
Illegal Logging and the Illegal Wildlife Trade: Synergies and Lessons

25 September 2018

Chatham House, 10 St James's Square, London SW1Y 4LE



Introduction

On 25 September 2018, Chatham House hosted a workshop designed to bring together key stakeholders from the communities working to combat illegal logging/illegal trade in timber and the illegal wildlife trade. The workshop was opened by Zac Goldsmith MP, the UK's Champion for the international Illegal Wildlife Trade Conference scheduled for 11–12 October 2018. The purpose of the workshop was to discuss common challenges, to explore synergies between ongoing attempts to tackle both forest and wildlife crime, and ultimately to feed conclusions into the conference itself.

Illegal logging/trade in timber and the illegal wildlife trade share several common elements. Both flourish in situations where governance and law enforcement are weak, and where corruption levels are high. Both often involve criminal networks and organized crime. Illegal timber and illegal wildlife are often traded along the same routes and are sometimes moved by the same people. Both types of illegal trade are driven largely – though not only – by demand in countries other than those in which the forests and wildlife are situated. Both damage the environment, economy and social fabric of the countries concerned.

There are differences too. The trade in illegal timber exists alongside a larger trade in legal timber; considerable efforts have been made to devise means of distinguishing between legal and illegal products in consumer markets. While a multilateral agreement – the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) – exists to regulate the international trade in wildlife and is in effect one of the main instruments used to combat its illegal trade, no equivalent global framework exists for timber (other than for those tree species listed under CITES; most tree species are not listed). Instead, a series of bilateral agreements and measures by individual consumer countries have been developed with the aim of excluding illegal timber from international trade.

While there are overlaps, in practice the debates around illegal logging and illegal wildlife trade have tended to take place in different forums, involving different people and often different solutions. The purpose of this workshop was to bring members of these communities together in the hope that they could learn from each other. This document summarizes the discussions and suggests broad lessons.

Key messages

- Governance improvements – reforms to the framework of laws, policies and institutions – can offer an important means of combating illegal logging and the illegal wildlife trade. Measures can be slow and frustrating to implement, but they can address deep-seated problems of fragile institutions, inadequate legal systems and corruption which, if left unresolved, can all undermine efforts at improving law enforcement.
- The process of negotiating and implementing the Voluntary Partnership Agreements (VPAs) between the EU and timber-exporting countries has already helped to improve standards of forest governance in countries such as Indonesia and Ghana. External pressure – for example, through facilitating trade in timber with the EU through the VPAs – can be helpful in triggering governance reform.
- A collective multi-stakeholder approach to reforming governance is essential, building a shared vision around the legitimacy of the system for tackling illegality and a framework for continuous learning and improvement in policies and institutions. This is radically different from what normally happens. It requires the real involvement of – not just consultation with – civil society, the private sector and local communities alongside government in decision-making and legal and policy reform. In turn, this requires support to ensure that all stakeholders can participate on an equal footing, stakeholder commitment to meaningful participation in decision-making, and improved transparency and access to information.

- Coordination between government agencies is essential for effective law enforcement on the ground, and there is value in having special units established to coordinate action. NGOs have a useful role to play in supporting law enforcement, including in monitoring illegal activity, collecting intelligence, providing technical support and training, and promoting awareness.
- Efforts at law enforcement could be improved by treating ‘environmental crimes’ as crimes. This involves widening the range of statutes that can be used against criminals – for example, ensuring that laws relating to conspiracy, bribery, corruption, fraud, organized crime and racketeering can be applied. Anti-money-laundering techniques – in effect, ‘following the money’ – can help to combat both illegal logging and the illegal wildlife trade, but are seldom deployed. This issue could be raised within the Financial Action Task Force (FATF), which could encourage member countries to conduct risk assessments, investigate and trace financial flows, and take action to freeze and seize the proceeds of wildlife and forest crime. Additional resources would be needed to realize the benefits of these approaches.
- The US Lacey Act and the EU Timber Regulation (EUTR) aim to exclude illegal timber and wildlife from consumer markets. While their prohibitions on placing illegal products on the market are valuable, the incentives and requirements they create for companies to scrutinize their supply chains may have longer-term effects in ensuring that illegal goods are excluded from the market, and that companies invest in securing sustainable and legal supplies.
- A range of measures are available to reduce the demand for illegal timber and wildlife, including sales and import bans, procurement policies, certification, education and awareness-raising. Such approaches can have value under the right circumstances, but they need to be coherent with supply-side measures. Where possible, legal alternatives need to be available to consumers for purchase. Initiatives on the wildlife side have tended to focus on sales and import bans, and on changing behaviour through awareness-raising, while measures on timber have tended to concentrate on means of verifying product legality or sustainability. These efforts to identify legal or sustainable products are likely to be more effective when there is a significant level of trade in the products concerned, and in turn this can help to leverage improvements in governance.

