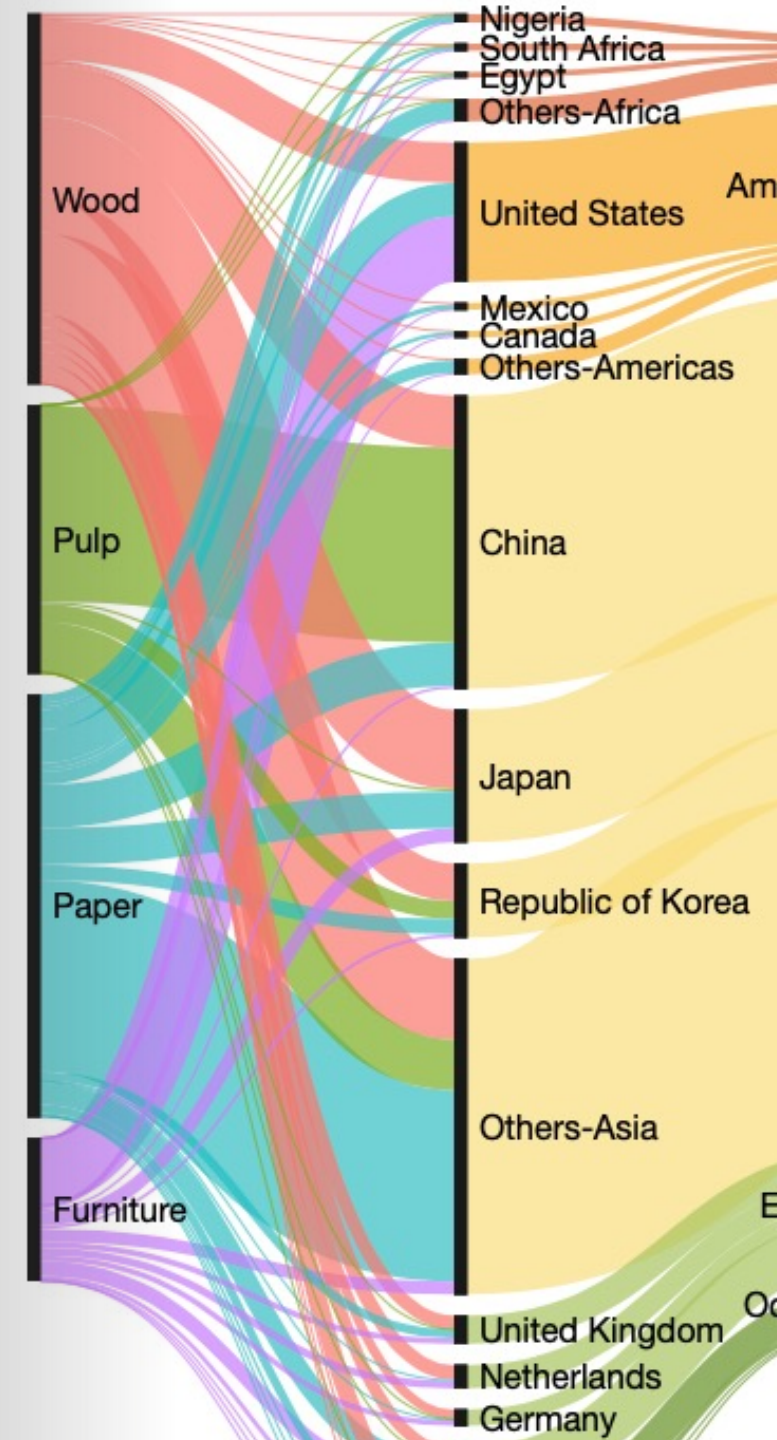
