

Ad Hoc FLEGT meeting, Brussels, Monday 19th November 2012

Participants

European Commission and the EEAS: John Bazill (DG ENV), Mathieu Bousquet (DG DEVCO), John Bruneval (DG DEVCO), Michael Bucki (DG CLIMA), Bernard Crabbé (DG DEVCO), Marlene Flageollet (EEAS), Emilie Goransson (DG DEVCO), David Hamson (DG DEVCO), Walter Kennes (DG DEVCO), David Sanmiguel (DG DEVCO), Giuliana Torta (DG ENV)

Member States: Francisco Javier Adell (Spain), Marieke Abcouwer (Netherlands), Marnix Becking (Netherlands), Rob Busink (Netherlands), Herbert Christ (Germany), Michele Di Cosmo (Italy), Vittorio De Cristofaro (Italy), Nora Heil (Germany), Noel Holleran (Ireland), Birgit Jousen (Germany), Hannes Krehan (Austria), Cyril Loisel (France), Delphine Perremans (Belgium), Jo-Kristian Stræte Røttereng (Norway), Valérie Reboud (France), Hugh Speechly (UK), Elisabeth Tupy (Austria), Susanne Von Walter (Sweden), Sarah-Lee Tilly (Netherlands),

Other: Ellen Brown (Proforest), Julia Falconer (UK/EFI), Alex Hinrichs (EFI), Heiko Liedeker (EFI), Melissa Othman (EFI), Alessandro Trevisan (EFI), Tomi Tuomasjukka (EFI), Marc Vandenhoute (FAO), Christophe Van Orshoven (EFI)

Report from the meeting

The meeting was chaired by Mathieu Bousquet of DEVCO Unit C2. The presentations can be found on the Capacity for Development website's [FLEGT Ad Hoc Group](#), along with the agenda of the meeting. The focus in these minutes is to summarise the discussion that took place after each presentation.

1. **Progress in VPA negotiations and VPA implementation:** The Commission updated participants on progress in the VPA process.
2. **Tropical timber trade and emerging economies:** A presentation from FR focusing on the majority (and still increasing) share of the world's tropical timber being consumed by emerging economies.

Comment/discussion:

The presenters ended by posing two questions: Should the EU take a more active role in this trade (their answer was 'yes'), and, if yes, what do we want to achieve?

It was noted that the EU's share of the tropical timber trade is declining, and as a consequence its ability to influence the world via its trading power is in long-term decline. South-South timber trade is growing quickly, as well as domestic consumption in developing and emerging countries. It was suggested that the Gulf region should be included in this discussion, as it is a big emerging tropical timber market; also, working with the USA and Australia who have introduced similar Regulation to the EU Timber Regulation (EUTR) was suggested: for example, we shared a joint side event at the recent ITTO conference; we also need to rethink how we interact with China and India, as our aid to these countries is being scaled back.

DE already has dialogue with various countries, the BRICS and China in particular. They also have a specific dialogue with China over Central Africa. It was suggested that one way to influence China might be via its regional partners. The UK has also been involved in dialogue with China, and mentioned the need to identify what drivers might convince China of the need to protect/conservate tropical timber – they are not affected to a great extent by the Lacey Act or EUTR due to the prominence of the domestic market; the threat of climate change does give some incentive, but what else? The UK is also looking to see if it is possible to include international forestry and illegal logging on the agenda for their G8 presidency. Finally, it was also mentioned that trading partners are changing elsewhere – Ghana, for example, is trading more with its neighbours, such as Nigeria, whose economy is growing at a very quick rate, and we need to remain mindful of these shifts.

The discussion concluded with FR offering to produce a follow-up paper to be presented at the next meeting. Any interested Member States were encouraged to join directly by contacting Cyril.

3. **China: programme of work 2013**: EFI presentation aiming to encourage discussion on the subject.

