

Demand-side Timber Legality Developments in Asia

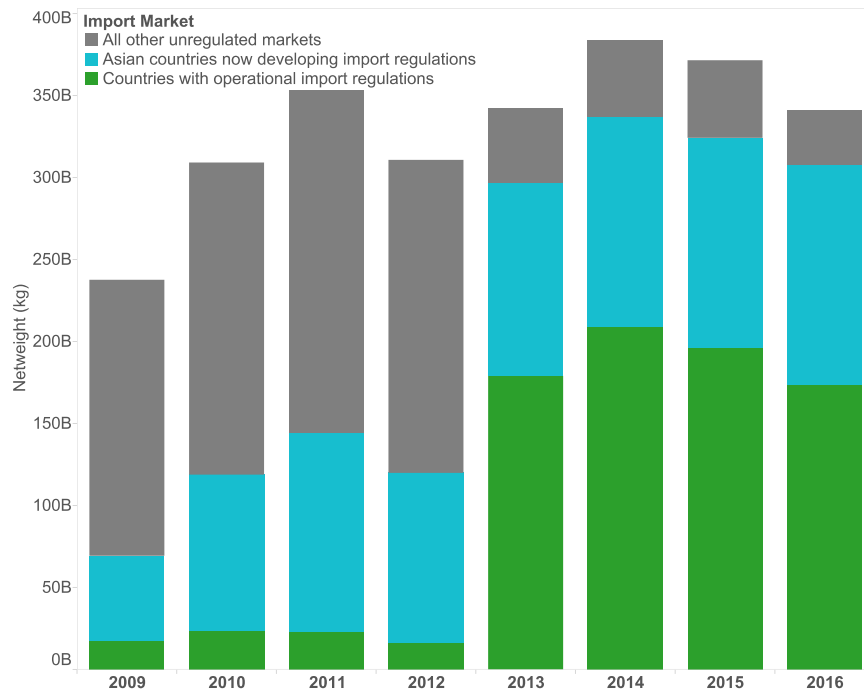


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Global imports of timber, pulp + paper and furniture products 2009-2016 (netweight in kg)



Source: Data from UN Comtrade, 2017. Compiled by Forest Trends, 2017

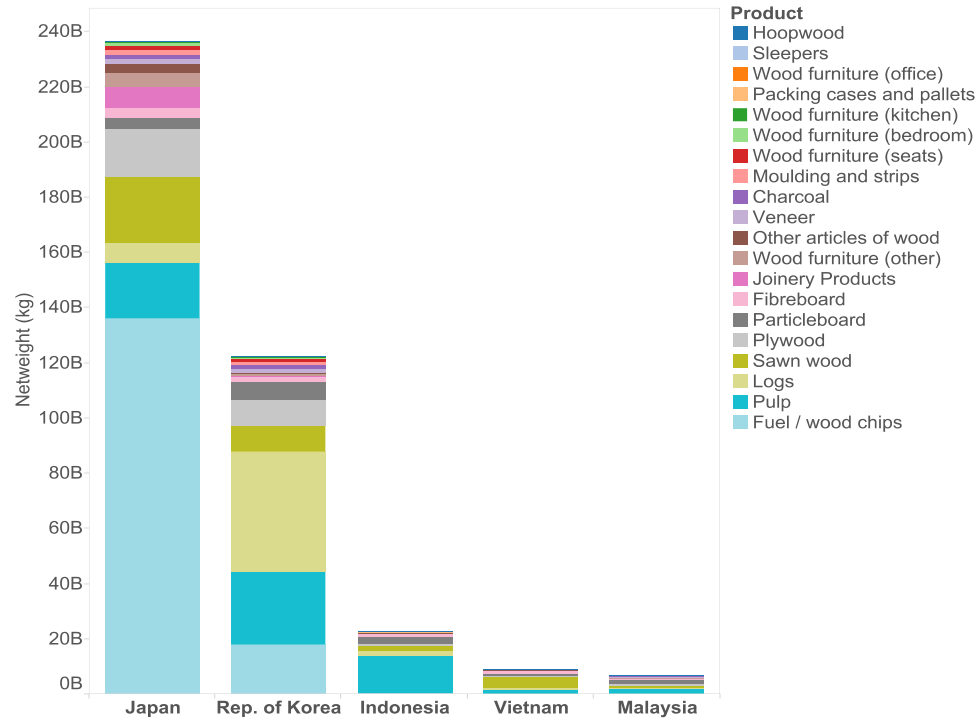
Key comparative characteristics



Which actors are covered within the scope of the regulation?

