



FINAL REPORT

# Combating Illegal Logging in Asia

A Review of Progress and the Role of the Asia Forest Partnership 2002-2012

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Christian Cossalter; Anders West; Rhett Butler (Mongabay.com)

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Asia Forest Partnership 2002-2012

**April 2013**

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**FOREST  
TRENDS**

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## Executive Summary

Forests in Asia play a critical role in providing a variety of services that millions of people depend upon for their livelihoods and social stability. They also contain most of the Asia-Pacific region's terrestrial biodiversity. By the turn of the Millennium, the forests of the region, particularly in the tropics, were acknowledged to be in crisis. Deforestation and forest degradation were rising to unprecedented rates, often as a direct result of illegal activities. There was also a dawning recognition that illegal logging was not only an environment threat, but was also contributing to conflict, corruption, and disrespect for the rule of law.

It was against this backdrop that the Asia Forest Partnership (AFP) was established in 2002 at the Johannesburg World Summit on Sustainable Development (WSSD). AFP was established as a multi-stakeholder alliance to promote sustainable management of forests in the Asia-Pacific region. In practice, AFP's greatest strength turned out to be promoting dialogue and cooperation to combat illegal logging, and that is the topic upon which the Partnership largely focused. A decade of regional dialogues and other activities followed, drawing in thousands of participants, catalyzing countless partnerships on the ground, and making a significant contribution to changing the nature of dialogue and action on illegal logging.

When AFP first began, governments, logging companies and environmental activists rarely sat down at one table for frank discussions on the illegal logging problem. Today, such dialogue is the norm and is a regular feature of meetings of hitherto government-only bodies such as the International Tropical Timber Organization (ITTO), the Asia Pacific Economic Cooperation forum (APEC), and the FAO Asia-Pacific Forestry Commission.

Ten years ago, illegal logging was often characterized as a domestic law enforcement problem that was the responsibility of those countries to deal with, while those countries, companies, and consumers who processed timber and ultimately

bought forest products, looked the other way with respect to the legality of the raw material. Today, consumer markets like the United States, the European Union, and Australia all have timber legality legislation in place, Indonesia has implemented its own Timber Legality Assurance System, and countries with major timber-processing and export industries, such as China and Vietnam, are working to put their own legality verification systems in place.

At AFP's outset, environmental non-governmental organizations (NGOs) were very active in alerting the world to the extent and impacts of illegal logging, but had not found productive ways to engage with timber companies to change their management and trade practices. During the course of the ensuing decade, NGO-backed programs like the Global Forest and Trade Network (GFTN), the Responsible Asia Forestry and Trade initiative (RAFT), and the Forest Legality Alliance (FLA) have developed extensive cooperative programs with timber producers, processors, and consumers and have also played an important role in devising and disseminating practical tools to encourage legal trade in forest products.

AFP cannot, of course, take sole credit for these considerable positive achievements of the past decade. AFP has, however, played an important and catalytic role. Perhaps most importantly, the multi-stakeholder approach to illegal logging that AFP pioneered has now become the "new normal" in addressing illegal logging throughout the region. This multi-stakeholder approach is now accepted and institutionalized in formal intergovernmental organizations like APEC and ITTO, trade arrangements like the EU Voluntary Partnership Agreements, and in various best practice codes of conduct adopted by the private sector.

As the AFP now draws to a close, those that helped establish it and those who have been active members of the partnership have much to be proud of. The AFP set a standard from which other initiatives and partnerships can learn in the future.

# Acronyms

AFP	Asia Forest Partnership
APEC	Asia-Pacific Economic Cooperation (high-level regional economic forum)
APFW	Asia-Pacific Forestry Week
CIFOR	Center for International Forestry Research
CTLVS	China Timber Legality Verification System
EFI	European Forest Institute
EGILAT	Experts Group on Illegal Logging and Associated Trade (APEC body)
EU	European Union
EUTR	European Union Timber Regulation
FLEGT	Forest Law Enforcement Governance and Trade (EU initiative)
FSC	Forest Stewardship Council
LEAF	Law Enforcement Assistance for Forests
LEI	Lembaga Ecolabel Indonesia (Indonesian Ecolabelling Institute)
PEFC	Program for the Endorsement of Forest Certification
REDD	Reduced Emissions from Deforestation and Forest Degradation
SGEC	Sustainable Green Ecosystem Council (Japan)
SVLK	Sistem Verifikasi Legalitas Kayu (Indonesian timber legality assurance system)
SFA	State Forestry Administration (China)
TLAS	Timber Legality Assurance System
TNC	The Nature Conservancy
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreement
WSSD	World Summit on Sustainable Development
WWF	World Wildlife Fund



# Introduction



Forests in Asia play a critical role in providing a variety of services that millions of people depend upon for their livelihoods and social stability. They are a source of food, building materials, medicinal plants, and fuel wood. They supply timber for domestic and export markets, protect soils from erosion, play an important role in recycling and distributing freshwater, and lock up significant quantities of carbon dioxide, one of the greenhouse gases contributing to global warming. They also contain most of the Asia-Pacific region's terrestrial biodiversity.

By the turn of the Millennium, the forests of the region, particularly in the tropics, were acknowledged to be in crisis. Deforestation and forest degradation were rising to unprecedented rates; forest and land fires in Indonesia paralyzed the region and transfixed the world in 1997-1998; and a variety of factors were intensifying illegal logging as well as demands on governments to stop it. Policymakers and environmental activists alike increasingly recognized that the region's forests were being lost and with them an important foundation for sustainable development and human well-being. There was also a dawning recognition that illegal logging was not

only an environment threat, but was also contributing to conflict, corruption, and disrespect for the rule of law. It was against this backdrop that the Asia Forest Partnership (AFP) was established in 2002 at the Johannesburg World Summit on Sustainable Development (WSSD). A major outcome of the WSSD was the recognition that governments by themselves can never achieve either development or environmental goals. Rather, durable solutions to these intertwined spheres of economy and environment require partnerships including governments, civil society, the private sector, the academic and research community, and others. AFP was thus established as a multi-stakeholder alliance to promote sustainable management of forests in the Asia-Pacific region. In practice, AFP's greatest strength turned out to be promoting dialogue and cooperation to combat illegal logging, and that is the topic upon which the Partnership largely focused. A decade of regional dialogues and other activities followed, drawing in thousands of participants, catalyzing countless partnerships on the ground, and making a significant contribution to changing the nature of dialogue and action on illegal logging.

“AFP provided a unique platform for a diverse spectrum of forest stakeholders to sit together and share their initiatives, experiences, and ideas on illegal logging and a host of related issues critical to sustainable forest management. It provided us invaluable experiences through an informal multi-stakeholder setting on finding ways of communicating and working with organizations from different backgrounds. We are stronger for this. Illegal logging now receives attention at the highest political levels and multi-stakeholder initiatives towards responsible forestry and trade are underway throughout the region.”

— HENRY SCHEYVENS  
Director, Natural Resource  
Management Group, Institute for Global  
Environmental Strategies, Japan

It is a measure of AFP’s influence and success that it has “worked itself out of a job”:

- When AFP began, governments, logging companies, and environmental activists rarely sat down at one table for frank discussions on the illegal logging problem. Today, such dialogue is the norm and is a regular feature of meetings of hitherto government-only bodies such as the International Tropical Timber Organization (ITTO), the Asia-Pacific Economic Cooperation forum (APEC), and the FAO Asia-Pacific Forestry Commission.
- In 2002, illegal logging was often characterized as a domestic law enforcement problem

that was the responsibility of those countries to deal with, while those countries, companies, and consumers who processed timber and ultimately bought forest products, looked the other way with respect to the legality of the raw material. By 2012, consumer markets like the United States, the European Union, and Australia all had timber legality legislation in place, Indonesia had implemented its own Timber Legality Assurance System, and countries with major timber-processing and -export industries, such as China and Vietnam, were working to put their own legality verification systems in place.

