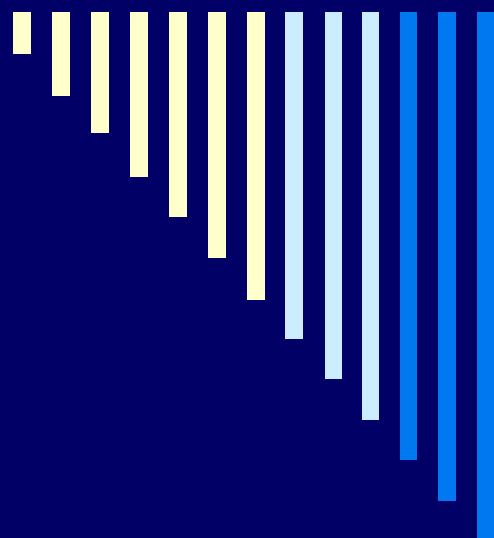




**FAO/VERIFOR WORKSHOP**  
**24-26 November 2008, Rome**

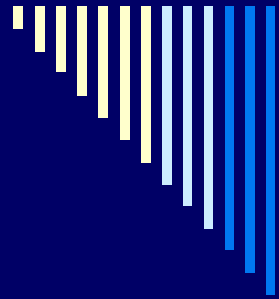
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# **EC policies to tackle illegal logging and deforestation**

**European Commission,  
DG ENV & DG DEV**

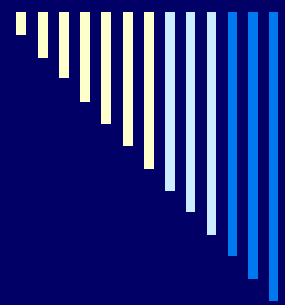
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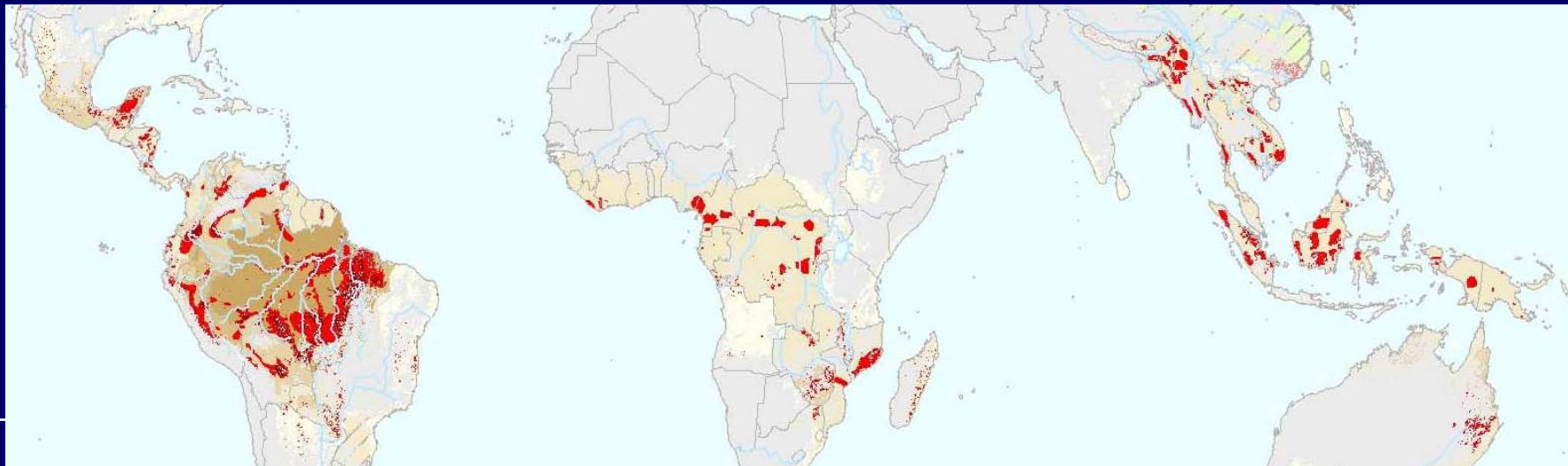
## Adoption of new policy proposals by the European Commission on 17 October 2008

