

# Greenpeace response to the EC Online Consultation

## Additional Options to Combat Illegal Logging and Associated Trade

### Background Paper

#### 1. INTRODUCTION

During the past decade there has been increasing awareness of the impact of illegal logging on the environment and on the development of affected countries. A key event which brought the issue on to the international agenda was a high level meeting on Forest Law Enforcement and Governance (FLEG) held in Bali in 2001. This was the first of several regional [FLEG processes](#) organised by the World Bank.

Building on an announcement by Commissioner Nielson in 2002 at the World Summit on Sustainable Development, the Commission adopted an [EU Action Plan for Forest Law Enforcement, Governance and Trade \(FLEGT\)](#) in May 2003. The Council of the European Union supported the Commission's proposal in October 2003. The European Parliament considered the FLEGT Action Plan in January 2004.

A key element of the EU FLEGT Action Plan was the proposal to establish a voluntary system to ensure that only legally harvested timber is imported from countries agreeing to take part in this scheme by entering into FLEGT Voluntary Partnership Agreements (VPAs). The Commission submitted a Proposal for a Council Regulation in 2004 concerning the establishment of a voluntary FLEGT licensing scheme for imports of timber into the European Community. The Regulation was adopted by the Council in December 2005 as [Council Regulation 2173/2005](#). It establishes a Community set of rules for the import of certain timber products from partner countries for the purposes of implementing the FLEGT licensing scheme. The licensing scheme shall be implemented through Voluntary Partnership Agreements with timber-producing countries. The Council also agreed a mandate for the Commission to negotiate FLEGT VPAs with interested countries on behalf of the European Community. During 2006 there have been a number of informal consultations with potential FLEGT partner countries. Two countries – Malaysia and Ghana – have formally agreed to start to negotiate such an agreement with the European Community.

It was apparent from the start that the bilateral approach proposed by the Commission could potentially be circumvented, and did not provide the EU with a means to address illegal logging and related trade from non-FLEGT partner countries. Thus, in its 2003 Communication on an EU FLEGT Action Plan, the Commission stated that it would undertake an analysis of the options for, and the impact of, further measures, including, in the absence of multilateral progress, the feasibility of legislation to control imports of illegally harvested timber into the EU and report back to the Council. Specific questions to be addressed would include the possibilities to enforce such rules, procedures for distinguishing legal from illegal timber arriving from countries which are not participating in the voluntary licensing scheme; and how to treat shipments of wood from non-partner countries which are suspected to be of illegal origin.

The Council of the EU and the European Parliament have recalled this commitment in formal Conclusions and Resolutions. In the intervening period a number of studies have been carried out by EU Member States providing an analysis of their national legislation of relevance to excluding illegal timber from EU markets. Some of these studies also discuss the feasibility of additional legislation, either at EU or Member State level. Think-tanks and environmental NGOs have also provided substantial inputs on potential further measures. Click [here](#) for further information.

In view of the considerable existing work carried out to date, the Commission has decided to submit to the public for discussion the main additional options that have been identified to combat illegal logging and its associated trade in the EU. The basic premise of this consultation is that the EU wishes to strengthen efforts to combat illegal logging by assuming its responsibility as a potential important market for illegally harvested timber. The EU also wants to ensure that there is a level playing field for those producer countries committed to good forest governance and trade in legally harvested products. In this context the consultation's objectives are on the one hand to examine the necessity of additional measures and on the other hand to identify the appropriateness and feasibility of such measures.

### 3. ANALYSIS OF EXISTING LEGISLATION

#### 3.1 UNDERLYING ISSUES AFFECTING THE USE OF EXISTING LEGISLATION

According to the studies carried out to date, the effectiveness of existing legislation is affected mainly by the following underlying issues:

##### 3.1.1. Definition of illegal timber and timber products

According to the FLEGT Action Plan, illegal logging takes place when timber is harvested in violation of the laws of the country of origin. There is a range of illegal practices associated with logging and timber trade that can cover a number of types of offence. Thus there is no single definition of what constitutes illegal logging. Based on the notion of 'illegal' a variety of provisions from national penal, civil or administrative codes could be relevant, including theft, receiving/handling of stolen goods, tax evasion etc. Some of these offences are likely to be covered by equivalent legislation in different countries, but other offences, such as exceeding the quota allowed for harvesting of timber in a parcel of forest, may be subject to administrative rather than criminal penalties and not have equivalent status in both jurisdictions.

The FLEGT Voluntary Partnership Agreements allow for the EU and country concerned to agree on the scope of national legislation to be taken into account to identify "legal timber". In the absence of such negotiations any potential overarching EU legislation aimed at tackling trade in illegally harvested timber would probably need to include some form of definition of illegal logging. This would need to be flexible enough to allow for variations in national legislation, yet precise enough to provide a degree of legal certainty on the scope of the legislation.

##### 3.1.2. Establishment of a physical link between timber and timber products with an illegal act

The most important constraint to successfully act against trade in illegally harvested timber appears to be the difficulty in identifying the illegally harvested timber or timber products in the EU market. Legal action related to illegal logging in a third country will generally require demonstration of a direct link between a shipment or item of timber and the illegal act in the third country.

Physical properties: Trade is regulated for a limited number of tree species which are listed under the Convention on Trade in Endangered Species (CITES) Appendices. However, other than these species it is not possible to tell from the physical appearance whether a log or product made from timber is the result of legal or illegal logging.

Origin: The origin of timber and timber products is determined for Customs purposes following general rules in the Community Customs legislation. Under these rules the origin of timber products is the country where the product has been obtained from trees grown there or the place of last substantial transformation. For products in the latter category it is not possible to determine where the timber originally came from, i.e. whether before processing the timber was from the same country or was imported. Voluntary forest certification systems do allow the origin of timber to be traced back to a given forest, but there is no requirement for this level of traceability in statutory legislation. Thus it can be difficult to identify the country of origin of timber used in the manufacture of a product, let alone the area where it came from in the country of origin. Currently there is no obligation to submit a declaration of origin where an importer does not wish to or is not eligible to benefit from a preferential tariff related to a country of origin.

##### 3.1.3 Proof of Legality or Illegality

An additional issue in the establishment of a link between an illegal activity and a shipment of timber is that, in addition to the establishment of a physical link, it also requires a determination that the timber was harvested or obtained illegally. This could for example require (i) notification by the relevant authorities of the country where the trees were grown or (ii) the establishment of an offence through a court process in the country importing the timber, using evidence such as witnesses and taking into account the relevant legislation of the country where the offence was alleged to take place.