Governance

The concept of ‘governance’ refers to the framework of laws, policies and institutions which govern a country or a sector such as forestry. Strategies aimed at improving governance in order to combat illegal behaviour have been an abiding feature of the debate around illegal logging at least since the first Forest Law Enforcement and Governance ministerial conference in Bali in September 2001. The concept of treating ‘governance’ and ‘law enforcement’ as separate (though overlapping and mutually reinforcing) components was maintained in the EU’s Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan adopted in 2003. To a certain extent, this is an artificial distinction: initiatives such as the involvement of local communities in monitoring illegal behaviour, or reform of laws to improve the ability of enforcement agencies to investigate and prosecute environmental crimes, could be considered as falling into either category. Nevertheless, a focus on governance can help to identify policy options that go beyond law enforcement strategies to address deep-seated drivers of illegal behaviour.

Initiatives to improve the governance environment include those aimed at changing legal and policy frameworks, as well as those intended to reshape norms and processes, such as strengthening access to and involvement in decision-making, improving transparency, and enhancing community rights and engagement. This is radically different from what normally happens. Positive change requires the real involvement of – not just consultation with – civil society, the private sector and local communities in decision-making and legal and policy reform. In turn, this requires support to ensure that all stakeholders

can participate on an equal footing, stakeholder commitment to meaningful participation in decision-making, and improved transparency and access to information.

Attempts to implement these reforms tend to be complex, fraught with difficulties and slow to show results. This is one reason why they are sometimes overlooked in initiatives to combat environmental crime, particularly where rapid results are desired. This tends to lead to a more limited focus on improving law enforcement on the ground in producer countries, and on making greater efforts to interdict illegal international trade. Focusing on governance, however, can stimulate deeper and longer-term improvements in the policy environment which render law enforcement more effective.

Forests: Voluntary Partnership Agreements (VPAs)

The bilateral VPAs with timber-producing countries lie at the heart of the EU FLEGT Action Plan. By September 2018, VPAs had been agreed with eight countries and negotiations were under way or due to start in a further nine; together these 17 countries account for about 80 per cent of tropical timber production.¹ Under the terms of a VPA, each partner country must establish a timber legality assurance system to ensure that timber products are produced legally; only legal products can be licensed for export. The EU has legislated to require the presence of the FLEGT licence before it permits the entry of timber products from the partner country to the EU market. In November 2016, Indonesia started to issue FLEGT licences to accompany its timber exports, its timber legality assurance system having been judged adequate by both parties to the VPA. To date it is the only partner country to have issued licences, although Ghana is expected to follow soon. In general, legality assurance systems have proved to be more complex and difficult to establish than originally anticipated.

Despite this slow progress, the process of negotiating the VPAs has itself led to improvements in governance. In most cases, VPA negotiations have included the adoption of multi-stakeholder processes to agree operational definitions of ‘legal timber’. All the VPAs contain commitments to regulatory and policy reform to make forest laws and regulations clearer and more comprehensive. They also contain commitments to improved transparency and stakeholder involvement. A further feature of VPAs is their provision for independent auditors to check the integrity of the legality assurance and licensing systems. In some cases, independent monitors from civil society also scrutinize the forest sector and illegal activities more broadly. The EU has provided capacity-building assistance to support the negotiation and implementation of VPAs.

