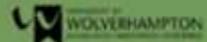
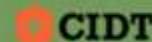


Strengthening non-state actor involvement in forest governance in Indonesia, **MALAYSIA**, The Philippines and Papua New Guinea

Forest Governance Zonal Workshops (Zone: Northern)

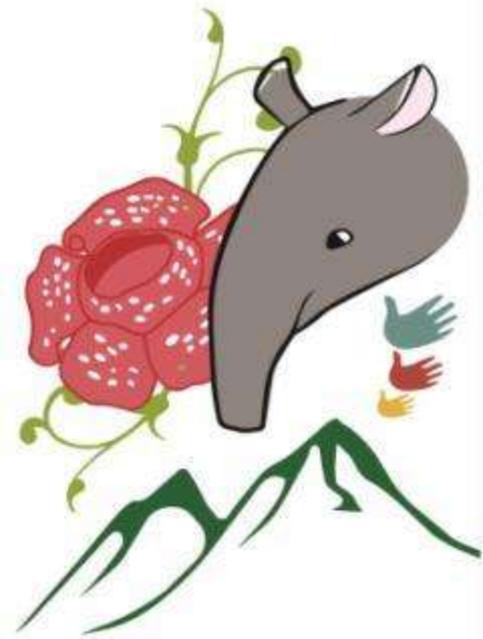
TRADE BASED & CIVIL SOCIETY LED RESPONSES TO POOR FOREST GOVERNANCE

Noorainie Awang Anak
22 June 2019
Alor Setar, Kedah



MY forest

MY forest,
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 myforestwatch.com.my  MY Forest Watch



STRENGTHENING NON-STATE ACTOR
INVOLVEMENT IN FOREST GOVERNANCE
INDONESIA • MALAYSIA • THE PHILIPPINES • PAPUA NEW GUINEA



Outline

- What is Forest Trade
- Forest Trade in Malaysia
- Forest laws and regulations
- Type of forest trade
- Timber Supply Chain
- Trade base mechanism
- What is illegal logging
- What is FLEGT-VPA
- Legality Assurance Scheme
- Forest product certification
- Chain of Custody (COC)
- Other Initiatives

What is Forest Trade

- **Forest** is a piece of land with biodiversity of flora and fauna living within a system that is self-sustaining (ie. nutrient cycle, water cycle, carbon cycle etc.).
- **Trade** is a activity of purchasing and selling of timber products derived from the forest within and across Malaysia.
- **Forest trade** is the purchasing and selling of timber products within and across Malaysia.



Forest Trade in Malaysia

- Malaysian forestry sector plays an important role in the world timber supply chain and in our country's own economy.
- According to the FAO (2015), Malaysia has around 22.2 million hectares of forested land, which constitutes to 67.6% of the total land area.
- Around 20.2 million hectares of the forested land is primary or naturally regenerated forest, and around 2.0 million hectares is planted forest.



Cont'

FOREST RESOURCES

Land surface	32.9 million hectares
Forest Cover	22.2 million hectares (67.6%); mostly primary and other naturally regenerated forest
Production forest	12.4 million hectares designated for production
Forest ownership	95.4 % publicly owned 4.6 % privately owned
Annual change rate	0 % per year; over the past 25 years (1990-2015)

Source: FAO, 2015

- Species that commonly traded from Malaysia:

Heavy Hardwood

Chengal (*Neobalanocarpus heimii*)

Balau / Selangan Batu (*Shorea* spp.)

Merbau (*Intsia* spp.)

Belian (*Eusideroxylon zwageri*)

Resak (*Vatica* spp. & *Cotylelobium* spp.)



Cont'

Medium Hardwood

Kempas (*Koompassia malaccensis*)

Keruing (*Dipterocarpus* spp.)

Kapur (*Dryobalanops* spp.)

Light Hardwood

Meranti (*Shorea* spp.)

Rubberwood (*Hevea brasiliensis*)

Nyatoh (*Sapotaceae* spp.)

Ramin (*Gonystylus* spp.)

Kembang Semangkuk (*Scaphium* spp.)

Sepetir (*Sindora* spp. & *Copaifera palustris*)

Tualang (*Koompassia excelsa*)

Jelutong (*Dyera* spp.)

