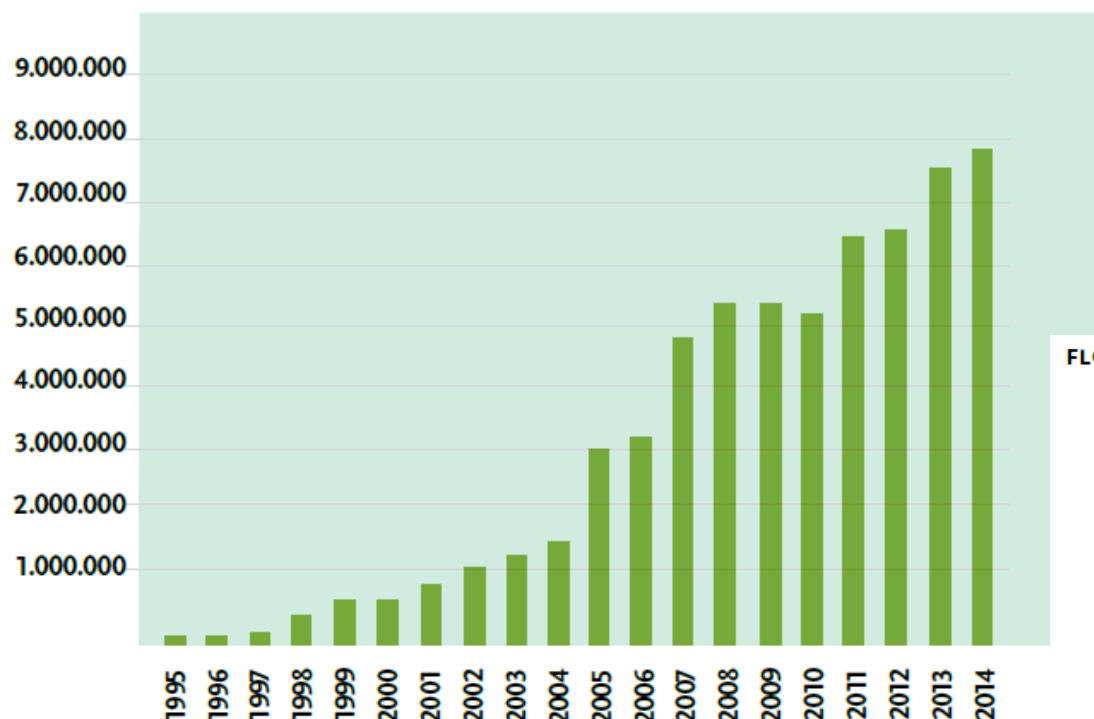
- ✓ ~35% authorized RIL
 - ✓ 40% with low quality (high degree of illegality)

- ✓ In a nut shell: 80% illegal timber (majority documented!)
 - ✓ 35% illegal not documented
 - ✓ 30% illegal but documented
 - ✓ 15% low quality RIL documented (high degree of illegality)

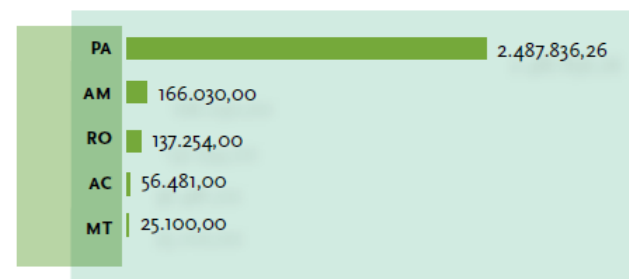
Disclaimer: all data are estimates. Despite of huge efforts from NGOs like Imazon and Imaflora as well as from the Brazilian Forest Service (Ministry of Environment) the information from illegal component are, obviously, of very poor quality

- ✓ From the total area of 8 million hectares certified, 2,8 million hectares are of tropical forests (remaining are plantations);
- ✓ Around 1,4 million ha are RIL dedicated to timber production, almost stable since 2006.

EVOLUÇÃO DA ÁREA CERTIFICADA FSC (EM HA)

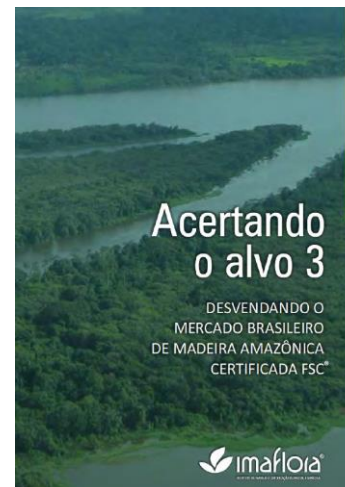


FLORESTAS NATIVAS COM CERTIFICAÇÃO FSC NO BRASIL (HA/UF)

