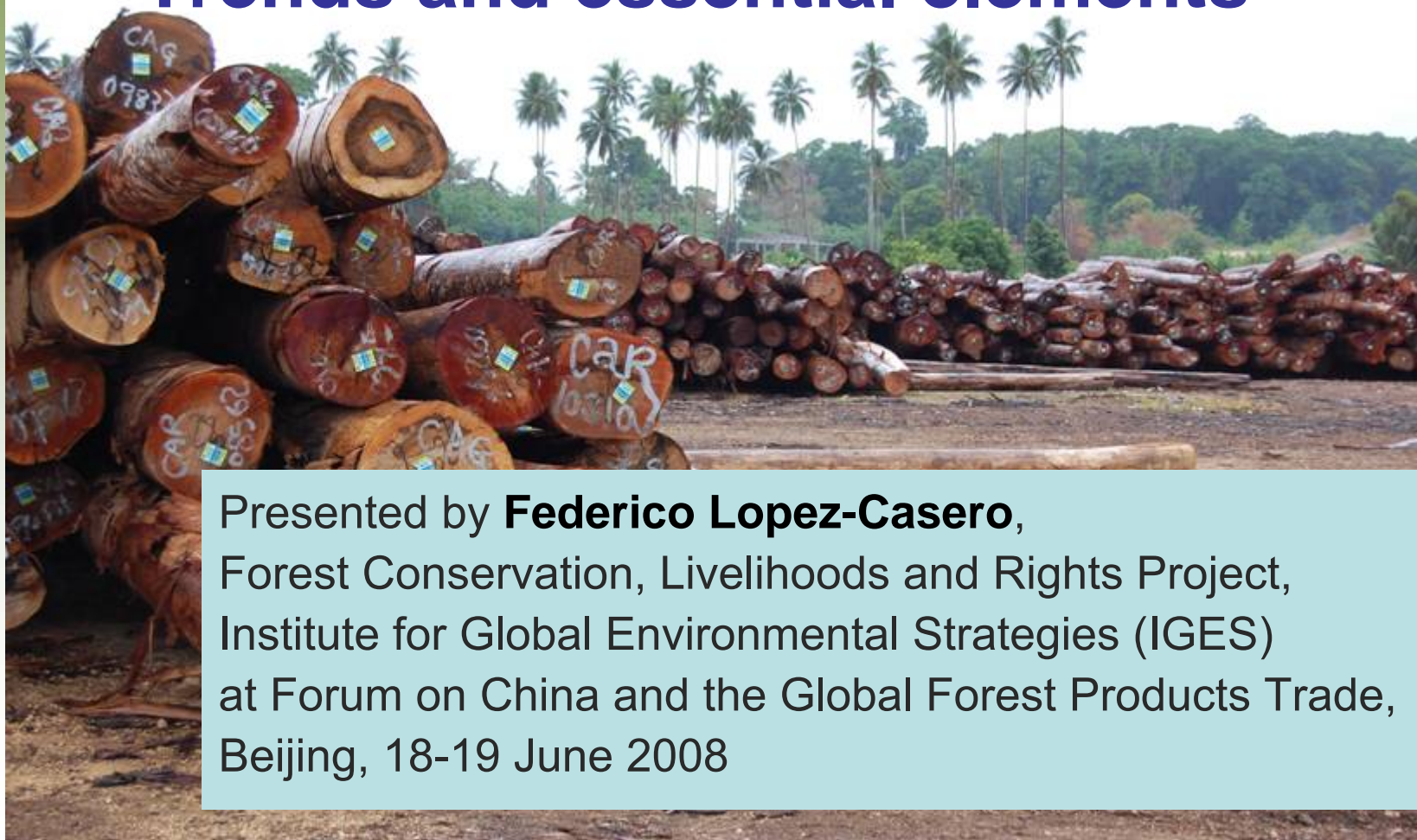


# Public procurement policies for legal and sustainable timber: Trends and essential elements



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# Presentation Outline

1. Illegal logging and consumer countries
2. Public procurement policies for legal and sustainable timber
3. Existing timber procurement policies globally
4. Comparison of policies
5. Essential elements of a *robust* procurement policy
6. Elements of robustness in the compared policies' design
7. Trend towards robust policies
8. Changing patterns of processing & consumption
9. Conclusion

# 1. Illegal logging and consumer countries

- Why consumer countries should not ignore illegal logging
  - **Self-interest**
    - **Climate change**
    - **Availability** of tropical timber
    - **Governance** in producer countries
    - Relationship with **civil society**
  - **Moral obligation**
- **Actions taken by consumer countries**
  - EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, Voluntary Partnership Agreements
  - Legislative measures
  - **Timber procurement policies**
  - Private sector initiatives, etc.