Comparative parameter	Japan	Korea	China	Malaysia	Vietnam	Indonesia	US	EU	Australia
Scope of regulated actors	Whole supply chain	Whole supply chain (unconfirmed)	Whole supply chain (unconfirmed)	First placer + exporters to EU	All companies (organizations and households)	All companies	Whole supply chain	First placers	First placers

What are the main timber products imported by the Asian markets?



Source: Data from UN Comtrade, 2017. Compiled by Forest Trends, 2017

Which timber products are covered by the regulation?



Comparative parameter	Japan	Korea	China	Malaysia	Vietnam	Indonesia	US	EU	Australia
Scope of regulated products	Broad scope	Intermediate scope (15 products)	Broad scope (unconfirmed)	Narrow scope	All imports of timber and rubber wood	Broad scope	Broad scope	Broad scope	Broad scope

What are regulated importers expected to do?



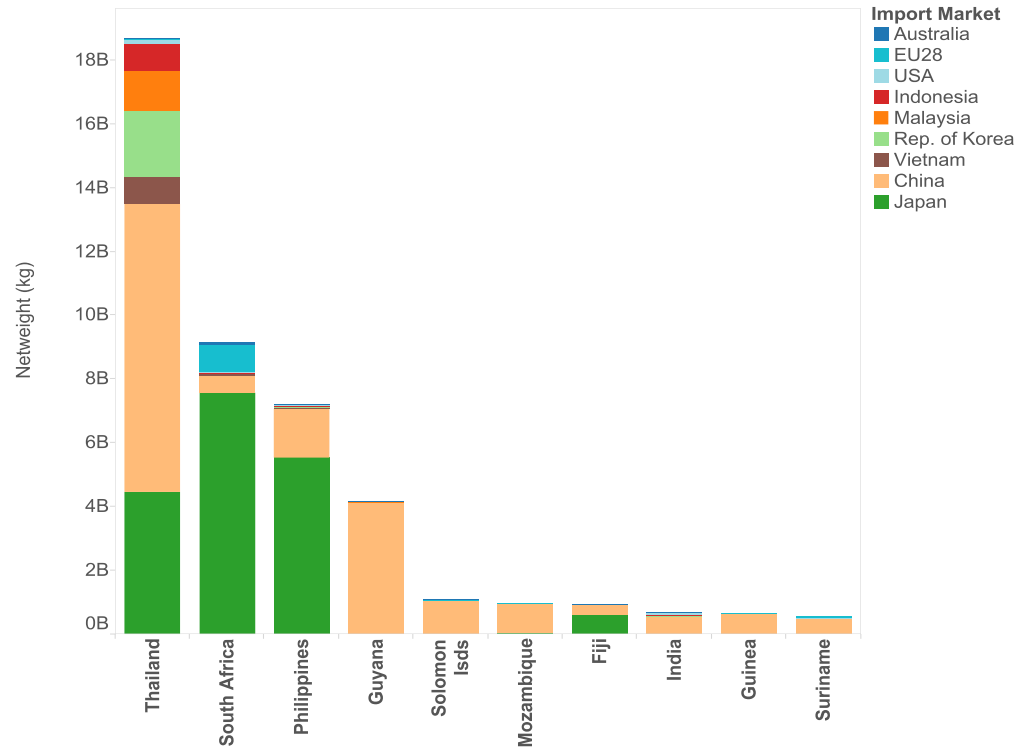
Comparative parameter	Japan	Korea	China	Malaysia	Vietnam	Indonesia	US	EU	Australia
Requirements on actors	Due Diligence	Document legality	Due Diligence	Document legality	Due Diligence	Due Diligence	Prohibition-Due Care	Prohibition-Due Diligence	Due Diligence
Scope of accepted compliance	Unknown-compliance options are likely to be broad. There may be variation in the scope of legality verified by different compliance options.	Unknown-compliance options are likely to be broad. There may be variation in the scope of legality actually verified.	Unknown	Broad set of compliance options with only one type of document required. This means that there may be variation in the scope of legality actually verified.	Broad compliance options covering full scope of legality (harvest, taxes and fees, harvesting activities, third party rights and trade and transport).	Compliance options are broad. Most are not operational yet. There may be variation in the scope of legality actually verified.	Broad compliance options covering full scope of legality (harvest, taxes and fees, harvesting activities, third party rights and trade and transport).	Broad compliance options covering full scope of legality (harvest, taxes and fees, harvesting activities, third party rights and trade and transport).	Broad compliance options covering full scope of legality (harvest, taxes and fees, harvesting activities, third party rights and trade and transport).

