

Meeting Summary:

Timber Legality Demand-Side Measures and Cameroon Origin Wood Products: Lacey and EU Timber Regulation Enforcement Workshop

Rome, Italy

Oct 30, 2014



Introduction

This [meeting](#) was organized by Forest Trends and held in Rome on October 30, 2014. It was part of an ongoing series of workshops supporting networking and information sharing between US Lacey Act enforcement officials and EU Competent Authorities implementing the EU Timber Regulation. The focus of the one-day workshop was on Cameroonian timber supply chains entering the US and EU, featuring expert presentations on trade flows, the domestic legal context and appropriate documentation of legal compliance, risk analysis, and credible risk mitigation in the national context. This report summarizes the presentations and discussions held at the meeting.

Trade Analysis: Domestic Production, Regional Transit Trade, and Trade Flows to EU

[Paolo Cerutti](#) of the Center for International Forestry Research (CIFOR) presented data on Cameroonian timber trade flows, highlighting domestic production, regional transit trade, and direct and indirect flows of wood products to the EU. In addition to exporting domestically-produced timber, Cameroon exports significant volumes of timber harvested in the Central African Republic (CAR) and Republic of Congo. If timber from these border countries is processed by more than 30% in Cameroon, it can be declared ‘Cameroonian origin’ upon export. This leads to discrepancies when comparing Cameroon’s timber production data with international trade statistics, because a significant volume of timber declared as Cameroonian in export markets actually originated in CAR and Congo. Supply chain controls must take this into account and maintain a link to original documents from the country of harvest, which is often confused with country of ‘origin,’ the latter being a term of trade law. The credibility of the full document set must then be checked and verified.

Five species make up about 80% of Cameroon’s timber exports: *ayous*, *sapelli*, *azobé*, and *iroko*. Cameroon has a partial log export ban, so it is important for importers and enforcement officials to be aware of which species are restricted for log export. In terms of overall trade flows, certain timber species are primarily exported to China and Vietnam as logs, while other species are generally processed into sawn wood and exported to countries such as China, the UK, and Italy.

Dr. Cerutti concluded with suggestions for assessing the legality of Cameroonian timber. First, it is important to determine if the timber is from a certified management concession or under another kind of title. If the timber is from a logging title, then it must have been inventoried, authorized, and declared to the government with proper documents confirming tax payments. Second, by comparing production volumes with export volumes, it is possible to pinpoint discrepancies that may indicate illegality or a need to investigate further down the supply chain. For example, data indicates there is much more Cameroonian *iroko* in export markets than what is produced in the country, so traders dealing in this species would be advised to consider the implications of this for as part of their risk assessment in a Due Diligence System.

Discussion

The discussion focused on ebony, which is designated a “special species” under Cameroonian law. Regular permits that allow for logging in a Forest Management Unit do not permit users to log ebony, even if it is found within their legally granted concession. Instead, special ebony permits must be acquired that grant rights to log up to a certain quota – these permits are not linked to any specific concession. As a result, operators need to take extra care in tracking ebony through the supply chain to ensure it has been legally harvested with the appropriate permits.

VPA Implementation and Timber Legality Assurance System Progress

[Martin Mbongo](#) of Cameroon's Ministry of Forestry and Wildlife presented on the status of the Voluntary Partnership Agreement (VPA) in Cameroon and the development of the Timber Legality Assurance System (TLAS). As the Forest Law Enforcement, Governance, and Trade (FLEGT) Focal Point in Cameroon, Mr. Mbongo explained that the VPA was signed in 2010 and ratified in 2011. Once the TLAS system is fully functional, traders will need to go through a series of steps to verify legal compliance and receive a FLEGT license. However, the system still faces some challenges in ensuring information is properly managed and shared between the various agencies involved. Cameroonian traders also need more information to understand how best to demonstrate legality to EU operators. There is an expectation within the timber industry that the VPA and EUTR will help responsible actors increase their market share in Europe while addressing the social and environmental problems relating to illegal logging in Cameroon.

Discussion

Mr. Mbongo shared [a government web site](#) with information on Cameroon's VPA. If US or EU enforcement officials have specific questions about Cameroonian regulations or the authenticity of documents, he suggests they ask the Cameroonian embassy in their respective countries to help. In cases where official Cameroonian documents are forged, altered, or counterfeit, Mr. Mbongo confirmed that this is a violation of national law and legal action can be taken by the Forest Ministry.

The discussion then centered on the issue of conversion timber and whether wood coming off of land that was illegally converted can be legally exported to the EU. Mr. Mbongo replied that timber cannot be exported unless it has the proper documentation and proof of tax payment. However, some areas of the non-permanent forest estate were already allocated before VPA efforts began. Therefore, in some cases there may be conversion timber on the market which is legal but unsustainable. Some of these concerns are still being discussed by stakeholders prior to the full implementation phase of the VPA.

