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## Illegal timber: Europe's doors still wide open

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**The EU is a massive importer of illegally logged wood. Is there the political will to move beyond a voluntary approach and adopt tough legal measures?**

The illegal timber trade is thriving – and the EU, according to a recent report, is one of its biggest markets. Yet there are no laws to prevent imports and Europe's only official response to the trade is widely seen as inadequate.

Last year, the EU imported £10 billion (\$17.2 billion) of illegally logged wood, according to a [report](#) by World Wildlife Fund in July. The UK was singled out as the biggest importer of illegal timber products – often in the form of plywood, destined to be cladding on construction sites or cheap photocopy paper.

Only endangered wood species (not wood products) that appear on the global Convention on International Trade in Endangered Species (CITES) list can be seized at customs.

As Europe's biggest importers, countries such as Britain, Finland, Germany and Italy could deliver a collective blow to the illegal timber trade simply by saying "no". But an apparent lack of will in the European Commission, combined with the slow grind of Europe's regulatory machine, has left the only official European response to illegal logging, the Forest Law Enforcement, Governance and Trade (FLEGT) action plan, struggling to take flight.

The FLEGT plan, drafted by the European Commission in 2003, aims to improve governance and capacity-building in timber-producing countries, while encouraging private-sector purchasers to exclude illegal timber from their supply chain. It also promotes public "green procurement" policies to create markets for sustainably sourced wood products.

### Voluntary agreements

At the heart of the FLEGT plan are "Voluntary Partnership Agreements" (VPAs), bilateral voluntary agreements between the EU and non-EU timber exporters. Given that there is no globally agreed definition of "legal timber" and that national forestry and logging laws vary widely, the VPAs must be negotiated on an individual basis.

Once signed, they become legally binding, which means that all legal timber exports from that country can be granted a FLEGT licence. In 2005, EU border control agencies were empowered to demand the presentation of licences on wood from VPA countries.

However, the success of VPAs depends largely on political goodwill. An European Commission insider working on FLEGT told ClimateChangeCorp that, due to the absence of a clear legal support framework, if a partner country repeatedly defaults on its agreement the worst that can happen is the VPA gets scrapped.

### Undervalued, undersubscribed

So far, only four countries have entered into VPA negotiations with Europe: Ghana, Malaysia, Cameroon and Indonesia. Ghana is the only country with which the EU has concluded negotiations, with a bilateral agreement due to be signed in September. A further three countries – the Republic of Congo, Gabon and Liberia – have indicated interest in negotiating a VPA in the next year or so.

Countries involved in negotiations are concerned, however, that stricter regulation might cause the VPA country's wood products to be priced out of the market. "It is likely that when the illegal supply is cut off, the price of wood may increase, however any price increase will simply reflect the real worth of the resource," said Julian Newman at the Environmental Investigation Agency, a London-based NGO.

A spokesperson for the UK's Department for International Development (DFID) told ClimateChangeCorp that "each [country] had to be convinced that an agreement that will potentially restrict its trade could still deliver net benefits".

A report by the American Forestry and Paper Association back in 2004 demonstrated that the illegal timber trade is in fact depressing world prices of legal timber by 7%-16%, depending on the product. The [report](#) estimated that in undercutting legal timber markets, the illegal timber trade would cost the US timber market around \$416 billion in lost revenues between 2004 and 2012.

### Legal loopholes

Of course, illegal timber from non-VPA countries can still find its way into Europe. And because the FLEGT plan makes no provisions for third-country imports to the exporting country, timber products such as Chinese plywood, proven to contain illegal tropical hardwoods from Gabon, Papua New Guinea and Indonesia, can still pass through EU border controls.

Worse still, every country has its own laws relating to logging and forestry. In some developing countries, including Indonesia, Cambodia and Papua New Guinea, there appears to be an issue with systemic corruption.

The EU continues to discuss these loopholes. According to Jon Buckrell of pressure group Global Witness, what we can expect is a "systems-base approach" that places the burden on buyers of timber imports to demonstrate diligence relating to chain-of-custody and legal verification systems.

### Certified but not trusted

Such an approach could increase companies' reliance on verification and third-party certification schemes, such as those of the Forest Stewardship Council (FSC), but schemes like this do not always inspire confidence.

Noel Morrin, senior vice president for sustainability at the Swedish construction company Skanska, points out: "Not all certification schemes share the same degree of robustness and in any case, all of them are open to the risk of abuse."

Morrin says certificates can virtually be “bought off the shelf” in high-risk regions such as Asia. Consequently, Skanska’s policy is simply to avoid purchasing high-risk timber, whether or not it bears certification. Instead the company seeks out low-risk, certified alternatives. “[Skanska] has decided to avoid any form of illegal wood. While certification systems help, they are not a panacea, since even certified wood isn’t always all that it seems.”

DFID acknowledges that the fraudulent use of international certification standards was a issue, but says this is a problem “that the certification bodies need to deal with themselves”.

Pina Gervassi, a FSC policy manager, admitted: “The system isn’t perfect. With the market value that certification brings, there will always be people who try to abuse the system.”

#### **Will new proposals have clout?**

NGOs, including FERN, EIA, Global Witness and Greenpeace, say the legislative options now being considered by the EU still lack the teeth to outlaw illegal timber imports.

Instead, they advocate including aspects of the US **Lacey Act**, which was amended last August to include the Combat Against Illegal Logging Act. Under this act, it is illegal to import, export, transport, sell, receive, acquire or possess endangered plant species (as defined by the US) and their products that have been harvested and transported in violation of foreign or state laws.

This means that all shipments of timber would now need to be declared to provide transparency. If there is sufficient evidence to prove criminal activity, the shipment can be seized and the perpetrators can face penalties of up to \$10,000.

“In the US, if (buyers and traders) get caught dealing in illegal timber, they could go to jail or get hit with fines,” says Buckrell. “In this respect, the Lacey Act effectively encourages due diligence, placing pressure on the timber traders to find out exactly where their timber products are coming from. If they don’t, they risk getting caught out.”

With two years to hammer out the finer details, the NGOs hope that aspects of the Lacey Act may find their way in to EU legislation. But an amendment to make the trade in illegally harvested timber an offence would challenge European political and legal tradition, which generally avoids extending its judicial jurisdiction beyond its own borders.

The EU’s continuing reluctance to simply outlaw the import of illegal timber and timber products is a source of frustration for NGOs and other stakeholders, who say legislation should have been introduced years ago. “The European Commission’s inertia has directly contributed to a further three to four years of illegal deforestation,” claims Sebastian Risso, EU forestry campaigner at Greenpeace.

In the meantime, the FLEGT plan will rely on the goodwill of timber-exporting countries to volunteer to partner with the EU – a process that is agonisingly slow and has yet to prove its worth.

#### **Facts:**

The EU’s FLEGT was created in response to a call for action at the Forest Law Enforcement and Governance (FLEG) East Asia Ministerial Conference in 2001. The conference, hosted by the World Bank, brought together nearly 150 participants from 20 countries, representing government, international organisations, non-governmental organisations (NGOs), and the private sector to discuss forest law enforcement in relation to governance, forest policy and forest management.

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