



Supporting REDD through Responsible Demand: The Case of Illegal Logging



Host: Environmental Investigation Agency
11 December 2009, Copenhagen climate talks



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The non-profit Environmental Investigation Agency is an international campaigning organization with offices in Washington, DC, and London, UK. Since 1984, EIA has used pioneering investigative techniques to expose environmental crimes and campaign against illegal wildlife trade and threats to our global environment.

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International drivers: the concerns

- Scale of commodity markets is enormous: Timber markets alone over US\$ 220 billion annually

TABLE 2: INTERNATIONAL COMMODITY MARKET FLOWS.*

Four top commodities associated with tropical deforestation and degradation. These values do not include secondary products such as furniture, paper in published materials, or food products made with soy, beef or palm oil, which increase the value of trade flows several times over.

Commodity	Annual Global Imports (2007)
TIMBER, PULP & PAPER	US \$82,397,598,000
SOYBEANS + CAKE OF SOYBEANS	US \$44,407,816,000
CATTLE MEAT	US \$19,569,672,000
PALM OIL	US \$19,269,159,000

*Data sources for Table 2: Timber, ITTO 2007 imports to producer and consumer countries (includes logs, sawnwood, veneer, plywood); pulp & paper, FAO ForeSTAT 2007 imports to all countries (includes newsprint, paper and pulp); Soy, cattle and palm oil, FAOStat 2007 data imports all countries.



Connection to climate policy

- Policy incoherence and perversities
- Reducing credibility for REDD plans



Illegal logging: biodiversity and human impacts




Illegal Logging and Trade: Undermining development and rule of law



Illegal Logging and Trade

Driven by 'no questions asked' demand in markets





“Expecting or asking one country to combat illegal logging while at the same time receiving or importing illegal logs of course does not support efforts to combat these forest crimes. In fact ...allowing import and trade [in] illegally cut timber and associated products could also be considered as an act to assist or even to conduct forest crime.”

