



# RESPONSIBLE SOURCING OF FOREST PRODUCTS

## *THE ROLES FOR GOVERNMENT LICENSED TIMBER AND THIRD-PARTY CERTIFICATION PROGRAMS*

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Ed Pepke, Ph. D.

Kathryn Fernholz  
Chuck Henderson  
Harry Groot  
Jeff Howe, Ph. D.



DOVETAIL PARTNERS, INC.

# **Responsible Sourcing of Forest Products: *The roles for government licensed timber and third-party certification programs***

## **Executive Summary**

In recent decades there have been significant efforts to develop responsible sourcing and greater transparency within supply chains, including work within the forest sector. An objective has been to increase accountability in the marketplace and reduce the occurrence of illegal sourcing, unsustainable production, child labor, pollution, deforestation, and other negative practices. In the 1990s, many of the emerging efforts were concentrated within the voluntary, non-governmental and non-regulatory sector. These efforts included the development of third-party certification systems and private sector on-product labeling initiatives. In more recent years, the role of government in regulating and enforcing responsible sourcing has grown. In the US, the 2008 amendments to the Lacey Act expanded the scope of regulating plant and animal imports.<sup>1</sup> In the European Union (EU), the 2003 Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, coupled with the EU Timber Regulation (EUTR) in 2013 sought to ensure EU imports of timber were legal.

This report addresses the evolution of responsible sourcing within the forest sector and the intersection between voluntary, non-governmental initiatives such as third-party certification and the regulatory actions of governments. The specific impacts of FLEGT and EUTR are considered within the emerging data about their impacts and the availability of FLEGT-licensed timber in the marketplace. The roles for international trade agreements are also considered. The conclusions of this report include recognition that it is increasingly important that public and private sector interests collaborate to strength regulatory capacities and to pressure more nations to participate in policy changes and commitments to improved responsible sourcing.

## **Background**

### *What are FLEGT and EUTR?*

The EU established the FLEGT Action Plan in 2003 with multiple objectives, one of which was to ensure that the imports of tropical timber into the EU are legal. The European Commission (EC) is mandated by the Council of the EU to negotiate Voluntary Partnership Agreements (VPAs) with tropical timber producing and exporting countries.<sup>2</sup> *A VPA is a legally binding agreement to ensure that timber exported to the EU comes from legal sources.*<sup>3</sup>

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<sup>1</sup> See the Dovetail report: *Understanding the Lacey Act*, available at:

<sup>2</sup> For more information about tropical timber, see the Dovetail report: *Impact of Market Forces and Government Policies on the Tropical Timber Trade*, available at:  
[http://www.dovetailinc.org/report\\_pdfs/2018/dovetailtroptimber0118.pdf](http://www.dovetailinc.org/report_pdfs/2018/dovetailtroptimber0118.pdf)

<sup>3</sup> For more information on VPAs see VPA Unpacked at [www.vpaunpacked.org/](http://www.vpaunpacked.org/)

Currently in 2018 the EC has 15 VPAs in two different categories of development:

- 6 implementing signed VPAs (Cameroon, Central African Republic, Ghana, Indonesia, Liberia and the Republic of Congo)<sup>4</sup>
- 9 negotiating VPAs (Côte d'Ivoire (Ivory Coast), Democratic Republic of Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand and Vietnam).

### **Box 1. The Seven Measures of the FLEGT Action Plan**

1. Support technically and financially timber-producing countries to address illegal logging
2. Promote trade in legal timber through the EU Timber Regulation (see below)
3. Promote environmentally and socially beneficial public procurement policies
4. Supporting private-sector initiatives to ensure supply chains are free of illegalities
5. Ensure financing and investment safeguards to limit negative social and environmental effects in the forest sector
6. Using existing legislation, or creating new legislation if lacking, to ensure the legality of domestically consumed or exported timber products
7. Address conflict timber, i.e. legal or illegal timber profits that fund domestic and international conflicts

Source: EU FLEGT Facility, FLEGT Media, "Seven pillars of FLEGT"<sup>1</sup>

The second measure (shown in Box 1), promoting legal timber trade, got its strength in 2013 when the EUTR came into effect. *The EUTR requires "operators" (the companies that first place timber on the EU market, i.e. importers) to exercise due diligence to ensure that the timber is completely legal.*

According to the EUTR, the three key elements of a due diligence system are:

- *Information:* The operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier, and information on compliance with national legislation.
- *Risk assessment:* The operator should assess the risk of illegal timber in the supply chain involved based on the information identified above and taking into account criteria set out in the regulation.
- *Risk mitigation:* When the assessment shows that there is a risk of illegal timber in the supply chain that risk can be mitigated by requiring additional information and verification from the supplier.