Sesendok (*Endospermum* spp.)

Durian (*Coelostegia* spp. / *Durio* spp. / *Neesia* spp.)

Softwood

Damar minyak (*Agathis borneensis*)

Podo (*Podocarpus* spp.)

Sempilor (*Dacrydium* spp; *Phyllocladius* spp.)



Forest Laws and Regulations

Peninsular	Sabah	Sarawak
National Forestry Act 1984	Forest Enactment 1968	Forests Ordinance 2015
Forest Rules of the respective States	Forest Rules 1969	Forest Rules 1962
Environmental Quality Act 1974	RIL Operation Guide Book-Code of Practice For Harvesting in Sabah	Wild Life Protection Ordinance 1998
Wood Based Industries Enactment of the respective States	Environment Protection Enactment 2002	Sarawak Timber Industry Development Corporation Ordinance 1973
Wood Based Industries Rules of the respective States	Wildlife Protection Enactment 1997	•Sarawak Timber Industry (Registration) Regulations, 2008
Customs Act 1967	Industrial Co-ordination Act 1975	•Industrial Co-ordination Act 1975
Industrial Co-ordination Act 1975	Licensing Guidelines for the Wood-Based Industry in Sabah	•Customs Act 1967
Malaysian Timber Industry Board (Incorporation) Act 1973	Customs Act 1967	•National Parks and Nature Reserves Ordinance, 1988
International Trade in Endangered Species Act 2008	Forest (Timber) Enactment 2015	•Natural Resource and Environment (Prescribed Activities) Order, 1994
	Forest (Timber) (Registration) Regulation 2017	
	International Trade in Endangered Species Act 2008	



Sustainable Forest Management

Selective Management System (SMS)



Forest harvesting is based on Sustainable Forest Management practices



Pre-felling inventory. The number and size of trees are recorded.



Selective harvesting using directional felling to reduce impact takes place according to national allowances



Post-felling inventory. If necessary, silvicultural treatment is applied.



Regenerated forest after 25-30 years

Selective Management System (SMS)

- Trees must be properly marked to ensure that important trees, like mother trees, are not felled.
- During harvesting, the Forest Manager must ensure that the concessionaire follows prescribed rules and regulations, as stipulated in the logging licenses issued by the respective State Forestry Departments.
 - Such rules include directional felling to ensure minimum damage to residual stands; proper construction of forest roads, skid trails and log landings to ensure minimum environmental impact; and
 - providing adequate buffer zones along rivers and streams to prevent soil erosion.

