



# 3. Have the products been legally produced?

## Sourcing and legality aspects



### Origin

Where do the products come from?



### Information accuracy

Is information about the products credible?



### Legality

Have the products been legally produced?

## Environmental aspects



### Sustainability

Have forests been sustainably managed?



### Unique forest values

Have unique forest values been protected?



### Climate change

Have climate issues been addressed?



### Environmental protection

Have appropriate environmental controls been applied?



### Fresh and recycled fiber

Have fresh and recycled fibers been used appropriately?



### Other resources

Have other resources been used appropriately?

## Social aspects



### Local communities, indigenous peoples, and workers

Have the needs of local communities, indigenous peoples, and workers been addressed?



## 3. Have the products been legally produced?

### OVERVIEW OF ILLEGAL LOGGING AND ASSOCIATED TRADE

There is no universally accepted definition of illegal logging and associated trade. Strictly speaking, illegality is anything that occurs in violation of the legal framework of a country. However, over the past few years several countries have defined illegal logging in their public procurement policies and trade regulations (see Table 6 and Box 6), including:

- European Timber Regulation (2010) – Timber logged illegally under the laws of the country of origin. Legal timber must meet the following criteria: legal rights to harvest; taxes and fees related to the harvesting; compliance with timber harvesting laws including forest management and biodiversity conservation laws; respect for third parties' legal rights and tenure; and, compliance with relevant trade and customs laws.
- U.S. Lacey Act (amended, 2008) – It is unlawful to trade, receive, or acquire plants taken, harvested, possessed,

transported, sold or exported in violation of underlying laws in a foreign country or in the United States. The scope is limited to plant protection laws and laws governing export or transshipment. Plant protection laws regulate plant theft; taking plants from officially protected areas; taking plants from an officially designated area; taking plants without, or contrary to, required authorizations; and failure to pay appropriate taxes or fees associated with the plant's harvest, transport, or trade.

- Australian Illegal Logging Prohibition (approved in 2012) – Illegal logging occurs when timber is stolen; timber is harvested without the required approvals or in breach of a harvesting license or law; timber is bought, sold, exported or imported and processed in breach of law; and/or timber is harvested or trade is authorized through corrupt practices.

Examples of illegal logging are provided in Box 4.

### Box 4. Examples of illegal logging

Illegal logging can generally fall into two broad categories: illegal origin (ownership, title or origin), and lack of compliance in harvesting, processing, and trade. The following are examples of activities that have been identified or included in some definitions of illegal logging (based on Contreras-Hermosilla, 2002; Miller et al., 2006; GFTN, 2005).

Illegal origin (ownership, title, or origin):

- Logging trees in protected areas without proper permission (e.g., in national parks and preserves). This may include instances where authorities allocate harvesting rights without properly compensating local people.
- Logging protected species.
- Logging in prohibited areas such as steep slopes, riverbanks, and water catchments.
- Logging in non-compliance with specifications of the concession permit or harvesting license (e.g., harvesting volumes below or above the specifications, or before or after the period authorized for logging).
- Harvesting wood of a size or species not covered by the concession permit.
- Trespass or theft, logging in forests without the legal right to do so.
- Violations, bribes, and deception in the bidding process to acquire rights to a forest concession.
- Illegal documentation (including trade documents).

Lack of compliance throughout the supply chain (harvesting, manufacturing, and trade):

- Violations of workers' rights (e.g., illegal labor, underpaying workers, etc.), labor laws and international standards, and violation of traditional rights of local populations and indigenous groups.
- Violation of international human rights treaties.
- Wood transported or processed in defiance of local and national laws.
- Violations of international trade agreements (e.g., CITES species – Box 5).
- Failure to pay legally prescribed taxes, fees, and royalties.
- Logging and trading logs and forest products in spite of logging and trade bans (Table 5).
- Illegal transfer pricing (e.g., to avoid duties and taxes), timber theft, and smuggling.
- Money laundering.
- Failure to fully report volumes harvested or reporting different species for tax evasion purposes.

Different definitions of illegal logging make addressing the problem more difficult (Contreras-Hermosilla et al., 2007; Rosebaum, 2004). A definition of illegal logging generally follows from an analysis of national laws. Since laws vary among countries, so does what is legal and what is illegal. Many countries also have highly complex laws with contradictions between different regulations. One approach to address this issue is to conduct a national review to identify and develop agreement between key stakeholders about which laws are most relevant and should be included in a definition.

### Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was established in 1963 to limit and regulate the trade of endangered species.

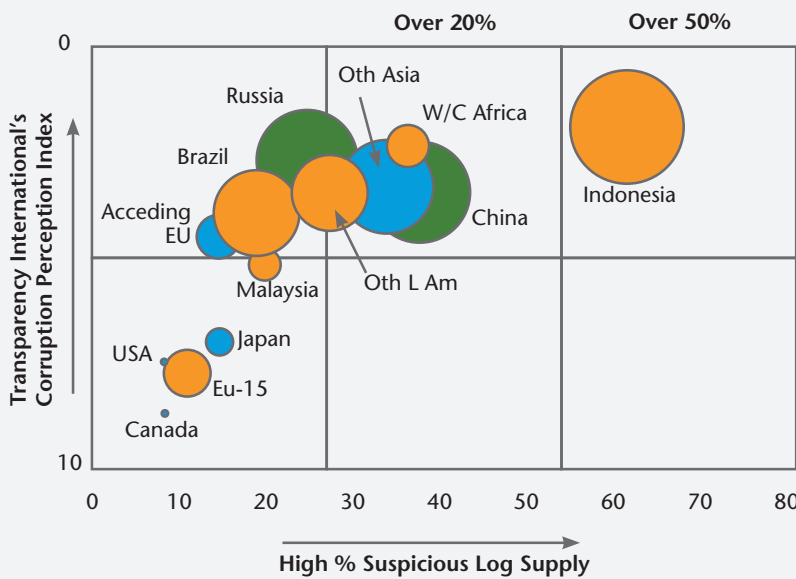
CITES is an international, legally binding agreement to ensure that international trade of certain animals and plants (including wood from certain tree species) does not threaten their survival. CITES establishes controls for the international trade of selected species. All import, export, and introduction of species covered by the convention must be authorized through a licensing system established by member countries. Each country designates one or more Management Authorities to administer the licensing system, advised by one or more Scientific Authorities.

Based on the degree of protection needed, species covered by CITES are listed in three appendices:

- Appendix I – species threatened with extinction; trade is permitted but under very restricted circumstances;
- Appendix II – trade of these species is controlled and regulated to ensure their survival;
- Appendix III – species subject to special management within a country. Listing in Appendix III also provides means of gathering trade data and other information to assist in assessing the impact, if any, of international trade on native populations.

As of August 2012, the following timber species were listed in CITES (see table below).

**Figure 5. Corruption and Illegal Logging Activity (2004)**



In a widely accepted, in-depth multi-country study, Seneca Creek Associates and Wood Resources International compared corruption and illegal logging activity. In the above graph, the y-axis displays Transparency International's Corruption Perception Index (CPI), where corruption tends to be higher (i.e., having lower CPI) in countries with lower per capita incomes. The x-axis displays the proportion of the total supply of suspicious logs, while the size of a bubble shows the absolute volume of suspicious logs that reach the market in a country or region, including imported logs.

EU-15 refers to the 15 countries in the European Union before May 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Republic of Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom. EU countries include EU-15 countries plus Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia.

Source: Seneca Creek Associates and Wood Resources International (2004).

## Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

### Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<b>Appendix I: Timber species that are threatened with extinction. Trade is permitted, but under very restricted circumstances.</b>				
<i>Abies guatemalensis</i>	All parts and derivatives, including manufactured and finished products <sup>1</sup> from any country of origin.	Guatemala, Honduras, Mexico and El Salvador	Guatemalan fir, abeto mexicano, guayami, Mexican fir, pinabete, plumajatzin, plumajillo de montaña, sapin de Guatemala.	Construction.
<i>Araucaria araucana</i>	All parts and derivatives, including manufactured and finished products <sup>2</sup> , from any country of origin. Logging ban in Chile since 1976.	Argentina, Chile	Monkey puzzle tree, apeboom, araucaria du Chile, Chilean pine, chilensk tall, Chili pine, Chili tall, Chilie pine, parana pine, pehuen, pilon, pin du Chili, pino, pino araucaria, pino de Chile, pino de Neuquén, pino de Paraná, piñonero, piñón, sapin du Chili, pehúen.	Construction, pallets, engineered wood, flooring, doors and windows.
<i>Balmea stormiae</i>	All parts and derivatives.	Mexico, Guatemala, El Salvador, Honduras	Ayuque	Christmas trees.
<i>Dalbergia nigra</i>	All parts and derivatives, including manufactured and finished products <sup>3</sup> , from any country of origin.	Brazil	Brazilian rosewood, bahia rosewood, bahia rosewood, caa-biuna, cabeuna, cabiuna, cabiuna do mato, cabiuna rajada, comore, camboriuna, caviuna, jacaranda, jacaranda cabiuna, jacaranda de Brasil, jacaranda wood, jacaranda-da-bahia, jacaranda-preto, jacaranda-rajado, jacaranda-roxo, jacarandaholz, jacarandanda de Brasil, legno di jacaranda, madeira de palisandro, marnut, palisander, Rio rosewood.	Furniture, veneers, cabinetmaking, musical instruments, flooring, carving and sculpture.
<i>Fitzroya cupressoides</i> (Molina) J. M. Johnston	All parts and derivatives, including manufactured and finished products. <sup>4</sup> Logging ban in Chile since 1976.	Argentina, Chile	Alerce, Chilean false larch, alerzcholz, fitzroy cypruss, lahuan, patagonian cypruss	High end furniture, musical instruments, windows, doors, shutters, beamed ceilings, moldings, decorative veneers, interior and exterior coating, boat building, poles, roofing shingles.
<i>Pilgerodendron uviferum</i>	All parts and derivatives, including manufactured and finished products <sup>5</sup> from any country of origin.	Argentina, Chile	Pilgerodendron, Chilean cedar, ciprés, ciprés de Chile, ciprés de Cordillera, ciprés de las Islas Len, cipresso del Cile, cyprès du Chili, lahuan, lanutambagio, libocedri dell'america meridion, patagonian cypruss, patagonian pilgerodendron, ten, thuja tetragona.	Building, flooring, doors, furniture.

<sup>1</sup> Including building materials, cabinetmaking materials, charcoal, firewood, flooring, containers, fuel wood, furniture, joinery, matches, particleboard, plywood, pulp/paper products, roof shingles and veneer among other products.

<sup>2</sup> Including construction material, flooring, furniture, joinery, plywood, pulp/paper products and railroad trails among other products.

<sup>3</sup> Including bedroom furniture, billiard-cue butts, boat building, bobbins, boxes and crates, brush backs and handles, cabinetmaking materials, chairs, chests, decorative plywood, musical instruments, parts of musical instruments and veneer among other products.

<sup>4</sup> Including agricultural implements, boat building materials, boxes, crates, containers, cabinetmaking materials, carvings, cigar boxes, furniture and furniture components, joinery, musical instruments, particleboard, pencils, piling, plywood, poles, pulp/paper products, shakes, shingles, sporting goods and toys among other products.

<sup>5</sup> Including flooring, furniture, posts and timber.

## Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (cont.)

### Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<i>Podocarpus parlatorei</i>	All parts and derivatives, including manufactured and finished products <sup>6</sup> from any country of origin.	Argentina, Bolivia, Peru	Parlatore's podocarp, Monteromero, pino blanco, pino del cerro, pino montano.	Pencils
<b>Appendix II: trade of these species is controlled and regulated to ensure their survival.</b>				
<i>Aniba rosaeodora</i>	Logs, lumber, plywood and veneer, from any country of origin.	Brazil, Colombia, Ecuador, Guyana, French Guiana, Peru, Surinam and Venezuela	Brazilian rosewood	Furniture, turnery, shipbuilding, flooring, agricultural tools
<i>Bulnesia sarmientoi</i>	Logs, lumber, plywood, and veneer from any country of origin.	Argentina, Bolivia, Paraguay	Gaiacwood, bois de gaic, gaiacwood, guajakhoz, guajaco, guajakholz, guayacan, palo balsamo, palo santo, Paraguayan-lignum-vitae, true guaiac.	Housing construction (beams, poles), turning, carving, poles and pillars, poles, flooring.
<i>Caesalpinia echinata</i>	Logs, lumber, veneer, and unfinished wood articles from any country of origin.	Brazil	Pernambuco, brasileiro, Brazilwood, ibirapitanga, orabutã, pau-Brasil, pau-de-pernambuco, pau-pernambuco, pau-rosado, peachwood, pernambuco-wood	Musical instruments, ornamental turnery, rifle stocks, exterior joinery, wall paneling, wharf building, piling, docks, flooring, veneers, inlays in reproduction of antique furniture.
<i>Caryocar costaricense</i>	All parts and derivatives, including manufactured and finished products <sup>7</sup> from any country of origin.	Colombia, Costa Rica, Panama, Venezuela	Ajo, ajillo, aji, almendrillo, almendro, almendron, cagui, firme, genenê, manú, maqui-maqui cagui, pequia, pequia brava, pete rana do terra firme, petê, pete-rana, plomillo, rana do terra, swari	Bridges, rail tracks.
<i>Gonystylus spp</i>	All <i>Gonystylus</i> species, and to all parts and derivatives, including manufactured and finished products <sup>8</sup> from any country of origin.	Brunei, Darussalam, Fiji, Indonesia, Malaysia, Singapore, Solomon Islands, the Philippines	Ramin, ampudji, gaharu, gaheu, gara buaja, kaya garu, lanutanbagio, medang keran, melawis, ramin telur, sang su, seriangan.	Furniture, carving, flooring, picture framing, turnery for handles of non-striking toys, dowels, wooden toys, light building work for skirting, domestic flooring, plywood, decorative veneers, moldings, interior joinery.
<i>Guaiacum spp.</i>	All <i>Guaiacum</i> species, and to all parts and derivatives from any country of origin except finished products packaged and ready for retail trade. <sup>9</sup>	Anguilla, Antigua, Barbuda, Bahamas, Barbados, Colombia, Cuba, Dominican Republic, Haiti, Jamaica, Puerto Rico, Venezuela	Lignum vitae, auayacan, palo santo.	Marine equipment such as bushing blocks and bearings for ship's propellers shafts, pulley sheaves and dead-eyes and replacement for metal thrust bearings in steel and tube works, sculpture and carving.

<sup>6</sup> Including timber.

<sup>7</sup> Including railroad ties.

<sup>8</sup> Including brush backs, building materials, ceilings, counter tops, door frames, dowels, flooring, furniture, joinery, moldings, handles (e.g. brooms and umbrellas), paneling, picture frames, plywood, pool cues and racks, rulers, shoji screens, stair treads, stringers, tool handles, toys, trays, tripods, turnery, blinds, window frames among other products.

<sup>9</sup> Including: bearings and bushings, boat building materials, brush backs and handles, bush blocks, furniture, golf club heads, marine construction materials, railroad ties, shade rollers, tables, turnery, and wheels among other products.

## Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (cont.)

### Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<i>Oreomunnea pterocarpa</i>	All parts and derivatives, including manufactured and finished products <sup>10</sup> from any country of origin.	Costa Rica, possibly other Mesoamerican countries	Gavilan, campana, engelhardia pterocarpa, gavilán blanco.	Construction, used in the past for cabinetmaking.
<i>Pericopsis elata</i>	Logs, lumber and veneer.	Cameroon, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ghana, Nigeria	Afrosmosia, African teak, anyeran, asamela, assamela, assemela, awawai, ayin, baracara, benin satinwood, bohala, bohahala, bonsamdua, devils tree, egbi, ejen, golden, kokriki, afrosmosia, iatobahy do igapo, kokrodua, liguminosae, mekoe, mohole, obang, ole, olel pardo, peonio, redbark, satinwood, tento, wahala, yellow satinwood.	Interior and exterior buildings, shipbuilding, flooring, stairs, high-class joinery, veneers for furniture, cabinetmaking, flush doors and wall paneling, marine piling, office fittings.
<i>Platymiscium pleiostachyum</i>	All parts and derivatives including manufactured and finished products. <sup>11</sup>	Costa Rica, El Salvador, Honduras, Nicaragua	Cristobal, granadillo, cachimbo, cristóbal, ñambar, roble Colorado.	Paneling, flooring, furniture and musical instruments (drums).
<i>Prunus africana</i>	All parts and derivatives, except finished products packaged and ready for retail and trade.	Angola, Burundi, Cameroon, Democratic Republic of the Congo, Equatorial Guinea, Ethiopia, Kenya, Madagascar, Mozambique, Rwanda, South Africa, Sudan, Swaziland, Uganda, Tanzania, Zambia, Zimbabwe	African cherry, Blackwood, Kanda stick, Pygeum, Red Stinkwood, Red ivory, Cenisier Africain, Prunier d'Afrique, Pygeum, Ciruelo africano.	Furniture, tools, construction. Tree is also used for medicinal and ornamental purposes.
<i>Swietenia humilis</i>	All parts and derivatives, including manufactured and finished products <sup>6</sup> from any country of origin.	Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama	Pacific Coast mahogany, caoba, mabu, Pacific mahogany.	Carpentry in general; moldings.
<i>Swietenia macrophylla</i>	Logs, lumber, plywood and veneer that originate in Latin America and the Caribbean a exception of Brazil or Nicaragua. There is, however, an export ban in Brazil and Nicaragua.	Belize, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guyana, French Guyana, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela	Bigleaf mahogany, acajou, acajou Amerique, acajou d'Amerique, acajou du Honduras, Adoa, aguano, American mahogany, Americkaans mahonie, Amerikanns mahonie, ara putange, araputanganga, bastard lime, bay-mahogany, baywood, belize mahogany, caoba, Honduras mahogany, mara, mogno.	High-end furniture and cabinetmaking, interior joinery, paneling, boat interiors, pianos, burial caskets, carving, moulds and dies, veneers used for plywood manufactured, decorative uses.

<sup>10</sup> Including a variety of products.

<sup>11</sup> Including furniture, musical instruments, timber and veneer.

**Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (cont.)**

**Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)**

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<i>Swietenia mahagoni</i>	Logs, lumber and veneer from any country of origin.	Anguilla, Antigua and Barbuda, Bahamas, Barbados, Cayman Islands, Colombia, Cuba, Dominican Republic, Grenada, Guadeloupe, Jamaica, Martinique, Montserrat, Peru, Trinidad and Tobago, United States, Venezuela	Caribbean mahogany, acajou, acajou de Cuba, acajou de Saint Domingue, acajou de St. Domingue, acajou des Antilles, aguano, antillen mahogani, bay, mahogany, caoba, caoba de santo domingo, caoba dominicana, caobilla, chiculte, cobano, Cuban mahogany, curlet mahogany, Dominican mahogany, echites mahogoni, gateado, jamaica mahogany, Kuba mahogany, maderera, mahogoni, mahog, mahogany, mahogany du pays, mahogany petites feuilles, mahok, mahoni, mongo, onura, small-leaf mahogany, West Indian mahogany, West Indies mahogany.	High-end furniture and cabinetmaking, interior joinery, paneling, boat interiors, pianos, burial caskets, carving, molding, veneers used for plywood, decorative uses.
<b>Appendix III: species subject to special management within a country</b>				
<i>Cedrela fissilis</i>	Logs, lumber and veneer from any country of origin.	Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Panamá, Paraguay, Peru, Venezuela	Argentinean cedar, Central American cedar, cedro, cigar boxes cedar, rose cedar.	Furniture, cabinets and paneling, high-class joinery, flooring, house construction, boat building, skins of racing boats, canoe decks, cigar boxes, sound boards for organs, clothing chests, and decorative veneers for paneling, plywood, and panel corestock.
<i>Cedrela lilloi</i>	Logs, lumber and veneer from any country of origin.	Argentina, Bolivia, Brazil, Paraguay, Peru	Cedro, atoc, cedro bayo, cedro coya, cedro de altura, cedro de Tucumán, cedro del cerro, cedro peludo, cedro salteno, cedro vígen.	Musical instruments. High-grade timber.
<i>Cedrela odorata</i>	Logs, lumber and veneer from any country of origin.	Antigua and Barbuda, Argentina, Barbados, Belize, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, French Guyana, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Surinam, Venezuela	Spanish cedar, acajou rouge, akuyari, atoreb, Barbados cedar, Brazilian cedar, British Guiana cedar, British Honduras cedar, cedar, cèdra acajou, cèdre des barbaies, cèdre rouge, cedrela, cedrela wood, cedro, cedro chino, cedro colorado, cedro hembra, cedro macho, cedro obscuro, cedro real, cedro red, cedro rojo, Central American cedar, chujte, cigar-box cedar, cigarbox cedar, Colorado cedro, Cuban cedar, epi, Hondouras cedar, icte, Jamaican cedar, Kalantas, Kapere, Koperi, Kurama, Kurana, Mexican cedar, Nicaraguan cedar, parank, paranka, red cedar, rojas cedar, rosas cedar, South American cedar, Tabasco cedar, tiocuahuitl, Trinidad cedar, Wesindische zedar, West Indian cedar	Ship building, construction, cigar boxes.

### Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (cont.)

#### Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<i>Dalbergia retusa</i>	Logs, lumber and veneer that originate from Guatemala, including articles that were re-exported from another country.	Pacific seaboard from Mexico to Panama	Nicaraguan rosewood, cocobolo, cocobolo prieto, funera, granadillo, nambar, palo negro.	Turnery, traditional use for cutlery handles, knives and tool handles, brush backs, trunchcons, bowling bowls, sculpture and carving and decorative uses such as inlay boxes and wooden jewelry, highly decorative veneers for inlay work, for decoration of furniture and paneling.
<i>Dalbergia dariensis</i>	Applies to products that originate from Panama, including articles that were re-exported from another country. Applies to all parts and derivatives, except finished products ready for retail trade.	Colombia, Panama	Indian rosewood.	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Dalbergia louvelii</i>	Logs, lumber, veneer. Applies to articles originating in any country.	Madagascar	Madagascar rosewood, palisander, andramena, hendramena, madagaskisk violpalisander, volombodipona, volombodipona a grandes feuilles, volombodipona vavy.	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Dalbergia monticola</i>	Logs, lumber and veneer.	Madagascar	Madagascar rosewood, voamboana, palissandre brun, palissandre de Madagascar.	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Dalbergia normandii</i>	Logs, lumber and veneer.	Madagascar	Madagascar rosewood	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Dalbergia purpurascens</i>	Logs, lumber and veneer.	Madagascar	Madagascar rosewood, hazovola, manary, manary bombay, manary fotsy, manary mainty, manry toloho, manary tsaitondro.	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Dalbergia stevensonii</i>	Logs, lumber and veneer that originate from Guatemala, including articles that were re-exported from another country.	Southern Belize and neighboring areas in Guatemala and Mexico	Honduran rosewood, hagaedwood	Musical instruments, moldings, picture frames, decorative veneers, furniture, cabinetmaking, office fittings, paneling, doors, decorative veneer faces, turnery.
<i>Dalbergia xerophila</i>	Logs, lumber and veneer.	Madagascar	English rosewood, cocobolo.	Cabinet making, furniture, marquetry, parquet flooring, musical instruments.
<i>Diospyros spp.</i>	All species of <i>Diospyros</i> . Logs, sawn wood and veneer sheets from any country.	Madagascar	Madagascar ebony, ebony.	Musical instruments, sculptures.



