



## ***The G8 Forest Experts' Report on Illegal Logging***

### **1. Background**

The G8 put illegal logging on the international agenda in 1998, when the G8 Foreign Ministers launched the Action Programme on Forests that featured illegal logging as one of the five issues of particular importance to be addressed. In 2002, the G8 Action Programme on Forests was formally brought to completion when the Final Report was submitted to the G8 Foreign Ministers. In the Final Report, the G8 members were committed to retain forest-related issues at a high level on a domestic and international agenda, and to combat illegal logging and the use of illegally-harvested timber and related products.

In 2005, the G8 Environment and Development Ministers committed themselves to a range of different actions to combat illegal logging in the following areas (see Annex 1), with each country acting where it can contribute most effectively:

- Cooperation with partner countries (supporting forest law enforcement and governance; enhancing transparency and access to information; and sharing technical knowledge and tools)
- Trade-related measures (halting the import and marketing of illegally logged timber; taking action through bilateral and regional trade-related arrangements; and promoting public timber procurement policies)
- Engaging the public (working with the private sector; and informing consumers)

The outcome of the ministerial conference was endorsed by the G8 leaders at the Gleneagles Summit. G8 leaders adopted the “Gleneagles Plan of Action: Climate Change, Clean Energy and Sustainable Development,” in which they committed themselves to take forward conclusions endorsed at the ministerial conference (see Annex 2).

Against this backdrop, G8 forest experts agreed to submit a report on illegal logging to the G8 Environment Ministers Meeting in May 2008 in Japan. In this report, the experts provide illustrative examples of the range of different actions taken by G8 members over the last decade, and consider the impacts of such actions and challenges ahead to be addressed by G8 members in cooperation with public and private partners at local, national, and international levels.

## **2. Actions taken and their impacts**

Since 1998, a significant number of activities have been undertaken by members of the G8, and the following is a number of examples of such activities, although not comprehensive. It is worth pointing out that many of them involve joint actions between timber producer and consumer countries.

During the last decade, we have witnessed encouraging progress in some areas, and the G8 has shown that it can play a significant leadership role in combating illegal logging and its associated trade.

### *(1) Cooperation with partner countries*

Members of the G8 have been assisting developing countries through bilateral and multilateral frameworks in enhancing law enforcement and improving governance, enhancing transparency and access to information related to forests and the forest sector, and developing legality verification schemes for timber and timber products.

In response to these actions taken by the G8, some improvements have been observed in clear and transparent allocations of tenure and concessions, sustainable forest management and land use, compliance with relevant laws by timber and forest products companies, transparent customs procedures for export, and strengthening disciplines in timber-exporting countries.

#### *(a) Supporting forest law enforcement and governance / Enhancing transparency and access to information*

- Members of the G8 actively participated in a series of ministerial conferences on Forest Law Enforcement and Governance (FLEG) coordinated by the World Bank and hosted by Indonesia in 2001 (East Asia FLEG), by Cameroon in 2003 (Africa FLEG), and by Russia in 2005 (Europe and North Asia FLEG). Each of those conferences has contributed to raising political awareness of the issue in the regions.
- Japan, together with Indonesia, took the initiative to launch the Asia Forest Partnership (AFP) in 2002 that aims at promoting sustainable forest management, mainly in the Asia-Pacific region, through active study and exchange of views among various stakeholders including the private sector and civil society. At the AFP's 7<sup>th</sup> Meeting, held in 2007, Partners decided to keep focusing on illegal logging and associated trade during its 2<sup>nd</sup> Phase (2008-2015), particularly considering improving forest-related governance.
- The United States, together with South Africa, took the initiative to launch the Congo Basin Forest Partnership (CBFP) in 2002, to support implementing the Convergence Plan of the COMIFAC (Commission des Forêts d'Afrique centrale) that aims to implement sustainable forest management and to reduce poverty. The United States, followed by France and Germany, played a role as

facilitator of the CBFP. The United States has contributed to promoting sustainable forest management in the region, including efforts to fight illegal logging by providing local forest users and owners with tools to monitor and protect their forests and by increasing community involvement in forest governance. Since 2003, France has engaged in promoting sustainable forest management in the Congo Basin, including law enforcement, management plans and technical assistance. One of the main tasks of the German facilitation is to contribute to improving forest governance and framework conditions in the region.

