

# Receiving Stolen Goods:

## Why the UK Must Legislate Against Trade in Illegal Timber



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***The UK is the third largest importer of illegal timber in the world. Despite a series of commitments to tackle the problem of illegal logging, global trade in stolen timber is costing producer countries £7.5 billion a year. Illegal logging in tropical countries undermines development goals and contributes to climate change. The UK should urgently introduce new domestic legislation to make it an offence to trade in stolen timber within the UK market.***

### The Scale of the Crime

The crime of illegal logging costs developing countries up to £7.5 billion a year through the theft of public assets and non payment of taxes.<sup>1</sup>

The European Union (EU) is one the world's biggest markets for timber and wood products, and imports around £2 billion worth of illegally-sourced wood every year.

The UK is the largest importer of illegal wood in the EU, and the third largest in the world (after China and Japan). It is estimated that the UK imports around 3.2 million cubic metres of stolen timber a year, worth around £700 million.<sup>2</sup>

### Impacts on Producer Countries

The crime of illegal logging has severe impacts on producer countries and undermines several of the UK's key development goals - good governance, alleviating rural poverty, anti-corruption initiatives and sustainable environmental development. Globally, 1.6 billion of the world's poorest people rely on forests for their livelihoods.

The majority of illegal logging is driven by demand for cheap timber in the main consumer markets. Transnational organised crime syndicates are increasingly involved in massive timber theft, undermining governance and breeding corruption.

The scale of illegal logging has artificially suppressed global timber prices by up to 16 per cent, reducing potential revenues for producer countries.

The tropical rainforests of Indonesia suffer rampant timber theft, with up to 80 per cent of trees felled illegally, losing the Indonesian government around £2 billion a year (to five times the annual budget for the country's health department). A recent report found illegal logging taking place in 37 out of 41 national parks in Indonesia, and predicted that lowland forests in Sumatra and Kalimantan will be virtually wiped out by 2022.<sup>3</sup>



*Above: Enforcement against illegal logging, Tanjung Puting National Park, Indonesia, 2003*

## Deforestation and Climate Change

Avoiding deforestation offers the best opportunity for cost effective and immediate reductions of global carbon emissions. It is now recognised that deforestation worldwide is second only to the energy sector as a source of global greenhouse gas (GHG) emissions. Destruction of forests in the Amazon, Congo Basin and Indonesia over the next four years will release more carbon dioxide than every flight in the history of aviation until 2025.<sup>4</sup>

Deforestation caused by illegal logging and land clearance for plantations caused Indonesia to be the world's third largest emitter of greenhouse gases in 2006.

While the UK has placed tackling climate change at the centre of its foreign policy agenda, its failure to curb imports of illegal timber is exacerbating deforestation.

*Right:  
Deforestation  
directly causes  
up to 25% of  
global GHG  
emissions*



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## Many Words, Few Actions

The adverse impacts of illegal logging have been recognised at the highest political levels worldwide. Expressions of concern have failed to translate into tangible action to combat trade in stolen timber.

At the 1998 G8 Summit, chaired by the UK, an Action Programme on Forests was agreed, committing G8 members to "identify and assess the effectiveness of their internal measures to control illegal logging and international trade in illegally harvested timber and identify areas needing improvement". Almost a decade later no significant changes have occurred, except in the area of public procurement which represents a fraction of the timber trade.

