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Forest Legality Week

October 17 – 19, 2017 · Washington, D.C.

Event Summary

The Forest Legality Initiative, a project of the World Resources Institute (WRI), convened partners and stakeholders in October 2017 in Washington, D.C., to advance dialogue and initiatives related to the international trade in timber. The three-day event drew 180 attendees from more than a dozen countries. Topics under discussion included trade restrictions recently placed on rosewood species by the Parties to the Convention on International Trade in Endangered Species (CITES); timber trade data and traceability systems; private sector efforts to source legal wood products; timber legality developments in Asia; and the application of wood identification techniques for law enforcement and supply chain management. Side events held after the close of the main conference included a meeting of the Global Timber Tracking Network (GTTN); the launch of a new report on Myanmar's production forest sector hosted by The Nature Conservancy's Responsible Asia Forestry and Trade (RAFT) program; and a Chatham House Roundtable on the Indicators of Illegal Logging Project. The U.S. Agency for International Development, the U.S. Forest Service, and the Norwegian Ministry of Climate and Environment provided generous support for the event. Below is a summary of the main conference presentations and discussions. Please note that the contents detailed below reflect the views of the conference participants and not necessarily those of WRI or other conference partners.

Tuesday, October 17

The CITES Rosewood Listings: Progress and Challenges One Year On

[Jago Wadley, Environmental Investigation Agency – U.K. \(EIA\)](#)

Since 2011, EIA – U.K. has focused [research and reports](#) on exposing the illegal flows of the most widely traded Asian *hongmu* (traditional Chinese furniture) species, including Siamese rosewood (*Dalbergia cochinchinensis* and *D. cambodiana*), Burmese padauk (*Pterocarpus macrocarpus* and *P. pedatus*), and Burmese rosewood (*Dalbergia oliveri* and *D. bariensis*). In his presentation, Mr. Wadley highlighted problematic issues related to the implementation of CITES obligations regarding these species, especially as they relate to the CITES export permitting process. Although CITES Resolution 12.3 requires CITES Parties to refuse importation if the Party believes the export was illegally acquired, CITES Resolutions are not always implemented nor are they legally binding. This challenge, along with the reported use of fraudulent documents and the issuance of export permits in violation of CITES, facilitated trade in significant amounts of CITES-listed timber. This included the acceptance by China and Vietnam of CITES export permits from Laos and Cambodia between 2013 and 2014 for a volume of Siamese rosewood equivalent to the entire known volume of wild populations of the species. Considering that no range state has carried out CITES-required “non-detriment finding” studies to determine sustainable levels of international trade for the above-mentioned *Dalbergia* species, CITES export permits cannot be legitimately issued or accepted by importing parties. Looking ahead, the CITES Standing Committee, at its November 2017



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meeting, is slated to consider commissioning a study of unlisted rosewood species, such as *P. macrocarpus*, the most widely traded Asian *hongmu* species.

Following Mr. Wadley's presentation on the rosewood trade in Southeast Asia, [EIA – U.S.](#) presented findings from their report [The Rosewood Racket](#) on the trade of *Pterocarpus erinaceus* (an African rosewood known as "kosso"). Despite the protected status of the species in most of its range states, *P. erinaceus* has perhaps been the most widely traded rosewood species in the world since 2014. At the beginning of 2017, CITES Parties placed the species on Appendix II, uplisting it from the less-restrictive Appendix III. Although most range states have reduced their export of the species, Nigeria's export increased significantly in the first half of 2017. This increase in export from Nigeria is due to a lack of enforcement, to corruption within government agencies, and to a loophole that permits export of "semi-processed products", even though the exported *P. erinaceus* products are minimally processed before export. Here, EIA stressed the importance of the need for CITES Parties to be discerning when developing standards and Appendix listing annotations, in light of how they can be interpreted – or misinterpreted – in the field.

[Naomi Basik Treanor, Forest Trends](#)

Ms. Treanor's presentation focused on the trade of wood products – especially those of high value – involving Vietnam and China, including how those countries have responded to the 2016 CITES Appendix II listing of all *Dalbergia* rosewood species. She noted that most rosewood imported into Vietnam is re-exported to China, whose official classification of *hongmu* species now encompasses approximately a dozen CITES-listed rosewood species. Despite increased CITES restrictions, China is on track to import more *hongmu* wood products in 2017 than in 2016 and actually imports about 85% of its rosewood logs from countries with log export bans in place. Thus, despite CITES implementation progress including the establishment of a wood identification center and reported collaborative enforcement efforts, China's implementation is still challenged by an industry slow to react to the recent *Dalbergia* listings and by a lack of capacity for enforcement and wood identification. Vietnam, however, has largely enforced the recent listings, shown by a significant decrease in relevant trade in 2017. This seems to support assertions by Vietnamese enforcement that they are trying to eliminate illegal timber and by Vietnamese industry associations that they will not import illegal and risky timber.

[Melissa Blue Sky, Center for International Environmental Law](#)

Requirements for exporting specimens of timber species listed on CITES Appendix II, including the newly listed *Dalbergia* species, was the focus of Ms. Blue Sky's presentation. She explained that the exporting country's CITES Scientific Authority must ensure that the level of harvest for export is not detrimental to the species' survival (a "non-detriment finding" or "NDF") and that CITES has provided guidance on how to carry out NDFs. Most of the newly-listed rosewood species have not, however, undergone NDF studies. Ms. Blue Sky also emphasized that the exporting country's CITES Management Authority is responsible for determining if the specimen to be exported was obtained legally (a "legal acquisition finding"), but that CITES has not issued guidance or standards for legal acquisition findings and that the requirement is applied loosely and inconsistently across CITES Parties. Recognizing this challenge, CITES at its 2016 meeting directed the CITES Secretariat to develop proposed guidance by the next Conference of the Parties in 2019. To advance the issue, CITES will host a workshop on legal acquisition findings guidance in June 2018 in Brussels.