- At AFP’s outset, environmental non-governmental organizations (NGOs) were very active in alerting the world to the extent and impacts of illegal logging, but had not found productive ways to engage with timber companies to change their management and trade practices. During the course of the ensuing decade, NGO-backed programs like the Global Forest and Trade Network (GFTN), the Responsible Asia Forestry and Trade initiative (RAFT), and the Forest Legality Alliance (FLA) have developed extensive cooperative programs with timber producers, processors and consumers and played an important role in devising and disseminating practical tools to encourage legal trade in forest products.

AFP cannot, of course, take sole credit for these considerable positive achievements of the past decade. But as most anyone involved in these issues in the region will attest, AFP has played an important and catalytic role. Perhaps most importantly, the multi-stakeholder approach to illegal logging that AFP pioneered has now become the “new normal” in addressing illegal logging in the region, accepted and institutionalized in formal intergovernmental organizations like APEC and ITTO, trade arrangements like the EU Voluntary Partnership Agreements, and in various best practice codes of conduct adopted by the private sector. Beyond the illegal logging issue, multi-stakeholder dialogue processes are being used to build trust, and develop and implement sustainability standards for other forest-

related issues, for example the expansion of agricultural crops such as oil palm. Those who contributed to the activities and achievements of AFP over the past decade can thus take satisfaction that the objectives and spirit of AFP live on in a strong and diverse set of initiatives and institutions that would have been hard to imagine in 2002.

As AFP draws to a close, this report has been prepared in order to highlight important AFP accomplishments and to capture key lessons learned from the Partnership's practices and experiences. The report also analyzes changes in the nature of forest issues and institutions over the past decade, and the relevance of the AFP approach and experience going forward.



Photo: Christian Cossalter



## A Need Identified

In the decade immediately preceding the establishment of the Asia Forest Partnership, increased concerns were raised by a number of stakeholders in the Asia region about the rapid rate of uncontrolled deforestation and



Photo: Rhett Butler (Mongabay.com)

the broader negative impacts this was having on important environmental services and loss of biodiversity. Uncontrolled illegal logging was seen as a primary concern due to issues relating to loss of state revenue in addition to the negative environmental and social impacts caused by this activity.

Discussions aimed at addressing these serious issues of concern were primarily limited to closed-door dialogues between multilateral and bilateral donors with individual governments in the region, discussions between governments in the region, or discussions between governments and private sector entities in the region. While there was recognition of the need for more open multi-stakeholder dialogues to address the problems that forest resources in the region were facing, there were limited venues for such interaction to occur. Efforts were poorly coordinated, concerns could not be shared, and ideas lacked a broad audience.

Initial efforts to establish a regional multi-stakeholder dialogue within the forest sector were viewed by many governments in the region as being driven by outside interests from Western or developed countries. In recognition of this weakness, the Government of Japan through its Ministry of Foreign Affairs took the lead in promoting the concept of creating a forest sector multi-stakeholder dialogue that originated from, and had ultimate ownership by, interests from the region. It was from this effort, with additional interest and support coming from the Governments of Indonesia and Malaysia, that the Asia Forest Partnership was born.

# The Asia Forest Partnership: A Brief History

In July 2002, a preparatory meeting was held in Japan to share ideas and prepare a partnership document to be submitted at the World Summit on Sustainable Development (WSSD) in Johannesburg. At that meeting, a dedicated group of leading partners from Japan and Indonesia, together with The Nature Conservancy (TNC) and the Centre for International Forestry Research (CIFOR) was formed. It is from this initial multi-sectoral meeting that the AFP was born.

The AFP was officially launched in August 2002 at the WSSD as a “Type II Partnership”<sup>1</sup> for sustainable development. The common aim of these partnerships is the implementation of sustainable development based on the Rio Declaration principles and the values expressed in the Millennium Declaration. As a partnership forum, AFP set itself the broad task of information sharing, dialogue, and joint action to promote sustainable forest management. Soon after the WSSD, the first meeting for the Promotion of the AFP was held in Japan, hosted jointly by the leading partners. The AFP started with representation from 12 governments, seven international organizations and one NGO. In subsequent years, its membership grew significantly

The AFP’s multi-stakeholder membership has included a wide variety of organizations and institutions, including governments, multilateral and bilateral donors, business interests, research and academic institutions, and civil society groups. This wide variety of stakeholders has permitted a diversity of viewpoints, concerns, and ideas to be brought to discussions on issues of concern

“The progress we have made together over the last decade in combating illegal logging and associated trade in the Asia-Pacific region is substantial, and AFP played a critical role in supporting that progress. Long before it was acceptable to talk about illegal logging issues in intergovernmental discourse, long before governments, NGOs, and businesses could sit across the same table discussing the issue in frank but constructive ways, AFP was blazing this trail. For the United States, AFP set the model for what is now a diverse architecture of bilateral, multilateral, and multi-stakeholder processes and partnerships that have made a real difference in slowing deforestation and promoting legal and sustainable trade in forest products. To AFP, we say, ‘Well done!’”

— DR. CHARLES BARBER  
U.S. Department of State  
Chair, 2012, Asia Forest Partnership

relating to the forestry sector. This same variety has helped to facilitate the evolution of discussions on issues facing the forestry sector during the past ten years, and one must ask whether such evolution would have taken place without the existence of multi-stakeholder models first

<sup>1</sup> The WSSD was organized to produce two types of outcome: a negotiated intergovernmental document of the type more common in the United Nations system (the “Johannesburg Plan of Implementation”) and a variety of “Type II Partnerships”, which were voluntary multi-stakeholder agreements to achieve sustainable development objectives at national, regional, or global levels. Another well-known Type II Partnership launched at Johannesburg was the Congo Basin Forest Partnership (CBFP), which is still active in 2013.

pioneered by partnerships and dialogues such as the AFP. From its humble beginning at the first preparatory meeting, the AFP boasted nearly fifty members by 2012.

AFP has promoted sustainable forest management in Asia by focusing on a number of key themes and cross-cutting issues that have changed and expanded over the past decade. These include:

- Reducing forest loss and degradation and enhancing forest cover to maintain the provision of forest products and ecosystem services, including mitigation of and adaptation to climate change, watershed and land resource protection, and conserving biological diversity; and
- Combating illegal logging and associated trade.

In addressing key themes and emerging issues, important considerations for partners include:

- Protecting and enhancing the livelihoods, rights, security, and well-being of forest-dependent people;
- Improving forest-related governance;
- Strengthening institutions and capacities for sustainable forest management; and
- Securing and diversifying finance for conservation and sustainable use of forest resources.

Taking into account the above themes, issues, and considerations of partners, the AFP embraced a role of facilitating and promoting the following core functions:

- Providing a venue for multi-stakeholder dialogue that supports progress on key themes and emerging issues;
- Allowing for partners' engagement with and inputs to relevant national, regional, and global institutions and processes;
- Increasing synergy among existing projects, programs, and initiatives;

- Creating opportunities for partners to develop collaborative initiatives and work programs; and
- Information-sharing among partners concerning relevant ongoing and planned projects, programs, and policies.

The AFP's real strength has been its ability to bring partners together and facilitate multi-sectoral dialogue where information and ideas can be exchanged and new opportunities for synergy and cooperation identified. This has been accomplished through AFP's annual meetings and other events, which are not only attended by partners, but also numerous non-partners. A brief summary of the past four annual AFP gatherings provides a flavor of the richness of dialogue that the Partnership has been able to facilitate:

### **AFP 2008 (Hanoi, Vietnam)**

The 2008 AFP session, held as a part of FAO's biennial Asia-Pacific Forest Week, attracted more than 500 forestry stakeholders for a frank and lively discussion on "Timber Trade, Forest Law Compliance and Governance". Chaired by Rico Hizon, BBC Asia Business and Finance Correspondent, the session was organized in collaboration with CIFOR, DFID, IGES, TNC, and the Indonesian Ministry of Forestry whose Secretary General opened the session. The session provided a platform for participants to advance policy solutions, industry incentives, and on-the-ground initiatives that address concerns about forest governance and legal compliance, focusing on credible and practical outcomes for both policy makers and the timber industry.

