

平成 29 年度  
「クリーンウッド」利用推進事業のうち生産国における  
現地情報の収集(熱帯地域)  
報告書 別冊

平成 31 年 3 月

林野庁



## はじめに

本冊子は平成 29 年度「『クリーンウッド』利用推進事業のうち生産国における現地情報収集（熱帯地域）」事業報告書の別冊として作成された。本事業では、対象国（フィリピン、タイ、ブラジル、エクアドル、ラオス）の調査にあたって、それぞれの国の林業、木材産業に精通し、ITTO での業務経験が豊富で信頼できるコンサルタントに調査を依頼した。本冊子にコンサルタントから提出された各国報告書（英語）を掲載する。



平成 29 年度「クリーンウッド」利用推進事業のうち

生産国における現地情報の収集（熱帯地域）

報告書 別冊 目次

フィリピン	1
タイ	99
ブラジル	173
エクアドル	241
ラオス	299



1 フィリピン

# PHILIPPINES

**Country Report on Forest Product Legality Requirements and Risks**

**Prepared by**

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## Contents

1. Overview of the Philippines forestry sector .....	4
1.1 Forest resources of the country .....	4
1.2 Forestry and wood processing sector (e.g. log, sawn timber, plywood, wood chips, pulp and paper, furniture, etc.).....	9
1.2.1. Log production .....	9
1.3. Trade of wood products (export and import): countries, product types, species, volume and values of trade.....	11
2. Overview of the relevant government organisations .....	17
2.1 Legal authorities.....	17
3. Legislation on harvesting of forest resources.....	20
3.1. Laws and regulation on harvesting of forest resources .....	20
3.2. Legal rights over forests .....	23
3.3. Timber source types, management and harvesting planning and permits .....	28
3.4. Protected species .....	31
3.5. Employment and safety in forest management and harvesting operation .....	33
4. Legislations on transportation and processing of wood and wood products .....	34
4.1 Laws and regulation on transportation and processing of wood and wood products	34
4.2. Transportation of logs .....	35
4.3. Processing wood and wood products .....	37
4.4. Transportation of wood and wood products .....	39
5. Legislation on trading woods and wood products .....	40
5.1. Laws and regulation on trading woods and wood products.....	40
5.2. Legally required documents or records .....	44
6. Others .....	45
6.1. International framework / trade agreement relevant to combatting illegal harvesting and associated trade .....	45
6.2. Voluntary schemes on legality / sustainability of wood and wood products .....	46
6.3. Other Observations and Comments.....	47
7. Interviews/Field Survey (Logistic Records).....	48
7.1. Interviews.....	48
7.2. Field Survey .....	50
8. References .....	50

## 1. Overview of the Philippines forestry sector

### 1.1 Forest resources of the country

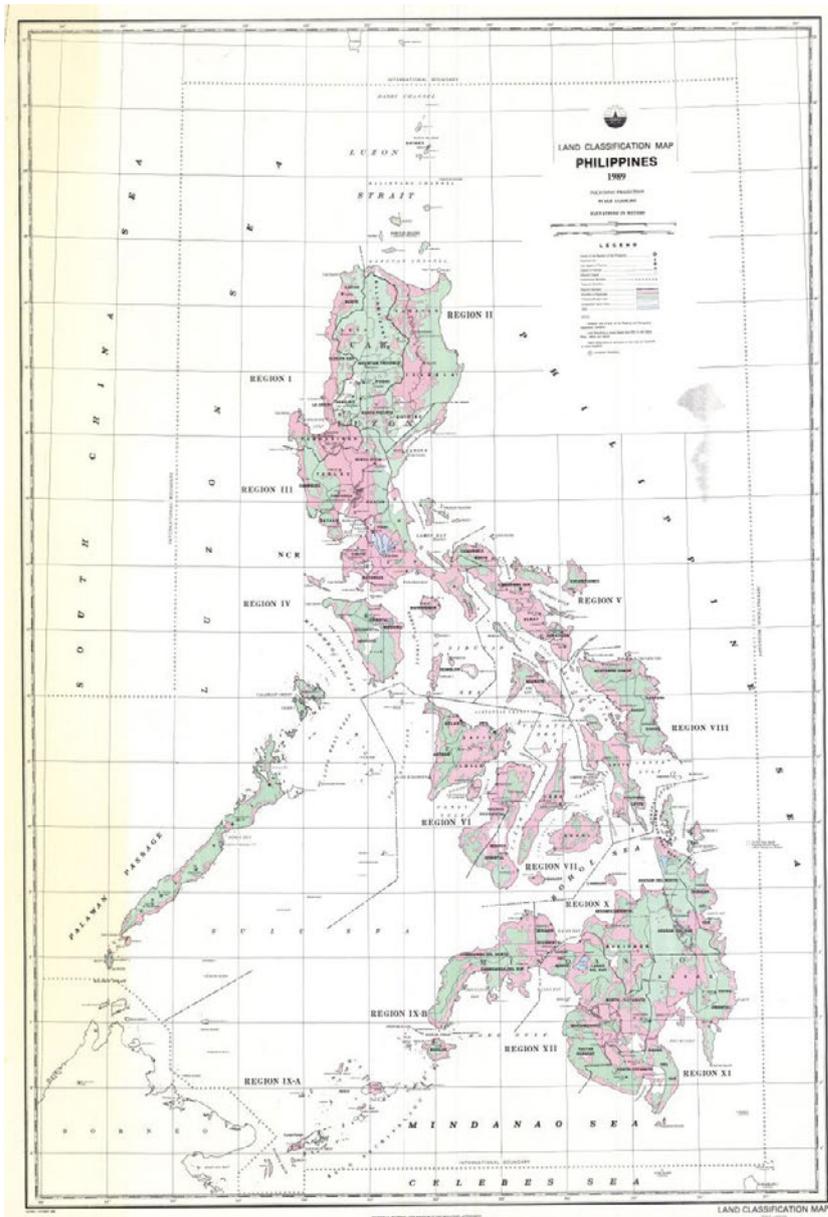
#### 1.1.1. Landuse types

Officially, just over 15 million hectares of land are classified as “forestland” in the Philippines, with an additional 755,009 hectares of “unclassified forestland.” Combined, these comprise more than 52% of the country’s total land area, while just over 14 million hectares (47% of the country’s land area) have been classified as “alienable and disposable” (lands determined not to be required as forestland and subsequently available for private ownership). Of the country’s classified forestlands, slightly more than 10 million hectares are established “timberlands” and 4.9 million hectares are classified as various reserve forests (e.g., national parks, watershed reserves, military, and civil reservations). The country has 1.34 million hectares of national parks, wildlife areas, and game refuge and bird sanctuaries and 3.27 million hectares of watershed forest reserves (managed primarily for watershed protection).

**Table 1. Area of landuse types**

Landuse type	Area (ha)
Forestland	15.8 million
Timberlands	10 million
Reserve land	4.9 million
National parks, wildlife areas, and game refuge and bird sanctuaries	1.34 million
Watershed forest reserves	3.27 million
Unclassified forestland	755,009
Alienable and disposable	14 million
Total Area	29.9 million

**Figure 1. Land classification Map of Philippines (National Mapping and Resource Information Authority 1989). Red: Forestland, Green: Alienable and disposable**



### 1.1.2. Vegetation types

It is important to note that, however, that although more than 15 million hectares of land are classified as “forestland” in the Philippines, actual forest cover currently extends to just 8,040,000 hectares (27% of total land area) (FAO, 2015). This reflects a loss of approximately half of the forest cover existing in the country in the 1930s (Fig. 3).

Approximately 10% of the country’s forests, or 861,000 hectares, are considered to be primary forest (also referred to as “old growth” forests in the Philippines), while nearly three-fourths (5,934,000 hectares) are “other naturally regenerated” forests. In 2015, the Philippines had an estimated 1,245,000 hectares of planted forests, or about 15.5% of the total forested area, although most of these plantations are very recently established.

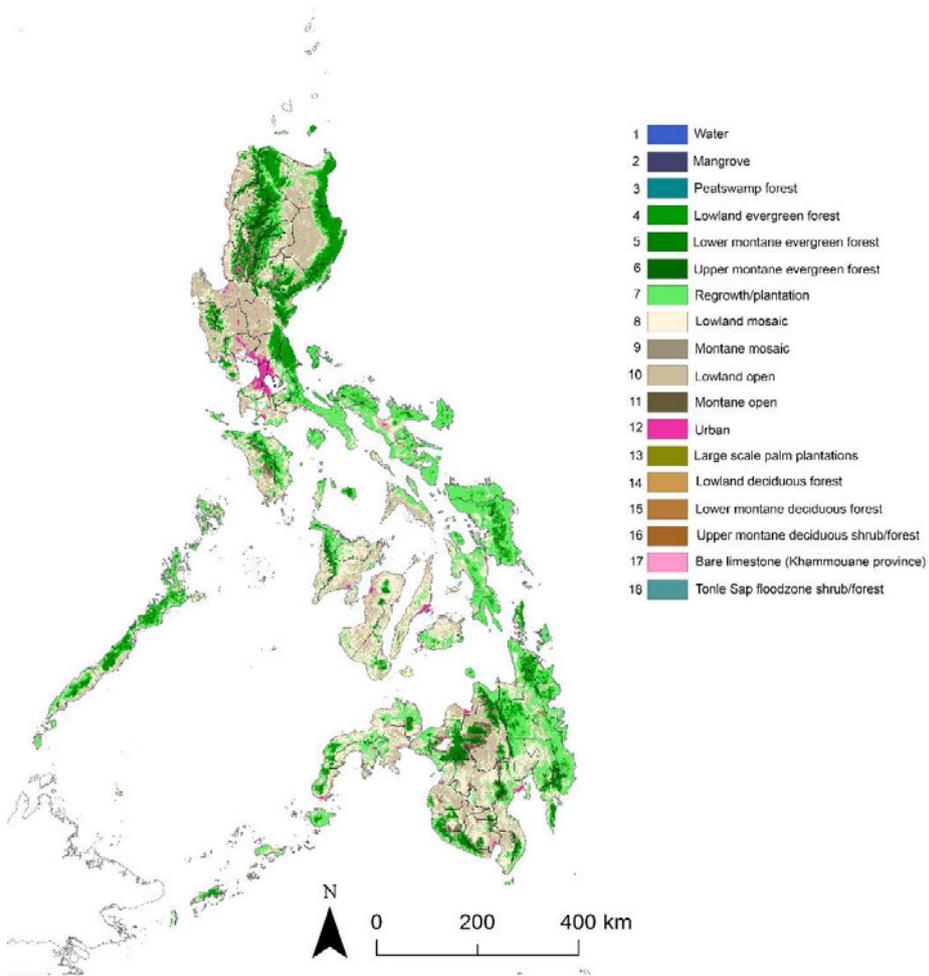
According to FAO (2015), on the other hand, two-thirds of the country's forests (8,040,000ha) as of 2015 are classified as "closed forest" (i.e., greater than 40% crown cover), with 28% as "open forests" (i.e., 10-40% crown cover), and another 4.5% is mangrove forests.

While (unplanned) conversion of natural forests to other land uses (primarily agriculture) has continued at a modest pace in the country, net forest area has slightly increased in recent years, as a result of ambitious planting of trees under the National Greening Program (NGP) during 2011-2016. The National Greening Program was established under E.O. 26 in 2011, with objective of planting 1.5 billion seedlings, reforesting 1.5 million hectares of land by 2016. The NGP drew together government agencies, private sector, NGOs and community People's Organizations to reforest. Official DENR reports claim 1.7 million hectares of land were planted with 1.3 billion seedlings during the six years of the program (some people have questioned the survival rates under the program, however). In 2015, the government extended the NGP, under E.O. 193, to the year 2028, with the aim of covering the remaining 7.1 million hectares of unproductive, denuded and degraded forestlands nationwide, with program entitled, "Expanding the National Greening Program" (ENGP). Under the current phase, 1.2 million hectares are targeted for reforestation between 2017 and 2022<sup>1</sup>. Under the NGP and ENGP, organizations and companies can make contributions to the program voluntarily, with own resources. Most of the planting to date, however, has been conducted with government funds, contracting People's Organizations and NGOs to carry out the reforestation.

**Figure 2. Vegetation in Philippines in 2015 (Miettinen et al. 2016)**

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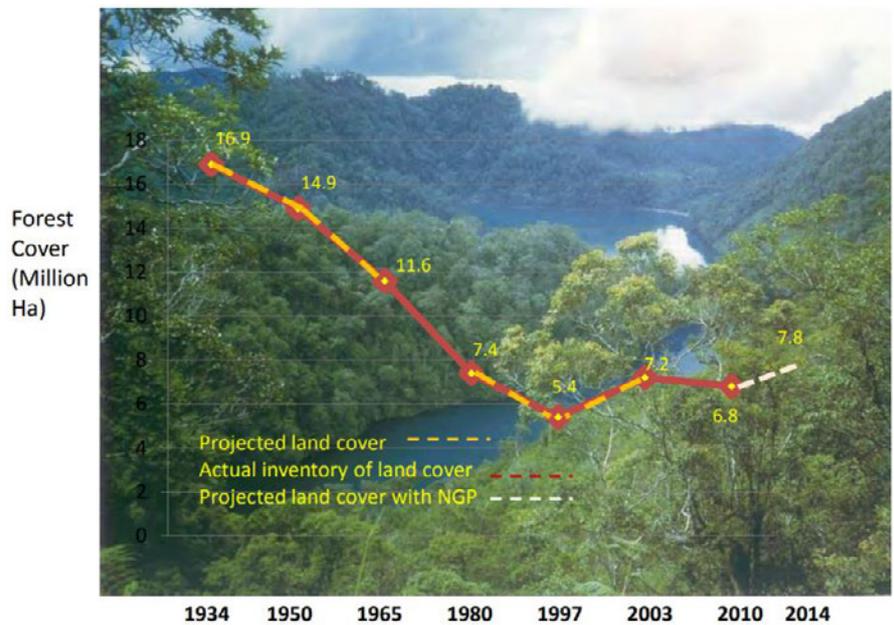
<sup>1</sup> See: <https://www.denr.gov.ph/priority-programs/national-greening-program.html>



**Table 2. Area of forest cover**

Landuse type	Area (ha)
Forest cover	8,040,000
Primary forests / old growth forests	861,000
"Other naturally regenerated" forests	5,934,000
Planted forest	1,245,000
Non-forest area	?
Total Area	29.9 million

**Figure 3. Historical trend of forest cover in the Philippines**



Source: DENR, 2016a

The predominant natural forest type is mixed dipterocarp forests, comprising nearly two-thirds of the total. These forests are dominated by species of the Dipterocarpaceae family, with species of the *Shorea*, *Parashorea*, *Dipterocarpus*, and *Hopea* genera being dominant and traditionally the most important for timber production (prior to the moratorium on logging of natural forests). The country has less than 250,000 hectares of pine forests (*Pinus kesiya* and *Pinus merkusii*) at higher elevations, and approximately 1 million hectares of “mossy forests” (comprised mostly of short trees and shrubs, and sometimes called “montane forests” or “cloud forests”) situated at the highest mountain elevations (typically above 1,700 meters).

The Philippines was a major timber producer and exporter in the 1960s and 1970s, with production of industrial roundwood exceeding 10 million cubic meters in several years (Dauvergne 1997). Overharvesting, conversion of forests to other land uses, and degradation of forests from shifting cultivation and timber poaching caused production to decline dramatically from the 1980s onward. Concern over the continuing loss of the country’s forests led to the issuance of Executive Order No. 23, in 1991, imposing a moratorium on logging in all natural forests, which continues to the present time.

Pursuant to E.O. 23, legal timber harvesting in the Philippines is restricted to planted forests only, with rare exceptions made for clearing of natural forests for authorized infrastructure, energy and mining projects, comprising only 1% of total timber harvests (less than 10,000 cubic meters). The main plantation species include (in order of volume harvested): *Albizia falcataria* (also known scientifically as *Paraserianthes falcataria* or *Falcataria moluccana*, with common name in the Philippines usually referred to simply as “falcataria”), *Acacia mangium*, *Gmelina arborea*, and *Swietenia macrophylla*. Small volumes of *Hevea brasiliensis*, *Endospermum peltatum*, *Eucalyptus deglupta*, *Leucaena leucocephala*, and *Samanea saman* are also harvested from planted sources.

## 1.2 Forestry and wood processing sector (e.g. log, sawn timber, plywood, wood chips, pulp and paper, furniture, etc.)

### 1.2.1. Log production

The Philippines produced between 800,000 and 1.2 million cubic meters of industrial roundwood each year in recent years (Table 3).<sup>2</sup>

**Table 3. Industrial roundwood production consumed by local production (thousand cubic meters)**

Year	Sawlog/veneer logs	Pulpwood	Poles and piles	Total
2016	440	347	3	790
2015	443	395	4	842
2014	631	465	6	1,102
2013	641	518	7	1,166
2012	742	116	4	862
2007	648	227	6	881
2002	288	106	9	403
1997	241	312	3	556

Source: DENR/FMB, Philippine Forestry Statistics, 2016

In 2017, the 733,474 cubic meters of logs were harvested in Philippines in total (Table 4). Since the issuance of E.O. 23, virtually all legal timber harvests in the Philippines are from planted forests and in recent years nearly all legally harvested wood is derived from private lands. Of the total legal domestic harvest in 2016, 84% in 2016, increasing to 93% (726,872) in 2017, were sourced from tree plantations grown on private lands with CTPO, Special Cutting Permit and Certificates of Verification (CVs), with 28,284 cubic meters coming from areas leased under Integrated Forest Management Agreements (IFMA), and 258 cubic meters coming from Community-Based Forest Management Agreements (CBFMA) and Integrated Social Forestry in forestlands. Less than 3,000 cubic meters was from natural forests in public timberlands or private lands under “Special Cutting Agreements” (covering approved infrastructure and construction projects, such as transmission lines, roads, mining operations, etc. requiring cutting of trees in natural forests) and exceptional approvals for cutting naturally growing trees in degraded forests being prepared for replanting; all others were harvested from plantation forests.

Among the 15 regions in Philippines, log production is active in Mindanao Islands (Regions 9-13), where 86% of planted tree logs and 77% of natural tree logs were produced in 2017. Region 13 (Caraga Region), northeast of Mindanao, particularly produced 67% of planted tree logs and 77% of natural tree logs.

<sup>2</sup> This does not include the very large volume of “coco lumber” produced from coconut palms, which is not regulated by DENR, and which supplies a large portion of domestic timber needs. Estimates of the volume of coco lumber produced each year vary, but actual volumes are likely to be several million cubic meters.

**Table 4. Log production by the timber license/permit: 2017 (in cubic meter)**

Region	Total			CTPO / PTPOC	Special Permit	Cutting	CBFM/ ISF	PLTP		CV		IFMA		Others	
	Total	Naturally Grown	Planted	Planted	Naturally Grown	Planted	Planted	Naturally Grown	Planted	Naturally Grown	Planted	Naturally Grown	Planted	Naturally Grown	Planted
<b>PHILIPPINES</b>	<b>733.474</b>	<b>2.912</b>	<b>730.563</b>	<b>541.257</b>	<b>a</b>	<b>2.543</b>	<b>258</b>	<b>4</b>	<b>770</b>	<b>36</b>	<b>147.072</b>	<b>2.252</b>	<b>26.032</b>	<b>619</b>	<b>12.632</b>
CAR	1.439	552	887	34	-	2	-	-	35	18	259	-	-	535	556
Region 1	4.106	-	4.106	-	-	57	-	-	-	-	4.049	-	-	-	-
Region 2	333	-	333	-	-	-	-	-	-	-	-	-	-	-	333
Region 3	1.669	-	1.669	-	-	738	-	-	-	-	277	-	-	-	654
Region 4A	8.091	-	8.091	4.460	-	-	-	-	-	-	3.632	-	-	-	-
MIMAROPA	8.016	58	7.958	3.907	-	35	-	3	735	10	1.175	-	-	45	2.106
Region 5	716	12	703	78	-	339	-	1	-	-	108	-	-	11	178
Region 6	14.370	-	14.370	-	-	-	-	-	-	-	14.282	-	-	-	88
Region 7	28.609	-	28.609	27.312	-	-	-	-	-	-	654	-	-	-	643
Region 8	33.595	38	33.557	-	a	1.372	-	-	-	8	27.998	-	-	29	4.188
Region 9	33.280	-	33.280	-	-	-	258	-	-	-	14.612	-	18.078	-	332
Region 10	55.961	-	55.961	945	-	-	-	-	-	-	53.712	-	-	-	1.305
Region 11	24.272	-	24.272	23.640	-	-	-	-	-	-	598	-	-	-	35
Region 12	26.492	-	26.492	58	-	-	-	-	-	-	25.699	-	-	-	735
Region 13	492.525	2.252	490.274	480.824	-	-	-	-	-	-	17	2.252	7.954	-	1.479

CTPO: Certificate of Tree Plantation Ownership. PTPOC (Private Tree Plantation Ownership Certificate) is the previous name

CBFM: Community-Based Forest Management

ISF: Integrated Social Forestry

PLTP: Private Land Timber Permit

CV: Self-Monitoring Form/Certificate of Verification

IFMA: Integrated Forest Management Agreement

Others: Other Timber License/ Permit: Tree Cutting Permit, Muyong Resource Permit, Certificate of Timber Origin/ Certificate of Lumber Origin, and Special Private Land Timber Permit

a - less than one cubic meter

Source: DENR/FMB, Philippine Forestry Statistics, 2017

Among the 733,474 cubic meters of logs harvested in 2017, 99.6% (780,563 cubic meter) was planted trees. The main plantation species harvested included: *Albizia falcataria* (498,251 cubic meters), *Swietenia macropylla* (68,550 cubic meters), *Gmelina arborea* (56,556 cubic meters) and *Acacia mangium* (53,449 cubic meters).

### 1.2.2. Wood Products

As of 2016, there were 171 licensed primary wood processing plants in the Philippines, including sawmills (11), mini-sawmills (115), veneer (44) and plywood mills (20), and integrated wood processing facilities (21) (DENR, 2016). The vast majority of plants were located on the southern island of Mindanao. The combined permitted annual log requirement for all mills in the country stood at 1.8 million cubic meters (DENR, 2016), although actual processing levels were substantially less, due to some mills not operating or operating at reduced capacity.

In 2014 (latest year of available data), there were 1,923 forest-based industries in total registered with DENR, including manufacturers of secondary wood products, furniture manufacturers, and paper and paper products factories. Official employment across these manufacturing establishments totalled 73,819 (DENR 2016). Furniture factories are no longer required to obtain Wood Processing Plant Permits from DENR, so these figures do not capture all forest-based industries. It is recognized that there are a very large number of small enterprises engaged informally in the sector, especially in the furniture industry. According to the Chamber of Furniture Industries of the Philippines, the number of small-scale and cottage industries, including sub-contractors, numbers more than 5,000 as of 2018 (Salvio Valenzuela, personal communication 2018), while other less-accurate estimates range as high as 15,000 but at earlier time. Most of these small enterprises are supplying furniture, cabinets and other products to local domestic consumers, with only a small subset engaged in exporting finished products (Salvio Valenzuela, personal communication 2018).

Utilizing domestic log supply, augmented with imported logs and primary wood products (see below in section 1.3 for imports of raw materials), Philippine manufacturers produced the following volumes of processed wood products in recent years (Table 5).

**Table 5. Production of processed wood products (thousand cubic meters)**

Year	Sawnwood	Veneer	Plywood	Fiberboard	Blockboard
2016	425	59	152	6	59
2015	322	59	146	54	87
2014	496	40	164	22	49
2013	450	60	199	13	58
2012	218	129	297	5	22
2007	362	124	281	6	56
2002	163	172	360	4	45
1997	351	62	484	NA	27

Source: DENR/FMB, Philippine Forestry Statistics, 2016

### 1.3. Trade of wood products (export and import): countries, product types, species, volume and values of trade

### 1.3.1. Import

The Philippines imports significant volumes of logs and primary processed forest products (Table 6). In roundwood equivalents, the volume of wood imports exceeds the volume of domestic legally harvested timber. Imported wood is consumed directly in the country or used in the further manufacturing of higher value wood products.

**Table 6. Imports of logs and primary processed wood products 1997-2017**  
(volume in thousand cubic meters; value in thousand US\$ CIF)

Year	Log 1/		Lumber		Plywood 2/		Veneer 3/	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
2017	66.497	10,287,099	254.200	57,908,305	596.543	223,118,928	60.309	20,056,486
2016	113.496	25,588,806	326.799	119,764,380	517.702	209,058,417	25.252	11,738,617
2015	98.143	15,328,658	1,144,691	80,883,393	292.127	149,922,423	23.732	9,201,666
2014	50.685	8,338,568	207.362	108,932,244	411.269	167,080,385	14.826	9,517,850
2013	118.988	20,772,261	240.197	123,074,085	195.037	107,813,877	30.642	12,628,214
2012	107.334	23,671,598	218.607	98,925,060	95.183	72,146,314	59.507	22,048,772
2011	87.240	18,318,556	159.974	77,311,893	94.231	76,711,777	38.011	12,672,509
2010	27.737	6,600,612	136.574	55,196,603	61.163	39,558,652	25.683	6,821,327
2009	35.349	6,972,798	128.754	47,702,732	3.886	1,485,791	22.875	5,486,361
2008	72.918	16,728,539	134.846	52,019,144	1.523	526.994	27.262	9,265,276
2007	88.735	22,490,333	174.456	90,702,741	4.348	2,355,433	18.101	4,719,608
2006	65.185	19,742,069	261.193	95,719,492	6.207	4,067,817	26.602	7,335,531
2005	164.959	23,867,765	362.509	117,742,543	3.959	1,473,557	64.426	16,712,755
2004	177.107	17,877,077	246.685	88,400,636	1.963	1,086,528	51.232	12,293,977
2003	355.787	33,107,917	338.064	105,403,457	5.091	2,120,825	91.143	22,354,132
2002	434.175	40,613,551	401.086	103,885,902	650	198.625	74.505	17,915,349
2001	551.327	44,707,227	370.809	86,270,886	402	201.067	105.427	26,370,676
2000	584.759	54,340,693	358.514	79,810,286	1.015	638.864	119.337	31,521,947
1999	583.643	69,450,136	381.235	116,771,575	1.019	551.638	138.248	40,248,741
1998	434.903	54,874,834	296.147	71,187,685	2.034	651.322	63.317	16,586,240
1997	768.474	117,821,197	411.657	112,638,911	1.032	478.277	86.420	27,569,438

1/ - Not included: Treated with paint, stains, creosote or other preservatives (from CY 2007 onwards)

2/ - Plywood consisting solely of sheets of wood from CY 1996-2009

3/ - Veneer sheets and corestock for the manufacture of plywood from CY 1996-2007

Source: DENR/FMB, Philippine Forestry Statistics, 2017

Imports of raw logs came primarily from Canada, with lesser volumes imported from Malaysia – mainly from Sabah, and Papua New Guinea (FAO, 2018). Philippines imported huge volume of round log during 1990s and early 2000s, after President Corazon Aquino cancelled most of the logging license and banned all logging operations in the remaining primary forests and forests in steep areas and at high elevations in the country.

Imports of sawnwood came mainly from Malaysia (34%) –mostly from Sarawak, with other smaller volumes from several other countries.

Major suppliers of imported plywood in 2016 were China (72%), Malaysia (14%) – especially from Sabah and Japan (10%). The import volume has increased drastically since 2012.

**Table 7. Leading source countries of primary forest product imports into the Philippines, 2017**

(volumes in cubic meters; values in US\$ FOB)

Source countries	Volume	Value
<b>Logs</b>		
Malaysia	42,581	5,181,084
Solomon Islands	27,000	7,082,958
Papua New Guinea	5,716	600,740
South Africa	2,864	226,952
USA	1,507	316,914
Others	26,299	520,624
<b>Total</b>	<b>81,667</b>	<b>13,929,172</b>
<b>Sawnwood (lumber)</b>		
Malaysia	175,594	26,545,964
Canada	28,164	11,930,138
Gabon	10,812	2,468,892
USA	10,236	4,011,727
Papua New Guinea	6,738	1,147,327
Others	22,656	7,040,772
<b>Total</b>	<b>254,200</b>	<b>53,144,820</b>
<b>Plywood</b>		
China	516,723	138,388,240
Japan	46,569	41,758,722
Malaysia	13,205	16,350,356
Vietnam	10,274	3,904,562
Indonesia	6,725	7,581,734
Others	3,497	2,362,505
<b>Total</b>	<b>596,543</b>	<b>210,346,119</b>
<b>Veneer</b>		
China	30,096	10,568,901
Malaysia	11,796	2,305,042
New Zealand	7,597	2,834,892
Vietnam	1,866	514,112
Solomon Islands	1,391	317,825
Others	7,563	2,432,266
<b>Total</b>	<b>60,309</b>	<b>18,973,038</b>

Source: Philippine Statistics Authority

**Table 8. Forest-based product export from Malaysia to Philippines in 2016**

(volume in thousand cubic meters)

	Logs	Sawnwood	Plywood	Veneer
Peninsular Malaysia	0	42.34	10.10	0.3
Sabah	44.67	19.42	29.04	2.65
Sarawak	0	169.77	17.57	0.62

Total	44.67	231.53	47.45	3.31
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Source: Malaysian Timber Industry Board<sup>3</sup>

Across all wood-product lines (including logs, primary wood products and secondary wood products), the Philippines imported more than US\$2.0 billion worth of products in 2017 (Table 7). More than half of the total (US\$1.2 billion value) was paper and articles of paper and paperboard, with China (26%), Indonesia (13%) and the United States (10%) being the leading suppliers (FAO, 2018).<sup>4</sup>

**Table 9. Forest-based product imports into Philippines, 2017 (value in thousand US\$ FOB)**

Forest-Based Products	Unit	Quantity	Value
Paper and Articles of Paper and Paperboard	<i>net kilogram</i>	1,366,593,259	1,223,019
Wood-Based Manufactured Articles	<i>gross kilogram</i>	299,489,668	226,234
Plywood and Plywood Veneered Panels	<i>cubic meter</i>	596,543	210,346
Forest-Based Furniture	<i>gross kilogram</i>	147,881,423	137,481
Pulp and Waste Paper	<i>net kilogram</i>	230,220,747	87,036
Lumber	<i>cubic meter</i>	254,200	53,145
Fiberboard	<i>net kilogram</i>	64,290,646	35,336
Particleboard	<i>gross kilogram</i>	59,723,543	26,482
Veneer and Other Wood Worked	<i>cubic meter</i>	60,309	18,793
Roundwood	-	<i>m</i>	13,755
Wood Continuously Shaped	<i>gross kilogram</i>	5,194,610	7,784
Densified Wood and Reconstituted Wood	<i>cubic meter</i>	6,088,628	2,046
Wood Residues	<i>net kilogram</i>	23,816,819	1,183
Non-Timber Forest Products	<i>net kilogram</i>	829,544	891
Wood Chips and Particles	<i>gross kilogram</i>	17,662,103	651
Wood Wool, Wood Flour	<i>net kilogram</i>	2,029,571	308
Selected Non-Timber Manufactured Articles	-	<i>m</i>	191
Wood Charcoal	<i>net kilogram</i>	120,066	64
Wood Simply Shaped	<i>gross kilogram</i>	53,800	20
<b>Total Forest-based Products Imports</b>			<b>2,044,764</b>
Total Philippine Imports			92,660,272
<b>Forest Products Imports as % of the Total Imports (in terms of value)</b>			<b>2.21</b>

a - less than one thousand US \$

m - indicates miscellaneous unit of measurements

Source: Philippine Statistics Authority (PSA)

### 1.3.2. Exports

Processing domestic and imported raw materials, the Philippines produces value-added products for domestic consumption and for export. Most wood-product exports from the Philippines are secondary and tertiary value-added products. Total forest-based product exports reached nearly US\$1.7 billion in 2017 (Table 10). The vast majority of these exports (US\$1.2 billion value) were of “wood-based manufactured articles” (e.g., doors, windows,

<sup>3</sup> <http://www.mtc.com.my/resources-TradeInfo-2016.php>

<sup>4</sup> The Philippines has only limited paper-making capacity, all based only on use of recycled paper and imported pulp.

joinery, mouldings, flooring, wooden utensils, wooden toys, etc.), mostly exported to Japan. In value terms, forest-based product exports constituted more than 2.7 % of all exports from the Philippines in 2016 (DENR, 2017). The volume of exported “wood-based manufactured articles” was obviously decreased, but maybe temporarily, from 2016 (US\$2.8 billion) most likely because of fire of the largest factory in Cavite Export Processing Zone in February 2017.

After “other wood-based manufactured articles,” the other main exports from the Philippines (albeit much smaller value) include pulp and waste paper (mainly exported to the UK, Netherlands and Japan), paper and articles of paper and paperboard (exported mainly to Indonesia, USA and Malaysia) and furniture (DENR, 2017). The United States was traditionally the main market for exported Philippine furniture, but in recent years the share going to the U.S. has declined to less than 40%. As a result of Philippine exporters’ efforts to diversify their markets for furniture, the share of exports to Japan and the Middle East has increased significantly (Salvio Valenzuela, personal communication).

The Philippines also exported US\$81 million worth of wooden furniture in 2017. The country also exported 249,005 cubic meters of sawnwood (lumber) in 2017. Some 37,079 tons of charcoal was exported in 2017, valued at US\$21.7 million. Exports of wood chips/particles were very minimal (US\$343,000) in 2016 (DENR, 2017).

By far, the leading buyer of Philippine exports of wood products is Japan, which imported approximately 69% of all Philippine exports in 2017 (Table 12). Other leading importers of Philippine wood products include the United States (particularly of furniture), United Kingdom, China and the Netherlands (DENR, 2017).

**Table 10. Forest-based Products Export 2017 (Value in thousand US \$, FOB)**

<b>Forest-Based Products</b>	<b>Unit</b>	<b>Quantity</b>	<b>Value</b>
Wood-Based Manufactured Articles	<i>gross kilogram</i>	727,786,369	1,219,985
Paper and Articles of Paper and Paperboard	<i>net kilogram</i>	89,898,103	114,880
Pulp and Waste Paper	<i>net kilogram</i>	142,200,282	111,518
Lumber	<i>cubic meter</i>	249,005	94,485
Forest-Based Furniture	<i>gross kilogram</i>	19,348,489	81,156
Plywood and Plywood Veneered Panels	<i>cubic meter</i>	25,830	54,466
Wood Charcoal	<i>net kilogram</i>	37,079,277	21,707
Selected Non-Timber Manufactured Articles	-	<i>m</i>	16,517
Fiberboard	<i>net kilogram</i>	2,068,460	11,753
Wood Continuously Shaped	<i>gross kilogram</i>	1,374,775	7,810
Particleboard	<i>gross kilogram</i>	535,395	3,178
Non-Timber Forest Products	<i>net kilogram</i>	761,557	1,265
Veneer and Other Wood Worked	<i>cubic meter</i>	1,086	556
Wood Chips and Particles	<i>gross kilogram</i>	4,939,493	343
Wood Residues	<i>net kilogram</i>	704,489	139
Densified Wood and Reconstituted Wood	<i>cubic meter</i>	21,915	121
Log	<i>net kilogram</i>	11	14
Wood Simply Shaped	<i>gross kilogram</i>	20	<i>a</i>
<b>Total Forest-based Products Exports</b>			<b>1,739,893</b>
Total Philippine Exports			62,874,635

**Forest Products Exports as % of the Total Exports (in terms of value)****277**

a - less than one thousand US \$

m - indicates miscellaneous unit of measurements

Source: Philippine Statistics Authority (PSA)

**Table 11. Exports of processed wood products: 1997-2017**

Year	Lumber		Plywood 1/		Veneer 2/	
	Volume	Value	Volume	Value	Volume	Value
2017	249	94,485	26	54,466	1	556
2016	189	25,931	a	418	a	242
2015	267	37,346	a	401	1	808
2014	310	69,42	2	1,819	4	3,269
2013	240	74,132	4	3,773	3	3,078
2012	392	28,046	13	10,986	32	13,475
2011	405	24,377	40	24,336	15	1,347
2010	377	10,587	24	14,963	3	2,057
2009	293	9,629	33	21,921	4	1,301
2008	215	11,602	39	19,237	4	2,003
2007	208	14,342	37	14,81	6	3,57
2006	184	13,198	20	9,619	6	4,019
2005	130	8,487		7,734	6	3,596
2004	125	9,737	42	15,466	7	3,225
2003	119	12,12	10	3,287	4	2,382
2002	91	10,267	7	3,029	6	3,089
2001	105	15,959	a	200	3	1,547
2000	120	20,457	2	2,056	5	2,962
1999	69	8,739	a	343	5	2,89
1998	41	5,543	a	80	32	11,748
1997	141	21,852	a	17	31	14,385

a - less than one thousand cubic meter

1/ - Plywood consisting solely of sheets of wood from CY 1998 to 2005

2/ - Veneer sheets and corestock for the manufacture of plywood from CY 1998-2007

Source: Philippine Statistics Authority (PSA)

**Table 12. Leading importing countries (buyers) of forest products exported from the Philippines, 2017**

(values in US\$ FOB)

Importing countries	Value
<b>Japan</b>	
Other wood-based manufactured articles	1,196,117,564
Lumber	69,180,802
Plywood	53,161,727
Forest-based furniture	23,888,823
Pulp and waste paper	15,576,383
Others	49,553,613
<b>Total</b>	<b>1,407,478,912</b>

<b>United States of America</b>	
Forest-based furniture	36,078,072
Paper and paperboard	18,415,383
Selected NTFPs	13,187,620
Pulp and waste paper	10,856,931
Other wood-based manufactured articles	9,276,726
Others	746,375
<b>Total</b>	<b>88,561,107</b>
<b>China</b>	
Lumber	24,520,915
Paper and paperboard	7,245,739
Pulp and waste paper	4,680,292
Charcoal	3,950,372
Forest-based furniture	1,295,977
Others	1,080,956
<b>Total</b>	<b>42,774,251</b>
<b>United Kingdom</b>	
Pulp and waste paper	29,102,967
Forest-base furniture	1,772,213
Other wood-based manufactured articles	682,388
Paper and paperboard	623,077
Selected NTFPs	114,760
Others	9,042
<b>Total</b>	<b>32,304,447</b>
<b>Netherlands</b>	
Pulp and waste paper	20,668,077
Forest-based furniture	1,506,934
Other wood-based manufactured articles	671,188
Paper and paperboard	257,156
Selected NTFPs	123,871
Others	129,413
<b>Total</b>	<b>23,356,639</b>
<b>Total all forest product exports</b>	<b>1,739,892,911</b>

Source: Philippine Statistics Authority

## 2. Overview of the relevant government organisations

### 2.1 Legal authorities

Table 13 provides a list of the key organizations and agencies responsible for administering and regulating for forest and wood-based sector in the Philippines.

Department of Environment and Natural Resources (DENR) officials, normally Community Environment and Natural Resources Officers (CENROs), are responsible for all local level monitoring and control. There are 173 CENROs across the country, and CENROs are the first point of contact for individuals and companies wishing to secure tenure (use rights) of public forestlands. CENROs receive all applications, conduct required field inspections, and make decisions/recommendations on approvals or denial of requests. CENROs are likewise responsible for reviewing management plans (e.g., Five Year Workplans, Annual Operations Plans, Accomplishment Reports, etc.) and surveying plantations proposed for harvest, verifying inventories and volumes to be harvested, certifying plantations of private plantation owners, etc.

At the time of transport, CENROs inspect logs and sawntimber to be transport and verify volumes and specifics of the transport. CENROs also receive applications for wood processing plant permits and recommend to higher DENR officials for approval or rejection, according to level of decision required.

DENR also assigns “in-plant scalers” at all wood processing plants to monitor and verify incoming wood. CCTV cameras are required to be installed in the receiving areas of wood processing plants to record the receipt and transfer of wood. Daily/weekly/monthly/quarterly reports of wood inputs and outputs are required to be filed with DENR (different frequency for different types of plants).

Labor practices and worker health and safety issues are monitored by the Department of Labor and Employment, which is authorized to make random inspections of manufacturing plants and other places of business. DOLE is authorized to inspect records of employees, review payment and benefit practices, and investigate worker conditions. Violations of the Labor Code of the Philippines can result in fines or suspension of operations.

**Table 13. Organisations/agencies responsible for harvesting, processing, distribution and trade of woods and wood products**

Name of organisation	Roles and responsibilities
Department of Environment and Natural Resources (DENR)	<ul style="list-style-type: none"> <li>▪ Primary government agency responsible for the conservation, management, development, and proper use of the country’s environment and natural resources (including forest and grazing lands in the public domain, reservations, and watershed areas)</li> <li>▪ Licenses and regulates all natural resources utilization, including harvesting, transport and wood utilization through its nationwide network of offices</li> <li>▪ Maintains staff and offices at national, regional, provincial and community levels, with corresponding authorities and functions at each level</li> </ul>
Forest Management Bureau of DENR (FMB)	<ul style="list-style-type: none"> <li>▪ Provides technical guidance to DENR’s central and field offices for the effective protection, development and conservation of forestlands and watersheds</li> <li>▪ Recommends policies and programs for the implementation of sustainable forest management</li> </ul>

Name of organisation	Roles and responsibilities
Biodiversity Management Bureau of DENR (BMB)	<ul style="list-style-type: none"> <li>▪ Recommends policies, guidelines, rules and regulations for the establishment and management of the country's Integrated Protected Areas System, including national parks and reserves</li> <li>▪ Recommends policies, guidelines and regulations for conserving biodiversity</li> <li>▪ Maintains lists of endangered Philippine flora and fauna and develops programs for their conservation</li> <li>▪ Designated authority for CITES, including issuing CITES certificates for export of all CITES-listed species</li> </ul>
Environmental Management Bureau of DENR (EMB)	<ul style="list-style-type: none"> <li>▪ Responsible for overseeing the country's Environmental Impact Assessment processes</li> <li>▪ Reviews and approves/rejects requests for Environmental Clearance Certificates (ECCs), which are required for operation of wood processing plants</li> </ul>
National Mapping and Resource Information Authority of DENR (NAMRIA)	<ul style="list-style-type: none"> <li>▪ Provides mapmaking services and acts as the central mapping agency, depository, and distribution facility for natural resources data in the form of maps, charts, texts, and statistics</li> </ul>
Regional Environment and Natural Resources Offices, DENR	<ul style="list-style-type: none"> <li>▪ DENR maintains 16 regional offices, which play important roles in issuing approvals and certifications directly or reviewing those issued by Community Environment and Natural Resources Officers (CENROs) under Municipal Governments and Provincial Environment and Natural Resources Officers (PENROs)</li> </ul>
Provincial Environment and Natural Resources Offices (PENROs), DENR	<ul style="list-style-type: none"> <li>▪ Provincial oversight of natural resources management</li> <li>▪ Review and oversight of Community Environment and Natural Resources Officers (CENROs)</li> </ul>
Community Environment and Natural Resources Officers (CENROs)	<ul style="list-style-type: none"> <li>▪ The CENROs are DENR staff who are assigned to work at municipal level (usually covering 4-10 municipalities each), in coordination with local governments (provinces, independent cities, cities and municipalities and barangays), but under the direct supervision of relevant PENROs. In practical terms, it is a "matrix" type of management, because the CENROs report directly to PENROs and take guidance from DENR (Head Office, Regional DENR Office and Provincial DENR office) but also coordinate with local municipal mayors.</li> <li>▪ CENROs play major roles in almost every aspect of forestry in the country at field level.</li> <li>▪ There are 173 CENROs across the country.</li> </ul>

National Commission on Indigenous Peoples (NCIP)	<ul style="list-style-type: none"> <li>▪ Responsible for protecting the rights of the indigenous peoples of the Philippines, including support of indigenous peoples in gaining official recognition of ancestral domains in accordance with the Indigenous Peoples' Rights Act of 1997</li> <li>▪ Issues Certificates of Ancestral Domain Titles and Certificates of Ancestral Land Titles</li> <li>▪ Registers claims to ancestral domains (Certificates of Ancestral Domain Claims) pending review of claims and potential issuance of titles</li> </ul>
Department of Trade and Industry (DTI)	<ul style="list-style-type: none"> <li>▪ Responsible for formulating trade and industry policies</li> <li>▪ Works to increase competitiveness and ease of doing business; promotes trade and investment</li> <li>▪ Issues Export Declaration documents</li> <li>▪ Maintains 28 Philippine Foreign Trade and Investment Centers around the world, including in Osaka and Tokyo</li> </ul>

Bureau of Plant Industry, Department of Agriculture (BPI)	<ul style="list-style-type: none"> <li>▪ Issues phytosanitary certificates for export of plant products</li> <li>▪ Issues sanitary and phytosanitary import clearance for importing plant materials and products</li> </ul>
Securities and Exchange Commission (SEC)	<ul style="list-style-type: none"> <li>▪ Develops and regulates the country's capital markets and private company registrations required to operate businesses</li> <li>▪ Promotes good corporate governance</li> <li>▪ Facilitates access to financial products and resources</li> </ul>
Land Registration Authority (LRA), under the Department of Justice	<ul style="list-style-type: none"> <li>▪ Issues decrees of registration and certificates of title and registers documents, patents and other land transactions, providing records of land ownership</li> <li>▪ Issues subsequent or transfer certificates of title</li> <li>▪ Maintains the title history or records of transaction involving titled or registered lands</li> </ul>
Bureau of Customs, Department of Finance (BoC)	<ul style="list-style-type: none"> <li>▪ Responsible for regulating and facilitating trade</li> <li>▪ Assesses and collects import duties and taxes</li> <li>▪ Combats illegal trade and other forms of customs fraud</li> <li>▪ Operates customs management systems</li> <li>▪ Registers importers and exporters</li> </ul>
Department of Labor and Employment (DOLE)	<ul style="list-style-type: none"> <li>▪ Primary policy-making, programming, coordinating and administrative agency related to labor and employment</li> <li>▪ Responsible for enforcing labor laws and occupational health and safety regulations</li> </ul>
Department of Science and Technology (DOST)	<ul style="list-style-type: none"> <li>▪ The Forest Products Research and Development Institute (FPRDI), under DOST, is responsible for development of new products and technologies for the forest sector</li> <li>▪ The Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD), under DOST, is responsible for supporting policies and programs related to technical development (including in forestry) and supporting technology dissemination and adoption</li> </ul>
Municipal Governments	<ul style="list-style-type: none"> <li>▪ Philippines has three levels of local government units (except the Autonomous Region of Muslim Mindanao and the Cordillera Administrative Region); Provinces – Components cities / Municipalities – Barangays.</li> <li>▪ As of March 31, 2017, there are 1,489 Municipalities across the country.</li> <li>▪ Issues registration of local business activities, including wood processing and trading (i.e., Mayor's permits)</li> <li>▪ Coordinate with Community Environment and Natural Resources Officers (CENROs)</li> <li>▪ Are authorized to hire Municipal Environment and Natural Resources Officers (MENROs) to handle local environment and natural resources concerns. MENROs will typically coordinate closely with CENROs at local level.</li> </ul>

### 3. Legislation on harvesting of forest resources

#### 3.1. Laws and regulation on harvesting of forest resources

Table 14 provides a list of key legislation and regulations governing forest and resource tenure, forest management, timber harvesting, etc. HTML links are provided to most key laws and regulations.

**Table 14. Laws and regulations regulating access to forests, management of forest and issuance of permits and licenses**

<b>Name of laws and regulations</b>	<b>Year (both first published and latest reform years)</b>	<b>Description</b>
Presidential Decree 705 (PD 705), known as the "Revised Forestry Code of the Philippines"	<ul style="list-style-type: none"> <li>▪ Promulgated May 1975</li> </ul>	<p>Serves as the basic forestry law of the Philippines, outlining administration, management principles, timber harvesting, forest utilization, wood processing, forest protection, reforestation, fees, etc.</p> <p><a href="https://www.lawphil.net/statutes/presdecs/pd1975/pd_705_1975.html">https://www.lawphil.net/statutes/presdecs/pd1975/pd_705_1975.html</a></p>
Executive Order No. 23	<ul style="list-style-type: none"> <li>▪ February 2011</li> </ul>	<p>Declared moratorium on timber harvesting in all natural and residual forests of the country and created an Anti-illegal Logging Task Force.</p> <p><a href="https://server2.denr.gov.ph/uploads/r added executive_order_no_23_692.pdf">https://server2.denr.gov.ph/uploads/r added executive_order_no_23_692.pdf</a></p>
Executive Order No. 263	<ul style="list-style-type: none"> <li>▪ July 1995</li> </ul>	<p>Adopted community-based forest management as the national strategy to ensure the sustainable development of the country's forestlands resources and provided mechanisms for its implementation.</p> <p><a href="https://www.lawphil.net/executive/execord/eo1995/eo_263_1995.html">https://www.lawphil.net/executive/execord/eo1995/eo_263_1995.html</a></p>
DENR Administrative Order 2004-29	<ul style="list-style-type: none"> <li>▪ August 2004</li> </ul>	<p>Revised rules and regulations for the implementation of Executive Order 263, otherwise known as the "Community-Based Forest Management (CBFM) Strategy":</p> <ul style="list-style-type: none"> <li>• consolidated and unified all previous people-oriented forest management approaches</li> <li>• elaborated community-based forest management as the main strategy for managing the country's forests</li> <li>• established eligibility for people's organizations to engage in CBFM and procedures for designating CBFM agreements, including application requirements, tenurial benefits, governance, and management practices</li> </ul> <p><a href="http://policy.denr.gov.ph/dao2004/dao2004-29.pdf">http://policy.denr.gov.ph/dao2004/dao2004-29.pdf</a></p>
DENR Administrative Order 2004-30	<ul style="list-style-type: none"> <li>▪ August 2004</li> </ul>	<p>Outlines the requirements, eligibility and procedures for individuals and groups to obtain tenure over small tracts of degraded forest land for the purposes of tree farming under the Socialized Industrial Forest Management Program, and elaborates rights and responsibilities, including timber harvesting provisions. Allocations of 1-20 hectares to be awarded to individuals/single families and 20-500 hectares to associations, partnerships and cooperatives for periods of 25 years, renewable.</p> <p><a href="http://policy.denr.gov.ph/dao2004/dao2004-30.pdf">http://policy.denr.gov.ph/dao2004/dao2004-30.pdf</a></p>
DENR Administrative Order 1999-53	<ul style="list-style-type: none"> <li>▪ December 1999</li> </ul>	<p>Establishes rules and regulations governing the Integrated Forest Management Program:</p> <ul style="list-style-type: none"> <li>• elaborates eligibility and conditions for issuance of Integrated Forest Management Agreements (IFMAs) of not less than 500 hectares, including conversion of cancelled or expired Timber License Agreements (i.e. former timber concessions) to IFMAs</li> <li>• outlines benefits and responsibilities of IFMA holders</li> </ul>

Name of laws and regulations	Year (both first published and latest reform years)	Description
		<ul style="list-style-type: none"> <li>clarifies practices and rules governing management, harvesting, reforestation, etc. in IFMA leased areas</li> </ul> <a href="http://policy.denr.gov.ph/1999/fordao99-53.pdf">http://policy.denr.gov.ph/1999/fordao99-53.pdf</a>
DENR Administrative Order 1998-45	<ul style="list-style-type: none"> <li>June 1998</li> </ul>	<p>Guidelines on the issuance and transfer of Certificates of Stewardship within CBFM areas:</p> <ul style="list-style-type: none"> <li>clarifies the conditions and terms for issuing Certificates of Stewardship Contracts (CSCs) tenure rights for up to 10 hectares of forestland to eligible forest occupants, for 25 years, renewable</li> <li>outlined conditions under which area awarded can be sold or transferred</li> <li>was one of the first instruments in the country to provide recognized tenure rights to forest dwellers</li> </ul> <a href="http://policy.denr.gov.ph/1998/dao98-45.pdf">http://policy.denr.gov.ph/1998/dao98-45.pdf</a>
DENR Memorandum Circular 1999-20	<ul style="list-style-type: none"> <li>July 1999</li> </ul>	<p>Provides important “Supplemental Guidelines Governing the Registration, Harvesting, Transport and Marketing of Timber By-Products Coming from Private Plantations Within Private Lands or Tax Declared Alienable or Disposable Lands.” Outlines procedures for registering forest plantations grown on private lands and allowing for simplified harvesting, transport and marketing procedures.</p> <a href="http://policy.denr.gov.ph/1999/formo99-20.pdf">http://policy.denr.gov.ph/1999/formo99-20.pdf</a>
Republic Act No. 7586 “National Integrated Protected Areas System Act of 1992”	<ul style="list-style-type: none"> <li>Promulgated June 1992</li> </ul>	<p>Provides for establishment and management of National Integrated Protected Areas System, including national parks, strict nature reserves, national monuments, and other protected areas.</p> <a href="http://extwprlegs1.fao.org/docs/pdf/phi19796.pdf">http://extwprlegs1.fao.org/docs/pdf/phi19796.pdf</a>
Republic Act No. 9147 “Wildlife Resources Conservation and Protection Act”	<ul style="list-style-type: none"> <li>Promulgated July 2001</li> </ul>	<p>Provides legal protection for and outlines management of the country’s wildlife resources, including endangered and threatened flora and fauna. Governs the collection and trade of wildlife species, and names the DENR Protected Areas and Wildlife Bureau (now known as the Biodiversity Management Bureau) as the designated authority for trade of species listed under CITES.</p> <a href="https://www.lawphil.net/statutes/repacts/ra2001/ra_9147_2001.html">https://www.lawphil.net/statutes/repacts/ra2001/ra_9147_2001.html</a>
Republic Act No. 8371 “Indigenous Peoples’ Rights Act of 1997” (IPRA)	<ul style="list-style-type: none"> <li>Promulgated October 1997</li> </ul>	<p>Recognizes, protects, and promotes the rights of indigenous cultural communities and indigenous peoples:</p> <ul style="list-style-type: none"> <li>recognizes the rights of indigenous cultural communities and indigenous people to their ancestral domains and the applicability of customary laws governing property rights or relations in determining the ownership and extent of ancestral domain</li> <li>provides for issuance of Certificates of Ancestral Domain Claims/Title</li> <li>requires Free, Prior and Informed Consent for any initiatives or programs affecting ancestral domain lands</li> </ul>

Name of laws and regulations	Year (both first published and latest reform years)	Description
		<ul style="list-style-type: none"> <li>• acknowledges rights of indigenous people to manage and use natural resources within ancestral domain</li> <li>• created the National Commission on Indigenous Peoples to support rights of indigenous cultural communities and indigenous people</li> </ul> <a href="http://extwprlegs1.fao.org/docs/pdf/phi13930.pdf">http://extwprlegs1.fao.org/docs/pdf/phi13930.pdf</a>
Republic Act No. 9175 "Chainsaw Act of 2002"	<ul style="list-style-type: none"> <li>▪ Promulgated November 2002</li> </ul>	<ul style="list-style-type: none"> <li>• Regulates the ownership, possession, sale, importation and use of chain saws.</li> <li>• Requires owners and those in possession of chain saws to have valid permits</li> </ul> <a href="https://www.lawphil.net/statutes/repacts/ra2002/ra_9175_2002.html">https://www.lawphil.net/statutes/repacts/ra2002/ra_9175_2002.html</a>
Presidential Decree 442 (PD 442), "Labor Code of the Philippines"	<ul style="list-style-type: none"> <li>▪ Promulgated November 1974</li> <li>▪ Various sections revised numerous times</li> </ul>	<p>Basic labor code of the Philippines, governing worker and employer rights and responsibilities, working conditions, occupational health and safety, benefits, protections, etc. Various sections of PD 442 have been amended over the years, with a recent DOLE compilation, incorporating all updated clauses and amendments (see DOLE website).</p> <a href="https://www.dole.gov.ph/">https://www.dole.gov.ph/</a>

### 3.2. Legal rights over forests

#### 3.2.1. Public domain / forestlands

In the Philippines, all lands in the "public domain" otherwise known as "forestlands" (totalling 15.8 million hectares) are owned by the state. Lands that have been determined to be not required to remain as "forestland" are classified as "alienable and disposable lands" which are largely held under private ownership. The government, as the custodian of the public domain lands, grants tenurial rights over qualifying forestlands under various tenurial instruments and agreements. The area covered by such tenure instruments issued by DENR currently totals 2.8 million hectares. In addition, 5.5 million hectares have been titled to Indigenous Cultural Communities (ICCs) and Indigenous Peoples (IPs), although there are various tenure instruments overlapping with some ancestral domain titled lands, leading to confusion and conflict in some instances (Gillian Dunuan, personal communication). In practice, there are also large areas of public land that are occupied by "encroachers" who have not been granted legal authority to occupy and use the public land.

The Philippines is a global leader in recognizing and enforcing the rights of local communities and IPs and in facilitating the participatory engagement of all stakeholders in planning and decision making related to natural resources management. The country is strongly populated with active NGOs and Peoples Organizations (POs) that effectively represent the views of affected local stakeholders in most decision-making processes.

Prior to the 1990s, the Philippines' main allocation of forest utilization was through Timber License Agreements (TLAs), granted to commercial logging firms and providing timber harvesting rights to hundreds of thousands of hectares of natural forests.

The reform was started as early as 1975, PD 705 (which still serves as the country's basic forestry code) acknowledged the presence of millions of upland shifting cultivators living in classified forestlands, and halted prosecution as encroachers those who had lived in the forests prior to 1975. In 1982, the government initiated the Integrated Social Forestry Program (ISFP) that granted Certificates of Stewardship Contracts (CSCs) to forest occupants, providing secure tenure for 25 years, renewable (Pulhin, et al., 2008). The ouster of the Marcos regime in 1986 paved the way for rapid democratization and led to greater social justice and equity in the country's forest policies. In 1989, the issuance of the DENR Administrative Order No. 123 established the Community Forestry Program (CFP), which provided upland farmers legal access to forest resources, including the right to harvest timber from natural forests within their allocated lands. In 1995, President Ramos issued Executive Order No. 263, a landmark policy institutionalizing the Community-Based Forest Management (CBFM) Program as the national strategy for attaining sustainable forest management. Under the program, local communities were provided tenure under various instruments (most commonly Community-Based Forest Management Agreements, or CBFMAs) for 25 years, renewable and began phasing out the TLA system.

In phasing out the TLA concession system, the country converted some existing and cancelled TLAs to Integrated Forest Management Agreements (IFMAs).

There are currently only two remaining TLAs in existence, covering 119,560 hectares, with both having harvesting operations suspended under the moratorium on logging in natural forests (E.O. 23).

In 1995, Ancestral domain claims of Indigenous Peoples (IPs) were also documented and recognized. In 1997, the Indigenous Peoples' Rights Act (IPRA) – one of the world's most progressive laws related to IPs – was enacted. The IPRA provides for indigenous cultural communities (ICCs) and IPs to assert their ownership over ancestral domains (those demonstrated to have been occupied since time immemorial), which are legally recognized as privately owned under Certificates of Ancestral Domain Title (CADT) or Certificates of Ancestral Land Title (CALT) granted to qualified ICCs or IPs. Under the IPRA, ICCs and IPs have the right to develop, control and use lands and resources within their designated ancestral lands. Among other rights and protections, ICCs and IPs are also guaranteed the right to an informed and intelligent participation in the formulation and implementation of any project, government or private, which will affect or impact upon the ancestral domains (i.e., Free, Prior and Informed Consent). The National Commission on Indigenous Peoples (NCIP) has a wide mandate for ensuring and protecting the rights of ICCs and IPs under IPRA.

Other forestland was allocated to individuals/households, communities, associations and other organizations under a number of different tenure allocation arrangements. In most processes allocating forestlands under various tenure instruments, regulations require the active engagement of local people in the delineation, designation and management of the areas. The main forestland tenure arrangements are summarized below.

### **3.2.1.1. Community-Based Forest Management Agreements (CBFMAs)**

CBFMAs are agreements between the government and a local community, represented by a People's Organization (PO). POs are required to represent local people and serve as the legal tenure holder. The community acts as forest manager, with established rights and responsibilities, with a term of 25 years, renewable for another 25 years. As of 2017, there are 1,884 formal CBFMAs in the country, covering a total area of 1,615,598 hectares (about 10% of all forestland). Nearly 200,000 families are officially registered as engaged in forest management under CBFMAs. (ref. DAO 2004-29: Revised Rules and Regulations for the Implementation of EO 263 and Community Based Forest Management Strategy, 2004). In practice, several POs holding CBFMAs are inactive due to weak governance and disincentives associated with unstable policies regarding forest utilization (e.g., current restrictions on harvest on timber from natural forests).

### **3.2.1.2. Integrated Forest Management Agreements (IFMAs)**

IFMAs are entered into by the DENR and a qualified person or entity to manage forestland, in consideration of a specified rental, in order to establish an industrial forest. As of 2017, there were 102 valid IFMAs in the Philippines, covering 727,983 hectares (about 5% of all forestland). Many of the IFMAs cover former TLAs areas that expired or were cancelled and subsequently converted to IFMAs. Ownership rights related to IFMAs can be transferred/conveyed to another entity, but only with the approval of the Secretary of DENR (ref. DAO 1999-53: Regulation Governing the Integrated Forest Management Program, 1999).

IFMA holders, as part of the process of formalizing their agreements, are required obtain an Environmental Compliance Certificate (ECC) – a document issued by DENR certifying that a proposed project or undertaking in a particular area, as evaluated through the processes of an Environmental Impact Assessment (EIA) or an Initial Environment Evaluation (IEE), will not bring about an unacceptable environmental impact and that the proponent has complied with the requirements of the environmental impact statement (EIS) system, as appropriate.

DAO 1999-53 regulations on designating IFMAs specifically require consultation with dependent communities in delineating the areas to be included and management activities to be implemented. Lands claimed by ICCs/IPs under ancestral domain/land claims or covered under any other tenurial instruments issued by DENR under the ISFP, Community Forest Program, or other people-oriented forestry programs are not eligible to be included under IFMAs, unless with free, prior and informed consent (FPIC) of the holders. FPIC of upland communities and IPs within the IFMA area regarding the socioeconomic, political and cultural impacts of any project or development activities are also required.

### **3.2.1.3. Socialized Industrial Forest Management Agreements (SIFMAs)**

SIFMAs are established between DENR and families (1-20 hectares) or associations/partnerships/cooperatives (20-500 hectares) for the right to develop, utilize and manage small tracts of forestland, consistent with the principles of sustainable development. As of 2017, there were 1,511 SIFMAs in the country, covering 32,005 hectares, 2% of all forestlands (ref. DAO 1996-24: Rules and Regulations Governing the Socialized Industrial Forest Management Program, 1996).

There are a number of other tenure instruments and agreements issued by DENR for the utilization of forestland, including Tree Farm Lease Agreements (TFLAs), Agroforestry Farm Lease Agreements (AFFLAs), and others, but the total area covered by these agreements is relatively small.

### **Ancestral domains**

With the promulgation of the Indigenous Peoples' Rights Act of 1997 (IPRA), "ancestral domains" of Indigenous Peoples (IPs) were legally recognized. Through IPRA, ancestral domains were recognized in legislation as "private", with ownership and authority over all natural resources within the recognized areas. Approximately 5.5 million hectares of land have been recognized as ancestral domains under the provisions of the IPRA. Forest resources are explicitly recognized as eligible to be managed under customary management practices and DENR has an initiative to document relevant traditional and sustainable indigenous natural resources management practices. Under the IPRA, IPs can apply for Certificate of Ancestral Domain Title (CADT) or Certificate of Ancestral Land Title (CALT) – the former generally being larger areas granted to communities, with the latter generally being small areas granted to individuals or households. CADTs and CALTs certify ownership of the land and resources in perpetuity. IPs can also initially apply for a Certificate of Ancestral Domain Claim (CADC) to document their claims while awaiting verification of their claims and subsequent issuance of title. IPRA prohibits the selling of ancestral domain lands outside of the indigenous cultural community awarded ownership. In essence, except for the alienation right which is in principle retained by the state, the rights to use, control and exclude others with respect to established ancestral domains and lands have been vested to the IPs identified as legitimate owners. A major issue of uncertainty in some ancestral domain areas, however, is the clause of IPRA that states that property and use rights within the ancestral domains existing prior to the enactment of the IPRA shall be recognized and respected. Such property and use rights (e.g., IFMAs) were bestowed in many areas claimed as ancestral domains prior to IPRA, leading to uncertainty and ambiguity, as well as delays in issuing CADTs and CALTs and/or renewing IFMAs (Gillian Dunuan, personal communication). IPs and ICCs that have recognized title of their ancestral domains are still subject to all national laws and regulations related to forests. Thus, while IPs and ICCs are allowed to harvest timber from natural forests for their own use, they are not allowed to sell such wood commercially. They may, however, harvest and sell timber from plantations within the same parameters as other owners of private plantations.

### **3.2.2. Private lands**

Prior to 2011, holders of various forest tenure agreements were able to harvest timber from *natural* forests under prescribed conditions, and according to management plans. Arising from concern over illegal logging and unsustainable forest harvesting, however, the government issued Executive Order No. 23 in 2011, imposing a moratorium on timber harvesting in all natural and residual forests. The restriction on harvesting timber in natural forests remains in effect and most key informants do not expect such restrictions to be lifted in the foreseeable future.

Thus, since 2011 (and until such time as the moratorium imposed under E.O. 23 may be lifted, if ever), the only legal timber harvests in the Philippines are from *planted* forests (with very few special exceptions made for clearing to facilitate official infrastructure and development projects). As there are small areas of plantation forest within CBFMAs, IFMAs, SIFMAs, and other forestlands covered under various tenure agreements, these can be legally harvested, but the majority of the country’s legal domestic timber harvests (more than 80%) are now sourced from forest plantations grown on privately owned land (DENR 2016).

Forest plantations are increasingly grown on private alienable and disposable (A&D) lands. These lands are not covered by DENR-issued tenure arrangements, but rather are governed by titling and registration practices of the Land Registration Authority (LRA). Individuals and corporations with legal ownership of A&D lands are encouraged to establish commercial tree plantations. Plantations owners intending to harvest and sell timber from private plantations are urged to register their plantations, obtaining a Certificate of Tree Plantation Ownership (CTPO) (previously called “Private Tree Plantation Ownership Certificate (PTPOC)”) from the local Community Environment and Natural Resources Officers (CENRO) under Municipal Governments. Such registration paves the way for subsequent harvesting, transport and sale of harvested plantation wood. Plantation registration requires evidence of land ownership, certification from the barangay captain (village leader) that the applicant is the rightful owner of the plantation, and photos of the tree plantation.

**Table 15. License types of forest and permits for management, harvesting and transporting of wood**

License type	Permits for management, harvesting, and transporting
Public domain / Forestlands [15.8 million ha] Area issued tenure: 2.8 million ha Area titled to ICCs and IPs: 5.5 million ha	
Community-Based Forest Management Agreements (CBFMAs) [1,615,598 ha]	(1) 25-year Comprehensive Resource Management Framework (approved by DENR) Five-Year Work Plan (approved by DENR or CENRO?) (2) Certificates of Stewardship Contracts (CSCs) granted by Integrated Social Forestry Program (ISFP) Farm Plan Certificate of Timber Origin (CTO) (issued by CENRO)
Integrated Forest Management Agreements (IFMAs) [961,510 ha]	Initial Environmental Examination (approved by DENR) 25-year Comprehensive Resource Management Plan (approved by DENR) Environmental Compliance Certificate (ECC) (issued by DENR) Certificate of Timber Origin (CTO) (issued by CENRO)
Socialized Industrial Forest Management Agreements (SIFMAs) [32,219 ha]	Annual plan (approved by DENR?) Permitted to harvest freely any planted trees Cutting permit (issued by CENRO) Certificate of Timber Origin (CTO) (issued by CENRO)
Tree Farm Lease Agreements (TFLAs)	

Agroforestry Farm Lease Agreements (AFFLAs)	
Timber License Agreements (TLAs) [119,560 ha]	
Alienable and disposable lands	
Private land	<p>Titled and registered by the Land Registration Authority (LRA)</p> <p>(1) Certificate of Tree Plantation Ownership (CTPO) (registered by CENRO) - With CTPO, only Self-Monitoring Form (SMF) (endorsed by CENRO) is required for harvest and transport of plantation timber</p> <p>(2) Area without CTPO A cutting permit and a Certificate of Verification (CV) for transport (issued by CENRO) are required</p> <p>(3) Private Land Timber Permit (PLTP) for harvest of naturally growing trees on private lands (other than premium species)</p> <p>(4) Special Private Land Timber Permit (SPLTP) for planted and naturally growing premium hardwoods such as narra (<i>Pterocarpus indicus</i>) and Benguet pine (<i>Pinus keyisia</i>)</p> <p>Transport agreement</p>

### 3.3. Timber source types, management and harvesting planning and permits

With the issuance of Executive Order No. 23, in 2011, virtually all legal timber harvest in the Philippines is sourced from plantation forests and planted trees in agroforests and on farms. In harvesting plantation-grown timber, various environmental restrictions also apply, mainly that no harvesting is allowed on slopes greater than 50% or at elevations about 1,000 meters. Also, no harvesting is allowed within 20-meter buffer strips from either bank of rivers or streams. All timber harvesting is banned within national parks and protected areas.

Timber can be harvested from areas within CBFMAs, CSCs, IFMAs, SIFMAs and private lands, but only sourced from planted trees (with very few exceptions made for clearing associated with official infrastructure projects, mining and energy development programs and approved site preparation for tree planting within IFMAs). Local Community Environment and Natural Resources Officers (CENROs) are largely responsible for monitoring compliance of timber harvesting regulations. CENROs inspect areas of CBFMAs, IFMAs and others on public land during and after harvesting operations and report any infractions to the PENRO and Regional DENR offices, as appropriate.

Benefit sharing arrangements related to forest resources in the Philippines are generally favorable to local people. In most cases, local communities, associations and individual households are exempt from forest charges, particularly for timber harvested from planted forests.

DENR is responsible to monitoring and combating illegal timber harvesting. For harvesting within public land held under various tenure instruments, DENR officials (usually the CENRO and/or his/her staffs) routinely conduct field site visits of areas to be harvested and/or areas that have recently been harvested. Careful attention is given to any potential harvests outside approved harvest areas, violations of cutting restrictions associated with environmental

values, etc. Old forms – used during the era of TLAs – are still in use, but violations during harvests of planted trees are relatively rare.

Specific legal requirements pertaining to harvesting under each of these tenure arrangements are as follows:

### **3.3.1. Public domain / forestlands**

For all areas covered under tenure instruments on public forestland (e.g., IFMAs, CBFMAs, SIFMAs, etc.), if trees were planted by the government or entities other than the current tenure holders, a 30% share of the gross revenue must be paid to the government and 70% going to the tenure holder(s) at the time of harvesting the planted trees. If, however, the trees were planted and tended by the current tenure holder, 100% of the revenue is retained by the tenure holder(s).

#### **3.3.1.1. Community-Based Forest Management (CBFMs) Agreements**

The CBFM area must have an approved 25-year Comprehensive Resource Management Framework, which requires community consultation, delineation and survey of the area, tree marking, review and approval by DENR (at community, provincial and regional levels), PO members, the local government unit, and other stakeholders. Harvesting must follow prescriptions outlined in the area's approved Five-Year Work Plan and 100% inventory of all trees to be harvested must be completed and informed to the CENRO. The process of developing and approving the Five-Year Work Plan generally takes approximately two months and several hundreds (or even thousands) of dollars (Pulhin and Ramiriz, 2016; Gritten, et al., 2013). Harvested timber from plantation forests is free of forest charges. If the trees were planted on the area prior to the issuance of the CBFMA tenure instrument to the community, the revenue from the sale of harvesting timber is shared, with 70% going to the community and 30% to the government. If the community itself planted the trees being harvested, the entire revenue accrues to the community.

#### *Certificate of Stewardship Contracts (CSC)*

CSC holders granted by Integrated Social Forestry Program (ISFP) are expected to develop a simple annual plan for management planning purposes. Harvesting of planted trees in CSC-covered areas is permitted according to procedures and regulations similar to CBFM areas, with the exception that the guiding document is an individual "Farm Plan" rather than a Five-Year Work Plan. Full 100% inventory of all trees to be harvested is required. Harvested timber from plantation forests is free of forest charges. Most CSCs are now incorporated within CBFMAs.

#### **3.3.1.2. Integrated Forest Management Agreements**

IFMA holders must conduct an Initial Environmental Examination (with subsequent approved Environmental Compliance Certificate) for the area and prepare a 25-year Comprehensive Resource Management Plan, to be approved by relevant DENR officials. Five-Year Work Plans and Annual Operations Plans guide specific operations, including harvesting. Currently (since issuance of E.O. 23), harvesting of planted trees only is permitted. Annual Accomplishment Reports must be provided to DENR each year outlining the main management activities

carried out. Plantation trees can be harvested according to the approved plans, with restrictions on harvesting trees on slopes greater than 50%, elevations above 1,000 meters, and within 20-meter strips along river and stream banks. Full 100% inventory of all trees to be harvested is required. Harvested timber from plantation forests is free of forest charges.

While the terms of agreement for IFMAs are subject to individual negotiation with DENR at the time of issuance, they are also exempt from forest charges for timber coming from plantations.

Under current conditions, many IFMAs are inactive or conducting only minimal forest management activities due to the restrictions on harvesting timber in natural forests. IFMA managers complain that they continue to incur significant costs associated with protecting forest resources within their designated areas, but are largely unable to realize revenues.

### **3.3.1.3. Socialized Industrial Forest Management Agreements (SIFMA)**

SIFMA holders are expected to develop a simple annual plan for management purposes. SIFMA holders are permitted to harvest freely any planted trees except those determined to be needed for environmental protection purposes (e.g., on slopes greater than 50%, and along riverbanks and streams). Full 100% inventory of all trees to be harvested is required. A cutting permit issued by the CENRO is required. Harvested timber from plantation forests is free of forest charges.

### **3.3.2. Private lands**

Commercial plantations established on private lands should be registered and issued with a Certificate of Tree Plantation Ownership (CTPO) (previously called "Private Tree Plantation Ownership Certificate (PTPOC)") prior to harvesting. No specific management plans or harvesting permits are required for harvesting timber from private plantations or privately owned planted trees if the owner has previously obtained a CTPO. The exception is planted narra (*Pterocarpus indicus*, sometimes referred to as "Philippine rosewood"), which is considered a premium species, requiring a "Special Private Land Timber Permit" (SPLTP), pursuant to Section 4 of DENR Administrative Order No. 58, dated September 30, 1993.

At the time of harvest, 100% inventory of trees to be harvested should be completed and informed to the CENRO. The owner of a CTPO registered plantation completes a Self Monitoring Form (SMF) validated by the CENRO, which – together with attached tally sheets (elaborating the species and volume of harvested wood to be transported and sold) and a copy of the transport agreement – are sufficient to facilitate transport and sales.

For planted trees harvested from private lands, not registered under a CTPO, the CENRO issues a cutting permit and a Certificate of Verification (CV), which facilitates transport.

It is also possible for private land owners with naturally growing trees (i.e., not planted) to obtain a Private Land Timber Permit (PLTP), authorizing approval to harvest such trees. However, the procedures for approval are very detailed and complicated, and few approvals are granted.

### 3.3.3. Chain saw ownership permit

All individuals or groups/corporations using chain saws for timber harvesting are required by law (Republic Act No. 9175) to have a valid permit. Under implementing rules (DAO 2003-24), chain saw dealers must have a permit from DENR to import and/or sell chain saws as well. Those eligible to legally own chain saws include holders of CBFMAs, IFMAs, SIFMAs, CSCs, and private tree farmers. Ownership permits of chain saw are granted by the local CENRO, who issues a Certificate of Registration to qualified owners, valid for two years, renewable, for those engaged in forestry operations. Owners must provide supporting documentation indicating eligibility and need for chain saw ownership and details of saw (brand, model, serial number, etc.). (Reference: <http://policy.denr.gov.ph/2003/dao2003-24.pdf>).

Additional environmental concerns could relate to the use and proper disposal of lubricants used for timber harvesting equipment. As most harvesting in the Philippines is currently carried out only with chainsaws and light equipment (no heavy skidders or bulldozers), the risks related to improper handling and disposal of such chemicals are low.

### 3.4. Protected species

Pursuant to Republic Act 9147 (“Wildlife Resources Conservation and Protection Act of 2001,” the Biodiversity Management Bureau, in collaboration with the Forest Management Bureau of DENR maintains a “List of Threatened Philippine Plant Species,” categorized as “critically endangered,” “endangered,” “vulnerable,” and “other threatened species.” The most updated list was issued in May 2017 (DENR Administrative Order 2017-11).<sup>5</sup> The current list includes 388 tree species, including several that were previously harvested as commercial timber species in the past (prior to issuance of E.O. 23). The List of Threatened Philippine Plant Species, however, refers only to wild populations. Thus, if tree on the list have been planted and registered with DENR, they can legally be harvested and entered into the supply chain. The species most likely to fall into this category is narra (*Pterocarpus indicus*), the wild populations of which are listed as “vulnerable.” Tree growers who have planted narra are currently required to obtain a "Special Private Land Timber Permit" (SPLTP) to harvest their planted trees.

Three trees native to the Philippines are listed in Appendix II under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). These are *Aquilaria spp.* and *Gyrinops spp.* (common name: agarwood) and *Gonystylus spp.* (common name: ramin). There has been no authorized commercial trade of these species into or from the Philippines in the past several years.

Additionally, neotropical populations of big-leafed mahogany (*Swietenia macrophylla*) have been listed under Annex II of CITES. *Swietenia macrophylla* is not native to the Philippines, but is commonly planted in the country. Wood and wood products of planted *Swietenia macrophylla* in the Philippines are not covered by CITES and can be freely traded without CITES certificates. Theoretically, at-risk mahogany wood could be imported into the Philippines from neotropical range countries and “laundered” as plantation-grown wood from the Philippines,

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<sup>5</sup> <https://server2.denr.gov.ph/uploads/rmdd/dao-2017-11.pdf>

but there are no indications of any occurrences of this taking place, thus the risk associated with products made from *Swietenia macrophylla* from the Philippines appears to be very low.

### **3.3.5. Risks related to forestland and resource tenure, and related rights to harvest and sell forest products**

#### **3.3.5.1. Risk associated with the forest tenure instruments**

There is the potential for overlapping and competing claims to the resources. Although every effort is made to identify potentially conflicting rights to use each area as part of the process of developing each agreement, tenure disputes do arise – sometimes leading to protracted legal battles.

While consultation principles and protection of the rights of ICCs and IPs are well embedded in most forest resources tenure allocation processes and management decision making, risks arise as a result of tenure conflicts (overlapping claims). This has arisen as a particular concern with CADTs/CALTs, where resource use agreements established prior to 1997 (e.g., IFMAs) have legal authority to retain use rights under the IPRA. There have also been some instances of improper or inadequate FPIC processes conducted to gain approval from IPs and ICCs to carry out forestry-related activities in ancestral domain areas.

#### **3.3.5.2. Risk related to timber harvesting and clarity of timber ownership**

Another risk is timber entering into the supply chain from areas outside those covered by the tenure instrument under which harvesting approval has been granted (i.e., timber theft or substitution of timber from nearby areas).

Theft of timber from planted forests is relatively infrequent as owners tend to monitor and guard their planted trees carefully. Timber substitution (with consent of the actual owner) is, however, recognized as an ongoing practice, and while it may not result in unsustainable harvesting, it is a legal infraction.

#### **3.3.5.3. Risk related falsification of species**

A third risk (in consideration of current policy prohibiting the harvest of timber from natural forests) is the falsification of species, whereby timber from nearby *natural* forests is harvested and sold as *plantation*-grown wood.

Laundering of natural forest species as plantation-grown timber is difficult to carry out (in the absence of collusion with DENR monitoring authorities), as most plantations species are readily identifiable as such.

Legality risks for wood harvested from plantations in the Philippines are low. Most legally harvested wood is currently sourced from private plantations, with clear ownership, and there are few restrictions on such harvests. Legality risks are also low for wood harvested from plantations on public forestland (covered by various tenure instruments) as DENR monitoring is rigorous in most instances. The main plantation species grown in the Philippines are *Paraserianthes falcataria* (syn. *Albizia falcataria*), *Acacia mangium*, *Gmelina arborea*, and *Swietenia macrophylla*, with smaller areas of *Eucalyptus deglupta*, *Pinus kesiya*, *Casuarina equisetifolia*, *Leucaena leucocephala*, *Pterocarpus indicus*, and *Samanea saman*. Wood and

wood products from any of these species – with the exception of narra (*Pterocarpus indicus*) – can generally be considered low risk if accompanied by usual documentation.

Products made from *Pterocarpus indicus* should be considered more carefully as this is a premium species that also grows in natural forests and is illegal to cut from natural stands. It is legal, however, to cut *Pterocarpus indicus*, if the trees were planted (not naturally growing), provided a “Special Private Land Timber Permit” is issued by DENR to allow for harvest of this particular tree species.

As most legal domestic timber harvesting now is conducted in private plantations, with minimal legal requirements, violations are few. Correspondingly, DENR control measures for monitoring or inspecting harvests on private lands is minimal.

Following the issuance of E.O. 23 and the establishment of the Anti-illegal Logging Task Force, surveillance and enforcement was stepped up, resulting in a reduction in the number of illegal logging “hotspots” (municipalities) from 197 in 2011, to just 17 in 2016 (DENR, 2017). However, it is widely recognized that illegal logging of timber from natural forests still continues (sometimes in collusion with authorities and/or with the protection of politicians and other influential individuals). In cases of illegal harvest of timber from natural forests, the harvested timber is mainly used locally and sold in domestic markets in contravention of timber trade regulations. The biggest risk of such wood entering the export markets is by being used as the raw material in manufacturing high-value tertiary specialty products that are susceptible to being overlooked by monitoring officials.

As there are very few legal exceptions (less than 10,000 cubic meters in 2016) to the restrictions on cutting of trees in natural forests. Therefore, any wood or wood products of non-planted species (i.e., species found in natural forests) from the Philippines should be considered very high risk, unless manufactured from imported wood with clear evidence of legal sourcing.

### **3.5. Employment and safety in forest management and harvesting operation**

Legal requirements for employment of forestry and wood processing operations are governed by the Labor Code of the Philippines of 1974 (PD 442), as amended over the years. The Labor Code specifies conditions for employment and rights and responsibilities of workers and employers. There are no specific sections in the Labor Code dealing with forestry field workers or those engaged in timber harvesting, which are considered under sections dealing with agricultural workers. Workers in wood processing plants fall under regulations related to industrial workers, including occupational health and safety.

The Labor Code outlines working hours, minimum wages (as periodically established by Regional Tripartite Wages and Productivity Boards), overtime compensation entitlements, holiday leave, maternity leave, enrolment in the State Insurance Fund (covering disability, medical, and death benefits and retirement), provision of personal protection equipment, and various other benefits, etc. Children below 15 years of age may not be employed except under the sole responsibility of their parents, and teenagers between 15 and 18 years of age may not be employed in hazardous work. “Payment by results” or compensation for “piecework” must

equal or exceed the minimum daily wage for hourly labor, and not require more than eight hours to accomplish.

The Department of Labor and Employment (DOLE) is responsible for monitoring and enforcement of the conditions of the Labor Code and has the authority to shut down or impose fines on employers failing to comply. In practice, on-sight inspections and reviews by DOLE are reportedly rare, with most compliance checks made via self-reporting and document verification.

Legality risks could arise from potential illegal employment of under-age children, failure to pay workers established minimum wages, and “payment by results” (payment for “piecework”) that fails to reach minimum wage thresholds. These aspects are particularly risky with regard to legality with respect to forest harvesting operators and contractors in remote areas less closely monitored by DOLE officials. While larger wood processing plants are believed to be largely compliant with labor legislation and regulations, compliance by small operators is recognized far less than universal.

Closer scrutiny of even larger corporations by DOLE often reveals violations of the Labor Code, as with investigations of a Japanese-owned major wood-products exporter to Japan – after a major fire in 2017.<sup>6</sup> DOLE reviews, following a devastating fire in February 2017 in which at least three employees died, uncovered violations of worker safety regulations and improper deductions from workers’ salaries (see: <https://www.rappler.com/nation/172010-dole-peza-cavite-factory-fire-hti-violated-labor-safety-standards>).

As monitoring and enforcement of the Labor Code are outside the authority of forestry officials, coordination with DOLE officials is essential if compliance with labor laws is to be considered a serious element of timber legality.

## **4. Legislations on transportation and processing of wood and wood products**

### **4.1 Laws and regulation on transportation and processing of wood and wood products**

Table 16 list key laws and regulations related to transport and processing of timber and wood products. HTML links are provided for most laws and regulations.

#### **Table 16. Laws and regulations regulating transportation and processing of wood and wood products**

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<sup>6</sup> HTI suffered a second serious fire in early 2018.

