

## Welcome to the 19<sup>th</sup> Edition of the TTAP Newsletter!

Whether you are a Timber Trade Federation member, a TTAP partner or an interested stakeholder, we hope TTAP News will be a useful resource for you. Please feel free to share this newsletter with your colleagues.

The TTAP team

TTAP is an EC funded project, managed by The Forest Trust (TFT) and co-funded by European Timber Trade Federations and their members.

The project aims to assist wood suppliers in TTAP focus countries produce third party legally verified timber. We currently advise and provide technical support to timber companies based in Asia, Africa, and South America.

We are also engaged in FLEGT discussions in Europe and TTAP focus countries.

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## US LACEY ACT AND EU TIMBER REGULATION

### Shedding light on rules and regulations

Thank you to Rachel Butler and Adam Grant to share their interview with TTAP



Rachel Butler, head of sustainability at the Timber Trade Federation, and Adam Grant, senior associate at the World Resources Institute in Washington DC, answer key questions on the new EU Illegal Timber Regulation and the US Lacey Act

**TTJ: What is the EU Illegal Timber Regulation (ITR) and what are the timber industry's obligations?**

**Rachel Butler:** The EU ITR will take effect on March 3, 2013 – not far away in trading terms.

From this date it will be an offence to place illegal timber onto the EU market. The critical business issue is whether your organisation is regarded as an “operator” or “trader” under the regulation. Operators are considered the first placers of timber and timber products onto the EU market and are therefore required to undertake due diligence. Other timber traders in the supply chain are required to know from whom they bought and to whom they sold the timber products.

At present there is some grey area as to who is defined as the first placer. The regulation, in most cases, intended to define the first placer as the domestic producer or first European importer of wood products into the EU from outside Europe. Operators can undertake either to set up their own due diligence systems, or make use of one provided by a monitoring organisation.

The Commission is currently drafting and consulting on further guidance on defining first placers, as well as developing criteria for due diligence systems and monitoring organisations.

**TTJ: What is the US Lacey Act and what are the timber industry's obligations?**

**Adam Grant:** In 2008 the US amended the Lacey Act to prohibit commerce in illegally sourced plants, including wood products. The new law requires that everyone along the supply chain needs to know from where they are buying their forest products.

The Lacey Act now does three main things:

- prohibits all trade into or within the US in plant and plant products (eg furniture, paper, or lumber) that are illegally sourced from any US state or any foreign country;
- requires importers to declare the country of origin of harvest and species name of all plants contained in their products;

- establishes penalties for violation of the Act, including forfeiture of goods and vessels, fines and jail sentence.

The Lacey Act is a fact-based, rather than a document-based statute. Documents are part of demonstrating due care and assessing legality, but they are not proof of legality. It is important for buyers to not take documents at face value, to look behind the documents and, if needed, ask further questions.

**TTJ: What is the difference between the two?**

**AG:** The EU ITR is a process with an underlying prohibition and the Lacey Act is a prohibition that requires a declaration but, in reality, for US and EU buyers there is very little difference between the two in terms of actions that are needed.

The main difference between the EU ITR and the Lacey Act is the process the trader is asked to follow. Under Lacey, individual companies are left to their own devices. There are not any clear guidelines or processes, and so it is up to the individual to find the methods that work best for the particular business. The EU ITR has a prescriptive approach with a developing process that needs to be met by the individual in order to meet the requirements of the legislation.

**TTJ: How is EU ITR/Lacey Act compliance achieved?**

**RB:** Under the EU ITR only FLEGT and CITES licensed timber is given an automatic passport, nothing else. In the case of Lacey, no evidence is automatically accepted.

However, for Lacey, the level of due care a buyer carries out is important if the buyer is found to have been trading in illegally-sourced products. There is similar wording in the EU regulation with references to proportionate risk.

In general for both EU TR and Lacey, there is no such thing as compliance (FLEGT/CITES licences for the EU the only exceptions). And any organisation that offers you “compliance” should be treated with suspicion.

**TTJ: Is certification no longer necessary?**

**RB:** For the Lacey Act, third-party sustainable forestry certification or legality verification schemes can be good ways to demonstrate due care. However, certification and verification are not required by the Lacey Act, and the associated documents are not considered proof of legality. So they are not a guarantee to avoid prosecution if illegal timber is found in your supply, and they don't relieve importers of the requirement to submit appropriate import declaration information.

*Cont. on page 2*

**Shedding light on rules and regulations (continued from p.1)**

It is hoped that the EU will provide further guidance on this issue for the ITR. Certification, in most cases, is good evidence that the timber is legally felled and sourced from well-managed forests and will help demonstrate to both the government and your customers that you have taken some of the steps necessary to eliminate illegal wood from your supply chain.