Scott Paul, Taylor Guitars

Mr. Paul's presentation focused on the challenges posed by the 2016 CITES listing of the entire *Dalbergia* genus for the musical instruments industry. While the industry largely supports CITES and other laws that improve



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transparency and legality within the wood products trade, he argued that the text of Annotation #15 – which describes the product scope for the Appendix II-listed *Dalbergia* species – inadvertently captured an overly-broad range of products. This has caused substantial financial problems for the musical instruments industry and created need for clarification from CITES country authorities on a range of issues, including the annotation’s application to products that are being shipped or transported internationally not only for sale but also for repairs or musical performances. Mr. Paul also argued that East Indian rosewood (*D. latifolia*) – the rosewood most widely used in guitar manufacture – should not be included in the restricted trade listing, since much of the timber is plantation-grown and is not threatened. These issues regarding the scope of the *Dalbergia spp.* listing and the accompanying annotation #15 cannot be changed until at least CITES COP18 in 2019. Until then, he concluded, it is hoped that CITES authorities will make nuanced interpretations of the application of the *Dalbergia spp.* listing with respect to musical instruments.

[Anne St. John, U.S. Fish and Wildlife Service](#)

Annotation #15 for the *Dalbergia spp.* CITES Appendix II listing was the focus of Ms. St. John’s presentation, as well. Ms. St. John confirmed Mr. Paul’s statement in saying that Annotation #15 was constructed outside of regular CITES parliamentary procedures, creating a “frankentation” that has caused implementation issues across CITES Parties, who are now collectively and individually attempting to interpret it. In addition to creating guidance documents, the U.S. government has also participated in outreach seminars to industry on the implementation of the rosewood listing. Although the U.S. expects the annotation to change in the future, the government can only make interpretations of the existing annotation and continue participating in industry dialogues. Ms. St. John also emphasized that because CITES listings for wood products have grown beyond the historical scope of logs, sawnwood, and veneer, the expansion to include processed products has created implementation challenges. Going forward, CITES controls should focus on wild resources being exported out of range states and that CITES Parties will need to work closely with domestic stakeholders on implementation.

Discussion

The discussion portion of the session centered largely on the issue of the annotation to the listing of the *Dalbergia* genus on Appendix II. An audience member noted that the entire genus was listed based on the precautionary principle, even though CITES listings should be species-specific and that there is no standardized scientific process by which a species is listed—only a scientific process by which non-detriment findings studies can be undertaken. A second participant joined in this sentiment stating that the forest products trade has been increasingly politicized and questioned if CITES is going beyond its original mandate. A U.S. government official noted, owing to the United States’ role as a major importer and exporter of instruments, that the number of CITES permits issued had doubled since the *Dalbergia* listing became effective. Despite these challenges and perceived flaws, argued another audience member, CITES remains the most tangible and most successfully implemented environmental agreement in the world and that the Appendix II listing of the rosewood species offered an extraordinary opportunity for environmental efforts. To resolve complications concerning the annotation issue, it was noted that a CITES Annotations working group will be re-established and that the US will advocate for stakeholders to join those discussions. Other issues raised during discussion included highlighting that non-compliant countries can be subject to recommended trade suspensions and that more pressure for compliance and trade controls needs to be exerted on consumer countries and not just range states.

Timber Traceability Systems

This session was conducted in a talk-show format, with short introductions by the panelists representing [various traceability systems](#), after which the moderator, Mr. Tobias Stäuble, posed several rounds of questions to the



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panelists before opening the floor for questions and comments from the audience. Below are summaries of the panelists' initial remarks followed by a summary of the questions and responses.

Richard Gyimah, Forestry Commission of Ghana, Ghana Wood Tracking System: A national-level web-based system is under development, as part of the Ghana-E.U. Voluntary Partnership Agreement (VPA) and in collaboration with the Ata-Marie Group. The identity of the timber is preserved through primary processing; tracking is through a mass balance approach in secondary processing.

Bogdan Micu, Code4Nature, Forest Inspector (Romania): This national-level traceability system is operated by the Romanian government covering forest management plans and all steps of the supply chain. The system is used for concessions, private permits, plantations and authorized land use conversion. A mass balance material tracking approach is used for both primary and secondary processing phases.

Manuel Muñoz, Honduran National Institute of Forest Conservation and Development, Protected Areas, and Wildlife (Instituto de Conservación Forestal; ICF), Honduran Wood Tracking System (Sistema de Rastreabilidad de la Madera – SIRMA): The Honduran system, which has been under development for two years, is part of the Honduras-E.U. VPA process. SIRMA covers wood products from the forests through to primary processing and is a volume-based tracking system.

Taryn Sanchez, Reforestamos México, Mexico State's Legal Wood Program (Programa de Madera Legal; PML): A subnational system, PML is being developed by Reforestamos Mexico and the forest authority in the State of Mexico, Mexico. PML is a spatial platform linked to the government's forest enterprises and processors database. The system reaches from forest management on the ground through secondary processing, but it does not include internal traceability.

Alonso Rizo-Patron, Peruvian National Forest and Wildlife Service (Servicio Nacional Forestal y de Fauna Silvestre – SERFOR), Módulo de Control del Sistema Nacional de Información Forestal y de Fauna Silvestre (MC-SNIFFS): SERFOR is responsible for implementing MC-SNIFFS, a web-based, volume tracking system for concessions, private forest land permits and authorized land use conversion. The system covers forest management through secondary processing and is being rolled out in the Amazonian Corridor.

Discussion

What are the biggest challenges in developing and implementing traceability systems?

Problems identified by panelists included lack of internet access; bureaucratic resistance to innovation; changes in governmental regimes and personnel; lack of capacity; and insufficient coordination among government agencies. Efforts to address these challenges include increasing internet infrastructure in remote areas; training and capacity building; and introduction of new technologies that can help break down bureaucratic inertia, resistance to change, and the lack of coordination among agencies. Multi-stakeholder consultations and dialogue processes were also cited as important elements supporting progress.