Name of laws and regulations	Year	Description
Presidential Decree 705 (PD 705), known as the "Revised Forestry Code of the Philippines"	<ul style="list-style-type: none"> <li>Promulgated May 1975</li> </ul>	<p>Serves as the basic forestry law of the Philippines, outlining administration, management principles, timber harvesting, forest utilization, wood processing, forest protection, reforestation, fees, etc.</p> <p><a href="https://www.lawphil.net/statutes/presdecs/pd1975/pd_705_1975.html">https://www.lawphil.net/statutes/presdecs/pd1975/pd_705_1975.html</a></p>
DENR Administrative Orders 1994-07 and 2007-31	<ul style="list-style-type: none"> <li>February 1994</li> <li>Revised guidelines issued 2007</li> </ul>	<p>Together these two administrative orders prescribe the requirements for issuing Certificates of Origin by DENR for logs, timber, lumber and non-timber forest products which are required for transporting such materials. DAO 1994-07 also prescribes requirements for transporting finished, semi-finished and knock-down forest products.</p> <p><a href="http://policy.denr.gov.ph/1994/ForDao_1994-07.pdf">http://policy.denr.gov.ph/1994/ForDao_1994-07.pdf</a>  <a href="http://policy.denr.gov.ph/2003/dao2003-24.pdf">http://policy.denr.gov.ph/2003/dao2003-24.pdf</a></p>
Ministry Administrative Order 1986-50 and DENR Administrative Orders 2003-41 and 2003-53	<ul style="list-style-type: none"> <li>First issued 1986</li> <li>Revised guidelines issued in 2003</li> </ul>	<p>Outlines procedures for issuance of "Permit to Establish and Operate Wood Processing Plant"</p> <p><a href="http://policy.denr.gov.ph/2003/dao2003-41.pdf">http://policy.denr.gov.ph/2003/dao2003-41.pdf</a>  <a href="http://policy.denr.gov.ph/2003/dao2003-53.pdf">http://policy.denr.gov.ph/2003/dao2003-53.pdf</a></p>
DENR Administrative Order 2003-30	<ul style="list-style-type: none"> <li>June 2003</li> </ul>	<p>Elaborates Implementing Rules and Regulations (IRR) for the Philippine Environmental Impact Statement (EIS) System, including requirements to secure and Environmental Clearance Certificate (ECC) or Certificate of Non-Coverage (CNC) required to obtain a Permit to Establish and Operate Wood Processing Plant</p> <p><a href="http://policy.denr.gov.ph/2003/dao2003-30.pdf">http://policy.denr.gov.ph/2003/dao2003-30.pdf</a></p>
DENR Memorandum Circular 1994-18	<ul style="list-style-type: none"> <li>May 1994</li> </ul>	<p>Outlines procedures for approval of log/lumber supply contracts, which can be used as important supporting documentation in applying for Permit to Establish and Operate Wood Processing Plant</p> <p><a href="http://policy.denr.gov.ph/1994/ForMC_1994-18.pdf">http://policy.denr.gov.ph/1994/ForMC_1994-18.pdf</a></p>

## 4.2. Transportation of logs

### 4.2.1. Public domain / forestlands

All logs being transported from areas under CBFMA, IFMA, CSCs and SIFMA tenured areas must be accompanied by a "Certificate of Timber Origin" (CTO) issued by the CENRO in the location where the timber originates. The request for the CTO must specify:

- number of pieces, volume and value of the logs to be transported;
- date of transport/loading;
- point of loading;
- mode of transport/type of conveyance;
- name and address of consignee;
- point of destination; and
- expected duration of shipment

The CTO request should also be accompanied by tally sheets that contain detailed information on the logs to be transported (log numbers, species, and dimensions) and receipts showing evidence of payment of fees (if any apply). The CENRO inspects the documents and the logs to be transported for accuracy before issuing the CTO.

#### **4.2.2. Private lands**

For logs coming from private lands covered by a Certificate of Tree Plantation Ownership (CTPO), a Self Monitoring Form (SMF) validated by the CENRO – with attached tally sheets (elaborating the species and volume of harvested wood to be transported and sold) and a copy of the transport agreement – are sufficient to facilitate transport and sales. For planted trees harvested from private lands, not registered under a CTPO, the CENRO issues a cutting permit and a Certificate of Verification (CV), which facilitates transport and validates that the timber is being transported from a private plantation.

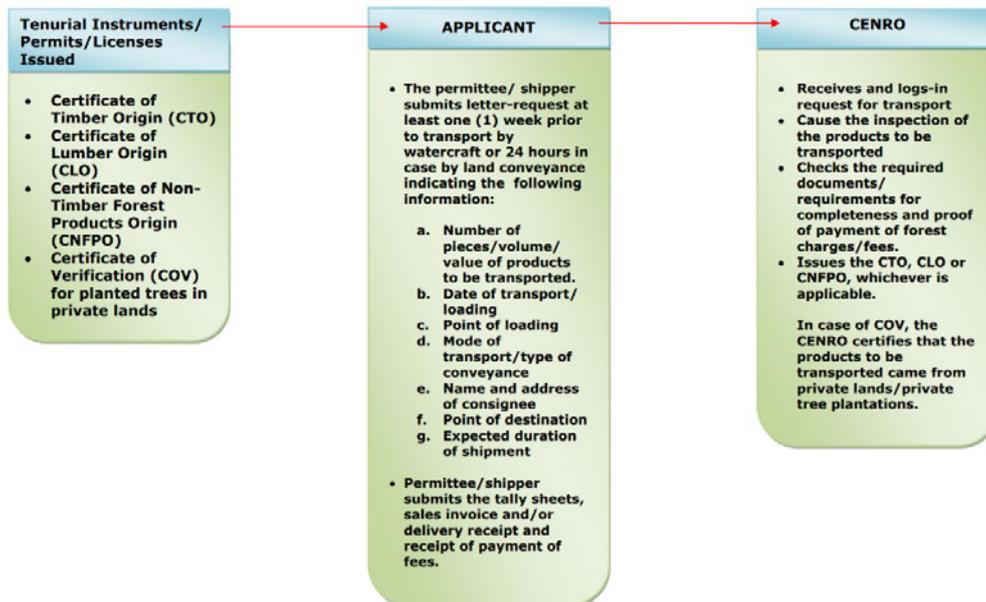
Normally, a “Transport Agreement with Owner of Conveyance” is required, unless the hauler is also the owner of the truck.

For tracking and business management purposes, buyers of raw material normally issue purchase orders describing the volumes of material, species, and other characteristics. Delivery receipts are commonly issued by the receiving processing plant and should be referenced back to the relevant CTO or Self Monitoring Form covering the source of the material and transport. Records of timber received should be allocated to stock, production or sales and maintain reference links between the purchase orders, production batch unit numbers, or sales orders, as applies.

At the time of transport, CENROs inspect logs and sawntimber to be transport and verify volumes and specifics of the transport.

**Figure 4. Issuance of the certification of the origin for logs, timber, lumber and non-timber forest products (DENR ADMINISTRATIVE ORDER No 1994-07)**

**ISSUANCE OF CERTIFICATE OF ORIGIN FOR LOGS, TIMBER, LUMBER AND  
NON-TIMBER FOREST PRODUCTS**  
(DENR ADMINISTRATIVE ORDER No. 1994-07)



### 4.3. Processing wood and wood products

All wood processing companies are required to be properly registered with the relevant government authorities and obtain required permits. CENROs receive applications for wood processing plant permits and recommend to higher DENR officials for approval or rejection, according to level of decision required. Companies must be registered with the Securities and Exchange Commission, which is a basic requirement for business operation in the Philippines. Municipal governments also usually require a local business permit, issued by the Office of the Mayor.

Prior to operation, the owners of wood processing companies must secure from DENR a “Wood Processing Plant Permit” (which requires an “Environmental Clearance Certificate,” issued by the Environmental Management Bureau of DENR, as a precondition). New applications for Wood Processing Plant Permits must be approved by the Secretary of DENR, while renewals can be approved by the relevant Regional Executive Director. As part of the conditions specified in the terms of the Wood Processing Plant Permit, the daily log consumption and lumber production must be recorded to ensure that logs processed are legal and production matches available legal log supply. In cases where the wood processing plant is to be located within and adjacent to designated forestlands, a Special Land Use Permit is also issued by DENR, with consideration simultaneous to the Wood Processing Plant Permit.

According to the Foreign Investments Act of 1991, foreign entities are allowed to invest in forestry activities in the Philippines – including wood processing – with equity participation up to 100 percent ([https://asean.org/storage/2016/08/P79\\_Foreign-Investments-Act-of-](https://asean.org/storage/2016/08/P79_Foreign-Investments-Act-of-)

[1991.pdf](#)). Additionally, industrial tree plantations are among the priority investment activities that may be given incentives under the Philippine Investment Priorities Plan (IPP).

Systems for tracking wood through the manufacturing stages to finished product are not explicitly required by law, but are required under the terms of Wood Processing Plant Permits and other DENR monitoring requirements. Timber processors are expected to maintain documentation of raw material received, used, and disposed (through sales or transfer). This allows for monitoring and tracking of wood stocks and calculation of recovery rates. The company should maintain records of raw material stock, which is allocated to defined production batches, allowing for timber to be traced back to specific sources covered by purchase orders, CTOs, Self Monitoring Forms, CVs, etc.

Wood processing plants are also required (under the conditions of their Wood Processing Plant Permits) to install and maintain CCTV cameras in the wood receiving areas. DENR also assigns “in-plant scalers” to wood processing plants to monitor in-coming wood for legality, required documentation, etc. Although in-plant scalers are supposed to be present at all wood processing plants, in actual practice scalers are not always present, especially at smaller processing plants.

There also appears to be gaps in the monitoring and tracking of manufacturers of furniture and tertiary wood products. DENR systems were established to monitor forest harvesting, transport and processing of primary wood products, but monitoring of furniture and finished product manufacturing facilities appears to be inconsistent.<sup>7</sup>

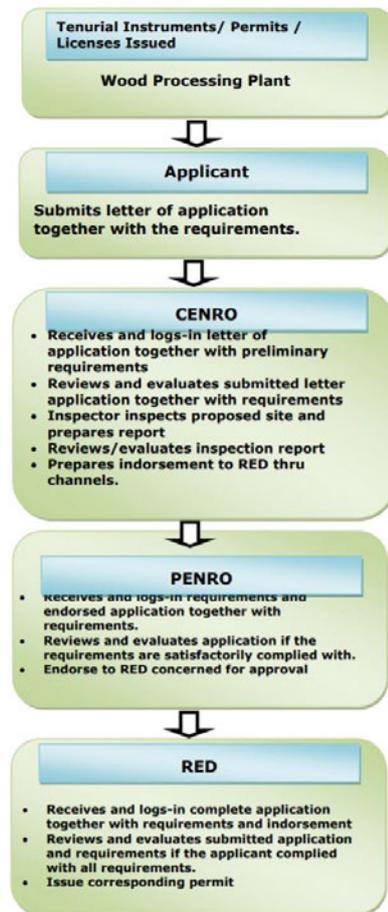
Legality risks associated with wood processing include illegally operating mills and processing of illegally sourced timber. Most such illegal activities are small scale and feeding into local domestic commodity chains, not large commercial ventures or export markets. Nonetheless, their combined impact and volumes may be substantial (albeit unknown). Careless record maintenance could result in the inability to trace finished products back to original raw material sources.

**Figure 5. Existing Flowchart for the processing and approval of WOOD PROCESSING PERMIT (MAO 50, series of 1986 as amended by DENR ADMINISTRATIVE ORDER No 2003-41)**

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<sup>7</sup> For example, it appears that furniture factories are not generally required to obtain a Wood Processing Plant Permit, but are expected to maintain and report receipts and disposition of wood stocks.

**EXISTING FLOWCHART FOR THE PROCESSING AND APPROVAL OF  
WOOD PROCESSING PLANT PERMIT**  
(MAO 50, series of 1986 as amended by DENR Administrative Order No. 2003-41)



#### 4.4. Transportation of wood and wood products

Transport of processed lumber from sawmills to wood dealers or plants for further processing requires a permit similar to that for transporting logs. In fact, the same form covers both types of transport. In the case of lumber, a “Certificate of Lumber Origin” (CLO) is issued by CENRO in the location where the lumber originates, based on:

- number of pieces, volume and dimensions of the lumber to be transported
- date of transport/loading
- point of loading
- mode of transport/type of conveyance
- name and address of consignee
- point of destination
- expected duration of shipment

The CLO request should also be accompanied by tally sheets that contain detailed information on the lumber to be transported (number of pieces, species, dimensions and volume) and receipts showing evidence of payment of fees (if any apply). The CENRO inspects the documents and the lumber to be transported for accuracy before issuing the CLO.

Transport of finished wood products other than lumber (e.g., furniture, doors, windows, cabinets, wooden articles) does not require a transport permit.

A key element in guarding against illegal harvest and transport of timber are DENR highway checkpoints, which can be established at 117 locations throughout the country. At such checkpoints, those transporting logs or sawnwood must have proper CTOs or CLOs for transport; if not the wood materials are confiscated and legal action initiated.

### **Risk in transportation of log and wood**

In the past, legality risks related to falsification or “recycling” of documents. However, with implementation of computerized issuance of the transport documents, these risks have been minimized.

Transport documents are stamped by DENR monitoring stations, rendering them difficult to be reused. Stolen or illegal logs could potentially enter the supply chain if checks are not made properly or in the event of collusion with DENR and other authorities occurs, or if transport is authorized without careful matching against actual sources and declared volumes. Careless record maintenance could result in the inability to trace finished products back to original raw material sources. The fact that DENR does not require transport permits for finished wood products opens potential opportunities for the legality of these articles to be questioned if the source of the raw material from which they were manufactured cannot be verified.

## **5. Legislation on trading woods and wood products**

### **5.1. Laws and regulation on trading woods and wood products**

#### **5.1.1. Imports**

DENR Administrative Order 1999-46 governs the entry and disposition of imported logs, lumber, veneer, plywood, other wood-based panels, poles and piles, pulpwood and wood chips. Only holders of TLAs, IFMAs or Wood Processing Plant Permits, or registered wood dealers and their agents can import logs, sawnwood and other wood-based products into the Philippines. Imports of logs, sawnwood and most other wood products have been liberalized to help ensure adequate raw material supplies for wood processors and domestic consumption.

Issuance of a “Certificate of Registration as Log/lumber Dealer” is guided by Republic Act No. 1239 of 1955, FAO 26 Series of 1956 and DAO 1994-08. To obtain a Certificate of Registration as Log/Lumber Dealer, the applicant must submit to DENR (initially to the CENRO) at least 16 items of support, including: SEC and mayor’s business registrations, registration to import wood products, copies of sales/supply contract with foreign suppliers, copies of import documents, receipts for all fees required, copies of tax returns for the past two years, pictures of the proposed wood/lumber yard site, business plan, evidence of financial liquidity, etc. The

application is referred by the CENRO to the Regional Executive Director (through the PENRO) for approval.

Individuals or corporations intending to import wood products are expected to record or register their “Certification of Registration as Log/Lumber Dealer” with the Philippine Wood Products Association (PWPA) and then or subsequently have the certificate approved by the relevant Office of the Regional Executive Director as a valid “Authority to Import Wood Materials.”

Importers are also required to have copies of sale/supply contracts with the foreign exporter of wood materials (valid for at least one year), duly authenticated by the Philippine commercial attache/embassy at the country of origin of the wood materials. This process reportedly constrains the easy importation of wood from some countries as wood exporters in other countries are often not located near to Philippine embassies or consulates (Salvio Valenzuela, Nicolaas de Lange, personal communication).

The entry and discharge of imported wood materials into the Philippines (at approved port locations only) shall be in accordance with the requirements and procedures of the Bureau of Customs and Bureau of Plant Industry’s Plant Quarantine Office. Each shipment must be accompanied by a Phytosanitary Certificate issued by the country of origin, indicating the kind of quarantine treatment requested and/or applied, if any.

Importers must also abide by basic import regulations of the Bureau of Customs (BoC), including accreditation with BoC. Accredited importers (or customs brokers) can access BoC’s Electronic to Mobile (E2M) system to lodge import entries electronically, including Customs Import Declaration. The E2M system allows customs officers and traders to electronically process most customs transactions, although importers are still required to submit hard copies of import documents and attachments to the Entry Processing Unit for verification. The E2M system does not deal with permits and/or licenses issued by other government agencies, which must be applied for separately (e.g., wood imports further regulated by DENR).

Businesses importing into the Philippines must provide the following documents when their goods arrive:

- Packing list
- Invoice
- Bill of lading
- Import Permit
- Customs Import Declaration
- Certificate of Origin

Subsequent to review and possible inspection, the BoC issues release instructions or clearance of imported commodities. The approved “Authority to Import” or “Certificate of Registration to Import Wood Materials” granted by the DENR and the clearance of the imported commodities issued by the Bureau of Customs are sufficient documents for the imported wood materials to be moved from the port of entry to the point of destination. However, the importer is required, upon arrival of the shipment at the point of destination, to provide the CENRO concerned with copies of the following documents: (1) “Authority to Import” or “Certificate of Registration to Import Wood Materials;” (2) the Phytosanitary Certificate issued by the country of origin; (3) the Bill of lading; and (4) the Summary of the Packing List.

Each month, subsequent to import, the importer is required to provide to the CENRO concerned a report that provides: (1) balance of imported wood stocks carried over from the previous month; (2) additional purchases received during the month under report; (3) total volume/quantity handled; (4) volume processed/sold; and (5) balance of stocks of imported wood at the end of the month.

Under the terms of approval for importing wood materials, the importer can be subject to inspection by authorized DENR personnel to inspect the premises where the imported wood materials are stored and to examine records concerning withdrawals or disposition of the wood.

One area that requires further examination is the extent of oversight and monitoring of wood imports and processing in export processing zones, from which value-added products are then directly exported. Such facilities sometimes operate to some extent outside the general oversight of normal regulators from DENR, DOLE, and local authorities and are subject to regulation by the Philippine Economic Zone Authority (PEZA). However, according to a wood processing company in Cavite Export Processing Zone, they are reporting types, origin, and volume of imported wood to DENR annually and understanding this regulation is also imposed to companies located in the Export Processing Zone.

As the Philippines imports significant volumes of wood from other countries, which is then further processed in making finished wood products, the legality of imported wood is highly dependent on the legality systems in place in the exporting countries. The greatest assurance of legality of imported wood involves imports of low-risk species, from low-risk countries, with independent verification or certification. At the opposite end of the spectrum are imports of high-risk species from high-risk countries, without independent verification/certification. Current Philippine imports run the entire spectrum, but are increasingly shifting toward lower risk imports. The draft *Guidebook on Requirements for Chain of Custody Systems & Monitoring Compliance* by the Philippines Timber Associations, formulated jointly by the Department of Trade & Industry (DTI), the Chamber of Furniture Industries of the Philippines (CFIP), and the Philippine Wood Producers Association (PWPA), in collaboration with DENR/FMB and FAO, provides guidance for wood importers in conducting due diligence related to imports (see: [https://issuu.com/naniegonzales/docs/cfip\\_duediligence](https://issuu.com/naniegonzales/docs/cfip_duediligence)).

### **5.1.2. Exports**

Exporting entities need to be registered with the Department of Trade and Industry (for sole proprietorships), the Securities and Exchange Commission (for partnerships and corporations), or the Cooperative Development Authority (for cooperatives) and have all other registrations up to date, as applicable (e.g., Mayor's Permit, Bureau of Internal Revenue, Social Security System, Department of Labor and Employment, PhilHealth, PAG-IBIG Fund, and DENR).

Exporters are required to register with BoC using the Electronic 2 Mobile (E2M) Customs Administration, via the Client Profile Registration System (CPRS). Export transactions cannot be processed unless the client is duly registered with the CPRS. For most exporters, the CPRS approving authority is the Philippines Exporters Confederation, Inc. ([www.philexport.ph](http://www.philexport.ph)). Registered exporters are assigned a Unique Reference Number (URN), which becomes a part of the exporter's CPRS profile, valid for 12 months, renewable annually.

Exports of wood products from the Philippines are regulated under DENR Administrative Order 1991-54 and DAO 1993-33. Individuals, licensed wood processors/dealers, and other corporations/partnerships/associations planning to export wood products must request an “Export Authority” from the DENR, through the CENRO where the products to be exported are located. The request must include information on the products intended to be exported, species, dimensions, number of pieces, volumes, etc. and be accompanied by copies of the purchase order, Letter of Credit issued by the Central Bank of the Philippines, permit to operate wood processing plant (if applicable), tax returns for the past three years, and a sworn statement authorizing DENR representatives to verify submitted information. Applicants other than licensed wood processors or dealers may be required to submit additional documents. If the products to be exported were produced from planted trees, the CENRO also provides certification to that effect. If the products were derived from public lands or include products produced from planted premium hardwood species (e.g., *Pterocarpus indicus*), a copy of the required Special Permit is also included with the application. The CENRO dispatches a team to verify the products/commodities to be exported and the expected date and location of the loading for export and conveyance to be used.

The application for Export Authority is forwarded by the CENRO to the DENR Regional Executive Director, through the PENRO, along with the CENRO’s verification report. If approved, the Regional Executive Director returns the Export Authority to the CENRO and the exporter. The approved Export Authority also serves as the authority covering transport from the processing plant to the final export loading point.

The CENRO is responsible for overseeing the transport and loading of the products/commodities approved for export. If inspection of the shipment is consistent with the Export Authority, the CENRO issues an Export Clearance Certificate, copies of which are provided to DENR Office of the Secretary, Office of the Undersecretary for Staff Bureaus, Forest Management Bureau FMB and RED concerned. The CENRO is also required to observe the actual loading to ensure that only the authorized wood products are loaded for export. If the shipment is in order, the CENRO issues an Export Compliance Certificate for the authorized wood products.

For most export destinations, a Phytosanitary Certificate is required to export all wood and forest products. Phytosanitary Certificates (BPI “Q” Form 11) for exports from the Philippines are issued by the Bureau of Plant Industry’s Plant Quarantine Service only, following submission of BPI “Q” Form 10 (Request for Inspection), and actual inspection of the items to be exported.

Exporters prepare a pro-forma invoice, covering the items to be exported, and obtains signature from the buyer in the importing country confirming the purchase. A Bill of Lading is prepared in collaboration with the courier or carrier that will handle the shipping to the importing country. Finally, the exporter makes an Export Declaration and obtains Authority to Load via the E2M BoC online service (supported in the case of wood products by the DENR’s Export Clearance Certificate).

The BoC can also issue a Certificate of Origin for the exporter. For shipments to Japan, a “JP” Certificate of Origin is issued to confirm products exported from the Philippines to Japan under the Philippines-Japan Economic Partnership Agreement (PJEPA).

The exporter will also normally prepare a Packing List, which for wood and forest products may be authenticated by the CENRO concerned.

The Philippines Standard Commodity Classification used for classifying export products is an integration of the ASEAN Harmonized Tariff Nomenclature (AHTN) based on the Harmonized Commodity Description and Coding System (HS) issued by the World Customs Organizations (WCO), and the Standard International Trade Classification (SITC) by the United Nations Statistics Division (UNSD).

### Risk

Legality risks at the final export stage relate to false or mis-declarations of products (including species and product categories) and false or mis-declaration of volumes and values. These risks can be mitigated with thorough and scrupulous review of Export Authority and related export documentation, coupled with on-site inspection by DENR of items to be shipped.

## 5.2. Legally required documents or records

Table 17 lists required documents for importing and exporting wood and wood products into and out of the Philippines.

**Table 17. Legally required documents to import and export wood and wood products**

Name of document	Description	Issuing authority
<i>Imports</i>		
Certificate of Registration as Log/lumber Dealer	Ensures eligibility of importer to import wood products into the Philippines	DENR Regional Executive Director
Authority to Import Wood Materials	Authorizes wood imports	DENR Regional Executive Director
Sale/supply contracts with the foreign exporter of wood materials	Validates legitimacy of wood exporter	Philippine commercial attache/embassy in the country of origin of the wood materials being exported to the Philippines
Phytosanitary Certificate	Certifies products as disease free and/or receiving phytosanitary treatment	Authorized agency in the exporting country
Bureau of Customs registration	Provides Unique Reference Number for all transactions and approvals with BoC	Philippines Exporters Confederation, Inc.
Invoice	Detailing products to be exported and agreed prices	Exporter
Bill of lading	To acknowledge receipt of cargo for shipment	Courier or freight handler (or their agent)
Packing list	Detailed descriptions of contents of each crate, box or container being shipped	Exporter
Customs Import Declaration	Official declaration of goods imported	Bureau of Customs

Certificate of Origin	Confirms the originating country of items being imported	Designated authority in exporting country
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<b>Exports</b>		
Sales invoice	Detailing products to be exported and agreed prices	Exporter
Bill of lading	To acknowledge receipt of cargo for shipment	Courier or freight handler (or their agent)
Phytosanitary Certificate (BPI Form "Q" No. 11)	Certifies products are disease free and/or received phytosanitary treatment	Bureau of Plant Industry, Plant Quarantine Service (Department of Agriculture)
Export Authority	Authorizes exporter to proceed with requested exports	DENR Regional Executive Director
Special Permit	Provides special approval of exports if products were made from plantation-grown wood of premium species (e.g., <i>Pterocarpus indicus</i> )	DENR Regional Executive Director
Export Clearance Certificate and Export Compliance Certificate	Confirms products loaded for shipment conform with those authorized in the Export Authority	DENR CENRO
Export Declaration	Detailed declaration of items and products to be exported	Submitted by the exporter to the Bureau of Customs
Authority to Load	Allows exporter to load shipment onto ship or plane	Bureau of Customs
Certificate of Origin (for exports to Japan, a "JP Certificate of Origin" is prepared)	Verifies country of origin of exported products	Bureau of Customs
Packing list	Detailed descriptions of contents of each crate, box or container being shipped	Exporter (authenticated by CENRO)

## 6. Others

### 6.1. International framework / trade agreement relevant to combatting illegal harvesting and associated trade

The Philippines is a member country of the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation Forum (APEC), the International Tropical Timber Organization (ITTO), and the Food and Agriculture Organization of the United Nations (FAO) – all of which are working to combat illegal forest harvesting and associated trade. The Philippines has engaged with several projects and initiatives of these organizations related to timber legality, including an ongoing ITTO-supported project to develop a Timber Legality Assurance System (TLAS).

The Philippines is a signatory party of the Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES).

Within ASEAN, the Philippines has been active in working groups addressing FLEG, the Pan ASEAN Timber Certification Initiative, and the development of ASEAN criteria and indicators for sustainable forest management (which would provide a foundation for legality definition and national certification systems) and the ASEAN Chain-of-Custody Framework.

The Philippines also participates actively in APEC's Expert Group on Illegal Logging and Associated Trade (EGILAT).

The Philippines has been collaborating with the European Union (EU) in advancing toward meeting EU Timber Regulation requirements, including support from the EU FLEGT Facility of the European Forest Institute (EFI) and the FAO EU FLEGT Programme. DENR and forestry sector entities have indicated interest in engaging in negotiations toward concluding a Voluntary Partnership Agreement (VPA) with the EU, but action in this regard is pending approval from the Department of Foreign Affairs to enter into negotiations.

The Philippines has adopted the UN Harmonized Commodity Description and Coding Systems (HS) for trade of all products, including wood and wood products. The Philippines also ascribes to the ASEAN Harmonised Tariff Nomenclature (AHTN), which is also based on the HS of the World Customs Organization. Under ASEAN, the Philippines is in the process of developing the Philippine National Single Window to streamline customs and trade procedures and facilitate exchange of documentation for trade among ASEAN countries. Forest and wood products are eventually expected to fall under the NSW system, which is still under development.

## **6.2. Voluntary schemes on legality / sustainability of wood and wood products**

A small number of forests in the Philippines obtained FSC certification in the past, but at present there are no FSC-certified forests in the country (previous FSC certificates have lapsed). There are currently 10 companies that have FSC Chain-of-Custody certification.

The Philippines has had discussions with the Programme for the Endorsement of Forest Certification (PEFC) and has taken initial steps in developing a national forest certification system that could be considered by PEFC for endorsement. Industry groups have proposed an Interim National Governing Body for a Philippine Forest Certification System, but the effort is awaiting further development of the TLAS by DENR-FMB as a critical component supporting certification (Tommy Valdez, personal communication).

A joint effort by the Department of Trade & Industry (DTI), the Chamber of Furniture Industries in the Philippines (CFIP), and the Philippine Wood Producers Association (PWPA) – in collaboration with DENR/FMB and FAO – has led to the drafting of a Guidebook on Requirements for Chain of Custody Systems & Monitoring Compliance by the Philippines Timber Associations (see: [https://issuu.com/naniegonzales/docs/cfip\\_duediligence](https://issuu.com/naniegonzales/docs/cfip_duediligence)), which represents a voluntary initiative by the private sector to demonstrate legality and assist buyers in their due diligence efforts when importing wood products into the Philippines from other countries. The guidebook is intended to be a dynamic document; as such, it is currently in “draft” format, but provides a useful initial framework for guiding chain of custody procedures and due

diligence practices demanded by the EU Timber Regulation and U.S. Lacey Act Amendment (Bill Maynard, personal communication).

### 6.3. Other Observations and Comments

The forestry situation in the Philippines is currently in flux, with various changes and reforms underway with respect to policy, legislation, and regulation. The sector has been significantly constrained by unstable and frequently shifting policies over the past two decades. After years of effort, however, there is currently increased optimism that Congress may finally pass new basic forestry legislation (“Sustainable Forestry Act”) within 2019, following compromises made by industry, NGOs, government and other interest groups, which have rallied behind a consolidated draft bill. If successfully enacted, new forestry legislation could pave the way for reinvigorating the sector by providing stability, incentives for investment, and reduction of regulatory burden.

Under current policy and regulation, very small volume of timber from natural forests is permitted to be harvested in the Philippines. As the vast majority of existing plantations of harvestable age are comprised of species that are not harvested from natural forests, the legality of domestic timber harvests should be relatively easy to determine and validate, according to species.

With respect to sustainability, buyers of wood and wood products derived from plantation-grown timber also can feel relatively confident, since the majority of plantations are not grown in environmentally sensitive areas.

It should be noted, however, that guidelines for tree planting under the National Greening Program now emphasize the planting of native species. In the future, if such plantations are to be harvested, the easy determination of legality according to species as a main consideration will no longer be possible. For the time being, however, this challenge is still many years away.

Frequent news reports and anecdotal evidence from rural areas indicate that illegal harvesting of timber from natural forests continues in many areas of the country. Interested buyers can still procure lumber, cabinets, flooring, wooden furniture, etc. made from wood from natural forests, particularly in areas located close to natural forests. Even furniture made from premium protected species such as narra (*Pterocarpus indicus*) and ebony (*Diospyros* spp.) can be obtained, although reportedly now much more difficult to purchase than in the past (Anonymous sources, personal communication). Evidence suggests that most such illegally harvested wood remains in the domestic market, however, and not generally entering the export market.

Any products made from wood of species other than those commonly grown in plantations in the Philippines would need to be manufactured from imported raw material to be legal. The legality of such products would depend on the source(s) of raw material, assurances of legality of the imports, and due diligence practices of importers. Of course, the strongest assurances of legality of imported raw materials derives from certification of forest management and chain-of-custody.

Without an established TLAS, and no existing independent third-party certified forests in the Philippines, it is sometimes difficult to provide solid assurance of legality of wood and wood products, especially for tertiary value-added products. Thus, timber may in fact be legal, but may lack robust documentation to validate such. This gap will hopefully be closed soon with development of a national TLAS.

Labor laws are detailed and complex in the Philippines and compliance monitoring by DOLE is generally inconsistent – generally more robust for established factories and businesses, but often dependent on the rigor of monitoring by local DOLE officials. Less rigorous monitoring is undoubtedly conducted for timber harvesting in rural areas, especially with respect to subcontractors and casual employees who are sometimes paid less than minimum wages, not given full legal benefits, or provided with personal protection equipment.

## 7. Interviews/Field Survey (Logistic Records)

### 7.1. Interviews

**Table 18. List of interviews**

Date	Name of interviewees	Title	Organisation	Main topics
29/6/18	Bruno Cammaert	Forestry Officer	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts
29/6/18 3/8/18	Erica Pohnan	Consultant	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts in Philippines
29/6/18	Josil Murray	Consultant	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts
13/8/18 22/8/18 (plus email comms. on various dates)	Mayumi Quintos-Natividad	Assistant Director	Forest Management Bureau, DENR	General issues of legality; sources of information and contacts; clarification of issues identified in desk review
1/8/18 (via email)	Juan M. Pulhin	Professor	University of the Philippines – Los Banos	Forest tenure; regulations government harvest and transport of timber
2/8/18 (via email)	Edwino S. Fernando	Professor	University of the Philippines – Los Banos	Endangered, threatened and vulnerable tree species of the Philippines
2/8/18 6/8/18 10/8/18 (via email and skype)	Tong Pei Sin	Lecturer	University Tunku Abdul Rahman, Malaysia	Trade of CITES-listed tree species in Southeast Asia
13/8/18	Edna Nuestro	Chief, Forest Policy, Planning & Knowledge Management Division (FPPKMD)	Forest Management Bureau, DENR	Legislation, regulations and policies related to forest management and timber legality

13/8/18	Fe Oliveros	Chief, Forest Policy Section, FPPKMD	Forest Management Bureau, DENR	Legislation, regulations and policies related to forest management and timber legality
13/8/18	Eugene Estrada	Chief, Knowledge & Information Systems Section, FPPKMD	Forest Management Bureau, DENR	Data on forest area, forest cover, classification, production and trade
13/8/18	Bonifacio Rabang	Chief, Forest Geospatial Data & Information System, FPPKMD	Forest Management Bureau, DENR	Forestland classification, forest areas, tenurial allocations
13/8/18	Orlie Panganiban	Chief, Forest Resources Management Division (FRMD)	Forest Management Bureau, DENR	Forest management, harvesting, transport, processing requirements
13/8/18	Raul Briz	Chief, Forest Protection Section	Forest Management Bureau, DENR	FLEGT, certification initiatives
13/8/18	Nely Butic	Forester, Corporate & Industrial Forest Section	Forest Management Bureau, DENR	Forest tenurial instruments, ancestral domain claims
13/8/18	Roberto Oliveros	Technical Assistant, Office of the Director	Forest Management Bureau, DENR	Management, harvesting, transport requirements in the field; wood processing plant requirements
14/8/18	Patrick C. Dugan	President	Bagong Pagasa Foundation	Practical aspects of legality enforcement in field operations
14/8/18	Rowena Soriaga, Kumiko Shimamoto	Staff Researchers	Environmental Science for Social Change	Legality requirements and circumvention in the field; Indigenous Peoples rights
15/8/18	Maila Vasquez	Executive Director	Philippine Wood Producers Association	Industry perspectives on legal requirements and challenges of operating
15/8/18	June Alvarez	President and Executive Director	Philippine Center for Environmental Protection and Sustainable Development, Inc.	Efforts to advance policy and legislation on sustainable forest management, including certification
16/8/18	Salvio Valenzuela	Executive Director	Chamber of Furniture Industries of the Philippines, Inc.	Perspectives of furniture industry with respect to wood supplies and trade
16/8/18	Priscila Dolom	Director	Forestry Development Center	Formulation of rules and regulations on sustainable forest management, including SFM legislation
16/8/18	Tommy Valdez	President	Society of Filipino Foresters, Inc.	Formulation of new SFM legislation
17/8/18	Karl Villegas	Staff Forester	FAO EU FLEGT Programme	FLEGT initiatives in Philippines
15/8/18 16/8/18 17/8/18	Tom Blomley	Consultant	Acacia Natural Resource Consultants	EU FLEGT initiatives in the Philippines
20/8/18	Gil Mendoza	Forestry Consultant	Independent Consultant	Forest legality policy and regulatory framework
16/8/18 22/8/18	Bill Maynard	Consultant	Global Forestry Services	Guidebook on Chain-of-Custody

22/8/18	Janet Martires	Executive Director	Yakap Kalikasan	Review of IFMA holders, issues and operations
23/8/18	Gillian Dunuan	Officer in Charge, Ancestral Domains Office	National Commission on Indigenous Peoples (NCIP)	Indigenous Peoples rights, ancestral domain tenure, resource use rights
23/8/18	Mark Ramirez	Executive Director	Resources Environment and Economics Center for Studies, Inc. (REECS)	Forest tenure; regulations government harvest and transport of timber
24/8/18	Nenette Marte	Executive Assistant	FILTRA Timber	Timber import procedures, timber trading
24/8/18	Nicolaas de Lange	President	Designs Ligna	Timber sourcing, manufacturing plant operations, export procedures

## 7.2. Field Survey

Surveys were conducted in the Philippines, 13-24 August 2018, in Manila and surrounding areas. The surveys comprised individual meetings with key informants and focus group discussions with various interest groups. Discussions were designed to collect data, information and documents, and validate pre-identified findings from initial desk work. Site visits were also made to the manufacturing facility of Designs Ligna (San Pedro, Laguna) and the timber trading firm FILTRA Timber (Makati) as well as to several furniture and wood product outlets in Metro Manila.

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# **Annex of Scanned Certificates, Permits, and Approvals related to Timber and Wood Products**

## **Philippines**

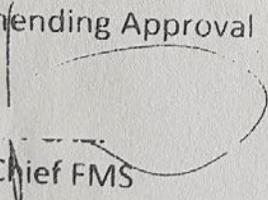
**Certificate of Tree Plantation Ownership**

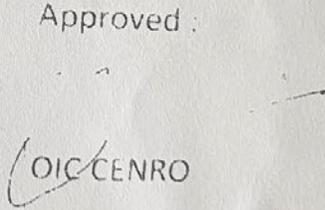
 Republic of the Philippines  
Department of Environment & Natural Resources  
COMMUNITY ENVIRONMENT AND NATURAL RESOURCES OFFICE  
Oroquieta City

**CERTIFICATE OF THE TREE PLANTATION OWNERSHIP**  
CTPO No. ORO-3441  
TO

For his/her tree plantation/farm located at Capundag , [REDACTED]  
[REDACTED] Under Tax Dec. NO. [REDACTED] covering an area of  
3.4629 hectares planted with 1,617 Mahogany trees with the corresponding  
total volume of 504.21 cubic meters shown in the attached inventory report  
of his/her existing tree plantation pursuant to DENR Memorandum Circular  
No. 99-20

Issued this 28<sup>th</sup> day of July 2014 at DENR -CENRO , Capitol  
Compound , Oroquieta City.

Recommending Approval  
  
OIC Chief FMS

Approved :  
  
OIC CENRO



LPDD C/B/P Permit No. [REDACTED]  
Date Approved: [REDACTED]  
Date Released: [REDACTED]

### TREE-CUTTING PERMIT

This PERMIT is issued to [REDACTED] with residential address at No. [REDACTED], purposely for clearing of property.

This PERMIT shall be strictly implemented subject to the following conditions:

1. That only the following planted trees within private/titled property at [REDACTED] are authorized to be cut:

Tree Number	Species	DBH (cm)	MH (m)	Vol. (cu.m.)
1	Narra	70	2	0.509992
2	Narra	66	4	0.906745
3	Narra	68	4	0.962532
4	Narra	80	4	1.332224
5	Narra	56	6	0.979185
6	Narra	85	8	3.007912
7	Narra	75	2	0.585450
8	Mahogany	60	7	1.311408
<b>TOTAL VOLUME</b>				<b>9.595448</b>

2. That there shall be a total of 400 hardened indigenous seedlings or ornamental trees/plants as replacements for the trees to be cut pursuant to DENR Memorandum Order No. 2012-02 known as "Uniform Replacement Ratio for Cut Relocated Tree". That the permittee shall coordinate with the Chief, Conservation and Development Division (CDD) or her duly authorized representative with telephone number (02) 435-2410 on the kind of species as may be required by DENR-NCR for Urban Greening/Landscaping and shall inform the same one (1) day before the scheduled delivery of seedlings;
3. That prior to tree cutting operation the replacement plants shall be delivered at DENR-NCR Nursery located at North Avenue, Quezon City. Acknowledgement receipt and Compliance Certificate shall be issued, duly signed by the Chief, Enforcement Division and the Chief, Conservation and Development Division, copy furnished the undersigned;
4. That the permittee shall incorporate greening component immediately upon completion of cutting operation and submit report with pictures to this Office through Conservation and Development Division;
5. That a billboard with dimension of 3' x 6' shall be installed conspicuously within the area to inform the public that the cutting operation thereat is covered with a permit issued by DENR. Such notice of particulars shall indicate the name of permittee, the purpose of the activities to be undertaken. Likewise, the Barangay concerned shall be furnished with a copy of the permit prior to cutting operation;
6. That the Chief, Enforcement Division or his duly authorized representative with Telephone No. (02) 435-8879 shall be informed three (3) days before the schedule of cutting operation, which shall at all times be under direct supervision and monitoring;

Tree-Cutting Permit (page 2)

7. That the permittee shall secure the services of a firm person(s) with appropriate expertise and experience to ensure safety to lives and properties;
8. That only chainsaw/s with Certificate of Registration from DENR shall be used in the conduct of tree cutting operation;
9. That the DENR shall not be held responsible for any untoward incident that might occur during the cutting operation;
10. That issues that may arise from the cutting of trees shall be addressed directly and solely by the permittee;
11. That the permittee shall be required to undertake measures during and after tree cutting operation to mitigate the negative impacts of the said activity within the locality and to the environment;
12. That the derivable wood materials to be recovered from cut trees shall belong to the land owner. In case the wood materials will be transported by the permittee outside Metro Manila, the same shall be covered by transport documents issued by the DENR;
13. That a terminal report with pictures shall be submitted to this Office after the expiration of this permit or upon completion of the cutting operation, whichever comes first;
14. That this permit must be claimed within 60 days from the date of approval otherwise same shall be automatically cancelled/revoked without further notice;
15. That violation of the above conditions shall be sufficient ground for the cancellation/revocation of this permit without prejudice to the imposition of penalties in accordance with applicable laws, rules and regulations; and,
16. That this permit has a validity of 30 days upon receipt hereof or upon completion of the cutting operation, whichever comes first.

For strict compliance.

Recommending Approval:



Approved by:



Regional Director



DENR - NATIONAL CAPITAL REGION



TCP20180727-2172

**Certificate of Chainsaw Registration**

Chainsaw  
Permit No. \_\_\_\_\_

**CERTIFICATE OF REGISTRATION**

After having complied with the provisions of DENR Administrative Order No. 2003-24, Series of 2003 otherwise known as the "The Implementing Guidelines of the Chainsaw Act of 2002 (R.A. No. 9175)" entitled "AN ACT REGULATING THE POSSESSION, OWNERSHIP, SALE, IMPORTATION AND USE OF CHAINSAWS PENALIZING VIOLATIONS THEREOF AND FOR OTHER RELATED PURPOSES" this Certificate of Registration to possess, own or use a chainsaw is hereby issued to:

\_\_\_\_\_  
(Name of Owner)

\_\_\_\_\_  
(Office Address)

bearing the following information and descriptions:

Use of the Chainsaw :  
Brand/No. of Units :  
Date of Acquisition :  
Model :  
Serial Number :  
Horsepower :  
Maximum length of Guidebar:  
Others :

Issued on \_\_\_\_\_ at Quezon City  
Expiry Date: \_\_\_\_\_.

**APPROVED:**

\_\_\_\_\_  
**REGIONAL DIRECTOR**

**Conditions:**

1. An authenticated copy of this certificate shall be in the person operating the chainsaw at all times together with an authenticated copy of the official receipt of registration;
2. Ensure that the requested trees to be cut/pruned are covered by a permit from this Office; and
3. To inform this Office in writing in case the chainsaw is unserviceable, expired and/or no longer renewing the Certificate of Registration.

**Permit to Import Chainsaw**

Chainsaw  
Permit No. \_\_\_\_\_

**PERMIT TO IMPORT CHAINSAW**

Pursuant to the provisions of DENR Administrative Order No. 2003-24, Series of 2003 which provides the "The Implementing Guidelines of the Chainsaw Act of 2002 (R.A No. 9175)" entitled "AN ACT REGULATING THE POSSESSION OWNERSHIP, SALE, IMPORTATION AND USE OF CHAINSAWS PENALIZING VIOLATIONS THEREOF AND FOR OTHER RELATED PURPOSES" this PERMIT TO IMPORT is hereby issued to: \_\_\_\_\_  
(State type of permit)

Name of Owner : \_\_\_\_\_  
Address : \_\_\_\_\_

The information and descriptions of the chainsaws subject of this permit are hereunder enumerated:

- Quantity : \_\_\_\_\_
- Brand : \_\_\_\_\_
- Model : \_\_\_\_\_
- Country of Origin/ : \_\_\_\_\_
- Purchase Price : \_\_\_\_\_
- Purpose : \_\_\_\_\_
- Others (Purchase Order No.): \_\_\_\_\_

Issued on \_\_\_\_\_ at Quezon City  
Expiry Date: \_\_\_\_\_

**APPROVED:**

\_\_\_\_\_  
Regional Director

**Condition/s:**

1. To submit the following:
  - a. Copy of corresponding Import Entry Declaration (IED) of the shipments within five (5) days after delivery/arrival;
  - b. List of the chainsaws with engine serial nos. within five (5) days upon arrival/release from the Bureau of Custom
2. The imported chainsaws shall only be sold/disposed to buyers/purchasers with "permit to purchase" issued by DENR;
3. Prior to sale/disposition of the imported chainsaw, a Permit to Sell shall be secured from nearest DENR Office; and
4. To submit quarterly report on the number of chainsaws purchased/imported with complete specification such as engine serial number and model.

**Permit to Sell Chainsaw**

Chainsaw  
Permit No. \_\_\_\_\_

**PERMIT TO SELL CHAINSAW**

Pursuant to Republic Act No. 9175, otherwise known as "Chainsaw Act of 2002" (R.A No. 9175)" and its Implementing Rules and Regulations (DENR Administrative Order No. 2003-24), this **PERMIT TO SELL** is hereby issued to:

Name of Owner : \_\_\_\_\_  
Address : \_\_\_\_\_

The information and descriptions of the chainsaws subject of this permit are hereunder numerated:

- Quantity : \_\_\_\_\_
- Brand : \_\_\_\_\_
- Model : \_\_\_\_\_
- Engine Serial No.: \_\_\_\_\_
- Country of origin/: \_\_\_\_\_
- Purchase Price : \_\_\_\_\_
- Selling Price : \_\_\_\_\_
- Purpose : \_\_\_\_\_
- Others : \_\_\_\_\_

Issued on \_\_\_\_\_ at Quezon City  
Expiry Date: \_\_\_\_\_

**APPROVED:**

\_\_\_\_\_  
Regional Director

**Condition/s:**

1. Submit quarterly reports on the sales / disposition of chainsaws indicating engine serial numbers, model, selling price and sales invoice for reference and monitoring purposes.
2. Ensure that the buyer of the chainsaw has an authority / permit to purchase prior to completion of transaction/sales. No Permit to Purchase is required in case the chainsaw will be used for company/personal purposes.

**Self Monitoring Form for Private Plantation Timber**

Republic of the Philippines  
**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**  
 CARAGA Region, Ambago, Butuan City

**SELF MONITORING FORM**

SEP 01 2015  
 Date: September 1, 2015

AN SMF Control No. [REDACTED]  
 TO ALL CONCERNED:

Be informed that the undersigned is a holder of PRIVATE TREE PLANTATION OWNERSHIP CERTIFICATE (PTPOC) located at [REDACTED] with PTPOC Registration No. R13-SDS-D4-12-19-0058. That I am transporting the following wood products gathered from my tree plantation described as follows, to wit:

1. Kind, specie and quality of wood products (scale sheet attached) Mangium/Marang logs  
 2. Conveyance Ten-Wheeler Truck 394 pcs/ 27.15 cu. m.  
 3. Consignee/Destination Charanson Wood Ind. Corp. Bonawan, Davao City  
 4. Described Route from Mahayshay, Lingig, SDS to Bonawan, Davao City  
 5. Validity date from September 01, 2015 to September 05, 2015

I hereby certify that the above statements are true and correct to the best of my personal knowledge.

Validity Extended  
 Up to \_\_\_\_\_ due to \_\_\_\_\_  
 nearest CENRO \_\_\_\_\_

SUBSCRIBED AND SIGNED to before me by the affiant, Mr./Ms. EMOGEN GARGOLES holder of PTPOC No. R13-SDS-D4-12-19-0058 this 1<sup>st</sup> day of September 2015 at Mangagoy, B. [REDACTED]

Doc No. \_\_\_\_\_ Page No. \_\_\_\_\_ Book No. \_\_\_\_\_ Series of \_\_\_\_\_

**CERTIFICATION**

TO WHOM IT MAY CONCERN:

This is to certify that the above described wood products had been verified by this Office to have originated from the registered private tree plantation mentioned above and is hereby allowed to be transported with the following particulars.

1. Tree Farm UTM ID			
2. a. Total Harvestable Volume Inventoried	277.90 cu.m.	cu.m.	
b. Previous Balance	167.14	cu.m.	
c. Less: This shipment	27.15	cu.m.	
d. Balance after this shipment	139.85	cu.m.	
3. CENRO Logbook Transaction No. [REDACTED]			
			4. Certification Fee: PhP. 50.00
			O. No. 6043284
			Date: Sept 1, 2015

Consignee File \_\_\_\_\_ (Detach Here) \_\_\_\_\_  
 Destination CENRO File \_\_\_\_\_

**IMPORTANT** : Passage Stamp of each Monitoring Station along the described transport route shall be placed at the back hereof.

Destination CENRO Logbook Transaction No. \_\_\_\_\_ Date: \_\_\_\_\_

**ARRIVAL CONFIRMATION REPORT**

This is to acknowledge the arrival of the transported products within this area of responsibility with the following particulars, to wit:

- Tree Farm UTM ID \_\_\_\_\_ SMF Control No. \_\_\_\_\_
- Volume, kind and specie of Forest Products \_\_\_\_\_
- Description of Conveyance \_\_\_\_\_ Plate No. \_\_\_\_\_
- Consignee/Destination \_\_\_\_\_
- Date of arrival \_\_\_\_\_
- Remarks \_\_\_\_\_
- Issuing CENRO Logbook Transaction No. \_\_\_\_\_

\_\_\_\_\_  
 DENR Scaler of destination CENRO

**ACKNOWLEDGEMENT**

This is to acknowledge receipt of the \_\_\_\_\_ pcs. of \_\_\_\_\_ logs with a volume of \_\_\_\_\_ cubic meters covered by SMF No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_  
 Consignee

Packing List to Accompany Self Monitoring Form

Location: \_\_\_\_\_  
 Species: \_\_\_\_\_  
 No. of Pops: \_\_\_\_\_  
 Volume: \_\_\_\_\_

Log No.	Sex	Dis. Marker	Length	Wing	Log No.	Sex	Dis. Marker	Length	Wing	Log No.	Sex	Dis. Marker	Length	Wing	Log No.	Sex	Dis. Marker	Length	Wing	
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Certificate of Transport Agreement

**CERTIFICATE OF TRANSPORT AGREEMENT**

TO WHOM IT MAY CONCERN:

This is to certify that the undersigned have agreed to the transport of the forest products described below:

No. of Pieces : 394

Volume : 27.16 cu.m.

Species : Mangium/Marang logs

Place of Loading : Mahayuhay, Lingig, SDS

Destination : Charverdon wood Ind. Corp., Bunawan, Dvo. City

Date of Transport : 09/01/16

CTO/CLO/AUX. No. :

That the said cargo is to be or being transported on the following described conveyance.

Kind/Make : \_\_\_\_\_

Serial No. : \_\_\_\_\_

Plate No. : \_\_\_\_\_

Registry No. : \_\_\_\_\_

Registered Owner : \_\_\_\_\_

Authorized Rep. : \_\_\_\_\_

That the undersigned owner of the conveyance and/or his authorized representative below declared that they are aware of the documents required by the Forestry Laws and Regulations and that of the conveyance used is subject to certification and forfeiture if the transport is not covered by the requisite documents.

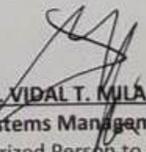
\_\_\_\_\_  
Name of Owner of Forest Products

\_\_\_\_\_  
Name of Owner of Conveyance

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Representative

SUBSCRIBED AND SWORN to before me this 1st day of September, 2016 at CENRO Office, Mangagoy, Bislig City.

  
 For: VIDAL T. MULA, JR. MEM  
 Ecosystems Management Specialist II  
 Authorized Person to Administer Oath

Let's Go Green

Shipment Advice (to accompany Certificate of Transport Agreement)

 Department of Environment and Natural Resources  
**COMMUNITY ENVIRONMENT AND NATURAL RESOURCES OFFICE**  
Mangagoy, Bislig City, Surigao del Sur

**RELEASED**  
BY: SEP 01 2016  
MANGAGUY, BISLIG CITY

CENRO R13-SDS-08, Administrative Supervision (Shipment Advice)  
Code File No. : \_\_\_\_\_  
DATE : 1 Sept. 2016  
TIME : \_\_\_\_\_  
TO : CENRO Dvo. Enst  
FROM : \_\_\_\_\_

Transmitted  
 Received  
 Relayed/Referred

**SHIPMENT ADVISE**

THIS IS TO INFORM YOUR END THAT THIS OFFICE ISSUED TRANSPORT DOCUMENT(S) WITH THE FOLLOWING INFORMATION CMA TO WIT:

- SPECIES : Marang/Mangium logs
- VOLUME : 27.16 cu.m.
- NUMBER OF PIECES: 394
- SHIPPER : Emogen Gargoles
- DATE OF ISSUANCE: 09/01/16
- EXPIRY DATE : 09/08/16
- DESTINATION : Bunawan, Dvo. City
- CONSIGNEE : \_\_\_\_\_
- ISSUING OFFICER : \_\_\_\_\_
- TRANSPORT DOCUMENT NO. : \_\_\_\_\_

PLEASE ADVISE THIS OFFICE ON THE ARRIVAL OF SAME PD FOR INFORMATION AND GUIDANCE PD TAR

APPROVED/ACKNOWLEDGED:  
For and in the absence of the CENRO:  
\_\_\_\_\_  
DMO III

RELAYED/RECEIVED:  
\_\_\_\_\_  
RADIO OPERATOR

*Let's Go Green*

Certificate of Verification (for transport) (page 1)



Department of Environment and Natural Resources  
National Capital Region

CERTIFICATE OF VERIFICATION

No. NCR-ED-2018-08-315

TO WHOM IT MAY CONCERN:

THIS IS TO CERTIFY that [redacted]  
[redacted] (shipper)  
of [redacted] (address) is transporting  
[redacted] pieces of [redacted] with an equivalent volume of  
(number of pieces) (species/ form)  
[redacted] (volume in words/ followed by figure)  
on or about [redacted] from [redacted]  
(date of loading) (place of loading)  
[redacted] (name and address of destination/ consignee)  
on board Mitsubishi Truck with Plate No. [redacted]  
(type of vehicle)

That per inspection conducted by personnel of this Office, subject [redacted] were derived from the property of National Food Authority, Visayas Avenue, Barangay Vasra, District I, Diliman, Quezon City under [redacted] approved and released on [redacted] to [redacted]

The issuance of this transport document is in accordance with the provisions of DENR Administrative Order No. 07, Series of 1994.

THIS IS TO CERTIFY FURTHER that any forest products other than those described above in form, species and volume shall be considered illegal and the whole/entire shipment shall be subjected to outright confiscation.

ISSUED this AUG 07 2018 and is valid until AUG 10 2018 or upon arrival of said Narra Logs to its point of destination, whichever comes first. Certification and Oath Fees in the amount of Eighty Six Pesos (P86.00) was paid under O.R. No. 4060269 R dated August 02, 2018.

Inspected/Verified by:

[redacted]  
Senior EMS

Conforme:

[redacted]  
Owner/Authorized Representative

Recommending Approval:

[redacted]  
OIC Assistant Regional Director  
For Technical Services

Approved by:

[redacted]  
OIC Assistant Regional Director for Management Services  
and OIC Regional Director, DENR-NCR  
In Concurrent Capacity [redacted]

NOTE: Not valid without dry seal and documentary stamp.

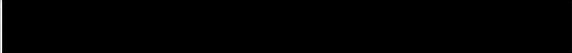
National Ecology Center, East Avenue, Diliman, Quezon City 1100  
Telephone Nos. 373-3433/373-3359-435-2410/435-8878 Trunkline: 755-3330 loc. 3200, 3206, 3207

Certificate of Verification (for transport) (page 2... tally/inventory sheet)

Tally/Inventory Sheet

Log	Length (m)	Diameter (m)	Volume (cu.m)
1	1.70	0.36	0.17
2	1.50	0.30	0.11
3	2.34	0.36	0.23
4	1.52	0.20	0.05
5	1.57	0.20	0.05
6	1.52	0.25	0.08
7	2.41	0.36	0.24
8	2.26	0.36	0.22
9	1.12	0.25	0.06
10	1.68	0.30	0.12
11	3.12	0.61	0.91
12	2.16	0.36	0.21
13	1.63	0.36	0.16
14	1.68	0.46	0.28
15	1.70	0.25	0.09
16	2.34	0.30	0.17
17	2.01	0.25	0.10
18	1.12	0.25	0.06
19	1.37	0.30	0.10
20	2.29	0.43	0.33
<b>TOTAL</b>			<b>3.74 cu.m</b>

Date of Scaling : August 02, 2018

Place of Scaling : 

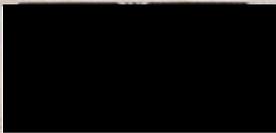
Scaled and Inspected by:

  
Senior EMS, CMIS-ED

Noted by:

  
Chief, Enforcement Division

**Certificate of Transport Agreement (inter-island shipping)**



Republic of the Philippines  
Department of Environment and Natural Resources  
NATIONAL CAPITAL REGION  
North Production Nursery, North Avenue, Diliman Q.C.

**CERTIFICATE OF TRANSPORT AGREEMENT**

TO WHOM IT MAY CONCERN:

This is to certify that the undersigned have agreed to the transport of the forest products described below:

Volume: 13,669bdf/1x20fr

Species: IMPORTED FINISH KD LUMBER, DOORS AND WOOD PRODUCTS

Place of loading: [Redacted]

Destination: [Redacted]

Date of transport: April 13, 2018

That the said cargo is to be or being transported on the following describes conveyance/ vessel:

Kind/Make: Lorcon Dumaguete Voyage 38

Container no:

Serial No: \_\_\_\_\_

BL No.: \_\_\_\_\_

That the undersigned owner of the conveyance and/or under authorized representative hereby declared that he is aware of the document required by the Forest laws and regulations and the conveyance used is subject to confiscation and forfeiture if the transport is not covered by the requisite documents.

That the subject forest products herein come legitimate sources and are covered by the requisite documents.

[Redacted]

Name of owner of forest products

[Redacted]

Name of owner of conveyance

[Redacted]

Authorized Representative

[Redacted]

SUBSCRIBED AND SWORN to before me this APR 11 2018 QUEZON CITY at \_\_\_\_\_  
UNTIL DECEMBER 31, 2019

*Luis M. De Vera*  
ATTY. LUIS M. DE VERA  
NOTARY PUBLIC

DOC. NO. 411  
PAGE NO. 3  
BOOK NO. X10  
SERIES OF 201

[Redacted]

NO. 522851-0123/2018/O.  
NO. 010131-12/20/2017/O.  
NO. 2018/0574 MCLE NO.

Certificate of Timber/Lumber Origin



Republic of the Philippines  
Department of Environment and Natural Resources  
Office of the RED R-2  
Office of the CENRO  
SIOCON

CTO / CLO No. R-9 10460148988670

### CERTIFICATE OF TIMBER / LUMBER ORIGIN

**PARTICULARS (TIMBER)** CTOCLONo: 10460148988670

AAC: 47,347.30 m3

Beginning Stock 45,655.10 m3

Total Volume Manifested (This Date) 621.70 m3

(1) Less this Shipment 616.20 m3

(2) Total Shipments (To Date) 2,308.40 m3

(3) Unshipped Balance (Previous A) = m3

(4) Allowable Cut Balance 45,038.90 m3

(5) Unshipped Balance (Previous A) = m3

(6) Allowable Cut Balance 45,038.90 m3

Note: Beginning Stock = AAC - Previous Stocks if any.

**TO WHOM IT MAY CONCERN:**

**ONE THOUSAND ONE HUNDRED THIRTY NINE (1,139 pcs.)**

This is to Certify that SIX HUNDRED SIXTEEN AND 20/100 (616.20M3) followed by figures)

(Quantity/ unit of measure in words)

of Legs, Plantation Species Which is being transported

(Types of Product)

Route

(Place of Loading) via / on board

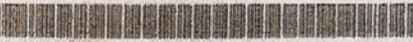
SICHIN CHIN OR SUBS. With the Load Level of \_\_\_\_\_

(Description of Conveyance)

meters from floor to top most height \_\_\_\_\_

were cut, gathered and removed / processed from the forest area / wood processing plant of \_\_\_\_\_ under \_\_\_\_\_ (License / Permit No.)

( COPY FOR ASEC, FO ONLY )

**PARTICULARS (LUMBER)** CTOCLONo: 10460148988670

ALR / LSC: \_\_\_\_\_ bd.ft.

(1) Beginning Stock \_\_\_\_\_ bd.ft.

1.1 Processed (WPP) \_\_\_\_\_ bd.ft.

1.2 Purchased (ERLD) \_\_\_\_\_ bd.ft.

(2) Less: This Shipment \_\_\_\_\_ bd.ft.

(3) Total Volume Disposed (ToDate) \_\_\_\_\_ bd.ft.

(4) Remaining Stock Balance \_\_\_\_\_ bd.ft.

Note: Beginning Stock = Processed and / or Purchased lumber plus Previous Stocks if any.

issued by the Secretary of the Department of Environment and Natural Resources and / or his duly authorized representative, to expire on 12-31-2032 with an (Date of Expiration)

annual authorize cut / harvest capacity of 47,347.30M3 (Quantity and unit of Measures)

Located at Brgy. Tamao,

Destined / consigned to Zamboanga City do

(Name and Address of Consignee)

Certification fee in the amount of P 50.00 in favor of the Department of Environment and Natural Resources was paid under O.R. No. 5922658

Dated: August 3, 2018

Route \_\_\_\_\_

DESCRIBE ROUTE:

Fr: Sta. Maria

To: Zamboanga City

ATTESTED BY: \_\_\_\_\_

Community Environment and Natural Resources Officer

CONFORME: \_\_\_\_\_

Authorized Representative

VALIDITY DATE FROM August 3, 2018 TO August 18, 2018

SUBSCRIBE AND SWORN before me this 2nd Day of August Year 2018 At Zamboanga City

This CTO / CLO supersedes and cancels CTO / CLO Number: \_\_\_\_\_ Page No. 717

to cover untransported Balance of: \_\_\_\_\_ Book No. 5

TIME IN: 7/8/2018 9:14:27 AM Series of 2018

NOTE: This CTO / CLO is only valid after confirmation by FMB / OPCEN

Page 6 of 6

A. T. JACINTO

Notary Public for the Province of Zamboanga

COB No. 28-500-2018-001 of this state

PTA No. 18783-2018-001 No. 187

Authorized Person to Administer the Oath

Environmental Compliance Certificate for Mini-Sawmill (required for operating wood mill)

ENVIRONMENTAL MANAGEMENT BUREAU  
Office of the Regional Director  
Region-10, Macabalan, Cagayan de Oro City

**Environmental Compliance Certificate**  
(Issued under Presidential Decree 1586)

ENVIRONMENTAL MANAGEMENT BUREAU  
EIA DIVISION  
RELEASED  
DATE: 7/29/11  
BY: [Signature]

REGION 10, CAGAYAN DE ORO CITY

THIS IS TO CERTIFY THAT THE PROPONENT, [Redacted], is granted this Environmental Compliance Certificate (ECC), for the [Redacted] located at Barangay Medallo, Sapang Dalaga, Misamis Occidental by the Department of Environment and Natural Resources (DENR), through the Environmental Management Bureau, (EMB), Region 10.

SUBJECT ONLY to the conditions and restrictions set-out in this certificate.

This certification is issued for the [Redacted] with the following details:

**PROJECT DESCRIPTION**

The proposed [Redacted] having a production capacity of FIVE HUNDRED (500) board feet per day is located at Barangay Medallo, Sapang Dalaga, Misamis Occidental.

This certification is issued in compliance to the requirements of Presidential Decree No. 1586, in accordance to Department Administrative Order No. 2003-30. The Bureau, however, is not precluded from reevaluating, adding, removing, and correcting any deficiencies or errors that may be found after issuance of this certificate.

Issued at EMB - 10 Cagayan de Oro City this JUL 29 2011 day of \_\_\_\_\_, 2011.

Recommending Approval:  
[Signature]  
Chief, EIAM Division

Approved by:  
[Signature]  
Regional Director

**I. CONDITIONS**

**ENVIRONMENTAL MANAGEMENT**

The proponent shall strictly implement the following mitigating enhancement, and rehabilitating measures:

1. Air emission from plant operations shall conform to the standards set by the DENR; Any exceedance thereof shall be ground for automatic cancellation or suspension of this Certificate and imposition of penalties;
2. A Regular Wood Processing Plant (WPP) Permit from the DENR shall be secured prior to project operation;
3. Only logs and lumber from legitimate sources shall be processed;
4. Noise and dust emission shall be confined within the project area;
5. Solid waste generated shall be disposed of properly and never to be burned openly nor to be dumped into any bodies of water. Good housekeeping and sanitation shall be maintained at all times;

**GENERAL CONDITIONS**

Further administrative conditions for the grant of this certificate shall be strictly complied:

6. The local residents shall be prioritized for employment;
7. The proponent shall initiate to put-up an Environmental Monitoring Fund (EMF) for the use of Multi-Partite Monitoring Team in monitoring compliance to ECC;
8. The DENR-EMB-10 and/or multi-partite team can initiate an on-the-spot monitoring and inspection anytime without prior notice;
9. In case of abandonment, the Proponent shall notify the EMB Regional Office concerned within three (3) months prior to the abandonment and the Proponent shall submit its abandonment mitigation plan;

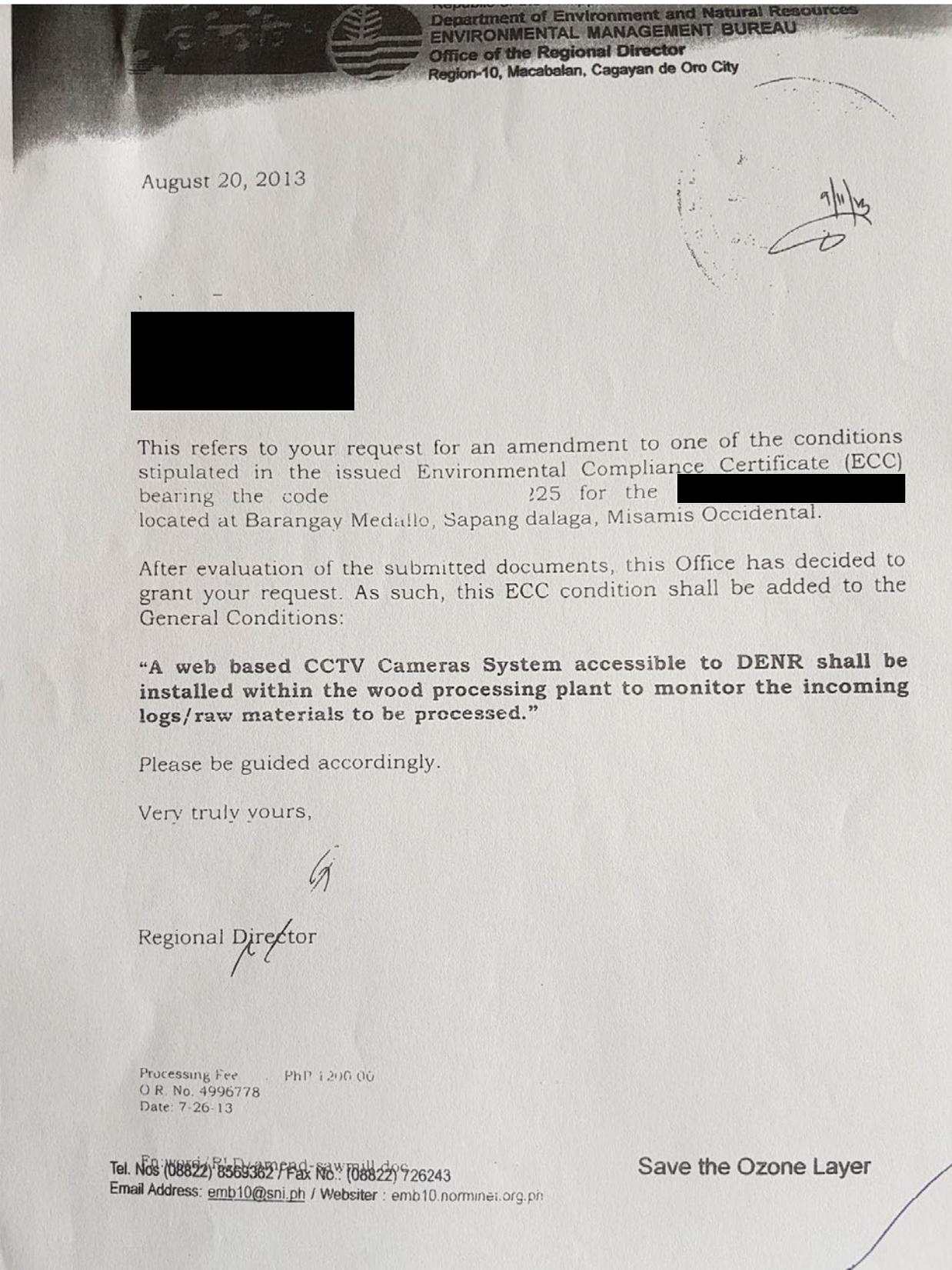
**II. RESTRICTIONS**

The proponent is strictly subject to the following restrictions:

10. No other activities should be undertaken other than what was stipulated in the IEE document. Should there be an expansion of the project beyond the project description, or any change in the activity beyond those stated in the IEE document; shall be made subject to a new Environmental Impact Assessment;

ATTENY PUBLIC

**ECC Amendment (requiring CCTV installation to monitor incoming logs and raw materials)**



**Environmental Compliance Certificate for Furniture Factory (page 1)**

**ENVIRONMENTAL COMPLIANCE CERTIFICATE**  
(Issued under Presidential Decree 1586)  
**ECC-R4A-1301-0032**

THIS IS TO CERTIFY THAT THE PROPONENT, [REDACTED] is granted this Environmental Compliance Certificate (ECC) for their **MANUFACTURING OF WOODEN FURNITURES PROJECT** located at **MAGSAYSAY ROAD EXTENSION, BARANGAY SAN ANTONIO, SAN PEDRO, LAGUNA** by the Department of Environment and Natural Resources (DENR), through the Environmental Management Bureau (EMB), CALABARZON Region.

This Certification is being issued for the Project with the following details:

**PROJECT DESCRIPTION**

The Manufacturing of Wooden Furnitures Project shall have a maximum annual production capacity of One Thousand (1,000) Metric Tons of wooden furnitures within a gross floor area of Four Thousand One Hundred Ninety Six and 50/100 (4,196.50) square meters of leased property embraced by TCT No. T-193127. The project components include: parking area, production area, office, and warehouse area. It will utilize the following equipment Eight (8) units sander machines, Three (3) units sharpening machines, Two (2) units grinders, Twenty-four (24) units band, rip, radial and table saw, Two (2) Refrigerated Air Dryers, One (1) unit Generator, Ten (10) units Air Compressors, Four (4) units Spray Pumps, Eight (8) units Spray Booths, Four (4) units Metal Racks, Three (3) units Sewing Machines, Eight (8) units Dust Collector, Four (4) units Boring Machines, One (1) unit Lathe Machine, One (1) unit Copy Machine, Three (3) units Copy Moulder, Three (3) units Surface Planers, Four (4) units Drill Press, One (1) unit Banding Machine, Two (2) units Glue Mixer and Three (3) units Cutters.

This certification is issued in compliance to the requirements of Presidential Decree No. 1586, in accordance to Department Administrative Order No. 2003-30. The Bureau, however, is not precluded from reevaluating, adding, removing, and correcting any deficiencies or errors that may be found after issuance of this Certificate.

This is to certify, further, that in issuing this **CERTIFICATE**, it should be understood that the same is a **PLANNING TOOL** and **NOT A PERMIT**. It is expected that the proponent will diligently secure pertinent **PERMITS/CLEARANCES** from all concerned government agencies prior to the start/implementation of the proposed project. Furthermore, the DENR/EMB will be monitoring the project periodically to ensure compliance with the stipulations cited in the attached conditions and restrictions which are made as integral part of this ECC.

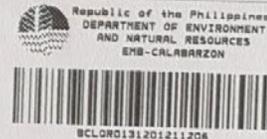
Issued at EMB CALABARZON Region this MAR 08 2013.

Recommending Approval:

Approved by:

[REDACTED]  
Chief, Environmental Impact  
Assessment and Management Division

[REDACTED]  
Regional Director



1

6th Floor DENR by the Bay Bldg., 1515 Roxas Blvd., Ermita, Manila

**Environmental Compliance Certificate for Furniture Factory (page 2)**

**I. CONDITIONS**

**ECC (Env't. Compliance Cert.)**

**ENVIRONMENTAL MANAGEMENT**

The proponent shall strictly implement the following mitigating, enhancement, and rehabilitating measures:

1. That re-greening and landscaping shall be established within and along the periphery of the project site to help attenuate noise levels, abate heat and absorb some pollutant emissions.
2. That the proponent shall strictly manage all operational, external, chemical, spillage, traffic, process, excessive surface run-off, dust, and occupational & health hazards identified in the Environmental Performance Report and Management Plan (EPRMP) and, in case of emergency episodes, appropriate response activities shall be immediately undertaken for the protection of the workers/personnel, nearby communities and the receiving environment.
3. That effective and adequate drainage system and Wastewater Treatment Facility (WWTF) for its domestic effluents shall be provided. All liquid wastes shall be properly treated and shall not exceed the DENR Effluent Standards.
4. That in support of the concern of the government to phase-out mercury from all possible sources and to address global warming, the proponent shall install environment-friendly lighting fixtures (i.e. light-emitting diode lamps, compact fluorescent lamps, etc.).
5. That proper Air Pollution Source and Control Installations (APSCI) shall be provided by the proponent to avert pollutant emission.
6. That the proponent and/or contractor shall implement the following:
  - 6.1 Effective Information, Education and Communication (IEC) Plan shall be implemented in all project phases including communication of environmental risks of the project implementation.
  - 6.2 Beneficial Social Development Program (SDP) among the employees/workers, host barangay and affected communities which shall cover livelihood training and employment, including assistance in the setting-up of social welfare programs for health and education that will ensure the participation of youth and women.
  - 6.3 Appropriate plans and specifications for its Wastewater Treatment Facility (WWTF) shall be submitted one (1) month after receipt of the ECC and shall be completed within a period of six (6) months
  - 6.4 Appropriate wastes management scheme as provided in the Environmental Management Plan (EMP) shall be continuously implemented.

**GENERAL CONDITIONS**

Further administrative conditions for the grant of this Certificate shall be strictly complied:

7. That the proponent shall religiously comply with the applicable provisions of P.D. 1586 (Philippine Environmental Impact Statement System), R.A. 9003 (Ecological and Solid Waste Management Act of 2000), R.A. 6969 (Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990), R.A. 8749 (Philippine Clean Air Act of 1999), and R.A. 9275 (Philippine Clean Water Act of 2004).
8. That the proponent shall set-up a competent Environmental Unit and shall be duly accredited by this Office in accordance with DAO No. 26, series of 1992 (Appointment/Designation of Pollution Control Officers). The Environmental Unit shall be integrated in the proponent's organizational chart to handle all environment related aspects of the project implementation in



**Permit to Operate (Air Pollution Source and Control Installations) (for factory operation)**



Department of Environment and Natural Resources  
**Environmental Management Bureau**  
 Regional Office No. IV - CALABARZON

Permit No. [REDACTED]

Date Issued: **AUG 25 2016**

**Regular**

**PERMIT TO OPERATE**  
 Air Pollution Source and Control Installations

Pursuant to Part VI, Rule XIX of the Rules and Regulations of R.A. 8749, authority is hereby granted to:

[REDACTED]

to operate the following:

Eight (8) units Spray booth connected to air exhaust ducting; and Eight (8) units Sander/Planer provided with dust collector.

Permit Conditions:

Renewal: [REDACTED]

1. That this Permit is subject to revocation if found violating Ambient and Source Emission Standards and other provisions of the Clean Air Act and its Implementing Rules and Regulations;
2. That the permittee shall submit annually ambient monitoring test result/report as a base line data in compliance with the requirements of RA 8749. The submission of ambient test result/report will be on April covering the second quarter of CY 2017, 2018, 2019, 2020, and 2021;
3. That any authorized DENR-EMB personnel with proper identification card and travel order shall be allowed unconditional access to conduct an on-the-spot inspection and monitoring to oversee its compliance to the permits and other applicable environmental laws without the need of prior notice to the proponent;
4. That non-compliance of any of the conditions set forth herein shall be sufficient cause for the suspension or cancellation of this permit and/or payment of fine in an amount not to exceed ten thousand pesos (P10,000.00) for every condition violated;
5. That a Self Monitoring Report (SMR) on the operation and maintenance of the aforesaid installations shall be made quarterly and submitted based on the following schedule:

Province	1 <sup>st</sup> Qtr.	2 <sup>nd</sup> Qtr.	3 <sup>rd</sup> Qtr.	4 <sup>th</sup> Qtr.
Cavite	Mar. 23-30	June 23-30	Sept. 23-30	Dec. 23-30
Laguna	Apr. 8-15	Jul. 8-15	Oct. 8-15	Jan. 8-15
Batangas	Apr. 1-7	Jul. 1-7	Oct. 1-7	Jan. 1-7
Rizal	Mar. 7-14	Jun. 7-14	Sept. 7-14	Dec. 7-14
Quezon	Mar. 15-22	Jun. 15-22	Sept. 15-22	Dec. 15-22

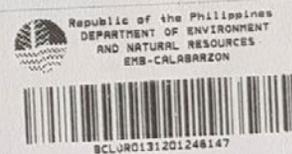
Expiration Date: **30-Apr-21**

***This operating Permit shall be posted in a conspicuous location near the equipment and shall be adequately framed or otherwise protected against damage. Application for the renewal of Permit to Operate must be filed thirty (30) days before the expiration date.***

Recommended by: [Signature]  
 [REDACTED]

Approved by:  
 [Signature]  
**NOEMI A. PARANADA**  
 OIC-Regional Director

O.R. No.	Permit Fee	12,000.00
O.R. No.	Filing Fee	55.00
O.R. No.	PD 1856	10.00
O.R. No.	Environmental Fee	0.00

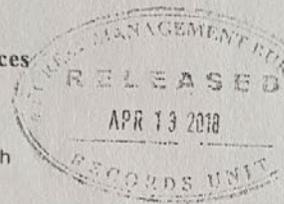


6th Floor DENR by the Bay Bldg., 1515 Roxas Blvd., Ermita, Manila  
 Rd's Office 536-2808; 536-3095; Telefax No. 536-9784; Admin/Finance Division Telefax No. 404-1610  
 PC Division 525-0348; 404-1610; EIA Division Telefax No. 522-8177  
 E-mail Address: [emb\\_r4a@denr.gov.ph](mailto:emb_r4a@denr.gov.ph)

Wood Processing Plant Permit (Mini-Sawmill) (page 1)



Republic of the Philippines  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, 1100 Quezon City  
Tel. Nos. 929-6626 to 29; 929-6633 to 35  
929-7041 to 43; 929-6252; 929-1669  
Website: http://www.denr.gov.ph E-mail: web@denrgov.ph



**WOOD PROCESSING PLANT PERMIT  
(MINI-SAWMILL)**

No: \_\_\_\_\_

Pursuant to Presidential Decree No. 705, Republic Act No. 460 of 1950 and other existing laws and regulations, a Wood Processing Plant Permit is hereby issued to:

a [REDACTED] with office address at Barangay Medallo, Sapang Dalaga, Misamis Occidental to operate a Wood Processing Plant (Mini-sawmill) located at Barangay Medallo, Sapang Dalaga, Misamis Occidental having a combined Daily Rated Capacity 500 board feet of approximately 1.18 cubic meters per 8-hour shift of operation.

The permittee has a Log Supply Contract for a period of five (5) years with:

Supplier	Volume (cu. m)
Four (4) CTPO Holders	2,688.71
<b>TOTAL</b>	<b>2,688.71</b>

which volume is considered adequate to supply the wood requirements of the mill under this permit.

This permit is subject to the provisions of Presidential Decree No. 705 as amended by Executive Order No. 277 and other applicable laws, including the rules and regulations promulgated thereto and subject to the Terms and Conditions enumerated in the succeeding pages (marked as Annex A) and such other additional regulation which may hereinafter be prescribed.

This permit is effective on the date of issue and expires on APR 12 2019

Issued on APR 12 2018 at Quezon City, Philippines.

Approved:

Undersecretary for Field Operations - Luzon

Let's Go Green

## Wood Processing Plant Permit (Mini-Sawmill) (page 2)



Republic of the Philippines  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, 1100 Quezon City  
Tel. Nos. 929-6626 to 29; 929-6633 to 35  
929-7041 to 43; 929-6252; 929-1669  
Website: <http://www.denr.gov.ph> E-mail: [web@denrgov.ph](mailto:web@denrgov.ph)

### ANNEX A

#### TERMS AND CONDITIONS

##### A. RECORDS REQUIRED OF WOOD PROCESSING PLANTS

1. Logs purchased or delivered shall be entered in a log registry book in chronological order with the following information: (a) Volume in cubic meters (b) Species (c) Name of Log Supplier/Timber Licensee/s and (d) Number and date of the official receipt under which the forest charges and other required fees were paid.
2. All official receipts and corresponding auxiliary invoices and commercial invoices covering all logs purchased or received, which receipts and invoices shall be made ready at all times for verification by any forest officer.
3. A daily trimmer tally of all veneer or other wood products produced.

##### B. REPORTS TO BE SUBMITTED BY ALL WOOD PROCESSING PLANT PERMITTEES:

1. **Annually**
  - a. List of personnel and/or employees indicating their positions and SSS numbers, if any; and
  - b. Audited financial statement certified by a reputable accounting firm.
2. **Quarterly**
  - a. Report of production indicating the number of actual operational days; and
  - b. Report of increase or decrease in employment.
3. **Monthly**

Volume and source of logs purchased and processed and disposition showing segregation between the volumes and prices of products sold locally or exported.
4. **Anytime, as necessary**
  - a. Report of stoppage of operation lasting more than two days due to breakage or repair of any part of equipment giving an estimate of the period of repair and time of the resumption of the plant operations.
  - b. Report on additional machinery/equipment installed or to be installed.
  - c. Any other data or information pertaining to the operation of the wood processing plant shall be furnished to the Director of the Forest Management Bureau or the Regional Director concerned whenever required.

Let's Go Green ✓

## Wood Processing Plant Permit (Mini-Sawmill) (page 3)

### C. OTHER IMPORTANT PROVISIONS:

1. **Display of Wood Processing Plant Permit** – The permittee shall display the approved WPP Permit on the premises of his plant visible to public view.
2. **Permittees' Responsibility on Un-invoiced Logs or Flitches** – The permittee shall be held liable for the non payment of forest charges and other required government charges, including surcharges, due on any log processed in their plant without proper invoice or on veneer and other products cut in excess of the utilization of the mill.

### D. ADDITIONAL RULES

1. Milling wastes shall not be dumped into rivers and streams or in any place which shall cause pollution or unsightly appearance of the vicinity. Herein permittee shall adopt safety and anti-pollution measures in their plant or shall install devices relative hereto that may hereafter be prescribed.
2. In cases of fortuitous events or other circumstances beyond human control, the permittee shall first secure authority from the DENR Secretary or his duly authorized representative in the procurement or purchase of logs from sources other than its approved log suppliers.
3. The permittee shall strive to maintain regular operation of at least 80% of the mill's rated capacity.
4. Failure to submit the reports and requirements on time, and any violation of the terms and conditions of the permit will result to the suspension or cancellation of the permit and/or confiscation of the bond and such other penalties provided by law.
5. The CENRO concerned shall inspect the supply of logs/veneer upon arrival, and strictly monitor the operations of the plant. If anything illegal is undertaken, the wood processing plant shall be closed down.
6. Observe proper disposal of milling wastes and other waste materials.
7. The trees shall be planted ten (10) meters apart along the perimeter of the plant site to maintain and enhance the environmental quality in the locality and in support to the climate change initiatives of the government.
8. The Company shall install a CCTV Camera mounted at conspicuous places within the premises of the plant.
9. The permit shall be renewed only if the permittee can show proof of sufficiency of wood raw materials to determine viability of operations of the plant.
10. The Permit issued is valid only for one (1) year.
11. Non-arrival or insufficient arrival of logs/veneer supply will result in suspension of operations of the WPP, to be issued by the concerned Regional Director. Lifting of suspension will only be issued upon arrival of sufficient volume of raw materials. The concerned Regional Director will submit a quarterly report to the Office of the Undersecretary for Field Operations.

**Wood Processing Plant Permit (Mini-Sawmill) (page 4)**

will only be issued upon arrival of sufficient volume of raw materials. The Regional Director will submit a quarterly report to the Office of the Assistant Secretary for Field Operations, Mindanao.