### **AFP 2009 (Bali, Indonesia)**

In 2009, AFP turned its attention to the topic of reduced emissions from deforestation and forest degradation (REDD), during a year when the international community was preparing for the Copenhagen climate



summit. This session focused in particular on the linkages between the growing interest in REDD and the lessons that could be taken from efforts to combat illegal logging in the region. Drawing on both illegal logging and climate change circles, the meeting brought together a diverse mix of international experts, local government officials, NGOs, and researchers to explore and develop synergies between improving forest governance and reducing emissions from deforestation.

### AFP 2010 (Bali, Indonesia)

The 2010 session met in the aftermath of the 2009 Copenhagen climate summit and thus took place in a world of tempered expectations about the role that REDD (by that time renamed “REDD+” to take onboard emissions reductions from production forests, conservation areas, and afforestation/reforestation) could play in addressing threats to the world’s forests. Continuing the previous year’s focus on the synergies between efforts to combat illegal logging and REDD+ initiatives, the 2010 session once again brought together a large and diverse group of stakeholders to consider those synergies at sub-national, national, and international levels.

### AFP 2011 (Beijing, China)

The final session of AFP convened in November 2011 on the margins of the 2nd Asia Pacific Forest Week (APFW). A decade after the September 2001 East Asia Ministerial Declaration on Combating Illegal Logging, AFP came together to consider progress since that time, and the outlook for the coming decade. The Beijing AFP session once again drew a large, diverse, and high-level group of stakeholders from across the region. Reflecting the maturity of regional dialogue on illegal logging, the 2011 session focused a great deal on practical examples taken by producer, processor, and consumer countries to combat illegal logging, make supply chains more transparent, and promote trade in legally harvested forest products. Most impressively, a number of AFP partners were asked by the APFW hosts

“I am pleased that AFP, through its activities over the past decade, has contributed to the progress of sustainable forest management in Asia. Indonesia and Japan initiated AFP on the occasion of the WSSD in Johannesburg, South Africa in 2002, to develop a partnership forum on Asian forests among various forest-related stakeholders as equal partners in an open and constructive manner. It was an honor for Japan’s Forestry Agency to have hosted a number of AFP meetings over the years in Tokyo, Yokohama, and Kisarazu. AFP benefited from active participation of enthusiastic and active partners from across the Asian region, from other regions, and from international organizations. CIFOR played a key role, providing an excellent AFP secretariat as well as substantive leadership in enriching regional dialogue on forests. I was particularly pleased with the events organized by AFP in conjunction with FAO’s Asia Pacific Forest Week sessions in Hanoi in 2008 and Beijing in 2011, and the synergies that developed between the two processes. I sincerely believe that the “spirit of AFP” now infuses the dialogue on forests in Asia, and this will be of great benefit to us all going forward”

— MASATOSHI NUMATA  
Director-General, Forestry Agency,  
Ministry of Agriculture, Forestry and  
Fisheries of Japan



Photo: Su Yufang

(FAO and China's State Forest Administration) to organize one of the four plenary sessions of APFW on the topic of forest governance — in addition to the formal AFP session. This plenary session, held for nearly 1000 people, was an opportunity to highlight the achievements of a number of AFP partners, and marked the full acceptance of the multi-stakeholder "AFP model" into the mainstream of regional forest policy dialogue.

For many AFP partners who attended APFW, the widespread adoption of AFP's issues and methods at this major regional forestry event was a very tangible indication that AFP's mission had been accomplished and would be taken forward in a robust manner in many other processes in coming years.

# A Changing Forest Policy Landscape

There have been a number of important developments since 2002 that have had a significant impact on efforts to address illegal logging and sustainable forest management in the region:

- Shifts in forest products commodity markets, the growth of China's role in particular;
- Efforts in many countries to improve law enforcement and access to environmental justice;
- The emergence and expansion of timber legality assurance and verification initiatives and mechanisms by both governments and the private sector;
- Increasing attention to the role of deforestation in contributing to greenhouse gas emissions, and concomitant attention to REDD+ strategies as a primary organizing principle for slowing deforestation and forest degradation;
- The rapid development — and rapidly dropping cost — of new technologies for remote sensing and mapping of forests, GPS-enabled field verification, portable and “cloud” computing power, and social networking tools for connecting people to these technologies and each other;
- Increasing recognition of the links between forestry and other land and natural resources uses such as industrial-scale agricultural expansion; and
- Growing concerns, and in some cases reforms, related to land tenure, public participation, freedom of information, and the linkages of human rights concerns to natural resources management policies and practices.

Those working on issues in the forestry sector have increasingly come to realize that both drivers of deforestation and the tools for com-

“As one of the founding members of AFP, the United Nations Forum on Forests Secretariat feels great satisfaction with the impact it has made on the ground during the last decade by enhancing partnerships among the wide range of stakeholders for sustainable forest management. AFP has demonstrated that through partnerships many challenges of deforestation, forest fires, illegal logging, and associated trade can be better addressed. We are confident that the legacy of AFP will continue and that the spirit of synergy, collaboration, and partnership to promote sustainable forest management for the benefit of all people will flourish.”

— JAN MCALPINE  
Director, Secretariat of the United Nations Forum on Forests

bating deforestation lie, in many cases, outside of the forestry sector. This broadened perspective opens many opportunities, but it also increases complexity, as the following discussion illustrates.

## Law Enforcement and Access to Environmental Justice

Law enforcement has always been an important component of ensuring legality in the forest sector and has received considerable attention by AFP partners over the past decade. This has particularly been the case with regards to the need for building the capacity of national law enforcement agencies responsible for forest crimes. In recent years there



“The AFP was the frontrunner in bringing together a broad range of stakeholders in the FLEGT landscape in Asia. It shaped good and surprising relationships and collaboration. The AFP approach helped the shift in the past decade of recognizing the importance of seeking feedback and understanding from a wide variety of stakeholders. Look where we are now: never before has there been such an emphasis placed on understanding the beliefs, attitudes, and behaviors of stakeholders.”

— VINCENT VAN DEN BERK  
FLEGT Asia Programme Coordinator  
European Forest Institute

has been greater recognition of the fact that forest crime is transnational in nature and often overlaps and links to broader international criminal and money-laundering networks. In response, there is now increasing international cooperation on fighting forest crimes. For example, INTERPOL’s Environmental Crime Programme and the UN Environment Programme (UNEP) recently initiated the project LEAF (Law Enforcement Assistance for Forests), which is a consortium forests and climate initiative on combating illegal logging and organized forest crime.

In relation to law enforcement, there has also been an increasing interest in the region relating to access to environmental justice, which ties directly to the rights of individuals and communities dependent on forest resources for their livelihoods. Both specialized administrative law and judicial branch mechanisms focusing specifically

on environmental issues, such as land management and forestry, have begun to take shape in the region, thus offering avenues for specialized independent review and redress for those directly affected by forestry crimes or failures of government agencies to adhere to accepted procedures.

## Forests and Climate Change

At the time AFP was established, deforestation was known to be an important cause of greenhouse gas emissions, but information on the scale of the problem was sketchy, and no mechanisms apart from scattered voluntary “carbon offset” projects and the eligibility of reforestation/afforestation projects under the Kyoto Protocol’s Clean Development Mechanism addressed the deforestation dimension of climate change. All this changed as the UN Framework Convention on Climate Change (UNFCCC) adopted, in 2008, the concept of “Reduced Emissions from Deforestation and Forest Degradation”, or “REDD+”<sup>2</sup>.