How do we deal with bad information entering the systems? Can remote sensing improve inventory data?

Panelists identified two approaches to dealing with this problem. First, systems can be designed to generate alerts when there are data discrepancies and then allow users to correct the discrepancies, when, for example, more accurate volume estimates become available after forest inventories. A second, complementary approach is to regularly audit supply chains to reinforce incentives for compliance.



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How much information do you exchange with local communities?

In Ghana, the government provides public summaries, including lists of products that come from particular communities, so that communities can get access to the benefits originating from the extraction. The Honduran government is working with agroforestry cooperatives and federations to provide data to stakeholders, as well as verifying the validity of the information to strengthen forest management. In Mexico, there have been workshops with producers, including community-based producers, to demonstrate the PML. In Peru, the MC-SNIFFS design team conducted workshops with communities; communities can also obtain data from and input data into the system. In Romania, the system makes a good deal of its information publicly available.

Considering that traceability systems can theoretically empower companies to carry out due diligence along their supply chains, how does it work in Ghana? And in the case of Peru, can the system achieve traceability back to individual trees?

In Ghana, it is plausible to achieve traceability to the stump in some cases under certain management regimes, depending on the products and the production processes involved. For natural forests, traceability can be achieved from forests through to the sawmill. As the timber undergoes more processing and involves multiple sources it becomes more complicated. In products like plywood or finger joints, for example, it might not be cost effective to strive for an overly detailed level of granularity. In the case of products from plantations, traceability can go back to the forest stand.

In Peru, when a producer executes a management plan they are required to assign codes to the logs that correspond to the stump. By law, sawmills are required to transfer the codes from the logs into the lumber to trace the products from the forest to the sawmill. SERFOR views traceability as not only a control tool for authorities but as an important tool for producers to manage their forest operations. With this in mind, SERFOR is promoting some information management tools with producers that are different from MC-SNIFFS, including more data about operations, which, for example, could help quantify production costs.

What is your perspective on wood identification technologies?

Panelists agreed that wood identification technologies are useful particularly with high-value species and to control for mislabeling. Species identity is often tracked in traceability systems, triggering alerts when there is mislabeling or mismatches. In Peru, samples are taken and sent to laboratories to confirm the identity of the wood, and SERFOR has a project to develop a mobile wood ID application.

How do you integrate the domestic markets in the traceability system in Ghana?

Ghana's VPA includes the domestic and export market. Development of the system began with export timber but later expanded to incorporate timber for the domestic market. Traceability for cross-border trade can be particularly challenging, especially for trade with non-VPA countries. In those cases, Ghana sets requirements that includes traceability, species, origin, and makes sure that all documentation and validation needs are provided by the competent authorities.

Wednesday, October 18

Demand-Side Timber Legality Developments in Asia – Part I

[Marigold Norman, Forest Trends](#)



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Marigold Norman presented findings from a recent research report by Forest Trends, *Regulating the Trade in Illegal Timber: Asian Approaches Compared*. [The report](#), published in August 2017, compares the timber legality measures currently under development or discussion in China, Indonesia, Japan, Malaysia, South Korea and Vietnam. The presenter pointed out that the systems described are all still under development, and therefore many aspects of the legislation and their implementation are in flux, and underlined the difficulty in obtaining written documents confirming the details and officially translated into English. However, she also pointed out that if these six countries join the EU member states, the U.S. and Australia in passing regulations on timber, over 90% of the global timber trade will be subject to legality requirements (based on global import data for 2016).

The proposed legislation in the six countries varies in the covered scope of products and parts of the supply chain. Some key product categories are notably not included, such as pulp in South Korea, which constitutes 22% of forest product imports. Vietnam proposes to cover all companies along the entire supply chain and will cover a broad set of products, whereas Malaysia is proposing to cover only the first placer on the market, exporters to the EU, and a narrow scope of products. Since these regulations are still under development, there is little information on how checks, enforcement and penalties will be implemented in practice.

These regulations also have the potential to reach new source countries currently not under pressure to comply with legality requirements, such as Thailand, South Africa, the Philippines, Guyana, Solomon Islands, Mozambique, Fiji, India, Guinea and Suriname. Countries in Asia that may want to consider developing demand-side legislation includes consumer countries (India, Bangladesh, and Sri Lanka), countries that serve as trade links along the supply chain (Hong Kong, Singapore, and Macao) and processing countries (Philippines and Thailand).

[Rick Jacobsen, Global Witness](#)

Rick Jacobsen presented findings from Global Witness' work on supply chains in Asia, linking the markets developing demand-side regulation to sourcing countries, and highlighting the challenges in conducting due diligence. He began with an overview of the scale and type of illegalities in the forest sector of Papua New Guinea (PNG). PNG has become the world's largest exporter of tropical logs, of which 90% are imported by China. There is very limited oversight of the logging sector in PNG, and in various instances police officers have been accused of being paid off by logging companies and ignoring community protests against illegal logging. The main concern with illegalities in timber harvests in PNG relates to the process for allocating Special Agriculture and Business Leases (SABLs). These leases have been given out for 12% of PNG's land area and, in many cases, overlap with customary land rights as recognized by PNG's constitution. A national commission of inquiry found that 90% of the leases reviewed violated the law. Mr. Jacobsen provided examples of the effect these SABLs had on local communities, which in many cases were not informed that their land was given out as concessions and lost access to the forest resources that form the basis of their livelihoods. In the cases presented, SABLs were issued on the basis of forged documents, clearcutting of thousands of hectares of rainforest affected community livelihoods, and in one case extended far beyond the boundaries of the leases. The effect of the clearing was seen in the pollution of rivers and estuaries with sediment plumes.