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<sup>4</sup> As further discussed on the following page, the first FLEGT-licensed timber appeared on the EU market in November 2016 from Indonesia. The other 5 VPA countries that are implementing their agreements are preparing to license FLEGT timber.

### *What does this mean for EU importers?*

All EU imports fall under the EUTR since 2013. Whether tropical or temperate, all timber imported into a member state must be entirely legal, i.e. from forest, through transport and processing, to exporting. The EUTR requires European importers to have a rigorous due diligence system. Each of the 28 EU member states has established authorities and legislation, including penalties, to conform to the EUTR and to provide enforcement. Country-level trade associations have helped their member companies establish due diligence systems. In addition there are consulting companies that can set-up due diligence systems.<sup>5</sup> The EC has accredited *Monitoring Organizations* that are qualified to assist operators in fulfilling their EUTR obligations and can provide EUTR-compliant Due Diligence Systems and regular evaluations of performance.<sup>6</sup>

### *What do these mean for exporters to the EU?*

If the information in the due diligence system (see the EUTR's three elements in the bulleted list above) is not sufficient to ensure legality, then operators must request additional information or impose additional measures or mitigations (e.g., certification of sustainable and legal forest management, third party verification of legality, and/or documentation of the harvest site, licensing, transport, processing, etc.).<sup>7</sup> Noncompliance, i.e. importing illegal timber or not having sufficient proof of legality, can lead to confiscation of valuable timber and fines. The difficulties in proving legality are an incentive for VPA countries to achieve FLEGT licensing (see next section).

### *What is FLEGT-licensed timber?*

Timber which meets the FLEGT *Timber Legality Assurance System* requirements may attain the status of FLEGT-licensed. The first FLEGT-licensed timber appeared on the EU market in November 2016 from Indonesia. The other 5 VPA countries that are implementing their agreements are preparing to license FLEGT timber. FLEGT-licensed timber would meet due diligence requirements and have a green lane, i.e. be without further customs controls, for EU imports.

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<sup>5</sup> For example, the international auditing firm NEPCON offers educational information: <https://www.nepcon.org/certification/legalsource/legalsource-due-diligence-system>. NEPCON is recognized by the European Commission as a Monitoring Organization (MO) to assist operators in meeting their EUTR obligations.

<sup>6</sup> Listing of EC recognized Monitoring Organizations: [http://ec.europa.eu/environment/forests/pdf/List\\_of\\_recognised\\_MOs.pdf](http://ec.europa.eu/environment/forests/pdf/List_of_recognised_MOs.pdf)

<sup>7</sup> Further information on the EUTR may be found in the Dovetail report *Impacts of policies to eliminate illegal timber trade* published in 2015. See: [http://www.dovetailinc.org/report\\_pdfs/2015/dovetailtradepolicyimpacts0515.pdf](http://www.dovetailinc.org/report_pdfs/2015/dovetailtradepolicyimpacts0515.pdf)



Achieving FLEGT licensing is evidently a long process—some of the 6 “implementing” countries (see list on the previous page) have been working closely with the EC for over 10 years. Taking a close look at the information in Box 2, it is important to note that the VPA is the baseline negotiated agreement behind being able to have FLEGT-licensed timber.

At the heart of the VPA is “a practical definition of legality that has been agreed through participatory processes involving stakeholders from government, the private sector and civil society” (Box 2). Given that laws and regulations vary from one nation to another, a first step in the VPA process is to reach a common understanding of legal and illegal actions within the specific country where the VPA is being developed. Based upon that definition, then the remaining components of the *Timber Legality Assurance System* can be developed, which includes supply chain controls, mechanisms for verifying compliance, and independent audits (Box 2). Although the framework of a VPA and the requirements for FLEGT licensing are consistently defined in the EUTR, the details of how they are applied and developed varies within the context of the negotiating nations.

