

## 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,

In early May, the Forest Legality Alliance held its 9th Semi-annual Membership Meeting at the World Resources Institute. The meeting was attended by about 100 members and experts over two days and there was lively formal and informal conversations about new developments in the industry and the future of legality requirements. Topics discussed include developments among certification schemes, tools developed by private sector organizations to improve market information, updates from producers and buyers of timber products; and an open-ended discussion of the future of the Alliance. Click [here](#) to view presentations and see next page for key take-aways from the meeting.

In the past quarter, we have made substantial additions to the [risk tool](#). Three more country profiles have been added and more will come in the next quarter. In addition, the FLA partnered with [Imazon](#), the Amazon Institute of People and Environment, to support the addition of legality and supply chain data to their [ImazonGEO map server tool](#), which provides map-based information about the Brazilian Amazon. The tool can be accessed through the risk tool's Brazil page (see page 5 for more details).

This past quarter, FLA staff have also been busy attending a number of events to continue outreach and growing the FLA network. In May, FLA staff attended the [Martin Wood Summit](#) in Nazareth, Pennsylvania, and discussed updates in the EU Timber Regulation and the Australian Illegal Logging Prohibition Act. The Summit is an annual event that brings suppliers of music-grade timber to the Martin Guitar factory to discuss legal and sustainable sourcing.

The next Forest Legality Alliance membership meeting will be held on December 3-4th, 2013 at the World Resources Institute in Washington, DC. Session topics are to be decided. As always, we are open to ideas for guest speakers and topics for the meeting.

We are also always looking for guest contributors to the newsletter—if your company or organization has a useful new tool, publication, or event that may be of interest to members, please let us know.

All the best,  
**THE FLA TEAM**



## Three Signs Illegal Wood is on the Outs in the Global Wood Trade

By Caitlin Clarke (WRI)

The global market for wood and other forest products is changing quickly. The industry has long struggled with illegal logging, which destroys diverse and valuable forests and drains corporate profits by up to [\\$10 billion a year](#). In some wood-producing countries, illegal logging accounts for [50-90% of total production](#). But recent developments indicate that we may be turning a corner: illegal logging rates worldwide have declined by [about 20 percent](#) since the passage of the U.S. Lacey Act in 2008. If this trend continues, it would be big news to the companies and governments involved in this industry. What can we do to encourage it?

This was the topic on everyone's minds at the recent Forest Legality Alliance meeting in Washington D.C. This meeting brought together nearly 100 members and experts representing a wide array of companies, trade associations, NGOs, and government officials involved in the harvest, manufacturing, and trade of legally produced forest products.

Three major themes came up in our conversations, indicating that there may be a shift coming in the global forest trade:

1. **Legality requirements are now mainstream.** The [U.S. Lacey Act](#) was the first ban on trading illegally sourced wood products, but in the last six months, two major economies have begun to implement their own similar requirements. Australia's [Illegal Logging Prohibition Act \(ILPA\)](#) was passed in November 2012, while the [EU Timber Regulation \(EUTR\)](#) – first published in 2010 – entered into force on March 3, 2013 in the 27 EU member states. Together, these three laws send a strong market signal that major consumers of wood products require legal production and trade. Other major importing economies, including China and Japan, are also considering stronger measures to promote the use of only legally harvested materials.
2. **Proactive companies are taking control of their supply chains.** Bob Taylor, founder of [Taylor Guitars](#), and Luisa Willshir of [Madinter](#), a Madrid-based distributor of tonewoods for musical instruments, both shared their experiences at the meeting. Taylor and Madinter embarked on a joint venture in late 2011 to buy Crelicam, an ebony mill near Yaounde in Cameroon. Bob discussed Crelicam's new business policies – which included an immediate cessation of bribe-paying, doubling workers' salaries, complying with U.S. labor laws in Cameroon, and changing the way ebony is marketed, sold, and used in guitars. Instead of using only the traditional jet-black ebony, which is relatively rare, Taylor Guitars has begun to use the much more abundant variegated ebony. This move promotes sustainability of the resource while giving Taylor much more confidence in the legality of its supply. Other companies may be [beginning to follow suit](#).
3. **Cities are taking action.** International trade mechanisms to require legality – such as the Lacey Act, the EUTR, and the Australian ILPA – only apply to international trade. Yet much of the harvest in forested countries is used in domestic wood sectors including construction, pulp and paper, and flooring. The Brazilian state of São Paulo, for example, [uses far more wood](#) from the Brazilian Amazon than the United States does. In order to address the issue of illegal logging in the region, São Paulo runs a procurement program called "[São Paulo, Friend of the Amazon](#)" that requires legally produced timber. Other large cities in Latin America, including Mexico City, Mexico and Bogotá, Colombia, are expressing interest in adapting similar public procurement policies. As megacities and an environmentally-conscious middle class emerge around the world, this could be an exciting way to address illegal logging that cannot be tackled by international trade requirements.