## 2. Public procurement policies for legal and sustainable timber






- Require evidence of legal compliance or sustainable forest management for public purchases
- Primarily affect construction timber, furniture and paper products
- **Why public procurement?**
  - Represents 9-15 % of GDP in OECD countries (1990-97)
  - Prompts the **private sector** to voluntarily develop their own policies (multiplier effect)
  - Promotes **demand** for & improvement of existing verification schemes
  - Raises **awareness** of illegal logging and its consequences

### 3. Existing timber procurement policies globally






	Enactment	Requirements presently
<b>Netherlands</b>	February 1997 (revised in 2005)	Legal and preferably sustainable timber
<b>Denmark</b>	June 2003	Legal and preferably sustainable timber
<b>UK</b>	January 2004	Legal and preferably sustainable timber
<b>NZ</b>	March 2004 (mandatory 2006)	Legal and preferably sustainable timber
<b>France</b>	April 2005	Legal and/or sustainable timber
<b>Mexico</b>	December 2005	Preferably sustainable timber
<b>Belgium</b>	March 2006	Sustainable timber
<b>Japan</b>	April 2006 (Oct.: implement.)	Legal timber (sustainability as factor for consideration)
<b>Germany</b>	2007 (old: 1998)	Sustainable timber
<b>Norway</b>	June 2007	Tropical timber <b>excluded</b>

## 4. Comparison of policies

### a) Verification through forest certification

	Assessment based on gov. criteria	Accepted forest certification schemes
<b>France</b> 	No	<b>All schemes</b> referred to by ITTO
<b>Germany</b> 	No	FSC, PEFC, or “equivalent” to one of these schemes
<b>Japan</b> 	No	<b>All major schemes:</b> SGEC, FSC, PEFC, SFI, CSA, MTCC, LEI
<b>UK</b> 	✓	Currently 5 accepted schemes: FSC, PEFC, SFI, CSA, (only legality:) MTCC
<b>NL</b> 	✓	Test evaluation of selected schemes

## b) Alternative Modalities

	Modalities to verify legality / sustainability other than forest certification	Specifications		
		Segregated managemt.	Impartial monitoring	Criteria for case-by-case assessments
	4 alternative modalities (rely on private sector <b>codes of conduct</b> )	(✓)	(✓)	No
	None	-	-	-
	2 alternative modalities (rely on private sector <b>codes of conduct</b> )	✓	Monitoring by industry associations	No
	Case-by-case assessment of evidence against gov. criteria	✓	(✓) (if concern)	✓
	Adopted UK criteria for case-by-case assessmt.	✓	(✓) (if concern)	✓

## c) Codes of conduct approach (Japan, France)

- Government largely relies on **private sector response**
- **Procurement agents** expected to request documentation from suppliers under industry association's code
- **Japan:**
  - **Codes of conduct** established by wood industry associations
  - **Template** code developed by *Japan Federation of Wood Industry Associations (JFWIA)* in March 2006
  - **Accreditation** of manufacturers and suppliers
- **France:**
  - **Environmental Charter** of the timber trade federation *Le Commerce du Bois*
  - **Subscription** of manufacturers and suppliers
- **No independent** government/ 3<sup>rd</sup> party verification required



## d) Government verification approach (UK, NL)

### **UK and NL governments developed own criteria:**

- **NL:**
  - “Minimum requirements” (1997), BRL guideline (2005)
  - Currently test evaluation of selected national certification schemes against simplified criteria
- **UK:**
  - Since 2000, central government departments **must** seek to buy timber from sustainable and legal sources
  - Legal timber is a condition of contract
  - Definitions & criteria for legality and sustainability since 2005:
    - **Legality:** Compliance with relevant laws in country of origin
    - **Sustainability:** Elements of international definitions of SFM

# Government verification approach in the UK (continued)

- **New development:**

From 2009, policy will change to sustainable timber only, or timber licensed under the EU FLEGT initiative