### Box 5. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (cont.)

#### Timber Species Listed in CITES (as of 8/12; excluding species used for medicinal, traditional, or ornamental purposes)

Scientific name	Listing Applies to	Natural distribution	Common and Trade Names	Common Uses (selected)
<i>Dipteryx panamensis</i>	All parts and derivatives, including manufactured and finished products <sup>12</sup> from any country of origin.	Nicaragua, Costa Rica, Panama and Colombia	Almendra, almendra de montaña, amans, choiba, eboe, ibu, iqua, Indian almond, sarrapiá, tonca, tonka bean, yapo.	Bridges, railroad tracks, hardwood flooring and marine construction.
<i>Pinus koraiensis</i>	Logs, lumber, and veneer from any country of origin.	China, Democratic People's Republic of Korea, Japan, Republic of Korea, Russian Federation	Korean pine, borovica kórejská, borovice korejská, channamu, hong song, Korea-Kiefer, Koreai fenyő, pin de Corée.	Carving, pattermmaking, paneling, construction, doors, high-class joinery, furniture, decorative veneers.
<i>Podocarpus nerifolius</i>	All parts and derivatives, including manufactured and finished products.	China, Nepal	Black pine podocarp, amanu, black pine, brown pine, bukiti, jati bukít.	General construction work, for car parts, panels, furniture and interior design.
<i>Tetracentron sinense</i>	All parts and derivatives, including manufactured and finished products from any country of origin.	Bhutan, China, Indian, Myanmar, Nepal	Tetracentron, shui quing shu.	

**Notes:** Other tree species also listed in CITES include: *Aquilaria malaccensis* (II), *Magnolia liliifera* var. *obovata* (II), *Podophyllum hexandrum* (II), *Pterocarpus santalinus* (II), *Taxus chinensis*, *T. cuspidate*, *T. fauua*, *T. sumatrana*, *T. wallichiana* (all *Taxus* sp. listed in Appendix II). Trade of these species, however, is mostly for non-timber products and uses. Logs are defined as all wood in the rough whether or not stripped of bark or sapwood, or roughly squared for processing. Lumber is defined as wood sawn lengthwise or produced by a profile-chipping process; normally exceeds 6mm in thickness. Plywood is defined as three or more sheets of wood glued and pressed one on the other and generally disposed so that the grains of successive layers are at an angle. Veneer is defined as thin layers or sheets of wood of uniform thickness, usually peeled or sliced for use in plywood and furniture among other products.

Sources: APHIS, 2006; Canadian organization for tropical education and rainforest conservation, 2010; CITES 2003; CITES website; Chen, 2006; Chilebosque.com; DEFRA, 2010; GRIN website; UNEP/WCMC, 2000; UNEP/WCMC Trees conservation information service website; Teck, 2006; USFWS CITES tree species website.

<sup>12</sup> Including bearings and bushings, barge and dock fenders, boat construction articles, chemical derivatives, cogs and shafts, cross ties, fishing rods, flooring, furniture, heavy construction, railroad ties, tool handles, turnery and veneer among other products.

Table 4. Logging and export bans

Many countries have enacted log export ban policies to protect forests or to bolster their domestic timber industry. Below is a non-exhaustive list of export bans.

Country	Product and applicability	Year enacted*
<b>Africa</b>		
Cameroon	Log export restrictions to progressively increase the share local processing. Export ban that applies to some hardwood species (e.g., iroko, moabi, bibolo, wenge and bubinga).	1999
Cote d'Ivoire	Unprocessed logs export ban. Log export ban for high-value timber species.	1976
Gabon	Export ban on logs, boules and through cut logs.	2010
Ghana	A ban on all exports of raw logs.	1994
Madagascar	Export ban on unworked wood of valuable species such as palissandra and voamboana.	1975
Mozambique	Ban on the export of raw logs.	2007
Nigeria	Log export ban.	1976
<b>America</b>		
Belize	Rosewood logging and export ban.	2012
Brazil	Log export ban; moratorium on mahogany ( <i>Swietenia macrophylla</i> , CITES Appendix II) exports. Certain wood exports (e.g., imbuia, virola) are subject to specific rules and require prior authorization from the Brazilian Institute of Environment and Natural Resources (Ibama).	1969
Bolivia	Export of unprocessed forestry products is subject to restrictions and highly regulated.	1996
Canada	Restrictions on log exports from British Columbia. There are a variety of federal and provincial regulations regarding log exports.	1906
Chile	Logging ban on <i>Araucaria araucana</i> and <i>Fitzroya cupressoides</i> (both CITES Appendix I).	1976
Colombia	Restrictions on log exports from natural forests. Only roundwood from planted forests can be exported.	1997
Costa Rica	Log export ban, and export ban on roughly squared wood from specific species.	1986
Ecuador	Roundwood export ban, except in limited quantities for scientific and experimental purposes. Semi-finished forest products exports are allowed only when "domestic needs and the minimum levels of industrialization have been met."	2005
Guatemala	Exports of logs of more than 11 cm in diameter are banned, unless they originate from plantations. Ban does not apply to furniture and processed products made from wood. Guatemala established a national red list of trees to protect in 2006. The 81 species in Category One are banned from export and commercial uses.	1996; 2006
Guyana	2009 national log export policy introduced phased-in commission rates on exports of key species, including <i>Bagassa guianensis</i> (cow wood), <i>Cedrela fissilis</i> , <i>C. odorata</i> (red cedar), <i>Diptotropis purpurea</i> (atabu), <i>Dipteryx odorata</i> (tonka bean), greenheart, <i>Humiria balsamifera</i> (tauroniro), <i>Hymenolobium flavum</i> (darina), hububalli, <i>Jacaranda copaia</i> (futui), kabukalli, letterwood, <i>Licaria canella</i> (brown silverballi), <i>Loxopterygium sagotii</i> (hububalli), <i>Manilkara bidentata</i> (bulletwood), mora, <i>Ocotea rubra</i> (determa), <i>Ocotea puberula</i> (keriti silverballi), <i>Parahancornia fasciculata</i> (dukali), <i>Piratinera guianensis</i> (letterwood), purpleheart, shibadan, <i>Tabebuia serratifolia</i> (washiba), <i>Tabebuia capitata</i> or <i>insignis</i> (hakia), <i>Terminalia amazonica</i> (fukadi), <i>Swartzia benthamiana</i> (itikiboroballi), wallaba, wamara, and washiba. Only companies holding forest concessions are permitted to export logs.	2009
Honduras	Export bans on hardwood and sawn wood.	1998
Nicaragua	Precious hardwoods export ban (mahogany, royal cedar and pochote). Mahogany exports are allowed only in the form of sawn wood, plywood or veneered wood. Sawn wood exports require a license.	1997
Panama	Export ban of logs, stumps, roundwood or sawn wood of any species from natural forests, as well as from wood submerged in water.	2002
Paraguay	Log export ban.	2002
Peru	Log export ban. Export of forest products "in their natural state" is prohibited except when they originate from nurseries, forest plantations, and if they do not require processing for final consumption.	1972
United States	Ban on exports of unprocessed roundwood harvested from federal lands in Alaska; Forest Resources Conservation and Shortage Relief Act (1990): 100% export ban on logs from Federal lands west of the 100th meridian, except timber surplus to needs, and 1995 ban on log exports from State and other public lands (excluding Indian land) west of the 100th meridian.	1926; 1990
Venezuela	Log export ban for five species: caoba, cedro, mijao, pardillo, pau d'arco.	2001

Country	Product and applicability	Year enacted*
<b>Asia &amp; Pacific</b>		
Cambodia	Log export ban.	1994
Fiji	Log export ban.	1995
Indonesia	Log export ban. Ban amended in 2009 to allow plantation-grown logs to be exported.	1985
Laos	Export ban on logs, roundwood, sawn wood and semi-finished products sourced from natural forests.	1989
Malaysia	Quota on export logs from Sarawak and Sabah; Peninsular Malaysia has a total ban on the export of round logs; Sabah allows the export of only 40 percent of the total volume of harvested logs.	1972; 1976
New Zealand	Export ban on most logs, chips, and sawn timber from natural forests, along with harvesting restrictions to areas with approved sustainable forest management plans.	1993
Papua New Guinea	Quotas on allowable logs for export, now replaced by log export duties.	1996
Philippines	Log export ban.	1986
Sri Lanka	Log export ban.	1990
Thailand	Log export ban.	1989
Vietnam	Log export ban; export ban on sawn timber from wood harvested from natural forests.	1992
<b>Europe</b>		
Albania	Ban of logging in all forests and the export of timber	2016*

\* Year in which the log ban was first enacted (or, in the case of Albania, is expected to be passed.) There are cases where the bans have been rescinded temporarily or expanded. Wood importers from these countries should consult local authorities or local stakeholders for the most up-to-date information on trade restrictions.

Legality is not a synonym for sustainable forest management. What is “sustainable” may not always be legal (World Bank, 2006; Contreras-Hermosilla et al., 2007), and what is legal may not be sustainable.

Illegal logging results from a complex set of legal, historical, political, social, and economic issues. Illegal logging is a fundamental problem in certain nations suffering from corruption and/or weak governance. Poverty, limited education, financial issues, economic instability and population growth are enabling factors for illegal activity as well.

Illegal activity has many drivers that make it challenging to address. Government officials at local and national levels, companies, and local people can all have a role to play in illegal forest activities:

- Local (and also national) government officials, often with very modest official salaries, may receive additional income in bribes to allow illegal logging. It can also be easier for local officials to “turn a blind eye”

to powerful actors engaged in illegal acts than to enforce the law.

- Companies trading illegally logged wood may have a market advantage over their competitors because illegally logged wood can be sold at lower prices, depressing the profitability of legally harvested wood (Tacconi et al., 2004; Seneca Creek and Wood Resources International, 2004).
- Local people may derive direct income from illegal forest activities (Tacconi et al., 2004).

Illegal logging and illegal trade can create serious problems:

- Illegal logging and organized crime – organized crime syndicates are largely responsible for illegal logging in many countries. These groups employ a wide range of unlawful and sophisticated schemes to evade detection of illegal timber entering the market. Schemes include mixing illegal timber with legal timber from plantations or with logging permits, bribing officials to obtain permits or

pass inspections, and even hacking into government computer systems to obtain or manipulate information on permits (Nellemann, INTERPOL, 2012; World Bank 2012).

- Government revenue losses – a joint report by INTERPOL and UNEP estimates that organized crime groups launder \$30-100 billion worth of illegal timber annually (Nellemann, INTERPOL, 2012). Most of this money is untaxed, controlled by organized crime, and used to pay bribes at all levels of government (Pereira Goncalves *et al*, 2012).
- Poverty – indirectly. Governments deprived of revenue by illegal logging have fewer resources to invest in social and public policies.
- Unfair competition – illegal logging and illegal trade can distort the market and reduce the profitability of legal goods; the World Bank puts this cost at more than US\$ 10 billion per year (World Bank, 2002A).
- Conflict – the proceeds of illegal logging may be used to support and fund conflict (Thomson, J., and R. Kanaan. 2004).
- Unplanned, uncontrolled and unsustainable forest management.
- Forest destruction – areas important for biological conservation, ecosystem services, and local livelihoods may be destroyed or compromised by illegal logging.

Between 8-10 percent of global wood production is estimated to be illegal, although it is acknowledged that there is uncertainty in these estimates (Seneca Creek and Wood Resources International, 2004). Estimates of illegal logging in specific countries and regions vary, depending on the nature of the activity, and the variability of laws and regulations (Figure 5).

Most of the illegally produced wood is used domestically, although a significant portion enters the international market, either as finished products or raw materials (Seneca Creek and World Resources International, 2004).

### EFFORTS TO ADDRESS ILLEGAL LOGGING AND ASSOCIATED TRADE

During the last five to ten years, addressing illegal logging and illegal trade has risen to the top of the international forestry agenda. Several international processes<sup>1</sup> have taken up the issue. Demand for legally sourced wood and paper-based products in global markets has also increased, as a result of changes in public and private procurement policies (Tables 6, 7 and 8). Trade regulations such as the 2008 amendment to the U.S. Lacey Act, the European Union Illegal Timber Regulation, and the Australian Illegal Logging Prohibition are recent instruments that address illegal logging (Box 6).

