



MINUTES OF THE EUTR/FLEGT EXPERT GROUP MEETING

25 SEPTEMBER 2015

The agenda of the meeting was adopted as it stood.

1. Update on EUTR and FLEGT Regulation implementation

Member States reported on the state of play of the EUTR and FLEGT Regulation implementation in their country.

2. Information points

a) Draft guidance on recycled timber:

There is a need to find out how to deal with recycled timber as a CA. More examples should be put in the paper and suggestions are welcome. The drafting group will update the paper and resubmit it to the other MS for their comments.

b) Checks on Monitoring Organisations – Standardisation of format and procedures:

There is no formal obligation to have a standard format for reports in the Regulation but it would be useful to have such a format and procedures for checks on MOs. The suggested format should now be adopted and MSCAs should start using it to see whether it works or it should be improved.

One of the MS checked Nepcon following the guidelines and these proved very useful. The checks focused on timber from Brazil, Cameroon and Myanmar. For Nepcon, official documents are not sufficient for Brazil and Cameroon because of the suspicion of corruption. Myanmar is a no-go in their system and it is impossible to import timber from that country.

Another MS has used the format too for checks on Conlegno and has some concrete proposals for improvement such as asking whether the MO is also acting as a certification body and, if so, how to avoid conflict of interest.

The results of the checks will be shared with all MS through the Capacity4Dev website. The point of conflict of interest should be included in the format.

EC: CAs should inform the EC only if they have doubts or find out irregularities about the MO. The recognition of a MO must be reconsidered if appropriate.

c) Reporting on the informal EUTR Enforcement Meeting of 24 September:

Minutes will be made available on Capacity4Dev. There was a request from one MS to translate the EUTR into Chinese and Russian. EC and EFI already circulated information in these languages.

Austria gave a presentation on furniture made of recycled timber. There was a discussion on the Romanian timber trade. France gave a presentation on checks they carried out so far and their findings. All presentations will be made available on Capacity4Dev too.

d) Reporting on the Forest Trends meeting in Vienna:

The meeting was held on 15-18 September with participants from 18 MS, Norway, Switzerland, Australia and the US. The first day was dedicated to document training to cover the legality of documents from Russia, China and South-East Asia. The second day was about the implementation of the EUTR in Central and Eastern Europe. The Romanian/Austrian case was discussed. The third day was on the furniture sector in China and Vietnam. There was also a presentation of Indonesian certificates and how these can be verified. The last day focused on a presentation by Australia of their illegal logging prohibition act and a presentation on Brazil. Next year, the meeting will take place in Prague.

e) Request to access documents:

The EC presented a recent request for documents and the revision of a decision on the recognition of a specific MO.

f) Update on the FLEGT reporting format:

The EC received only two comments from MS on the reporting format and launched a second round of comments within the next two weeks. No reaction by COB on 9 October means consent. The format has been put again separately in CIRCABC.

g) Access to Capacity4Dev for CITES Management Authorities:

The EC asked whether the MSCAs would have a problem to give access to their dedicated website on Capacity4Dev to the CITES Management Authorities.

The outcome was not conclusive.

3. EUTR Review: Update on current state of play and first results

The EC has to submit its report to the Council and the European Parliament by 3 December 2015. The contractor Indufor has produced a draft report that is now being scrutinised by the EC. Indufor is still in the process of analysing the information, so no final findings are available yet.

They collected information from the MSCAs' biennial reports, trade flow statistics (checking for ex. whether domestic timber had replaced imported timber, or whether some suppliers had disappeared), stakeholder consultations and contributions via the public survey launched by the EC, an additional survey targeting the private sector and NGOs, spontaneous contributions, interviews, scientific reviews, and the evaluation of the FLEGT Action Plan that provided information on non-EU countries.

Indufor has already drafted the implementation state of play, the responses to the evaluation questions, some conclusions and a summary report.

Indufor briefly presented the current state of play in the process, identifying in particular the most important elements of the stakeholders' consultation. The EC invited the MS to identify key issues that need to be covered in the final Report.

Next steps: The Review is still in process. A draft report is being evaluated by the EC. The report will be adopted by the EC before the next meeting of the Expert Group (on 2 December) but the next steps will be discussed with CAs in the meeting itself.

4. Report on illegal logging in Central African Republic

Global Witness (GW) presented the results of an investigation on Central African Republic (CAR)'s timber exploitation and its link to the conflict and on the presumed illegality of those exploitations. GW conducted the research during 2013 and 2014 through field work and interviews. CAR is one of the poorest and most unstable countries in Africa. According to GW, the CAR has no institutional capacity and the civil society is very weak. The forest sector is the first economic sector of the country now that the diamonds sector has been abandoned. In its report, GW suggests various forms of illegality (e.g. no control on logging companies for the last five years by the national administration, fiscal illegality of the companies, illegal permits issued by the government, payments to militias...). 59% of CAR timber comes to Europe but there is no clear picture of who the EU operators are. Some of the EU operators consider timber from the CAR as legally safe because the country is in a VPA process.

GW urges CAs to investigate and enforce the EUTR. It recommends identifying the operators and traders who import timber from the CAR. Global Witness is ready to provide documentation to assist with the investigation.