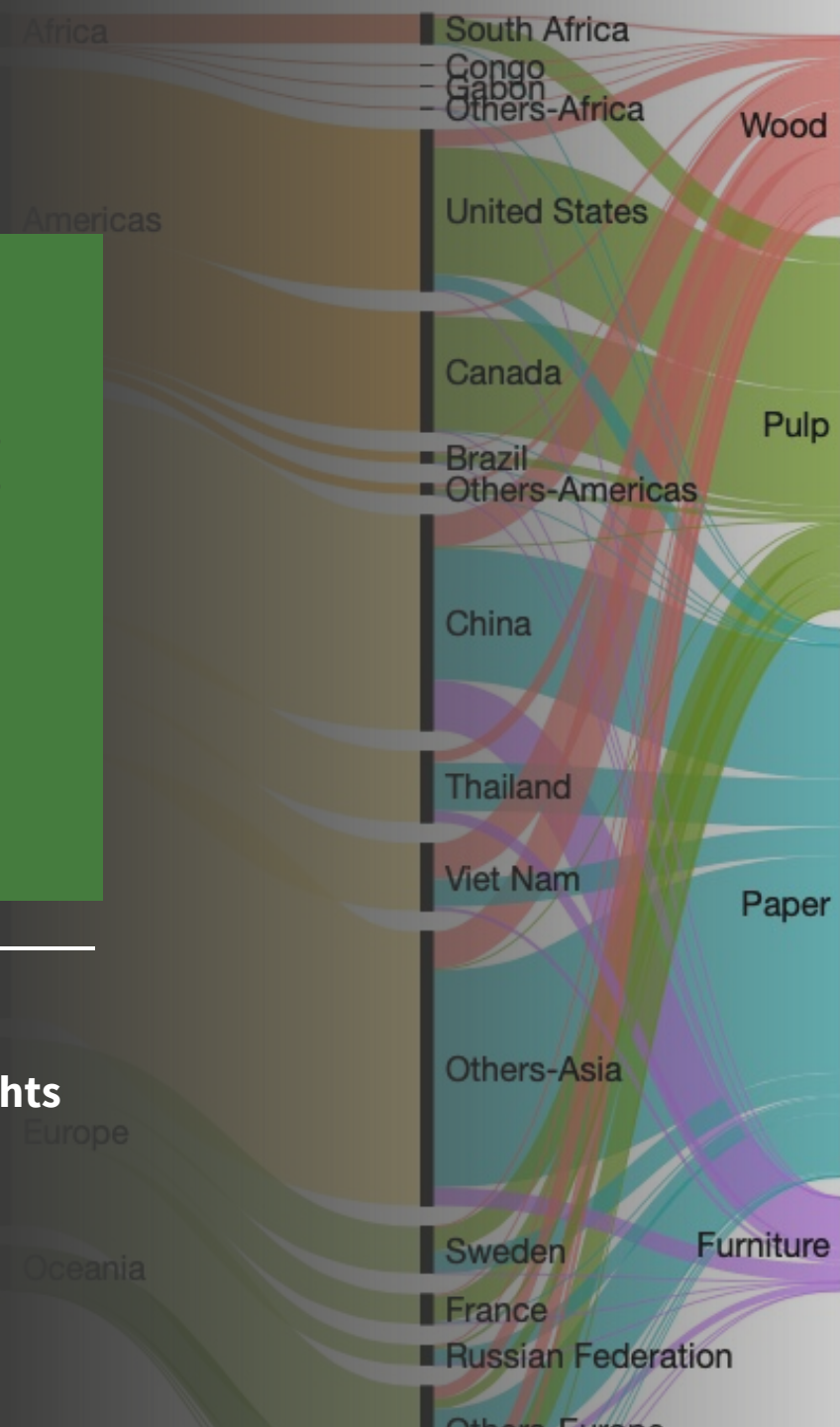