12. Approval of this Office shall be sought before expanding or moving operation to another place.
13. Strict compliance with the terms and conditions provided under the approved Environmental Compliance Certificate issued by the EMB Regional Office.
14. Monitoring of the milling operations of the company shall be conducted by the DENR-Region X to ensure compliance with forestry laws, rules and regulations.

**Approved:**

Undersecretary for Field Operations – Luzon

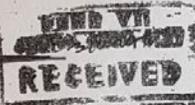
Copy Furnished:

The Director, Forest Management Bureau  
The Regional Director, DENR-Region X, Macabalan, Cagayan de Oro City  
Mr. Nico medes D. Lomoljo  
Owner  
JJ-2 Lumber Dealer/Mini-sawmill  
Brgy. Medallo, Sapang Dalaga  
Misamis Occidental

# Lumber Production and Disposition Report

BFD-PED Form No. 1.021

RESAWMILL LUMBER PRODUCTION AND DISPOSITION REPORT  
For the Month of FEBRUARY 2017

  
**RECEIVED**

Name of Licensee/Permittee: \_\_\_\_\_  
 Resawmill Location: [REDACTED] Type: ROLLER MILL  
 CITY Daily Rated Capacity: 8.87 (Cu. M.)

LUMBER INPUT			DISPOSITION			
SOURCE	VOLUME (Cu. M.)	RESAWMILL OUTPUT (Cu. M.)	DOMESTIC SALES		EXPORT	
			Volume (Cu.M.)	Value (P)	Volume (Cu.M.)	FOB Value (P)
BALANCE AS OF JAN., 2017			899.47 CU.M.			
ANTONIO LAWAS	32.55 CU.M.	4.71 CU.M.	927.30 CU.M.			
		----- NOTHING FOLLOWS -----				
TOTAL	32.55 CU.M.	4.71 CU.M.	927.30 CU.M.			

Submitted By: \_\_\_\_\_ Attested By: \_\_\_\_\_

BY: [Signature] Company Official

CENRO

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
OFFICE OF THE REGIONAL DIRECTOR  
REGION VII (DANAO, DAVAO) CEBU CITY

RECEIVED	RELEASED
DATE: <u>2/17</u>	DATE: <u>2/17</u>
TIME: _____	TIME: _____
SIGNATURE: <u>[Signature]</u>	SIGNATURE: <u>[Signature]</u>

**Lumber Production and Disposition Report (Quarterly Report)**

# QUARTERLY REPORT

Name of Registrant: \_\_\_\_\_  
Cert. Of Registration \_\_\_\_\_  
Place of Operation : \_\_\_\_\_

January 24, 2018

Date

The Regional Executive Director  
DENR-CALABARZON Region  
Halang, Calamba City

THRU: The CENRO  
Lalakay, Los Baños, Laguna

Sir:

I have the honor to submit hereunder my QUARTERLY REPORT for the Second (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>) quarter of the current year covering the months of April, May, June, 2017.

	VOLUME (BD.FT.)	(CU.M.)
1. Balance of last quarter	<u>28,733.12</u>	<u>67.77</u>
2. Purchased during the quarter	<u>25,762.67</u>	<u>60.76</u>
3. Total handled during the quarter	<u>54,495.79</u>	<u>128.53</u>
4. Sales or disposal during the quarter	<u>24,202.39</u>	<u>57.08</u>
5. Balance at the end of the quarter	<u>30,293.40</u>	<u>71.45</u>

Respectfully submitted:

  
\_\_\_\_\_  
Nicolaas K. De Lange  
Registrant/Permittee

Republic of the Philippines  
Municipality of Los Baños  
Province of Laguna

\_\_\_\_\_, the herein permittee having duly sworn to upon my oath, depose and say that I have thoroughly read the statement and figures contained in the above report; that I signed this said report and affidavit in the presence of the Administering Oath, and that each and every statement and figures is correct to the best of my knowledge and belief.

\_\_\_\_\_  
Registrant/Permittee

Lumber Production and Disposition Report (Yearly Summary Report)

## SUMMARY REPORT LUMBER PRODUCTION AND DISPOSITION

NAME OF PROPONENT : \_\_\_\_\_  
 PROJECT LOCATION : \_\_\_\_\_  
 LICENSE/PERMIT NO. : \_\_\_\_\_  
 DATE ISSUED : \_\_\_\_\_  
 DATE OF EXPIRY : \_\_\_\_\_

CALENDAR YEAR/MONTH	LUMBER INPUT		MILL OUTPUT (CU.M.)	DISPOSITION		REMARKS / AVAILABLE STOCKS (CU.M.)	
	SOURCE	VOLUME (CU.M.)		DOMESTIC SALES	EXPORT		
				VOL. (CU.M.)	VOL. (CU.M.)		
<b>2016</b>							
DECEMBER	PAMARÉ Farmers Association, Inc. holder of IFMA No. 01 2013		<b>"NO OPERATION"</b>				
<b>2017</b>							
JANUARY	PAMARE Farmers Association, Inc. holder of IFMA No. 01 2013		<b>"NO OPERATION"</b>				
FEBRUARY			<b>"NO OPERATION"</b>				
MARCH			<b>"NO OPERATION"</b>				
APRIL			<b>"NO OPERATION"</b>				
MAY			<b>"NO OPERATION"</b>				
JUNE			34.53	34.53	NONE	NONE	34.53
JULY			51.52	51.52	NONE	NONE	51.52
AUGUST							
SEPTEMBER							
OCTOBER							
NOVEMBER							
DECEMBER							
<b>AVAILABLE STOCKS ENDING JULY 2017 = 86.05 CUBIC METERS</b>							

PREPARED/SUBMITTED BY: \_\_\_\_\_

CHECKED/VERIFIED BY: \_\_\_\_\_

OWNER / MANAGER

FORESTER II / CHIEF, FRRU

SEP 12 2017

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_ 2017 at DENR-CENRO, Bago City, Philippines.

LMO III / CHIEF, LPDS

Certificate of Registration (for Wood Importer) (page 1)

 Republic of the Philippines  
**Department of Environment and Natural Resources**  
Regional Office No. IV-A, CALABARZON  
DENCRIS Business Center, Brgy. Halang, Calamba City, Laguna

**CERTIFICATE OF REGISTRATION**  
Registration No. [REDACTED] (Renewal)

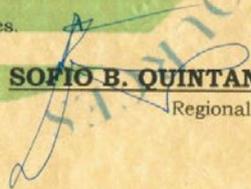
This is to certify that,  
**DESIGNS LIGNA, INCORPORATED**  
c/o [REDACTED]  
(Business Name/Proprietor)

with office address located at [REDACTED] has complied with the registration requirements prescribed by the Department pursuant to DAO 99-46 dated November 10, 1999 and DAO 2016-07 dated May 19, 2016 regarding the "Manual of Authorities on Technical Matters" the Regulations promulgated thereto, and subject to the Terms and Conditions enumerated in the succeeding pages (marked as Annex A), and such other additional regulation which may hereinafter be prescribed, is hereby issued the Certificate of Registration as

**IMPORTER** of Lumber and Veneer  
(Logs, Lumber, Veneer, Plywood, Panels, Poles and Piles, Pulpwood, Wood Chips and Other Wood Based Products)

This Certificate of Registration is non-negotiable and non-transferable and, will expire on **February 21, 2019** unless sooner terminated or revoked for cause.

Issued on MAR 12 2018 at Calamba City, Philippines.

  
**SOFIO B. QUINTANA, Ph.D., CESO IV**  
Regional Director

Bond (Cash) No. <u>1526124 Q</u>	Registration Fee: <u>2480.00</u>
Date: <u>12/1/2009</u>	O.R. No. <u>5905092 Q</u>
Application Fee: <u>P500.00</u>	Date: <u>1/29/2018</u>
O.R. No. <u>5905092 Q</u>	
Date: <u>1/29/2018</u>	

**Certificate of Registration (for Wood Importer) (page 2)**

**ANNEX A.**

**TERMS AND CONDITION FOR CERTIFICATE OF REGISTRATIONS AS LUMBER DEALER**

**1. The Holder of this Certificate of Registration must:**

- 1.1 Display the Certificate of Registration within the establishment's premises exposed to public view;
- 1.2 Submit to the concerned CENR Office of monthly stock purchase and disposition reports every the fifth (5<sup>th</sup>) day of the succeeding month to include, among others, the following
  - 1.2.1 Balance of previous month;
  - 1.2.2 Purchase(s) made during the month under report;
  - 1.2.3 Total volume/quantity handled;
  - 1.2.4 Volume sold;
  - 1.2.5 Balance at the end of the month; and
  - 1.2.6 Statement resources.
- 1.3 Allow authorized DENR personnel to inspect the premises of its lumberyard for monitoring and evaluation.
- 1.4 Provide information and/or intelligence essential to forest law enforcement, more particularly on Violation of RA-1239, RA No.460 and PD-705, as amended, giving the names and addresses of the violators and the nature of violations.
- 1.5 Issue sales invoices of lumber sold to end-user and assist buyer in securing transport documents when lumber is sold outside the province.
- 1.6 Buy lumber materials only from approved suppliers and other legitimate sources with complete transport documents.
- 1.7 Maintain cleanliness of its lumberyard by establishing and maintaining solid wastes management facilities, and observance of the proper disposal of wastes.
- 1.8 File the renewal application within sixty (60) days before it expire. Failure is construed that the registrant is no longer interested to pursue the trade
- 1.9 Secure resaw permit immediately upon receipt hereof if using circular/or band saws Complimentary to its lumber dealership.
- 1.10 Submit additional lumber supply contract from legitimate sawmill operator and/ or lumber dealers, within sixty days upon receipt hereof.

**ADDITIONAL CONDITIONS;**

**1. For log dealer:**

- 1.1 In accordance with section 79 of P.D. 1559, the herein permittee must issue an invoice for each sale of log stating the kind size sold, the same as that described above in the provisions.
- 1.2 Violation shall be sufficient ground for at least two (2) years suspension of the license and least ₱200.00 fine or value of the invoice, whatever is greater.
- 1.3 This certificate authorizes the holder to sell domestically logs produced from its own concession Area.
- 1.4 This certification is likewise subject to all rules and regulations that the Bureau of Forest Development may hereafter prescribe.

**2. For lumber dealer and lumber yard operator;**

- 2.1 This certificate authorizes the holder hereof to purchase lumber from its subsisting lumber supplier and that lumber purchased are for domestic sale especially for the immediate community. The purchase of lumber from other sources other than its subsisting supplier is not allowed under this certificate.
- 2.2 This certificate is likewise subject to all rules and regulations that the Bureau of Forest Development may hereafter prescribe.
- 2.3 Violation shall be the same as the above in log dealership which are stipulated in No. 1 & 2 of The additional laws, rules and regulations.

**3. Prohibitions;**

- 3.1 To use the Certificate of Registration as subterfuge in shielding lumber stock of dubious origins.
- 3.2 To purchase logs, post, and piles and lumber that were illegally cut.
- 3.3 To establish any wood processing plant, e.g., sawmill, mini-sawmill and/ or other powered saws that can slice logs, flitches, post and piles into pieces of lumber, unless with expressed written authority issued by the DENR.

**4. Causes of Cancellation**

- 4.1 Commission of the folder hereof and/ or his authorized representatives/agents of any of the above- prohibitions and failure to submit of the above-stated basic requirements on its operations as lumber dealer.
- 4.2 When found out that the Certificate of Registration was secured through fraud
- 4.3 For any violation of the terms and conditions of the registration, the provision of R.A 1239 and PD No. 705, as amended, or the Internal Revenue Laws and Regulations.

**5. Penal Provision**

- 5.1 In consonance with the provisions of R.A 1239, person found directly or indirectly responsible for violation of any provisions of this order or the terms and conditions stipulated in the Registration Certificate shall be penalized by a fine not more than One Thousand pesos (₱1,000.00) or imprisonment of not more than one (1) year, together with the cancelation of the Certificate of Registration.
- 5.2 Lumber stock found inside yard/storage site that are not supported with proper documents usually Required by the DENR are presumed to be illegal and would be subjected to seizure and confiscation in accordance with the pertinent provisions of DAO No. 97-32

**6. Reference and Record**

- 7.1 Copy of Certificate of Registration upon approval shall be copy furnished to the PENRO, CENRO concerned (except NCR), and Forest Management Bureau for reference and record purposes.



**Invoice for Wood Imports**

1300 Philippines

**Invoice**

Please always indicate for payment		
Customer no.	Invoice no.	Date
21502	16510	09.11.2016

Delivery date 09.11.2016 Mode of transport Cif Manila

09 Nov. 2016  
Page 1

Please remit proceeds to

MH 26425  
16 JAN 2017  
D# 220674

Quantity	Unit	Description	Unit price	Total price
3.570	m <sup>3</sup>	ASH lumber, kiln dried, AA grade, 35 mm FSC 100% SCS-COC-005084	512.00	1.827.84
3.917	m <sup>3</sup>	ASH lumber, kiln dried, AA grade, 50 mm FSC 100% SCS-COC-005084	503.00	1.970.25
2.268	m <sup>3</sup>	American Walnut lumber, steamed, kiln dried, AB grade, 26 mm	790.00	1.791.72
2.391	m <sup>3</sup>	American Walnut lumber, steamed, kiln dried, AB grade, 35 mm	950.00	2.271.45
11.856	m <sup>3</sup>	American Walnut lumber, steamed, kiln dried, AB grade, 50 mm	1.050.00	12.448.80
2.587	m <sup>3</sup>	American Walnut lumber, steamed, kiln dried, AA grade, 35 mm	1.400.00	3.621.80
2.740	m <sup>3</sup>	American Walnut lumber, steamed, kiln dried, AA grade, 50 mm	1.550.00	4.247.00

Container no.: TCLU 837548-6

"only the products that are identified as such on this document are FSC certified"

Amount of goods	0,00 % VAT	Total amount
28.178,86 €	0,00 €	28.178,86 €

**payment within 60 days from date of BL**

The delivery will be realized according to our terms of sales and delivery which are known to you. According to § 455 BGB the right of reservation of ownership of the delivered goods will be reserved up to the complete payment.

Bill of Lading for Wood Imports

EVERGREEN LINE A Joint Service Agreement		BILL OF LADING NOT NEGOTIABLE UNLESS CONSIGNED TO ORDER ORIGINAL	
[1] Shipper/Exporter (complete name and address) [REDACTED]		[5] Document No. 560600578238	[6] Export References SPEE 60-1611187
[3] Consignee (complete name and address; unless provided otherwise, a consignee "To Order" means "To Order of Shipper") [REDACTED]		[7] Forwarding Agent SPEEDLINE SPEDITION GMBH	
[4] Notify Party (complete name and address) [REDACTED]		[8] Point and Country of Origin (for the Merchant's reference only)	
		[9] Also Notify Party (complete name and address)  Invoice # 16510	
[12] Pre-carriage by	[13] Place of Receipt/Date HAMBURG	In Witness Whereof, the undersigned, on behalf of the Carrier and Vessel Provider, Evergreen Marine (Singapore) Pte Ltd., has signed the number of B/L(s) of Lading stated below, all of this tenor and date, one of which being accomplished, the others to stand void. [10] Onward Inland Routing/Export Instructions (which are contracted separately by Merchants entirely for their own account and risk)	
[14] Ocean Vessel/Voy. No. THALASSA TYHI 0900-012E	[15] Port of Loading HAMBURG		
[16] Port of Discharge MANILA	[17] Place of Delivery MANILA		
Particulars furnished by the Merchant			
[18] Container No. And Seal No. Marks & Nos.	[19] Quantity And Kind of Packages	[20] Description of Goods	[21] Measurement (M) Gross Weight (KGS)
CONTAINER NO./SEAL NO.  TCLU8375486/40H/S373354 TCLU8375486 SEAL: S373354	22 PACKAGES 1 X 40H	(HI-CUBE)  22 PACKAGES 29.329 CBM ASH LUMBER, KILN DRIED, AA GRADE FSC 100% SCS-COC-005084 AMERICAN WALNUT LUMBER, STEAMED, KILN DRIED, AB GRADE AMERICAN WALNUT LUMBER, STEAMED, KILN DRIED, AA GRADE 14 DAYS FREE DETENTION FREIGHT PREPAID * THE BALANCE OF BILL OF LADING SEE ATTACHED LIST * TOTAL NUMBER OF ATTACHED 1 PAGE "OCEAN FREIGHT PREPAID" SHIPPER'S LOAD & COUNT	29.3290 CBM 22,513.000 KGS  22513 KGS 29.329CBM
[22] TOTAL NUMBER OF CONTAINERS OR PACKAGES (IN WORDS) 861343	ONE (1) CONTAINER ONLY		[23] Declared Value \$ If Merchant enters actual value of Goods and pays the applicable ad valorem tariff rate, Carrier's package limitation shall not apply.
[24] FREIGHT & CHARGES	Revenue Tons	Rate AS Per Prepaid ARRANGED	Collect
[25] B/L NO. EGLV 560600578238	[27] Number of Original B(s)/L THREE (3)	[29] Prepaid at HAMBURG	[30] Collect at
[26] Service Type/Mode FCL/FCL O/O	[28] Place of B(s)/L Issue/Date HAMBURG NOV. 18, 2016	[31] Exchange Rate	[32] Exchange Rate
TERMS OF BILL OF LADING ARE CONTINUED ON THE REVERSE HEREOF. (1)			

Packing List for Imported Wood

PACKING SUMMARY							
SIZE	LENGTH		PIECES	TONS	M3		
INVOICE NO : KLTEX-0233 PER T/B: TARGET / WM MATAHARI DUA							
<u>MLH (MLH)</u>							
1 3/8 X	1 4/8 X	8' X	4401	10.0856	14.2812		
1 3/8 X	1 4/8 X	10' X	6557	18.7831	26.5968		
1 3/8 X	1 4/8 X	12' X	7100	24.4063	34.5593		
1 3/8 X	1 4/8 X	14' X	1874	7.5155	10.6420		
1 3/8 X	1 4/8 X	16' X	1093	5.0096	7.0936		
1 3/8 X	1 4/8 X	18' X	311	1.6036	2.2707		
Size Ttl:			21336	67.4037	95.4436		
1 3/8 X	2 4/8 X	8' X	750	2.8646	4.0563		
1 3/8 X	2 4/8 X	10' X	264	1.2604	1.7848		
1 3/8 X	2 4/8 X	12' X	1128	6.4625	9.1509		
1 3/8 X	2 4/8 X	14' X	69	0.4612	0.6531		
1 3/8 X	2 4/8 X	16' X	200	1.5278	2.1633		
Size Ttl:			2411	12.5765	17.8084		
1 3/8 X	4 8 X	8' X	409	2.1870	3.0968		
1 3/8 X	10' X	10' X	1431	9.5648	13.5438		
1 3/8 X	12' X	12' X	1800	14.4375	20.4435		
1 3/8 X	14' X	14' X	349	3.2658	4.6244		
1 3/8 X	16' X	16' X	162	1.7325	2.4532		
1 3/8 X	18' X	18' X	76	0.9144	1.2948		
Size Ttl:			4227	32.1020	45.4565		
1 3/8 X	5 4/8 X	10' X	860	9.0330	12.7907		
1 3/8 X	5 4/8 X	12' X	1366	13.6965	19.0102		
1 3/8 X	5 4/8 X	14' X	416	2.1789	3.0358		
1 3/8 X	5 4/8 X	16' X	360	6.0500	8.5668		
Size Ttl:			2466	30.9559	43.8335		
1 3/8 X	7 4/8 X	8' X	140	1.6042	2.2715		
1 3/8 X	7 4/8 X	10' X	520	7.4479	10.5463		
1 3/8 X	7 4/8 X	12' X	1285	22.0859	31.2737		
1 3/8 X	7 4/8 X	16' X	206	1.7268	2.4147		
1 3/8 X	7 4/8 X	18' X	79	2.0367	2.8840		
Size Ttl:			2230	37.8955	53.6602		
1 3/8 X	9 4/8 X	10' X	68	1.2337	1.7469		
1 3/8 X	9 4/8 X	12' X	128	2.7867	3.9459		
1 3/8 X	9 4/8 X	14' X	44	1.1176	1.5825		
Size Ttl:			240	5.1380	7.2753		
1 3/8 X	11 4/8 X	8' X	15	0.2635	0.3732		
1 3/8 X	11 4/8 X	10' X	45	0.9883	1.3994		
1 3/8 X	11 4/8 X	12' X	89	2.3455	3.3213		
Size Ttl:			149	3.5973	5.0939		
MLH Ttl:			220 Bcls	33059	189.6689	268.5714	

**Certificate of Supply Contract for Importing Wood (issued by Philippine Consulate in country of export) (page 1)**

 **CONSULATE GENERAL OF THE REPUBLIC OF THE PHILIPPINES  
SHANGHAI**

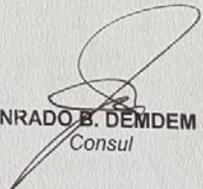
REPUBLIC OF THE PHILIPPINES )  
FOREIGN SERVICE OF THE PHILIPPINES )  
PHILIPPINE CONSULATE GENERAL ) S.S.  
Shanghai, People's Republic of China )

**AUTHENTICATION**

I, **CONRADO B. DEMDEM JR.**, Consul of the Republic of the Philippines in  
Shanghai, duly commissioned and qualified, do hereby certify that [REDACTED]  
[REDACTED], whose signature and seal are affixed to the **CCPIT CERTIFICATE**  
[REDACTED] dated 08 April 2018, was at the time he signed the  
document on 09 April 2018, the Deputy Director of Consular Section, Foreign Affairs  
[REDACTED], Ningbo Municipal People's Government, and I verily believe that his signature  
is genuine.

For the contents of the annexed document, the Consulate General assumes  
responsibility.

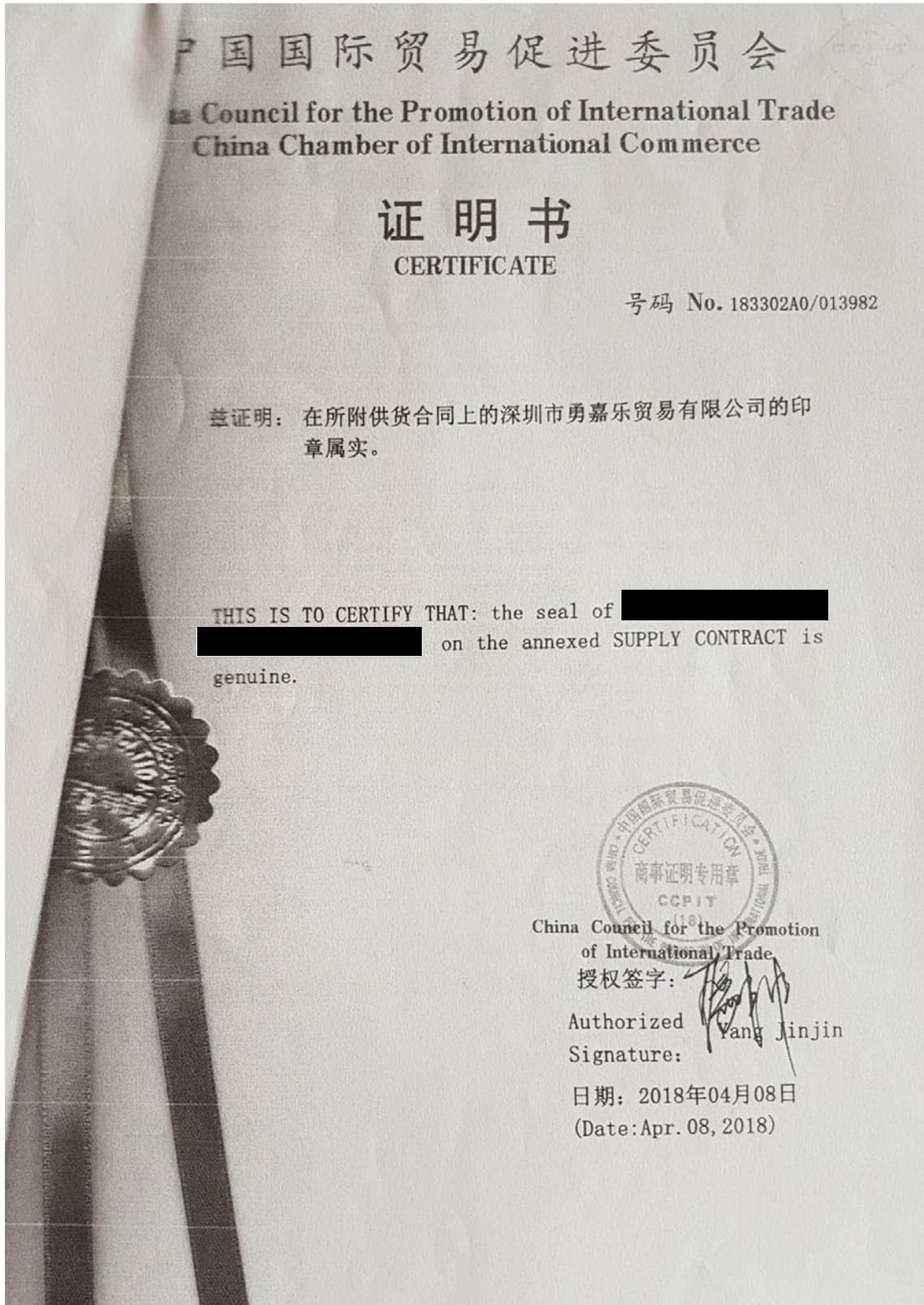
**IN WITNESS WHEREOF**, I have hereunto set my hand and seal of the  
Consulate General in Shanghai this 12<sup>th</sup> day of April 2018.

  
**CONRADO B. DEMDEM JR.**  
Consul

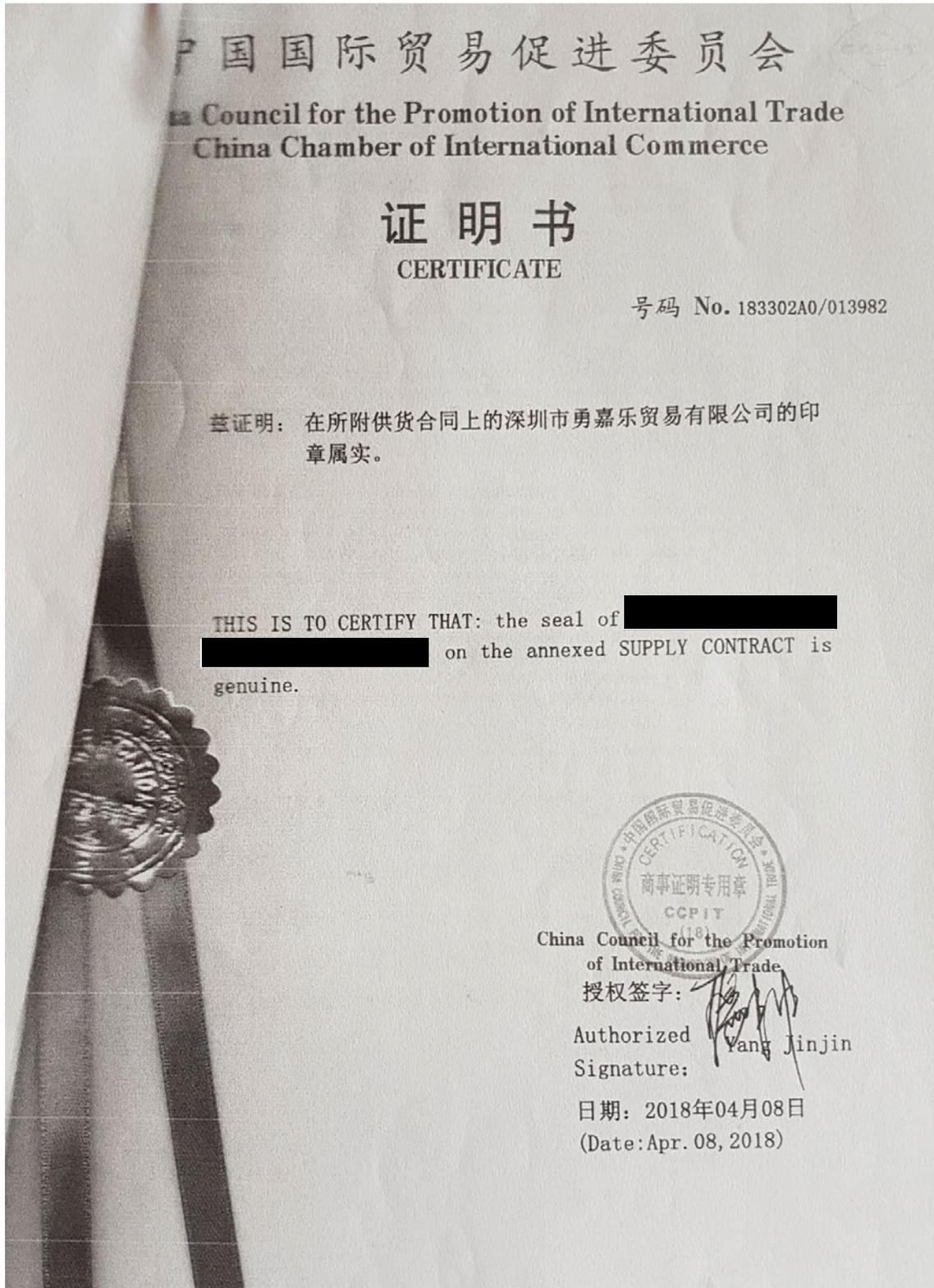
Doc. No. : 1860  
Serv. No. : 1860  
Page No. : 98  
Book No. : 01  
Series of : 2018  
O.R. No. : 8239990  
Fee paid : ¥190.00

"The validity of this Certification is for five (5) years, unless specified by the attached document"

Suit [REDACTED], Me [REDACTED]nk Plaza, No. 1160 West Yan'an Road, Changning District, Shanghai 200052 China  
Tel: (+8621) 6281-8020; Fax: (+8621) 6281-8023  
www.shanghaipcg.dfa.gov.ph; shanghai.pcg@dfa.gov.ph



Certificate of Supply Contract for Importing Wood (issued by Philippine Consulate in country of export) (page 3)



Certificate of Supply Contract for Importing Wood (issued by Philippine Consulate in country of export) (page 4)

**SUPPLY CONTRACT**

KNOW ALL MEN BY THESE PRESENTS

This Contract is made and entered into by and between

[REDACTED] Shenzhen Luohu District,  
Shenzhen Road Building 6-8, A Layer of 115 China. hereinafter referred to as the  
**SELLER.**

and

[REDACTED] Quezon City 1104, Metro  
Manila, Philippines hereinafter referred to as the **BUYER.**

Whereas both parties agree to transact the sale and purchase of Wood Products according to specifications, terms, conditions and warranty as stated below :

1. **PRODUCT** : medium density fiberboard, blockboard, plywood, filmfaced plywood, other wood products
2. **QUANTITY** : Two Thousand (2,000) cubic meters
3. **PRICE** : To be determined based in prevailing market price at the time of each shipment and indicated in invoice. Supporting documents to the specific order of the BUYER shall be provided by SELLER that will adequately cover the deliveries of goods under the agreement.
4. **TERM** : Payment terms, shipping terms, marking, vessel and loading ports to be agreed upon by SELLER and BUYER.
5. **PERIOD** : Term of this contract covers a period of TWO (2) years beginning from the date of execution of this agreement unless sooner terminated for reasons of force majeure, legal action, agreement by both parties or upon consumption of the volume contracted whichever comes first.

IN WITNESS WHEREOF: we affixed our signature this 16th March of 2018 at \_\_\_\_\_, China.

<b>SELLER</b>	<b>BUYER</b>
[REDACTED]	[REDACTED]
By: [REDACTED]	By: [REDACTED]
Manager	Manager

Certificate of Supply Contract for Importing Wood (issued by Philippine Consulate in country of export) (page 5)



**Customs Registration**



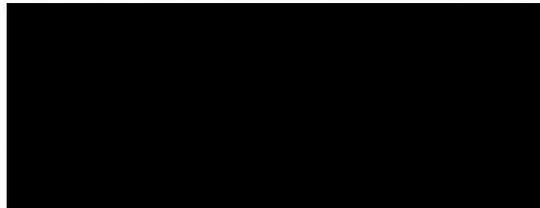
Republic of the Philippines  
Department of Finance  
**BUREAU OF CUSTOMS**  
1099 MANILA

**INTELLIGENCE GROUP**  
**Account Management Office**

**CERTIFICATION**

This is to certify that the following information were accordingly encoded in the BOC e2m system, subject, however, to suspension or cancellation prior to indicated date of expiration pursuant to CMO Nos. 4-2014 and 11-2014, other applicable laws, rules and regulations:

CCN :  
TIN :  
BUSINESS NAME :  
BUSINESS ADDRESS :  
  
REGISTRATION DATE :  
EXPIRY DATE :



Issued on 28 November 2017, Manila, Philippines.

*[Signature]*  
IAV MELVIN S. ESTOQUE, MPA  
CHIEF, AMO *jam*



**Customs Registration**

BOC  
Form no.



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA

**CERTIFICATE OF REGISTRATION**

By issuance of this certificate, the application signifies agreement to the following conditions:

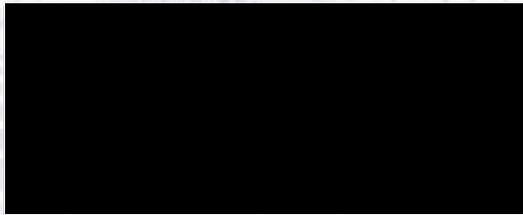
1. Compliance to CMO \_\_\_ (CMO) subsequent issuance governing Client Registration Application Processing
2. Non-repudiation of any declaration filed through the VASP
3. Recognition of TWM system information duly certified by its Administrator as valid and/or correct.

CCN : **IM0003517632**

Registration Date: **2017-11-21**

Expiry Date: **2018-11-21**

TIN No. :  
Business Name :  
Business Address :



Nature of Business : **Manufacture of Products of Wood, Bamboo, Canes, Rattan**

Type of Business Entity : **Corporation**

This is to certify that the information provided herein is true and correct. Further, agreement to the conditions from the approval of this Application as noted above is hereby affirmed.

\_\_\_\_\_  
BOC Designated Registration Office



**Export Authority (page 2)**

3. That any misinterpretation of facts in terms of species, types, forms and specifications of the lumber subject of this authority will constitute a violation of PD 705, as amended.
3. That other relevant exportation permits/ clearances shall be secured from concerned offices/agencies.
4. That any violation of the above conditions shall be sufficient ground for the outright cancellation/revocation of this authority as well as the filing of criminal charges, if warranted.

This authority expires on \_\_\_\_\_ or as soon as the authorized Malaysian Sawn Lumber S4S have been exported, whichever comes first.

Very truly yours,

\_\_\_\_\_  
Regional Director

**EXPORT COMPLIANCE CERTIFICATE**



Export Declaration

**EVERGREEN**  
BOC SINGLE ADMINISTRATIVE DOCUMENT

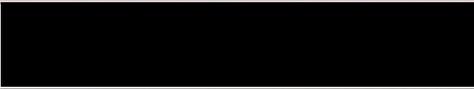
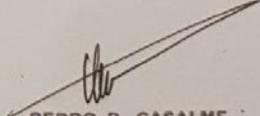
060800123682

OFFICE OF DECLARATION  
P02B Manila Intl Container Port  
Customs Reference: 50541 08/16/2018  
Registry Number: 124378



I C U S T O M S D E C L A R A T I O N	2 Exporter / Supplier Address TIN: 000282706000		1 DECLARATION EX1   1		3 Page 1   1		4	
	14 Declarant address EXPORTER AS DECLARANT FOR EXPORT USE ONLY TIN: 111111111111		5 Items 1		6 Tot Pack 140		7 Export Declaration Number 2018 HNMY081601	
			9 CRF: Number: OSEDC - One-Stop Export Documentation Center					
	10		11		12 Tot. FWO		13 T. Ref.	
	15 Country of Export PHILIPPINES		15 C.E. Code PH		17 C.D. Code US			
	16 Country of Origin PHILIPPINES		17 Country of Destination UNITED STATES					
	18 Vessel / Aircraft ANONA IPASA		19 Ct <input checked="" type="checkbox"/>		20 Terms of Delivery FOB   Free on board			
	21 Local Carrier (if any)		22 F. Cur. USD		Total Customs Value 63,000.00		23 Exch Rate 53.451	
	25		26		27 Port of Loading PHMN2 MANILA INTL. CONTAINER PORT		28 Financial and Banking Data - Bank Code 998	
	29 Port of Departure P02B Manila Intl Container Port		30 Location of Goods S03 - INTERNATIONAL CONTAINER TERMINAL INC (ICTSI)		Terms of Payment B3 - Inward Remittance & Payment		Bank Name PCHC	
				Bank Branch NA		Bank Ref Number: 010533457-0004645		
31 Packages and Description of Goods		Marks and Numbers - Container No(s) Marks & No. of Packages 140 PCS. Number and Kind 140 BX BOX Container No(s) 2 X 40 HMCU1094771 EMCU1453082 - Wooden furniture of a kind used in offices 140 PCS. STEAMER BAR CABINET C2 AS PER PO 491-3363960 PACKED IN 140 BOXES		32 Item No. 1		33 HS Code 94033000 000		
				34 C.O. Code PH		35 Item Gross Weight -10,640.00 Kg		
				37 Procedure 1000 000		38 Item Net Weight 10,640.00 Kg		
				39 Quota		40a AWB / BL		
				41 Suppl. Units 63000 PCE		45 Dutiable Value 3,367,413.00		
44 Add Info Doc / Product Cert. & Aut		OTH:EV: 1 INS:FR: 1 Fine: 0 0+0+0+0-0		A.I. Code		46 Dump Bound:		
47 Calculation of Taxes		Type Tax Base		49 Identification of Warehouse /		ACCOUNTING DETAILS		
				Method of Payment: CASH		Assessment Number: Date:		
				Receipt Number: Date:		Total Fees: 115.00		
				Total Assessment: 115.00		Date:		
		Total		Subscribed and sworn before me				
50 We hereby certify that the information contained in all pages of this Declaration and the documents submitted are to the best of our knowledge and belief true and correct								
51 AUTHORIZATION		Broker: EXPORTER AS DECLARANT		Date: Importer / Attorney-in-Fact:		Administering Officer Notary Public		
52 Bureau of Customs (BOC) Control		Signature		Stamp		54 Place and date MARCELA D G FORONDA 600 III AUG 18 2018		

**Certificate of Origin (Philippine exports)**

CERTIFICATE OF ORIGIN				
1. Exporter (Name, Address, Country) 		2. Reference No.  <b>08920</b>		
3. Consignee (Name, Address, Country) 		Certificate of Origin of General Merchandise Issued by Bureau of Customs Republic of the Philippines		
4. Means of Transport and Route (as far as known)  FROM: MANILA, PHILIPPINES TO: OAKLAND, USA VESSEL BY: SEA VESSEL		5. For official use		
6. Marks and Numbers	7. Number and Kind of Packages: Description of Goods	8. Origin Criterion (See Notes Overleaf)	9. Gross Weight Kg	10. No. & Date Of Invoice
	140 PCS. MAXINE BAR CABINET AS PER PO 491-3363860 PACKED IN 140 BOXES  FOB MANILA, PHILIPPINES  HTSUS: 9403.60.8081	A	10640  KGS.	INV. NO.  1004  DATE: 08/10/2018
NOTIFY:				
1. SCHMIDT PRITCHARD & CO. 9801 W. LAWRENCE AVE., SCHILLER PARK, IL 60176 USA				
2. EUROMARKET DESIGNS, INC. 1250 TECHNY ROAD NORTHBROOK, IL 60062 USA				
11. Certification. Republic of the Philippines Department of Finance Bureau of Customs <b>AUG 20 2018</b>		 It is hereby certified, on the basis of control carried out, that the goods specified above are of Philippines origin in accordance with the criteria indicated above and explained overleaf.		
<b>MANILA PHILIPPINES</b> Date: _____ Place: _____				
13. Customs control No.		 <b>PEDRO B. CASALME</b> CUSTOMS OPERATIONS OFFICER III _____ (Signature of Certified Authority over Printed Name)		



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# THAILAND

**Country Report on Forest Product Legality Requirements and Risks**

**Prepared by**

**Patrick B. Durst**



<b>1. OVERVIEW OF THE FORESTRY SECTOR .....</b>	<b>4</b>
1.1. FOREST RESOURCES OF THE COUNTRY .....	4
1.1.1. Landuse type .....	4
1.1.2. Vegetation types .....	6
1.2. FORESTRY AND WOOD PROCESSING SECTOR (E.G. LOG, SAWN TIMBER, PLYWOOD, WOOD CHIPS, PULP AND PAPER, FURNITURE, ETC.):.....	8
1.3. TRADE OF WOOD PRODUCTS (EXPORT AND IMPORT): COUNTRIES, PRODUCT TYPES, SPECIES, VOLUME AND VALUES OF TRADE10	
1.3.1. Import .....	11
1.3.2. Export.....	11
3.2. LEGAL RIGHTS OVER FORESTS .....	16
3.2.1. Land/resource tenure in National Reserved Forests .....	17
3.2.2. Land/resource tenure in public land outside National Reserved Forests .....	18
3.2.3. Land/resource tenure in private lands .....	18
3.3. TIMBER SOURCE TYPES, MANAGEMENT AND HARVESTING PLANNING AND PERMITS.....	21
3.3.1. National Reserved Forests .....	22
3.3.2. Public land outside National Reserved Forests .....	22
3.3.3. Private lands .....	22
3.4. ENVIRONMENTAL REQUIREMENTS.....	23
3.5. EMPLOYMENT AND SAFETY IN FOREST MANAGEMENT AND HARVESTING OPERATION .....	25
3.6. SOCIAL REQUIREMENTS .....	26
3.7. CONTROL MEASURES TO VERIFY LEGALITY OF HARVESTING .....	27
<b>4. LEGISLATIONS ON TRANSPORTATION AND PROCESSING OF WOOD AND WOOD PRODUCTS .....</b>	<b>28</b>
4.1. LAWS AND REGULATION ON TRANSPORTATION AND PROCESSING OF WOOD AND WOOD PRODUCTS .....	28
4.2. TRANSPORTATION OF LOGS .....	29
4.3. PROCESSING WOOD AND WOOD PRODUCTS .....	30
4.4. TRANSPORTATION OF WOOD AND WOOD PRODUCTS .....	32
4.5. THE SYSTEM OF SUPERVISION AND CONTROL MEASURES TO VERIFY LEGALITY OF TRANSPORTING AND PROCESSING WOOD AND WOOD PRODUCTS .....	33
<b>5. LEGISLATIONS ON TRADING WOODS AND WOOD PRODUCTS .....</b>	<b>34</b>
5.1. LAWS AND REGULATION ON TRADING WOODS AND WOOD PRODUCTS.....	34
5.1.1. Imports.....	34
5.1.2. Exports .....	36
5.2. LEGALLY REQUIRED DOCUMENTS OR RECORDS .....	37
<b>6. OTHERS .....</b>	<b>39</b>
6.1. INTERNATIONAL FRAMEWORKS / TRADE AGREEMENTS RELEVANT TO COMBATTING ILLEGAL HARVESTING AND ASSOCIATED TRADE.....	39
6.2. VOLUNTARY SCHEMES ON LEGALITY / SUSTAINABILITY OF WOOD AND WOOD PRODUCTS.....	40
6.3. OTHER OBSERVATIONS AND COMMENTS .....	41

## 1. Overview of the forestry sector

### 1.1. Forest resources of the country

#### 1.1.1. Landuse type

“**Forest**” in Thailand is legally defined by the Forest Act B.E. 2484 (1941)<sup>1</sup> as “land that has not been taken up or acquired by other means under the Land Code.” Forestry laws therefore apply to all lands that have not been titled as private lands. The total area of “forest” is 23 million hectares in 2018, 44.8% of total land of Thailand (51.3 million ha). As such, legal “forest” may or may not have actual / permanent forest or tree cover.<sup>2</sup>

The country has various classifications of forest land, including the following:

**National Reserved Forests (NRF):** NRF is designated by the National Reserved Forests Act (1964)<sup>3</sup>. NRFs are essentially the same as “forest”, consisting 1,221 reserves covering 23 million hectares in total, according to DNP (2017). Note that this figure includes 7.69 million hectares of national parks and wildlife sanctuaries that fall within (overlap) the NRFs and 5.22 million hectares of degraded forests that have been transferred to the Agricultural Land Reform Office (ARLO), Ministry of Agriculture, for allocation to households and other entities for agricultural production. However, some people no longer consider the degraded forest lands transferred to ARLO as part of the NRFs.

**National Parks:** 127 designated parks, covering 6.32 million hectares in total (note that some of these national parks fall within NRFs).

**Wildlife Sanctuaries:** 58 in number, covering 3.73 million hectares in total (note that some of these wildlife sanctuaries fall within NRFs).

The Royal Forest Department (RFD), under the Ministry of Natural Resources and Environment (MONRE), has management responsibility for 11.8 million hectares of forest lands, including 10.12 million hectares of National Reserved Forests and 1.68 million hectares of permanent forest estate outside of NRFs. The Department of National Parks, Wildlife and Plant Conservation (DNP) manages all national parks, wildlife sanctuaries, watersheds and other protected areas – some of which fall within or overlap NRFs. The Department of Marine and Coastal Resources (DMCR) is responsible for management of the country’s mangrove and coastal forests.

The Land Code B.E. 2497 (1954) defines different types of tenure instruments, depending on whether an individual or legal entity can claim occupancy, utilization, or legal possession of the land. Ownership can be, and often is, separated from use rights. Individuals and corporations can secure various tenure and use rights within NRFs to grow trees. Applications are reviewed by RFD and approved by the Ministry of Natural Resources and Environment (MONRE), allowing for tree plantations to be established on areas within NRFs deemed to be degraded. Usufruct certificates have also been issued to many households that were living (and continue to live) in NRFs before those reserves were demarcated. The actual number of people living in and near forest lands is widely disputed, but some reports estimate as many as 20-25 million

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<sup>1</sup> Thai laws are officially noted according to the Buddhist Era (B.E.) year, which is 543 years advanced from the Christian/Common Era calendar widely used throughout the world.

<sup>2</sup> Actual forest cover is reported to be 16.4 million hectares.

<sup>3</sup> see <http://www.thailawforum.com/national-reserved-forests-act/> for English copy of the NRFs Act

people, including entire villages, are located within designated National Reserved Forests (Woods, et al., 2011; FAO, 2009).

The national forest policy established in 1985 sets targets for production and protection forest at 15% and 25% of the total land area of the country, respectively (FAO, 2015a). With the imposition of the nationwide ban on logging in natural forests in 1989, the protection forest target is *de facto* easily exceeded. Production forest is now essentially restricted to plantation forests, including those on private lands.

The Thai Cabinet issued resolutions in 1992 dividing the country's forest lands into three zones:

**(1) Conservation Forest Zone (Zone C)**

Conservation Forest Zone includes protected forest areas declared in royal decrees and cabinet resolutions (e.g., national parks, wildlife sanctuaries, watershed classification category 1 areas, mangrove conservation areas, etc.).

**(2) Economic Forest Zone (Zone E)**

Areas within the National Reserved Forests designated for commercial tree plantations, buffer zones, mining, and other economic activities.<sup>4</sup>

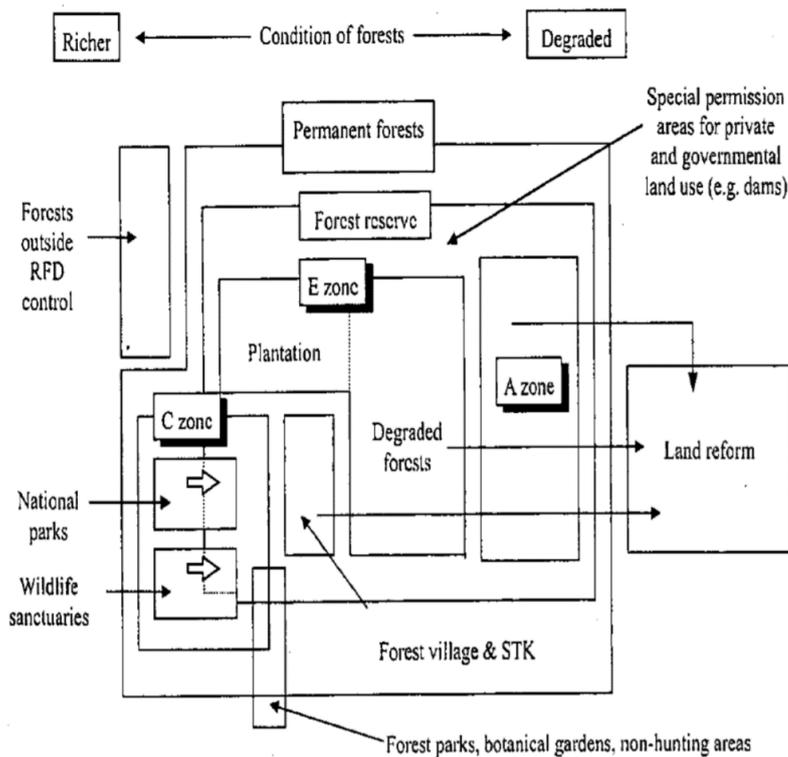
**(3) Agricultural Zone (Zone A)**

Areas within the National Reserved Forest system (with degraded forests or cleared of trees) determined to be suitable for agriculture. These areas are subsequently allocated to farmers by the Agricultural Land Reform Office (ALRO).

**Figure 1. Schematic of forest lands in Thailand**

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<sup>4</sup> Many of these areas include degraded forest lands.



Source: Woods, et al., 2011

### Tree plantations on private lands

The current Thai “forestry” institutional framework is unusual in that a very large proportion of domestic “timber” comes from tree plantations on private lands. Eucalyptus trees and Rubberwood grown on private lands are largely unregulated by RFD. Rubber, which in the first instance is planted for latex production, is considered an agricultural crop under the authority of the Ministry of Agriculture and Cooperatives. But, when rubber trees are cut as part of plantation replacement after latex production declines, the rubberwood timber is sold as a raw material for the forest industry. In both cases, registration of private plantations is encouraged by RFD, but not required.

#### 1.1.2. Vegetation types

As of 2015, actual forest cover in Thailand stands at 16.4 million hectares, or 32.1% of the total land area. Forest cover has been maintained relatively steady over recent years, with a slight decline reported between 2000 and 2010, but a slight increase from 2010 to 2015 (FAO, 2015).

Primarily as a result of unsustainable industrial logging and extensive clearing for agriculture, Thailand’s forest cover shrank from 50% of the country’s land area in the 1960s to less than 25% by the mid-1980s. The country’s valuable natural teak forests were particularly hard hit, declining by 94% between 1953 and 2000 (Lawson, 2014).

Forest cover generally increased from 1990, when the area of forest cover was reported at 14 million hectares (FAO, 2015). These gross forest cover data mask, however, the continued loss of natural forests, offset statistically with continuing increases in plantations – especially

rubber plantations (FAO, 2015a). The current Thai government has given high priority to forest protection and management and has recently proposed a target of increasing forest cover from the current 32% to 55% within 20 years (National News Bureau of Thailand, 2018).

There are two main types of natural forests in Thailand: (1) evergreen forest and (2) deciduous forest (FAO, 2009).

(1) **Evergreen forest** is subdivided into tropical evergreen forest, pine forest, mangrove forest and beach forest.

- **Tropical evergreen forest** is found all over the moist part of the country. This type of forest is further subdivided into the tropical rain forest, the semi-evergreen forest and the hill evergreen forest.
  - **Tropical rain forest** is characterized by very rich flora and very dense undergrowth. This type of forest is commonly found in the Southern and the Eastern regions of the country where rainfall is above 2,000 mm. It is also found along rivers and/or in valleys in other parts of the country. The dominant species are typically *Dipterocarpus* spp., *Hopea* spp., *Lagerstroemia* spp., and *Shorea* spp., with a normal understory of bamboos, palms and rattans.
  - **Semi-evergreen forest** is scattered throughout the country where the rainfall is between 1,000-2,000 mm per annum. The predominant species are *Dipterocarpus* spp., *Hopea* spp., *Diospyros* spp., *Azalia* spp., *Terminalia* spp., and *Artocarpus* spp. The main undergrowth species consist of bamboo and rattan.
  - **Hill evergreen forest** is found on the highlands (greater than 1,000 meters above sea level) and is characterized by the presence of mosses and lichens on trees and rocks. The predominant tree species are oaks (*Quercus* spp.) and chestnuts (*Castanopsis* spp., and *Lithocarpus* spp).
- **Pine forest** has two species of tropical pines, *Pinus merkusii*, found in the northern and the western part of the Central region where the soil is poor, lateritic and podzolic, and *P. kesiya*, which found only in the highlands of the Northern and Northeastern regions.
- **Mangrove forests** are scattered along the estuaries and coastal areas of the Eastern, Central and Southern regions. The main species are *Rhizophora* spp., *Xylocarpus* spp., *Avecennia* spp., *Bruguiera* spp., and *Nypa* spp.
- **Beach forests** occur along the sandy coastal plains especially in the eastern coast of the Southern region. The main species in this type of forest are *Diospyros* spp., *Croton* spp., *Lagerstroemia* spp. and *Casuarina* spp.

(2) **Deciduous forest** is found in various locations throughout the country. It is broadly subdivided, according to the species composition, into the mixed deciduous forest (with and without teak) and the dry dipterocarp forest.

- **Mixed deciduous forest** was traditionally the most valuable commercial in Thailand. In the Northern Region, this type of forest is called the teak forest with *Tectona grandis*, *Xylia kerrii*, *Pterocarpus marcrocarpus*, *Azalia xylocarpus* and *Dalbergia* spp. (rose wood) as dominant/common species.
- **Dry dipterocarp forest** is commonly found in the dry area (rainfall below 1,000 mm) with sandy or gravelly lateritic fertile soils. The main species are typically *Dipterocarpus tuberculatus*, *D. obtusifolius*, *Shorea obtusa*, *S. siamensis* with the presence of *Dalbergia* spp., *Lagerstroemia* spp., *Terminalia* spp. and other species.

In total, 6.7 million hectares of Thailand's forests, or 41% of the total, are characterized as "primary" forests (with little human disturbance) and 5.7 million hectares, or 35% of the total, are characterized as "other naturally regenerated" forests (sometimes described as "secondary forests") in 2015 (FAO, 2015).

In addition to natural forests, Thailand has a significant area of plantations, totaling some 3.986 million hectares, or 24% of the total forest area (FAO, 2015). The main plantation species are rubber, teak, *Eucalyptus* spp., *Acacia mangium*, and pine. Since the imposition of the nationwide ban on logging in natural forests in 1989, virtually all timber legally harvested in the country comes from plantation forests. Eucalyptus plantations are primarily located in the east and northeastern parts of the country and in parts of the west. Mature rubber plantations are mainly located in the southern part of the country, with young rubber plantations having more recently been established in the north and northeast. Teak plantations are primarily located in the northern part of the country.

## **1.2. Forestry and wood processing sector (e.g. log, sawn timber, plywood, wood chips, pulp and paper, furniture, etc.):**

In 1989, following the worst floods in over a century in southern Thailand – which were widely blamed on mismanagement of the country's forests – the Thai government imposed a complete ban on logging of natural forests (Lawson, 2014). Following Cabinet Resolutions in January 1989, all timber concessions were cancelled and logging of natural forests throughout the country was halted.

### **1.2.1. Tenure**

Thailand now has large areas of both rubberwood and eucalyptus plantations. The actual extent of plantation resources in Thailand is very difficult to establish.

#### **(1) Rubberwood**

Thailand has more than 3 million hectares of rubberwood plantations, with recent expansions in planting bringing the total to as much as 3.7 million hectares (Thai Rubber Association, <http://www.thainr.com/en/index.php?detail=message>). Rubber plantations are typically cut and the logs sawn into lumber when the trees reach 25-30 years of age and latex production declines.

#### **(2) Eucalyptus**

It is estimated that Thailand has approximately 438,524 - 480,000 hectares of eucalyptus plantations (Sunthornhao et al., 1997; FAO, 2000; Nakarin, 2001; Bangkok Post, 2002; Laemsak 2002; FAO, 2009). 95% of Eucalyptus plantation are privately owned, with 70% supplying wood to the pulp and paper industry as contract eucalypt tree growers.<sup>5</sup> On the other hand, Nakarin (2001) reported small landowners have 300,000 ha (64%) of total Eucalyptus plantation in Thailand (466,400 ha).

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<sup>5</sup> Precise estimates of the area of eucalyptus plantations are difficult to determine because many trees are grown in scattered, small plots, along farm borders, and in agroforestry systems.

Besides, the Forest Industries Organization (FIO) is managing 190,217 ha mostly in NRF (Reference).

### 1.2.2 Production

Since imposition of the ban on logging in natural forests, virtually all legal domestic timber production comes from planted forests, including a large volume from private plantation owners.<sup>6</sup>

~~Wood used in Thailand in 2003 was 21,963,058 m<sup>3</sup> as timber equivalent in total, including Eucalyptus (48.2 percent), rubber (para) (28.2 percent), teak (tectona) (0.3 percent) and other various hard wood species (23.2 percent) (FAO, 2009).~~

~~Total non-rubber timber production was 22,600 m<sup>3</sup> in 2002 and rubber wood production was 1.7-1.8 million m<sup>3</sup> in 2002 (Barney, 2005).~~

Domestic timber production of sawlogs and pulpwood was estimated to be 9.1 million cubic meters in 2015 (FAO, 2015).

The country is the world's largest producer of industrial rubberwood – with a large volume of the rubber logs absorbed by the country's furniture manufacturing sector (and a lesser volume used to manufacture panels) (Woods, et al., 2011). Rubberwood (mostly domestically sourced) supplies more than 85% of the raw material for wood furniture production in Thailand (FAO 2009)

Eucalyptus plantations supply a large part of Thailand's domestic pulp and paper demand in 2003 (FAO, 2009).

Contract farming of eucalypts was started by woodchip and pulp and paper companies in the 1980s (Boulay, 2010?), with an aim of establishing secure domestic sources of wood supply for their processing plants. Pulp and paper production in Thailand currently involves an estimated 60,000 contract eucalypt tree growers in lower northern, northeast and central Thailand (Barney, 2005; Boulay et al., 2012). Thailand's six main pulp and paper companies use eucalypts as their main raw material and collectively produce approximately 1.1 million tons of pulp annually (Boulay, 2010; Boulay et al., 2012).

The Forest Industries Organization (FIO) reported harvesting slightly more than 280,000 cubic meters of timber from their plantations in 2017 (RFD, 2017), mostly teak and eucalyptus.

Thailand's wooden furniture industry, which was largely restructured in the 1990s following the 1989 ban on logging of natural forests, is now almost entirely reliant upon plantation rubberwood as a raw material source.

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<sup>6</sup> Very small volumes of timber are legally harvested from natural forests in areas of officially approved infrastructure projects.

Thailand is also a significant producer and exporter of wood-based panels, including particleboard, MDF, and plywood, and these industries are also heavily reliant upon domestic rubberwood supplies (FAO, 2009).

In 2017, RFD registered 9,648 wood processing mills and wood dealers. Of this total, 5,582 registrations were for shops selling lumber and other wood products. There were 780 machine-powered saw mills and 2,845 machine-powered woodworking factories (RFD, 2017).

Table 1 provides estimated production and consumption figures of key forest products in Thailand in 2015.

**Table 1. Production and consumption of key forest products in Thailand, 2015<sup>7</sup>**

Product	Unit	Production	Consumption
Industrial roundwood	1000 cum	14,600	14,771
Sawnwood	1000 cum	2,850	1,234
Wood panels	1000 cum	5,400	1,451
Wood pulp	1000 MT	927	1,386
Paper & paperboard	1000 MT	4,829	4,953
Wood charcoal	1000 MT	1,449	1,538

Source: FAO, 2015

### 1.3. Trade of wood products (export and import): countries, product types, species, volume and values of trade

Thailand is both a major importer and major exporter of forest products. Thailand is a major regional forest products manufacturing hub, competing with China, Malaysia and Vietnam, while also exporting large volumes of raw materials, especially to China, in the form of sawn rubberwood and eucalyptus woodchips.

Total wood and wood-product imports totaled more than US\$2.3 billion in 2015 (FAO, 2015), while all wood-based exports – including wooden furniture and parts – topped US\$3.0 billion (Office of Industrial Economics, 2016). Export values have continued to rise since 2015. Table 2 provides volumes and values of key primary wood products imports and exports of Thailand in 2015.

**Table 2. Imports and exports of key primary wood products, 2015**

(volume in thousand cubic meters for roundwood, sawnwood and panels, all others in thousand metric tons; values in thousand US\$ CIF)

Product	Imports		Exports	
	Volume	Value	Volume	Value
Industrial roundwood	184	15,123	13	8,147
Sawnwood	684	250,923	2,301	844,282
Wood panels	184	190,797	4,133	803,168
Wood pulp	631	454,423	172	124,796
Paper & paperboard	1,002	1,153,883	879	684,567
Wood charcoal	127	14,318	37	14,052

<sup>7</sup> Note that some products are used in the manufacturing of other value-added products. Apparent consumption greater than production reflects imports.

Wood chips and particles	52	1,927	4,3984	275,972
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Source: FAO, 2015

### 1.3.1. Import

After the ban on logging of natural forests, wood imports also increased exponentially. By 2011, -more than half of Thailand’s industrial wood demand was being met from imports, which totaled 10 million cubic meters of roundwood equivalent that year (Lawson, 2014). Since then, log exports from neighboring countries have been significantly restricted and the volumes of wood imported have declined. Concurrently with these developments, the Thai wood sector has evolved (e.g., more use of rubberwood for furniture making and a reduction of furniture making based using imported teak and other hardwoods. There is also now more rubberwood available in Thailand than in the past as more older plantations reached replacement age.

Imports of wood and wooden furniture were mostly raw materials such as processed wood, plywood, veneer and logs – much of which was imported to support the Thai furniture and construction industries. Major recent (2015-2017) exporting countries of the wood to Thailand are inconsistent among years and data sources (RFD; DNP, 2017; FAO Forest Product Yearbook; FAOSTAT).

Major log exporting countries to Thailand are New Zealand, Congo, USA, PNG, Solomon Islands, and Myanmar<sup>8</sup> with volumes continuing a steady decline in recent years as many countries curtail exports of unprocessed logs. Until recently, Thailand imported significant volumes of logs from the neighboring countries of Myanmar, Cambodia, Laos, and Malaysia (Sarawak), but those countries (except Malaysia) have stopped exporting unprocessed logs one by one. Cambodia about 6-7 years ago; Laos about 2-3 years ago; Myanmar about 2-3 years ago. In recent years, Malaysia has been the only neighboring country, with direct border, still exporting unprocessed logs legally.

Most of the processed wood imports came from Malaysia, Myanmar,<sup>9</sup> Laos, USA, New Zealand and Brazil. Malaysia has also traditionally provided the majority of imported sawnwood to Thailand (684,000 cubic meters in 2015, down from more than 1 million cubic meters per year prior to 2010) (FAO, 2015). Most sawnwood imported to Thailand is cut from non-rubberwood species (i.e., natural forest hardwoods), which are commonly used in the construction industry or in furniture manufacturing in Thailand.

Plywood and wood veneer were imported mainly from China, Malaysia, Vietnam and Indonesia.

### 1.3.2. Export

Thailand’s leading wood product exports are sawnwood, paper and paperboard, fiberboard, particleboard and wooden furniture and furniture parts (mostly made from rubberwood). Only a very small volume of unprocessed logs are exported each year (mostly plantation-

<sup>8</sup> Export of unprocessed logs from Myanmar is no longer permitted.

<sup>9</sup> With exports of unprocessed logs from Myanmar banned, Thailand has significantly increased imports of sawnwood from Myanmar since 2015.

grown teak) by the Forest Industry Organization (FIO), which is the only legally authorized entity for exporting unprocessed logs.

Thailand ranked second in the world, in 2015, in the volume of exports of non-coniferous sawnwood – trailing only the United States (FAO, 2015). Almost all of the country’s sawnwood exports were rubberwood lumber. Customs Department statistics from 2017 indicate 4.4 million cubic meters of sawnwood were exported, valued at US\$1.65 billion. Almost all of the rubberwood sawnwood exports went to China (99%), with a very small fraction (valued at US\$2.9 million) exported to Japan (DNP, 2017). Recent reports are that rubberwood sawnwood exports to China are declining in 2018 as a result of import tariffs that the U.S. has imposed on Chinese-made furniture (making Chinese furniture less competitive in the U.S. market) and tightening of environmental controls on Chinese furniture manufacturers – precipitating a decline in demand for rubberwood sawnwood used for furniture making. As a result, many rubberwood sawmills in southern Thailand have reportedly ceased operations or cut back their output (Jhongsathit Aungvitayatorn, personal communication).

Thailand ranked third in the world in exports of particle board in 2015, shipping more than 20% of its total exports to each of Korea (28%), China (23%), and Malaysia (20%) and another 28% to other countries (FAO, 2015). In 2017, Thailand exported particleboard valued at US\$424 million, with 46% going to Korea, 18% to Malaysia and 11% to China. Japan imported less than 1% of Thailand’s particleboard exports, valued at US\$2.5 million (DNP 2017).

In 2015, Thailand was the world’s third-ranking exporter of fiberboard, shipping about 37% to Middle Eastern countries and the rest to a wide range of other buyers (FAO, 2015). Exports of fiberboard reached US\$591 million in 2017, with Japan importing a very small portion, valued at US\$1.4 million (DNP, 2017).

Thailand exported more than 4 million cubic meters of wood chips and particles annually during 2010-2015 (FAO, 2015; DNP, 2017). Thailand ranked fifth in the world in terms of the volume of wood chips and particles exported in 2015 (FAO, 2015). In 2017, slightly more than 2 million tons of wood chips and particles were exported, valued at US\$224 million (DNP, 2017), with 53% exported to China and 47% to Japan.

Customs Department data indicate Thailand exported paper and paperboard products (HS 48 category) valued at US\$1.6 billion dollars in 2017. The largest amounts of exported paper and paperboard in 2017 went to Vietnam (17%), Korea (8%), Indonesia (8%), China (8%), and Malaysia (7%). Japan imported just over 2% of Thailand’s paper and paperboard exports in 2017, valued at US\$39 million.

Exports of wooden furniture topped US\$840 million in 2015 (Office of Industrial Economics, 2016). Major export markets for furniture and furniture parts are Japan (30%), USA (20%), European Union (10%) and China (8%) (Bangkok Post, 2018). Official Customs Department statistics indicate a much lower value of wooden furniture exports of about US\$296 million in 2017 (DNP, 2017) – perhaps reflecting confusion and differences in classification of products and reporting.

## **1. Overview of the relevant government organizations**

### **2.1. Legal authorities**

Table 3 provides a list of the key organizations and agencies responsible for administering and regulating the forest and wood-based sector in Thailand

**Table 3. Organizations/agencies responsible for harvesting, processing, distribution and trade of woods and wood products**

Name of organization	Roles and responsibilities
Royal Forest Department (RFD), Ministry of Natural Resources and Environment (MONRE)	<ul style="list-style-type: none"> <li>▪ Manages National Reserved Forests and the Permanent Forest Estate</li> <li>▪ Oversees and regulates timber harvesting, transport, processing, manufacturing, and trading</li> </ul>
Department of National Parks, Wildlife and Plant Conservation (DNP), Ministry of Natural Resources and Environment (MONRE)	<ul style="list-style-type: none"> <li>▪ Manages national parks, wildlife sanctuaries, watersheds and other protected areas</li> <li>▪ CITES Management Authority authorized to grant CITES permits for fauna</li> </ul>
Department of Marine and Coastal Resources, Ministry of Natural Resources and Environment	<ul style="list-style-type: none"> <li>▪ Manages all marine and coastal areas, including mangrove forests</li> </ul>
Forest Industries Organization (FIO)	<ul style="list-style-type: none"> <li>▪ State forest corporation previously responsible for logging operations on state lands</li> <li>▪ Following ban on logging in natural forests, FIO has focused on management and harvesting of plantation forests</li> </ul>
Department of Lands, Ministry of Interior	<ul style="list-style-type: none"> <li>▪ Registers landholdings, issues land titles and land-use certificates</li> <li>▪ Conducts cadastral surveys</li> </ul>
Department of Agriculture, Ministry of Agriculture and Cooperatives	<ul style="list-style-type: none"> <li>▪ Issues phytosanitary certificates for export of wood and wood products (in coordination with RFD)</li> <li>▪ Responsible for flora management and enforcement under CITES (in coordination with RFD)</li> <li>▪ Issues relevant permits for export of CITES annexed tree species and derivatives (in coordination with RFD)</li> </ul>
Agricultural Land Reform Office (ALRO), Ministry of Agriculture and Cooperatives	<ul style="list-style-type: none"> <li>▪ Allocates land to farmers pursuant to Agricultural Land Reform Act</li> </ul>
Cooperative Department, Ministry of Agriculture and Cooperatives	<ul style="list-style-type: none"> <li>▪ Registers plantation farmer cooperatives</li> </ul>
Department of Public Welfare, Ministry of Interior	<ul style="list-style-type: none"> <li>▪ Implements land settlement projects</li> <li>▪ Allocates public land to farmers</li> </ul>
Ministry of Commerce	<ul style="list-style-type: none"> <li>▪ Responsible for registering businesses</li> </ul>
Department of Industrial Works, Ministry of Industry	<ul style="list-style-type: none"> <li>▪ Approves factory licenses</li> </ul>
Thailand Industrial Standards Institute (TISI), Ministry of Industry	<ul style="list-style-type: none"> <li>▪ Develops national standards for key industrial sectors (including forestry) to support the growth of industry, trade and economy of the country</li> </ul>
Revenue Department, Ministry of Finance	<ul style="list-style-type: none"> <li>▪ Responsible for tax collection</li> <li>▪ Registers Value Added Taxes (VAT)</li> <li>▪ Collects individual and corporate income taxes</li> </ul>

Name of organization	Roles and responsibilities
Customs Department, Ministry of Finance	<ul style="list-style-type: none"> <li>▪ Controls the imports and exports of goods into and out of the country</li> <li>▪ Combats illegal trade and other forms of customs fraud</li> <li>▪ Collects tariffs and duties</li> </ul>
Department of Labor Protection and Welfare, Ministry of Labor	<ul style="list-style-type: none"> <li>▪ Responsible for monitoring and enforcement of labor laws and regulations, including occupational safety and health</li> </ul>
Provincial Administrative Organizations (PAOs)	<ul style="list-style-type: none"> <li>▪ Each of the country's 77 provinces has a PAO, which includes staff from MONRE and RFD</li> <li>▪ PAO officials advise the Provincial Governor on provincial land and resource use and review permits, licenses and certificates issued by District (Amphoe) and Tambon officials</li> <li>▪ Together with District (Amphoe) heads, the Provincial Governors often adjudicate conflicts of natural resources</li> </ul>
District Authorities (Amphoe)	<ul style="list-style-type: none"> <li>▪ 878 districts in the country</li> <li>▪ District officials review and approve various administrative decisions and actions of TAOs</li> </ul>
Tambon (local government) Administration Organizations (TAOs)	<ul style="list-style-type: none"> <li>▪ Operate at the sub-district level (more than 7,000 in the country)</li> <li>▪ Lowest level of local government administrative structure in Thailand</li> <li>▪ Oversee and approve various activities at village and sub-district level, including land and resource use</li> </ul>

## 2. Legislation on harvesting of forest resources

### 3.1. Laws and regulation on harvesting of forest resources

Table 4 provides a list of key legislation and regulations governing forest and resource tenure, forest management, timber harvesting, etc. HTML links are provided for most key laws and regulations (English translations).

**Table 4. Laws and regulations regulating access to forests, management of forest and issuance of permits and licenses**

Name of laws and regulations	Year	Description
Forest Act B.E. 2484 (1941)	<ul style="list-style-type: none"> <li>▪ 1941</li> <li>▪ amended in 1948, 1982, 1989, 2014</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic legislation dealing with forestry in the country</li> <li>▪ Strongly focused on forest management and extraction</li> <li>▪ Provides basis for allocation of use rights to public forest lands</li> <li>▪ Elaborates rules for harvesting, transport, processing and sales of timber</li> <li>▪ Establishes system of royalties and fees (<a href="http://thailawforum.com/database1/forest-act.html">http://thailawforum.com/database1/forest-act.html</a>)</li> </ul>
National Reserved Forests Act B.E. 2507 (1964)	<ul style="list-style-type: none"> <li>▪ 1964</li> <li>▪ Amended in 2016</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determined national reserve forests and assigned responsibility for their control and maintenance to RFD</li> <li>▪ Outlines approved uses of NRFs and terms for allocation of use rights, including harvest of timber and non-timber forest products</li> <li>▪ Allows for allocation of agricultural use rights and reforestation of degraded forests within NRFs</li> </ul>

Name of laws and regulations	Year	Description
		<a href="http://www.thailawforum.com/national-reserved-forests-act/">(http://www.thailawforum.com/national-reserved-forests-act/)</a>
National Park Act B.E. 2504 (1961)	<ul style="list-style-type: none"> <li>▪ 1961</li> </ul>	<ul style="list-style-type: none"> <li>▪ Established countries national park system</li> <li>▪ Outlines protection and maintenance activities for national parks and the establishment of a national park committee</li> <li>▪ Prohibits occupation within the boundaries of national parks</li> <li>▪ Prohibits the harvesting or removal of resources from national parks</li> </ul> <a href="http://thailawforum.com/database1/national-park-act.html">http://thailawforum.com/database1/national-park-act.html</a>
Wildlife Preservation and Protection Act B.E. 2535 (1992)	<ul style="list-style-type: none"> <li>▪ 1992</li> <li>▪ Repealed previous wildlife act of 1960</li> </ul>	<ul style="list-style-type: none"> <li>▪ Authorizes establishment of Wildlife Sanctuaries and Non-Hunting Areas</li> <li>▪ Prohibits the ownership or occupation of land within Wildlife Sanctuaries</li> <li>▪ Prohibits timber harvesting within Wildlife Sanctuaries</li> </ul> <a href="http://thailaws.com/law/t_laws/tlaw0317.pdf">http://thailaws.com/law/t_laws/tlaw0317.pdf</a>
Commercial Forest Plantation Act B.E. 2535 (1992)	<ul style="list-style-type: none"> <li>▪ 1992</li> <li>▪ Amended in 2015</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outlines eligibility for registering forest plantations of 58 species (rubber and eucalyptus are not included) grown on private land or eligible public land with certificate of utilization under the Land Code or National Reserved Forests Act</li> <li>▪ Specifies conditions for harvest and transport of timber grown in registered plantations</li> <li>▪ Details requirements for marking timber cut from registered plantations with owner's seal</li> <li>▪ Exempts timber from registered plantations from forest royalties and forest maintenance fees</li> <li>▪ 2015 amendment clarified list of restricted and unrestricted species</li> </ul> <a href="http://extwprlegs1.fao.org/docs/pdf/tha70240.pdf">http://extwprlegs1.fao.org/docs/pdf/tha70240.pdf</a>
Plant Act B.E. 2518 (1975)	<ul style="list-style-type: none"> <li>▪ 1975</li> </ul>	<ul style="list-style-type: none"> <li>▪ Authorizes monitoring and control of CITES listed plant species, known as "conserved plants"</li> </ul> <a href="http://thailaws.com/law/t_laws/tlaw0502.pdf">http://thailaws.com/law/t_laws/tlaw0502.pdf</a>
Plant Quarantine Act B.E. 2507 (1964)	<ul style="list-style-type: none"> <li>▪ 1964</li> <li>▪ Amended in 1999 and 2008</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulates the import and export of plants and plant materials</li> <li>▪ Provides for inspections and issuance of phytosanitary certificates</li> </ul> <a href="http://www.doa.go.th/ard/FileUpload/import/1.4%20QA/1.4.1%20QA/QA02E.pdf">http://www.doa.go.th/ard/FileUpload/import/1.4%20QA/1.4.1%20QA/QA02E.pdf</a>
Land Code B.E. 2497 (1954)	<ul style="list-style-type: none"> <li>▪ 1954</li> <li>▪ Amended many times</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stipulates the conditions and eligibility for individuals and legal entities to own and use land</li> <li>▪ Allows for titling of private lands and use certificates for public land</li> <li>▪ Facilitates the maintenance of the country's land register</li> <li>▪ Stipulates conditions for land transfers</li> </ul> <a href="http://thailawforum.com/database1/Thailand-Land-Code.html">http://thailawforum.com/database1/Thailand-Land-Code.html</a>
Agricultural Land Reform Act B.E. 2518 (1975)	<ul style="list-style-type: none"> <li>▪ 1975</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides for allocation for use of public land for agricultural use to small-scale farmers under land reform program, including in some instances land previously designated reserved forest</li> <li>▪ Established Agricultural Land Reform Committee and Agricultural Land Reform Office (ALRO)</li> </ul> <a href="https://www.samuiforsale.com/knowledge/thailand-land-title-deeds.html">https://www.samuiforsale.com/knowledge/thailand-land-title-deeds.html</a>

Name of laws and regulations	Year	Description
Agricultural Land Consolidation Act B.E. 2558 (2015)	<ul style="list-style-type: none"> <li>▪ 2015</li> <li>▪ Repealed 1974 act of same name</li> </ul>	<ul style="list-style-type: none"> <li>▪ Includes provisions for individuals previously entitled to own or use land prior to land consolidation initiative to obtain land title (<a href="http://web.krisdika.go.th/data/outside/outside21/file/Agricultural_Land_Consolidation_Act_BE_2558_(2015).pdf">http://web.krisdika.go.th/data/outside/outside21/file/Agricultural_Land_Consolidation_Act_BE_2558_(2015).pdf</a>)</li> </ul>
Allotment of Land for Living Act B.E. 2511 (1968)	<ul style="list-style-type: none"> <li>▪ 1968</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides public land to rural households for utilization and livelihood related to agriculture, of not more than 50 rai (8 hectares per family) (<a href="http://www.cpd.go.th/cpd/en/images/Allotment.pdf">http://www.cpd.go.th/cpd/en/images/Allotment.pdf</a>)</li> </ul>
Cooperatives Act B.E. 2542 (1999)	<ul style="list-style-type: none"> <li>▪ 1999</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides for establishment and registration of cooperatives, including farmer and tree-grower cooperatives (<a href="http://www.cpd.go.th/cpd/en/images/coop_act.pdf">http://www.cpd.go.th/cpd/en/images/coop_act.pdf</a>)</li> </ul>
Electrical Saw Act B.E. 2545 (2002)	<ul style="list-style-type: none"> <li>▪ 2002</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulates the registration, ownership and use of chainsaws</li> <li>▪ Requires registration of dealers and importers of chainsaws (<a href="http://www.thailawforum.com/electrical-saw-act-english-translation/">http://www.thailawforum.com/electrical-saw-act-english-translation/</a>)</li> </ul>
Cabinet Resolution of 17 January B.E. 2532 (1989)	<ul style="list-style-type: none"> <li>▪ 1989</li> </ul>	<ul style="list-style-type: none"> <li>▪ Terminated all logging concessions in natural forests except in mangrove forests</li> </ul>
Cabinet Resolution of 13 August B.E. 2539 (1996)	<ul style="list-style-type: none"> <li>▪ 1996</li> </ul>	<ul style="list-style-type: none"> <li>▪ Terminated all remaining logging concessions in mangrove forests, effectively making any harvest of timber from natural forests illegal (other than those under special order for public infrastructure projects)</li> </ul>
Labor Protection Act B.E. 2541 (1998)	<ul style="list-style-type: none"> <li>▪ 1998</li> <li>▪ Amended 2008 and 2017</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic labor code of Thailand, governing worker and employer rights and responsibilities, salaries and benefits, working conditions, occupational health and safety, protections, etc. (<a href="https://www.labour.go.th/en/attachments/article/18/Labour_Protection_Act_BE2541.pdf">https://www.labour.go.th/en/attachments/article/18/Labour_Protection_Act_BE2541.pdf</a>)</li> </ul>
Occupational Safety, Health and Environment Act B.E. 2554 (2011)	<ul style="list-style-type: none"> <li>▪ 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outlines employer and employee rights and responsibilities regarding worker safety, work conditions, training, protective equipment, etc. (<a href="http://legal.labour.go.th/2018/images/law/Safety2554/safety54_eng.pdf">http://legal.labour.go.th/2018/images/law/Safety2554/safety54_eng.pdf</a>)</li> </ul>

### 3.2. Legal rights over forests

Land and resource tenure is extremely complicated in Thailand. No less than 17 different land ownership, use and possession instruments are potentially available to facilitate timber production, including on small-scale agricultural land holdings. Lands are classified as “private” or “public” with all lands *not legally acquired* by any person under the Land Code defined as “forest” (even if not covered by trees).

It must be noted that there are considerable misunderstandings over what various tenure instruments legally allow, especially with respect to land utilization and transfers. There are also numerous cases of misuse of land-tenure instruments and fraudulent transfers of land under existing systems – either intentionally or through ignorance of allowable transfer rights.

In addition, there is a great deal of speculation among long-term occupiers of land (and outright land encroachers) that they may eventually be granted more favorable and more legitimate legal land allocation by the government in the future. Such speculation is not without reason, as this has often happened in the past and the current Thai government has signaled its intentions to grant more favorable tenure to forest land occupants. Thus, the entire land allocation process is highly politicized and controversial.

### **3.2.1. Land/resource tenure in National Reserved Forests**

#### **Plantation License**

- Degraded forest land within National Reserved Forests can be leased to individuals (issued a *Por Sor 31 Plantation License*, by the Director of RFD, pursuant to Section 20 of the National Reserved Forests Act 1964) for purposes of establishing tree plantations or restoring degraded forest areas. Leases are for up to 30 years; leases previously allowed for leasing up to a maximum of 320 hectares, but 1992 revisions of the program reduced the maximum area to be leased to 8 hectares. Older leased areas greater than 16 hectares required a detailed project document, including start time, objectives, budget and staffing/workers. Leases cannot legally be transferred or sold.
- Entities that have been granted leases (*Por Sor 31*) to establish plantations within degraded NRF land are required to perform weed control at least twice a year, protect the area from fire, and conduct pest and disease protection measures. These activities are to be reported in the Plantation Annual Management Report (*Por Sor 32*) submitted at the end of each year (TEFSO, RFD and MONRE, 2017).

#### **5 years leases to smallholders**

- Leases of 5 years duration (extendable up to 30 years) are provided to smallholders who occupy land in NRFs for purposes of livelihood or agriculture and livestock production (issued *Por Sor 23*, by RFD, pursuant to Section 16 of the National Reserved Forests Act 1964). Planting of trees within *Por Sor 23* areas is permitted with RFD approval. The leases cannot legally be transferred or sold. Note that these areas are not eligible to be registered under the Commercial Forest Plantation Act.

#### **Allocation of Land Use to Households Long Occupying NRF Lands**

- Under the *Sor Tor Kor* (National Forest Land Allocation) initiative, NRF land with degraded forests (or no forest cover) was leased to individuals long occupying lands (usually prior to the establishment of the NRF) for purposes of utilization and livelihoods (including tree plantations). Leases of 5 years, renewable, extend up to 3.2 hectares per household. Leaseholders are issued *Sor Tor Kor 1A*, *Sor Tor Kor 2A*, or *Sor Tor Kor 1B* documents. *Sor Tor Kor* certificates extending over 1.2 million hectares of NRF land were issued prior to closure of the STK program in 1987. By 1990, approximately 700,000 households had obtained *Sor Tor Kor* (Barney, 2005). Administration of the *Sor Tor Kor* allocated lands continues under Cabinet Resolution of 1998.
- In 1995, jurisdiction over *Sor Tor Kor* lands was transferred from RFD to Agricultural Land Reform Office (ALRO), but the land technically remains the property of the state. Legally, the leases cannot be sold or transferred, except passed to heirs, but this has not stopped

numerous instances of *Sor Tor Kor* holders transferring their rights to others, even without formal ownership documents (Lakanavichian, 2006).

### **3.2.2. Land/resource tenure in public land outside National Reserved Forests**

#### **Permits of Utilization under the Forest Act**

- Section 54 of the Forest Act (1941) allows for issuance of Permits of Utilization of 10 years in duration for agricultural and livelihood activities and up to 30 years for tree plantations. Note, however, that these areas are not eligible to be registered under the Commercial Forest Plantation Act.

#### **Right to utilize public land for agriculture or livelihood under the Agricultural Land Reform Act**

- *Sor Por Kor* (Land Reform for Agriculture) certificates, lease agreements, lease-purchase agreements, and land compensation agreements, authorizing the right to utilize public land for agriculture or livelihood are issued by ALRO pursuant to Section 30 of the Agricultural Land Reform Act. Areas allocated are up to 8 hectares (16 hectares if large livestock are being raised). Lands may not be transferred except to heirs. 6.4 million ha was transferred from RFD to ALRO (Barney, 2005).

#### **Certificates for land utilization under the Agricultural Land Consolidation Act**

- Certificates for land utilization have also been issued under the Agricultural Land Consolidation Act.

