



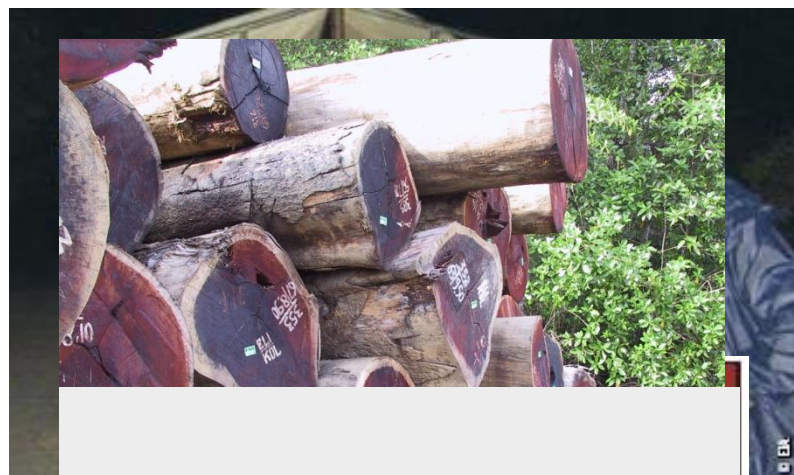
Illegal Logging and Related Trade: Indicators of the Global Response

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Illegal logging & related trade

- Circa 2000 = Majority of harvesting in 5 of 10 of most forested countries
- Not just an environmental issue
 - feeds corruption, violence, conflict
 - reduces govt revenues
- Key driver and link in chain of forest degradation and deforestation, which:
 - Destroys forest dependent people's livelihoods (1 billion pp)
 - Species loss, floods, landslides, pollution
 - 20% of annual human CO₂ emissions
 - Since 1998 – increasing attention, recognition, efforts to tackle



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%)

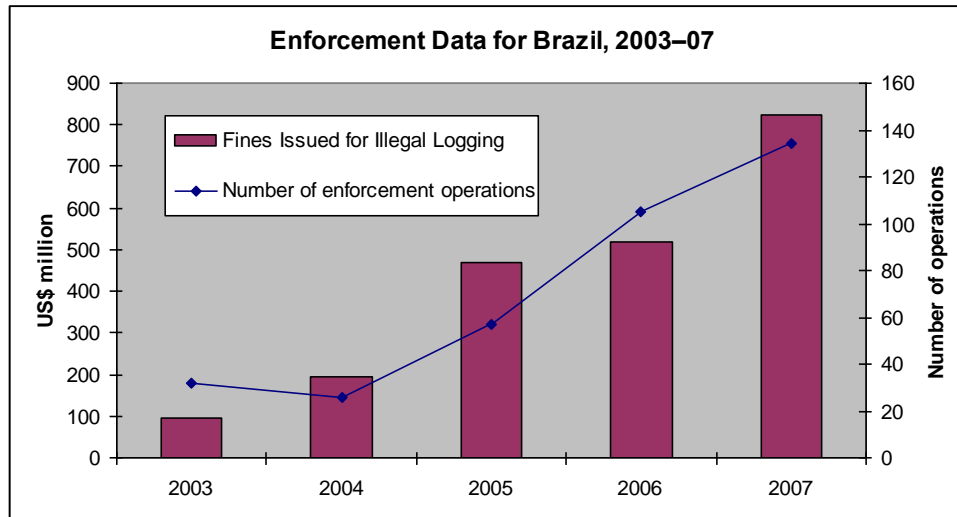
Heading	Indicators / Information Sources
Awareness / Attention	media (qual/quant)
Government	policies, enf data, survey
Private sector	certif/verif, survey
Levels of illegal logging & trade	wood balance, survey, trade data discs import-source analysis

- 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 $\frac{1}{4}$ of IL cases successfully prosecuted in Indonesia

Government Response – Producer countries

POLICY ASSESSMENT

Colours range from green = relatively good to red = poor

	Brazil	Cameroon	Ghana	Indonesia	Malaysia
High-level policy	Green	Orange	Yellow	Orange	Red
Legislative framework	Yellow	Yellow	Yellow	Orange	Green
Checks & balances	Green	Yellow	Yellow	Yellow	Orange
International trade cooperation*	Red	Red	Orange	Red	Red
Supply and demand	Red	Red	Orange	Yellow	Green
Tenure and use rights*	Orange	Yellow	Green	Yellow	Orange
Timber chain of custody	Green	Yellow	Orange	Orange	Orange
Transparency	Yellow	Yellow	Orange	Red	Red
Resource allocation*	Green	Green	Green	Orange	Orange
Law enforcement	Yellow	Orange	Red	Orange	Yellow
Information management	Orange	Orange	Red	Red	Yellow
Financial management	Red	Green	Yellow	Orange	Green