- ***Central Point of Expertise on Timber (CPET)***

- Established in 2005 to provide free advice to public sector and suppliers
- Assessments of schemes and other evidence against government definitions of legality & sustainability
- Workshops, promotion, monitoring and guidance
- Reference Board includes trade and ENGOs

## e) Examples of impacts and influence of policies

- **Japan:**
  - more than 6,000 industries have been endorsed under the code of conduct approach
  - Roughly 60% of current central state purchases of lumber & plywood accompanied by evidence of legality
- **UK:**
  - 60% of timber imports into UK are certified – significant increase since policy adopted
  - Other national governments have followed suit
  - Raising standards of SFM (through certification schemes)
  - UK Timber Trade Federation: ‘policy is a significant driver for removing illegal timber from the supply chain’

## f) Main observations from comparative analysis

**Similarities** shared by all policies:

- **Mandatory** for central state authorities
- Accept **forest certification** as primary verification method
- **Stepwise approaches**
- Have elicited responses from their **private sectors**




**Differences** in terms of:

- **Prior assessment** of certification schemes (UK, NL)
- Government **criteria** for assessment (UK, NL)
- Responsibility for verification with procurement agents (UK, NL) or private sector (France, Japan)
- Requiring **third-party monitoring** (UK, NL, Germany, France)
- **Institutional support** for & **capacity-building** of buyers (UK)

## 5. Essential elements of a *robust* procurement policy

1. Establish **definitions/criteria** of **legality & sustainability**
2. Use these criteria to judge **existing** verification schemes
3. For **non-certified products**:
  - a. cover **legal origin/compliance** & **CoC**
  - b. include internationally recognised **criteria of SFM**
  - c. include **neutral assessment** of documentary evidence
4. Provide sufficient **guidance** for procurement agents to implement the policy
5. **Monitor implementation** and market impact
6. Encourage participation from **all public administration levels**, both horizontally and vertically (local level)

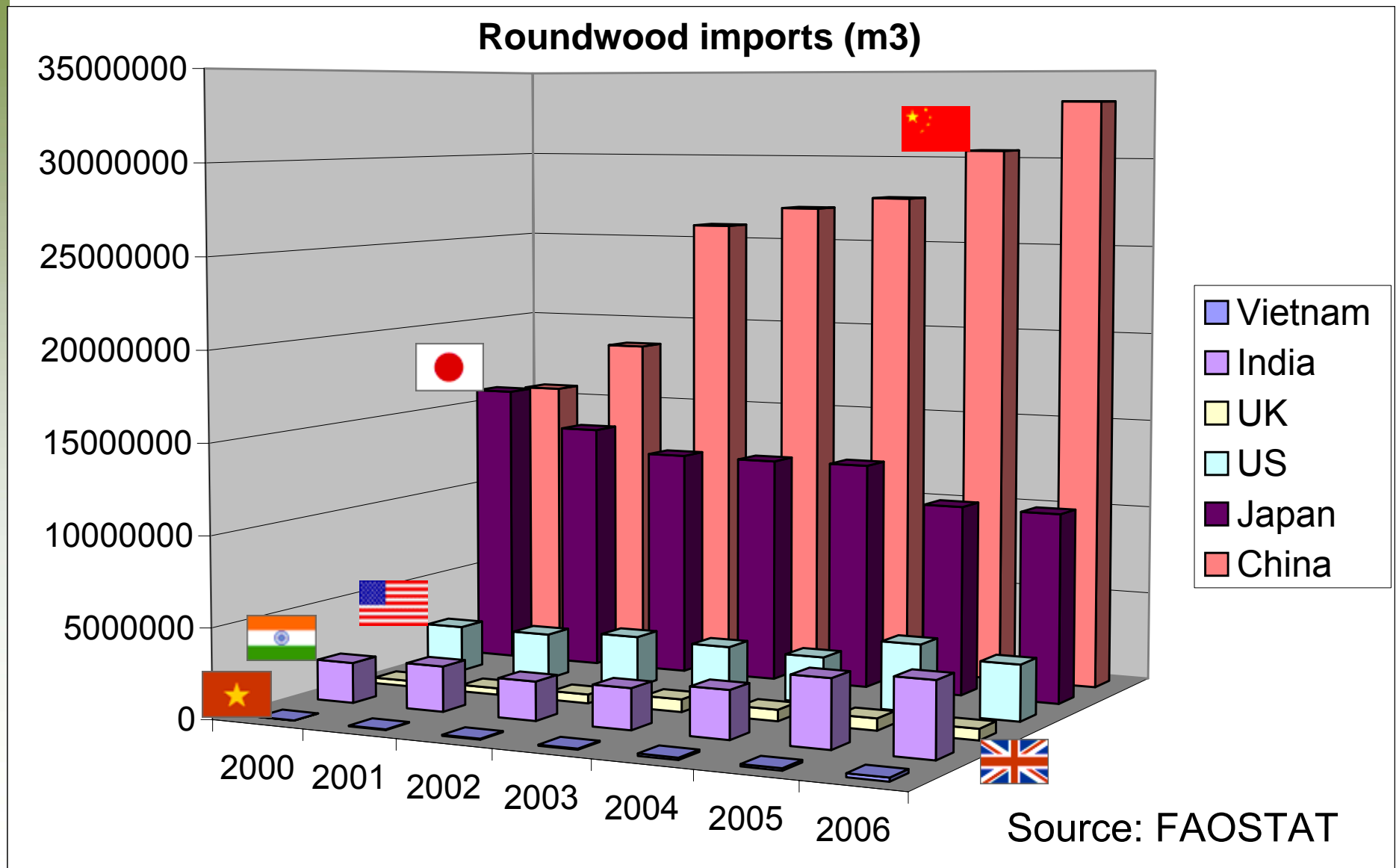
## 6. Elements of robustness in the compared policies' design