Comment/Discussion:

The UK has been working with China to develop a Timber Legality Assurance (TLAS)-style system; once timber enters the domestic market it is very difficult to track, so current ideas focus on FLEGT-like controls at the point of import. It was also noted that we must ensure that any TLAS-style system in China does not undermine our existing VPAs with our partner countries. Knowledge of new market demands must be better disseminated in the Chinese market (e.g. Lacey Act, EUTR), although the domestic market is becoming more important than the export market, so (as mentioned in agenda item 2 above) the question of identifying drivers for that market is imperative. A code of practice has been developed with Chinese companies in partner countries – work is now being done to see how we can incentivise its adoption in the domestic market. It was also pointed out the difficulties of disseminating information among timber businesses there – traders are not always well educated or organised, and there are difficulties associated with the size of the country and the number of different languages spoken.

The next meeting of the bilateral coordination mechanism (BCM) between the EU and China is in January 2013 – all inputs are welcome. The practical outputs of the BCM were questioned, and the response was that its ambition has been relatively modest so far. Follow-up question as to whether China will have a long-term interest in importing FLEGT-licensed timber; the answer was that on the one side they want to ensure they import legal timber in case this timber is then exported to the US or the EU, but on the other side they are likely to want timber from wherever they can secure it in the coming years, due to rapidly increasing domestic demand.

The discussion then moved on to the subject of whether the EU should directly fund Chinese operators to help them meet EUTR. While it was agreed that we need to continue raising awareness of the EUTR requirements among operators, and cooperating broadly with the Chinese to ensure their assurance system meets EU requirements, it would be difficult to justify the spend necessary to set up a TLAS in China, considering experience of the considerable cost of a TLAS in VPA countries, and that in terms of priorities, financial support should be focused on VPA countries. Also there were concerns that if we are too involved in helping them create their system, they will then demand we acknowledge the Chinese system as being compliant with the EUTR. It was noted that the EU is only one of the major players in the Chinese timber market, and that we should look to better coordinate with the US, Japan and regional actors.

Finally, the question was raised as to where is the most effective area for us to concentrate our support: governance systems, trade federations, civil society etc? EFI noted that civil society is increasingly active in China, and asked if we can use leverage points to target domestic consumers. The UK added that there is discernible concern now about environmental impacts in China, but the worry is that they will simply export their carbon footprint to other countries further up the supply chain. There was agreement that we need to continue to explore all options available, and that China will be discussed further at the next ad-hoc.

4. **Myanmar**: A presentation from EFI to stimulate discussion on next steps for Myanmar.

Comment/Discussion:

The primary question of this discussion was whether we should go in now, or wait and collect more information. On the face of it there are lots of positives: a large timber trade, and a desire to trade with the EU and to meet EUTR requirements. There were concerns expressed, however, that nearly all the information we currently have is anecdotal. Aside from a lack of quantifiable information, other potential risks were mentioned: 2015

democratic election is a big showpiece (will it be fair; and, if the opposition wins, how will the military junta react); capacity issues within the country; and the on-going peace process in ethnic minority areas.

Discussion on EU programming 2014-20 would start in February 2013, and some MS are interested in joint programming. There are plans to open an EU Delegation in Myanmar, but it will take a couple of years, so operations are still being run out of Bangkok for the moment.

In terms of moving forward, there were concerns that rushing in too quickly would only exacerbate existing issues, such as ethical divisions, and that perhaps we need to also have an analysis of the pros and cons of the EU doing nothing at this point (an option '3'). It was also agreed that the role of ASEAN is very important, and options via ASEAN should be explored further; this was reinforced by the fact that Myanmar looks towards Indonesia as a country that has overcome similar issues, so it might be useful to involve them in the process of defining legal timber.

The general conclusion was that there is some "appetite" for a VPA in Myanmar, but that we should leave some time to collect information on the timber economy and the governance challenges, and to identify whether a VPA is the appropriate tool for Myanmar and for the EU; at the end of next year we will take stock of where we are and evaluate options. It was also noted that with the opening up of Myanmar after a long period, it is important to put systems in place in case a VPA then develops.