As noted above, AFP focused on linkages between REDD+ and illegal logging in much of its work since 2009. REDD+ discussions themselves have been characterized by a strong emphasis on multi-stakeholder participation. This is partly because it is widely recognized that verified measurable reductions in emissions — or carbon storage — through forest-related interventions are practically impossible without the support of local communities, and clarifying land tenure arrangements in equitable ways is essential to securing local support. In addition, private sector participation in REDD+ is a cornerstone of most national strategies, and NGOs and research institutions possess much of the specialized knowledge needed to make REDD+ strategies work on the ground. As countries focus on “REDD+ readiness” activities, it is widely recognized that strengthening forest governance is a key component of “readiness”. Simply put, a jurisdiction with a widespread illegal logging problem is never going to attract REDD+ finance from either public donors or the private sector.

<sup>2</sup>The “plus” in REDD+, adopted in 2009, refers to mitigation measures from conservation, sustainable management of forests, and the enhancement of forest carbon stocks.

## Increased Use of Modern Technologies within the Forest Sector

During the past ten years, there have been significant changes in access to and availability of modern technologies that can be used to improve forest management and governance, as well as improve forest data, monitoring, and law enforcement. Use of hand-held GPS units with improved accuracy helps governments, communities, and environmental activists to better map and monitor forest resources. Remote-sensing technologies allow for better monitoring of changes in forest landscapes. Cutting-edge use of new forensic evidence technologies, such as the use of DNA tracking of timber products, assists with the enforcement of illegal logging prohibition legislation.

The emergence of social media and mobile communication technologies has provided a wide variety of stakeholders in the forest sector the ability to quickly share a wealth of information to a wide audience in ways never before imagined, which goes far beyond what had previously been offered by the AFP meetings and events. As new technologies have emerged, evolved and matured, prices have come down.

How these technologies can be used at the local level to empower local stakeholders and increase their involvement in controlling illegal logging and sustainable forest management is an area that is receiving much attention now. For example, how can technology be used to ensure participation of local forest dependent stakeholders in the measurement, reporting, and verification requirements required for successful REDD+ governance?



## Land Tenure and Natural Resources Property Rights Concerns

There has been increasing recognition by AFP partners and others in the region of the important links between the tenure security of local groups and communities over land and forest resources and sustainable forest management. From smallholder timber product plantation arrangements to natural forest community-managed forest resources, the AFP has taken an active role in discussing issues among its members relating to effective tenure arrangements in the forestry sector within the region. These types of discussions are recognized as being essential for designing effective responses to illegal logging in the region, ensuring success of REDD+ arrangements, and promoting sustainable forest management more broadly.

# Emergence and Expansion of Timber Legality Verification Mechanisms

“The Asia Forest Partnership pioneered new approaches and mechanisms for governments, NGOs, development organizations, and the private sector to collectively share ideas and perspectives on important issues in forestry in the region. The open and flexible operating modalities of AFP allowed the Partnership to deal with highly sensitive topics in a positive and constructive manner that was sometimes difficult or impossible in more formal official forums. The Partnership served to effectively highlight both the complexities of difficult issues in forestry and potential solutions. The AFP members can take pride in having moved stakeholders toward greater understanding of the difficult challenges facing the forestry sector in Asia and the Pacific as well as the possibilities for addressing these challenges.”

— PATRICK B. DURST  
Senior Forestry Officer, FAO Regional  
Office for Asia and the Pacific

Over the past ten years there have been significant changes in the development and adaptation of legality mechanisms to control the trade in illegal timber products within the region and

beyond. AFP members have been at the forefront of these developments and have been effective at sharing information and knowledge that has been critical to important developments in this area.

From the initial phases of AFP, when frank and open discussions on the issues of controlling illegal logging were still controversial, to current open and constructive discussions through a variety of venues involving a wide variety of stakeholders, much progress has been made in addressing issues of controlling illegal logging and establishment of effective mechanisms for controlling the regional and international trade of legal timber products. The following is an overview of some of the most important aspects of these developments and ongoing initiatives that are being developed to further these efforts.

## Goho Wood: The Japanese Government's Public Procurement Approach to Illegal Logging

As many governments did in Europe at the beginning of the new millennium, Japan took an early lead in addressing illegal logging in Asia and the related trade in illegal timber products by embracing a public procurement policy that is aimed at ensuring only legally sourced timber products are purchased by government entities in the country. This public procurement policy is commonly referred to as Goho wood (Goho = legal).

Prior to adoption of Goho, Japan expressed a clear interest in addressing the issue of illegal logging. At the Birmingham Summit in England in 1998, Japan endorsed the G8 Action Program on Forests, which included measures against illegal logging. Japan further committed to addressing the topic of illegal logging at the Kyushu-Okinawa Summit in 2000 and has constantly advocated for the adoption of mea-

asures against illegal logging based on the principle that “illegally harvested timber should not be used.” In relation to this principle, Japan has worked to develop technologies for timber tracking in timber-exporting countries and for checking the state of forests in the region using satellite data, has exchanged information on illegal logging with other countries, and has supported projects against illegal logging implemented by the International Tropical Timber Organization (ITTO).

This interest in addressing illegal logging culminated in discussions at the G8 summit in the UK in 2005, where the Japanese Government committed to measures ensuring that it would only procure timber products verified as legal or certified sustainable. The Japanese government followed through on this commitment by enacting the Green Purchasing Law in 2006.<sup>3</sup>

The following five categories of wood and wood products are among the designated procurement items covered under the Basic Policy on Promoting Green Purchasing found within the Goho approach to addressing illegal logging:

- Paper (Examples: form papers, printing papers, etc.)
- Stationary (Examples: business envelopes, notebooks, etc.)
- Office furniture (Examples: chairs, desks, shelves, etc.)
- Interior fixtures and bedding (Example: bed frames)
- Public works material (Examples: lumber, glued laminated timber, plywood, laminated veneer lumber, flooring, etc.)

Individual companies providing wood products to Japanese Government entities must voluntarily certify the legality and sustainability of these categories of timber products. The Forestry Agency of Japan permits three methods for verifying the legality and sustainability



Photo: Anders West

of wood and wood products in the “Guideline for Verification on Legality and Sustainability of Wood and Wood Products:”

1. Forest certification and chain of custody systems: This is a method that utilizes certification seals under forest certification systems and chain of custody systems (such as SGEC, FSC, and PEFC certification).
2. Verification via certification by business associations of individual companies: This is a method that allows respective associations in the wood industry, after adoption of a voluntary code of conduct, to issue individual companies as authorized Goho-wood suppliers, thus extending to all timber products from such a company an automatic “certificate of legality and sustainability.”
3. Verification by adoption of specific measures by an individual company: This method is available to large-scale companies that decide not to opt for options 1 and 2 above. These companies may internally verify legality and sustainability via adoption of internal measures that apply to the entire chain of custody process from harvesting to delivery. These internally adopted measures should ensure a similar level of reliability as that of the verification method by association certification as described in 2 above.

<sup>3</sup> Law Concerning the Promotion of the Procurement of Eco-Friendly Goods and Services by the State and Other Entities, No. 100 of 2000 (2006).



The Goho wood approach to addressing illegality in the regional timber trade is somewhat limited, as it only applies to timber product purchases made by government entities in Japan. More recently adopted illegal timber product import prohibition legislation, such as the U.S. Lacey Act Amendments of 2008 or the European Timber Regulation (EUTR), have a much broader impact on timber product imports into a defined market.

