Illegal Logging and Related Trade: Indicators of the Global Response

Sam Lawson
Chatham House Associate Fellow
Measuring the Response: Methodology

- 5 producers: Brazil, Cameroon, Ghana, Indonesia, Malaysia (40%)
- 5 consumers: UK, US, France, Japan, Netherlands
- 2 processors: Vietnam, China (cons+proc= 50%)

<table>
<thead>
<tr>
<th>Heading</th>
<th>Indicators / Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness / Attention</td>
<td>media (qual/quant)</td>
</tr>
<tr>
<td>Government</td>
<td>policies, enf data, survey</td>
</tr>
<tr>
<td>Private sector</td>
<td>certif/verif, survey</td>
</tr>
<tr>
<td>Levels of illegal logging &amp; trade</td>
<td>wood balance, survey, trade data discs import-source analysis</td>
</tr>
</tbody>
</table>

- Development and roll-out of methodology 2006-2009
- Methodology and results reviewed by independent experts
Government Response – Producer countries

ENFORCEMENT DATA

- Evidence of improvements in enforcement in all five countries
- Eg Brazil – fines x8

- Problem is follow-up – e.g. only ¼ of IL cases successfully prosecuted in Indonesia
Government Response – Producer countries

POLICY ASSESSMENT

<table>
<thead>
<tr>
<th>Colours range from green = relatively good to red = poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>High-level policy</td>
</tr>
<tr>
<td>Legislative framework</td>
</tr>
<tr>
<td>Checks &amp; balances</td>
</tr>
<tr>
<td>International trade cooperation*</td>
</tr>
<tr>
<td>Supply and demand</td>
</tr>
<tr>
<td>Tenure and use rights*</td>
</tr>
<tr>
<td>Timber chain of custody</td>
</tr>
<tr>
<td>Transparency</td>
</tr>
<tr>
<td>Resource allocation*</td>
</tr>
<tr>
<td>Law enforcement</td>
</tr>
<tr>
<td>Information management</td>
</tr>
<tr>
<td>Financial management</td>
</tr>
</tbody>
</table>

*owing to the nature of the scoring method, result for international cooperation gives a more negative impression and those for tenure and resource allocation more positive impressions than they should

- Improvements have been made in all countries.
- **But** still very weak in many areas.
- Brazil best of five, Indo worst; Brazil has had major overhaul of laws
- Timber tracking systems poor
- Inst & op factors in law enforcement also poor across all countries (eg sufficient penalties, techs for detecting IL)
- Transparency poor in Indo & Mal
- **But** Addtl improvements underway in all countries
Government Response – Cons/Proc countries

- Numerous actions taken by all seven countries over last decade

Consumers
- UK scores best overall and was often first to take certain steps
- US slow to begin with but was first to ban handling of stolen wood
- Japan receives lowest overall score, but has taken some actions

Processing countries
- All relevant agencies now engaged & coordinating
- China MoU with Burma
- US-China MoU, EU negs with Viet/China
- But both have been unable to act against shipments of illegal timber in past
### Private sector response

#### Producer countries: voluntary certif/verif

- Area of verified fst inc rapidly in Cam, Indo, Mal
- Growth accelerating – legality demands and rules important driver (inc Lacey in US).
- **BUT**
- Often only verifying licensed source, not full legal compliance
- Growth stalled in Brazil
- No verif/certif in Ghana – rapid shift to less sens mktso
Levels of illegal logging

- Wood balance analysis suggests IL reduced by 50-75% by volume in Brazil, Cameroon and Indonesia
- Majority of experts agree has been improvement; also suggest improvements in Malaysia and Ghana
- Smuggling of illegal logs Indo-China reduced 92%

- Some consistency between survey & wood balance estimates of IL
- Survey ests higher as capture more types of illegality
Imports of illegal wood – import source analysis

- Complex modelling, incorporating variations in source country illegality & effects of demand-side measures

CONCLUSIONS

- Overall IL wood imps falling since 2004, dropped 30% by 2008
- Imports of IL wood now falling in all seven countries
- Illegally sourced imports also falling per capita in all countries and as % in all except US
- US biggest consumer (of 5 countries) by vol/val ($4 bill), Japan biggest per capita and by % of total imports (9%)
- More than half of imps by consuming countries are now of processed products arriving via third countries
**Impact, causes, cost of reduced illegal logging**

**IMPACTS**

- **17 million hectares of forest** are estimated to have been protected from degradation
- at least **1.2 billion tonnes of CO2 emissions** avoided
- Alternatively, if the trees saved were legally logged this could bring in **US$6.5 billion in additional revenues**.

**CAUSES**

- ALL – increased enforcement, NGO campaigning, consumer ctry actions
- Cameroon – independent monitor; Indo – improved general governance

**COST**

- Less than $3 per tonne CO₂
- OR $6 in extra revenues for every $1 invested
Conclusions & Recommendations

- Not a reason for complacency!
- Illegal logging still major problem – estimated 100 million m$^3$ per year, or enough logs to create a line running 10x round the world

Producer countries

- Greater effort needed on areas of problem which are more difficult to detect and tackle and have seen less improvement, e.g.
  - domestic markets
  - illegal harvesting by licensed companies
  - illegal issuance of licences to clear forest
- will require a more profound overhaul of regulations
EXAMPLE: Samling in Malaysia

- Samling – major international listed logging company
- Research on legality in Malaysian concessions by Earthsight for Ethical Council of Norwegian Govt Pension Fund
- Comparison of sat imagery with conc maps & plans; field invs
- CONCLUSIONS: “the company is involved in illegal logging…systematically irresponsible behaviour…regulatory breaches appear to be a normal part of daily operations”
- Incs logging in National Park, outside concession, steep slopes, protected species, undersize trees, river buffers
- Samling exports plywood and other wood products to UK, US, Japan, Australia, inc to big names
- Timber all legalised; considered by Swk auths as ‘management infractions’ only; exports accompanied by govt-issued documents specifically stating it to be of legal origin
Conclusions

Consumer countries
- Japan needs to follow US and EU and prohibit handling of illegal wood
- Important such laws implemented & enforced – requires cooperation with source countries (which VPAs shows has broader positive effect on policy)

Processing countries
- China needs to take more concrete action
- Prohibit illegal wood use; implement govt procurement policy; require evidence of legality for timber imports (e.g. recognise FLEGT legality licenses)

Illegal logging & REDD
- ensure REDD agenda supports efforts to tackle IL and improve forest governance, not distract from them (as may be case at present)