

What We Do

The efforts of many emerging nations to protect biodiversity are undermined by various forms of illegal logging—felling of trees in contravention of national and local laws. To address these challenges, the World Resources Institute (WRI) and the Environmental Investigation Agency (EIA) launched the Forest Legality Alliance in 2010 with support from the U.S. Agency for International Development (USAID) and private donors. The Alliance is an international, multi-stakeholder initiative designed to achieve better forest governance, sustainable management of forests and biodiversity conservation by reducing the demand generated by global market pressures for illegally harvested forest products, increasing transparency in forest product supply chains, and supporting supply chain efforts to deliver legal wood and paper.

The Alliance seeks to help all actors along supply chains—both large and small—understand and respond to emerging demand-side, forest-product legality policies by leveraging the professional expertise, market power, networks, and resources of Alliance members.



DEAR FOREST LEGALITY ALLIANCE MEMBERS,

On March 3rd, the European Union Trade Regulation (EUTR) officially went into effect. The law prohibits the placing of illegal timber and illegally-derived timber products on the EU market, requires the “first placer” companies to exercise due diligence and requires those companies who are not first placers to maintain records that enable tracing of purchases back to the source. A wealth of information is now available to help companies understand the requirements of the law. See the FLA’s page on the EUTR (<http://www.forestlegality.org/laws-policies/european-union>) for a list of resources and the UK Timber Trade Federation’s website for a list of FAQs (http://www.ttf.co.uk/Environment/EUTR_FAQs.aspx). Additionally, see the attached European Timber Trade Federation’s Spring 2013 newsletter for more updates on new developments and perspectives on the European timber market and the EUTR.

In the last past few months, the FLA team attended a number of events to continue broadening our network and global reach. In February, the FLA presented our tools (the risk tool, declaration tool and guide to sustainable procurement) at the Chatham House EUTR implementation meetings, held in Brussels, Belgium. In March, the FLA supported the 1st Business Roundtable for Sustainable Forestry in Panamá, which aimed to promote sustainably sourced wood by providing a space for business connections and helping suppliers gain access to new markets. Also in March, a member of the FLA team attended the World Forest Summit hosted by The Economist magazine in Stockholm, Sweden (see page 5 for summary).

The FLA team has also been continuing work on improving the risk tool and the FLA website. We have completed research on three more countries, Malaysia, Indonesia and Papua New Guinea, and will be working on six more: Lao PDR, Cameroon, Ghana, Colombia, Guatemala, and Mexico. In addition, we will be launching the new and improved FLA website at the upcoming FLA meeting (see page 3 for snapshots of the new website).

The next Forest Legality Alliance membership meeting will be held on May 7-8th, 2013 at the World Resources Institute in Washington, DC. Session topics will include the launch of FLA’s new and improved website, discussion of FLA’s first two of a series of case studies (see next page), updates on national illegal logging regulations, discussions on the development of certification standards. Invitations and an agenda will be sent out shortly. For any inquiries regarding the meeting, please email Caitlin Clarke at cclarke@wri.org.

As always, we are open to ideas for guest speakers and topics for the meeting in May. We are also always looking for guest contributors to the newsletter—if your organization has a useful new tool, publication, or event that may be of interest to members, please do not hesitate to let us know.

All the best,
THE FLA TEAM

Forest Legality Alliance Case Study Series

This series of case studies is intended to show commercial buyers of wood and paper-based products, especially those who trade in species and/or source from places with a perceived risk of illegality, how their supply chains can conform with U.S. legal requirements on importing certain types of wood. The case studies draw lessons from emerging best practices for managing risk in high-risk contexts. They discuss the impacts of the U.S. Lacey Act and other market demands for legal wood products and identify and highlight potential problem areas as well as pragmatic opportunities for reducing the complexity of compliance.

The case studies do not attempt to assess the legality of the supply chains in question. They are not investigations, legality verifications, product tracing, or chain-of-custody analyses. They do, however, offer examples and insights that might spur actions by other companies. The two case studies highlighted here are the firsts of this series.