Despite the progress made, illegal logging still remains a major problem. We continue to lose millions of hectares of forest on a yearly basis. But by supporting these three trends and getting more companies and governments involved in the legal wood trade, we can help ensure a better future for the world's forests and people.

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For more information, including tools to help companies address new legality requirements, visit the FLA website, <http://www.forestlegality.org/>

## The EUTR: Getting Into Gear or Off Track?

Submitted by NEPCon

The EU Timber Regulation (EUTR) entered into force on 3 March 2013. More than four months into the new era of regulation, how are the EU and world markets responding?

NEPCon Forest Legality Programme Manager Christian Sloth says: "EU countries, businesses and export markets are generally in the process of adapting to the new conditions, but at very different speed".

### Enforcement and support systems unfold

Several EU countries are still in the process of implementing the EUTR in national legislation and defining procedures for the Competent Authorities overseeing EUTR enforcement at the national level.

"The full impact of the EUTR will only be visible once the enforcement mechanisms and national legal frameworks are fully implemented according to the plan", observes Mr Sloth.

Applications from organisations seeking formal recognition as Monitoring Organisations (MOs), envisaged to play an important role in aiding companies to secure EUTR compliance, are being processed. The first formal recognitions are expected to be issued in September.

### Industry calls for guidance

"The EUTR assumes enormous importance in our sector. Everybody talks about the EUTR, however nobody knows what to do about it", says Peter K. Kristensen, Vice President of the CSR & Environment Department of DLH, one of the world's largest tropical timber traders.

"At DLH we are keen to secure compliance. We have had systems in place for years to ensure the legality of our timber and we run a functional due diligence system that we feel is adequate. However, this follows our own interpretation of the EUTR, based on expert consultations. The lack of operational guidance and a functional oversight mechanism that would allow us to gauge the validity of our system is quite exasperating".

To ensure that they are on the right track, DLH has invited the Competent Authorities to review their system. "However they informed us that they are not ready for the task yet as they are still calibrating interpretations", says Mr Kristensen.

"We want to do the right thing, but we don't know for sure that what we are doing is the right thing. It is like trying to drive a car without speedometer in an area without road signs – and where you know that the police will crack down heavily on those who cross the speed limit".

### Belgian case casts doubts on green lane for CITES

On 25 March 2013, Belgian authorities took two shiploads of CITES-licensed Afrormosia timber from Congo DRC into custody after Greenpeace had raised suspicions about the valid basis for the licenses. The timber cargo was released on 13 May 2013 following an investigation, a decision that was heavily criticised by Greenpeace.

The case exemplifies why official documentation from countries with high corruption levels often need further risk assessment before they can be trusted. It also questions the green lane approach taken towards CITES



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licensed timber under the EUTR, where CITES licensed timber is exempt from risk assessment.

### Timber certification – a key solution for buyers

Timber certification is expected to play a significant role in mitigating risk under the EUTR, and both the FSC and the PEFC schemes have adjusted their systems in order to align with the EUTR.

"It is very positive that the schemes seek to align with the EUTR, as they have the potential to form streamlined solutions for EU buyers. In our assessment, the FSC system is heading towards a robust solution for buyers seeking EUTR-compatible legality assurance. PEFC's adjustments are very recent and clarification from PEFC on several points is needed before they can be properly evaluated", says Mr Sloth. The adjustments of either system will be phased in over the coming months, so none of them currently provides the intended assurance.

Trends for the impact of the EUTR on certified markets are only beginning to emerge; however, some high-risk export markets, in particular Russia, seem to be responding by growing engagement in FSC certification.

Also, the past months have also seen the arrival of timber on the EU market with certificates for the legal origin of timber from Indonesia (SVLK or V-Legal) and Malaysia (MY-TLAS). Mr Sloth: "Buyers should be aware that these are national certificates and these certificates should not be confused with a FLEGT license".

FLEGT licensed timber will be exempt from risk assessment under the EUTR, but FLEGT timber is still not available from any country. At this point, these certificates do not exempt operators from the EUTR due diligence requirements.

### Support tools are emerging

"Some may feel that the EUTR is coming off track due to initial shortcomings and delays. However, I believe that the EUTR will become a strong tool for halting illegal logging once the legal framework and support systems unfold and become fully functional", foresees Mr Sloth.