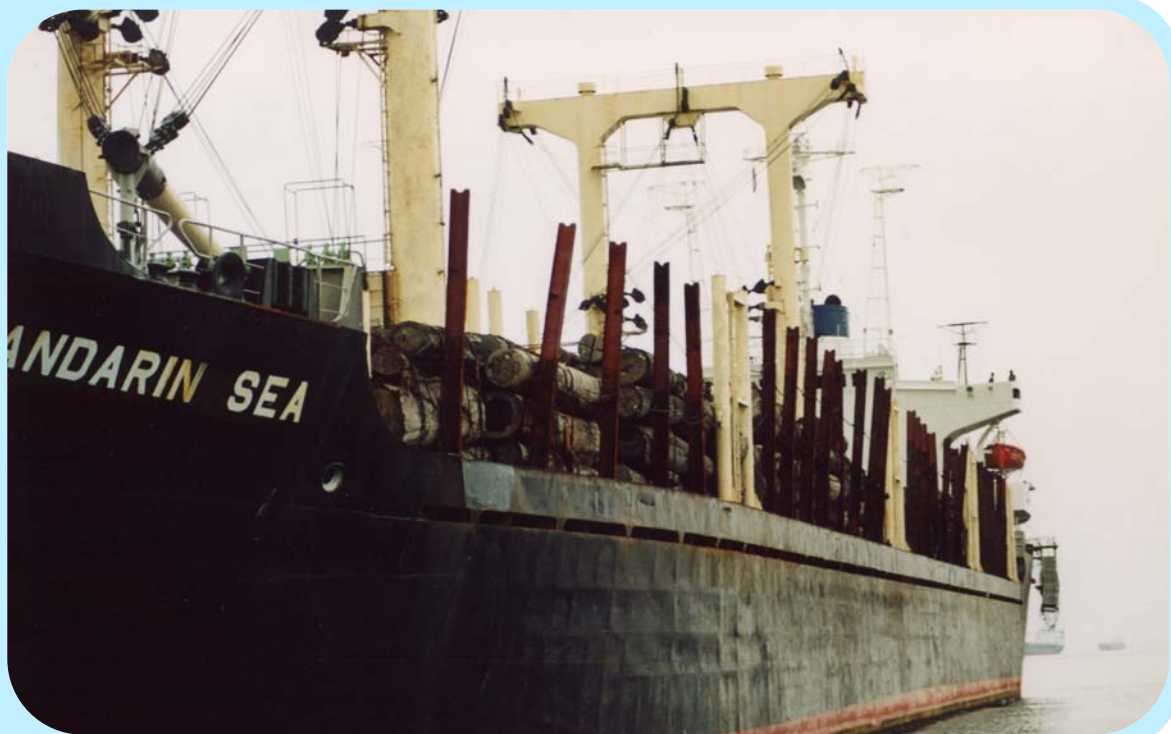
In May 2003 the EU issued a communication on Forest Law Enforcement, Governance and Trade (FLEGT): Proposal for an EU Action Plan, setting out measures needed to address the EU's huge consumption of illegal timber. The communication states that "the (European) Commission will review options for, and the impact of, further measures, including, in the absence of multilateral progress, the feasibility of legislation to control the imports illegally produced timber into the EU". After many delays the commission finally launched a consultation on such legislation in late 2006, although any progress on EU-level legislation will take several years to achieve.

Despite compelling evidence of the scale and consequences of the global trade in stolen timber, none of the major timber importing markets have taken steps to legislate against this trade.

### A Decade of High Level Political Statements of Intent Have Failed to Stop the Illegal Timber Trade

May 1998	G8 Foreign Ministers Meeting Action Programme on Forests
September 2001	FLEG (East Asia) Bali Ministerial Declaration
November 2001	International Tropical Timber Organisation (ITTO) Decision on Forest Law Enforcement
April 2002	MoU between the UK and Indonesia on FLEG
September 2002	World Summit on Sustainable Development (WSSD) Plan of Implementation, Chapter 45, Para c) regarding forest law enforcement and illegal international trade in forest products
November 2002	Asia Forest Partnership (AFP) - main objectives include good governance and forest law enforcement and control of illegal logging
December 2002	MoU between China and Indonesia on FLEG
May 2003	EU Action Plan on FLEGT
June 2003	MoU between Japan and Indonesia on FLEG
July 2003	US President's Initiative Against Illegal Logging
October 2003	FLEG (Africa) Yaounde Ministerial Declaration
March 2005	G8 Gleneagles Summit Environment & Development Ministerial Communiqué
November 2005	Europe and North Asia FLEG Ministerial Conference St Petersburg Declaration
November 2006	MoU between United States of America and Indonesia

*Right: The 'Mandarin Sea', seized for its cargo of illegal timber, Tanjung Perak, Indonesia, 2001*



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## Widespread Support for New Legislation

The government must introduce as a matter of urgency legislation to prevent illegal timber and timber products from entering the UK market

Environmental Audit Committee, January 2006

Day Motion (number 132) which calls on the government to fully support moves to introduce legislation at the EU level had attracted 363 signatures as of 16<sup>th</sup> July 2007. Furthermore a report by the Environmental Audit Committee (EAC) in January 2006 strongly supported new legislation at the UK level if the EU fails to act. The EAC stated: "If the government wants to be taken seriously on its commitment to help protect the world's forests it must introduce as a matter of urgency legislation to prevent illegal timber and timber products from entering the UK market."

Countries suffering from illegal logging have issued calls for legislation in consumer markets. For instance the Indonesian Forestry Minister has stated: "Expecting or asking one country to combat illegal logging while at the same time, receiving or importing illegal logs does not support efforts to combat these forest crimes".

In recent talks between the EU and Indonesia on a voluntary agreement to regulate timber trade the Indonesian delegation called on the EU to put in place legislation to ban the import of illegal timber from all countries.