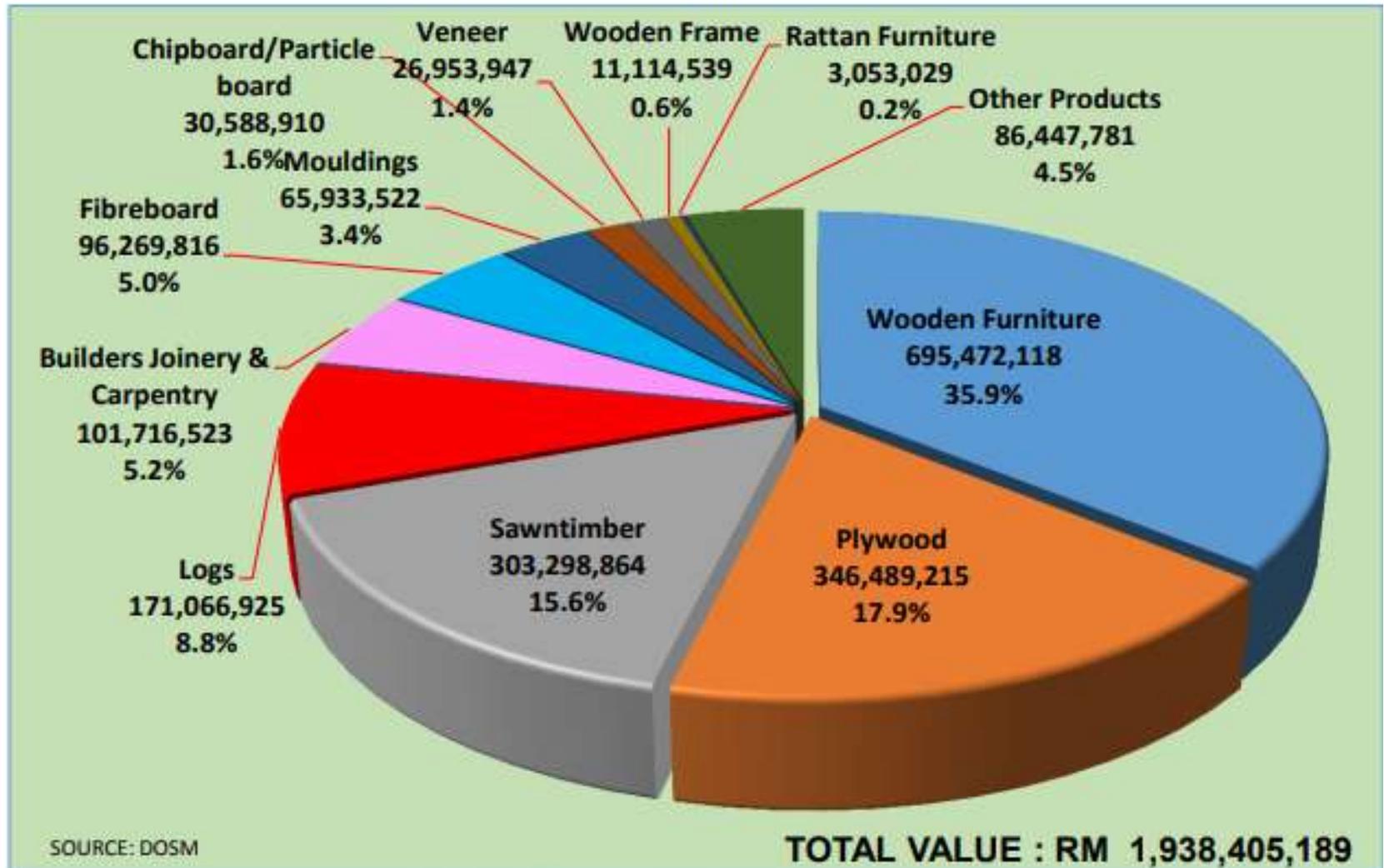


Cont'

- During the post-harvesting stage, the Forest Manager must ensure that enrichment planting is carried out especially on skid trails, temporary log yards and campsites to restore residual stock for future harvests.
- The logs that have been removed from the forest compartments must be brought to designated forest checking stations for royalty and forest development cess assessment by the respective State Forestry Departments.
- It is only after royalty and cess have been paid that removal passes can be issued.