A number of resources have become available over the past months helping industries that seek to ensure EUTR compliance. For example, FSC and PEFC offer guidance on how certification can help meet the EUTR, and organisations such as the Forest Legality Alliance, WWF and Bureau Veritas also offer resources for the industry, while NEPCon has made our LegalSource™ Due Diligence System freely available in the public domain at [www.nepcon.net/DDS](http://www.nepcon.net/DDS).

*NEPCon is an international, non-profit organisation that promotes responsible use of natural resources through services and projects. The organisation has developed several free tools for legal timber sourcing. Learn more at [www.nepcon.net](http://www.nepcon.net).*



In April of this year, WWF-Russia published, *Illegal Logging in the Russian Far East: Global Demand and Taiga Destruction*, a ground-breaking report that incorporates over ten years of on-the-ground research into the causes and effects of illegal logging in the Russian Far East. The report showed the temperate hardwood forests of the Russian Far East, which are home to the last remaining habitat of the Amur tiger, are being pushed to the brink of destruction due to pervasive, large-scale illegal logging, mainly to supply Chinese furniture and flooring manufacturers. Analysis of Russian customs data showed that between 2007 and 2010, timber exports exceeded the volume legally authorized for harvest by up to 400%.

This report showed in extensive detail how Russia's forest sector has become deeply criminalized, with poor law enforcement, allowing illegal loggers to plunder valuable timber stocks of oak, ash, elm and linden with impunity. This illegal logging has led to habitat degradation and has allowed illegal products to enter the market, undermining law-abiding timber companies. The report identifies China as the primary recipient of hardwood exports, where flooring and furniture manufacturers then export finished products to the US, EU and Japan, potentially in violation of the Lacey Act, EUTR, and the Japanese Green Purchasing Policy. Linda Walker, Manager of WWF's Global Forest & Trade Network –North America (GFTN-NA) program, said that, "the scope and scale of illegal Russian logging puts U.S. companies and consumers at risk of purchasing furniture and flooring made with wood stolen from tiger habitat. U.S. companies need to ensure that they are sourcing wood products from legal and responsible sources, or they risk violating their customers' trust and seriously degrading tiger habitat."

The report recommends that, because of the scale of illegal logging, importers and consumers should ask for Forest Stewardship Council (FSC)-certified timber when sourcing products made from Russian oak, ash, elm and linden from China or Russia as a additional measure of due diligence. However, as many of these species are not available as FSC-certified in eastern Russia, importers need to exercise extreme caution, and only import these products if they are able to establish rigorous legality and traceability confirmation systems. Importers must also rigorously confirm the species and country of wood origin, as Russian species can be purposely mislabeled as to country of origin. In addition to several recommendations to the Russian and Chinese governments, the report highlights the need to fully fund implementation of the US Lacey Act to ensure that illegal product is not entering the US market and undercutting US business and consumer faith in wood products.

The report provides resources on confirming legality of wood from Russia, including WWF-Russia's "Keep it Legal" country guide, available at <http://www.wwf.ru/resources/publ/book/eng/409>, and guidance on responsible wood sourcing at the GFTN website, <http://sourcing.gftn.panda.org/>.

## Legality and Species Conservation: Amur Tigers Under Threat in the Russian Far East

By Peter Mach (EIA)



© WWF-Canon Global Photo Network

## APHIS Lacey Report Released: Review of Implementation of the Declaration

Last month, the Animal and Plant Health Inspection Service (APHIS) released its much anticipated inter-agency report to Congress on the implementation and effectiveness of the Lacey Act import declaration. The report, which was mandated in the 2008 Amendments to the Lacey Act, provides critical information about how the United States government has implemented the provisions and identifies key areas for improvement. Overall, the APHIS report confirms that the declaration is accomplishing its objectives: building greater transparency throughout wood product supply chains, assisting in enforcement, as well as generating new data about trade flows and the extent and tactics of illegal logging. However, much more remains to be done to maximize the potential of this new tool.

APHIS highlighted the importance of funding in order to maximize the potential of the 2008 amendments in stemming the flow of illegal

timber in to the United States. Like many government agencies, APHIS has faced budgetary constraints over the last few years, and until fiscal year 2012, it had not received any additional funds for Lacey Act implementation. This deficiency forced APHIS to reallocate internal funds from existing programs to finance Lacey Act activities, which includes handling over 40,000 declarations per month. As the lead agency responsible for implementing and administering the declaration requirement, APHIS has made tremendous strides, including most recently through the piloting of an online cleverly named, LAWGS – the Lacey Act Web Governance System. When fully operationalized LAWGS will eliminate the need for paper-based declarations and provide an easier electronic alternative for collecting and maintaining declarations. APHIS notes that the information technology infrastructure will better assist the agency in analyzing declarations for compliance.

