

Demand side measures in key markets

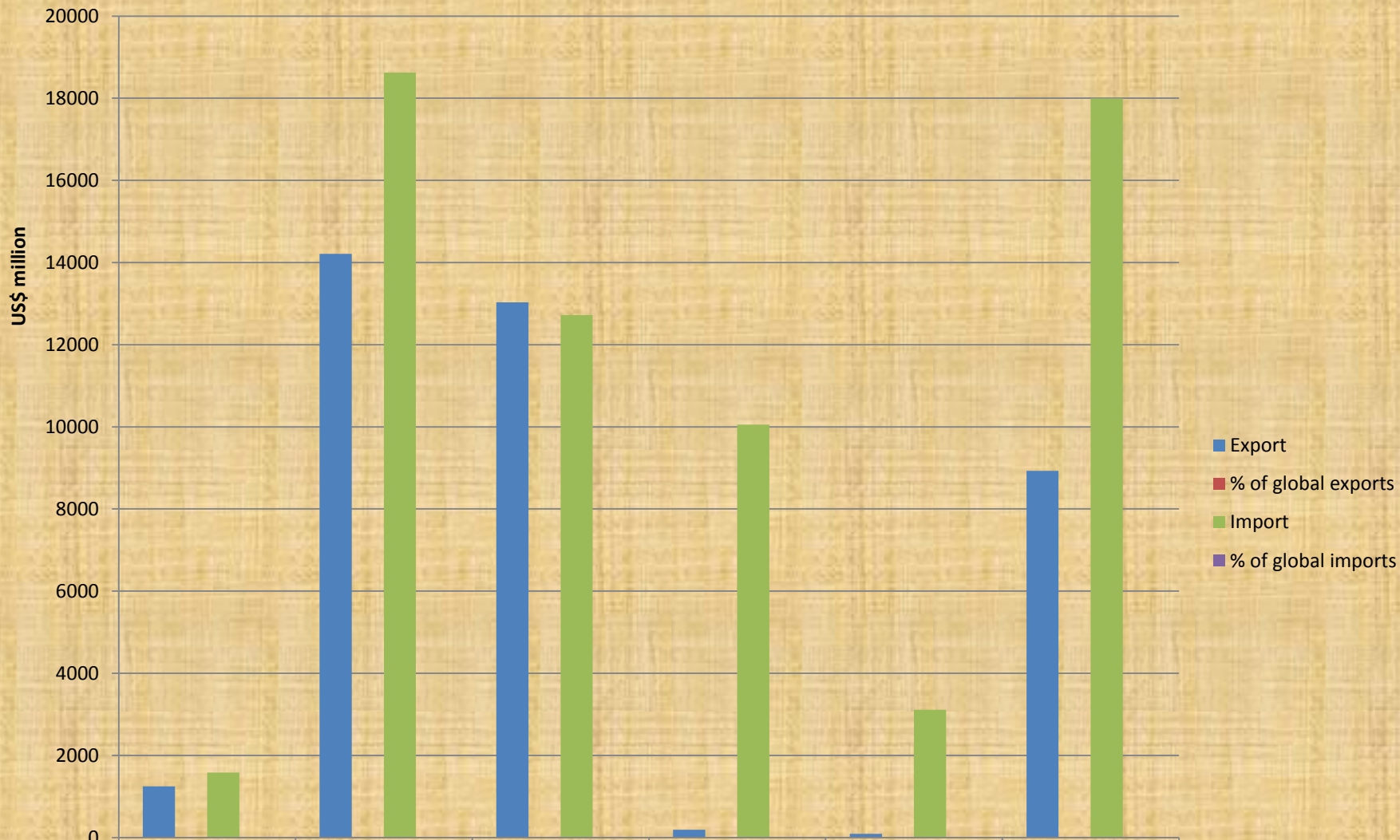