“TUNING IN: TRACKING WOOD FROM HONDURAN FORESTS TO U.S. GUITARS”

By Ruth Nogueroń (WRI) and Anne Middleton (formerly EIA)

This study focuses on two supply chains for mahogany that originate in remote biodiversity-rich forests in Honduras. These supply chains were selected because they involve small forest community cooperatives that, compared with industrial operations, have a lower capacity to respond to market requirements for legal wood, including the U.S. Lacey Act.

The study describes two approaches used to minimize the risk of sourcing illegal wood. The first approach was to establish strong relationships with the suppliers and the second was to prefer certified wood. The main lessons from this study are:

- Supply-chain control systems, such as barcode tracking and chain-of-custody certification, are useful tools for enhancing assurances of legality. Long-term relationships with suppliers and commitments from buyers have been important for the successful implementation of these approaches, and critical to minimizing the risk of illegality.
- Intermediaries and facilitators play a key role in building and strengthening the technical and administrative capacity of the cooperatives to harvest and process timber.
- The community cooperatives in these supply chains face various challenges: inadequate law enforcement, competing land-use pressures, drug trafficking, and competition with illegal logging. Yet the sustained demand for high-value species such as mahogany provides a powerful incentive to maintain and strengthen forest community operations.
- The supply-chain control approaches highlighted in this study work, in part, because of the high value of the end product, and, because of the financial assistance of external donors that have invested in building the technical capacity and social development of the community cooperatives. In-depth analysis to understand the financial viability of the operations without such support is needed.

Read case study at <http://www.wri.org/publication/tracking-wood-honduran-forests-us-guitars>

“IKEA’S RESPONSE TO THE LACEY ACT: DUE CARE SYSTEMS FOR COMPOSITE MATERIALS IN CHINA”

By Adam Grant (WRI) and Sophie Beckham

This study focuses on IKEA and the company's production of composite products (board materials such as particleboard, Medium Density Fiber Board (MDF), etc.) in China. The study describes the internal systems of IKEA and how they work to ensure that the material sourced can be shown to have been purchased with an adequate level of due care to help ensure legality. Specifically, the study looks at how composite products made up of a large percentage of waste material supplied by diverse small producers within a weak governance context can be imported into the USA while showing that a high level of due care was attained.

The study shows how IKEA is adapting its operations to meet the requirements of a challenging procurement situation and the company's understanding of how they can show adequate levels of due care.

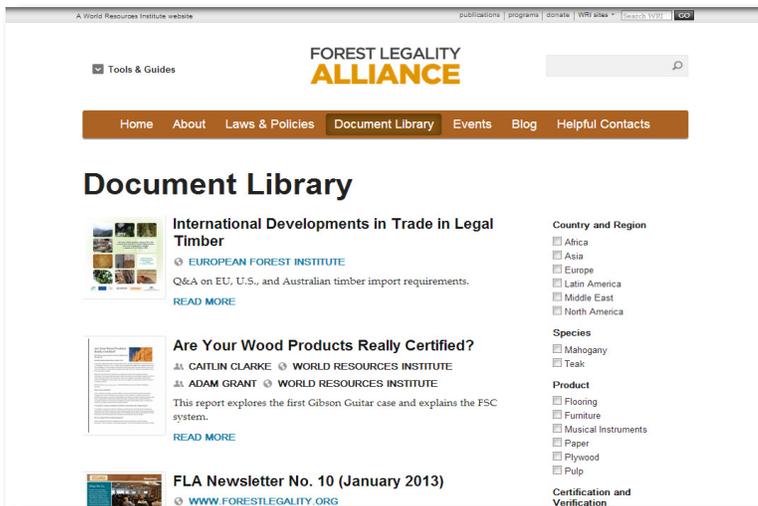
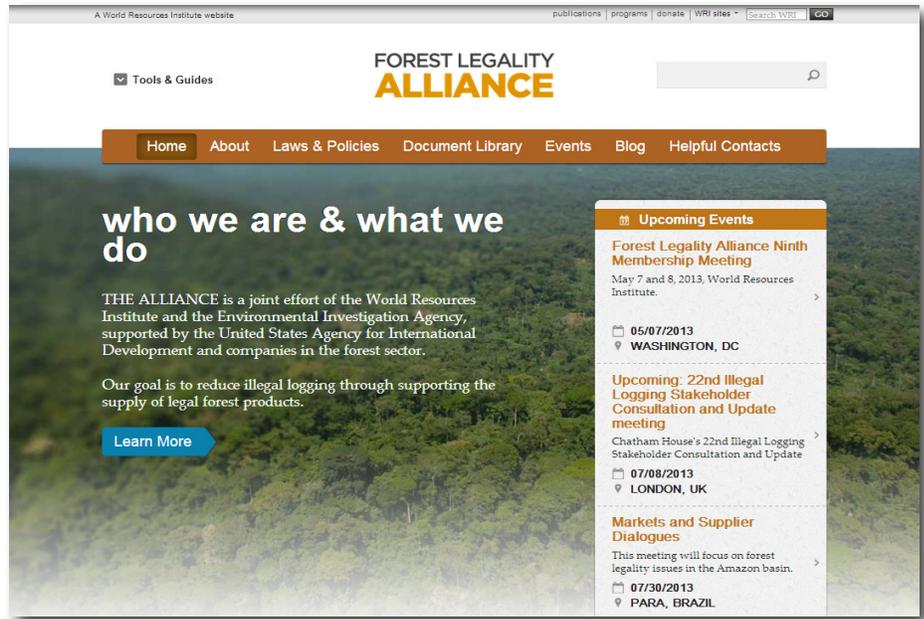
Four main lessons have been identified and are explored in this paper:

