

What We Do

The efforts of many emerging nations to protect biodiversity are undermined by various forms of illegal logging—felling of trees in contravention of national and local laws. To address these challenges, the World Resources Institute (WRI) and the Environmental Investigation Agency (EIA) launched the Forest Legality Alliance in 2010 with support from the U.S. Agency for International Development (USAID) and private donors. The Alliance is an international, multi-stakeholder initiative designed to achieve better forest governance, sustainable management of forests and biodiversity conservation by reducing the demand generated by global market pressures for illegally harvested forest products, increasing transparency in forest product supply chains, and supporting supply chain efforts to deliver legal wood and paper.

The Alliance seeks to help all actors along supply chains—both large and small—understand and respond to emerging demand-side, forest-product legality policies by leveraging the professional expertise, market power, networks, and resources of Alliance members.



DEAR FOREST LEGALITY ALLIANCE MEMBERS,

On December 10-11th, the FLA hosted its 6th Semi-annual Membership Meeting at the World Resources Institute in Washington, D.C. The meeting was well-attended by government representatives, companies, non-government organizations, and trade associations. The topic of most interest was the Gibson Criminal Enforcement Agreement, which was clearly and concisely summarized by our panelists, followed by an engaging discussion with the audience on enforcement challenges and implications of the outcome of the case on future cases and the understanding of “due diligence”.

With the EU Timber Regulation coming into effect in March 2013, there was also a lively discussion on implementation and currently available guidance on compliance. In addition, in light of Australia’s moving forward with its Illegal Logging Prohibition law, the meeting also briefly discussed the implications of this new law. It was highlighted that much remains to be decided and clarified.

Other topics that were discussed at the meeting include new technologies for tracking timber and tracing species origin, and regional perspectives on illegal logging in China, Latin America, and West and Central Africa. Some powerpoints presented prior to discussion during the meeting can be viewed at <http://www.forestlegality.org/content/forest-legality-alliance-sixth-membership-meeting>.

WRI and the World Business Council for Sustainable Development (WBCSD) released the third edition of the “Sustainable Procurement of Wood and Paper-based Products” guide and the re-designed companion website, www.sustainableforestproducts.org. Additions and revisions were made based on feedback received from user surveys conducted this past year. To learn more about what’s new, see the next page.

In addition, the FLA also released the first two of a series of case studies that aim to demonstrate how commercial buyers of wood and paper-based products can ensure the legality of their supply chains, even when sourcing from places with a perceived risk of illegality. One case study looks at IKEA’s production of composite products from China and the company’s internal audit and control systems used to screen products to ensure legality. The second focuses on two small forest community cooperatives in Honduras supplying mahogany. The case studies can be viewed and downloaded at <http://www.wri.org/publication/ikea-response-lacey-act-due-care-systems> and <http://www.wri.org/publication/tracking-wood-honduran-forests-us-guitars>.

As always, we are open to ideas for guest speakers and topics for the meeting in May. We are also always looking for guest contributors to the newsletter—if your organization has a useful new tool, publication, or event that may be of interest to members, please do not hesitate to let us know.

All the best,
THE FLA TEAM

3rd Version of Sustainable Procurement Guide Released

WRI and the World Business Council for Sustainable Development (WBCSD) recently released the third edition of a guide that helps businesses and implement policies to source wood and paper-based products sustainably. The updated guide, Sustainable Procurement of Wood and Paper-Based Products, is accompanied by a revamped website (www.SustainableForestProducts.org).



What's New?

The updates to the guide and website were based on findings from a user survey conducted this year. Users identified legality, the ability to exercise more control over the supply chain, and social issues as the most pressing issues to address in our next guide. Accordingly, Version 3 provides the most up-to-date information on these issues, including:

- Latest developments on the legality of forest products, including the U.S. Lacey Act, the European Union Timber

- Regulation, and updated information about voluntary legality verification systems and trees protected by the Convention on International Trade of Endangered Species (CITES);
- Advances in technological and data-management systems to trace, control, and increase the transparency of forest product supply chains;
- An expanded overview of forest products' social dimensions, including implications for local and indigenous communities (such as from timber harvesting operations and social conflicts); and
- Additional resources where users can find more detailed information or begin to develop and implement their own procurement policies.

