

Almost a third of our planet is covered in forest, providing habitat for more than half the world's terrestrial species. Trade in timber and other forest products is estimated at USD330 billion a year and directly contributes to the livelihoods of around 1.6 billion people (UNEP, 2011), of whom around 60 million are indigenous peoples. However, poor forestry management can drive species to extinction and disrupt entire ecosystems. This jeopardizes the livelihoods of those who depend on wild resources for their living, the water systems that supply our cities and towns, and the security of future generations. As well as damaging forest resources, illegal logging diverts income away from sustainable development and contributes to social conflicts and financial losses for forest-rich developing countries, losing them billions of dollars every year. Illegal logging and land clearance, and illicit timber trade, disrupts forest ecology, carbon storage potential and forest governance, and robs communities and countries of a valuable resource.

Governments are acting to bring timber harvest and trade under better control. Responses include support for, and participation in, World Bank-led Forest Law Enforcement and Governance (FLEG) processes, bans on the import of timber of illegal origin, requirements that importers demonstrate "due diligence" (e.g. through the European Union Timber Regulation EUTR), and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) trade controls. Private companies and consumers are increasingly demanding evidence that wood is from legal and sustainable sources, with civil society organizations also working to defend forests and the rights of forest-dependent peoples.

TRAFFIC is working globally in both source and destination countries around the world to help eliminate illegality in the timber trade chain and promote sustainable forestry practices supporting multi-stakeholder efforts to strengthen the design of national timber "legality frameworks" for timber harvest and trade, and to identify and stop illegal timber trade flows. Through a Memorandum of Understanding with the World Customs Organization (WCO) TRAFFIC is also assisting in the development of timber guidelines (funded by the International Tropical Timber Organization ITTO) to assist Customs officers of WCO members at the border to validate and verify legality of timber products in trade to prevent loss of revenue for timber products with tariffs. This work will allow Customs to support the efforts of national policies and other agencies' mandates in the forestry sector and contribute towards safeguarding social, conservation and environmental needs and services.

Since October 2015, TRAFFIC has embarked on a new and exciting project funded by the UK's Department for International Development

## STRENGTHENING TRADE



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## PROJECT TO REDUCE ILLEGAL CAMEROON TO CHINA AND



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# IN LEGAL TIMBER



◀▼ Logs and processed timber, Douala, Cameroon, November 2012.

companies that can provide evidence, for example by way of adherence to a Voluntary Partnership Agreement (VPA)<sup>1</sup> timber legality definition, may have an advantage when exporting wood and/or wood products to the EU. The work to be undertaken will contribute to achieving the longer term impact of reducing illegal logging in Cameroon, and stabilizing government revenue from legal timber exports. Although the work is focused along the supply chain from Cameroon to China and the EU, it is expected that the approaches used will be appropriate for application along other supply chains.

The project will harness the growing interest within China's government and private sector to demonstrate compliance with timber trade controls and reinforce the VPA and related processes for timber in Cameroon. The Chinese government's environmental labelling and public procurement policies are expanding dramatically with regard to the volume and variety of products covered, including timber. The government's public procurement approaches are driving associated changes in market opportunities that the private sector is keen to realize through being registered as a government authorized supplier. Project outputs combine delivery of training tools and materials, strengthening China's public and private timber procurement policies and standards and piloting collaborative approaches to supply chain management.

In China, TRAFFIC is collaborating with the China Timber and Wood Products Distribution Association (CTWPDA) whose research suggests that Chinese timber enterprises operating in China and Africa have shown interest in being registered in the Chinese government's public procurement supplier list. In fact, companies are currently placing a higher emphasis on achieving registration than they are in getting Forest Stewardship Council (FSC) certification or participating in many other Corporate Social Responsibility (CSR) schemes. The procurement policy therefore provides an important entry point to leverage changes in supply chain management for trade involving China. This includes not only the practices of the companies themselves, but through them, wider policy-making within China, where changes of this type are currently driven from the bottom up.

Public procurement registration requires suppliers to comply with legislation in place along product supply chains. However, legality requirements are often unclear. Where they are clear, there is often a lack of law compliance monitoring and/or enforcement capacity to ensure they are adhered to. It is therefore a good time to take advantage of the growing market opportunities and incentives to strengthen timber legality verification for exports to, and re-exports from, China.

<sup>1</sup>VPA is a legally binding bilateral trade agreement between the European Union and a timber-producing and/or transit country outside the EU, and one of the key components of the EU Forest Law Enforcement, Governance and Trade (FLEGT) action plan to ensure only legally sourced timber and wood products are allowed onto EU markets from a VPA partner country.

## TIMBER FLOWS FROM TO EU MARKETS

(DFID) Forest Governance, Markets and Climate (FGMC) programme. This project, entitled *Reinforcing Chinese government and industry action to reduce illegal timber in supply chains originating from Cameroon* is a 30-month endeavour that engages two key timber countries: Cameroon as a producer country, and China as a processing/export country. Lessons learned from the project will also feed back to European Union (EU) Member States to inform stakeholders engaged with the EU FLEGT Action Plan.