National Forest Legislation and Illegality Risks

[Horline Njike](#) of the Field Legality Advisory Group (FLAG) discussed the legal framework in Cameroon, legality risks, and what credible government documents should look like if they are to verify legal compliance. In order for Cameroonian timber to be considered legal, it must comply with fiscal and administrative obligations, forest management rules, transport regulations, and social and environmental obligations. A valid administrative document should include a header of the relevant department and name and title of the signatory. However, fraud and corruption represent major challenges in confirming the authenticity of these documents. From the perspective of FLAG, the documents need to be independently verified, including cross-checking through field monitoring.

Stuart Wilson of Resource Extraction Monitoring (REM) then discussed fraud in the Cameroonian context. As regulation has increased in the international timber trade, illegal actors are becoming more adept at producing fraudulent documents which look very legitimate. This means that in countries with high levels of corruption and weak governance, it is increasingly difficult to trust paperwork as part of a legality assessment. Field monitoring can help address this, allowing in-country observers to intervene when laws are not respected, as well as tracking institutional effectiveness through different stages of enforcement; for example the number of legal violations that are identified, prosecuted, sanctioned, and ultimately whether

finances are paid. Operators and enforcement officials need to be aware that Cameroonian documents are at risk of being counterfeit and consider this as part of a risk assessment.

Discussion

In the US, there is publically available information about who has violated US law. It would be useful if US and EU enforcement officials could access similar information on criminal violations in Cameroon to find out if someone has been sanctioned for forging documents or signing official paperwork without authorization. However, while it may be possible to access judicial records in Cameroon, when Mr. Mbongo was asked if corrupt officials in the Ministry could be sanctioned, he replied that officials are routinely fired but not subject to prosecution, although there is anti-corruption legislation in Cameroon. He then noted that it may be possible for Cameroonian government agencies to better track and make available the names of personnel that have authorization to sign official paperwork. This could be helpful to US and EU enforcement officials in assessing the legality of documents; however it would be no small task given the numbers of permits and documents implicated.

Credible Risk Mitigation in Cameroonian Supply Chains

[Ralph Ridder](#) of the Association Technique Internationale des Bois Tropicaux (ATIBT) discussed private sector initiatives and credible risk mitigation in the context of Cameroon. There are varying levels of effort in the Cameroonian timber industry to achieve legality and sustainability. At the higher end of the range are companies that have achieved third-party certification such as FSC or have at least undertaken legality audits. These companies represent about 25% of the large forest concession areas. Those companies below that threshold are operating illegally, yet still exporting to the EU. This is driving down the price of legal timber and negatively affecting responsible traders. The EUTR has triggered a market for government-issued legality documentation. However, often the least legal operators have the cleanest paperwork. This is an indication that the EUTR is not yet being implemented effectively or consistently.

Dr. Ridder then presented a web site developed by ATIBT: www.legal-timber.info. This web site provides guidance on developing a due diligence system and contains reference information about the various species and regulations relevant to the timber trade in several African countries. He concluded with several recommendations, including a plea to enforcement officials to implement Lacey and the EUTR as stringently as possible in order to create a level playing field for industry.

Discussion

The discussion focused on third-party certification and whether it represents a credible proof of legality in the context of Cameroon. It was generally agreed that certification can qualify as a useful measure within a due diligence system, but it does not qualify as automatic proof of Due Diligence or legality under the EUTR or Lacey Act.

SME Supply Chains: Risk Assessment and Mitigation Options

[Leticia Vialettes](#) of NEPCon presented a project which helps small and medium sized enterprises (SMEs) in Cameroon build capacity to meet the requirements of the EUTR and TLAS. SMEs face greater challenges than big companies in meeting legality requirements, so this project sets out to train SMEs on what a due diligence

system is and facilitate a dialogue between Cameroonian suppliers and European operators. Moving forward they are making efforts to increase awareness of the synergies between the national VPA and EUTR, train SMEs on applicable Cameroonian laws and regulations, and clarify responsibilities throughout the supply chain. One of the major concerns being addressed is whether SMEs or other actors in the supply chain will ultimately bear the cost of ensuring and demonstrating legal compliance.

Discussion

Ms. Vialettes was asked to estimate the percentage of Cameroonian SME wood that is legal, and discuss whether the greater challenge for SMEs is in operating legally or simply demonstrating the current legality of their businesses. Both are challenges according to Ms. Vialettes, and although she couldn't provide an estimate, she speculated that many SMEs are probably not in compliance with the law, partly due to a widespread lack of information.

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