FLEGT VPA Independent Market Monitoring (IMM)

IMM Webinar 24 June 2021

Four years of IMM EU Surveys – Insights and Recommendations

Sarah Storck, IMM Lead Consultant

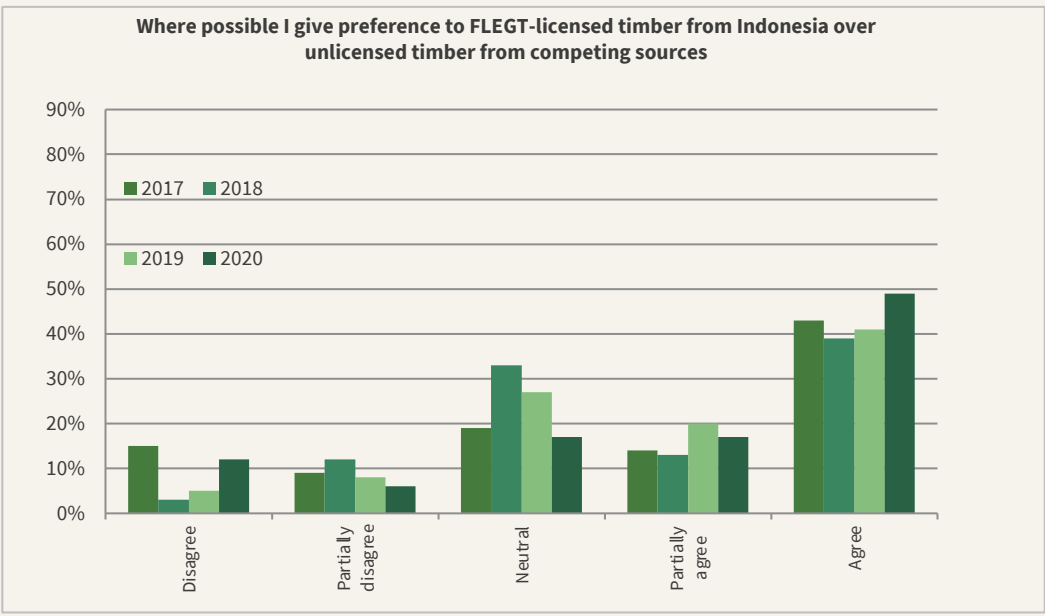
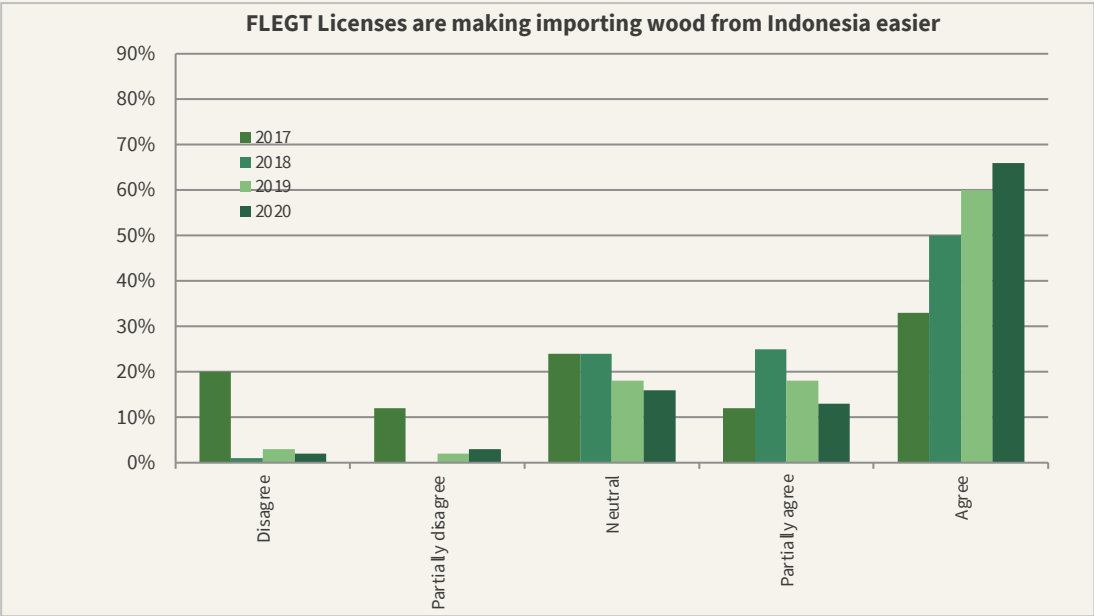
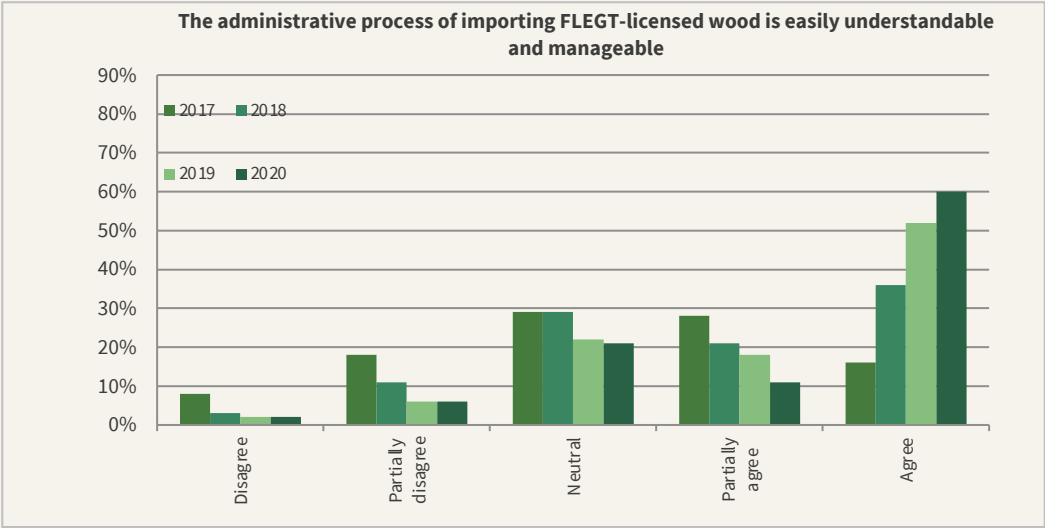
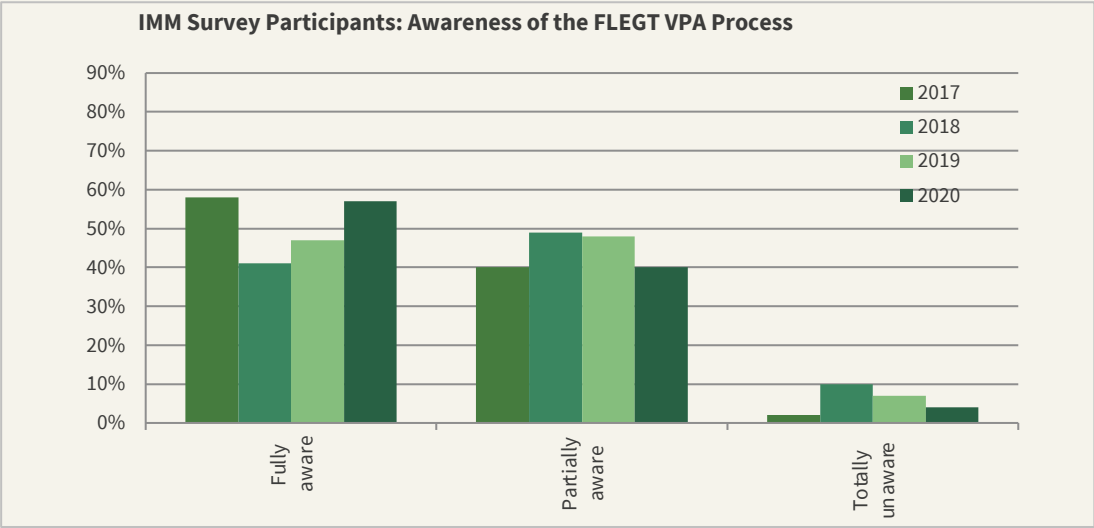