The TTF, as part of its guidance under RPP, classifies certification as good evidence of legality and sustainability as defined by the UK government and therefore an operator is mitigating risk and implementing due diligence. Therefore no further due diligence is required over and above normal chain of custody checks. A caveat is where there is intelligence or a risk that the certification claim is fraudulent. In this case, further investigation and due diligence are advised.

**TTJ: What should timber traders do now?**

**AG:** For now, based on the current EU ITR

interpretation, determine whether you think you are the operator or trader. If in doubt at this stage, assume you are the operator and consider implementing a due diligence system. For Lacey, it is important to remember that it is a fact based law and so checking out and trusting your suppliers and the wood they are providing is as important, if not more important, than proper paperwork.

**TTJ: Where can you get advice?**

**RB:** The TTF is working closely with the UK government and will provide consultation and information events over the coming months, so visit [www.ttf.co.uk](http://www.ttf.co.uk).

For Lacey, visit the Forest Legality Alliance's website [www.forestlegality.org](http://www.forestlegality.org) for information and links to relevant bodies.

**TTJ Any final words of advice for traders?**

**AG:** Don't despair. As far as the EU ITR is concerned we still have some way to go in knowing the detail. For the present time we stick with what we know was the intention. Certification and verification are good tools

and could provide evidence that your organisation is undertaking due care or due diligence, and on that basis the trade should continue to support them. For Lacey, it is important to start to work with your suppliers closely. Build a rapport and develop trust in them and the forest products they provide. "

**SUMMARY**

- The EU's Illegal Timber Regulation takes effect on March 3, 2013.
- The US's Lacey Act was amended to include wood products in 2008.
- Under the EU ITR, only FLEGT and CITES licensed timber is given an automatic passport.
- The TTF classifies certification as good evidence of legality and sustainability.

Rachel Butler & Adam Grant

**AFRICA NEWS****TFT field tests Liberia VPA legality definition**

In February 2011, TFT in conjunction with a team from Liberia undertook the field test of Liberia's legality definition, as part of the Voluntary Partnership Agreement (VPA) negotiation process. The test follows on from the Government of Liberia and the European Union (EU) entering into formal VPA negotiations in 2009. EFI commissioned TFT for this work based on its previous legality field tests of CAR, Republic of Congo and Cameroon.

This field test is part of the VPA negotiation



process and aims at determining the practicality and applicability of the legality definition to be used in the VPA. Each indicator and verifier of the legality definition is tested on the ground and recommendations for a more robust or clearer definition are proposed wherever necessary.

TFT joined by a team of representatives from the Forest Development Authority, the VPA secretariat, the Environmental Protection Agency, Civil Society Organizations and private sector companies, travelled to two different concession areas in the River Cess and Grand Bassa Counties to assess the practicality of the Legality Definition. The



findings will be published within the coming months and will play a crucial role in ensuring the Legality Definition, which is part of the VPA Legality Assurance System is practical, operational, and pertinent and that the indicators and verifiers are understood by the various stakeholders prior to the ratification of the VPA between Liberia and the EU.

**AFRICA NEWS****Building capacity within the Cameroon forestry sector: TFT wins FAO project**

Complementary to the TTAP project in Cameroon, TFT has won an FAO proposal to build capacity within the private sector in preparation for the implementation of the VPA. Through the project, TFT will work with its partners, the members of the Cameroon Timber Sector Group (GFBC - *Groupement de la Filière Bois du Cameroun*) and the national forest managers' syndicate.

The specific objectives of the project are:

1. To elaborate the first version of the FLEGT procedures handbook, using detailed analyses of requirements for the

different timber legality frameworks in Cameroon, constructive discussions with the various administrations in charge of delivering the required verification documents and field visits in five pilot forest companies members of GFBC and the national syndicate;

2. To organise discussion workshops on the first version of the handbook in four forest regions in Cameroon (Kumba, Douala, Bertoua and Ebolowa) with the participation of representatives of forest companies active in this area, local administration and representatives of the civil society to improve the first version of the handbook;

3. To organise a workshop for the validation of the FLEGT procedures handbook in Yaoundé.

The goal of the project is to provide a reference tool for the timber industry in Cameroon to rapidly comply with the new FLEGT legislation and thereby continue to export legal timber to European Union.



**AFRICA NEWS**

**Research workshop in Cameroon**

Timber traceability using genetic and isotopic markers

On 23 and 24 March, TFT and its German partner the von Thunen Institute (vTI), organised an international workshop in Yaoundé, Cameroon within the context of an ITTO pre-project. The project entitled "Development and application of an identification system for species and timber traceability using genetic markers and stable isotopes in Africa" was initiated by the German government and could have interesting uses in combating illegal logging under the FLEGT action plan through determining the origin of timber products entering Europe.