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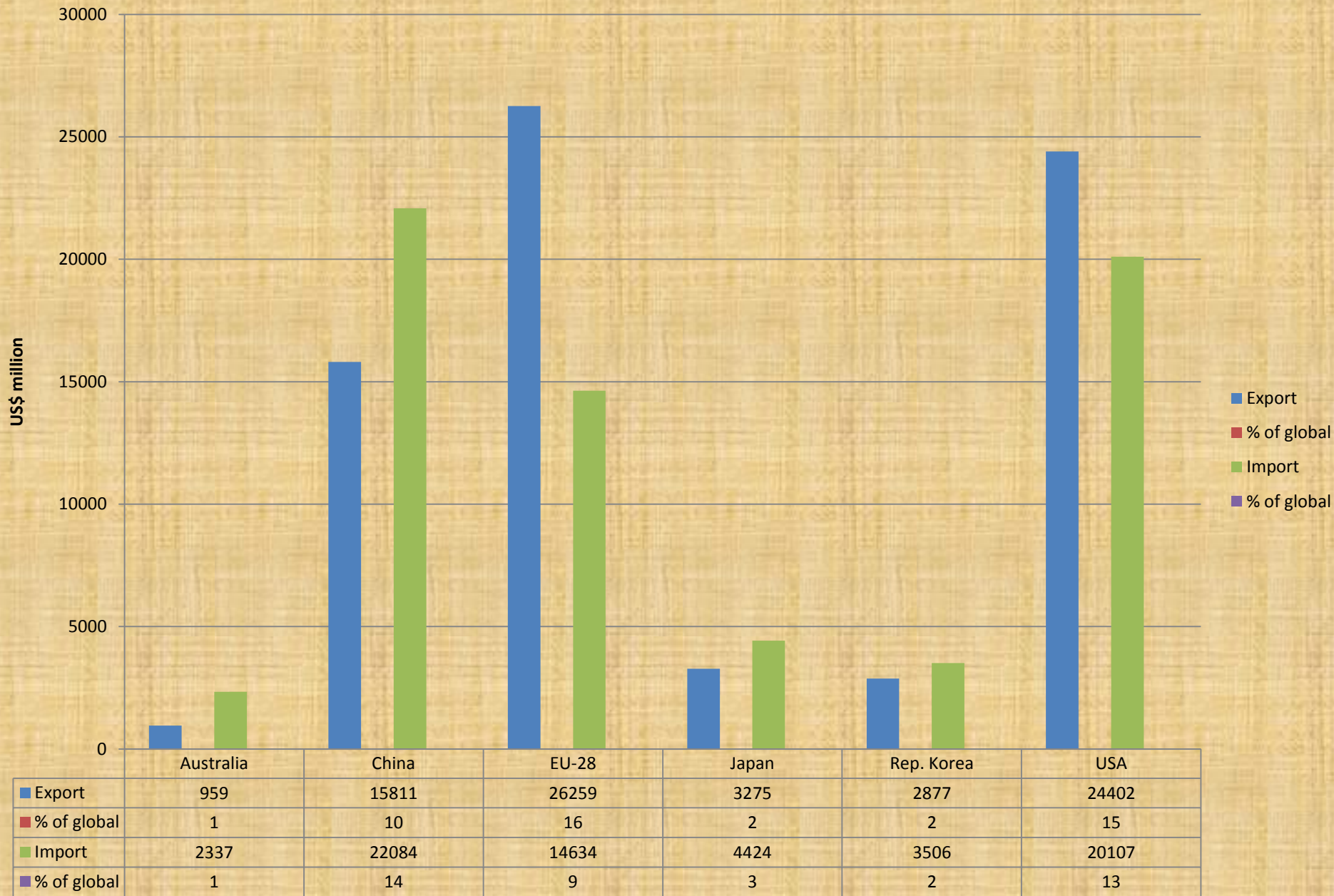