- a proposal for a Regulation to prevent illegally harvested timber and illegal timber products to enter the European market and
  - a Communication on deforestation, outlining: the establishment of a Global Forest Carbon Mechanism, and the frame for carbon markets and deforestation credits
-



*illegal logging* can contribute to forest degradation and deforestation

**Loss of 13 million ha/yr of forests, 96% of the recent deforestation occurs in tropical regions, mostly for conversion into other land uses**





## Tackling illegal logging: update on FLEGT VPAs

- Licensing scheme: timber from VPA countries exported to the EU is covered by a licence attesting legality (based on Regulation 2173/2005).
- Negotiations concluded with Ghana in September.
- Negotiations ongoing with Malaysia, Indonesia, Cameroon and Congo. RCA, Liberia and Gabon preparing to enter negotiations in next few months
- Informal discussions with Vietnam. Solomon Islands, Sierra Leone, Madagascar, Guyana, Cote d'Ivoire, Mozambique, Ecuador, and others expressing interest;
- Weaknesses: risk of circumvention & laundering, timeframe for implementation, product scope.



## Positive elements of FLEGT VPAs

- In most countries FLEGT verification systems will apply to all export, not just those to the EU & to wider product coverage;
- In some countries verification systems will apply to domestic trade as well
- VPA negotiations provide a good platform to address difficult forest governance issues & to clarify legal requirements;
- Active engagement with stakeholders is instrumental in creating a strong dynamic for negotiations between stakeholder positions;
- FLEGT legality definitions can be used in private sector schemes of certification for legality;
- Establishes a regional dynamic which fosters cooperation and competition;
- Standards developed in VPAs may influence private initiatives and other consumer markets;



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## **Political context for further actions on illegal logging**

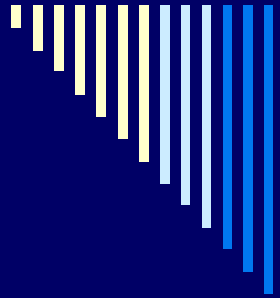
- **The European Parliament and the Council requested Commission to consider further measures.**
  - **Several MS have indicated their intention to put forward national measures in the absence of Community action.**
  - **NGOs have been requesting Community legislative action.**
  - **In June 2008 an amendment to the US Lacey Act which prohibits the trade in illegally produced wildlife and fish has extended that prohibition to cover timber.**
-



# The new proposed Regulation

1/4

- **Objective:** minimise the risk of illegally harvested timber & timber products entering the EU market
  - **Basic principles:**
    - **due diligence**
    - **system-based**
    - **risk management**
  - **Obligation:** operators shall exercise due diligence through a system of measures & procedures (due diligence system) which will give them sufficient guarantees as regards legality.
-



**2/4**

## **The new proposed Regulation**

- **Product scope: all timber & timber products**
  - ❖ **Timber which has FLEGT license & CITES permit: considered to have been legally harvested.**
- **Point of control: the first placing on the market**
  - **Importers for imported products**
  - **Primary producers for domestically produced timber**
- **Legality: defined on the basis of the legislation of the country of harvest**

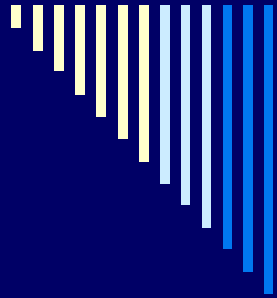
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## The new proposed Regulation

3/4

- **Monitoring organisations:** organizations of operators -i.e. federations- who have set up mandatory requirements implementing the due diligence system may be recognised. Operators can either establish their own systems from scratch or make use of a recognised system.
  - **Enforcement:** MS responsibility to perform checks and to impose penalties.
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4/4

## The new proposed Regulation

### Expected benefits

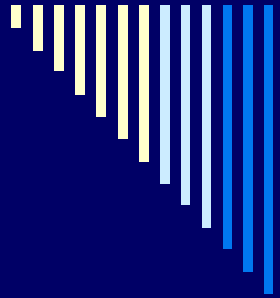
- Level the playing field & foster a pro-competitive market environment.
- Deter the marketing of illegally harvested timber by requesting operators to 'know' their products.
- Allow adequate flexibility to ensure effective implementation.
- Incentivise uptake of FLEGT VPAs.
- Avoid trade disputes and reciprocal measures that will devalue the measures.