We also revamped the guide's companion website, www.SustainableForestProducts.org, to allow users to access information faster and navigate the website with more ease. The site now includes simple guidance on how to use the procurement guide, easy-to-find sources of help, and better access to examples of how existing public and private procurement policies address legality.

With this edition and refreshed website, WRI and WBCSD continue our five-year-old partnership to support better corporate decision-making around forest product procurement. Moving forward, we'll continue to disseminate and update the guide and companion website in the hopes of increasing the demand for sustainable wood and paper products.

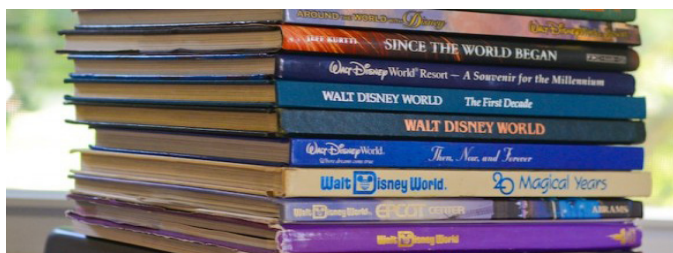
A Look Inside Disney's New Paper Sourcing And Use Policy

By Ruth Nogueroń (WRI)

Disney, one of the world's largest media companies, made a big announcement today that can help the company move in a more sustainable direction when it comes to paper sourcing and use. This is a positive step toward environmental leadership by a company whose name is familiar to people around the globe.

According to the policy, Disney will minimize paper consumption in its day-to-day operations and increase the recovery of used paper and packaging for recycling. In terms of paper purchasing, the policy addresses most of the themes covered in WRI's Sustainable Wood and Paper Procurement Guide. Disney commits to maximize the use of recycled fiber, maximize the use of paper made from wood sourced from sustainably managed forests (as certified by the Forest Stewardship Council or an equivalent forest certification scheme), and maximize the use of paper products processed without chlorine or chlorine compounds. Disney will also eliminate the use of paper made from "unwanted" raw materials including:

- illegally-harvested wood;
- wood from high conservation value areas that are being degraded by poor land use practices;
- wood harvested in violation of internationally accepted instruments and treaties that protect the rights of indigenous or forest-dependent peoples;



- wood from areas that have been converted after November 1994 from natural forests to forest plantations or other land uses; and
- wood from plantations using genetically modified trees.

Of course, it will be important for Disney to follow-through on its guidelines and put policies into action to ensure that it follows a sustainable path with its sourcing and use of paper. (Read more about Disney's new policy on [Marc Gunther's blog](#)).

Global Action by a Global Brand

This is a significant announcement, as it comes from one of the largest media conglomerates in the world. Its brands and characters are well known by people of all ages across the globe. Besides the company's visibility, the policy is ambitious: It applies to the Walt Disney Company and all of its affiliates (e.g. Disney Channels, ESPN, ABC, Hyperion Books, Disney parks and resorts, Disney studios, Disney consumer products, and Disney interactive), and it applies to the paper used in all Disney-branded products (including licensed products), and in day-to-day operations. Because of the potentially large amount and variety of products involved, the policy could have implications for a large number of supply chains and actors throughout the world.

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Challenges and the Road Ahead

The challenges to successfully implement the policy are likewise significant. As a first step, it's important to understand what the company's paper usage is, where paper products come from, and what the supply chains providing those products look like. Disney recognizes the challenge and the early implementation phases that are devoted to this.

Because wood undergoes a significant transformation to become paper, it's difficult to trace paper products to the exact forest of origin. But it is possible to track down the products to a level detailed enough to be able to assess risk of sourcing unwanted raw materials. There are standards to help verify the legality and origin of wood and paper products, as well as technologies that can trace, monitor, and compile information about products through the supply chain. Conducting random audits and fiber analyses can also help verify the makeup of raw materials and their origin.

Disney is not alone in its forest stewardship policies. Other leading companies, including members of the Forest Legality Alliance and WRI's Corporate Consultative Group, have put paper purchasing policies in place that take similar approaches. For instance, several other policies recognize forest certification as evidence of responsible forest management and legality of forest products, request additional safeguards (e.g. certification, legality verification) in areas deemed to be of high risk, or prioritize action in areas or products where the company has more control. WRI is currently developing case studies to explore how different companies implement their paper and wood procurement policies.

