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Energy, Environment and Resources Summary

22nd Illegal Logging Stakeholder Consultation and Update Meeting

8–9 July 2013

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LIST OF ABBREVIATIONS

CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DDS	Due Diligence System
DG Environment	Environment Directorate-General of the European Commission
EUTR	European Union Timber Regulation
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
FTI	Forest Transparency Initiative
IM	Independent Monitoring
IM-FLEG	Independent Monitoring of Forest Law Enforcement and Governance
LAS	Legality Assurance System
LCDS	Low Carbon Development Strategy
MRV	Monitoring, Reporting and Verification
NGO	Non-governmental organization
PUP	Private Use Permit
REDD+	Reducing Emissions from Deforestation and Forest Degradation (the plus referring to the role of conservation, sustainable management of forests and enhancement of forest carbon stocks)
SFM	Sustainable forest management
SVLK	Sistem Verifikasi Legalitas Kayu (Indonesia's Timber Legality Assurance System)
TTF	Timber Trade Federation

INTRODUCTION

Held at Chatham House on 8 and 9 July 2013, the 22nd Illegal Logging Update and Stakeholder Consultation meeting brought together some 280 participants from a broad range of stakeholders and countries. The meeting was held with French and English simultaneous interpretation.

Discussions at the meeting centred on the following issues: implementation of the EU Timber Regulation (EUTR) and its impact on the timber trade; progress with the Voluntary Partnership Agreements (VPAs), including a session focusing on the negotiations in Guyana; ongoing efforts to tackle illegal logging in a number of countries, as well as remaining challenges; and policy options to improve the sustainability of agricultural commodities that impact on forests.

This report summarizes the presentations and related discussions held during the two-day event.¹

KEYNOTE SPEECH: DR PETER HOLMGREN, DIRECTOR GENERAL OF THE CENTER FOR INTERNATIONAL FORESTRY RESEARCH

Chair: Robin Niblett, Chatham House

Peter Holmgren, CIFOR Director General, introduced the meeting by proposing that forests be regarded from a broader landscape perspective. With rapid global economic development over the last 50 years, and with further growth anticipated, pressure on forests is expected to increase as a result of the demand for forest products as well as other commodities. Yet within the world of forestry, the focus remains primarily on production and on efforts to improve sustainability, rather than on how to reduce consumption and ensure more efficient use of forest products.

Further, it was highlighted that only 2% of global deforestation is attributable to logging, the rest being linked to land-use change. Competition for land is mainly stimulated by trade and investment in agricultural crops and minerals, with trends pointing at increasing trans-border and regional trade. All this will need to be kept in mind when defining our focus and priorities over the coming years. Big challenges lying ahead include guaranteeing food security, tackling poverty, addressing climate change, maintaining biodiversity and achieving green growth with equity.

It is important to work out how to overcome sector-specific silos and instead cooperate to achieve joint action across sectors and commodities. There continues to be very little cross-fertilization, the result being a patchwork of solutions rather than an integrated approach dealing with landscape-level solutions.

In conclusion, it was noted that we have seen substantial progress in efforts to halt deforestation and forest degradation, with the Voluntary Partnership Agreements (VPAs) getting unprecedented traction, and with the EU Timber Regulation (EUTR) and US Lacey Act helping to shut down the market for illegal timber. However, the tropical timber trade represents a relatively small part of global trade, and so there is a case for a landscape approach that helps address sustainable development more broadly, with a view to achieving more effective laws and regulations for sustainable natural resources management.

Questions and discussion

Concerns were expressed about the consequences of mineral discovery in some countries with weak governance, and the possible exclusion of indigenous peoples from decision-making. Mr Holmgren emphasized in his response that all commodities, including minerals, have to be taken into account when conducting an analysis at a landscape level. How to achieve the optimal land use is a very difficult matter, and the process will depend on the given conditions and on who the affected stakeholders are. A landscape approach must start by looking at the needs and interests

¹ The PowerPoint presentations from this meeting are available on the event web page: <http://www.illegal-logging.info/content/22nd-illegal-logging-update-and-stakeholder-consultation-meeting>

of local communities and at indigenous communities' rights. He underlined that a landscape approach should not replace initiatives in the forest and agriculture sector, but rather reinforce them by providing a more coherent context within which decisions are made.

SESSION 1: TRADE IN ILLEGAL TIMBER

Chair: Alison Hoare, Chatham House

Two presentations were given in this first session. First, John Bazill, of the Environment Directorate-General of the European Commission (DG Environment), offered an overview of progress with the EU Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreements (VPAs).