Implementation of the Ghana and Indonesia VPAs has resulted in significant improvements in forest law enforcement and governance in both countries. These include: measurable declines in illegal logging; increased participation by civil society stakeholders; improvements in the transparency and accountability of forest administrations; recognition of community rights; the protection of small producers in the transition to the new legality regime; support for sustainable forest management (not just legality verification); enhanced public regulatory capacity; reductions in arbitrary administrative discretion in permitting and granting concessions; and new mechanisms for exposing corruption. Four key lessons can be drawn from these experiences:

- A multi-stakeholder process including domestic civil society (supported by the EU and international NGOs) to define ‘legality’ – including not just fiscal, forestry and environmental regulations but also labour, health and safety laws, and indigenous community rights – and agree on a process for legal and policy reform has proven valuable for building a consensus around the legitimacy of the timber legality regime. Given sufficient support, all stakeholders have been able

¹ The eight countries with which VPAs had been agreed are Cameroon, the Central African Republic, Ghana, Honduras, Indonesia, Liberia, the Republic of the Congo and Vietnam. The nine with which negotiations are ongoing or anticipated shortly to start are Cambodia, Côte d’Ivoire, the Democratic Republic of the Congo, Gabon, Guyana, Laos, Malaysia, Myanmar and Thailand.

to engage with each other on a more or less equal footing. Technocratic policymaking has thus been converted into a participatory approach.

- There is a need both for greater transparency – the VPAs themselves have required the publication of a wide range of information on forest concessions, management plans, audits and monitoring reports – and for independent monitoring of the timber legality assurance schemes.
- It is important to address the interests of local forest communities, and ensure that enforcement of timber legality does not come at their expense. Potentially effective measures in this respect include formal benefit-sharing and access agreements, incentives to convert illegal behaviour into legal activities, and monitoring of the impacts of VPAs on local communities.
- Each VPA's joint implementation committee of national and EU representatives has a key role to play as a platform for accountability and problem-solving. It can empower domestic NGOs and other stakeholders to highlight problems about the workings of the VPA and set in motion regular collaborative processes for developing acceptable solutions.

Overall, where they have worked, the VPAs have built a common narrative among stakeholders and a shared vision for governance reforms that can inspire continuous improvement. Not all the VPAs have yet achieved this, and in some countries negotiation and/or implementation has been slow and difficult – a tribute, perhaps, to the far-reaching reforms that VPAs are intended to stimulate. In general, questions over rights of land tenure and access, including issues around old permits and licences, have proved difficult to resolve. In most VPA partner countries, significant work remains to be done. The VPAs do, however, create a framework within which such issues can be addressed.

The presence of external encouragement, in the form of trade preferences, for countries to enter into VPAs has been another important dimension of the process. FLEGT-licensed timber is given a 'green lane' entry into the EU market, without the need to follow the requirements imposed by the EUTR (see below). Some countries without any significant trade with the EU have, however, also entered into VPA negotiations, recognizing the value of this approach to combating illegal logging.

Wildlife

Governance improvements have also been implemented as a means of combating poaching and illegal trade in wildlife, but the topic has not been as central a feature of the debate as it has been for forests and illegal logging. In most countries, wildlife is not treated as an economic sector in the same way as forestry is. Given the wide range of animals, plants and habitats in each country, all subject to different pressures, it is perhaps less easy to focus a discussion on the appropriate national institutional, legal and policy frameworks. In addition, while ownership of or access to forests is a frequently contested issue, the issue of 'ownership' of wildlife raises very different questions. In some countries, the owner is the state; in others, there is no owner. At the same time, the spread of farming and/or captive breeding of some species is raising additional questions about the rights of private owners.

As well as this, an overall legal framework, in the shape of CITES, regulates the international trade in endangered species of wildlife. Because there is no equivalent for timber (other than the tree species listed in CITES; most tree species in international trade are not listed), this in turn has helped to focus the illegal logging debate on national-level and bilateral solutions. CITES itself, however, regulates trade in two very different ways. For the most highly endangered species, listed in the agreement's Appendix I, all direct use is rejected and commercial trade is essentially banned. Under this prohibitionist approach, Appendix I species that could theoretically be harvestable in effect become potential liabilities to their custodians. This reduces the incentives to develop stronger custodial institutions, and results in species being maintained mostly as aid-dependent public goods. (The approach contrasts with that of the

Biodiversity Convention, which regards all biological resources as national assets and seeks to compensate for the protection of global public goods through transfer payments, though so far with limited impact.) Appendix II, meanwhile, lists species for which a substantial level of trade is permitted. The Appendix II framework treats harvestable species as assets in the same way that forest laws tend to consider timber as a harvestable commodity, thus supporting the principle of sustainable use. Appendix II can be considered a trade-enabling mechanism that incentivizes the development of institutions to regulate the trade.

