



# Regional Workshop on Sustaining Teak Forests in Mekong Basin

## *Towards Legal and Sustainable Supply Chains (LSSC)*

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RETC-AFoCO, Yangon, Myanmar

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

# Issues in Forest Law Enforcement and Governance



- ***An inconsistent forest policy and legal framework:***
  - *Excessive regulations* can mean that the transaction costs of legal operations are prohibitively high. This is particularly the case for community-based enterprises, may operate outside the law.
  - *Internal contradictions* in national legal frameworks are common- the forest authority or a customary forest owner is powerless to prevent outsiders from entering forest lands and extracting timber, minerals, etc.
- ***Insufficient enforcement capacity*** due to institutional weaknesses and deficiencies in coordination within and between forest-law-enforcement and judicial bodies
- ***Insufficient information*** about the condition of the forest resource and its change over time makes it difficult to monitor what is happening in forests and along the supply chain
- ***Corruption*** in government institutions and the private sector and among local decision-makers is linked to a lack of transparency in policy implementation



Source: ITTO-FAO *Forest law compliance and governance in tropical countries (2010)*

# Messages from A-P Forest Week 2019

Stream 4, “Promoting Responsible Trade and Markets”

- **Illegal logging** remains the single largest category of environmental crime.
- Many countries in the region are taking steps to put in place **timber legality** measures
- Demand- and supply-side measures to promote **legal and sustainable wood** and non-wood forest production and trade are now more relevant, and China is playing an increasingly important role.
- Need for the private sector in the region to increase their **due diligence** and for governments and international organizations to provide capacity-building support related to **legality compliance**, especially for small and medium-sized enterprises

# Trends in timber procurement policies



- US Lacey Act Amendment

Since May 2008



- European Union (EU) Timber Regulation

Since March 2013



- Australia Illegal Logging Prohibition Act

Prohibition since 2012,  
Due diligence required Nov 2014



- Indonesia Requirements for Forest Products Imports

Since February 2015





# European Union (EU) Timber Regulation Provisions for Due Diligence

- Prohibition of illegally harvested timber and associated products in the EU market
- EU operators are required to exercise “due diligence”
- Traders are required to keep information about their suppliers and customers to make timber easily traceable



## European Union (EU) FLEGT VPA

Seven countries have signed a VPA with the EU and are currently developing the systems needed to control, verify and license legal timber. One of these, Indonesia, is issuing FLEGT licenses.

## WHAT IS LEGAL TIMBER (as define in SVLK)



### LEGALITY DEFINITION

Timber is deemed legal when its **origin** and production **process** as well as subsequent processing, transport and **trade** activities are verified as meeting all applicable Indonesian laws and regulations

### CRITERIA AND INDICATORS

**Different** set of criteria and indicator for **each scope** (big scale, small scale, on farm, off farm)

### INSTITUTIONS

**Independent accreditation** for **3rd party auditor** and **CSO monitor**

# Challenges in Indonesian SVLK Implementation



- Potential to combat illegal logging and trade in illegal timber
- However, **legality assurance** requires **considerable capacity and technical recourses** to meet the requirements
  - Verifies compliance with legal timber
  - Traces product movement from forest to export for legal verification
  - Periodical independent monitoring
- In particular, need to improve **criteria, indicators and verifiers for legal compliance** ; establish clear reporting (public disclose), monitoring, and verifying (complaint) mechanisms; assist for community forestry/SMEs to implement SVLK (2015, Arbi Valentinus)
- Certification means additional costs and is perceived as export disincentives (2015, Arbi Valentinus)



