



## WORKSHOP SUMMARY

### 5<sup>th</sup> Sub-Regional Training Workshop on Timber Legality Assurance

*6-8 December 2016 JAKARTA, INDONESIA*

#### Introduction

Representatives of the EU, the Association of South-East Asian Nations (ASEAN) and ASEAN member states gathered in Jakarta for a three-day workshop from 6-8 December 2016 to share progress under national and regional efforts to tackle illegal logging and associated trade. The ASEAN Secretariat, the EU FLEGT Facility hosted by the European Forest Institute (EFI), and the Ministry of Environment and Forestry (MoEF) of Indonesia, with strong support from GIZ, co-organised the workshop.

The workshop was officiated by:

- Vincent Guerend, EU Ambassador to Indonesia and Brunei Darussaalam
- Francisco Fontan Pardo, EU Ambassador to ASEAN
- Tran Dong Phuong, Director of ASEAN Sectoral Development Directorate
- Dr. Putera Parthama, Director-General Sustainable Forest Management, Ministry of Environment and Forestry, Indonesia





Approximately 65 participants consisting of government officials, members of civil society and the private sector from eight ASEAN Member States (Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam), Chinese government representatives and observers from six EU Delegations (Indonesia, Vietnam, Lao PDR, Malaysia, Cambodia and Myanmar) to ASEAN Member States, the regional office of the EU FAO FLEGT support programme, and the German forest support programmes to ASEAN, Laos and Indonesia were present. Resource persons came from the EU FLEGT Facility, ASEAN Secretariat, RECOFTC, EU FAO FLEGT and WWF Greater Mekong.

- The presence of the two Ambassadors for the first time together for any such event, as well as the high level presence from ASEAN and the host country lent a special significance to the occasion. To echo the words of the EU Ambassador to Indonesia, the timber legality success story of Indonesia should inspire all Southeast Asian countries.
- The EU informed that it is working bilaterally with six ASEAN member economies on FLEGT and welcomed the important role that ASEAN is playing in promoting regional cooperation to combat illegal logging and associated trade. The Director of the ASEAN Sectoral Development Directorate informed of ASEAN's strategic plans for the next decade as outlined in its new workplan on forest law enforcement and governance. The DG of SFM, MoEF, while humbly acknowledging Indonesia's success after years of hard work, also wished that more ASEAN member countries could join the ranks of Indonesia as a FLEGT licensing country.
- The opening of the workshop was covered by the local Indonesian media as well as by media in several Southeast Asia countries.

The workshop agenda covered presentations, discussions, thematic group work and a field visit to an SVLK-certified company that sources from community forests. The programme paid special attention to the Indonesian VPA as Indonesia recently became the first country in the world to issue FLEGT licenses to verified legal timber products it exports to the EU. Participants were also informed about the Work Plan for Forest Law Enforcement and Governance (FLEG) in ASEAN (2016-2025), which the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF) adopted in October 2016.

In ASEAN, member states have committed themselves to develop national standards on timber legality, and the ASEAN Working Group on a Pan-ASEAN Timber Certification Initiative has become involved in related capacity building. In November 2010, the first Sub-Regional Training Workshop on Timber Legality Assurance was jointly conducted by ASEAN, the FLEGT Facility's Asia Regional Support Program implemented by EFI, and the Vietnamese Ministry for Agriculture and Rural Development. A second event took place in Sabah, Malaysia in October 2012, a third in Kuala Lumpur, Malaysia in April 2013, a fourth in Vientiane, Laos in October 2014. Such Training Workshops are usually agreed by a Meeting of ASEAN Senior Officials on Forestry (ASOF).



## Objectives

The training workshop had the following objectives:

- Exchange practical experience with Indonesia on its arrangements for VPA implementation, and the various mechanisms and vehicles for taking the timber legality assurance “live”;
- Exchange progress in other ASEAN Member States (AMS) with regard to ensuring and documenting timber legality;
- Increase multi-stakeholder collaboration amongst AMS on forestry issues;
- Contribute to the development of an ASEAN position on timber legality and associated trade;
- Exchange views and ideas on synergies between timber legality assurance and certification.