For species in either appendix, export permits can only be granted if the national CITES management authority is satisfied that the trade will not be detrimental to the survival of the species. In most cases this ‘non-detriment’ process has tended to prioritize scientific factors related to sustainability over the legality of the acquisition of specimens; often the exporter is simply asked to provide some form of relevant evidence, and the question of legal ownership is not always scrutinized in detail. However, the CITES parties are now attempting to define more carefully what is meant by the process of legal acquisition. A workshop was held in June 2018, and a paper with suggested guidance for parties is due to be discussed by the CITES Standing Committee in October.² This is similar in some ways to the process undergone in VPAs to define what is meant by legality; the CITES proposal suggests a narrower range of laws than has been included in the VPA definitions, restricting itself to laws relating to wildlife conservation. This question is of direct relevance to the VPAs, as the EUTR provides for ‘green lane’ entry to the EU market for timber accompanied by CITES export permits. In similar manner to the EUTR, the draft guidance suggests that CITES parties should exercise due diligence when presented with a CITES permit where they have reason to believe that the specimens may not have been legally acquired.

In several countries, efforts have been made to improve the protection of wildlife by directly engaging with local communities. Such efforts seek to understand and give voice to local communities’ perspectives, and to create incentives to protect the species in question. Schemes include, among others, the ‘First Line of Defence’ initiative of the International Union for Conservation of Nature (IUCN), which explores the extent to which communities align (or not) with the perspectives of those who design and implement wildlife projects and those who set policy. The Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) in Zimbabwe, and similar initiatives in other countries, have had some success in working with local communities to realize financial benefits from effective stewardship, and to help communities to manage their land and wildlife for future generations. Yet many challenges remain in attempting to convert the value of wildlife into tangible land use incentives that favour conservation, that match rights with responsibilities and that ensure all stakeholders are fairly represented at the negotiating table.

Law enforcement on the ground

When it comes to efforts to combat illegal logging and poaching, and the trade in illegal products, through improving law enforcement, there are clear parallels between the two topics. The challenges of detecting and stopping illegal behaviour are very similar for forests and for wildlife. Common problems include: inadequate legislation; a lack of equipment and resources; limited training opportunities; difficulty in accessing modern enforcement tools such as intelligence-gathering, analysis and forensic science support; and a limited appreciation among prosecutors, the judiciary and policymakers of the seriousness of forest and wildlife crime. Poorly targeted and misdirected law enforcement actions can place undue burdens on local communities, undermining support for law enforcement and sound natural resource management.

² Convention on International Trade in Endangered Species of Wild Fauna and Flora (2018), *Guidance for Verifying the Legal Acquisition of CITES Specimens to be Exported* (Seventieth meeting of the Standing Committee), Sochi, Russian Federation: Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, <https://cites.org/sites/default/files/eng/com/sc/70/E-SC70-27-01.pdf> (accessed 3 Oct. 2018).

Enforcement agencies may not be able to keep up with new techniques used by criminals, such as communicating via social media.

Corruption is a key component of both illegal logging and poaching, particularly where high-value species of timber or wildlife are involved. Bribes may be paid to enforcement agencies to ignore illegal logging, poaching or exports of illegal products, or to avoid or reduce sentences. Government officials may be bribed to issue permits, ignore illegal activity, or even allow the use of official facilities such as vehicles in criminal undertakings. Corruption criminalizes local people, who tend to be the primary target of law enforcement actions, while helping to protect members of the elites that are behind the crimes.