The number of countries engaged in VPAs with the EU continues to increase. Six VPAs have now been concluded, and a brief update was provided for each:

- Ghana: The development of a National Wood Tracking System is now under way after some initial delays, and verification manuals are being drafted. Current challenges include maintaining the momentum to keep stakeholders – and specifically civil society – engaged in the process.
- Cameroon: Work is under way to develop regulations to establish procedures for legality verification, transparency and anti-corruption measures. A National Multi-stakeholder Committee is now in place and an annual report will soon be publicly available. The private sector has expressed concern about operators within the EU asking for more information related to the EUTR than that which is included in the agreed VPA legality definition.
- Central African Republic: With the country in political and humanitarian crisis, progress has halted in the VPA negotiations. Civil society is still active, however, and has put forward proposals for legal reform – with a particular focus on social and environmental issues.
- Republic of the Congo: The VPA has now entered into force and an annual work plan has been agreed. Progress is being made to develop a Legality Assurance System (LAS) and legality verification procedures have been established. A communications plan is ready and a [public website](#) is up and running.
- Liberia: Although the VPA is still to be ratified, the LAS is already under development and a VPA support unit is envisaged. Concern remains about the legality issues regarding Private Use Permits (PUPs).
- Indonesia: The signing of the VPA has been delayed until late 2013. Timber exports to the EU have reportedly increased as a result of the implementation of the country's Timber Legality Assurance System (SVLK), which is helping reassure EU operators of the legality of their purchases. Extending SVLK coverage to a critical mass of small operators including furniture manufacturers remains a challenge.

A further nine countries are currently negotiating or have expressed interest in VPAs: Gabon, the Democratic Republic of the Congo (DRC), Côte d'Ivoire, Malaysia, Vietnam, Thailand, Laos, Guyana and Honduras. Other countries considering engaging in VPAs include Cambodia, Mexico, Guatemala and Burma (Myanmar).

From the EU side, there is a new member state, Croatia, and so this country will also be implementing the EUTR.

Guillermo Navarro, of the International Union for Conservation of Nature (IUCN), presented the results of an analysis, commissioned by the European Forest Institute (EFI), of the international wood products trade in the Central American-Dominican Republic region. The study aims to

provide baseline information on trade dynamics for eight countries², to analyse export and import administrative procedures and trade discrepancies, and to make proposals for a methodology on monitoring the wood products trade in the region.

The authors encountered substantial challenges in obtaining comprehensive, reliable data. However, it was possible to identify significant discrepancies when comparing the imports and exports being reported by countries. This was illustrated by a number of examples from the region. Possible causes include classification criteria, typing errors and fiscal evasion, but there is insufficient evidence to suggest that these discrepancies are due to illegal logging. None the less, they have the same consequence – namely a lack of credibility in the control systems.

The study also presented data on the main international export markets for timber products from the region, and the main sources of imports of wood products. For export markets, Southeast Asia is the most important, followed by the United States; while the United States and then South America are the main sources of imports. The Central American-Dominican Republic region exports timber products worth \$8.5 million annually to the EU, from which it imports wood products to the value of \$114 million.

Questions and discussion

A number of questions were raised with regard to the topics discussed in this session. Concern was expressed about illegal logging potentially being shifted to Asian markets as a perverse consequence of VPAs. Mr Bazill underlined that the EU can only regulate its own trade and cannot impose legal requirements on other markets. However, in all VPAs signed so far there is terminology that encourages or recognizes that the same system for the EU could also be used for timber going to other markets. Moreover, all VPA countries have hitherto chosen to use the system they are setting up under a VPA agreement to cover all exports.

Furthermore, there is dialogue between the EU and the People's Republic of China, and a number of activities have been taking place involving that country – including a study trip for a Chinese delegation to Malaysia to learn about the VPA process. Dialogue with Russia is also ongoing.

SESSION 2: CONSUMER- AND PRODUCER-COUNTRY MEASURES

Chair: Vincent van den Berk, EFI

Fu Jianquan, of the Chinese State Forestry Administration, gave a presentation about China's efforts to tackle trade in illegal logging, also reporting on cooperation initiatives being developed in the country.

There has been much activity related to US-China cooperation. A mechanism has been set up to exchange data between the two countries, with Indonesia included as a third party. China is also collaborating with the EU, Russia, and other countries and regions.

Some of China's current work to address illegal logging includes: piloting the Chinese Timber Legality Verification Scheme; developing a guide to sustainable forest products trading and investment; strengthening the domestic administration of the timber processing industry; reinforcing the administration of endangered wood species imports; building a Chinese forest certification scheme; and increasing international communication.