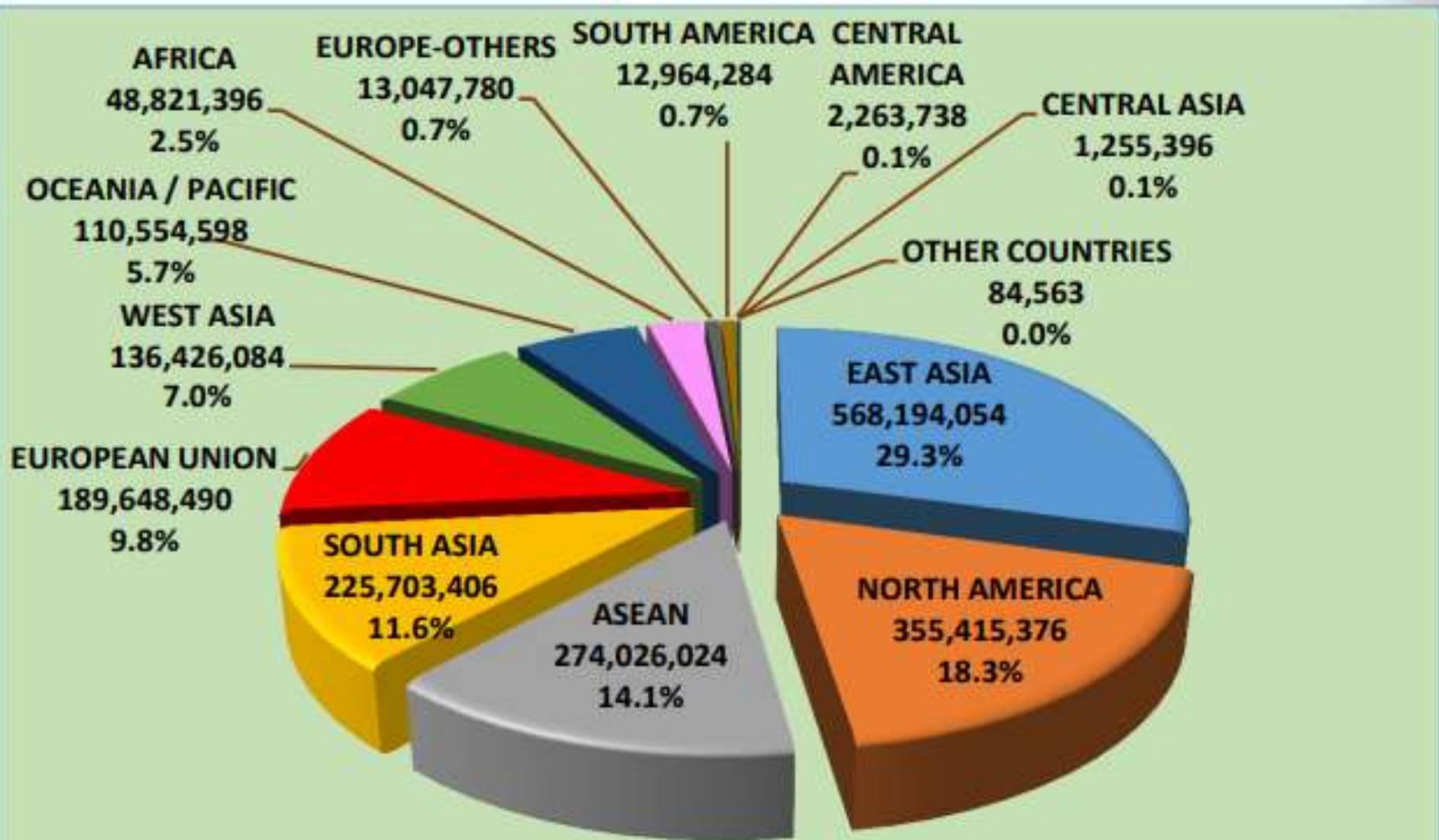


Type of Forest Trade



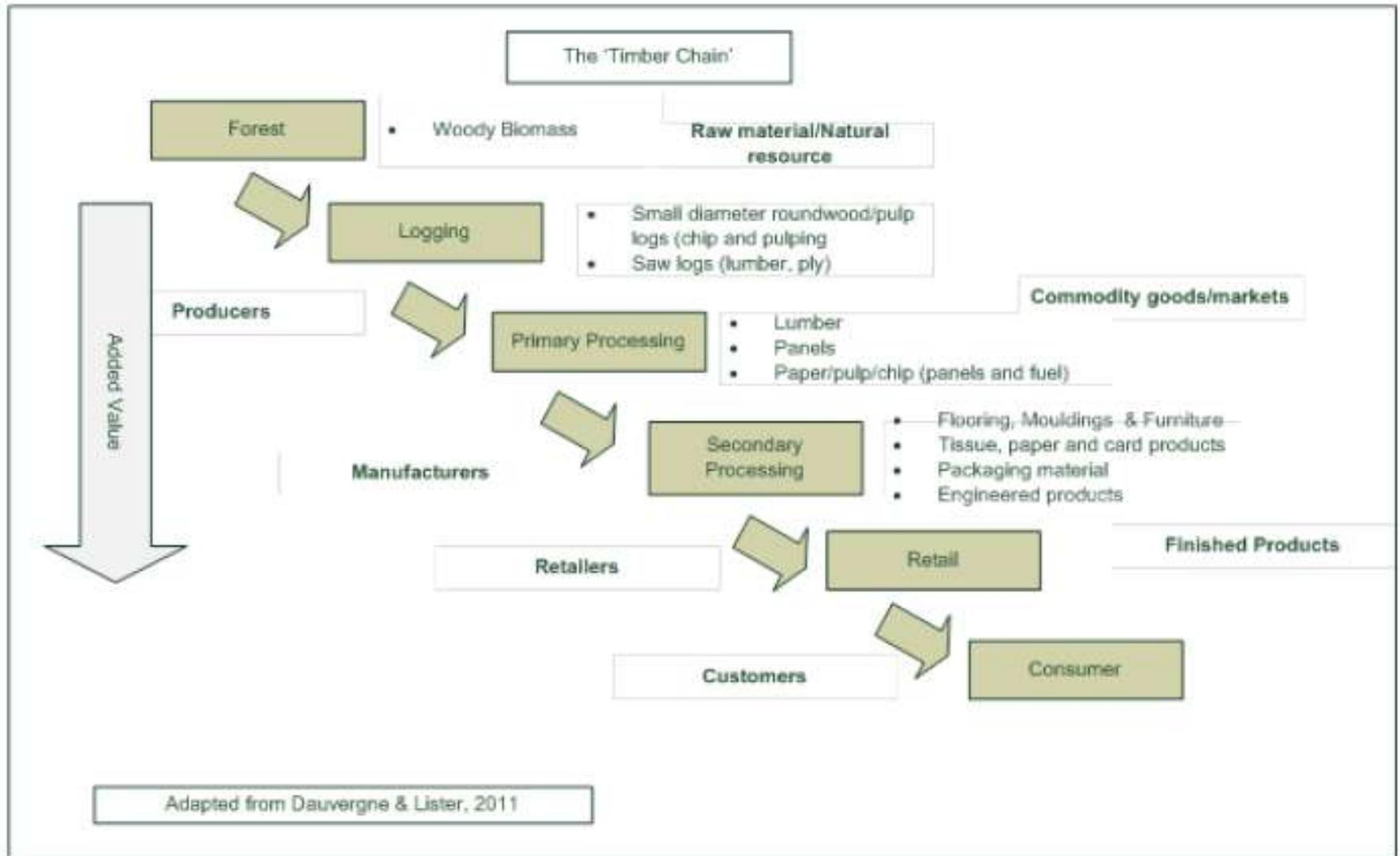
MALAYSIA : EXPORT OF MAJOR TIMBER PRODUCTS (JANUARY 2017)

Destinations



MALAYSIA : EXPORT OF TIMBER & TIMBER PRODUCTS BY REGION (JANUARY 2017)

Timber Supply Chain



Problems In Forest Trade & Supply Chain

UPSTREAM PROCESS/STAGE

- Significant environmental degradation (due to poor logging practices)
- Immediate profit rather than long term stewardship
- Lack of transparency in forest management practices (licensing/tendering)
- Lack of stakeholder consultation (local communities)
- Lack of awareness
- Non –compliance (with harvesting regulations)
- Local community land right abuses
- Lack of enforcement that leads to illegal logging in forest reserves
- Corruption

Cont'

DOWNSTREAM STAGE

- Market demand for competitive & cheap price
- Lack of awareness on availability Sustainable Forest Management practices
- Buyers not willing to pay higher price for sustainably produced timber
- Readily available cheap & illegally sourced timber in market (drives away demand for sustainable timber)
- Poor traceability –risk of contamination of illegal timber in supply chain
- Lack of consumer and private sector awareness to support and purchase
- Sustainably produced timber & products.

Trade based mechanism

- Policies cannot be implemented successfully without adherence and cooperation from private sector.
- Private sector is the engine for employment and economic growth. It provides means of livelihood for millions of people and eradicate poverty.
- Private sector (includes banking sector) must be part of the solution to reduce illegal logging and to ensure sustainability rather a problem.