This pre-project aims to involve African producer countries and collect information through two international workshops, one in Hamburg organised by vTI for European partners and the other in Yaoundé organised by TFT, in order to target a full project proposal to ITTO.

The workshop in Yaoundé attracted 60 people representing NGOs, development partners, international research organisations, the German embassy, forest administrations in charge of forests in the relevant African countries concerned by the project, administrations and research institutes in these countries, foresters' syndicates and forest companies.



**SOUTH AMERICA NEWS**

**Raising FLEGT awareness within the Guyanese timber industry**

FLEGT awareness within the Guyanese timber industry has been growing since mid-2010 given the country's engagement in the VPA pre-negotiation phase with the EU.



TFT's activities in Guyana have also been a complementary force in this discussion through engaging with the private sector to provide information and technical assistance to comply with the European Timber Regulation (EU TR).

A review of the existing Guyana Legality Assurance System (GLAS) commissioned by the Government earlier this year is an additional measure to ensure that Guyana's approach to combating illegal logging meets international standards.

In addition to assisting two companies towards independent verification of legality, TFT is also working closely with the Forestry Producers Association of Guyana (FPA) to gain a wider audience for the requirements of the FLEGT initiative.

Initial meetings and workshops have been well received and with a TFT representative based out of FPA's office in Georgetown as of March 2011, TFT is looking to further expand its activities in the country as well as in nearby Suriname.

**TTAP 1 & 2 Progress Table - until end of March 2011**

Region	Country	N° of GA's done	N° of AP's implemented	N° of nodes TPV	N° of completed SC's	TTAP Supply Chain Target
Asia	China	24	6	4	2	20
	Indonesia	31	23	12	10	
	Malaysia	30	16	16	8	
<b>Total Asia</b>		<b>85</b>	<b>45</b>	<b>32</b>	<b>20</b>	<b>40</b>
Africa	Cameroon	31	13	10	15	15
	Congo B	6	2	2	1	
	Gabon	14	4	0	0	
	DRC	3	0	0	0	
<b>Total Africa</b>		<b>54</b>	<b>19</b>	<b>12</b>	<b>16</b>	<b>15</b>
South America	Bolivia	0	0	0	0	15
	Brazil	29	17	4	2	
	Guyana	5	3	0	0	
	Suriname	0	0	0	0	
<b>Total South America</b>		<b>34</b>	<b>20</b>	<b>4</b>	<b>2</b>	<b>15</b>
<b>TTAP Total</b>		<b>173</b>	<b>84</b>	<b>48</b>	<b>38</b>	<b>70</b>

GA= gap assessment  
 AP= action plan  
 TPV= third party verified  
 SC= supply chain

## SOUTH AMERICA NEWS

**Expoforest in Bolivia**

In March, TFT attended Expoforest, an international wood fair in Santa Cruz, Bolivia to present the newly approved EU Timber Regulation and show how TFT, through the TTAP project can assist Bolivian companies meet the requirements.

The audience was composed of representatives of companies, communities, NGOs and the government and provided TFT with the opportunity to strengthen its contacts within the Bolivian wood sector.



The Bolivian wood industry is currently facing several challenges. First, companies are dealing with a situation with increasingly difficult access to forest areas. In addition to this the area of FSC certified areas has dramatically declined in the last few years as companies have reported few marketing advantages despite the costs of certification. Finally, exports to the European Union have decreased in the last few years and now comprise mainly of high added value products, partly because of unfavourable exchange rates and strong competition from other producing countries.

Despite little interest from buyers to nominate suppliers in the country for TTAP to date, and the challenges in the country, TFT is looking to engage with committed producers in Bolivia and buyers in Europe to help them comply with the EU Timber Regulation and maintain market access.

Logo from <http://www.fexpocruz.com.bo/expoforest/>

## ASIA NEWS

**TTAP in China - interest in legality compliance increasing**

Over the first quarter of 2011, TFT has seen an increasing interest on the side of European buyers to comply with Europe's recently approved Timber Regulation.

This is very positive news for TTAP in China as "first placers" in Europe are now looking to invest in their supply chains after the uncertain times during the financial crisis. Several buyers have now reengaged in the project and work towards demonstrating legality through Third Party Verification (TPV) in preparation for the March 2013 deadline.

To date only SmartWood possesses a China specific legality standard – Verified Legal Origin (VLO) that TFT helped to field test in China. However, this VLO standard does not fully comply with the TR that demands Verified Legal Compliance (VLC) or equivalent as a minimum.

As such, TFT has approached SmartWood to develop a VLC standard so that Chinese processors of timber, some of whom are engaged in TTAP, can give necessary assurance to European buyers who have to comply with the EU TR.