#### **Box 2. What is a FLEGT license?**

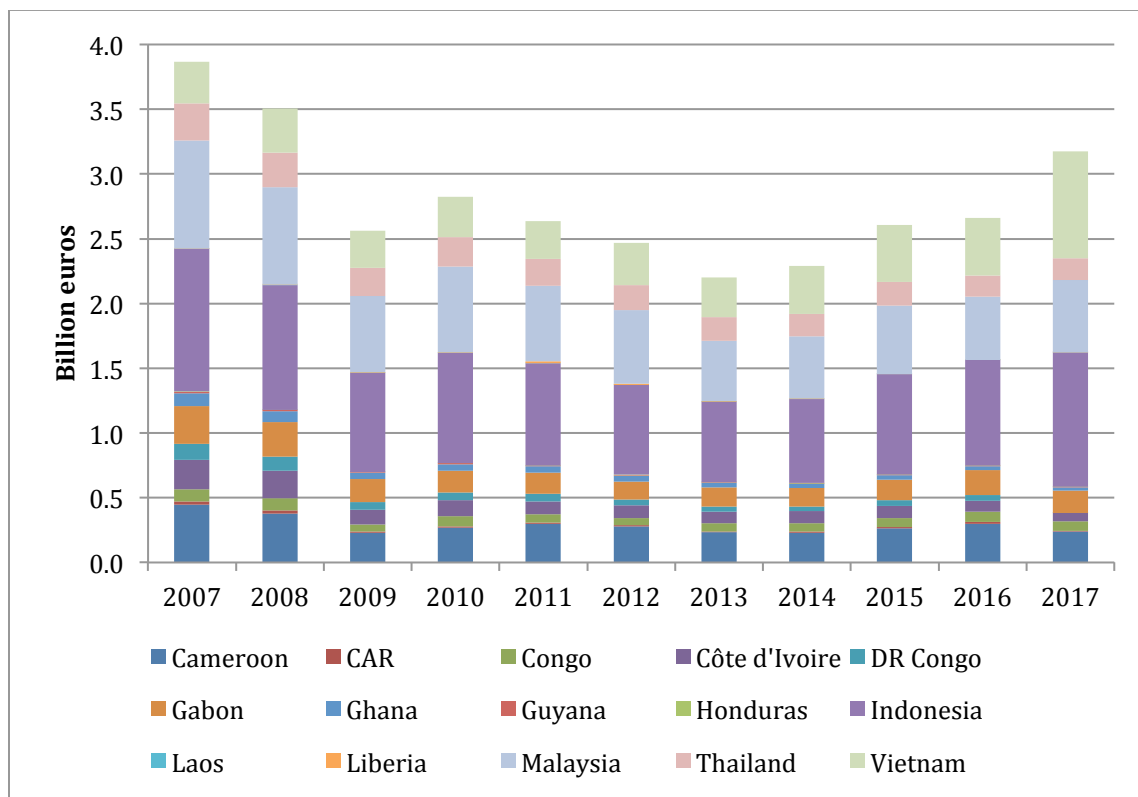
To be able to issue FLEGT licenses, ***“a VPA partner country must implement a timber legality assurance system and other measures specified in the VPA. When fully operational a timber legality assurance system is both robust and credible, as it includes effective supply chain controls, mechanisms for verifying compliance and is subject to independent audits. A VPA timber legality assurance system is built around a practical definition of legality that has been agreed through participatory processes involving stakeholders from government, the private sector and civil society.”***

Source: What is a FLEGT license? <http://www.flegtlicence.org/flegt-licences>

While it is difficult to isolate the effect of the EUTR on the tropical timber trade, anecdotal evidence strongly suggests that EU importers have turned away from timber for which legality cannot be substantiated. This can mean importing the desired products and species from another country with better legality documentation, or switching to another more reliable species or source. The latter has supported substitution by temperate species that either naturally have, or which can be transformed, through heat and/or chemicals, to have equivalent properties of the formerly imported tropical timber.

After a peak in 2007, before the economic and financial crisis, trade between the EU and the 15 VPA countries decreased, reaching a low in 2013. Imports turned around and rose slightly in 2014 and have increased through 2017 (Figure 1, following page).

