



Ragnar Jonsson

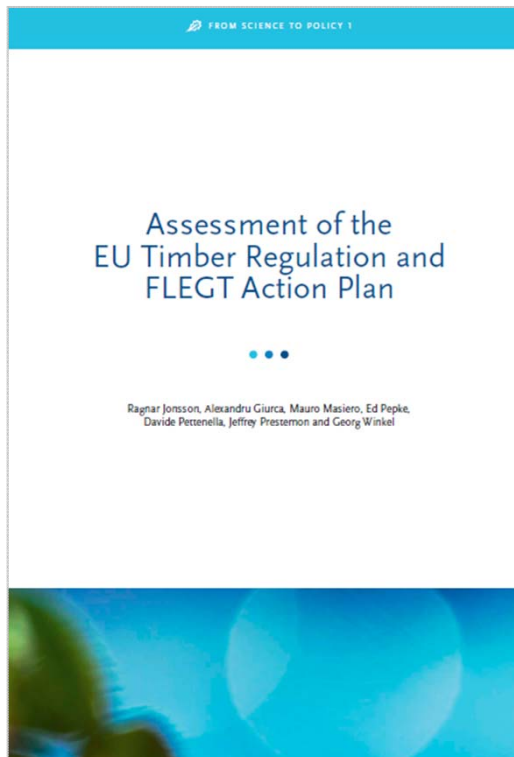
Assessment of the EU Timber Regulation and FLEGT Action Plan

ThinkForest seminar, European Parliament, Brussels, April 21, 2015

Outline

1. Background
2. What has science to say?
3. Lessons learned
4. Policy implications

Presentation based on EFI study



Study provides

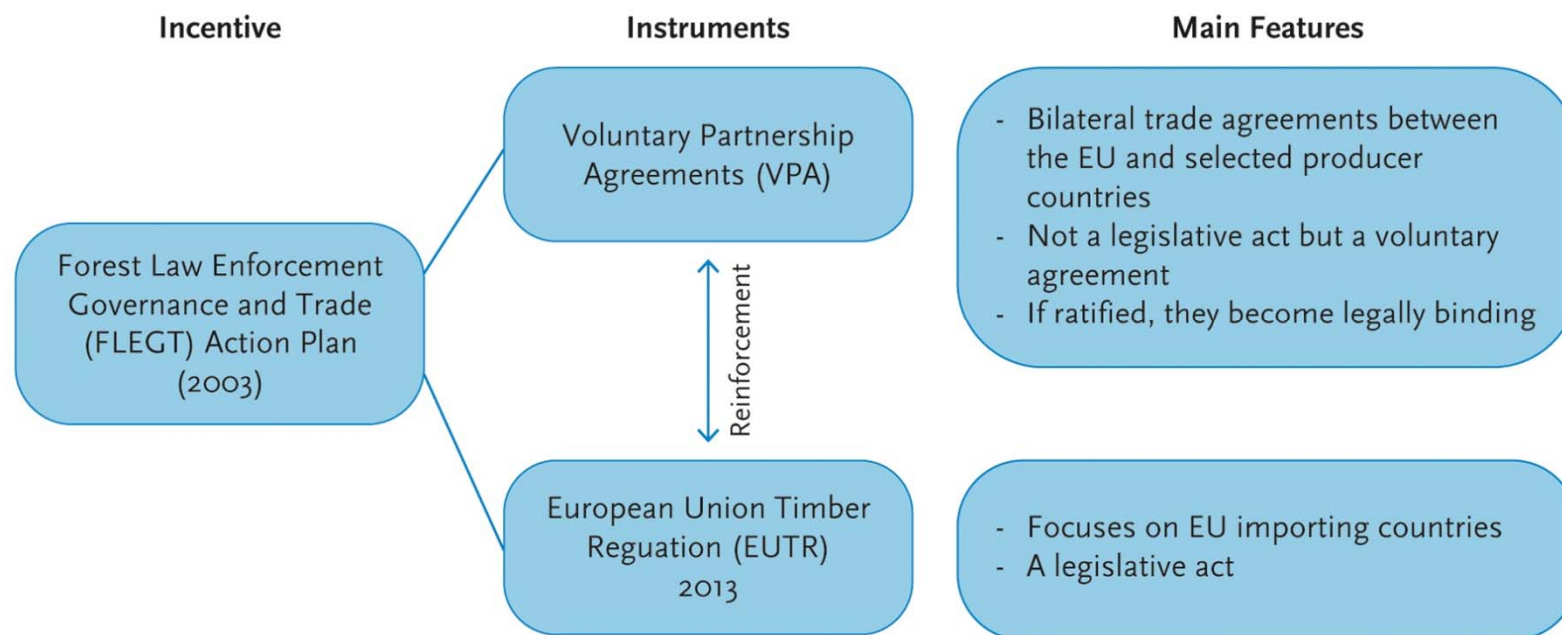
- ❑ a synthesis of science literature
- ❑ lessons learned
- ❑ policy implications