The VPA was ratified in 2012 before the crisis struck the country. The VPA process was then stalled. The situation has been improving lately and the EC is assessing what could be done in the VPA and how to assist the country to improve its forest governance through development cooperation. The EC is committed to continue accompanying the country in its stabilisation and reconstruction process.

5. Report on illegal logging in the Central African Republic

Two representatives of the CAR Forestry Ministry presented CAR Government's official response to GW report. They stressed that despite the difficulties, CAR cannot be considered as a phantom state as there is a transitional government officially recognised by the international community. Export taxes are monitored and collected through BIVAC (a branch of Bureau Veritas). According to the Government report timber industries have not fuelled the conflict but operators have been targeted by rebels as also other sectors (including humanitarian aid). Forest exploitation permits (PEAs) are delivered following a tender procedure and attributed through a government's decree according to the national law. The attribution of a forest concession requires the operators to implement a forest management plan. Despite the difficulties, CAR's efforts in terms of sustainable forest management should be recognised.

The timber sector represents an essential source of revenue for CAR's economy, reconstruction and stabilization. It is the first economic sector of the CAR and represents a 10% share of the PIB and 34% of the budgetary incomes. Exports are mainly directed

to Europe and China. A boycott would have very heavy political, economic and social consequences. The forest sector has to contribute to a renewed boost of the economy.

The report has been made available on CIRCABC and on <http://capacity4dev.ec.europa.eu/eutr-competent-authorities/>.

6. FLEGT Action Plan evaluation: update on current state of play and first results

The evaluation team is now formulating its conclusions. The final report from the contractor is expected by mid-November 2015. Then, the EC will prepare its own report and reflect on how to move forward. MS will obviously be consulted in the 2 December Expert Group meeting. The Council Working Party on Forestry in December will also cover the topic.

The contractor is still in the process of analysing data and coming to conclusions. Eight main areas have been assessed, for which recommendations have already been identified. They had a very broad stakeholders' input with good response, 23 responses from MS, 10 from VPA countries and 87 from a public survey. Many interviews, workshops and country visits were carried out. They also received many spontaneous inputs from NGOs.

First results were presented to the MSCAs.

7. Update on the interstate electronic licensing system

The EC presented the project status. It was decided that access will be granted to importers as of the first release of the FLEGIT system. Pilot testing will start in mid-December 2015. Codes for web services contracts will be published on 28 September.

The development of FLEGIT concerns the MS who will not have a national system in place. The others will work on their own system and the information will be automatically transferred to FLEGIT via an interface.

EC asked all MS to identify and present possible challenges regarding their commitment to participate in FLEGIT. No challenges regarding MS participation in FLEGIT were raised and the commitment of all MS was confirmed. The EC also needs their agreement regarding the use of the EPPO codes to be able to move forward. Comments should be sent before COB on 9 October 2015. In the absence of comments, the EC will proceed with the development as suggested.

8. Update on the FLEGT process in Asia

Indonesia: There is significant progress in Indonesia and the country appears on track to start FLEGT licensing in the 1st quarter of 2016. A new version of the SVLK will be available at the end of September 2015. The import regulation has now been issued and will apply from 1st January 2016, creating a due diligence obligation for Indonesian timber importers. Effective independent forest monitoring remains a challenge.

Thailand: The VPA process is still affected by the political situation but there is still interest from Thailand to move ahead. A VC is scheduled for the beginning of October. A draft legality definition (principles and criteria) has been put in place and a process of broad national stakeholders' consultation has been initiated. Additional work is being carried out to develop indicators and verifiers.

Malaysia: In 2014, efforts were intensified to move the VPA process ahead but Sarawak refused to be included and the EC did not want to conclude a VPA without that region. There are positive developments in Sarawak but still no formal engagement. The EC will ask for the help of Japan to unblock the situation.

Vietnam: Negotiations took place at the end of 2014 and a technical session at the beginning of 2015. Vietnam assessed the number of operators exporting to the EU and realised there were many more than they expected. They will propose to suspend the negotiations to work on their TLAS or to continue negotiations but at a slower pace. This is already the fifth year of negotiations.

Myanmar: The EC is in the preparation phase with Myanmar with workshops to explain FLEGT and create platforms of stakeholders. The EFI will facilitate the process, followed by the UK and Germany.

Cambodia: No progress since 2010. They never asked for a formal start of negotiations. They are now stepping back.

Laos: Things have started to move. The government has appointed a FLEGT negotiator and negotiations could start in early 2016. Work with GIZ is ongoing.

China: A Bilateral Coordination Mechanism (BCM) was established in 2007 with China with active participation of some MS. All other MS are welcome to join. The next BCM meeting will be held in China in March 2016. A videoconference will be organised in Brussels in October 2015, mainly on collaboration with third countries. A work plan with seven activities was approved in the last meeting. A common information window is being developed to share information on the EUTR and FLEGT implementation. China is interested in developing trilateral dialogue with Indonesia and the EU. An EIA report on timber trade flows between China and Myanmar was put on Capacity4Dev.

9. A.O.B.

The EC was asked to send a consistent message to all MS about the requirement for a document proving the legality of the Indonesian timber.

The infringement processes launched in the context of the FLEGT Regulation and EUTR implementation are still ongoing for three MS.

10. Next Meeting

The next Expert Group meeting will take place on 2 December. An informal meeting of the EUTR Enforcement Group will be organised on the day before in the afternoon.

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