<sup>1</sup> Prominent international initiatives include the G8 Forestry Action Programme, agreed by G8 foreign ministers in 1998, and the Gleneagles Declaration in 2005. The European Union in 2003 adopted an Action Plan on Forest Law Enforcement, Governance and Trade (EU FLEGT). The US launched the President's Initiative against Illegal Logging, also in 2003. Regional intergovernmental processes on Forest Law Enforcement and Governance (FLEG) have been established in Southeast Asia, Central Africa, Europe and Northern Asia, each on the basis of a Ministerial Declaration.

Table 5. Selected public procurement policies (Chronological order)

Country	Year passed	Definition of legality (or reference to existing definitions; in general,	
United Kingdom	2000 (reviewed in 2009)	Timber and wood derived products that originate from forests that meet the following: a) forest owner/manager holds legal use rights to the forests; b) compliance by both, the forest management organization and any contractors, with local and national legal requirements including forest management, environment, labor and welfare, health and safety, other parties' tenure and use rights; c) payment of all relevant royalties and taxes; and, d) compliance with CITES requirements. The UK policy requires Legality and Sustainability or FLEGT-licensing.	
Denmark	2003 (reviewed 2010, 2014)	Similar to UK Government definition. Policy requires: a) forest owner/manager to hold legal use rights to forests; b) compliance with relevant laws, including forestry, environmental and labor laws; c) payment of taxes and royalties; and d) compliance with CITES.	
France	2005 (reviewed in 2008)	Does not include specific definition of legality, but requires compliance with CITES. Procurement managers are required to refer to tools such as forest certification, ecolabels, or supplying countries to define which legislation is relevant.	
México	2007	Wood of verified legal origin and in compliance with environmental regulations.	
Netherlands	2004 (revised 2010, 2015)	Uses UK Government definition of legality, meaning that products that originate from forests that meet the following: a) forest owner/manager holds legal use rights to the forest; b) compliance by the forest management organization and any contractors with local and national legal requirements including forest management, environment, labor and welfare, health and safety, other parties' tenure and use rights; c) payment of all royalties and taxes; d) compliance with CITES. Evidence of legality will be accepted only where sustainable wood is unavailable.	
Belgium	2005	Sustainability is the minimum requirement. Definition of sustainability includes compliance with relevant international, national and/or regional/local legislation and regulations related to: legal rights to use the forests; payment of taxes, fees and royalties; compliance with forest management laws and regulations (including CITES); and respect of indigenous and local tenure and use rights.	
Japan	2006	Timber or wood products from a forest that has been legally harvested; the entity that harvested the trees has legal rights to use the forest.	
New Zealand	2006 (reviewed in 2011)	Sustainability, as defined by FSC and PEFC, is the minimum requirement.	

Public procurement policies to address legality and/or sustainability began to emerge in the early 2000s, becoming more prominent in Europe, but now expanding to other countries in Asia and Latin America. Most policies seek to ensure that products come from legal and sustainable sources. In some instances, processes are defined and/or entities are established to help inform and implement the policy itself. Many policies include step-wise implementation approaches.

	Requirements and applicability	Product scope	Accepted Means of verification or compliance	
			SFM certification systems	Alternative instruments
	Mandatory for central government. Recommended to sub-national governments.	Wood and paper-based products.	FSC, PEFC. Only PEFC endorsed schemes and labeled PEFC, and only SFI 70%.	Requires Legality and Sustainability, or FLEGT-licensed wood. However, where a particular type of product or timber species if required and where there is no sustainable timber of FLEGT-licensed timber or alternative available, timber that is verified to meet the UK government requirements for legality can be accepted. Only legality verification systems ensuring full legal compliance as delivered by the VLC definition will be accepted.
	Guidelines are voluntary, and aim to help public buyers in actively seeking to buy legal and sustainable timber.	Wood and paper-based.	FSC, PEFC.	SGS's Timber Legality and Traceability Verification; SmartWood's Verification of Legal Compliance. FLEGT-licenses where available.
	Mandatory for central government. Recommended to sub-national governments.	All wood and paper-based products.	FSC, PEFC, CSA, SFI, MTCS, LEI, Kerhout.	Ecolabels; processes involving third-party verification.
	Central government	Furniture and office supplies.	Third-party verification systems registered with the Ministry of Environment and Natural Resources.	
	Mandatory for central government. Recommended to sub-national governments.	Wood and paper-based products.	FSC, PEFC International, but excluding MTCS.	FLEGT-licensed timber. Credible, documentary evidence. Evidence is assessed on a case-by-case basis, based on the Timber Procurement Assessment Commitment guidelines.
	Mandatory for central government.	Solid wood products	FSC, PEFC Belgium and some PEFC certificates.	Forest certified by an independent body, based on internationally recognized criteria. Legality, in itself, not enough as sustainability is the minimum requirement.
	Mandatory for central government.	Solid wood and paper-based products.	FSC, PEFC, SFI, CSA, LEI, Sustainable Green Ecosystem Council.	Wood industry associations' code of conduct, and self-verification mechanisms.
	Mandatory for central government. Recommended to sub-national governments. Abroad mission of the Federal Armed Forces are exempt. IF serious deficiencies (e.g. products, or parts of products come from illegal logging) are found in the approved certification systems, the systems will be given up to 12 months, subject to certain conditions, to correct deficiencies. If deficiencies are not corrected then, the certification system will be excluded from the Federal Government's procurement regime.	Paper and solid wood, and wood-based products.	ATFS, CSA, FSC, MTCS, PEFC, SFI.	Step-wise programs towards certification and legality-verification systems. Third-party certified ecolabels for office papers that contain at least 70% of the fiber content from recycled and/or certified sources.

Table 5. Selected public procurement policies (Chronological order) (cont.)

Country	Year passed	Definition of legality (or reference to existing definitions; in general,	
Germany	2007 (reviewed in 2010)	Sustainability, as defined by FSC and PEFC, is the minimum requirement.	
Norway	2007	Not defined. Ban of tropical timber in public sector construction	
Sao Paulo State, Brazil	2008	There is no specific definition of legality. However, entities trading with timber must be legal and registered and comply with environmental laws. Also, the timber and timber products must be traceable. Brazilian timber products to be traded must possess government-issued Document of Legal Origin (DOF in Portuguese).	
Finland	2010	Legally-sourced raw wood materials are materials sourced from a legal entity with the legal right to harvest; the harvesting and forest management operations are conducted in compliance with the local forest and environmental laws of the place of origin. The wood should also meet CITES regulations.	

**Notes:** China's ecolabeling policy covers wood based panels, wood flooring, and wood furniture products. The policy itself has no requirements for timber legality or sustainability, but the technical requirements for ecolabeling timber products requires that (1) imported wood originates from sustainably managed forests; (2) domestic wood complies with relevant laws and regulations; and that (3) wood products meet CITES requirements. The policy is mandatory to central government agencies.

*Sources: Atanasova, 2010; Belgian Council of Ministers, 2005; Belgian Government, 2008; Chatham House, 2010; CPET, 2010; Danish Forest and Nature Agency, 2011; EFI, 2010B; European Commission, 2010; European Parliament, 2010; Finish Ministry of Employment and the Economy, 2010. German Federal Ministry of Food, Agriculture and Consumer Protection, 2010; Gobierno de Mexico, 2007; Japanese Ministry of the Environment, 2006; Lopez-Casero and Scheyvens, 2008; Ministere de l'Agriculture et de la Peche, 2008; New Zealand Ministry of Forestry website; New Zealand Ministry of Forestry, 2006; Norwegian Ministry of the Environment, 2007; Sao Paulo State Government, 2009; Standing Forestry Committee Ad Hoc Working Group IV on Public Procurement of Wood and Wood-based Products. 2010. Schweizerische Eidgenossenschaft, 2010A; Schweizerische Eidgenossenschaft, 2010B; Simula, 2010; Sun, 2012; TPAC, 2008; TPAC website; Van der Berk, 2010; Wenming, 2007.*

	Requirements and applicability	Product scope	Accepted Means of verification or compliance	
			SFM certification systems	Alternative instruments
	Mandatory for central government.	Wood in the rough, finished and semi-finished products, products in which wood is the most significant component.	FSC, PEFC.	Certificates comparable to FSC or PEFC, if demonstrated that FSC or PEFC criteria are met in the country of origin. A review will be conducted in 2013 to determine if and how wood from FLEGT-licensed timber is incorporated in the procurement policy.
	Central government.	Wood and paper-based products.	None recognized.	N/A
	Applicable to state government agencies. It is relevant to both, Brazilian timber and timber of foreign origin.	Timber to be used in construction.	None recognized	Only suppliers registered in the Cadmadeira system (Cadastro de Comerciantes de Madeira no Estado de São Paulo) are allowed to bid for government construction contracts. The State Ministry of Environment verifies the legality of the supplier and the DOF. Registered suppliers agree to be audited periodically. Suppliers are required to maintain and provide receipts, transportation authorizations, and other relevant trade documentation.
	Central government currently.	Wood and paper-based products.	PEFC, FSC	Due diligence systems by producers, FLEGT licenses, CITES licenses and other legality verification systems.



Table 6. Examples of Legality Requirements in the Private Sector

Company, policy year	Scope	Legality requirements	
<p><b>B&amp;Q (home improvement and garden retailer, Europe, 1991)</b></p>	<p>Timber and paper</p>	<p>All wood bought by B&amp;Q is to come from forests of known location where the supplier provides sufficient reassurance that the production is legal, well-managed and independently certified or verified as such.</p>	
<p><b>IKEA (furnishings, worldwide, 2006)</b></p>	<p>Solid wood, veneer, plywood and layer glued wood</p>	<p>Known origin of the wood; compliance with national and regional forest legislation; wood must not originate from protected areas unless harvested according to the management plan.</p>	
<p><b>Kimberly-Clark Corporation (personal care, paper products, worldwide, 2007)</b></p>	<p>Tissue hard rolls or finished tissue products containing wood fiber. Wood fiber, includes pulp, logs, whole log chips, woodchips and sawdust</p>	<p>The company will not knowingly use illegally harvested wood fiber; illegally harvested wood fiber is defined as wood fiber obtained in violation of applicable government forest management requirements or other applicable laws and regulations. Also, Kimberly Clark Corporation will not knowingly use conflict wood (wood traded in way that drives violent armed conflict or threatens national or regional stability).</p>	
<p><b>Staples (office products, worldwide, reviewed 2010)</b></p>	<p>Paper products of any grade of paper</p>	<p>One of the long term goals of the policy is to source and trade paper products certified under the FSC system.</p>	

Corporate procurement policies have become more prominent in developed countries and among companies with global reach. Over time, companies are increasingly integrating sustainable purchasing practices into their broader sustainability and corporate responsibility policies.