## Outcomes

### DAY 1

On the first day, the Asia coordinator of EU FLEGT Facility presented an overview of timber legality developments in the Southeast Asian region:

- Statistics from 2003, when the FLEGT Action Plan was developed, compared to 2013 show that China has exceeded the EU in trade in tropical timber. There have been significant technical and legislative developments at domestic, regional and international levels, as well as time-consuming governance and enforcement improvements. It is important to



share experiences between initiatives and enable cross-learning between countries in the region. Additionally, it will be necessary to broaden the focus from illegal logging and trade to current global themes such as climate change and the SDG agendas.

This was followed by presentations from the perspective of government, private sector and civil society on Indonesia's FLEGT VPA experience, its VPA implementation structures, SVLK process, multi-stakeholder participation and FLEGT licensing:

- The Indonesian SVLK development took almost 15 years with 7 years of VPA negotiations with the EU. The system comprehensively covers every aspect from legality definition for all permit types in Indonesia, broad product coverage, barcode tracking, validation, operator certification, shipment based licensing, and most importantly, information capture. Presenters shared their experience with the multi-stakeholder approach, how to ensure representativeness and transparency, challenges of maintaining interest and continuous engagement, trust and ownership. The facilitation by DFID's Multi-stakeholder Forest Programme was also acknowledged.
- During a panel question and answer session, it was learnt that FLEGT-licensed timber is issued for EU country destinations while V-Legal timber, following the same SVLK procedures, is available for domestic and other market destinations. Sufficient funding and human resource is important for maintenance and continuous improvement. On conversion areas, SVLK certification is required before the timber can be sold. In an overall national goal to improve governance, the Indonesian Sustainable Palm Oil (ISPO) initiative is currently looking at the SVLK model. Other questions relating to the number of auditors (at present numbering 500), monitoring by a network of NGOs, periodic evaluations and lesson-learning from implementation were also discussed.

In the afternoon, a representative from the ASEAN secretariat presented the ASEAN Work Plan for Forest Law Enforcement and Governance (FLEG) in ASEAN (2016-2025) and provided updates on ASEAN Policy Framework on Forestry Cooperation.

- The new streamlined structure of ASEAN cooperation in Food, Agriculture & Forestry under the ASOF was shared:
  - i. ASEAN Working Group on Forest Management
  - ii. ASEAN Working Group on CITES & Wildlife Enforcement
  - iii. ASEAN Working Group on Forest Products Development
  - iv. ASEAN Working Group on Forests & Climate Change
  - v. ASEAN Working Group on Social Forestry
- On top of the over-arching policy framework and strategic measures, information on previous activities under the 2008-2015 Work Plan on FLEG in ASEAN was shared, such as the development of a phased-approach to forest certification, guidelines for CoC for legal & sustainable timber, the 2009 ASEAN C&I for legality of timber, studies on existing initiatives for ensuring legal and sustainable timber in ASEAN and initiatives to improve ASEAN forest statistics.



- Some of the highlights shared were on the most recent high-level Ministerial commitments of the 38<sup>th</sup> AMAF on:
  - i. developing a regional framework for mutual recognition of timber legality systems
  - ii. seeking improved market access
  - iii. strengthening collaboration on information exchanges & technology transfer
  - iv. adopting common positions on timber legality & associated trade at the international fora where possible.

This was followed by a presentation of the outcomes of a half-day CSO Meeting on FLEG in Southeast Asia preceding this workshop. A representative of the CSO meeting summarized:

- There is interest in regular regional meetings (including “meeting” on online platforms) amongst CSOs in the region to share information, knowledge, skills & resources, learn about timber legality, independent monitoring, SME work, advocacy and about ASEAN workplans
- The CSOs expressed interest to better understand the Work Plan (WP) on FLEG in ASEAN and its implementation. The interests raised were on:
  - i. participating in country delegations to ASEAN Working Groups (AWGs) responsible for the implementation of the WP or having regular exchanges with the responsible government representatives
  - ii. supporting cross-border collaboration on information exchange on ways to demonstrate timber legality including learning from site visits
  - iii. supporting tracking of the implementation of the ASEAN FLEG WP commitments and activities at national/regional levels
- Re the suggestion on monitoring implementation of the ASEAN WP, it was informed that Key Performance Indicators (KPIs) had been formulated, that there were monitoring & evaluation elements and that reports of each AWG would be submitted to the ASOF.
- Suggestions were made for enhanced CSO and private sector contribution to the regional dialogue and engagement in each of the AWGs, including the establishment of a regional Technical Working Group on Public Participation.