The second presentation in this session was given by Duong Thi Lien, of the Vietnamese Research Institute for Sustainable Forest Management and Forest Certification. This provided some perspectives on efforts to tackle illegal logging in Vietnam, a key wood-processing country.

As Vietnam is negotiating a VPA with the EU, opportunities and challenges lie ahead. Opportunities include strengthening measures to prevent illegal logging, while at the same time maintaining the

² Belize, El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica, Panama and the Dominican Republic.

export market share. The challenges include poor law enforcement and the fact that timber is being imported from a wide range of countries with different control systems. A Forest Stewardship Council (FSC) national standard is currently being drafted, and this is raising awareness about sustainable forest management (SFM).

Ms Duong Thi stated that in order to address the root causes of illegal logging, forest owners should have clear land-use rights and a say in decision-making processes. Those rights should come with the responsibility of observing all applicable legislation, including implementing an approved management plan.

Sam Lawson, Associate Fellow at Chatham House and independent researcher, gave the third and final presentation in this session. He showed the findings of a study conducted for Chatham House measuring illegal logging and associated trade, and countries' response to this issue. The results from Thailand, South Korea and India were presented.

For Thailand, the analysis suggests that high-risk imports have remained static since 2003, and that trade discrepancies are significant. The majority of the high-risk imports are consumed on the domestic market; whereas the timber for export is generally low-risk, coming from plantations.

In the case of South Korea, imports are picking up after a number of years of decline. The country has the highest per capita rate of illegal wood imports of all the countries studied so far, sourcing wood from the Russian Far East and Southeast Asia, and also taking significant imports of Chinese plywood and Indonesian pulp. Quite a large percentage of high-risk imports will potentially be covered by VPAs, so their implementation would have a positive impact.

India has seen a dramatic increase in imports in recent years. It is the fifth largest importer of illegal wood, although per capita illegal wood imports are low. It sources logs mainly from Burma (Myanmar) and Sarawak, and pulp and paper from Indonesia. The majority of imports have relatively simple supply chains, coming direct from producer countries, and so this will make it easier to address illegality.

Hitherto, there has been little recognition of the problem of illegal logging by the governments of these countries, and the response from the private sector has been slow. All three countries must therefore enact import controls and procurement policies, and work with consumer countries to trigger joint action.

Questions and discussion

The first question concerned the definition of 'illegal' that the Chatham House study uses. Mr Lawson explained that the study relies on different sources of information, and uses a broad definition that includes not only timber that is illegally exported, but also illegal resource allocation, money-laundering and violations of communities' rights.

Mr Jianquan was asked whether the guide on forest investment and trading would have a significant impact, given its voluntary nature. He responded by noting that while it is not legally binding, it has been successfully piloted in a number of countries, earning the support of international NGOs.

In response to a further question about what China is doing to control the rosewood trade and to comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Mr Jianquan confirmed that the country is now making efforts to revise the national standard for rosewood; and that China currently has many species classified as rosewood, not all of which are included in CITES annexes.

Lastly, a comment was made regarding the fact that China often speaks about its commitment to improved practices, yet this is not being seen on the ground – for example in the Republic of Congo, where Chinese companies are regarded as one of the poorest performers in the sector. Mr Jianquan replied that the Congo is a very important partner for China, but noted that there is currently insufficient communication between the two countries and that China does not have a

good understanding as to what is happening on the ground. He suggested that communications need to be improved, and that customs and forest departments from both countries should define a mechanism to promote effective cooperation.

SESSION 3: VPA UPDATE: GUYANA

Chair: John Hudson, Independent Consultant

Tasreef Khan, of the Guyana Forestry Commission, opened the session with a presentation about Guyana's engagement with the EU FLEGT VPA. The government of Guyana decided to enter into VPA negotiations in March 2012, with a first negotiation session taking place in December of that year.

A first draft of a legality definition was presented in March 2013. This received initial comments from the EU, and a workshop organized in the same month gave indigenous groups an opportunity to engage. An updated draft is currently being produced and will be disseminated for public comment. A list of products to be covered by the VPA has also been proposed and will be subject to national consultation. The current proposal is that the VPA should initially cover only exports to the EU, with the possibility of subsequently amending the agreement to include exports to other markets. A three-year road map has been proposed, although its implementation will depend on the availability of resources and on the agreement of all stakeholder groups.

A second presentation was given by Mohindra Chand, Senior Vice-President of the Forest Products Association of Guyana. He offered some reflections on the broader framework within which Guyana is operating, of which FLEGT is one of many forest- and climate-related initiatives. He observed that Guyana is at a good starting point for the VPA, with much progress having been made in meeting international requirements for initiatives such as Reducing Emissions from Deforestation and Forest Degradation (now REDD+) and the Low Carbon Development Strategy (LCDS). This is complemented with important achievements in terms of SFM in Guyana, as well as a low deforestation rate. Challenges remain, however, among which a shortage of skilled labour, high operating costs, an unstable export market, and poor and costly shipping facilities.