- The implementation of the Lacey Act means that responsible procurement is no longer voluntary but is now mandatory.
- Each company must understand the supplying country's laws and associated risks so that it can define its own level of appropriate traceability.
- A risk assessment can help determine the level of traceability required to ensure confidence in any forest product supply and ensure that a reasonable level of due care can be shown.
- To be able to complete the declaration form, a company needs to understand its supply chain fully. Good information management is key, and a proactive approach to the management of the supply chains is required. It is no longer enough to just rely on trust: a company must now ask questions and back this up with on-the-ground audits.

Read case study at <http://www.wri.org/publication/ikea-response-lacey-act-due-care-systems>

Preview of the New and Improved FLA Website

The new website will be launched at the upcoming FLA semi-annual membership meeting. The website was improved based on feedback received from users. The home page of the new website will feature upcoming events, featured resources, updates from the FLA, and easy access to various tools. The new website also features a Document Library, which stores a compilation of useful documents, including reports, presentations, multimedia, and newsletters. The website will also have information about laws and policies, helpful contacts and list of members.



The Document Library can be sorted by document type (reports, presentations, multimedia, newsletters, etc), policy/law, country and region, species, product, technology, and certification/verification. Suggestions from members for documents to add to the library are welcomed.

The events page provides a list of upcoming and past FLA and external events that may be of interest to users. Past FLA events will have a summary of key highlights of the event. Suggestions from members for events to add to the events page are welcomed.



Asia Pulp & Paper's Anti-Deforestation Pledge: Sign Of A Changing Industry?

By Nigel Sizer, James Anderson and Ruth Nogueroń (WRI)

Asia Pulp & Paper (APP), one of the world's largest paper companies, announced earlier this month that it will no longer cut down natural forests in Indonesia and will demand similar commitments from its suppliers. The announcement was received with guarded optimism by Greenpeace, Rainforest Action Network, World Wildlife Fund, and other NGOs who have waged a persistent campaign to change APP's forest policies.

Indeed, APP's new policy—which includes sourcing all material from plantation-grown trees, ceasing clearing of carbon-rich peatland, and engaging more with local communities—is significant, both for the business world and forest conservation. APP and its suppliers manage more than 2.5 million hectares of land in Indonesia and produce more than 15 million tons of pulp, paper, and packaging globally every year. Strong action by APP could indicate that the industry is heading for a more sustainable future.