Law enforcement may also be held back by fragile institutions and legal systems. In many states, multiple systems of laws – national, presidential, departmental, local, customary – exist side by side, the result of over-regulation, under-regulation and inappropriate regulation all occurring at the same time. This opens up opportunities for corruption and fraud, and can lead to tension between the authorities and local communities, particularly where formal and customary laws conflict. This underlines how governance improvements may often be the essential underpinning of effective law enforcement.

Local NGOs as well as international NGOs (such as the Environmental Investigation Agency) can play a key role in tackling illegal behaviour. A potentially productive area of NGO activity is in documenting and exposing how illegal business is carried out, including naming the chief perpetrators. In 2005, for example, NGO efforts helped encourage the Indonesian government to launch an unprecedented enforcement operation against illegal logging. Hundreds of suspects, including military and police officials, were identified. However, while the operation reduced levels of illegal logging, none of the named officials were prosecuted.

NGOs and local communities also have important roles to play in monitoring illegal activity and the functioning of mechanisms such as the timber legality assurance systems to be set up under the VPAs. In Indonesia, civil society is formally recognized as an independent monitor of the timber legality system, and the regulation also recognizes a role for the public in whistleblowing and providing information. NGOs can also provide support directly to enforcement agencies. For example, the Wildlife Crime Unit in Indonesia (an initiative of the Wildlife Conservation Society) provides technical support and training, collects intelligence (for example, through mapping criminal networks), provides legal advice, and promotes awareness through the media.

Cooperation between law enforcement agencies is essential to success. Brazil's decision, in 2004, to appoint a single office to coordinate action in tackling illegal logging led to enforcement operations that resulted in the levying of US\$4 billion in fines, 700 arrests, the seizure of 1 million cubic metres of tropical timber, and the confiscation or destruction of 11,000 properties, pieces of equipment and assets. However, forest and wildlife law enforcement officers often lack parity with their counterparts in customs and police services, and are often ill prepared to respond to organized crime. In some countries, specialized multi-agency units for tackling forest and wildlife crime have been deployed; these sometimes include anti-corruption agencies.

Dealing with illicit trade as crime

Illegal logging and the illegal wildlife trade are generally seen as 'environmental crimes', but there is a strong argument for treating them as any other crime. They affect not only the natural environment but also social welfare, cultural heritage, civil stability and financial systems; they are often linked to transnational organized crime and corruption, and sometimes to armed conflict and terrorism. Criminal profit, not the mere avoidance of trade regulations, motivates these crimes, and they cannot be committed without the commission of other offences such as money laundering or false declarations.

Organized crime groups are attracted to illegal logging and illegal trade in wildlife because these tend to be low-risk and high-profit activities. Consumers of the illicit products often do not view their consumption as illegal or immoral, or cannot distinguish between legal and illegal products. The illegal trade also offers significant money-laundering opportunities. Environmental crimes generally attract lower penalties (often only administrative in nature). Also, as discussed above, relevant enforcement agencies may lack investigatory powers, authority and resources. The mainstream law enforcement community may not view such activities as serious crimes or even, sometimes, as recordable offences (one side-effect of this is a lack of data on the scale and scope of criminality).

Greater impacts may be achieved by applying other laws, such as those dealing with counterfeiting and forgery; smuggling and customs violations; evasion of tax, import and export duties and currency controls; bribery and corruption; fraud; organized crime and racketeering; forced labour and modern slavery; human trafficking; conspiracy; and money laundering and asset recovery and seizure. A wide variety of offences are likely to have occurred in instances of trade in illegal timber and wildlife. Prosecuting such offences would make it easier to demonstrate defendants' guilty knowledge and intent, and would encourage judges to impose more appropriate sentences. If these approaches are to be effective, however, additional resources will be required for law enforcement agencies.

Money laundering: follow the money

The strategy of 'following the money' using anti-money-laundering legislation has been widely deployed in criminal investigations in recent years. Although it has a clear potential application to wildlife and forest crime, in practice it is infrequently used. When illegally traded wildlife or timber is seized, often at border crossings, no attempt is usually made to trace the flows of money behind the activity – whether these are connected with the origins of the products, payments for equipment and transport, or transfers of profits. Similarly, techniques such as controlled delivery, accessing computer systems or wire-tapping – all common in money-laundering investigations – are infrequently used. Even where national Financial Intelligence Units (FIUs) attempt to follow transfers of funds, they may be thwarted by a lack of international cooperation. In a recent case of illegal logging in Indonesia, over US\$100 million had passed through a Papuan police officer's bank account. The Indonesian FIU followed the transfer of funds from Indonesia to Hong Kong and mainland China, but neither FIU responded to requests for cooperation.