IMM Surveys 2017-2020



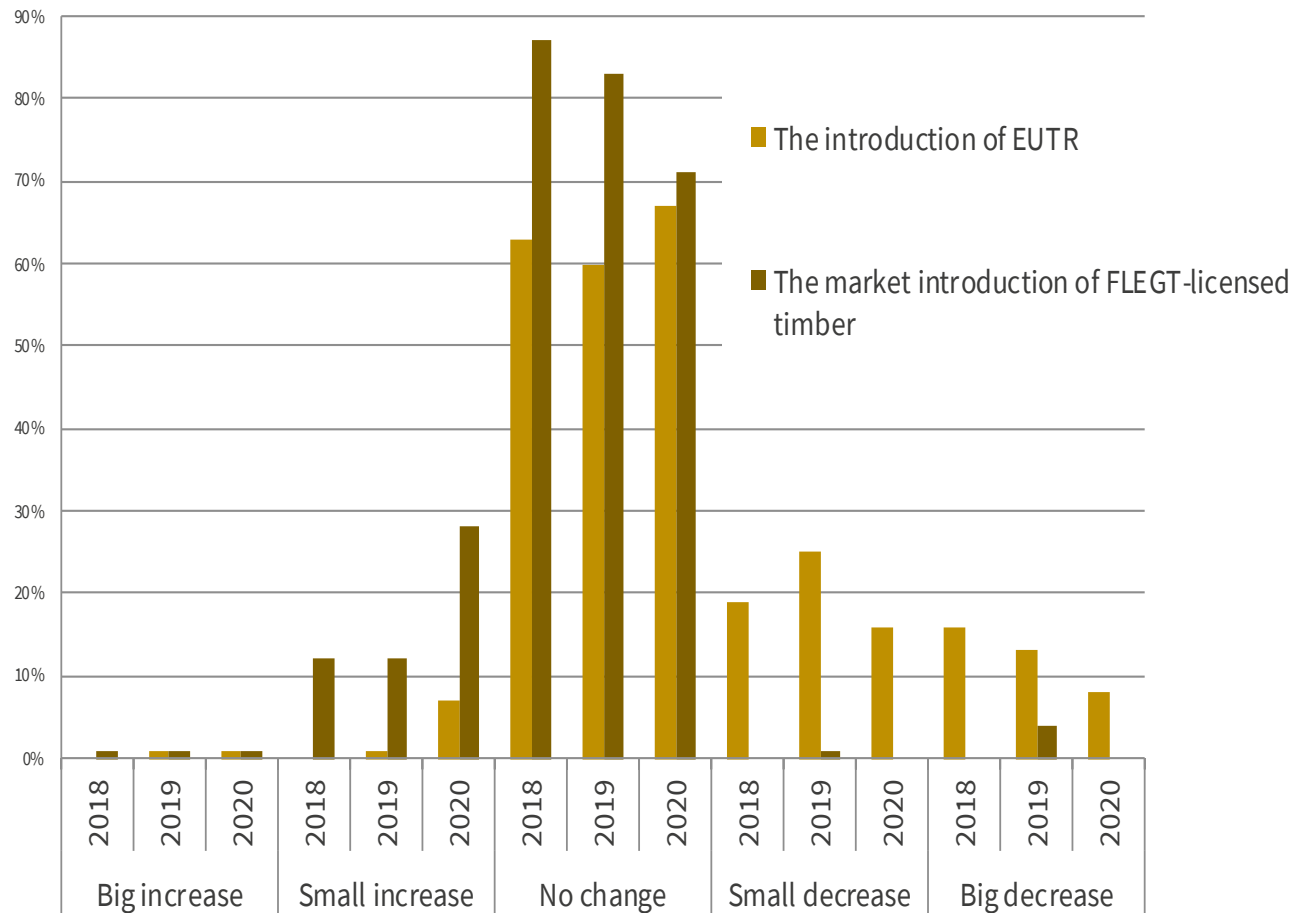
- **600+ interviews with timber importers & traders** as a part of annual standardised surveys in key EU countries + UK between 2017-2020.
- **Interviews with 80+ furniture importers and traders** for the 2018 and 2020 furniture special studies.
- **Interviews with architects** for the 2020 special study on architects perceptions of FLEGT and use of tropical timber
- **Interviews with finance and investment specialist** for the special studies on FLEGT impact on forest sector investment.
- Annual standardised **interviews with Competent Authorities, associations and Monitoring Organisations.**
- **Direct consultation of 200+ timber imports & traders +other stakeholders** at IMM trade consultations in 2018 /2019
- In VPA partner countries: **interviews with 20-40 companies/year/country + associations, CSOs, government agencies.**