- In accordance with the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan adopted in 2003, the European Commission with the support and assistance of France, Germany, the Netherlands, and the United Kingdom, have been assisting producer countries in building a consensus among various stakeholders on the definition of legality, in developing verification systems, in enhancing transparency and governance in the forest sector, and other relevant activities such as independent monitoring.
- Germany has developed a specific FLEGT-Strategy as part of the overall concept “forests and sustainable development.” The goal of this strategy is to support partner countries in designing FLEGT-related measures that effectively contribute both to achieving legality and to sustainable forest management and development. German Development Cooperation is contributing to support FLEGT-related measures in almost 20 partner countries and regions.
- The United States launched the President's Initiative Against Illegal Logging (PIAIL) in 2003 to help tropical countries combat illegal logging and the export of illegally harvested timber and timber products. Under the PIAIL framework, the United States has supported a wide range of actions in collaboration with public and private partners, including the launch of the Liberia Forest Initiative (LFI) in 2004 to help put the country's forest sector on a legal, transparent, and sustainable footing. The LFI led to Liberia's Forest Reform Act in 2006.
- The United Kingdom concluded a Memorandum of Understanding on illegal logging with Indonesia in 2002.
- Japan signed the Joint Announcement and the Action Plan on cooperating in combating illegal logging and trade in illegally logged timber and wood products with Indonesia in 2003.
- In 2006, the United States and Indonesia concluded a Memorandum of Understanding (MOU) on combating illegal logging and associated trade. In 2007, the United States concluded a similar MOU with China to combat illegal logging and associated trade and promote transparent timber markets and use of legally-sourced timber.
- Much of Canada's effort to combat illegal logging has aimed at addressing its underlying causes, such as immature infrastructure, inadequate capacity, and

lack of transparency in governance, among others. Canadian official development assistance has supported sustainable forest management in a number of developing countries. These resources, along with Canadian expertise, support capacity-building and governance, particularly in the areas of forestry policy and administrative management. Experience has shown that improved forestry management often reduces the incidence of illegal logging and associated trade, and helps ensure the transparency of forest management.

- G8 member countries have been supporting producer countries in their efforts by carrying out a number of projects and activities that address the illegal logging issue through International organizations such as the International Tropical Timber Organization (ITTO) and the World Bank.

*(b) Sharing technical knowledge and tools*

- Some members of the G8 have been supporting developing countries in their efforts to create adequate conditions (review and clarification of laws, legality criteria and indicators, traceability schemes, improvement of statistics, control by independent third party for tax payments, tax sharing with local communities, etc.) for implementing forest certification and other chain-of-custody verification schemes (FSC, PEFC, PAFC, MTCC, LEI and FLEGT-licensing scheme etc.) that verify legality and/or sustainability of timber and timber products.
- In accordance with the Joint Announcement and the Action Plan signed in 2003, Japan, in collaboration with Indonesia and NGOs, has been implementing cooperation for developing forest monitoring technology with the use of satellite images and a log traceability system with the use of 2D bar code.
- Since 2007, Japan has been providing images put together from observation data of the Amazon region by “Daichi,” the Advanced Land Observing Satellite (ALOS), to the Brazilian government and thereby cooperating in identifying the areas of deforestation, including those involving illegal logging.
- Under its Memorandum of Understanding with Indonesia, and working through partnerships with NGOs and the private sector, the United States supported the implementation of the Indonesian Forest Monitoring and Assessment System (FOMAS) as well as efforts to develop a remote sensing-based alert system for protected areas.
- The United States Geological Survey has initiated aggressive steps to make access to its entire Landsat data archive — an unrivaled, 35-year record of the Earth’s surface and a useful tool for forest management worldwide — freely available to the public by February 2009.
- Germany, jointly with the WWF, organized an international scientific expert meeting on chemical and genetic methods to verify origins of traded timber (“timber fingerprinting”) in 2007. The meeting concluded that development of concrete tracking systems for most important traded timber species was

feasible and achievable within a reasonable time frame. Follow-up action has been initiated.

## *(2) Trade-related measures*

Steps taken by members of the G8 to control illegal logging and associated trade, including wildlife trafficking, have included voluntary bilateral trade agreements, bilateral and regional arrangements related to trade, and public timber procurement policies.

