



# FLEGT Briefing Notes

FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE

## Verification of legality

### 1. Why do we need verification?

The EU, as an important consumer of wood products (see **Briefing note 2**), is increasingly aware of its responsibility to avoid encouraging illegal logging by allowing trade in illegally produced timber. The FLEGT Action Plan proposes a timber export licensing system to provide a practical mechanism for verifying the legality of timber exports from FLEGT Partner Countries to the EU. An EU regulation would provide the means of implementation, allowing border control authorities to prevent illegal timber from Partner Countries from entering the European single market.

The proposed licensing scheme would be negotiated with exporting countries or regions through bilateral Voluntary Partnership Agreements (see **Briefing note 7**). These aim to ensure that participating producing countries export only legal timber to the EU. Each shipment of legal timber from these countries would be accompanied by an export permit, checked by Member State customs authorities on arrival at an EU point of entry. To make the licensing scheme work, Partner Countries would need to establish reliable and credible systems to verify the legality of the timber covered by their licences.

### 2. What needs to be verified, and by whom?

The proposed licensing scheme considers three main aspects of a system for verifying legality:

1. Verification that forest harvesting and associated transport and trade are carried out in compliance with a defined set of laws (see **Briefing note 3**).

The titles of the eight briefing notes in this series are:

1. What is FLEGT?
2. What does FLEGT mean for Member States?
3. What is legal timber?
4. Why the focus on legality, not sustainability?
5. Bilateral, regional and multilateral approaches
6. **Verification of legality**
7. Voluntary Partnership Agreements
8. What are the WTO implications?

2. The tracking of timber from the forest to its import into the EU. This 'chain of custody' verification aims to ensure that legal timber is not mixed with timber from other unknown and potentially illegal sources.
3. The issuing of licences demonstrating that the legality of the timber has been verified.

The exact manner of verification, and a relevant set of laws, would be identified in Voluntary Partnership Agreements with Partner Countries. Verification systems should be flexible enough to take account of varying conditions in different countries' forest sectors and overall governance environments. They must be practical and usable by both the forest industry and the government.

Each Partner Country would need to nominate competent bodies to verify legality, track timber and to issue the licences that identify legal timber exports. These tasks may be assigned to different organisations. Where considered necessary to assure credibility, independent monitors might also be appointed.

In many countries, verification of compliance with forest laws and tracking of forest products is controlled by government forest authorities. Elsewhere, governments have contracted these tasks to the pri-

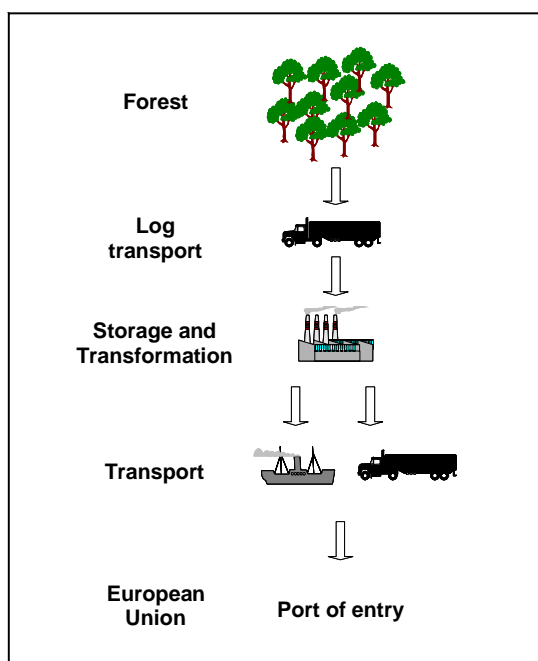


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vate sector, although issuing licences generally remains a state responsibility. Papua New Guinea, for example, has contracted out its log export monitoring to an inspection firm, SGS PNG Ltd.

### 3. Timber tracking – chain of custody

The term ‘chain of custody’ refers to the series of processes and ownerships that timber passes through between being harvested in the forest and being made into a final product. The proposed licensing scheme currently applies only to roundwood and rough sawnwood, so the chain of custody is shorter and simpler than for many processed products. However, even within this simple chain of custody, timber may be felled, transported, stored, sawn and dried, while being handled by several different owners, before arriving at the EU border. At each point in this chain there is a risk that legal timber may be ‘contaminated’ with illegally harvested material. Chain of custody therefore needs to be verified both between and within each processing stage.



A simple chain of custody

The mechanisms used to verify chain of custody for the proposed licensing scheme would need to be cost-effective, in order to avoid adding significant extra costs to enforcement activities and legitimate forest operations. In identifying the most appropriate option, each Partner Country would need to take into consideration its own conditions and resources.

Chain of custody systems are used in other sectors, for example to implement phytosanitary regulations and control trade in ozone-depleting substances. Chain of custody systems used in forestry include:

- forest management certification schemes where assessments are carried out by accredited certification bodies;
- verification to support supply chain management in planning the delivery of raw material to processing plants;
- existing official government timber and forest revenue management systems for the collection of royalties, taxes and export duties.

The simplest forms of control rely on paper-based documentation, which is cross-checked at various stages of the chain. The French research agency, CIRAD-Forêt, has developed a low-cost option in which log characteristics are recorded using counterfeit-proof documentation; cross-comparison of records between felling and processing makes it difficult to substitute logs into the system. Technological options include the use of barcodes, microchips and tracer paints [1], and maintaining log records in computer databases.

#### REFERENCE

1 Dykstra D, Kuru G, Taylor R, Nussbaum R, Magrath W and Story J. 2002. ‘Technologies for wood tracking; verifying and monitoring the chain of custody and legal compliance in the timber industry.’ The World Bank.