**Figure 1. EU imports of wood and paper products from 15 VPA countries, 2007-2017**



Source: Comext, 2018.

The exports of the VPA countries to the EU vary considerably depending on their level of processing capacity. For example, Indonesia exports significant volumes of wood pulp as opposed to countries such as Ghana that have no pulping capacity and thus are forced to import paper products.

### *What is third-party certified timber?*

Since the early-1990s there have been a number of programs developed to independently audit responsible forest management and provide an eco-label for identifying products from these management systems in the marketplace. Most commonly, these programs have developed as third-party certification systems that utilize independent auditors (aka third-parties) to conduct the review of the forest management and determine conformance to the program's standard. The standards address a range of environmental, social, and economic sustainability indicators, including requirements related to ensuring compliance with applicable regulation and legality concerns.

When the program's standards for forest management have been met and confirmed through the audit process, timber and other products from the certified forest can carry the program's eco-label. Products that carry the label of a forest certification program include third-party certified timber. The major forest certification programs also allow for a full range of forest-based products to be labeled, including paper and packaging, fiber, fabrics, food and other processed products that contain forest-based content.

The global forest certification program that has certified the largest amount of forest area (313 million hectares) is the Programme for the Endorsement of Forest Certification schemes (PEFC, [www.pefc.org](http://www.pefc.org)). Based in Geneva, Switzerland, the PEFC has established a benchmarking tool to evaluate forest certification standards. A national level organization can apply to PEFC to have their forest management standard assessed against this benchmark and may receive endorsement from the PEFC program if requirements are met. The network of PEFC-endorsed programs share many common elements, as documented in the materials that are submitted during the endorsement process; however, the individual programs also reflect unique conditions in each member country.

The oldest global forest certification program is the Forest Stewardship Council (FSC, [www.fsc.org](http://www.fsc.org)), established in 1993 and with approximately 200 million hectares certified to date. Based in Bonn, Germany, the FSC has established Principles and Criteria that are used as the basis for developing FSC approved forest certification standards. A national level working group or auditing firm may develop a standard and apply to FSC for approval. The network of FSC-approved standards shares a common underlying framework while maintaining unique elements that reflect the region and participants.

The most recent available data estimates a total of over 425 million hectares of forest certified globally, including about 70 million hectares that have dual certification, meaning they are certified by both FSC and PEFC-endorsed programs.<sup>8</sup> Most of the world's certified forest area (85%) is in the three regions of North America (49%), Europe (22%) and the Commonwealth of Independent States (CIS)<sup>9</sup> (14%). These regions correspond primarily to temperate and boreal forest regions. It was estimated that nearly 30% of the global round wood production was from certified forest areas in 2016, the most recent year of estimation.<sup>10</sup>

### **How does FLEGT-licensed compare to certified timber?**

There are at least three major differences between third-party certified timber and FLEGT-licensed timber worth nothing:

1. Third-party certified timber is the result of a private, voluntary contract for services; FLEGT-licensed timber is based upon government agreements and regulatory enforcement
2. Third-party certified timber is primarily available from temperate forest regions of the world; FLEGT-licensed timber is applicable to tropical timber resources
3. Third-party certified timber results from an audit encompassing a large number of economic, social, and environmental sustainability indicators; FLEGT-licensed timber focuses on requirements that address illegality in the supply chain

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<sup>8</sup> UNECE/FAO, Forest Products – Annual Market Review 2016-2017 (Chapter 2).  
<http://www.uncece.org/forests/fpamr2017.html>

<sup>9</sup> CIS, also called the Russian Commonwealth, and including Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan

<sup>10</sup> These estimates have not been calculated more recently due to concerns about the accuracy of the methodology.

While at first glance, FLEGT-licensed timber and third-party certified timber may appear to be very similar, or even redundant, upon closer examination they are fundamentally different programs providing entirely unique benefits and assurances. In its very nature, third-party certification is a voluntary process that a land manager or manufacturer may opt-in or opt-out of at any time.<sup>11</sup> In comparison, the FLEGT-licensed timber results from a laborious, multi-year, government-to-government negotiation, usually not entered or exited with great ease or efficiency. This fundamental difference in government vs. non-governmental structures also greatly impacts the legal implications of each approach. The FLEGT and EUTR systems are focused on legality concerns and when FLEGT-licensing is approved it represents a government-backed statement attesting to the legality of the material. In other words, it is not just the manufacturer that is making a statement about the product; it is in fact the participating governments that are providing the proof. In contrast, the third-party certificates are issued within the framework of a private, contract for services agreement and any breach of that contract is subject to the enforcement clauses of the contract and applicable contract law for private exchanges.