#### **Utilization Certificates under the Allotment of Land for Living Act**

- *Nor Kor 3* Utilization Certificates (issued by the Department of Social Development and Welfare) and *Kor Sor Nor 5* Cooperative Settlement Utilization Certificates (issued by the Cooperative Promotion Department) allocate up to 8 hectares of land per household for agricultural and livelihood activities, under conditions outlined in the Allotment of Land for Living Act.

#### **Others**

- Land leases and other contracts issued under the Ratchaphatsadu (state) Land Act B.E. 2518 (1975). Lease contracts specify activities permitted, including tree growing is so specified.
- Land title of public bodies, state enterprises (e.g., Forest Industries Organization<sup>10</sup>) and other state agencies, as governed by specific laws related to the entities involved.

### **3.2.3. Land/resource tenure in private lands**

#### **Freehold title deed under the Land Code**

- Freehold title deeds (*Nor Sor 4*, *Nor Sor 4 Kor*, *Nor Sor 4 Khor*, *Nor Sor 4 Ngor* and *Nor Sor 4 Chor*), also known as “*chanote*”, issued under the Land Code, convey absolute rights of

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<sup>10</sup> The Forest Industries Organization manages 244 plantation areas throughout the country, covering approximately 160,000 hectares (RFD, 2017).

ownership, with no restrictions on the use of the land. Titled lands can be sold or transferred freely.

#### **Utilization Certificates under the Land Code**

- Utilization Certificates (*Nor Sor 3, Nor Sor 3 Kor, Nor Sor 3 Khor*), issued under the Land Code, designate possessory rights, but the lands involved have never been officially surveyed for issuance of a title deed. The possessor is entitled to request the Land Department to survey the land and issue a title deed. These lands can be legally sold or transferred.

#### **Pre-emption Certificates issued under the Land Code**

- Pre-emption Certificates (*Nor Sor 2*), issued under the Land Code, acknowledge temporary land possession. The possessor is required to start utilization of the land within six months of issuance and achieve land utilization goals within three years. If specified conditions are met, possessor is entitled to request a title deed or utilization certificate for the land involved. The subsequent title deed or utilization certificate cannot be sold or transferred for 5 or 10 years, respectively, as outlined in the Land Code.

There are very high numbers of people living in and near Thailand's forests and protected areas. An estimated 1.2 to 2.0 million people are reported to live within the boundaries of national parks and wildlife sanctuaries and as many as 20 to 25 million live within or near NRFs (FAO, 2009). The government has legitimized some forest residents through the land tenure instruments elaborated above, but many more are living in an uncertain legal state. Many such residents have occupied forest lands for generations, including long before official designation and classification of the lands. RFD has registered more than 10,000 community forestry sites in public land, most are NRFs (RFD, 2017), covering approximately 200,000 hectares (Lakanavichian, 2006), and provides varying degrees of support, while awaiting political decisions regarding their long-term disposition. Generally, however, authorities have taken harsh measures against occupancy within national parks and wildlife sanctuaries (Usher, 2009). The current Thai government has signaled that it intends to promulgate legislation in the near future that would legitimize a wider range of forest occupants in NRFs (allowing commercial tree growing) and (perhaps) even occupancy in protected areas and Watershed Categories 1 and 2 for subsistence living (but not allowing commercial activities). In line with this, there is also expectation of approval of the long-deliberated Community Forestry Act.<sup>11</sup>

The Commercial Forest Plantation Act of 1992 (amended in 2015) is intended to streamline procedures for harvesting and transport of timber from planted forests in private or public lands (relative to previous legislation originally geared toward control of harvesting and transport of timber from natural forests under the traditional forest concession system). Under the Act, plantation owners growing one or more of 58 listed species, that – once harvested – could be confused with timber originating from natural forests, can opt to register their plantations with RFD (obtaining a *Por Sor 3*). Registration requires submitting an

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<sup>11</sup> Starting in 1993, several versions of legislation covering community forestry have been drafted and debated, but until now no clear legal mandate has been enacted clarifying rights and procedures for community forest management in the country.

application along with copies of national ID card, house registration, land title or usufruct tenure instrument, and description of the plantation area. Once approved, the registration allows for relaxed harvest and transport of timber and exemption from royalties and forest maintenance fees. Importantly, the Commercial Forest Plantation Act only covers 58 species that were thought to be potentially confused with timber from natural forests. As such, the Act does not cover plantations of eucalyptus or rubber – the species most commonly planted by farmers. The Act does, however, cover teak and rosewood species. Registration provides some benefits, including long-term security of tenure for the plantation owner, but there also appears to be disincentives (including requirements for RFD approval of harvesting) and many private plantation owners appear reluctant to register (Heuch et al., 2012; Rungnapa Wattanavichian, personal communication).

Timber grown on private land is not subject to regulation under most forestry laws. Owners can establish a plantation, harvest the trees, transport and market the timber without need of permits, with the exception of teak (*Tectona grandis*), yang (*Dipterocarpus alatus*) and rosewood (*Dalbergia* spp.), which require special approvals.

The complex and confusing land and resource tenure laws of Thailand pose considerable risks with respect to legal land use (and, consequently, legal tree growing on such lands). Clear and long-term security of tenure is only confidently associated with private lands having freehold title deeds. Provisions for issuing land-use rights to public land are spelled out in various legislation and regulations, but in practice issuance of such tenure instruments is commonly fraught with anomalies and corruption. Reports of widespread bribery, facilitating the fraudulent issuance of land documents to ineligible individuals, are common. In many instances, sales or transfer of such leased land and land-use rights have been made, despite the illegality of such transfers. In still other cases, individuals have encroached and cultivated lands illegally (including in national parks, wildlife sanctuaries and NRFs) – sometimes with hopes or expectations of later legitimization of their occupancy. Land disputes are not unusual in untitled lands.

### Risk

These uncertainties have significant implications for legality of the most common timber species in the Thai supply chain – rubberwood and eucalyptus – which are overwhelmingly grown by smallholder farmers, many of whom are occupying and using public land under less-than-definitive tenure arrangements. One expert (requesting anonymity) stated that there are more “gray” rubberwood plantations (meaning not necessarily illegal, but lacking unambiguous and clear tenure) than “black” in Thailand.

**Table. 5**

Land tenure	Permits for management, harvesting, transporting
<b>National Reserved Forests</b>	
Plantation License (Por Sor 31)	<ul style="list-style-type: none"> <li>■ Required to submit</li> <li>■ Annual operating plan</li> <li>■ Plantation Annual Management Report (Por Sor 32) for holders of Por Sor 31</li> <li>■ Harvesting Permit (Por Sor 2) and Removal Pass (Transportation Certificate) for timber of all species</li> </ul>
5 years leases to smallholders (Por Sor 23)	
Certification of National Forest Land Allocation (Sor Tor Kor) [1.2 million ha]	

	<p>cut from plantations unless plantation is registered under Commercial Forest Plantation Act.</p> <ul style="list-style-type: none"> <li>■ If registered under Commercial Forest Plantation Act, Sor Por 13, Sor Por 8 and 9, and Sor Por 15 requirements must be met for harvesting and transport.</li> </ul>
<b>Public land outside National Reserved Forests</b>	
Permits of Utilization under the Forest Act 1941	<ul style="list-style-type: none"> <li>■ Harvesting Permit and Removal Pass (Transportation Certificate) (unless plantation registered under Commercial Forest Plantation Act)</li> <li>■ Permission to harvest, transport and trade <ul style="list-style-type: none"> <li>- Category A (158 species): authorized by RFD</li> <li>- Category B (13 species): Ministerial approval</li> </ul> </li> <li>■ Removal Pass (Transportation Certificate) for all restricted species cut from non-registered plantations (obtained from RFD prior to initiating transport)</li> <li>■ Removal Pass (Transportation Certificate) for unrestricted species from non-registered plantations (obtained at the first RFD checkpoint from where the timber is transported)</li> <li>■ If registered under Commercial Forest Plantation Act, Sor Por 13, Sor Por 8 and 9, and Sor Por 15 requirements must be met for harvesting and transport</li> </ul>
Right to utilize public land for agriculture or livelihood under the Agricultural Land Reform Act (Sor Por Kor) [6.4 million ha]	
Certificates for land utilization under the Agricultural Land Consolidation Act	
Utilization Certificates under the Allotment of Land for Living Act (Nor Kor 3)	
Land leases and other contracts under the Ratchaphatsadu (state) Land Act B.E. 1975	
<b>Private Land</b>	
Freehold title deed under the Land Code (Nor Sor 4, Nor Sor 4 Kor, Nor Sor 4 Khor, Nor Sor 4 Ngor and Nor Sor 4 Chor)	<ul style="list-style-type: none"> <li>■ No harvesting permits are required except for teak, yang and rosewood</li> <li>■ Harvesting permit for teak, yang and rosewood</li> <li>■ No transport permits are required except teak, yang and rosewood</li> <li>■ Removal Pass (Transportation Certificate) for teak, yang and rosewood</li> </ul>
Utilization Certificates under the Land Code (Nor Sor 3, Nor Sor 3 Kor, Nor Sor 3 Khor)	
Pre-emption Certificates issued under the Land Code (Nor Sor 2)	

### 3.3. Timber source types, management and harvesting planning and permits

Legal requirements to obtain a harvesting permit depend on the species involved and the area where the trees are grown.

As there has been no legal timber harvests in natural forests since 1989, the focus of legal domestic timber harvesting has shifted entirely to planted forests and trees.

A royalty is applied to all timber cut from public lands, with exceptions made for

- 14 non-restricted species (i.e., rubberwood, eucalyptus and 12 other common species) grown on public lands outside of NRFs and
- all timber generated from plantations registered under the Commercial Forest Plantations Act (NEPCon, 2017). 58 tree species explicitly eligible for registration under the Commercial Forest Plantations Act.

### 3.3.1. National Reserved Forests

- Legal requirements for management planning only apply to plantations in NRFs. Plantation license holders in NRFs (i.e. holders of *Por Sor 31*) are required to submit an annual operating plan prior to the start of operations each year and a Plantation Annual Management Report (Por Sor 32) at the end of each year. The annual report is to include information on the plantation size, demarcation, species, survival rates, maintenance, weeding, pest control, fire protection, and infrastructure development. If harvesting is to be conducted in the plantation, operators are to submit a map showing areas to be harvested, along with tree inventories, at the time of requesting permission to harvest. Previous reviews indicate that there is weak implementation of these planning and reporting requirements (NEPCon, 2017).
- The Forest Act and National Reserved Forests Act require operators to obtain a Harvesting Permit (Por Sor 2) (TEFSO, RFD and MONRE, 2017) from provincial forestry authorities (RFD) where the timber is located, unless the plantation is registered under Commercial Forest Plantation Act. The harvesting permits are required for cutting of all timber species grown on NRFs, including non-restricted species.
- In securing a Harvesting Permit, the operator must request RFD to review the plantation owner's documents with respect to legal right to occupy the land upon which the trees were grown, inspect the area proposed for harvest, and inspect the trees to be cut (noting species, size, and estimated volume).

### 3.3.2. Public land outside National Reserved Forests

- Harvesting of tree plantations grown on public land require a harvesting permit unless they have been registered under the Commercial Forest Plantation Act.
- Section 6 of the Forest Act classifies "restricted" timber species into Category A (158 species) and Category B (13 species). Permission to harvest, transport and trade Category A restricted species is authorized by RFD, while permission to cut trees belonging to Category B requires ministerial approval (NEPCon, 2017; TEFSO, RFD and MONRE, 2017).

### 3.3.3. Private lands

- On privately owned lands, no harvesting permits are required, with the exception of harvests of teak (*Tectona grandis*), yang (*Dipterocarpus alatus*) and rosewood (*Dalbergia* spp.)<sup>12</sup>. These restricted species require harvesting permission, even when grown on private lands. In 2017, RFD issued 156 cutting permits for teak and yang grown in plantations on private lands (RFD, 2017).

According to conditions stipulated in the Commercial Forest Plantation Act, those wishing to harvest timber from plantations in public or private lands *registered under the Act* (i.e., holders of *Por Sor 3 Plantation Certificates*) submit a Notification of Harvest to provincial authorities, which is then acknowledged by the Registrar of Plantations, who issues a *Certificate of Cutting/Felling Notification (Sor Por 13)*. The operator wishing to harvest also must register

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<sup>12</sup> Legislation is currently being considered to relax restrictions on growing, harvesting, transporting and processing some currently restricted species (e.g., teak, rosewood) on private lands and public lands outside NRFs to further encourage more tree growing by farmers and smallholders (Rattanasat Warangkana, personal communications).

their private seal (for marking harvested timber) with the authorities, obtaining a *Seal Registration (Sor Por 8)* and a *Seal Certificate (Sor Por 9)*. At the time of harvest, the operator must also prepare an acknowledged letter of timber account or *Plantation Timber Packing List (Sor Por 15)* (TEFSO, RFD and MONRE, 2017).

### **Risk**

The legality risks related to harvesting of domestic plantations mainly relate to whether or not the operator has obtained legal authority to access particular land plots and establish their plantation at the outset. The risk of illegal occupancy and use of land is perhaps greatest with respect to rubber plantations and there are frequent reports of illegal encroachment of rubber plantations into unauthorized NRFs and even into national parks and wildlife sanctuaries (Bangkok Post, 2018c; The Nation, 2017; Phuket News, 2017).

For registered plantations, and plantation harvesting for which harvesting permits have been issued, legality risk is considered to be very low. Risk may arise from cutting outside of approved areas, but reports of such are uncommon.

Illegal logging (timber poaching) in Thailand's natural forests continues to be a significant problem, particularly of high-value species such as rosewood (*Dalbergia cochinchinensis*) and other redwood species, and agarwood (*Aquilaria* spp.). Most of the illegally harvested rosewood and redwood species is smuggled out of Thailand and eventually reaches markets in China (EIA, 2014). Illegally harvested agarwood is often processed to extract the oil, which is then generally exported to countries in the Middle East.

Illegal harvesting of teak and other timber trees from natural forests is also not uncommon – albeit far less frequent than in the past. Some illegally harvested wood makes its way directly into local domestic markets, while there have been elaborate schemes in the past to transport timber illegally cut in Thailand across national borders; the timber then “imported” back into Thailand and “laundered” as legally imported from neighboring countries.<sup>13</sup>

### **3.4. Environmental requirements**

Thailand has a well-established and relatively well-managed protected area system, including national parks, wildlife sanctuaries and Category 1 and 2 watersheds. These are the key areas of the country containing high-conservation value forests and associated resources and all timber harvesting is strictly prohibited in these areas. While there are sporadic reports of illegal logging and encroachment in these areas, for the most part they are well-managed and protected.

Beyond the strictly protected areas, many of the areas of the country legally classified as forest are heavily degraded and contain few trees. Some of these areas have been made available for allocation and lease by the government to individuals and companies under various land-use allocation programs. Safeguards have been put in place to ensure that only degraded

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<sup>13</sup> Reports of such nefarious timber laundering have declined in recent years with increased monitoring and control both in Thailand and in neighboring countries. Neighboring countries have also increasingly restricted the export of unprocessed logs. Thailand has also periodically restricted the importation of logs and sawnwood through border crossings with Myanmar to thwart timber laundering schemes.

forest lands are allocated to individuals, households and companies and – despite sporadic reports of improper leases and occupancy of rich forest – the land allocation system is generally restricted to degraded forest lands.

RFD has a defined procedure for inventorying site that may be categorized as “degraded”. It involves species count and inventory of sample plots of no less than 5% of the area being considered and complete tall of all trees 50 cm dbh remaining in the area. In the past, there was considerable abuse of the designation of “degraded forest,” where areas that were, in fact, still above the threshold for good forest were inappropriately declared “degraded” (usually with collusion of land and/or forestry officials), allowing for allocation of leases in contravention of regulations. In other cases, people intentionally degraded forests so they could be declared “degraded” and then leased under various lease of public lands programs.

Specific definition/determination of “degraded forest” involves a series of threshold determinations:

- An area or part of an area in National Reserved Forest where there are few remaining valuable timber trees and it is difficult for the forest to recover naturally.
- Less than 20 saplings per rai (0.16 hectare) that are 2 meters in height or more and less than 2 trees per rai that are greater than 100 cm dbh.
- In watershed headwater areas, in addition to above thresholds, if there are more than 8 trees in the size class 50-100 cm dbh.

Thailand has no regulatory requirements related to approval of harvest plans prior to commencing activities, or for harvesting operations, health and safety, or post-harvest rehabilitation. There are no regulatory requirements, specific to forestry, governing the use of pesticides or other chemicals in forests or forest plantations (NEPCon, 2017). Forest harvesting practices and permissions are prescribed in the National Reserved Forest Act, but these regulations were geared toward commercial harvesting in natural forests and most are mostly irrelevant for harvesting in plantations.

The only enforceable law related to timber harvesting is the Electric Chainsaw Act, which requires registration of chainsaws and is aimed at curbing illegal logging.

Thailand ratified CITES in 1983 and is therefore committed to regulating the trade of CITES-listed species. Important CITES-listed trees species native to Thailand include agarwood (*Aquilaria* spp. and *Gyrinops* spp.), Siamese rosewood (*Dalbergia cochinchinensis*), and ebony (*Diospyros ferrea*) – which are all listed as CITES Appendix II species. *Podocarpus neriifolius*, which is found in isolated locations in Thailand, is listed in Appendix III.

The main CITES-listed species of major concern is Siamese rosewood (*Dalbergia cochinchinensis*), which is highly prized in Asian markets, particularly in the Chinese *hongmu* market. Illegal harvest and trade of Siamese rosewood has been well documented in the past decade, including a wide range of illegal felling and transport, bribery, smuggling, misdeclaration, and fraudulent documents (EIA, 2014). The Thai Government has taken various measures in an attempt to stem the illegal rosewood trade. Thailand reported 4,386 seizures of rosewood to CITES during a 2-year period from 2012 to 2014, totaling 2,975 cubic meters (CITES, 2016). Nonetheless, news reports confirm that serious problems continue,

including strong involvement of influential Thais and linkages to Chinese buyers (Bangkok Post, 2018a). One study noted 835 independent seizures of illegal rosewood reported in the Thai media over a 28-month period from 2014 to 2016, totaling tens of thousands of logs and rough-sawn timber (Siriwat and Nijman, 2018). Considering that these reports only reflect actual confiscations, the true scale of the illegal trade – including undetected and unprosecuted – may be far greater.

In 2016, Thailand issued more than 150 export permits for *Aquilaria* spp. wood, chips, roots, oil, powder and other derivatives (<https://trade.cites.org>). All were indicated as sourced from artificially propagated plants. As there are several plantations of *Aquilaria* in Thailand, such exports may be legal and proper. However, there have been various reports of illegal poaching of agarwood from natural forests in the past several years, raising the possibility that illegal harvests of agarwood from natural forests may be exported under claims of having been derived from plantations, or smuggled out of the country without CITES permits.

There is considerable risk that any Siamese rosewood timber traded in Thailand, or exported from the country, is illegal. Trade of agarwood and agarwood products and derivatives should be approached with caution, but may well be legally sourced from artificially propagated trees (plantations).

Aside from the risks associated with illegal logging in natural forests, noted in section 3.3, there are few legality risks associated with *environmental* requirements since there are very few specific environmental laws directly related to timber harvesting currently in effect.

### **3.5. Employment and safety in forest management and harvesting operation**

While there are no specific labor or occupational health and safety regulations governing forest management and harvesting operations, forestry work is categorized as “agricultural labor” and is governed by the Labor Protection Act (1998) and the Occupational Safety, Health and Environment Act (2011), among others. These laws prescribe employer and employee rights and responsibilities with respect to salaries, benefits, worker conditions, safety, personal protection equipment, safety training, health services, etc.

Employers are required to maintain employment registers for each workplace, detailing worker names, gender, nationality, date of birth, date employment started, position, duties, wages and benefits, and projected expiry of employment. The Social Security Office issues a Social Security Certificate of Registration to the employer and a social security card to the employee. Records of payments and salaries, including overtime pay, are also to be maintained. Regulations cover minimum legal wages, equal wages for men and women, sick leave and overtime benefits, access to clean drinking water, personal protection equipment, etc.

Employers hiring workers between 15 and 60 years old are required to submit information of employment to the Social Security Office and register employees for Social Security insurance. In the case of use of contractors and subcontractors, Thai law places joint responsibility on employers and sub-contracting employers to ensure safe working conditions. Employers are required to give adequate training to workers on safety measures and provide personal protective equipment, as appropriate for tasks involved. Records of training provided should be maintained at the workplace for potential inspection. Workplace conditions need to be inspected regularly with respect to lighting, temperature, noise and air quality and the analysis

report kept on site for possible review by inspectors. Health checks of employees are to be provided by the employer at regular intervals, according to the Occupational Safety, Health and Environment Act.

Workers must be at least 15 years of age and those between 15 and 18 require special notification to the Department of Labor Protection and Welfare. Any business hiring 10 employees or more must post “work rules” informing workers of their rights and benefits and conditions of work.

Thai law guarantees a minimum wage, adjusted by location, but not less than the designated basic national minimum wage rate.

All foreign workers are required to obtain a work permit and a resident permit for stay in Thailand. Employers are responsible for ensuring that foreign workers hold valid work permits.

Thailand has been under considerable pressure and scrutiny in recent years for violations and weak enforcement of various labor laws and occupational safety and health regulations. Common criticisms are of workers (particularly in the informal sectors and in rural areas) not being paid the minimum wage and benefits, forced overtime, lack of holidays, unexplained deductions from wages, unsafe working conditions, etc. Child labor remains a problem and conditions and terms of employment of foreign workers is particularly problematic in some sectors.

Most Thai workers do not have access to union support and employers use various tactics to limit union membership and activities. Thailand has not ratified the ILO conventions on trade union rights and discrimination.

Thailand is heavily dependent on foreign labor, including several million workers from neighboring countries of Myanmar, Laos and Cambodia. While precise numbers not available, estimates generally range between 3 and 5 million. Poor workplace conditions and exploitation are reportedly commonplace, including in the agriculture, fishing, food processing, and factory sectors. Some improvements have been made in recent years, which resulted in Thailand being “upgraded” from Tier 3 to Tier 2 in the most recent Trafficking in Persons Report issued by the U.S., but widespread abuses are still recognized by authorities. Personal communications with wood processing mill managers indicate that legal checks on foreign workers have become much stricter in the past two years, with regular mill site visits and verification of permits to stay and work permits by labor authorities.

To the extent that that timber legality will include considerations of compliance with labor laws, this is an area of considerable risk. As monitoring and enforcement of the country’s labor laws are outside the authority of forestry officials, coordination with the Department of Labor Protection and Welfare is essential if compliance with labor laws is to be considered a serious element of timber legality.

### **3.6. Social requirements**

While the Thai government recognizes the existence of ethnic groups (often referred to generically as “hill tribes”), it advocates assimilation policies and does not recognize customary rights with respect to forest and resource access and tenure. Indigenous people who live in

forest areas are often characterized as “destroyers” of the forest rather than custodians – even in cases where people have lived in particular forested areas for generations (Usher, 2009).

RFD has adopted a pragmatic co-management approach with many forest-dwelling communities, registering more than 10,000 such community forests.<sup>14</sup> However, despite decades of legal consideration, the country has not passed legislation that would govern and legitimize community forests in the country. There are optimistic expectations that the current military government will push through community forestry legislation prior to elections anticipated in 2019, but this is far from certain.<sup>15</sup> If a Community Forestry Act is promulgated, it is still unclear if it would cover only communities in NRFs, or if it would also allow occupation of lands within national parks and wildlife sanctuaries.<sup>16</sup> New community forestry legislation is expected to emphasize communities’ roles and responsibilities in protecting existing natural forests, and allowing commercial timber exploitation only from planted trees.

There is no Thai legislation addressing “free, prior and informed consent” (FPIC) or the need to consult local residents regarding forest management. Nonetheless, frequent conflicts arising in the past from the lack of consultation in allocating degraded public lands to various entities has motivated more pragmatic consultation of local people prior to making such allocations. The *Sor Tor Kor* and *Cor Tor Chor* programs subsequently gave priority to local people occupying degraded forest lands in allocation decisions.

### **3.7. Control measures to verify legality of harvesting**

Control measures related to harvesting are focused on stemming illegal harvest of timber from natural forests and ensuring that operators wanting to harvest plantation-grown wood have legal ownership over the timber to be harvested.

The current Thai government has made forest protection a high priority and arrests for illegal logging and poaching have increased in recent years. Joint operations involving forestry officials, police, military, Customs and others are now common. RFD and DNP have both established special forest protection task forces (named “Phayak Prai” and “Phaya Sua,” respectively). In 2017, a “Forest Protecting Operations Centre” was established to link various government agencies’ task forces and other authorities to facilitate more effective monitoring, law enforcement, and prosecution of illegal forest activities cases (The Nation, 2017a).

In fiscal year 2017, RFD registered 2,279 cases of illegal forest land encroachment or clearing and 3,014 cases of illegal timber felling or processing (RFD, 2017). There have been numerous arrests and confiscations of rosewood, in particular – including several involving foreign

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<sup>14</sup> It is estimated that there are approximately 20,000 communities located in and near NRFs that could be affected by anticipated new community forestry legislation (Warangkana Rattanasat, personal communication).

<sup>15</sup> See ITTO, 2011 for further elaboration on some of the complex perceptions of community forestry and why it has been so difficult to enact related legislation.

<sup>16</sup> In 2007, the Department of Parks, Wildlife and Plant Protection estimated 550,000 individuals were living within the boundaries of national parks, wildlife sanctuaries and non-hunting areas, but other estimates are consistently much higher.

nationals (mostly Cambodians accused of crossing the border and poaching rosewood in Thai forests along the border).

According to recent reports from the Ministry of Natural Resources and Environment, more than 23,000 individuals were arrested since 2015 on charges of illegal logging and poaching of wild animals, leading to losses to the state of an estimated 100 billion baht (US\$3.2 billion). Reported confiscations since 2014 include 1.3 million logs and other wood products (Bangkok Post, 2018b).

There have also been several high-profile forest encroachment or illegal occupancy cases, including the eviction of encroachers and dismantling of structures illegally built on public forest land (see for example, The Nation, 2018). Recent reports from the Ministry of Natural Resources and Environment indicate more than 100,000 hectares of illegally occupied forest land has been reclaimed by the government since 2014 (Bangkok Post, 2018b).

Control of legal harvesting of restricted species (or timber harvesting on public lands requiring harvesting permits), is exercised by RFD through surveys/inspections of plantations to be harvested. After harvesting, the Authorized Officer (usually designated from RFD) verifies the harvest, including documentation of the species, size and volume of timber harvested.

#### 4. Legislations on transportation and processing of wood and wood products

##### 4.1. Laws and regulation on transportation and processing of wood and wood products

Table 6 list key laws and regulations related to transport and processing of timber and wood products. HTML links are provided for most laws and regulations.

**Table 6. Laws and regulations regulating transportation and processing of wood and wood products**

Names of laws and regulations	Year	Description
Forest Act B.E. 2484 (1941)	<ul style="list-style-type: none"> <li>▪ 1941</li> <li>▪ Amended in 1948, 1982, 1989, 2014</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic legislation dealing with forestry in the country</li> <li>▪ Elaborates rules for harvesting, transport, processing and sales of timber</li> <li>▪ Various Ministerial Regulations provide implementing details with respect to transport, possession, processing, and trading of timber and sawnwood</li> <li>▪ Establishes system of royalties and fees <a href="http://thailawforum.com/database1/forest-act.html">http://thailawforum.com/database1/forest-act.html</a></li> </ul>
National Reserved Forest Act B.E. 2507 (1964)	<ul style="list-style-type: none"> <li>▪ 1964</li> <li>▪ Amended in 2016</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outlines allowable uses of NRFs and terms for allocation of use rights, including harvest of timber and non-timber forest products <a href="http://www.thailawforum.com/national-reserved-forests-act/">http://www.thailawforum.com/national-reserved-forests-act/</a></li> </ul>
Commercial Forest Plantation Act B.E. 2535 (1992)	<ul style="list-style-type: none"> <li>▪ 1992</li> <li>▪ Amended in 2015</li> </ul>	<ul style="list-style-type: none"> <li>▪ Specifies conditions for harvest and transport of timber of 58 listed species grown in registered plantations</li> <li>▪ Details requirements for marking timber cut from registered plantations with owner's seal</li> <li>▪ Exempts timber from registered plantations from forest royalties and forest maintenance fees</li> </ul>

Names of laws and regulations	Year	Description
		<ul style="list-style-type: none"> <li>▪ RFD issued various implementing regulations on the transport of timber and sawnwood from registered plantations elaborating the Commercial Forest Plantations Act, as amended in 2015</li> <li>▪ 2015 amendment clarified list of restricted and unrestricted species (<a href="http://extwprlegs1.fao.org/docs/pdf/tha70240.pdf">http://extwprlegs1.fao.org/docs/pdf/tha70240.pdf</a>)</li> </ul>
Labor Protection Act B.E. 2541 (1998)	<ul style="list-style-type: none"> <li>▪ 1998 Amended 2008 and 2017</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic labor code of Thailand, governing worker and employer rights and responsibilities, salaries and benefits, working conditions, occupational health and safety, protections, etc. (<a href="https://www.labour.go.th/en/attachments/article/18/Labour_Protection_Act_BE2541.pdf">https://www.labour.go.th/en/attachments/article/18/Labour_Protection_Act_BE2541.pdf</a>)</li> </ul>
Occupational Safety, Health and Environment Act B.E. 2554 (2011)	<ul style="list-style-type: none"> <li>▪ 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outlines employer and employee rights and responsibilities regarding worker safety, work conditions, training, protective equipment, etc. (<a href="http://legal.labour.go.th/2018/images/law/Safety2554/safety54eng.pdf">http://legal.labour.go.th/2018/images/law/Safety2554/safety54eng.pdf</a>)</li> </ul>
Emergency Decree on Managing the Work of Foreigners	<ul style="list-style-type: none"> <li>▪ 2017</li> <li>▪ Further amended in 2018</li> </ul>	<ul style="list-style-type: none"> <li>▪ Updates and supersedes the Alien Workers Act of 2008</li> <li>▪ Outlines the requirements for hiring foreign workers in Thailand and strengthens controls and regulation of foreign workers</li> <li>▪ Highlights the rights and responsibilities of employers of foreign workers</li> <li>▪ Significantly increased penalties for hiring undocumented foreign workers (<a href="https://www.doe.go.th/prd/assets/upload/files/bkk_th/3c35c06309c7e8942a8f6ea363b8b916.pdf">https://www.doe.go.th/prd/assets/upload/files/bkk_th/3c35c06309c7e8942a8f6ea363b8b916.pdf</a>)</li> </ul>

#### 4.2. Transportation of logs

Required transport approvals are issued by the Forest Checkpoint Bureau of RFD.

##### ***For transport of logs from registered plantations:***

For logs harvested from plantations registered under the Commercial Forest Plantation Act, the operator wishing to transport cut logs is required to register their private seal with RFD. They must also prepare a book of packing lists in line with RFD prescribed format (Plantation Packing List Sor Por 15) and have the book registered with the competent officer in their province. The packing lists are to include information on the species, size, volume, seal or tag details, and sequential number of logs.

After harvesting the logs, the operator is to mark or tag all logs with the registered private seal, along with the log number in sequential order, and the year of harvest.<sup>17</sup> Logs are to be measured, with respect to length and diameter, and recorded in the packing list. The Plantation Packing List (Sor Por 15) is acknowledged by the authorized officer (usually an RFD officer), which should be kept with the logs being transported in case of random inspection.

<sup>17</sup> The requirement for marking of individual logs was established with large-sized logs in mind; in practical terms, transport of small-diameter logs are often not individually marked or numbered.

The transport officer should also be in possession of the previously acknowledged Certificate of Cutting/Felling Notification (Sor Por 13) in case of inspection along the route.

***For transport of logs from other sources:***

For logs harvested from other sources (not from registered plantations), including: a) timber of all species cut from plantations on NRF lands; b) restricted species from plantations on public lands outside of NRFs; and c) teak (*Tectona grandis*), yang (*Dipterocarpus alatus*) and rosewood (*Dalbergia spp.*), the approvals for transport are similar. The operator must notify the responsible authority (usually RFD) to inspect the harvest site and the logs to be transported. The responsible officer then issues a Removal Pass (Transportation Certificate), including information on the species of logs to be transported, details of the seal or tags marked on the logs, sequential numbers, and royalty paid (if relevant).<sup>18</sup>

For transport of logs of unrestricted species cut from non-registered plantations grown on public lands other than NRFs, the operator transporting the logs is required to apply for a Transportation Certificate at the first RFD checkpoint where the timber is transported from. The RFD officer at the first checkpoint verifies the species, volume and other details of the logs at the time of issuing the Transportation Certificate. The documentation is subject to review at every RFD checkpoint passed.

For all species grown on private lands other than teak, yang and rosewood, no transport permits are required. As the domestic timber supply comprises a large volume of logs of species exempt from transport permit requirements (especially rubberwood and eucalyptus), currently more wood being transported is exempt from transport permit requirements than covered by such.

**Risk**

Legality risks relate to confusion, differing interpretations and uneven enforcement of the legal requirements for transporting logs from different sources, including the differing requirements for logs from registered plantations versus unregistered plantations, restricted and unrestricted species, etc. Confusion, differing interpretations of regulations and uneven enforcement inevitably lead to the transport of some logs in ways that do not strictly comply with legal requirements. There is also potential risk of unscrupulous operators transporting restricted species of logs (without required permits) by mixing such species into trucks hauling species exempt from permit requirements and simply bypassing checkpoints.

**4.3. Processing wood and wood products**

Operators of wood processing plants must obtain a Transformation of Timber Permit from RFD, which must be renewed annually. In 1960, the government stopped issuing licenses for new sawmills, but in 1989 the government again started issuing licenses for new sawmills processing rubberwood. In 1994, new sawmills were also allowed to process 13 additional unrestricted species. Licenses for such mills are relatively easy to obtain, with submission of

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<sup>18</sup> All timber grown in plantations registered with the Plantation Registrar in accordance with the Commercial Forest Plantation Act and all non-restricted species (including rubberwood) grown on private lands are exempted from royalties and forest maintenance fees.

usual personal and corporate registrations, tax records, etc. (Jhongsathit Aungvitayatorn, personal communication). As a result, there are a relatively small number of older sawmills (pre-1960) that have licenses to process a wide range of timber species, while most existing sawmills (established since 1989) can process the following domestically produced timber species<sup>19</sup> (Heuch, et al., 2012):

- *Eucalyptus* spp.
- *Azadirachta excelsa*
- *Casuarina equisetifolia*
- *Casuarina junghuhniana*
- *Acacia auriculiformis*
- *Acacia mangium*
- *Leucaena leucocephala*
- *Cocos nucifera*
- *Tamarindus indica*
- *Baccaurea ramiflora*
- *Bouea macrophylla*
- *Samanea saman*
- *Borassus flabellifer*
- *Hevea brasiliensis*

To obtain a license for a pulp/paper mill producing more than 50 tons of paper, paperboard or other paper products per day, operators must hire a licensed firm to prepare an Environmental Impact Assessment and submit to the Office of Natural Resources and Environmental Policy and Planning (ONEP) for approval prior to the start of operations. Regular monitoring reports on air and water pollution and mitigation are required to be submitted, every six months, to ONEP and the Department of Industrial Works.

The main operating requirement from the perspective of RFD is for the processing plant operators to maintain three related timber accounts (Item 6 of Ministerial Regulation No. 25, 1976). The timber accounts record the details of: 1) wood raw materials coming into the factory; 2) the volume of transformed timber and subsequent volume of manufactured wood products (i.e., transformed wood) that are sold or shipped elsewhere; and 3) the volume of timber and products held in stock (TEFSO, RFD and MONRE, 2017). The factory timber accounts must accompany the annual request for renewal of the Transformation of Timber Permit (Section 48 of Forest Act 1941) and must also be available to RFD authorities during on-site inspections. The timber accounts are supposed to include all timber inputs, including those of species exempted from the Transport Permit requirements. It does not, however, include semi-processed wood or panels that are used in further downstream manufacturing. The timber account for pulp and paper mills includes inputs of wood chips and logs, but not of purchased pulp or recycled paper inputs (Heuch, 2012).

Wood processing plants must comply with regulations outlined in the Labor Protection Act (1998), the Occupational Safety, Health and Environment Act (2011), and the Foreign Workers

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<sup>19</sup> These 14 species are also exempt from requirements for transport permits and checkpoint procedures applied to restricted species.

Management Emergency Decree (2017), among others, prescribing employer and employee rights and responsibilities with respect to salaries, benefits, worker conditions, safety, personal protection equipment, safety training, health services, etc., as outlined in Section 3.5 above (TEFSO, RFD and MONRE, 2017). Issues related to registration, visas, and permits of foreign workers are particularly relevant. Reports indicate that checks of worker conditions and work permits of foreign workers are now frequently made by the Department of Labor Protection and Welfare.

Wood processing plants are required to submit regular reports to the Ministry of Labor, documenting compliance with the Occupational Safety, Health, and Environment Act. Operators using hazardous materials in their processing operations are also required to obtain a Hazardous Substance Possession Permit and annually submit a report on use and operations to the Department of Industrial Works (TEFSO, RFD and MONRE, 2017).

To the extent that that timber legality will include considerations of compliance with labor laws and environmental laws related to processing plant operation, this is an area of considerable risk, although perhaps a declining risk relative to the past. The current government has given higher priority than in the past to monitoring compliance with labor and environmental laws, particularly those related to employment of foreign workers. As monitoring and enforcement of the country's labor laws are outside the authority of forestry officials, coordination with the Department of Labor Protection and Welfare is essential if compliance with labor laws is to be considered a serious element of timber legality.

Legality of wood supplies used by wood manufacturing plants is difficult to verify under current procedures in Thailand, due to the fact that mills can legally receive wood of non-restricted species (including rubberwood and eucalyptus) with little or no documentation of source or legality. This means that in many mills, documented wood (traced from legal sources) may be mixed together with undocumented wood. While still having a reasonable likelihood of being legally harvested and transported, there may be no documentation to confirm or assure such legality. Even if one component or the timber supply chain is known with precision and has comprehensive, accurate and reliable data, once it is mixed with other timber (of unknown origin, unknown quantities, or unknown legality) then, from that point on, it becomes increasingly difficult to make statements about the composition or legality of the mixed product (Heuch, et al., 2012).

Thailand recognizes these weaknesses in the current supply chain with respect to documentation of legality and chain of custody and is in the process of developing a robust timber legality assurance system (TLAS). This process is proving to be lengthy and contentious, however, and it may be some time before a rigorous TLAS is fully in place (Rungnapa Wattanavichian, Erica Pohnan, Sapol Boonsermsuk, personal communication).

#### **4.4. Transportation of wood and wood products**

Legal aspects related to transport of wood and wood products from primary processing or trading facilities are outlined in Sections 48-53 of the Forest Act B.E. 2484 (1941) and subsequent amendments) (<http://thailawforum.com/database1/forest-act.html>), and related

Ministerial Decrees and Regulations. Required transport approvals are issued by the Forest Checkpoint Bureau of RFD.

Thailand has an established system for authorizing the transport of sawnwood. This system was traditionally paper-based, but is currently in the process of evolving to an electronic system of approvals compatible with the National Single Window (Sapol Boonsermsuk, personal communication). Under the paper-based system, sawn timber transported from processing plants or trading facilities to wood dealers, other downstream manufacturing plants, or to points of export require a white-form Sawn Timber Certificate for transport, which is valid for up to 24 hours. A yellow-form Sawn Timber Certificate is used only for transporting sawnwood or chips from a mechanized processing facility licensed to process rubberwood and wood of the other 13 unrestricted species noted above in Section 4.3 (e.g. eucalyptus); this certificate is valid for up to 7 days. Licensed restricted wood dealers use a Restricted Wood Product Certificate for transporting sawnwood made from restricted species (valid for 2 days). The back side of these certificates/forms include a packing list description of the sawnwood or products to be transported, including type/species, quantity, size, and the seal or mark. The transport certificates also note the location to which the sawnwood is to be delivered (NEPCon, 2017).

These procedures are not applied to transport of processed wood products such as furniture, panels, or pulp and paper. Companies may choose to issue their own documentation for transport of finished products.

Due to confusion over regulations, differing interpretations, uneven enforcement, and potential collusion of responsible authorities, there is risk of illegally sourced wood (sawnwood and other products) entering the supply chain during transport operations. Some risks link back to wood sourced from land occupied without legal authorities/tenure. Risks also relate to restricted wood and products mixed with legal wood. There are also risks of fraudulent transport documents and trading permits (NEPCon, 2017). Reportedly, it is not uncommon for sawmills to process restricted timber species and transport/sell to local traders – often with complicity of authorities (Anonymous, personal communication).

#### **4.5. The system of supervision and control measures to verify legality of transporting and processing wood and wood products**

Each wood processing plant in Thailand is subject to inspection and review by RFD prior to annual renewal of its operating license. At the time of license renewal, the processing plant's timber accounts are also reviewed by RFD. Officials may also make spot inspections without advance notice throughout the year to verify timber accounts. In addition to monitoring by RFD, wood processing mills are subject to periodic review and on-site or documents inspection by officials from the Department of Labor Protection and Welfare, Ministry of Labor, Department of Industrial Works, and others. Monitoring of the employment of foreign workers is particularly rigorous in recent years as the country strives to improve its image from past reports of failure to respect foreign workers rights.

With respect to transport of wood and wood products, RFD maintains a system of 39 checkpoints nationwide. "Category 1" checkpoints are located in 38 provinces and operate 24

hours a day. A “Category 2” checkpoint is operated in Bangkok (with 4 branches), open only during daytime work hours. Category 1 checkpoints are mostly located near major land border crossings and near the wood processing centers near Bangkok.

According to the RFD Regulation on the Transportation of Timber and Forest Products B.E. 2552 (2009), forest checkpoint officials verify transport documents for validity and expiration and note if any relevant royalties due have been paid. If all is in order, a sample check of at least 20% of the load is made. Once verified, officials stamp the personal seal and a removal seal on the sample-checked items and sign the transport document. If the original transport document has expired, checkpoint officials issue a new removal pass, with expiration date up to a maximum of 30 days from date of issue (NEPCon, 2017).

In most cases, the checkpoints are not physical barriers that force vehicles to stop, but rather are dependent on transport conveyances stopping at the checkpoints to request relevant permits and recording transport in accordance with previously issued permits. Essentially, operators are simply required to present a transport document with the relevant packing list to the checkpoint official within the specified timeframe for the sawnwood or products being transported. Thus, given the potential for concealing sawnwood and other products under tarps or in containers, or otherwise bypassing the checkpoints, the effectiveness of the checkpoint system as a means of deterring determined efforts to transport illicit wood and wood products is somewhat questionable (Heuch, 2012).

## **5. Legislations on trading woods and wood products**

### **5.1. Laws and regulation on trading woods and wood products**

The Customs Act B.E. 2560 (2017) regulates all general procedures for import and export of products into and out of Thailand.

([http://www.customs.go.th/data\\_files/a48902e107a80bbbfc83d38742957569.pdf](http://www.customs.go.th/data_files/a48902e107a80bbbfc83d38742957569.pdf))

All importers and exporters are required to obtain and Import/Export License. This can be obtained electronically and the paperless license is valid for three years.

Thailand uses the Harmonized Commodity Description and Coding System (HS), developed by the World Customs Organizations (WCO), which is also the basis for the ASEAN Harmonized Tariff Nomenclature.

#### **5.1.1. Imports**

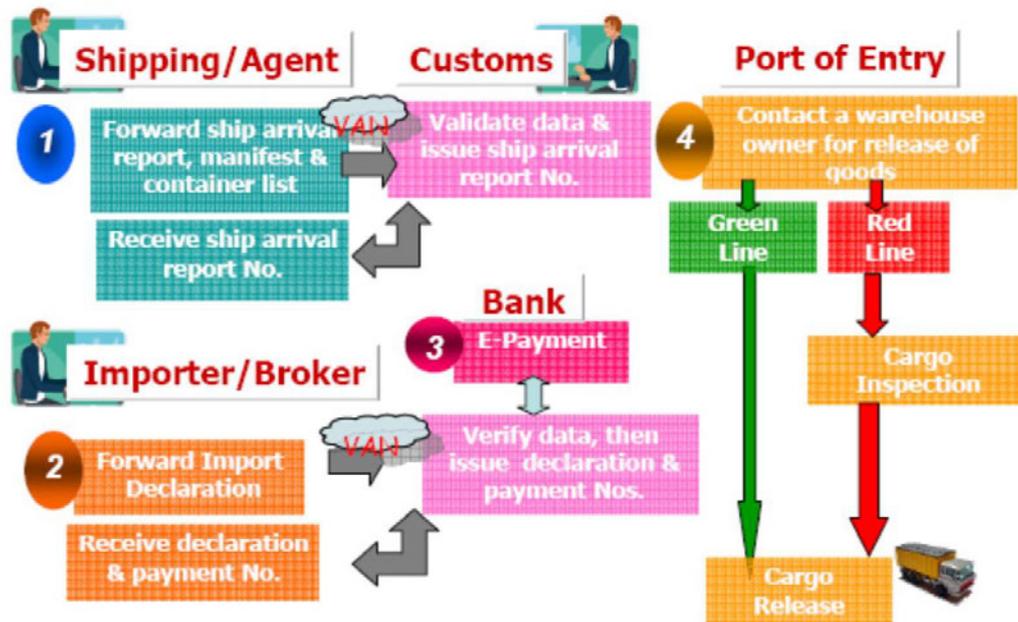
An importer or agent wishing to import and transport logs or sawnwood at seaports or land border crossings submits the required documentation to appropriate officers of the Customs Department, RFD, and the Department of Agriculture. Importing agents must provide the following documents when their goods arrive:

- Customs Import Declaration (Customs Form 99 or 99/1); can be submitted electronically through the Electronic Data Interchange (EDI) system
- Packing list
- Invoice
- Bill of lading
- Insurance invoice

- Foreign Transaction Form (if the import value exceeds Baht 500,000 or approximately US\$16,000)
- Copy of Import License
- Evidence of timber export permit from country of origin (if applicable)
- Certificate of Origin

Figure 4 illustrates the generic requirements for importing goods into Thailand.

**Figure 4. Import procedures for Thailand**



Source: Thai Customs Department website (<http://en.customs.go.th/>)

Much of the documentation processing can be accomplished via the e-Customs and e-Payment electronic portals. As most wood and wood products require additional scrutiny, imports are usually assigned to the red lane, requiring specific inspections.

The Department of Agriculture inspects the imported items, as appropriate, with respect to phytosanitary conditions. Each shipment of wood and wood products must be accompanied by a valid Phytosanitary Certificate issued by the country of origin, indicating the kind of quarantine treatment requested and/or applied, if any.

The Customs Department and RFD officers inspect the shipment to ensure the declared imported items are consistent with those listed in the invoice/packing list and customs declaration with respect to species, volume, and description and that any stamps/marks physically on the timber being imported match those appearing on the packing list.

The RFD officer conducting the inspection then also stamps the imported timber with his/her personal RFD hammer and serial number. The Customs Department levies relevant import duties and issues receipt for same. Payment of duties can be made by bank or cashier check or electronically through the EDI system or bank transfer.

Inspecting officials from all three inspecting agencies sign the release of goods form.

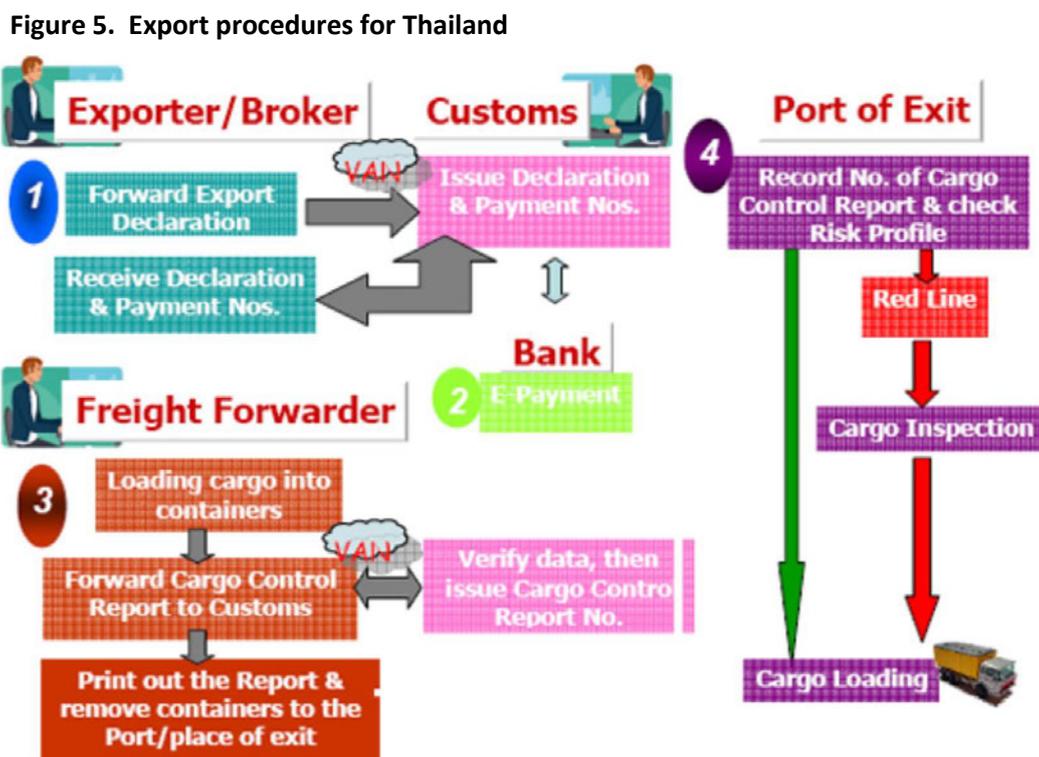
The importer transporting timber from the point of entry then reports to the nearest RFD checkpoint to obtain a Transport Permit (providing documentation as submitted to the Customs Department, proof of payment of import duties, and timber account indicating species, quantity and volume of timber to be transported). RFD issues a Transport Permit, which allows the importer to move the timber to a processing mill or timber trading facility.

Thailand imports large volumes of wood and wood products from other countries, some of which are consumed locally and some of which are further processed to make finished wood products. The legality of imported wood is highly dependent on the legality systems in place in the exporting countries. Currently, there is little assurance of legality of imported wood as the only significant documentation required is the Certificate of Origin, which does not provide assurance of legality. In some cases, the Certificate of Origin does not even accurately reflect the actual origin of the timber, if the wood has been re-exported from an intermediary transit country.

The greatest assurance of legality of imported wood can be attached to imports of low-risk species, from low-risk countries, with independent verification or certification. At the opposite end of the spectrum are imports of high-risk species from high-risk countries, without independent verification/certification.

### 5.1.2. Exports

Figure 5 illustrates the generic requirements for exporting goods from Thailand.



Source: Thai Customs Department website (<http://en.customs.go.th/>)

In addition to the general requirements for export illustrated in Figure 5, exporters of logs, sawnwood, or charcoal derived from any species of wood must obtain an Export Permit from the Department of Foreign Trade. To obtain such Export Permit, exporters are expected to submit proof of legality to the Department of Foreign Trade. Legality documents may include RFD-issued certificates for charcoal, logs or sawnwood, issued for each consignment, as well as a Removal Pass (Transportation Certificate). For charcoal, RFD will also issue, upon request, a Certificate of Charcoal from Private Lands (if sourced from private lands). A Certificate of Restricted Wood Product is issued for furniture and wood products made from restricted species. If a Certificate of Origin is required, exporters can apply for such from the Department of Foreign Trade. For export of products of CITES-listed species, a Conservation Species Export Permit is issued, as appropriate, by the Department of Agriculture. Teak logs and teak sawnwood, while they should be harvested only from plantations, can be legally exported only by the Forest Industry Organization (FIO), based on Ministry of Commerce Regulation of Log and Timber Exporting B.E.2549 (2006).

In addition, Phytosanitary Certificates are issued by the Department of Agriculture.

These documents, as relevant, need to be submitted together with standard export documents, including Export Declaration (Customs Form 101 or 101/1), invoice, bill of lading, insurance, packing list, and a Foreign Transaction Form (if the export value exceeds Baht 500,000 or approximately US\$16,000) to the Customs Department.

## 5.2. Legally required documents or records

Table 7 lists required documents for importing and exporting wood and wood products into and out of Thailand

**Table 7. Legal documents to import and export wood and wood products**

Name of document	Description	Issuing authority
<b>Imports</b>		
Evidence of timber export permit from the country of origin	Validates legitimacy of wood exporter	Relevant agency in exporting country
Phytosanitary Certificate	Certifies products as disease free and/or receiving phytosanitary treatment	Authorized agency in the exporting country (reviewed by Thailand Department of Agriculture, as appropriate )
Invoice	Detailing products to be exported and agreed prices	Exporter
Bill of lading	To acknowledge receipt of cargo for shipment	Courier or freight handler (or their agent)
Packing list	Detailed descriptions of contents of each crate, box or container being shipped	Exporter

Customs Import Declaration (Customs Form 99 or 99/1)	Official declaration of goods imported	Submitted by the importer to the Customs Department, manually or through e-Customs electronic system
Certificate of Origin	Confirms the originating country of items being imported	Designated authority in exporting country
<b>Exports</b>		
Export Permit	Required for export of logs, sawnwood or charcoal of any species	Department of Foreign Trade
Removal Pass	Authorizing export of wood products	RFD
Certificate of Charcoal from Private Lands	Authorizing export of charcoal produced on private lands	RFD
Certificate of Restricted Wood Product	Issued for furniture and wood products made from restricted species	RFD
Sales invoice	Detailing products to be exported and agreed prices	Exporter
Bill of lading	To acknowledge receipt of cargo for shipment	Courier or freight handler (or their agent)
Packing list	Detailed descriptions of contents of each crate, box or container being shipped	Exporter or agent
Phytosanitary Certificate	Certifies products are disease free and/or received phytosanitary treatment	Department of Agriculture, Ministry of Agriculture and Cooperatives in consultation with RFD
CITES Certificate (if relevant) (Conservation Species Export Permit)	Facilitates the export of CITES-listed tree species and derivatives, as appropriate	Department of Agriculture (in consultation with RFD for CITES-listed wood species)
Export Declaration (Customs Form 101 or 101/1)	Detailed declaration of items and products to be exported	Submitted by the exporter to the Customs Department
Certificate of Origin (if required by importing country or requested by exporter)	Verifies country of origin of exported products	Department of Foreign Trade

## 6. Others

### 6.1. International frameworks / trade agreements relevant to combatting illegal harvesting and associated trade

Thailand is a member country of the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation Forum (APEC), the International Tropical Timber Organization (ITTO), and the Food and Agriculture Organization of the United Nations (FAO) – all of which are working to combat illegal forest harvesting and associated trade. Thailand has, in the past, and is currently, engaged with several projects and initiatives of these organizations related to timber legality, including ongoing efforts to develop a Timber Legality Assurance System (TLAS).

Thailand is a signatory party of the Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES). The country has taken a leadership role in advancing the protection of Siamese rosewood (*Dalbergia cochinchinensis*) under the CITES framework, including pushing to replace Annotation 5 with Annotation 4, which subjects the trade of all parts and derivatives of Siamese rosewood (except seeds and seedlings) to CITES controls. Thailand has also hosted three meetings (2014, 2016, and 2017) of the *Regional Dialogue on Preventing Illegal Logging and Trade of Siamese Rosewood* and hosted the *Fourth Regional Dialogue on Combatting Trafficking of Wild Fauna and Flora* in 2017, which included discussions on the trade of Siamese rosewood. Thailand has signed several MoUs with border countries, such as Cambodia and Lao PDR on preventing the illegal logging and trade of Siamese rosewood.

Within ASEAN, Thailand has been active in working groups addressing FLEG, the Pan ASEAN Timber Certification Initiative, and the development of ASEAN criteria and indicators for sustainable forest management (which would provide a foundation for legality definition and national certification systems) and the ASEAN Chain-of-Custody Framework.

Thailand also participates actively in APEC's Expert Group on Illegal Logging and Associated Trade (EGILAT).

Thailand has been one of the leading ASEAN countries in developing its National Single Window (NSW) – which is eventually to interface with the ASEAN Single Window – to link all relevant agencies and parties involved in trade and transport of products within ASEAN. The NSW system allows single submission of cargo clearance data, synchronous and simultaneous processing, and decision making through a single channel. Thailand's NSW development includes at least 36 government agencies, including the Department of Agriculture, Royal Forest Department, Office of the Rubber Replanting Aid Fund, Department of National Parks, Wildlife and Plant Conservation, Department of Foreign Trade, Customs Department. Thus, the foundation exists for the Thai NSW to effectively accommodate timber and wood products trade (EFI, 2014). While various components of the NSW are operational or in testing stages (including some related to forest products), the NSW is not yet fully functional. The current government is, however, pressing relevant agencies to accelerate the implementation of the NSW (Sapol Boonsermsuk, personal communication).

Thailand is a signatory to the ASEAN Trade in Goods Agreement (ATIGA), which aims to achieve free flow of goods in ASEAN. Under the agreement, ATIGA Form D is used by countries as the certificate of origin issued to exporters, which has the potential to incorporate timber legality documentation (EFI, 2014).

### **FLEGT VPA**

Importantly, in 2013, Thailand initiated a formal process to negotiate a Voluntary Partnership Agreement with the European Union. The Royal Forest Department established the Thai-EU FLEGT Secretariat Office (TEFSO) to coordinate and support all FLEGT related matters in Thailand in 2013. After preparatory technical work, the first official negotiations took place in June 2017. The Ministry of Natural Resources and Environment is the lead ministry for Thailand in the VPA negotiations. In support of the process, Thailand is receiving technical assistance from the EU (through the EU FLEGT Facility coordinated by the European Forestry Institute and the FAO-EU FLEGT Programme) in developing a Legality Definition, TLAS and Chain-of-Custody system.

## **6.2. Voluntary schemes on legality / sustainability of wood and wood products**

### **Forest Stewardship Council (FSC)**

There are currently 19 forest areas that have Forest Stewardship Council (FSC) forest management certification, covering 84,216 hectares ([file:///C:/Users/HP/Downloads/Facts and Figures 2018-08-01%20\(1\).pdf](file:///C:/Users/HP/Downloads/Facts_and_Figures_2018-08-01%20(1).pdf)). All of the FSC forest management certificates in Thailand are for three species (teak, rubberwood, and eucalyptus). All of the teak plantations that are FSC certified are managed by FIO. Additionally, 156 companies have FSC chain-of-custody certificates.

In early 2018, the Thai government committed to support smallholder rubber planters to comply with the standards of the FSC. It is generally recognized that most rubber growers (especially those who established plantation many years ago) and rubberwood producers are operating legally and largely in a sustainable manner. There are more questions of the legality of many rubber plantations established more recently as some are known to have been established illegally on public land without legal leases. FSC certification would be highly useful in determining the legality of rubber plantations as legal access to land is a key requirement for FSC certification. As most plantation owners are smallholders, however, traditional FSC certification is beyond their financial capability. Thus, efforts are being made to establish robust and practical group certification for smallholder rubberwood producers (<https://blogapac.fsc.org/2018/04/07/thailands-support-for-fsc-standards-background-reasons-and-impacts/>).

### **Programme for the Endorsement of Forest Certification (PEFC)**

In 2016, Thailand established formal ties with the Programme for the Endorsement of Forest Certification (PEFC), when the Thailand Forest Certification Council, under the auspices of the Federation of Thai Industries, was officially accepted as the National Member for Thailand by PEFC. National standards for forest certification and chain-of-custody have been drafted by a team of experts, in consultation with relevant stakeholders, within the framework of the Thailand Industrial Standards Institute (TISI). Together with other stakeholders, the Thai

Federation of Industries is working to further refine the national standards (including field testing with two major corporate partners), with the aim of developing a national certification system to be submitted to PEFC for possible endorsement – possibly as early as 2019 (Rungnapa Wattanavichian, personal communication).

A number of initiatives are underway in Thailand to develop stronger certification and legality assurance systems, especially for currently unregulated and unrestricted timber (e.g., rubberwood and eucalyptus) and imported timber and wood products. Several of these initiatives currently hinge on voluntary self-declaration (with provision of proof of legality) of plantation-grown wood produced on private lands.

#### **E-Tree system**

RFD's E-Tree online database, which is part of RFD's Single Window program, provides an opportunity for private plantation owners to register information on plantation ownership, species, stock, harvesting, sales and transport – including those growing tree species not currently eligible to be registered under the Commercial Forest Plantation Act (Sapol Boonsermsuk, personal communication). The E-Tree system reportedly still has various technical constraints, however, and many tree growers are reluctant to register under the system as currently configured (Rungnapa Wattanavichian, personal communication).

The Federation of Thai Industries (FTI) is currently exploring the viability of a number of self-declaration approaches that would provide simple, low-cost, practical methods for tree farmers to validate the legality of their trees. Methods being explored include paper or electronic self-declaration through the Rubber Association of Thailand (RAOT) and/or other tree growers associations or cooperatives, trees validated by RFD field inspection, and self-declarations witnessed by local village or district authorities. These self-declarations could potentially be subsequently linked the RFD's E-Tree system (Rungnapa Wattanavichian, personal communication).

#### **Tree Bank program**

An additional form of "self-declaration" of tree ownership is through the Tree Bank program, which was established in Thailand to promote economic tree growing by smallholders. The Tree Bank program is administered by the Bank for Agriculture and Agricultural Cooperatives (BAAC) and allows tree farmers to secure loans with their plantation growing stock. Although the self-declarations of ownership under the Tree Bank program are of questionable legal standing, they do help smallholders secure recognition of tree ownership even if the tenure of the lands on which they are growing is unclear. To date, some 150,000 tree farmers have enrolled in the Tree Bank program. The program was recently expanded to include more tree species, including high-value timber species such as teak and rosewood (Bangkok Post, 2018d).

### **6.3. Other Observations and Comments**

Forest and resource management are undergoing considerable change in Thailand at the present time. Many of the timber and wood legality conditions and requirements currently in place are likely to change in the near future. The current military-led government has

demonstrated strong interest in forests and forest protection, while simultaneously signaling favorable consideration to forest land occupants (many who are currently living with insecure land tenure status) and exploring efforts to reinvigorate the forest plantation and wood processing sectors.

Prospects are better than they have been for many years that the long-debated Community Forestry Act could finally be passed, giving recognition to millions of forest-dwelling communities (albeit unlikely to accommodate those occupying lands within national parks and wildlife sanctuaries). The government has also said that it intends to relax or eliminate regulations constraining smallholders from growing, transporting and marketing currently restricted high-value tree species, including eliminating constraints on growing, transporting and selling species currently designated as “restricted” under Section 7 of the Forest Act. Senior government officials have also expressed plans to establish a goal of increasing forest cover in the country to 55% by the year 2037, from the current level of 32%.

Also likely to have significant impacts on the forestry sector in the coming years are the ongoing efforts to develop more robust timber legality systems, including clearer definitions of legality, clear chain-of-custody procedures, and national TLAS and certification schemes.

Despite the disruptions to industry from the banning of timber harvests in natural forests nearly three decades ago, the Thai forest industry has demonstrated surprising resilience and ability to adapt and thrive. Initially, the sector was sustained through (often dubious) imports of raw material from neighboring countries. More recently, Thailand has vastly restructured the wood sector by drawing on the country’s vast rubberwood resources and expanding the involvement of smallholders in tree growing.

With much of the wood industry currently dependent on rubberwood and eucalyptus for raw materials, legality issues primarily link to legal rights to occupy and/or use specific areas for tree growing. As wood and wood products made from these two species are easy to identify and readily distinguishable from species grown in natural forests, the main legality issues relate to whether or not the timber was grown on land by people with legal right to access and use the land. Nonetheless, Thailand’s highly complex and ever-changing tenure systems create continuing challenges for legality of rubberwood and eucalyptus. If government plans to grant more favorable access and use rights to land are implemented as policy, it should significantly serve to solidify the legality of plantation-grown timber.

The legality of timber imported into Thailand is often questionable and relates directly to the robustness and reliability of the legality systems in place in the exporting countries. With much of Thailand’s imported wood currently sourced from countries with weak forest governance, the legality of many products made in Thailand from imported wood is frequently questioned. The legality of such products would depend on the source(s) of raw material, assurances of legality of the imports, and due diligence practices of importers. Of course, the strongest assurances of legality of imported raw materials derives from certification of forest management and chain-of-custody.

As many of the woods imported from neighboring countries are the same or similar to species growing in Thailand’s own natural forests, there is potential for timber illegally harvested from natural forests in Thailand to be laundered into the supply chain. Based on frequent reports of

arrests and confiscations of illegally harvested timber in Thailand (including high-value Siamese rosewood), this issue remains a challenge. The government’s plans to encourage more growing of high-value timber species in plantations will create yet more challenges with respect to sourcing (i.e., plantation-grown timber versus timber derived from natural forests).

Ongoing measures to develop a clear legality definition and establish reliable and robust TLAS and chain-of-custody systems for Thailand are critical for increasing confidence of the legality of Thai wood products in the future.

Labor law violations provide final area of concern with respect to timber legality. Monitoring and enforcement of labor laws (including particularly for foreign workers) has strengthened significantly in recent years, especially for larger wood-processing mills. Enforcement at smaller facilities and in harvesting operations is less consistent. To the extent that compliance with labor laws is considered a factor of timber legality, this remains an area of concern.

## 5. Interviews/Field Survey (Logistic Records)

### 7.1. Interviews

**Table 8. List of interviews**

Date	Name of interviewees	Title	Organization	Main topics
Various dates	Bruno Cammaert	Forestry Officer	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts
Various dates	Erica Pohnan	Consultant	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts in Thailand
3/9/18	Preecha Ongprasert	Chief, International Special Program Section	Intl Forestry Cooperation Office, Royal Forest Department	Thai forestry statistics, forest classification, forest management legislation
Various dates	Josil Murray	Consultant	FAO-EU FLEGT Programme	General issues of legality; sources of information; contacts
22/8/18	Pawinee Udommai	Thai Legal Expert	GOPA Consultants	Thai forestry legislation and legal regulations
30/8/18	Allison Lewin	Team Leader	Responsible Asia Forestry and Trade (RAFT) Program	General issues of legality; sources of information; contacts in Thailand
5/9/18	James Sandom	FLEGT consultant	Independent Consultant (working with	Legality definition, chain of custody, risk

6/9/18			European Forestry Institute)	assessment, due diligence system
6/9/18	Panjit Tansom	FLEGT Expert	Thai-EU FLEGT Secretariat Office	Land tenure legality, requirements for harvesting, transport, manufacturing and trade
7/9/18	Sureeratna Lakavichian	Head, Department of Highland Agriculture and Natural Resources	Chiang Mai University	Forest management and resource tenure; illegal logging and trade
10/8/18 (via skype)	Tong Pei Sin	Lecturer	University Tunku Abdul Rahman, Malaysia	Trade of CITES-listed tree species in Southeast Asia
22/8/18	Bill Maynard	Consultant	Global Forestry Services	Regional forest products trade and legality systems
10/9/18	David Gritten	Senior Program Officer	RECOFTC – The Center for People and Forests	Land and resource tenure; traceability and legality of plantation timber; community forestry
10/9/18	Warangkana Rattanarat	Thai Country Program Coordinator	RECOFTC – The Center for People and Forests	Regional legality issues; international and regional trade
10/9/18	Sophie Lewis	PhD candidate	University of British Columbia	Local people's participation in FLEGT policy decision making
11/9/18	Jhongsathit Aungvitayatorn	Rubber plantation and sawmill owner	Nakorn Sri Parawood Co., Ltd.	Procedures/practices for harvesting, transporting and processing rubber wood; wood processing controls; export procedures
20/9/18	Ranya Chungsuksiri	Marketing Manager	Gold Bell Furniture, L.P.	Timber sourcing, furniture manufacturing operations, export procedures
26/9/18	Robert Nasi	Director General	Center for International Forestry Research	Regional trade and governance

27/9/18	Chen Hin Keong	Timber Trade Programme Leader	TRAFFIC, International	Regional trade, customs regulations, training and capacity building, trade statistics
28/9/18	Rungnapa Wattanavichian	Manager	Thailand Forest Certification Council (TFCC), Federation of Thai Industries	Certification and chain-of-custody initiatives, piloting of Self Declarations for unrestricted timber species
28/9/18	Sapol Boonsermsuk	Director	International Forestry Cooperation Office, Royal Forest Department	Ongoing legislative and regulatory reforms, inport/ export regulations, transport regulations, NSW development

## 7.2. Field Survey

The compiler of this report has lived in Thailand for 24 years – working in the forestry sector on regional issues that entire time period. As such, much of the information compiled for this report has been obtained over an extensive period of time, beyond the duration of this immediate consultancy. Intensive review of documents, reports, websites, and news articles was conducted between 1 August 2018 and 30 September 2018. Surveys and meetings were conducted mainly in the month of September, although some occurred earlier in August. The surveys comprised individual meetings with key informants and focus group discussions with interest groups. Discussions were designed to collect data, information and documents, and validate pre-identified findings from initial desk work. Site visits were also made to the Bang Sue area of wood dealers in suburban Bangkok, the Gold Bell Furniture factory and showroom in Bangkok, Khao Yai and Thap Lan National Parks, and tree plantations in Saraburi and Nakhon Ratchasima provinces.

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# **Annex of Scanned Certificates, Permits, and Approvals related to Timber and Wood Products**

## **Thailand**





Acknowledged Letter of Timber Account or *Plantation Timber Packing List (Sor Por 15)* (for transporting timber from plantations registered under Commercial Forest Plantation Act) (p. 1 of 2)

68

สป.15

หนังสือแสดงบัญชีรายการไม้ที่ได้มาจากการทำสวนป่า

เล่มที่ (อักษรย่อจังหวัด)/.....ฉบับที่.....ชื่อในการทางพาณิชย์.....  
วันที่.....(เวลา.....น.) เดือน.....พ.ศ.....

ข้าพเจ้า.....

ได้จำหน่ายหรือมอบไม้ตามบัญชีแสดงรายการไม้ท้ายหนังสือนี้ให้แก่.....

นำเคลื่อนที่จากที่.....ตำบล.....

อำเภอ.....จังหวัด.....

ไปยังที่.....ตำบล.....

อำเภอ.....จังหวัด.....

โดยทาง.....ซึ่งมี.....เป็นผู้นำไม้เคลื่อนที่

ไม้จำนวนนี้ได้มาตามหลักฐานดังต่อไปนี้

1. หนังสือรับรองการแจ้ง เล่มที่.....ฉบับที่.....ลงวันที่.....

และหนังสือแสดงบัญชีรายการไม้ เล่มที่.....ฉบับที่.....ลงวันที่.....

2. หนังสือรับรองการแจ้ง เล่มที่.....ฉบับที่.....ลงวันที่.....

และหนังสือแสดงบัญชีรายการไม้ เล่มที่.....ฉบับที่.....ลงวันที่.....

3. หนังสือรับรองการแจ้ง เล่มที่.....ฉบับที่.....ลงวันที่.....

และหนังสือแสดงบัญชีรายการไม้ เล่มที่.....ฉบับที่.....ลงวันที่.....

4. หนังสือรับรองการแจ้ง เล่มที่.....ฉบับที่.....ลงวันที่.....

และหนังสือแสดงบัญชีรายการไม้ เล่มที่.....ฉบับที่.....ลงวันที่.....

5. หนังสือรับรองการแจ้ง เล่มที่.....ฉบับที่.....ลงวันที่.....

และหนังสือแสดงบัญชีรายการไม้ เล่มที่.....ฉบับที่.....ลงวันที่.....

หนังสือแสดงบัญชีรายการไม้ฉบับนี้ ใช้กำกับไม้ระหว่างนำเคลื่อนที่ได้ไม่เกิน 7 วัน นับตั้งแต่วันที่และเวลาที่ออกหนังสือนี้ จนถึงวันที่.....(เวลา.....น.) เดือน.....พ.ศ.....

(ลายมือชื่อ).....ผู้มอบหรือผู้โอนหรือตัวแทน  
(.....)

(ลายมือชื่อ).....ผู้รับมอบหรือผู้รับโอนหรือตัวแทน  
(.....)

(ลายมือชื่อ).....ผู้นำไม้เคลื่อนที่  
(.....)







**White-form Sawn Timber Certificate (for transporting sawn timber from processing plants or trading facilities to wood dealers, other downstream manufacturing plants, or to points of export) (page 1 of 2) [Note: "Yellow-form Sawn Timber Certificate (below) applies for similar transport of sawn rubberwood and sawnwood of other 13 unrestricted species.]**

**หนังสือกำกับไม้แปรรูป**

เล่มที่.....ฉบับที่.....ชื่อในทางการพาณิชย์.....  
 วันที่.....(เวลา.....น.) เดือน..... พ.ศ.....  
 ข้าพเจ้า.....ผู้รับอนุญาตตั้ง.....  
 โดยให้.....ปริมาณกำลัง.....แรงม้า ณ ที่.....  
 ตำบล.....อำเภอ.....จังหวัด.....  
 ตามใบอนุญาตที่ทำการ.....เล่มที่.....เลขที่.....  
 ลงวันที่.....เดือน..... พ.ศ.....ได้จำหน่ายไม้.....  
 จำนวน.....แผ่น ปริมาตร.....ลูกบาศก์เมตร ตามรายการท้ายหนังสือ  
 กำกับไม้แปรรูปนี้ให้แก่.....นำเคลื่อนที่จากโรงงานแปรรูปไม้หรือ  
 โรงค้าไม้แปรรูปแห่งนี้ไปยังที่.....ตำบล.....  
 อำเภอ.....จังหวัด.....โดยทาง.....  
 ในความควบคุมของ.....

ไม้แปรรูปจำนวนนี้ได้มาตามใบเบิกทางหรือหนังสือกำกับไม้แปรรูปดังต่อไปนี้

- (1) ใบเบิกทางที่ทำการ.....เล่มที่.....เลขที่.....ลงวันที่.....เดือน..... พ.ศ.....
- (2) ใบเบิกทางที่ทำการ.....เล่มที่.....เลขที่.....ลงวันที่.....เดือน..... พ.ศ.....
- (3) ใบเบิกทางที่ทำการ.....เล่มที่.....เลขที่.....ลงวันที่.....เดือน..... พ.ศ.....
- (4) หนังสือกำกับไม้แปรรูปของ.....เล่มที่.....ฉบับที่.....ลงวันที่.....เดือน..... พ.ศ.....
- (5) หนังสือกำกับไม้แปรรูปของ.....เล่มที่.....ฉบับที่.....ลงวันที่.....เดือน..... พ.ศ.....
- (6) หนังสือกำกับไม้แปรรูปของ.....เล่มที่.....ฉบับที่.....ลงวันที่.....เดือน..... พ.ศ.....

หนังสือกำกับไม้แปรรูปฉบับนี้ใช้กำกับไม้แปรรูประหว่างนำเคลื่อนที่ได้ไม่เกิน 24 ชั่วโมง นับตั้งแต่วันที่และเวลาที่ออกหนังสือกำกับไม้แปรรูปนี้ จนถึงวันที่.....(เวลา.....น.) เดือน..... พ.ศ.....  
 ข้าพเจ้าขอรับรองว่าไม้แปรรูปรายนี้ เป็นไม้ที่ได้มาโดยชอบด้วยพระราชบัญญัติป่าไม้ ทั้งได้  
 ลงบัญชีไม้แปรรูปที่รับและบัญชีไม้แปรรูปที่จำหน่ายหรือนำเคลื่อนที่เป็นการถูกต้องตามบัญชีจำหน่ายหรือนำเคลื่อนที่ หน้า.....เลขลำดับที่.....  
 และได้ลงลายมือชื่อกำกับลงในบัญชีจำหน่าย หรือนำเคลื่อนที่ให้เป็นหลักฐานแล้ว

(ลายมือชื่อ) .....ผู้โอนหรือผู้รับมอบอำนาจ  
 " .....ผู้รับโอนหรือผู้แทน  
 " .....ผู้ควบคุมหรือนำไม้เคลื่อนที่





Yellow-form Sawn Timber Certificate (for transporting sawn timber or chips from a mechanized processing facility licensed to process rubberwood and wood of 13 other unrestricted species (including eucalyptus) to trading facilities to wood dealers, other downstream manufacturing plants, or to points of export) (page 1 of 3)

ใบอนุญาตนี้ใช้ได้สำหรับเงินค่าธรรมเนียม  
 ใบอนุญาตนับเงินฉบับที่ 39 เลขที่ 24448  
 ลงวันที่ 11 / ส.ค. / พ.ศ. 61  
 ต่อจากใบอนุญาตนับที่ 020 เลขที่ 2159  
 ลงวันที่ 16 / ส.ค. / พ.ศ. 60

ผู้รับใบอนุญาตจะต้องปฏิบัติตาม  
 ตามกฎกระทรวงฉบับที่ 25 (พ.ศ. 2512)  
 และข้อกำหนดฉบับที่ 11 (พ.ศ. 2525)



### ใบอนุญาตตั้งโรงงานแปรรูปไม้โดยใช้เครื่องจักร

เพขนจตออายุก่อนแปรรูปตามบัญชีกรมศุลกากร 75 ปี

เลขที่ 2720 ที่ทำการ ศาลากลางจังหวัดนครศรีธรรมราช

ฉบับที่ 41 วันที่ 11 เดือน กันยายน พ.ศ. 2561  
 (โดยนายเจษฎา สังข์วิทยาธร กรรมการผู้จัดการ)

อนุญาตให้ [Redacted] อายุ - ปี

สัญชาติ ไทย มีภูมิลำเนาอยู่ที่บ้าน [Redacted] เลขที่ 1188 หมู่ที่ -

แขวงตำบล คดัง เขตอำเภอ เสิงสาง จังหวัด นครศรีธรรมราช

ตั้งโรงงานแปรรูปไม้โดยใช้เครื่องจักร มีกำลัง 600.00 แรงม้า ณ ที่ เลขที่ 129/9 หมู่ที่ 1

แขวงตำบล ลิปะคีรี เขตอำเภอ พราหมณี จังหวัด นครศรีธรรมราช

ชื่อ เฟรเดอริก ฆาเอกหาญเพ็ญจำแนง คม คัดหน้าไม้ยาวทาบเหลี่ยมที่มีมุดอกไม้ 15 กวด

โดยมีบริเวณที่ตั้งโรงงานแปรรูปไม้ คือ ตามมติคณะรัฐมนตรี เมื่อวันที่ 26 มกราคม 2537

ด้านทิศเหนือวัดได้	140.00	เมตร
ด้านทิศตะวันออกวัดได้	60.00	เมตร
ด้านทิศใต้วัดได้	140.00	เมตร
ด้านทิศตะวันตกวัดได้	60.00	เมตร

ใบอนุญาตฉบับนี้ให้ใช้ได้จนถึงวันที่ 10 เดือน กันยายน พ.ศ. 2562  
 - ส.ม. -

(ลายมือชื่อ)..... [Redacted] ..... ผู้อนุญาต

ตำแหน่งสารนิเทศสำนักงานเจ้าพนักงานควบคุมการตรวจสอบ การตรวจการแทน  
 ผู้อำนวยการสำนักงานเจ้าพนักงานควบคุมและป้องกันมลพิษจังหวัด  
 ปฏิบัติราชการแทน ผู้อำนวยการจังหวัดนครศรีธรรมราช

Yellow-form Sawn Timber Certificate (for transporting sawn timber or chips from a mechanized processing facility licensed to process rubberwood and wood of 13 other unrestricted species (including eucalyptus) to trading facilities to wood dealers, other downstream manufacturing plants, or to points of export) (page 2 of 3)

ก. (ตอนต้นชี้ให้ผู้รับอนุญาตเก็บไว้ในที่ปลอดภัย)

**หนังสือกำกับไม้ยางพาราแปรรูป**

เล่มที่ 431/61-- ฉบับที่ 27 ชื่อในทางการพาณิชย์.....

วันที่..... (เวลา..... น.) เดือน..... พ.ศ.....

ข้าพเจ้า..... ผู้รับอนุญาตตั้ง.....

โดยใช้..... ปริมาณกำลัง..... แรงม้า ณ ที่.....

ตำบล..... อำเภอ..... จังหวัด.....

ตามใบอนุญาตที่ทำการ..... เล่มที่..... เลขที่.....

ลงวันที่..... เดือน..... พ.ศ..... ได้จำหน่ายไม้.....

จำนวน..... แผ่น ปริมาตร..... ลูกบาศก์เมตร ตามรายการท้ายหนังสือ

กำกับไม้แปรรูปนี้ให้แก่..... นำเคลื่อนที่จากโรงงานแปรรูปไม้หรือ

โรงค้าไม้แปรรูปแห่งนี้ไปยังที่..... ตำบล.....

อำเภอ..... จังหวัด..... โดยทาง.....

ในความควบคุมของ.....

ไม้แปรรูปจำนวนนี้ได้มาตามหลักฐานดังต่อไปนี้

๑.....

๒.....

หนังสือกำกับไม้แปรรูปฉบับนี้ใช้กำกับไม้แปรรูประหว่างนำเคลื่อนที่ได้ไม่เกิน ๑ วัน นับตั้งแต่วันที่และเวลาที่ออกหนังสือกำกับไม้แปรรูปนี้ จนถึงวันที่..... (เวลา..... น.) เดือน..... พ.ศ.....

ข้าพเจ้าขอรับรองว่าไม้แปรรูปรายนี้ ได้ลงบัญชีไม้แปรรูปที่รับและบัญชีไม้แปรรูปที่จำหน่ายหรือนำเคลื่อนที่เป็นการถูกต้องตามบัญชีจำหน่ายหรือนำเคลื่อนที่ หน้า..... เลขลำดับที่..... และได้ลงลายมือชื่อกำกับลงในบัญชีจำหน่าย หรือนำเคลื่อนที่ไว้เป็นหลักฐานแล้ว

(ลายมือชื่อ)..... ผู้โอนหรือผู้รับมอบอำนาจ

"..... ผู้รับโอนหรือผู้แทน

"..... ผู้ควบคุมหรือนำไม้เคลื่อนที่







Transport Permit for Moving Imported Timber from Point of Import (page 1 of 4)

๑๗/๑๐๒๘๙

คำขอใบเบิกทางนำไม้หรือของป่าเคลื่อนที่

วันที่ 25 ส.ค. 2554

เขียนที่ 13.306

๑. ข้าพเจ้า [REDACTED] วันที่ เดือน พ.ศ. [REDACTED]  
 อายุ 62 ปี สัญชาติ ไทย  
 อยู่บ้านเลขที่ 146/26 ตรอก/ซอย จันทน์ 39 ถนน จันทน์  
 หมู่ที่ - ตำบล/แขวง ทั้งวัดคอน อำเภอ/เขต สาทร  
 จังหวัด กรุงเทพฯ รหัสไปรษณีย์ 10120 เลขหมายโทรศัพท์ 01-8227693  
 บัตรประจำตัวประชาชน/ใบสำคัญประจำตัวคนต่างด้าว เลขที่ 1012 01857 82 5 ออกให้ ณ  
 อำเภอ/เขต [REDACTED] จังหวัด กรุงเทพฯ  
 บริษัท ไทยสวีสวีดี อิมพอร์ต เอกซ์ปอร์ต จำกัด  
 เป็นตัวแทนของ (- มนุษย์- มนุษย์- อภิพัฒน์ฯ) อยู่บ้านเลขที่ 41-43 ตรอก/ซอย มหเสถียร  
 ถนน ม.เสถียร หมู่ที่ ตำบล/แขวง สวีวีวงศ์  
 อำเภอ/เขต บางรัก จังหวัด กรุงเทพฯ รหัสไปรษณีย์ 10500  
 เลขหมายโทรศัพท์ 02-635.6.9.9 ขอทำคำขอยื่นต่อ หัวหน้าด่านป่าไม้ ดังต่อไปนี้

๒. ข้าพเจ้ามีความประสงค์ขอใบเบิกทางกำกับ ไม้หรือของป่า คือ  
 (ระบุชนิดและลักษณะแห่งไม้หรือของป่า) ไม้สักที่สวนค้างประเภท (พม่า) MYANMAR LOGS  
 จำนวน 509 ท่อน/ชิ้น ปริมาตร -639.70 - ลูกบาศก์เมตร  
 ตามบัญชีรายการไม้หรือของป่าที่แนบมาพร้อมนี้

๓. ไม้หรือของป่า จำนวนนี้จะนำเคลื่อนที่จาก (ระบุชื่อ (ถ้ามี)) ท่ากรมศุลกากรกรุงเทพฯ  
 เลขที่ - ตรอก/ซอย -  
 ถนน คลองเตย หมู่ที่ - ตำบล/แขวง คลองเตย  
 อำเภอ/เขต คลองเตย จังหวัด กรุงเทพฯ รหัสไปรษณีย์  
 เลขหมายโทรศัพท์ ไปยัง (ระบุชื่อ (ถ้ามี)) ท่าเรือบางเคียน  
 เลขที่ 51 ตรอก/ซอย 7 ถนน -  
 หมู่ที่ ตำบล/แขวง บางกระสัน อำเภอ/เขต บางปะอิน  
 จังหวัด พระนครศรีอยุธยา รหัสไปรษณีย์ - เลขหมายโทรศัพท์ 01- 8227693  
 เพื่อการ โดยพาหนะ เรือค้อรณงค์  
 หมายเลขทะเบียน [REDACTED] ตามเส้นทาง คลองเตย - บางปะอิน  
 231 200165

ในความควบคุมของ นาย สันชัย เฉลิมเมธีวงศ์ และมีความจำเป็นต้องใช้เวลาในการนำไม้  
 หรือของป่า จำนวนนี้เคลื่อนที่เป็นเวลา 7 วัน

๔. ไม้หรือของป่า จำนวนนี้ไม่มีเอกสารหลักฐานแสดงการได้มา คือ ใบเบิกทาง/หนังสือกำกับ  
 ไม้แปรรูป หรือ ดังต่อไปนี้





Transport Permit for Moving Imported Timber from Point of Import (page 4 of 4)

บริษัท / หจก..... เขียนที่.....  
 วันที่.....เดือน.....พ.ศ.....

