



Illegal Logging and Illegal Activities in the Forestry Sector : *Overview and Possible Issues* for the *UNECE Timber Committee and* *FAO European Forestry Commission*

**A paper presented as basis of an expert
presentation at the UNECE Timber Committee
Market Discussions
October 7-8 2003, Geneva, Switzerland**

**By
Carl-Éric Guertin, R.p.f., M.Sc.
Communications and responsible trade manager
Quebec Wood Export Bureau**

Quebec Wood Export Bureau



Quebec Wood Export Bureau

- A non-profit promotional and technical organization established to stimulate the export of Quebec (Canada) wood products to overseas markets
- 200 members in 6 sectors :
 - Softwood lumber
 - Hardwood lumber
 - Hardwood flooring
 - Finished wood products
 - Prefab housing
 - Engineered wood products
- Overseas offices : UK, Belgium, Japan, China

Quebec Wood Export Bureau



Quebec Wood Export Bureau

Why Illegal logging and illegal activities ?

- Threats for our export members companies ?
 - Unfair competition ?
 - New trade barriers ?

Literature review

- Data and specific countries are use as examples
- No discrimination intended against any of these countries
- To stimulate discussion at the Timber Committee

Quebec Wood Export Bureau



Presentation content

- 1. Awakening of the international community**
- 2. Illegal logging vs illegal activities in the forestry sector**
- 3. Extent of the problem**
- 4. Consequences on the wood products industry**
- 5. Fight against illegal logging & illegal activities**
- 6. Conclusion**

Quebec Wood Export Bureau



1. Awakening of the international community

- **1998 - G8 Summit in Birmingham (G8 Action Plan on Forests)**
- **2001 - World Bank Ministerial Conference Indonesia (FLEG)**
 - Ministerial declaration

Quebec Wood Export Bureau



1. Awakening of the international community

- **2002 - FLEG Conferences in Europe & Africa**
 - WSSD in Johannesburg
 - MOU between countries
 - UK Forest Partnership Action Plan
- **2003 - EU FLEG Action Plan**
 - President's Initiative Against Illegal Logging
 - FLEG in Africa

Quebec Wood Export Bureau

1. Awakening of the international community

ENGO's involvement :

“...the organization will continue to support the concept of environmental certification but, from this point forward, will focus future efforts on combating illegal wood cutting.”

Chris Elliott, director of WWF International's, Forests for Life Program, Atlanta 2002
(Anderson *and al.*, 2002)

Quebec Wood E



Illegal Logging

in the Southern Part of the Russian Far East

Problem Analysis and Proposed Solutions





1. Awakening of the international community

Item for the UNECE Timber Committee to consider in the context of the rapid awakening of the international community

Is the problem of illegal logging and illegal activities in the forestry sector now the “MAIN ISSUE” facing the international forest community?

Quebec Wood Export Bureau



2. Illegal logging vs illegal activities in the forestry sector

Definition of illegal logging :

- **“Timber harvesting-related activities that are inconsistent with national laws (or sub-national laws).”** (Smith, 2002; CEPI, 2002)
- **“The harvesting procedure itself may be illegal, including corrupt means to gain access to forests(....).”** (Fern, 2002; Brack and Hayman, 2001)



- **Contracting with local entrepreneurs to buy logs from protected areas**
- **Logging outside concession boundaries**
- **Logging in prohibited areas such as steep slopes, riverbanks and water catchments**
- **Removing under/oversized trees from public forests**
- **Extracting more timber than authorised**
- **Reporting high volume extracted in forest concessions to mask the fact that part of the volume declared is extracted from non-authorized boundaries**
- **Logging without authorization**

Quebec Wood Export Bureau



2. Illegal logging vs illegal activities in the forestry sector

Illegal activities :

- Illegal occupation of forestlands
- Wood lands arson
- Illegal logging
- Illegal timber transport, trade and timber smuggling
- Transfer pricing and other illegal accounting practices
- Illegal forest processing

Quebec Wood Export Bureau



2. Illegal logging vs illegal activities in the forestry sector

Item for the UNECE Timber Committee to consider regarding the definition of illegal logging and illegal activities in the forestry sector

Is there a need to clarify and/or spell out the definition of illegal logging and/or illegal activities in the forestry sector?