However, without sufficient resources or staff to meet its demands, the utility of the declaration remains underexploited. Therefore, APHIS stressed that additional funding would help the agency expand monitoring and promote compliance, areas that will continue to improve the declarations' applicability to enforcement.

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Nonetheless, APHIS has made it a priority to reduce the challenges business and industry face in complying with the new law. APHIS has conducted significant outreach over the course of the last five years since the law was passed and in several instances employed its administrative flexibility to ease the compliance burden on industry. Initially, given the enormity of the products covered under the new declaration requirement, APHIS opted to phase in the declaration, initially implementing the declaration for relatively less complex goods. The gradual approach provided covered industries much needed time to ensure that the declaration did not unduly affect trade.

Similarly, in response to concerns expressed by stakeholders, APHIS has developed several Special use codes to address various challenges, including pre-2008 products, composite materials, grouping common

species which are difficult to differentiate.

Moving forward, APHIS plans to complete its rulemaking on the definitions of “common food crops” and “common cultivars”, which should assist industry by further clarifying these product exemptions to the 2008 amendments. Second, APHIS has initiated the rulemaking process to develop de minimis exclusions, which would provide industry cost and time savings by eliminating the need for declarations of products comprising of minimal plant material.

APHIS has also conducted outreach to international audiences, in addition to domestic outreach, including through frequent participation in FLA events. APHIS confirmed their outreach has raised global awareness about illegal logging and associated trade, and stressed that cooperation and cross-sector collaboration remains necessary.

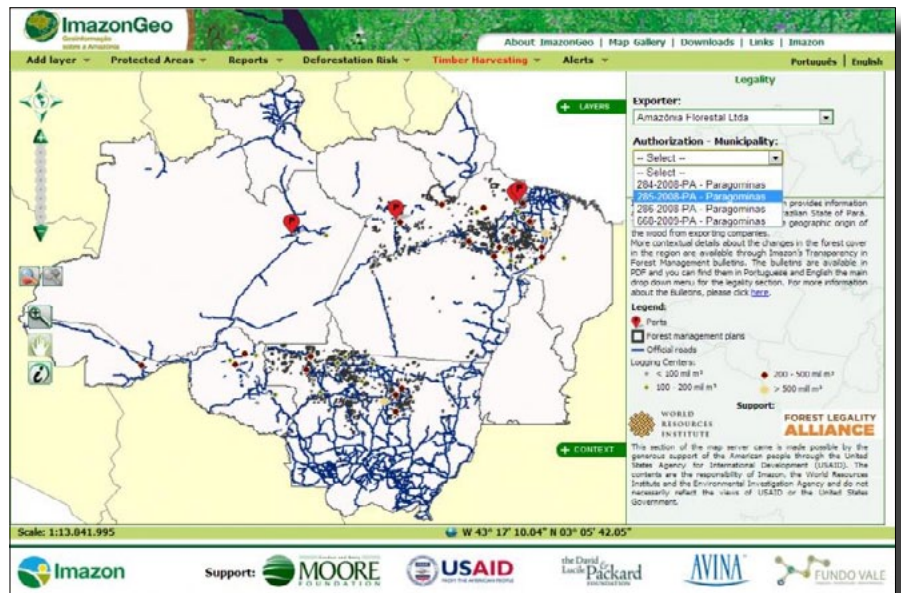
## ImazonGEO Tool: Legality Map

The Forest Legality Alliance partnered with Imazon, the Amazon Institute of People and the Environment, to build on ImazonGEO, a map server tool that provides map-based information about the Brazilian Amazon. Specifically, FLA supported the addition of legality and supply chain data for the Brazilian State of Pará to the map server. The “legality” section of the map server allows users to select from a list of exporting companies and locate the geographic origin of the wood.

### Information available includes:

- Publicly available information regarding forest management authorizations by exporting companies; information includes period of validity of harvesting, authorized volume and area, logged area, species authorized for harvesting, HTS code, and departure, intermediary and arrival ports;
- Geographic data showing areas under forest management plans and areas of authorized and non-authorized logging (from 2007 to 2011);
- IMAZON's evaluation of forest management practices within each permit area based on remote sensing image observation using the Normalized Difference Fraction Index, supplemented with field observation, and
- Location of ports along with commonly shipped commodities and destination in the United States.