Trade of Wood and Articles of Wood (HS44), 2015

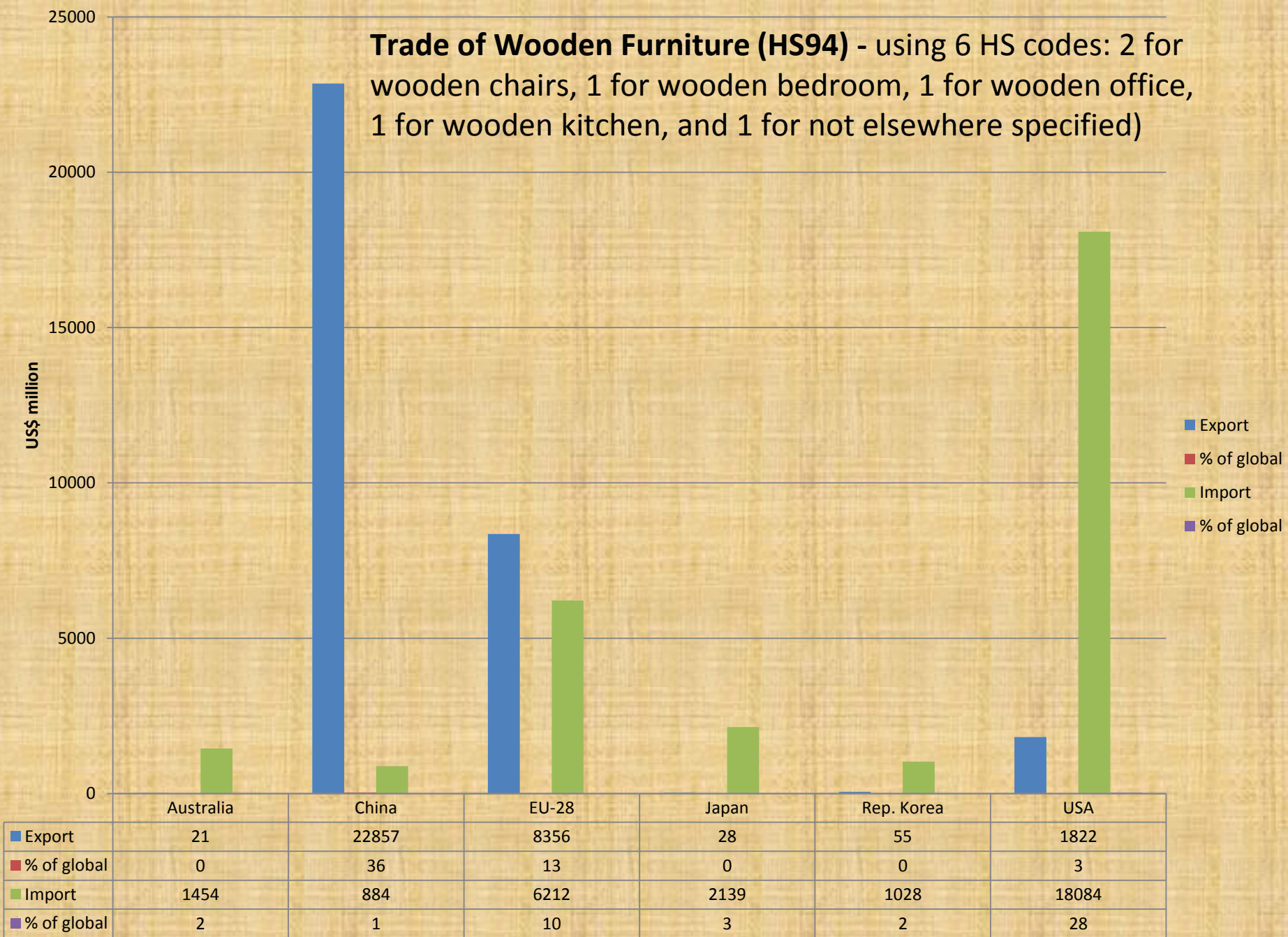


	Australia	China	EU-28	Japan	Rep. Korea	USA
Export	1246	14211	13029	189	90	8928
% of global exports	1	11	10	0	0	7
Import	1580	18627	12719	10051	3113	18000
% of global imports	1	15	10	8	2	14

Trade of Pulp and Paper (HS47+48), 2015



Trade of Wooden Furniture (HS94) - using 6 HS codes: 2 for wooden chairs, 1 for wooden bedroom, 1 for wooden office, 1 for wooden kitchen, and 1 for not elsewhere specified)



State of play of demand side legislation

EU	Regulation (EU) No 995/2010 lays down the obligations of operators who place timber and timber products on the market. The EUTR entered into force in March 2013. Guidance document published in February 2016.
USA	The Lacey Act was originally passed in 1900 against wildlife trafficking. In 2008 it was amended to include a broader range of plant products.
Australia	Illegal Logging Prohibition Act 2012. Illegal Logging Prohibition Amendment Regulation 2013. Regulation entered into force 30 November 2014. Soft-start compliance period to allow operators to adjust their systems still in place (revision of DD currently discussed).
Japan	Clean Wood Act adopted in May 2016. Implementation through Ministerial Ordinances in May 2017. The system is not fully operational yet.
South Korea	2012 Forest Legislation includes an article on countermeasures against illegal timber. Revised Act passed in March 2017. Guidance / policies still under development. Implementation announced for 22 March 2018.
China	China is establishing a timber legality framework comprising guidelines, CTLVS, bi-lateral MoUs, etc. Currently there is no legislation that makes it an offence to import illegal timber or timber products.

EU Timber Regulation

Voluntary/compulsory	Compulsory.
Penalties	Yes. EU Member States lay down the penalties applicable to infringements of the EUTR.
Regulated party	Operators who place timber and timber products on the EU market for the first time.
Obligations	Exercise due diligence when placing timber or timber products on the market. Maintain and regularly evaluate the DDS unless the DDS of a monitoring organisation is used.
Checks on operators	Competent Authorities carry out checks on operators to verify compliance with the EUTR and keep records of checks. Competent Authorities also carry out checks on monitoring organisations to verify that they continue to fulfil their functions.
Role of Government	Member States enforce the EUTR through their designated Competent Authorities. Member States, assisted by the Commission, may facilitate the exchange and dissemination of information on illegal logging to assist operators in assessing risks.