The first option is the simplest, but the poor governance conditions that contribute to illegal logging generally, as well as conflicting and inadequate laws would also affect the ability of a country to engage in international cooperation on administrative and customs related matters. The second option is possible provided that the offence –administrative or criminal- is established as such in the laws of the importing country. However, enforcement and/or judicial authorities may be reluctant to engage in a complicated and expensive process given their other priorities, such as control of drug trafficking.

Where mutual administrative assistance agreements do not exist it may difficult and time-consuming to obtain the flow of information or level of cooperation necessary to prove an illegal act.

## 3.2 CRIMINAL AND CIVIL LAW

### 3.2.1. Criminal Law

Illegal logging activities can constitute a number of criminal offences, such as receiving/handling of stolen goods, theft, bribery, fraud, corruption, smuggling and where illegal proceeds are generated, money laundering, whether being committed inside or outside the country of origin. In such a case it needs to be proven that the timber imported to the EU market is associated to a crime under the local law plus that the importer knew or should have known that the timber he bought and imported was harvested or imported in breach of the local laws.

### 3.2.2. Civil Law

The use of civil proceedings provides at least in theory an easier route than criminal proceedings in terms of the burden of proof and the level of knowledge/belief. The standard required –although not exclusively- is that the case is more likely to be true than not, while it is not necessary to demonstrate knowledge or belief of the importer. A hypothetical civil case of illegal logging would be harvesting and exporting timber without consent of the forest owner. The claim in that case has to be brought by the legal owner against the importer or the purchaser. However there would still be a need for evidence of the wrongful act and proof that the timber is associated to that act, while the issue of the applicable law would be raised.

## 4. OPTIONS

Bearing in mind the difficulties in utilising current legislation outlined above, the following options describe possible actions to address illegal logging and related trade. For each of the options a number of questions are posed to which you are invited to reply.

### Additional Options to Combat Illegal Logging

#### 1. FLEGT Voluntary Partnership Agreements

The first option is to vigorously pursue the bilateral approach proposed under the FLEGT VPAs. With the adoption by the Council of a Regulation and authorisation to negotiate FLEGT Voluntary Partnerships at the end of 2005, the Commission is now commencing negotiation of FLEGT Voluntary Partnership Agreements with interested countries. Among the countries that have expressed interest in such VPAs are Malaysia, Indonesia, Cameroon and Ghana, while a number of other countries are considering as well. The emphasis in the FLEGT Partnerships is on a collaborative approach. FLEGT Partnerships will provide for capacity-building in addition to providing a legal framework to ensure that only legally harvested timber enters the EU from FLEGT Partner countries. Such capacity-building could include training, in particular for those involved in timber trade and converting.

While the FLEGT Partnership approach should provide considerable advantages to partner countries in terms of environmental protection, improved governance and image in the market place it must be recognised that some important forest product exporters to the EU may not wish to enter into such an Agreement, at least not immediately.

In a situation where there are countries with FLEGT Agreements with the EU and others without such agreements there is a risk of circumvention. In addition to direct exports from non FLEGT VPA countries, illegally harvested timber could be trans-shipped from FLEGT VPA partner countries through non-partner countries and avoid legality licensing.

**1. Do you feel that the FLEGT Partnerships will be sufficient to ensure that illegally harvested timber does not enter the EU market? (optional)**

Yes

No

Don't know

**2. Is it premature to consider further measures before the bilateral FLEGT approach has been fully implemented and before the full range of countries interested in concluding such partnerships become apparent? (optional)**

Yes

No

Don't know

3. Would further legislation undermine progress or interest in the collaborative FLEGT Partnership Voluntary Agreement approach as countries might put discussion on this approach on hold in anticipation of a different regulatory framework? (optional)

Yes  No  Don't Know

4. Would additional legislation provide a positive incentive to those considering entering a FLEGT Voluntary Partnership Agreement? (optional)

Yes  No  Don't know

5. Would additional legislation help ensure a level playing field in the market and avoid problems of third country circumvention? (optional)

Yes  No  Don't know

6. If VPA partner countries were to introduce measures to ensure legality of timber entering or leaving their own supply chains would this deal adequately with circumvention concerns? (optional)

Yes   No  Don't know

#### Private Sector Voluntary schemes

Various European and national wood-based industry and trade federations involved in the forest product sector have established policies and codes of conduct to help eliminate illegally logged timber from their supply chain (e.g. in Belgium, Denmark, France, Germany, Netherland, Spain, UK). Training is generally required for these policies to be effective. Some policies have compliance mechanisms built in while others do not. Similarly reporting and third party scrutiny requirements vary. Furthermore some major companies have corporate policies based on International Standards Organisation (ISO) standards which are intended to ensure that the timber they buy is traceable and complies with company policies, including legality of supply. Such private sector systems may be recognised within the FLEGT Partnership Agreements if they provide equivalent guarantees to the more general FLEGT licensing schemes established in these agreements. Furthermore a number of banks have established policies aimed at ensuring their forest sector clients deal in legal and sustainable timber.

7. Should the European Commission encourage the strengthening of such policies, for example by the use of a voluntary agreement or a Commission/Council recommendation? (optional)

Yes   No  Don't know

8. Would this achieve most if not all of the results that a legislative proposal could achieve? (optional)

Yes   No  Don't know

9. How could it be ensured that such measures apply to all companies in a sector and not just those in federations or other bodies with policies or codes of conduct on illegal logging? (optional)

**Answer to the questions 7 to 11:** Although there is nothing to prevent the European Commission and the Council from further encouraging the strengthening of private voluntary schemes and codes of conduct on illegal logging, Greenpeace states clearly that these measures alone will not prevent illegal and destructively logged timber from entering the EU market place. Although certain private initiatives have merits, some of them have serious shortcomings with regards to their reliability, performance and enforcement. Rather than asking how to ensure that such measures apply to all companies in the sector, the European Commission should acknowledge the limits of self regulation in the forestry sector.