To learn more about how you can use the tool and to access the tool, please visit: <http://www.forestlegality.org/content/imazongeo-tool-legality-map>



## In the News

### [Exporting legal timber products from the Asia Pacific region - It can be done](#)

<http://tinyurl.com/legaltimberAsiaPacific>

Indonesia's experience in developing its timber legality assurance system, known as SVLK, was shared with others at the Asia Pacific Economic Cooperation (APEC) forum held in Medan, Indonesia in July 2013. In particular, Myanmar, a newcomer in the global market, is in need of an independent auditing system to assure external buyers that its timber industry is a legal and sustainable source of wood.

### [A lojack for lumber? The Amazon Rainforest's new SOS signal](#)

<http://tinyurl.com/SOSSignal>

Brazilian authorities plan to attach tracking units, called Invisible Tracck, that track the location of the tree using cellular networks. When a tree is cut down, an alert would be sent to Brazil's rainforest protection agency, IBAMA.

### [HP expands recycling program, adds certified paper portfolio](#)

<http://tinyurl.com/HPrecyclingprogram>

Office Depot will not offer HP ink recycling. HP's Everyday Paper line in North America is now FSC-certified. More than 40% of its total tonnage is now FSC-certified and/or contains at least 30% post-consumer waste.

### [International protection for Siam Rosewood begins](#)

<http://tinyurl.com/siamrosewood>

Along with a number of other species, the Siam rosewood was added to the listed on Appendix II of the Convention on International Trade in Endangered Species (CITES), which requires export of species from range state producer countries (Thailand, Laos, Cambodia and Vietnam) to be accompanied by CITES export permits.

### [APP reports accidental breach of deforestation moratorium](#)

<http://tinyurl.com/APPBreach>

An investigation by APP and The Forest Trust (TFT), in response to Eyes on the Forest's allegation against APP of violating its deforestation moratorium, found that 70 hectares were cleared. APP says decision to clear the land should not have been granted and reaffirms its commitment to their Forest Conservation Policy.

### [Musicians launch eco-friendly tour](#)

<http://tinyurl.com/ecofriendlytour>

REVERB, a non-profit working to make music tours more environmentally sustainable, launched a tour in Grand Prairie Texas, which includes an "Eco-Village" of tents that provide educational material on environmental issues, including information on risks of illegal logging and role of the Lacey Act.

## Recent Publications

### [ITTO Tropical Timber Market \(TTM\) Report](#)

<http://www.itto.int/mis/download/>

ITTO's Market Information Service provides a report on market trends and trade news from around the world on a biweekly basis.

### [Market Share of Sustainably Produced Timber Doubled in Three Years: Government Target Exceeded](#)

<http://tinyurl.com/marketshareworld>

Probos conducted a market study that found that about two-thirds of total consumption of sawnwood and wood-based panels on the Dutch market came from sources certified for sustainable forest management.

### [FLEGT VPA Update May 2013](#)

<http://www.fern.org/MayVPAUpdate>

FERN provides semi-annual update on the progress of VPAs and the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan.

### [Compendium on Experiences From the Voluntary Partnership](#)

[Agreements \(VPAs\) Progress in West and Central African Countries](#)

<http://tinyurl.com/VPA-Africa>

This compendium describes 16 experiences of West and Central African countries in the VPA negotiation process and lessons learned that can inform countries in the VPA process.

## Upcoming Events

### [22nd Illegal Logging Update and Stakeholder Consultation meeting](#)

July 8-9, 2013; London, UK

<http://www.chathamhouse.org/events/view/191183>

### [1st Meeting of the Roundtable on Sustainable Tropical Wood](#)

July 10, 2013; Fundação Getúlio Vargas Office, São Paulo

### [Oceania Plantation, Forest and Wood Products Trade Conference](#)

August 8 & 9, 2013; Bayview Eden Hotel, Melbourne, Australia

<http://www.prcc.com.au/danamelbourne2013/>

### [Forests Africa: Opportunities for a Green Economy](#)

September 17, 2013; UN headquarters, Nairobi, Kenya

<http://www.cifor.org/nairobi.html>

### [Timber Expo](#)

September 24 & 25, 2013; National Exhibition Centre, Birmingham, UK

<http://timber-expo.co.uk/book>

### [2013 International Softwood Conference](#)

October 14-18, 2013; Sheraton Grand Hotel, Edinburgh, Scotland

<http://www.isc2013.co.uk/draft-conference-programme>

### [FLA's 10th Semi-annual Membership Meeting](#)

December 3-4th 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](mailto: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](mailto:CClarke@wri.org) or visit <http://www.forestlegality.org/about/members>.