# Regional cooperation and SDGs



<http://www.fao.org/forestry/sustainable-wood/en/>



Food and Agriculture  
Organization of the  
United Nations

SUSTAINABLE  
DEVELOPMENT  
GOALS



SUSTAINABLE  
WOOD *for a*  
SUSTAINABLE  
WORLD

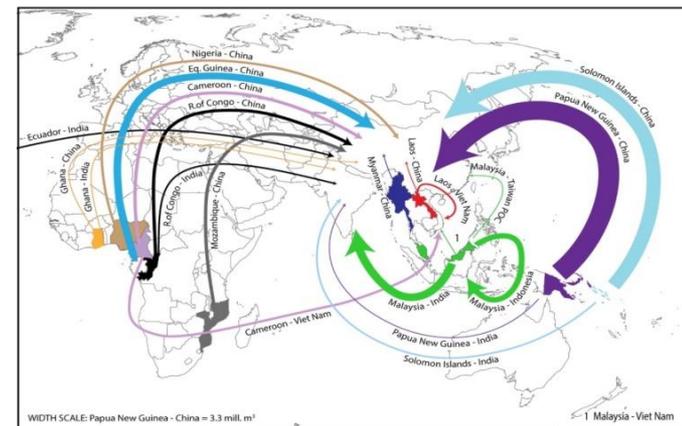


# Towards a Global Green Supply Chain Platform



Chinese Private Sector Initiative (GGSC) - Beijing, June 2018

- **GGSC members:** Currently 14 progressive Chinese wood importing and processing enterprises.  
Trade volume ~US\$ 14 billion
- **GGSC secretariat:** CINFT / NFGA (National Forest and Grassland Administration, previously SFA).
- **GGSC promotion committee:** GGSC secretariat, ITTO, China timber and wood products distribution association, Green carbon foundation, (open for enterprises to join).
- **GGSC expert group:** ITTO TAG, CINFT.
- **External stakeholders / supporters:** MOFCOM, GIZ Forest Policy Facility, TNC, DfID etc.



# International Forum: Together Towards Global Green Supply Chains



- 22–25 October 2019, Shanghai & Huzhou, China
- The forum will:
  - highlight the importance of legal and sustainable wood products supply chains and
  - promote the establishment of a joint platform to facilitate business information exchange and collaboration between wood product producers, buyers, processing industries and wood product market representatives nationally and internationally.



# Way Forward



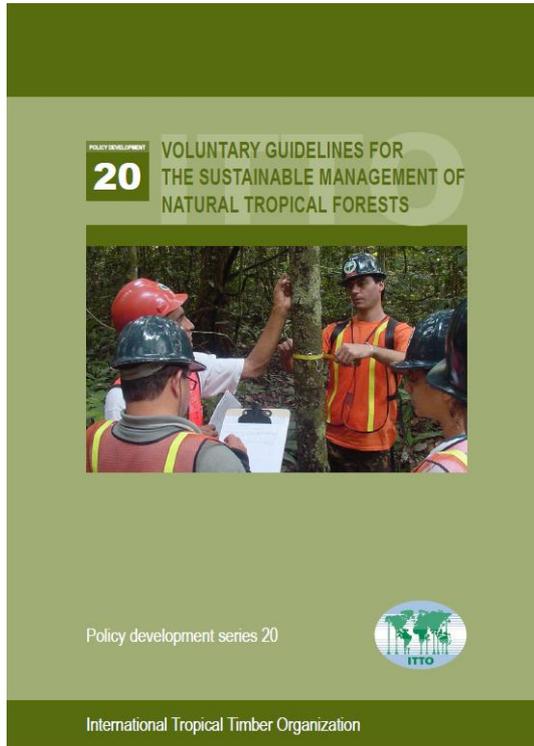
- ***Win-win solutions***; More partnerships to promote a legal and sustainable trade of tropical timber and enhance the trade's positive impact on legal compliance and SFM
- ***Assistance for capacity building*** of tropical timber producing countries to address a serious lack of capacity to cope with timber legality and procurement policy requirements
- ***Enabling policies and legislation towards inclusive and integrated SFM***;
  - In revision forest legislation, avoid legislative overreaching and enhance provisions for inclusive participation of stakeholders, transparency and accountability;
  - Independent legality verification and voluntary SFM certification; reduce transaction costs for legal production





**ITTO** International Tropical  
Timber Organization

Sustaining Tropical Forests



## *Happiness grows from a tree*

Sumitomo Forestry Company

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**Thank you for your attention!**