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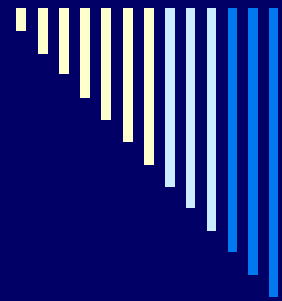
## Tackling deforestation: the new Communication (2008) 654

- Deforestation contributes to some 20% of global *carbon dioxide emissions* (5.8 Gt, IPCC data) → link to the climate change negotiations (UNFCCC)
  - one of the main causes of global *biodiversity loss* and
  - Has a *social and economic impact* on forest dependent communities.
-



# The proposed objectives

- to halt global forest cover loss by 2030 at the latest and
- to reduce gross tropical deforestation by at least 50 % by 2020 compared to current levels
- recognition that incentives are needed to counterbalance the economic drivers of deforestation



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# The costs of protecting forests globally

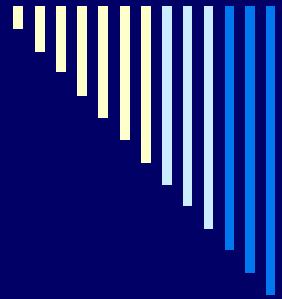
- To halve deforestation by 2020, estimates indicate the need for some Euro 15 - 25 billion/yr;
  - developed countries need to allocate resources to complement efforts made by developing countries
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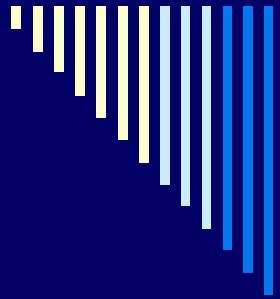
# Conditions for effective financial mechanisms

- Pre-condition: capacity building and institutional strengthening in developing countries;
  - Resolving open technical and legal issues (monitoring, verification, liability, permanence, leakage)
  - Performance assessed against agreed baselines
  - Adopting sound financial management
-



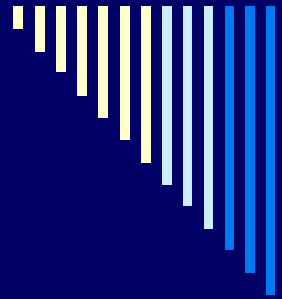
# Towards an internationally supported incentive scheme

- To establish a Global Forest Carbon Mechanism under the UNFCCC to reward emission reductions from reduced deforestation and forest degradation in developing countries;
- EU to contribute to the Mechanism with a proportion of ETS auctioning revenues. A 5% earmarking for forests could generate 1.5 - 2.5 billions €/yr in 2020.



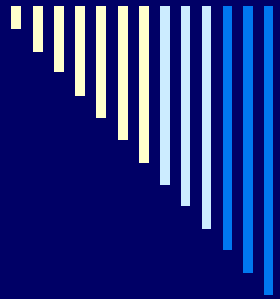
# The role of carbon markets

- Pre-conditions need to be met before full scale forest credits become a realistic option;
- Currently, EU ETS is the only major trading system in the world and emissions from deforestation are three times higher than the ETS regulated amount.
- A testing phase for the inclusion of avoided deforestation credits in carbon markets is proposed for the period 2013-2020 (for government compliance only);



# Financing is only a part of the solution

- A comprehensive policy approach is needed to:
  - promote the consumption of sustainably produced timber;
  - Make sure that EU actions are not actually contributing to exert more pressures on the world's forests;
  - fill the existing knowledge gaps.



# About converge of policy processes

**A new challenge ahead:**

**The convergence between  
REDD and FLEGT VPA processes**

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## More information:

<http://ec.europa.eu/environment/forests/deforestation.htm>

[http://ec.europa.eu/environment/forests/illegal\\_logging.htm](http://ec.europa.eu/environment/forests/illegal_logging.htm)

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