5. Support required to maintain VPA momentum in partner countries

Comment/Discussion:

There was some discussion of the need to further clarify the difference between a facilitator, providing technical assistance and giving political support. Answer: the facilitator has a role of neutral broker in domestic negotiations – making sure, for example, that all domestic stakeholders are kept informed. EFI plans to publish guidance on lessons learnt in facilitation in FLEGT, tracking how the role has changed over time. It was noted that the facilitator should also act as an 'honest broker' between the EU and the partner country, helping to resolve conflicts or impasses where appropriate, and this can make it a difficult role. Technical Assistance is the provision of expertise to assist the partner country in the preparation, negotiation and/or implementation of a VPA. Political support means the relevant MS should be present at the negotiations – representing other MS views there if necessary, and ensuring that all MS are kept informed of progress. They would typically be MS who have a history of cooperation with the export country, have a mission in the country, and would be on hand to lend political weight to the EU if there are any problems with negotiation or implementation. Finally, there was a discussion as to whether it is possible for one MS to provide both the facilitator role and either technical assistance or political support in the same country. The UK gave the example of Indonesia, where it had provided all three areas of support, and said that there had not been any problems/conflicts of interest arising from this. The UK further informed that they are considering establishing a Facilitation Unit for West and Central Africa covering five partner countries. Germany's support will depend on their future strategy for development cooperation: Laos in principle and Côte d'Ivoire (although not as lead MS). France is considering Technical Assistance to Congo and possibly Côte d'Ivoire (need to coordinate with DE). Spain is trying to include FLEGT in the new strategy for development cooperation.

6. Presentation of German bilateral forest governance programme

7. Presentation on creating more demand for tropical timber in Europe – a Dutch initiative

Comment/Discussion:

It was agreed by the group that without a strong long-term demand for tropical timber, we won't be able to maintain the momentum of FLEGT, and that a market needs to be created for sustainable timber to reward operators that invest in becoming sustainable (and reimburse the short-term loss of revenues this entails). The

presenter pointed out that work can be done in regards to public procurement – currently only 7 of 27 MS have procurement policies focused on sustainable timber; FR responded to say that they have set an ambition of 100% sustainable public procurement, but there is a limit to what you can do with public procurement – it becomes more difficult the more sophisticated the transaction – for example commissioning the building of a house, you are then dealing with sub-contractors using their supply chains to provide the timber as a part of the finished product.

8. 10 years of FLEGT: whether MS are holding events to celebrate 10 years of FLEGT to help maintain momentum

UK intervened to tell the group of a workshop at Chatham House on 5-6th February, followed by a dialogue on 7-8th February on lessons learnt so far and how to move forward. The agenda will be posted on Cap4dev, and all suggestions welcome. DE also spoke of a desire to organise a conference to mark the anniversary. The Commission told the group that the 2013 FLEGT week will likely take place in the second half of the year, once the contracts coming from the 2012 Calls for Proposals have been signed, and there is some knowledge of the initial effects of the EUTR. The Commission is also looking into holding an event a few weeks before 03/03/2013, maybe in the margins of a Council meeting, to raise awareness in the press about the EUTR.

9. Priorities for 2013: The Commission outlined their priorities for 2013 and presented details of the first results for the Call for Proposals launched under the ENRTP.

Comment/Discussion:

There was a question as to when the first FLEGT licenses were going to arrive in the EU. The answer was that we are hoping to have FLEGT timber from Congo, Ghana and Indonesia on the market by the end of 2013, but it depends on progress (end of 2013 is probably a best-case scenario). It is important to take the time to ensure that all the correct measures are in place as set out in the VPAs before FLEGT timber first arrives in the EU, or the licences will lose their value.

10. Next meeting of the ad-hoc FLEGT group

Timing: The next Ad hoc meeting will take place after March 2013; a specific date has not yet been confirmed.

Current suggested topics for agenda (further suggestions welcome):

- Further articulation of the relationship between EUTR and VPA
- Follow up on BRICs discussion