The importance of the second difference listed above regarding temperate and tropical forests is related to the history of the development of responsible supply chains within the forest sector. In the 1980s and early-1990s, much of the concern about forest sustainability focused on interests in reducing the conversion of tropical forest areas to other land uses, including the expansion of slash-and-burn agriculture and the associated loss of rainforest. The FSC was started with a goal to provide a market-based mechanism to identify products coming from regions where forest products were being responsibly produced without using harmful practices. To date, the adoption of third-party certification has been limited in many tropical regions. As of 2017, about 2% of the certified forest area was in Africa, 3% in Latin America, and 4% in Asia. In some ways, the development of the EUTR and FLEGT in the 2000s was a response to the failure of third-party certification to effectively engage in addressing concerns about tropical forestry and the land conversion issues in developing regions of the world. The lack of certification in most of the tropical forest regions means exclusion of uncertified timber from some due diligence systems. According to the Independent Market Monitoring project (IMM)<sup>12</sup>, “the market interaction between FLEGT licensing and other verification systems is not only dependent on their relative geographic coverage, but also on their perceived level of assurance, both with respect to the credibility of auditing procedures and the content of standards” (ITTO IMM, 2017).

The third major difference addressed the scope of the programs and what they are designed to address and influence within sustainable forestry operations. The third-party forest certification programs are known for their comprehensive standards that address everything from legality concerns to worker rights, endangered species, water quality protections, reforestation, research and monitoring. In contrast the activities of FLEGT

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<sup>11</sup> In fact, one of the challenges in sourcing third-party certified timber is determining if a valid certificate is in place to cover the transaction. While most third-party certificates are issued for a five year period, the annual surveillance audits may result in a suspension or the certificate holder may choose to voluntarily withdraw. The certification programs maintain online databases to allow interested parties to search for valid certificates as well as any violations or suspensions.

<sup>12</sup> FLEGT Independent Market Monitor. [www.flegtimm.eu/](http://www.flegtimm.eu/) and [www.itto.int/imm/](http://www.itto.int/imm/)



are more limited in scope and focus on measures of legality. The approaches are very different and they represent both the strength and weakness of each. The holistic standards of third-party certification are admirable and appropriately reflect the complexity of responsible forestry; however, in practice they have been difficult to audit consistently or implement effectively. Given the wide variability in forest management operations, third-party certification necessarily accommodates a range of interpretations and some levels of nonconformance (or non-applicability) within the standard. These are appropriate considerations given the nature of the work and the breadth of the standard, but it has led to confusion and inconsistency throughout the certification systems from landowners to manufacturers to stakeholders. While a holistic sustainability standard is a worthy goal, it is not generally compatible with establishing a highly credible system of auditing and certification. In contrast, the FLEGT focus on legality, both within the elements of the action plan and as the foundation of the VPA, is appropriate for a government-based program and manages to address one of the most concerning and harmful practices undermining sustainable forestry today. However, without broader consideration of the environmental issues it is unable to address the greater challenges.

These three differences as well as a number of additional distinctions to consider are summarized in Table 1.

**Table 1. Characteristics of FLEGT-Licensed Timber and Third-Party Certified Products**

<b>Characteristic</b>	<b>FLEGT-Licensed Timber</b>	<b>Third-Party certified Products</b>
Government-Based Program	Yes	No
Voluntary, Private Market Program	No	Yes
Applicable to <i>Temperate</i> Forest regions	No	Yes
Applicable to <i>Tropical</i> Forest regions	Yes	Yes
Addresses Legality	Yes	Limited
Addresses Economic Sustainability	Limited	Yes
Addresses Social Sustainability	Limited	Yes
Addresses Environmental Sustainability	Limited	Yes
Direct Costs Borne by	Government/Public	Business/Landowners
Consensus based standard	Via government process	Via private sector process
Public reporting	Yes	Yes
Harmonized with laws and trade policies	Yes	No
On-Product Label	No	Yes