*Right: Flooring made with illegal Papuan merbau, and destined for the UK, Klang, Malaysia, 2005*

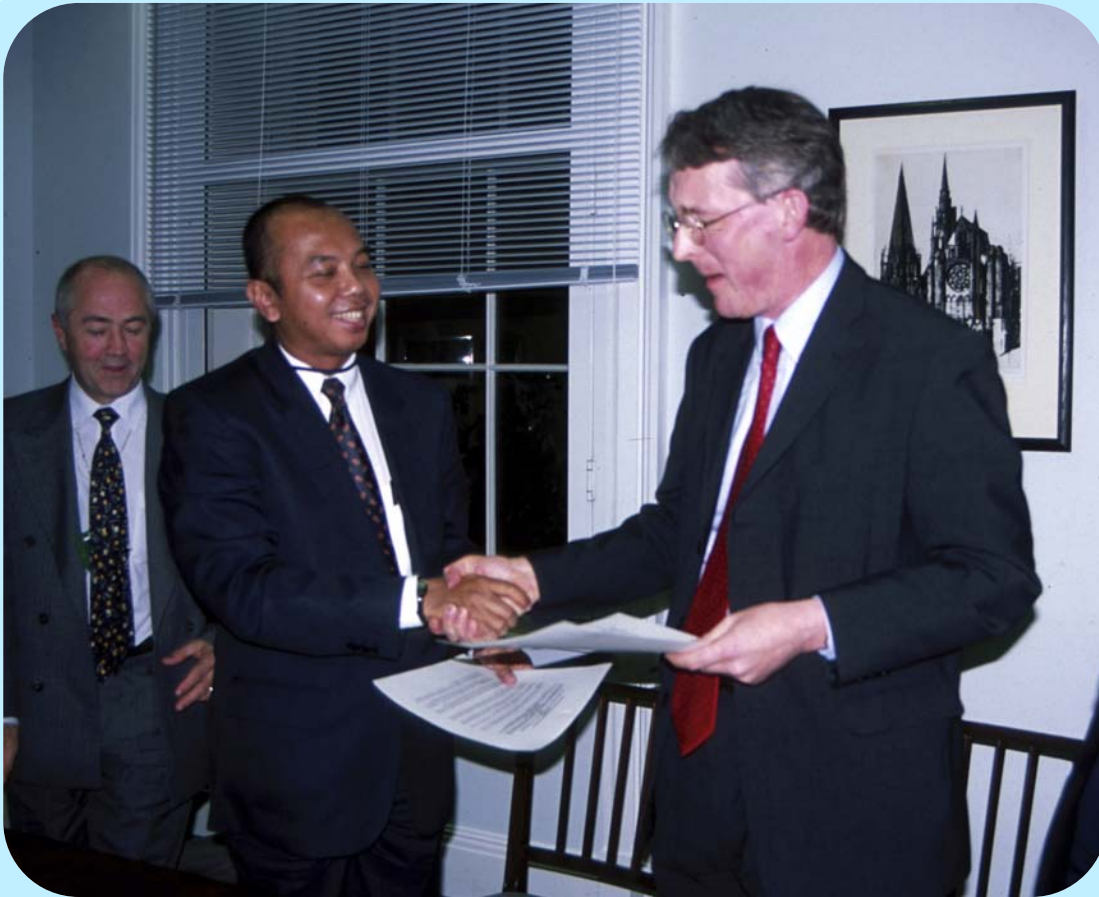
Leading sectors of the timber trade support legislation against trade in illegal timber. In August 2004 the UK's Timber Trade Federation (TTF) stated: "The TTF believes that EU legislation preventing the importation of illegal timber should be adopted as soon as practicably possible."

As of February 2006, 73 leading timber companies and retailers from across the EU issued a statement calling for "new EU legislation which makes it illegal to import all illegally-sourced timber and wood products into the European market".

There is strong political support in the UK. An Early



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*Left: Hilary Benn MP and Mohammad Prakosa, Indonesian Minister of Forests, at the signing of the bilateral Memorandum of Understanding between UK and Indonesia to combat illegal logging and illegal trade, 2001*

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## ≡ The Need for UK Leadership ≡

The UK government has spearheaded international efforts to tackle illegal logging. It has pioneered a series of bilateral agreements between producer and consumer countries, provided significant development assistance to address the issue in a number of key producer countries, and promoted a valuable independent platform for understanding and responding to both the supply and demand of illegal timber.

Despite these efforts there is still little tangible progress at the multilateral level. The voluntary approach adopted so far is commonly accepted as insufficient for the task in hand, and while support for new legislation at the EU level is growing, there have been virtually no concrete actions among major timber consuming nations to address inward flows of illegal timber to date. Progress is still too slow: FLEGT VPAs and any potential EU legislative process could take years to agree and implement, and there is little sense of urgency.

Legal analysis already suggests that the UK could legislate against the sale of illegal timber at the national level, without infringing on EU competence on trade matters. In the context of the new global understanding of the role forests must play in mitigating the worst impacts of climate change, unprecedented cross-party political support, and wide industry agreement, the UK government has an opportunity to maintain its global leadership on this issue by unilaterally legislating against the sale of illegal timber in its domestic market.

***The voluntary approach alone is not enough to tackle the crime of illegal logging. Stolen timber continues to flow into the UK, making consumers here unwitting accomplices to one of the world's biggest environmental crimes. The UK must introduce domestic legislation to close its market to stolen wood.***



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