Private sector voluntary measures were launched more than a decade ago with the aim to:

- Restore the confidence of purchasers following high-level scandals,
- Respond to consumer demand for eco-labelled products,
- Adapt to a new regulatory framework, such as the implementation of an ecologically and socially responsible public purchasing policy in certain EU member states,

Greenpeace has analysed the impacts of private initiatives in the forestry sector and considers that they have not been fully effective for the following reasons:

**Codes of conduct** : Codes of conduct have been introduced by a number of trade bodies who advise their members to adopt responsible purchasing practices. However, these codes have turned out to be weak, mostly due to the fact that little effort has been made to ensure enforcement. Environmental NGOs have frequently exposed companies that are in breach of such codes of conduct (see footnote 1).

Another problem is that these codes are not mandatory. For example, the UK TTF's Responsible Purchasing Policy only becomes mandatory when 51% of its members sign up in support of it. Consequently, more regressive members are still able to sell timber from dubious sources. This, in turn, is a real disincentive for the most progressive signatory companies. Out of frustration, companies such as Timbernet and Travis Perkins have decided to quit the UK TTF (making it less and less likely that the code will become mandatory).

Greenpeace recognises that codes of conduct have a certain value. They disseminate information on best practices in the forest industry, but beyond this their use is limited. Codes of conduct should not be considered a substitute for legislation. These codes preach to the converted, but fail to have a real impact on the "black sheep" and the free-riders in the industry. Civil society has launched a number of "Name and Shame" campaigns over the years against companies involved in criminal activities. However, these campaigns are not enough to deter some companies from engaging in illegal practices. Public authorities must assume responsibility to set up clear rules in order to stop impunity and to put a definitive end to the problem of illegal logging and associated trade.

**Voluntary Private Certification Schemes** : Since the 1990s, voluntary private certification schemes have flourished on the market. Over the past 12 years, over 84 million hectares in more than 82 countries have been certified according to FSC standards, while several thousand products are produced using FSC certified wood and carry the FSC trademark. FSC operates through its network of National Initiatives in 39 countries ([www.fsc.org](http://www.fsc.org)). FSC is by far the most reliable eco-certification system and the best guarantee of legality on the market. The fair and equal representation of all stakeholders, including civil society organisations, in the decision-making process, ensures the constant improvement of this system.

Unfortunately, next to this private market initiative, a large number of other private certification schemes have been set up which contain serious flaws, such as low environmental standards, they fuel social conflicts and ignore indigenous peoples' rights. Schemes of particular concern are the Malaysian Timber Certification Council (MTCC), the US Sustainable Forestry Initiative (SFI), the Canadian Standards Association (CSA) and certain national schemes recognised under the Programme for the Endorsement of Forest Certification (PEFC) (see footnote 2). Furthermore, many of the operating systems behind these schemes are weak and cannot guarantee compliance with the requirements established for the voluntary FLEGT licensing scheme, namely the independent monitoring of forest management practices, third party verification of legality throughout the supply chain, and the engagement of civil society.

Considering the shortcomings, Greenpeace has expressed its opposition to the future licensing FLEGT system being based on these schemes as they are now. Likewise, Greenpeace has raised concerns following the acceptance of some of these schemes by some EU Member States as a sufficient proof of legality in the context of the EU green public procurement policy for wood products. Greenpeace considers that, by adopting such decisions the EU not only disregards its international commitments, but also continues to fuel the destruction of biodiversity with public money and risks duping European consumers.

#### **Conclusion :**

Although certain private initiatives have some positive aspects, Greenpeace considers that the self-regulation approach of the forestry sector which the EU has been encouraging for more than a decade, has not proven to be an effective policy in limiting illegal and destructive timber products from entering the EU market, and it is unlikely to do so in the future. The option of further encouraging these kinds of market instruments would not resolve the performance, reliability or enforcement-related problems that have been previously described. Such an option would not lessen the weaknesses of the European regulatory framework or the VPA's that have already been recognised by the Commission in the EU FLEGT Action Plan (see answer 41 for further clarification).

Private instruments do not have the scope or the clout to ensure compliance. Adopting further legislation is the only way to create a level playing field and to reward the efforts undertaken by environmentally progressive companies. This opinion is shared by over 70 progressive companies including B&Q, UK TTF, Habitat (UK), Castorama (France), IKEA and Skanska International (Sweden), Unital (Union of Italian Industries of Wood Furniture), JYSK Nordic (Denmark), VVNH (The Netherlands) and Puertas Luvipol (Spain), which have called on the Commission to introduce legislation that will lead to clear rules in Europe for fair competition and sustainable markets (footnote 3).

If the European Commission were to choose an alternative option, a very negative signal would be sent, particularly to the private sector in countries that trade and export timber and timber products to the EU. The European Commission would show that it accepts on the European market an unclear and unfair situation, which penalises the more responsible companies.

(Footnote 1 : In The Netherlands, the Dutch Association for Wood Trade's - Vereniging Van Nederlandse Houtondernemingen VVNH - code of conduct states that members should not trade in illegal timber. Although this code of conduct is signed by all the members of the VVNH, a majority of members still purchase timber from Indonesia, knowing that almost none of their supplies can comply with the law . An arbitration system should result in penalties in case of non-compliance to the code of conduct, but this is rarely the case in practice. For example, in 2004, the Independent Observer in Cameroon reported in an official report illegal logging by a Dutch logging company GWZ (Global Witness, SIGIF exercise 2002/2003), but the company was not convicted because of the supposed lack of evidence that the illegal timber was being imported into The Netherlands.)

(Footnote 2 : Milieudefensie, Greenpeace Netherlands, ICCO, IUCN-NL, NCIV and WWF, (2006) "Legal forest destruction", See at : [http://www.milieudedefensie.nl/globalisering/publicaties/rapporten/Legal\\_Forest\\_Destruction.pdf](http://www.milieudedefensie.nl/globalisering/publicaties/rapporten/Legal_Forest_Destruction.pdf))

(Footnote 3 : FLEGT Industry Statement can be downloaded at : <http://www.greenpeace.org/raw/content/international/press/reports/FLEGTIndustry.pdf>)

10. What would be the advantages of the Commission relying on private sector codes to address the problem? (optional)

(see response question 9)

11. What would be the disadvantages of the Commission relying on private sector codes to address the problem? (optional)

(see response 9)

12. Do you agree with the argument that the private sector in countries trading in and exporting timber and timber products to the EU could be influenced positively in terms of ensuring supply of legally harvested timber? (optional)

Strongly agree

Agree

Strongly disagree

Disagree

Don't Know

13. What would further strengthen the impacts of these measures? (optional)

To further strengthen the impact of private initiatives, Greenpeace recommends that the European Union adopts additional legislation.