What checks and penalties are in place?



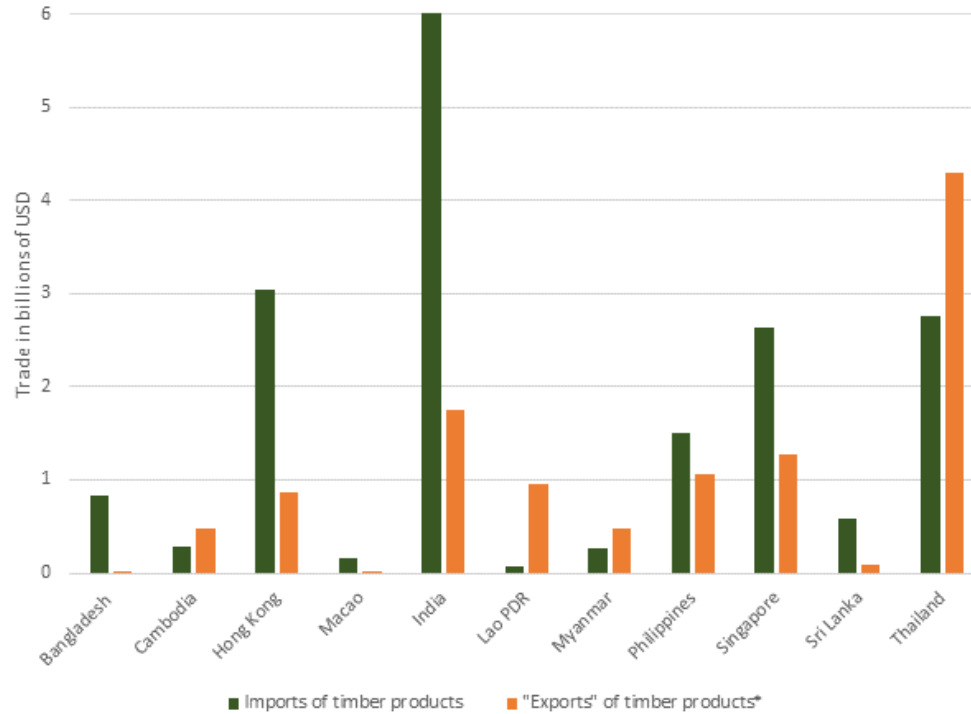
Comparative parameter	Japan	Korea	China	Malaysia	Vietnam	Indonesia	US	EU	Australia
Checks	Pre-import. Not linked to customs clearance	Pre-import and linked to customs clearance	Unknown	Pre-import and linked to customs clearance	Pre-import and linked to customs clearance	Pre-import and linked to customs clearance	Post import based on suspicion and evidence of illegality	Post import based on risk	Post import based on risk
Enforcement penalties	Penalties linked to non-compliance with the regulation	Penalties linked to non-compliance with the regulation	Unknown	No penalties. As checks take place pre-import, timber without sufficient evidence of legality would not be allowed onto the market	Penalties still being developed. Depending on the severity of the violation, penalties will apply and will be adequate, proportional and dissuasive with harsher penalties for repeated non-compliance.	As checks take place pre-import, timber without sufficient evidence of legality would not be allowed onto the market. Some limited penalties linked to non-compliance	Penalties are higher for those who knew they were trading in illegally harvested materials. Otherwise, penalties vary based on whether everything possible was done to determine that the product was legal.	EU Member States lay down the penalties applicable to infringements of the EUTR	Penalties for serious and deliberate breaches of the illegal logging laws are ultimately at the discretion of a court, however they can now include heavy fines

Top 10 new markets likely to be impacted by the developing demand-side timber regulations



Source: Data from UN Comtrade, 2017. Compiled by Forest Trends, 2017

Future candidates for demand-side legislation in Asia



Source: Data from UN Comtrade, 2017. Compiled by Forest Trends, 2017



Thank you

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