*Ragnar Jonsson, Alexandru Giurca, Mauro Masiero, Ed Pepke, Davide Pettenella, Jeffrey Prestemon and Georg Winkel.
Assessment of the EU Timber Regulation and FLEGT Action Plan. From Science to Policy 1, European Forest Institute, 2015*

Background: Milestones in the drive for legality in timber trade and logging

- ❑ 2001 Bali Action Plan (FLEG)
- ❑ **2003 EU FLEGT Action Plan**
- ❑ 2006 Green Purchasing Law (Japan)
- ❑ **2008 Lacey Act Amendment (US)**
- ❑ 2010 EU Timber Regulation approved
- ❑ 2012 Illegal Logging Prohibition Act (Australia)
- ❑ **2013 EUTR comes into effect**

Main features of FLEGT and EUTR



FLEGT

Voluntary Partnership Agreements (VPAs)

- ❑ Bilateral trade agreements: between EU and timber product-exporting countries outside EU
- ❑ Voluntary, but once ratified is legally binding
- ❑ 6 VPAs: *Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of Congo*
- ❑ 9 countries negotiating, 11 expressed interest
- ❑ First FLEGT-licensed timber product shipments expected 2016



EU Timber Regulation

- ❑ Timber product importers must take adequate measures and *due diligence* to minimize risk of importing illegal timber products to the EU
- ❑ Due diligence exercised by themselves, or with help from Monitoring Organizations
- ❑ VPAs and EUTR reinforce each other, addressing supply (export) and demand (import) side of timber product trade



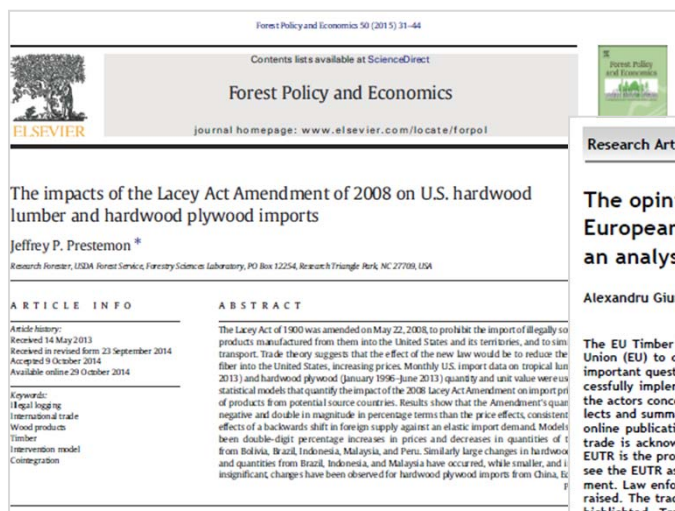
Lacey Act Amendment (US)

- ❑ Lacey Act from 1900 bans illegal trafficking of wildlife
- ❑ Amended 2008 to include also plant and plant products, such as timber products
- ❑ Purpose very similar to EUTR but *government's burden* to prove legality has been violated
- ❑ Key difference LAA / EUTR: LAA binds any party that procures timber products along value chain



Photo source: Official website of the Department of Homeland Security

What has science to say?