*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 ctries (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

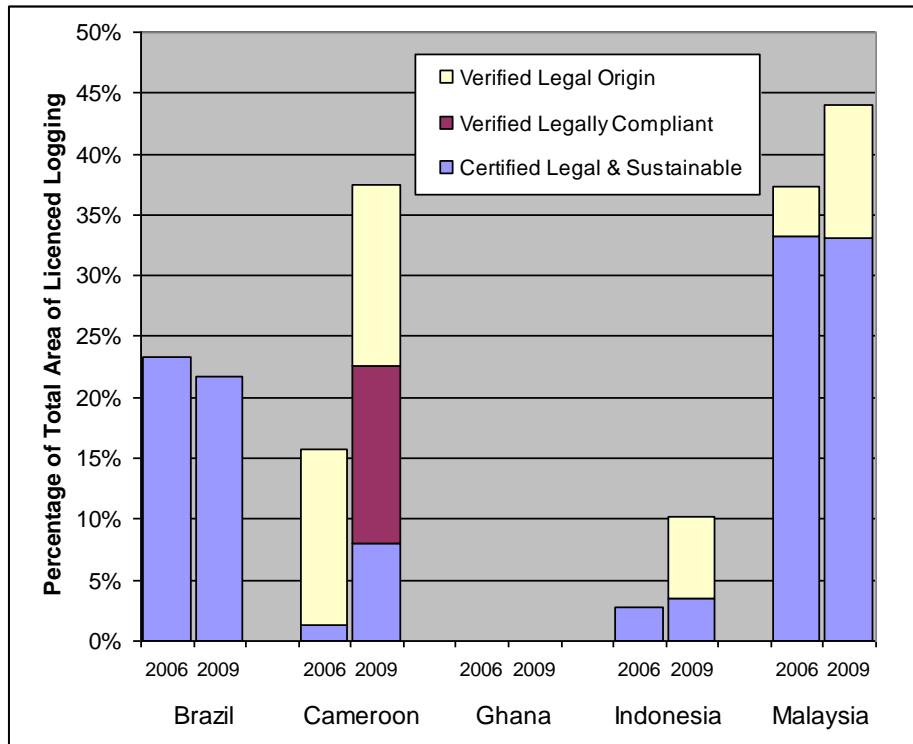
- UK scores best overall and was often first to take certain steps
- US slow to begin with but was first to ban handling of stolen wood
- Japan receives lowest overall score, but has taken some actions

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

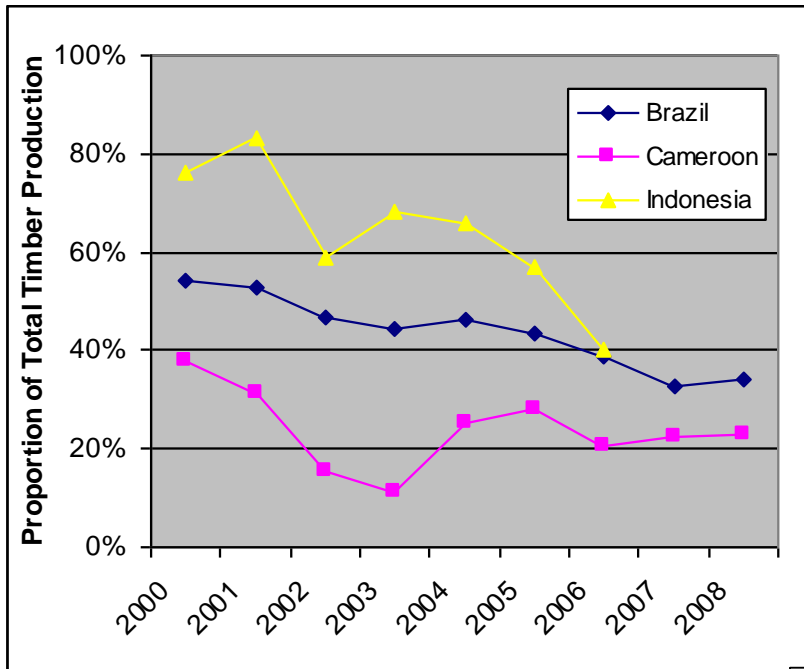


- Area of verified fst inc rapidly in Cam, Indo, Mal
- Growth accelerating – legality demands and rules important driver (inc Lacey in US).
- BUT
- Often only verifying licensed source, not full legal compliance
- Growth stalled in Brazil
- No verif/certif in Ghana – rapid shift to less sens mkts