In December 2004, Greenpeace submitted a draft legislative proposal to the European Commission. This proposal was assessed by two institutes – the Institute for European Studies of Brussels Free University (Belgium) and Royal Institute of International Affairs (Chatham House,UK) – which both concluded that the draft proposal would be feasible and WTO compatible (footnote 4).

In response to this questionnaire, Greenpeace has made additional recommendations on the scope and possible features of a future EU law (see responses to the questions 16 to 46).

To sum up, Greenpeace recommends the adoption of European legislation that recognises that the import and sale of timber and timber products harvested in breach of international law and the laws of the various timber-producing countries constitute a criminal act. Under this law, companies should be required to demonstrate that timber and timber products placed on the EU market come from legal sources. Companies should also be required to provide evidence of the geographical origin (country, place of extraction) and its Latin denomination to avoid any further confusion. With a view to ensure legal certainty, Greenpeace urges the European Commission to define a general legality standard for the European market, which includes aspects of ecologically and socially responsible forest management (see answer no. 42) and to clearly determine what requirements are needed to be fulfilled as evidence of legality (see answer no. 21). Ultimately, Greenpeace is convinced that any effective legislation should be cost-effective, fair, involve civil society organisations and include deterrent sanctions (see answer No 41)

In the rest of this document, we will often refer to this legislation as "option 4B +" (as it is presented on this questionnaire) because it has option 4B at its core, but also takes additional features from option 3 and 4A.

According to Greenpeace, the adoption of such legislation would consolidate and support existing best practices against illegal logging and associated trade. The adoption of such legislation would also create a more level playing field that would ensure progressive companies a good return on their investments in the implementation of effective Chain of Custody (CoC) systems and Sustainable Forest Management practices.

More precisely, Greenpeace foresees adopting legislation would have the following three positive outcomes:

- i) It would oblige all companies operating on the European market to implement a verifiable chain of custody for their timber and timber products. Up till now, CoC certificates only have covered a fraction of overall trade, despite an increase by approximately 20% in 2005, (7,200 certificates world-wide). Today, less than 7% of the global forest area is eco-labelled and less than 5% of tropical forests are managed sustainably(UNECE, 2006).
- ii) An EU law fast tracking implementation of a CoC system, combined with the adoption of a strong legality standard including aspects of ecologically and socially responsible forest management (see response 42), would facilitate the step from compulsory compliance with laws to voluntary certification for sustainable forest management, therefore rapidly increasing the percentage of eco-labelled products. In countries outside the United Nations Economic Commission for Europe (UNECE) region, it is estimated that almost all companies holding a CoC certificate, obtained their eco-label from the Forest Stewardship Council (FSC).
- iii) It would have a deterrent effect on black sheep companies and free riders, which continue to operate in breach of codes of conduct, and have based their economic model on illegal and destructive practices or have not invested in effective mechanisms to control their responsible purchase of timber. Legislation would strengthen the corporate image and the economic base of those companies that have scrupulously respected the codes of conduct and best forest management standards.

(Footnote 4 : IES study available for download at : <http://eu.greenpeace.org/downloads/forests/IESstudy.pdf> ; Chatham House study available for download at : [http://www.illegal-logging.info/papers/Add\\_options\\_030406.doc](http://www.illegal-logging.info/papers/Add_options_030406.doc))

#### 14. In what ways could the European Community encourage, complement or strengthen the take-up of private sector initiatives? (optional)

Greenpeace considers that the European Community could carry out at least two actions to encourage better private initiatives. The first of these possible initiatives would be a tax regime which favours wood products that have been produced respecting the highest ecological and social standard. Such a regime would make ecological products more competitive.

The EU could also give privileged market access to eco-labelled imported products that respect the same criteria (especially when they come from VPA partners). These measures could very much encourage the private sector and the producing countries (especially VPA countries) to take a further step from a compulsory compliance with laws towards a system of voluntary certification for sustainable forest management.

#### 15. To what extent are private sector purchasing policies in the EU changing the market and requiring verification of legality? (optional)

To a large extent

To a limited extent

Not at all

Import Ban

There have been calls for new EU legislation to prohibit the import of illegally harvested timber. The focus on imports is based on the understanding that within the EU the incidence of illegal logging is low (though not totally absent) and that most of the illegal logging observed occurs outside the EU. In order not to unduly disrupt trade any such import ban system would probably rely on the determination of the "legality" of a shipment to be done rather quickly at the time of importation, presumably through documentation. It would be possible that this type of approach could provoke other countries to implement similar measures for EU exporters.

16. Do you think that such legislation could be implemented in a non-discriminatory manner? (optional)

Yes No Don't know

17. Do you think that such legislation would be proportionate to the problem? (optional)

Yes No Don't know

18. Would border controls provide a reliable mechanism to establish the legality of shipments of timber or timber products? (optional)

Yes No Don't know

19. What would the impact of such legislation be on the economic viability of the forest sector within the EU? (optional)

Referring to question 16, Greenpeace considers that a European legislation that prohibits the import of illegal timber will be non-discriminatory as long as the same rules are applied to domestic and international products, as well as imports and exports (see also point 41 for further clarification on the compliance of the European legislation with the good faith, proportionality and non-discrimination principles).

If European legislation (as described in point 13- the 4B+ option) was adopted, Greenpeace considers that there would be multiple benefits for the forestry sector in general. The EU law would :

- Establish a level playing field, guaranteeing fair competition and healthy economic development for companies operating on the European market,
- Increase transparency in the market and enhance the image of wood as an ecologically and socially responsible material, against other materials used in the construction industry, such as energy intensive materials (e.g : steel),
- Set up a clear regulatory framework that on the one hand obliges "Black sheep" companies to modify their practices to avoid criminal and economic sanctions under the law, and on the other hand rewards companies that invest in best practices and who are already ensuring the proper enforcement of high social and environmental standards on the ground,
- Raise European consumers' confidence, which in turn may impact positively on the market share of timber and timber products,
- Increase the viability of the forest sector in the long-term, with the transition from an intensive and destructive logging activity over a short period of time, to a model based on ecologically and socially responsible forest management.