Research Article - doi: 10.3832/for1271-008

iForest - Biogeosciences and Forestry

The opinions of some stakeholders on the European Union Timber Regulation (EUTR): an analysis of secondary sources

Alexandru Giurca⁽¹⁾, Ragnar Jonsson⁽²⁾

The EU Timber Regulation (EUTR) is the most recent effort by the European Union (EU) to curb imports of illegally sourced timber. The regulation raises important questions concerning the international timber trade. In order to successfully implement this regulation it is of paramount importance to classify the actors concerned, and examine how they regard it. The current study collects and summarizes opinion statements of stakeholders as found in different online publications. Though the problem of illegal logging and its associated trade is acknowledged by all parties, there are concerns as to whether the EUTR is the proper instrument to address this issue. Whilst some stakeholders see the EUTR as advantageous for their businesses, others see it as an impediment. Law enforcement, lack of guidance, and bureaucracy were other issues raised. The trade-off between effective legislation and ease of trade was also highlighted. Transparent and consistent application of the EUTR, with clear guidelines for exerting due diligence, should diminish the degree of possible unwanted side-effects such as trade diversion and substitution of temperate timber for tropical timber.

Keywords: EUTR, Actors, Opinions, Content Analysis, Frames

(1) Swedish University of Agricultural Sciences, Southern Swedish Forest Research Centre (SLU), P.O. BOX 49, SE-230 63 Alnarp, Sweden; (2) European Commission Joint Research Centre (JRC), Institute for Environment and Sustainable Resources and Climate Unit, 2749 I-21027 Ispra (Italy)

@ Alexandru Giurca (axgiurca)

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further the understanding of the EUTR is perceived by different stakeholders. These were interviewed and their statements have been summarized. These were interviewed and their statements have been summarized. These were interviewed and their statements have been summarized.

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Article

Ambiguity in Timber Trade Regarding Efforts to Combat Illegal Logging: Potential Impacts on Trade between South-East Asia and Europe

Alexandru Giurca^{1,*}, Ragnar Jonsson², Francesca Rinaldi² and Hari Priyadi³

¹ North European Regional Office, European Forest Institute (EFINORD), Rolighedsvej 23, Fredriksberg C, Copenhagen, DK-1958, Denmark

² Joint Research Centre, European Commission (JRC), Via E. Fermi, 2749 I-21027 Ispra, Italy; E-Mails: ragnar.jonsson@jrc.ec.europa.eu (R.J.); francesca.rinaldi@jrc.ec.europa.eu (F.R.)

³ Southern Swedish Forest Research Centre, the Swedish University of Agricultural Sciences (SLU), P.O. BOX 49, SE-230 53 Alnarp, Sweden; E-Mail: hari.priyadi@slu.se

* Author to whom correspondence should be addressed; E-Mail: alexandru.giurca@efi.int; Tel.: +46-708-196-160; Fax: +45-3533-1508.

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Research addresses direct and indirect impacts

Direct

- ❑ Econometric studies on trade flows and timber price impacts (LAA and US; EUTR *too recent* to allow quantitative analysis)
- ❑ Governance and implementation studies

Indirect

- ❑ Trade diversion and substitution. Qualitative studies, using economic theory (ambiguity) and explorative interviews

But, research is still rather scant

- ❑ Link between trade patterns and legality verification: further analysis needed to assess consequences in terms of trade diversions and market substitutions
- ❑ Global legality verification regime is complex and evolving dynamically
Still more hypotheses than empirically established causal links
- ❑ Similar empirical studies to those done for LAA in US would be helpful also for the EU