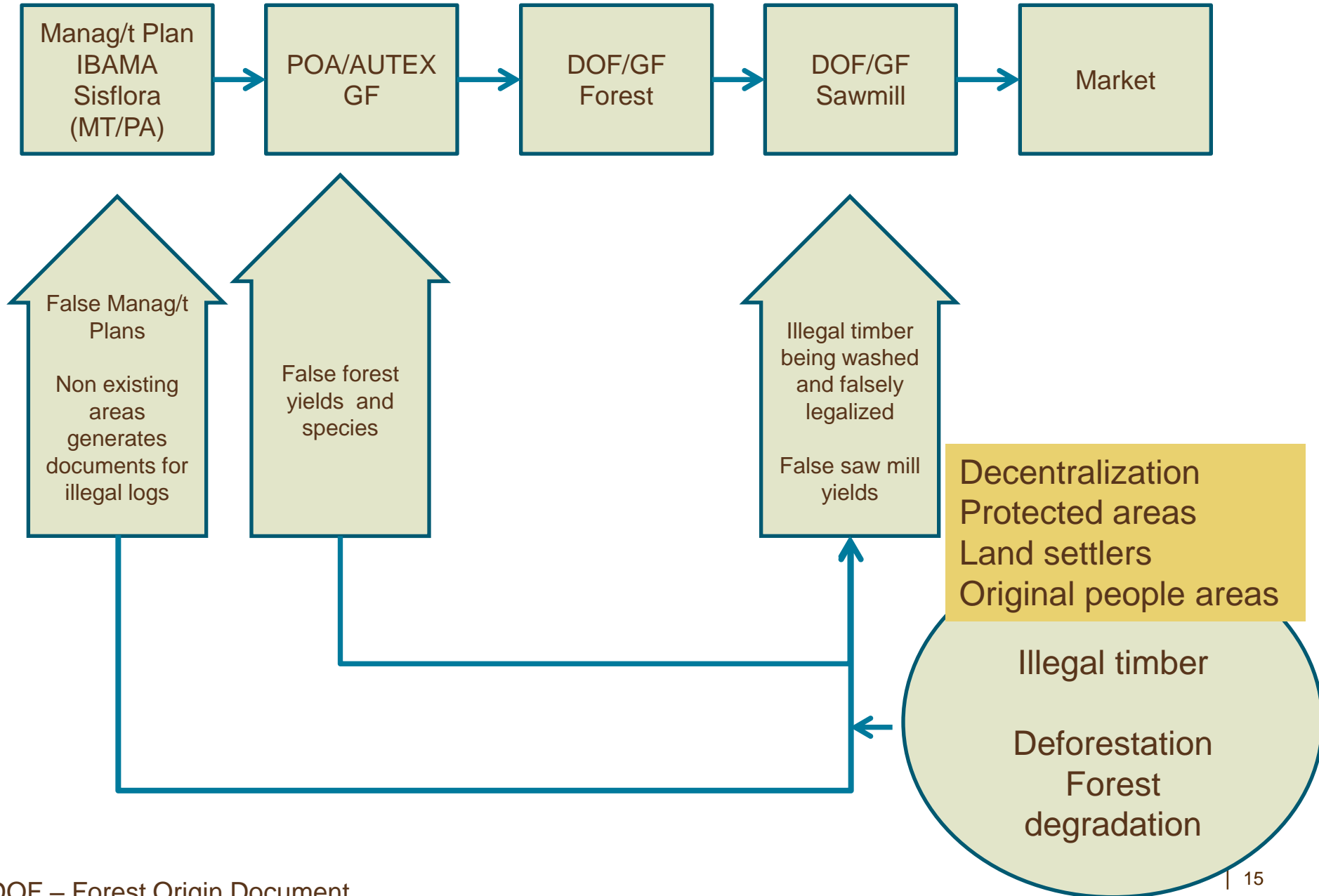


Total FSC production

- ✓ Logs ~ 350 - 600 thousand m³
- ✓ Sawn timber (35% yield) ~ 125 - 200 thousand m³
- ✓ 2 a 3% of total Brazilian sawn timber production
- ✓ 70% exported