### *(a) Halting the import and marketing of illegally logged timber*

- In accordance with the EU FLEGT Action Plan, the European Commission launched negotiations with some producer countries in South-East Asia and Africa on Voluntary Partnership Agreements (VPAs) with a view to limiting the import of timber and timber products from partner countries to the EU, only to the verified legal timber and timber products.
- To strengthen the FLEGT Action Plan, and in recognition of the potential for circumvention of the Partnership Agreements, the EU is considering additional legislation to exclude illegal timber from the European market.
- Canada has proposed and promoted the adoption of a taxonomic classification system for International Customs authorities to standardize, organize, and capture wildlife trade data.
- G8 member countries, as parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), have enhanced control of trade in endangered timber species listed in Appendices such as Big Leaf Mahogany and Ramin in accordance with the provisions of the Convention.

### *(b) Taking action through bilateral and regional trade-related arrangements*

- Japan took initiatives to address the illegal logging issue in forums related to FTA/EPA in negotiations with timber-exporting countries initiated recently (e.g. the forum on forestry issues established under the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement).
- The United States has supported efforts to combat illegal logging through its free trade agreements (FTAs), by including the core obligation to effectively enforce environmental laws as well as provisions on transparency, customs cooperation, and rules of origin. FTAs are complemented by parallel agreements that include specific mechanisms for enhanced cooperation on environmental matters.

### *(c) Promoting public timber procurement policies*

- Since 2000, some G8 and EU member countries (Belgium, Denmark, France, Germany, Japan, the Netherlands, the United Kingdom, and others) have introduced government procurement policies that favour verified legal and/or sustainable timber and timber products. The introduction of these policies has contributed to improving the practices of the private sector by showing the preference for legal and/or sustainable timber and timber products. Although the scale and the share of the public sector differ from country to country (e.g. 15-20% in the United Kingdom and 2-3% in Japan), public procurement policies created and influenced markets for verified legal and/or sustainable timber and timber products.

*(3) Engaging the public (working with the private sector; and informing consumers)*

Members of the G8 have been working with the private sector and civil society to improve business practices and raise public awareness on the issue.

- In many timber-exporting countries, dialogues on national legislations related to land use and the utilization of forest resources among multi-stakeholders, including governments, the private sector, forest-dependent local communities, and NGOs, have been initiated and activated with the support of G8 members.
- In line with the introduction of its government procurement policy, Japan has issued a guideline that provides verification modalities for legality and sustainability of wood and wood products in 2006. The guideline has facilitated voluntary initiatives by forest products industry associations and individual companies.
- Members of the G8 have worked with forest product companies and their suppliers worldwide to promote responsible forest management, reduce illegal logging, and improve the well-being of local communities in developing countries.
- The actions taken by the G8 contributed to improving the practices of the private sector and raising consumers' and local population's awareness on the issue. They also served as an incentive for timber-exporting countries to take voluntary actions to address the issue. Thus, a variety of voluntary initiatives by the private sector, including adopting and implementing voluntary codes of conduct and traceability schemes, has been launched and developed in both producer and consumer countries.

*(4) Other actions*

- As members of the United Nations Forum on Forests and the UN General Assembly, all G8 members joined in adopting the Non-Legally Binding Instrument on All Types of Forests, which provides a framework for national action and international cooperation of forests, including combating illegal logging and timber trafficking, through 2015.

- Canada organized a series of like-minded countries meetings to explore developing a Legally-binding Agreement on Sustainable Forest Management that also addresses the issue of illegal logging.
- Since 2005 Canada and the Russian Federation have worked together pursuant to a Joint Statement of Technical Cooperation to improve sustainable management of forests in Russia. Cooperation focuses on forest fire management, forest carbon accounting, certification, and model forests.
- Canada has promoted environmental stewardship through the International Model Forest Network, the Secretariat of which is housed and supported by Canada, which now links over 20 countries and nearly 50 landscape-level sites around the world to develop, apply, and share innovative sustainable forest management practices based on inclusive partnerships.
- Japan organized a series of International Experts Meetings on Illegal Logging to promote dialogue among major timber-producing and -consuming countries, international organizations, institutions, and civil society on the issue.
- The United States co-sponsored, with Australia, Indonesia, the Philippines, and Thailand, a resolution adopted in 2007 by the UN Commission on Crime Prevention and Criminal Justice on "International cooperation in preventing and combating illicit international trafficking in forest products," and supported a follow-up resolution in 2008 at the Crime Commission. These resolutions are important tools to engage the law enforcement community internationally to address forest and wildlife crimes, in line with one of the Crime Commission's priorities to promote the role of criminal law in protecting the environment.
- The United States has concluded 13 innovative debt-for-nature agreements with partner countries in Africa, Asia, and Latin America, which will generate funds over 10-25 years for forest conservation, including improved law enforcement.
- The United States, Canada, and the United Kingdom, together with Australia, Chile, and India, have worked through the Coalition Against Wildlife Trafficking launched in 2007 to address the black market in wildlife and wildlife parts, which often is associated with illegal logging and organized crime.

