The global trade in illegally extracted timber is a multi-million dollar industry. Illegal activities have a particularly devastating impact on biodiversity and it is estimated that up to 65 per cent of WWF’s Global 200 forested ecoregions are threatened by illegal logging. The release of the EU Action Plan on FLEGT on 21st May 2003, marks the recognition of the deep costs of illegal logging and the beginning of a long process by which the EU aims to address illegal logging and related trade. The Action Plan focuses only on the question of legality, but the EU's wider objective is to encourage sustainable forest management (SFM).

WWF welcomes the recognition by the European Commission that illegal logging and other forms of forest crime are part of a larger problem that includes issues of forest governance and corruption. WWF believes that the actions recommended by the Action Plan, if well implemented, would be a significant contribution to combating illegal logging and related trade. However, with respect to WWF's position, the action plan needs to address the following key issues:

1. **Legality**
   
   In most developed countries, including the countries of the EU, the import of illegal timber and other forest products is not a crime. The FLEGT action plan proposes various voluntary measures to address the problems of illegal logging and related trade. Previous experience has shown us that it is unlikely that these voluntary measures will progress quickly enough, or be effective enough, to prevent irretrievable loss of valuable forest resources in some key developing countries. As such the failure by the European Commission through the FLEGT action plan, to commit to the development of legislation which outlaws the trade in illegally logged timber and brings offenders to justice, is a serious omission.

   WWF believes that the legality of timber imported into the EU is, however, only the very first step on the ladder towards good forest management, sustainable development and the putting in place of sound environmental safeguards. A key tool towards achieving this is credible, independent, third party, certification, such as that operated by the Forest Stewardship Council (FSC).

   If the EU is serious in its attempts to tackle illegal logging and forest crime, then it must:

   - **Priority the proposed review of legislative options and develop a recommendation to eliminate illegal timber imports into the EU within a set deadline.**
   - **Draft new legislation banning the import of illegal timber and wood products to the EU.**
   - **Raise awareness of the social, environmental and economic impacts of illegal logging and forest crimes amongst key audiences: governments, business, industry and consumers.**
   - **Promote credible, independent monitoring and auditing schemes, capable of guaranteeing legality and good forest management.**

2. **Sustainable Trade & Investment.**

   WWF recognises that the problems of deforestation and its consequences will not be solved through focusing on the issue of legality alone. Trade and investment in the timber sector in any of the countries that could be affected by legislative action is vitally important and the utilisation of the forest resource is needed for social and economic development. As such we ask the Commission to:

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1 The Global 200 is based on the idea that by conserving the broadest variety of the world's habitats, we can conserve the broadest variety of the world's species, as well as the ecological and evolutionary processes that maintain the web of life. The Global 200 identifies more than 200 different ecoregions that represent many of the most biologically important and outstanding examples of the earth's diverse habitats. More than 90 of the terrestrial ecosystems identified are forests, including the Western and Southern Congo Basin Forests, Central Borneo Montane Forests, New Guinea Montane and Lowland Forests, the Russian Far East, the Altai Sayan, the Caucasus and North East Anatolia Temperate Forests, and the Southern European Montane Forests.
• Create an enabling framework that provides fiscal measures and uses safeguard policies for investment in sustainable processing, trade, management and certification of forest resources. This should be done through the European Investment Bank, the European Bank for Reconstruction and Development and other European multi-lateral financial institutions
• Support Global Forest and Trade Networks, linking producers, buyers and consumers committed to the production and purchase of credibly certified forest products

In addition the EU should use its powers to influence Member States to:
• Require that their Export Credit Agencies and Development Banks adopt appropriate safeguards for the financing of investments impacting upon forests
• Adopt appropriate policy based instruments (for example clear commitment, support and guidance on the principles of socially, environmentally and economically responsible public procurement) in order to specify legal timber and wood products from well-managed forests.
• Assist in providing a positive incentive for legal products by promoting credible independent monitoring and auditing schemes that track wood products from the forest to the end user

3. The Accession Countries
The Commission has prioritised a number of countries, which are in urgent need of assistance in tackling illegal logging and forest crime. However it has failed completely to consider the very real problems of illegal logging in the Accession and Candidate countries². The issue was openly recognised at the Ministerial Conference for the Protection of Forests in Europe in April 2003 at which the European Commission was present. WWF urges the European Commission to:
• Assess and monitor the problems of illegal logging in the Accession Countries and find solutions. If it fails to do so, illegal timber production will be a major problem within the European Union itself from 2004 onwards.