	Approach
	<p>Policy accepts (a) FSC certified sources with full chain of custody certification, and (b) PEFC certified sources for non-tropical species with full chain of custody certification. Exceptions to PEFC certified sources include: PEFC certified sources of European wood when supported with full chain of custody certification and confirmation from the vendor that all material used originated in Europe; and, other sources of PEFC certified wood when supported with full chain of custody certification and evidence of independent assurance that the sources comply with the requirements of the FSC controlled wood standard.</p> <p>The policy accepts products, at times, from sources engaged in step-wise processes towards certification if there is an independently verifiable action plan. Policy requires suppliers to meet one of the following criteria: a) have a MoU with The Forest Trust; b) have a SmartWood SmartStep action plan and written contract to progress towards FSC; or c) have signed agreements with WWF's GFTN to achieve FSC and have in place an independently verified full chain of custody. There are exceptions to the policy on a case-by-case basis where fully-compliant products are not available. In these cases, suppliers might get grace period to meet the policy requirements.</p>
	<p>The policy requires suppliers to have processes and systems in place to ensure that the wood meets the requirements. Suppliers are required to report the origin, volume and species of the wood used in the products on an annual basis, and they must accept auditing at various steps in the supply chain.</p> <p>Wood from certain areas undergoes audits all the way back to the forest. Audit is conducted by company forester or an independent auditor.</p>
	<p>The policy applies to Kimberly-Clark Corporation, its consolidated subsidiaries and affiliates, and is recommended for all of the Corporation's equity companies. The company has a goal of purchasing 100% of its wood fiber from suppliers which their forestry operations or wood fiber procurement are certified to FSC (preferred), SFI, CSA, CERFLOR (in Brazil) and PEFC. In terms of legality, other certification systems might be accepted provided that they demonstrate, as verified by a third-party, conformity with international legislation, agreements and accords, and compliance with national and local legislation and regulations.</p> <p>Suppliers are encouraged to achieve FSC certification for sustainable forest management or controlled-wood chain of custody certification, if they have not done so. Kimberly-Clark will work with suppliers to achieve certification within a reasonable time frame. Suppliers are required to report regularly concerning compliance with the policy.</p> <p>The Corporation tracks and reports annually the amount of wood fiber purchased under each forest certification system. Kimberly-Clark also inspects its suppliers periodically and verifies suppliers' wood fiber procurement practices. As part of the verification system, the corporation works with suppliers and others to effectively trace wood fiber to its origin in the forest. When the Corporation enters into long-term agreements with suppliers, it includes language that enables the Corporation to enforce its policy. Purchasing contracts can be terminated or not-renewed for suppliers that are non-compliant with the Kimberly-Clark policy.</p>
	<p>The policy is being implemented in a step-wise approach to increase the proportion of products certified under the FSC standard. Where FSC products are not available, Staples accepts products certified under the PEFC, SFI and CSA systems. Suppliers are required to comply with all environmental and forestry laws and regulations. Suppliers are asked to confirm the sources of the fiber in the products, and indicate if the fiber has been legally harvested and traded. Suppliers are also asked to demonstrate that their products do not come from controversial sources, including wood harvested in violation of traditional and civil rights. Staples surveys paper product suppliers to confirm the sources of the fiber of their products and the certification requirements. The company also has a third party to assess the supply chain of the products on a random sample of the supplier base to confirm the validity of the information about the products. For suppliers sourcing from areas identified as potentially controversial (e.g. risk of illegal logging), suppliers are asked to demonstrate through credible third-party certification that the sourced products are non-controversial. Top suppliers are also requested to periodically report the environmental performance of their paper making facilities, or the papermakers from where they purchase the paper.</p> <p>The policy is being implemented in a phased approach to all paper products suppliers, starting with markets in North America and moving to Europe and other international markets. Implementation is prioritized to address potential risk based on the country of origin, source, and transparency of the supply chain.</p>

**Table 6. Examples of Legality Requirements in the Private Sector (cont.)**

Company, policy year	Scope	Legality requirements	
Unilever (consumer products, worldwide, 2010)	Paper and board packaging	Virgin fiber should be traceable down to the forests where the legal origin can be verified either by legality certification, or by credible evidence.	
Weyerhaeuser (wood and paper-based products manufacturer, worldwide, updated 2012)	Timber and paper	Weyerhaeuser will not knowingly purchase wood, wood fiber, or products for distribution that originate from illegal logging.	
Xerox (office products, worldwide, 2000)	Paper products	Xerox paper suppliers worldwide must have a process to exclude illegally-harvested wood materials from papers sold to Xerox.	
3M (consumer products, 2015)	Paper and packaging products	3M pulp, paper and packaging suppliers must ensure that wood or plant-based fiber is legally harvested, sourced, transported and exported from its country of origin. Fiber must be traceable back to the source of harvest.	

Sources: B&Q, 2010; IKEA, 2006; Kimberly-Clark, ND; Kimberly-Clark, 2007; Staples, 2010; Unilever, 2010; Weyerhaeuser, 2012; Xerox, 2011; 3M, 2015)

	Approach
	<p>Policy requires suppliers to have processes in place to ensure that virgin fiber for packaging comes from known and legal sources. Policy requires that the legal origin of the virgin fiber is third-party verified and certified for the following countries: Brazil, Bulgaria, Cambodia, Cameroon, Central African Republic, China, Democratic Republic of Congo, Ecuador, Equatorial Guinea, Gabon, Ghana, Guinea, Honduras, Indonesia, Ivory Coast, Laos, Liberia, Lithuania, Malaysia, Myanmar, Nigeria, Papua New Guinea, Peru, Philippines, Romania, Russia, Sierra Leone, Solomon Islands, South Korea, Taiwan, Thailand, Ukraine and Vietnam. Verification schemes accepted currently include: SmartWood’s Verification of Legal Compliance and Verification of Legal Origin, the Société Générale de Surveillance’s Timber Legality Traceability Verification scheme, and Certisource’s Legality Assessment for Verified Legal Timber.</p> <p>For virgin fiber from other countries, the policy requires credible and reliable documentation to prove the legal origin of the fiber. Documentation should identify the source location, the source entity, and each intermediary in the supply chain. Policy requires suppliers to have mechanisms in place to ensure that the timber has been harvested and traded in compliance with applicable laws, including CITES requirements. The policy also accepts fiber in compliance with FSC controlled wood requirements and/or equivalents from sources that achieve FSC certification in a step-wise process. The policy also accepts fiber in compliance with PEFC with full chain of custody in compliance with PEFC’s “non-controversial” requirements.</p>
	<p>The company is committed to “work with governments, conservation organizations and others to ensure that procurement practices strengthen efforts to thwart illegal logging.” The policy covers all wood-based raw materials for all of the company’s mills worldwide and products for resale. Within the U.S. and Canada, Weyerhaeuser operations are in conformance with the Sustainable Forestry Initiative (SFI) standard. For sourcing, Weyerhaeuser’s SFI certified facilities will adhere to the SFI procurement principles and objectives. The company will take steps to ensure that their raw materials and products for distribution either originate in countries with effective laws against illegal logging, or are independently certified or verified under credible and transparent safeguards. The safeguards might include environmental management systems if the risk of illegal logging is significant. The company may work with suppliers that demonstrate the ability to come in compliance with the Weyerhaeuser policy within an agreed-upon timeframe.</p>
	<p>Policy requires suppliers to submit detailed documentation to verify conformance to all applicable environmental, health and regulatory requirements including forestry codes of practice and regulations governing legal harvesting of wood. The policy accepts certifications from the following systems: FSC, Canadian Standards Association, Sustainable Forestry Initiative and PEFC.</p>
	<p>3M suppliers need to maintain records including genus, species and country of origin of the wood or plant-based fiber, and third-party certifications of materials and operations in the supply chain. 3M suppliers are required to have policies and due systems for sourcing pulp and paper and should require their suppliers to do the same.</p> <p>3M will continue to work with suppliers through trainings and direct communications to help suppliers understand requirements and concepts in the policy.</p>

**Table 7. Examples of Trade Associations' demand for legal wood products**

Industry associations have taken steps to encourage their members to exclude unsustainable and illegal wood from their supply chains through members' codes of conduct, industry statements, or associations' purchasing policies. Trade association policies and guidelines are, however, often voluntary.

Trade Association	Legality commitments
<b>In producing countries</b>	
Brazil – Federation of Timber Export Industries (AIMEX) – Represents 40 businesses that produce and manufacture and export wood products in the State of Pará.	Through the Pact for Legal and Sustainable Timber, AIMEX members commit to ban sales of illegally harvested timber from the Amazon. Although AIMEX does not have a code of conduct, it encourages members to commit to source legal wood; membership is suspended if a member is found guilty of trading illegal wood.
Cameroon – <i>Groupement Filière Bois du Cameroun</i> (GFBC) – Represents 18 organizations that are wood producers and exporters.	Through a code of conduct, members commit to respect the relevant legislation in Cameroon, including laws related to forest management, environmental laws, payment of taxes and social/labor legislation. GFBC works with other groups to build its members' capacity in areas of forest management, forest certification and legality.
Canada – Quebec Wood Export Bureau (Q-WEB) – Represents more than 200 wood products manufacturers and exporters in Quebec.	Through a code of conduct, members commit to source wood from companies that know their suppliers and can demonstrate that those suppliers are legal; it also requires that suppliers provide evidence that the operations are legal. Q-WEB encourages members to require their suppliers to abide by the Q-WEB sourcing policy, which requires suppliers (a) to supply wood from areas where logging is authorized and from operations that are legal; (b) to supply wood purchased in a legal way; (c) to pay related pay tax and fees; and (e) to provide evidence of the wood's origin and legality.
Colombia – National Federation of Wood Industries (FEDEMADERAS) – Represents more than 700 businesses throughout the wood supply chain.	Under the Inter-sector Pact for Legal Wood in Colombia (signed in 2009), FEDEMADERAS committed to develop a code of conduct that would require members to avoid sourcing and trading illegal products. The code of conduct would also specify penalties for non-adherence.
Gabon – Forest Industries Union (UFIGA) – Represents 8 business groups that produce and export wood products.	Through a code of conduct, members commit to ensure traceability of the supply chain and the legal and sustainable forest management of concessions. Implementation of the code of conduct is monitored by interviewing forest managers, auditors, and the Ministry of Forestry.
<b>In buying and producing countries</b>	
China – China Timber and Wood Product Distribution Association (CTWPDA) – represents 1,577 members, mostly manufacturers.	In 2010 CTWPDA established a special committee to, among other things, help set up a responsible procurement system for timber imports.
United States – National Wood Flooring Association (NWFA) – represents all segments of the hardwood flooring industry.	A voluntary program for members, the NWFA Responsible Procurement Program is designed to help companies transition over time to products certified against the FSC standard and provide options for exercising due care under the U.S. Lacey Act. The program is open to NWFA members, but focused on primary and secondary hardwood flooring manufacturers. Companies can participate in the programs at three levels with the highest level (Tier 3) reserved for companies that have achieved 50 percent more of their sales as FSC certified.
United Kingdom – Timber Trade Federation (UK TTF) – Represents about 180 members that cover about 60 percent of all timber imports to the United Kingdom.	Through the UK TTF code of conduct and responsible procurement policy, members commit to purchase timber from legal sources and seek evidence of compliance from suppliers to ensure that the wood meets the legal requirements of the country of origin. Members are also required to establish a due diligence system (e.g., systematically assess risks of illegal wood) in preparation for the EU Timber Regulation. The UK TTF operates a Responsible Purchasing Policy management system, which helps companies assess legality and sustainability, improve sourcing practices, and to compile evidence.

**Compiled from:** Hentschel, 2009; TTAP, 2010; FEDEMADERAS, 2012; WWF-Colombia et al, 2009; QWEB 2012; UK TTF, 2012; UK TTF, 2011.

## Box 6. The U.S. Lacey Act the EU Illegal Timber Regulation and the Australian Illegal Logging Prohibition

In May 2008, the U.S. Congress amended the 100 year-old Lacey Act, which prohibits the transport and trade of illegally gathered wildlife or wildlife products, to include plants and plant products. In October 2010, the European Parliament approved the Illegal Timber Regulation, requiring those who place timber and timber products in the marketplace to curb

illegally harvested timber and timber products. In 2012 the Australian Parliament approved the Illegal Logging Prohibition, banning the import or processing of wood logged in violation of the laws in the country of origin. The table below compares the three trade regulations.

