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FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission



**Joint UNECE/FAO Workshop on
Illegal Logging and Trade of Illegally-derived Forest Products in the UNECE Region**
16-17 September 2004
Palais des Nations, Geneva, Switzerland

SUMMARY NOTE

This note contains a synthesis of country reports and discussions prepared on the responsibility of the secretariat.

All relevant information on the workshop, including the full text of national reports, is provided on UNECE Timber Committee and FAO European Forestry Commission website:

<http://www.unece.org/trade/timber/tc-meet.htm>

Against a background of intensifying concern about the consequences of illegal logging on forests worldwide 33 countries of Europe and North America met in Geneva from 16-17 September 2004 to discuss the extent and causes of illegal logging and trade of illegally derived forest products in the UNECE region.

The particular objectives of the workshop were:

- try to estimate the extent of the problem, on the basis of national reports;
- identify the main types and causes of illegal logging in the region;
- give preliminary consideration to what international activity, if any, is desirable to combat illegal logging and trade in the UNECE region; and
- report the workshop's proposals for follow-up to the joint session of the Timber Committee and the European Forestry Commission in October 2004.

1. Consequences

The workshop highlighted a number of important consequences of illegal logging and associated trade. In general, illegal logging encourages corruption, violence, money laundering and weakened respect for the state, causing social as well as economic and environmental damage. Governments in the region are increasingly conscious of the negative consequences of illegal logging and determined to limit it domestically and help other countries to do the same. The arrival of low priced timber on international markets exacerbates the problem of financing sustainable forest management.

First and foremost the extraction and use of illegally derived forest products compromise sustainable forest management. This occurs, *inter alia*, through the:

- Denial of revenues to governments, industries and forest owners
- Biased timber prices due to tax evasion and the need to sell at any price
- Market distortion, unfair competition and reduced profitability of legal trade
- Weakened consumer confidence in wood products, countries' forest policy and law enforcement
- Negative perception of forestry activities
- Heightened product substitution
- Negatively affected forest workers and forest dependant peoples
- Increased disregard for law, corruption, damage to governance and social cohesion
- Loss of civil society involvement in forest planning and management
- Loss of biodiversity and damage to ecosystems
- Loss of carbon sinks through deforestation
- Removals higher than sustainable levels
- Loss of total forested area

2. Extent

Countries acknowledged that there is some illegal logging in all countries, but the prevalence and significance of the problem varies widely. Countries were asked to estimate, on the basis of their knowledge the extent of illegal logging in their country. It was recognised that these estimates were very approximate and that there is a need to improve information quality. Lack of agreement on definition of illegal logging increased the difficulty of estimating its extent. Many countries estimated the volume of illegal logging as less than 1% of legal fellings (often much less than 1%). A number of countries however recognised that there is a significant volume of illegal logging in their country, up to 35% of legal fellings.

Most of the participating countries indicated in the country reports that illegal timber trade is below 5% of legal timber trade, emphasizing that the actual extent is difficult to measure because by definition the activities are illegal and therefore unrecorded. Apart from this timber imports are generally lacking traceability. However, in several countries in the UNECE region export of illegal timber is a problem.

3. Types and causes

3.1. Illegal Logging

In most of the prosperous and densely populated countries of the region, illegal logging is not considered a significant problem. In a few countries forests are possibly illegally logged in connection to salvage logging. Major factors limiting illegal logging include: properly carried out forest inventories, the use of remote sensing, an effective forest administration and enforced legislation, transparency and public awareness.

However, in some countries, significant volumes of wood are felled illegally, with consequent damage to the forest and threats to its sustainable management. In the UNECE region, two broad types of illegal logging may be distinguished:

- Where the rural population is driven by poverty to over exploit local forests, publicly or privately owned, in an unregulated fashion, to satisfy its own urgent needs, mostly for fuel
- Where criminals, whether individuals or companies, bribing the forest administration or acting by deception or force, deliberately overharvest, capitalize on gaps in legislation and harvest wood in contradiction to law, for sale to domestic or foreign markets.