TFT has also approached SGS and Bureau Veritas to develop their own China specific standard and thereby facilitate legality verification in the country.

## ASIA NEWS

**Indonesia to sign VPA within 3 months**

The Jakarta Post reports that Indonesia is hoping to sign the Voluntary Partnership Agreement (VPA) under FLEGT Action Plan with the EU within the next 3 months.

If this materialises, Indonesia would become the first country in Asia to conclude such an agreement which would require that only legally verified timber and timber products from Indonesia can be supplied to the EU market.

The Jakarta Post quotes Iman Santoso, Director General for Forest Business Management at the Ministry of Forestry, Indonesia: "We're nearly there. This agreement is crucial for Indonesia as it enables Indonesian timber exporters to expand their market for timber and timber products in the EU..."

This is especially important because the EU has just enacted a timber regulation prohibiting the sale of illegally harvested timber in the EU market by March 2013". The value of Indonesia's timber trade with the EU stands at an estimated US\$1 billion per year.



From: *Tropical Timber Market Report*.  
Volume 16 Number 4, 16th - 28th February 2011

## Chatham House publications

**Report of Chatham House Illegal Logging Update meeting**

The full report of the Chatham House Illegal Logging Update meeting held at the end of January 2011 has been posted at [http://www.illegal-logging.info/item\\_single.php?it\\_id=206&it=event](http://www.illegal-logging.info/item_single.php?it_id=206&it=event)

New Report out: "**Controlling Illegal Logging: Consumer Country Measures**" : <http://www.chathamhouse.org.uk/publications/papers/view/-/id/825/>

## From ATIBT IFIA

### RACEWOOD - September 2011 Congo – Brazzaville

RACEWOOD 2011 will be held in Pointe Noire, in September 2011. This 4<sup>th</sup> edition will again bring together leading European and African timber companies. Wood processing will be one of the main subjects together with wooden houses. A key idea that emerged from RACEWOOD 2010 in Douala is the need for developing the timber processing industry in Africa.

Strategies in the timber sector are changing. African governments are now looking to promote a timber sector with added value but also give a boost to the development of local and regional markets as Europe's importers and distributors are seeking more elaborate products.

Several workshops on development strategies for timber processing under the auspices of the FAO and the ITTO will take place in Cameroon, Congo, Gabon and DRC before RACEWOOD in September 2011 and will bring together the private sector and high administration representatives.

A "Livre Blanc" will be published within a year which will summarize all considerations and proposals from the different stakeholders.

*The RACEWOOD website will be online (company presentation forms, practical information, online registration...) soon in April 2011.*

### ATIBT & IFIA to merge in 2011

ATIBT and IFIA are in the process of undergoing a merger that will be concluded in 2011. The rationale behind this move is to harmonise the activities of both organisations and focus on strategic actions to promote the timber industry through new opportunities and projects.

One of the key projects is ECOFORAF, funded by FFEM/AFD, with support from TFT and aims to promote the use of tropical timber in Europe. Complementary to this work is a partnership between ATIBT, IFIA, Fondation Chirac and TFT with the goal of raising architect students' (future prescribers) awareness concerning the use of certified tropical timber. A partnership also exists with the Prince Albert II of Monaco Foundation with the purpose of promoting certified tropical timber in the yachting industry.

ATIBT will be celebrating its 60<sup>th</sup> anniversary in 2011 and will publish a new directory of its members.

For more information, please contact Catherine Péguillan at [catherinepeguillan@ifiasite.com](mailto:catherinepeguillan@ifiasite.com).

## Rémi Sournia leaves TFT

After two years of coordinating the TTAP project with a special focus on Africa and South East Asia, Rémi Sournia will be leaving TFT at the end of April to join PEFC International in its Project and Development Unit.

TFT would like to thank him for his hard work and contribution towards the achievement of TTAP's objectives and wishes him all the best in his future career.

Susanna Lohri will resume coordination of TTAP for Africa and SE Asia and will work closely with Alastair Herd to bring TTAP 1 to completion for its deadline of December 2011.



Rémi Sournia (on the left) in Cameroon

## Events

### China Wood-based Panel Industry International Trade Fair

8-10 May in Pizhou, China

Find out more: <http://www.tft-forests.org/events/item.asp?e=3902>

### Chatham House Event

21 June in London

Find out more: [http://www.illegal-logging.info/item\\_single.php?it\\_id=227&it=event](http://www.illegal-logging.info/item_single.php?it_id=227&it=event)

### Racewood in September 2011 in Pointe-Noire (République du Congo)

For more events: see <http://www.illegal-logging.info/>

Visit [www.tft-forests.org/ttap](http://www.tft-forests.org/ttap) for more information on TTAP

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