

Welcome to the 22nd Edition of the TTAP Newsletter!

It has been a busy final quarter for TTAP with TTAP 1 covering Africa and South East Asia coming to a successful end this month of December. TTAP 2 covering China and South America continues to run until June 2013 with 2012 being a key year of preparation in view of the European Timber Regulation.

Whether you are a Timber Trade Federation member, TTAP partner or interested stakeholder, TTAP News is a useful resource for you. Please feel free to share this newsletter with your colleagues.

Wishing you merry Christmas and a happy new year,
The TTAP team

TTAP is an EC funded project, managed by The Forest Trust (TFT) and co-funded by European Timber Trade Federations and their members.

The project aims to assist wood suppliers in TTAP focus countries produce third party legally verified timber. We currently advise and provide technical support to timber companies based in Asia, Africa, and South America.

We are also engaged in FLEGT discussions in Europe and TTAP focus countries.

Partner TTFs

Consumers

- > [UK TFF](#)
- > [FBCIB](#)
- > [VVNH](#)
- > [LCB](#)
- > [AIMMP](#)
- > [ETTF](#)
- > [FEBO](#)

Producers

- > [MTC](#)
- > [IFIA](#)
- > [CNFA](#)
- > [CTWPPDA](#)

TFT SUCCESSFULLY PREPARES ANOTHER THREE COMPANIES FOR THIRD PARTY VERIFICATION IN INDONESIA

Throughout 2011, TFT through the TTAP project has been working towards Third Party Verification (TPV) of legality to help companies comply with Indonesia's SVLK standard and other voluntary standards. In doing so, European buyers are provided with the assurances of legality of their timber products until the licensing scheme under the VPA becomes operational.

In August 2011, PT Rizki Kacida Reana (RKR), a forest concession in East Kalimantan encompassing 55'150ha of natural forest was audited by SmartWood (SW) of Rainforest Alliance against the Verified Legal Origin (VLO) standard. The VLO certificate was issued to RKR on 16th November.

Two other companies, CV. Dwipa Mandiri Bersama (DMB), a wood processing company located in Semarang, Central Java and PT. Salaki Mandiri Sejahtera (SMS), a forest concessionaire (79,130 ha of natural forest) located in Sarmi, Papua, were audited in October 2011; DMB by TUV Rheinland against both the FSC CoC

and VLO standard and SMS against the VLO standard.

The audits were successful and once the pending minor Corrective Action Requests have been closed out the certificates will be issued.

The TPV audits represent a culmination of TFT's work with the companies and a strong finish for the TTAP project in Indonesia with a total of 10 legally verified supply chains and three more awaiting for their certificates to be issued contributing to an increasing flow of legal product to consumer markets.

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SEMASA ACHIEVES SCS LEGAL HARVEST VERIFICATION IN BRAZIL

SEMASA Indústria, Comércio e Exportação de Madeiras (SEMASA) underwent a Legal Harvest Verification (LHV) audit of their forest, sawmill and processing facility by the certification body SCS, in August, 2011. The certificate is currently being issued and demonstrates that products originating from SEMASA's legally verified forest area and subsequent processing sites are considered legal against SCS's LHV standard. This provides buyers of these products with assurances of legality and falls in line with the requirements demanded under the European Timber Regulation (EU TR).

SEMASA's forest area in Uruará, Pará State, comprises approximately 11.000 ha supplying their sawmill facility in Uruará for primary processing before secondary processing in their factory in Belém. The company's

production capacity is approximately 18.000m³ per year of finished product that includes flooring and decking, principally from maçaranduba, cumaru, jatobá and ipê of which more than 50% is exported to the European market.

Following this success through the TTAP project, SEMASA is now looking to achieving FSC certification



of its operations with TFT. This stepwise approach means that SEMASA is now able to meet the minimum requirements for legality demanded by various public and private purchasing policies, and once FSC certified, will also be able to comply with other more rigorous policies for sustainability.