	U.S. Lacey Act	EU Timber Regulation	Australian Illegal Logging Prohibition Act 2012 and Regulation
<b>Definition of legality</b>	Unlawful to trade, receive, or acquire plants taken, harvested, possessed, transported, sold or exported in violation of underlying laws in a foreign country or in the U.S. The scope of laws is limited to plant protection laws, or laws to regulate: plant theft; taking plants from officially protected areas; taking plants from an officially designated area; taking plants without, or contrary to, required authorizations; failure to pay appropriate taxes or fees associated with the plant's harvest, transport, or trade; laws governing export or transshipment.	Timber logged illegally under the laws of the country of origin. Relevant legislation includes: legal rights to harvest; taxes and fees related to harvesting; compliance with timber harvesting laws, including forest management and biodiversity conservation laws; respect for third parties' legal rights and tenure; compliance with relevant trade and customs laws.	Timber logged in violation of the laws of the country of origin. Relevant legislation includes: legal rights to harvest; taxes and fees related to harvesting; compliance with timber harvesting laws, including forest management and biodiversity conservation laws; respect for third parties' legal rights and tenure; compliance with relevant trade and customs laws.
<b>Requirements and applicability</b>	Makes it illegal to trade illegally-sourced wood products in the U.S. Importers are required to declare country of harvest, genus and species, product's volume and value in a phased-in schedule.  It is applicable to anybody involved in the supply chains of wood products.  Prohibition in effect since May 2008. Declaration requirements are being implemented in a phased-schedule.	Prohibits placing on the EU market timber harvested illegally under the rules of the country of origin, and products derived from such timber. It also requires economic operators which first place timber on the EU market to employ a system to exercise due diligence to ensure that the timber they trade was harvested legally. Requires economic operators in their part of the supply chains to keep records of their suppliers and customers to facilitate the traceability of products. The legislation will apply from March 3, 2013 onwards.	The Act makes it a criminal offense to intentionally, knowingly or recklessly import wood, pulp and paper products into Australia or process Australian raw logs that have been illegally logged. The Regulation describes the due diligence process, which requires importers of regulated timber products and Australian processors of raw logs to minimize the risk that the wood or wood-fiber has been illegally logged.
<b>Product scope</b>	All plants and plant-derived products.	Specifies a number of products that are covered under the EUTR.*	The law applies to businesses importing any timber or timber products into Australia and processors of domestically grown raw logs. The regulation requiring due diligence applies to businesses importing certain timber or timber products (as defined in the regulation) into Australia and processors of domestically grown raw logs.
<b>Compliance</b>	A fact-based statute and not a process-based statute. No specific documentation is needed to demonstrate legality/compliance. It is up to the government to prove illegalities. It is up to the government to prove illegalities. The first major enforcement action under the amended Lacey Act occurred in 2012 against Gibson Guitar. This action set a precedent on creating due care systems to comply with Lacey (Box 7).	Economic operators are required to assess risk and employ adequate and proportionate measures and systems to minimize risk of sourcing illegal timber. Timber and timber product covered by FLEGT and CITES licenses are considered to be legally harvested.	The due diligence process requires businesses to have a documented system that explains how the requirements will be met, gather information about the products being imported and their supply chain, assess the risk the wood or wood-fiber in these products has been illegally logged,** mitigate any associated risks (where they aren't already low), and keep a written record of the process undertaken.

**Box 6. The U.S. Lacey Act the EU Illegal Timber Regulation and the Australian Illegal Logging Prohibition (cont.)**

	U.S. Lacey Act	EU Timber Regulation	Australian Illegal Logging Prohibition Act 2012 and Regulation
<b>Penalties</b>	Penalties include forfeiture of goods and vessels, fines and prison terms. Penalties vary depending on the level of “due care” exercised by the importer. The highest penalty --a criminal felony fine for up to \$500,000 USD, possible jail time for up to five years, and forfeiture of goods -- is for companies trading illegally sourced products that did not exercise “due care.” In the U.S. legal system, due care means “that degree of care which a reasonably prudent person would exercise under the same or similar circumstances. As a result, it is applied differently to different categories of persons with varying degrees of knowledge and responsibility” (Senate Report 97-123).	Penalties will be defined by member states.	Offenses relating to intentionally, knowingly or recklessly dealing with illegally logged timber attract penalties of up to five years imprisonment and/or up to 500 penalty units (AUD \$90,000 for an individual, and AUD \$450,000 for a corporation or body corporate).
<b>Implementation</b>	The prohibition is in effect since May 2008, the declaration requirements are being implemented in a phased-schedule.	The legislation will apply from March 3, 2013 onwards. EU member states are responsible for implementing and enforcing the regulation through Competent Authorities. The European Commission is responsible for monitoring implementation by the member states.	The Act commenced on 28 November 2012; The Regulation commenced on 30 November 2014. From May 2016, penalties may apply to importers who fail to comply with the due diligence.

\* Some of the products covered include: fuel wood, wood in the rough, sawn wood, veneers, particleboard, fiberboard, plywood, frames, flooring, boxes, crates, caskets, barrels, pulp and paper, furniture, prefabricated buildings and others. The Regulation does not cover timber products or components of timber or timber products that have completed their lifecycle and would otherwise be disposed of as waste. It also excludes material used exclusively as packaging to support, protect or carry another product being placed on the market.

\*\* Risk assessment can be conducted through a) Timber Legality Framework where the imported product is certified under Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) standards; b) a Country Specific Guideline (CSG) where one is available, or c) against certain regulated risk factors.

Sources: EC Timber Regulation website; EIA, 2009; European Forest Institute, 2012; Official Journal of the European Union, 2010; CPET, 201; U.S. Department of Justice, 2012; Mitchell, S. 2013; EU FLEGT Facility. 2012.

### Box 7. Gibson Guitars case

The first major enforcement action under the amended Lacey Act occurred in 2012 against Gibson Guitar. This action set a precedent on creating due care systems to comply with Lacey.

As part of the criminal enforcement agreement between the U.S. Department of Justice and Gibson Guitar, Gibson agreed to implement a Lacey Act Compliance Program to exercise due care. Some of the elements outlined in the compliance program include: annual training for all purchasing staff; communicating with suppliers; verification of foreign laws and licenses with in-country legal professionals and/or knowledgeable third parties (e.g., NGOs); conducting independent research to identify risky sources; performing risk assessments at the species level, using resources such as CITES, the IUCN Red List, national threatened/

endangered species lists, and UNEP World Conservation Monitoring Centre data; requesting sample documentation from suppliers to ensure that information provided is sufficient to satisfy Lacey Act requirements; maintaining records; and, taking disciplinary action for staff who fail to follow policies on legal wood procurement (U.S. DoJ, 2012).

As part of the criminal enforcement agreement between the U.S. Department of Justice and Gibson Guitar, Gibson agreed to pay a US \$300,000 penalty and a US \$50,000 community service penalty, and withdrew its claims to the wood seized during the investigation, including ebony from Madagascar with a total invoice value of US \$261,844 (U.S. DoJ, 2012).

In Switzerland, the Ordinance on Declaring Wood and Wood Products (*Ordonnance sur la Déclaration Concernant le Bois et les Produits en Bois*) from 2010, requires any party selling timber or timber products to consumers to disclose information about the species used in the product, including whether or not the species is listed in CITES, and the place of harvest. Timber and timber products covered include firewood, roundwood and wood in the rough, pickets and stakes of wood, railway sleepers, sawmill products, sheets for veneering, carpentry, joinery, furniture made entirely of solid wood, and other solid wood items (Federal Department of Economic Affairs, 2010; Schweizerische Eidgenossenschaft, 2010).

In response to the emergence of legality requirements in the marketplace, a number of voluntary systems and schemes have emerged to help assess and verify the legality of wood and paper-based products (Table 9).



Table 8. Voluntary Legality Verification Systems

Organization	System/year	Overview	
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**Commercial Legality Verification Systems**

<p><b>Bureau Veritas</b></p>	<p><i>Origine et Légalité des Bois</i> (Timber Origin and Legality, or OLB in French) (Updated 2005, originally developed in 2004).</p>	<p>Third-party system to guarantee the geographic origin of the forest products and the legal compliance of the forest company. The OLB system includes the Bureau Verita’s Standard for Forest Companies and the Chain of Custody Standard.</p>	
<p><b>CertiSource</b></p>	<p>Legality Assessment for Verified Legal Timber (Updated 2010, originally developed in 2007).</p>	<p>The legality verification system is currently available only in Indonesia, with plans to expand into other locations. Within two years after an entity joins the CertiSource system, CertiSource policy requires concessions and sawmills to demonstrate a concrete commitment to reaching FSC certification.</p>	

A number of systems and projects have emerged in response to market demands for legally sourced products. These resources often involve an independent third party that verifies the legality of the product against a pre-determined standard or set of criteria and indicators. The legality of the products can be verified at two levels: legality of the origin of the timber (e.g., the place where the timber was cut is legally designated for such use), and the compliance of the harvesting operation with laws and regulations. Legality-verification systems and projects often include chain-of-custody criteria to trace the flow of products through the supply chain and to ensure that verified products are handled separately from non-legally verified products. Below is a general compilation of existing legality standards and voluntary programs put in place by different organizations. Legality is covered in forest management certification standards (e.g., FSC or PEFC); however, because legality is not the main focus of these standards, they are not included in this table. More detailed overviews and comparisons of legality verification systems have been done by the Central Point of Expertise on Timber Procurement (CPET) and others.

	Scope								Implementation		Contact
	Geographic	Supply chain	Thematic						Development	Auditing	
			Legal right to harvest <sup>1</sup>	Compliance with laws <sup>2</sup>	Taxes/fees <sup>3</sup>	Tenure/use rights of resources <sup>4</sup>	Trade regulation <sup>5</sup>	Other criteria <sup>6</sup>			
	Originally developed to demonstrate legality in tropical regions. Can be applied at the global level.	Origin of timber; CoC	X	X	X	X	X	X	Standard was developed initially by Eurocertifor. Eurocertifor was acquired in 2005 by Bureau Veritas; since then, the standard has been reviewed and updated to be applied internationally.	Assessment is carried out by an audit team acting on behalf of Bureau Veritas. If needed, additional expert consultants are used. Observers can also participate in audits. The certification is granted for five years with surveillance audits of at least once a year.	Bureau Veritas Tel: +33-1-14-97-0060
	Indonesia	Origin of timber; CoC	X	X	X	X	X	X	Standard was developed using GFTN's guidelines of timber legality as the generic base. Supplemented with Indonesian standards of legality developed by the Indonesian Eco-labeling Institute' (LEI). The LEI standards were developed in the context of a FLEGT process through extensive stakeholder consultation, and were formally approved by the Indonesian Government in July 2009.	Verification is audited by an independent, ISO accredited, Certification Body. Prior to entering a verification process, a supply-chain audit is conducted to eliminate products that are clearly linked to illegal sources.  Verification involves certifying overall concession legality and chain of custody compliance at least once a year in addition to auditing legality for every batch of timber processed under the CertiSource system. The system also ensures each pallet of timber can be traced from distributor back to source, and that the CertiSource required commitment from participating concessions and sawmills to achieving FSC certification is adhered to. Voluntary DNA analysis (through Double Helix Tracking Technologies) to scientifically verify the chain-of-custody can also be added. Finally, certificates information is accessible online and the public to check the certification status of the operations.	Certisource e-mail: <a href="http://www.certisource.co.uk/contact-us/">http://www.certisource.co.uk/contact-us/</a> Tel: +62 881 463 8608

Table 8. Voluntary Legality Verification Systems (cont.)

Organization	System/year	Overview	
Keurhout	Keurhout Legal System (Validation of the Legal Origin of Timber; 2004, updated 2009).	Standard to validate the legality of the origin of timber. The standard is part of the Keurhout Protocol and is used in conjunction with other four standards, which concern requirements for SFM, CoC, Certification Bodies and Certification Systems. The standard is considered a first step towards SFM certification.	