## How have certification systems changed/improved to ensure legality?

One of the responses to the increased scrutiny of legality claims and requirements has been the expansion of “risk-based” approaches. The FSC program has implemented a Controlled Wood System and the PEFC has a Due Diligence System to exclude controversial sources. Just as FSC and PEFC push each other to higher standards, FLEGT-licensing and the 2013 EUTR pushed the systems to incorporate legality assurance. The EUTR requires due diligence for the operators that first place timber on the EU market, i.e. the importers. In due diligence systems, use of FLEGT-licensed timber reduces the need to prove legality, which is a market driver for the licensed timber. The PEFC chain-of-custody system for tracking materials throughout the supply chain has been revised to align with EUTR requirements.<sup>13</sup> The FSC has also taken measures to meet the requirements for the regulations within their standards.<sup>14</sup>

### How does FLEGT/EUTR relate to the Lacey Act?

While the EU has FLEGT and the EUTR, the US has the Lacey Act. In 2008, the US Lacey Act of 1900 was amended to include timber and timber products. It became the premier legislation against illegal logging through banning imports of illegal timber and timber products. The Lacey Act Amendment (LAA) imposes uniform requirements throughout the US wood supply chain (timber importers, traders, processors, middlemen, wholesalers and retailers). This is a distinct difference from the EUTR, which only places the responsibility for legal imports on the first importer into the EU. The amendment resulted from a broad consensus between the timber industry, environmental organizations and the US government – all parties agreed that the law would benefit the legal timber trade.

The LAA prohibits any person from importing, exporting, selling, receiving, acquiring or purchasing any plant or plant product (e.g. wood or paper product), knowing that it was taken, possessed, transported or sold in violation of existing laws or regulations. The Act extends to operators abroad with the possibility for prosecuting non-US citizens. The LAA also prohibits false labeling of goods. Recent legal analysis by the Environmental Investigation Agency (EIA) has suggested that the interactions between the EUTR and LAA create new risks and liabilities in trade from the EU to the US because the LAA prohibits timber being sold in violation of any foreign law, including any violation of the EUTR and its due diligence requirements (<https://www.global-traceability.com/analysis-eutr-and-lacey-act-legal-implications-for-timber-industry/>). The LAA suggests that companies which trade, use and/or market timber apply “due care” to ensure compliance. This is different than EU and Australian legislation, where there are specific requirements for a “due diligence” system (explained below). Due care is a concept developed in the US legal system that means the degree of care that a reasonably prudent person would exercise under the circumstances. Therefore, it recognizes varying degrees of knowledge among different operators.

The Act has clear, progressive penalties. The severity of LAA penalties and sanctions vary according to an offender’s awareness of the illegality of a given action. The value of the goods also affects the severity of punishment. Sanctions and penalties range from small fines and possible forfeiture of the goods, to a felony level fine of US\$ 500,000 (or twice the maximum gain or loss from the transaction), a possible prison sentence of up to five years, and forfeiture of the goods.

For additional discussion of the Lacey Act, see the Dovetail Report, *Understanding the Lacey Act* available at: [http://www.dovetailinc.org/report\\_pdfs/2013/dovetaillaceyact1113\\_0.pdf](http://www.dovetailinc.org/report_pdfs/2013/dovetaillaceyact1113_0.pdf)

<sup>13</sup> See: <https://www.pefc.org/certification-services/eu-timber-regulation>

<sup>14</sup> See: <https://ic.fsc.org/en/for-business/fsc-and-timber-regulation>

## **What are other countries doing and what is the role of international trade agreements?**

The EU and the US are not the only countries that have timber legality assurance policies. Australia, Japan and South Korea also have policies. Australia's Illegal Logging Prohibition Act of 2012 promotes the trade of legally logged timber and timber products. The Act considers "intentionally, knowingly or recklessly" importing or processing illegally logged timber a criminal offense. In order to be in accordance with World Trade Organization rules, like the EUTR, the Australian Act covers timber harvested nationally and internationally. The legislation only places requirements on Australian businesses, and importers are required to practice and prove due diligence. Australian businesses must practice due diligence "to assess and manage the risk that the timber or timber products they are importing for processing has been illegally logged." The Australian Act is designed to complement EUTR and the Lacey Act.

