

**International Tropical Timber Organization
Interlaken, July 19-20, 2004**

**Civil Society Advisory Group (CSAG) and Trade Advisory Group (TAG)
Joint Workshop on Illegal Logging and Illegal Trade**

Report to ITTC

Background and Preamble:

Illegal logging and illegal trade are major concerns of both the ITTO Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG). Rightly or wrongly, much of the tropical timber trade is now characterized as illegal. This problem has serious social and environmental impacts, undermines honest industry, discourages investment in responsible forest management, and diminishes forestry's contribution to social and economic development. This is not a new problem, but one that has long plagued the forest sector globally.

For this reason, both TAG and CSAG were very pleased that the ITTC formally recognized the problem in 2001 and has begun to take steps to address it. We are both appreciative of the invitation by the Council for us to conduct Workshop on Illegal Logging and Illegal Trade, which took place on the 19th and 20th of this week, with the purpose to make specific recommendations to the ITTC and member states. We are appreciative of the contributions, encouragement and assistance of the Swiss government which make this possible.

To begin, both the TAG and CSAG would first like to highlight the following points:

- a) We recognize that all countries – producer and consumer -- have a role and responsibility in helping to eliminate illegal logging and illegal trade.
- b) We recognize that illegal production and trade is not only an issue of timber, nor an issue only for tropical countries. There are numerous problems in other sectors, and in countries in the temperate zone.
- c) While the Workshop and its recommendations focus on illegal logging and illegal trade of timber, the Workshop recognized that the issue of legality in the forest sector encompasses a much wider range of issues including: workers' rights, wildlife management and trade, gender and child labor, corruption and money laundering as well as issues of conflict timber;
- d) We recognize that one of the drivers of illegal logging is related to the fact that, in most cases, only timber brings a financial return to forest management which also cover the cost of social and other environmental obligations. For this reason, both CSAG and TAG encourage the development of other sources of revenue for forest owners such as payments for ecosystem services;
- e) The Workshop recognized that capacity building remains a critical need, and will be necessary for the implementation of all the following recommendations. In particular, capacity building needs to be extended to related sectors such as judiciary, transportation, customs, and the ITTO should ensure that all of its training support involve relevant staff from member states.

Before presenting our specific recommendations, the chair of TAG and the co-chair of CSAG would like to express our group's appreciation for the personal support of Dr. Juergen Blaser and his team at Intercooperation, Kerstin Canby of Forest Trends who served as the Secretary, and Professor Rodolphe Schlaepfer of the Swiss Federal Institute of Technology in Lausanne who demonstrated remarkable humor and flexibility in facilitating the workshop.

Specific Recommendations

The following recommendations can be addressed by the ITTO through its policy work, projects at national, regional and international levels, and activities within the ITTO workprogram – as well as independent actions by the ITTO member states themselves. These efforts need to recognize and respect sovereignty of the ITTO members and should be conducted in a manner which fosters the sharing of lessons between governments and other stakeholders.

1. Most importantly, we urge the ITTO and its member states to take even more aggressive stance in the fight to combat illegal logging and illegal trade. In particular, we encourage consumer countries to more actively cooperate with customs and enforcement agencies in producer countries to identify and address illegal trade.

2. Improve basic data and understanding of timber production and trade (national, regional and international), including extent, nature and impact of illegal logging and illegal trade

The extent and nature of illegal logging cannot be reliably estimated and addressed without better data on all aspects of timber production and trade. The ITTO has already heavily invested in the development of statistics and databases, but this has not always led to significantly improved data, accessibility or public confidence in its quality.

- Provide additional support and expand ITTO's existing initiative on trade statistics discrepancies, with the important change of encouraging collaboration in data collection with other institutions including other national agencies, NGOs and the private sector;
- Support studies on the extent and nature of illegal logging (including roles of and impacts on the informal sector and local communities) at national and regional levels with the input of civil society, private sector, and governments in order to assure balanced and fair representation of the facts.

3. Encourage transparency, improved access to information and quality of published data

Increased transparency and access to information are essential for progress in the effort to combat illegal logging and illegal trade. Governments and other stakeholders need to be able to generate and verify data in a transparent and accessible manner. This will include mechanisms for independent third party monitoring, protocols for data verification and publication of data, and ensuring easy access to information.