“Indonesia was a founding AFP partner and was pleased to serve as host country for its secretariat at CIFOR. As Indonesia took the lead in Asia in combating illegal logging at home and across the region, AFP was a critical forum for bringing together producers and consumer governments, NGOs, and the timber industry to better understand one another and seek creative solutions. Indonesia was pleased to host a number of AFP annual meetings and workshops over the past decade. As Indonesia moves forward in implementing its Timber Legality Assurance System and its broader efforts on sustainable forest management, the many partnerships developed through AFP lend strength to our efforts.”

— DR. HADI DARYANTO  
Secretary General  
Ministry of Forestry,  
Indonesia

## China’s Timber Legality Verification System Initiative

In 2011, China’s State Forestry Administration (SFA) undertook to develop a draft national China Timber Legality Verification System (CTLVS). The draft CTLVS was released in late 2011, after an analysis of Chinese timber trade flows and various models for legality verification from around the world. For domestically sourced timber, it was decided that the existing permitting system, as long as it was adequately implemented, provided a sufficient guarantee of legality. For imported timber, it suggests two systems to verify timber legality. One is a government-guided timber verification scheme with bilateral agreements signed with agreement countries (CGTVS); the other is a sector association-guided voluntary verification scheme (CATVS).

The CGTVS requires that the Chinese government negotiate with a timber-producing country government to define timber legality, verification methods, management mechanisms, and valid export documentation and then sign a bilateral agreement. Under the disciplines of the agreement, the timber-producing country should ensure that their timber harvesting, processing, and export activities conform to legality procedures and verification methods. In this situation, China will only accept legal timber with valid export documentation issued by the timber-producing country in accordance with the bilateral agreement. China will establish domestic timber-tracking systems to guarantee the traceability of imported timber as it is processed for export. A National Timber Legality Management Office of China is proposed to be established by SFA, and local timber legality management offices would be set up by forestry bureaus higher than the county level (or this responsibility would be added to the existing functional departments).

The CATVS is for the non-agreement countries. Under this scheme, industry associations in China and their counterparts in timber-producing countries will reach mutual recognition of

a particular timber legality verification system to be used. Members of the industry associations in China, on a voluntary basis, can use the documents provided by these associations in timber-producing countries to apply for a legality certificate from the Chinese authority. Members also need to follow the rules instituted by industry associations in terms of timber legality via setting up a risk control management program, which involves a wood-tracking system once timber products enter the country. This could include risk management by member enterprises, independent audits with a logo, and certificate tracking.

Both the CGTVS and the CATVS require China-authorized organizations, either government or industry associations, to issue timber legality certificates. The Chinese customs office will check the certificates when Chinese companies export their timber products.

SFA, working with the Chinese Academy of Forestry, The Nature Conservancy, and others held multi-stakeholder dialogues and technical workshops during 2012 in order to assess the feasibility and practicality of the drafts system and develop further improvements. The proposal is still in the consultation process during 2013, including analyses with companies in countries that supply timber to China.

Developing such a system for a timber economy as large and complex as China's is a monumental task. The fact that China is undertaking this task is testament to the major changes in the global regulatory and market environment for forest products trade in recent years. That China counts NGOs, private businesses, and academic experts among its key partners in developing its timber legality verification system is an important legacy of the multi-stakeholder approach that AFP's partners, including SFA, pioneered over the past decade.

## The EU FLEGT Initiative in Asia

The European Forest Institute's (EFI) EU Forest Law Enforcement, Governance and Trade (FLEGT) Asia Regional Support Programme, commonly known as "FLEGT-Asia", promotes



good forest governance in the Asian region. FLEGT Asia aims to achieve this by strengthening regional cooperation in forest governance and by promoting and facilitating international trade in verified legal timber.

The collection and sharing of information such as trade statistics, market developments, baseline studies, and stakeholder analysis is an important first tier of FLEGT Asia's work. In order to support relevant stakeholders such as civil society, the private sector, and government agencies, FLEGT-Asia carries out capacity-building activities to support stakeholders in improving forest governance. FLEGT-Asia also collaborates with other regional programs to complement and support actions already taking place in the region.

FLEGT-Asia is linked to the FLEGT Action Plan. Spurred by concerns about the serious environmental, economic, and social consequences of illegal logging, the EU established the Action Plan in 2003. It sets out a range of measures available to the European Union (EU) and its Member States, working closely with national governments that export timber products to the EU market to tackle illegal logging in the world's forests and associated trade.

The Action Plan recognizes that the EU is an important export market for countries where levels of illegality and poor governance in the forest sector are most serious. It therefore sets out actions to prevent the import of illegal wood into the EU to improve the supply of legal timber and to increase demand for wood coming from responsibly managed forests. The long-term aim of the Action Plan is sustainable forest management.

The measures of the Action Plan focus on seven broad areas:

1. Support to timber-exporting countries, including action to promote equitable solutions to the illegal logging problem;
2. Activities to promote trade in legal timber, including action to develop and implement Voluntary Partnership Agreements (VPAs) between the EU and timber-exporting countries;
3. Promoting public procurement policies, including action to guide contracting authorities on how to deal with legality when specifying timber in procurement procedures;
4. Support for private sector initiatives, including action to encourage private sector initiatives for good practice in the forest sector, including the use of voluntary codes of conduct for private companies to source legal timber;
5. Safeguards for financing and investment, including action to encourage banks and financial institutions investing in the forest sector to develop due care procedures when granting credits;
6. Use of existing legislative instruments or adoption of new legislation to support the Plan, including the EU Timber Regulation; and,
7. Addressing the problem of “conflict timber”<sup>4</sup>.

An essential aspect of the FLEGT process is the negotiation and entering into VPAs with

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<sup>4</sup> “Conflict timber” refers to timber associated with violent conflicts, especially where revenues from such timber benefit combatant forces.

<sup>5</sup> VPA negotiations have been concluded with Cameroon, the Central African Republic, Ghana, Indonesia, Liberia, and the Republic of Congo. VPAs are currently being negotiated with the Democratic Republic of Congo, Gabon, Guyana, Honduras, Malaysia, and Vietnam.

the governments of tropical timber-producing countries. FLEGT VPAs are bilateral agreements between the EU and these timber-exporting countries, which aim to improve forest sector governance in order to ensure that the timber and timber products imported into the EU are produced in compliance with the laws and regulations of the partner country.

Under VPAs, partner countries develop control systems to verify the legality of their timber exports to the EU. The EU provides support to establish or improve these control systems. Once ratified and implemented, the VPA is legally binding on both parties, committing them to trading only in verified legal timber products.

There are currently six countries developing the systems agreed under a VPA and six countries that are negotiating with the EU.<sup>5</sup> An additional 15 or so countries from Africa, Asia, and Central and South America have expressed interest in negotiating VPAs.

The FLEGT VPA process is classified into four phases of implementation:

1. Information gathering/sharing, stakeholder identification, and pre-negotiations;
2. Formal negotiations between the parties;
3. Timber Legality Assurance System (TLAS) development; and,
4. FLEGT licensing of verified legal timber products for export to the EU market.

In Asia, three countries have entered into formal FLEGT VPA processes with the EU; Indonesia, Malaysia, and Vietnam.

### **Indonesia VPA Process and Development of the SVLK Certification System**

Indonesia is one of the world’s largest exporters of tropical timber. The majority of Indonesian forest products are exported to China, Japan,



Korea, and the EU. Indonesia was one of the first countries to start negotiating a VPA with the EU, and it was the first Asian country to formally enter into a finalized agreement. Indonesia is currently in Phase 3 of the FLEGT VPA process and is finalizing the operation of its TLAS, which in Indonesia is known as the Sistem Verifikasi Legalitas Kayu (SVLK). Wood products from Indonesia that will ultimately be licensed as verified legal prior to export to Europe will be known as “SVLK certified.”