### **3. Challenges ahead and ways to move forward**

G8 member countries are home to much of the world's forests and account for a major proportion of international trade in timber and timber products as well as bilateral and multilateral forest-related assistance. Therefore they can significantly impact illegal logging as development and trading partners, and they should continue to address the issue collectively and individually.

G8 forest experts shared the view that G8 members, in close cooperation with interested countries, organizations, and public and private partners, should

continue to take a range of different actions, with each member acting where it can contribute most effectively.

G8 forest experts have identified a number of possible ways to move forward in efforts to combat illegal logging and its associated trade. The following is a preliminary list of options developed to date:

- Promote transparent timber markets and trade in legal and sustainably-produced timber and timber products through creating incentives and partnerships among timber-exporting and -importing countries. This may include voluntary measures to encourage application of timber verification and labeling schemes.
- Promote expansion and development of bilateral and multilateral frameworks and dialogues between timber-exporting and -importing countries, involving timber-processing countries.
- Encourage, adopt, improve or extend public timber procurement policies that favor legal timber, where they can influence the private sector to use legally sourced timber, and share experience of this with others.
- Encourage and support voluntary initiatives by the private sector in both timber-exporting and -importing countries including such efforts as adoption and implementation of voluntary codes of conduct, and improvement of its business practices and market transparency.
- Promote and disseminate knowledge about sustainable forest management to all stakeholders and encourage the development of sustainable forest management plans in consultation with stakeholders.
- Promote cooperation with civil society, including NGOs and consumer groups in raising consumers' and local population's awareness on the issue.
- Support actions identified through regional Forest Law Enforcement and Governance (FLEG) ministerial processes in Africa, Europe-North Asia, and East Asia, and actively engage the International Tropical Timber Organization (ITTO) and other relevant multilateral fora that can bring resources to bear in addressing the illegal logging issue.
- Promote coordination of efforts being made by G8 members in assisting producer countries.
- Continue to work with the forest products industry, NGOs, international organizations, and partner countries to build the capacity of timber-producing and -exporting countries to stop illegal logging, including supporting efforts to comply with CITES obligations.



- Improve public access to forest-related information and enhance transparency of the forest sector through assistance to producer countries in developing necessary measures. Increase public awareness, including in producer countries, on the environmental, social and financial impact of illegal logging.
- Explore with partner countries developing and using systems for tracking origins and the flow of timber.
- Utilize information obtained from satellites to detect, report, prevent, and prosecute illegal activities in forests through cooperation and capacity building of producer countries.
- Explore developing a global monitoring network for forests, deforestation, forest degradation and illegal logging based on ongoing national and international earth observation initiatives and forest monitoring and assessment processes.
- Reflect discussion of and lessons learnt from combating illegal logging in the discussion on Reducing Emissions from Deforestation and Forest Degradation (REDD) as appropriate, recognizing that substantial progress on forest governance can contribute significantly to making progress on REDD. Strengthen coordination with relevant policies, in particular land use policies, including agriculture and bio-fuel policies.
- Identify ways to enhance cooperation between customs and law enforcement authorities in producer and consumer countries.
- Consider possible measures to promote better due diligence of investments by the private sector to contribute to efforts to combat illegal logging and its associated trade, promoting measures against money laundering, and enhancing transparent accounting in timber and forest products companies.

#### **4. Follow up**

G8 forest experts pointed out that worldwide deforestation and forest degradation continue at an alarming rate and that illegal logging remains a significant contributory factor. Yet, there has been considerable progress, too. The experts are committed to further meeting challenges and pursuing ways to move forward with a view to curbing illegal logging and its associated trade. In addition, the experts recognize that the international community is continuously in need of political momentum in dealing with the issue.

G8 forest experts will keep close contact with each other and meet occasionally and again in 2010 to review progress in realizing the commitments made, share lessons, and continue exploring options for coordinated action against illegal logging and its associated trade involving other relevant partners, in efforts to identify national, regional and global solutions to the issue.