Furthermore, Greenpeace is convinced that the legislation would:

- Enhance the fight against illegal activities within the EU that exist in countries such as Bulgaria (with 45% of illegal activity, WWF 2005),
- Stop the price depreciation in timber and timber products, and preserve the economic viability and employment in the forest sector within the EU, in line with the objectives of the Lisbon Agenda. Legislation will put an end to unfair competition resulting from price dumping. Thus, small European forest owners will benefit from the exclusion of products deriving from illegal and destructive logging. Considering that these small forest owners are already familiar with the instruments for forest management and CoC certification, the systems may have to be adjusted to the requirements of the EU law, but not reinvented. This factor should not be neglected by the EU in its analysis of the costs and benefits of the law.

20. What would the impact of such legislation be on the economic viability of the forest sector outside the EU and on relations with our main trading partners? (optional)

Apart from the benefits outlined above-, Greenpeace considers that the adoption of legislation (as proposed in point no. 13) combined with the strengthening of the current VPAs and increased financial assistance and incentives, would have a positive impact on the economic viability of the forest sector outside the EU, in particular in developing countries. In general, it would be very beneficial for EU trading partners and the international community. This is particularly important given the huge ecological, social, economic and political impact that illegal and destructive logging has world-wide. Greenpeace anticipates the following benefits :

- The combination of EU law and VPAs will contribute to the protection and sustainable use of countries' wealth in natural resources. It will also increase development opportunities. The rapid increase in value and prestige of production, through legality licensing and voluntary eco-labelling, should maintain the competitiveness of the forest sector. Furthermore, legal and sustainable forest logging will increase tax revenues in developing countries, which added to the increased financial assistance and economic incentives of the EU and international community, would allow such governments to invest more resources in developing sustainable alternatives to large scale industrial logging, thus creating more employment and safeguarding the long-term economic interests of the country. This is particularly appropriate for countries like Indonesia. At the moment, many wood processing companies rely on timber from unknown (and possibly illegal) sources because their own concessions do not provide sufficient amounts of timber. This is not an economically viable situation; companies already fall short on timber supplies and this situation is expected to deteriorate in the coming years. It can be resolved by shifting from a « boom and bust » forestry model (intense logging activity for a few years and then the logged over area is abandoned) to ecologically and socially responsible forest practices, and by investing in alternative economic activities compatible with sustainable development.
- Initially, the setting up of new rules by the European authorities will certainly oblige the market to adapt, and we can expect that there will be short-term transition costs that will have to be covered by the market. Nevertheless, these short-term adaptation costs are expected to be small compared to the significant economic losses caused by illegal and destructive logging across many sectors of the forestry industry. For example, it is estimated that illegally harvested logs can be as much as 50% cheaper than legal logs. A large share of these logs are exported to major consuming markets and countries specialised in wood processing, such as China and India. These trade flows, which account for more than 6% of the total value of the international trade in timber products, have a significant economic impact on the forest sector. They contribute to a depreciation of around 7 to 16% depending on the category of the product (OECD, 2007). Such costs must be form part of the equation of any cost-benefit analysis,
- The adoption of a control mechanism on the European market will enhance the ability of countries with forest governance problems to deal with illegal logging in their territory. The European legislation will oblige the forest sector to become more transparent, which will facilitate the fight against corruption, tax evasion and money laundering. The economic impact could be extremely positive if we take into account that illegal activities account for a loss to forest-rich countries of at least US\$ 15 billion per year - a tenth of the value of the timber trade world-wide (World Bank),
- The application of principles of responsible forest management could lead to a significant improvement of the working conditions in the forest sector, as well as the living conditions of the local population and forest dependent people, in line with the Millennium Development Goals (MDG). The impact could be extremely important if we consider that 90% of the 1,2 billion people living in extreme poverty are directly or indirectly affected by deforestation (World Bank),

Furthermore, the indirect economic costs of forest destruction resulting in biodiversity loss, erosion of ecosystem services, climate change, social conflict, deepening poverty, political instability must also be taken into account as much as direct costs when considering the need for legislation in Europe. In particular, European decision-makers have to consider seriously the costs that a failure to act would imply. This argument was raised in the recent report for the UK government by the economist Sir Nicholas Stern, which warned that climate change could shrink the global economy by 20%. He highlighted that *"curbing deforestation is a highly cost-effective way to reduce greenhouse gas emissions"* and added that *"a substantial body of evidence suggests that action to prevent further deforestation would be relatively cheap compared with other types of mitigation, if the right policies and institutional structures are put in place."*

In response to that, the Environment Council of the EU has emphasized that *"concrete policies and actions as part of a global and comprehensive post-2012 agreement are needed to halt emissions from deforestation and reverse them within the next two to three decades, while ensuring the integrity of the climate regime and maximising co-benefits, in particular with regard to biodiversity protection and sustainable development, using synergies between the UNFCCC, CBD and CCD"* (February 2007). When analysing the costs and benefits, Greenpeace urges the European Commission to take fully into account the potential contribution of an EU law to meeting these international objectives of stopping biodiversity loss, mitigating climate change and enhancing poverty alleviation.

**21. What would be the requirements to be fulfilled as evidence of legality, and how could the credibility of such evidence be assured? (optional)**

Greenpeace believes that evidence of legality and geographical origin should be through *credible, valid and verifiable* documentation. This will enable authorities to differentiate effectively between legal and illegal timber and reduce the risk of fraudulent documents. The primary responsibility for proving geographical origin and legality should rest with the companies that are importing and selling products in the EU. Evidence regarding origin and legality should be provided at the border and at any sales place in the European market. This burden of proof through documented verification should relate to the whole process of harvesting, transport, processing and sale in all countries involved. Checking the evidence based on paperwork will make the legislation much more enforceable. Various EU Regulations include models of verification upon which to draw (e.g. Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code for textiles and agricultural products). The future legislation could likewise make a reference to the principle of "product responsibility", which is a common standard in many other branches of the economy, for example trade in food products. The level of product responsibility is detailed within the UN Convention on Contracts for the International Sale of Goods (CISG). Article 41 of the CISG provides that the seller is obliged to deliver goods that are free of legal defects and the importer is entitled to demand the relevant substantiation.

In any case, Greenpeace believes that any system seeking to prove the legality of the wood on sale in the European market should fulfil robust technical requirements, not inferior to those existing for the FLEGT licensing system, in order not to make a disincentive. These technical requirements should at least include :

- The setting up of an unbroken chain of custody from the forest to the point of sale,
- The independent verification by a third party auditor of the compliance with the laws and the integrity of the COC documentation. This verification should be carried out by an appropriately qualified body that is independent of the government and forest products trade and of the licensing authority,
- An Independent Forest Monitoring (IFM) in those forest areas where illegal logging is rampant, corruption is rife and the appropriate governance regime is not in place yet. The usefulness of IFM extends to all areas of forest management, including the detection of forest crimes and the auditing of government performance, to policy development and implementation.