FLA is encouraged by Disney's step forward. We hope that Disney—as well as other companies—will continue to promote policies that build a demand for paper products sourced from sustainably managed forests.

Disney is a member of the Forest Legality Alliance and WRI's Corporate Consultative Group.

Original story can be read at <http://insights.wri.org/news/2012/10/look-inside-disneys-new-paper-sourcing-and-use-policy>

Scaling up multi-stakeholder action to counter informality, illegality and impunity in the Brazilian native forest economy

By Roberto Waack, President, AMATA

For the most part, the intentions behind forest-related policymaking over the last few years have been good, but there is a myriad of rules and bureaucracies that prevent the development of business activities or are abused by opportunist agents. The regulation of access to the wealth of Amazonia's biodiversity, for example, discourages scientific and technological development and business activity. Working with products from the biodiversity-rich Brazilian forests is equivalent to looking for bureaucratic trouble; it requires dealing with a legal labyrinth and taking the risk of receiving extremely complicated fines.

There are four types of policies regulating the Brazilian forest sector, all moving towards the right direction, but they are far away from providing a conducive business environment for legal operations.



Credit: CIFOR

- First are command and control measures that successfully deter offenders. However, by themselves, they do not create alternatives in an increasingly demanding market. They depend on other institutional actions working in tandem with command and control.
- Second is the creation of a judiciary framework to establish forest concessions to sustainably manage public forests -- which is needed to make available forest products of known origin. However, the implementation of the concession system did not take off on a large enough scale and at an adequate speed. A change in the paradigm of industrial use of tropical forests requires high investments and long-term return perspectives. This is very different from the current system of hyper-exploitation where forests are exploited to exhaustion, and logging moves on to degrade new lands. However, business groups large enough to successfully operate a concession and are interested in becoming involved were not offered concessions that were large enough to guarantee the financial viability of the operations.
- Third is the regulation and control of the supply chain of forest products, including the current system that controls the transportation of the timber, the Forest Source Document system (DOF, Documento de Origen Florestal). The system monitors the timber extracted from a forest operation against the volume of timber approved under the forest management plan. As timber is extracted, the volume is deducted from the authorized volume, or 'timber credits'. The DOF system, as it is currently, enables false legality. Among the numberless problems within the system, there are fake or "ghost" forest management plans, fictitious timber credits, illegal wood claimed under legal forest management plans, false timber credit transfers and overuse of approved plans and timber credits.
- Finally are the policies to decentralize the licensing permits from IBAMA (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis) to the state environmental agencies. This was an important initiative to unclog the bureaucratic bottleneck that had been accumulating in Brasília. This decentralization process, however, resulted in the loss of information about the management plans and wood volumes authorized for cutting that were approved on the local level. This creates an enabling environment for the falsification of management plans.

Despite the abovementioned roadblocks, there has been a significant increase in multi-stakeholder activities supporting the sustainable management of forests and legality in the forest industry. Financial institutions such as BNDES (Brazilian Development Bank) and IFC (International Finance Corporation) are actively committed to initiatives such as supporting public-private partnerships, forests public concessions, alternative financial lines and forest funds. Organizations like the CNI (National Industry Confederation)

and big consultancy enterprises such as PWC and McKinsey are pursuing initiatives, such as the Brazilian Biodiversity Business Initiative, to valorize the native forest. Syndical civil construction and wood trade organizations have also proposed improvements to the DOF system and surveillance. Furthermore, the Brazilian government, specifically the Ministries of Environment, Treasury, Planning, Science and Technologies, and others, has also shown great initiative to improve the abovementioned regulations.

To contribute to these efforts, the FLA seek to partner with national organizations to facilitate further discussions and dialogue among Brazilian government agencies, industries, and NGOs, and contribute to the ongoing efforts to improve the conditions of the forestry sector in Brazil to increase legal and sustainable business activities.

(AMATA is a member of the FSC and the Forest Legality Alliance)

In the News

[Deforestation rate falls across Amazon rainforest countries](http://tinyurl.com/mongabay-Amazon)

<http://tinyurl.com/mongabay-Amazon>

A new report states that deforestation across the Amazon fell by half between 2000 and 2005. The drop in deforestation rate is not only happening in Brazil, but also in other Amazon countries.