US Lacey Act

Voluntary/compulsory	Compulsory.
Penalties	Yes, criminal and civil sanctions for violations. Penalties could be lower if the operator can demonstrate that it exercised due care.
Regulated party	All entities in the supply chain. Importer files a Plant and Plant Product Declaration Form.
Obligations	Due care.
Checks on operators	Investigations based on risk and suspicion.
Role of Government	Enforcing the law and providing information about the Act such as the enforcement schedule for the declaration.

AUSTRALIAN Illegal Logging Prohibition Act

Voluntary/compulsory	Compulsory.
Penalties	Yes. Penalties range from fines to imprisonment.
Regulated party	<ul style="list-style-type: none">- Operators who import timber and timber products into Australia- Australian businesses who process logs harvested in Australia.
Obligations	Due diligence. Described in the Illegal Logging Prohibition Amendment Regulation 2013. Regulation Impact Statement Process ongoing – assessing reduction in regulatory burden against risk of risk of illegally harvested products being traded in Australia.
Checks on operators	The Australian Government Department of Agriculture enforces the Act. Checks are risk-based. Soft-compliance period still in place.
Role of Government	<ul style="list-style-type: none">- Enforcement- Develop Country Specific Guidelines together with key trading partners. The Guidelines support importers in their due diligence process. Available e.g. for IDN, MY, PNG, Italy, Finland.

JAPANESE Clean Wood Act

Voluntary/compulsory	Voluntary but operators who comply can register with the Government as responsible operators.
Penalties	The major penalty is the revocation of registration. No monetary penalties for trading in illegal timber or timber products.
Regulated party	The key regulated parties are operators who register with the Government.
Obligations	Due Diligence.
Checks on operators	Registering bodies check compliance by operators and carry out registration activities. The competent Ministries are ultimately responsible and can also carry out checks on registering bodies and operators.
Role of Government	<ul style="list-style-type: none">- It carries out verification activities.- It provides information on laws and regulations in Japan and overseas. Promotes registration and educates the public.

SOUTH KOREAN Revised Act on the Sustainable Use of Timber

Voluntary/compulsory	Compulsory.
Penalties	<ul style="list-style-type: none">- Unverified timber cannot be sold and it has to be returned or destroyed.- For timber producers: registration for timber production can be revoked and business suspended.- Non-compliance with suspension or disposal order triggers fines and imprisonment.
Regulated party	Domestic timber producers and operators importing timber and timber products. Unclear whether the entire supply chain is covered.
Obligations	Importers have to file an import declaration with the Minister of the Korea Forest Service that documents legality of imports. Producers have to run books stating timber types and volumes of distribution as well as felling permits.
Checks on operators	Inspection agencies verify documents before customs clearance. Agencies can inspect facilities, equipment, documents of timber producers. Prize money is paid to people who report violations.
Role of Government	<ul style="list-style-type: none">- Formulate and implement the relevant policies.- Promote the sustainable use of timber and stabilise the supply of timber and timber products.

CHINA

Voluntary/compulsory	China is working towards a timber legality system.
Penalties	Not available at this stage.
Regulated party	We expect that a system will be in place where companies who comply with a legality standard will be able to make positive claims. We expect that all entities in the supply chain will have to comply
Obligations	Potentially: Due diligence.
Checks on operators	Not available at this stage.
Role of Government	We expect that the Government will play an important role in establishing a legality framework that will include the industry associations. The Government is expected to have an oversight function and to promote responsible practice among operators.

INDONESIA and VIETNAM – Examples of VPA import control measures

Voluntary/compulsory	Compulsory import controls
Penalties	IDN: suspension of authorization to import. Products imported in contravention of the regulations must be re-exported or destroyed VN: will issue legislation where administrative or criminal sanctions will be defined. In case of illegality, imported timber will be seized or rejected.
Regulated party	IDN: Registered importers (traders and processing operators) VN: Organisations and households who import timber to Vietnam
Obligations	IDN: Carry out DD prior to import to obtain Import Approval by MoT VN: Conduct due diligence documented through a self-declaration that accompanies Customs documentation.
Checks on operators	IDN: MoEF checks on-line DD declaration, post-import checks VN: Physical checks by the Forest Protection Agencies, risk-based verification filters determine the need for checks and documentation.
Role of Government	IDN: MoT issues import approvals and can revoke approvals; MoEF maintains an electronic DDS, issues import recommendations to MoT and carries out investigations in case of suspicion VN: Develop and maintain the import controls system, decide on risk categorization and appraise information, compliance checks.

Conclusion

- Significant demand side developments
- Some consistency in approach, but large differences in details
- Need for increased information/lessons learnt exchanges between markets (technical and political level) -> levelling of key principles and technical requirements
- Need to link with VPA developments

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