The intergovernmental Financial Action Task Force (FATF) has published a series of recommendations to help member countries tackle money laundering. These include advising countries to conduct risk assessments, investigate and trace financial flows, and freeze and seize the proceeds of crime, regardless of the category of crime committed. Wildlife and forest crime should fit into this process, but in reality they seldom do. If the FATF were to recommend that member countries at risk of illegal trade in wildlife or timber investigate the likelihood of money laundering connected with these activities, they would be subject to its process to review the effectiveness of the measures taken. If countries failed to take the necessary measures, they could be subject to escalating levels of compliance action, potentially ending up with blacklisting, which could lead to losing investment and/or access to international banking and other financial arrangements.

There is a clear opportunity for a member country, such as the UK (for which the Treasury is the relevant agency), to propose that the FATF recommend that member countries raise the profile of wildlife and forest crimes, and that they treat them as predicate offences for money laundering in the same way as they do other crimes. So far, countries such as the UK may have been reluctant to take this step because they do not see the illegal wildlife trade as a direct threat to their own jurisdictions; but it would be a valuable measure, particularly if accompanied by an offer of assistance to the countries in question.

Keeping illegal products out of consumer markets

Once produced or acquired, illegal timber and wildlife are often traded internationally to consumer markets in other countries, to consumers who may not care or know that the products they are buying are illegal in origin. CITES provides a global framework to regulate the international trade in wildlife, and the VPAs between the EU and timber-producing countries have the potential to do so for timber, though to date only one country, Indonesia, is operating a licensing system. Given the weaknesses of CITES, and the partial coverage so far of the VPAs, additional efforts have been made in a number of main consumer countries to exclude illegal products and make it easier to interdict their trade.

In the US, it is a violation of the Lacey Act ‘to import, export, transport, sell, receive, acquire or purchase’ any fish, wildlife or plant ‘taken, possessed, transported, or sold’ in violation of any federal, state or foreign law, treaty or regulation. The underlying law can be any relevant regulation, not just a criminal one, and the defendant need not personally have violated it. The Act originally applied only to wildlife but was extended to cover timber in 2008. It has been used in a wide range of cases to prosecute the import of illegal wildlife and timber to the US. The penalties applied include imprisonment and fines. These vary in accordance with the degree to which the defendants knew, or should have known, that their activity was illegal; though even if the defendant had no knowledge, the products themselves are forfeit, and any vehicles and equipment used to transport them can also be seized.

Where a violation is suspected, investigators typically inspect the shipping containers and relevant import and export documents to determine whether export and import declarations match each other and what has actually been transported. Company wage records and banking information may often reveal the existence of illegal behaviour unreported to the authorities in the country of origin. The sharing of customs and other information between the US and the exporting country is always beneficial. In many ways, Lacey Act prosecutions do what the earlier discussion in this meeting summary argued for: treat environmental crimes as crimes.

The EU Timber Regulation (EUTR), which entered fully into force in 2013, aims to exclude illegally sourced timber and wood products, whether produced domestically or imported, from the EU market. It is an important complement to the VPAs, helping to reassure VPA partner countries that imports to the EU from non-VPA countries will be subject to scrutiny. It provides an incentive to negotiate and implement a VPA, given the ‘green lane’ provision for the import of FLEGT-licensed products. The EUTR has two main provisions: (i) that those first placing timber on the EU market must not sell illegally harvested timber (the ‘prohibition’); and (ii) that they must actively scrutinize the risk that the timber has been illegally harvested (‘due diligence’). To date, the prohibition element has not been used in a prosecution and may never be; proving the illegal origin of products is difficult and will require corroborative information from the country of harvest. This element may therefore act more as a signal of intent than as a practical enforcement tool.