เรื่อง ขอเจ้าหน้าที่ป่าไม้ไปตรวจสอบสินค้าไม้ท่อนและหรือสินค้าไม้แปรรูป  
 เวียน หัวหน้าด่านป่าไม้กรุงเทพ  
 ข้าพเจ้า [REDACTED] ปี บ้านเลขที่ 40 ถนน จันทน์  
 ตำบล / แขวง ทุ่งวัดดอน อำเภอ / เขต สาทร จังหวัด กรุงเทพฯ โทร. [REDACTED] สำนักงาน [REDACTED]  
 บริษัท [REDACTED] ถนน ม.พลีรักษ์ ตำบล / แขวง สุริยวงศ์  
 อำเภอ / เขต บางรัก จังหวัด กรุงเทพฯ ซึ่งเป็นผู้ส่งเข้าสินค้าไม้ท่อนและหรือไม้แปรรูปเข้า  
 ในราชอาณาจักร มีความประสงค์จะยื่นคำขอต่อนหัวหน้าด่านป่าไม้กรุงเทพ ดังต่อไปนี้

1. ข้าพเจ้าได้ส่งสินค้าไม้ท่อนและหรือสินค้าไม้แปรรูป มาจากต่างประเทศ  
 ประเทศ ลาว เข้ามาในราชอาณาจักรเมื่อวันที่ 13 เดือน สิงหาคม พ.ศ. 2556 โดยทางเรือ  
 เรือชื่อ [REDACTED] ชนิดไม้ สัก ปริมาณ 15.500 TPK รวมทั้งสิ้น 509 ต่อน  
 แผ่น.....มัด ปริมาตร 639.75 ลูกบาศก์เมตร สินค้าไม้ท่อนและหรือไม้แปรรูป  
 ปลูกฝังอยู่ที่ด่านศุลกากรกรุงเทพ (ท่าเรือคลองเตย) โดยอยู่ในความควบคุมของเจ้าหน้าที่ศุลกากรกรุงเทพ

2. ประกาศกระทรวงพาณิชย์ ว่าด้วยการนำสินค้าเข้ามาในราชอาณาจักร ฉบับที่ 79 พ.ศ. 2533 ให้  
 พนักงานศุลกากร ณท่าเรือที่นำไม้เข้า ร่วมกับเจ้าหน้าที่กรมป่าไม้ ร่วมกันตรวจสอบการนำเข้าซึ่งสินค้าไม้และหรือไม้แปรรูป  
 เข้ามาในราชอาณาจักร

3. เนื่องจากการนำสินค้าไม้ท่อน และหรือไม้แปรรูป เข้ามาในราชอาณาจักรไทย ข้าพเจ้าจะต้องชำระ  
 ภาษีอากรขาเข้าให้กับเจ้าหน้าที่ศุลกากรกรุงเทพให้ถูกต้องครบถ้วน หรือมีหลักฐานเป็นหนังสือค้ำประกันจากธนาคารใน  
 กรณีที่ขออนุญาตตามมาตรา 19 ทวิ ตามประกาศคณะปฏิวัติ ฉบับที่ 329 ข้อ 19 ลงวันที่ 13 ธันวาคม 2541 จึงจะ  
 สามารถเคลื่อนย้ายสินค้าไม้ได้

4. พร้อมกันนี้ ข้าพเจ้าขอแสดงเอกสารหลักฐานเพื่อประกอบเรื่องราว ดังต่อไปนี้

2.1 ใบเสร็จรับเงินภาษีอากรขาเข้า	เลขที่.....
2.2 ใบขนสินค้าขาเข้า	เลขที่.....
2.3 INVOICE	เลขที่ <u>RH 1117</u>
2.4 CERTIFICATE OF ORIGIN	เลขที่ <u>041838</u>
2.5 BILL OF LADING	เลขที่ <u>2176N-DKK</u>

( กรณีอยู่ในขั้นตอนการดำเนินการทางพิธีศุลกากรเพื่อชำระภาษีอากรขาเข้าให้กรอกข้อความเฉพาะ  
 2.2, 2.3, 2.4, 2.5 ก่อน )

5. ข้าพเจ้าจึงขอความกรุณาให้เจ้าหน้าที่ด่านป่าไม้กรุงเทพ ไปตรวจสอบสินค้าไม้ท่อนและหรือสินค้า  
 ไม้แปรรูป  
 ณ ด่านศุลกากรกรุงเทพ (ท่าเรือคลองเตย)  
 3.1 แขวงคลองเตย เขตคลองเตย กรุงเทพฯ  
 3.2 ทำเนียบท่าเรืออู่เมตทิ ทำเรือ.....ตำบล / แขวง.....  
 อำเภอ / เขต.....กรุงเทพฯ ( กรณีเจ้าหน้าที่ศุลกากรทำการตรวจปล่อยนอกสถานที่ )  
 จึงเรียนมาเพื่อโปรดทราบและพิจารณาสั่งดำเนินการต่อไป

[REDACTED] [REDACTED]

บริษัท ไทยพาณิชย์

**Transport Permit for Moving Imported Timber from Point of Import (English translation of previous 4 pages... 1 of 3 pages of English translation text)**

Writing at.....  
 Date..... month..... Year.....

My name is..... Age..... years Nationality.....  
 Address..... Sub-street..... Street.....  
 Moo..... Sub-district..... District.....  
 Province..... Zip code..... Telephone no.....  
 Identification Number..... issued at district.....  
 Province..... As representative of.....  
 Address..... Sub-district..... District.....  
 Province..... Zip code..... Telephone no.....

Inform to..... which detail as follow  
 I would like to request a pass of timber or NTFPs is (please specific species and characteristic of timber and NTFPs).....  
 Amount.....log/piece volume.....m<sup>3</sup> as followed attached packing list  
 This amount of Timber or NTFPs will transport from (specific brand (if have)).....  
 address..... sub-street..... street.....  
 moo no..... sub-district..... district.....  
 province..... zip code..... telephone.....  
 go to.....  
 address..... sub-street..... street.....  
 moo no..... sub-district..... district.....  
 province..... zip code..... telephone.....  
 which objective to..... by vehicle..... license no.....  
 along the way of.....  
 under control of..... and necessary period of transportation..... days  
 This amount of Timber or NTFPs come with completed achieving evident was a pass/sawn timber license  
 Or..... as followed.....  
 Book no..... sheet no..... date..... month..... year.....  
 Book no..... sheet no..... date..... month..... year.....  
 Book no..... sheet no..... date..... month..... year.....

I already attached relevant evident as below  
 Evident of achievement of timber or NTFPs.....copy  
 Packing list of timber or NTFPs.....copy  
 Authorized letter (in case of authorized agent).....copy  
 Others documents (if have).....copy

I would like to certify all of above documents is true

(Signature).....requester  
 (.....)

Officer approval  
 .....

(Signature).....requester  
 (.....)

Position.....

Mandate  
 .....

(Signature).....requester  
 (.....)

Position.....

Issued of a pass of timber or NTFPs to transport with a pass, book no..... sheet no.....  
 Date..... month..... year.....

(Signature).....requester  
 (.....)

Position.....

Remark : Please delete unnecessary text

**Transport Permit for Moving Imported Timber from Point of Import (English translation of previous 4 pages... 2 of 3 pages of English translation text)**

Writing at.....  
 Date..... month..... Year.....

This note was established to indicate  
 Today (.....) consisted officer.....  
 ..... who work at Bangkok forest checkpoint, permission division, Royal Forest  
 Department (RFD), Inspector of custom was approve for sawn timber / log of.....  
 Which import from country.....  
 Was inspected sawn timber / log and indicate results as follow

Species.....	amount.....	piece/log	volume.....	m3
Species.....	amount.....	piece/log	volume.....	m3
Species.....	amount.....	piece/log	volume.....	m3
Species.....	amount.....	piece/log	volume.....	m3
Species.....	amount.....	piece/log	volume.....	m3
Total.....	piece/log	volume.....	m3	

And it completed with foreign stamp which correct to packing list (PACKING LIST) and exporting country issued license as importer presented. From inspecting evident process was indicated this amount of importing wood came from oversea country.  
 The document detail and packing list already attached as back page of this note

(Signature).....importer  
 (.....)

(Signature).....inspector  
 (.....)  
 Position.....

(Signature).....inspector  
 (.....)  
 Position.....

Mandate.....

(Signature).....requester  
 (.....)

Position.....  
 Company..... Writing  
 at.....  
 Date..... month..... Year.....

Subject.....  
 Dear.....

My name is..... age.....years address.....  
 street.....  
 sub-district..... district..... province..... on behalf of  
 manager / representative of company..... address.....  
 street.....  
 sub-district..... district..... province..... as importer of  
 timber and/or sawn timber to Thai Kingdom, would like to request the chief of Bangkok forest checkpoint as follow.  
 I order timber and/or sawn timber from country..... to Thai Kingdom in date.....  
 month..... year..... by ship name..... tree  
 species.....  
 total..... logs ..... pieces ..... packages  
 volume.....m3  
 which timber and/or sawn timber keep in Bangkok custom checkpoint (Klong Toie port) that it is controlled by  
 Bangkok custom officer.  
 Ministry of commerce declare about importing goods to Thai Kingdom volume 79 year 1990 (B.E.2533) authorize  
 custom officer at importing port work with forest officer for inspect timber and/or sawn timber was imported to Thai  
 Kingdom.  
 Due to import of timber and/or sawn timber to Thai Kingdom. I have to pay importing tax correctly with Bangkok  
 custom officer or present evident is bank insurance letter of approval in case of tax claim with follow Agenda 19 as  
 declare of revolutionary committee volume 329, item 19, date 13 December 1998 (B.E.2541) before transport  
 timber and/or sawn timber.

**Transport Permit for Moving Imported Timber from Point of Import (English translation of previous 4 pages... 3 of 3 pages of English translation text)**

Herewith, I would like to present relevant evidents as follows

2.1 Importing tax invoice no.....

2.2 Importing transport license no.....

2.3 INVOICE no.....

2.4 CERTIFICATE OF ORIGIN no.....

2.5 BILL OF LANDING no.....

( in case of customs process for importing tax payment, please prior record only 2.2 , 2.3 , 2.4 , 2.5)

I would like to request Bangkok forest checkpoint officer to inspect timber and/or sawn timber at Bangkok custom checkpoint (Klong Toie port)

( ) 3.1 sub-district Klong Toie, district Klong Toie, Bangkok.

( ) 3.2 port approval, port..... sub-district..... district..... Bangkok (in case of custom officer do external port inspection)

Which inform for acknowledge and consider to the implementing next process.

Sincerely Yours,

(.....)

Note of inspection  
No.....  
.....Inspector  
Position.....  
.....Chief of inspector  
Position.....

**Voluntary RFD Certificate for Exporters**



MNRE No.... (1)...

Royal Forest Department  
Phaholyothin Road, Bangkok 10900

This certificate is to certify that..... (2)..... appearing  
in the following description of consignment belonging to.....(3).....  
.....as exporter  
and to ..... (4).....  
..... as consignee  
based on sampling inspection of our competent authority.

**DESCRIPTION OF CONSIGNMENT**

Quantity & description: ..... (5).....

Commercial name (Botanical name): ..... (6).....

Invoice No. & Invoice date: ..... (7).....

Source / Origin: ..... (8).....

Date of issue: ..... (9).....

(Signature)

...(10)...Director-General of the Royal Forest Department

**CITES Certificate**

ไม้พุ่ม พ.พ. 14  
**ORIGINAL**

 <b>PLANT ACT B.E. 2518 (1975)</b>  <b>CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA</b>	<input type="checkbox"/> IMPORT PERMIT <input checked="" type="checkbox"/> EXPORT PERMIT <input type="checkbox"/> RE-EXPORT PERMIT <input type="checkbox"/> OTHER CERTIFICATE	Page <u>1</u> of <u>1</u> 1. PERMIT/CERTIFICATE No. <p style="text-align: center;"><b>BE 1759</b></p> 2. Valid until <p style="text-align: center;"><b>February 9, 2012</b></p>												
	3. Consignee (name, address and country)  4. Permittee (name, address and country) <div style="background-color: black; width: 100px; height: 30px; margin: 5px auto;"></div>													
5. Special conditions	6. Management Authority  <div style="text-align: center;">   <b>DEPARTMENT OF AGRICULTURE</b>  <b>CHATUCHAK, BANGKOK 10900</b>  <b>THAILAND.</b>                      Tel 66-2940-5687                      Fax 66-2940-5687                 </div>													
5a. Purpose of the transaction <span style="float: right;">T</span>														
7/8. Common Name and Scientific Name of plants (genus and species)	9. Description of part or derivative	10. Appendix No. and source	11. Quantity (number of specimens and for net weight (kg.)	12. Country of origin and Permit/Certificate No.										
A <b>Agarwood</b> <i>Aquilaria crassna</i>	Oil	II A	500 ml	Thailand										
B														
C														
D														
13. THIS PERMIT/CERTIFICATE IS ISSUED BY  <div style="display: flex; justify-content: space-between;"> <span><b>Bangkok</b></span> <span><b>August 9, 2011</b></span> <div style="background-color: black; width: 150px; height: 40px;"></div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Place</span> <span>Date</span> <div style="text-align: right;">                       Official stamp                      DEPARTMENT OF AGRICULTURE                 </div> </div>														
14. EXPORT/IMPORT ENDORSEMENT : <div style="display: flex; justify-content: space-between;"> <table border="1" style="width: 20%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">See block 7/8</th> <th style="width: 10%;">Quantity</th> </tr> </thead> <tbody> <tr> <td>A</td> <td style="text-align: center;"><b>500 ml (1 Bottle)</b></td> </tr> <tr> <td>B</td> <td></td> </tr> <tr> <td>C</td> <td></td> </tr> <tr> <td>D</td> <td></td> </tr> </tbody> </table> <div style="width: 60%;"> <p style="text-align: center;"><b>Suvarnabhumi Airport PQ Station</b></p>                     Part of Exportation/Importation   <p style="text-align: center;"><b>August 9, 2011</b></p>                     Date                 </div> <div style="width: 20%; text-align: right;">                       Signature of Plant Inspector                         Official stamp                      DEPARTMENT OF AGRICULTURE                 </div> </div>					See block 7/8	Quantity	A	<b>500 ml (1 Bottle)</b>	B		C		D	
See block 7/8	Quantity													
A	<b>500 ml (1 Bottle)</b>													
B														
C														
D														
No. <b>50985</b>														

**ASEAN Trade in Goods Agreement Certificate of Origin Form D (ATIGA Form D)**

1. Goods consigned from (Exporter's business name, address, country)		Reference No. ASEAN TRADE IN GOODS AGREEMENT/ ASEAN INDUSTRIAL COOPERATION SCHEME CERTIFICATE OF ORIGIN (Combined Declaration and Certificate)  FORM D Issued in _____ (Country) See Overleaf Notes			
2. Goods consigned to (Consignee's name, address, country)					
3. Means of transport and route (as far as known)  Departure date  Vessel's name/Aircraft etc.  Port of Discharge		4. For Official Use  <input type="checkbox"/> Preferential Treatment Given Under ASEAN Trade in Goods Agreement  <input type="checkbox"/> Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme  <input type="checkbox"/> Preferential Treatment Not Given (Please state reason/s)  ..... Signature of Authorised Signatory of the Importing Country			
5. Item number	6. Marks and numbers on packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing country)	8. Origin criterion (see Overleaf Notes)	9. Gross weight or other quantity and value (FOB)	10. Number and date of invoices
11. Declaration by the exporter  The undersigned hereby declares that the above details and statement are correct; that all the goods were produced in  ..... (Country)  and that they comply with the origin requirements specified for these goods in the ASEAN Trade in Goods Agreement for the goods exported to  ..... (Importing Country)  ..... Place and date, signature of authorised signatory		12. Certification  It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.  ..... Place and date, signature and stamp of certifying authority			
13 <input type="checkbox"/> Third Country Invoicing <input type="checkbox"/> Exhibition <input type="checkbox"/> Accumulation <input type="checkbox"/> De Minimis <input type="checkbox"/> Back-to-Back CO <input type="checkbox"/> Issued Retroactively <input type="checkbox"/> Partial Cumulation					



### 3 ブラジル

## Country Report BRAZIL

**January 2019**

**Prepared by Ivan Tomaselli**



## Table of Contents

<b>1. INTRODUCTION .....</b>	<b>11</b>
<b>2. OVERVIEW OF THE FORESTRY SECTOR .....</b>	<b>12</b>
2.1. Forest Resources of the Country .....	12
2.1.1. Vegetation Types of Forests .....	12
2.1.2. Land Uses in Brazil .....	13
2.1.3. Tenure Categories in Brazil .....	15
2.1.4. Specific Land Tenure Rights for Protected Areas.....	16
2.1.5. Certified Forest Area in Brazil .....	17
2.2. Forestry Sector and Wood Processing Sector.....	19
2.2.1. Product Types, Volume and Major Species.....	19
2.2.2. Source of Logs .....	22
2.2.3. Key Supply Chain of Wood and Wood Products .....	24
2.3. Trade of Wood Products.....	25
<b>3. OVERVIEW OF THE RELEVANT GOVERNMENT ORGANIZATION .....</b>	<b>29</b>
<b>4. LEGISLATIONS ON HARVESTING OF FOREST RESOURCES .....</b>	<b>30</b>
4.1. Laws and Regulation on Harvesting of Forest Resources.....	30
4.2. Legal Rights over Forests .....	31
4.2.1. Land Tenure and Legal Rights over Forest Resources .....	31
4.2.2. Legality Risks in forest licensing processes .....	31
4.3. Harvesting, Management, and Risks .....	32
4.3.1. Production of Timber and Origin.....	32
4.3.2. Legal requirements for management planning.....	33
4.3.3. Risks Associated to Management Planning .....	35
4.4. Environmental Requirements .....	35
4.4.1. Legal Environmental Requirements in Brazil.....	35
4.4.2. CITES-listed tree species in Brazil.....	35
4.5. Employment and Safety in Forest Operations.....	36
4.5.1. Legal Requirements for Employment.....	36
4.5.2. Legal Employment Associated Risks.....	37
4.6. Social Requirements.....	37
4.6.1. Social requirements in Brazil.....	37

4.6.2. Social Requirements Associated Risks .....	38
4.7. Control Measures to Verify Legality of Harvesting .....	38
4.7.1. System and Process to verify legality on Harvesting Activities.....	38
4.7.2. Risks Associated to the System and Process to Verify Legality on Harvesting .....	40
<b>5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING .....</b>	<b>40</b>
5.1. Laws and Regulation on Transportation and Processing .....	40
5.2. Transportation of Wood and Wood Products.....	41
5.2.1. Legal Procedures to Transport Wood and Wood Products.....	41
5.2.2. Risks Associated to Transportation of Wood and Wood Products.....	42
5.3. Wood Processing .....	43
5.3.1. Legal Procedures on Wood Processing .....	43
5.3.2. Risks Associated to Wood Processing Facilities .....	43
5.4. Supervision and Control Measures to Verify Legality of Transporting and Processing Wood.....	44
<b>6. LEGISLATIONS ON TRADING WOODS AND WOOD PRODUCTS .....</b>	<b>44</b>
6.1. Laws and Regulation on Trading Woods and Wood Products .....	44
6.1.1. Custom Legislation .....	44
6.1.2. Product Classification.....	45
6.1.3. Custom Inspection Procedures.....	46
6.2. Legally Required Documents or Records.....	46
6.2.1. Legally Required Documents for Trading Wood and Wood Products .....	46
6.2.2. Risks Associated to Trading.....	49
<b>7. OTHERS ISSUES .....</b>	<b>49</b>
7.1. International framework / trade agreement relevant to combatting illegal harvesting and associated trade.....	49
7.2. Voluntary Schemes on Legality / sustainability of wood and wood products.....	49
<b>8. INTERVIEWS/FIELD SURVEY .....</b>	<b>51</b>
<b>REFERENCES .....</b>	<b>54</b>

## List of Figures

Figure 1 – Map of the distribution of Biomes in Brazil .....	13
Figure 2 – Commonly traded wood species in Brazil (native and planted) .....	13
Figure 3 – Land use in Brazil by category (2014) .....	15
Figure 4 – Composition of the area of planted forest, by owner and type (2016).....	20
Figure 5 – Evolution of Planted Area in Brazil (hectares).....	20
Figure 6 – Wood consumption from planted forests by species for industrial use (2016).....	21
Figure 7 – Natural forest harvesting by type of product (2016) .....	21
Figure 8 – Brazilian imports of Roundwood in USD (2006 -2017) .....	24
Figure 9 – Supply chain of wood and wood products for natural and planted forests .....	25
Figure 10 – Brazilian exports of wood pulp and paper in USD (2006-2016) .....	26
Figure 11 – Brazilian exports of wood pulp and paper to Japan in USD (2006-2016).....	26
Figure 12 – Brazilian imports of wood pulp and paper in USD (2006-2016) .....	26
Figure 13 – Brazilian imports of wood pulp and paper from Japan USD (2006-2016) ....	26
Figure 14 – Brazilian exports by product (2006-2016) .....	27
Figure 15 – Brazilian imports by product (2006-2016) .....	28
Figure 16 – Brazilian exports by product to Japan in USD (2006-2016).....	28
Figure 17 – Volume of timber by type of timber origin (2016).....	33
Figure 18 – Required documents and permits regarding logging from natural forest management in Brazil.....	35
Figure 19 – Required documents for transportation of wood and wood products through the supply chain .....	42
Figure 20 – Legal process for timber export in Brazil.....	44
Figure 21 – Environmental Rural Registry (CAR) sample document .....	59
Figure 22 – Forest Harvesting Authorization – AUTEF sample document .....	60
Figure 23 – Forest Harvesting Authorization (AUTEX) sample document.....	61
Figure 24 – Forest Origin Document (DOF) sample document.....	62
Figure 25 – CITES Permit sample document .....	63
Figure 26 – Forest Guide 3 (GF3) sample document.....	64
Figure 27 – Forest Guide 1 (GF1) sample document.....	65
Figure 28 – Operation License sample document .....	66
Figure 29 – Phytosanitary Certificate of Origin sample document .....	67

## List of Tables

Table 1 – Forest area by biome (2015) .....	12
Table 2 – Land use classification in Brazil (2014).....	13
Table 3 – Recognized categories of land occupation in Brazil .....	16
Table 4 – Conservation Units Categories according to Law 9.985/00 and its tenure types .....	18
Table 5 – Forest Certified areas in Brazil (as of April 2018) .....	19
Table 6 – Major native timber species commercialized in Brazil by volume (2016) .....	22
Table 7 – Type of log source by ownership in Brazil.....	22
Table 8 – Major institutions and their role on forest management, timber processing and trade .....	29
Table 9 – Laws and regulations access forest resources, management and issue of permits .....	30
Table 10 – List of timber species regulated by CITES .....	36
Table 11 – Laws and regulations regulating transportation and processing of wood and wood products .....	40
Table 12 – HS Code nomenclature for commonly exported timber and timber products in Brazil .....	45
Table 13 – Legally required documents for wood and wood products export.....	47
Table 14 – Result of interviews and field survey.....	51

## List of Symbols

%	Percentage
MM	Million
M <sup>3</sup>	Cubic meter
N <sup>o</sup>	Number
USD	American Dollar Currency
Km <sup>2</sup>	Square Kilometer

## List of Acronyms

ABIMCI	Brazilian Association for Mechanically Processed Timber Industry (Associação Brasileira das Indústrias de Madeira Processada)
ART.	Article
ASV	Suppression Vegetation Authorization (Autorização de Supressão Vegetal)
ANVISA	National Health Surveillance Agency (Agência Nacional de Vigilância Sanitária)
AUMTF	Authorization for Use of Forest Raw Materials (Autorização para Utilização de Matéria- Prima Florestal)
AUTEF	Forest Harvesting Authorization (Autorização para Exploração Florestal)
AUTEX	Forest Harvesting Authorization (Autorização para Exploração)
AWB	Airway Bill
BACEN	Central Bank of Brazil (Banco Central do Brasil)
CAR	Rural Environmental Registry (Cadastro Ambiental Rural)
CCS	Chain of Custody System (Sistema de Cadeia de Custódia)
CE	European Conformity (Conformité Européenne)
CERFLOR	Brazilian Forest Certification Program (Programa de Certificação Florestal Brasileira)
CFO	Phytosanitary Certificate of Origin (Certificado de Origem Fitosanitária)
CFOC	Consolidated Phytosanitary Origin Certificate
CIPEM	Center of the Producing and Exporting Industries of the State of Matogrosso (Centro das Indústrias Produtoras e Exportadoras de Madeira do Estado de Matogrosso)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora

CoC	Chain of Custody System
CONAMA	National Environment Council (Conselho Nacional do Meio Ambiente)
CRT Rodoviário)	Road Transportation Knowledge (Conhecimento de Transporte Rodoviário)
CTF	Federal Technical Registry (Cadastro Técnico Federal)
CTPS Social)	Work and Social Security Portfolio (Carteira de Trabalho e Previdência Social)
DANFE	Auxiliary Document of the Electronic Invoice (Documento Auxiliar da Nota Fiscal Eletrônica)
DDE	Declaration of Export Dispatch (Declaração de Despacho de Exportação)
DETEX	Selective Scan Detection System (Sistema de Detecção de Exploração Seletiva)
DI	Import Declaration (Declaração de Importação)
DOF	Document of Forest Origin (Documento de Origem Florestal)
EIA	Environmental Impact Assessment (Estudo de Impacto Ambiental)
EU	European Union
EUTR	European Union Timber Regulation
FLEGT	Forest Law Enforcement, Governance and Trade
FLONAs	National Forests (Florestas Nacionais)
FSC	Forest Stewardship Council
FUNAI	National Indian Foundation (Fundação Nacional do Índio)
GF	Forest Guide (Guia Florestal)
GOJ	Government of Japan
IBÁ	Brazilian Tree Industry (Indústria Brasileira de Árvores)
IBAMA	Brazilian Institute of the Environment and Renewable Natural Resources (Instituto Brasileiro de Meio Ambiente e Recursos Naturais Renováveis)
IBGE	Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatísticas)
IGES	Institute for Global Environmental Strategies
ICMBio	Institute Chico Mendes of Conservation and Biodiversity (Instituto Chico Mendes de Conservação e Biodiversidade)
IN	Normative Instruction (Instrução Normativa)
INCRA	National Institute of Colonization and Land Reform (Instituto Nacional da Colonização e Reforma Agrária)
INMETRO	National Institute of Metrology, Quality and Technology (Instituto Nacional de Metrologia, Qualidade e Tecnologia)
INSS	National Social Security Institute (Instituto Nacional de Seguridade Social)
ITR	Rural Territorial Property Tax

ITTO	International Tropical Timber Organization
JFA	Japan Forest Agency
LIDAR	Light Detection and Ranging
LR	Legal Reserve
LO	Operational License (Licença Operacional)
MDIC	Ministry of Development, Industry and Foreign Trade
MERCOSUL	Southern Common Market (Mercado Comum do Sul)
MTE	Ministry of Labour and Employment (Ministério do Trabalho)
MMA	Ministry of the Environment (Ministério do Meio Ambiente)
NCM	Common Nomenclature of Mercosul (Nomenclatura Comum do Mercosul)
PAOF	Annual Forest Grant Plan (Plano Annual de Outorga Florestal)
PEFC	Program for the Endorsement of Forest Certification Schemes
POA	Annual Operational Plan (Plano Operacional Annual)
PPA	Permanent Preservation Areas (Áreas de Preservação Permanente)
PPCDA the Amazon	Plan of Action for the Prevention and Control of Deforestation in
RADAR	Registration and Tracking of the Performance
REI	Registration of Exporters and Importers
RFB	Brazilian Federal Revenue (Receita Federal do Brasil)
SECEX	Secretariat of Foreign Trade
SEMA	State Secretary for the Environment (Secretaria de Estado do Meio Ambiente)
SFB	Brazilian Forest Service (Serviço Florestal Brasileiro)
SFMP	Sustainable Forest Management Plans
SNUC	National System of Conservation Units (Sistema Nacional de Unidades de Conservação)
SISCOMEX Exterior)	Integrated Foreign Trade System (Sistema Integrado de Comércio
SISFLORA	System of Forest Products Commercialization and Transport (Sistema de Comercialização e Transporte de Produtos Florestais)
SINAFLOR	National System of Control of the Origin of Forest Products (Sistema Nacional de Controle de Origem de Produtos Florestais)
SINIEF	National System of Economic Information (Sistema Nacional de Informações Econômica)
SISNAMA	National Environment System (Sistema Nacional do Meio Ambiente)
STCP	STCP Engenharia de Projetos Ltda
TIF	Railway Transport

TIMOs	Timberland Investment Management Organizations
TOR	Terms of Reference
UC	Conservation Units (Unidades de Conservação)
UK	United Kingdom
USA	United States of America

## 1. INTRODUCTION

The Government of Japan (GOJ) enacted the “Act on Promotion of the Use of Legally-Harvested Wood and Wood Products (Clean Wood Act)”, in May 2017. The Objective of the Clean Wood Act is to promote the use and distribution of wood and wood products made from trees harvested in compliance with the laws and regulations of Japan and the countries of origin.

In order to comply with the Clean Wood Act and to facilitate the access of wood-related business entities to relevant data and information to check legality of wood products they are handling, JFA created a “Clean Wood Navi” website. Thus, JFA is collecting data and information on wood product distribution and relevant legislations in two target countries in Latin America (Brazil and Ecuador) to add contents to the webpage to support the efforts related to the Clean Wood Act implementation.

The International Tropical Timber Organization (ITTO) was requested to support this effort with assistance from the Institute for Global Environmental Strategies (IGES). In order to collect the relevant information on Brazil and Ecuador, ITTO prepared a Terms of Reference (TOR), followed by a suggested structured reporting template. Based on the TOR, the hired Consultant was requested to prepare a report, covering information on legislation (harvesting, transportation, distribution and trade of wood and wood products), on issues relevant to legality of wood and wood products, current situation of wood production and trade, forest certification and other related aspects.

Furthermore, aside from collecting above-mentioned data/information, the report also includes interviews with representatives of government institutions, academic/research institutions, wood industry, environmental NGOs and other relevant organizations to support the collected information. Moreover, documents such as copies of certificates and permits which support the legal origin of wood and wood products in the countries were collected.

The work was supervised by IGES, represented by Mr. Taiji Fujisaki, who has revised the earlier drafts of the report. This document is the Final Report for Brazil prepared by the Consultant, Dr. Ivan Tomaselli, with the support of Dr. Sofia Hirakuri.

## 2. OVERVIEW OF THE FORESTRY SECTOR

### 2.1. Forest Resources of the Country

#### 2.1.1. Vegetation Types of Forests

Brazil has a total of 485.8 million hectares of natural forests and 7.84 million hectares of planted forests. The natural forests in Brazil is divided into 6 biomes: Amazon (Amazônia), “Caatinga”, Savannah (Cerrado), Atlantic Forest (Mata Atlântica), “Pampa” and Wetland (Pantanal). The biomes of Amazônia, Caatinga and Cerrado are responsible for 93% of the total forest covered area. Table 1 presents the biomes and their corresponding area in hectares and Figure 1 presents a map of the distribution of biomes in Brazil.

**Table 1 – Forest area by biome (2015)**

Forest Area biome (2015)		
Biome	Area (ha)	%
Amazônia	342.027.340	70.4
Caatinga	40.582.671	8.3
Cerrado	69.235.988	14.3
Mata Atlântica	21.270.466	4.5
Pampa	3.210.486	0.7
Pantanal	8.975.022	1.8
<b>Total</b>	<b>485.801.973</b>	<b>100</b>

Source: SFB – SNIF (2017), compiled by STCP

In Brazil, natural forests are most predominant in northern region such as Acre, Rondônia, Pará, Amazônia, Mato Grosso, Acre and Roraima states. On the other hand, planted forests are mostly found on southeast (São Paulo) and southern regions (Santa Catarina and Paraná). Figure 2 illustrates common traded wood species in the country.

Brazil also has a long history of forest plantations using exotic species, such as Eucalyptus and Pine trees for commercial purpose in several industries such as pulp, wood panels, sawnwood and charcoal. According to IBÁ (2017), Eucalyptus plantations (5.7 million ha) are located mainly in the states of Minas Gerais, São Paulo and Mato Grosso do Sul, while pine plantations (1.6 million ha) are mostly located in the states of Paraná and Santa Catarina. In recent years, the country has made efforts on investing in plantation of native timber species like Paricá (*Schizolobium amazonicum*) and rubber wood (*Hevea brasiliensis*), as result of years of scientific development in tree genetics. It is noteworthy that logs from forest plantation (native and exotic species) are not subject to export ban.

**Figure 1 – Map of the distribution of Biomes in Brazil**



Source: Prepared by STCP (2018)

**Figure 2 – Commonly traded wood species in Brazil (native and planted)**

NATIVE TIMBER SPECIES		PLANTED SPECIES	
<p><b>Common species:</b></p> <ul style="list-style-type: none"> <li>• Maçaranduba (<i>Manikara huberi</i>);</li> <li>• Angelim (<i>Dinizia excelsa.</i>);</li> <li>• Cupiúba (<i>Goupia coubaril.</i>);</li> <li>• Jatobá (<i>Hymenea coubaril</i>);</li> <li>• Cedrinho (<i>Erisma uncinatum</i>);</li> <li>• Amapá (<i>Brosimum utile</i>);</li> <li>• Cumarú (<i>Dipteryx odorata.</i>);</li> <li>• Faveira (<i>Parkia spp.</i>);</li> <li>• Garapa (<i>Apuleia leiocarpa</i>).</li> </ul>	<p><b>High – value species:</b></p> <ul style="list-style-type: none"> <li>• Yellow Ipe (<i>Handroanthus serratifolia</i>);</li> <li>• Ipe Roxo (<i>Handroanthus impetiginosus</i>);</li> <li>• Red cedar (<i>Cedrela odorata</i>);</li> <li>- This species is listed at CITES Appendix III.</li> </ul>	<p><b>Common commercial species:</b></p> <ul style="list-style-type: none"> <li>• Pine tree (<i>Pine spp.</i>);</li> <li>• Eucalyptus (<i>Eucalyptus spp.</i>).</li> </ul>	<p><b>Other species:</b></p> <ul style="list-style-type: none"> <li>• Acacia (<i>Acacia spp.</i>);</li> <li>• Teak (<i>Tectona spp.</i>);</li> <li>• Parica (<i>Schizolobium amazonicum</i>);</li> <li>• Rubber wood (<i>Hevea brasiliensis</i>).</li> </ul>

Source: Data bank STCP (2018)

### 2.1.2. Land Uses in Brazil

The land use in Brazil is divided into 12 categories, according to the Brazilian Institute of Geography and Statistics (IBGE – Instituto Brasileiro de Geografia e Estatísticas). Table 2 describes the land use classification in Brazil.

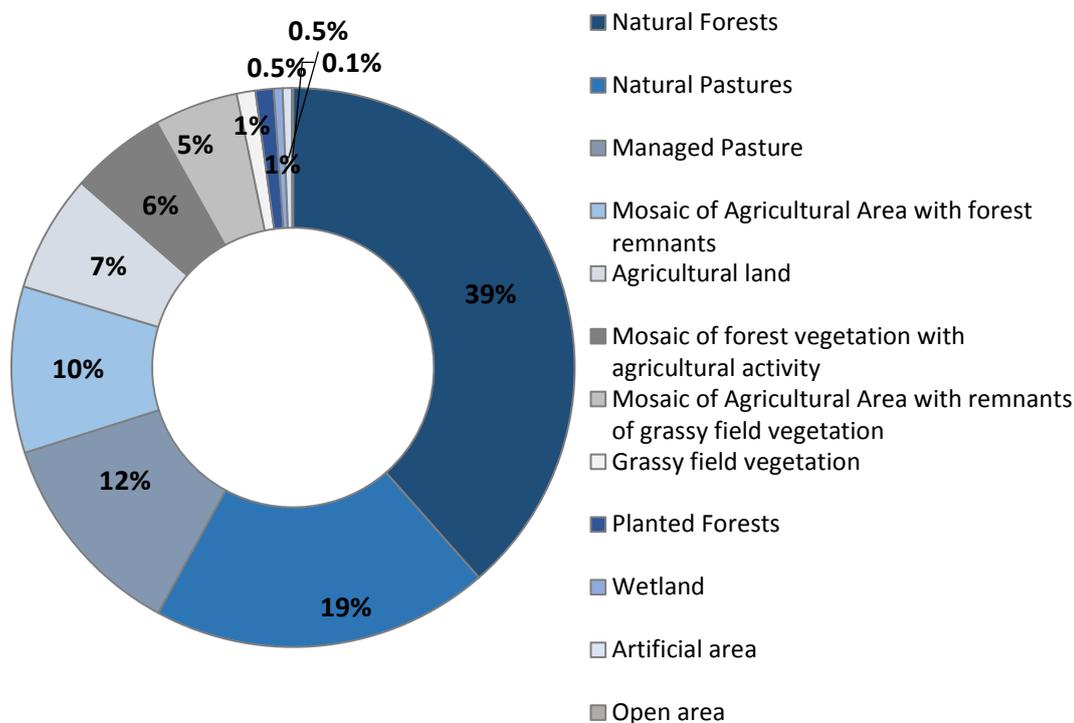
**Table 2 – Land use classification in Brazil (2014)**

<b>Category</b>	<b>Description</b>
<b>Forest</b>	Land covered by natural forests;
<b>Planted Forests</b>	Land covered by planted forest with exotic species;
<b>Mosaic of forest vegetation with agricultural activity</b>	Land covered by forests with temporary farming or pasture activity;
<b>Grassy field vegetation</b>	Land with vegetation formation such as savannahs, steppes, pioneering formations and ecological refuges;
<b>Natural Pastures</b>	Pastureland with natural vegetation with low anthropogenic interference for livestock grazing;
<b>Managed Pasture</b>	Area with perennial pasture for livestock grazing;
<b>Agricultural land</b>	Land used for production of food, fiber and agribusiness commodities;
<b>Mosaic of Agricultural Area with forest remnants</b>	Agricultural land with significant presence of natural forests;
<b>Mosaic of Agricultural Area with remnants of grassy field vegetation</b>	Land with agriculture, pasture and / or forestry and remnants of grassy vegetation may occur, to a lesser extent, tree plant formations;
<b>Wetland</b>	Land classified as puddles, swamps, wetlands;
<b>Artificial area</b>	Urban infrastructure;
<b>Open area</b>	This category includes rock outcrops, cliffs, reefs and erosion-eroded lands.

Source: IBGE (2016), compiled by STCP

IBGE land use categories are more detailed than the classification presented by the Brazilian Forest Service (SFB). For instance, natural land is divided into natural forests and natural pastures. Figure 3 illustrates the land use by IBGE's category for 2014.

**Figure 3 – Land use in Brazil by category (2014)**



Source: IBGE (2014), compiled by STCP

### 2.1.3. Tenure Categories in Brazil

As for land tenure rights, in Brazil, landownership can be either private or public. There are 7 categories of land tenure: settlements (*assentamentos*), indigenous land, vacant land, possession (*posse*), protected areas, private property and *quilombolas* land. The Brazilian Federal Constitution (1988) assures those land rights. Table 3 presents a summary of land occupation types in Brazil, according to ownership.

In 2012, with the goal to assist the Brazilian Public Administration in the process of environmental regularization of rural properties and possessions, the Brazilian Government established the Environmental Rural Registry (CAR<sup>1</sup>) by Law 12.651/12.

CAR system (see Fig. 21 in Annex) is a national electronic public registry system, mandatory for all rural properties in the country, with the purpose of integrating the environmental information of rural properties and possessions, making a database for control, monitoring, environmental and economic planning and combating deforestation. According to SFB, until June 2018, a total of 5.2 MM of rural properties were registered in the CAR system.

<sup>1</sup> CAR (Cadastro Ambiental Rural) was established by Law 12.651/12 (Art. 29).

**Table 3 – Recognized categories of land occupation in Brazil**

Types	Ownership	Description
<b>Settlements (Assentamentos)</b>	Public	Rural settlements created by the Brazilian Government for land reform. Land reform was established by Law 8.629/93.
<b>Indigenous Land</b>	Public	Land designated to Indigenous people and used for their livelihoods. Guaranteed by Art. 231 of the Brazilian Constitution. According to INCRA, Indigenous people have secure land rights of 13, 8% of Brazil's land area.
<b>Vacant Land</b>	Public	Public land not designated to any specific use.
<b>Possession (Posse)</b>	Public/Private	Land Possession refers to temporary use of land by a third part as referred in Chapter IV of Law 4.505/64. It can be either private or public: <ul style="list-style-type: none"> <li>• In public lands: can be individual or collective. When collective it refers to traditional communities; and</li> <li>• In private lands: includes tenancy agreements such as lease, but also include informal occupation of private land.</li> </ul>
<b>Protected Areas</b>	Public/Private	Land, either private or public, designated to achieve conservation and preservation of biodiversity. Levels of use differ according to different classes of protected areas as established by the Forest Code Law 12,561/12 and the National System of Conservation Units.
<b>Private Property</b>	Private	Land owned by legal entities (private) or individuals.
<b>Quilombolas</b>	Private	Land recognized as belonging to <i>quilombos</i> remnant peoples (descendants of Afro-Brazilian slaves) are regularized in Brazil. The Brazilian Constitution secures the ownership rights of <i>quilombolas</i> communities (which accounts for 0,2% of the Brazilian territory).

Source: Climate Policy Initiative (2017), compiled by STCP

As in for the risks involving land tenure in Brazil, according to IBGE latest agricultural census (2006), there were 300 million of hectares without proper land title, mainly in the northern region of the country, with an estimated 53% of land in the Legal Amazon with uncertain property rights. Because land rights regularization process in Brazil still incomplete, it results in a number of social and environmental problems, such as land dispute and inadequate use of natural resources.

#### **2.1.4. Specific Land Tenure Rights for Protected Areas**

The Brazilian Forest Code (Law 12.651/12), Article 12, establishes parameters for land use at property level. The most relevant are:

- **Legal Reserves - LR**  
A percentage of private land must be kept under native vegetation, called “Legal Reserves”<sup>2</sup> with function to protect vegetation and ensure the sustainable economic use of natural resources. These forested areas may be used for sustainable forest management. The percentage of legal reserve established by the Forest Code depends on the biome in which the property is located:
  - 80% of rural property located in forest areas in the Legal Amazon<sup>3</sup>;
  - 35% of rural property located in “cerrado/savannah” area in the Legal Amazon;
  - 20% of rural property located in an area in other vegetation in the Legal Amazon;
  - 20% of rural property located in other regions of the country.
- **Permanent Preservation Areas - PPA**  
In addition to the Legal Reserves land owners have to consider the Permanent Preservation Areas<sup>4</sup>. These areas must be maintained by the owners, along river or water streams, and slopes, to protect soil and ensure water quality.

Moreover, Brazil’s land tenure laws recognize Conservation Units (UC - Unidades de Conservação) as a land use as assured by Law 9.985/00 that establishes the National System of Conservation Units (SNUC), and can be either public or private.

The SNUC is divided into two groups with specific characteristics: i) Conservation units of integral protection; and ii) Conservation units of sustainable use. Table 4 presents the conservation units categories and its tenure types according to Law 9.985/00.

### **2.1.5. Certified Forest Area in Brazil**

There are two active certification schemes in Brazil, the FSC (Forest Stewardship Council), and the CERFLOR (Brazilian Forest Certification Program), linked to the Pan European Forest Certification (PEFC).

CERFLOR, as the FSC, is a voluntary program developed together with representatives from different stakeholders at the national level, which has been operational since January 2003. The CERFLOR standards were largely based on intergovernmental processes, the Tarapoto Criteria and Indicators for sustainable management of Amazonian forests and, the ITTO Criteria and Indicators guidelines for sustainable forest management of natural tropical forests and tropical planted forests.

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<sup>2</sup> Law 12.651/12, article 3 defines “legal reserve as an area located inside a property with the function of ensuring sustainable economic use of natural resources of the rural property to help in conservation and rehabilitation of ecological processes and to promote biodiversity conservation, as well as protection of wildlife fauna and native flora” (Item III);

<sup>3</sup> Legal Amazon was set by law (Federal Law No. 5.173/66) for economic planning of the region, which comprises all seven states of the North Region (Acre, Amapá, Amazonas, Pará, Rondônia, Roraima and Tocantins), and part of Mato Grosso in the Center-West Region and most of Maranhão in the Northeast Region, corresponding to 59% of Brazilian territory.

<sup>4</sup> Law 12.651/12, article 3 defines “Permanent Preservation Areas (APP) areas that are physically and ecologically fragile, such as riparian areas, springs, hilltops, mountain slopes, and mangroves, and are characterized by the important environmental services they provide at a landscape level, such as preservation of water resources, biodiversity, soil protection, geological stability, and facilitation of gene flows of fauna and native flora (item II)”

**Table 4 – Conservation Units Categories according to Law 9.985/00 and its tenure types**

Conservation Units Categories		Tenure Type	
Conservation Units	Ecological Station (Estação ecológica)	Public	-
	Biological Reserve (Reserva biológica)	Public	-
	National Parks (Parques Nacionais)	Public	-
	Natural Monument (Monumento Natural)	Public	Private
	Wildlife Refuge (Refúgio da vida Silvestre)	Public	Private
	Environmental protection areas (Áreas de proteção ambiental)	Public	Private
Sustainable Use	Areas of Relevant Ecological Interest (Áreas de Relevante Interesse Ecológico)	Public	Private
	National Forest (FLONA – Floresta Nacional)	Public	-
	Extractive Reserves (Reservas Extrativistas)	Public	-
	Wildlife Reserve (Reserva de Fauna)	Public	-
	Sustainable Development Reserves (Reserva de Desenvolvimento Sustentável)	Public	-
	Private Reserve of Natural Heritage (Reserva Particular do Patrimônio Privado)	-	Private

Source: Law 9.985/00 (Art. 7 –Art. 21), compiled by STCP (2018)

This Brazilian Certification Program was assessed and endorsed by PEFC in 2005. Also, it is important to highlight that in Brazil, the FSC and CERFLOR certification are often found as complementary to each other for the same area, almost overlapping certified areas. Table 5 shows the certified area by FSC and CERFLOR in the country.

Among them, 32% (1.2 million ha) of the FSC certification belongs to natural forests and 67% (4.8 million ha) of forest plantations.

In 2017, Brazil owned 8.1% of the total FSC certifications of forest management area worldwide, which represent 3.2% of the certified area in the world, and 3.4% of the total number of certified custody chains.

**Table 5 – Forest Certified areas in Brazil (as of April 2018)**

Certification Type	Certified Areas (ha)	Number of Certified Areas
FSC	6.601.911	1,126
CERFLOR	3.072.628*	48
<b>TOTAL</b>	<b>9.674.539</b>	<b>1,174</b>

Note\*: 2017 data.

Source: SFB (2018), compiled by STCP

## **2.2. Forestry Sector and Wood Processing Sector**

### **2.2.1. Product Types, Volume and Major Species**

In Brazil, timber can be harvested either from planted forests or natural forests. The planted forest industry has a broad portfolio of products such as pulp, wood panels, sawnwood, wood chips, charcoal, fuelwood and roundwood. As for products from natural forest the main products are roundwood, sawnwood, plywood, charcoal and fuelwood.

- **Planted Forest Sector**

There are 7.84 MM hectares of planted forests in Brazil. In 2016, 36% of this area belonged to pulp and paper companies, followed by independent forest owners and small producers under forest out grower schemes/programs<sup>5</sup>, corresponding to 29%. The steel and charcoal industry is placed third, representing 14% of the total planted forest area.

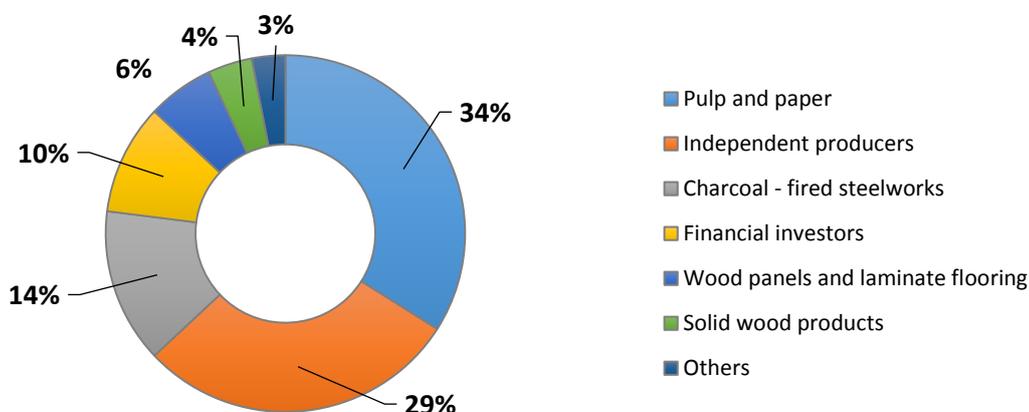
Financial investors, generally known as TIMOs (Timberland Investment Management Organizations), hold 10% of planted forest area in Brazil. These companies are attracted by the forest potential of the country, and began their operations 15 years ago. The segments of wood panels and laminate wood flooring with 6%, solid wood (4%) and others (3%) completed the graph with distribution of planted trees in Brazil.

Figure 4 presents the composition of planted forest area, by industry owner and by type of industry for 2016.

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<sup>5</sup> Forest schemes/Programs: it is a strategic instrument that promotes the integration of rural producers into the production chain and provides them with economic, social and environmental advantages. In addition to the expansion of the forest base in the economic radius of transport to supply the raw material demand for the industries, those schemes/programs work as a complementary activity in the rural property, makes possible the use of degraded, unproductive, underutilized and unsuitable agricultural areas, as an additional income alternative to rural producers. According to ABRAF (2007), the most frequent forms of forest development can be exemplified by: donation of forest seedlings to rural producers; program of anticipated income to the producer for the forest plantation, among others.

**Figure 4 – Composition of the area of planted forest, by owner and type (2016)**

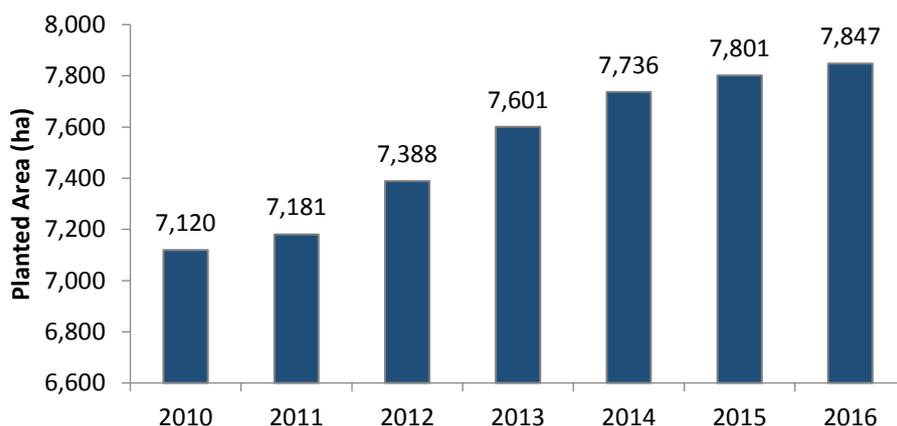


Source: IBÁ (2017), compiled by STCP (2018)

The major species used in forest plantations in Brazil are Eucalyptus and Pine sp. Eucalyptus plantations are the major source of raw material destined to industries, such as pulp, charcoal and wood panels. Pine sp. plantations are used mainly for pulp, wood panels and sawnwood. Plantation timber represents around 90% of the total industrial demand in Brazil (IBÁ, 2017).

According to IBÁ (2017), Eucalyptus plantations occupied 5.7 million hectares, while pine plantations 1.6 million hectares (See Fig. 5). The increase in planted area mainly occurred in the states of Minas Gerais, São Paulo and Mato Grosso do Sul.

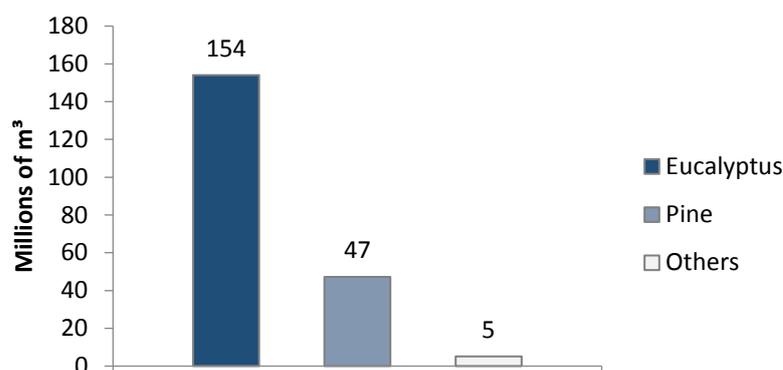
**Figure 5 – Evolution of Planted Area in Brazil (hectares)**



Source: IBÁ (2017), compiled by STCP (2018)

Additionally, there are other planted species such as Paricá (*Schizolobium amazonicum*), Acacia (*Acacia decurrens*) and Rubber trees<sup>6</sup> (*Hevea brasiliensis*), although not significant in volume. Figure 6 illustrates wood consumption from planted forest by species, for industrial use<sup>7</sup> in 2016.

**Figure 6 – Wood consumption from planted forests by species for industrial use (2016)**

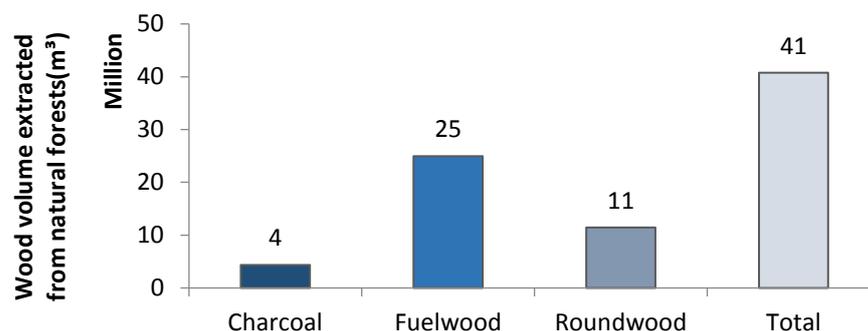


Source: IBÁ (2017), compiled by STCP

- **Natural Forests Sector**

The volume harvested from natural forests is currently much lower than that of planted forests. In 2016, approximately 4.4 million m<sup>3</sup> of timber from natural forests were used for charcoal, 25.0 million m<sup>3</sup> for fuelwood, 11.5 million m<sup>3</sup> for industrial roundwood, totaling almost 41 million m<sup>3</sup> harvested from natural forests, which is equivalent to 20% of production volume from planted forest. Figure 7 illustrates logging of natural forest by type of products for 2016.

**Figure 7 – Natural forest harvesting by type of product (2016)**



Source: SFB- SNIF (2017), compiled by STCP

<sup>6</sup> Mainly for resin.

<sup>7</sup> Industrial use include: Pulp and paper, charcoal (steelworks), wood panels and laminate wood flooring and solid wood products.

A large number of timber species are harvested in natural forests; the major species commercialized in volume in 2016 were *Manilkara huberi* (Maçaranduba), *Goupia glabra* (Cupiuba) and *Erisma uncinatum* (Cedrinho). Table 6 presents the twenty species most commercialized in volume in 2016.

**Table 6 – Major native timber species commercialized in Brazil by volume (2016)**

Timber Species	Common Name	Volume (m <sup>3</sup> )
<i>Manilkara huberi</i>	Maçaranduba	343,780
<i>Goupia glabra</i>	Cupiuba	264,126
<i>Erisma uncinatum</i>	Cedrinho	203,756
<i>Dinizia excelsa</i>	Angelim - vermelho	176,807
<i>Couratari guianensis</i>	Maú	175,814
<i>Euterpe edulis</i>	Palmito	162,551
<i>Araucaria angustifolia</i>	Pinheiro do Paraná	150,439
<i>Qualea paraenses</i>	Mandioqueira	136,496
<i>Qualea albiflora</i>	Mandioqueira	127,496
<i>Hymenobium petraeum</i>	Angelim	118,939
<i>Hymenaea courbaril</i>	Jatobá	110,652
<i>Dipteryx odorata</i>	Cumarú	108,100
<i>Cariniana micranta</i>	Castanha do Macaco	98,200
<i>Apuleia molaris</i>	Garapa	92,848
<i>Astronium lecointei</i>	Aroeira	91,560
<i>Mezilaurus itauba</i>	Itaúba	91,383
<i>Tabebuia serratifolia</i>	Ipê amarelo	88,805
<i>Allantoma lineata</i>	Seru	76,749
<i>Apuleia leiocarpa</i>	Grápia	72,771
<i>Caryocar villosum</i>	Pequiá	62,697

Source: IBAMA - Transportation Information Sheet (2016), compiled by STCP (2018)

### 2.2.2. Source of Logs

In Brazil, logs can legally originate from five sources, involving public and private forest lands. Table 7 presents types of log source in Brazil, its ownership and a brief description of each type.

**Table 7 – Type of log source by ownership in Brazil**

Log Source	Ownership	Brief Description
<b>Private Sustainable Forest Management</b>	Private	<ul style="list-style-type: none"> <li>Private forest management is the process by which a private land owner harvests its natural forest.</li> </ul>
<b>Forest Concession</b>	Public	<ul style="list-style-type: none"> <li>Since 2006, the Brazilian Government has granted to businesses and communities the right to manage public natural forests to extract timber, non-timber products and provide tourism services. Concessionaires pay royalties to the government.</li> </ul>

Log Source	Ownership	Brief Description
<b>Land Use Change</b>	Private/Public	<ul style="list-style-type: none"> <li>Land use change occurs in two ways: i) Authorization for the use of forest raw materials (AUMPF); and ii) suppression of native vegetation in undertakings of public or social interest, such as hydroelectric power plants, public roads, among others. In case of land use change for undertakings or activities (energy, oil and gas companies, public roads, etc.), that may cause environmental degradation are subject to environmental licensing.</li> </ul>
<b>Forest Plantation</b>	Private	<ul style="list-style-type: none"> <li>Establishment of forest plantation or reforestation with native species or exotic species does not require prior permission except for some states, and shall be informed to the competent authority within one (1) year, for forest origin control purposes (Law 12.651/12, Art. 35).</li> </ul>
<b>Community Forest Management</b>	Private/Public	<ul style="list-style-type: none"> <li>Established by Decree nº 6.874/09. The objective is to establish management activities and to promote sustainable management in forests that are used by family farmers, based on agrarian reform and by traditional peoples and communities.</li> </ul>

Source: Several Sources, compiled by STCP (2018)

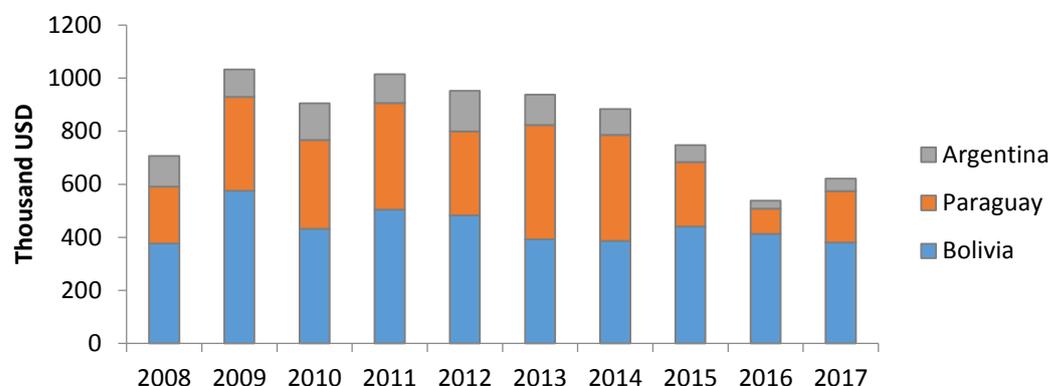
Note: \*Traditional communities' forest management accounts for less than 1% of forestry in Brazil, according to WWF Brazil.<sup>8</sup>

In the Amazon region, there are "small-scale forest operations with low intensity management" managed by community associations of diverse contexts, as residents of Extractive Reserves or National Forests (FLONAS), projects of Agrarian Reform settlements promoted by the Brazilian government; management practiced by Quilombolas or Indigenous people and also privately owned properties.

Brazil only imports a limited volume of logs. The majority of imported logs are originated from neighboring countries, such as Bolivia, Paraguay and Argentina, according to the TradeMap.

<sup>8</sup> Interview with Ricardo Russo, WWF Brazil, Forestry Program Coordinator, on September 27<sup>th</sup>, 2018, Brasilia.

**Figure 8 – Brazilian imports of Roundwood in USD (2006 -2017)**



Source: Trademap (2018), compiled by STCP (2018)

### 2.2.3. Key Supply Chain of Wood and Wood Products

The supply chain of wood and wood products in Brazil, considering natural forests, involves the harvesting in managed forest concession license<sup>9</sup> (public forests) and in managed forests located in private land. The harvesting permits are issued by Brazilian Institute of the Environment and of Renewable Natural Resources (IBAMA) or by the State environment authorities (SEMA).

Logs from natural forests may also originate from land use change permit (Autorização de Desmatamento). The Land Use Change Permit is authorized by the Secretariat for Environment (SEMA) of each State, and requires a survey of timber species that occur in the area. Once the permit is issued the land owner is allowed to commercialize the wood harvested from the area.

The supply chain of wood from planted forests begins with the formation of forest plantation<sup>10</sup>, and involves the supply of seedlings, planting, fertilizing and other activities for the establishment and management of the forests. Depending on the State (Espírito Santo, Minas Gerais, Rio Grande do Sul, among others) a plantation establishment permit is required. The State authority issues this permit.

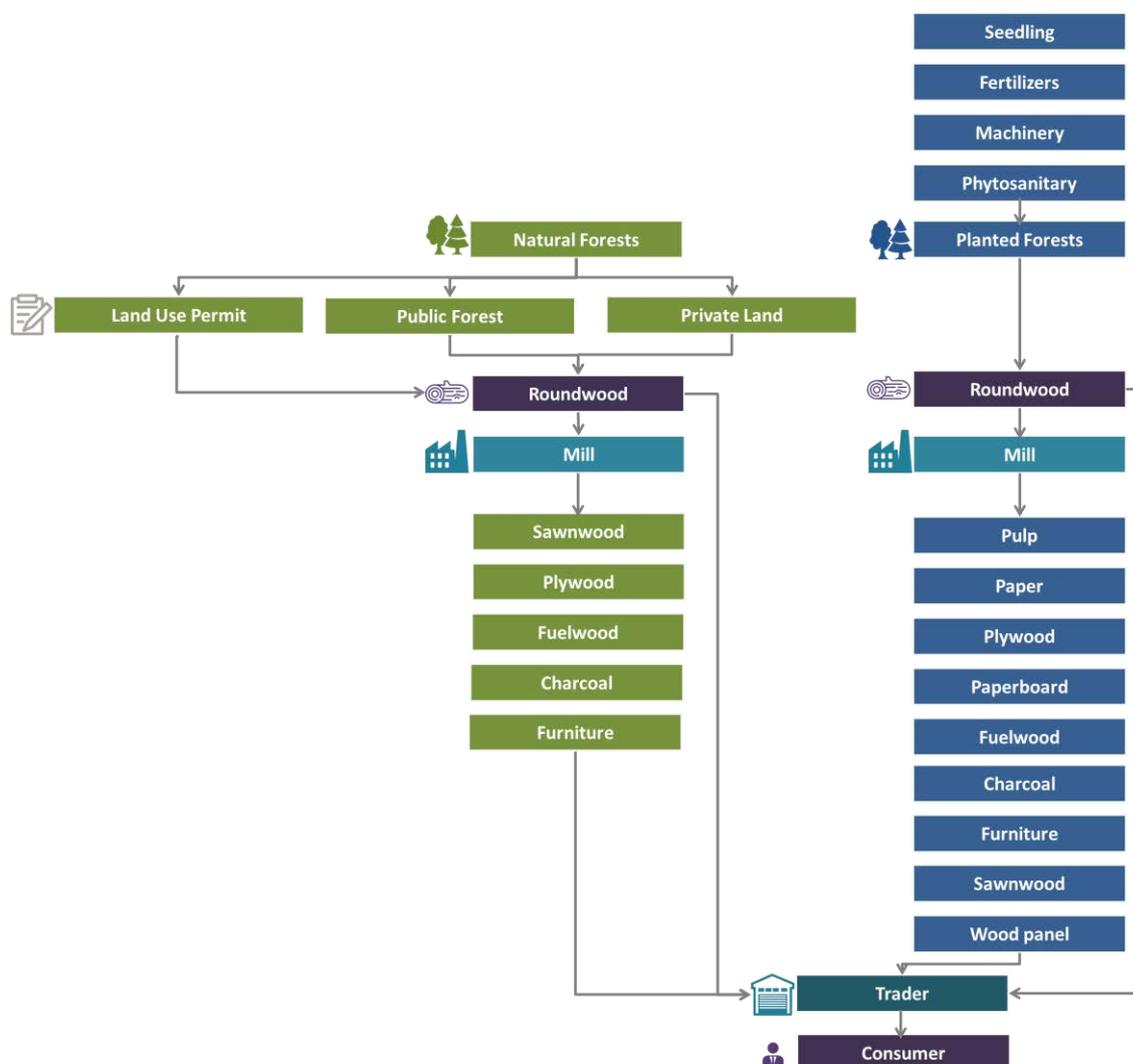
When the forest plantation is mature, are harvested and the timber transported to the mill, where can be processed into a variety of products that are finally delivered to traders / consumers at local or international market.

Figure 9 illustrates a basic model of the supply chain for wood and wood products, taking into account natural forests and planted forests.

<sup>9</sup> For years 2015, 2016, 2017 and 2018 approximately 1 million hectares are under forest management with 800 thousand m<sup>3</sup> under harvest, according to the Brazilian Forest Service. Moreover, the forest concession is currently undergoing in two states (Pará and Rondônia), in 5 different FLONA's (Altamira, Caxiuana, Jacundá, Jamari and Saracá-Taquera).

<sup>10</sup> New forest plantations occur in degraded lands, without opening new deforestation fronts. That is done through a better use of areas that have already been modified by human activity, called anthropogenic. These areas include degraded pasturelands, areas degraded by agricultural misuse or areas unsuitable for agriculture (EMBRAPA Florestas, 2016 & FIEPA, 2017)

**Figure 9 – Supply chain of wood and wood products for natural and planted forests**



Source: Data Bank STCP (2018)

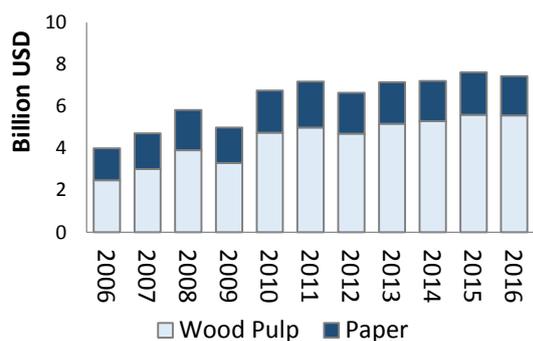
### 2.3. Trade of Wood Products

Timber industry is important economic sector in Brazil. The country is the third largest exporter of wood pulp, behind Canada and the United States and the larger world producer of eucalyptus pulp, according to Brazilian Tree Industry (IBÁ). In 2016, Brazil exported over 5.5 billion dollars of pulp (Figure 10). The main species used to produce wood pulp are Eucalyptus and Pine (accounted for 98% of pulp production). Paper wise, Brazil is the 20<sup>th</sup> exporter, with an exported value of 1.8 billion dollars in 2016.

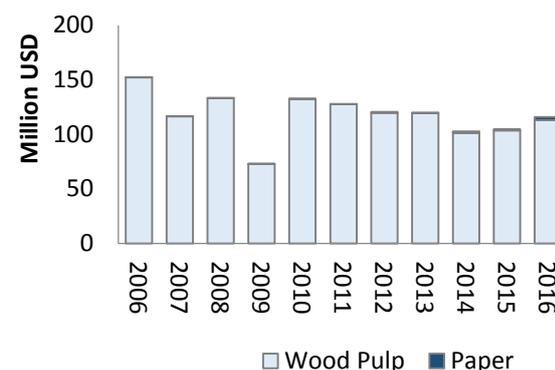
Japan is a large consumer of Brazilian wood pulp (Figure 11), importing 113 million dollars in 2016, making it the 8<sup>th</sup> biggest importer of the commodity worldwide. On the other hand, imports of Brazilian paper are very small (1.16 million dollars in 2016, ranked 51<sup>st</sup>).

Cenibra S. A. (a subsidiary by the Japan Brazil Paper and Pulp Resources Development Co. - JBP) is the 8<sup>th</sup> pulp producer in Brazil. In 2017, the company had an annual production of 1.22 million tons of pulp, 97% of which was exported (Asia 46%, Europe 40% and North America 11%). According to Cenibra's 2017 Sustainability Report, the Japanese market for pulp grew 11.2%, when compared to 2016.

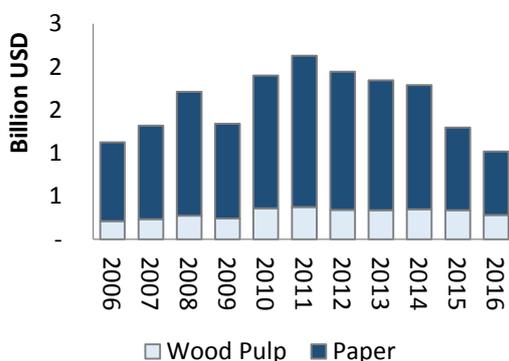
**Figure 10 – Brazilian exports of wood pulp and paper in USD (2006-2016)**



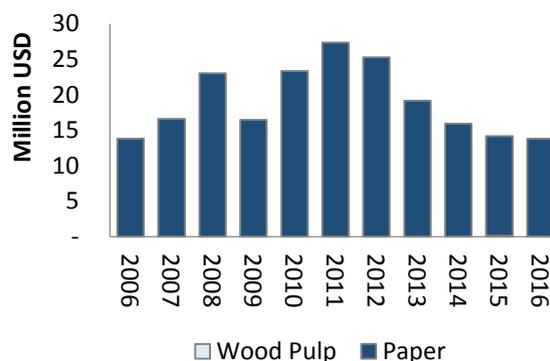
**Figure 11 – Brazilian exports of wood pulp and paper to Japan in USD (2006-2016)**



**Figure 12 – Brazilian imports of wood pulp and paper in USD (2006-2016)**



**Figure 13 – Brazilian imports of wood pulp and paper from Japan USD (2006-2016)**



Source: Trademap (2018), compiled by STCP

Along the last few years, the slowdown of the domestic civil construction led to a drop in domestic consumption of lumber<sup>11</sup> and plywood, and the industry drove those products to the international market.

The United States (USA) continues to be one of the greater importers of wood products, followed by Mexico and China. The USA is the main importer of plywood (USD 151 Million), Builders wood (USD 207 million) and sawnwood (USD 163 million) in 2016. Most of the exported sawnwood was *Pinus spp*, although USD 13 million (or 8% of exported value) was tropical wood.

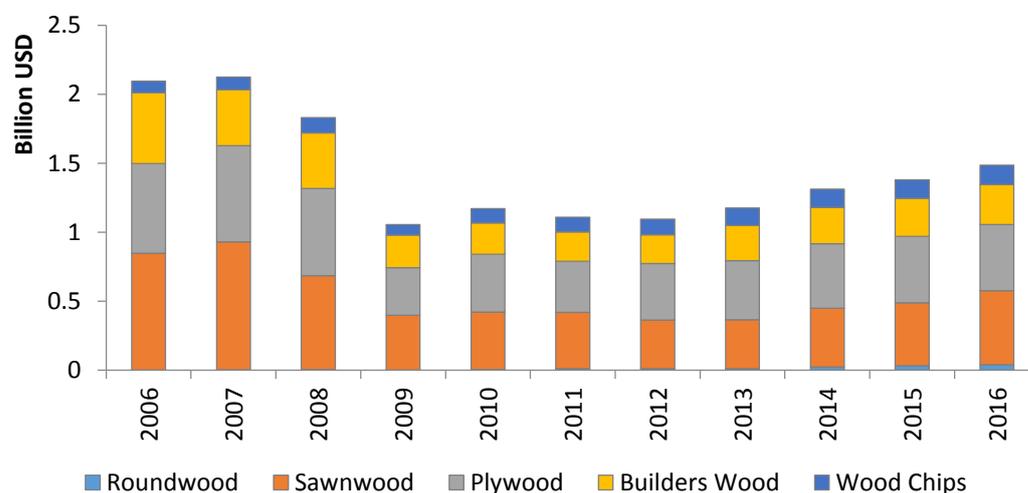
<sup>11</sup> Segment of sawnwood which comprise the following products: roundwood, boards, rafters, battens, beams, laths, and joists.

In 2016, Mexico was the 5<sup>th</sup> importer of plywood (USD 21.6million) and 2<sup>nd</sup> importer of sawnwood (USD 77.3 million), USD 884 thousand being of tropical wood. China, on the other hand, was the second biggest importer of Brazilian roundwood USD (5.5 million) and 3<sup>rd</sup> importer of sawnwood (USD 68.3 million), 6% of the value being sawn tropical wood (USD 4.3 Million).

As for wood products exported to the EU, in 2016 plywood was the largest in value, USD 215 million, followed by sawnwood, USD 77 million and Builders wood, USD 30 million. The UK and Germany are second and third main importers of Brazilian plywood. USD 36 million or 48% of the total value of imported sawnwood is tropical wood.

Although exports have increased, there is an evident decrease in profitability of wood industry according to the interview with Brazilian Association of Industrial Processed Wood (ABIMCI)<sup>12</sup>. This is due to difficulties the industry have been facing internally with the increase of manufacturing costs, such as energy, logistics, inputs and others. Figure 14 presents exports of main solid wood product in terms of USD on a historical time series.

**Figure 14 – Brazilian exports by product (2006-2016)**

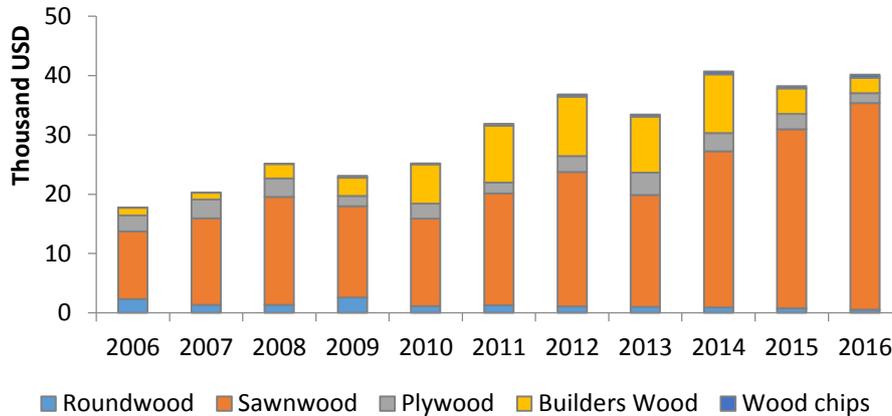


Source: Trademap (2018), compiled by STCP

Brazilian imports of wood products such as roundwood, sawnwood, plywood, builders' wood and wood chips are very low compared to export, due to the high availability of forests in the country, specially planted forest. Figure 15 presents Brazilian imports of main solid wood product in terms of USD on a historical time series.

<sup>12</sup> Interview with Roberto Puppo, ABIMCI, on September 25<sup>th</sup>, in Curitiba, Brazil.

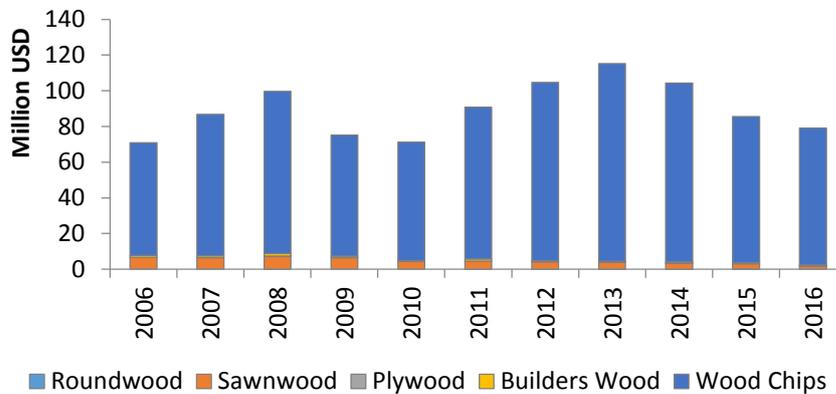
**Figure 15 – Brazilian imports by product (2006-2016)**



Source: Trademap (2018), compiled by STCP

Japan is the main importer of wood chips (eucalyptus and acacia) from Brazil. This is basically a result of Japanese companies’ subsidiaries operating in Brazil). Exports to Japan are also concentrated in veneer and plywood mills. Figure 16 presents a historical time series of wood products imported by Japan from Brazil, pointing out a large concentration on wood chips.

**Figure 16 – Brazilian exports by product to Japan in USD (2006-2016)**



Source: Trademap (2018), compiled by STCP

### 3. OVERVIEW OF THE RELEVANT GOVERNMENT ORGANIZATION

The Brazilian Forest Code (Law 12.651/12) sets out the responsibilities of agencies/institutions in charge for forest-related activities (public and private). The management of forests in Brazil involves different institutions at three levels of government (federal, state, and municipality). The main institutions are federal and state, including:

- **Federal Level**

At the federal level, forest management is under the responsibility of the Ministry of the Environment (MMA) and their complementary institutions: Brazilian Forest Service (SFB), Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) and Institute Chico Mendes of Conservation and Biodiversity (ICMBio). These organizations basically regulate the forest sector, issue permits and supervise operations.

There are other institutions, at federal level that influence the forest sector. Examples are the National Institute of Colonization and Land Reform (INCRA) and Ministry of Labor and Employment (MTE). They are not directly related to forest activities but play a significant role on land and labor-related activities.

- **State Level**

At State level the responsibility is generally under the Secretary for Environment (SEMA). They establish regulations and monitor forest management, issue permits, inspect of timber and timber products, varying according to each State in Brazil.

The role of the municipalities is generally less important, but in some cases might be important in cases of specific permits. Table 8 shows relevant federal and state governmental institutions identified regulating forest management, timber processing and trade activities.

**Table 8 – Major institutions and their role on forest management, timber processing and trade**

Organization	Government Level	Roles and Responsibilities
<b>Brazilian Forest Service – SFB</b>	Federal	Responsible for managing federal public forests, generating knowledge, promoting sustainable use and expansion of forest cover and sustainable production of goods and services, making the forest agenda strategic for the country's economy.
<b>Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA)</b>	Federal	Responsible for environmental control and inspection, and is also responsible for licensing and environmental control of the Brazilian forests;
<b>Institute Chico Mendes of Conservation and Biodiversity (ICMBio)</b>	Federal	Responsible for proposing, implementing, managing, protecting, inspecting, and monitoring the Conservation Units; principally when involving sustainable forest management in extractive reserves, national forests, others
<b>State Secretariat of for the Environment (SEMA)</b>	State	Promote integrated, shared and efficient environmental management compatible with sustainable development, ensuring the preservation, conservation of the environment and improvement of the quality of life.

Source: Compiled by STCP (2018)

## 4. LEGISLATIONS ON HARVESTING OF FOREST RESOURCES

### 4.1. Laws and Regulation on Harvesting of Forest Resources

Article 21 of the Brazilian Forest Code (Law 12.651/12) defines forms of access to natural forests resources and on the issues of permits by SISNAMA (IBAMA system on concession license). Access to timber from natural forests is primarily based on a Sustainable Forest Management Plan – SFMP, in spite of the fact that timber from land use conversion can also be used. On the other side, harvesting in plantation forests is deregulated.

Table 9 presents a summary of the laws and regulations regarding access and management of natural forest, harvesting permits and other related regulations.

**Table 9 – Laws and regulations access forest resources, management and issue of permits**

Laws and Regulations	Year	Description
<b>Law n°. 12.651</b>	2012	Provides guidance for the protection of native vegetation, vegetation suppression, logging, among other measures.
<b>Law n°. 12.187</b>	2009	Establishes the National Policy on Climate Change - PNMC and makes other provisions, such as carbon markets for Climate change mitigation. It includes Forest Carbon for International and National Market.
<b>Law n°. 11.284</b>	2006	Deals with the management of public forests with the objective of sustainable production and establishes principles for the administration of public forests, relating forest management and sustainable management.
<b>Law n°. 6.938</b>	1981	Provides for the National Environmental Policy Act, its purposes and formulation and application mechanisms, and provides for other matters.
<b>Decree n°. 8.375</b>	2014	Deals with the Agricultural Policy for planted forest, among other measures.
<b>Decree n°. 6.063</b>	2007	Regulates provisions of Law No. 11.284, of 2006, which deals with the management of public forests for sustainable production.
<b>Normative Instruction MMA n°. 05</b>	2006	Regulates technical procedures for the preparation, presentation, execution and technical evaluation of Sustainable Forest Management – PMFS, among other measures such as succession on the Legal Amazon.

Source: Compiled by STCP (2018)

Basically, for harvesting in natural forest, as established by the Forest Code and complementary regulations requires:

- Preparation of a Sustainable Management Plan

- Forest Census and georeferencing of the each commercial tree;
- Preparation of an Operational Annual Plan – POA
- Issue of the Forest Harvesting Authorization – AUTEF<sup>13</sup>/AUTEX (see Fig. 22 and 23 in Annex).

The AUTEF and the AUTEX point out the volumes allowed to be harvested by species, based on the Operational Annual Plan (POA). Because of the nature of jurisdiction in Brazil, individual States might consider particularities in their legislation regarding forest management and the issue of permits.

## **4.2. Legal Rights over Forests**

### **4.2.1. Land Tenure and Legal Rights over Forest Resources**

Private land ownership is based on a land title validated by the public notary. The title is required to submit, and approve, a forest management plan by the authorities, and ensure the rights to harvest forest products.

Despite Brazil having five types (item 2.2.2) of legal sources of timber, access to forest resources based on forest management is basically concentrated in:

- State owned forests through a forest concession license

The forest concession license follows the requirements defined by Law 11.284/06. Article 35 of Decree 6.063/07 sets out that the concession is managed through public forest concession contracts. The contract gives the right of sustainable forest management to a company<sup>14</sup> that presents the best financial and technical proposal, assuring the lowest environmental impact, the greatest direct social benefits, greater efficiency, and greater value adding to forest product or service, in the concession region.

- Forest management in private forest land

In case of private land, the Law 4.504/64 regulates the rights and obligations concerning rural properties and management of the resources. The law grants the owner the right to transfer the land to a third party through formal contracts (e.g. rural leasing, agricultural, agro-industrial and extractive partnership) that are registered with public notaries. This is a common practice on management of natural/forest plantations.

### **4.2.2. Legality Risks in forest licensing processes**

The risks associated with illegalities involving forest concessions licensing in Brazil are quite low, according to WWF Brazil.<sup>15</sup> The process is transparent and reviewed in several steps of the completion of the contracts, which reduces the possibility of unethical conduct in all phases of the process, from the publication of tender bids to audits. The practice of forest concessions in Brazil is well consolidated and with minor risks related to the process.

Harvesting in private forestland it is also a process involving low illegality risks. The sustainable management practices are quite well defined and harvesting is relatively well

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<sup>13</sup> Logging permit in only for Pará and Mato Grosso States, adopt the terminology AUTEF (Autorização de Exploração Florestal) instead of AUTEX.

<sup>14</sup> According to Art. 19, § 1º of Law nº 11.284/06, only Brazil-based companies are allowed to be granted a forest Concession License.

<sup>15</sup> Interview with Ricardo Russo, WWF Brazil, Forestry Program Coordinator, on September 27<sup>th</sup>, 2018, Brasília.

monitored by the authorities. For instance, the states of Mato Grosso and Acre have a good forest control, according to CIPEM<sup>16</sup>.