The question is whether APP will follow this positive announcement with action. The company does not have a strong track record, having defaulted on past commitments to end deforestation. But APP has something else going for it this time around. A rapidly evolving world of improving corporate practices and powerful technology could provide the right enabling environment for APP's commitment—and others like it—to succeed.

A Changing Business Environment

The forest products industry is changing rapidly, transformed by technological innovations, new corporate practices, and an increasingly savvy consumer base. Some key developments include:

1) Global Supply Chains Under Scrutiny

Gone are the days when companies could buy from suppliers without due diligence. More and more business leaders are recognizing that their supply chains are under constant scrutiny. APP has experienced this pushback firsthand. Throughout the past decade, more than 100 major companies stopped purchasing from APP on environmental grounds, including Staples, Office Depot, and Disney. With so many customers demanding higher standards and greater transparency, there are strong incentives for companies to be reliable partners and better manage their own supply chains (APP's new policy also applies to its suppliers in Indonesia and China).

Furthermore, forest products companies face new laws designed to crack down on the trade in illegal timber, such as the U.S. Lacey Act, the European Union Timber Regulation, and the Illegal Logging Prohibition in Australia. In a recent high-profile example, Gibson Guitar faced legal action under the Lacey Act for importing illegal wood into the U.S.

2) "Eyes in the Sky" for Forests

Monitoring has historically been a stumbling block for "no-deforestation" commitments. Companies like APP operate in remote regions, and it can be prohibitively expensive to send teams of auditors deep into the forest to verify companies' claims. Satellite technology offers a way to monitor forests from afar, but imagery can be expensive, hard to analyze, and out-of-date.

Enter Global Forest Watch 2.0, a near-real-time forest monitoring system to be released this spring by WRI and a host of global partners. This free, easy-to-use platform provides interactive maps of the world's forests that are updated every 16 days. Systems like GFW 2.0 will allow anyone, anywhere to monitor APP's progress on its commitments, with tools as basic as a computer and an internet connection.

3) Fiber Under the Microscope

A suite of new technologies known as fiber analysis allows companies and watchdog groups to test products for "mixed tropical hardwoods," or MTH, which typically indicates wood harvested from natural tropical forests. Laboratories use high-powered microscopes and tests to determine the composition of the wood, including whether the paper is made from plantation or wild trees, and in some cases, if it contains endangered or protected species.

Fiber analysis has been used and promoted by groups like Greenpeace, Rainforest Action Network, and World Wildlife Fund to monitor supply chains. Now, companies are sending their own samples to labs to verify the wood content in their papers. As the practice grows, APP can expect that its products will be rigorously tested.

Combating Deforestation

The advances in the forest products industry are significant, but more progress needs to be made. The world is still losing forests at a rate of 13 million hectares every year, an area the size of England. In Indonesia, a moratorium on new concessions in natural forests and peatland will expire this year, and it's unclear if this important policy will be renewed.

Governments also have an important role to play. On the ground, where APP and its suppliers operate, we need more consistent local law enforcement, as well as better-defined property rights and recognition of local stakeholders' interests.

The stakes are high: If APP successfully implements its new Forest Conservation Policy, it will build momentum for other companies and governments to adopt reforms. The pledge to the world's forests has been made—now we must ensure that it is achieved.

**WORLD FORESTS
SUMMIT**

**ACHIEVING SUSTAINABLE
FOREST MANAGEMENT
ON A GLOBAL SCALE**

MARCH 5TH - 6TH 2013,
GRAND HÔTEL, STOCKHOLM



Lessons from the World Forests Summit

By Ruth Nogueroń (WRI)

On March 5-6, The Economist magazine hosted the World Forest Summit in Stockholm, Sweden. At the event, leaders from the private sector, research organizations, NGOs, and government discussed most pressing questions and identified common ground to preserve forests worldwide. The discussion highlighted key lessons that are critical for properly managing and protecting global forests.