Indonesia entered into VPA negotiations with the EU during 2007 in order to tackle its substantial illegal logging problem and to improve market opportunities for Indonesian timber and timber products in response to new market demands for legality verification in the United States, EU, and other consumer markets. The core of the VPA process is to define the set of laws and regulations that apply to the Indonesian forest sector (the “legality definition”) and to develop control systems and verification procedures that ensure that all timber and timber products exported from Indonesia to the European Union are legal. This means that those products have been acquired, harvested, transported, and exported in line with Indonesian laws and regulations. In doing so Indonesia and the EU support improved governance, law enforcement, and transparency in the forest sector, promote the sustainable management of Indonesia’s forests, and contribute to mitigating climate change.

Indonesia actually began developing its SVLK certification system four years before VPA negotiations started. Stakeholders first began working on a legality definition to be used to audit the forest industry in 2003. This process was initially led by civil society organizations and environmental NGOs such as Telapak, the Environmental Investigation Agency, and The Nature Conservancy, and supported by the United States Agency for International Development (USAID). Inputs into this process ultimately included participation of other forest stakeholders from industry service organizations such as the Indonesian Ecolabelling Institute (LEI), The Forest Trust (TFT) and Tropical Forest Foundation (TFF). Telapak, in



particular, played a key role in securing inputs and building support for this multi-stakeholder process from the many local NGOs based in the region.

Indonesia will use its SVLK certification system for all commercial timber and timber products produced, processed, and purchased in Indonesia. This includes all exports, whether or not destined for the EU. In future this system may also cover all timber consumed domestically. Separate controls to verify the legality of imported timber are still to be developed.

The SVLK system became law in September 2009, and Indonesia began its implementation in September 2010 when it started a program of audits and capacity building across the industry. Indonesia will begin licensing products for export once it has revised current regulations governing timber export. It is planned that FLEGT licensing under the VPA will begin sometime in 2013, once both sides have agreed that the conditions for FLEGT licensing have been met and in light of the entry into force in March 2013 of the EU Timber Regulation.



“AFP has been a special place where things that people did not think could change actually changed and the most implausible things have happened in the context of illegal logging in the Asia-Pacific region. Although I was rather a latecomer to AFP, the Forum showed me how political and institutional change can come through patient and frank communication, and how more informal dialogue processes can contribute to this. I believe that AFP provides important lessons for the future, as we confront challenging multi-stakeholder situations related to forests and other environmental questions.”

— TATSUYA WATANABE  
Forest Agency, Japan  
Chair, 2011, Asia Forest Partnership

The Indonesian FLEGT VPA process and related development of the SVLK certification system are notable for their high levels of multi-stakeholder participation. At all times in the design and negotiation process, representatives of civil society, timber and forest products industry associations, and other concerned government stakeholders have been able to engage directly with Indonesia’s Ministry of Forestry, as well as contribute to the negotiations with the EU through a variety of dialogue mechanisms.

At various stages in the process, the Indonesian government has led public consultations around the country and has encouraged regional rep-

resentatives of industry, government, and civil society to comment on the evolving system. National dialogue included a series of 12 programs on national radio (Green Radio), which have included phone-in opportunities with government officials, civil society representatives, and members from the private sector. The result of this continuous multi-sectoral dialogue during the process is a national TLAS and VPA that enjoys broad support and high levels of ownership from a wide variety of stakeholders within the Indonesian forestry sector.

### Malaysian VPA Process

Nearly 60 percent of Malaysia’s land area is under forest cover. Timber products make up an important component of Malaysia’s exports and are a significant contributor to the nation’s overall economy. The country has a large number of timber-trading partners in the immediate region that include China, Indonesia, and Japan. The EU is one of Malaysia’s top three export markets for timber products, and Malaysia was one of the first countries to start negotiating a VPA with the EU. These negotiations, which have enjoyed broad multi-stakeholder participation, are currently ongoing. As such, Malaysia is currently in Phase 2 of the FLEGT VPA process.

### Vietnam VPA Process

Primarily a processor of timber for export as finished products, Vietnam is an important participant in the forest products trade in Southeast Asia, importing its timber supplies from a large number of countries in the region and exporting finished wood products such as furniture. Most of the timber entering the country for further processing is sourced from Laos, Thailand, Cambodia, Malaysia, and China. The country’s timber exports mainly target high-end, environmentally conscious markets, such as the EU, the US, and Japan. As such, Vietnam decided to formally enter into the FLEGT VPA process with the EU in 2010. This process is ongoing, with Vietnam currently engaged in Phase 2 negotiations.

# Enactment of Legislation Prohibiting the Import of Illegal Timber

In recent years, there has been a move away from the use of public procurement policies to the use of comprehensive illegal timber product import prohibition legislation mechanisms. This approach of adopting binding legislation is generally aimed at the imposition of sanctions against any entities, private or public, that import illegal timber products into a specific market.

## United States 2008 Amendments to The Lacey Act

The Lacey Act is a United States law originally enacted in 1900 to combat wildlife trafficking. It was amended in 2008 to include plant products, making it the world's first ban on the trade of illegally sourced wood products. Under the amended Act, it is unlawful to import, export, transport, sell, receive, acquire or purchase, in interstate or foreign commerce, any plant taken or traded in violation of the laws of the United States, a U.S. state, tribal territories, or foreign countries.

The law has three components:

- A ban on the trade in the United States of illegally sourced wood products (whether they come from within the United States or any other country);
- A requirement to submit import declarations on certain wood products, which shall include information on country of origin, species, volume, and value; and
- Penalties for violating the law. These penalties are potentially steep and may include jail time. The stiffest penalties are reserved for those who knowingly traded in illegal products. For those who unknowingly violated the Lacey Act, penalties depend on whether the company or individual did everything they could to attempt to buy legal products — in other words, whether they exercised “due care.”



Photo: Christian Cossalter

The Lacey Act covers the entire supply chain. Illegal activity at any point means that the product may not be legally traded in the United States. All parties are equally liable under the law, not just the one who first places a product on the U.S. market. The ban on trade in illegally sourced wood products applies to all products, except for certain scientific specimens, and common food crops and cultivars, and has been in effect since the law was passed in 2008. It includes common products such as raw logs, sawn timber, plywood, composite materials, furniture, pulp, paper, and musical instruments.

The Lacey Act requires U.S. buyers to avoid buying illegally sourced timber, but how best to accomplish that goal is left entirely to the buyers themselves. The law is fact-based, not document-based. This means that there is no requirement to have certification or verification of legal origin, but also means that there are no documents, stamps, licenses, or marks that are accepted as final proof of legality.

“AFP has successfully provided a conducive platform for meetings of experts/stakeholders on combating illegal logging and associated trade. We hope that AFP partners will continue this good work in the future.”

— DR. ABD. RAHMAN ABD. RAHIM  
Director General of Forestry,  
Forestry Department of  
Peninsular Malaysia  
Chair of the APEC Experts  
Group on Illegal Logging and  
Associated Trade (EGILAT)

The Lacey Act relies on the use of a “due care standard” for enforcement purposes. It is up to each individual U.S. buyer to determine how to best exercise due care and avoid illegal timber in the market, in accordance with its own risk profile and level of comfort with its suppliers. In practice, the steps taken to conduct due care will probably closely track those taken to manage risk properly under the due diligence requirements of the EU Timber Regulation. Some industry representatives have criticized the due care standard under the Lacey Act as being ambiguous, but this ambiguity will ultimately be resolved through ongoing enforcement of the law and interpretation by the court system in the United States, which will create precedents that those subject to the law may refer to.

The first major case related to the importation of illegal wood products under the Lacey Act was resolved in the U.S. in August 2012. The company in question, Gibson Guitar Corporation, settled a multi-year investigation with the U.S. Department of Justice by paying US \$300,000 in penalties, forfeiting over \$250,000 in seized Madagascar ebony and acknowledging that it had continued to buy certain wood products from Madagascar even after it had been warned

that they were likely to be illegal. The settlement also includes details on Gibson’s new compliance program to help ensure that it will only source legal wood in the future.