Market advantages for FLEGT-licensed timber - IMM EU trade surveys 2017-2020



EUTR and FLEGT Licensing impact on EU tropical timber trade

Change in tropical Timber share in imports due to EUTR and FLEGT-licensing



- 35% of survey respondents in 2018, 38% in 2019 and 24% in 2020 reported either small or big decreases in the share of tropical timber in their overall timber imports due to introduction of EUTR.
- EUTR due diligence narrowed their supply base in tropical countries.
- Importers increased the share of FSC/PEFC certified timber in their product mix to comply with EUTR and, as there is not enough certified timber in the tropics, switched to substitutes.
- An increasing concentration of tropical timber and timber product import trade in the hands of “specialist” exporters and importers was also noted.
- Introduction of FLEGT Licensing led to some increases in tropical wood imports each year.

EU trade recommendations and concerns

IMM interviews and consultations between 2017 and 2020 identified **three focal areas** around which recommendations were concentrated:

Ensure consistent and effective enforcement of the EUTR to:

- create an immediate market advantage for FLEGT-licensed timber;
- create a level playing field at European level and;
- address environmental prejudice;
- prevent illegal timber from entering or circulating on the Union market.

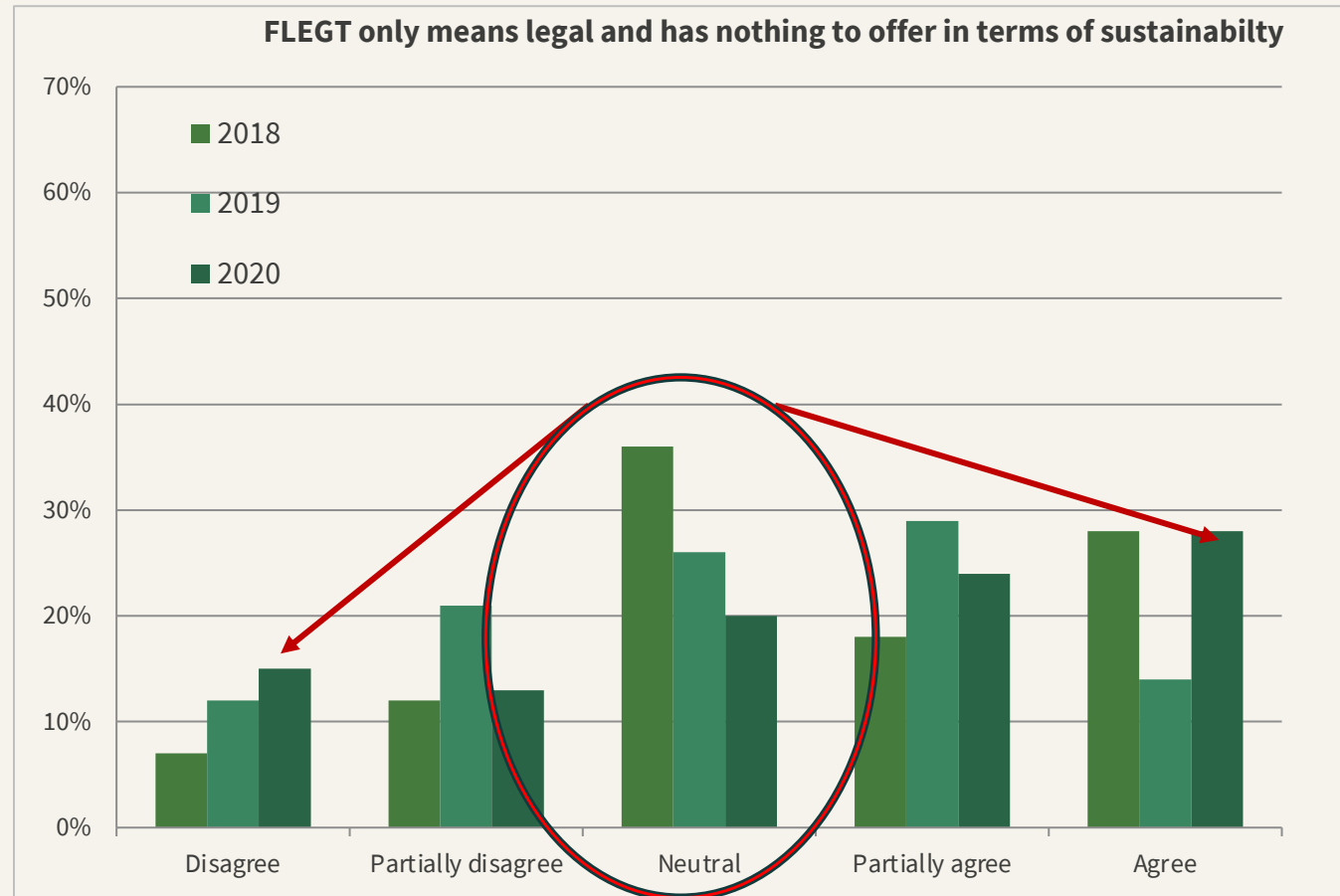
Endorsement/promotion of FLEGT-licensed timber by EC and MS, including:

- acceptance of FLEGT-licensed timber on equal footing with certification in public procurement (and actually specifying it for public projects in practice);
- clarification of the status of FLEGT-licensing in the legality/sustainability hierarchy;
- measures to raise awareness delivered by relevant stakeholders;
- preferential treatment for FLEGT-licensed timber in green finance initiatives;
- measures to address environmental prejudice.

Minimize bureaucracy involved in importing FLEGT-licensed timber as much as possible by:

- implementing e-licensing;
- handling application of different HS codes in Europe and Indonesia as well as any other obviously not fraudulent mismatches in an unbureaucratic manner;
- dropping fees for processing FLEGT Licenses (they don't hurt much financially in their current size, but send the wrong signal).