A participatory approach is being developed that includes initiatives such as the LCDS Multi-stakeholder Steering Committee, the Monitoring, Reporting and Verification (MRV) systems developed under REDD+, the FLEGT National Technical Working Group and a dedicated Land Use Committee. More remains to be done to improve stakeholder awareness and consultation, and to incentivize good practices – all of which will in turn improve governance.

The third presentation was given by Autry Haynes, Chief Executive Officer of Guyana's Indigenous Peoples' Commission, and focused on the country's efforts to build competence and promote the rights of indigenous peoples within an EU FLEGT framework.

Mr Haynes described the current situation as one of shifting dynamics, particularly in relation to the value of extractive materials and of ecosystems services. In this context, his organization is working to protect and promote the rights of indigenous peoples in Guyana. This is challenging, given the remoteness of the communities and the difficulties of accessing their lands.

Indigenous peoples may not be directly exporting timber products to the EU market, but they are critical to the process as rights holders: some 9% of Guyana's population is indigenous, and many communities now have recognized rights over their lands. The Amerindian Act is of particular relevance in this context, as it provides for collective rights and self-determination.

Work is being done to increase the capacity of indigenous peoples in Guyana, with a view to building the autonomy of communities so that they can be effective guardians and managers of their resources.

The final presentation in this session was given by Derrick Rowan John, Chairman of the National Toshao Council (NTC). The NTC provides a platform for 150 democratically elected indigenous leaders from the Guyanese regions.

Indigenous peoples own about 14% of Guyana's land mass. Communication is challenging, as these peoples belong to nine different tribes, each with its own language. This is relevant to the FLEGT context, in which efforts are being made to reach out to them. Guyana is interested in FLEGT as it could increase access to markets, enhance product value, improve the monitoring system and strengthen the capacity of indigenous peoples. The NTC has been actively engaged in the VPA negotiations and will continue to be so.

Eusi Anderson, representing Guyana's Ministry of Legal Affairs, was also present. He did not give a presentation, but responded to some of the questions from the audience.

Questions and discussion

The first point made highlighted the need to involve the opposition parties in the VPA process, as this has not been the case hitherto. The need to establish a good dialogue was acknowledged by the government representatives, who also noted that the VPA will need to go to Guyana's National Assembly for approval.

Following up on this, there was a question about what plans Guyana has to ensure that indigenous peoples are given the authority and the rights to participate meaningfully in the VPA. In response, it was noted that Guyana has recognized the need to have a multi-stakeholder process, and that it was up to the stakeholders themselves to decide who should be part of the working group.

A comment was then made questioning the robustness of Guyana's chain of custody, since several studies have found serious flaws in the system. The effectiveness of the consultation processes mentioned by the presenters was also questioned. It was noted that there had been no consultation on the LCDS before it was published, and that people are blacklisted in the press if they speak out. In addition, although the land titling process was built into the constitutional agreement of 1966, it has not been concluded, suggesting a lack of interest in this matter on the part of the government. Flaws with the implementation of the Amerindian Act were also noted.

The challenges of ensuring real consultations pose a serious problem for the VPA process, as does the lack of clarity about the recognition of tenure rights. In addition, the fact that only exports to the EU are being considered risks illegality continuing in the supply chains for other markets. Last, concern was expressed that all the presenters had given the same impression, and that the perspective of those stakeholders who are worried about the situation in Guyana was not given.

There was agreement from the presenters that the system should control all exports, not only those going to the EU, but that resource constraints limit making as much progress as would be desirable. Guyana is making efforts to find greater synergies among stakeholders and to resolve some long-standing questions, such as that related to land tenure rights for Amerindian people.

SESSION 4: IMPLEMENTATION OF THE EUTR

Chair: Jade Saunders, Chatham House

Emily Unwin, of ClientEarth, opened the session with a presentation about how the EUTR has been working in practice after entering into force in March this year. She highlighted that the due diligence system (DDS) imposes an active obligation on the operator, rather than being linked to the product. This has important implications in terms of the claims that can be made. For instance, stating that a product is 'EUTR-compliant' is not possible.

The presentation summarized the three main elements required to exercise due diligence: access to information, risk assessment and risk mitigation. Operators can develop their own DDS, use one of a third party, or rely on a recognized monitoring organization. If they choose this last, the legal responsibility of having a system in place rests with the monitoring organization, not with the operator – although the responsibility for exercising due diligence correctly always lies with the operator.