Over the past two years, Global Witness has researched the supply chains leading from PNG to processing countries in Asia, and on to the end markets both in Asia as well as the United States. This was facilitated by the SGS barcoding system that PNG has put in place for tracing timber, although SGS is not contracted to verify the legality of the wood. In China, 85% of the logs from PNG are imported by 15 companies. Of the logs imported in



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China, 20% are made up of the species taun (*Pometia pinnata*), much of which is used to produce hardwood flooring for sale in China and to a lesser extent in the United States and Canada. Based on Global Witness analysis, taun flooring from PNG is highly likely to come from SABLs. As part of their research, Global Witness interviewed 16 flooring manufacturers. They found that larger producers avoided taun because of the high perceived risk of illegality and were more sensitive to timber legality concerns after the 2015 settlement of the U.S. Lacey Act case against Lumber Liquidators. Smaller importers, however, seemed unconcerned with this risk. Several of the companies contacted by Global Witness decided to stop sourcing logs from SABLs or stop using taun from PNG in their products and to revise their sourcing policies. Others denied they were using taun or did not respond to inquiries. Global Witness' [report](#), published in both English and Chinese, also generated media coverage in China, including in the widely-read *Southern Weekly*. Since last year, the volume of timber extracted from SABLs has decreased by 40%, but logging continues. While there is currently more scrutiny now of SABLs, the PNG government is now issuing clearance permits for road and infrastructure projects, which have similar practical effects. No information about the allocation process for this new wave of clearance permits has been made public despite requests for more details.

[Mari Momii, Deep Green Consulting](#)

Mari Momii presented an update on the new Clean Wood Law in Japan. The law was passed in 2016 and has been in implementation since May 2017. However, many details remain to be worked out. Three government agencies have been named as competent authorities. The law is set up to promote legal timber, not to prohibit illegal timber. The scope of products covered is broad, but the law is based on a voluntary due diligence mandate as part of a voluntary registration system, based on incentives. Enforcement measures are foreseen but not yet developed in detail.

The scope of the new Clean Wood Law is wider than the 2006 Green Purchase Law and covers more products, including furniture, pulp and paper. The law covers almost all businesses, including importers (Type 1) and everyone else in the supply chain from traders to retailers (Type 2). While the legislation is, strictly speaking, voluntary, stakeholders expect that Type 1 actors will register, which will oblige Type 1 actors to conduct due diligence on all products. Type 2 actors can register partially and thereby limit the scope of their due diligence. Registration starts this autumn, but the implementation is delayed. The government has received submissions from auditing firms to serve as registering bodies, which will be reviewed and selected by the government. Enforcement measures are mostly applied to those companies that choose to register. Penalties will mostly entail revoking the offender's registration status. Penalties can also be applied to those companies making false claims about their registration. Additional penalties are focused on the registration bodies tasked with implementing the registration system. The Forest Agency has created an online platform, Clean Wood NAVI, to help companies conduct due diligence and to be managed by the Japan Federation of Wood Industry Association. Information on the platform is still limited and there have been some errors in the information provided.

Challenges include the fact that the rules and standards for due diligence have not yet been developed and that companies can still trade in "unconfirmed timber" if they cannot carry out due diligence. The legality definition remains unclear, as well. There is also some confusion on how the existing legality guidelines will be treated.

Discussion

The moderator, Kerstin Canby from Forest Trends, started off the discussion by drawing a parallel between the evolving situation in Asia, and where the US and Europe were immediately after their legislations were passed in



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2008 and 2013 respectively. In 2013, when the EUTR was passed, the US already had 5 years of experience implementing the amended US Lacey Act. She pointed out that now is a critical time for an exchange of lessons and experiences with designing and implementing legality regulations with countries now in the process of further developing the measures to implement the new Asian regulations themselves.

Speaking about the interest in and limitations of document-based systems (systems that rely on official documents without looking at evidence behind the documents), a participant pointed out that in Vietnam the government had issued more guidance on what constitutes due diligence but that the Vietnamese system ultimately remains document-based, not fact-based, which could create problems with fraud. It was also noted that that the previous Japanese system was document-based and that there were problems with credibility of documents provided as evidence of legality due diligence. The current Japanese law continues to base due diligence solely on scrutiny of official documents, on the rationale that a fact-based approach would offend the sovereignty of source countries by calling the credibility of their documentation into question. Additionally, companies are pushing for more definitive guidance on compliance with the law. The web portal (Clean Wood NAVI) is run by an industry-affiliated group and to date only focuses on document-based evidence of due diligence.

On the topic of the regulatory development, it was noted that policy discussions in China are still at a preliminary stage, with no firm commitments to action. In Vietnam, the process forms part of the signed FLEGT Voluntary Partnership Agreement (VPA), but the design hasn't been finalized, and the guidance on risk procedures and documentation has not yet been issued, and is unlikely to come into effect before 2021. The new Japanese legislation could be more effective than a voluntary measure may initially seem, and there's a review of the legislation planned in five years, which will allow for an amendment to the law. In PNG, where a Commission of Inquiry had identified abuse of the SABL system, it was pointed out that other government agencies had ignored these findings and that companies highlighted in the Global Witness report had denied the report's allegations.

The final issue under discussion centered on whether demand-side regulations in Asia addressed issues related to risk assessments and sourcing from low-risk areas. Participants noted that the countries under discussion had not yet decided what to do about shipments from low-risk sources, including the fact that the Japanese legislation does not seem to distinguish between risk levels. The Vietnamese government, however, has indicated that it will physically check every shipment considered medium or high risk, but that it is not yet clear how the customs risk-based control and management categories will take account of species and geographic risk factors or what will happen with low risk shipments.