Cons/Proc countries: voluntary certif/verif

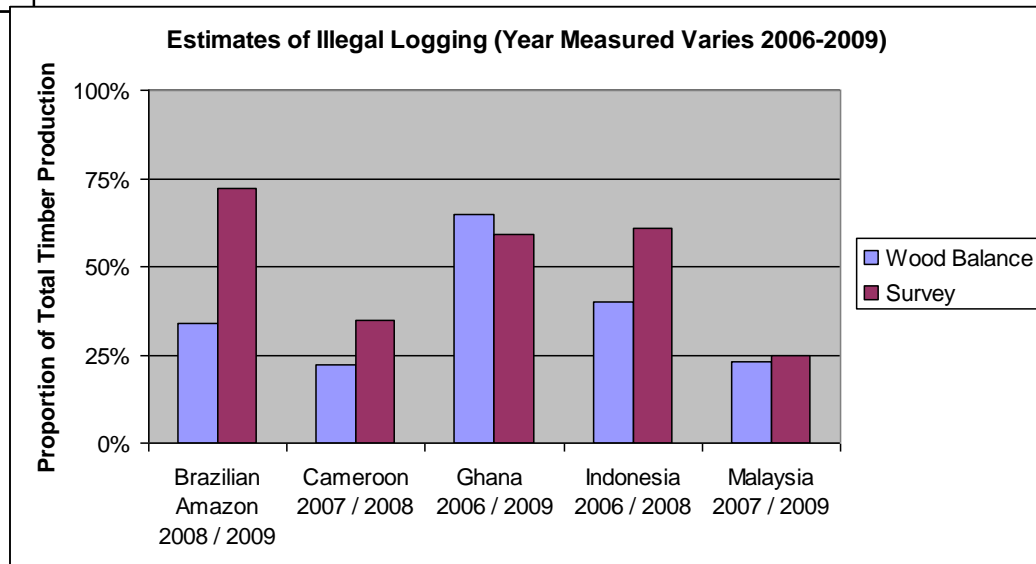
- No. of co's handling certif/verif wood growing rapidly in all
- Strongest in US, UK; France and Japan lagging

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

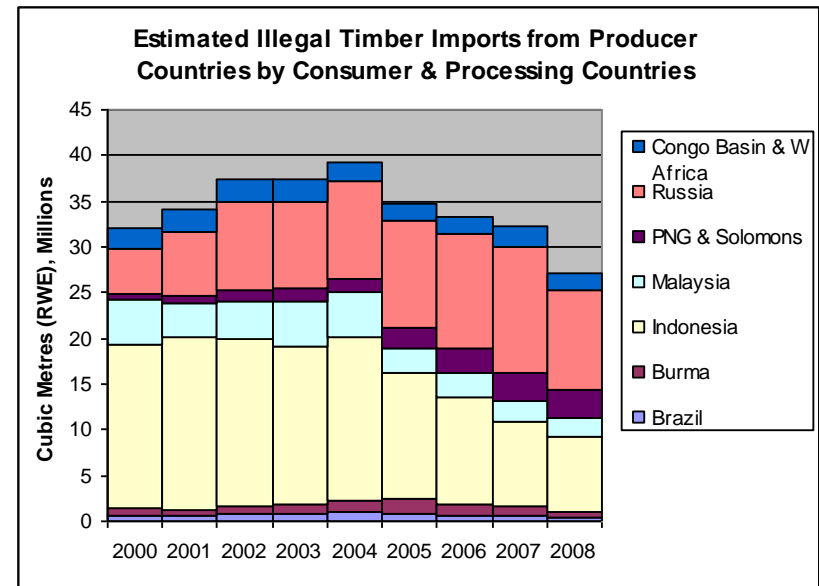


Imports of illegal wood – import source analysis

- 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 – in Brazil, Cameroon and Indo over 10 yrs:

- **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 m³ 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

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)