The due diligence element is likely to have a more lasting impact, requiring companies to put in place systems to minimize the likelihood of their handling illegal products. Companies are required to obtain full information on the products they handle, including the countries and regions of harvest, and the legal status of the products along the entire supply chain. The regulation defines five broad categories of relevant legislation: the right to harvest; payment of fees and taxes; forest management and biodiversity conservation; land use and tenure rights; and trade and customs laws. The presence of a document verifying legality is helpful but not necessarily conclusive. To date, the implementation of due diligence systems has helped to make information about both timber supply chains and company practices more visible. Checks on operators by EU member state competent authorities are steadily increasing, and infringements have been the subject of financial penalties and court cases. Greater resourcing and further international collaboration, both within and outside the EU, would improve the enforcement of the

EUTR. This is beginning to happen. The EUTR has clear potential over time to improve companies' scrutiny of the products they source.

Another means of keeping illegal products out of consumer markets is of course to increase the supply of legal products. There are many ways of supporting legal and sustainable production of timber, involving both domestic producers and investors from overseas. The role of China, the world's largest consumer of timber and a major investor in timber production in several African states, is particularly important here. The Chinese government has issued guidelines for Chinese enterprises operating and investing in timber production in other countries, but it does not yet, however, possess an effective system for excluding imports of illegal timber from abroad.

The involvement of the private sector in all these mechanisms can be important – not just the companies producing, exporting and importing timber and wildlife, but others such as shipping and trucking companies, technology companies, and banks and financial institutions.

Demand-side measures

Demand-side measures aim to reduce demand for illegal timber or wildlife products by making it easier for consumers to choose legal products, by persuading them not to purchase wildlife products at all, or by persuading them to purchase alternatives – thereby reducing the rewards for criminal behaviour. A range of measures are available, including sales and import bans, public procurement policies (for government buyers), responsible purchasing policies (for private buyers), legality verification, sustainability certification, and education and awareness-raising.

Regulation can also be effective. The due diligence provision of the EUTR, for example, requires timber operators to scrutinize their supply chains to make it less likely that they will handle illegal timber. While the Lacey Act does not explicitly require the implementation of due diligence systems, it creates an incentive for companies to behave in a similar way; several successful enforcement actions have resulted in judges requiring the defendants to implement specified steps to ensure that they exercise 'due care' in sourcing their products in the future.

The success of these types of measures depends heavily on the context in which they are implemented. Between 2004 and 2012, for example, the EU fell from being the world's largest importer of tropical timber to the fourth-largest, while China climbed rapidly in the opposite direction; EU demand-side measures against illegal timber accordingly became less effective on the global scale. Market economics matter: from a short-term perspective, forest preservation rarely makes sense to producers when it is more profitable to convert forests (often illegally) to agricultural production such as palm oil.

It is important for consumer and producer countries to work together in implementing demand-side measures. Forest certification schemes, such as those of the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), now cover 10 per cent of global forest area and about 25 per cent of global wood supply; both public and private procurement policies commonly use these schemes as evidence of legality and sustainability. Certification is less common in developing countries, however, and poses particular problems for small forest owners and in contexts where forest ownership is fragmented; relying on certification to exclude illegal products may therefore prove inequitable in practice.

Identification schemes such as these are much less common for wildlife than for timber, largely because of the more disparate nature of the markets. Some companies, including businesses involved in traditional Chinese medicine and some fashion companies (using, for example, reptile skins), have been more sensitive than others to the need to supply legally acquired products; in general, the pet trade and

entertainment parks using animals (sometimes masquerading as zoos) seem to be less sensitive. Some endangered wildlife specimens or products are bought for largely psychological reasons, such as conspicuous consumption, prestige, social conformity, gifts or an (unfounded) belief in their medicinal properties, and this creates several possible options for shifting purchasing preferences and buyer behaviour. Celebrities, ‘style icons’ and business leaders can all front awareness campaigns and social marketing messaging and encourage the adoption of codes of conduct by businesses and governments. A comprehensive understanding of the influences and motivations of different groups of consumers, the shape and scale of markets, distribution networks, and means of sale is necessary for effective implementation, so that persuasive messages can be developed that are delivered by appropriate messengers and in the right contexts.