Subsequently, Malaysia, Vietnam, Thailand and Lao PDR shared updates on VPA preparations and negotiations while Philippines, Myanmar and Cambodia shared their individual country’s progress in developing a credible timber legality assurance system. The presentations were followed by lively discussions with strong engagement from members of the audience.

- In general, the participants noted that over the period of about 6 years, and from one workshop to the other, notable improvements have been made in each ASEAN country in developing their timber legality systems, even though each country had faced its own set of unique challenges, some of which included cross-border timber flows.



- On a question on tips to accelerate the negotiations process, the answer was given by Indonesia that a system had already been developed before the negotiations. Elements like access to public information, independent monitoring and regular systems checks (with participation of CSOs) are required. Also in ensuring that there are sustained efforts and a sense of ownership; that FLEGT is for a greater mutual interest. The process must be a home-grown multi-stakeholder process and not donor-driven so that there is sustainability when development cooperation is withdrawn. In relation to this, Vietnam informed that the VPA would be signed in 4 months' time; Laos informed that the country's ambition is to have the VPA signed in 2018, Malaysia informed that major parts of its TLAS are in place, while Myanmar informed that the Myanmar draft TLAS will be subject to consultations with relevant stakeholders, and that a FAO FLEGT project is ongoing to strengthen it. Thailand informed that field testing of its draft TLAS would be carried out in 2017; Cambodia informed of a Joint Study on Timber Flow & Control and regulations put in place to control imports and exports, while The Philippines explained that the country had fully met the ASEAN C & I for Legality of Timber; increased penalties on qualified theft of timber, and that a tracking system would be in place by March 2017, with plans for a TLAS (developed outside of the VPA context) using the ASEAN C&I that would be subject to multi-stakeholder consultations.
- On a question of why certain countries did not pursue the VPA path, it was explained that different countries have different motivations to negotiate VPAs; whether to address underlying issues leading to illegal logging or to accelerate industry development, with the ultimate goal to have legality systems in place. This could take the form of a regional process, a national process or a bilateral VPA process with the EU.

## DAY 2

On the second day, the EU FLEGT Facility consultant presented on the challenges of having a future ASEAN regional mechanism for mutual recognition of timber legality:

- The Strategic Plan of Action for ASEAN Cooperation in Forestry (2016-2015) looks forward to a regional mutual recognition of timber legality, with linkage to the ASEAN Single Window scheme.
- It is feasible for an ASEAN Timber Legality Verification Scheme to be developed but before that happens, several pre-conditions are necessary to be in place.
- Third party verification should be considered to assess the fit with the regional ASEAN framework.
- A possible start could be made by using the 2009 ASEAN C&I for Legality of Timber as a baseline for each member states legality definition. However, these C & I would need to be reviewed and upgraded to meet international standards.
- Assessments, including through peer reviews, will need to be undertaken to decide if a system is ready to be recognised.



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- A country system could be developed outside a VPA process as long as it meets the ASEAN framework.

During the subsequent discussions:

- the representative from China expressed interest to know what the further conditions would be to enable this regional framework to be linked to other external initiatives, perhaps as a way to accept only legal wood, through a clearing house mechanism;
- a suggestion was made, in the interim, to initially gather available documentation to match a standard approach. It is foreseen that a period of at least 2-3 years would be needed. This was welcomed as a good first step to generate better understanding before the process can move forward to the stage of regional recognition;
- suggestions for the way forward would need to be submitted to the ASEAN Secretariat for guidance at the next AWG on Forest Management or AWG on Forest Products Development.

The subsequent presentation by the EU FAO FLEGT programme was on the synergies between ASEAN Member States' timber legality approaches and forest certification systems.