UK TIMBER TRADE FEDERATION CARRIES OUT DUE DILIGENCE TRAINING WORKSHOPS IN CHINA

In early October, two representatives of the UK Timber Trade Federation (UK TTF) visited China to carry out a series of workshops together with the Chinese Academy of Forestry (CAF) focusing on the Due Diligence requirements of the European Timber Regulation (EU TR).

The first in a series of three workshops was held in Beijing and attended by a wide range of Government representatives, private sector Timber Trade Federations (TTFs) and NGOs. The discussions addressed the potential of incorporating a Responsible Purchasing Policy (RPP) tool into Chinese importers buying requirements, similar to those being implemented in EU TTFs.

However, concerns were raised at how the level of documentary proof needed by buyers would be formulated, as well as how to risk assess producer countries.

The second and third workshops in Linyi and Shandong attended by plywood companies and local trade associations were aimed at raising awareness of the private sector of EU requirements and how to secure the information necessary to assure EU buyers of the origin and legality of the product.

With significant volumes of timber purchased by the EU from China it is imperative that these issues are resolved in subsequent meetings and visits so that producers, processors and purchasers of timber throughout these often complex supply chains can meet the requirements of the EU TR.



FLEGT VOLUNTARY PARTNERSHIP AGREEMENTS — NEWS FROM AFRICA

With five African countries having signed a Voluntary Partnership Agreement (VPA) and two currently in negotiation, the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan creates high expectations and hopes for improved governance in tropical timber producing countries. Those countries that have already signed the VPA are currently tackling the implementation of the Agreements' requirements, with the development of a national traceability system being the most challenging element causing delays due to its highly technical and complex nature.

However, these challenges have not deterred other timber producing countries in Africa such as Ivory Coast, Togo and Mozambique from actively seeking information about potentially negotiating VPAs with the EU as a means to ensure

access of their timber products to Europe.

In the meantime, European buyers are eagerly awaiting the first FLEGT licensed timber shipments to arrive in European markets that will officially be deemed as *legal* under the EU Timber Regulation (EUTR), thereby guaranteeing buyers the legality of their imported products.

Considering common lead in times in the timber industry, it is debatable whether the first shipments of FLEGT licensed timber will arrive in time for the March 2013 deadline when the EU TR becomes operational.

The following table gives an idea about how long VPA negotiation processes can take and when the first FLEGT licensed shipments can be expected.



Country	Start of Negotiation	VPA text signed and approved	VPA official signing ceremony	VPA ratified by Parliaments	Anticipated approximate date of first FLEGT licenses issued
Cameroon	November 2007	May 2009	October 2010	August 2011	End of 2012, likely to be postponed
Congo-Brazzaville	June 2008	May 2009	May 2010	TBC	March 2013
Ghana	December 2006	September 2008	November 2009	March 2010	End of 2012
Liberia	March 2009	May 2011	July 2011	TBC	End of 2014
Central African Republic	October 2009	December 2010	November 2011	Expected within 2012 – Documents already submitted to Parliament	2014
Democratic Republic of Congo	October 2010	TBC	TBC	TBC	TBC
Gabon	September 2010	Expected for December 2012	TBC	TBC	TBC

EUROPEAN TIMBER TRADE FEDERATION GAINS GRANT

Over the next 3 years the European Timber Trade Federation (ETTF) will focus on implementing an EU wide solution to the European Timber Regulation (EU TR). Representing all the key importing countries in Europe, ETTF is in a unique position to support the industry and governments in timber producing and processing countries to understand all EU market requirements, not just legality, but also issues such as product standards.

The UK's Department of International Development (Dfid) will support this endeavour with a grant from its new Forest Governance Markets and Climate (FGMC) programme which is the UK's contribution to the European Union Forest Law Enforcement Governance and Trade (EU FLEGT) Action Plan, sustainable development and climate change objectives. Whilst administered by Dfid the programme is jointly funded by Department for

Environment, Food and Rural Affairs and the Department for Climate Change.