Demand-Side Timber Legality Developments in Asia – Part II

[Dong Ke, The Nature Conservancy—Responsible Asia Forestry and Trade](#)

Ms. Dong reviewed the history and development of the China Timber Legality Verification Scheme (CTLVS). She also shared her thoughts and lessons learned about CTLVS going forward. The CTLVS was initiated in 2009 as a research project and includes a government-led option that determines legality based on negotiations with producer countries and a separate association-led voluntary approach. The China National Forest Products Industry Association (CNFPIA) reacted quickly and developed a voluntary-based CTLVS Standard involving 2nd-party evaluation and issuance of legality labels, but the results of these efforts were not adopted widely. The Chinese Academy of Forestry (CAF) developed a new version of the CTLVS standard in 2015; however, neither CNFPIA nor CAF had the authority to develop official standards at that time. In 2017, CNFPIA, after obtaining the



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authority to set industry standards, issued a new version of a CTLVS standard, which is still voluntary and associated with a label.

Ms. Dong highlighted a few challenges during the development of CTLVS, including lack of systematic linkages among different schemes, reliance on outside funding sources, limited intersectoral collaboration in China, and the lack of consequences for noncompliance. She also discussed several recommendations including working with more think tanks affiliated with different government agencies, incorporating the timber legality issue into other topics seen as higher priority, capturing the attention of high-level leadership, focusing more on Chinese domestic consumption, educating China's new middle class, and recognizing FLEGT-licensed timber.

[Yanmei Lin and Sheng Sun, Vermont Law School](#)

Professor Lin & Mr. Sun jointly presented policy options for China to reduce illegal timber trade and discussed opportunities and strategies for promotion of different options in the context of analogous development with other sectors. Professor Lin started by explaining the Chinese legal system, and differences between legal concepts and terms in English and Chinese, including “legality of imported timber”, “due diligence”, and “due care”. She also compared proposed legal solutions to illegal timber imports to the food safety law in China. Professor Lin then compared the feasibility and advantages of seven policy options for China to reduce the trade in illegal timber, as well as strategies to promote the different options.

Mr. Sun discussed timber legality in China from the angle of economics and international relations, drawing on his research on the 2008 Lacey Act amendment and the broad support of the Lacey Coalition. He highlighted the importance of framing illegal logging and associated trade as a trade and economic issue for Chinese policymakers. Several gaps include the lack of knowledge of incentives on Chinese side, silos in governmental agencies that have prevented horizontal and integrated policymaking, and the lack of focus on social and environmental priorities in the current economic framing of U.S.-China relations. Mr. Sun emphasized the need to rephrase illegal logging and associated trade into a sustainable development concept in China and to conduct case studies to evaluate social and environmental benefits that may result from setting up a timber legality regime in China.

[Mike Worrell, UK Timber Trade Federation \(TTF\)](#)

Mr. Worrell spoke about TTF's engagement with companies and associations in China on timber legality from an importers' perspective. Mr. Worrell explained the two sets of CTLV standards in China and the challenge of communicating due care and due diligence when engaging with Chinese industry. He echoed the need to focus more on the Chinese domestic market. In addition, he shared his experience in the pilot testing of the CTLVS among Chinese companies and argued that the relationship between buyers and suppliers has largely driven the positive steps taken by the Chinese companies performing well. In addition to emphasizing the credibility of CAF's CTLV standard, which mirrors international market regulations, he noted that the industry-led standard is weaker. Mr. Worrell also highlighted the need to enforce and monitor the standards.

Discussion

Responding to a question about the need for incentives for positive movement from Chinese actors, apart from meeting international market requirements, panelists pointed out the need to deliver messages to the government at a higher level and the need to engage China on illegal logging and associated trade in its One Belt One Road Initiative. Other discussion topics questioned the current status of sourcing from Chinese domestic natural forests and the use of performance targets by local governments and the use of remote sensing to



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combat illegal logging within the country. In reference to a participant question asking about the role of timber legality within China's next five-year plan, panelists highlighted the need to carry out cost and benefits analysis of addressing illegal imported timber in China. On a point that questioned the potential role of China's new infrastructure development bank, the Asia Infrastructure Investment Bank, and addressing illegal logging and trade, panelists emphasized the importance of convincing China that altruism can be in the country's self-interest.

Open Timber Portal: A Sneak Preview

[Marie Vallée, WRI](#)

WRI's Forests Program is developing a new tool, the [Open Timber Portal \(OTP\)](#), to promote transparency in the forest sector. In this session, Marie Vallée from the Forest Legality Initiative presented a sneak preview of the site, kicking off the stakeholder consultation for the portal.

The OTP is a web platform that promotes trade in legally harvested forest products by compiling information about forest sector compliance from governments, private sector actors and third-party forest monitors in producer countries. The OTP makes public previously inaccessible information about on-the-ground management practices and compliance with timber legality requirements. It compiles information from three different sources: official concession boundaries and the list of registered forest operators from the government; documents uploaded voluntarily by forest operators to demonstrate compliance; and observations by third party forest monitors. The OTP was designed by the World Resources Institute (WRI) in consultation with government, private sector and civil society actors. The OTP will initially focus on the Democratic Republic of Congo and the Republic of Congo. WRI is planning to scale up the OTP to Cameroon, Gabon and the Central African Republic in 2018, and to conduct scoping on additional countries.

The FLI team will conduct targeted outreach to key user groups over the next few months, such as timber producing companies, national enforcement agencies and independent monitoring in the producer countries, as well as importer companies, enforcement agencies and civil society in consumer countries. After reviewing and incorporating feedback, the live site will be launched by end of 2017 or early 2018.

For more information about the OTP, please contact Marie Vallée (marie.vallee@wri.org)

Timber Trade Information: Challenges and Solutions

In this session, Rupert Oliver (Forest Industries Intelligence) provided an overview of existing sources, challenges to, and approaches to using timber trade data. Following his presentation, Mr. Oliver led Alison Hoare (Chatham House), Al Goetzl (Seneca Creek), and Naomi Basik Treanor (Forest Trends) in a discussion on the topic.