While a VPA licence and CITES permit automatically mean that a product is considered legal under the EUTR, the same is not true for any other certification or due diligence scheme. These serve as tools to comply with legality, but do not automatically guarantee legality under the EUTR.

EU member states are at different stages of implementation, and they are adopting different penalty regimes. More time is required to make an assessment about the effectiveness of the EUTR.

Following this presentation, Anand Punja, of the UK Timber Trade Federation (TTF), offered some reflections on how the EUTR may impact UK trade. The United Kingdom is the world leader in responsible sourcing, with 87% of all TTF timber certified in 2011. There is an estimated 3-6% of market that is still high-risk, mainly including hardwood and plywood.

Early research suggests a significant decrease in hardwood imports in March and April 2013. Whether this is a direct result of the EUTR is not easy to say, and the data should be treated with caution as other factors may be impacting on this trend. Poor construction demand in early 2013, freight costs and better prices from non-UK markets could also explain these figures.

TTF conducted a survey among its members. Half of the responses indicated that the EUTR has had a minimal impact on both large companies and small and medium-sized enterprises, all of which have adapted relatively well. Around half of the responses confirmed that members have not changed products or the regions in which they were operating prior to the EUTR. Members expressed a need to improve understanding of the documents required to prove legality, highlighting the challenge of identifying false documents. There was also an appetite to see the completion of the process to approve monitoring organizations, and to engage with industry to support the development of solutions to the challenges ahead.

Neil Everett, of Carnstone Partners LLP, presented the Publishers' database for Responsible Environmental Paper Sourcing (PREPS). Although printed paper is outside the EUTR product coverage, members of PREPS have shown an interest in responsible sourcing, sometimes because they produce other paper-based materials that do fall under the EUTR, or because they want to improve the sourcing of all their products. Together, PREPS members represent a large proportion of the printing sector.

Work has been challenging, as the publishing supply chain is usually complex, including a large number of intermediaries and sources. PREPS has been engaging direct with paper mills around the world in order to obtain the level of information needed. It now has an online database, which is updated every year, with more than 600 paper brands. This tool takes into account several risk criteria, such as the tree species, forest source and the transshipment process. PREPS is currently gathering information relevant to the EUTR, and is looking at FLEGT-licensed timber for future risk mitigation. Further progress is needed on traceability systems, so that supplier details and proof of purchase are available when a robust chain of custody is not in place. All this information will then be gradually connected to the PREPS online tool, so that it is available to all publishers.

The last presentation of the session was given by Robianto Koestomo, of the Indonesian Exporters Association, and dealt with the progress achieved by the country's private sector in supplying verified legal timber products to meet EUTR requirements.

Through Indonesia's SVLK verification system, more than 37,000 licences have been issued in the first six months of 2013. The producers involved supply 144 countries, with the United Kingdom, the Netherlands and Germany representing the main markets within the EU. In view of this, Mr Koestomo stated that Indonesia has done its job and is now waiting for implementation of the EUTR. He questioned whether the EU was serious about this, given that signing of the VPA has again been delayed to later in 2013. He envisaged a new era in which the import and export of only legal timber is the norm; and he called on EU member states to buy, trade or sell only legal timber products – and to source them from Indonesia, where there is now a guarantee of legality.

Questions and discussion

The first question raised was whether there has been any change in producer countries after the EUTR entered into force, or whether implementation would lead to real change in the future. In countries such as the DRC, corruption continues to be a reality and having documents is not enough to prove legality. In response, it was noted that laws take time to work, but the expectation is that the impact of the EUTR will be increasingly felt. However, it was acknowledged that much work remains to be done in the EU in order for implementation of the EUTR to be fully effective, especially at member state level.

A second question sought clarification regarding whether PREPS members only buy paper from sources identified as being of low risk. The answer was no: it is only a tool available for members to use at their own discretion. In response to the question as to whether PREPS members would support having printed paper included in the EUTR, Neil Everett responded that he thought they would.

SESSION 5: EFFORTS TO REDUCE DEFORESTATION IN OTHER AREAS

Chair: Alison Hoare, Chatham House

The session began with the chair announcing Chatham House's re-developed [Illegal Logging Portal](#) website, featuring an improved design, updated content and better search facility. Feedback from users is welcome and will be useful for its further development.

The opening presentation was given by Giuliana Torta, of DG Environment. She presented a study that it had commissioned on the impact of EU consumption on deforestation, published in July 2013. The study is part of the European Commission's work to identify policy options to reduce deforestation and forest degradation, in order to tackle climate change and biodiversity loss.