If specific documents containing information on origin and legality are currently being used in certain countries, these could be treated in the same way as the standardised format adopted by the Commission. This should be the case for the FLEGT licensing scheme, which precisely aims at guaranteeing legality. Existing private traceability and verification schemes that have a thorough approach and have been proven to be successful such as FSC, could be accepted under certain strict conditions, as proof of legality. The EU should be particularly careful given the reasons explained in point no. 13. Greenpeace would recommend the EU to set up an independent transparent mechanism to assess these countries and private documents to make sure that they comply with the requirements of the law. This mechanism, involving experts and stakeholder representatives should rely on strict principles and criteria, and include evaluation of the performance on the ground. The general legality standard - as the one suggested in point no. 42 - could be useful to define the evaluation principles and criteria which would include aspects of ecologically and socially responsible forest management.

**Legislation requiring that only legally harvested timber and timber products are placed on the EU market.**

The final option considered would take the form of new legislation concerning the placing on the EU market of timber and timber products and would apply to products produced within the EU, as well as imported to the EU. Within this general frame two main approaches have been identified, which are outlined below. The success of such legislation would depend on cooperation with relevant law enforcement authorities of the exporting country such as police, customs, governmental agencies (e.g. forest authorities), public prosecutor, inter alia for information sharing on the laws and regulations of relevance to the definition of illegality.

While this option would probably involve additional costs, it would establish a level playing field for legitimate businesses and would clearly motivate importers to source legal timber from producer countries to guarantee their access to the EU market. It would also provide consumers in Europe with a high degree of confidence in forest products overall.

**A. 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)**

One proposal would be to make it an offence to import, export, transport, sell, receive, acquire or purchase timber and timber products transported or sold in violation of Community, Member State or third country law. Successful enforcement of such legislation would rely on a clear definition of legality, in particular the range of activities covered, as well the designation of the foreign laws the violation of which would constitute an offence.

An EC legislative proposal on the criminalization of illegal timber trade and possession could be adopted provided it was deemed necessary to ensure that the rules the Community legislator lays down on illegal timber trade are fully effective. Such an instrument could be adopted by the EU under the environmental provisions of the EC Treaty (Article 175) supplemented by national implementing provisions setting out the appropriate measures in terms of penalties and relevant enforcement bodies to ensure effective enforcement.

22. Do you feel such a legislation would be effective? (optional)

Yes                      No                      Don't know

23. Would such legislation strengthen the ability of countries with forest governance problems to deal with illegal logging? (optional)

Yes                      No                      Don't know

24. Do you think such legislation address the problem of circumvention through third countries? (optional)

Yes                      No                      Don't know

25. What would the impact of such legislation be on the economic viability of the forest sector within the EU, especially on small businesses? (optional)

(same as 19)

26. What would the impact of such legislation be on the economic viability of the forest sector outside the EU, especially on small businesses? (optional)

(same as 20)

27. Would such legislation result in an unfair advantage to temperate and European operators, that are more likely to have reliable tracing systems up and running than their counterparts in developing countries? (optional)

Yes                       No                      Don't know

28. What effect would such legislation have on the market share of timber and timber products? (optional)

Increase market share

Decrease market share

No significant effect on the market share

Don't know

29. Are sanctions at Community level necessary to ensure the efficiency of Community legislation on illegal logging? (optional)

Yes                      No                      Don't know

**B. Legislation which requires that only legally harvested timber and timber products be placed on the market**

This option would require those placing timber and timber products on the EU market to be able to provide evidence of the origin of the timber as well as evidence that it has been legally harvested.

This would overcome two of the major constraints to the use of existing legislation outlined above: establishing a physical link between the timber placed on the market in the EU and its origin, and establishing whether such timber was legally harvested or not. It could be implemented with differing degrees of stringency with respect to the traceability and evidence of legality. Operators could be required to provide such evidence on a systematic basis or only if challenged. There may be a trade-off between flexibility and the level of legal certainty that operators in the sector would have, which would have to be carefully considered.

This would affect both EU and non-EU operators and would have considerable economic impact on the global market. The importers would bear the responsibility to prove the legality for the timber products, while the suppliers would be required to provide certification of legality. In the absence of an internationally agreed definition of illegal logging it could prove difficult to determine that proof of legality provided by an exporting country is robust and credible, given that a country could claim that it has the sovereign right to determine whether a product is legal or not according to its legislation.

30. Do you feel such legislation would be effective? (optional)

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Don't know
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31. Do you think it would be practical to cover all timber and timber products? (optional)

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Don't know
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32. How could information technology overcome the difficulties of tracing timber flows through complex supply and processing chains? (optional)

Several modern means of control have been developed over the past few years that could be used to help with the enforcement of the law, such as satellite surveillance and the use of remote sensing imagery. For example, SarVision, a Dutch organisation specialised in Applications in Remote Sensing, has developed several projects in Indonesia to monitor illegal logging.

33. Would such legislation strengthen the ability of countries with forest governance problems to deal with illegal logging? (optional)

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Don't know
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34. What would the impact of such legislation be on the economic viability of the forest sector within the EU, especially on small businesses? (optional)

(same as 19)

35. What would the impact of such legislation be on the economic viability of the forest sector outside the EU, especially on small businesses? (optional)

(same as 20)

36. Could such legislation be implemented in a non-discriminatory manner? (optional)

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Don't know
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37. Would such legislation be proportionate to the problem? (optional)

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Don't know
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38. Would this result in an unfair advantage to temperate and European operators that are more likely to have reliable tracing systems up and running than their counterparts in developing countries? (optional)

Yes

No

Don't know

39. Who should bear the costs of legal certification? (optional)

Government of the exporting country

Government of the importing country

Company exporting the shipment

Company exporting the shipment

Company retailing the shipment

Others (e.g. consumers)

40. What effect would such legislation have on the market share of timber and timber products? (optional)

Increase market share.

No significant effect on the market share.

Decrease market share.