Quebec Wood Export Bureau



3. Extent of the problem

3.1 Production & trade from illegal logging

- **No clear estimates on regional or global level**
- **Industry unable to measure illegal logging impact** (*Random Lengths International, 2003*)
- **Revenue lost by governments :**
–15 Billions US\$ annually (*World Bank, 2002*)
- **More than 10% of global trade** (*RIIA, 2003*)

Quebec Wood Export Bureau



3. Extent of the problem

3.1 Production & trade from illegal logging

- **Russia : US\$ 183.3 M for 716,000 m³**
(Rosbalt News Agency, 2003)
- **Honduras : US\$ 12-18 M, Nicaragua US\$ 8-12**
(FIN, 2003)
- **Indonesia : - US\$ 600 M** (*LBM Daily*, 2003),
- **50.7 M m³ for US\$ 3.37** (*TTJ*, 2003)
- **USA : US\$ 1 Billion in Nat. For.** (*The Olympian* in FIN, 2003)

Quebec Wood Export Bureau

3. Extent of the problem

Countries	% of wood harvested illegally
Cambodia	90
Brazil (Amazonia)	85
Bolivia	80
Myanmar	80
Indonesia	51 - 73
Colombia	42
Cameroon	50
Estonia	50
Russia	20 - 50

Source : Estimates of the proportion of timber harvested illegally are derived from various studies. The studies sources are given in the following two documents: FERN. 2002. *Illegal logging, and the global trade in illegally sourced timber; a crime against forests and peoples*. SMITH, W. 2002. "The global problem of illegal logging". *Tropical Forest Update*. Vol. 12, No. 1, pp. 3-5.



3. Extent of the problem

3.2 Illegally harvested timber imports

- **50% approx. of the European Union's imports of timber from tropical forests** (Fern, 2002)
- **20% of its imports from boreal forests would be from illegal sources** (Fern, 2002)
- **13% of the timber and wood products purchased by the G8 and China may be sourced timber or traded illegally** (WWF, 2002)

Quebec Wood Export Bureau



Items for the UNECE Timber Committee to consider regarding the extent of the problem

If there is, can the UNECE Timber Committee play a role internationally in achieving this?

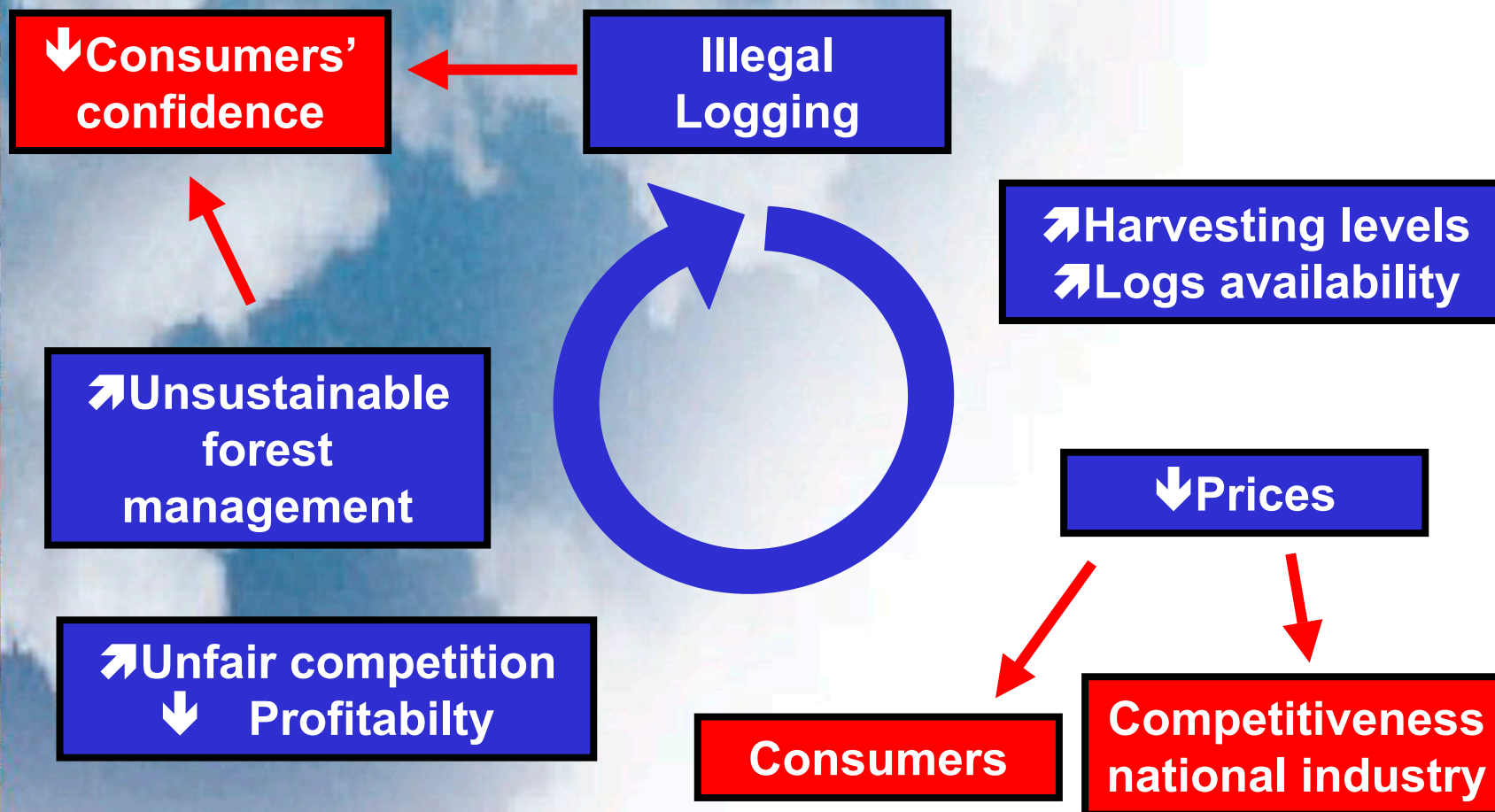
“Extent and causes (of illegal logging) are not well known or understood”.