## The European Union Timber Regulation

The EU Timber Regulation (EUTR) is part of the European Union’s policy to fight illegal logging and associated trade, which was defined in 2003 under the FLEGT Action Plan, discussed above. The EUTR, which entered into force on 3 March 2013, prohibits the first placing of illegally harvested timber, and products produced of such timber, on the EU market. The definition of legal timber is based on the law of the country of harvest. The EUTR covers a large range of timber products including furniture, pulp and paper, logs, and sawn wood.

Operators placing timber or timber products on the EU market for the first time must exercise “due diligence” and have in place a due diligence system that meets the requirements of the Regulation. Failure to have the required due diligence system would be considered a violation of the EUTR. The EUTR applies to imported timber and timber harvested within the EU and to any imported timber products.

The core of the “due diligence” obligation is that operators are required to undertake a risk assessment and risk management exercise so as to minimize the risk of placing illegally harvested timber, or products containing illegally harvested timber, on the EU market. For example, this means that operators need to have access to information on their suppliers, the tree species, the country or countries of harvest of the timber and must take steps to ensure that their supply contains only legally harvested timber.

Each member country in the EU has designated a competent authority that will be responsible for the enforcement of the EUTR. Countries in the EU will also enact national rules that determine the type and range of penalties applicable in case of non-compliance with the Regulation.

The EUTR also provides for Monitoring Organizations to be recognized by the European Commission. These organizations are private entities and will provide EU operators with due diligence systems that are ready to use and that they may utilize. Operators have the option of developing their own due diligence system in order to comply with the Regulation or use one developed by a monitoring organization.

## Australia's Illegal Logging Prohibition Act 2012

This recently enacted law is intended to complement international efforts to promote legal timber trade and to restrict the movement of illegally logged timber into Australia. Detailed implementing regulations necessary for enforcing the act will not be enacted until sometime in 2013, and the law will not come into full force and effect until November 2014.

The Act defines illegally logged as "...in relation to timber, ...harvested in contravention of laws in force in the place (whether or not in Australia) where the timber was harvested." Timber that has been harvested in accordance with the legislative regime of the relevant country would be considered to be legally logged.

The Act restricts the importation and sale of illegally logged timber in Australia in the following ways:

- Placing a prohibition on importing illegally logged timber and timber products;
- Placing a prohibition on processing domestically grown raw logs that have been illegally logged;
- Establishing offences and penalties, including up to five years imprisonment, for the importation or processing of prohibited products;
- Establishing comprehensive monitoring and investigation powers to enforce the above requirements of the Act.

"Over the past decade the Asia Forest Partnership created and sustained a model for the type of interactions between public agencies, private companies, and non-governmental organizations that seem commonplace in the forest sector today. During this time members and collaborating organizations were able to bring the issue of illegal logging and associated trade into the spotlight, recognizing the complexity of the problem and moving forward, through multiple channels, to find a long-term solution. While we are not there yet, the AFP has made an important contribution in informing the public policies, corporate practices, and civil society engagement that is required for success. The Nature Conservancy is proud of its role as a founding member of the AFP and will continue its efforts in this space."

— JACK HURD  
Deputy Director, Asia-Pacific Region  
The Nature Conservancy

The Act:

- Only places requirements on Australian businesses;
- Establishes equal treatment for suppliers of timber regardless of nationality;
- Applies equally to both Australian-grown and imported timber; and
- Is consistent with Australia's obligations under the World Trade Organization.





Photo: Rhett Butler (Mongabay.com)

The law asserts a high-level prohibition on importing or processing illegally logged timber. In order to prosecute someone under this prohibition, it will need to be proven that an Australian importer or processor knowingly, intentionally, or recklessly imported or processed illegally logged timber.

Within two years of the November 2012 enactment of the legislation, implementing regulations will outline the due diligence process for importers and processors of domestic timber regarding certain timber products. Regulated timber may include raw and sawn timber, paper, pulp, and furniture. The due diligence requirements will vary according to the product being imported. The regulations will also specify exemptions (for example, antique furniture).

Additionally, penalties ranging from fines to imprisonment may be applied where an individual or a company is convicted of importing timber or timber products identified as illegally logged. Penalties are at the discretion of the court, based on existing calculation mechanisms in Australia. The maximum penalties that may be applied are:

- Five years imprisonment; and/or
- \$55,000 for an individual; or
- \$275,000 for a corporation or body corporate.

Australia has stated that it will continue to work towards alignment with the U.S. and EU regimes to minimize the impact of the legislation on businesses exporting timber to Australia.

## Looking Ahead

Countries that export timber and products recognize the growing global trend towards consumer preference, market demand, and legislative requirements for demonstration of the legality of timber sources and supply chains. The “legality bar” is being progressively raised for the forestry sector and timber trade in Asia, and elsewhere. It is likely that additional countries that import timber products in the region, such as South Korea and China, will adopt comprehensive illegal timber import prohibition legislation and/or legality assurance systems.

In addition to the increased demand for legal timber in international markets, there are also growing pressures for improved forest sector governance due to multi-stakeholder initiatives such as the FLEGT VPA process and REDD+ initiatives. Finally, international standards relating to human rights are increasingly being applied to actors in the forest sector.

What is certain is that illegal logging can now be discussed in an open and transparent manner in the region and that the use of multi-stakeholder dialogues on controlling illegal logging and sustainable forest management will increasingly be the norm rather than the exception in Asia.

As policymakers and other forest stakeholders look to the coming decade, one of AFP’s legacies is the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT), which was established in 2011 and has met twice annually in Russia (2012) and Indonesia (2013), with the following Vision and Mission:

**Vision:** EGILAT seeks to reduce levels of illegal logging and associated trade and promote trade in legally harvested forest products and thereby contribute to APEC’s primary goal to support sustainable economic growth and prosperity in the Asia-Pacific region.

**Mission:** Recognizing that APEC members account for over 50 percent of the world’s forests and approximately 80 percent of global trade in forest products, EGILAT’s

mission is to foster sustainable economic growth in the Asia-Pacific region by enhancing the efforts of member economies to take concrete steps to combat illegal logging and associated trade and promote trade in legally harvested forest products. During the period 2013 – 2017, EGILAT will focus on combating illegal logging and associated trade in timber and timber products.

The establishment of EGILAT, which includes “private sector dialogues” similar to the AFP multi-stakeholder mode, is a tangible indication of the influence and utility of AFP’s work and is providing a venue for many of the same stakeholders and institutions to carry on the work of combating and, hopefully, eradicating illegal logging across the region.

Two other multi-stakeholder processes supporting Asia’s efforts to combat illegal logging and associated trade are the Responsible Asia Forestry and Trade (RAFT) initiative and the Forest Legality Alliance (FLA).

RAFT, a consortium of NGOs and private sector partners, was established in 2006 to assist countries and companies in Asia to move their timber and forest products industries towards



legality and sustainability. Led by The Nature Conservancy and supported by USAID — and building on Indonesia's early illegal logging reforms and initiatives — RAFT worked with governments, private sector partners, and NGOs in China, Indonesia, Laos, Malaysia, Papua New Guinea, and Vietnam. After the initial phase of RAFT's work came to a close in 2011, Australia provided significant further funding support in 2012-2013, and the program continues to be a leader in promoting legal and sustainable forest management in the region.

FLA, a broad consortium of NGOs and private sector firms and associations led by the World Resources Institute (WRI) and the Environmental Investigation Agency (EIA), with support from USAID, is a multi-stakeholder initiative that focuses on providing companies with the strategies and tools they need to meet legal and market demands for timber legality assurance. Focusing primarily on compliance with the Lacey Act in the United States, the program has attracted a wide variety of private sector partners eager to find cost-effective ways to meet legality requirements.