	Scope							Implementation		Contact
	Geographic	Supply chain	Thematic					Development	Auditing	
			Legal right to harvest <sup>1</sup>	Compliance with laws <sup>2</sup>	Taxes/fees <sup>3</sup>	Tenure/use rights of resources <sup>4</sup>	Trade regulation <sup>5</sup>			
	Applicable globally	Origin of timber	X	X	X	X	X	X	<p>Developed by Keurhout based on experience, existing references, and expert and stakeholder consultation. The standard was developed in coordination with the Netherlands Timber Trade Association.</p> <p>Verification of individual certificates or entire certification systems is carried out by an independent Board of Experts (BoE) that includes experts with different disciplinary backgrounds and representing different stakeholder groups. Experts are appointed by the Keurhout Management Authority. Assessments are conducted based on documentation and evidence and, where relevant, may include verification in the field. Validation decisions are made by the BoE. Once validated, a certificate or system is admitted to the Keurhout Legal System. Validity of the admission can be up to 5 years, but it depends on the validity of the individual certificates themselves. Validity includes periodic monitoring.</p> <p>In addition to the Legal System, Keurhout maintains a Sustainable System. In addition, Keurhout also facilitates a CoC system for timber trading and processing companies. The CoC system is verified annually by accredited independent Certification Bodies, which are entitled to issue a Keurhout CoC certificate.</p>	<p>Keurhout Tel: +31 24-6454796 E-mail: info@keurhout.nl</p>

Table 8. Voluntary Legality Verification Systems (cont.)

Organization	System/year	Overview	
<p><b>Rainforest Alliance</b></p>	<p>SmartWood Verified Legal Origin (VLO) (Updated 2010, first developed in 2007).</p>	<p>Standard to verify that timber originates from forest sources that have documented legal rights to harvest. VLO is considered a first step towards FSC certification.</p>	
	<p>SmartWood Verified Legal Compliance (VLC) (updated 2010, first developed in 2007).</p>	<p>An extension of the VLO designed to verify that the harvesting operation complies with applicable and relevant forestry laws and regulation. "Legal origin" is different to "legal compliance." Legal compliance includes a larger range of laws on environmental protection, harvesting codes and practices, health and safety and social aspects. As in the VLO, VLC is considered a first step to attain full FSC certification.</p>	
<p><b>Scientific Certification Systems (SCS)</b></p>	<p>Legal Harvest™ Verification (LHV) (2010)</p>	<p>Program to confirm the legality of the source of forest products. The Program has two components, the Standard for the Assessment of Forests, and the Chain of Custody Standard. The first focuses on verifying an organization's legal right to harvest. The second focuses on tracking timber throughout the supply chain.</p>	
<p><b>The Soil Association's Woodmark</b></p>	<p>Verification of origin and legal tenure (2010).</p>	<p>Verifies the legal origin of wood and the rights to harvest it. The system is designed to work, wherever possible, within an FSC framework, to support companies in achieving FSC certification.</p>	

	Scope							Implementation		Contact	
	Geographic	Supply chain	Thematic					Development	Auditing		
			Legal right to harvest <sup>1</sup>	Compliance with laws <sup>2</sup>	Taxes/fees <sup>3</sup>	Tenure/use rights of resources <sup>4</sup>	Trade regulation <sup>5</sup>				Other criteria <sup>6</sup>
	Generic/Global standard. National standards have been developed for China, Indonesia, Philippines, Brazil, Sabah (Malaysia), Laos, India and the Democratic Republic of Congo.	Origin of timber	X	•	X	X	X	X	Developed by Rainforest Alliance based on existing references. It involves stakeholder review and consultation when necessary.	Assessments are conducted by Rainforest Alliance staff and expert consultants. The process involves stakeholder involvement and consultations. Both VLO and VLC are valid for three years, at which point, it is required to make efforts to achieve FSC certification. VLC does not require VLO certification.	Rainforest Alliance Tel: +1-212-677-1900 E-mail: info@ra.org
	Generic/Global standard. National standard has been developed for Sabah (Malaysia).	Origin of timber	X	X	X	X	X	X			
	The Program is applicable globally. SCS has auditors in the Americas, Asia, Europe and Oceania.	Origin of timber and CoC	X	X	X	X	X	X	Generic standards developed by SCS based on experience and references. The standard is cross-referenced with national and local laws and regulations through review and stakeholder consultations. Standard can be replaced with another existing, locally recognized, standard that meets or exceeds LHV.	Document review, field audits, and interviews by SCS auditors. Annual audits are required to maintain the participation in the LHV program.	Scientific Certification Systems Tel: +1-510-452-8000
	Globally applicable.	Origin of timber	X	*		X			Developed by the Soil Association and EcoSylva Ltd, based on the FSC definition of legal wood; supports FSC certification.	Evaluation includes stakeholder consultation to cross-check the standard, add credibility and be transparent.	Soil Association wm@soilassociation.org Tel +44 117 914 2435

**Table 8. Voluntary Legality Verification Systems (cont.)**

Organization	System/year	Overview	
Association of South Eastern Asian Nations (ASEAN)	Criteria and Indicators for Legality of Timber (2009).	The Criteria and Indicators (C&I) are intended to serve as a regional reference framework for the verification of timber legality in member states.	
WWF's Global Forest & Trade Network	Common Legality Framework	The Framework consists of 10 principles and various criteria; it was developed to support improvements in the governance of forest sector by providing information on forest-related laws and regulations in a clear and consistent manner. The Framework can be used to develop consistent approaches to defining legality, and to inform efforts to verify legal compliance.	
WWF Russia, WWF Denmark with assistance from NepCon	Checklist for verifying the legal origin of Russian timber (2007).	Guidance intended to help foreign companies verify the legal origin of the wood. It is meant to cover changes to the Russian Forest Code implemented in 2007.	
Timber Trade Action Plan (TTAP).	Legality checklists	Regarded as a medium term solution until an official legality standard is in place in a country. Checklists are meant to be neutral, widely accepted, pragmatic and auditable, transparent, linked to original sources, and subject to review and adaptation.	

Sources: CPET, 2011; Donovan, 2010; Hinrichs, 2009; CertiSource, 2010; CertiSource, 2011; CertiSource website; Keurhout Management Authority, 2009; Keurhout Management Authority, 2010; Proforest, 2011. Rainforest Alliance website; Rainforest Alliance, 2010 A; Rainforest Alliance, 2010 B; WWF Russia, 2007; SCS website; SCS 2010 A; SCS 2010 B; SCS 2010 C; BVG website; BVG 2004; BVG 2010; BVG 2009; BVG, 2010; EcoSylva, 2010; TFT website; GFTN Guide to Legal and Responsible Sourcing website.

<sup>1</sup> Including: legal tenure, legal rights and authorization to access and harvest the resources.

<sup>2</sup> Compliance with laws, regulations and administrative requirements related to forest management, labor, transportation, and health and safety.

<sup>3</sup> Compliance with tax/royalties laws and regulations.

<sup>4</sup> Respect for tenure or use rights of land and resources that might be affected by timber harvesting rights.

<sup>5</sup> Compliance with trade and export laws and regulations.

<sup>6</sup> Compliance with international laws and agreements including CITES, International Labor Organization, the Convention of Biological Diversity, etc.

\*partially covered

	Scope							Implementation		Contact	
	Geographic	Supply chain	Thematic					Development	Auditing		
			Legal right to harvest <sup>1</sup>	Compliance with laws <sup>2</sup>	Taxes/fees <sup>3</sup>	Tenure/use rights of resources <sup>4</sup>	Trade regulation <sup>5</sup>				Other criteria <sup>6</sup>
	Member states: Brunei, Cambodia, Lao, Indonesia, Malaysia, Myanmar, Philippines, Thailand, Singapore and Viet Nam.	Origin of timber	X	X	X			X	Through an intergovernmental process	Not defined.	ASEAN Secretariat Tel : +6221 7262991 E-mail: dian@asean.org
	Generic, but the framework has been populated for the following countries: Central African Republic, China, Democratic Republic of Congo, Gabon, Indonesia, Malaysia, and Vietnam. Additional information provided includes guides to legal documentation.	Origin of timber, processing and trade	X	X	X	X			Developed by the Global Forest & Trade Network.	Not applicable	Global Forest & Trade Network (GFTN) WWF International, Gland, Switzerland Tel: +44 1394 420 518 ( <a href="http://sourcing.gftn.panda.org/index.php?id=80">http://sourcing.gftn.panda.org/index.php?id=80</a> )
	Russia	Origin of timber and processed products	X	X					It is based on the <i>Guidelines of timber origin legality verification</i> developed by WWF Russia. The checklist was field tested by NepCon.	Checklist can be applied by companies themselves, or by an independent third-party. Anybody applying the checklist should have basic knowledge and experience in forest legislation and forest operations in Russia.	WWF Denmark Tel: +45 35 36 36 35 E-mail: <a href="mailto:wwf@wwf.dk">wwf@wwf.dk</a>
	Forest and factory legality checklists are available for Brazil, Cameroon, China, Congo-Brazzaville, Gabon, Guyana, Indonesia, Malaysia.	Origin of timber, CoC, and processing	X	X	X	X			Developed by TTAP, based on legality definitions and legality verification standards already in place or in development and through stakeholder consultation. Minimum requirements for chain of custody are considered as part of the checklists.	Checklists are used by TTAP staff to assess gaps in the legality of the supply chains and implement supply chain control systems.	The Forest Trust Tel: +41(0) 22-367-9441 E-mail: <a href="mailto:info@tft-forests.org">info@tft-forests.org</a> <a href="http://www.tft-forests.org/ttap/">http://www.tft-forests.org/ttap/</a>



Bilateral cooperation between consumer and producer markets and free trade agreements are other efforts to address illegal logging. The European Union, through Voluntary Partnership Agreements, works with a select

number of countries to build their capacity and support reforms in the governance of their forest sectors, to reduce the production of illegally harvested timber (Box 8).

### Box 8. The European Union Forest Law Enforcement, Governance and Trade (FLEGT) Plan and the Voluntary Partnership Agreements

The Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan is the European Union (EU) response to concerns about illegal logging and deforestation. FLEGT started in 2001 with a ministerial conference in Indonesia; the Action Plan was completed in 2003.

The FLEGT Action Plan recognizes that consumer countries contribute to the illegal logging problem through the demand for timber and wood-based products. The Plan encompasses seven measures:

1. *Development cooperation with producing countries* – through actions that promote and implement solutions that are equitable and enhance transparency, and that build capacity and support policy reform.
2. *Promote trade in legal timber* – through the development and implementation of bilateral collaboration frameworks (Voluntary Partnership Agreements, VPAs) that include the establishment of legality assurance licensing systems.
3. *Promote public procurement policies* – that take into account the legality of timber products.
4. *Support private sector initiatives* – to address illegal logging, including through corporate social responsibility practices, voluntary codes of conduct and development and implementation of voluntary licensing schemes.
5. *Support and promote safeguards on investments* – to encourage banks and financial institutions investing in the forest sector to develop due care and screening procedures to avoid projects that could potentially encourage illegal logging.
6. *Use existing or upcoming legal instruments* – to support the Plan, for example, the EU Illegal Timber Regulation.
7. *Work to define and address conflict timber*.

Overall, the Action Plan seeks to develop markets for legal products in Europe, and establish bilateral partnerships (Voluntary Partnership Agreements, or VPAs) with producing countries to build their capacity and support reforms in the governance of their forest sectors to reduce the production of illegally harvested timber. The VPAs also seek to establish and implement tracking and licensing systems, called Legality Assurance Systems, to ensure that only legally produced products enter the European Union. Establishing a Voluntary Partnership Agreement involves four phases:

1. **Information and pre-negotiation phase** – the EU and the producer country exchange information and materials. The producer country government assesses, in consultation with stakeholders, the appropriateness of a VPA for the country.
2. **Negotiations** – The EU and the producer country reach agreement on the contents of the VPA, including the details of the Legality Assurance System (LAS), and other forest governance commitments. Stakeholder consultation is critical in this phase.
3. **Ratification of the agreement** – Both parties work to ratify the agreement. Usually the legality assurance and licensing system are developed during this phase.
4. **Implementation** – The producer country establishes procedures that culminate with all timber products destined for the European Union shipped from the producer country with FLEGT-licenses. The license states that the shipment is legal according to the terms of the VPA.