[Smuggling of illegally logged rosewood in Madagascar continues, alleges report](http://tinyurl.com/rosewood-Madagascar)

<http://tinyurl.com/rosewood-Madagascar>

A Malagasy researcher reports that timber traders are continuing to smuggle stockpiled illegally logged rosewood. The report details how rosewood is smuggled out of Madagascar and transported to China, and the involvement of Malagasy government officials.

[\[UK\] Government hints at new procurement standards to tackle deforestation](http://tinyurl.com/newprocstandards)

<http://tinyurl.com/newprocstandards>

The UK government announced a new five-point strategy to adopt more demanding procurement standards for timber and agricultural products and work with the private sector to improve forest management.

[KFC UK drops rainforest fiber](http://tinyurl.com/KFC-rainforest)

<http://tinyurl.com/KFC-rainforest>

KFC UK/Ireland recently committed to only using suppliers who source wood, paper, and pulp products from sustainable sources. This would mean that it will stop sourcing from Asia Pulp and Paper, (APP) according to Greenpeace.

[Dollar General drops APP due to rainforest destruction concerns](http://tinyurl.com/dollargeneral-app)

<http://tinyurl.com/dollargeneral-app>

Along with a number of other major retailers, Dollar General has stopped sourcing paper products from APP, who has been targeted by Greenpeace for continuing deforestation in Indonesia. APP is now working with TFT to improve its sustainability plan.

[\[Ghana\] Forest Commission pledges fight against illegal logging](http://tinyurl.com/Ghana-logging)

<http://tinyurl.com/Ghana-logging>

In preparation for the EUTR going into effect in March 2013, Ghana has reaffirmed its commitment to fight illegal logging. Ghana has already stepped up measures in the past few years to halt illegal logging activities.

Recent Publications

[Case Study: IKEA's response to the Lacey Act - Due care systems for composite materials in China](http://www.wri.org/publication/ikea-response-lacey-act-due-care-systems)

<http://www.wri.org/publication/ikea-response-lacey-act-due-care-systems>

[Case Study: Tuning In: Tracking Wood from Honduran Forests to U.S. Guitars](http://www.wri.org/publication/tracking-wood-honduran-forests-us-guitars)

<http://www.wri.org/publication/tracking-wood-honduran-forests-us-guitars>

[International developments in trade in legal timber: All you need to know about the U.S. Lacey Act, the E.U. Timber Regulation and the Australian Illegal Logging Prohibition Bill](http://tinyurl.com/timber-regulation-development)

<http://tinyurl.com/timber-regulation-development>

[Exercising due diligence in establishing the legal origin of timber and timber products - Guide to Regulation \(EU\) No. 995/2010](http://tinyurl.com/exercising-due-diligence)

<http://tinyurl.com/exercising-due-diligence>

[Tracking sustainability: Review of electronic and semi-electronic timber tracking technologies](http://www.itto.int/technical_report/)

http://www.itto.int/technical_report/

[Trading timbers: A comparison of import requirements under CITES, FLEGT and related E.U. legislation for timber species in trade](http://tinyurl.com/trading-timbers)

<http://tinyurl.com/trading-timbers>

[Synthesis guide and seven fact sheets on the FLEGT action plan](http://www.atibt.org/en/publications-en/)

<http://www.atibt.org/en/publications-en/>

Upcoming Events

[Chatham House's Illegal Logging Update and Stakeholder Consultation Meeting Number 21](http://tinyurl.com/chatham-house-meeting)

February 7th, 2013; Chatham House, London, UK

<http://tinyurl.com/chatham-house-meeting>

[World Forests Summit: Achieving sustainable forest management on a global scale](http://tinyurl.com/forestsummit)

March 5th, 2013; Stockholm, Sweden

<http://tinyurl.com/forestsummit>

[FLA's 7th Semi-annual Membership Meeting](http://www.wri.org/fla/about-membership.php)

May 2013; World Resources Institute, Washington, DC

The FLA newsletter hosts guest writers every quarter. If you are interested in contributing to our next newsletter with information and stories concerning illegal logging, the Lacey Act, International forestry policies, or any other related issues, please contact Loretta Cheung at LCheung@wri.org.

If you are interested in learning more about our organization, becoming a FLA member and continuing to receive this newsletter, please contact Caitlin Clarke at CClarke@wri.org or visit <http://www.wri.org/fla/about-membership.php>.