The study analyses deforestation but not forest degradation, so its findings have to be understood with this in mind. A methodology was developed to calculate the amount of deforestation embodied in raw commodities and their resulting products. The study found that, at 36%, the EU was the largest importer of deforestation embodied in crops and livestock products traded between regions in the period 1990–2008. East Asia was the second largest importer during this period. The most important commodities in terms of their impact on forests were soybeans from Brazil, Argentina and Paraguay, meat products from Brazil, cocoa and other crops from West Africa, and palm oil from Indonesia.

One of the most important options to lessen the impact of EU consumption on forests would be to reduce food waste, while changes in food consumption patterns – specifically a decline in meat consumption – would reduce the need for additional land. Some policy proposals include: developing a FLEGT-type Action Plan for other commodities; labelling food products to reflect their deforestation footprint; increasing the import tariffs of commodities linked to deforestation; and attach sustainability criteria for commodities imports. These options, and any others that are proposed, will be discussed through consultations and dialogues with producer countries. Input via the Illegal Logging Portal is also welcome.

Duncan Brack, Associate Fellow at Chatham House, presented a study produced jointly with Forest Trends concerning the application of consumer-country measures to agricultural commodities, in particular to palm oil, soy, beef, leather and cocoa.

The simplicity or otherwise of introducing consumer-country measures for agricultural commodities depends on a wide range of factors, such as whether certification schemes already exist and the structure of supply chains. A number of options were assessed, including: public procurement policies, which have a good record in the case of timber products but have not been widely employed for food; the use of tariffs, not pursued for timber and not without controversy; biofuel policies, which include sustainability criteria and demonstrate how it is possible to discern trade between vegetable oils; trade agreements, such as VPAs, where there have been positive impacts even in the absence of timber licences; due diligence requirements, such as those under the

EUTR; financing and investment, which has proved to be a difficult area for progress in the case of timber products; and additional options such as encouraging private sector action and exploring an EU Action Plan for sustainable agriculture, governance and trade.

The final paper on this study will be available soon, and a workshop on the issue is being organized by Chatham House to take place in the United States in September 2013.

Sam Lawson presented research conducted for Forest Trends that assesses illegality in the conversion of forests for large-scale commercial agriculture and related trade. This study is an attempt to make a first quantitative estimate.

The study found that, at present, the largest driver of tropical deforestation is illegal land conversion for large-scale commercial agriculture. This is the case in both Latin America and Southeast Asia, and current trends indicate that the same will soon apply in Africa. Examples include: Indonesia, where most of the deforestation is fuelled by conversion to establish oil palm and timber plantations; Brazil, where most of the deforestation is linked to cattle ranching and soya plantations; and the Republic of the Congo, where the largest oil palm project in the Congo Basin could treble the existing nationwide log production.

A number of solutions were proposed, including: the promotion of degraded land strategies to encourage agro-companies to plant on degraded land; applying lessons from timber-related initiatives that focus on improving governance; and harnessing existing measures for timber – especially VPAs, but also the EUTR and the Lacey Act. Although the initial focus should be on legality, there is a need to look more broadly at sustainable land use, as a focus on legality is unlikely to be effective in the long term.

Kevin Woods, of Forest Trends, closed the session with a presentation on the political economy of timber trade flows in Burma (Myanmar). He described the variety of timber sources (including timber from natural forest areas, official production areas, land conversion, plantations and community forests) and trade routes, and how these call for different approaches to address illegality.

Illegality is a huge problem in Burma. Those companies that are allocated most of the concessions are linked to the military, and discussions of certification have achieved virtually no progress in practice. A ban on log exports is reportedly being breached, with vast numbers of logs being exported overland to China, and with India also buying large amounts of timber.

Defining what legality is in the context of Burma is crucial yet contentious, and can only be achieved by focusing on governance and rights – with active participation of local civil society and an increase in the quantity, quality and availability of government data. The simple narrative offered by Burma's government should not be relied on.

Questions and discussion

The first question focused on the issue of how to work with legality in the absence of the rule of law in Burma. Kevin Woods confirmed that this is a very challenging matter, and that human rights and international laws should be looked at as possible entry points. It is a very exciting time for the country, and one in which civil society and the government could work together to identify much-needed reforms, as currently most logging is illegal in Myanmar according to the national legislation.

A comment was made about the Republic of the Congo, where much attention has been given to the relationship between forests and climate change. The importance of ensuring that we have a consistent international response to deforestation was highlighted. Initiatives such as VPAs or the EUTR will have little impact if other countries and regions are not implementing similar measures. Furthermore, the Republic of the Congo has signed a VPA and adopted a REDD+ plan, yet deforestation is continuing. Concern was expressed as to whether the country has a real chance to stop its forests disappearing, especially in a context in which international demand for timber continues.