The Voluntary Partnership Agreements focus on the forest sector and their core concern is establishing a shared understanding of what legal timber is and a system for legal enforcement. VPAs can contribute to improved governance of forests, and can support REDD+ processes at the national level. Nevertheless, VPAs are not meant to resolve other issues that are fundamental to the supply of illegal timber such as land use conflicts or accountability (Falconer, 2011).

As of April 2013, six countries have signed and/or ratified a VPA agreement and are developing the LAS, six countries are in the negotiation phase and 13 countries are in the pre-negotiation phase.

### Box 8. The European Union Forest Law Enforcement, Governance and Trade (FLEGT) Process and the Voluntary Partnership Agreements (cont.)

Country	Phase	Notes		
		Definition of Legality	Legality Assurance System Applicability (LAS)	Implementation
Cameroon	VPA ratified; System under development	Definition covers fiscal and administrative requirements; harvesting, forest management and processing operations; transportation; social and environmental requirements.	LAS applies to all timber and timber products produced, acquired and/or traded in Cameroon, including imported timber.	Companies holding SFM or legality verification certificates from voluntary schemes may receive a "legality certificate" valid for one year without further verification. Private certification schemes will undergo an evaluation by the Cameroonian government to ensure their standards and verification mechanisms satisfy LAS requirements.
Central Africa Republic	VPA signed; System under development	Definition covers legality of the operation; right of access to the resource; social and environmental requirements as well as rights of indigenous and local communities; logging and processing requirements; transportation and traceability; compliance with contractual obligations and relationships with subcontractors for activities other than logging.	LAS applies to all timber and timber products derived from industrial forest operations (concessions, plantations); artisanal and community produced products might be covered in the future. A simplified LAS approach for plantations will be developed during the full implementation phase.	An independent auditor will periodically inspect the LAS implementation. Independent audits will occur four times per year in the first year, twice during the second and third years, and once a year from the fourth year onwards. For timber from operations that hold forest management and legality verification certificates, a process will be developed to ensure these voluntary systems meet the LAS requirements.
Ghana	VPA ratified; System under development	Definition covers timber source (land ownership); allocation of timber rights; timber harvesting operations; transportation; processing and trade; and fiscal obligations. The definition includes compliance with environmental and social requirements.	LAS applies to all timber and timber products produced, processed, traded and exported from Ghana. LAS also applies to all products, including those that are not traded in European markets and timber sold on the domestic market. Central to the LAS is a wood tracking system to monitor and control timber throughout the supply chain.	FLEGT Licensing System was expected to be operational at the end of 2010.
Indonesia	VPA agreed	The definition of legality is framed around principles addressing wood harvesting and processing, and by type of forests. The definition covers the following: legal status, area, and right to use the forests; ownership of the timber; compliance with legal harvesting requirements; compliance with environmental and social aspects related to harvest; compliance with laws that regulate forest conversion; and compliance with supply chain management requirements.	LAS applies to all commercial timber and timber products produced, processed and purchased in Indonesia, including exports. System might apply in the future to timber destined for the domestic market.	LAS under the VPA builds on the Indonesian Timber Legality Assurance System (Indonesian TLAS) established in 2010. FLEGT licensing under the VPA was expected to begin March 2013.

### Box 8. The European Union Forest Law Enforcement, Governance and Trade (FLEGT) Process and the Voluntary Partnership Agreements (cont.)

Country	Phase	Notes		
		Definition of Legality	Legality Assurance System Applicability (LAS)	Implementation
Liberia	VPA signed	The definition of legality covers all aspects of timber production throughout the supply chain. It covers aspects such as legal eligibility to operate in the forest sector; forest resource rights allocation; social obligations of contractors to local people; forest management standards for operations and harvesting to ensure sustainability; environmental obligations; regulation of timber transport and traceability obligations; timber processing requirements; workers' rights, health, safety and welfare; payment of taxes, fees and other payments; export and trade requirements; transparency measures and information disclosure.	LAS will apply to all timber harvested, processed, sold in or exported from Liberia. This includes timber imported from other countries. LAS will also cover production from all types of forest holdings and by all types of operators.	The initial steps to implement the LAS will be outsourced and overseen by the Liberia Forestry Development Authority. The VPA also established an independent auditor to ensure proper function and oversight of the LAS by an independent third party. FLEGT licensing under the VPA is expected to begin in 2014.
Republic of Congo (Brazzaville)	VPA ratified; System under development	Definition is applicable to both natural forests and plantations. There are two coherent definitions that are based on the forest types and forest ownership regimes; these definitions cover all types of timber and timber products. Key aspects covered by the definition of legality are: legal right to operate; access rights; social requirements, including participation of local communities, indigenous peoples, and workers; forest management, harvesting and processing of timber; transport and trade; fiscal obligations.	LAS applies to all timber and timber-based products that are produced, processed, and traded (including imports, exports, and timber in transit) in the country. Timber and timber products that are not sold in European markets, and those that are sold on the domestic market, are also subject to the LAS.	FLEGT Licensing System expected to be operational by mid 2011.

Countries in the negotiation phase: Democratic Republic of Congo, Gabon, Malaysia, Vietnam, Honduras, Guyana.

Countries in information/pre-negotiation phase: Bolivia, Cambodia, Colombia, Côte d'Ivoire, Ecuador, Guatemala, Laos, Myanmar/Burma, Papua New Guinea, Perú, Sierra Leone, the Solomon Islands and Thailand.

In the context of global climate change, the FLEGT initiative and process and the development and implementation of VPAs can be seen as efforts to improve governance in the forest sector which, in turn, can be used to help countries meet

national objectives related to the Reduction in Emissions from Deforestation and Forest Degradation (REDD) (see Section on Climate Change).

Sources: EC, Ministry of Forests and Wildlife of Cameroon, 2010; EC, Central African Republic Government, 2010; EFI EU FLEGT facility website; EC, Ghana Forestry Commission, 2009; EC, Republic of Congo, 2010; EC, Republic of Indonesia, 2011; EC, Republic of Liberia, 2011; EC, 2003; Falconer, 2011.

Other examples of bilateral cooperation include:

- **U.S.-Indonesia Memorandum of Understanding on Combating Illegal Logging** (signed 2006) – Among other things, the agreement seeks to complement and support efforts to combat illegal logging and associated trade, and to promote transparent timber markets and trade in legally produced timber and other forest products. The agreement established a working group to guide implementation of the memorandum with respect to information exchange, law enforcement cooperation, regional and international cooperation, and partnerships with non-governmental actors (U.S. Government, Government of the Republic of Indonesia, 2006).
- **U.S. – China Memorandum of Understanding on Combating Illegal Logging and Associated Trade** (signed in 2008) – Among other things, the memorandum establishes a bilateral forum to increase cooperation between government agencies to combat illegal logging by setting priorities for cooperation, promoting trade of legally sourced forest products, facilitating information sharing, and encouraging public-private partnerships (U.S. Government, Government of the People’s Republic of China, 2008).
- **Japan – Indonesia Cooperation Agreement in Combating Illegal Logging and the Trade in Illegally Logged Timber and Wood Products** (signed 2003) – The agreement focuses on developing, testing and implementing legality verification systems for timber and wood products; encouraging civil society involvement in combating illegal logging; developing a forest-trade data collection and exchange system; and building capacity to promote sustainable forest management (Government of Japan, Government of the Republic of Indonesia, 2003).
- **U.S. – Peru Trade Promotion Agreement** (signed 2006) – The agreement includes a special annex to address illegal logging through improved governance in the Peruvian forest sector. Among other things, the agreement seeks to strengthen forest law compliance in Peru; increase transparency in the sector, and develop and strengthen supply-chain control mechanisms (U.S. Government, Government of the Republic of Peru, 2006).

Governments, civil society organizations and the private sector may be having a significant impact on illegal logging. A 2010 study of producer, processing and consumer countries suggests that illegal logging might have decreased significantly in Cameroon, the Brazilian Amazon and Indonesia over the last decade (Lawson and MacFaul, 2010). However, given the varying estimates of the amount of illegal activity previously, it is very hard to judge how much of an improvement there may have been. The amount of illegal logging is still significant in many countries.

#### Factors to consider regarding legality

- Legality is not a serious issue in every country. A pragmatic approach may be to begin by identifying regions/countries at higher risk, and then focusing efforts on aspects of concern within those areas (e.g., corruption, lack of law enforcement, social conflict, ignoring land rights and so on). A number of resources are available to assist in this process (below).
- Different levels of caution may be needed, based on the place of origin of the wood. More information, verification and due care are needed for areas with higher risk of illegal activity in order to manage and eliminate the risk of having illegally logged wood in the supply chain.
- Legality is not equivalent to sustainable forest management. Just because a forest product is produced legally does not necessarily mean it has been produced in an environmentally sustainable or socially responsible manner.
- Lack of compliance with minor administrative regulations may not have a significant impact on the overall sustainability of the product. It might be more strategic to focus on blatant, significant infractions such as trafficking and systematically harvesting valuable timber species without proper authorization.
- In some cases, the law is not seen by everyone as equitable or fair (e.g. people with traditional claims to the land), or laws protecting customary rights may not be enforced, or ignored.
- Verification of compliance with all national laws can be challenging. A pragmatic way to address this is to establish whether violations are single oversights, or form a pattern of major violations.
- The proof of legality is normally based on legal documentation, which can be forged. Transfer of ownership of wood is commonly documented through purchase orders, invoices and other negotiable instruments. Even for title, however, the risk of forged documents can be significant in some places. At a minimum, documents should carry all appropriate stamps and seals from the relevant governmental agencies. Follow up by pursuing additional information when proof of legality is in doubt.
- Consider actively supporting government and civil society actions to address illegal logging and international trade in illegally-produced wood-based products.
- In the context of international climate change negotiations, improving legality in the forest sector at national and sub-national levels is being considered more and more as an important step to ensure the effectiveness of financial investments that are designed to prevent deforestation and forest degradation under REDD systems (see section on climate change).

## SELECTED RESOURCES: LEGALITY

See “Guide to the Guides” chapter for more information on each resource.

### Procurement requirements

Belgian Government Procurement Policy	European Community Green Purchasing Policy	Japanese Government Procurement Policy
CEPI Legal Logging Code of Conduct	FLEGT & VPAs	Mexican Federal Government Procurement Policy
Danish Government Procurement Policy for Tropical Forests (under review)	French Policy on Public Procurement of Timber and Wood Products	New Zealand Timber and Wood Products Procurement Policy
Dutch Government Procurement Criteria for Timber	FSC Controlled-Wood Standard	PEFC Due Diligence System
	German Government Procurement Policy	Swiss Declaration Duty for Timber

### Resources to assess requirements

Buying Sustainable Timber – A Guide for Public Purchasers in Europe	GFTN	Project LEAF
	Global Forest Registry	Sedex
CPET	Global Timber Tracking Network	SmartSource
Consumer Goods Forum Guidelines for Pulp, Paper and Packaging	Good Wood. Good Business Guide	Standard Practice for Categorizing Wood and Wood-based Products According to their Fiber Sources
	GPN	
Enhancing the Trade of Legally Produced Timber, a Guide to Initiatives	High Conservation Value Resource Network	String
		Sustainable Forest Finance Toolkit
Environmental Paper Network	Illegal-logging.info	Timber Retail Coalition
EPAT®	IWPA’s Wood Trade Compliance Training and Due Diligence Tools Course	Timber Tracking Technologies Review
FCAG		
Forest Governance Learning Group	NEPCon LegalSource Programme	Timber Trade Action Plan
Forest Legality Alliance	New Zealand Government Paper Buyers Guidance	The Forest Trust
FPAC: A Buyers’ Guide to Canada’s Sustainable Forest Products (the report)	PREPS	WWF Guide to Buying Paper
		WWF Paper Scorecard
		WWF Tissue Scoring