- Encourage country-level projects to promote transparency and access to information, in particular regarding concession allocation, mapping, management plans, revenues from taxes and fines and how they are distributed.
- Support studies to identify best practices in independent third party monitoring as a tool to combat illegal logging and promote consumer market confidence;
- Ensure that all ITTO projects to develop national-level databases and Management Information Systems include protocols for transparent data collection and verification through multi-stakeholder processes, and guarantee improved transparency and access to information;
- Ensure all ITTO data on tropical forests, forest products and trade are made publicly available in an easily accessible manner (e.g. through the Web).
- Encourage ITTO to undertake an evaluation on how its data is collected, managed and made public.

4. Support country efforts to review and/or revise laws and regulations to ensure they are efficient, enforceable and equitable; address underlying governance problems; and improve implementation

This would involve the revision or harmonization of laws and regulations through consultative processes, and recognition that any revisions should respect the rights and interests of indigenous and other local communities and the private sector (for example, by avoiding over-regulation).

- Support comparative studies and regional and international workshops to assess relevant laws and regulations (including fiscal, forest tenure, and harvesting rights policies) with the aim to identify lessons and guidance for potential revisions to legal frameworks. These should link to similar initiatives underway by other international organizations;
- Support country-level projects to help governments clarify property rights (e.g. cadastral systems, mapping, legal recognition, physical demarcation) and processes to mitigate conflicts if/when they arise (e.g. between concessions, indigenous land and protected areas)

5. Encourage national, regional and international trade regimes to promote legal trade

Actors within the financial sector, transport sector, international customs and trade arrangements, which are involved in the financing and trade of forest products, need to be involved in the development of constructive solutions to promote legal trade. There is an urgent need to reach outside the forest community to study and align national, regional and international trade mechanisms to ensure all practices promote the legal trade forest products.

- Conduct studies and associated workshops between industry, government, civil society and international bodies on the roles of trade regulatory bodies (e.g. WTO) which relate to illegal logging and illegal trade, and the responses that consuming governments may develop to combat illegal trade;
- Conduct studies and associated workshops between industry, government, civil society and international bodies involved in the transportation of timber products (e.g. financial institutions, customs, shipping, transport), with the view of identifying weaknesses which have allowed for illegal trade.
- Conduct studies and associated workshops between industry, government, civil society, financial sector and international bodies on the linkages between corruption, money laundering and other associated issues related to the finance sector and illegal logging and illegal trade, to identify actions for governments, financial institutions and other actors.

6. Promote systems to assess and verify the legality of forest products.

There is a need to encourage the assessment and development of technology and systems, including efforts by industry to improve self-regulation, enabling consumer market confidence and enhancing legitimate trade, and step by step approaches towards verifying legality.

- Support audits of existing governmental systems to analyze whether current systems are adequate, how they are being implemented and how chain-of-custody system can be improved;
- Support the development and adoption of log-tracking systems as a means of verifying legality, recognizing that effective log tracking is a necessary step towards certification.
- Support reviews of industry voluntary codes of conduct and agreements between companies and communities in order to foster the development of credible self-regulation and protocols for monitoring.

7. Promote increased involvement of local communities in forest management and trade

Recognizing that indigenous and other communities are major stakeholders in tropical forests, there is a critical need to include them in decision-making processes, as well as provide them with technical assistance to implement legal forest management and improve their ability to protect their rights. These steps will promote transparency, reduce the potential for corruption and ensure greater equity.

- Ensure all ITTO projects and studies related to illegal logging involve meaningful consultation with communities, other members of civil society and private sector;
- Conduct studies that identify best practice for the role of civil society participation in forest law enforcement (e.g. assistance with monitoring committees);
- Support national and regional studies and workshops to understand the scope of indigenous and other community forestry, policy and other regulatory barriers, and their relationship to illegal logging and illegal trade;
- Increase project support for community forest enterprises, including technical assistance to help communities understand and comply with national laws, and to develop equitable alliances with the large industry players.

Recommendations for action in the short-term

1. Conduct an international conference (with associated background studies) on the transportation of timber products, involving representatives from financial institutions, customs, shipping, and transport sectors, with the view of identifying weaknesses which have allowed for illegal trade.
2. Conduct an international conference on indigenous and other community forestry, forest tenure, policy and other regulatory barriers to management and trade, and their relationships to illegal logging and illegal trade;
3. Strengthen and expand the ITTO project window to finance private sector / civil society partnerships to advance sustainable and legal forest management and trade.

We appreciate the opportunity to jointly prepare these recommendations, and look forward to other activities to provide advice to the Council.

Participants

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