Don't know

## 5. Final Questions

41. Do you consider that some critical factors or risks have been left out of the above analysis? (optional)

Greenpeace wishes to clarify its position regarding option 1 (strengthening VPAs). Greenpeace is in favour of reinforcing VPAs (especially with regards to the budget allocated to them), as long as this measure is combined with the adoption of further legislation at the European level. In a statement published in September 2006, Greenpeace, FERN and Global Witness recognised that VPAs could be beneficial for timber-producing countries as long as they effectively:

- improve forest governance and enforcement mechanisms, tackle corruption; involve civil society in law-making and participatory forest management ; stimulate forest law reform that will lead to ecologically and socially responsible forest management
- contribute to the establishment of a sustainable and fair trade regime, including the implementation of a credible licensing system that guarantees consumers that wood products sold in the European market come from legal sources and responsibly managed forests,

Nevertheless, Greenpeace has also pointed out that the VPAs still have certain serious pitfalls, which is why we believe that VPAs alone will not be sufficient to ensure that illegally harvested timber does not enter the EU market. These shortcomings could even undermine the VPAs themselves which would in turn fail to deliver their optimal output. Among the major shortcomings of the current VPAs, Greenpeace has pointed out the following:

- **Risk of circumvention:** The partnership agreements will only cover direct trade between partner countries and the EU Member States. Timber and wood products imported by the EU, via a third party country such as China and Russia, are not addressed, even though these two countries are the main suppliers of the EU market in timber products today. A Dutch study (AidEnvironment, 2006) shows that VPAs would only cover 4% of all direct timber imports in the EU, taking into account all countries that have shown interest in a VPA,

**Comment [ DANIELLE1]:** this is not only about change in the forest sector, and reduces the VPA aims we state above.

- **Limited product coverage:** secondary processed products, such as paper and furniture, which represent about 55% of the total trade in timber products, will not be covered by the voluntary scheme, at least not initially.
- **Risk of laundering:** If the partner country has no national legislation to control the import and sale of timber and timber products from non-partner countries, any illegal timber imports could be mixed with the legal domestic production of the partner country, and then exported to Europe with a valid legality licence.
- **Risk of market segmentation:** It is possible that whilst the EU is tackling the legality of timber products entering its market, illegal products will be diverted to non-EU countries, either for immediate consumption or for re-exportation to Europe following processing.
- **Geographical scope:** The EU is currently considering only high risk countries in tropical regions for VPAs, while illegal and destructive logging, is also a problem in the Northern Hemisphere, especially in Russia.
- **Risk of entrenched environmentally and socially destructive practices :** The risk is high that future VPAs would allow environmentally and socially destructive forest practices to become entrenched, especially if partner countries decide to weaken their existing laws or legalise existing illegal practices, in order to avoid short-term reduction of capacity and reforms in the forestry sector.

Some of these pitfalls have already been recognised by the European Commission itself in the EU FLEGT Action Plan. The EU Commission has admitted that the voluntary FLEGT licensing scheme could be circumvented, and that for a variety of reasons, some important wood-producing countries may choose not to enter into FLEGT partnership agreements with the EU. It has also recognised that currently there is no Community legislation prohibiting the import and marketing of timber or timber products produced in breach of the laws of the country of origin, beyond the small number of individual tree species which are listed on the Appendices of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

Greenpeace does not see how the reinforcement of VPAs (option 1) alone would solve the problems mentioned above. Adopting further legislation seems to be the only solution to fill the gaps in the European regulatory framework and bilateral approach. Greenpeace does not believe this action (aiming at the legal shortcomings identified in the Action Plan already four years ago) would be premature, and the Commission's apathy in taking further measures would be unjustifiable.

Greenpeace considers the adoption of European legislation (as described in the answer to question no. 13) would limit the risk of third country circumvention. The fact that this legislation would be consistent with and complementary to the current VPAs (see answer to question no. 42 with regards to the general legality standard and answer to question no. 21 with regards to the requirements needed to be fulfilled as evidence of legality) illustrates that the adoption of the law would not undermine progress or interest by timber-producing countries in the VPA negotiations. On the contrary, Greenpeace believes that current and prospective partner countries would speed up negotiations in anticipation of the law, in order to benefit from EU technical/financial assistance of the EU, and would thus get a comparative advantage as «first movers».

Concerning question no. 6, Greenpeace considers that the introduction of measures into current VPA partner countries that aim to ensure legality of timber entering and leaving their markets, would not be enough to prevent the risk of circumvention. This is due to the principle of the rule of origin, which does not oblige companies processing timber in third countries, to declare the legal source and geographical origin of the raw material mixed in the final product. Greenpeace shares the European Parliament's opinion that recommends the EC Customs Code and non-preferential rules of origin applying to timber are amended so that companies based in the last country where processing of the products took place have the legal obligation to prove the origin and the legality of the raw materials (Report on the implementation of a European Union forestry strategy, 2006). Greenpeace considers this decision would stimulate companies based in countries specialised in wood-processing and selling timber products on the European market to implement systems for verification of legal compliance, thus reducing the risk of circumvention and market segmentation.

Referring to question no. 29, concerning the level of jurisdiction and the sanctions imposed, Greenpeace recommends that trade in illegal timber should have criminal status. The legislation should require that fines and criminal sanctions are imposed on companies in order to deter subsequent offences, and to increase the economic risks for companies engaging in illegal timber trade. To ensure the consistency of the law, it would be more efficient if the sanctions were specified at the Community level. A list of the fines and penal sanctions imposed should also be published in order to raise awareness of the risks of engaging in illegal activities.

An issue not evoked in the questionnaire concerns the participation of civil society. Greenpeace recommends the Commission to draft the legislation as an environmental law (based on Article 175 of the EC Treaty), which will give consumers and interested parties, such as civil society organisations, access to information and to the Courts. Principles have already been laid down in the Aarhus Convention and related EC Directives, such as the 2003/4/EC.

Referring to questions No 16-17 and No 36-37 concerning the **Non-discrimination, Good faith and Proportionality principles**, Greenpeace wishes to make the following clarifications:

If domestic and international products and imports and exports are considered alike (which Greenpeace recommends), the legislation will not be discriminatory measure or an obstacle to international trade .

It is possible that some companies operating in countries where law enforcement and tracking is less established will have to make larger financial and technical efforts to demonstrate the legality and origin. In order to avoid any unfair accusations that the EU wants to advantage temperate and European operators (question 28), or that it is planning to establish restrictions on legitimate international trade, it should provide financial and technical assistance to help establish the necessary technical and bureaucratic infrastructure. The EU has already made an important first step in this respect by proposing to developing countries support in capacity building through the FLEGT partnership agreements.