"Japan is pleased to celebrate the 10th anniversary of the Asia Forest Partnership. Since its launch in 2002 under the leadership of Mr. Kazuo ASAKAI, Ambassador of International Trade and Global Environment, Ministry of Foreign Affairs of Japan, together with his Indonesian counterpart, and with the support of CIFOR and The Nature Conservancy, the AFP has served as a platform for multi-stakeholder discussions of various issues related to the forestry sector. It has involved 20 nations, 8 international organizations, and 20 NGOs and private sector companies and has focused on the goal of sustainable forest management in the Asia-Pacific region.

In particular, the AFP succeeded in raising the issue of illegal logging and associated trade. Today, ten years later, illegal logging still exists, but is now widely recognized as one of the most important forest-related issues needing to be addressed, and progress has been made. AFP has played a crucial role in the Asian region to catalyze a multi-stakeholder process on this issue.

The Ministry of Foreign Affairs of Japan, a major and consistent supporter of AFP activities, has hosted a number of AFP events with Indonesia and facilitated the dialogue among various stakeholders. Notably, in 2007 at an AFP meeting hosted by the Japanese Government, it was agreed that phase 2 of the partnership would have as its focus REDD+, an issue which now tops the forestry agenda around the world.

With the partnership now coming to a conclusion, Japan is proud to declare that AFP has been a great success. Japan would like to continue the dialogue that the partnership initiated and offer its assistance, be it bilateral or multilateral, towards the final goal of sustainable forest management in the Asia region."

— ATSUSHI SUGINAKA  
Global Environment Division,  
Ministry of Foreign Affairs of Japan



## Conclusion



Photo: Anders West

The AFP is an illustration of the power and effectiveness of using multi-stakeholder dialogues to improve processes for tackling a variety of issues relevant to the sustainable management of forest and other natural resources in the region and beyond. At the time of its inception, the problem of illegal logging in the region was an uncomfortable topic for many stakeholders. The AFP established a process with ownership by stakeholders in Asia, which allowed for the open sharing of evolving concerns, ideas, and creative solutions to issues faced by the forest sector in the region.

Over the past ten years the AFP's real strength has been its ability to bring partners together and facilitate multi-sectoral dialogue where information and ideas can be exchanged and new opportunities for synergy and cooperation identified. This has been accomplished through

AFP's annual meetings and other events, which attracted diverse AFP partners as well as other participants.

As the issues facing the forest sector in Asia have evolved over the past decade, AFP's multi-stakeholder partnership approach has allowed for a rapid response to change that has helped ensure the adoption of practical and effective solutions to problems as they arose. In terms of addressing the issue of illegal logging, the ever-widening adoption of illegal timber product import prohibition legislation is one of the most important evolving changes facing the sector in the region. It is now time for those in the region that originally spearheaded the establishment of the AFP to embrace this change and adopt similar mechanisms tailored to the national realities found in Asia.



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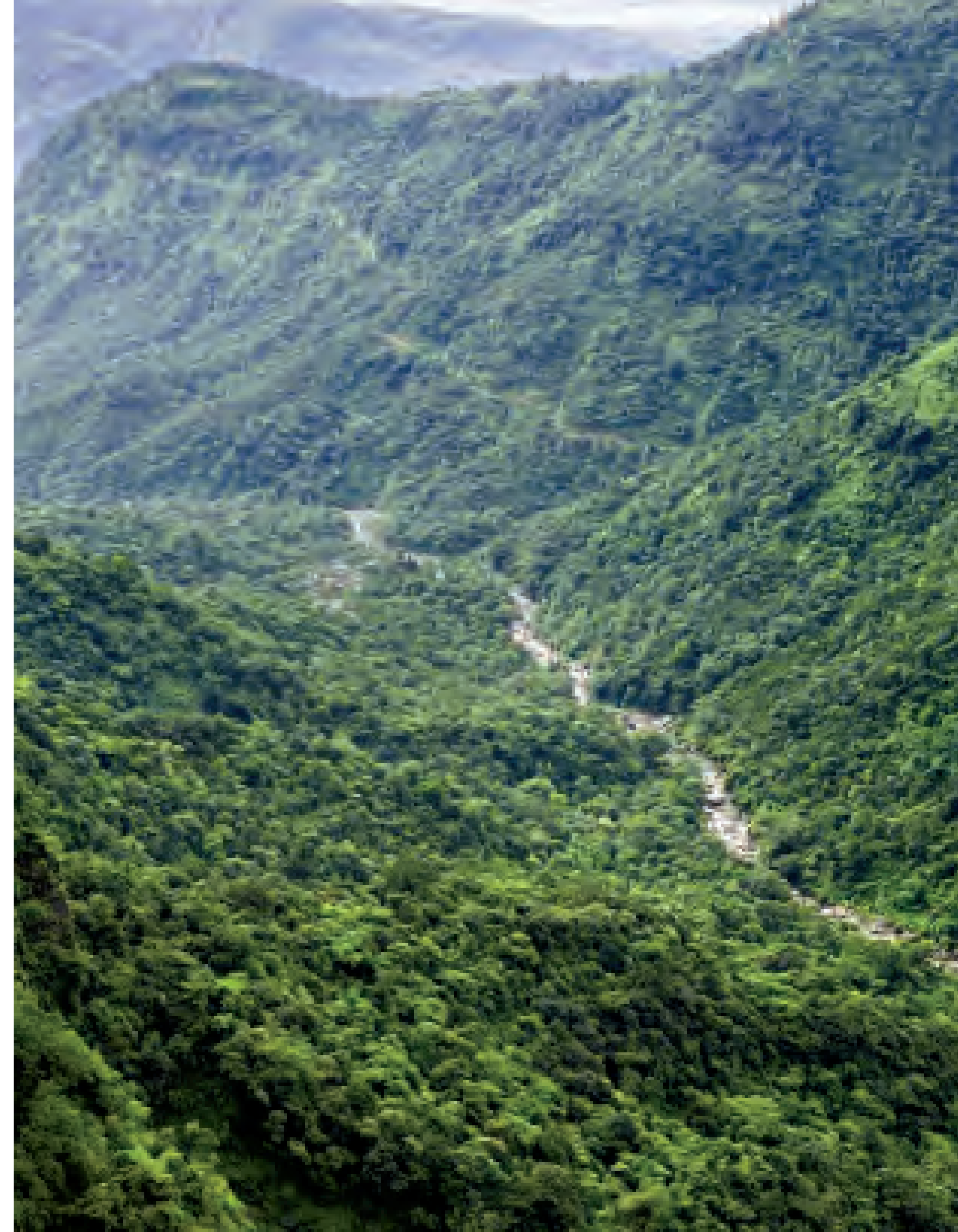
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# Combating Illegal Logging in Asia

## A Review of Progress and the Role of the Asia Forest Partnership 2002-2012

The extensive and biologically diverse forests in Asia play a critical role in providing a variety of services that millions of people depend upon for their livelihoods and social stability. By the turn of the Millennium, however, the forests of the region were acknowledged to be in crisis. Deforestation and forest degradation were rising to unprecedented rates, often as a direct result of illegal activities. There was also a dawning recognition that illegal logging was not only an environment threat, but was also contributing to conflict, corruption, and disrespect for the rule of law.

It was against this backdrop that the Asia Forest Partnership (AFP) was established in 2002 as a multi-stakeholder alliance to promote sustainable management of forests in the Asian region, with a particular focus on illegal logging. When AFP first began, governments, logging companies, and environmental activists rarely sat down at one table for frank discussions on the illegal logging problem. Today, such dialogue is considered routine, and both laws and private sector practices are changing to promote legal timber and transparency in timber trade. AFP can take considerable credit for this transformation.

This publication reviews the progress made in the Asian region in addressing illegal logging over the past decade and reflects on the significant role of AFP contributing to this progress.



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Photo on the right by Keith Barney