### 4.3. Harvesting, Management, and Risks

#### 4.3.1. Production of Timber and Origin

The production of timber from natural forests is identified from the information provided in the DOF system, which is a federal electronic tool. This tool integrates federal (SINAFLOR) and state (SISFLORA) forest transport documents to monitor and control harvesting, transformation, trade and storage of forest products. Details of these systems are presented below.

- The DOF system (Document of Forest Origin)

The DOF (see Fig. 24 in Annex) is issued based on information on timber volumes defined in the AUTEX, which is based on information of the sustainable forest management plans – SFMP and Census of natural forests (private natural forests and public forest concession). DOF can also be based on permits of land use change, vegetation suppression authorization<sup>17</sup>. Forest plantations with exotic species do not require a DOF (for timber from planted forests see item 2.2.2). It is noteworthy that indigenous people are not allowed to commercialize log from their land, however, traditional communities are able to sell wood from their land, but this activity happens in small-scale or is almost inexistence as seen in the interviews<sup>18</sup>.

- The SINAFLOR (National System for Control of the Origin of Forest Products)

This system integrates the control of the origin of wood, charcoal and other forest products, under the coordination of IBAMA. SINAFLOR was established by Normative Instruction Nº. 21/14, in compliance with Art. 35 and 36 of Law 12.651/12 and is being gradually implemented across Brazil. SINAFLOR<sup>19</sup> covers volume from Sustainable Forest Management Plan (private and public land), land use change, vegetation suppression authorization, forest reposition<sup>20</sup> and isolated tree cut. Furthermore, this system is still in process of implementation in some States, and forest management projects authorized prior to the implementation of SINAFLOR will be managed under the DOF system. According to IBAMA (2018), Twenty-one states are already prepared to operate the system: Acre, Amazonas, Amapá, Rondônia, Roraima, Tocantins, Alagoas, Ceará, Maranhão, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, Sergipe, Federal District, Goiás, Mato Grosso South, Minas Gerais, Rio de Janeiro, Paraná and Rio Grande do Sul. The states of Bahia, Pará, Mato Grosso, Espírito Santo,

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<sup>16</sup> Interview with Rafael Mason of CIPEM, on September 28<sup>th</sup>, 2018, in Cuiabá, Brazil.

<sup>17</sup> Vegetation Suppression Authorization (Autorização de Supressão Vegetal - ASV) refers to the suppression of native vegetation in undertakings of public or social interest subject to environmental licensing by IBAMA. It seeks to guarantee the control of exploitation and commercialization of the forest raw material actually exploited in the undertakings licensed by IBAMA and the control of flora specimens.

<sup>18</sup> Interviews held in Brazil with several experts in 24 – 28<sup>th</sup> of September, 2018.

<sup>19</sup> Planted trees (native and exotic) do not need authorization, according to Art 35 of Law 12651/2012; however, a prior notice is required by registering at SINAFLOR system.

<sup>20</sup> The forest reposition is the compensation of the volume of raw material extracted from natural forests by the volume of raw material resulting from forest planting for recovery of forest cover. (<https://www.ibama.gov.br/flora-e-madeira/reposicao-florestal/o-que-e-reposicao-florestal>)

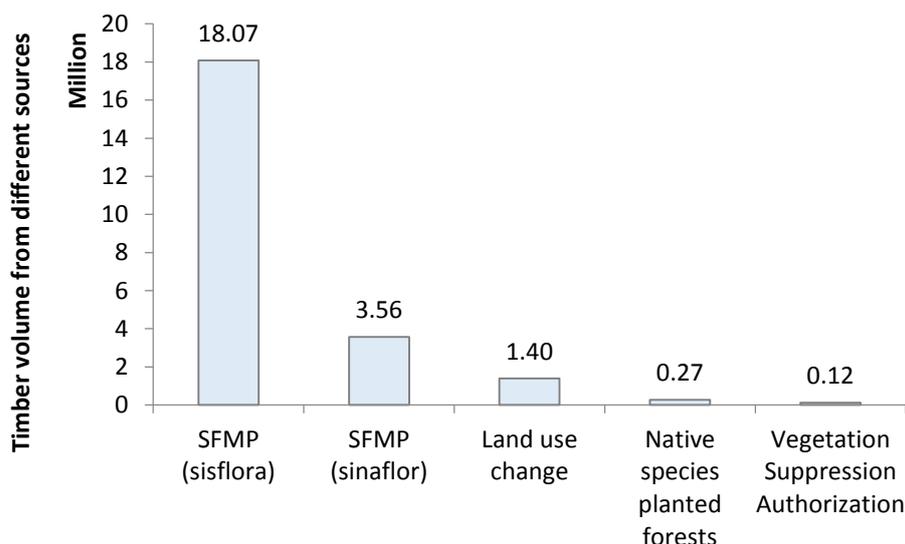
São Paulo and Santa Catarina are completing the stages of training and implementation.

- The SISFLORA (System of Forest Products Commercialization and Transport)

SISFLORA is the State System of Commercialization of Forest Products Transport, exclusively used in the States of Pará and Mato Grosso in the forest control. Those States have decentralized system due to the high volumes of harvesting natural forests. In 2016, the SISFLORA (Pará and Mato Grosso), informed timber volume production of 18.073.603 m<sup>3</sup> coming from SFMP, including private and public forests. The two States using SISFLORA are responsible for the supply of over 70% of tropical timber produced in the country. SISFLORA covers volume from Sustainable Forest Management Plan (private and public land), land use change, vegetation suppression authorization, forest reposition and isolated tree cut.

Figure 17 presents logging volume by type of timber origin for 2016, which originated from DOF system data.

**Figure 17 – Volume of timber by type of timber origin (2016)**



Source: IBAMA (2018), compiled by STCP

#### 4.3.2. Legal requirements for management planning

Legal requirements for logging in Brazil are laid out in the Brazilian Forest Code (Law 12.651/12) and forest concession Law 11.284/06 and their regulations.

In Brazil, timber harvesting, as mentioned, can occur in public lands (Forest concession) or private lands. The licensing process for logging varies depending on whether the forest is public or private, for instance, public forests require public notice. In all cases, public or private natural forests, an Annual Operation Plan (POA) shall be presented and approved, to be issued a logging permit by the relevant environmental agency. For federal public forests, the permit is issued by the federal environmental agency - IBAMA.

In terms of forest concession, commercial harvesting requires the Annual Forest Grant Plan (PAOF). The size (hectares) of forest concessions varies according to the year of the

PAOF and the forest concession, when granted last for 40 years. At the federal level (federal public forests), PAOF is prepared and proposed by the SFB and approved by the Ministry of Environment. At State<sup>21</sup> level (state public forests), PAOF is prepared and proposed and approved by the state government, generally by the State Environment Secretariat (SEMA).

The PAOF establishes the criteria for access to forest concessions by small, medium-sized organizations, as a way to promote equity in the management policy of Public Forests in Brazil. It considers initiatives of great value such as the Plan of Action for the Prevention and Control of Deforestation in the Amazon Legal (PPCDA) and the Ecological-Economic Macro zoning of the Legal Amazon.

All concessionaires should be registered at the IBAMA's technical register system (Cadastro Técnico Federal). Moreover, in order to be granted the legal right to harvest from concessions in natural public forests, concessionaires must hold a concession contract. For harvesting in private natural land forests, timber companies must hold land title documents or a land lease contract.

When harvesting in natural forests<sup>22</sup>, timber companies must have an approved Sustainable Forest Management Plan – SFMP, an approved POA and a logging permit (generally called Autorização de Exploração – AUTEX, except in the State of Pará, which it is called AUTEF. Figure 18 summarizes the documents required in the process of harvesting natural forests. This process is the same for forest management in private land<sup>23</sup>.

Companies harvesting from planted forests (native and exotic species) do not need to have a harvesting permit<sup>24</sup>, but in some states they need to inform the competent authorities (the local State Environmental Secretariat) the final purpose of harvesting, when establishing the plantation, following the rules established in Chapter VII of the Forest Code (Law 12.651/12).

For forest clear-cut, the State Environment Secretariat (SEMA) issues Land Use Change Authorization and Vegetation Suppression Authorization. Companies harvesting using those permits should carry out a survey of timber species in the area, a simple inventory with the volume of the area to be harvested.

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<sup>21</sup> Only Acre and Amapá States have state forest concession.

<sup>22</sup> It does not include land use change permit.

<sup>23</sup> Interview with Douglas Antônio Granemann, Triângulo Pisos e Painéis Ltda., on September 24<sup>th</sup>, 2018, in Curitiba, Brazil.

<sup>24</sup> In case of specific native threatened timber species, such as araucaria or mahogany need harvesting permit, but other species do not need harvesting permit.

**Figure 18 – Required documents and permits regarding logging from natural forest management in Brazil**



Source: IBAMA, compiled by STCP (2018)

### 4.3.3. Risks Associated to Management Planning

There are some risks of illegality associated with management and harvesting permits, but inspections from the forest and environment authorities has gradually mitigated the problem.

The risks are mainly associated to poor forest inventory (over estimating volumes), harvesting prohibited tree species, harvest from non-licensed areas and harvest trees with a diameter below allowed by law (Brancalion et al. 2018).

## 4.4. Environmental Requirements

### 4.4.1. Legal Environmental Requirements in Brazil

As mentioned in section 1.1.4, a certain percentage of private land must be kept under native vegetation, called “Legal Reserves” with function to protect vegetation and ensure the sustainable economic use of natural resources.

In Brazil, a preparation of Environment Impact Assessment (EIA) and Environmental Impact Statement Report (EIS) was required for a SFMP with area above 2.000 ha, as established by Decree 1.282/94. However, this regulation was eliminated, and Article 4 of Decree 5.975/06 states that a sustainable forest management plan already complies with all environmental requirements necessities to allow forest harvesting.

### 4.4.2. CITES-listed tree species in Brazil

Brazil has a number of laws that regulate the protection, utilization and trade CITES listed species. Decree 3.607/00 regulates the exports and imports procedures for species listed in CITES Appendixes. Exports of the CITES listed timber species requires a specific permit (see Fig. 25 in Annex) issued by CITES Authority - IBAMA. Such permit will be issued after a non-detrimental finding report prepared by the Scientific Authority certifying that export will not affect the survival of the species, and therefore the trade is considered legal.

The main Brazilian timber species that are commercially valuable and regulated by CITES are Mahogany (*Swietenia macrophylla*), listed in CITES Appendix II, and Red cedar (*Cedrela odorata*) in Appendix III. Both species, originate from the Amazonian Biome. The CITES listed species for Brazil is presented in Table 10.

**Table 10 – List of timber species regulated by CITES**

Appendix	Species	Common name
Appendix III	<i>Cedrela fissilis</i>	Cedro rosa
Appendix III	<i>Cedrela lilloi</i>	Cedrinho
Appendix III	<i>Cedrela odorata</i>	Red Cedar
Appendix II	<i>Swietenia macrophylla</i>	Mahogany
Appendix II	<i>Caesalpinia echinata</i>	Pau - Brasil
Appendix II	<i>Aniba rosaeodora</i>	Rosewood
Appendix I	<i>Dalbergia nigra</i>	Jacarandá

Source: CITES (2018), compiled by STCP (2018)

IBAMA has established an online system to control permission of CITES export and import,<sup>25</sup> where individual / company to import / export should be registered. IBAMA reviews all applications for commercial use of CITES species. Issuance of each permission costs about USD 25.

Moreover, the Brazilian government has made suggestion of timber species to be included in the CITES Appendix. According to CITES proposal for amendment of Appendices I and II<sup>26</sup>, the government suggests that species of the Gender *Handroanthus spp.* (*Tabebuia spp.*; *Roseodendron spp.*) are included in Appendix II due to the decrease of populations in the northern region, specifically of *Handroanthus impetiginisus* (Ipê-roxo/Pink-Ipê) and *Handroanthus serratiofolius* (Ipê-amarelo/ Yellow-Ipê).<sup>27</sup>

## 4.5. Employment and Safety in Forest Operations

### 4.5.1. Legal Requirements for Employment

In Brazil, labor relations are governed by the Labor Law (Decree Law 5.452/1943) and complementary regulations. Article 41 of the Law stipulates that the company employer should register all workers. The 1988 Constitution contains several labor provisions, establishing the rights of urban and rural workers, aiming at improving their social conditions (Art. 7). Among other things, it legalizes unions, collective bargaining, the right to strike both in the public and private sector, regulates working hours, paid vacation, child and woman labor, and other matters. For a Brazilian citizen to have the right to work, he or she must hold work and social security papers (Carteira de Trabalho e Previdência Social – CTPS), where the terms of employment contract have to be recorded.

<sup>25</sup> <https://www.ibama.gov.br/licencas-servicos/fauna/licenca-de-importacao-exportacao-de-fauna-cites-e-nao-cites>

<sup>26</sup> [https://cites.org/sites/default/files/eng/cop/18/prop/020119\\_d/S-CoP18-Prop\\_draft-Handroanthus-spp\\_Tabebuia-spp\\_Roseodendron-spp.pdf](https://cites.org/sites/default/files/eng/cop/18/prop/020119_d/S-CoP18-Prop_draft-Handroanthus-spp_Tabebuia-spp_Roseodendron-spp.pdf). The Proposal for amendment of Appendices I and II will be discussed at the 18th Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES COP 18), to be held in Colombo, Sri Lanka, on 23 May -3 June 2019.

<sup>27</sup> CITES, Examen de las Propuestas de Enmienda a los Apéndices i y ii. Available at: [https://cites.org/sites/default/files/eng/cop/18/prop/020119\\_d/S-CoP18-Prop\\_draft-Handroanthus-spp\\_Tabebuia-spp\\_Roseodendron-spp.pdf](https://cites.org/sites/default/files/eng/cop/18/prop/020119_d/S-CoP18-Prop_draft-Handroanthus-spp_Tabebuia-spp_Roseodendron-spp.pdf)

Ministry of Labor and Employment (MTE) is responsible for inspections related to Health and Safety requirements. There is a range of Regulating Norms (NR) that deal with the matter. The rule directly applicable to the forestry sector is MTE NR 31 (Security and Health in the Work in Agriculture, Forestry, Forest Exploitation, among others), related to rural activities with focus on health and safety of the workers.

#### **4.5.2. Legal Employment Associated Risks**

In general, the forest workers in Brazil have a low level of education and are often unaware of his or her labor law rights. General situation has improved along the last years but there are still risks associated to work analogous to slavery, child labor and gender inequality.

The MTE holds a 'blacklist' of companies where this type of illegality was registered, most of companies presented in this list are from Agribusiness (31%), followed by livestock (25%) and logging companies (8%)<sup>28</sup>. Overall, the global rank the country holds in the Rule of Law index regarding "fundamental rights (labor rights)" is 59/113.

### **4.6. Social Requirements**

#### **4.6.1. Social requirements in Brazil**

The legislation in Brazil emphasizes protection of the rights of traditional communities<sup>29</sup> and indigenous peoples to utilization of natural resources. The National Policy for Sustainable Development of Traditional Peoples and Communities (Decree 6.040/07)<sup>30</sup> establishes the recognition, respect for the socio-environmental and cultural diversity of traditional peoples and communities, guaranteeing them access to the natural resources they traditionally use for their cultural and economic activities.

According to MMA, Brazilian traditional people and communities include Indigenous people, Quilombolas (descendants of slave communities), Seringueiros (rubber tappers), Castanheiros (Brazilian nut collectors) and others.

The Palmares Foundation has identified and certified more than 2,400 quilombola communities in 23 Brazilian states. National Indian Foundation (Fundação Nacional do Índio – FUNAI) has mapped and demarcated 566 traditionally occupied Indigenous areas all around the country, and there are another 135 either under study or already designated as restricted areas by FUNAI for the protection of isolated indigenous peoples and groups, with limitations on use and entry and transit of third parties in the area. Additionally, there are 51 indigenous reserves either already demarcated or in the demarcation process. In total, there are more than 110 million hectares of Indigenous lands in Brazil, according to FUNAI<sup>31</sup>.

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<sup>28</sup> List of companies with registry of work analogous to slavery: [http://www.prt5.mpt.mp.br/images/Lista\\_Suja\\_2018.pdf](http://www.prt5.mpt.mp.br/images/Lista_Suja_2018.pdf)

<sup>29</sup> Art. 149 of the Brazilian Penal Code defines work analogous to slavery as "to reduce someone to the condition analogous to slavery, whether by submitting forced labour or extended working hours, or subject to the conditions of degrading work or by restricting by any means their movement due to debt contracted with employer.

<sup>30</sup> Decree 6.040/07, Article 3 defines Traditional People and Communities as "culturally differentiated groups that acknowledge themselves as such and maintain their own social organization, and which occupy and use territories and natural resources as a condition for their cultural, social, religious, ancestral, and economic reproduction, using knowledge, innovation and practices generated and transmitted by tradition". Also the same Decree defines Traditional Territories as "the spaces necessary for the cultural, social and economic reproduction of the Traditional People and Communities, whether they are used in permanent or temporary form".

<sup>31</sup> <http://www.funai.gov.br/index.php/indios-no-brasil/terras-indigenas>

According to Decree 419/11, IBAMA should be informed of any applications for an environmental licensing for activities in the vicinity of Indigenous or Quilombola land. IBAMA will consult those communities and it might be necessary to prepare EIA/EIS<sup>32</sup>, following public consultation.

Moreover, Law 11.284/06, its Article 2 sets out as a principle of forest concession management the respect for the right of local communities to the access to public forest and its benefits as result of its use and conservation. In this way, in a forest concession area, if there are forest products that are traditionally exploited by the local communities, the right to collect these products continue to be ensured. In this case, the concession winner must guarantee the population's access to the area to continue its activities. On the other hand, communities should follow the rules of access to the area, especially those related to the safety of the worker. The concession contract specifies the local community use products that are excluded from the list of products which the dealer may operate or which has restrictions use.

#### **4.6.2. Social Requirements Associated Risks**

The legislation in Brazil protects the rights of traditional and Indigenous communities regarding natural resources through the 'Estatuto do Índio', Law 6.001/73. According to interview<sup>33</sup> with SFB, when the PAOF (item 3.3) is elaborated by SFB, areas near indigenous people and traditional communities are avoided, which result in low risk regarding those groups and forest activities

### **4.7. Control Measures to Verify Legality of Harvesting**

#### **4.7.1. System and Process to verify legality on Harvesting Activities**

The SFB, responsible to manage the forest concessions program is responsible for monitoring the proposed activities and contractual obligations of the concessionaire, to guarantee the sustainability of the forests and generate social, economic and environmental benefits.

The monitoring activities are established by Decree 6.063/07, including accompanying the activities of concessionaires, the forest production and the fulfillment of the obligations assumed by the companies in the bidding process. The results of the monitoring are incorporated into the Public Forest Management Reports published annually by the SFB.

The SFB uses three methods for the monitoring of forest concessions including the Chain of Custody System, the Remote Sensing (LIDAR and Detex); and Forest Independent Audit. A brief description is presented below:

- **Chain of Custody System**

The SFB has made efforts on monitoring all stages of harvesting natural forests in Brazil, using technology in the process by creating the Chain of Custody (CCS) System (2015). The CCS is a set of procedures adopted for the tracking of timber forest products harvested in forest concessions, ranging from tree felling, logging and transportation of logs until their transformation into the first processing, controlled through a computerized system.

The CCS considers:

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<sup>32</sup> EIA/EIS are prepared by an accredited professional registered at professional association (CREA). In case of forestry activities, it is generally a Forest Engineer.

<sup>33</sup> Interview with Antonio Carlos Prado and Marcus Vinicius, the Brazilian Forest Service, on September 27<sup>th</sup>, 2018, in Brasilia, Brazil.

- Records the location of all trees in the forest;
- When these trees are harvested the forest concessionaire is obliged to inform all the production in the system;
- Each transport of wood to the processing industry is also registered in the system, which generates a QR Code for each document;
- Upon arriving at the industry the logs are converted into primary products and packages recorded;
- Each product package also receives a QR Code generated by the CCS.

Thus, when querying the generated codes, the system automatically shows which trees gave origin to the consulted wood and generates a map with the geographical coordinates of these trees, ensuring a full traceability of the timber.

The application makes it possible to:

- Verify the legality and origin of timber coming from sustainable management in a public forest;
- To trace using QR Code the log or sawnwood from concession areas as stated previously;
- Access production reports of the concessions with production data per year, by species, per state; and
- Consult the list of forest dealers who produce selected timber.

Since the beginning of SFMP implementation, concessionaires should include all activities in the CCS data, which allows SFB to control the production and transportation of wood products in areas under forest concession. According to interviews<sup>34</sup>, forest concession presents low risk for timber legality among legal sources of timber in Brazil.

### **ii) Remote Sensing (LIDAR and Detex)**

To monitor forest concessions, the use of remote sensing<sup>35</sup> tools is very important. Currently, in its monitoring activities, SFB makes use of the Detection System for Selective Exploitation (Detex) and Light Detection and Ranging Mapping (LIDAR).

### **iii) Forest Independent Audit**

The Law 11.284/06 defines that the forest concessions should be submitted to Independent Forest Audits, at intervals not exceeding three years; on the other hand, the environmental agency and SFB carry out their regular inspections.

The Audits should be carried out by entities accredited by the National Institute of Metrology, Standardization and Industrial Quality (INMETRO) and recognized by SFB. They should evaluate and qualify the forestry activities and economic, social and environmental obligations expected in the bidding process and signed in the forest concession agreement.

As for forest management in private lands, the control system is SINAFLOR and SISFLORA (see section (4.3.2), and there is no independent forest audit.

#### **• Field Inspection**

The SEMA is responsible for conducting field inspection and monitoring forest management (natural forest) in private land, across Brazilian States. According to SEMA-

<sup>34</sup> Interview with different experts at SFB, IBAMA and WWF Brazil, on September 27<sup>th</sup>, 2018 in Brasília, Brazil.

<sup>35</sup> Details for monitoring forest concessions, see: <http://www.florestal.gov.br/monitoramento>

MT, the State monitoring system in private land has two steps: i) Laboratory; and ii) Field inspection.

- i) Laboratory: this step monitors forest activities through remote sensing (satellite images, remote sensing, etc.); and;
- ii) Field Inspection: once detected potential illegal activities, the SEMA will cross-check with documents such as POA and SFMP, which will result in a field inspection through sampling areas.

Moreover, SEMA has monitoring goals during the three phases of sustainable forest management: pre-operation (prior to the forest harvesting); during the SFMP activities (harvesting, etc.) and post-forest harvesting activities (transport, mill yard, etc). In general, field inspections shall be carried out monthly, including SFMP monitoring and routine inspection.

#### **4.7.2. Risks Associated to the System and Process to Verify Legality on Harvesting**

Risks associated to Illegality in timber harvesting in Brazil have been reduced over the last few years. It is generally accepted that illegal timber volumes in Brazil from natural forests are low (5 – 8%). Most illegal timber is traded in the local or regional markets, and very little is exported, according to CIPEM and ABIMCI<sup>36</sup>.

The overall percentage of illegally harvested timber has declined as a result of the fact that plantation timber is now, by far, the most important source for the industry. Regulations for harvesting timber from plantation forests are less demanding than that for natural forest, and it is generally accepted that there is no major legal risks associated with harvesting, transportation, processing and trade of plantation timber.

Comments kept

## **5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING**

### **5.1. Laws and Regulation on Transportation and Processing**

Table 11 presents the most relevant Brazilian laws regulating transportation and processing of wood and wood products.

#### **Table 11 – Laws and regulations regulating transportation and processing of wood and wood products**

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<sup>36</sup> Interview with Rafael Mason of CIPEM, on September 28<sup>th</sup>, 2018 in Cuiabá, Brazil

Laws and Regulations	Year	Description
<b>Decree 6.759</b>	2009	Provides the administration of customs activities, and the control, control and taxation of foreign trade operations.
<b>IBAMA IN n° 21</b>	2013	Regulates the Document of Forest Origin - DOF for exportation and importation of wood products.
<b>IBAMA IN n° 15</b>	2011	Establishes the procedures for the exportation of wood products and sub-products from native species originated from natural or planted forests.
<b>MMA Portaria n° 253</b>	2006	Establishes the Document of Forest Origin – DOF for the transportation of wood and wood products in the Brazilian territory.
<b>SINIEF Adjustment 07</b>	- 2005 - 2009	Establishes National System for Economic and Fiscal Information and Creates the electronic bill of sale and the DANFE, an official document for every sale inside the country.

Source: Compiled by STCP (2018)

## 5.2. Transportation of Wood and Wood Products

### 5.2.1. Legal Procedures to Transport Wood and Wood Products

The legal documents required for transportation of wood and wood products in Brazil are:

- Bill of Sale (Nota Fiscal)

The bill of sale is an invoice. It is the evidence of any monetary transaction of a good sale or performed service. This document also serves to collect taxes. The failure in use or request a bill of sale is considered tax evasion. Currently, most of companies use the electronic bill of sale, and in such cases the physical document that accompanies the product is the DANFE – Document of the Electronic Bill of Sale – which bears the same information. This document should follow the transportation of wood and wood product in the domestic market, and applies to timber from natural forests and also for timber from plantations.

- Document of Forest Origin (DOF)

The DOF (see Fig. 24 in Annex) was created by Normative Instruction n. 21 2013, by IBAMA and applies only to native timber from natural forests. It contains information related to the type of operation (Sustainable Forest Management Plan, Land Use Change, and Vegetation Suppression authorization), timber species, volume, company name, address, route planned, and authorization number according to the forest management plan and among other important information. The DOF is issued online by IBAMA or SEMA. This document must accompany the wood and wood products (sawnwood, wood residues, wood chips, charcoal, railway ties and posts) throughout the route and it might be requested/ inspected by the authorities. The purpose of DOF is to control the origin of forest products. . In order to issue DOF for wood, the interested party (forest/mill owner) must register the origin of wood (AUTEX/AUTEF/Mill yard) on DOF online system, which means that DOF online will be able to trace information about the origin of wood and wood products. The issuance of DOF documents for the transport of forest

product will take place after acceptance of an online offer and the indication of the transport destination is mandatory (that is, indication of the buyer). It should be noted that the procedure of the issuance of DOF for wood and DOF for processed wood products is independent; nevertheless, based on the information contained in the DOF for processed wood products, one is able to trace the wood origin.

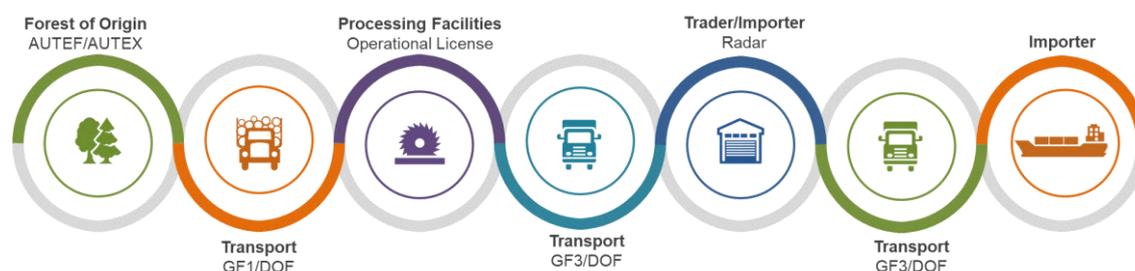
The Forest Guide GF1/GF3 (Guia Florestal), if timber is originated from Pará and Mato Grosso state (see Fig. 26 and 27 in Annex) can replace the DOF.

The GF1 is used only to the transport of logs from the forest of origin to the processing facilities. The GF3 is used to transport processed timber products to the final consumer. It is noteworthy that GF1 is not a requirement for GF3. Information contained in both transport documents GF1 and GF3 refers to POA; therefore, it is possible to trace the wood origin. All state systems are interconnected between them and with IBAMA, so that SEMA is able to cross-check the information in the documents. Furthermore, GF3 is also issued when wood and wood products (sawnwood, wood residues, wood chips, charcoal, railway ties and posts) are destined to international market. If that is the case, the document should state the name of the importer and destination country. Those documents presented above are issued by SEMA and should follow along with the bill of sale.

As mentioned, the States of Pará and Mato Grosso issues different transportation documents to transport wood and wood products. According to Art. 40 (Law 233/05), the Forest Guide (GF) is established as a mandatory control instrument to be used by person or companies in the delivery, shipping, transportation, receipt and storage of raw materials, products and by products, timber and non-timber, starting from the place of extraction or processing until its final destination.

Figure 19 presents the flow of required documents on the transportation of wood and wood products.

**Figure 19 – Required documents for transportation of wood and wood products through the supply chain**



Source: IBAMA, compiled by STCP (2018)

### 5.2.2. Risks Associated to Transportation of Wood and Wood Products

The bill of sale (Nota Fiscal) is electronically issued and inspections are made along the roads. Documents such as DOF, GF1 and GF3, contain a considerable amount of information, and are inspected during the transportation. In spite of the fact that some flaws might still exist in the system (delay in registering information, slow system, among others), illegality involving wood and wood products transportation, is not a major problem, especially for timber traded in the main domestic market in Brazil, or in the international trade.

## 5.3. Wood Processing

### 5.3.1. Legal Procedures on Wood Processing

In Brazil, the timber processing industries must hold to operate a regulatory pre-installation and operation license. Art 31 of Law nº 592/17 sets out the required operation licenses (see Fig. 28 in Annex):

- Prior License

Granted in the preliminary phase of planning, approving location and design, certifying the environmental requirements and conditions to be met in the next phases of the implementation;

- Installation License

Authorizes the installation in accordance with the specifications contained in the approved plans, programs and projects, including environmental control measures and other constraints, which are a determining factor; and

- Operation License

Authorizes the operation after verification of the effective compliance of the prior licenses, with the environmental control measures and conditions determined to the operation.

Furthermore, all companies, despite of its type of operation must hold an Alvara License, and must be registered at the SEMA. All sawmills should be enrolled in the DOF system (or in the case of the States of Pará and Mato Grosso, they must be enrolled in SISFLORA). Alvara is a license granted by the City Hall, allowing the location and operation of commercial, industrial, agricultural, service providers, as well as companies, institutions, and associations of any nature, linked to individuals or legal entities.

### 5.3.2. Risks Associated to Wood Processing Facilities

In case of companies that operate without permit, can be fined by the State Environmental Agency (SEMA). Companies should report timber species and volume daily into the DOF system or SISFLORA regarding the inbound delivery of logs and timber products at the yard mill.

In case of inspection by SEMA, if the physical stock does not correspond to the volumes registered into DOF/SISFLORA, the mill shall be subject to fines. In addition, the system only allow mills to sell wood and wood products if the sold volume is equal or lower than the volume registered in the DOF system of SISFLORA, meaning the mill can't sell a higher volume than the one registered in the DOF system or SISFLORA.

A study coordinated by SFB in 2014 indicates that the timber industry in the Legal Amazon is sometimes poorly inspected and the criteria used are not strict regarding the timber origin, renewal of licenses and proof of operation with periodic inspections. The current licensing system of wood processing mills, with different rules in different states and little transparency, does not favor the fight against illegality<sup>37</sup>.

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<sup>37</sup> <http://www.florestal.gov.br/ultimas-noticias/680-artigo-madeira-da-amazonia-um-novo-foco-no-combate-a-ilegalidade>

## **5.4. Supervision and Control Measures to Verify Legality of Transporting and Processing Wood**

The “selling of credits<sup>38</sup>” of DOF has been reported, in some cases, in Brazil. When the DOF is requested by inspectors of SEMA, apparently the authorized volume for transportation corresponds to the volume authorized for harvesting. However, it is common that the planned timber volume to be harvested is not done; as result part of the authorized volume in the DOF is traded in the black market. That means, that trucks could be transporting timber covered by an official document (DOF), however the wood does not originated from authorized areas.

Despite those issues, there are sufficient measures to control and verify wood and wood products transportation activity. It is important for the buyer to always require official documents (bill of sale accompanied by the DOF) and seek for trusted suppliers, verifying with forest certifiers (FSC and CERFLOR), Government Agencies (IBAMA) and regional timber associations, such as CIPEM.

## **6. LEGISLATIONS ON TRADING WOODS AND WOOD PRODUCTS**

### **6.1. Laws and Regulation on Trading Woods and Wood Products**

#### **6.1.1. Custom Legislation**

In Brazil, international trade of products is controlled by a system called the Integrated Foreign Trade System (SISCOMEX), established by Decree nº 660/92. SISCOMEX is computerized system that integrates the activities of registration, monitoring and control of foreign trade, carried out by the Secretariat of Foreign Trade (SECEX) of the Ministry of Development, Industry and Foreign Trade (MDIC), the Brazilian Federal Revenue Service (RFB) and the Central Bank of Brazil (BACEN). These Government Agencies are the managers of system.

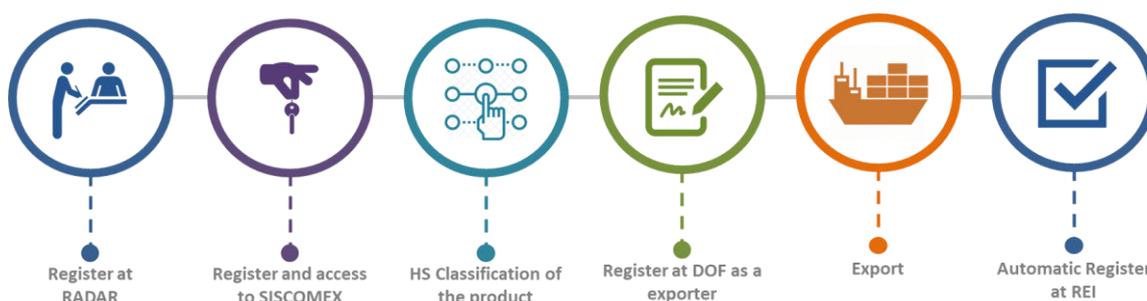
For the access to SISCOMEX, it is necessary to register in the Registration and Tracking of the Performance (RADAR) of RFB, according to Normative Instruction 650/06, which establishes procedures for the authorization of importers and exporters. Therefore, RADAR registration is mandatory to carry out any operation on imports and exports. Moreover, exporters are registered at the Registration of Exporters and Importers (REI) of SECEX<sup>39</sup>, the registration is carried out at the time of the first export operation at any point connected with SISCOMEX. Figure 20 presents the legal process to export timber and timber products.

#### **Figure 20 – Legal process for timber export in Brazil**

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<sup>38</sup> Credits are referred to the authorized timber volume for transportation by SEMA.

<sup>39</sup> SECEX regulates, supervises, guides, plans, controls and evaluates foreign trade activities.



Source: RFB, prepared by STCP (2018)

### 6.1.2. Product Classification

Exporting companies should classify their products according to the nomenclature: ALADI (NALADI / SH), established on the basis of the International Convention on the Harmonized Commodity Description and Coding System (HS). The HS has six digits, but each country can add up to four digits; and MERCOSUL Common Nomenclature (NCM), created in 1995 and was approved by Decree nº 2.736/97. Table 12 presents the nomenclature applied to commonly exported timber products in Brazil.

HS Code nomenclature for the most relevant timber products exported by Brazil is presented in Table 12.

**Table 12 – HS Code nomenclature for commonly exported timber and timber products in Brazil**

HS Code	Description
47	Pulp of wood or of other fibrous cellulosic material
48	Paper and paperboard
4403	Wood in the rough, whether or not stripped of bark or sapwood
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed
4412	Plywood, veneered panel and similar laminated wood
4418	Builders' joinery and carpentry, of wood, incl. cellular wood panels, assembled flooring panels
440122	Wood in chips or particles
480100	Newsprint

Source: ComexStat, compiled by STCP (2018)

Timber exporting companies, dealing with natural forest, should register in the DOF system as exporter. Native timber species listed as endangered in CITES Appendix should hold a special CITES Certificate issued by IBAMA. Companies operating with timber from forest plantation trees (pine, eucalyptus, teak, etc.) do not need a special permit or license to export.

### 6.1.3. Custom Inspection Procedures

IBAMA has office and their staff in each port to control export of wood products. According to the interview with ABIMCI<sup>40</sup> and RFB (2016), there is a parameterization (customs checking of the goods through channels) at Brazilian ports, which guide custom office on lowering the risks of illegalities in exporting and importing goods.

There are four verification channels:

- Green Channel: do not require document and physical checking  
A product selected for the green channel is cleared automatically without any verification;
- Yellow Channel: required document checking  
When selected for the yellow channel, the documentation along with the product is verified by the custom office;
- Red Channel: required document and physical checking  
In the case of selection for the red channel there is, in addition to document verification, the physical verification of the goods. According to ABIMCI, hard wood products are under Red channel control; and
- Grey Channel: Document and physical checking due to suspected fraud in declared values  
Goods selected for the grey channel, a document examination is conducted, in addition to the physical verification of the goods and a special customs control procedure is applied, to verify elements indicative of fraud, including the price declared for the merchandise.

The Brazilian parameterization process is considered one of the most advanced in the world due to its computerization and agility, especially in the red and grey channel, when physical verification of the cargo is done through equipment that photographs and scans the goods without opening the container or package, as stated by the Brazilian Ministry of Foreign Affairs (MFA, 2016).

## 6.2. Legally Required Documents or Records

### 6.2.1. Legally Required Documents for Trading Wood and Wood Products

In Brazil, the mechanisms for trading are very demanding, and all parties involved must comply with various legal requirements. The main documents required to export timber products are:

- Export registration – SISCOMEX (Registro de exportação);
- Phytosanitary Certificate of Origin (See Figure 29, in Annex);
- Consolidated Phytosanitary Certificate of Origin (CFOC);
- Shipping Export Declaration (DDE);
- DOF/GF1/GF3 for native species timber
- Custom declaration;
- Bill of sale;
- Packing list;
- Commercial Invoice; and
- Bill of landing.

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<sup>40</sup> Interview with Roberto Puppo, ABIMCI, on September 25<sup>th</sup>, in Curitiba, Brazil.

Table 13 presents information on each document and the issuing authority to comply with legal requirements to export wood and wood products.

**Table 13 – Legally required documents for wood and wood products export**

Types of Document	Description	Issuing authority
<b>Invoice</b>	This is a commercial document that formalizes a purchase transaction with a foreign company and contains information about the person / institution taking the service, details of the service (s) provided and amounts paid.	Issued by the Seller
<b>Document of Forest Origin - DOF</b>	A declaration of origin of wood and wood products	Issued by the state environmental agency (SEMA) or IBAMA
<b>GF3</b>	A declaration of origin of wood and wood products for the States of Mato Grosso and Pará.	Issued by SEMA.
<b>Exportation Authorization for CITES species</b>	This authorization is needed when the trader want to export timber species listed in CITES Appendix.	Issued by CITES authority (IBAMA)
<b>Official Enrolment at SISCOMEX (Integrated Foreign Trade System)</b>	This system is used to register foreign merchandise transactions such as imports and exports.	Issued by SISCOMEX
<b>Phytosanitary Certificate of Origin – CFO and the Consolidated Phytosanitary Origin Certificate – CFOC</b>	Phytosanitary Certificate of Origin is issued to indicate that consignments of plants, plant products or other regulated articles meet specified phytosanitary import requirements and are in conformity with the certifying statement of the appropriate model certificate.	Issued by local SEMA Notes: it must be submitted by an authorized Forester.
<b>Exportation Shipping declaration</b>	An export declaration is basically a customs form completed and submitted by an exporter at the port. It is meant to serve two major purposes: To provide information on amount, nature and value of exports to the statistical office for compilation of foreign trade data; To serve as an export control document.	Issued by local customs office.  Notes: Shipping Declaration (Must include SISCOMEX number).
<b>Sales Agreement (optional)</b>	-	Issued by the seller
<b>Packing List (Romaneio de carga)</b>	Packing list the shipping document that discriminates against all goods shipped or all components of a cargo in how many parts are fractioned. The purpose of the Packing list is to provide detailed information on how the merchandise is presented, in order to facilitate the identification and location of any product within a lot, as well as facilitate the inspection of the merchandise by the	This form is issued by the exporter

Types of Document	Description	Issuing authority
<b>Bill of Lading (Bill of Lading/ CRT/ AWB/ TIF)</b>	inspection, both on board and at the landing.	
	This document is used for shipment of goods. It describes the type and quantity of goods shipped, where the shipper, the consignee, the ports / airports / embarkation and unloading borders, the name of the carrier and the value of the freight are mentioned. This document receives denominations according to the means of transport used.	Issued by the shipping company, shipping company or its shipping agent.

Source: Compiled by STCP (2018)

On the other hand, for importing wood and wood products, according to the IBAMA Normative Instruction nº 21/2014, the importer must register the "Import Declaration (DI)" in the DOF system, the issuance of the Import Document of Forest Origin (DOF), for the transportation of wood and wood products imported from their country. The Import Declaration in the DOF system is only issued for person or a legal entity registered in Federal Technical Registry system (CTF)<sup>41</sup>.

IBAMA does not have other specific standard or procedures for the importation of other wood and wood products that are not subject to control according to IBAMA IN nº 21/2014. Therefore, there is no need for prior consent for import of these other products, except in the case of species listed in CITES Appendix I and II, in which it is necessary to issue a CITES license and IBAMA'S consent in SISCOMEX. For the import of species listed in CITES Appendix III, the "Certificate of Origin" or "Export License Cites" of the exporting country to IBAMA is required.

Moreover, for importing wood and wood products it is also required the standard trade documents, such as:

- Import Registration – SISCOMEX (Registro de importação);
- Phytosanitary Certificate of Origin ;
- Consolidated Phytosanitary Certificate of Origin (CFOC);
- Shipping Export Declaration (DDE);
- Custom Declaration;
- Bill of Sale;
- Packing List;
- Commercial Invoice; and
- Bill of Lading.

<sup>41</sup> The Federal Technical Registry of Potentially Polluting Activities and / or Users of Environmental Resources (CTF / APP) are the mandatory registration of individuals and legal entities that carry out activities that are subject to environmental control.

## 6.2.2. Risks Associated to Trading

According to interview with WWF Brazil<sup>42</sup> and CIPEM<sup>43</sup>, there is low risk of illegality associated with process for timber products exports in Brazil.

## 7. OTHERS ISSUES

### 7.1. International framework / trade agreement relevant to combatting illegal harvesting and associated trade

The European Union Forest Law Enforcement, Governance and Trade Action Plan – FLEGT process, which addresses illegal logging and its social, economic and environmental harm it causes. FLEGT, started in 2003, includes tropical countries that export wood and wood products to the European Union, with measures such as bilateral trade agreements. Some FLEGT related projects were implemented by Brazil in the past,<sup>44</sup> but the country has not been actively involved in with the FLEGT process, this is due to a tendency in Latin America to engage more in global initiatives rather than local projects such as FLEGT.

The Lacey Act is another important initiative in addressing issues of illegal logging. This Act establishes a series of constraints regarding the entry of imported wood into the United States. The trading of illegal timber is totally banned in the US under the Lacey Act. In 2008, the Act was amended to include trafficked plants, involving trade ban on illegal timber. The amended act requires buyers to file “Lacey Declarations”, specifying the scientific name, quantity, value and country of origin of imported timber. The Act explicitly bans trade in timber that was acquired in any manner that violated an underlying US, foreign or international law. As an example of its application, the Act prohibits all trade of plants and plants products, such as furniture, paper and wood from illegal sources.

Brazil is a great exporter of wood products to the United States; therefore, companies should comply with the Lacey Act. Since Brazil is often seen as a country with the systemic flaws in the timber regulatory system, so exporters should pay attention to entirely comply with the domestic regulations and export measures. The company interviewed in Brazil mentioned that it assures compliance with the Lacey Act; however, the company stated that it is harder to comply with the Lacey Act than with EU Timber Regulation (EUTR).<sup>45</sup>

Brazil has taken other initiatives to promote legal timber. The country was the host of the 2016 Olympic Games, where all wood and wood products used to build Soccer Stadiums and other facilities was FSC certified.<sup>46</sup>

### 7.2. Voluntary Schemes on Legality / sustainability of wood and wood products

Brazil counts with different voluntary schemes to promote timber legality. The most well-known are the FSC and CERFLOR.

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<sup>42</sup> Interview with Ricardo Russo, WWF Brazil, on September 27<sup>th</sup>, 2018, in Brasília.

<sup>43</sup> Interview with Rafael Mason, CIPEM, on September 28<sup>th</sup>, 2018, in Cuiaba, Brazil.

<sup>44</sup> One of the projects encouraged by FLEGT in Brazil was the Responsible Timber Exchange by BVRio ([http://www.bvrio.org/static/madeira.html/?/](http://www.bvrio.org/static/madeira.html?/))

<sup>45</sup> Interview with Douglas Antônio Granemann, Triângulo Pisos e Painéis Ltda., on September 24<sup>th</sup>, 2018, in Curitiba, Brazil.

<sup>46</sup> Interview with Aline Bernardes and Fernanda Pereira, FSC Brazil, on September 25<sup>th</sup>, 2018, in São Paulo, Brazil.

FSC has developed standards for Brazil's natural forest and for plantation forests. There is also the so-called SLIMF-standard (Small and low intensity managed forests) under FSC scheme, which should be used in timber & non-timber forest management certification audits, and was developed to meet the certification for forest management in small scale and of low intensity in native forests of the Brazilian Amazon.

Another important voluntary scheme is Forest Certification (CERFLR). The CERFLOR certificate is a Brazilian forest certification initiative, launched in August 2002 that became a national standard by Brazilian Technical Standards Association (ABNT)<sup>47</sup>. All types of forest operations are, regardless of scale, eligible for certification, including: private, governmental or community entities, native and planted forests, individually or in groups of small landowners. The system is endorsed by Program for the Endorsement of Forest Certification - PEFC. For statistical data on FSC and CERFLOR verify item 1.1.

Moreover, Brazil has another voluntary scheme named the Legal Harvest standard, recognized by the Brazilian Government. This standard was developed by a private firm "SCS Global Services", based on expertise in wood product legality verification, forest management and chain of custody. It integrates aspects of wood product legality requirements from around the world into one standard, to assure a company has the documentation and evidence needed to uphold the traceability and legality of timber sourcing. Three companies<sup>48</sup> in Brazil hold a SCS Legal Harvest certificate.

Finally, wood products companies can apply for the CE Marking certification. The CE mark is a European mark of conformity of a product in accordance with the technical requirements of the European Community. It declares that the manufacturer complies with the requirements of the European standard (EN - European norms) for the products. The Brazilian Association for Mechanically Processed Timber Industry (ABIMCI) supports companies<sup>49</sup> in acquiring this certification by assisting prospective companies to acquire the certification with documentation and communication with the European Certifier. ABIMCI also counts with a technical department only dedicated to activities related to CE certification to associated members.

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<sup>47</sup> ABNT is private and non-profit entity, ABNT is a founding member of the International Organization for Standardization and recognized by the Brazilian Federal Government.

<sup>48</sup> SIPASA – Seringa Industrial, Pampa Exportações and Golf Indústria Comércio e Exportação de Madeira. Link: <https://www.scsglobalservices.com/certified-clients/responsible-forestry-certificates>

<sup>49</sup> <http://www.abimci.com.br/empresas/>

## 8. INTERVIEWS/FIELD SURVEY

A field survey was carried in Brazil over the period September 24-28, 2018. The summary of interviews is presented in Table 14 describing date and time, name of interviewees and corresponding positions, organizational name, and the main topics of the interviews.

**Table 14 – Result of interviews and field survey**

Date and time	Name of interviewees	Organization	Main topics
Sept. 24 / 9:00	Ivan Tomaselli, President Sofia Hirakuri, Senior Consultant	STCP	<ul style="list-style-type: none"> <li>• Kickstart meeting for interviews in Brazil;</li> <li>• Objective of the project;</li> <li>• Report structure;</li> <li>• Report discussion;</li> <li>• Field visit to Itaperuçu.</li> </ul>
Sept. 24 / 13:00	Luciano B. Schaaf, Forest Engineer	AMATA	<ul style="list-style-type: none"> <li>• Forestry operation of Amata;</li> <li>• Natural forests, management, licensing processes, transport;</li> <li>• Plantation forests, management, transport, required documents;</li> <li>• Land use monitoring system – Cadastro Ambiental Rural (CAR);</li> <li>• AMATA’S Export, FSC certification;</li> <li>• Field visit to Eucalyptus plantation area.</li> </ul>
Sept. 25 / 8:30	Douglas Antônio Granemann, Managing Director	Triângulo Pisos e Painéis LTDA	<ul style="list-style-type: none"> <li>• Forestry operation of “Triângulo Pisos e Painéis”;</li> <li>• Manoa REDD+ Project and Carbon emission trading (Bank of Brazil and Natura);</li> <li>• Forest management, annual production unit, IBAMA’s inspection procedures;</li> <li>• Transport procedures of timber and forest products;</li> <li>• Export of engineered wood flooring;</li> <li>• FSC and CoC certifications;</li> <li>• Lacey Act and EUTR requirements for export;</li> <li>• Institutional challenges in promoting forest management of natural forests.</li> <li>• Visit to wood flooring factory.</li> </ul>
Sept. 25 / 10:30	Paulo Roberto Pupo, Executive Superintendent	ABIMCI – Brazilian Association of Mechanically-Processed Timber Industry	<ul style="list-style-type: none"> <li>• Overview about ABIMCI and its membership;</li> <li>• Environmental e legal requirements;</li> <li>• Export of wood products;</li> <li>• Export market include South Africa, New Zealand, China and Japan (JAS);</li> <li>• Wood products e.g. plywood, film faced plywood, doors, mouldings, others;</li> <li>• Forest certification; wood products quality control (PNQM); Europe BM Trada CE+2; Lacey Act, EUTR</li> <li>• Challenges of hardwood business;</li> <li>• Planted forests responsible for 90% of the timber in Brazilian market;</li> <li>• Illegal timber harvesting timber;</li> <li>• Export procedures, use of parameterization; four verification channels: i) green, ii) yellow, iii) red and iv) grey;</li> </ul>

Date and time	Name of interviewees	Organization	Main topics
Sept. 25 / 17:30	Aline Bernardes – Executive Director; Fernanda Pereira - Analyst;	FSC Brazil	<ul style="list-style-type: none"> <li>• Timber used in the Rio Olympics 2016.</li> <li>• Overview of FSC certification;</li> <li>• Collaborations with WWF, FOE amazon and EALQ to combat illegal logging;</li> <li>• Certification of non-timber products;</li> <li>• Resource management in indigenous and traditional community areas;</li> <li>• FCS in the Rio Olympics 2016;</li> <li>• Responsible Timber Exchange site developed by BVRio Institute;</li> <li>• CERFLOR / INMETRO (PEFC) certification;</li> <li>• Timber and forest products control by IBAMA, SINAFLOR;</li> <li>• Forest certification trends.</li> </ul>
	Claudia de Mello – COMEX Coordinator Marcos Bauch, Environmental Analyst	IBAMA – Brazilian Institute of Environment and Renewable Natural Resources	<ul style="list-style-type: none"> <li>• CITES licensing system;</li> <li>• Online permit system;</li> <li>• Online single document for customs control and integration of CITES permit;</li> <li>• SINAFLOR’s control of timber supply chain from sustainable forest management, concession, and land use change and plantation of native species;</li> <li>• Other countries interested in SINAFLOR (Surinam, Guatemala and Costa Rica);DOF system, control of timber supply chain;</li> <li>• Import / export procedures;</li> <li>• Custom control, SISCOMEX.</li> </ul>
Sept. 27 / 10:00	Ricardo Russo, Forest Program Coordinator	WWF Brazil	<ul style="list-style-type: none"> <li>• Overview of WWF’s forest program;</li> <li>• WWF work on protocols of timber legality;</li> <li>• Brazilian supply chain study, focusing on legality and value chain;</li> <li>• There legal risk in exporting timber is smaller than selling in domestic market;</li> <li>• Land tenure related issues;</li> <li>• Legality risks in forest concession, forest plantations, forest management in private forest land;</li> <li>• Timber and wood products control procedures, SINAFLOR, DOF, CAR, others;</li> <li>• WWF’s works in collaboration with CIPEM (Mato Grosso state) and UNIFLORESTA (Pará state).</li> </ul>
Sept. 28 / 10:00	Rafael Manson. President; Gleisson Tagliari, Vice president; Mauren Lazzaretti, Attorney	CIPEM – Center for Timber Producers and Exporters of Mato Grosso State	<ul style="list-style-type: none"> <li>• Overview of CIPEM’s work and its membership;</li> <li>• Forest sector in Mato Grosso state;</li> <li>• System of timber and wood products control, transport - SISFLORA;</li> <li>• Sustainable forest management in Mato Grosso, SFMP, POA;</li> <li>• Timber legality process, reporting and verification;</li> </ul>

Date and time	Name of interviewees	Organization	Main topics
Sept. 28 /14:00			<ul style="list-style-type: none"> <li>• Legal requirements : CAR, Environmental Licenses, harvesting authorization, CC-SEMA, industrial license;</li> <li>• Required documents for forest activities: Timber Harvesting Permits (AUTEX), Sawmill operation licenses and timber transport authorization (DOF or GF's);</li> <li>• Forest certification / Lacey Act.</li> <li>• Export of wood products - International market (EU, US and China).</li> </ul>
	André Luís Baby, Secretary of SEMA	SEMA/MT – State Secretariat for the Environment of the State of Mato Grosso	<ul style="list-style-type: none"> <li>• Overview of the forest sector of Mato Grosso state</li> <li>• Mato Grosso State Policy in reducing illegal logging;</li> <li>• Importance of Private-Public Partnership Program;</li> <li>• New forest control system integrating GF1 and GF3 online by the end of 2018;</li> <li>• State government has no jurisdiction in indigenous territory, only federal (FUNAI and IBAMA);</li> <li>• State verification system has 2 layers: Monitoring by satellite system and document checking (SFM POA);</li> <li>• SEMA's monitoring stages: prior to logging; accompanying SFMP execution; and after logging;</li> <li>• Mato Grosso state transparency portal;</li> <li>• Mato Grosso and Pará have well-established forest control;</li> <li>• The new version of SISFLORA is being developed and established by the state.</li> </ul>

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# ANNEX

## Collected Documents (samples)

- Environmental Rural Registry (CAR)

The Environmental Rural Registry (CAR) is a national electronic public registry system, mandatory for all rural properties in the country. The document shows information on land owner, number of registry and type of properties, and land title. This document is issued online by the Brazilian Forest Service.

Figure 21 – Environmental Rural Registry (CAR) sample document

**SEMA**  
SECRETARIA DE  
ESTADO DE  
MEIOAMBIENTE

**GOVERNO DE  
MATO GROSSO**  
ESTADO DE TRANSFORMAÇÃO

### Cadastro Ambiental Rural – CAR/MT

**Proprietários**

Nome/Razão Social	CPF/CNPJ

**Dados Gerais**

Nº CAR Estadual	Situação Estadual	Data de Cadastro	Data da Situação
MT100371/2017	Ativo	10/05/2018	11/05/2018

**Nº Recibo Federal**  
MT-5108907-930FD0D2D55140D7BF02C09C5386D196

**Dados da Propriedade**

Propriedade	UF	Município
FAZENDA TAIPAS E FAZENDA TAIPAS II	MT	Nova Maringá

**Quadro Geral de Áreas**

Tipo da Área	Área (ha)
Área Total da Propriedade	806,4631
Área do Imóvel Rural (Matrícula/Posse)	806,4631
Área de Preservação Permanente	20,3918
Área de Vegetação Nativa	805,1678
Área de Uso Antropizado do Solo	0,0000
Área Consolidada	0,0000
Área de Reserva Legal Nativa	647,2023

**Dados das Áreas dos Imóveis Rurais**

Identificação	Tipo	Área (ha)
3.631	Matrícula	537,3600
5.888	Matrícula	269,1031

**Importante**

- A Secretaria de Estado de Meio Ambiente – SEMA/MT, não se responsabiliza por eventual uso indevido do presente Recibo de Inscrição do CAR, advindo de dolo ou má fé;
- Todas as informações técnicas prestadas, especialmente as pessoais e dominiais, bem como as informações prestadas pelo (a) proprietário (a) do imóvel é de sua inteira responsabilidade, respondendo legalmente pelas mesmas.
- Este Recibo de Inscrição do CAR não contém emendas ou rasuras;
- Este Recibo de Inscrição do CAR poderá ter a sua validade suspensa, indeferida ou cancelada, a qualquer tempo, por motivo de irregularidades constatadas, ou em virtude das legislações vigentes;

Palácio Paiaguás, Rua C, CEP: 78.049-913 - Cuiabá - Mato Grosso  
CNPJ: 03.507.415/0023-50

Página 1 de 2  
14/05/2018 07:44:33

- Forest Harvesting Authorization (AUTEF)

The Forest Harvesting Authorization (AUTEF) is the document issued by the State Secretariat of Environment and Sustainability of Pará (SEMAS/PA), which authorizes the beginning of the operation of the Annual Production Unit - UPA, of the year to which it refers, and specifies the maximum volume per species and total volume allowed for logging, with the harvest authorization validity. AUTEF is used in the Pará state, and the remaining states use the document called Harvesting Authorization (AUTEX).

**Figure 22 – Forest Harvesting Authorization – AUTEF sample document**

GOVERNO DO ESTADO DO PARÁ SECRETARIA DE ESTADO DE MEIO AMBIENTE - SEMA/PA																																				
Autorização para Exploração Florestal																																				
AUTEF Nº: 6978/2014		VALIDADE ATÉ: 21/10/2015																																		
Protocolo Nº: 2014/0000017564 Data do protocolo: 18/08/2014		Cadastro Ambiental Rural Nº: Sem Informação Licença Atividade Rural Nº: 2155/2012																																		
RESPONSÁVEL TÉCNICO: Engenheiro florestal: _____ CREA: _____																																				
DADOS DO PROPRIETÁRIO E DO IMÓVEL:																																				
PROPRIETÁRIO: Governo do Estado do Pará e outros CPF/CNPJ: _____																																				
DETENTOR: _____ CPF/CNPJ: _____																																				
IMÓVEL: AMAZONIA FLORESTAL MUNICÍPIO: Aveiro COORDENADAS GEOGRÁFICAS: DATUM: SAD69 - W: 56:06:02,37 - S: 03:38:46,69 PORTE: E - II																																				
Área Total da propriedade:	85.417,9100 ha	Área de Reserva Legal:	85.417,9100 ha																																	
Área Total do MFS:	81.147,0145 ha	Área Antropizada:	132,5053 ha																																	
APP da UPA:	66,0213 ha	Área Autorizada:	1.850,7294 ha (UPA/2014)																																	
TIPOLOGIA LICENCIADA: 2811-1 - Unidade de Produção Anual																																				
ÁREA LÍQUIDA AUTORIZADA: 1.652,2079 ha (UPA/2014)																																				
QUANTIFICAÇÃO AUTORIZADA (Lista detalhada por espécie no Anexo I)																																				
	PRODUTO	Indivíduos	Qtd. por ha	Qtd. total UNIDADE																																
	Toras de Madeira Nativa	5435	25,4251	42.008,1896 m3																																
LOCAL E DATA:		Belém - PA, 21 de outubro de 2014																																		
Diretoria de Gestão Florestal - DGFLOR		Coordenadoria de Gestão Florestal - COGEF																																		
<b>IMPORTANTE</b> <ul style="list-style-type: none"> <li>- A presente Autorização somente vale para a execução da atividade constante do Projeto, não produzindo direitos reais imobiliários, possessórios ou domínios sobre o imóvel objeto da mesma, e nem com efeitos sobre terceiros;</li> <li>- O uso irregular desta autorização implicará na sua cassação, bem como nas sanções previstas na Legislação vigente;</li> <li>- Esta autorização não contém emendas ou resmas;</li> <li>- Cópia autenticada desta autorização deve ser mantida no local da exploração para efeito de fiscalização;</li> <li>- Os dados técnicos de exploração no plano são de inteira responsabilidade do Engenheiro responsável pela elaboração do PMFS;</li> <li>- A utilização, consumo e transporte da matéria-prima desta autorização estarão desobrigados da reposição florestal, nos moldes da Legislação vigente;</li> <li>- Dar cumprimento às condicionantes constantes no verso deste documento (Anexo II).</li> </ul>																																				
<b>Quadro de Nomenclatura - Áreas da Legenda na Carta-Imagem:</b> <table border="1"> <thead> <tr> <th>DENOMINAÇÃO</th> <th>NOMENCLATURA</th> <th>DENOMINAÇÃO</th> <th>NOMENCLATURA</th> </tr> </thead> <tbody> <tr> <td>Área de Propriedade Rural Total</td> <td>APRT</td> <td>Área de Reserva Legal</td> <td>ARL</td> </tr> <tr> <td>Área de Reserva Legal Compensada</td> <td>ARLC</td> <td>Área de Reserva Legal Degradada</td> <td>ARLD</td> </tr> <tr> <td>Área Desmatada - conversão de solo</td> <td>ADS</td> <td>Área a ser Explorada pelo Projeto de Exploração Florestal - PEF</td> <td>AEP</td> </tr> <tr> <td>Área com Exploração Florestal - Corte Seletivo</td> <td>AEP</td> <td>Área do Plano de Manejo Florestal Sustentável - PMFS</td> <td>AMP</td> </tr> <tr> <td>Área de Preservação Permanente</td> <td>APP</td> <td>Área de Preservação Permanente em Área com Exploração Florestal</td> <td>APPEF</td> </tr> <tr> <td>Área de Preservação Permanente Degradada</td> <td>APPD</td> <td>Área de Preservação Permanente em Reserva Legal</td> <td>APPRL</td> </tr> <tr> <td>Área de Preservação Permanente em Área a ser Manejada - do PMFS</td> <td>APPMP</td> <td>Área Comunitária em Assentamentos Rurais</td> <td>ACAR</td> </tr> </tbody> </table>					DENOMINAÇÃO	NOMENCLATURA	DENOMINAÇÃO	NOMENCLATURA	Área de Propriedade Rural Total	APRT	Área de Reserva Legal	ARL	Área de Reserva Legal Compensada	ARLC	Área de Reserva Legal Degradada	ARLD	Área Desmatada - conversão de solo	ADS	Área a ser Explorada pelo Projeto de Exploração Florestal - PEF	AEP	Área com Exploração Florestal - Corte Seletivo	AEP	Área do Plano de Manejo Florestal Sustentável - PMFS	AMP	Área de Preservação Permanente	APP	Área de Preservação Permanente em Área com Exploração Florestal	APPEF	Área de Preservação Permanente Degradada	APPD	Área de Preservação Permanente em Reserva Legal	APPRL	Área de Preservação Permanente em Área a ser Manejada - do PMFS	APPMP	Área Comunitária em Assentamentos Rurais	ACAR
DENOMINAÇÃO	NOMENCLATURA	DENOMINAÇÃO	NOMENCLATURA																																	
Área de Propriedade Rural Total	APRT	Área de Reserva Legal	ARL																																	
Área de Reserva Legal Compensada	ARLC	Área de Reserva Legal Degradada	ARLD																																	
Área Desmatada - conversão de solo	ADS	Área a ser Explorada pelo Projeto de Exploração Florestal - PEF	AEP																																	
Área com Exploração Florestal - Corte Seletivo	AEP	Área do Plano de Manejo Florestal Sustentável - PMFS	AMP																																	
Área de Preservação Permanente	APP	Área de Preservação Permanente em Área com Exploração Florestal	APPEF																																	
Área de Preservação Permanente Degradada	APPD	Área de Preservação Permanente em Reserva Legal	APPRL																																	
Área de Preservação Permanente em Área a ser Manejada - do PMFS	APPMP	Área Comunitária em Assentamentos Rurais	ACAR																																	

• Forest Harvesting Authorization (AUTEX)

The Harvesting Authorization (AUTEX) is a document issued by the competent authority (SEMA) that authorizes the logging foreseen in the POA, discriminating the species and their respective volumes to be logged. It also shows harvest authorization validity. AUTEX is valid for all states, except Pará state that uses AUTEF, as mentioned above.

Figure 23 – Forest Harvesting Authorization (AUTEX) sample document

SECRETARIA DE ESTADO DO DESENVOLVIMENTO AMBIENTAL - SEDAM		Emissão: 03/04/2018	
Coordenação do Desenvolvimento Florestal - CODEF		Página: 01	
Cadastro de Exploradores e Consumidores de Produtos Florestais do Estado de Rondônia - CEPROF			
AUTEX - AUTORIZAÇÃO PARA EXPLORAÇÃO DE PLANO DE MANEJO FLORESTAL SUSTENTAVEL			
Nº de Ordem:	Nº da Autorização:	Validade:	03/04/2018
<b>1. DADOS DO PLANO DE MANEJO FLORESTAL SUSTENTAVEL</b>			
Detentor:	CNPJ/CPF:		
Resp. Técnico:	Latitude/Longitude: (W) 62°47'59,31" / (S) 8°57'47,18"		
Nº do Processo:	Área de Efeito Manejo: 2.174,6888 ha		
Área Total da UPA 01:	Área Total: 74.038,7489 ha		
Município: I		Latitude/Longitude: (W) 62°47'59,31" / (S) 8°57'47,18"	
Área de RL: 69.425,1943 ha		APP na RL: 4.104,6134 ha	
RO-1100940-SCCD.A112.0CA1.4778.8467.870F.E767.4404 F		APP fora RL: 0,0000 ha	
Nº de inscrição no CAR: C		Data de emissão: 17/03/18	
Propriedade: C		CNPJ/CPF:	
<b>2. DADOS DA PROPRIEDADE</b>			
Denominação: F		Área Total: 74.038,7489 ha	
Município: I		Latitude/Longitude: (W) 62°47'59,31" / (S) 8°57'47,18"	
Área de RL: 69.425,1943 ha		APP na RL: 4.104,6134 ha	
RO-1100940-SCCD.A112.0CA1.4778.8467.870F.E767.4404 F		APP fora RL: 0,0000 ha	
Nº de inscrição no CAR: C		Data de emissão: 17/03/18	
Propriedade: C		CNPJ/CPF:	
<b>3. DADOS DA AUTORIZAÇÃO</b>			
Área Autorizada:	2.174,6888 ha	Volume Autorizado:	183.635,98 m³
UPA-01		Volume Média:	70,8770 m³/ha
Latitude/Longitude: (W) 62°47'59,31" / (S) 8°57'47,18"			
<b>4. OBSERVAÇÕES</b>			
<b>5. ESPÉCIES AUTORIZADAS/VOLIMETRIA/UNIDADE DE MEDIDA</b>			
Aborana/Pouena guianensis Aubl.	5.443,1297 m³	Itaubo/Mezilaurus itauba (Meisn.) Taub. ex Mez.	1.412,4500 m³
Abiu/Pouteria calmito (Ruiz & Pav.) Reulle	1.864,8400 m³	Jacarandá/Dalbergia spruceana	304,8300 m³
Abiu-Goiaíba/Pouteria pachycarpa Pires	1.963,5622 m³	Jatobá/Hymenaea courbaril	2.791,9400 m³
Acariguara/Miquearia guianensis Aubl.	1.899,5341 m³	Jequitibá/Allantoma lineata (Mart. ex O.Berg) Miers	4.743,8100 m³
Algodão-de-Bestardipia densiflora (Hook. & Arn.)	6.192,1977 m³	Jequitibá rosa/Cariniana micrantha Ducke	9.059,6500 m³
Amapá/Brosimum guianense (Aubl.) Huber	2.909,8384 m³	Jiló/Guarea silvatica C.D.C.	291,5800 m³
Amapá-doce/Brosimum parinarioides	950,9480 m³	Libra/Eriktia uncinatum Warm.	898,5500 m³
Amendoim/Hymenobolium buringerianum Rozzi	111,3371 m³	Louro/Nectandra discolor (H.B.K.) Nees	1.622,0500 m³
Amezcillo/Tratinnikia rhodolia	471,6947 m³	Louro Fala/Roupala Montana Aubl.	43,0700 m³
Angelim-amarelo/Hymenobolium heterocarpum	218,6025 m³	Macaranduba/Manitara huberi (Ducke) Chevalier	459,1800 m³
Angelim-amargoso/Vatairea sericea Ducke	490,1991 m³	Maucou/Licania sp	2.639,2600 m³
Angelim-coco/Andira fraxinifolia Benth.	110,5109 m³	Magnólia/Dillenia indica L.	131,4200 m³
Angelim-pedra/Hymenobolium petraeum Ducke	5.237,2779 m³	Mandioqueira/Qualea parensis Ducke	83,6300 m³
Angelim-sala/Parkia pendula (Willd.) Benth. ex Walp.	810,2860 m³	Mapicui/Macrosamanea pedicularis	338,8500 m³
Azedinha/Dialium guianense	192,8990 m³	Maracatã/Astronium lecointeri Ducke	8.236,7700 m³
Bandaral/Parkia parensis Ducke	920,4436 m³	Matamá/Eschweilera grandiflora	2.542,0800 m³
Branquilha/Albizia hassleri	461,6022 m³	Mirindiba/Buchenavia huberi Ducke	5.405,4400 m³
Breu/Proum robustum (Sw.) D.M.Porter	1.110,6759 m³	Mulapiranga/Brosimum rubescens Taub.	2.323,1000 m³
Breu Branco/Proum duckei Huber	626,1698 m³	Olibice/Clarisia racemosa Ruiz & Pav	3.499,0900 m³
Cajueiro/Anacardium giganteum Hamck ex Engl.	936,4995 m³	Olibice-de-macaco/Enterobolium schomburgkii (Benth.) Benth.	1.392,3400 m³
Canela-vermelha/Ocotea rubra	410,2618 m³	Pequi/Caryocar villosum (Aubl.) Pers.	2.233,4700 m³
Carobal/Jacaranda copala (Aubl.) D.Don	418,1427 m³	Pequi-rosa/Caryocar glabrum (Aubl.) Pers.	1.484,3600 m³
Caucho/Castilleja ulei	520,5648 m³	Pinho-culibano/Schlotheimia amazonicum (Huber) Ducke	4.159,7800 m³
Caxeta/Simrouba amara Aubl.	1.330,3304 m³	Pororoca/Dialium guianense (Aubl.) Sandwits	994,8000 m³
Cedromara/Cedreliga cataractaeformis Ducke	1.847,1104 m³	Quarupá/Qualea dinizi Ducke	646,3500 m³
Cedro-rosa/Cedrela odorata L.	246,0430 m³	Roxão/Peltogyne parietosa Ducke	524,2600 m³
Copaíba/Copaifera guianensis Desf.	6.325,4299 m³	Roxão/Peltogyne parietosa Ducke	10.163,4500 m³
Copaíba/Copaifera multijuga Hayne	430,9305 m³	Sorva/Couma utilis (Mart.) Müll. Arg.	362,7400 m³
Cularana/Vismia brasiliensis	486,3343 m³	Sucupira/Soudichia nitida Spruce	1.272,4000 m³
Umara/Dipteryx ferrea Ducke	2.864,7089 m³	Tamarindo/Martiodendron elatum (Ducke) Gleason	1.088,6500 m³
Upliba/Goupia glabra Aubl.	1.056,7715 m³	Tamboril/Enterobolium maximum Ducke	399,7200 m³
Uperuana/Matisia parensis	1.078,6399 m³	Tauari/Couratari guianensis Aubl.	7.483,3100 m³
Uva-amargosa/Vatairea fuscá	2.839,5876 m³	Taxi/Tachigali paniculata Aubl.	4.810,5600 m³
Uva-riara-tucupá/Parkia multijuga Benth.	8.256,4367 m³	Ucu-barana/Sclerolobium chrysophyllum Poepp. & Endl.	606,6100 m³
Uva-ferro/Dalizia excelsa Ducke	2.048,2241 m³	Ucu-barana/Ryanthera crassifolia A.C.Sm	1.716,8400 m³
Urupá/Apulcia nielani Spruce ex Benth.	135,9400 m³	Uxi/Endopleura uchi (Huber) Cuatrec.	474,2800 m³
Urutó/Begonia guianensis Aubl.	299,6000 m³	Virola/Virola mollissima	417,7400 m³
Uvaibá/Leythia lurida (Miers)	2.202,0300 m³	<b>TOTAL GERAL:</b>	<b>153.635,9800 m³</b>
Uvaibá/Uvaibá serratifolia	153.635,9800 m³	Volume máximo a ser explorado pela área de efetivo manejo:	54.357,2200 m³
<b>MATERIA-PRIMA/VOLUME/UNIDADE DE MEDIDA</b>			
doerres em Toras:		153.635,9800 m³	
proveniente de resíduos:			
LOCAL:	Porto Velho	Assinatura: <i>Wilson de Sales Machado</i>	
DATA:	03/04/18	Secretaria de Estado do Desenvolvimento Ambiental	
SECRETARIA DE ESTADO DO DESENVOLVIMENTO AMBIENTAL - SEDAM		Módulo 300/707.524/SEDAM	
<b>PORTANTE</b>			



- CITES Permit

CITES Permit contains information of the exporter and importer, purpose of transaction, authorized permit types (import, export, re-export, or other), transportation data, location of timber species, purpose of transaction, scientific and common name of timber species, volume, products (quantity), country of origin, country data on re-export, validity date. The permit or certificate is only valid for one shipment and is issued by IBAMA.

Figure 25 – CITES Permit sample document

 REPÚBLICA FEDERATIVA DO BRASIL MINISTÉRIO DO MEIO AMBIENTE - MMA INSTITUTO BRASILEIRO DO MEIO AMBIENTE E DOS RECURSOS NATURAIS RENOVÁVEIS - IBAMA SCEN Teatro 2 - Es. Sede - Caixa Postal nº 5870 - CEP 70818-900 - Brasília DF		 CONVENÇÃO SOBRE O COMÉRCIO INTERNACIONAL DE ESPÉCIES DA FLORA E FAUNA SILVESTRE EM PERIGO DE EXTINÇÃO		CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FLORA AND FAUNA		1) Pág. Nº 1/4
4) Licença nº/Permit nº:		6) Selo nº/Stamp nº:		8) Controle/Check '':		2) Data Emissão/Issuing Date:
5) Licença de/Permit for <b>Exportação</b>		7) Selo/Stamp		9) Autoridade Adm. Emitente/Issuing Management Authority		3) Valido Até/Valid Until:
				_____ Assinatura/Signature		
10) Importador/Importer Jörg Frießnitz Bergschenweg 6 Neukirchen-Vluyn - 47506 fone: - Alemanha - DE			11) Exportador/Re-exportador/Exporter/Re-exporter Florala Orquidarios Reunidos Ltda. Estrada da Florala, 592 NITERÓI - 24140216 fone: 02126277733 - florala@elgiglobal.net Brasil - BR			
12) País Importador/Country of Import Alemanha - DE			13) País Exportador/Re-exportador/Country of Export/Re-export Brasil - BR			
14) Objetivo da Operação/Purpose of the transaction T - Commercial/Trade/Fins comerciais...						
15) Condições Especiais/Special Conditions For live animals, this permit or certificate is only valid if the transport conditions conform to the Guidelines for Transport and preparation for shipment of live wild animals and plants or, in the case of air transport, to the IATA Live Animals Regulations						
16) Dados do Transporte/Transportation Data Local/Place: DRF/Niterói Data Provável/Probable Date: 01/09/2022						
ESTA LICENÇA É VÁLIDA SOMENTE PARA UMA OPERAÇÃO/ THIS PERMIT OR CERTIFICATE IS ONLY VALID FOR ONE SHIPMENT.						
17) Item		18) Produto/Product		19) Quantidade-Unidade Medida/Quantity Unit		
20) Espécie: nome científico nome vulgar/ Species: scientific name common name		21) Anexo/Origem Appendix/Jourse		22) Descrição: Parte Quantidade-Unidade-Markção Description: Part Quantity-Unit-Mark		23) Cod. País de Origem-Comprovante-Data Country of Origin-Permit-Date
						24) Cod. País de reexportador-Certificado-Data Country reexportation-Certificate-Date
17) 1		18) PLANTA VIVA/LIVE PLANT		19) -- 807,00 UN --		
20) 1. Cattleya warnei Orquídea Orchid		21) II   A		22) planta viva/live plant 20,00 UN -		23) - - 24) - -
20) 2. Cattleya hamsoniae Orquídea Orchid		21) II   A		22) planta viva/live plant 5,00 UN -		23) - - 24) - -
20) 3. Cattleya percivaliana Orquídea Orchid		21) II   A		22) planta viva/live plant 10,00 UN -		23) - - 24) - -
20) 4. Cattleya aureocincta		21)		22) planta viva/live plant		23) - -

- Forest Guide 3 (GF3)

The document Forest Guide 3 (GF3) is issued by SEMA in the States of Pará and Mato Grosso. It contains information such as basic information of the seller and buyer, scientific and common name of timber species, product, volume, price, and transport route. GF3 is issued to control processed wood products transportation.

**Figure 26 – Forest Guide 3 (GF3) sample document**

Guia Florestal para Transporte de Produtos Florestais Diversos - GF3								
DIVPF 3: <u>63</u> Guia de Transporte: <u>133</u>								
Nota Fiscal Eletrônica (Chave de acesso): <u>51180713655941000105550010000008201000008200</u> Protocolo: <u>151180032857570</u>								
<b>Remetente</b>								
Nome: _____			CNPJ/CPF Nº: _____			Inscrição Estadual nº: _____		
SEMA-MT: <u>4848</u>								
Tipo Logr.: _____		Logradouro: _____		Nº: _____		Complemento: _____		Bairro: _____
Município: _____		CEP: _____		UF: _____		Ponto de Referência: _____		Caixa Postal: _____
<b>Destinatário</b>								
Nome: _____			CNPJ/CPF: <u>15331230000100</u>			Endereço: <u>RUA DA LAPA</u> , Bair		
CEP: _____		Município: _____		UF: _____				
<b>Produtos:</b>								
Nº	Nome Científico	Nome Popular	Class.	Produto	Qtd.	Unid.	Preço Unif.	Preço Total
1	Dipteryx odorata	Cumaru	23	MADERA BENEFICIADA	5,2160	m3	2.100,00	10.953,60
Memorial Descritivo de Transporte:								
Trecho(s) de Transporte:								
Trecho 1: Origem: _____ Destino: _____								
Tipo: Rodoviário Identificação: <u>OBS-0143</u>								
Exportação: Sim ( ) Não (X)								
Esta Guia é considerada válida acompanhada do comprovante de pagamento da mesma, no valor de 0,25 UPF MT e da nota fiscal correspondente aos produtos e valores descritos.								
Nº do DAR do Pagamento de ICMS: <u>Optante pelo regime do SIMPLES NACIONAL (Lei Complementar nº.123/2006)</u> Valor Pago em R\$: _____								
Regime Especial - Portaria nº: _____ Nº do Regime: _____								
Nº do DAR do Pagamento da Taxa da GF: <u>000/89.687.225-42</u> Valor Pago em R\$: <u>33,56</u>								
A emissão desta Guia está de acordo com o Termo de Cooperação Técnica firmado entre o Ministério do Meio Ambiente juntamente com o IBAMA Instituto Brasileiro de Meio Ambiente e o Governo do Estado de Mato Grosso juntamente com a SEMA-Secretaria de Estado de Meio Ambiente, publicado no Diário Oficial da União No. 174 na Seção 3 pág. 68 em 09 / 09 / 2005 e no Diário Oficial do Estado de Mato Grosso em 14 / 09 / 2005 pág. 28. Esta guia é válida em todo o território nacional.								
Data de Emissão			<u>12/07/2018 15:01:07</u>			Data de Validade em MT		
						<u>18/07/2018 15:01:07</u>		
Responsável pela emissão								
CPF								
Data de Validade em transporte interestadual			<u>28/07/2018 15:01:07</u>			Assinatura Responsável		
Fica obrigatória a baixa da guia no posto fiscal de fronteira do Estado de Mato Grosso								

- Forest Guide 1 (GF1)

This document is the Forest Guide 1 (GF1) issued by SEMA in the States of Pará and Mato Grosso. Forest Guide (GF1) carries information such as basic information of the seller and buyer, scientific and common name of timber species, origin (SFMP number), product, volume, price and transport route. This document is issued for log transportation.

**Figure 27 – Forest Guide 1 (GF1) sample document**

**Guia Florestal para Transporte de Madeira em Toras - GF 1**

Guia de Transporte:  DVPF:  Origem:  Nº Processo:

Local Postal:

**Remetente**

Nome:  CNPJ/CPF nº:  Inscrição Estadual nº:  CEPROF-PA:

Tipo Log:  Logradouro:  Nº:  Complemento:  Bairro:  Distrito:  Município:  CEP:

UF:  Ponto de Referência:  Caixa Postal:

**Destinatário**

Nome:  CNPJ/CPF nº:  Inscrição Estadual nº:

CEPROF-PA:

Tipo Log:  Logradouro:  Nº:  Complemento:  Bairro:

Distrito:  Município:  CEP:  UF:  Ponto de Referência:

Caixa Postal:  Projeto ao Destino:

**OUTEIRO**

**Especie e seus correspondentes volumes:**

Nº	Nome Científico	Nome Popular	Class.	Permite	Quantidade	Unid.	Preço Unitário	Preço Total

Informal Descritivo de Transporte:

Informal Descritivo de Transporte:

Tipo de Transporte:  Exportação:  Sim (S) / Não (N)

Rodoviário: Identificação(s) do Veículo Transportador:

Hidroviário: Número de embarcação:  País de origem:  Nome do armador:

Nº de DAE do Pagamento de ICMS:  Valor pago R\$:

Valor pago R\$:

Valor pago R\$:

Data de Emissão:  Data de Validade em Pará:

CPF:  Responsável pelo envio:

Assinatura Responsável



000001100000100056210016700011

- Operation License

The Operation License is required for timber industry. It presents information such as number of the process, location, company name and address, activity licensed for, main activity, validity date. This document is issued by SEMA in each State.

Figure 28 – Operation License sample document

SEMA / MT	 <p><b>Governo do Estado de Mato Grosso</b> <b>Secretaria de Estado do Meio Ambiente - SEMA/MT</b></p>	
	Superintendência de Infraestrutura, Mineração, Indústria e Serviços - SUIMIS	
	<b>Licença de Operação</b>	
	<b>LO Nº:</b>	VÁLIDA ATÉ: 07/07/2020
	<b>PROCESSO Nº:</b>	DATA DE PROTOCOLO: 16/12/2011
	<p>A SECRETARIA DE ESTADO DO MEIO AMBIENTE-SEMA, no uso de suas atribuições que lhe são conferidas pela Lei Complementar nº 38 de 21 de Novembro de 1.995 e alterada pela Lei Complementar nº 232 de 21 de Dezembro de 2005, que dispõe sobre o Código Ambiental de Mato Grosso, concede a presente licença.</p>	
	<b>DENOMINAÇÃO DA PROPRIEDADE OU EMPREENDIMENTO</b>	
	<b>ATIVIDADE LICENCIADA:</b> Serrarias com desdobramento, beneficiamento e Fabricação de madeira laminada e de chapas de madeira compensada, prensada ou aglomerada - RENOVAÇÃO	
	<b>LOCALIZAÇÃO:</b>	<b>MUNICÍPIO:</b> CEP: 78.320-000
	<b>NOME / RAZÃO SOCIAL DO INTERESSADO</b> CNPJ/CPF: 12.475.052/0001-01 INSC. ESTADUAL: 013.399.323-0	
<b>ATIVIDADE PRINCIPAL:</b> Serrarias com desdobramento de madeira		
<b>RESTRIÇÕES:</b> "As contidas neste processo de licenciamento ou na legislação em vigor. É obrigatória a manutenção do parecer técnico no local da atividade licenciada juntamente com a licença emitida, bem como a comprovação do cumprimento das condicionantes e solicitações existentes, caso haja. Salientamos que a Licença Ambiental não dispensa e nem substitui Alvará ou Certidão de qualquer natureza exigida pela Legislação Federal, Estadual e Municipal."		
<b>DOCUMENTOS ANEXOS E CONDIÇÕES GERAIS DE VALIDADE DESTA LICENÇA:</b> - Conforme Parecer Técnico nº: 109104 / SURAT / 2017		
<b>LOCAL E DATA</b> Cuiabá - MT 23/06/2017	<b>Coordenador de Indústria</b>	<b>Superintendência de Infraestrutura, Mineração, Indústria e Serviços</b>
Obs: Esta Licença Ambiental deve ser afixada em local de fácil acesso e visualização		
Rua C, esq. com Rua F - Centro Político Administrativo - Cuiabá / MT CEP: 78050-970 - Fones: (65) 3613-7200 www.sema.mt.gov.br		
		

- Phytosanitary Certificate of Origin

The Phytosanitary Certificate presents information such as product origin, company information, production data, phytosanitary treatment and credentials of the technician responsible for issuing the certificate. This document is issued by SEMA in all States of Brazil.