Most of the countries reporting a high level of illegal logging share several contributing characteristics:

- Large and sparsely populated forests
- Insufficient, non-standardised or missing forest monitoring
 - Missing information about the state of the forest
 - Inadequately defined forest ownership borders
 - Poorly defined land use borders
- Forest administration and police not present in remote areas
- Limited and badly equipped and educated forestry and police staff
- Bribery
- Owners of restituted forests not implementing good management
 - Violations of third parties not detected
 - Logging violations through ignorance of forest owners
- Legislation and governance not adequately in place or enforced
 - Legal framework to control illegal logging incomplete or missing
 - Forest legislation not enforced
 - Forest legal framework too complicated, conflicting or simply unenforceable
 - Different legislative and administrative levels do not sufficiently cooperate
- There is an inappropriate balance between risk and reward:
 - Potential income from illegal logging is high, at least compared to average local income
 - Penalties are small and rarely applied
 - People too poor to pay
 - Execution of laws difficult to apply by judiciary system

3.2. Trade of illegally derived forest products

In most countries it is necessary that papers proving the legal origin of the wood accompany documents of transported and exported timber loads. However, through bribery and falsification of the papers this can be avoided. Poorly trained customs officials may contribute to this problem by not adequately controlling their customs documents and the traded goods.

The countries importing illegal timber and products cannot satisfactorily prevent these imports because administrative and practical instruments are not available at present. The origin of the timber is not traceable and no standards exist proving origin and production circumstances. The high number of national standards and certification schemes, missing standard nomenclature for tree species and untranslated documents make it difficult for the customs officials to control imports. It appears that the import of protected species is well regulated through CITES rules, as the number of violations detected is rising.

4.0 Options for future actions

Addressing illegal logging and the trade of illegally derived forest products is necessary in order to achieve sustainable forest management. The workshop identified a number of possible actions, which may be considered necessary to combat illegal logging:

4.1. By countries

- Assess the situation honestly, backed up by quantitative estimates and analysis of the underlying causes and improved data.
- Consider significance of illegal logging, develop national strategies, possibly in the context of national forest programmes, endorsed on high political level, involve a balanced group of national and international stakeholders, make use of existing successful structures and experiences.
- Implement poverty reduction measures with regard to energy supply in poor rural areas.
- Develop equitable and accepted forest ownership structures when forestland is privatised for instance during the process of transition to a market economy. Support and guide new and inexperienced private forest owners carefully in the exercise of their property rights and sustainable forest management.
- Streamline legislation and administrative regulations, which may be unclear, thus unrealistic, too complex or expensive to administer, increasing the rewards from illegal logging by making the cost of compliance excessively high.
- Standardise wood measurement procedures and improve forest statistics and monitoring systems
- Support law enforcement at the policy level, and make sufficient resources (human, equipment, training) made available.
- Combat bribery and corruption.
- Reinforce co-operation among customs administrations in importing and exporting countries
- Raise awareness of illegal logging among other administrations and establish cross-ministerial cooperation because illegal logging is not only a forestry issue.
- Make use of public procurement policies to encourage in a phased approach legal and sustainable timber production.
- Improve traceability of wood.
- Develop appropriate legislation to prevent imports of illegally derived forest products or make better use of existing legislation.
- Promote increased transparency in the forest sector including improved data on forest resources, forest products and trade.
- Report on measures taken under the Forest Law Enforcement, Governance and Trade (FLEGT) processes.
- Involve civil society in the fight against illegal logging.

4.2. By private business sector and NGOs

- Improve transparency and address concerns in joint business-stakeholder efforts.
- Provide strong leadership in trade associations as regards business ethics in the wood chain.

4.3. By international organisations and bilateral agencies

- Enhance the capacity of countries to combat illegal forest activities and promote sustainable forest management.
- Continue cooperation to improve forest information systems in member countries and at the international level.
- Support and cooperate with international processes, such as the EU/ FLEGT process and the FLEG Conference in Moscow
- UNECE/ FAO
 - Communicate illegal logging issue within the UN and consider opportunities for cooperation
 - Monitor with its partners, e.g. Ministerial Conference on the Protection of Forests in Europe (MCPFE) and the support of the research community through e.g. EFI, developments, notably by deepening analysis of causes, collect information and encourage international exchange of experience on illegal logging and forest law compliance. In particular:
 1. Hold a second workshop under UNECE/FAO auspices before 2008 to analyse progress in the region since the 2004 workshop.
 2. Contribute to the preparation and follow-up of the European FLEG Conference in Moscow.