- The presentation proffered three options for recognition between TLAS and certification with option 1 for full recognition, option 2 for partial recognition and option 3 for supporting risk-based legality verification.

The Chinese State Forestry Administration representative then shared China's experience in assisting its industries to comply with legality requirements.

- A Steering Committee was set up to develop the CTLVS with representatives from the Ministry of Commerce, Customs, the Chinese State Forestry Administration and other relevant bodies;
- The CTLVS is based on the concept of Due Diligence. It has undergone 7 revisions and has an operational set of guidelines, management procedures, auditing guidelines, due diligence guideline and measures on label management;
- China proposed a Mutual Recognition Mechanism (MRM) at the APEC-EGILAT meeting in 2014 in Qingdao, China. It has promoted an APEC legality template for member economies of APEC to define legal timber and hopes to work along the lines of the Australian Country-Specific Guidelines;
- China is also working on a Responsible Forest Products Trade & Investment Alliance – the information provided by the countries using the APEC legality template will be used to give information to the Chinese industry. The CNFPIA (a foremost Chinese timber trade association) is implementing the CTLVS amongst its members – implementation is voluntary.



In the late morning and afternoon sessions, the participants self-selected themselves to join four working groups to address the following topics:

- Group 1: SMEs and how to empower them?
- Group 2: Imports into ASEAN Member States and their control
- Group 3: Civil society's role in timber legality assurance systems
- Group 4: Can we have an ASEAN Timber Legality Baseline?

The groups discussed these topics and presented the results of their discussions and recommendations to the plenary in the late afternoon.

Group 1 recommended for SMEs (especially the informal and micro sector) to have:

- Support from government to simplify regulations and provide transparency, and encourage banks to support SMEs such as by providing low interest rates on loans;
- Capacity-building for information on regulations & markets, support market access for SMEs & innovation development;
- Help to link SMEs to industry associations & to involve them in multi-stakeholder dialogue.

In Group 2, Indonesia, Vietnam and other ASEAN member states shared information on their import regulations and recommended that:

- Pre-import due-diligence requirements are already implemented in Indonesia, the system involves three ministries;
- Vietnam will develop under its VPA a risk-based import control system;
- Countries should be aware of systems and legislations of their trade partners; and
- ASEAN to explore opportunities for having an ASEAN approach to deal with imports.

Group 3, on civil society roles in TLAS recommended that:

- Enabling environment be created for CSOs to work with government agencies and private sector;
- CSOs to form an alliance to speak as one;
- CSOs have an interest to be involved in ASEAN Technical Working Groups;
- China and Japan as major consumers need to be involved in discussions;
- Capacity Development Needs Assessment (CDNA) for CSOs in the VPA process be carried out before actual Capacity Development programme is drawn up;
- Need to use available media resources and local languages for outreach.

Group 4, on the ASEAN Timber Legality Baseline recommended:

- As a start, the ASEAN C&I for Timber Legality (2009) reference set be used as the baseline for assessing member states systems, before waiting for it to be reviewed to



- meet international norms in timber legality verification such as VPA TLAS, or PEFC/FSC certification;
- Meeting the baseline would allow for “admission” into the ASEAN Timber Legality Verification System;
  - This evaluation may use the ASEAN Peer Consultation Framework; alternatively, an ASEAN Panel of Experts may be set up to review each country’s standards.

The workshop was concluded on day 3 with a visit to an SVLK-certified company that sources from community plantations, arranged by the Ministry of Environment and Forestry, Indonesia. Ministry officials and the company owner briefed the participants on supply chain control and the FLEGT licensing procedures.



The success of the workshop is attributable to the informative presentations by resource persons and country representatives, the active participation and good and open exchanges, the conduct and structure of the workshop and the generous hospitality of the host government. All participants wish to convey their appreciation to the sponsors of the workshop, the workshop facilitators, the contributions of the resource persons, and the excellent logistical arrangements made by the secretariat. The workshop was held in the traditional ASEAN spirit of cooperation and solidarity. Outcomes will be forwarded to ASEAN.