Membership of the ETTF includes the Netherlands, UK, Denmark, Sweden, Spain, Portugal, France, Germany, Italy, Belgium, Greece and Norway.

The grant will also help ETTF advocate timber trade requirements within climate change initiatives such as REDD+. This includes championing the need to ensure the value of carbon is accounted for in timber and timber products.

Andre de Boer, Secretary General ETTF welcomed UK's support, "The timber trade is part of the solution to help retain forests. ETTF represents twelve key importing countries accounting for around 90% of the tropical timber imports, so we can have a major impact in mutually supporting both the market, which benefits our members and also the producer countries."

Penny Davies, DFID's Senior Forestry Advisor, commented, "Sustainable development and poverty reduction are paramount to Dfid. Forests are key to poor peoples' livelihoods. They generate employment, a sound and responsible timber trade helps meet these objectives."

As part of the successful bid Andre de Boer announced that ETTF will take on a new member of staff to support the grant implementation. Rachel Butler has worked in the timber trade for over 10 years having recently held the Head of Sustainability position for the UK TTF. He said, "Rachel has moved up to the ETTF bringing with her timber trade and development experience along with an established network of international contacts with industry, NGOs and governments. She has spent many years working on international trade issues and is ideally suited to support ETTF members."

EU TIMBER REGULATION – TIME FOR OPERATORS TO ADDRESS HIGH RISK COMPOSITE PRODUCTS

A core component of the European Timber Regulation (EU TR) is the requirement for first placers (aka operators) to implement Due Diligence Systems (DDS) to assess the risk of illegal timber entering their supply chains.

Whilst most details of the DDS are known, there are certain decisions that are still to be made by the EC resulting in a cautious approach of some operators preferring to see how these points play out rather than to invest time in setting up their systems to gather information, assess and then mitigate risk within their supply chains.

Whereas this strategy might suit some operators e.g. softwood importers where 100% of raw material can be sourced from certified forests, for importers of tropical timber or composite products with complex supply chains this strategy is inherently risky. Indeed, even though decisions regarding penalties have not been finalised it is likely that

member states will first target operators importing high risk products once the EU TR becomes operational in March 2013.

As such, operators importing from processing nations, such as China and Vietnam should act now to implement their DDS to assess the risk of their supplier and their products. Awareness raising in China is increasing with numerous trade events, visits from the UK TTF and ongoing discussions regarding Bilateral Coordination Mechanism between China and the EU now that the European Forest Institute (EFI) has opened an office in Beijing.

However, the level of understanding of the EUTR varies among Chinese companies. In general, large export-oriented companies have some knowledge of the EUTR but they do not know the details while the small and medium sized enterprises, which are the greater part of Chinese forest industry have little or no understanding of the EUTR. It is the large export lead companies

that are receiving first demands from their concerned buyers who are starting to implement their own Due Diligence Systems. TTF has been engaging with the industry through the TTAP project to demonstrate their compliance against internationally recognised standards. Some companies committed to meeting EUTR requirements are successfully achieving Third Party Verification (TPV) and maintaining access to Europe.

Operators who choose to "wait and see" will be leaving themselves with little time to implement these systems though and risk to face early checks from enforcement bodies.



EXCHANGING EXPERIENCE ON TACKLING ILLEGAL LOGGING — EUROPEAN COMMISSION VISITS BRAZIL

In October, a delegation of the European Commission (EC) accompanied by representatives of the European Forestry Institute (EFI) visited Brazil to exchange experiences in tackling illegal logging and to promote and support the trade in responsible timber.

An initial meeting in Sao Paulo brought together the private sector to understand the specific details of the FLEGT Action Plan and how the efforts of the Brazilian government and timber industry can be complementary in their approach.