There are numerous requirements for successful international policy measures. They should be tightly targeted at a well-defined problem; should reflect a strong consensus on the solutions; should appeal to self-interest and/or provide adequate compensation or alternative livelihoods; should be accompanied by regular and accurate monitoring and reporting; should be responsive to changing circumstances and new information; and should encourage innovation. Most importantly, demand-side measures need to be well coordinated with supply-side measures that allow consumers to choose legal or alternative products. Initiatives on the wildlife side have tended to focus on sales and import bans and changing behaviour through awareness-raising, while measures on timber have tended to concentrate on means of verifying legality or sustainability; these efforts to identify legal or sustainable products are likely to be more effective when there is a significant level of trade in the products concerned – which can also help to leverage improvements in governance.

Agenda

Chair: Rob Bailey, Research Director – Energy, Environment and Resources Department, Chatham House

0830–0900 | Tea, coffee and registration

0900–0915 | Introductory session

Speaker: Zac Goldsmith MP, Champion for the Illegal Wildlife Trade Conference, UK Parliament

0915–1045 | Session 1: Governance

How the issue of illegality is defined, owned and addressed: the importance of the rule of law and a robust legal and policy framework; accountability of those agencies responsible for them; participation and transparency in processes of legal and policy reform; rights of ownership, control and access to land and natural resources; corruption and how to tackle it.

Speakers:

- Jonathan Zeitlin, Distinguished Faculty Professor of Public Policy and Governance, University of Amsterdam, and Academic Director, Amsterdam Centre for European Studies (ACES)
- Christopher Beeko, Director, Ghana Forestry Commission
- Michael ‘t Sas-Rolfes, Research Fellow, Oxford Martin Programme on the Illegal Wildlife Trade, Oxford Martin School at the University of Oxford

1045–1115 | Coffee break

1115–1300 | Session 2: Law enforcement on the ground

Combating illegal behaviour at source: enforcing the laws that have been agreed at the national level – what works? Including the importance of collaboration between agencies, independent monitoring, building local civil society capacity, use of other instruments, e.g. money-laundering legislation.

Speakers:

- Faith Doherty, Head of Forest Team, Environmental Investigation Agency (EIA)

- Jade Saunders, Senior Policy Analyst – Forest Policy, Trade, and Finance Initiative, Forest Trends
- Dwi Adhiasto, Manager – Wildlife Crimes Unit, Wildlife Conservation Society (WCS) Indonesia
- Chris Batt, AML/CFT Advisor for South East Asia, United Nations Office on Drugs and Crime (UNODC)

1300–1400 | Lunch

1400–1545 | Session 3: Tackling illegal trade

Combating the international trade in illegal wildlife and timber: what works? Including collaboration between international and national agencies; identification mechanisms such as certification or licensing; monitoring; investigations; use of criminal legal instruments.

Speakers:

- Marcus Asner, Co-Chair of Anti-Corruption Practice, Arnold & Porter
- Emily Unwin, Head of Climate and Forests Programme, ClientEarth
- Huang Wenbin, Programme Manager, WWF China (remotely)
- John M. Sellar OBE, Anti-Smuggling, Fraud, and Organized Crime Consultant, Global Initiative Against Transnational Organized Crime

1545–1615 | Coffee break

1615–1730 | Session 4: Demand-side measures

Reducing the demand for illegal products, within producer countries and in consumer countries: what works? Including sales and import bans; voluntary commitments; transparency initiatives; requirements on industry (due diligence etc.), education and awareness.

Chair: Nicola Cotter, Advisor, Forest Governance Markets and Climate (FGMC)

Speakers:

- Rupert Oliver, Head of Forest Industries Intelligence Ltd and Technical Consultant to the FLEGT Independent Market Monitor (IMM)
- Sabri Zain, Director of Policy, TRAFFIC

1730–1815 | Conclusions and next steps

Chair: Nicola Cotter, Advisor, Forest Governance Markets and Climate (FGMC)

Speaker: Duncan Brack, FGMC Special Advisor and Associate Fellow, Chatham House

1815–1900 | Reception

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