

EVIDENCE TO THE CONGRESSIONAL COMMITTEE ON THE COMBAT ILLEGAL LOGGING ACT 2007

My name is Barry Gardiner. I am a Member of Parliament in the United Kingdom and I welcome the opportunity to give evidence to the committee hearing in my capacity as the United Kingdom Prime Minister's Special Envoy for Forestry and also as the Co-Chair of the Illegal Logging Dialogue of the GLOBE Legislators Forum.

In my evidence I wish to suggest to the Committee that the eyes of the world are fixed on the leadership role that the United States has taken on the need to combat illegal logging. Your recognition that illegally harvested timber imports are undercutting domestic timber producers is one that resonates around the globe. A recent study by the American Forest and Paper Association has suggested that such imports depress prices of wood products by between 7 and 16%. This is a substantial loss to domestic producers.

This finds its counterpart in producer countries where losses from illegal logging are estimated to cost governments in the region of \$15 —20 billion per year in lost revenues. These are revenues that could be utilised for education, healthcare and other social programmes in some of the poorest regions of the world. This suggests that illegal logging not only distorts free and fair trade, but is also a significant contributor to global poverty and the need for aid.

It is not my purpose in this evidence, however, to reiterate the powerful economic, environmental and ethical reasons for taking strong legislative action against the illegal logging trade. I am confident that these will be made more appropriately by other individuals and organisations from within the United States. Rather, I wish to provide information to the Committee about the debate and actions being taken elsewhere in the international community that may be seen to complement and anticipate your country's decision.

International efforts over the last two decades as part of donor development programmes have largely focussed on supply-side measures by seeking to tackle forest governance. Their success has been limited. Private sector forest certification schemes which aimed to improve forest management by creating market incentives were adopted primarily by producers in temperate regions and even then did not always see the premium return on investment they anticipated.

The result is that there has been little impact on reducing illegal logging. Timber from illegal harvests, worth billions of dollars annually, has continued to pour into western consumer markets. This has led to the conclusion in certain countries that demand side, as well as supply side measures were essential if we were to succeed in tackling the problem.

Government Procurement Programmes are one way in which European and other national governments have sought to give a lead to the market. By insisting that timber and timber products used in any contract of public works must be legally sourced and sustainably managed, governments have sought

to encourage major contractors to develop supply chains where timber and timber products are both legal and sustainable. Whilst such schemes play an important role in providing leadership, the fact that government procurement covers only a relatively small percentage of construction projects has meant that they have not proven effective in transforming market practice.

European Union Member States have adopted a Forest Law Enforcement, Governance and Trade (FLEGT) process whereby producer countries receive assistance to improve governance under a Voluntary Partnership Agreement (VPA). These VPAs enable countries to improve their capacity and due diligence through aii whilst developing credible licensing systems to verify that timber imported to the European Union has been legally produced.

VPAs are presently being negotiated with Malaysia, Indonesia, Ghana and Cameroon. Other African countries have indicated their interest in developing such partnerships under which border agencies in the EU would be able to deny entry to shipments of timber from partner countries unless they were covered by a FLEGT license.

Whilst FLEGT voluntary partnership agreements may prove a significant step in combating illegal logging it is important to note that the first VPA is not expected to become operational before 2009. The GLOBE Legislators dialogue on Illegal Logging, which I co-chair, has examined the potential for a wider licensing scheme at a recent conference in Berlin. Here representative legislators from a range of G8, as well as producer countries such as Indonesia, Brazil, Malaysia, DRC, Congo Brazzaville, Gabon, Cameroon and Ghana, indicated that a global licensing scheme might provide a strong measure to combat illegal logging. It is highly likely that such a scheme may form part of the recommendations made by the Globe dialogue to the G8 summit in Japan in June 2008.

Were a global licensing scheme to be adopted by the G8, it is important to appreciate the very real limitations that even such a comprehensive measure might suffer. Certain countries might still choose not to enter into the requisite voluntary partnership agreements. Furthermore, it is possible for illegally harvested timber from a voluntary partner country to circumvent the regime via trade through third (non-VPA) countries.

It is for this reason that the EU is currently examining a range of additional options which would be able to close off such loopholes. Chief amongst these is an option modelled upon the US Lacey Act that effectively mirrors the provisions of the Combatting Illegal Logging Act 2007. The European Commission has completed a public consultation on these options and is currently undertaking an impact analysis which is expected to report in early 2008.

The GB plus 5 dialogue on Illegal Logging that was launched at the Gleneagles Summit in 2005 is due to conclude under the Japanese presidency next June. The US, therefore could not be considering this legislation at a more important time. It is not too strong to suggest that decisive action by the US to combat illegal logging through this legislation

could set a precedent that would be followed, not only by the European Union, but by much of the rest of the world.

In a telephone conversation with the Japanese forestry Minister earlier this year, before his untimely death, Minister Matsuoka stated to me that he considered the possibility that the United States might pass the Combatting Illegal Logging Bill as “Epoch Making”. Minister Matsuoka was a personal friend and long standing champion of the battle against illegal logging. I knew him not to be a man of grandiloquent statement. I therefore asked the translator whether she was sure that she had translated him correctly in saying this. She spoke with him again and confirmed that these were indeed the words he intended.

I believe that Minister Matsuoka was right. The United States has the capacity to precipitate a global fightback against illegal logging. The legislation proposed is elegant and non-bureaucratic. It applies Occam’s razor to the problem by forcing due diligence back down the supply chain, rather than by insisting on specific burdensome documentation. It encourages suppliers to take the trouble to do things properly from the very beginning.

It is my firm view that both supply side and demand side measures must be employed in our determination to end this unfair and illegal trade. It is a trade that undercuts legitimate businesses and impoverishes still further some of the poorest communities in the World. If we examine the different ways of tackling the problem, we find:

- Governance reform in producer countries through donor assistance.
- Systems of forest certification.
- Procurement regimes that favour legally harvested and sustainable timber in consumer countries.
- Licensing schemes.

All of these have a role to play in the fight against illegal logging. But the Combatting Illegal Logging Act 2001 is far and away the least cumbersome, and most elegant weapon in our armoury. It adds no burden to the people who are already getting it right and it incentivises those who know they are currently getting it wrong, prompting them to do the right thing. That is what good law should be all about.

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