What is Illegal Logging

Illegal logging occurs when forest products are harvested, bought or sold in violation of national laws relating to:

- Harvesting
- Transportation
- Processing (including deliberate mis-grading)

WWF used the term “illegal logging and forest crime” and its include:

- Large and small scale timber theft
- Breaching of tax rules
- Illegal aspects of timber sourcing (bribery, falsified officials documents etc)



Cont'

A legal timber may be described as “controversial” if it is logged in countries identified by the UN as not addressing:

- Violation of human rights
- Extrajudicial killing and forms of sexual violence
- Political arrests and detentions, denial of freedoms expression and movement
- Timber trade used directly to finance violent conflicts
- Forced relocation, destruction of livelihoods and force labour
- Discrimination on the basis of religious or ethnic
- Trade in wood products from such controversial sources

Cont'



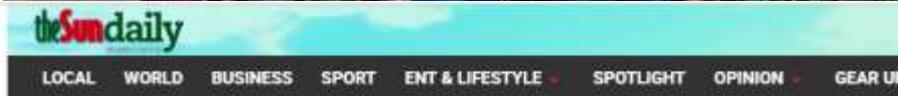
Illegal logging detected near national park

NATION

Sunday, 30 Nov 2014



Scarred landscape: An aerial photograph showing the boundary of the proposed extension to the national park and where illegal logging is taking place.



187 cases of illegal logging in Peninsula M'sia over 10 years

04 SEP 2018 / 19:20 H.



Going all out to protect Terengganu's forest reserves

What Is FLEGT-VPA

- Forest Law Enforcement Governance Trade (FLEGT) Voluntary Partnership Agreements (VPA) are bilateral (legally binding) agreement between the EU and an individual timber exporting country, which aims to ensure trade only in legal timber and to improve forest governance.
- Only Indonesia has exported FLEGT licensed wood to EU.
- VPAs stresses the Legality Assurance System (LAS). Its function is to identify, monitor and license legally-produced timber and ensure only legally produced timber enters the European Union.

Legality Assurance Scheme

- Each VPA partner country designs its own system during negotiations, based on existing mechanisms to be reinforced and the country's legislative framework.
- Malaysia was one of the first countries to begin negotiating a VPA with the EU in January 2007, and negotiations are ongoing. Three schemes available namely;
 - Peninsular Malaysia – Timber Legality Assurance Scheme (MyTLAS)
 - Sarawak – Sarawak Timber Legality Verification System (STLVS)
 - Sabah – Sabah Timber Legality Assurance scheme (Sabah TLAS)

Cont'

A robust LAS consists of five key elements:

- Clear definition of legal timber
- Mechanism to control timber supply chain
- Verification of compliance (legality & supply chain control)
- Licensing of legally produced timber & timber products for export (FLEGT license)
- Independent audit of LAS to ensure system is fully implemented



Forest Product Certification

- Forest certification is a voluntary process whereby an independent third party (the “certifier”) assesses the quality of forest management and production against a set of requirements (“standards”) predetermined by a public or private certification organization.
- Forest certification, and associated labelling, is a way of informing consumers about the sustainability of the forests from which wood and other forest products were produced.



Cont'

- There are two types of forest certification:
 1. Certification of forest management, and
 2. Certification of the chain of custody (CoC certification)
- To label an end-product as certified, both forest management certification and chain-of-custody certification are required.
- Forest certification is a mechanism for forest monitoring, tracing and labelling timber, wood and pulp products and non-timber forest products.

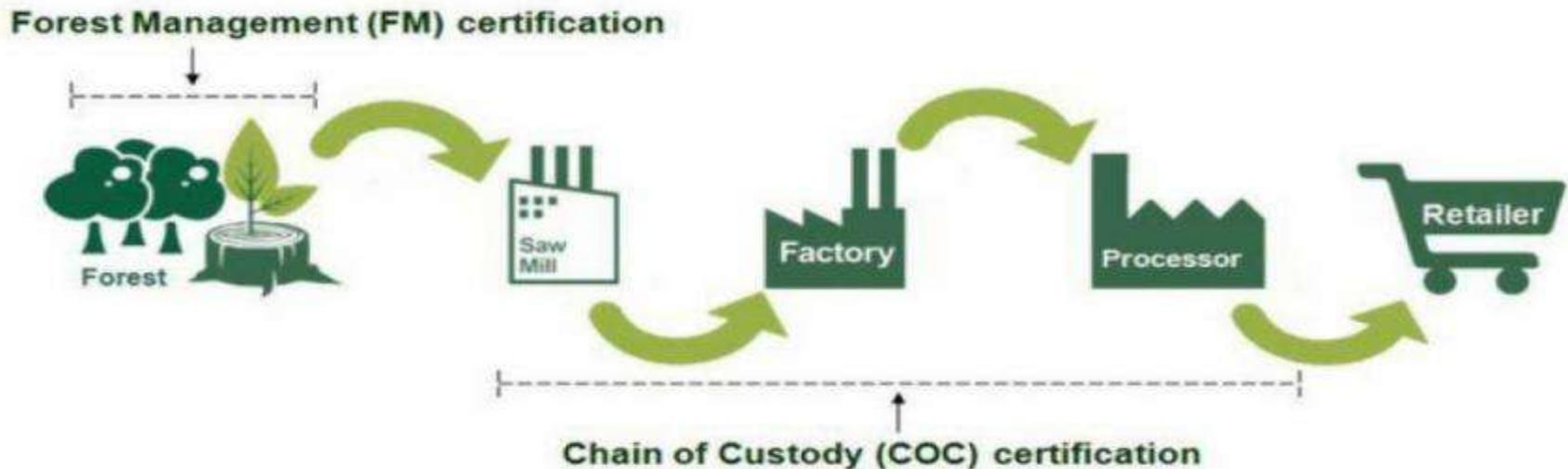
Cont'