Ms Torta offered additional comments on the EU study, stating that a number of companies are framing their strategies around the exclusion of deforestation-related commodities. A striking conclusion from this study is that EU consumption requires double the amount of land that we have in Europe. Over the last couple of years much work has been done to address food waste in the EU. Further communications about the issue of consumption-related deforestation are planned before the end of 2013.

SESSION 6: APPLICATION OF NEW TECHNOLOGIES TO TACKLE ILLEGAL LOGGING

Chair: Hugh Speechly, Department for International Development

Matthew Steil, of the World Resources Institute (WRI), introduced the Forest Transparency Initiative (FTI) and Global Forest Watch 2.0.

Through the FTI, governments, the private sector and third parties disclose, and have access to, information related to forest management. In using different sources of information, this acts as a 'validation' process, and the intention is that improved transparency will help identify governance issues and so drive forest reforms. The data structure has been set up in a manner that makes it easy for third parties to import and use the data as required. An obvious example of where the FTI could be of use is the VPA legality requirements, as it can provide real-time information about what is going on in a country. The initiative is currently being tested in the Republic of the Congo. The next step is to scale it up to include other countries and link it to timber trade and legality processes, with a major outreach campaign among user groups.

Global Forest Watch 2.0 is building on more than 15 years of experience to provide high-quality information through deforestation alerts, annual deforestation changes in forest cover and land-use classifications. It can provide stakeholders, including governments, with a powerful tool to combat illegal logging. Feedback is sought for the beta version of the [website](#), which will continue to be tested and improved over time.

The second presentation was given by Jerome Lewis, of the Extreme Citizen Science (ExCiteS) Research Group at University College London. He outlined the work of ExCiteS to develop an Android smartphone application for monitoring the social aspects of FLEGT in the Republic of the Congo.

The initiative stems from the group's observation that while there is much focus on legality, the social dimensions generally receive far less interest, with forest peoples struggling to articulate their concerns about the big transformations that they are seeing around them. The project has developed an intuitive, image-based application that helps local people describe their experience with logging companies in terms of consultations and any agreements made. Local communities play a role in deciding who can see the information – with free, prior and informed consent prevailing in all cases.

The main challenges include the time required to roll out this initiative, and provision of the necessary technical support. Furthermore, developing long-term sustainable data-collection and effective advocacy strategies are among the issues that will need to be addressed.

Questions and discussion

Mr Steil was asked whether there are plans to link these tools with other institutions beyond governments – for example, those of certification schemes. The answer was positive, and Mr Steil stated that one important activity from now on is being able to connect these databases in order better to serve the needs of end users.

Another question posed revolved around there being many institutions collecting GIS data, and whether there could be an export protocol that enables everyone to import and export data easily.

WRI operates under Creative Commons, and acknowledges the need to have data-sharing protocols so that other stakeholders can use the information.

The final question for Mr Steil concerned the degree of government openness to share information about logging concessions. Mr Steil stated that WRI has a long-standing partnership with the governments of the Congo Basin to improve the quality of data and build an integrated GIS system. He also noted that there has been a shift in information-sharing, with transparency becoming the default. The proposed approach is to start with less sensitive data and concessions, and from there to move incrementally to include more sensitive information.

A question was posed to Mr Lewis about the use of technology in the absence of a robust electricity network or reliable phone reception, and about how to ensure sustainability of this initiative in the long term. Mr Lewis said that the technology used includes a Japanese pan charger, which enables phones to be charged in approximately two hours using a pan of boiling water. Regarding reception, phones are designed to upload information whenever they detect a network. On the issue of sustainability, ExCiteS hopes to work with local partners to make the project sustainable. So far, the work done in the Congo has been a pilot project only.

There was a further question as to what is the broader narrative within the project that ExCiteS is operating. Mr Lewis responded that the initiative has been developed to help inform the Independent Monitoring of FLEGT (IM-FLEG). This is what motivates local people to provide information, as they see it as feeding into the national institutional context.

SESSION 7: PROGRESS IN TACKLING ILLEGAL LOGGING IN THE DEMOCRATIC REPUBLIC OF CONGO, PAPUA NEW GUINEA AND THE REPUBLIC OF CONGO

Chair: Duncan Brack, Chatham House

The final session began with a presentation by Sam Lawson, based on the Chatham House study *Illegal Logging and Related Trade: Indicators of the Global Response*. Preliminary results were presented from the Democratic Republic of the Congo (DRC), Papua New Guinea and the Republic of the Congo. These three countries are among the world's largest tropical forest nations and largest tropical timber exporters, as well as being among the poorest and most corrupt. Papua New Guinea differs from the other two in that its exports to sensitive markets are less significant. However, the proportion of the DRC's exports to sensitive markets is rapidly declining.