[Rupert Oliver, Forest Industries Intelligence](#)

Mr. Oliver highlighted the different trade data needs of different users, the impacts of not having good data, and the problems with existing data, including quality, accessibility and lack of inter-connectivity between global and national-level datasets. Some of the data gaps mentioned included a lack of quality data on wood conversion and efficiency, which is intrinsic to legality; limitations with the tariff Harmonization System (HS) product classification, particularly issues of tracking wood species and related information; little information on investments, financial flows and price indices outside of North America; limitations on availability and trade flows of third-party certified or legally-verified products, including clarity of dual certification, which has led to overestimations of certified timber flows. Mr. Oliver also highlighted some emerging efforts to improve data



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provision and visualization, including through Global Forest Watch, which focuses on tree cover loss but does not address causes of loss or gains); that the U.S., Germany and France have generally good data, particularly the U.S. Forest Service's Forest Inventory Assessment data. The American Hardwood Export Council and UN Comtrade also provide some data and visualization options, although there are limitations in terms of scope, availability, accuracy. The Global Trade Atlas, a subscription service, also provides good data, but it can be expensive, and there are still some gaps, particularly in some African countries. This scenario provides an opportunity to private sector actors to become engaged in data provision including data disclosure themselves.

Discussion

Responding to a question about how to modify the HS to include species-level information, including CITES species, a participant explained how HS codes work globally and at the US level. He also described the process to request and make changes to the U.S. HS codes, which necessitates a strong justification for the change, requires that there be significant trade in the product, that the change be relatively easy to administer, including species identification, and that the request must meet certain confidentiality criteria. Modifications to HS codes at the global level are more complicated, and it is important to involve influential actors like ITTO in the process.

Subsequently, another conference participant explained that in China there are different levels of detail at the 8-digit level classification for some species including, teak and meranti. For rosewood, there are specific classifications for logs and sawn woods. In other countries, there are varying levels of detail, making trade comparisons challenging.

In addition, Ms. Basik Treanor from Forest Trends noted that China timber trade data is relatively more accurate compared to other neighboring countries. She also described the process and efforts to improve data quality in Vietnam and clarified that her organization uses data to track general trends, in terms of production and trade, to illustrate those trends and related risks, and not to make declarations on legality. Rupert Oliver noted that data cleaning and standardization is another issue related to data availability, adding that the Global Timber Forum (GTF), European Forestry Institute (EFI), and Forest Industries Intelligence are working to operationalize a system to easily harvest data from Comtrade and to apply routine analysis to detect outliers, missing information, and other issues.

Asked about how Chatham House's [Resource Trade](#) uses Comtrade data, Ms. Hoare explained that the process also involves data cleaning and that the platform is not focused exclusively on timber but on 3,000 natural resources. The data visualization platform covers raw and intermediate products and seeks to encourage and enable people to use the data. Another feature of the portal is the environmental footprint (e.g. carbon, water) aspect, with a lot of data involved in estimating carbon footprint.

Ms. Hoare also provided an update on the [Chatham House Illegal Logging Indicators Report](#). The objective of the project is to measure the extent and effectiveness of the response to illegal logging. The intended target audience is policy makers, those engaged in advocacy, and the private sector. The 14-indicators assessment is available for 19 countries including producers, consumers and processors. Indicator categories include media attention, government response, and private sector response. Chatham House is in the process of evaluating potential next steps and soliciting feedback on the methodology and scope. Particularly on how the methodology estimates levels of illegal logging and related trade, Chatham House looks at trade data discrepancies, wood-balance analyses, and expert perception surveys. Ms. Hoare recognized that the methodology involves levels of subjectivity but noted that they make the methodology transparent.



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Finally, Mr. Goetzl gave an update to an analysis he is conducting on behalf of the American Hardwood Export Council that focuses on legality and sustainability of U.S. hardwoods. The analysis is an update of a similar study from 2008 and is being conducted by a team of specialists. The current project also aims to look more carefully at data sources that relate to other sustainability issues. The analysis includes case studies derived from survey units in various U.S. geographies representing hardwood production areas. As in the 2008 report, the analysis points to low risk of illegalities in hardwood productions and low risk of sourcing U.S. hardwoods from unsustainably managed forests. The analysis will undergo independent expert review.

Thursday, October 19

Private Sector Experiences in Implementing Due Care Practices

[Cindy Squires, International Wood Products Association](#)

Ms. Squires introduced IWPA and the compliance training course that IWPA developed together with WRI, which focuses on forest products buyers. The training has been very successful, including participation by 268 training attendees and 122 companies since the course was piloted. Ms. Squires also discussed the general difficulties of compliance with the Lacey Act from her experience working with companies in North America. Some issues to address in future courses based on the feedback from companies include: teaching risk assessment of the whole supply chain with different actors, annual training for new employees, country-specific information, cooperation with the government, and the unique demands of small and medium enterprises.

David Jones, Benchmark International

Mr. Jones began with an introduction of his role at Benchmark International, working to implement proper due diligence for timber legality for clients. He highlighted the importance of on-site inspections of supplier companies, in addition to a desk audit, which is necessary but limited in certain ways. For example, information from a desk audit may not reflect realities, which could be revealed through on-site visits, and paper documents may not be maintained properly. As part of the due diligence process, an auditor also needs to verify other issues such as labor and human rights issues, apart from the legality of the raw materials. The right approach should be to trust, but then verify, what the paperwork shows.

[Susan Inglis, Sustainable Furnishings Council \(SFC\)](#)

Ms. Inglis began with an overview of the Sustainable Furnishings Council, comprised of 400 members and whose aim is to address sustainability issues within the furniture industry. She also noted the organization's commitment to transparency and the SFC Exemplary Choice label, which has been recognized by the U.S. Environmental Protection Agency. Ms. Inglis also discussed the relatively large role of the furniture industry with regard to environmental and environmental health issues, including emissions from transportation, wood use, indoor air quality, water quality, and toxic waste. Ms. Inglis also provided an overview of SFC's initiatives to encourage transparency and stimulate innovation by educating industry through training courses, such as assisting salespeople in presenting the eco-attributes of products.