The Japanese legislation specifically addresses illegal timber trade. The Japanese Government introduced a Green Purchasing Law in 2006 to ensure that domestic companies import legal and sustainably produced timber products. Japanese importers voluntarily certify, according to various methods, the legality and sustainability of wood and wood products (Goho-wood, 2017). Due to their voluntary nature, Japanese rules are viewed as weaker than those of the US, EU and Australia.

South Korea established in 2012 the Act on the Sustainable Use of Timber. The Act includes measures against illegal timber being traded and used in South Korea (Statutes of the Republic of Korea, 2017). A voluntary due diligence option is in development.

China is in the process of developing a legal verification policy that has been in a long experimental stage. Although some local industry associations have started to introduce their own verification programs, they lack resources, credibility, and transparency needed for wide acceptance by the marketplace, especially in international markets. The EU extends its FLEGT program objectives to assist countries such as China and India, which are major tropical timber importers, to ensure legal trade.<sup>15</sup>

There are also opportunities to address considerations for responsible sourcing within trade agreements. As has been recently reported by World Resources Institute (WRI), the Trans-Pacific Partnership (TPP) negotiations offer an opportunity to include restrictions on the trade of timber harvested in violation of the law.<sup>16</sup> When the US was a participant in the negotiations, the use of the language that is aligned with the Lacey Act was proposed which would require all applicable laws to be followed in the trade of timber, including laws within the signatories' countries as well as laws within any other country(ies) where the timber was harvested or traded. However, without the US currently engaged in the negotiations, this broader definition of legality is no longer being considered.

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<sup>15</sup> Since countries like China and India are not tropical timber producing countries, they cannot have a VPA. Instead the FLEGT Facility implements "Bilateral Coordination Mechanism" with these countries about the benefits of importing legal and sustainable timber.

<sup>16</sup> <https://www.wri.org/blog/2018/03/us-out-tpa-so-are-measures-curb-illegal-logging>

## **The Third Wave**

Whether via voluntary programs, local or national regulation, or multi-national negotiations – there is more than one-way to advance the case for responsible sourcing and sustainable forestry.

With both voluntary programs and regulatory programs, there is the problem of the “weakest-link”. The efforts are only as effective as the level of participation and the ability to ensure consistency across participants. Certification programs and government programs have both moved toward “risk-based approaches” that rely on access to information, monitoring, and auditing. The government programs benefit from have much greater authority to enter into and enforce agreements – they have more “carrots and sticks” to work with. However, the government programs rely heavily on government-to-government negotiations that are neither easy nor efficient and that are vulnerable to changes in political leadership and societal conditions. The government-based efforts may lack grassroots engagement and public support. The voluntary programs may have wider support and consumer-driven momentum, but they are limited in their authority and enforcement tools. The voluntary programs may benefit from being able to go where opportunity presents itself and to move quickly at times.

In recent years, there has been a trend toward more government involvement to define responsible behaviors in the marketplace and this is “raising the bar” for what is acceptable common practice. To continue to make progress, it is necessary that the voluntary programs that have heretofore been focused primarily on their own development and advancement shift attention to support government-based efforts and partnerships to achieve broader participation in stronger multi-national agreements that extend the capacity and benefits of these regulatory systems. It is increasingly important that public and private sector interests collaborate to strength regulatory capacities and to pressure more nations to participate in policy changes and commitments to improved responsible sourcing.

## **The Bottom Line**

FLEGT-licensing has changed the dynamics of forest and wood products certification. Although as of mid-2018 only one country has achieved FLEGT licensing, the prospect of more, coupled with the EUTR requirements has raised the bar for international certification systems. The EUTR necessitated due diligence, which usually means establishing a rigorous information gathering, risk assessment and mitigation system. Now the appearance of FLEGT-licensed timber on the EU market has the possibility of reducing the reliance on due diligence systems. It will be a long time, if ever, that FLEGT-licensed timber will fulfill the tropical timber needs of the EU. In the meantime, there are opportunities for certification, licensing, and other international agreements to work together to advance responsible sourcing.



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528 Hennepin Ave., Suite 703 Minneapolis, MN 55403 USA

[info@dovetailinc.org](mailto:info@dovetailinc.org) | **Phone:** +1 612-333-0430 | **Fax:** +1 612-333-0432

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