Regulatory and Policy Requirements on Wood Identification in Global Market

Dr. Xiaoqian Chen

European Forest Institute /Beijing Forestry University
Presentation outline

1. Introduction of EFI
2. Wood Identification Matters Global Timber Market
3. Regulatory Policies Requirements
4. The way ahead
1. Expertise and knowhow at EFI

- As an international organization, currently, a total of 28 European States have ratified the Convention on EFI.

- EFI has 112 member organisations in 37 countries. (July 2017)

- In 2016, 114 staff members from 26 different countries worked at EFI in our offices across Europe as well as in Malaysia and China.
EFI strategy 2025 and how we implement it
Illegal Timber Harvest and Trade
- What is at stake?

- Loss in Assets and Revenues
- Loss of future economic and trade opportunities
- Trade Reputation is at Risk
- Legitimate Operators find it hard to Compete and Invest
- Undermines the Rule of Law
- Loss of Biodiversity
- Forest Degradation & Deforestation
- Climate Change

2. Wood Identification Matters Global Timber Market
FLEGT VPA partners

- Congo
- C.A.R.
- Cameroon

- FLEGT licenses (not yet)
- System development
- Formal negotiations
- Entering into negotiations
- Preparation, in-country consensus building

Bilateral Coordination Mechanism (BCM)

Countries with market requirements on illegally logged timber

- Canada
- China
- India
- Australia
- New Zealand
- Canada
- Japan
- South Korea
- USA
- USA

Countries with market requirements on illegally logged timber
| European Union Timber Regulation (EUTR) and Voluntary Partnership Agreements (VPA) | EU imports |
| Australian Illegal Logging Prohibition Act (AILPA) | Australian imports |
| Lacey Act | USA imports |
Illegally Harvested Timber =
Timber which has been harvested in **contravention** of the **applicable legislation in the country of harvest**

Applicable legislation includes that which governs:

- The right to harvest timber within legally gazetted boundaries
- Third Parties’ legal rights concerning use and tenure in areas affected by timber harvesting
- Payment for harvest rights and timber; (including duties related to harvesting)
- Environmental and forest legislation including forest management and biodiversity conservation
- Trade and customs, in so far as the forest sector is concerned
The LACEY ACT

A tool to combat trafficking in “illegal” wildlife, fish or plants

- Enacted in 1900, it is the oldest wildlife protection statute in the US
- Designed to combat impact of:
  - hunting to supply commercial markets
  - interstate shipment of illegally killed game
  - introduction of harmful exotic species
  - killing of birds for feather trade
- Amended in 1981 to protect rare U.S. plants

Two major components:

- A ban on the trade in any plant harvested, possessed, transported, or sold in violation of the law that “protects” [not defined] plants or regulates “taking” payment of fees or taxes, or places limitations on exportation or transshipment.*
- A requirement to declare the scientific name, value, quantity and country of harvest for some products

In addition to these, it is illegal to falsify or submit falsified documents, accounts or records of any plant covered by the Act applies to US and overseas laws and trade
EU Timber Regulation

3 Key Obligations for ‘operators’ and traders in the EU

1. It prohibits the placing on the EU market of illegally harvested timber and products derived from such timber;

2. It requires EU traders who place timber products on the EU market for the first time to exercise 'due diligence';

3. Other traders further down the supply chain must keep records of their suppliers and customers.
## EU Timber Regulation

### What is Due Diligence?

<table>
<thead>
<tr>
<th>1. INFORMATION</th>
<th>2. RISK ASSESSMENT</th>
<th>3. RISK MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.</td>
<td>Operator must assess the risk of illegal timber in his supply chain, based on the information in 1. and taking into account criteria set out in the regulation.</td>
<td>When there is a risk of illegal timber in the supply chain, the operator must mitigate that risk by requiring additional information and verification from the supplier.</td>
</tr>
</tbody>
</table>
Australian Illegal Logging Prohibition Act (AILPA)

Issued in 2013, and aimed to December 2014. Illegally logged timber = any timber harvested in contravention of the laws in place in the country of origin.

Requires that:

- Australian importers and processors of raw logs carry out due diligence to minimise the risk of illegally logged timber being present in their supply chains.

- Importers submit a declaration to the Customs Minister at the time of import to declare that due diligence has been undertaken.

- Australian importers must not import illegally logged timber or timber products into Australia and Australian processors must not process illegally logged raw logs.

- From 30 November 2014, anyone importing regulated timber products into Australia must carry out due diligence before they import.
Comparing

- Focus on legality in country of harvest
- Prohibits import or selling of illegal timber/forest products
- Creates obligation to question the legality of the supply chain
Differences?

- Border Controls
- Terminology “due diligence” & “due care”
- Enforcement, different legal systems
Timber for legs from Cameroon

Timber for table top from Papua New Guinea

Timber for side boards from Russian Far East

Production in China

Buyers from EU, US or Australia should be able to demonstrate that all timber in the product was legally harvested.
Declaration form

US Import Declaration – information required

Scientific Name
Genus and Species

Value of imported goods

Declaration

Quantity of the Plant

Country of Harvest

Example: Ramin

The scientific name for this particular species is:

Gonystylus bancanus
Wood Identification application urgently needed as one of tool to promote the legally sourced timber trade in Asia region and China.

China, Thailand and Vietnam Forest Product Imports

China, Thailand and Vietnam Exports (US$ billion)
Customs declaring process

1. **Declarant transmitting import declaration data**
   - 宣税部申报
   - Declarant
   - Transmits import declaration data

2. **Value Added Network**
   - 通关网络
   - Value Added Network

3. **C1 - 海关电脑 (申报系统设置) Export system set up by Customs**
   - 海关电脑
   - Export system set up by Customs
   - Online declaration
   - Online declaration
   - Export system set up by Customs

4. **C2 - 海关人员收取单据 (非连线部分) Customs personnel收取单据**
   - Customs personnel收取单据
   - Customs personnel收取单据
   - Registration & data input by Customs

5. **C3 - 海关人员收取单据 (非连线部分) Customs personnel收取单据**
   - 海关人员收取单据
   - Customs personnel收取单据
   - Registration & data input by Customs

6. **分类估价 (单据) Classification & valuation of duty calculation**
   - 分类估价
   - Classification & valuation
   - Duty calculation

7. **缴纳进口税款 (单据) Payment of duty**
   - 纳税 (单据)
   - Payment of duty

8. **货物商检 (货运) Taking delivery of cargo**
   - 货物商检
   - Cargo examination
   - 货物商检
   - Cargo examination

9. **提货 (货运) Taking delivery of cargo**
   - 提货
   - Taking delivery of cargo
The way ahead

• Improve the application of wood identification for both business sector and enforcement agencies;

• Improve capacity of enforcement agencies and strengthen the case exchange;

• Bridging the science (wood identification) and policy dialogue

• Transnational/boundary cooperation
Thanks!

Photo: Sanit Fuangnakhon / Shutterstock

For more information, please contact:
Xiaoqian Chen: xiaoqian.chen@efi.int