**Figure 29 – Phytosanitary Certificate of Origin sample document**

ORGÃO ESTADUAL DE DEFESA SANITÁRIA VEGETAL							
CERTIFICADO FITOSSANITÁRIO DE ORIGEM - CFO Nº (Numeração alfa-numérica, seqüencial c/ sigla da UF, ano c/ 2 dígitos)							
Origem do produto							
Razão social/ Nome do produtor	Endereço	Município	UF	CNPJ/CPF	Livro de acompanhamento nº	Registro numérico do estabelecimento rural	
Categoria do estabelecimento produtor							
Viveirista <input type="checkbox"/>	Produtor <input type="checkbox"/>	Unidade agroextrativista <input type="checkbox"/>		Campo de material de multiplicação ou propagação <input type="checkbox"/>			
Dados da cultura							
UR	Variedade	Cultura	Quilogramas	Unidades	Estoque estimado	Data da colheita	Destino
Tratamento fitossanitário							
UR	Pragas	Nome científico	Agrotóxico	Ingrediente ativo	Dosagem	Período de carência	Laudos laboratoriais
Declaração adicional							
Este certificado é válido por ___ dias e será nulo se rasurado. A responsabilidade do emitente é limitada ao período estabelecido e à produção da área acima identificada.							
Dados do responsável técnico							
Nome do RT			Nº da credencial			nº do CREA	
Data							
Assinatura							



## 4 エクアドル

# Country Report ECUADOR

**January 2019**  
**Prepared by Ivan Tomaselli**



## Table of Contents

<b>1. INTRODUCTION .....</b>	<b>9</b>
<b>2. OVERVIEW OF THE FORESTRY SECTOR .....</b>	<b>10</b>
2.1.Forest resources of the country .....	10
2.2.Land uses and tenure categories .....	14
2.3.Forest Certification .....	16
2.4.Forest Industry in Ecuador .....	17
2.5.Forest products trade in Ecuador .....	19
<b>3. OVERVIEW OF THE RELEVANT GOVERNMENT ORGANIZATIONS.....</b>	<b>22</b>
3.1. Legal Authorities.....	22
<b>4. LEGISLATIONS ON HARVESTING FOREST RESOURCES .....</b>	<b>25</b>
4.1. Laws and regulation on harvesting of forest resources .....	25
4.2. Legal rights over forests .....	25
4.3. Timber Source Types, Management and Harvesting Planning and Permits .....	26
4.4. Environmental requirements.....	30
4.5. Employment and safety in forest management and harvesting operation .....	31
4.6. Social requirements.....	32
4.7. Control measures to verify legality of harvesting .....	33
<b>5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING OF WOOD.....</b>	<b>34</b>
5.1. Laws and regulation on transportation and processing of wood and wood products .....	34
5.2. Transportation of logs and primary wood products .....	34
5.3. Processing wood and wood products .....	37
5.4. The system of supervision and control measures to verify legality of harvesting transporting and processing wood and wood products .....	38
<b>6. LEGISLATIONS ON TRADING WOOD AND WOOD PRODUCTS .....</b>	<b>39</b>
6.1 Laws and regulation on trading woods and wood products.....	39
6.2. Product Classification .....	39
6.3. Legally required documents or records.....	40
<b>7. OTHERS ASPECTS .....</b>	<b>42</b>
7.1. International framework / trade agreement to combat illegal harvesting and associated trade .....	42
7.2. Voluntary schemes on legality / sustainability of wood and wood products .....	42
<b>8. INTERVIEWS/FIELD SURVEY (LOGISTIC RECORDS) .....</b>	<b>43</b>
<b>REFERENCES .....</b>	<b>46</b>

## List of Figures

Figure 1 – Vegetation map of Ecuador.....	11
Figure 2 – Composition of natural vegetation in Ecuador (2013).....	12
Figure 3 – Changes in Forest Cover in Ecuador by Region.....	13
Figure 4 – Land use in Ecuador by category (2017).....	14
Figure 5 – Plantation timber supply chain in Ecuador.....	18
Figure 6 – Natural forests timber supply chain in Ecuador .....	19
Figure 7 – Ecuadorian forest products exports in USD (2007-2017) .....	20
Figure 8 – Ecuadorian exports by product to Japan in USD (2006-2016).....	21
Figure 9 – Ecuadorian pulp and paper imports in USD (2006-2016) .....	22
Figure 10 – Ecuadorian paper imports from Japan USD (2006-2016).....	22
Figure 11 – Logging volume by type of forest formation (2007 – 2011).....	27
Figure 12 – General flowchart of the main required documents for transporting wood and wood products .....	36
Figure 13 – Main required documents for transporting wood and wood products with primary processing / intermediary yard .....	36
Figure 14 – Legal procedures to export in Ecuador.....	39
Figure 15 – Plantation Registration .....	51
Figure 16 – Harvesting Permit .....	52
Figure 17 – Guía de Circulación – Permit for transportation.....	53
Figure 18 – Guía de Canje .....	54
Figure 19 – Guía de Remisión .....	55
Figure 20 – Licencia de Exportación – Export Permit Document.....	56
Figure 21 – Certificado Fitosanitario – Phitosanitary Certificate .....	57
Figure 22 – CITES Certificate .....	58

## List of Tables

Table 1 – Main Forest Species Planted in Ecuador.....	12
Table 2 – Most important forest species logged in Ecuador (native and planted).....	14
Table 3 – Forest type and tenure .....	15
Table 4 – Categories of protection areas, uses and quantities in Ecuador (2018).....	16
Table 5 – Forest companies certified by FSC in Ecuador (as of October 2018) .....	17
Table 6 – Major timber species commercialized in Ecuador (2010).....	17
Table 7 – Estimated production of forest industry in Ecuador (2017) .....	19
Table 8 – Exports of selected forest products in Ecuador (2017) .....	20
Table 9 – Forest products imported by Ecuador (2017) .....	21
Table 10 – Main institutions responsible for harvesting, processing, distribution and trade of woods and wood products .....	24
Table 11 – Main laws and regulations related to access to forests, forest management and harvesting permits of Ecuador.....	26
Table 12 – Procedures and requirements to issue a harvesting permit .....	29
Table 13 – List of timber species regulated by CITES.....	31
Table 14 – Laws and Regulations related to transportation and processing of wood and wood products .....	34
Table 15 – Conversion factor of timber products.....	35
Table 16 – HS Code nomenclature for commonly exported timber and timber products in Ecuador .....	40
Table 17 – Legally required documents to export wood and wood products .....	40
Table 18 – Result of interviews and field survey .....	43

## List of Symbols

%	Percentage
MM	Million
M <sup>3</sup>	Cubic meter
Nº	Number
USD	American Dollar Currency
Ha	Hectare
Km <sup>2</sup>	Square Kilometers
ART	Article

## List of Acronyms

ACTO	Amazon Cooperation Treaty Organization
AIMA	Ecuadorian Association of Wood Industries (Asociación Ecuatoriana de Industriales de Madera)
ALADI	Latin American Integration Association (Asociación Latino Americana de Integración)
ASOTECA	Ecuadorian Association of Tropical wood and Teka producers (Asociación Ecuatoriana de Productores de Teca y Maderas Tropicales)
BCE	Central Bank of Ecuador (Banco Central del Ecuador)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CEFOVE	Certificación Forestal Voluntaria del Ecuador (The National Working Group on Voluntary Forest Certification)
COA	Environmental Organic Code (Codigo Orgánico del Ambiente)
CONAIE	Confederation of Indigenous Nationalities of Ecuador (Confederación das Nacionalidades Indígenas del Ecuador)
COMAFORS	Sustainable Forest Management Corporation (Corporación de Manejo Forestal Sustentable)
CoC	Chain of Custody
COPCI	Organic Code of Production, Trade and Investment (Código Orgánico De Producción, Comercio e Inversion)
DAE	Custom Declaration of Exports (Declaración Aduanera del Ecuador)
FLEGT	Forest Law Enforcement, Governance and Trade
GADS	Decentralized Autonomous Governments (Gobiernos Autonomos Descentralizados)
GOJ	Government of Japan
IESS	Ecuadorian of Social Security Institute (Instituto Ecuatoriano de Seguridad Social)
IGES	Institute for Global Environmental Strategies
INEC	National Institute of Statistics and Census (Instituto Nacional de Estadística y Censo)

IRS	Internal Revenue Services (Servicio de Rentas Internas del Ecuador)
IUCN	International Union for Conservation Nature
JFA	Japan Forestry Agency
ITTO	International Tropical Timber Organization
FAO	Food and Agriculture Organization of the United Nations
FSC	Forest Stewardship Council
MAE	Ministry of Environment (Ministerio del Ambiente)
MAGAP	Ministry of Agriculture, Livestock, Aquaculture and Fisheries (Ministerio de Agricultura y Ganadería Acuacultura y Pesca )
MCPEC	Ministry of Production Coordination, Employment and Competitiveness (Ministerio de Coordinación de la Producción, Empleo y Competitividad)
MDF	Medium Density Fiberboard
MICIP	Ministry of Foreign Trade, Industrialization, Fisheries and Competitiveness (Ministerio de Comercio Exterior, Industrialización, Pesca y Competitividad)
NALADI	Nomenclature of Latin American Integration Association (Nomenclatura de la Asociación Latinoamericana de Integración)
NGOs	Non-Governmental Organizations
OTCA	Organization of Amazon Cooperation Treaty
PAFSI	Simplified Timber Harvesting Program (Programas de Aprovechamiento Forestal Simplificado)
PAFSU	Sustainable Timber Harvesting Program (Programas de Aprovechamiento Forestal Sustentable)
PROFORESTAL	Unit for Forestry Promotion and Development of Ecuador (Unidad de Promoción y Desarrollo Forestal del Ecuador)
RUC	Tax Identification Number (Registro Único de Contribuyentes)
SAF	Forest Administration System (Sistema de Administración Forestales)
SENAE	National Custom Service of Ecuador (Servicio Nacional de Aduana del Ecuador)
SENPLADES	National Secretary of Planning and Development (Secretaría Nacional de Planificación y Desarrollo)
SFP	Production Forest System (Sistema de Producción Forestale)
SNAP	National System of Protected Areas (Sistema Nacional de Areas Protegidas del Ecuador)
SPN	Subsecretaria de Patrimonio Natural (Sub Secretary of the National Patrimony)
STCP	STCP Engenharia de Projetos Ltda.
SUIA	Single System of Environmental Information (Sistema Único de Información Ambiental)
TCA	Amazon Cooperation Treaty
TRAFFIC	Trade Records Analysis of Flora and Fauna in Commerce
TFP	Timber Felling Program (Programa de Tala de la Madera)
TOR	Terms of Reference

USA	United States of America
USAID	United States Agency for International Development
ZCL	Zone of Land Conversion (Zona de Conversión Legal)
WWF	World Wide Fund for Nature

## 1. INTRODUCTION

The Government of Japan (GOJ) enacted the “Act on Promotion of the Use of Legally-Harvested Wood and Wood Products (Clean Wood Act)”, in May 2017. The Objective of the Clean Wood Act is to promote the use and distribution of wood and wood products made from trees harvested in compliance with the laws and regulations of Japan and the countries of origin.

In order to comply with the Clean Wood Act and to facilitate the access of wood-related business entities to relevant data and information to check legality of wood products they are handling, the Japan Forestry Agency (JFA) created a “Clean Wood Navi” website. Thus, JFA is collecting data and information on wood product distribution and relevant legislations in two target countries in Latin America (Brazil and Ecuador) to add contents to the webpage to support the efforts related to the Clean Wood Act implementation.

The International Tropical Timber Organization (ITTO) was requested to support this effort with assistance from the Institute for Global Environmental Strategies (IGES). In order to collect the relevant information on Brazil and Ecuador, ITTO prepared a Terms of Reference (TOR), followed by a suggested structured reporting template. Based on the TOR, the hired Consultant was requested to prepare a report, covering information on legislation (harvesting, transportation, distribution and trade of wood and wood products), on issues relevant to legality of wood and wood products, current situation of wood production and trade, forest certification and other related aspects.

Furthermore, aside from collecting above-mentioned data/information, the report also includes interviews with representatives of government institutions, academic/research institutions, wood industry, environmental NGOs and other relevant organizations to support the collected information. Moreover, documents such as copies of certificates and permits which support the legal origin of wood and wood products in the countries were collected.

It has been challenging to prepare a comprehensive report on forest legality in Ecuador due to the lack of statistics. Government and official data are often incomplete and provides limited information. Thus, the lack of publicly available statistics with regards to forest control, illegal harvesting made it difficult, in particular issues regarding legality risks.

The work was supervised by IGES, represented by Mr. Taiji Fujisaki, who has revised the initial drafts of the report. This document is the Final Report for Ecuador prepared by the Consultant, Dr. Ivan Tomaselli, with the support of Dr. Sofia Hirakuri.

## 2. OVERVIEW OF THE FORESTRY SECTOR

### 2.1. Forest resources of the country

Ecuador has a territorial extension of 283.560 km<sup>2</sup>, and is part of one of the 17-mega diverse countries in the world. The Ecuadorian mainland is divided into three main physical regions:

- Costa (Coastal region) covering 17% of the Ecuadorian territory;
- Sierra (Highland region), which covers 21% of the Ecuadorian territory; and
- Oriente (Eastern/ Amazon region), covering 62% of the country's land.

Also, the Ecuadorian territory includes the Pacific archipelago of the Galapagos Islands (Archipiélago de Colón).

Based on the main physical regions of Ecuador, forests can be generally classified as:

- Amazon Rainforest (located in the Oriente);
- Mountain Forests (located in the Sierra);
- Coast tropical rainforest (located in the Coast); and
- Mangrove forests (along the Coast).

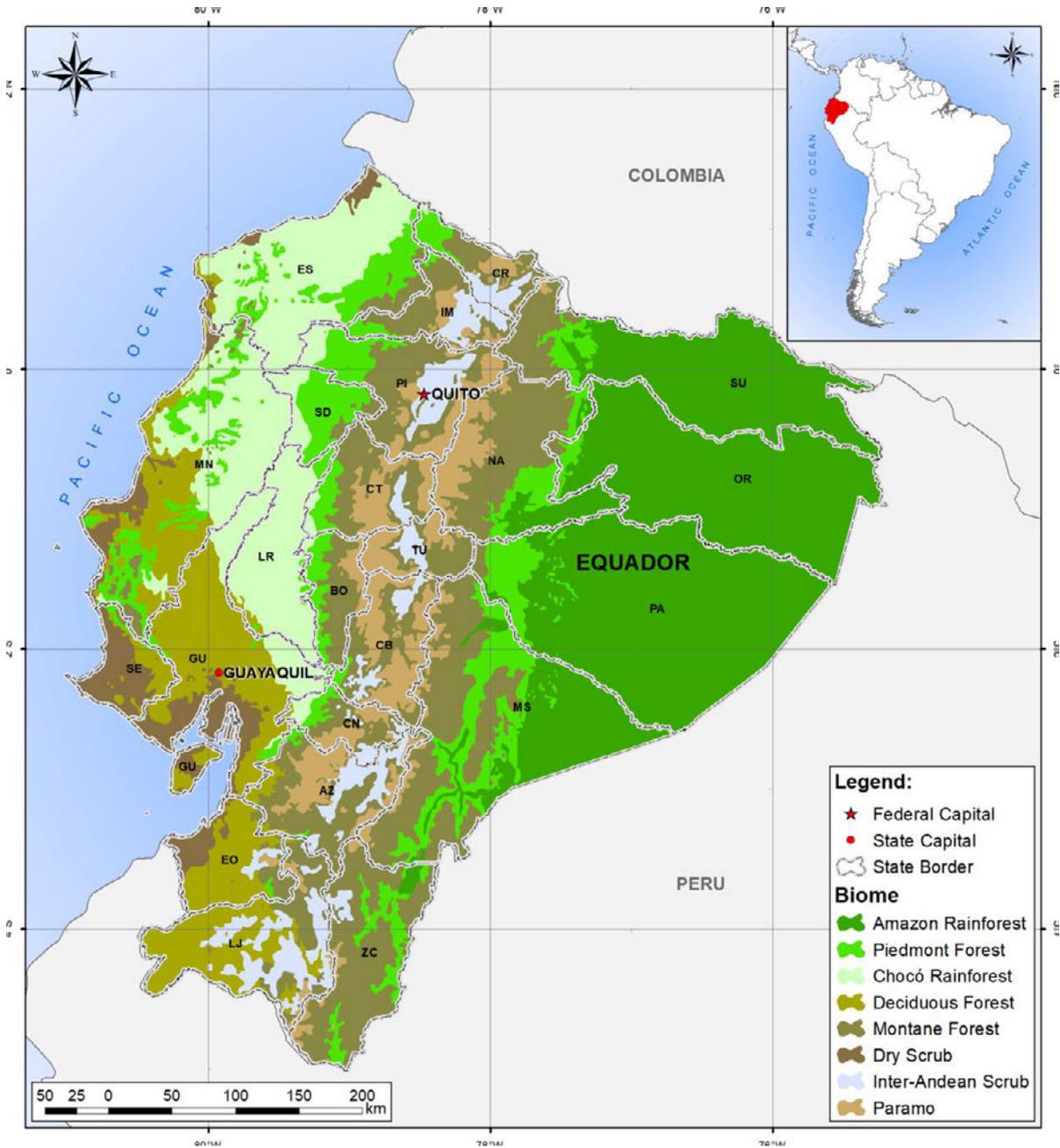
Furthermore, according to the Ecuadorian Government, the natural vegetation of Ecuador can be categorized, in more details, as follows:

- Bosque Seco Andino (Andean Dry Forest);
- Bosque Seco Pluviestacional (Pluvi-estacional Dry Forest);
- Bosque Siempreverde Andino Montado (Andean Montane Evergreen Forest );
- Bosque Siempreverde Andino de Pie de Monte (Andean Pie de Mont Evergreen Forest);
- Bosque Siempreverde Andino de Ceja Andina (Andean Ceja Evergreen Forest);
- Bosque Siempreverde de tierras bajas de la Amazonía (Amazon Lowlands Evergreen Forest);
- Bosque Siempreverde de tierras bajas del Chocó (Choco Lowlands Evergreen Forest);
- Manglar (Mangroves); and
- Moretal (Morete Palm Forest).

Current natural forest coverage of Ecuador, according to FAO (2015), is about 12.5 million hectares, including primary forest or naturally regenerated forest.

The majority of the natural forest, approximately 9.8 million hectares, is located in the Amazon Rainforest region (80%). Ecuador is considered one of the world's most diverse countries, with the Amazonian region, in particular, containing large tracts of intact natural forest of global conservation significance. Another important location of natural forests is the coast, particularly in the northern portion (Province of Esmeraldas). Figure 1 presents the vegetation map of Ecuador, according to the Government.

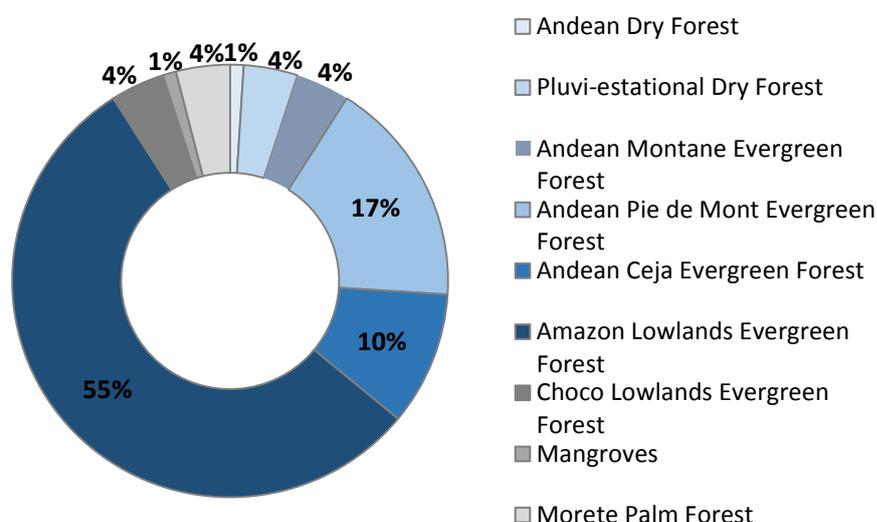
Figure 1 – Vegetation map of Ecuador



Source: Prepared by STCP (2018)

The share of natural vegetation in Ecuador, in 2013, considering the detailed categories above presented are presented in Figure 2.

**Figure 2 – Composition of natural vegetation in Ecuador (2013)**



Source: MAE – Sistema de Contabilidad Nacional (2014- A), compiled by STCP (2018)

Based on information available by the Ministry of Environment (MAE 2014 - A), and adjusted by STCP (2015), the country has a plantation area of around 145 thousand hectares (Table 1). These plantations include a large diversity of species (187), with the main species being *Eucalyptus globulus*, *Eucallyptus eurograndis*, *Pinus radiata*; *Pinus patula*, *Tectona grandis*, *Ochroma spp* and *Gmelina arborea*.

Along the last few years, essentially as a result of the National Program of Incentives for Forest Plantations (MAGAP 2014), forest plantations area was expanded. It is currently estimated that forest plantation area in Ecuador is around 180 thousands hectares.

Moreover, forest plantations in Ecuador are spread across the Sierra and Coast regions. *Eucalyptus globulus* plantations are located in its majority in the Sierra region (particularly in Pichincha and Imbabura Provinces), and *Eucalyptus urograndis* plantations are concentrated in the Costa (Esmeraldas). Furthermore, Pine plantations are largely located in the Provinces of Cotopaxi, Chimborazo, Pichincha and Bolívar. Other species (Teak, Balsa, Gmelina and others) are generally located in the Provinces of Los Ríos, Guayas, Esmeraldas and Manabí.

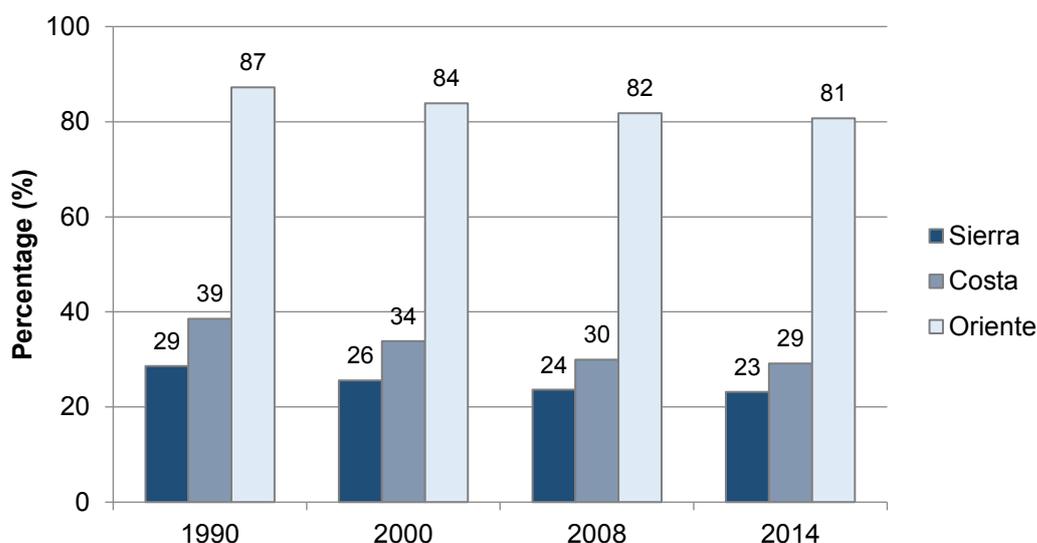
Ecuador has experienced through the years major changes in its forest cover due to illegal logging, cattle ranching, agricultural expansion and the exploitation of non-renewable resources such as oil, gold and other minerals. Changes in forest cover from 1990 to 2014, based on MAE data, are presented in Figure 3. The country has one of the highest deforestation rates in the world. Between 1990 and 2000, the annual deforestation rate was 1.5%, while between 2005 and 2010 the rate increased to 1.9%.

**Table 1 – Main Forest Species Planted in Ecuador**

Genus	Species	Area (ha)	%
Eucalyptus	<i>E. globulus</i>	16.248	11,2%
	<i>E. urograndis</i>	2.094	1,4%
	<i>E. saligna + E. robusta</i>	249	0,2%
	<b>Subtotal</b>	<b>18.592</b>	<b>12,8%</b>
Pinus	<i>P. radiata</i>	16.146	11,1%
	<i>P. patula</i>	7.111	4,9%
	<i>P. pseudostrobus + P. muricata</i>	57	0,04%
	<b>Subtotal</b>	<b>23.314</b>	<b>16,1%</b>
<b>Total Eucalyptus + Pinus</b>		<b>41.906</b>	<b>28,9%</b>
Other Species	Teak ( <i>Tectona grandis</i> )	48.442	33,4%
	Balsa ( <i>Ochroma spp</i> )	18.858	13,0%
	Gmelina ( <i>Gmelina arborea</i> )	7.418	5,1%
	Other (175 species)	28.356	19,6%
	<b>Total Other Species</b>	<b>103.073</b>	<b>71,1%</b>
<b>Total</b>		<b>144.979</b>	<b>100,0%</b>

Source: MAE (2014 - A), adapted by STCP (2015)

**Figure 3 – Changes in Forest Cover in Ecuador by Region**



Source: MAE – SUIA (2015), compiled by STCP (2018)

In Ecuador, natural forests are predominant in the Amazon region and in Esmeraldas (Northern Coastal area). More than 120 timber species from natural forests are harvested and traded in the domestic market. On the other hand, forest plantations, in spite of limited area, are becoming the most important source of industrial timber.

The most important species logged in Ecuador, from natural forests and plantations, are presented in Table 2.

**Table 2 – Most important forest species logged in Ecuador (native and planted)**

Native Species		Planted Species
<p><b>Major harvested species:</b></p> <ul style="list-style-type: none"> <li>• Anime (<i>Protium spp.</i>);</li> <li>• Pulgande (<i>Dacryodes spp.</i>);</li> <li>• Shimbillo (<i>Inga spp.</i>);</li> <li>• Guarumo macho (<i>Pouroma chocoana</i>);</li> <li>• Kapol (<i>Ceiba pentandra</i>);</li> <li>• Guachapele (<i>Pseudosamanea guachapele</i>);</li> <li>• Ipe (<i>Tabebuia spp.</i>);</li> <li>• Yellow Ipe (<i>Tabebuia chrysanta</i>);</li> <li>• Quina (<i>Myroxylon peruiferum</i>).</li> </ul>	<p><b>Important commercial species:</b></p> <ul style="list-style-type: none"> <li>• Laurel (<i>Cordia alliodora</i>);</li> <li>• Balsa (<i>Ochroma lagopus</i>);</li> <li>• Sande (<i>Brosimum utile</i>);</li> <li>• Sangre de Gallina (<i>Otoba glycyarpa</i>);</li> <li>• Chuncho (<i>Cedrelinga catenaeformis</i>);</li> <li>• Azucena (<i>Prumnopitys spp.</i>);</li> <li>• Copal (<i>Tratinnickia glaziovii</i>).</li> </ul>	<p><b>Common commercial species:</b></p> <ul style="list-style-type: none"> <li>• Pino (<i>Pine spp.</i>);</li> <li>• Eucalipto (<i>Eucalypt spp.</i>);</li> <li>• Balsa (<i>Ochroma lagopus</i>);</li> </ul>

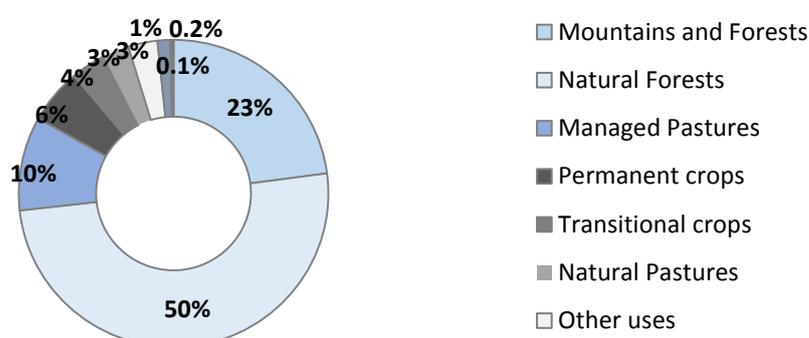
Source: FLEGT, compiled by STCP (2018)

## 2.2. Land uses and tenure categories

According to the National Institute of Statistic and Census (Instituto Nacional de Estadística y Censo – INEC)<sup>1</sup>, land use in Ecuador is categorized as: permanent crops, transitional crops, natural pastures, managed pastures, mountain forests, natural forests, swamps, regenerated forests, planted forest and other uses.

Figure 4 presents land use in Ecuador by category. The most important land use in Ecuador is natural forests (50%), followed by mountain forests.

**Figure 4 – Land use in Ecuador by category (2017)**



Source: INEC, compiled by STCP (2018)

<sup>1</sup> INEC only provided information on land use of agricultural and forest land. The full information including infrastructure, among other use is not available in area (ha).

The Ecuador 2008 Constitution establishes individual and private ownership of the land. Also, indigenous people own more than half of the country lasting forestland, mainly in the Amazon region (USAID, 2008)<sup>2</sup>. According to FAO Report (2015) *Global Forest Resources Assessment* for Ecuador, there are three types of land tenure categories:

- **Public Property Areas:** areas owned by the State; or administrative units of public institutions; or the institutions or corporations owned by the public administration; these areas include State Natural Areas, State Forests, and State Protection Forests; it includes ownership by tribal or other indigenous people;
- **Private Property Areas:** areas include property of individuals, families, traditional communities, private cooperatives, corporations and other private business entities, religious institutions and private schools, private pension or investment funds, non-governmental organizations (NGOs), associations for the conservation of nature and other private institutions;
- **Unknown Property Areas:** described as forested areas under private tenure, but with no titles.

Land tenure security in Ecuador is weak due to inadequate and unclear laws, lack of enforcement, deficient property registry system, among other issues. Land tenure is especially weaker in the Amazon region. On the other hand, in the Coast Region, most of the agriculture lands have legal property titles.

In order to facilitate forest administration and clarify land use, in both State and private areas, the Ecuadorian Government established, based on the Environmental Organic Code 2017 (Codigo Orgánico del Ambiente 2017 - COA 2017) which superseded the Forest Law 2004, four types of land tenure for forest areas (see Table 3).

**Table 3 – Forest type and tenure**

Type of Forest	Description	Tenure Type	
<b>Permanente State Production Forest</b>	Forests are not currently designated for commercial logging.	Public	-
<b>Permanent Private Production Forests</b>	Forests destined to commercial logging	-	Private
<b>Protective Forests</b>	Forests and vegetation under protection, either planted or natural forests	Public	Private
<b>Special Areas including Areas for Research</b>	Forest and vegetation areas for special use such as research, ecological tourism, among others.	Public	Private

Source: COA 2017, compiled by STCP (2018)

Ecuador counts with a significant protected area of natural forests, under the Natural Protected Areas System - SNAP (Sistema Nacional de Áreas Protegidas del Ecuador) managed by the MAE. The total protected area is 63,886 km<sup>2</sup> of natural forests. Table 4 presents the categories of forest and vegetation in Ecuador in 2018.

<sup>2</sup> As to the customary rights of indigenous people and communities, they are discussed in the Section 4.6 on social requirements.

**Table 4 – Categories of protection areas, uses and quantities in Ecuador (2018)**

Protection Areas/ Categories	Quantity	Use
<b>National Park</b>	11	Ecological tourism and research are allowed; however, natural resources exploitation is forbidden.
<b>Ecological Reserve</b>	9	Areas destined to scientific research. Activities such as ecological tourism and natural resources exploitation are prohibited.
<b>Marine Reserve</b>	3	Its use varies according to the needs of the reserve prescribed in the annual management plan.
<b>Biological Reserve</b>	5	Areas destined to scientific research. Activities such as ecological tourism and natural resources exploitation are prohibited.
<b>Wildlife Reserve</b>	5	It depends on the management plan of the Wildlife Reserve. But, generally, activities such as research, ecological tourism and sustainable management are allowed.
<b>Geobotanical Reserve</b>	1	Ecological tourism and research are the only authorized activities.
<b>Wildlife Refuge</b>	10	In Wildlife Refuge only research and environmental monitoring are allowed.
<b>Recreational Area</b>	6	Activities such as sustainable management of natural resources, ecological tourism and research are allowed.

Source: SNAP (2018), compiled by STCP (2018)

### 2.3. Forest Certification

In Ecuador CEFOVE (The National Working Group on Voluntary Forest Certification) works in close cooperation with FSC (Forest Stewardship Council) to promote and implement forest certification schemes aiming at sustainable forest management. Forest certification scheme in Ecuador consists of three categories:

- Certification of the Forests (management);
- Certification of the Chain of Custody (CoC);
- Controlled Timber Supply.

On total, there are 57,000 ha of forest plantations certified in Ecuador (39% of the total forest plantations). There are currently four certified plantation forests. So far, there are no natural forest areas certified in the country.

Two companies are certified under the category of controlled timber supply. The companies are Plantabal (balsa wood) and Expoforestal (Eucalyptus wood chips). There are a larger number of companies that have chain of custody certification.

The number of FSC certified companies, considering the three FSC certification schemes, are presented in Table 5 below.

**Table 5 – Forest companies certified by FSC in Ecuador (as of October 2018)**

Certification Type	Number of Certifications	Certified Areas (hectares)
FSC – Forest Management	4	57,466.09
FSC –Controlled Timber	2	-
FSC – Chain of Custody	17	-
<b>TOTAL</b>	<b>23</b>	<b>57,466.09</b>

Source: FSC Ecuador (2018), compiled by STCP (2018)

#### 2.4. Forest Industry in Ecuador

In Ecuador, forest-owners and timber industries are organized in associations. The major associations are the Ecuadorian Association of Wood Industries (AIMA)<sup>3</sup> and the Ecuadorian Association of Tropical Wood and Teak Producers (ASOTECA)<sup>4</sup>. These associations play a major role in policy making and promotion of forest development in the country.

The primary major consumers of wood are plywood, Medium-density fiberboard (MDF) and particleboard manufacturers, balsa processors, wood chips and sawmilling industry. Unlike other countries in Latin America, Ecuador has no pulp production. Paper produced locally is based on imported pulp and paper waste (recycling).

Table 6 presents information, based on MAE (2013), of the most important timber species consumed (harvested) by the forest industry in Ecuador. Total industrial wood consumption in Ecuador is around 3.7 million m<sup>3</sup>/year. Out of this volume, around 2 million m<sup>3</sup> are plantation grown wood.

**Table 6 – Major timber species commercialized in Ecuador (2010)**

Species	Common Name	Volume (m <sup>3</sup> )	Main Markets
<i>Ochroma pyramidale</i>	Balsa	794,359. 45	Exports (blocks and panels)
<i>Eucalyptus globulus</i>	Eucalyptus	619,243. 35	Export (chips), firewood, sawmill timber
<i>Pine radiata</i>	Pine tree	470,493. 80	Plywood, particleboard, MDF, sawmill timber
<i>Cordia alliodora</i>	Laurel	284,644. 57	Sawmill timber
<i>Schizolobium parahybum</i>	Pachaco	188,986. 82	Plywood and sawmill timber
<i>Tectona grandis</i>	Teca	181,915. 43	Export (logs/ squares)
<i>Pollalesta discolor</i>	Pigue	132,948. 35	Sawmill timber (Wood boxes, pallets and construction)
<i>Brosimum utile</i>	Sande	66,247. 84	Plywood

<sup>3</sup> Asociación Ecuatoriana de Industriales de la Madera (AIMA) <http://www.aima.org.ec/>

<sup>4</sup> Asociación Ecuatoriana de Productores de Teca y Maderas Tropicales (ASOTECA) <https://www.asoteca.org.ec/>

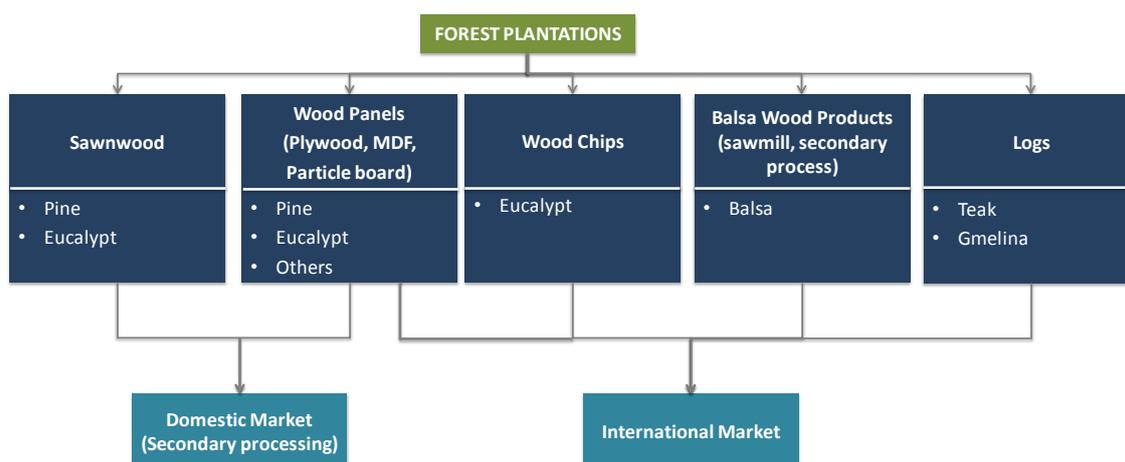
Species	Common Name	Volume (m³)	Main Markets
<i>Trichospermum spp</i>	Pichango	61,772. 54	Sawmill timber/ Construction
<i>Brosimun sp.</i>	Lechero	43,908. 35	Sawmill timber and plywood
-	Other species	844,659. 69	-
<b>Total</b>		<b>3,689,180.19</b>	

Source: MAE (2013), compiled by STCP (2018)

Plantations of Pine (*Pine spp.*) and Eucalyptus (*Eucalyptus spp.*) are the main source of timber supply for the wood panel industry and Eucalyptus plantations are the only source of raw material for the wood chips industry. Other important sources of industrial wood are Balsa (*Ochroma pyramidale*) and Teak plantations.

Figure 5 illustrates, based on information collected by the Consultant, the supply chain considering plantation timber and primary forest industries in Ecuador.

**Figure 5 – Plantation timber supply chain in Ecuador**

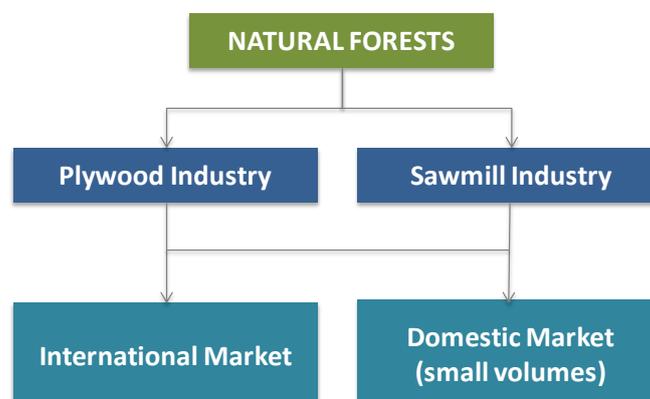


Source: Compiled by STCP (2018)

According to FLEGT Ecuador Briefing Document, there are more than 120 species from natural forest used to supply the Ecuadorian forest industry. In Ecuador, most of the native timber products are traded in the domestic market. Timber industry based on natural forest wood, in general has limited production capacity. They supply the local demand of sawnwood mainly for construction and value added products (furniture, doors, flooring material and others). A small portion of wood from natural forests is also consumed by the plywood industry.

Figure 6 shows, based on information collected by the Consultant, the supply chain considering natural forests timber and primary forest industries in Ecuador.

**Figure 6 – Natural forests timber supply chain in Ecuador**



Source: Compiled by STCP (2018)

There is no updated and consistent data on the production of the Ecuadorian forest industry. The estimated production of the Ecuadorian industry is based on information collected by the Consultant from AIMA, ASOTECA, MAE, MAGAP and private companies is presented in Table 7.

**Table 7 – Estimated production of forest industry in Ecuador (2017)**

Product	Estimate Production (m <sup>3</sup> )
Sawnwood*	700,000
Plywood*	180,000
Particle board**	310,000
MDF**	76,000
Balsa wood**	160,000
Teak (logs)**	140,000
Wood chips**	90,000
<b>TOTAL</b>	<b>1,656,000</b>

\* Native and plantation timber

\*\* Plantation timber

Source: Compiled by STCP

## 2.5. Forest products trade in Ecuador

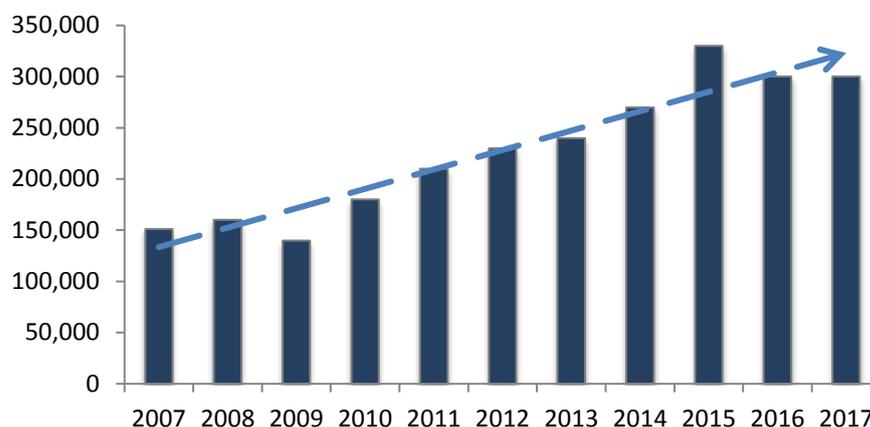
Timber industry in Ecuador is relatively well developed, but there are only a few large companies in operation. The industry supply most of the local demand of forest products and larger companies are active in the international market.

Part of the industry, such as balsa, teak and wood chips industry trade almost all their production in the international market. Wood panel industry, including plywood, particleboard and MDF also export a significant part of their production.

Figure 7 presents a summary of the evolution of Ecuador forest products exports from the Central Bank of Ecuador. Total exports reached around US\$300 million in 2017.

Main forest products exported are plywood, particleboard, balsa wood products, teak logs and wood chips. These four products together contribute with around 95% of the Ecuador forest sector exports. The country also exports, in a smaller scale, MDF and some value added products, including furniture, wooden doors and others.

**Figure 7 – Ecuadorian forest products exports in USD (2007-2017)**



Source: COMAFORS (2018), compiled by STCP (2018)

Information on the 2017 exports of forest products, compiled from available information, is presented in Table 8.

Ecuador is very active in the regional market. The country exports furniture, particleboard, plywood and MDF to several South and Central America countries, including Colombia, Panamá, Peru and Chile.

USA is an important market mainly for the Ecuadorian plywood producers, but also for furniture, doors and balsa wood products. The market for balsa wood products is largely diversified. The main importing countries currently are, besides USA, China, Lithuania, Poland, Denmark and Germany.

The market for teak is fairly concentrated. More than 90% of the Ecuadorian teak is exported to India. Other relevant and growing markets for teak are China and Bangladesh.

**Table 8 – Exports of selected forest products in Ecuador (2017)**

Product	Value (1.000 USD)	%
Plywood	45,018	15,1%
MDF	6,447	2,2%
Particle Board	97,182	32,5%
Balsa Product	90,537	30,1%
Teak (logs)	42,402	14,1%
Wood chips	10,560	3,6%
Furniture and doors	4,751	1,6%

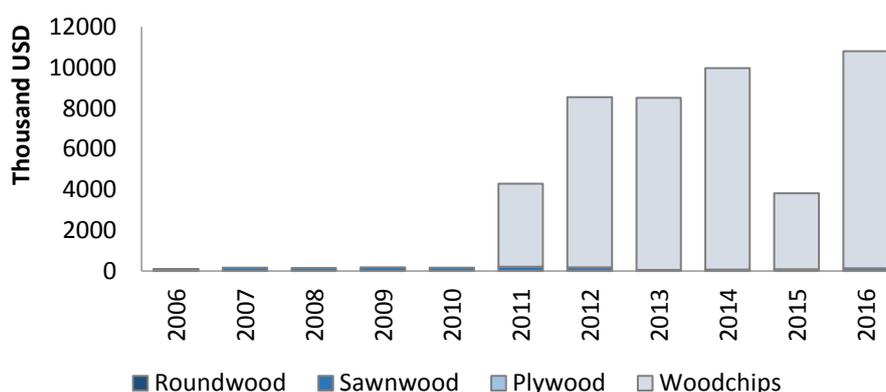
Product	Value (1.000 USD)	%
Wooden doors	1,414	0,5%
Others	722	0,2%
<b>TOTAL</b>	<b>299,035</b>	<b>100%</b>

Source: AIMA (2017), compiled by STCP (2018)

There is only one producer of wood chips in Ecuador, and Japan is the only market. All woodchip produced in Ecuador, since 2011, was exported to Japan. Exports have grown 161% from 2011 to 2016 with steady annual growth.

Figure 8 presents the Ecuadorian exports of wood chips to Japan from 2006 to 2016. Current exports are around 100.000 tons (3 shiploads/ year).

**Figure 8 – Ecuadorian exports by product to Japan in USD (2006-2016)**



Source: Trademap (2018), compiled by STCP

Ecuador also imports forest products. As a matter of fact, the balance of trade is negative. In value terms the country imports more forest products than exports. The main imported forest product by Ecuador is pulp and paper. A summary of Ecuador forest product imports, according to the Central Bank is presented in Table 9.

**Table 9 – Forest products imported by Ecuador (2017)**

Product	Value (1.000 USD)	%
Pulp and Paper	297,000	85,8%
MDF	21,122	6,1%
Furniture and doors	17,173	4,9%
Particle Board	9,275	2,7%
Others	1,534	0,4%
<b>TOTAL</b>	<b>346,104</b>	<b>100%</b>

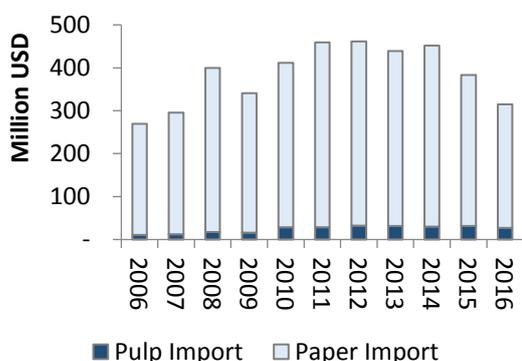
Source: AIMA (2017), compiled by STCP (2018)

As mentioned previously, the main forest products imported are pulp and paper (85.8 % of the total value). Paper production in Ecuador is basically cardboard, packing material and tissue. The production is based on recycled fiber (waste/ recycled paper) and imported pulp. The industry uses about 90% of recycled material and 10% of virgin pulp (Ribadeneira, 2015) ). Pulp and paper, are imported mainly from Colombia, Brazil, Chile and China.

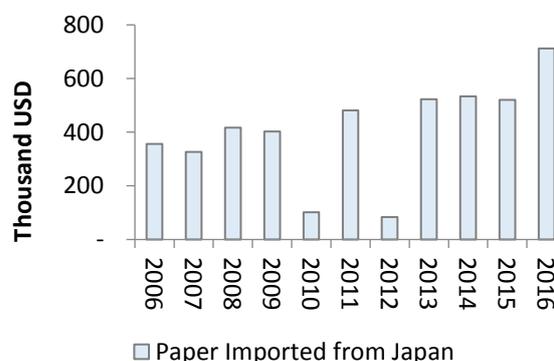
More detailed information on total imports of pulp and paper and imports of such products from Japan, covering the period 2006 to 2016, are presented in Figure 9 and Figure 10. As can be observed total value of imports of pulp and paper by Ecuador alone are higher than the total forest products exports.

Furniture imports are mainly from Spain, China and Brazil. Particleboard and MDF are mainly imported from China, Chile, Brazil and Colombia.

**Figure 9 – Ecuadorian pulp and paper imports in USD (2006-2016)**



**Figure 10 – Ecuadorian paper imports from Japan USD (2006-2016)**



Source: Trademap (2018), compiled by STCP (2018)

### 3. OVERVIEW OF THE RELEVANT GOVERNMENT ORGANIZATIONS

#### 3.1. Legal Authorities

The Constitution of Ecuador (2008) recognizes in Art. 395 the following environmental principles:

1. The State will guarantee a sustainable development model, environmentally balanced and respectful of cultural diversity, that conserves biodiversity and natural regeneration capacity of ecosystems, and ensure the satisfaction of the needs of present and future generations;
2. Environmental management policies shall be applied transversally and shall be of mandatory compliance by the State at all levels and for all natural or legal persons in the national territory.

The most relevant government organizations involved in regulating and controlling forest activities in Ecuador are the Ministry of Environment (MAE) and the Ministry of Agriculture and Livestock (MAGAP).

MAE is responsible for regulating, promoting, fostering, commercializing in natural forests (states or public), in Ecuador. The MAE structure includes the Subsecretaria de Patrimonio Natural - SPN (Sub Secretary of the National Patrimony) and the Dirección Nacional Forestal (National Forestry Directorate).

Based on the Acuerdo Interministerial nº 03 (Inter Ministerial Agreement nº 03) signed between the MAE and MAGAP on September 30, 2015, it was agreed to cooperate and coordinate actions to transfer competences related to forest plantations to MAGAP. Within MAGAP, the direct responsible for the tasks is the Subsecretaria de Producción Forestal (Sub Secretary for Forest Production).

Moreover, to meet the needs of 24 provinces in Ecuador, MAGAP and MAE counts with the support of Decentralized Autonomous Government (GADs)<sup>5</sup>. The goal of this Government Authority is to elaborate, execute and monitor forest management plans for natural and planted forests. GADs implement in each of their provinces Código Orgánico del Ambiente 2017 (Environmental Organic Code 2017), which in forestry matters authorizes the elaboration of plans and programs of protection and promotion of forest resources.

The natural resources in Ecuador, including permits, environmental studies and administrative authorizations related to the forest sector, have its guidelines established by the Environmental Organic Code 2017. The purposes of this Code are:

1. Regulate the rights, guarantees and principles related to the healthy environment and nature, provided for in the Constitution and international instruments ratified by the State;
2. Establish the principles and environmental guidelines that guide the public policies of the State. The national environmental policy must be compulsorily included in the instruments and processes of planning, decision and execution, in charge of the organisms and entities of the public sector;
3. Establish the fundamental instruments of the National Decentralized System of Environmental Management and the co-responsibility of the citizens in their application;
4. Establish, implement and encourage mechanisms and instruments for the conservation, sustainable use and restoration of ecosystems, biodiversity and its components, genetic heritage, National Forest Heritage, environmental services, marine coastal zone and natural resources;
5. Regulate the activities that generate impact and environmental damage, through norms and parameters that promote respect for nature, cultural diversity, as well as the rights of present and future generations;
6. Regulate and promote animal welfare and protection, as well as responsible management and management of urban trees;
7. Prevent, minimize, avoid and control environmental impacts, as well as establish reparation and restoration measures for degraded natural spaces;

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<sup>5</sup> Article 238 of the 2008 Constitution of Ecuador establishes that the Autonomous Decentralized Governments (GADs) are the rural parish boards, municipal councils, and metropolitan councils, provincial and regional councils. GAD shall have political, administrative and financial autonomy, and shall be governed by the principles of solidarity, subsidiarity, inter-territorial equity, integration and public participation.

8. Guarantee the participation of people in an equitable manner in the conservation, protection, restoration and integral reparation of nature, as well as in the generation of its benefits;

9. Establish the mechanisms that promote and encourage the generation of environmental information, as well as the articulation and coordination of public, private and civil society entities responsible for environmental management and research activities, in accordance with the State's requirements and priorities. ;

10. Establish effective, efficient and transversal measures to face the effects of climate change through mitigation and adaptation actions;

11. Determine the attributions of the National Environmental Authority as governing entity of the national environmental policy, the environmental competencies of the Decentralized Autonomous Governments and the implementation of the National Decentralized System of Environmental Management.

Main organizations responsible for monitoring and timber harvesting control, processing, distribution and trade of forest products, as well as their main roles and responsibilities are summarized in Table 10.

**Table 10 – Main institutions responsible for harvesting, processing, distribution and trade of woods and wood products**

Name of Organization	Roles and Responsibilities
Ministry of Environment (MAE)	- MAE is the National Forestry Authority, responsible for issuing Timber Harvesting Permits for natural forests, wood transportation permit, logging control, among others.
Ministry of Agriculture and Livestock (MAGAP)	- MAGAP is legal authority for forest plantations, including development/ promotion, harvesting, marketing and control of forest plantations and their sustainable management for commercial purposes; also competences related to forest seedlings of commercial species, administrative procedures for the approval of cutting plans, issuance of, harvesting permit among other documents required to harvesting in commercial plantations.
Central Bank of Ecuador (BCE)	- Responsible for international wood trading statistics and transactions control.
National Secretary of Planning and Development (SENPLADES)	- Responsible for the National Plan, which includes the quantity of volume authorized each year to be harvested in Natural Forests.
Decentralized Autonomous Governments (GADs)	- Responsible for forest statistics and public forest planning on a regional basis.

Source: Various sources, compiled by STCP (2018)

## **4. LEGISLATIONS ON HARVESTING FOREST RESOURCES**

### **4.1. Laws and regulation on harvesting of forest resources**

In Ecuador, harvesting permits are necessary for logging in natural forests as well as for harvesting timber in plantation forests. Based on the Inter Ministerial Agreement n ° 003/2015, MAE is responsible for issuing harvesting permits in natural forests, while MAGAP is responsible for harvesting permits in planted forests.

Table 11 lists the most relevant laws and regulations regarding access and management of forest, harvesting permits and other related-legislations.

### **4.2. Legal rights over forests**

In Ecuador, the responsible authority for land rights and development is Sub secretary of Land and Land Reform, which is under MAGAP. The duties of this government authority are established in the 2017 Organic Law of Rural Land and Ancestral Territories (Ley Organica de Tierras Rurales y Ancestrales) as:

- a) Issue property titles to natural or legal individuals who, being in possession of rural lands and having the right to them, lack of title of property;
- b) Assign lands that are their property;
- c) Declare the expropriation of lands subject to the conditions;
- d) Create and maintain a Registry of Agriculture Lands; and,
- e) Finalize the integrated agricultural reform process.

In spite of the existing legislation regarding land tenure and efforts of the Government to title lands, around 60% of properties are without updated and regular land titles, according to USAID (2012)

This frequently creates problems to forest owners to obtain harvesting permits which are required for forests located in private land.

For historical reasons, most of Ecuador's natural forest belongs to local communities/ Indigenous groups. Those groups often do not hold legal documents and/or land titles; however, this does not interfere with their right to exploit its natural resources, since those rights are protected by the State Government backed by the 2008 Constitution of Ecuador and supported by the Confederation of Indigenous Nationalities of Ecuador (CONAIE). In spite of the fact that most of the community lands have no legal documents, this does not interfere in their rights to use its natural resources. On the other hand, the communities face limitations related to access to credits or financing because land title is the main legal requirement to have access to those credits. For harvesting permits, it is necessary to consult with the Community Council.<sup>6</sup>

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<sup>6</sup> A community council is an entity created by the communities to discuss and take decisions on issues that affect the communities.

**Table 11 – Main laws and regulations related to access to forests, forest management and harvesting permits of Ecuador**

<b>Laws and Regulations</b>	<b>Year</b>	<b>Description</b>
Environmental Organic Code	2017	Gives provisions on environmental rights, ensuring the sustainability, conservation, protection and restoration of the environment.
Ministerial Agreement N° 001	2015	Regulates on machinery and heavy weight equipment use in mining, forestry, and similar activities.
Ministerial Agreement N° 003	2015	Assigns legal responsibilities of natural forest to MAE and planted forests to MAGAP.
Ministerial Agreement N°125	2015	Regulates the sustainable management of tropical forests.
Executive Decree 286	2014	Transfer the responsibilities of industrial plantations to the Ministry of Agriculture, Aquaculture and Fisheries.
Ministerial Agreement N°130	2010	Regulates “Social Forest Program (Programa Socio Bosque)”, for the development of forest resources on communities.
Ministerial Agreement N°139	2010	Regulates the administrative procedures and authorizes wood harvesting.
Ministerial Agreement N° 041	2004	Regulates and gives provision regarding the right to harvest standing timber.
Ministerial Agreement N° 040	2004	Regulates timber harvesting in forest plantations and trees in agroforestry system.
Ministerial Agreement N° 039	2004	Regulates the Sustainable Forest Management for Timber Harvesting in Moist Forests and give other provisions.
Ministerial Agreement N° 038	2004	Regulates the Forest superintendent System.
Ministerial Agreement N° 053	2001	Directs the log-scaling for forest control at road checkpoints.

Source: Compiled by STCP (2018)

#### **4.3. Timber Source Types, Management and Harvesting Planning and Permits**

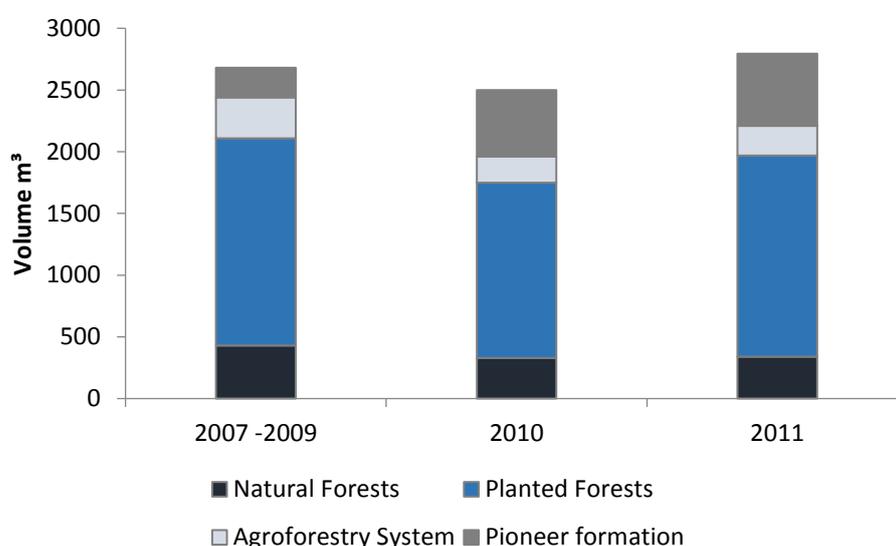
Timber sources in Ecuador are mostly from natural forests (PAFSUs”, “simplified management plan” and “harvesting program for legal conversion zones”) and from

plantations forest. Small timber volumes are also sourced from agroforestry systems and pioneer formations<sup>7</sup>.

Also it should be noted that there are no forest concession licenses in Ecuador. This type of timber source was abandoned in the 1980s, discouraging the development of large commercial sector on natural forests (TRAFFIC, 2013).

Wood consumption continues to increase in Ecuador, based mainly on forest plantations. Volume coming from natural forests has also increased in the two decades, but there are indications that it will decline, according the interviews. Most large companies are moving their supply to plantation forests. Figure 11 presents logging volume by type of forest formation in a 5-year timeframe.

**Figure 11 – Logging volume by type of forest formation<sup>8</sup> (2007 – 2011)**



Source: PALACIOS Y MALESSA (2013), compiled by STCP (2018)

The percentage of plantation timber has increased in the last years and currently is around 50% of the total industrial timber supply. Most of the timber consumed by the larger industries comes from forest plantations. Native species are mostly used by small sawmills located in the Amazon region or along the northern coast (Esmeraldas Province).

Moreover, harvesting operations are basically controlled by two different authorities:

- a) Ministry of Environment (MAE) - natural forests; and
- b) Ministry of Agriculture and Livestock (MAGAP) - plantation forests.

- **Natural Forests**

<sup>7</sup> Pioneer formations are forest formations that are naturally constituted in contemporary populations, developed from disturbances in native forests or remnants of these, either by natural processes (landslides, opening of clearings by falling trees, floods and floods of rivers, others ) and by the effect of anthropic interventions for the development of infrastructure works (opening of highways, power lines, oil pipelines, others).

<sup>8</sup> There was no official statistics regarding logging volume of land use change.

The Ministry of the Environment (MAE) is the National Environmental Authority which authorizes the use of timber by issuing the harvesting permit (Licencia de Aprovechamiento Forestal), according to Art. 2 of Ministerial Agreement n° 139 (2010).

In Ecuador, an Integral Management Plan<sup>9</sup> is required to harvest in natural forests. The duration of this plan is indefinite (Art. 6, Ministerial Agreement n° 125/2015). However, the period of logging activities may vary according to the requirement of logging type established in the regulation (Art. 4 Ministerial Agreement n° 139 /2010). See Table 12 for details.

The most relevant regulations involving harvesting in natural forests<sup>10</sup> in Ecuador are defined in the Ministerial Agreement 125 (2015) related to sustainable management of forests, the Ministerial Agreement 130 (2010) that regulates the administrative procedures and authorizes wood harvesting, and the Ministerial Agreement n° 139 (2010) which regulates the procedures for harvesting.

The basic procedures and requirements for MAE to issue a harvesting permit in natural forests involve several steps, presented in Table 12.

Other documents to be presented, together with the forest management plan and the census include, among others, land title, property owner and information on payment of land taxes. The total cost of the process, involving the preparation of the management plan, the census, inspection by the “Regente Forestal” and paper work, based on the industry information, has an average cost of US\$6.00/m<sup>3</sup>.

At last, Art. 14 of Ministerial Agreement n° 139 (2010), states that the administrative act of approval authorizes the beneficiary for 90 days to request the harvesting permit. If by the end of the deadline the beneficiary does not request the harvesting permit, the approval of the permit will be denied.

- **Plantation Forests**

In Ecuador, all commercial forest plantations are located in private land. As mentioned, forest plantations harvesting are regulated and controlled by MAGAP.

The most relevant regulations involving harvesting in plantation forests in Ecuador are defined in the Ministerial Agreement n° 327 (2014) that regulates and gives provision regarding preparation, implementation and approval of logging program, forest harvesting licenses, and other guidelines for forest plantations.

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<sup>9</sup> Integral Management Plan: It is land use instrument, which regulates land use and sustainable management for the use of forest and natural resources of a certain area, and that complies with the requirements of the Environmental Organic Code (COA), and other forest-related regulations issued by the national forestry authority (MAE), according to Ministerial Agreement n° 139, 2010).

<sup>10</sup> In Ecuador, there is no forest concession system or national production forests. Therefore, there is no harvesting in public forest areas.

**Table 12 – Procedures and requirements to issue a harvesting permit**

Steps	Description
<p><b>Integral Management Plan</b></p>	<p>In Ecuador, the procedures for timber harvesting vary according to the type of forest resource, considering harvesting areas, forest users particularities (smallholders, communal properties, private businesses) and the intensity of logging (harvests without mechanical extraction, and mechanized industrial extraction).</p> <ul style="list-style-type: none"> <li>• The sustainable forest management plan (Programas de Aprovechamiento Forestal Sustentable – PAFSUs) is basically a forest land use plan, and it is required for larger properties/ mechanized harvesting operations, including medium and large tracts of forest; PAFSUs is valid for 2 years;</li> <li>• In the case of smaller areas/ manual operations a simplified management plan (Programas de Aprovechamiento Forestal Simplificado – PAFSI) is accepted; when timber extraction is limited to one plot, with no mechanized skidding involved; PAFSI is valid for 5 years;</li> <li>• The harvesting program for legal conversion zones (Programa de Corta para Zona de Conversión Legal - ZCL) correspond to legal conversion of natural forested land to other land use, e.g. for subsistence. ZCL is valid for one year and can't be more than 30% of the total area.</li> </ul>
<p><b>Forest Census and Georeferencing</b></p>	<p>All commercial trees need to be measured (diameter and height), identified and georeferenced. Volumes per species are calculated; The forest census and Georeferencing is carried out only once prior to harvesting. All integral management plans require forest census and Georeferencing, including legal conversion zones.</p>
<p><b>Inspection by “Regente Forestal”<sup>11</sup></b></p>	<p>The Regente Forestal is a professional forester responsible for the field inspection of the management plan. He visits the site, inspects the plan and the census, and prepares a report which is submitted to MAE. These field inspections are held every year, considering the minimum intensity of control (according to the number of approved management plans) of a PAFSUs and PAFSI are 25% of the area and for ZCL is 100% of the area (Art. 29, Ministerial Agreement n° 139/2010).</p>
<p><b>Issuance of Harvesting Permit</b></p>	<p>In case, no deviation was identified during the inspection, MAE allocates, for the management area, a credit (volumes by species). Also, this credit is the basis to issue the timber transportation permit, which is valid for up to one year from the date of issuance (Art.25, Ministerial Agreement n° 139/2010).</p>

Source: Various sources, compiled by STCP (2018)

<sup>11</sup> “Regente Forestal” is professional forester, accredited by MAE and by assignment from the National Forestry Authority, provides technical assistance and forest/logging control.

The parties interested in a harvesting permit work directly with the Sub secretariat of Production Forests (Subsecretaria de Producción Forestal). The basic procedures and requirements to obtain harvesting permit for plantation timber involves the following steps:

- **Plantation Registration:** registration of the plantation is not compulsory, but it is needed to access funds from the plantation subsidy program and it also reduces land taxes (forest plantation land is exempt of taxes). In any case, the registration of the plantation is required to obtain a harvesting permit. The documents required to register a forest plantation are land title, landowner documents and tax number (RUC). Figure 15, in Annex, present a sample of the Plantation Registration Certificate.
- **Forest Inventory:** a forest inventory of the plantation is required. The MAGAP has published a manual for the forest inventory. It establishes procedures for the preparation of maps, size and number of sample plots, measurements and identification of sampled trees, method for georeferencing and calculations, and format of information presentation;
- **Harvesting Plan:** the plantation owner, based on the forest inventory proposes an annual harvesting plan. The harvesting plan defines basically a volume to be harvested and a harvesting period;
- **Inspection:** a professional from MAGAP can eventually, inspect the forest inventory. The inspection includes a field visit, and field observations and measurement of some sample plots;
- **Issuance of Harvesting Permit:** the MAGAP assesses the forest inventory and harvesting plan (and considers information of eventual inspection) and issues a Harvesting Permit. The permit is linked to a volume credit based on the forest inventory. Figure 16, in Annex, present a sample of the Harvesting Permit.

**As for risks associated with forest management and harvesting for natural and planted forest, there is little information available. However, a MAE report (2010) states that during the period 2004-2010, a total of 55 Regentes Forestales were sanctioned due to performing illegalities, such as overlooking poorly elaborated forest management plans, approving non-factual information on harvesting plans, mistaken or poorly recorded tree data, either scientific or common name, also accepting the misuse of transportation permits with changes, (adulteration of information and change of species).**4.4. Environmental requirements

In Ecuador, the harvesting regulation for natural forests and for plantations considers protective environmental restrictions for slopes and impact on water sources. The main regulations for each type of forest are:

- i) **Natural Forests:** Article 7 of the Ministerial Agreement n° 125/2015, regulates and establishes protection requirements for water sources, as well as securing the abundance of tree species and implementing conservation practices along the roads. Also, Article 14 and 16, recognize low impact harvesting for slopes greater than 45 degrees.
- ii) **Forest Plantations:** Article 21 of the Ministerial Agreement n° 327/2014 regulates as the most import environmental protection measures as the protection water sources and slopes.

The main Ecuadorian timber species that are commercially valuable and regulated by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) are Brazilian rosewood (*Aniba roseodora*) and Mahogany (*Swietenia macrophylla*), listed in CITES Appendix II, Cedrella (*Cedrela odorata* and *Cedrella fissilis*) in Appendix III. Both species, originate from the Amazonian Biome.

In Ecuador, CITES is managed by MAE, under the National Directorate of Biodiversity. There is an Administrative Authority (MAE) and a Technical/Scientific Authority<sup>12</sup>. Table 13 lists the timber species regulated by CITES in Ecuador.

**Table 13 – List of timber species regulated by CITES**

Appendix	Species	Common name
Appendix II	<i>Aniba roseodora</i>	Brazilian rosewood
Appendix II	<i>Swietenia macrophylla</i>	Big-leaf Mahogany
Appendix III	<i>Cedrela fissilis</i>	Brazilian cedar wood
Appendix III	<i>Cedrela odorata</i>	Spanish cedar

Source: CITES (2018)

The exporter needs to inform, to apply for a CITES Certificate, details on the product to be exported and the client Importer. He also needs to provide several documents including the harvesting permit (Licencia de Aprovechamiento Forestal), company Registration Certificate and others.

There is no reliable information regarding risks associated with environmental requirements for forest management and harvesting in natural and planted forests in Ecuador. Also, no official information as to legality risks associated to CITES species.

#### **4.5. Employment and safety in forest management and harvesting operation**

In Ecuador, the Ministry of Labor requires that all workers are signed under a contract in accordance with the national labor regulations and conditions under the Organic Law of Labor Justice and Acknowledgement of Household Work (2015).

Moreover, the Social Security Law (2014) states that “all workers are under protection” of the General Obligatory Insurance. This means that all workers, despite of its tasks (physical or intellectual) or service (particular or dependent) need to be registered at the social security system.

Furthermore, Article 244 of the Labor Law regulates that all workers must be affiliated to the Ecuadorian Social Security Institute (IESS), fail to register the worker will result in the employers prison for at least seven days.

<sup>12</sup> The Ministry of Environment (MAE) is the Management Authority for permit-related issues in Ecuador. The Scientific Authority in Ecuador is composed of 11 Institutions, including Universidad Estatal de Guayaquil, Instituto Oceanográfico de la Armada, Instituto Nacional de Pesca, Escuela Politécnica Nacional, Universidad Central del Ecuador, Museo Ecuatoriano de Ciencias Naturales, Pontificia Universidad Católica del Ecuador, Universidad San Francisco de Quito, EcoCiencia, Fundación Charles Darwin and Universidad Técnica Particular de Loja.

At last, regarding specific laws for forest workers, the Resolution nº 3 of MAGAP establishes that forest operators should be registered to perform activities related to commercial plantations in the Sub secretary of Forest Production managed by MAGAP.

In Ecuador, labor rights have been strengthened significantly in recent years, with extensive protections for workers. The rights to organize labor and to strike are guaranteed by the Constitution. However, child labor is still very common, where children are often found performing dangerous activities in agriculture and timber exploitation despite Government efforts to eliminate child and forced labor. According to INEC (2012), approximately 9% of child between ages of 5 and 17 years are in child labor in Ecuador.

#### **4.6. Social requirements**

As for indigenous people and traditional communities in Ecuador, statistics are rarely available. However, in Ecuador, there are three groups of traditional people living in the Ecuador's Amazonia Ecosystem, according to PALACIOS and FREIRE (2004). Those groups are divided into indigenous people, settlers<sup>13</sup> and a migratory population. Indigenous people and settlers together own 60% of the lasting forest area of the Ecuadorian Amazon region. Around 40% of these forests are protected areas. The total indigenous land in Ecuador corresponds to 6.3 million hectares (Oxfam, 2007).

The Ecuadorian Constitution (Art. 57) recognizes and guarantees rights of the traditional communities and indigenous people, such as the need to preserve the land of the community which is inalienable, indivisible and are exempt from fees and property taxes, prior consultation about natural resources exploitation and commercialization in their land and participation on the benefits generated by any projects. Ecuador is a signatory country of the ILO Convention 169 (Indigenous and Tribal Peoples Convention 1989) ratified in May 15, 1998. All traditional people should be consulted regarding the use of their land for commercialization purposes. This process is conducted by relevant local authorities, and if the consent is not granted, the process will proceed according to the Decentralized Autonomous Governments (GADs).

The government (MAE) in compliance with the National Development Plan (2007-2010) that proposes the reduction of the deforestation rate by 50%, created the Socio Bosque Program (Programa Socio Bosque), in 2008. The Socio Bosque Program consists in providing economic incentives to peasants and indigenous communities who voluntarily commit themselves to the conservation and protection of their natural forests and other native vegetation.<sup>14</sup> This Program contributes to the improvement of the living conditions of these communities. The result so far (as reported in 2018) has shown that the program has signed approximately 2681 agreements with peasants, indigenous peoples, lands under conservation covering 1,616,263 ha, and with over 174,971 beneficiaries (MAE, 2018)<sup>15</sup>.

Although customary rights of Indigenous People and traditional communities are stated in the Constitution of Ecuador, there are no laws and regulations directly covering,

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<sup>13</sup> Settlers: group of people which is given a certain land with the purpose explore it for its subsistence, using exclusively a family work.

<sup>14</sup> The delivery of this incentive is conditional on the protection and conservation of its forests, which means that people receive the incentive once they comply with the monitoring conditions that are determined in an agreement signed with the Ministry of the Environment. One of the strategic objectives is to achieve protection coverage of forests, native vegetation and their ecological, economic and cultural values; around four million hectares, equivalent to 66% of the unprotected forests of Ecuador.

<sup>15</sup> <http://sociobosque.ambiente.gob.ec/node/330>

monitoring or enforcing those rights, which expose a gap in the legal structure on protection of those communities. Thus, the lack of legal tools to protect their rights results in no official statistics regarding risks associated with Indigenous People and traditional communities.

#### **4.7. Control measures to verify legality of harvesting**

In Ecuador, a harvesting permit is issued after the approval of a management and harvesting plan (natural and planted forests), which also involves the issuance of the transportation permit – Guía de Circulación (use of credits). This control process is weak leaving considerable leeway for informal practices, leading to a high risk of non-compliance and violations. This is due to the fact that the same volume (credits) is used for harvesting and transportation permits (Guía de circulación), which gives a window to transport illegal wood with legal documents. The authorized volume for transportation should correspond to the volume authorized for harvesting. However, it is common that the planned timber volume to be harvested is not done; as result part of the authorized volume in the Guía de Circulación is traded in the black market. That means, that trucks could be transporting timber covered by an official document (Guía de Circulación), however the wood does not originated from authorized areas.

There are also situations where the harvesting is carried out without the required documents. However, there are some control measures which helps to verify the legality of the wood harvesting, including:

- Hold valid harvesting permits;
- Carry out field inspections (by the Regente Forestal, MAE or MAGAP officials), which supports the verification of data in the management and harvesting plan versus reality;
- Check proper documentation with the local forest authorities, such as MAGAP and MAE, e.g. the proper registration of the harvesting and management plan submitted by the executor;
- Road inspections by MAE and MAGAP officials.
- Forest activity operators hired by the executor should hold approved registration and permit granted by MAGAP and MAE.

## 5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING OF WOOD

### 5.1. Laws and regulation on transportation and processing of wood and wood products

Based on the Inter Ministerial Agreement n° 003/2015, MAE is responsible for regulating, monitoring and approval of transportation and processing of wood and wood products in Ecuador based on native species. The MAGAP is responsible for the plantation species. Table 14 presents the relevant laws and regulations regarding transportation and processing of wood and wood products.

**Table 14 – Laws and Regulations related to transportation and processing of wood and wood products**

Laws and Regulations	Year	Description
Ministerial Agreement N° 327	2014	Regulates the preparation, approval, and implementation of logging programs, forest harvesting licenses and transport guidelines of forest plantations.
Ministerial Agreement N° 049	2014	Regulates administrative procedures for the verification and control of origin and final destination of forest products.
Ministerial Agreement n°139	2010	Establishes procedures for authorizing timber harvesting and clear-cut
Instructions for Measuring Timber Volume/MAE	2010	Establishes log conversion method of wood transported in vehicles.

Source: Various sources, compiled by STCP (2018)

### 5.2. Transportation of logs and primary wood products

The Ministerial Agreement n° 327/2014 and n° 049/2014 establish regulations and defines the permits for transportation of forest products. The basic requirements for the transportation of logs and documents to be issued, based on these Agreements, and other legislation, apply for timber products from natural forests (agroforestry system, pioneer formations and legal conversion zones) and for plantations. They are:

- “Guía de Circulación”- Permit for transportation

The process to obtain the permit for transportation is done electronically (<https://spf.agricultura.gob.ec/>) through the Forest Administration System (SAF)<sup>16</sup>. The system cross-check the information provided in the harvesting permit previously issued. The following information is required to issue the transportation permit:

- Name of the office that issues the document, when proceed;

<sup>16</sup> Sistema de Administración Forestal – SAF / MAE.

- Code and number of the forest harvesting permit;
- Code and number of the Integral Management Plan, Program of Sustainable Forest Use (PAFSUs), Program of Simplified Forest Use (PAFSIs), or the program of approved harvesting license (ZCL), as appropriate;
- Place, date, name and signature of the responsible official who issues or generates the issuance of the document, where appropriate;
- Code or number of the circulation guide, as appropriate;
- First and last names of the beneficiary of the license (timberland owner) or delegate, where appropriate;
- Origin of the product;
- Final destination of the product, company name and address, when applicable; and
- Specification of product volume by species.

The “Guía de Circulación” must be presented at MAE fixed or mobile checkpoints, where the legality and validity of Guía, as well as the conformity of the volume of wood and the species must be verified according to the procedures and regulations. Once the verification of the “Guía de Circulación” is made, it will be legally sealed, indispensable requirement for continue the transportation of timber and timber products (Art. 53 of Ministerial Agreement nº 139 (2010)).

Figure 17, in Annex, present a copy of “Guía de Circulacion”.

- “Guía de Canje”- Permit for transportation from an intermediary yards

There are cases in that logs are transported from the forest to an intermediary yard or to a primary processing industry. From this point (intermediary yard) to transport to the final destination (industry or secondary processing), it is necessary to issue a “Guía de Canje”. Figure 18, in the Annex, shows a copy of the “Guía de Canje”.

The “Guía de Canje” is issued based on “credits” (in volume - m<sup>3</sup>), originated by the “Guía de Circulación”, the original permit for transportation. There are conversion factors to adjust the “credits” provided by the “Guía de Circulación”, which is presented in Table 15 for commonly used timber products.

**Table 15 – Conversion factor of timber products**

Conversion	Factor
Log to log	1
Log to square blocks	0.85
Log to sawnwood	0.5

Source: Ministerial Agreement 327/2014, compiled by STCP (2018)

- “Guía de Remisión”- Fiscal document

The “Guia de Remisión” is basically a fiscal document, required to transport all forest products, and replaces the Invoice. Figure 19, in Annex, presents a copy of the “Guia de Remisión”. The document, with a controlled number, has information on:

- Transportation start date and finalization;
- Starting point of transportation;
- Reasons for transportation;
- Name and fiscal number (RUC) of the goods recipient;
- Name, fiscal number (RUC) and vehicle plate of the transporter;
- Quantity and description of the goods.

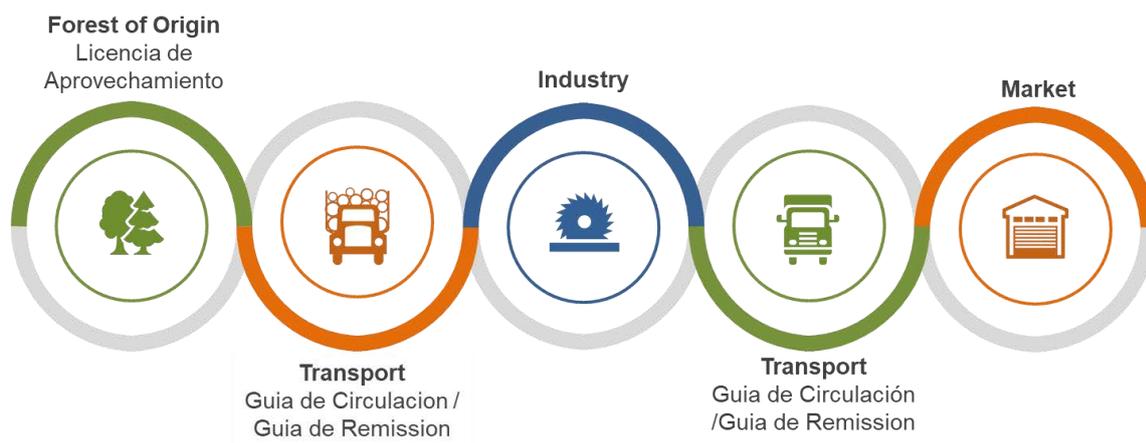
Transportation of processed wood products including wood chips, within the country, requires, basically, a “Guia de Remisión”.

Figure 12 shows a general flowchart of the main required documents for transporting wood and wood products. It should be noted that the basic flow applies to natural forests (agroforestry, pioneer formations and legal conversion zone) and forest plantations. Figure 13 presents a flowchart of the main required documents for transporting wood and wood products when the transportation involves an intermediary yard/primary processing facility.

Furthermore, regardless of the type of forest (natural or planted) the transportation of wood and wood products should follow the Instructions of Measuring Timber volumes. The goal of this instruction is to advise on the correct measurement techniques.

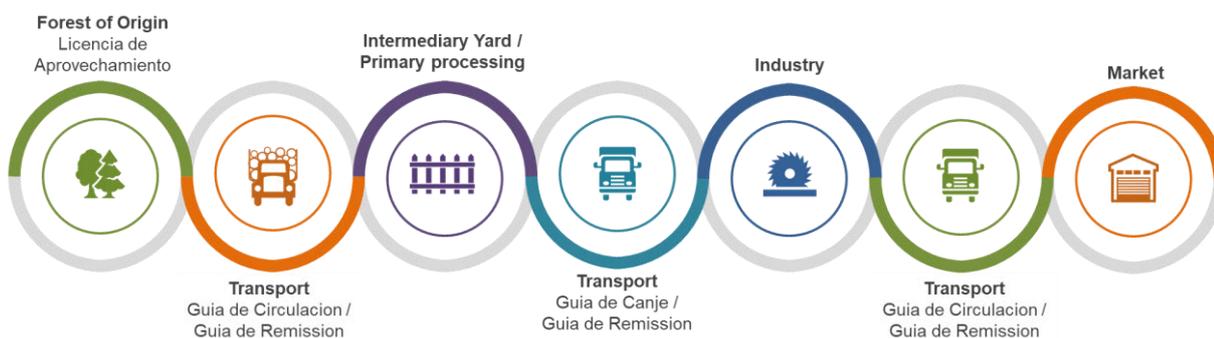
The Ministerial Agreement nº 049/2014 establishes the technical and administrative procedures for the verification of the legal source of wood and wood products, control of origin and final destination of forest products, independently of the type of forest (natural or planted).

**Figure 12 – General flowchart of the main required documents for transporting wood and wood products**



Source: Ministerial Agreement 139/2010, prepared by STCP (2018)

**Figure 13 – Main required documents for transporting wood and wood products with primary processing / intermediary yard**



Source: Ministerial Agreement 139/2010, prepared by STCP (2018)

According to article 4 of the Ministerial Agreement n° 049/2014, all establishments that purchase, transforms, sells and/or stores forest products should be registered at the MAE. The companies have to have proof of the legal origin of its products at all times, as they are susceptible to inspections without warning. Those companies should have documents and information (volume, timber species and type of product registered in the transportation permits and invoice) that prove legal origin of timber.

There is no official statistics on illegal timber and timber product trade in Ecuador. Nevertheless, some NGOs report such as NEPcon Report (2017) lists cases of the legality risk involving the transportation of wood and wood products, as follows:

- Use of the same transportation permit several times;
- Mixing timber species from illegal logging with those from legal sources;
- “Purchase” of transportation permits in the black market;
- Transportation without the transportation permit; and
- Submission of fictitious harvesting plans to obtain harvesting permits.

### 5.3. Processing wood and wood products

The Ministry of Foreign Trade, Industrialization, Fisheries and Competitiveness (MICIP) regulates the secondary transformation of wood forest products. There are, basically, three laws established by MICIP, which comprises forest products industries such as:

- Industrial Development Law (2006)  
The purpose of this Law is to recognize all industries in the national territory;
- Law for the Promotion of Small Industries (1973)  
Defines what a small industry is, its classification and benefits; contains the basic requirements and procedures; and,
- Law of Artisan Development (1996)  
This law protects artisans who work individually or in association. It establishes the parameters to get the benefits of the law and the categories for artisans and their organizations.

Furthermore, the COA 2017 regulates primary transformation industries in the forest sector and establishes the responsibility to MAE in promoting and controlling primary

forest industries. Moreover, Art. 114 sets out that company, that wish to conduct primary transformation process of wood, should properly register with MAE.

In practice the forest industry processing timber from natural forests, has to report to the MAE, twice a year. The information provided includes supply (volumes of timber acquired in the market and from own sources), stocks and the volume of timber products traded in the market.

As for risks involving processing facilities, no official information was found regarding its current situation.

#### **5.4. The system of supervision and control measures to verify legality of harvesting transporting and processing wood and wood products**

The system of supervision and control measures to verify legality of transporting and processing wood and wood products are determined by the Ministerial Agreement n° 049/ 2014 with the purpose to verify and monitor the legal source of wood and wood products, independently of the type of forest (natural or planted).

The supervision and verification of legality of timber harvesting, transportation and processing is based on:

- **Field Verification**

In the case of natural forest, the “Regente Forestal” (Forest Regent) supports MAE in the task of supervision and verification. The Regente Forestal is a forest professional accredited by MAE, and he is responsible to inspect management plans, prepared by a professional of the timber industry, before the issuance of the harvesting permit. Eventually, MAE professionals also inspect the forest planning operations. As mentioned in Section 3.3, field inspections are held every year, considering the minimum intensity of control (according to the number of approved management plans) of a PAFSUs and PAFSI are 25% of the area (Art. 29, Ministerial Agreement n° 139/2010).

For forest plantations, it is not required the involvement of a Regente Forestal. In this case a professional of MAGAP, eventually, does the inspections of the forest inventory.