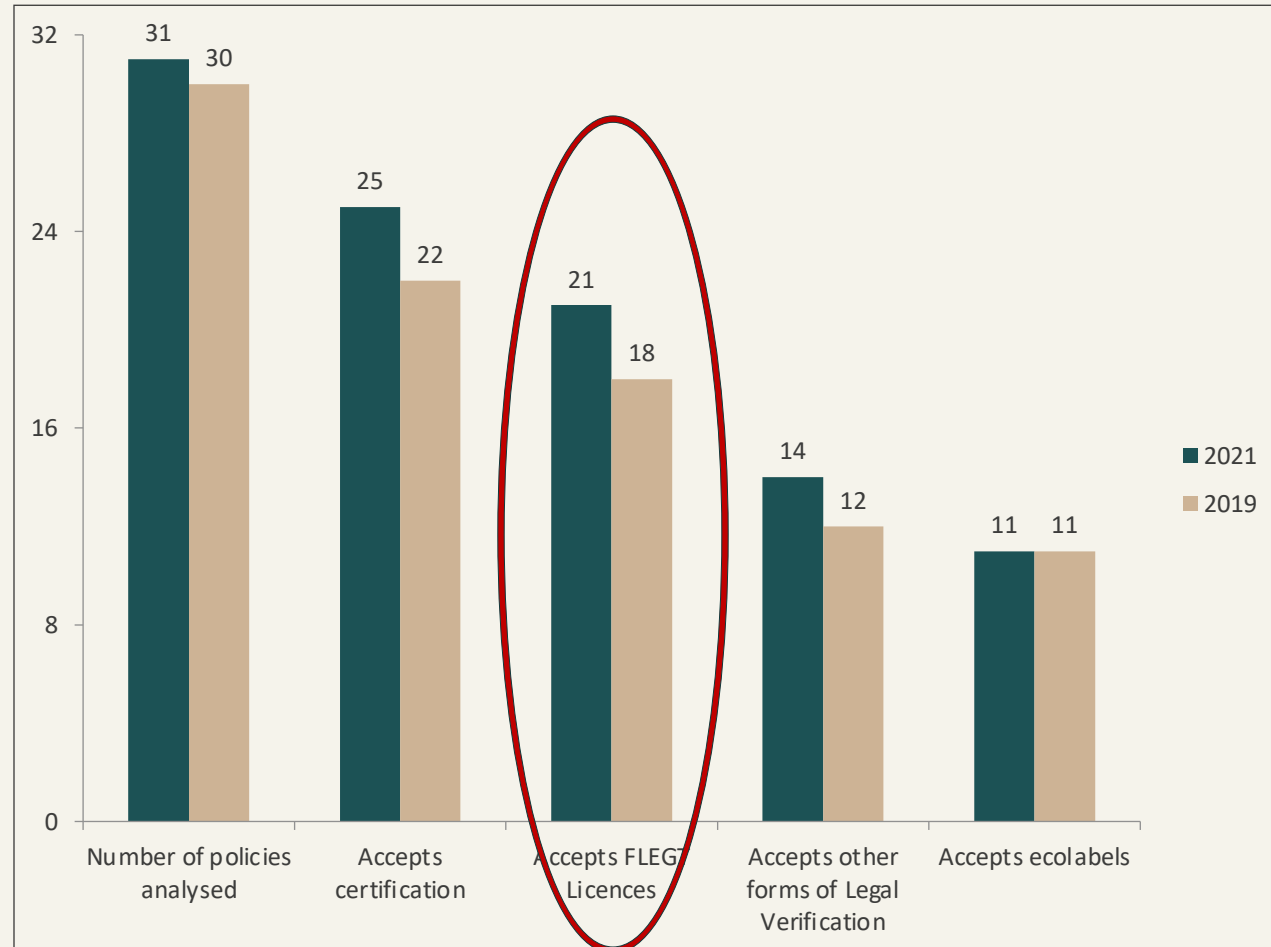
Market constraints for FLEGT-licensed timber: Legality vs Sustainability



- European governments and companies have moved on from “legality” to “sustainability”.
- Level of awareness of wider benefits of VPA implementation is still too low. ***Still mixed perceptions among the trade.***
- Contributions towards sustainability need to be communicated to relevant target audiences.
- **Simplified definition used in practice:** in European timber procurement, “sustainability” is typically equalled to FSC and PEFC certification.
- In private-sector procurement policies, FLEGT Licensing is practically always rated lower than FSC/PEFC certification.

Market constraints for FLEGT-licensed timber: Lack of active endorsement

Variations in public procurement policy verification acceptance content across the 27 EU Member States & UK (2019 & 2021)

