
Assessment of the Impact of Potential Further Measures to Prevent the Importation or Placing on the Market of Illegally Harvested Timber or Products Derived from Such Timber

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Additional Options

- 1) Continuation of FLEGT Voluntary Partnership Agreement (VPA) approach
- 2) Voluntary measures by the Private Sector further developed
- 3) Border Measures to Prevent the Importation of Illegally Harvested Timber
- 4) Prohibition on the Placing on the EU Market of illegally Harvested Timber

Sub-option 4a: Legislation which prohibits the trading and possession of timber and timber products harvested in breach of the laws of the country of origin (i.e. where trees harvested)

Sub-option 4b: Legislation which requires that only legally harvested timber and timber products be placed on the market

Cost of Legality Control

- For various additional options, the average cost of low-tech legality control system is estimated to remain within a range of 0.22 - 0.34 EUR/m³ (incl. government and private sector cost)
- High-tech solution could be up to five times more expensive due to significant investment cost
- Low-tech prevalent in current practice; most of the existing chain-of-custody certificates have been issued to companies using low-tech systems

Potential Impact on Illegal Logging

Maximum Potential Decline in Illegal Logging	Geographically Expanded VPA*)	Voluntary Private Sector Schemes	Border Measures	Prohibition to place Illegal Goods on EU Market
Volume (m ³ million)	10-78	some	14	17
In Affected region (%)	13-100	some	10	12
Globally (%)	7-56	some	10	12

- *) - assuming participation of 12 major timber producing countries
 - lower bound/upper bound indicate potential impact of VPA licensing scheme and law enforcement, respectively

Trade Impact

- In most non-EU countries, effective implementation of various additional options is projected to change value added in forest sector within a range of ± 1 % compared to business as usual scenario (period 2009-2015)
- In non-EU countries with a high level of illegal logging, effective implementation of VPA could lead to a more significant decline; in Indonesia, the decline could be up to - 9 % (period 2009-2015) compared to business as usual scenario
- In EU Member States, effective implementation of various additional options is expected to increase value added within a range of 0 - 3 % compared to business as usual scenario

Environmental Impact

- In non-EU countries a shift from illegal operations to legal compliance would often bring about positive changes in the forest environment, even if full sustainability may not necessarily be achieved
- In EU Member States, increasing harvesting volumes would increase the pressure on the environment but the regulatory systems are generally robust and able to contain the potential threat to the environment.

Social Impact

- In non-EU countries, the social impact depends greatly on the extent to which social provisions have been incorporated in the definition of legality
- A broader definition of legality would often have a major positive impact
- In some cases the legal frameworks may work against the poor implying a need for a legislative reform
- In EU Member States, the social impact is related to changes in employment; changes compared to business as usual scenario are expected to be mainly positive albeit small