This project aims to increase compliance with laws and regulations concerning harvest and trade of timber exported from, or via, Cameroon to China and the EU. For the EU to import timber (including timber from Cameroon that transits or is processed through China), under EUTR rules, EU-companies ("Operators") must conduct due diligence to ensure that the timber is legally harvested and traded. Chinese timber export

As noted above, the time is also right to support efforts by the Government of Cameroon, the private sector and civil society to strengthen transparency and chain of custody controls in timber supply chains. This project's theory of change is therefore designed around the delivery of four inter-related outputs that, taken together, will achieve the project outcome.

These outputs are:

**1. Stakeholders along the timber supply chain from Cameroon to China trained on implementing the VPA legality definition of Cameroon.** The project starts with the development of a set of manuals to guide individual stakeholders across the supply chain to implement the VPA legality definition for Cameroon. The manuals will be validated with representatives of key stakeholder groups in Cameroon and China. This will be followed by delivery of training materials to the target stakeholder groups in Cameroon and China in collaboration with a project implemented by the International Institute for Environment and Development (IIED) and WWF and with other DFID-funded projects' activities. The manuals will also be provided to government, industry and civil society actors in the EU. A training manual will be provided for Customs staff, who monitor timber imports, exports and re-exports and who interdict shipments suspected of violating national trade controls.

**2. Revised Code of Conduct incorporating VPA legality requirements developed and disseminated for use by CTWPDA members.** The second output targets the private sector in China, and in particular the 3000 members of the CTWPDA, many of whom import tropical timber, including from Cameroon. The project will develop and enhance CTWPDA's Code of Conduct for its members by incorporating adherence to legality requirements, such as those included in VPAs, into the Code, using Cameroon's VPA legality as a case study. This revised Code will help member companies ensure legality in their timber supply chain, thereby helping to address EU Operators' due diligence obligations under the EUTR.

**3. Agreed guidance on VPA legality definition (with the Cameroon VPA process as a case study) and reflecting these controls also in China's public procurement policy and environmental labelling policy.** This third output focuses on enhancing the implementation of China's "Guide on Sustainable Overseas Forest Management and Utilisation by Chinese Enterprises". Activities are designed to help Chinese enterprises operating in Cameroon to meet the VPA requirements, including through advocating for incorporation of elements of the VPA legality definition into the Guide and Chinese public procurement systems and processes.

**4. Tools and approaches developed to provide practical guidance on achieving Timber Legality Assurance System (TLAS) compliant chain of custody controls for timber harvested and traded from medium-sized companies in Cameroon to China.** The fourth output places an emphasis on strengthening the ability of medium-sized forest companies' owners to produce and trade legal timber in and from Cameroon. A group of "champions" from among this target group and Chinese enterprises trading in and/or from Cameroon, especially those who are members of CTWPDA and supplying EU markets, will be identified and approaches to verifying VPA requirements piloted.

The project is currently at an early stage, but dialogue with stakeholders is concrete and progressive. On its own the project promises to deliver an innovative approach to support the strengthening of supply-side legal timber management through advocating for changes in the demand-driven Chinese management guidelines, codes of conduct and national public procurement. Combined with related timber legality projects, both those funded by DFID's FGMC programme and other initiatives, the project aims to be transformative in providing a working model to support strengthened trade in legal timber globally.

**Reference:** UNEP (2011). Branching out for a green economy. <http://whygreeneconomy.org/information/branching-out-for-a-green-economy-unesp/>

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## KEY SPECIES IN TRADE

Some of the main timber species exported from Cameroon as logs are: *Ayous/Obeche* *Triplochiton scleroxylon*, *Awoura* *Julbernardia pellegriniana*, *Dabema* *Piptadeniastrum africanum*, *Azobe* *Lophira alata*, *Kosipo* *Entandrophragma candollei*, *Okan/Adoum* *Cylicodiscus gabunensis*, *Tali* *Erythrophleum suaveolens*, *Bilinga* *Nauclea diderrichii* and *Naga* *Brachystegia cynometroides*.

*Ayous/Obeche* and *Sapelli* *Entandrophragma cylindricum* are the main species used in the export of sawn woods, with *Ayous* the principal choice for plywood and veneer.

China is also a key destination for precious woods, of note *Ebony* *Diospyros crassiflora* whose recorded exported volume between 2009 and 2014 increased from 30 000 kg to 350 000 kg. China is also the main destination for *Bubinga* *Guibourtia tessmannii*, accounting for nearly 65% of all recorded *Bubinga* exports from Cameroon between 2008 and the first half of 2014.

Adapted from *Status and issues of Chinese investments in forest land in Cameroon*. <http://pubs.iied.org/pdfs/G03944.pdf>