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### **In Major Conference on Timber Trade, Private Sector Prepares for Proposed Tight Regulations to Prevent Illegal Logging**

October 29, 2008, GENEVA: Forestry business representatives came together this week to discuss how industry can best respond to new international demands to protect forests and prevent trade in illegally logged timber. Proposed legislation in the EU and in the US will place new mandatory requirements on industry to prove that their products have been legally harvested.

“The new and proposed legislations in the US and EU give the legislative backing to support market demands for responsible wood products. Combining mandatory and voluntary approaches is an effective way to shift behavior and squeeze out illegal wood,” said John White, Chief Executive of the UK Timber Trade Federation.

Twenty nine timber trade associations from 18 countries and 20 global forest companies attended the meeting. Collectively participants represented nearly ten thousand companies from around the world – including North America, Europe, China, Southeast Asia, Oceania, South America and Africa. Illegal logging is a major cause of deforestation globally, and while the extent of the problem has been known for quite some time, only recently have key consumer governments tightened legislation to eliminate illegal wood from the marketplace.

“With 20% of greenhouse gas emissions coming from deforestation, we need to act now and build value in standing forests, to stop the clearing of forest for alternative uses. Eliminating illegal wood from the market place evens the playing field so that responsible producers don’t have to compete with low-cost, illegal producers,” said Scott Poynton, Executive Director of Tropical Forest Trust (TFT), host of the event.

Earlier this year, the US passed the Lacey Act, which once fully implemented, will effectively ban the trade of illegal timber and other natural resources into the United States. The proposed EU legislation launched last week still needs to be approved by parliament and Member States. It would potentially result in Europe’s timber suppliers/buyers having to seek guarantees that their products have been legally harvested. The legislation is part of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan.

Discussions at this week’s meeting underscored a very dynamic time in the forest sector with complex demands for forest producers coming from consumers, markets, and governments. Up and coming

mandatory requirements in US and EU legislation add a sense of urgency – producers must demonstrate requirements or risk losing access to key consumer markets. Even with a phased approach for the legislations, the next two years will be critical. Representatives stressed the importance of strong, effective global communication to ensure producers are working to fulfill the right requirements. Representatives from timber producer countries called for “keeping things simple” and for harmonized requirements from different buyers – from timber importers to government procurement.

Participants discussed their different roles in eliminating illegal wood from international markets and providing required assurances about the legality or sustainability of wood traded. While challenges like capacity and cost were highlighted, especially for small producers, there was a general sense of optimism that the forest industry has and will continue to adjust.

“There exists an opportunity for the forest industry to demonstrate the environmental benefit of using wood products (compared to other building materials) as well as an opportunity for the private sector to lead the way in promoting responsible wood trade as part of the climate change solution and in related climate change negotiations,” said Mr. White.

Illegal logging is a major cause of deforestation, a destructive process responsible for 20% of the annual greenhouse gas emissions which fuel climate change. The loss of forests, currently estimated at 13 million hectares per year, also critically threatens biodiversity and forest dependent people around the world. In many countries, the scale of illegal logging is estimated to be equal or even greater than legally permitted forest activities. With so much illegal wood on the market, the competitiveness of the legitimate forest industry is challenged and national economies are prevented from receiving their due royalties.

The World Bank estimates that US\$10 billion is lost each year in developing countries due to illegally logging public lands, and an additional US\$5 billion is lost in tax revenues on legally logged wood. It has also been estimated that prices in US and EU markets are depressed between 7 and 16% due to the trade of illegally wood products.

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The meeting was convened by the Tropical Forest Trust (TFT), through the Timber Trade Action Plan’s annual seminar. TFT is an organization dedicated to linking business with sustainable forest management. Throughout the tropics, TFT works with forest companies and community enterprises to improve the sustainability of forest practices. TFT supported forests are linked to responsible buyers committed to sourcing legal and sustainable timber. TFT’s membership currently includes 60 companies, representing a broad spectrum of leading retailers and wood suppliers in Europe, USA, Asia, Africa and New Zealand. [www.tropicalforesttrust.com](http://www.tropicalforesttrust.com)

TFT also manages the Timber Trade Action Plan (TTAP), a project co-funded by the European Commission, participating timber trade federations and their members. TTAP works with suppliers in Africa, Asia, China and South America to help build capacity and enable producers to supply verified legal timber to the European market. [www.timbertradeactionplan.info](http://www.timbertradeactionplan.info)