These issues were further explored in subsequent meetings in Brasilia and field trips to the states of Rondonia and Para. In the latter, a meeting in Belem was attended by Secretary of State for the Environment (SEMA), Teresa Cativo, the superintendent of the Brazilian Institute of Environment and Natural Resources (IBAMA), Sergio Suzuki, Advisor of International Affairs of the Ministry of Environment (MMA),

Gabrielle Honnicke, the representative of the European Union delegation in Brazil, Arnold Dixmude and organizations such as the TFT, IMAZON and Association of Timber Exporters of Para (AIMEX).

During the meeting the government reinforced its position of economic development that considers environmental protection, and SEMA presented changes within the department for increasing the efficiency of processing harvesting permits to avoid delays and reduce illegality in the state that is a major timber exporter to Europe. Arnold Dixmude explained Europe's commitment against illegal timber trade as one of the world's largest importers of wood product and the measures in place to contribute towards environmental law enforcement and forest governance through the FLEGT Action Plan.

Camila Nardon of TFT reiterated the need of European timber importers to manage the risk of illegal timber entering their supply chains and TFT's role as a means to provide practical technical expertise in meeting these consumer requirements. She also presented the TTAP project that works with Brazilian producers towards demonstrating legality against internationally recognized standards and heralded the visit by the EC as a big step forward between Brazil and Europe for further cooperation on the issue.



END OF TTAP 1 — PROJECT OBJECTIVES SUCCESSFULLY ACHIEVED

Since the inception of the TTAP 1 project in 2005, TFT has been working with members of European Timber Trade Federations to help prepare their suppliers in Indonesia, Malaysia, Cameroon, Congo Brazzaville and Gabon for Third Party Verification (TPV). The implementation of TTAP 1 will come to an end on 31 December with the project achieving the target set of 35 legally verified supply chains and positively contributing to the overall objectives of building capacity within the forestry sector to promote the responsible management of tropical forests.

The context surrounding legality and the FLEGT Action Plan has changed considerably from the start of the project when discussions were still in the early stages. Seven years later and the Voluntary Partnership Agreements (VPAs) are in advanced negotiation in all TTAP 1 focus countries, the Lacey Act was amended to include wood products in 2008 and the EU

Timber Regulation (EUTR) entered into force in 2010.

Much has changed in driving the supply and demand for legal timber and TFT has since the beginning worked with its partners to offer practical solutions to meet these market requirements.

TFT would like to thank all TTAP project partners, especially the European Commission for funding and support and the timber trade federations of the United Kingdom (UK TTF), the Netherlands (VVNH) and Belgium (FBCIB) and stakeholders of the TTAP 1 project for a fruitful and productive cooperation throughout its implementation.

To ensure the experiences and lessons learned from TTAP 1 feed into the TTAP 2 project, which runs until June 2013, an external

evaluation is currently being undertaken to gather the views and opinions of stakeholders to analyse the project's contribution towards tackling illegal logging.

**TTAP PROGRESS UPDATE TABLE — DECEMBER 2011**

Region	Country	Nº Of GA's done	Nº of APs implemented	Nº of Nodes TPV	Nº of completed SC's	TTAP Supply Chain Target
Asia	China	31	15	13	7	20
	Indonesia	33	26	13	10**	20
	Malaysia	28	23	15	10	
Total Asia		92	64	41	27	40
Africa	Cameroon	32	16	10	15	15
	Congo B	6	2	2	1	
	Gabon	14	4	0	0	
	DRC	3	0	0	0	
Total Africa		55	22	12	16	15
South America	Bolivia	0	0	0	0	15
	Brazil	31	17	7	5	
	Guyana	11	9	0	0	
	Suriname	1	0	0	0	
Total South America		43	26	7	5	15
TTAP Total		190	112	60	48	70

GA: Gap Assessment
AP: Action Plan
TPV: Third Party Verified
SC: Supply Chain

** An additional two supply chains have undergone VLO audits and the companies are awaiting the certificates from the Certification Body once the minor corrective action reports have been addressed. A further supply chain will be audited in December and if successful will bring the total to 13 legally verified supply chains in Indonesia.



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