1) Develop new partnerships for forests

New alliances with actors inside and outside the forest sector will be needed to successfully preserve forests. The forest products, agricultural, mining, infrastructure, pharmaceutical, and financial industries, along with civil society organizations and governments, all have a role to play. Inspiring examples of this multi-stakeholder approach are emerging, such as the Canadian Boreal Forest Initiative (a collaboration between NGOs and forest industries) and from the Consumer Goods Forum's pledge to achieve zero net deforestation in their supply chains by 2020.

2) Find opportunities in restoration

Forest restoration offers tremendous opportunities to counteract deforestation and generate additional benefits. As much as 1 billion hectares of cleared and degraded forests can be restored back to forests and other productive landscapes like forest plantations or agroforestry systems. Forest restoration efforts can be carried out with and for local people while delivering economic and social benefits. For example, the African Re-greening Initiative works farmers in Africa to manage the natural regeneration of trees to build agroforestry systems.

3) Manage forests for the people and with the people

We must recognize the rights of local communities and indigenous peoples and involve them in the decision-making processes that affect the forests they depend on for their livelihoods. These groups can be effective leaders in forest conservation. For example, some communities in Latin America are actively monitoring their forests and halting illegal logging.

How forest stakeholders respond to these issues will play a big role in shaping the future of forests. It is now up to all of us to articulate the importance of forests, push and expand the approaches that are working, and forge creative alliances to ensure that forests are sustained for current and future generations.

Visit <http://insights.wri.org/news/2013/03/5-lessons-sustaining-global-forests> to read the full version of the webstory.

In the News

[Latin America timber raid hailed as breakthrough on forest crime](http://tinyurl.com/interpolraid)

<http://tinyurl.com/interpolraid>

Law enforcement agencies of 12 Latin American countries took action in the first international INTERPOL operation to crack down on illegal logging. The operation resulted in the confiscation of around \$8 million worth of wood and wood products and 150 vehicles and the arrest of 194 individuals.

[Passports required for musical instruments](http://tinyurl.com/passportsinstruments)

<http://tinyurl.com/passportsinstruments>

A new system that requires passports for musical instruments made from species protected under CITES to cross borders will make it easier for musicians to transport their instruments.

[Thai rosewood gets international protection to curb China trade](http://tinyurl.com/thai-rosewood)

<http://tinyurl.com/thai-rosewood>

The highly valued Thai rosewood has been listed under Appendix II of the Convention on International Trade in Endangered Species (CITES). This would limit the trade of Thai rosewood through the requirement of logging permits and quotas.

[\[Myanmar\] government plans crackdown on illegal logging after deal to export to EU](http://tinyurl.com/myanmarexport)

<http://tinyurl.com/myanmarexport>

Government officials announced that they will implement measures to combat illegal exports starting April 1. Export of teak will be assumed to be illegal if not proven legal. In February, Myanmar signed an MoU with the EU to start exporting timber and timber products in June.

Recent Publications

[Cut It Out: Illegal Logging in the Democratic Republic of Congo](http://tinyurl.com/CutItOutDRC)

<http://tinyurl.com/CutItOutDRC>

[NEPCon LegalSource Standard](http://tinyurl.com/Nepconstandard)

<http://tinyurl.com/Nepconstandard>

Upcoming Events

[Dubai International Wood & Wood Machinery Show](http://www.dubaiwoodshow.com/home.php)

April 9-11th, 2013; Dubai International Convention & Exhibition Center

<http://www.dubaiwoodshow.com/home.php>

[IWPA's World of Wood Convention](http://tinyurl.com/IWPAconvention)

April 17-19th, 2013; Vancouver, BC

<http://tinyurl.com/IWPAconvention>

[FLA's 7th Semi-annual Membership Meeting](http://www.wri.org)

May 7-8th 2013; World Resources Institute, Washington, DC

The FLA newsletter hosts guest writers every quarter. If you are interested in contributing to our next newsletter with information and stories concerning illegal logging, the Lacey Act, international forestry policies, or any other related issues, please contact Loretta Cheung at LCheung@wri.org.

If you are interested in learning more about our organization, becoming a FLA member and continuing to receive this newsletter, please contact Caitlin Clarke at CClarke@wri.org or visit http://www.wri.org/fla/about_membership.php.