With substantial levels of illegal logging reported for all three countries, the response from the respective governments remains poor: in the Republic of the Congo, work is being done to improve the situation, with implementation of the VPA under way; the DRC is confronted by the biggest challenges, with forest law enforcement structures fundamentally flawed; and in Papua New Guinea, while it has quite a good legal framework, enforcement is weak.

Proposed recommendations include a better response to the Independent Monitor reports in the Republic of the Congo, improving the legislation in the DRC, and starting VPA negotiations in Papua New Guinea. Consumer countries should in turn refrain from buying timber from these countries unless it is verified legal or certified, and they should ensure that the paperwork is genuine.

The second presentation in this session was given by Lambert Mabiata, of the Cercle d'Appui à la Gestion Durable des Forêts (CAGDF), and dealt with the fight against illegal logging in the Republic of the Congo.

Mr Mabiata presented some cases of illegalities and showed how, through Independent Monitoring of Forest Law Enforcement and Governance (IM-FLEG), these have been reported and action has been taken. Thus, IM has become a tool to alert and mobilize stakeholders, and is one of a number of initiatives that are bringing new perspectives to address illegal logging. Others include FLEGT itself, a national legality verification system being developed under the framework of the VPA, and the FTI initiative presented by WRI in Session 6.

Engagement in FLEGT has been positive, as it has shown recognition of existing weaknesses in the institutional and judicial system, and has raised awareness of the challenge of illegal logging. However, only the market – especially that of the EU – will be able to stop illegal logging. The country has been pursuing FLEGT licences and expects them to be available by 2015.

Jonathan Gant, of Global Witness, presented the organization's latest work in the DRC and Liberia: an investigation of so-called shadow permits. This has shown how small permits that were designed for artisanal use are being abused for industrial logging. Thus, what could be a good mechanism for community management is instead resulting in significant loss of revenue for the state.

The situation in the DRC has not improved significantly since Global Witness reported an absence of meaningful controls and legal ambiguity in a 2007 investigation. A boom in shadow permits in the period 2010–12 and persistent legal problems in the concessions system, together with a lack of oversight, mean that sourcing timber from the DRC should be undertaken with extreme caution.

While the government of the DRC has cancelled some of the shadow permits and the granting of these has ceased at a national level, some companies continue to operate with shadow permits issued by provincial authorities. Furthermore, the export ban is not being rigorously implemented by customs, while illegalities have been reported in almost all of the remaining concessions visited by the Independent Monitor. There is an urgent need to implement the export ban effectively, to increase transparency and to reinstitute the Independent Monitor in the DRC.

Liberia is experiencing a parallel process, with the widespread illegal allocation of PUPs – these currently covering 23% of the country. Although the Liberian government initially reacted strongly to this situation, it has since faltered. Furthermore, companies have started illegally to pursue Community Forest Management Agreements instead.

The final presentation was given by Sam Moko, of Greenpeace in Papua New Guinea. He reflected on the challenges that the country faces in defending the forests and the benefits that they provide for local people, in a context in which customary land ownership is recognized and strong laws exist but are rarely enforced.

The timber sector is still largely dominated by Malaysian companies and log exports to China, with illegal logging thriving on corruption, poor governance and under-resourced enforcement and monitoring. The current rate of illegal logging is unclear, with trends pointing to a shift from logging to the conversion of land for agriculture. In particular, Special Agricultural and Business Leases have become the largest land-grab in Papua New Guinea's history, and most of these have been granted without the consent of customary owners. The result is that large areas are subleased to foreign companies under the guise of agricultural projects. It is recommended that these leases be thoroughly reviewed, and those found to be illegal be immediately cancelled.

A new, more progressive government provides some hope for a fresh approach to forestry, and a solution could come from a planning system that delivers provincial land-use agreements. Until this is addressed, the government of Papua New Guinea should issue a moratorium on all new land-use approvals and should ban log exports.

Questions and discussion

There was some discussion of the challenge of informal artisanal logging for the forest sector in many countries. It was noted that there are many different types of artisanal logging – some of which supplies local needs, but some that is on a large scale for export. A variety of strategies is needed in order to address this situation, so that livelihoods will not be negatively affected. In particular, legislation allowing for community forestry should be pursued as a matter of priority.

The challenge of limited resources to enforce the law was noted. However, it was commented that if all outstanding fines were paid, this could make a substantial contribution towards the sector's finances which could be used for monitoring and enforcement.