				
1. Major wood product categories	✓	✓	✓	✓
2. Definitions/criteria of legality/ sustainability	✓	(✓)	(-)	(-)
3. For existing assurance schemes:				
a. Third party assessment using adequate criteria	a. ✓	✓	-	-
b. Freedom to pay price premiums	b.(✓)	✓	(✓)	(✓)
4. For alternative modalities:				
a. Criteria for legality assurance	a. ✓	a.✓	(-)	(✓)
b. Sustainability assurance criteria	b.(✓)	b. -	(-)	-
c. Neutral case-by-case assessment of evidence	c. ✓	c. ✓	(✓)	(-)
5. Monitoring of suppliers & 3 <sup>rd</sup> party investigation	✓	✓	(✓)	(-)
6. Be mandatory to the extent possible	✓	✓	(✓)	(✓)
7. Sufficient guidance to procurement agents	✓	(✓)	(-)	(-)
8. All levels of public administration encouraged	(✓)	(✓)	(-)	(✓)
9. Internal monitoring of public purchases	(✓)	(✓)	(-)	✓
10. Participatory & transparent revision procedure	✓	(✓)	(✓)	<sup>14</sup> ✓

## 7. Trend towards robust policies

		Recent & prospective developments
AP	<b>Japan</b>	To shift toward favouring procurement of <b>sustainable</b> timber
	<b>NZ</b>	From 2008 <b>sustainable</b> timber?
EU	<b>UK</b>	To require legal <i>and</i> <b>sustainable</b> timber from 2009, with exception for FLEGT-licensed legal-only products until 2015
	<b>NL</b>	UK criteria for legality; <b>sustainable</b> timber required from 2010; Revision of BRL guideline to become workable
	<b>France</b>	To require legal <i>and</i> <b>sustainable</b> timber from 2010
	<b>Denmark</b>	Revised criteria for legal <i>and</i> <b>sustainable</b> timber pending
	<b>Germany</b>	New policy requires <b>sustainable</b> timber (FSC & PEFC)
	<b>Belgium</b>	Requires <b>sustainable</b> timber; review for autumn 2007 <sup>15</sup>

## 8. Changing patterns of processing & consumption





## 9. Conclusion

- Public procurement policies for legal & sustainable timber (PPP) are **gaining momentum**:
  - Illegal logging remains high on the **agenda of G8**
  - **Climate change** debate is intensifying
- Not all PPP are equally effective:
  - Trend to **more robust policies**
- **Recommendations for new consumer/ intermediary countries (China, Vietnam, India, etc.):**
  - **Explore options to meet the verification requirements of PPP throughout the product chain**  
(supplier country => domestic processing => export)
  - **Introduce timber procurement policies**

# Thank you!

<http://www.iges.or.jp/en/fc/index.html>

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创办世界一流工厂

中国木材人 勤劳天下

Large wood processing enterprise located in the border city of Dongning - Heilongjiang Province, China, Sept. 2006