Mike Worrell, U.K. Timber Trade Federation (TTF)

Mr. Worrell gave an overview of the timber legality due diligence process, the core of which is about risk identification and mitigation, and which became a mandatory requirement for all Timber Trade Federation members in 2007. Mr. Worrell also talked about the difficulties businesses face in understanding how to properly conduct due diligence, especially in light of the complexity of supply chains. As a result, TTF has



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established an information portal to provide tools and guidance about how to conduct due diligence, including tools and information developed by other organizations. Mr. Worrell also highlighted TTF's standardized due diligence template, which reflects EU Timber Regulation (EUTR) requirements. Part of TTF's role is to train businesses on how to fill out the template to align with legal requirements and the needs of enforcement agencies. TTF works with an independent monitoring organization to audit member due diligence processes. TTF is only involved in the auditing if a problem area has been identified. TTF membership can be revoked if a member's problem remains unresolved. TTF also reports on the information from their members in terms of risk mitigation and conducts analysis of trends and statistics based on the data collected from members about their due diligences processes.

[Mauricio Moura Costa, BVRio](#)

Mr. Moura Costa first gave an update on BVRio's two recently launched tools related to due diligence and timber legality. The first one is a practical guide to due diligence process in Brazil and Ghana, which may be expanded to Cameroon, Cote D'Ivoire, and Peru. The second is a tool to check the validity of FSC and PEFC certificates. Mr. Moura Costa also introduced BVRio's due diligence system, which compiles primary sources of information including legal documents, satellite data, and embargoes. Additionally, BVRio generates new data sets based on cross checks and statistical analysis of the data supplied to their system. He also explained how their due diligence system works. This includes a visual map of the supply chain from the forest of origin to the last supplier, with details on each supplier, each of whom is assigned a risk assessment rating. Currently, the system is in its second version, with a total of 20,000 verifications and 300 regular users. BVRio plans to expand the system to other countries and regions in the future.

Discussion

In the discussion, a participant raised the issue of legality verification challenges posed by the complexity of many supply chains. Another participant asked about the level of awareness about the Lacey Act and other legality regulations among suppliers that export to major markets with timber legality regulations and whether importers are willing to help their suppliers obtain more information to inform their sourcing practices. Panelists acknowledged the difficulty of tracking timber in complex supply chains but noted that suppliers can indeed implement improved due care practices along the supply chain. The idea of creating a "blacklist" of poorly performing industry suppliers also emerged, although one panelist argued that this might be illegal. Industry associations do, however, encourage their members to keep records of instances where they have rejected suppliers on legality due diligence grounds. An industry association representative also highlighted that implementing due diligence practice requirements and guidance has helped the organization attract more industry members. In addition, following a question from the audience about product testing, one industry association highlighted that organization members' products are required to undergo third-party testing for all flooring from China, though mainly for quality and environmental health concerns and not necessarily for legality reasons.

The Global Timber Tracking Network (GTTN), Phase 2

[Jo Van Brusselen, European Forest Institute \(EFI\) and Global Timber Tracking Network \(GTTN\)](#)

Mr. Van Brusselen, who heads up the GTTN Secretariat hosted at EFI, opened the panel by discussing the mandates for the second phase of the GTTN project, which began in the first part of 2017. He described how the second phase would focus on: 1) bringing together scientists from academia, the private sector and government institutions to set international standards on protocols for sample collection and data sharing; 2) building/helping to further develop tools such as a directory of wood identification laboratories as well as a



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database in which raw data and/or metadata could be stored and shared with the GTTN members and the global scientific community; and 3) communication and advocacy efforts to help enlist more participation from scientists and policy makers, and to broaden the GTTN network by creating cross-disciplinary collaborations. Lastly, Mr. Van Brusselen spoke about the importance of collaboration for the GTTN, including partnering with WRI to host the first GTTN “Working Groups” meeting back to back with Forest Legality Week (which took place October 19-20).

[Tommi Suominen, EFI and GTTN](#)

Mr. Suominen gave a brief overview of outputs from the first phase of the GTTN project, which included the initial development of a wood identification laboratory directory and a prototype reference database, developed by Bioversity International, which hosted the previous GTTN Secretariat. WRI, while serving as GTTN Interim Secretariat from 2015 through 2016, then took on the continued development of the laboratory directory, adding data from the International Association of Wood Anatomists (IAWA) and developing the web interface. He went on to note that WRI and GTTN are now partnering to publish an up-to-date laboratory directory with increased functionality geared towards the enforcement community and private sector. He reiterated one of the conclusions from the GTTN Steering Committee meeting in February 2017, that there was an urgent need for a directory of laboratories where enforcement officials could locate service providers for forensic wood identification. In parallel to the development of this directory, Mr. Suominen is working on building a database that will host metadata for physical wood reference samples and associated data from analyses using a suite of wood ID technologies. Mr. Suominen briefly demonstrated the current version of the laboratory directory, known as the Service Providers Directory (SPD), and discussed how the current version would be modified to include a type of triage workflow (taken from the UNODC’s [‘Best Practice Flow Diagram for Timber’](#)) that would walk the user through questions and guide them to the correct service provider or laboratory.

[Amy Smith, WWF, and Meaghan Parker-Forney, WRI](#)

Ms. Smith and Ms. Parker-Forney presented an ongoing collaborative project between WWF, WRI and the U.S. Forest Service - Forest Products Lab (FPL). The project evaluates: (1) what percentage of products obtained from a “secret shopper” market survey make inaccurate claims on species and origin; and (2) the capacity of U.S. wood anatomists to apply forensic wood anatomy techniques to verify the claims made on the species and origin for these products.