- Indonesia's former forest minister Mohamad Prakosa

TABLE 1: DEFORESTATION AND ILLEGAL LOGGING RATES IN KEY TROPICAL COUNTRIES

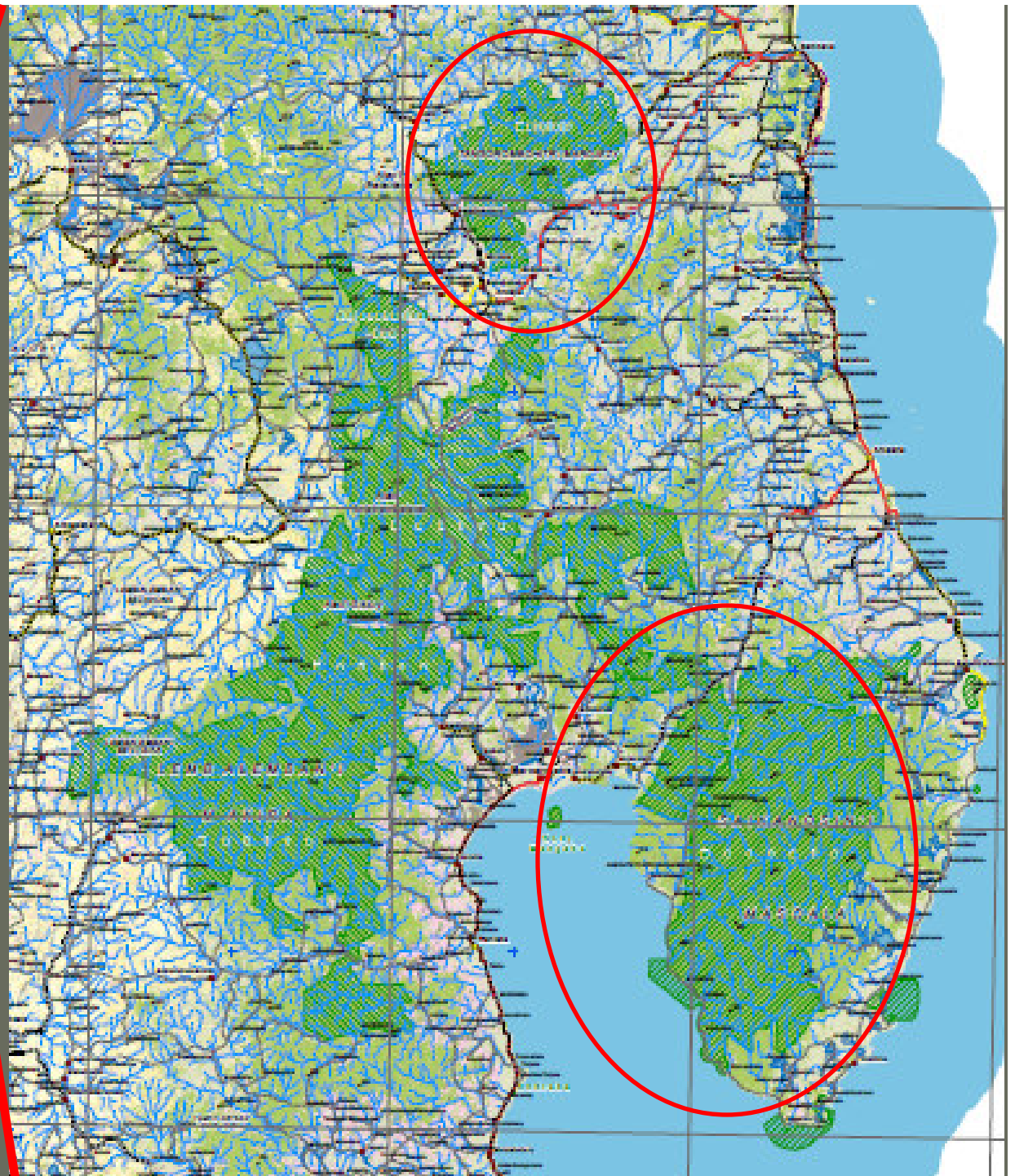
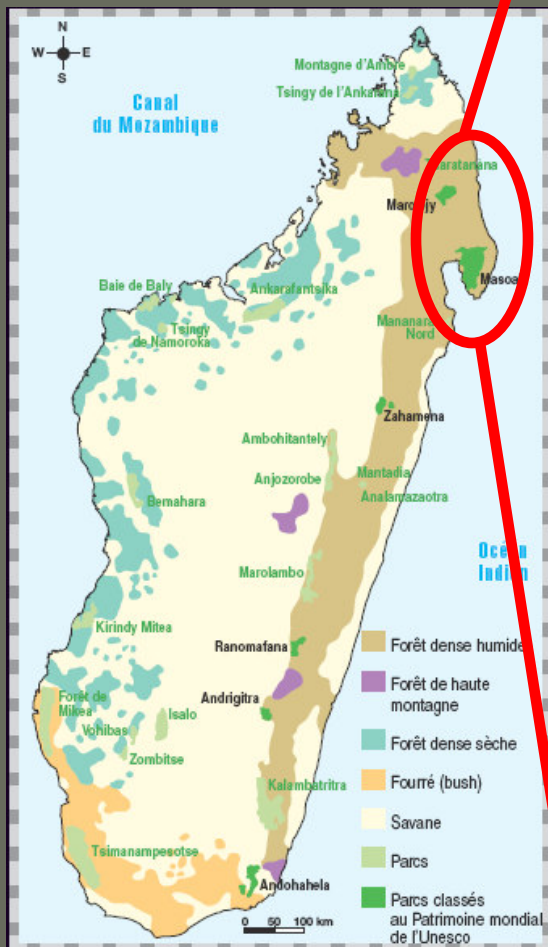
Tropical Forest Countries with High Estimated Rates of Deforestation Emissions	% of Global Deforestation Emissions*	Receiving FCPF Funds?	Illegal Logging in Natural Forests Estimates	
			Over 50%	20-50%**
BRAZIL	25%		●	●
INDONESIA	23%		●	
NIGERIA	6%	●	●	
CONGO DR	4%	●	●	
BURMA	3%		●	
ZAMBIA	3%		●	
CAMEROON	3%	●	●	
PHILIPPINES	2%		●	●
VENEZUELA	2%		D.N.A.	
BOLIVIA	2%	●	●	
GHANA	2%	●	●	
TANZANIA	2%		●	
ECUADOR	2%		●	
PAPUA NEW GUINEA	2%	●	●	●
HONDURAS	2%		●	●
VIETNAM	<2%	●		●
PERU	<2%	●	●	●
MEXICO	<2%	●		●
GABON	<2%	●	●	
NICARAGUA	<2%	●	●	