- Most forest management certification standards address a wide range of:
 - Economic;
 - social;
 - Environmental;
 - technical aspects of forest management;
 - including the well-being of workers and of families living in and around the forest area subject to certification.



Cont'

Chain of Custody (COC) is a system of checks and balances used to verify the transfer of goods between two or more entities.



Cont'

How is certification achieved?

- compliance with the law;
- well-written and coherent forest management plans;
- the implementation and monitoring of operations to reduce forest damage;
- adequate working conditions; and
- good relations with people living in and around the forest subject to the certification process.



Cont'

Certification Scheme (Sustainable Timber)	Country & Logo	Certification Scheme (Sustainable Timber)	Country & Logo
<p>Malaysian Timber Certification Scheme</p> <p>CB - Malaysian Timber Certification Council</p>	<p>MALAYSIA</p>  <p>mtcc</p>	<p>Programme for the Endorsement of Forest Certification (PEFC) - Chain of Custody</p> <p>CB - PEFC International</p>	<p>GLOBAL</p>  <p>PEFC™</p>
<p>Forest Stewardship Council (FSC) - Chain of Custody</p> <p>CB - FSC International</p>	<p>GLOBAL</p>  <p>FSC</p>		

Source: <https://www.myhijau.my/criteria/>



Initiatives To Support Forest Law Enforcement

A) EU 'Illegal Timber Regulations' (EUTR)

Placing timber from illegally harvested forests and products derived from such timber is prohibited in the EU, the law came into effect on 3rd March 2013.

Wood-based products entering the European Union market for the first time must implement:

Due Diligence System comprising:-

- Product Name;
- Species;
- Country of Origin; and
- Quantity.



Cont'

Risk Assessment

- To determine that the product might have come from an illegal source.
- Risk Mitigation.

To ensure that illegally harvested material is removed from the supply chain by:

- Exclusion; and
- Working with the supplier more closely.



Cont'

B) The Lacey Act (USA)

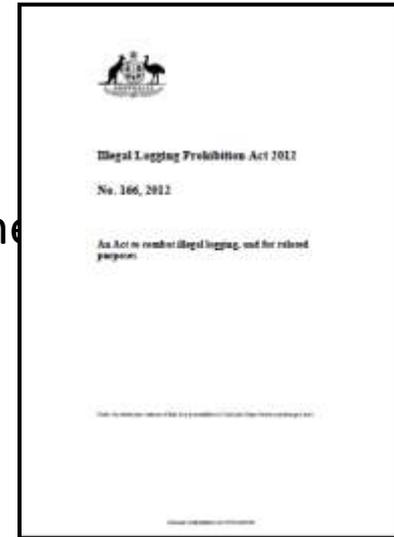
- Prohibited the transportation of illegally captured or prohibited animals and timber and its products.
- The penalties for breaching this act are potentially severe, including significant fines and up to five years in prison.
- When implementing these initiatives both USA and EU encourage wood industries and traders to apply “due care” and “due diligence” in their procurement practices.