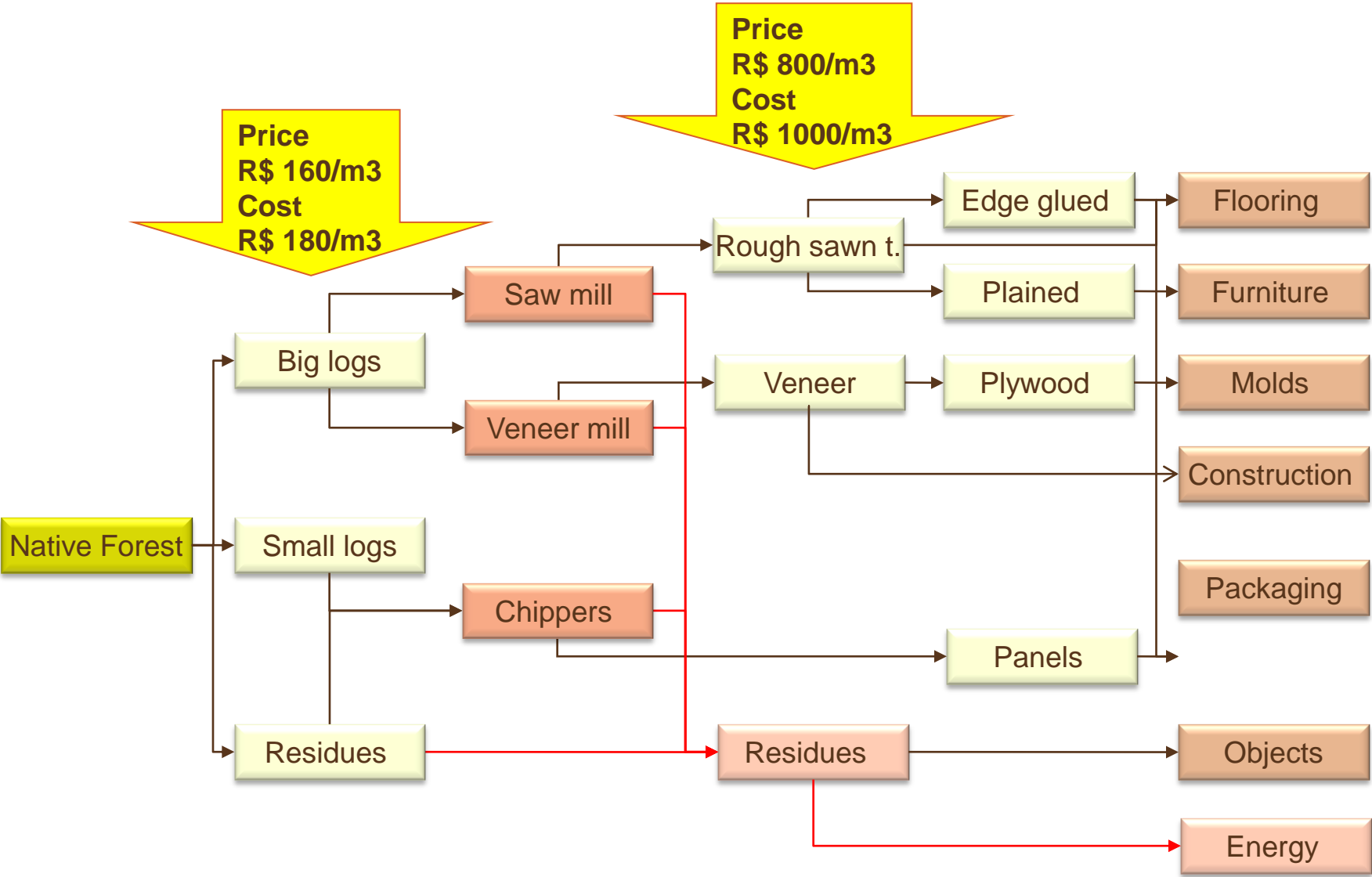
THE LEGALITY TRAP – HOW ILLEGAL LOGS BECOME LEGAL TIMBER



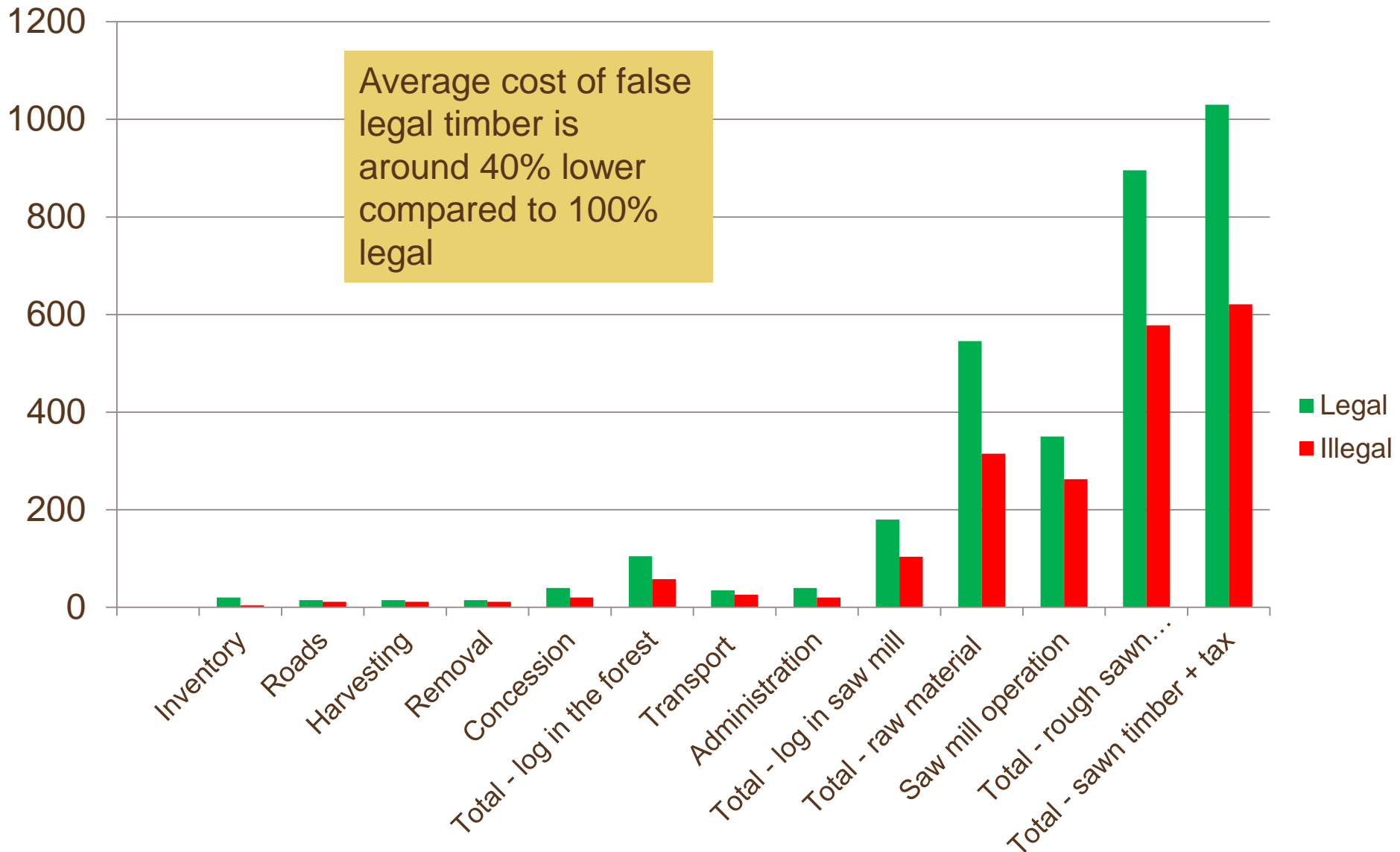
FALSE LEGALITY SCHEMES

- False (“phantom”) Management Plans
- False timber credits coming from false forest and saw mill conversion rates
- Over exploitation of approved management plans
- Illicit data insertions in the DOF/GF system
- Inter operations and inter states fraudulent credits transferences
- Reduced Impact Logging operations with illegal forestry, environmental and social practices
- Evident incongruence's in the system
 - » Unfeasible and impossible logistics
 - » Impossible loads in different logistics modals
 - » Unreal times for logistics
- Close to zero condemnation probability – less than 1% of fines area applied. No law enforcement

FOREST VALUE CHAIN



COST STRUCTURE LEGAL X FALSE LEGAL (R\$)



What must be done

- ✓ Command & control must continue to suffocate deforestation;
- ✓ Harmonization of Federal and State systems (IBAMA and Sisflora) must be done;
- ✓ Information on authorizations of forest activities must be organized, with full disclosure and transparency;
- ✓ DOF and GF systems must be redesigned and reinforced;
- ✓ Saw mill activities must be focused, specially redesign of yields controls;
- ✓ Forest degradation now in the radar, increasingly being monitored;
- ✓ Satellite monitoring system working (governmental and ONG Imazon);
- ✓ Implementation of Forest Code and Rural Properties Registry (CAR) will enhance efficiency of satellite control;
- ✓ Availability of legally titled forests must increase. Public concession process developing slower than expected;
- ✓ Legal Timber program implemented in states like Sao Paulo. Must spread out over the country;
- ✓ EUTR and Lacey with positive effects in signaling importance of true legality;
- ✓ Public procurement under discussion for infrastructure development;
- ✓ Court of Audit (TCU) discussing sustainable procurement;
- ✓ Law enforcement and punishment of illegal operations must become effective.

In low governance and low law enforcement situations, going beyond legality is crucial. Traceability is needed. Independent certification schemes are options (reliable, credible and even cheapest!).

THANK YOU!

A M A T A

www.amatabrasil.com.br

www.facebook.com/tuamata