* Source = Nicholas Institute 2008 (courtesy of NRDC)

** Both columns marked where differing estimates exist. Data compiled from various sources available upon request.

Case study:
Illegal logging in
SAVA region,
Madagascar





Illegal logging in SAVA district

- Bois de rose (rosewood, *Dalbergia spp.*) and ebené (ebony, *Diospyros spp.*) primary targets
- Cycles of illegal logging linked to vanilla prices (which crashed in 2008) and to cyclones that create a pretext for “salvage” (eg Gafilo 2004)
- Export bans followed by reauthorizations, accompanied by ‘tax’ payments and penalties.
- 2009: Political crisis, external funding pulled

IL in Madagascar: Economic structure

Nom et Prénoms ou raison sociale de l'opérateur	Lieu de dépôt	quantité de bois de rose		quantité de bois d'ébène
		rondin	plaquette	rondin
1. LAISOA Jean Pierre	Belle Rose Antalaha	3 838	15 094	NEANT
2. BEMATANA Martin	Akoalabe Antalaha	1 704	37	NEANT
3. SOA Elia Rolaine	Ambalahoraka Antalaha	92	53	NEANT
4. RAMILIALISON Arland	Ankoalabe Antalaha	3 43		
5. BEZOKINY C. Claude	Ambondrona Antalaha	3 81		
6. BODY Thierry	Antsonasona Antalaha	56		
7. CHAN HOYLANE	Ankoalabe Antalaha	28		
8. PATRICIA Soa	Belle Rose Antalaha	61		
9. NDAHINY Grégoire	Manolotsoa Antalaha	12		
10. MALOHELY	Maherifody Antalaha	4		
11. Sté THUNAM Roger	Ankoalabe Antalaha	NEANT		
	Andranomasinkely I Vohemar	NEANT		
	SMPI-Antalaha	1 72		
	4 Minutes Antalaha	3 77		
12. Ets RANJANORO	Analamandrorofo-Sambava	NEANT		
	Andranomasinkely-Vohemar	NEANT		
13. GURERRA William	Fotobato-Ambalabe Antalaha	79		
TOTAL		20 77		



- Timber barons/traders, collectors and loggers

IL in Madagascar: Institutional failures

- Low level of law enforcement capacity
- Lack of monitoring and control of all stages of the extraction and trade
- Capture by traders, possible collusion, to allow continued exports
- Judicial impunity
- Systemic failure to repatriate the proceeds of timber exports, depriving Madagascar of any economic benefit from the trade

Markets for Madagascar's wood

Country	Measures to exclude illegal wood
China (>90% by volume)	--
European Union (<10%)	FLEGT (no Madagascar VPA); law remains only proposal
United States (?)	Lacey Act Amendments of 2008

The 2008 Lacey Act plant provisions

- 1) Underlying prohibition: unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any plant, with limited exceptions, taken or traded in violation of the laws of a U.S. State, or most foreign laws. In effect since May 2008.
- 2) requires importers to submit a declaration for covered plants and plant products.
- 3) establishes penalties for violating the Act, which vary depending on the company/person's knowledge and intent.