## **G8 Environment and Development Ministerial**

18 March, 2005

1. The Environment and Development Ministers of the G8 countries, with the European Commissioners responsible for the environment and development, the EU Presidency and senior officials from the United Nations, World Bank and IUCN met from 17 to 18 March 2005 in Derbyshire. We discussed two themes: actions to tackle illegal logging and the impact of climate change on African development. We had the benefit of discussions with civil society representatives.

### Tackling Illegal Logging

2. We agreed the Chair would forward the following statement on illegal logging to the Chair of the Gleneagles Summit of Heads of States and Government for their attention.
3. We agree that working to tackle illegal logging is an important step towards the sustainable management of forests and sustainable development. We recognise the impacts that illegal logging, associated trade and corruption have on environmental degradation, biodiversity loss, and deforestation and hence climate systems. Illegal logging also damages livelihoods in the poorest countries, causes loss of revenues to Governments, distorts markets and trade, and sustains conflicts.
4. We welcome the work of the Commission for Africa in highlighting the importance of forests for development in Africa.
5. We also welcome the current actions to tackle illegal logging and associated trade, through country-driven initiatives and regional processes such as the FLEG Regional Ministerial processes, the Asia Forest Partnership, the Congo Basin Forest Partnership and the EU Forest Law Enforcement Governance and Trade Action Plan. We also welcome the work of the United Nations Forum on Forests, the Convention on Biological Diversity, the Food and Agriculture Organisation, and the International Tropical Timber Organisation.
6. We agree that tackling illegal logging requires action by both timber producing and consuming countries. We commit ourselves to a range of different actions as set out below, with each country acting where it can contribute most effectively. We will also engage with other major timber consuming countries.

7. We commit ourselves to assisting timber producing countries by increasing our support to existing forest law enforcement and governance processes and extending this support to other regions. This will help build wider awareness, understanding and commitment to tackle illegal logging.
8. We agree to increase our support to producer countries in their efforts to tackle illegal logging and associated trade by: combating corruption through enhanced transparency and access to information, particularly on the allocation of forest harvesting rights and revenues; strengthening capacity to enforce forest, wildlife and other relevant laws; engaging civil society and local communities in these actions; re-establishing law enforcement and administrative systems in post-conflict situations; and helping countries meet CITES obligations.
9. We will share our technical knowledge, help develop tools and build the capacity to apply them to detect and prevent illegal logging and apprehend and prosecute offenders. This will include remote sensing, Geographical Information Systems and other systems to monitor forest activities and conditions.
10. We will act in our own countries. We will take steps to halt the import and marketing of illegally logged timber, for example by giving appropriate powers to our border control authorities through voluntary bilateral trade agreements or other arrangements, consistent with WTO rules.
11. We support taking actions to control illegal logging and associated trade, including wildlife trafficking, through bilateral and regional arrangements related to trade, consistent with WTO rules.
12. We will encourage, adopt or extend public timber procurement policies that favour legal timber, where they can influence the private sector to use legally sourced timber. We will share our experience of this with others.
13. We will work with and encourage the private sector in producer and consumer countries, including timber processors, exporters, importers and civil society organisations, to develop and promote legally sourced timber products. We will also work with the private sector to help them adopt and implement voluntary codes of conduct, good business practices and improved market transparency.
14. We will work with civil society to inform consumers of the problems caused by illegal logging.
15. We will also request our experts to meet in 2006, to review progress towards the commitments we have made, share lessons on actions to tackle illegal logging, and make their findings available.

## **Gleneagles Plan of Action: Climate Change, Clean Energy and Sustainable Development**

### **Tackling illegal logging**

36. We recognise the impacts that illegal logging has on the livelihoods of many in the poorest countries in Africa and elsewhere, on environmental degradation, biodiversity loss and deforestation and hence global sustainable development. We particularly recognise the importance of global carbon sinks, including the Congo Basin and the Amazon.

37. We agree that working to tackle illegal logging is an important step towards the sustainable management of forests. To tackle this issue effectively requires action from both timber producing and timber consuming countries.

38. We endorse the outcome of the G8 Environment and Development Ministerial conference on illegal logging. To further our objectives in this area we will take forward the conclusions endorsed at that meeting, with each country acting where it can contribute most effectively.