Lessons learned



Policy measures tend to result in reduced imports of illegal timber products

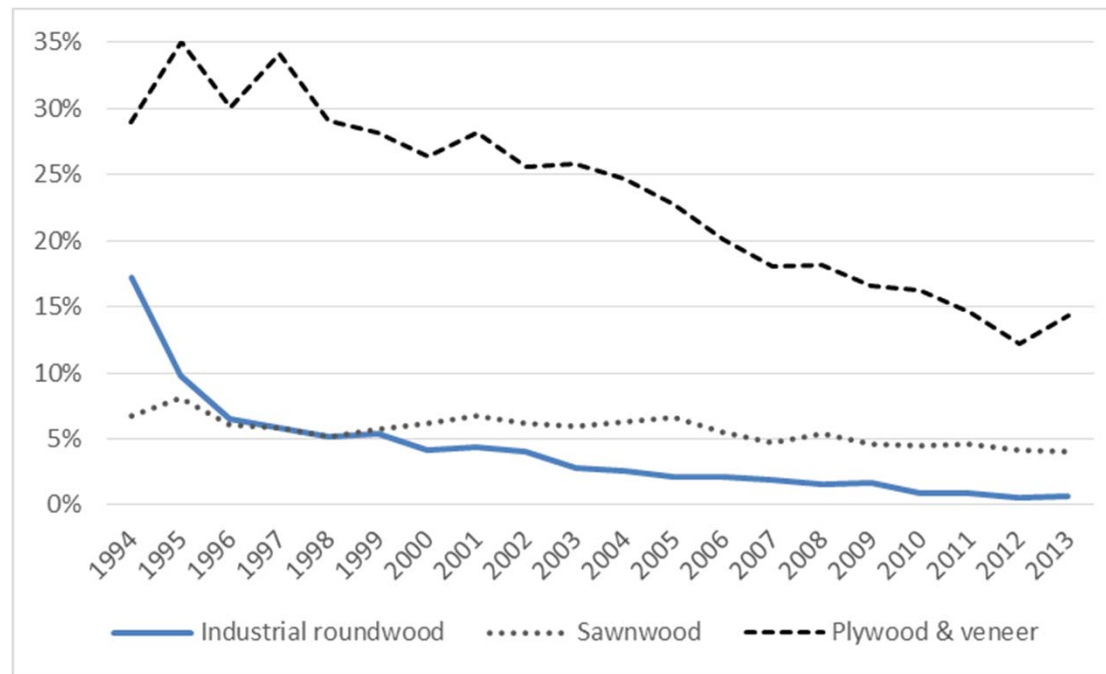
- ❑ US imports of timber products from countries suspected of illegal fibre sourcing decreased since 2008 LAA
- ❑ Source country (Bolivia, Peru, Brazil, Indonesia) domestic policies / programmes to reduce harvests from natural forests found to be effective - at least in reducing supply of wood available for export to US
- ❑ Similar impacts could be expected for FLEGT / EUTR case - no similar studies yet

Policy measures could have reduced illegal logging in suspected source countries

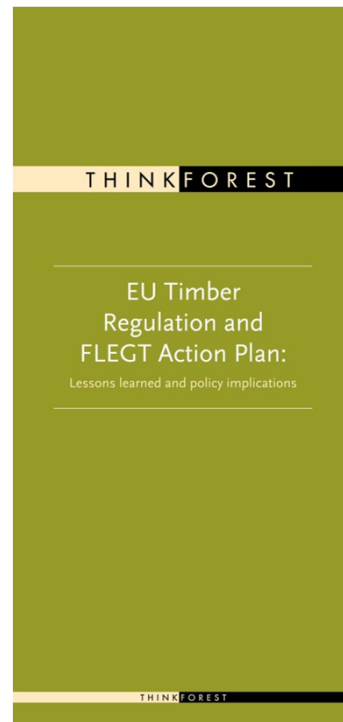
- ❑ Cannot definitely claim policy measures have reduced illegal logging in source countries - although they *could* have
- ❑ Possible that illegal timber products redirected to other countries without comparable policy measures, or to domestic consumers
Net effect on illegal timber remains unclear
- ❑ Implementation of EUTR in EU still a major challenge
Some countries well advanced in implementation process, others at beginning
Technical/economic hindrances still considerable

Tropical timber imports to EU declining

EU tropical timber imports as percentages of total volume of imports



Policy implications



Benchmarking good practices from more experienced countries would be valuable

- ❑ Effective and consistent implementation of EUTR across all EU members should be based on benchmarking good practices from more experienced countries
- ❑ Consistency should reduce ambiguity, and potential trade diversion / substitution
- ❑ EUTR implementation should be done in close cooperation with industry, striking the right balance between effective implementation and acceptable costs
- ❑ EC's Independent Market Monitoring (IMM) project which creates a database for analysis of timber trade development could play a key role

Support for small and medium-sized timber product firms in source countries is crucial

- ❑ Success of EUTR presupposes involvement of major timber product producers / importers from emerging economies, most notably China
- ❑ EU already conducting *bilateral* negotiations with such countries
In addition, *multilateral* negotiations involving other major importing countries, e.g., US and Japan, would be fruitful
- ❑ Support for *small and medium-sized* timber product firms is essential
Inside EU, Monitoring Organizations have a key role
In source countries, support and capacity building for small enterprises is crucial

Legality does not guarantee sustainability

- ❑ Legality is a core precondition for sustainability, but does not guarantee sustainability per se
- ❑ Need to re-consider the importance of the emerging legality verification regime in the context of a broader global governance system targeting sustainable management of the world's forests

Thank you!

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