“Estimate, with the help of partners, the volumes of illegally logged wood in the ECE region, and the reasons underlying this phenomenon”.

(Seminar on sound use of wood in Romania, March 2003)

Quebec Wood Export Bureau

4. Consequences for the wood products industry



Quebec Wood Export Bureau



Items for the UNECE Timber Committee to consider regarding the consequences for the wood products industry

*Does illegal logging have a real impact on the pricing of products and capacity to penetrate new markets?
If so, where and how strong?*

Could the policy measures that might be put in place to improve forest law enforcement and governance put an excessive cost burden on legitimate producers?

Quebec Wood Export Bureau



4. Consequences for the wood products industry

Item for the UNECE Timber Committee to consider regarding the consequences for the wood products industry

Are there more direct effects on the timber industry, and is there a need to quantify them better, in particular for specific products and markets?

Quebec Wood Export Bureau



5. Fight against illegal logging and illegal activities

- **Certification SFI - Procurement policy**
 - Procurement policy that contributes to the elimination of illegal logging
(4.2.1.1.8 - Core SFI Indicator, SFI Program, July 2002)
- **Trade associations**
 - Statements
 - TTF - Environmental Code of Practice



Quebec Wood Export Bureau



5. Fight against illegal logging and illegal activities

Governments

- **Suspending logging or imports**
- **UK Forest Partnership**
- **MOU**
- **World Summit Sustainable Development**
- **European Commission - Proposal for an EU Action Plan on FLEGT**

Quebec Wood Export Bureau



5. Fight against illegal logging and illegal activities

Other mechanisms

- **SFM Certification with the chain of custody**
- **Log tracking system**
- **Legality license verification system such as labelling**
- **International cooperation and coordination on trade statistics**
- **Information exchange on illegal logging and illegal trade or study of possible measures related to trade**

Quebec Wood Export Bureau



5. Fight against illegal logging and illegal activities

Item for the UNECE Timber Committee to consider regarding the fight against illegal logging and illegal activities in the forestry sector

What role or actions could the UNECE Timber Committee take with regard to the development of government procurement policies, future memoranda of understanding between producer and importer countries, or initiatives such as those taken by the European Union?

Quebec Wood Export Bureau



5. Fight against illegal logging and illegal activities

Item for the UNECE Timber Committee to consider regarding the fight against illegal logging and illegal activities in the forestry sector

*Could the controls that could be proposed and advanced influence the legitimate markets?
Positively or negatively?*

Quebec Wood Export Bureau



6. Conclusion

- **New international issue**
- **Very broad definition of illegal logging and illegal activities in the forestry sector**
- **Multi stakeholders implications**
- **Unfair competition ? Price decrease ?**
- **New regulations ?**

Quebec Wood Export Bureau



Conclusion

“Bad governance of the forest sector, including illegal logging, corruption and trade in products resulting from these actions, is harmful to the forest ecosystem, to government authority and revenue, and to those who abide by the law, who are put at a competitive disadvantage. Bad forest governance, including illegal logging, exists all over the world, including in Europe, although its extent and causes are not well known or understood. Governments are beginning to coordinate their action against bad forest governance”.

(ECE TIMBER COMMITTEE, FAO EUROPEAN FORESTRY COMMISSION, May 2003)

Quebec Wood Export Bureau



7. Conclusion

Recommendation to the UNECE Timber Committee and the FAO European Forestry Commission:

“Monitor and analyse issues connected with forest law enforcement and governance, e.g. estimating, with the help of partners, the volumes of illegally logged wood in the ECE region, and the reasons underlying this phenomenon”.

(ECE TIMBER COMMITTEE, FAO EUROPEAN FORESTRY COMMISSION, May 2003)

Quebec Wood Export Bureau