Cont'

C) The Illegal Logging Prohibition Act 2012 (AU)

- This Act prohibits the importation of illegally logged timber and the processing of illegally logged raw logs.
- This Act also requires importers of regulated timber products and processors of raw logs to conduct due diligence in order to reduce the risk that illegally logged timber is imported or processed.
- Importers of regulated timber products must provide declarations, at the time of import, to the Customs Minister about the due diligence that they have undertaken.
- Part 4 provides for inspectors to exercise monitoring, investigation and enforcement powers for the purposes of this Act.

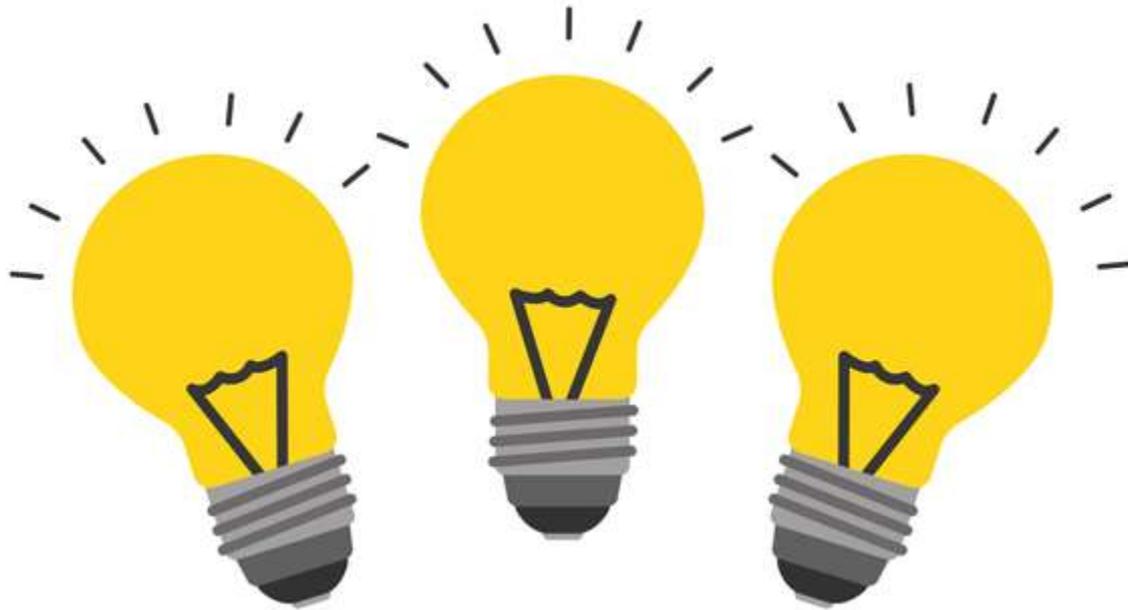


How it improves forest governance?

- It ensures compliance to local laws and regulations and international agreements (if any).
- It should uphold local customary land rights of Indigenous people/local communities.
- Ensure organisation contributes to economic and social wellbeing of local communities.
- Ensure efficient management of natural resources & best practices.
- Ensure identification of HCV and management plan for conservation and restoration.



Activity



FURTHER READING

<http://www.fao.org/sustainable-forest-management/toolbox/modules/forest-certification/further-learning/en/?type=111>

<http://www.timbertradeportal.com/countries/malaysia/#legality-profile>

<https://forestlegality.org/risk-tool/country/malaysia>

<http://www.forest.sabah.gov.my/ulukalumpang/Policy.html>

<http://www.forest.sabah.gov.my/discover/policies/sabah-forestry-department-policy>

<http://www.forest.sabah.gov.my/discover/policies/forest-legislation>

<https://www.forestry.gov.my/index.php/en/about-us/national-forestry-policy>

<http://www.forest.sabah.gov.my/discover/tlas>

<https://www.worldwildlife.org/initiatives/global-forest-trade-network>

<https://mtcc.com.my/annual-reports/>

<https://www.pefc.org/standards/sustainable-forest-management/requirements-criteria>

<https://ic.fsc.org/en/what-is-fsc-certification/principles-criteria/fscs-10-principles>