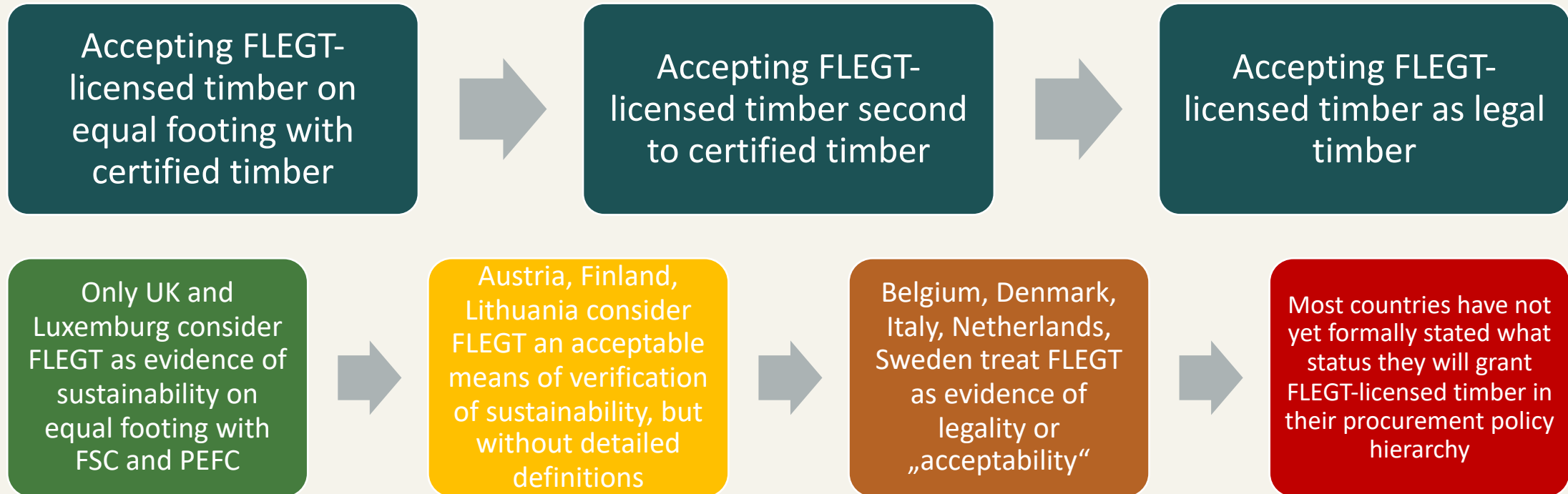


*In terms of their definitions of ‘legal’ and ‘sustainable’, the procurement policies can be divided into **four** broad groups:*

- Those that take their **definitions from the EU’s common GPP criteria** where compliance with the EUTR is a basic condition.
- Those that use the terms ‘**legal**’ and ‘**sustainable**’ **without setting out detailed definitions** of exactly what these terms mean.
- Those that have developed **detailed sets of criteria for ‘legal’ and ‘sustainable’**. The criteria derive from a variety of sources and inputs.
- Those that **accept only products certified** by the two main global forest certification schemes, FSC and PEFC, or equivalent. (applied only in Germany)

Market constraints for FLEGT-licensed timber: Lack of active endorsement

IMM 2021 study identified three different scenarios evident when it comes to acceptance of FLEGT Licensed timber:



In practice, this means:

- that FLEGT-licensed timber is hardly ever (never) specified in public projects in most/all MS
- there is no/little positive leadership effect that would encourage others (private companies, ecolabels, green building codes...) to include and promote FLEGT-licensed timber as evidence of sustainability on equal footing with certification

Market constraints for FLEGT-licensed timber: Environmental prejudice & inconsistent messaging

Survey respondents in all key EU countries + UK have flagged up **difficulties in maintaining and developing markets for tropical timber** due to lingering **environmental prejudice**.

“Use it or lose it”

European wood promotion campaigns

- 2019 IMM study on promotion analysed **17 campaigns**, 13 of which have potential scope to promote FLEGT Licensing.
- **5 campaigns made a positive reference to FLEGT Licensing**, but none promotes explicitly
- Two dedicated tropical timber campaigns **STTC + F&P focus primarily on** certified timber.
- STTC is addressing FLEGT at its annual conferences and counts it as **“evidence of responsible sourcing”** in its reports.

Timber Trade Federations and FLEGT

- Federations have a **key role as market influencers** and communicators for the timber industry
- IMM study analysed positions on FLEGT of 8 TTFs in key EU countries (+UK)
- **Positions include:**
 - *Promoting FLEGT as **operating at scale necessary for sustainability***
 - *Mentioning FLEGT as **evidence of legality and possibly sustainability***
 - *Promoting **EUTR compliance advantage***
 - *Promoting EUTR compliance advantages, though **cautious that FLEGT Licences might gain share from certification***

Dedicated promotion of VPAs and FLEGT-licensed timber

- UK TTF:
 - **Timber Transformer**, a public exhibition at the London Building Centre in 2018, to highlight the value of FLEGT in Indonesia, with a particular emphasis on the social, environmental and economic impacts of VPAs
 - **Momentto timber structure showcase** in 2019 and **Conversations About Climate Change product design competition** in 2020. Both featured wood species from VPA supplier countries to underline their versatility and variety and to promote the initiative.
- Domestic & international **promotion/communications strategy for Indonesian FLEGT-licensed timber**. (developed by GTF/MFP4, implemented by Kiroyan Partners/Kreab Brussels/MFP4)
- **Preparation of communications in Ghana** for promoting FLEGT-licensed timber (GTF, Palladium, UK TTF)

Thank you

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Independent Market Monitoring of FLEGT-Licensed Timber