4. Voluntary Licensing Scheme
The voluntary licensing scheme proposed in the EU Action Plan on FLEGT is potentially a strong and useful measure in combating the imports of illegally sourced timber into the EU. The Commission has however failed to indicate a clear timetable for its implementation.

To ensure continued momentum on this issue, the EU must:
• Ensure that a draft regulation on this issue is in place by June 2004.
• Engage in dialogue with wood producing countries with the aim of establishing partnership agreements between the EU and key wood producing countries as soon as possible.
• Ensure that any FLEGT partnership agreement includes provisions for independent, third party verification of legality in timber producing countries and credible chain of custody systems.
• Ensure that NGOs and local communities are widely consulted in the development and implementation of FLEGT partnership agreements

5. Voluntary Code of Conduct
The voluntary codes of conduct proposed by the EC are similarly a useful measure. In encouraging their implementation, the Commission should:
• Produce clear, time-bounded guidelines for voluntary codes of conduct and clarify appropriate actions and minimum thresholds

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² Estimated figures (WWF, 2003) show that for the Boreal Zone of Europe, illegal logging accounts for 13% of total timber harvest. These include estimates as high as 40% and 25% for Estonia and Northwest Russia respectively.
• Incorporate a stepwise approach into their implementation so that there is an assumption that the timber industry will be working towards credible independent third party certification.
• Establish a programme of monitoring and evaluation

6. Enabling Legislation
The wide involvement of stakeholders in this process and the number of countries in which the proposed legislative process for the voluntary licensing scheme will have to be implemented means that the Commission must ensure:

• The enabling legislation takes a format that can be easily implemented in the EU countries and takes account of existing legislative measures in target countries.
• The legislation is not contradictory to other regulations and directives as is currently the case between the recommendations of the FLEGT action plan and the current Commission position on the Public Procurement Directives

7. Accountability
The Action Plan fails to identify those who should shoulder the responsibility of ensuring that the timber traded in EU countries is from legal and sustainable sources. WWF believes that the onus for verifying the legality of timber is the responsibility of government. The forest industry, from the forester on the ground through to the high street retailer who sell the final product to the consumer, should accept their responsibility in following the rules and guidance set out by government. Financial institutions also have a responsibility to ensure that they are not financing activities leading to illegal forest activity.

• The EU should put in place a clear, independent, third party monitoring system to show when governments are in violation of legal trade in timber and timber products. This should be made publicly available.

8. EU Funding
The EU Action Plan on FLEGT provides no new money for implementation or tackling the illegal logging issue, outside existing funding lines for Africa and South East Asia. The action plan is also weak on its aims for tackling Export Credit Agencies and EU financial institutions and the role they play in financing the trade of illegal timber.

WWF believes that the European Commission should

• Prioritise funding lines for action on legal and sustainable forest management and create new funding lines for those countries of concern, which export timber to the EU (and may also be part of the EU in 2004) but are not covered under existing measures.
• Prioritise action on cross compliance with other financial institutions and funding lines to avoid the implementation of contradictory and conflicting measures.

9. Adequate Consultation and Co-ordination
The EU cannot work on this issue in isolation and needs to ensure adequate consultation with all stakeholders (social, environment and economic) in the formulation of legislation, funding lines, etc. The Commission therefore needs to:

• Raise awareness of forest management issues and strengthen the capacity of civil society organisations to engage in the debate on forest governance and hold governments and the private sector accountable for performance
• Ensure co-ordination between major trading blocks, and clear guidance on the number of bilateral trade agreements needed and with which countries in order to ensure that critical countries do not slip through the net and WTO rules are not contravened.

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1 Position paper produced in response to the EU Action Plan on FLEGT. For further details contact: Beatrix Richards, WWF EPO. Tel: +32 -2-743-8800, brichards@ww.org.uk