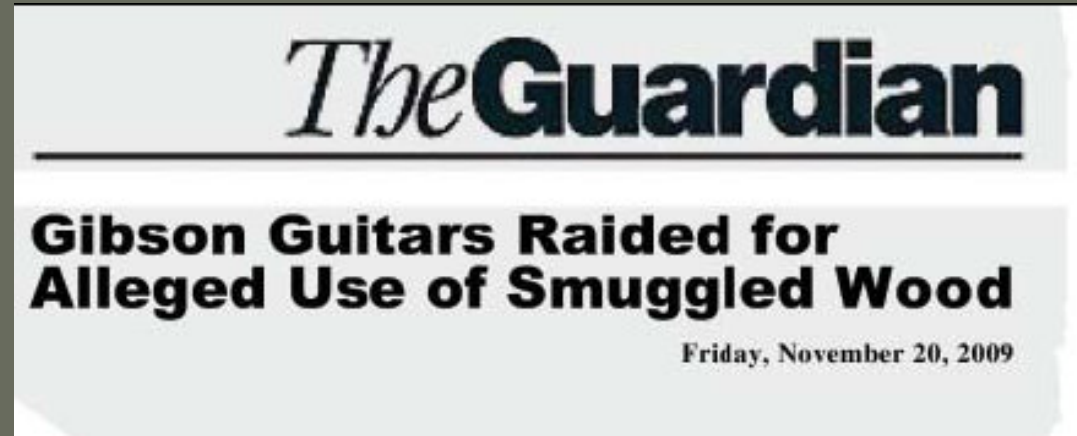


“Knowingly” engaged in prohibited conduct		Trade in illegally sourced wood	Criminal felony fine (up to \$500,000 for corporation, \$250,000 for individual, or twice maximum gain/loss from transaction). Possible prison for up to five years. Forfeiture of goods.
		False Import declaration	Criminal felony fine as above, or civil penalty up to \$10,000. Possible prison for up to five years. Forfeiture of goods.
“Unknowingly” engaged in prohibited conduct	Did not exercise “due care”	Trade in illegally sourced wood	Criminal misdemeanor penalty (up to \$200,000 for corporation, \$100,000 for individual, or twice maximum gain/loss from transaction). Possible prison for up to one year. OR civil penalty fine up to \$10,000. Forfeiture of goods.
		False Import declaration	Civil penalty fine of \$250. Possible forfeiture of goods.
	Practiced “due care”	Trade in illegally sourced wood	Forfeiture of goods.
		False Import declaration	Civil penalty fine of \$250. Possible forfeiture of goods.

Source: Lacey coalition FAQ, available at www.eia-global.org/lacey

Madagascar and the Lacey Act

- First public enforcement action in November 2009



- Huge ripple effects in industry from declaration and now enforcement

Illegal timber trade policy & REDD

- Changes risk-benefit balance and incentives for private actors all along supply chain
- Increases transparency in sector
- Supports sovereign laws and governance improvements in tropical forest countries
- Supports broader civil society engagement in governance issues of direct relevance to REDD
- Reduces leakage and displacement risks



International drivers: lessons

- REDD readiness should not be an exercise only in tropical forest countries, but in ALL countries that contribute to driving deforestation, degradation and illegal activity
- Power of enormous existing commodity markets and supply chain reform should be brought to bear
- Government leadership is needed to guide markets towards legal and sustainable consumption, including a prohibition on illegal timber trade



Thank you

For more resources:

www.eia-global.org/lacey

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PUTTING THE BRAKES ON DRIVERS OF FOREST DESTRUCTION: A SHARED RESPONSIBILITY

AN EIA BRIEFING • COPENHAGEN CLIMATE TALKS • DECEMBER 2009