WWF purchased wood products from major U.S. retailers, which were analyzed by Dr. Alex Wiedenhoef at FPL. Dr. Wiedenhoef found that over 50% of the samples were misidentified by the seller in some way (species and/or origin). In phase two, the project partners sent an in-depth questionnaire, designed to help screen the initial level of participant interest and competence, to 48 wood anatomists based in the U.S., 23 of whom responded. Of those 23 respondents, 13 described their ability to identify woods but nearly half of these respondents were near retirement. Interested respondents were asked to participate in a ‘blind test’ in which the FPL would send participants blind samples (a FPL vouchered wood specimen sent with no context on species, genus, origin or claim) to better understand the actual capacity of the individual to correctly identify, at minimum, the genus and possibly the species of wood. Of the 23 respondents, nine participated in the blind test.

The results of this project will be published in the near future, but the preliminary conclusions of the project are that mislabeling of wood products is still a very real problem in the U.S. market, and that the lack of available



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experts to identify such a large volume of potentially illegal products poses a challenge for efforts to implement both Lacey Act and CITES requirements related to timber.

Discussion

Chip Barber of WRI moderated a panel discussion of GTTN experts.

Thorsten Hinrichs, German Federal Ministry of Food and Agriculture and EU Timber Regulation (EUTR) Competent Authority

Mr. Hinrichs discussed how wood identification technologies can support EUTR implementation, how complicated forest product supply chains can be and how difficult they are to keep track of. Because of these complicated supply chains, new methods to support due diligence – including wood identification testing – are now a necessity. He emphasized that a key limiting factor for wood ID is the lack of developed species reference databases for the various wood ID technologies. He concluded that developing these databases is one of the key rationales for the GTTN, which seeks to catalyze international cooperation among laboratories and research institutions.

Shelley Gardner, U.S. Forest Service-International Programs

Ms. Gardner echoed Mr. Hinrichs points, noting that the work of the GTTN was important not only for strengthening due diligence efforts but also for supporting law enforcement entities by connecting wood identification experts to law enforcement officials. She reiterated Mr. Suominen’s comments on the need for a directory of laboratories and service providers. She went on to emphasize the need for collaboration and cross-communication between entities involved in illegal logging efforts and described an example in which US law enforcement agents worked with a private lab to develop a genetic reference database for a species of timber that was being illegally harvested in a U.S. national forest. This project helped lead to the conviction of the criminals responsible for the timber theft, illustrating the power of collaboration among government, civil society, and the scientific community.

Marius Ekué, Bioversity International

Addressing the possible applications for timber tracking in Africa, Mr. Ekué spoke about his experience coordinating the first phase of the GTTN and his thoughts on how to scale appropriate timber tracking technologies in developing countries. For example, Mr. Ekué described problems with EU- and U.S.-funded projects being perceived as “biopiracy”, for example the ITTO-funded project *Development of a timber tracking system in Africa*. This project, in which the goal was to develop in-country capacity by building labs and training African scientists, have collapsed after project closure due to the lack of infrastructure to support the long-term success of the project. Mr. Ekué stated that field-based technologies such as near-infrared spectroscopy and automated wood anatomy would be very beneficial in countries like Ghana and Gabon where the infrastructure to support a high-tech lab may be lacking. Lastly, he pointed to Brazil as a model for developing pilot timber tracking programs in Africa, since physical material and technological know-how in Brazil must remain in-country.

Harisoa Ravaomanalina; University of Antananarivo and Madagascar CITES Scientific Authority

Ms. Ravaomanalina, addressing the importance of science-based tools in support of law enforcement, described how the CITES Appendix II listing of the *Dalbergia* genus has brought more visibility to the taxonomic issues that surround the genus, where species-level identification is difficult to impossible. With respect to Madagascar, more work is needed to resolve the taxonomic issues among species endemic to Madagascar, many of which are



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targeted by illegal timber harvest and trade. Despite these challenges, the University of Antananarivo has worked with the Missouri Botanical Garden and the Swiss Federal Institute of Technology (ETH) to resolve the open questions in *Dalbergia* taxonomy, with a special focus on high-value species. Together they have developed physical reference collections for many species of *Dalbergia* which can be positively identified using anatomical and genetic methods. Additionally, she and the team have developed four methods for accurate species identification and can distinguish Madagascar species from non-Madagascar species.

Tereza Pastore, Brazilian Forest Products Laboratory, Brazilian Forest Service

Ms. Pastore briefly discussed a successful project deploying a handheld near-infrared spectrometer (NIRS) device, and how these developments have allowed the application of NIRS work (previously only possible within a laboratory) through an accurate and portable field device, providing results more quickly. Additionally, in her research, she has successfully distinguished mahogany species from other anatomically similar wood species in field conditions and distinguished *Swietenia macrophylla* wood by country of origin in America. She described some of the challenges of this method, specifically, that the participation of a highly-trained wood anatomist is essential in building statistically sound, robust NIRS models needed before the application of this method.

Ed Espinoza, U.S. Fish and Wildlife Service Forensics Laboratory

Asked about his opinion on the best approach to building collaborations to rapidly develop global reference data collections for timber, Mr. Espinoza explained that reference samples, reference material sample size and the methodological data associated with the samples were the cornerstone of any robust data analyses. He pointed to examples of large reference databases like the free, online Inside Wood Database and the CITES Wood Database which contain thousands of microscopic anatomical images of vouchered wood specimens. The mass spectrometry reference data that he is collecting along with other technological wood identification reference data are increasing in size and availability, but because of the piecemeal fashion in which these databases are built, there is still a lack of coordination among labs with respect to sharing material and data. Lastly, he described how efforts to resolve these issues have - for the first time - been put forward to CITES by parties like the UNODC who at COP 17 requested that Secretariat mandate that producer countries provide reference material for any listed species they planned on harvesting.