Furthermore, Greenpeace believes that requesting evidence from companies to demonstrate that timber or timber products originate from legal harvesting –'legal' according to the international treaties and the origin country's legislation– is compatible with the good faith principle under the WTO agreements. Given the seriousness of the problem, the EU has the right and the obligation to adopt certain regulatory measures to ensure and guarantee that European consumers are not unwitting recipients of illegal goods. The WTO purports to protect fairness and equity in international trade and cannot be assumed to aim to protect trade in illegally harvested or produced goods. Besides, there is a worldwide political and scientific consensus on the negative impact of deforestation, compounded by illegal logging and associated trade,

Finally, Greenpeace considers the adoption of binding legislation in the EU would also be compatible with the proportionality principle, considering the wide range and impacts of the trade in illegal and destructive timber and the market evolution (see footnote 5). The extinction of biodiversity caused by habitat loss from deforestation and the consequences of global warming and climate change for humans, animals and plants are both serious and irreversible. Therefore, any possible measure must be taken to prevent these from taking place. The impact of deforestation induced by the over-exploitation of forest resources and illegal logging is scientifically established. It has been repeatedly acknowledged in numerous international environmental treaties that these problems occur on a global scale. In light of the scale of the problem and the seriousness of the potential impacts, the availability of solutions, and the cost-effectiveness of prevention, this legislation would clearly be proportional to the problem it aims to address.

(Footnote 10 : The illegal extraction and trade in wood is a multibillion dollar phenomenon going on in more than 70 countries (Seneca Creek Associates, and Wood Resources International, 2004, *"Illegal" Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood products Industry*). Trade flows in illegal timber cover all regions, including countries which are not covered by FLEGT partnership agreements, such as Russia, which is the most significant example, as the main supplier of the EU in logs, sawn timber and plywood. A map recently published by the OECD Round Table on Sustainable Development shows that countries specialised in wood processing, play a rapidly growing role in world trade. This is the case of China, who now represents 7% of total imports of timber products, but more importantly it imports 40% of all timber products supplied by high-risk countries, especially from Russia and Indonesia. A large volume of these timber products are exported to the EU market which is greedy for secondary processed products at cheap price, without any proof of legality. (OECD Round Table on Sustainable Development, January 2007, *"the Economics of Illegal logging and associated Trade"*; <http://www.oecd.org/dataoecd/36/18/37968440.pdf>). To see the surface of intact forest landscapes threatened globally by over-exploitation and illegal logging, look at the maps produced by Greenpeace at : [www.greenpeace.org/forestmaps](http://www.greenpeace.org/forestmaps).)

**42. Would a successful action under any of these options be contingent on a common definition of illegal logging? (optional)**

It is clear that the optimal solution to guarantee a comprehensive successful action against illegal logging and associated trade would be a multilateral agreement that would include trade control mechanisms and a common definition of illegal and legal logging. Unfortunately, as the Commission expressed in its background paper, since the EU FLEGT action plan was first published four years ago, a number of countries have been open to discussion of control of illegal logging through international collaboration, but others have blocked discussion in the international forest policy fora.

Greenpeace very much hopes that a formal negotiation aimed at signing a binding multilateral environmental agreement would start very shortly. Meanwhile, Greenpeace recommends the EU to start acting on its market by adopting a legislation as the one described on point No 13.

With a view to providing a certain degree of legal certainty to the companies, Greenpeace recommends the European Commission to adopt a general legality standard for the European market, which includes principles of ecologically and socially responsible forest management. This general legality standard for the European market would not replace, but create a baseline for the legality definitions being formalised in the FLEGT partner countries through the negotiations of VPAs.

This standard should take into consideration the national laws and regulations of forest rich countries, customary international law and international treaties, such as the UN Convention on Biological Diversity (CBD) and the International Tropical Timber Agreement (ITTA). By incorporating the laws of forest-rich countries and international commitments into

this legality standard, as well as recognising the administrative institutions of the different countries, such as issuers of valid harvest licenses, we believe that the new EU law would respect and support the sovereignty of individual countries.

Such a general legality standard would also:

- Limit the risk of dumping within and outside of the European market, which might lead to the legalisation of highly destructive practices opposed to the international commitments taken by the EU in several fora ,
- Set up a common level playing field which will ensure a fair competition between VPA partners and non-partners on the EU market.

43. Are there special considerations concerning developing countries engaged in forest trade that should be highlighted? (optional)

44. To what extent would the options mentioned above be strengthened if all shipment of timber products had to be accompanied by a declaration of origin? (optional)

A little

A lot

Not at all

Don't know

45. What would the practical implications be? (optional)

As well as proof of legality, Greenpeace believes that companies should also provide evidence of the geographical origin of the raw material (country, place of extraction) and its Latin name to avoid confusion.

Regarding the practical implications, as explained in point no. 42, Greenpeace considers that the EC Customs Code and non-preferential rules of origin applying to timber should be modified so that companies based in the last country where the processing of products took place are obliged to prove the origin (country, place of extraction) of the raw material. Last year the European Parliament made a recommendation on this issue (Report on the implementation of a European Union forestry strategy, 2006).

46. Are there in your view other issues and/or options that should be taken into consideration? (optional)

Greenpeace believes that the adoption of additional legislation, the strengthening of VPAs, and increasing financial assistance and incentives, would significantly help the EU achieve its targets to reduce the impact of international trade on world's biodiversity by 2010 (EC Biodiversity Communication, May 2006) and to halt CO2 emissions from deforestation and reverse them within two or three decades (Environment Council's Conclusions, February 2007).

However, Greenpeace considers that a comprehensive toolkit to halt forest biological diversity loss, increase poverty alleviation and mitigate climate change, should include, not only the measures previously described, but also the following actions by the EU:

- Support implementation of the 2010 Biodiversity Targets and the CBD Programme of Work on forest biodiversity and protected areas by prioritising the conservation of all intact forest landscapes and high conservation value forests, while fully respecting indigenous peoples' rights;
- Support moratoria on logging concessions in all intact forest landscapes, until the conditions for conservation and ecologically and socially sustainable use are in place, including good governance, law enforcement and proper land-use planning involving local stakeholders and with the prior informed consent of indigenous people;
- Increase direct funding for forest conservation and ecologically and socially responsible forest use, and phase out harmful subsidies that threaten forests;
- Promote alternatives to industrial logging, and the establishment of a permanent financing regime for forest conservation at the international level;