- **Road Verification**

MAE and MAGAP have several control/checking points on the roads. The control points are located in the main roads, especially the roads connecting to forest sites. The control points operated 24 hours per day, and at the point, the trucks are asked to present the required permits and the loads are checked. In case documents required are not available, the timber is confiscated.

In any case, information on species, volume and values are available at SAF (a system for natural forests) and SPF (for planted forests) system for public consultation at any time.

- **Industry Verification**

Industry working with timber from natural forest is required to present to MAE, every six months, a balance of the timber and products flow, as well available stocks. This balance is based on documents informing volumes of log supply and documents on traded volumes.

## 6. LEGISLATIONS ON TRADING WOOD AND WOOD PRODUCTS

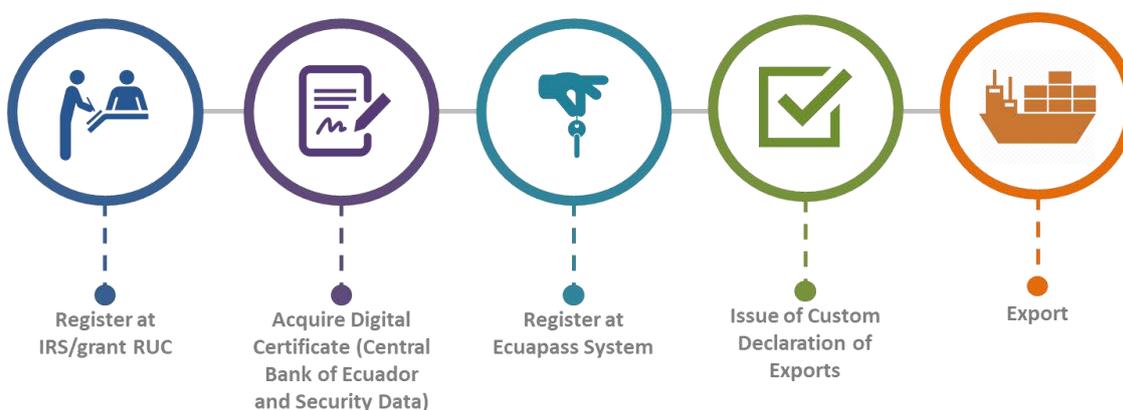
### 6.1 Laws and regulation on trading woods and wood products

In Ecuador, the responsible authorities for custom legislations and inspection are the Ministry of Production Coordination, Employment and Competitiveness (MCPEC) and the National Custom Service of Ecuador (Servicio Nacional de Aduana del Ecuador – SENA). Also, the Organic Code of Production, Trade and Investment (2013) regulates and promotes foreign trade and direct investment, increases the competitiveness of the national economy, promotes the efficient use of the country's productive resources and promotes its sustainable development and integrates the Ecuadorian economy with the international economy and contributes to the promotion of the population welfare.

For a company to be able to export in Ecuador, it should be properly registered at the Internal Revenue Service (IRS), which will grant the company tax identification number (RUC), according to the Reformatory Law for Tax Equity (2007).

Thereafter, the exporter has to acquire the Digital Certificate for the electronic signature and authentication granted by the following entities: Central Bank of Ecuador and Security Data<sup>17</sup>. Subsequently, the company should register at ECUAPASS system as an exporter with the Ecuadorian Government to acquire the Custom Declaration of Exports (DAE), according to Art. 10, SENA Resolution n° 345 (2017). Figure 14 presents the legal procedures to export in Ecuador.

**Figure 14 – Legal procedures to export in Ecuador**



Source: SENA Resolution 345, compiled by STCP (2018)

### 6.2. Product Classification

Exporting companies should classify their products according to Nomenclature of the Latin American Integration Association (NALADI), established on the basis of the International Convention on the Harmonized Commodity Description and Coding System (Harmonized System - HS), and is often represented by the acronym NALADI / HS. The HS has six digits, but each country can add up to four digits, according to their own tariff and statistical requirements. HS Code nomenclature for the most relevant timber products exported by Ecuador is presented in Table 16.

<sup>17</sup> This website issues an authentication to confirm the electronic signature of the exporter.

**Table 16 – HS Code nomenclature for commonly exported timber and timber products in Ecuador**

HS Code	Description
47	Pulp
48	Paper
4403	Roundwood
4407	Sawnwood
4412	Plywood
4418	Builder's wood
440122	Wood chips
480100	Newsprint

Source: Ministry of Foreign Affairs (2018), compiled by STCP (2018)

### 6.3. Legally required documents or records

In Ecuador, the Environmental Organic Code 2017 (Art. 135) prohibits the export of roundwood, from native forests and from plantations, except when in limited quantities for scientific and experimental purposes. For this reason, Teak logs are squared for exports. In this case, they are considered as semi-finished products, and exports are allowed.

In Ecuador, the legal authorities responsible for regulating the international trade of wood and wood products are SENA. Table 17 presents a summary of the legally required documents and record used to export wood and wood products.

In case of CITES-listed species, the exporter needs to inform, to apply for a CITES Certificate, details on the product to be exported and the client Importer. He also needs to provide several documents, including the harvesting permit (Licencia de Aprovechamiento Forestal), company Registration Certificate and others.

Finally, there is port verification where exports are only allowed after all documents on the source of products are presented and confirmed by the port authorities.

**Table 17 – Legally required documents to export wood and wood products**

Required Document	Description	Issuing Authority
Commercial Invoice	It is a commercial document that formalizes a purchase transaction with a foreign company and contains information about the person / institution taking the service, details of the service (s) provided and amounts paid.	Issued by the Seller
Exportation License (Licencia de Exportación)	In case of plantation timber, export permit is issued by MAGAP and for natural forest is issued by MAE, and is based on "credits" of timber volumes registered. This document informs the origin (based on forest plantation harvesting permit) of timber products to be exported, type of product, dimensions and volume. The exporter declares to be legally responsible for the information provided, taking into consideration articles 98 of COA 2017. Figure 21, in	Issued by MAGAP and MAE

Required Document	Description	Issuing Authority
	the Annex, presents a copy of the “Licencia de Exportación” (Export Permit).	
Packing list	It is the shipping document that discriminates all goods shipped or all components of a cargo in how many parts are fractioned; provides detailed information on how the merchandise is presented, to facilitate the identification and location of any product within a lot, as well as facilitate the inspection of the merchandise by the inspection, both on board and at the landing.	Issued by the exporter
Origin Certificate	It is required by the exporter to qualify for a tariff preference, established according to trade agreements negotiated by Ecuador or simply to meet a requirement of the customs of the country of destination.	Issued by the Ministry of International Trade
Phytosanitary Certificate	For <i>in natura</i> products, such as Teak logs, the importer requires a Phytosanitary Certificate. This document is issued by MAGAP, and is based on a Treatment Certificate made available by a specialized treatment company. Figure 22, in Annex, presents a copy of the “Certificado Fitosanitario” (Phytosanitary Certificate).	Issued by Agency of Regulation and Control Phyto and Zoozanitario
Bill of Lading (Bill of Lading/ CRT/ AWB/ TIF)	It describes the type and quantity of goods shipped, where the shipper, the consignee, the ports / airports / embarkation and unloading borders, the name of the carrier and the value of the freight are mentioned. This document receives denominations according to the means of transport used.	Issued by the shipping company, shipping company or its shipping agent.
Fumigation certificate (if necessary).	It is the proof that wooden packing materials used in international sea freight shipping, e.g. wooden pallets and crates, wood, among others have been fumigated or sterilized prior the international shipment. Fumigation certificates in international shipping usually contain details such as purpose of treatment, the articles in question, temperature range used, chemicals and concentration used.	Issued by a private company register under the Agency of Regulation and Control Phyto and Zoozanitario
Exportation authorization for CITES-listed species	For timber species listed in CITES, it is required an Export Permit Certificate, issued by the CITES Management Authority (MAE). In the case of Ecuador, the certificate is required for Dalbergia, Mahogany and Cedrella. Figure 23, in Annex, shows a copy of the CITES Certificate.	Issued by CITES Management Authority

Source: Compiled by STCP (2018)

## **7. OTHERS ASPECTS**

### **7.1. International framework / trade agreement to combat illegal harvesting and associated trade**

In 2009, Ecuador started discussions on improving forest governance with the European Union under the EU's FLEGT (Forest Law, Enforcement, Governance and Trade) program. So far, Ecuador has developed four projects. For instance, Quito, the capital of Ecuador, served as headquarters for the project "Supporting the implementation of the EU FLEGT Action Plan in South America". This cooperation project started in 2012, collaboration between FLEGT and the Wildlife Trade Monitoring Network TRAFFIC (a partnership between WWF and IUCN), has three main objectives:

- Ensure that key forest stakeholders groups in Brazil, Colombia, Ecuador and Peru have a clear understanding about the EU-FLEGT action plan;
- Foster a clear understanding in key European forest stakeholders on the complexity of forest governance in South America;
- Encourage discussion on indicators to measure changes in forest governance.

The project was implemented by TRAFFIC during the period 2012-2014, with a total budget of €1 603 604, of which a maximum of €1 279 804 is the EU contribution. This project was supervised by a project manager based in the UK, supported by a regional project manager based in Quito (Ecuador), and implemented by a project team in each of the four target countries.

The project was ended in November 2014. Among the key conclusions, participants agreed on the need of coordinating public and private sector and civil society at various levels to create common strategies, with differentiated responsibilities and monitoring processes to ensure the proper implementation of forest legality in the country (EC, 2018).

Since 2012, Ecuador has published several reports regarding Forest Transparency in partnership with TRAFFIC and WWF. However, following Latin America trend, Ecuador has not actively participated anymore in projects and negotiations with FLEGT after 2016.

Ecuador also takes part of a multilateral treaty to govern forests and natural resources, the Amazon Cooperation Treaty Organization (ACTO), an intergovernmental body formed by the States that share the Amazon territory that includes Bolivia, Brazil Colombia, Guyana, Peru, Suriname and Venezuela. The Treaty, established in 1978, provides a platform for political dialogue and regional cooperation base on the Amazon Cooperation Treaty (TCA).

Main themes include conservation and sustainable use of renewable natural resources. As to forests, ACTO promotes cooperation projects, such as deforestation monitoring, protected areas promotion, community forestry, value chains for non-timber forest products, and timber trade legality monitoring. Ecuador has worked with the other seven member countries to develop strategies for reducing illegal logging in the Amazon region.

### **7.2. Voluntary schemes on legality / sustainability of wood and wood products**

In Ecuador, there are few voluntary schemes on timber legality. The government supports certification initiatives, but there is no official incentive. The most well-known is the FSC. There are three types of FSC Certificates in Ecuador:

- FSC – Forest Management Certification  
It is designed to certify timber and non-timber forest products from natural forests and forest plantations, in which evaluate management plans and all activities related to the forest use (e.g. techniques used, labour conditions, industrial safety and health conditions of workers, among others), ensuring that they comply with the Principles and Criteria of FSC. There are, currently, four companies under this certification in Ecuador;
- FSC – Chain of Custody Certification  
The Chain of Custody (CoC) is a mechanism of accreditation that guarantees that the forest raw material contained in the final product actually comes from a certified forest. All the primary and secondary transformation companies that utilizes certified forest raw material in all or part of its production applied to this certification system. There are 17 FSC chain of custody certificates in Ecuador; and
- FSC – Controlled wood  
It is applied when the wood does not come entirely from a FSC forest management area. Thus, the "uncertified" portion must comply with FSC Controlled Wood standards, which assures manufacturers and traders to avoid timber and non-timber products from unacceptable sources. There are two companies in Ecuador under this certification.

## 8. INTERVIEWS/FIELD SURVEY (LOGISTIC RECORDS)

The field survey was carried out during the period October 18-23, in Ecuador. The summary of interviews is presented in Table 18 describing date and time, name of interviewees and corresponding positions, organizational name, and the main topics of the interviews.

**Table 18 – Result of interviews and field survey**

Date and Time	Name of Interviewees	Organization	Main Topics
Oct. 18 / 15:00	Antonio Gómez-Lince – President Grace Mogrovejo T. – Executive Director	ASOTECA	<ul style="list-style-type: none"> <li>• ASOTECA membership (companies planting Teak, Balsa, Gmelina and other species);</li> <li>• Forest certification;</li> <li>• Legal requirements for forest operations;</li> <li>• Procedures for timber harvesting;</li> <li>• Procedures for transportation to industry;</li> <li>• Procedures for export.</li> </ul>
Oct. 18 / 16:00	Tania Washima P. – Sales Manager	MULTITEAK	<ul style="list-style-type: none"> <li>• Registration of plantation / License of Forest Harvesting;</li> <li>• Procedures to obtain the license and necessary documents;</li> <li>• Current situation of teak exporters; most of them buy wood from small foresters / producers;</li> <li>• Other exports - Saman wood (China is the main importer).</li> </ul>
Oct. 18 / 17:00	Ricardo Ortiz – Managing Partner	Lumber Industries	<ul style="list-style-type: none"> <li>• Balsa national market;</li> <li>• Balsa products – sawnwood, logs (5%);</li> <li>• Balsa lumber producers are small and it is origin;</li> </ul>

Date and Time	Name of Interviewees	Organization	Main Topics
Oct. 19 / 9:00			<ul style="list-style-type: none"> <li>For legalization of the harvest, the owner of forest plantation should follow the administrative procedures required by the authorities;</li> <li>Procedures for export and required documents.</li> </ul>
	Enrique Garcia – Subsecretary Natalia Dakki Loureiro – Advisor Tobuis Bustamante – Advisor	SubSecretariat of Forest Production – Ministry of Agriculture and Livestock (MAGAP)	<ul style="list-style-type: none"> <li>Organizational structure for the Forest Production Subsecretariat - two Directorates;</li> <li>Forest plantations under MAGAP, but Balsa and Bamboo (caña) responsibility overlaps with MAE;</li> <li>Incentive to forest plantations Program started in 2014;</li> <li>Total area planted estimated at 160 thousand ha;</li> <li>Legal instruments requirements for forest plantations;</li> <li>Control on the roads is carried out by MAE;</li> <li>Main sources of illegality and timber volume traded illegally.</li> </ul>
Oct. 23 / 9:00	Jessica Coronel – Director	National Forest Directorate – Ministry of the Environment (MAE)	<ul style="list-style-type: none"> <li>2004 Forest Law is no longer in force. New law, the Organic Code of Environment (2017) became effective on 12/4/18;</li> <li>Other relevant legal instruments;</li> <li>Forest utilization; natural regeneration and plantations;</li> <li>Logging license and forest products transport procedures;</li> <li>Registration of the forest industries;</li> <li>New standards should be issued by the end of 2018;</li> <li>Registration of wood traded from natural forests and forest plantations.</li> </ul>
Oct. 23 / 11:00	David Veintimilla Yáñez – National Director of Biodiversity	CITES – National Directorate of Biodiversity	<ul style="list-style-type: none"> <li>Commercial species listed in CITES;</li> <li>Current situation of commercialization of cites-listed species.</li> </ul>
Oct. 23 / 13:00	Manuel Durini – President	Endesa Botrosa	<ul style="list-style-type: none"> <li>Current situation of wood used by Endesa Botrosa;</li> <li>Company's compliance with all rules for legal timber, both planted forests (MAGAP) and native forests (MAE);</li> <li>Timber and wood products transportation procedures;</li> <li>Administrative procedures – submission of summary of consumption, production and stocks to MAE;</li> <li>Requirements for wood from forest plantations, MAGAP rules;</li> <li>Estimation of consumption of wood from forest plantation;</li> <li>Types of consumption (chips for export, logs for MDF, particle board and plywood, balsa wood and teak logs for export).</li> </ul>
Oct. 23 / 16:00	Christian Riofrio F. – Executive Director	AIMA – Ecuadorian Association of Wood Industries	<ul style="list-style-type: none"> <li>Control of forest activities in Ecuador;</li> <li>Transport procedures and required documents;</li> <li>Procedures for checking legality;</li> <li>Estimated consumption of wood from forest plantations.</li> </ul>

Date and Time	Name of Interviewees	Organization	Main Topics
Oct. 24 / 9:00	Christian Tuchie A. – General Manager  Pablo Vargas Castro – Owner-Partner	Expoforestal Industrial S.A.	<ul style="list-style-type: none"> <li>• Operations in Ecuador started in 1996, joint venture with Chilean and Japanese partners.</li> <li>• Forest plantations carried out by the Company; type of forest species, its use, and market;</li> <li>• Export destination, volume;</li> <li>• Sources of wood used for chip production;</li> <li>• FSC certification;</li> <li>• Procedures and requirements to purchase eucalyptus wood;</li> <li>• Procedures for timber transportation and required documents;</li> <li>• Procedures for timber exportation and required documents, Certificate of Origin, others.</li> </ul>
Oct. 25 / 10:00	Paulina Soria – Coordinator	FSC – Forest Stewardship Council/ National Office	<ul style="list-style-type: none"> <li>• FSC - awareness raising of social and environmental responsibility;</li> <li>• Types of certification;</li> <li>• Certified plantation areas;</li> <li>• Requirement for Controlled Wood certificate;</li> <li>• Risk analysis of illegality;</li> <li>• Case of Community land;</li> <li>• Certified companies and products in Ecuador.</li> </ul>
Oct. 25 / 14:00	Felipe Pazmiño – Forest Manager	Aglomerados Cotopaxi S.A.	<ul style="list-style-type: none"> <li>• Registration of forest plantations;</li> <li>• Certification of protected areas;</li> <li>• Requirements for forest harvesting, in plantations;</li> <li>• Limitations in obtaining the transportation document and the validity of the document;</li> <li>• Requirement for sale of finished products in the local market;</li> <li>• Annual consumption of the Company;</li> <li>• Timber products destination: domestic market and international market.</li> </ul>
Oct. 23 / 17:00	Juan Carlos Palacios – Executive Director	COMAFORS – Sustainable Forest Management Corporation	<ul style="list-style-type: none"> <li>• COMAFORS activities: development of projects, participation in events and discussions at national and international levels;</li> <li>• Estimation of wood consumption from forest plantations in Ecuador;</li> <li>• Illegality in timber production in natural forests;</li> <li>• Illegality in the forestry sector;</li> <li>• New species exported - Saman.</li> </ul>

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## ANNEX

### Collected Documents (samples)

- Plantation Registration

The registration of forest plantation is not compulsory, but it is needed to access funds from the plantation subsidy program and it also reduces land taxes (forest plantation land is exempt of taxes). In any case, the registration of the plantation is required to obtain a harvesting permit. The document presents basic information about the executor (saler) and the producer (land owner), including plantation area in hectares and its location. This document is issued by MAGAP.

Figure 15 – Plantation Registration



# CERTIFICADO



Revisado la base de datos del Registro Nacional de Actividades Forestales, me permito **CERTIFICAR** que el Señor [REDACTED] encuentra registrado en las siguientes actividades:

Actividad: **EJECUTOR** [REDACTED] Fecha de registro 2014-01-05 cuya referencia de ubicación es QUISQUIS 1401 LOS RIOS, provincia de GUAYAS, Cantón GUAYAQUIL Parroquia TARQUI

Actividad: **PRODUCTOR (PROPIETARIO DE LA PLANTACIÓN)** , Código de registro: 8681, Superficie : 157.99 Hectáreas , Fecha de registro 2012-09-10 cuya referencia de ubicación es MONSERATE/KM 144 VÍA BALZAR-EL EMPALME, provincia de GUAYAS, Cantón BALZAR, Parroquia BALZAR

Actividad: **PRODUCTOR (PROPIETARIO DE LA PLANTACIÓN)** , Código de registro: 49339, Superficie : 73.00 Hectáreas , Fecha de registro 2018-09-05 cuya referencia de ubicación es S/N, provincia de GUAYAS, Cantón BALZAR, Parroquia BALZAR



Responsable de Aprovechamiento Forestal Comercial

MAG - Guayas, 19 Octubre 2018

- Harvesting Permit (plantation and natural forests)

The Harvesting Permit is issued by MAGAP or MAE which assesses the forest inventory and harvesting plan. The permit presents information such as areas to be harvested in hectares, volume by timber species, location and validity date.

**Figure 16 – Harvesting Permit (plantation)**



MINISTERIO  
DE AGRICULTURA  
Y GANADERÍA

**LICENCIA DE APROVECHAMIENTO  
FORESTAL**

CÓDIGO DE LA LICENCIA: 55853T38561  
TIPO DE LICENCIA: LICENCIA TOTAL



---

El Ministerio de Agricultura, Ganadería, Acuacultura y Pesca confiere la presente Licencia de Aprovechamiento Forestal al [REDACTED] PROGRAMA DE CORTA EN PLANTACIONES FORESTALES COMERCIALES No. PAFPL13191055853, aprobado por esta Oficina Técnica proceda al aprovechamiento de 5920.27 metros cúbicos de madera en 112.8 Hectáreas en el predio ubicado en el sitio LOS POTREROS, parroquia BALZAR, cantón BALZAR provincia GUAYAS

**VOLUMEN DE MADERA A SER APROVECHADO:**

NOMBRE COMUN	VOLUMEN A APROVECHARSE POR ESPECIE
TECA (Tectona grandis)	5920.27
<b>TOTAL:</b>	<b>5920.27</b>

A más de lo expuesto, el beneficiario se compromete a:

1. Cumplir con todo lo estipulado en la codificación de la Ley Forestal y normas vinculadas con el aprovechamiento de Plantaciones Forestales con Fines Comerciales.
2. Ceñirse estrictamente al programa aprobado.
3. Someterse a las inspecciones periódicas por parte del Ministerio de Agricultura, Ganadería, Acuacultura y Pesca y / o sus delegados, con el fin de verificar el cumplimiento del programa aprobado.

La presente licencia tiene un plazo de duración de 320 días desde la fecha de su expedición y se la concede a todo riesgo del interesado, dejando a salvo derechos de terceros.

MAGAP - Guayas, a 2018-01-05 13:38:22



**JOSE RAUL RAMOS GARCIA**  
RESPONSABLE DE APROVECHAMIENTO FORESTAL COMERCIAL



- “Guía de Circulación”- Permit for transportation

The process to obtain this permit is done electronically, through the Forest Administration System (SAF). The system considers a link with the harvesting permit previously issued. The document is issued by MAE or MAGAP and presents information such as species name, volume, name of company of origin and destination of the product.

**Figure 17 – Guía de Circulación – Permit for transportation**



  
**42224442AE54**

Programa: PAFPL13496040367  
 Licencia: 40367T26321

Origen	Destino
<b>Propietario</b>	<b>Cliente Final</b>
Nombres y Apellidos: USUARIO DE PRUEBA *	Nombre Sucursal
Razón Social: USUARIO DE PRUEBA	Razón Social: CLIENTE FINAL PRUEBA
R.U.C: 1712472784001	R.U.C: 1712472784
<b>Ejecutor</b>	Dirección: CDLA. IBARRA
Nombres y Apellidos USUARIO DE PRUEBA *	Teléfono: 3042043
Razón Social: USUARIO DE PRUEBA	Provincia: PICHINCHA
R.U.C: 1712472784001	Cantón: QUITO
<b>Ubicación</b>	Parroquia: GUAPULO
Provincia: GUAYAS	<b>Datos Vehículo:</b>
Cantón: BALZAR	Color Vehículo: NEGRO
Parroquia: BALZAR	Placa Vehículo: AAA2270
Sitio: NNNNN	Marca de Vehículo: MERCEDES-BENZ
	Tipo de Vehículo: Camión

Valida desde: 2014-09-25 18:00:00 hasta 2014-09-27 04:00:00 tiempo en horas 34

**DETALLE DE PRODUCTOS INGRESADOS**

PRODUCTO	COD. ESPECIE	NOMBRE COMUN	LARGO	DIAMETRO/ ESPESOR	ANCHO UNIDADES	VOLUMEN APROVECHADO	VOLUMEN MOVILIZADO
Rolliza	0	TECA (Tectona grandis)	2	0.25	0 100	9.82	9.82
Aserrada/Tablas 0		TECA (Tectona grandis)	1.2	0.05	0.35 120	5.04	2.52
TOTAL MOVILIZADO							12.34

Declaro que los datos en esta guía se apegan a la verdad y en caso contrario, asumo las responsabilidades legales conforme a los artículos 78 y 94 de la Codificación de la Ley Forestal y Conservación de Áreas Naturales y Vida Silvestre.

---

 CONDUCTOR PRUEBA  
 1234567890  
 CONDUCTOR

- Guia de Canje

The “Guia de Canje” is issued based on “credits” originated by the “Guia de Circulación”, the original permit for transportation. This document is used only to transport logs or primary processed products, from intermediary yard, and may consider conversion factors according to the Ministerial Agreement 139. The document is issued by MAE or MAGAP and presents detailed information on products, such as timber species (scientific and common name), volume, name of company of origin and destination, vehicle information, validity date, among others.

Figure 18 – Guia de Canje




## 09234203820902

GUIA DE CANJE EMPRESA DE ORIGEN / DESTINO Y TRANSPORTE - - -

**ORIGEN**

Sucursal #: 2  
Razón Social: USUARIO DE PRUEBA USUARIO DE PRUEBA  
R.U.C: [REDACTED]

**DESTINO**

Sucursal #: 1  
Razón Social: USUARIO DE PRUEBA USUARIO DE PRUEBA  
R.U.C: [REDACTED]

**VEHICULO**

[REDACTED]

Dirección: COLINA y SAN IGNACION - FRENTE AL HOTEL LA COLINA2      Tipo: Camión

Teléfono: [REDACTED]  
Provincia: [REDACTED]  
Cantón: [REDACTED]  
Parroquia: [REDACTED]

Valida desde: 2015-02-03 16:00:00 hasta: 2015-02-04 16:00:00 tiempo en horas: 24

**DETALLE DE PRODUCTOS INGRESADOS**

No	PROGRAMA	GUIA USADA	PRODUCTO	ESPECIE	LARGO	DIAMETRO/ ESPESOR	ANCHO	UNIDADES	VOLUMEN CANJEADO	VOLUMEN MOVILIZADO
1	PAFPL14618039799	A55D34A15114	Rolliza	BARBASCO, CAUCHIN, MATAPEZ, MATAPESCADO (Sagittum, utilis)	1.60	0.25	0	25	1.96	1.96
2	PAFPL14618039799	A55D34A15114	Aserrada	BARBASCO, CAUCHIN, MATAPEZ, MATAPESCADO (Sagittum, utilis)	1.20	0.05	0.25	30	0.90	0.45
TOTAL									2.86	2.41

Declaro que los datos en esta guía se apegan a la verdad y en caso contrario, asumo las responsabilidades legales conforme a los artículos 78 y 94 de la Codificación de la Ley Forestal y Conservación de Áreas Naturales y Vida Silvestre.

CONDUCTOR DE PRUEBA I  
1234567890  
CONDUCTOR

- Guia de Remisión

The “Guia de Remisión” is basically a fiscal document, and replaces the Invoice of the goods transported. The document is controlled by a number and presents information such as company’s name (identification, location), details on goods, including quantity and description of the product.

**Figure 19 – Guia de Remisión**

Documento Categorizado: NO

**FORESCAN CIA. LTDA.**  
**AGROFORESTAL LOS CANCHONES**  
**R.U.C. 0991513949001**

**SERIE 001-001- 000002026**

Dirección: Vía Somborondón Km. 1,5 S/N, La Planilla  
 Tel: 042 - 834566 - 8400 042 - 834566 ext 106- Somborondón - Ecuador

Aut. S.R.L. 029395070  
 Fecha Aut. S.R.L. 02/SEPTIEMBRE/2016

FECHA DE INICIACION DEL TRASLADO: ..... BAJO COMPROBANTE DE VENTA:  
 FECHA DE TERMINACION DEL TRASLADO: ..... TPO: .....

MOTIVO DEL TRASLADO:  No Autorización, .....  No del Comprobante

VENTA  
 COMPRA  
 TRANSFERENCIA  
 TRASLADO DE ESTABLECIMIENTO DE UNA MISMA EMPRESA

DEVOLUCION  
 IMPORTACION  
 EXPORTACION  
 OTROS

RETIRO DE MATERIAL - OTROS  
 ENTRADA A DOMICILIO  
 OTRAS

FECHA DE EMISION: \_\_\_\_\_  
 PUNTO DE PARTIDA: \_\_\_\_\_

**DESTINATARIO**  
 NOMBRE O RAZON SOCIAL: \_\_\_\_\_  
 R.U.C./C.I. \_\_\_\_\_ HORA DE SALIDA: \_\_\_\_\_  
 PUNTO DE LLEGADA: \_\_\_\_\_ HORA DE LLEGADA: \_\_\_\_\_

**IDENTIFICACION DE LA PERSONA ENCARGADA DEL TRANSPORTE**  
 NOMBRE O RAZON SOCIAL: \_\_\_\_\_  
 RUC O CI: \_\_\_\_\_ PLACA: \_\_\_\_\_  
 DIRECCION: \_\_\_\_\_

**BIENES TRANSPORTADOS:**

CANTIDAD	UNIDAD	DESCRIPCION

DESPECHADO POR: \_\_\_\_\_ TRANSPORTISTA: \_\_\_\_\_ ELABORADO: \_\_\_\_\_ RECIBE CONFORME: \_\_\_\_\_

MINISTERIO DE ECONOMIA Y FINANZAS - MINISTERIO DE AGRICULTURA Y GANADERIA - MINISTERIO DE COMERCIO Y INDUSTRIA - MINISTERIO DE VIVIENDA Y ORDENAMIENTO TERRITORIAL - MINISTERIO DE EDUCACION - MINISTERIO DE SALUD - MINISTERIO DE TRABAJO Y SEGURIDAD SOCIAL - MINISTERIO DE TRANSPORTE Y OBRAS PUBLICAS - MINISTERIO DE INTERIORES - MINISTERIO DE JUSTICIA Y FUERZAS ARMADAS - MINISTERIO DE PLANIFICACION ECONOMICA Y SOCIAL - MINISTERIO DE VIVIENDA Y ORDENAMIENTO TERRITORIAL - MINISTERIO DE EDUCACION - MINISTERIO DE SALUD - MINISTERIO DE TRABAJO Y SEGURIDAD SOCIAL - MINISTERIO DE TRANSPORTE Y OBRAS PUBLICAS - MINISTERIO DE INTERIORES - MINISTERIO DE JUSTICIA Y FUERZAS ARMADAS - MINISTERIO DE PLANIFICACION ECONOMICA Y SOCIAL

- “Licencia de Exportación”- Export Permit Document

In case of timber from forest plantation, the Export Permit is issued by MAGAP, and is based on “credits” of timber volumes registered. This document informs the origin of the timber products to be exported (owner – propietario), timber species, and type of product, dimensions and volume. In case of timber from natural forests a copy of the export certificate is issued by MAE.

**Figure 20 – Licencia de Exportación – Export Permit Document**

**35EMD166D65A4**

Programa: PAFPL13200058373  
Licencia: 58573T40807

**Origen**

**Propietario**  
Nombres y Apellidos:  
Razón Social:  
R.U.C:

**Ejecutor**  
Nombres y Apellidos:  
Razón Social:  
R.U.C:

**Ubicación**  
Provincia:  
Cantón:  
Parroquia:  
Sitio:

**Destino**

**EXPORTACION**

Puerto o Puesto de Control Fronterizo:  
Puerto / Frontera:  
Ciudad:  
Teléfono:

**Datos Vehículo:**  
Color Vehículo:  
Placa Vehículo:  
Marca de Vehículo:  
Tipo de Vehículo:

Válida desde: 2018-10-15 12:15:00 hasta: 2018-10-16 18:15:00 Tiempo en horas: 20

**DETALLE DE PRODUCTOS INGRESADOS**

N.	PRODUCTO	COD. ESPECIE	NOMBRE COMUN	LARGO	DIÁMETRO/ESPESOR	ANCHO	UNIDADES	VOLUMEN APROVECHADO	VOLUMEN MOVILIZADO
1	Aserada/Castaña	0	TECA (Shorea guineensis)	2.30	0.1260	0	703	20.16	17.14
								TOTAL MOVILIZADO	17.14

Declaro que los datos en esta guía se ajustan a la verdad y en caso contrario, asumo las responsabilidades legales conforme a los artículos 78 y 94 de la Codificación de la Ley Forestal y Conservación de Áreas Naturales y Vida Silvestre.

ROFORREST S.A.  
099274633001  
REPRESENTANTE EJECUTOR (Delegado)

- “Certificado Fitosanitario”- Phytosanitary Certificate

For *in natura* products, such as Teak logs, the importer requires a Phytosanitary Certificate. This document is issued by MAGAP. The document presents information such as name of the species, country of destination, company’s name and type of product. It does not apply for Wood Chips (debarked) and Balsa (only processed products are exported).

**Figure 21 – Certificado Fitosanitario – Phitosanitary Certificate**

**MINISTERIO DE AGRICULTURA Y GANADERÍA**  
**AGENCIA DE REGULACIÓN Y CONTROL FITO Y ZOOSANITARIO - AGROCALIDAD**  
 09-9018-BC-942

REPORTE DE INSPECCIÓN PARA CERTIFICACIÓN FITOSANITARIA DE PLANTAS, PRODUCTOS VEGETALES Y ARTÍCULOS REGLAMENTADOS DE EXPORTACIÓN

**1. DATOS GENERALES:**

1. RAZÓN SOCIAL EXPORTADOR: [REDACTED]  SI  NO

4. DIRECCIÓN DEL EXPORTADOR: [REDACTED]

5. PROVINCIA: [REDACTED]

7. RAZÓN SOCIAL DEL IMPORTADOR: [REDACTED]

8. MEDIO DE TRANSPORTE:  Marítimo  Aéreo  Terrestre

10. SITIO DE INSPECCIÓN:  Centro de acopio  Embarcación  Sitio de Producción  Puerto de Control

11. FECHA DE EMBARQUE: 2014 08 20

**8. DESCRIPCIÓN DEL ENVÍO Y CUMPLIMIENTO DE REQUISITOS FITOSANITARIOS**

[REDACTED]

**12. REQUISITOS FITOSANITARIOS**

Calificación Absoluta:                     

	SI	NO	Detalles	SI
Análisis de laboratorio	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SI	
Proceso de inspección	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SI	
Plan de trabajo	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SI	
Cumplimiento de Tratamiento	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SI	
Procedimientos	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SI	

13. OBSERVACIONES: Toda carga debe ir con tratamiento caranteneria

**16. TRATAMIENTO**

14. FECHA DEL TRATAMIENTO:                     

15. TRATAMIENTO:  Químico  Térmico  Físico  Otro

16. PRODUCTO QUÍMICO (ingrediente activo/dosis):                     

17. DURACIÓN (días, horas):                     

18. TEMPERATURA:                     

19. CONCENTRACIÓN (%):                     

**20. RESULTADOS DE LA INSPECCIÓN:**

20. APROBADA

AGROCALIDAD

El presente certificado será expedido por el Instituto Agrario de AGROCALIDAD en el país de origen, con el sello del Certificado Fitosanitario de EXPORTACIÓN de Ecuador, y deberá viajar acompañado del Certificado Fitosanitario de Importación del país de destino.

HOMBRE DEL INTERESADO: [REDACTED]

Fecha de emisión:                     

EL GOBIERNO DE LA REPÚBLICA DEL ECUADOR

Logo: "Cada uno su Vida" and "EL GOBIERNO DE TODOS"

- CITES Certificate

CITES Certificate is required for timber species listed in CITES appendix. This Export Permit Certificate is issued by the CITES Administrative Authority (MAE). In the case of Ecuador, the certificate is required for Dalbergia, Mahogany and Cedrella. It presents technical information regarding timber species (scientific and common name), description of specimens, and technical opinion of the CITES Authority.

Figure 22 – CITES Certificate

 <b>CONVENCIÓN SOBRE EL COMERCIO INTERNACIONAL DE ESPECIES AMENAZADAS DE FAUNA Y FLORA SILVESTRES</b>		<b>PERMISO/CERTIFICADO N° 18EC01458G</b> Original																																					
<input type="checkbox"/> EXPORTACIÓN <input checked="" type="checkbox"/> REEXPORTACIÓN <input type="checkbox"/> IMPORTACIÓN <input type="checkbox"/> OTRO		Valido hasta el <b>05/12/2018</b>																																					
1. Identificador (Nombre y Descripción)																																							
[Redacted Information]																																							
11. Condiciones especiales Certificado de Origen. No se autoriza el uso con fines comerciales ni para investigación de las especies. Licencia de Aprovechamiento Forestal N° 06273741632 emitida por el Ministerio del Ambiente, guía de movilización SED0688EMSA4 / SED0338EMSA4 / SED0388EMSA4 / SED0388EMSA4 / SED0388EMSA4 / SED0388EMSA4 emitida por el Ministerio del Ambiente por un volumen total de 153.58 m <sup>3</sup> de madera roble. Informe de verificación de exportación de Oficina Técnica Forestal de Guayaquil MAT-DFMG-UPN-IAL 2018-017.		Firma del solicitante Bgo. Jorge Ortega Grande Parque Samorés  Frente al Estado Graham Barrios Guayaquil - Ecuador																																					
En Proceso: <b>T</b>		No. Estampilla N° <b>1482886</b>																																					
<table border="1"> <tr> <th>1. Nombre científico</th> <th>2. Nombre común</th> <th>3. Descripción Especimen</th> <th>4. Apellido y nombre</th> <th>11. N° Expediente</th> <th>12. Tipo Expediente</th> </tr> <tr> <td>Cedrella latifolia</td> <td>Cedro</td> <td>madera (TABLAS) estrados diferentes medidas (2x4) unidades</td> <td>BIA</td> <td>7403</td> <td>XXXXXX</td> </tr> <tr> <td>13. País de Origen*</td> <td>País de destino**</td> <td>Fecha</td> <td>14. País de origen</td> <td>Fecha</td> <td>15. Fecha de expedición***</td> </tr> </table>		1. Nombre científico	2. Nombre común	3. Descripción Especimen	4. Apellido y nombre	11. N° Expediente	12. Tipo Expediente	Cedrella latifolia	Cedro	madera (TABLAS) estrados diferentes medidas (2x4) unidades	BIA	7403	XXXXXX	13. País de Origen*	País de destino**	Fecha	14. País de origen	Fecha	15. Fecha de expedición***	<table border="1"> <tr> <th>1. Nombre científico</th> <th>2. Nombre común</th> <th>3. Descripción Especimen</th> <th>4. Apellido y nombre</th> <th>11. N° Expediente</th> <th>12. Tipo Expediente</th> </tr> <tr> <td>XXXXXXXXXX</td> <td>XXXXXXXXXX</td> <td>XXXXXXXXXXXXXXXXXX</td> <td>XXXXXXXXXXXXXXXXXX</td> <td>XXXXXX</td> <td>XXXXXX</td> </tr> <tr> <td>13. País de Origen*</td> <td>País de destino**</td> <td>Fecha</td> <td>14. País de origen</td> <td>Fecha</td> <td>15. Fecha de expedición***</td> </tr> </table>		1. Nombre científico	2. Nombre común	3. Descripción Especimen	4. Apellido y nombre	11. N° Expediente	12. Tipo Expediente	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXX	XXXXXX	13. País de Origen*	País de destino**	Fecha	14. País de origen	Fecha	15. Fecha de expedición***
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* País en el que los especímenes fueron recolectados en la naturaleza, (no los cultivados o reproducidos artificialmente) (Solo para reexportación) ** Sistema para los especímenes de especies incluídas en el Apéndice I criados en cautividad o reproducidos artificialmente con fines comerciales. *** Para los especímenes preconvenidos.																																							
12. Permiso/certificado expedido por Bgo. Jorge Ortega																																							
Guayaquil Lugar		05 de junio del 2018 Fecha		Estancia de seguridad, firma y sello oficial																																			
14. Aprobación de la exportación		15. Concurrencia del ambagüenciano de pora áreas M°																																					
<table border="1"> <tr> <th>Sección</th> <th>Compuar</th> </tr> <tr> <td>A</td> <td></td> </tr> <tr> <td>B</td> <td>XXXXXX</td> </tr> <tr> <td>C</td> <td>XXXXXX</td> </tr> <tr> <td>D</td> <td>XXXXXX</td> </tr> </table>		Sección	Compuar	A		B	XXXXXX	C	XXXXXX	D	XXXXXX																												
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## 5 ラオス

# Country Report LAOS

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# CONTENTS

<b>1. OVERVIEW OF THE FORESTRY SECTOR .....</b>	<b>7</b>
1.1. FOREST RESOURCES OF THE COUNTRY:.....	7
1.1.1. Forest Vegetation types and major species.....	7
1.1.2. Land use Types .....	8
1.1.3. Land use area, and forest cover assessment, in the Lao PDR:.....	10
1.1.4. Forest Land Tenure.....	12
1.1.5. Certified forest area .....	15
1.2. FOREST MANAGEMENT AND HARVESTING SECTOR.....	15
1.2.1. SOURCE OF LOGS .....	16
1.2.2. KEY SUPPLY CHAIN OF WOOD AND WOOD PRODUCTS .....	17
1.3. WOOD PROCESSING SECTOR.....	18
1.3.1. TYPES OF WOOD PROCESSERS.....	19
1.3.2. WOOD PROCESSORS ASSOCIATIONS .....	19
1.3.3. PRODUCT TYPES AND VOLUME.....	21
1.4. TRADE OF WOOD PRODUCTS .....	21
1.4.1. TRADE OF WOOD PRODUCTS – VOLUME AND VALUE .....	21
1.4.2. TRADE OF WOOD PRODUCTS – SPECIES.....	22
1.4.3. TRADE OF PLANTATION WOOD PRODUCTS.....	23
<b>2. OVERVIEW OF RELEVANT GOVERNMENT ORGANISATION .....</b>	<b>25</b>
<b>3. OVERVIEW OF FORESTRY LEGISLATION .....</b>	<b>29</b>
3.1. GENERAL SITUATION .....	29
3.2. FLEGT-LAO.....	30
3.3. TECHNICAL AND IDA ASSISTANCE TO THE DEVELOPMENT OF FLEGT-LAO.....	33
3.3.1. TIMBER LEGALITY DEFINITIONS OF FLEGT-LAO .....	33
3.3.2. COC AND THE TLAS (TIMBER LEGALITY ASSURANCE SYSTEM) OF FLEGT-LAO .....	34
<b>4. LEGISLATIONS ON HARVESTING OF FOREST RESOURCES.....</b>	<b>37</b>
4.1. LEGAL RIGHTS OVER FORESTS.....	37
4.2. LAWS AND REGULATIONS ON MANAGEMENT AND HARVESTING OF FOREST RESOURCES .....	37
4.2.1. LEGAL FRAMEWORK FOR MANAGEMENT AND HARVESTING FROM PRODUCTION FOREST AREAS (TLD 1) .....	38
4.2.2. LEGAL FRAMEWORK FOR MANAGING AND HARVESTING FROM CONVERSION FOREST AREAS .....	40
4.2.3. LEGAL FRAMEWORK FOR HARVESTING FROM PLANTATIONS (BASED ON TLD 3).....	41
4.3. ENVIRONMENTAL REQUIREMENTS .....	43
4.3.1. LEGAL REQUIREMENTS FOR ENVIRONMENTAL CONSIDERATION IN THE HARVESTING OF NATURAL PRODUCTION FOREST AREAS .....	43
4.3.2. LEGAL REQUIREMENTS FOR ENVIRONMENTAL CONSIDERATION FOR LOGGING OF CONVERSION AREAS .....	44
4.3.3. ENVIRONMENTAL CONSIDERATIONS FOR PLANTATION FOREST AREAS .....	45
4.3.4. CATEGORIES AND LIST OF PROTECTED TREE SPECIES, INCLUDING CITES-LISTED SPECIES AND PERMITS. ....	45
4.4. EMPLOYMENT AND SAFETY IN FOREST MANAGEMENT AND HARVESTING OPERATION.....	48
4.5. SOCIAL REQUIREMENTS .....	50
4.5.1. RECOGNITION OF CUSTOMARY RIGHTS .....	50
4.5.2. SOCIAL IMPACT ASSESSMENT,.....	51
4.5.3. “FREE PRIOR AND INFORMED CONSENT (FPIC)” .....	53
4.5.4. SHARING OF BENEFITS.....	53
4.6. CONTROL MEASURES TO VERIFY LEGALITY OF HARVESTING .....	54
<b>5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING OF WOOD AND WOOD PRODUCTS .....</b>	<b>55</b>
5.1. LAWS AND REGULATION ON TRANSPORTATION OF LOGS.....	55
5.2. LAWS AND REGULATIONS REGULATING PROCESSING OF WOOD AND WOOD PRODUCTS. ....	55
5.3. LEGALLY DEFINED PROCEDURES FOR THE TRANSPORTATION OF LOGS .....	56

5.3.1.	LEGALLY DEFINED PROCEDURES TO TRANSPORT LOGS FROM NATURAL PRODUCTION FOREST, AND DOCUMENTS TO ACCOMPANY LOGS FROM HARVESTING OPERATION (LL II) TO PROCESSING FACTORIES (LL III).....	56
5.3.2.	LEGALLY DEFINED PROCEDURES TO TRANSPORT LOGS FROM CONVERSION AREAS, AND DOCUMENTS TO ACCOMPANY LOGS FROM HARVESTING OPERATION (LL II) TO PROCESSING FACTORIES (LLIII).....	56
5.3.3.	LEGALLY DEFINED PROCEDURES TO TRANSPORT LOGS FROM PLANTATION AREAS.....	57
5.4.	LEGALLY DEFINED PROCEDURES FOR THE TRANSPORTATION WOOD PRODUCTS.....	57
5.5.	PROCESSING WOOD AND WOOD PRODUCTS.....	58
5.6.	THE SYSTEM OF SUPERVISION AND CONTROL MEASURES TO VERIFY LEGALITY OF TRANSPORTING AND PROCESSING WOOD AND WOOD PRODUCTS.....	59
<b>6.</b>	<b>LEGISLATIONS ON TRADING WOODS AND WOOD PRODUCTS .....</b>	<b>62</b>
6.1.	LAWS AND REGULATION ON TRADING WOODS AND WOOD PRODUCTS .....	62
6.2.	TRADE OF WOOD PRODUCTS – PRODUCT TYPE.....	62
6.3.	LEGALLY REQUIRED DOCUMENTS OR RECORDS FOR TRADING WOODS AND WOOD PRODUCTS .....	64
<b>7.</b>	<b>OTHERS .....</b>	<b>67</b>
7.1.	INTERNATIONAL FRAMEWORK RELEVANT TO COMBATTING ILLEGAL HARVESTING AND ASSOCIATED TRADE .....	67
7.1.1.	CITES .....	67
7.2.	VOLUNTARY SCHEMES ON LEGALITY / SUSTAINABILITY OF WOOD AND WOOD PRODUCTS .....	67
7.2.1.	CURRENTLY CERTIFICATED FORESTS, VIA FSC FM (AS OF 20/09/18) .....	67
7.2.2.	FOREST CERTIFICATION – CURRENT AND IN PLANNING.....	69
<b>8.</b>	<b>INTERVIEWS/FIELD SURVEY (LOGISTIC RECORDS) .....</b>	<b>71</b>
8.1.	INTERVIEWS.....	71
8.2.	FIELD SURVEY.....	71

### Table of Tables

Table 1:	Lao Land use to Level 2, as used for forest/land use mapping and planning (FALUPAM) .....	9
Table 2:	Tabulation of forest cover assessments by FIPD, Department of Forestry, MAF, Lao PDR .....	10
Table 3:	Land use areas, as assessed by the JICA capacity building projects, in FIPD/DoF.....	11
Table 4:	Some key data on the State Forestlands as of 2010 .....	13
Table 5:	Approximate areas of land concessions for timber plantations, and villager plantations.....	15
Table 6:	Summary of certified forests in the Lao PDR.....	15
Table 7:	Summary of certified forest in the Lao PDR .....	19
Table 8:	key activities that have taken place under ‘negotiations to develop the FLEGT VPA’ .....	31
Table 9:	Draft-List of products to be covered by, or prohibited under VPA between Lao PDR and the EU 63	
Table 10:	Legally required documents (trade dossier) to export wood/wood products, from “Draft Decision on COC from Log Landing III to export”, Version 2, dated 2/4/2018/MOIC.....	65
Table 11:	Documentation used to export wood products from Lao plantation and furniture company to a company in England (September 2018) .....	66
Table 12:	CITES Management, Scientific and Enforcement Authorities in the Lao PDR.....	67
Table 13:	Location and area of Department of Forestry long term plan for forest certification.....	70
Table 14:	List of interviews undertaken .....	71

### Table of Figures

Figure 1:	Map of the 3 Forest Land Categories (State Forest Land) in the Lao PDR, with village location エラー!ブックマークが定義されていません。	
Figure 2:	Overview of the supply chain of wood and wood products in Lao PDR (adapted from FLEGT) ..	18
<b>Figure 3:</b>	<b>Overview of the FLEGET VPA process in the Lao PDR .....</b>	<b>31</b>
Figure 4:	Overview of main stakeholders in FLEGT (unofficial draft, by consultant, of 28 January 2018). 32	
Figure 5:	Visual representation of the five functionalities of the TLAS system under development .....	35
<b>Figure 6:</b>	<b>the scope of TLAS in FLEGT-Lao.....</b>	<b>36</b>
Figure 8:	Overview of input, output and trade at which checks could be undertaken (after FLEGT-Lao). 59	

## Table of Annexes

Annex 1: Index to soft and hard copies of legal references for Timber Legal Definitions 1, 2 and 3.....	72
<b>Annex 2: Index to soft and hard copies of legal references for Timber Legal Definitions 8 “Wood Processing and Trading, v4.2: 06-06-2018 .....</b>	<b>74</b>
Annex 3: “ PMO Notification 2035/2017_ MOIC Agreement 0002/3Jan18 on the List of Wooden products for Export” .....	75
Annex 4: Loading Certificate ‘Form OC-01’ for Natural Wood Products.....	76
Annex 5: Loading Certificate ‘Form OC-02’ for Plantation Wood Products .....	79
Annex 6: Overview of Company Plantation Sector .....	82
Annex 7:.....	85
References.....	87

## Acronyms and Abbreviations

3FC	3 Forest Categories or (state) Forestland Categories
CDE	Centre for Development and Environment, Bern University (SDC)
CIF	Cost, Insurance and Freight
CITES	Convention on the International Trade of Endangered Species
DAFO	District Agriculture and Forestry Office
DEQP	Department of Environmental Quality Promotion
DESIA	Department of Social and Environmental Impact Assessment
DFO	District Finance Office
DFU	District Forestry Units
DIH	Department of Industry and Handicraft
DIMEX	Department of Import and Export
DNREP	Department of Natural Resources and Environment Policy
DOF	Department of Forestry
DOFI	Department of Forest Inspection
DoL	Department of Lands
DONRE	District Office of Natural Resources and Environment
ESMMP	Environment and Social Monitoring and Management Plan
EU	European Union
Fam.	Family
FAO	Food and Agricultural Organisation
FIPD	Forest Inventory and Planning Division
FLEGT	Forest Law Enforcement Governance and Trade
FMA	Forest Management Area (within State Production Forest)
FSC	Forest Stewardship Council
GoL	Government of Lao
ha	hectare
HH	Household

LFA	Land and Forest Allocation
LUP/LA	Land Use Planning/Land Allocation
MRLG	The Mekong Region Land Governance Project (SDC and GIZ)
NA	National Assembly
NCF	National Conservation Forest (NBCA: National Protected Areas in the past)
NPF	National Production Forest
Nr.	number
PAFO	Provincial Agriculture and Forestry Office
PALAM	Provincial Agriculture Land Management
PFA	Production Forest Areas, or National Protection Forest
pFALUPAM	Participatory Forest and Land Use Planning, Allocation and Management
PLUP	Participatory Land Use Planning
PM	Prime Minister - as in 'PM Decree'
PMO	Prime Minister Office
POIC	Provincial Office of Industry and Handicraft
PONRE	Provincial Office of Natural Resources and Environment
ProFLEGT	Joint Initiative of the GoL and the German Development Cooperation (GIZ)
PSFM	Participatory Sustainable Forest Management
RECOFT	The Centre for People and Forests
SUFORD	The Sustainable Forestry and Rural Development Project (WB)
TABI	The Agro-Biodiversity Initiative Project (SDC)
TLAS	Timber Legality Assurance System
TLD	Timber Legality Definitions
VFO	Village Forestry Officer
VPA	Voluntary Partnership Agreements, of the FLEGT process
WWF	World Wildlife Fund for Natures

# 1. OVERVIEW OF THE FORESTRY SECTOR

## 1.1. Forest resources of the country:

### 1.1.1. Forest Vegetation types and major species

The main forest vegetation types in the Lao PDR are as follows: (based on the types as used by the Forest Inventory and Planning Division (FIPD) of the Department of Forestry (DOF)).

#### **Upper Dry Evergreen and Lower Dry Evergreen:**

The evergreen forest type is a multi-storey forest consisting of more than 80% trees of evergreen species. Most of the trees have long and cylindrical boles, some of them with a big buttress. Usually, the height of the trees of the upper storey is more than 30 m. Another typical characteristic of this forest type are climbers and lichen on the tree stems. Bamboo is usually not found except when the canopy has been opened. Evergreen forest located at an altitude above 200 m is classified as Upper Evergreen Forest. Areas below that altitude are classified as Lower Evergreen Forest.

Main timber species are for the following genera: *Hopea spp*, *Pterocarpus spp*, *Dipterocarpus spp*, *Anisoptera spp* and *Lagerstroemia spp*

#### **Moist evergreen forests, generally in the northern Provinces**

Dominant tree species consists either of chestnuts like *Castanopsis echinocarpa*, *C. hystrix*, *C. ceracantha* or oaks such as *Quercus blakei*, *Q. kerri* or *Q. fleuryi*. Alternatively, the tree species composition is made out of a mixture, but without any species dominating. In swampy areas *Nyssa javanica*, *Schefflera sp*), *Castanopsis hystrix*, *Carpinus poilanei*, *Bischofia javanica* and *Eriobotrya cavaleriei* are found. On lower and mid slopes *Lithocarpus sp.*, *Styrax benzoides*, *Spondias axillaris*, *Spondias lakonensis*, *Paramichelia baillonii*, *Schima wallichii*, *Elaeocarpus siamensis*, *Canarium nigrum*, *Toona ciliata*, *Alstonia rostrata*, *Garcinia multiflora*), *Ormosia semicastrata* and *Podocarpus neriifolius*. *Keteleeria evelyniana* is common. In ravines, the forest type is characterised by species of the Lauraceae family like *Cinnamomum sp.*, *Phoebe lanceolata* or *Nothaphoebe umbelliflora*. At higher altitudes above 1,500 m *Fokienia hodginsii* occurs, mixed with *Rhododendron sp.*, *Acer sp.*, *Lithocarpus sp.* and many species.

#### **Upper Mixed Deciduous and Lower Mixed Deciduous**

In mixed deciduous forest types, the deciduous tree species represent more than 50% of the stand. The forest storeys are not as dense as those of evergreen type. Bamboo occurs most often in this type of forest. Mixed deciduous forest located at an altitude above 200 m is classified as Upper Mixed deciduous Forest. Mixed deciduous forest located at an altitude 200 m and below is classified as Lower Mixed Deciduous Forest.

In the upper mixed deciduous forest, or sometimes called dry evergreen hill forests, mainly in northern uplands, the dominant species are evergreen broadleaves like *Tristania merguensis*, *Castanopsis tribuloides* and *Lithocarpus podocarpus*. Many other tree species are found in this forest type like, *Dalbergia cultrata*, *Betula alnoides*, *Keteleeria evelyniana*), *Pinus kesiya*, *Schima wallichii*, *Lithocarpus truncatus*, *Quercus griffithii*, *Engelhardtia spicata*, *Cratoxylon sp.*, *Aporosa villosa*, *Glochidion fagifolium*, *Helicia sp.*, *Pieris ovalifolia* and *Vaccinium exaristatum*. In some areas dry evergreen hill forests are dominated by oaks such as *Quercus vestita*.

In the lower deciduous, mainly in the centre and south of the country, typical species are *Dipterocarpus intricatus*, *Shorea obtusa*, *Dipterocarpus obtusifolius*, *Terminalia tomentosa* and *Shorea siamensis*. *Tectona grandis* occurs naturally in a relatively small zone in Sayabouli Province, although few, if any, loggable stands still exist.

#### **Dry Dipterocarp:**

The Dry Dipterocarp Forest occurs in open stands. The tree diameter is comparably small and the height of the stand varies from 8 to 25 m. The crowns do not spread out widely. This type of forest is normally found in places with shallow soil, sometimes laterized soil. On the most poor and shallow soils the trees

are crooked and do not exceed 10 m in height: If the crown cover is less than 20 % and the stand is undisturbed the vegetation type should be classified as **Savannah**.

#### **Gallery Forest:**

The Gallery Forest is not characterized by tree species composition but could be either deciduous or evergreen. In areas where streams are likely to overflow seriously, the forest is often left along the low bank of the streams (both persistent and intermittent ones) forming a long band of forest with the streambed on one side and, for, example, paddy fields on the other. The width of the Gallery Forest is generally not be more than 100 m.

Main species in the In the central/northern highlands *Salix tetrasperma*, *Celtis sinensis*, *Carpinus poilanei*, although *Duabanga grandiflorus* or *Pterocarya tonkinensis* can take over. Associated tree species are *Nyssa javanica*, *Quercus poilanei*, *Morus* sp, at lower slopes, and *Sapindus rarak*, *Protium serratum*, *Fraxinus* sp., *Alangium chinense*, *Sterculia lanceolata*, *Bischofia javanica*, (*Quercus griffithii*, *Garruga pinnata* and *Spondias axillaris* on the upper slope along the river. Along some small streams stands of conifers such as *alocedrus macrolepis* or *Dacrydium elatum* can be found

#### **Coniferous:**

The Coniferous Forest is usually single storied and open but the young growth may sometimes form a dense second storey. This forest type occurs in higher elevations with a cool climate.

The characteristics species of this type are pines - *Pinus kesiya* and *Pinus merkusii* - but other coniferous trees such as i.e. *Cunninghamia* and *Fonkenia*, spp also occur. In Xieng Khouang, scattered trees of *Keteleeria evelyniana*, *Schima wallichii*, *Wendlandia tinctoria*, *Aporosa villosa*, *Betula alnoides* and *Glochidion fagifolium* also occur.

#### **Mixed Coniferous and Broadleaved**

A transition type between the coniferous and the broadleaved forest types. The coniferous trees could be mixed with either deciduous or evergreen trees. It is also found in higher elevations.

The dominant tree species are *Pinus kesiya*, *Keteleeria evelyniana*, *Schima wallichii* as well as oaks, in particular *Quercus griffithii* and *Quercus serrata*, but locally also *Quercus vestita* or *Quercus brandisiana*. Minor associated species are *Aporosa villosa*, *Lithocarpus truncatus*, *Wendlandia tinctoria*, *Cratoxylon* sp., *Myrica esculenta*, *Syzygium* sp., *Glochidion fagifolium*, *Anneslea fragrans*, *Phyllanthus emblica*, *Vaccinium exaristatum* and *Engelhardtia serrata*. Some giant figs (*Ficus* sp.) occur scattered.

**Tree (wood) Plantation:** The forest plantations predominantly supply timber of exotic tree species. Main species grown in Lao are Eucalyptus sps (including hybrids), Teak (*Tectona grandis*) and Rubber (*Hevea brasiliensis*) grown for its sap, but timber is used when old trees are lopped.

#### **Bamboo**

If an area is covered with bamboo and the over story has a crown cover less than 5% it should be classified as Bamboo. According to the FIPD, bamboo is not a forest, but rather a potential forest, although bamboo forest are often climax or natural forest adapted to specific, often poor, soils, and thus their potential to be transformed to forest of true trees is not assured.

### **1.1.2. Land use Types**

**Land use types** in the Lao PDR are legally defined at the national level by Article 11 of the Land Law (2003), which states;

“...Land throughout the entire country is classified into areas and types as follows:

#### **2. Classification into Land Use types:**

1. agricultural land;
2. forestry land;
3. land in water area;
4. industrial land;

5. communication land;
6. cultural land;
7. national defence and security land; and
8. construction land. ...”

While there are some other, smaller areas of land use that do not fall under these 8 national-level land types, this “8 land use types” is a useful framework within which forest and land use planners have defined more specific land uses. The best example is the FALUPAM land use planning process, which has 3 levels of forest and land use, for the purposes of forest and land use mapping and planning. Levels 1 and 2 land uses as defined in the FALUPAM process is provided in table 1 below.

**Table 1: Lao Land use to Level 2, as used for forest/land use mapping and planning (FALUPAM)**

	Level 1:	Level 2:		Level 1:	Level 2:	
1	<b>Current Forest</b>	Mixed Forest	4	<b>Building Land</b>	built-up area	
		Evergreen Forest			private building land	
		Deciduous Forest			state building land	
		Coniferous Forest			reserve building land	
		Timber Tree Plantation			buildings in settlement zones	
2	<b>Agriculture</b>	wet rice field (paddy)	5	<b>Industrial Land</b>	mining and quarry sites	
		upland annual crop/bush fallow			industrial land	
		annual crops on permanent land			hydropower dam and land	
		biennial crops on permanent Land			electricity generating station	
		fruit + nut tree, perennial crops			electricity transmission	
		agro-forestry			telecommunication land	
		other crop land: various	6	<b>Transportation</b>	paved road	
		livestock raising and grazing land			unpaved road	
		livestock raising in pens/farm			reserve for new road	
		fish and shrimp pond			railway alignment	
irrigation infrastructure land	transportation station land					
3	<b>Water</b>	lake & swamp	source of soil/gravel for road	7	<b>Cultural Land</b>	temples etc (place of worship)
		river, stream	spiritual areas			
		reservoir	historic & historic tourist sites			
		river buffer land (ownership)	8	<b>Defense, peacekeeping</b>	defense and security facilities	
				9	<b>Other natural land (not in Land Law)</b>	other natural vegetation
						un-vegetated Lands

Reference: DALAM, MAF, 2018. “Manual for Participatory Forest and Agricultural Land Use Planning, Allocation and Management” (in Lao Version)

### 1.1.3. Land use area, and forest cover assessment, in the Lao PDR:

Various projects or agencies had tried, over the years, to map land use and assess forest cover in the Lao PDR. However, this is a difficult task, due to the wide range of topography, geology, agro-ecosystems and forestry ecosystems, of ethnic land uses, and more recently the rapidly changing nature of land use due to globalisation, commercialisation of land, mechanisation, and population growth.

The most commonly used and officially accepted assessment of forest cover is conducted by the Forest Inventory and Planning Division (FIPD) of the DoF, in MAF. Its 1<sup>st</sup> forest cover assessment was conducted in 1982, and they have followed up with revised/updated assessments in 1989, 2002, 2010 – as shown in table 2 - and most recent draft assessment in 2015.

**Table 2: Tabulation of forest cover assessments by FIPD, Department of Forestry, MAF, Lao PDR**

Land uses and vegetation types	1982		1989/92		2002		2010	
	area/ha	%	area/ha	%	area/ha	%	area/ha	%
<b>1. Current Forest</b>	<b>11,636.90</b>	<b>49%</b>	<b>11,168.00</b>	<b>47%</b>	<b>9,824.70</b>	<b>41%</b>		<b>40-44%</b>
Dry Dipterocarp Forest	1,235.10		1,206.40		1,317.20			
Lower Dry Evergreen Forest	88.6		85.5		56			
Upper Dry Evergreen Forest	1,105.80		1,061.00		1,387.90			
Lower Mixed Deciduous Forest	893		864.5		881.1			
Upper Mixed Deciduous Forest	7,792.20		7,405.50		5,499.50			
Gallery Forest	90.7		87.5		28.2			
Coniferous	138.3		132.2		89.1			
Mixed Coniferous + Broadleaf	293.2		280.4		525.8			
Wood Plantation	0		0		40			
<b>2. Potential Forest</b>	<b>8,554.10</b>	<b>36%</b>	<b>8,949.00</b>	<b>38%</b>	<b>11,152.20</b>	<b>47%</b>		<b>46-42%</b>
Bamboo	1,475.00		1,531.90		539			
Un-stocked (bush fallow)	6,499.70		6,791.40		10,096.30			
Ray (shifting cultivation area)	597.4		625.7		516.9			
<b>3. Other Wooded Areas</b>	<b>1,545.40</b>	<b>7%</b>	<b>1,444.20</b>	<b>6%</b>	<b>286.5</b>	<b>1%</b>		<b>1%</b>
Savannah/Open Woodlands	974		912.5		94.4			
Heath, Scrub Forest	571.4		531.7		192.1			
<b>4. Permanent Agricultural Land</b>	<b>708.7</b>	<b>3%</b>	<b>894.4</b>	<b>4%</b>	<b>1,200.00</b>	<b>5%</b>		<b>6-8%</b>
Rice Paddy	658.3		798.4		963.7			
Agriculture Plantation	14.9		17.7		216.8			
Other Agricultural Land	35.5		42.3		19.5			
<b>5. Other Non-Forest Area</b>	<b>1,234.90</b>	<b>5%</b>	<b>1,269.40</b>	<b>5%</b>	<b>1,216.60</b>	<b>5%</b>		<b>7-3%</b>
Barren Land, Rock	109.8		116.1		231			
Grassland	804.4		822.8		579.3			
Urban Area	82.2		84.2		135.3			
Swamp	34.1		35.3		51			
Water	204.4		211		220			
<b>TOTAL</b>	<b>23,680.00</b>		<b>23,725.00</b>		<b>23,680.00</b>			

More recently, FIPD have received assistance from a JICA project, which has revised the methodology used to assess forest cover, and this projects re-assessment of forest cover and land use areas, from 2000 to 2010 are provided in table 3 below. While the earlier FIPD assessments (table 2 above) had accuracy issues, and while the JICA projects reassessment may provide a more realistic data on forest cover and land use in general, it should be noted that:

- 1: This data from the JICA project (table 3) is not yet official. Its assessment of forest cover in 2010 to be 58.3 % is very different from the FIPDs original assessment of 2010 forest cover which was 41 %. Thus, it is assumed that the DoF is now considering how to deal with this issue.
- 2: The classification of ‘regenerating vegetation’ is vexatious as while the FIPD consider this as potential forest, in practice it is part of the upland cropping and food security system.

**Table 3: Land use areas, as assessed by the JICA capacity building projects, in FIPD/DoF.**

Land Cover/Forest Type			2010		2005		2000	
Level 1	Level 2		Ha	%	ha	%	ha	%
Current Forest	Evergreen Forest	EF	2,984,601		3,055,050		3,047,762	
	Mixed deciduous	MD	8,827,908		9,097,006		9,215,611	
	Dry Dipterocarp	DD	1,205,454		1,293,013		1,301,558	
	Coniferous Forest	CF	86,270		86,646		87,997	
	Mixed Coniferous + Broadleaf	MCB	218,932		244,121		244,439	
	Forest Plantations	P	107,575	58.3%	21,738	59.8%	17,695	60.4%
Regenerating Vegetation	Bamboo	B	87,517		68,491		63,343	
	Regenerating Vegetation	RV	5,435,926	24.0%	6,010,834	26.4%	6,167,668	27.0%
Other Vegetated Areas	Savannah	SA	103,998		106,643		107,786	
	Scrub	SR	24,626		27,623		27,489	
	Grassland	G	245,150		272,691		283,065	
	Swamp	SW	10,187	1.7%	9,685	1.8%	11,156	1.9%
Cropland	Uplands Crop	UC	441,336		238,892		196,960	
	Rice Paddy	RP	1,187,568		1,178,021		1,152,985	
	Other Agriculture	OA	844,124		609,283		414,027	
	Agricultural Plantation	SP	65,561	11.0%	49,967	9.0%	47,973	7.9%
non-Vegetated	Urban	U	72,224		64,280		63,776	
	Barren Land and Rock	BR	182,691	1.1%	184,365	1.1%	183,322	1.1%
Other Land	Other Land	O	20,310	0.1%	19,181	0.1%	18,994	0.1%
wetlands	Water	W	342,776	1.5%	277,043	1.2%	276,151	1.2%
other	Cloud	CL	400,276		129,225		113,249	
	Cloud Shadow	SH	159,216	2.4%	10,427	0.6%	11,220	0.5%
<b>SUM</b>			<b>23,054,226</b>	<b>100%</b>	<b>23,054,225</b>	<b>100%</b>	<b>23,054,226</b>	<b>100%</b>

Reference : “Table 3-14: Area for each Classification in 2000, 2005 and 2010”, extracted from “The Capacity Development Project for Establishing National Forest Information System for Sustainable Forest Management and REDD+ (Phase II) Completion Report”, 2016 March, JICA Joint Venture( Kokusai Kogyo Co Ltd. Asia Air Survey.

#### 1.1.4. Forest Land Tenure

According to the **Forest Law (2007), Article 4** (below), all natural forest land in Lao PDR is owned by the state and (mostly) managed by the Department of Forestry (DoF) under the Ministry of Agriculture and Forestry (MAF). The only exception is that some areas fall under the mandate of the Ministry of Defense. However, planted forest land may be owned by non-state actors.

***Forest Law (2007) Article 4: Ownership of forest and forestland:***

*Natural forest and Forestland is the property of the nation community and the State manages through centralization and unity throughout the country.*

*Trees planted by people or planted by an organization in the areas designated with their labor and/or funds within recognition of the Forest and Forestland Management Organization shall become the property of such individuals or organizations.*

This is reiterated in various Article of this Forestry Law.

In relation to planted forests, **Article 68 of the Forestry Law** allows households to use and plant degraded or barren forestland of not more than three hectares per labour in the household. If they want more land for planting, then the households have the right to request for lease or concession such area from the State.

The Land Law (2003) also mentions private use or ownership of forest land, as follows:

***Land Law (2003), Article 22. Grant of the Right to Use Forest Land***

*The district and municipal administrative authorities in coordination with the village administrative authority considers and makes decision to grant the right to use forest land within their administration to individuals and organizations by issuing certificates. Land certificates have a term of 3 years. If within that period of time, land use has been in accordance with laws and regulations, and there has been no objection or claim, or such objection or claim has been resolved, a request for a land title for long term use may be submitted to the provincial or city land administration division.*

However, this article does not mention if it relates to natural, or planted, or both types of forestland. In practice very little, if any, forest land has been titled as private land.

The zonation of forest land, and thus state forest land, is not related to land use or forest cover. This is spelt out **Article 3** of the **Forest Law (2007)** which specifies that Forestland is “*all land plots with or without forest cover, which are determined by the State as Forestlands*”.

**Article 56, of the Forest Law (2007)**, then classifies State Forestland into 3 Categories for the purpose of management. The progressive establishment (or zonation) or gazetting of these 3 Categories and State Forestlands at the National level, is as follows:

- 1: National Conservation Forests (NCF)** were first gazetted when 18 NCF were declared via a PM Decree in 1993 (at that time they were referred to, in English, as NBCAs). Another 6 were declared between 1996-2012. These NCFs have been established (according to relevant legislation) to conserve nature, flora and fauna, forest ecosystems and sites of natural, historical, cultural values, and for educational and scientific research purposes. Logging is not allowed. While this category of state forest land has the most % area of forest compared other state forestlands (see table 4 below) - their status and function as actual conservation repositories of the state flora and fauna is tenuous.
- 2: National Production Forests, or Production Forest Areas (PFA):** 8 PFAs were first gazetted in 2006, then 29 PFAs in 2007 and 14 PFAs in 2008. These Production forests are managed to produce timber for socio-economic development and the livelihood of people.
- 3: National Protection Forests (NPF)** have not yet been officially gazetted, but the maps of these large areas - totally about 8,200,00 ha - which were made in 2008, are promoted and used as if they

were legally recognized. While the Protection Forests have been established to protect water resources, soil, environment and strategic areas for national defence and prevent from natural disasters, in reality at least 50% of the area of these forest lands are used agriculture and a wide range of other land uses (see table 4 below).

In addition, the Provincial and District administrations have also declared Conservation and Protection Forests.

The total areas of all state forestland, as mapped, is provided in table 4 below, and figure 1, below.

The issue of no private land tenure of land within these 3 state forestland categories is a problem in that while the Department of Forestry has zoned/mapped 70% of the land area of the Lao PDR to be state forest land, there are about 2,993 villages located within these state forest lands (see Figure 1).

Table 4 below, and Figure 1 (next page) provides some relevant data on these state forest lands, from the following data sources:

- “Area of the state forest land”: based on shape files (polygons) made by the FIPD in 2010.
- “Area of forest cover”: is based on official FIPD 2010 forest cover assessment. The more recent assessment as mentored by a JICA project has not yet been officially published.
- “number of villages”: based on village location as originally GPS’ed during the 2010 Agricultural Census, and updated progressively since then, by CDE and TABI.

**Table 4: Some key data on the State Forestlands as of 2010.**

	State Forestland Category	Area		Forest Cover			non-forest % of Zone	Nr. of Villages	Nr. of Families ('000)
		ha	% of Lao	Ha Forest	% of Zone	% of Lao			
<b>1</b>	<b>Inside 3 Forestland Zones</b>	<b>15,877,223</b>	<b>69%</b>	<b>7,581,465</b>	<b>48%</b>	<b>32.9%</b>	<b>51%</b>	<b>2,993</b>	<b>227</b>
1.1	National Conservation Forest	3,878,684	17%	2,588,300	67%	27%	33%	340	24
1.2	National Protection Forest	7,482,109	32%	2,614,000	35%	27%	65%	1,896	145
1.3	Provincial/District Protected Area	1,403,093	6.1	982,165				95	
1.4	National Production Forest Area	3,113,336	14%	1,397,000	45%	15%	55%	662	58
<b>2</b>	<b>Outside 3 Forestland Zones</b>	<b>7,177,625</b>	<b>31%</b>	<b>1,963,835</b>	<b>27%</b>	<b>8.5%</b>		<b>5,650</b>	<b>793</b>
<b>TOTAL, Lao PDR</b>		<b>23,054,848</b>	<b>100%</b>	<b>9,545,300</b>		<b>41.4%</b>		<b>8,643</b>	<b>1,020</b>

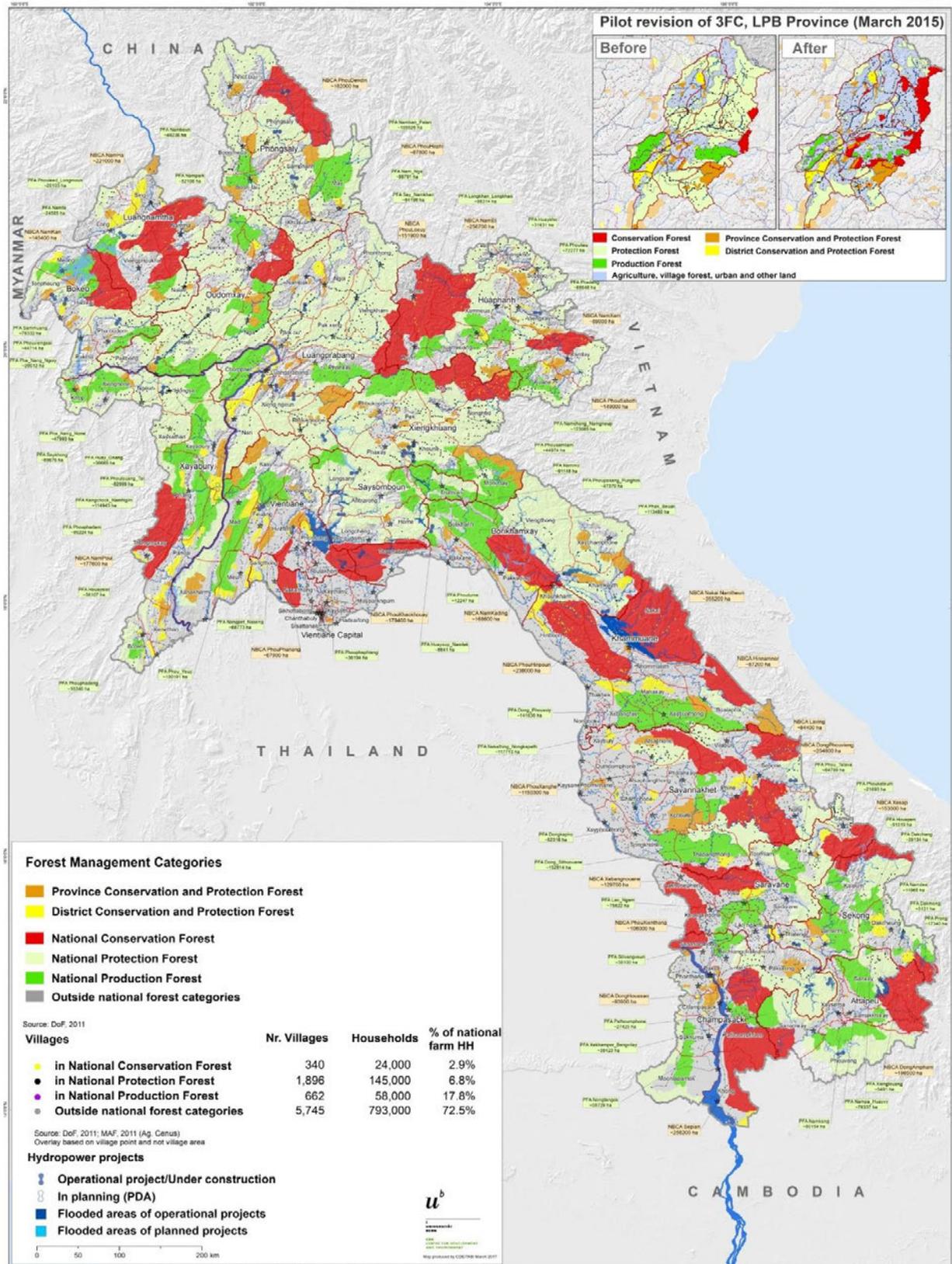
Reference: “Technical Brief, Land Tenure Security within 70% Forestland Policy of Lao PDR”, MRLG, August 2018,

With regard to customary use of forests, **the Forest Law, Article 42**, says:

*“ Customary utilization of forests is the use of forest and forest products that has been practiced for a long time in accordance with laws and regulations. The State allows the use of timber and harvest of forest products in non-prohibited forests for household utilization without adverse impact on forest resources, and the environment as well as reflecting the rights and interest of individuals or organizations. Customary utilization of forest and forest products shall be practiced in accordance with a designed plan and with village regulations and laws and regulations on forests”.*

The interpretation of this is that households do not have the right to log and sell natural timbers for commercial benefit, but only for household uses, even if this was a customary practice.

Figure 1: Map of the 3 Forest Land Categories (State Forest Land) in the Lao PDR, with village location



Some local administrations have provided private land title to villagers living in areas now mapped as State Forestland, although this is being contested by Forestry agencies.

On the other hand, the Government has transformed some of these state forestlands to land concessions, for a wide range of development projects, especially hydropower, but also tree plantations, industrial crop plantations, railroad and road alignments, special economic zones, etc. A recent detailed and nationwide wide land concession inventory has been undertaken, but the results are not yet publicly available.

The approximate area of land tenured out as land concessions to timber companies for tree plantations, as of 2017, is shown in Table 5 below. Private or household plantations of rubber and teak are usually not on concession land for plantations, but rather land claimed or used by individuals.

**Table 5: Approximate areas of land concessions for timber plantations, and villager plantations**

Plantation Tree Crop	Granted area (ha)	Used area, 2017 (ha)	Private plantation, ha
Eucalyptus	109,463	83,670	
Acacia	8,838	8,238	
Rubber	215,855	196,520	49,000 (Ag Census, 2010)
Rubber mixed with other crops	17,200	3,582	
Teak	0	0	49,338 (DoF, 2018)
<b>Total</b>	<b>351,356</b>	<b>292,010</b>	<b>98,448 ha</b>

Sources: combination of various, incomplete sources

### 1.1.5. Certified forest area

#### Currently Certified areas:

Currently, only three (3) small forest areas are certified, as shown in table 6, and further and detailed in section 6.2.1

**Table 6: Summary of certified forests in the Lao PDR**

FSC owner	Type	Area, ha
Ministry of Agriculture and Forestry	Rattan, in natural forest (a PFA)	10,949
Stora Enso Company	Eucalyptus plantation	3,631
Burapha Company	Eucalyptus plantation	3,430

Source: FSC website, <https://ic.fsc.org/en/document-center/id/133>

#### Planned certified areas:

The Government, with World Bank funding assistance, has started the process towards certifying (or recertifying - see note below) 175,789.9 ha of PFA in the short to medium term, and have the long term aim to certify 253,750 ha. See section 6.2 for details.

**Note:** In 2013, SUFORD reported that in 2005 the “...the FSC certified some 82,760 ha of production forest...”, and “...recently, FSC Controlled Wood (FSC CW) production forest areas were certified with a total of 239,529 ha in both Salavan and Savannakhet provinces...”. However, none of these areas currently appear in the FSC inventory for Laos, so it is assumed that they failed to get re-registered, at some stage in the past.

## 1.2. Forest management and harvesting sector

Forests and forestland in the Lao PDR belong to the state, and the Ministry of Agriculture and Forestry is responsible for forest management, planning and supervision of logging. The Annual Logging Plan is developed by the MAFs Department of Forestry and its Provincial and District offices, based on the results of surveys undertaken by the provincial and District offices. Timber harvesting in plantation and natural forests shall be included in the annual logging plan. The annual logging plan is approved by the Prime Minister's Office, the GoL.

Commercial timber harvest in natural forest is only permitted: a) To selectively cut timber in production forests in which inventory, survey and forest management planning have been conducted, by the GoL staff, and on the basis of a pre-logging survey, or b) To clear-cut land (forest conversion) for government-approved development projects (geological prospecting, mining, road and hydropower dam construction, establishment of agriculture plantations) on the basis of a complete and thorough pre-logging survey.

Commercial timber harvesting in natural forests should be conducted in compliance with harvesting regulations under logging permits and logging contracts by special logging units that are officially established by approval of the Ministry of Agriculture and Forestry under administration of the agriculture and forestry authorities or are otherwise sub-contracted under supervision of government staff.

The agriculture and forestry authorities are responsible for measuring and grading timber stacked on second log landing, and for making log lists. Timber harvested in natural forests is considered to be a state property and should be sold through a bidding process or negotiations with interested buyers so that the government can maximise revenue from this natural resource.

Minimum costs (royalties) per cubic metre of timber bought from second log landing are set and updated periodically by the Ministry of Industry and Commerce, according to species and grade. Beginning in the 2011/2012 logging season, the Lao government has not issued quotas on logging in production forest areas before a forest survey is undertaken and forest management plans are made.

However, in reality, this system proves difficult to manage and it is generally recognised that there has been non-legal logging, loss of revenue for state coffers and loss of forest resources (refer to various reports on the subject).

Thus, in 2016, the Prime Minister issued an order ***“PM Order 15, 2016, On Strengthening Strictness of Timber Harvest Management and Inspection, Timber Transport and Business”*** that proscribes, amongst other things:

- Strengthening the enforcement of forest law and relevant legislations against the illegal logging and smuggling, and strict harvesting monitoring of all timber, especially from conversion areas,
- All timber including confiscated timber has to be auctioned at log landing 2 and registered in state asset,
- All timber has to be processed by national wood processing industry,
- Bans the exportation of logs, sawn wood, processed wood, stumpages, branch and tree harvested from natural forest,
- Bans the transit of any illegal timber or NTFP through the territories of Lao PDR, and
- Only finished products defined according to “PMO Notification 2035/2017\_MOIC Agreement 0002/3 Jan18 on the List of Wooden products for Export”, are allowed to be exported.

### **1.2.1. Source of logs**

There are at six recognised sources of timber in the Lao PDR, being:

- **Production Forest Areas (PFAs):** State forests (although not all covered in forest – see section 1.1.3 above) that are supposed to be managed in accordance with forest management plans aiming at sustainable timber production and reduced adverse environmental impacts, although the actual implementation of such plans is variable. The GoL is planning to revise the legal framework so that in the future, PFAs can also include timber plantations established on degraded or barren lands. Laos has a total of 51 PFAs covering about 3.1 million ha.
- **Permanent conversion of forests:** the national legislation allows for permanent conversion of forests for infrastructure development i.e. hydropower projects, including dams and water reservoirs, electricity transmission lines, road construction, land concession agriculture, for special economic zones, for mining etc. These developments must comply with the *Investment Promotion Law* (2016). Forest conversion is subject to approval by the Standing Committee of the National Assembly.
- **Timber plantations:** Most plantations are company owned and grown on either land concessions or land leased from the GoL or directly from villagers. Some plantations, especially teak but also some eucalyptus, are grown by smallholders, who may sell the timber to either the plantation companies, or directly to large or small scale wood processors. A small quantity of timbers comes from tree logged from private agricultural land;
- **Village use forests:** the forest areas located within village areas and allocated to be under the village management, preservation and utilization according to the land and forest allocation plan. Under current legislation, timber logged from village forests can only be used for village house construction or repair of village buildings. i.e, customary use.
- **Confiscated timber:** Timber can be confiscated, if illegalities are associated with its logging, transportation or trade transactions. Confiscated timber can re-enter the legal supply chain only, and it should be sold at auctions organized by the Government. (Confiscation procedure by Custom still needs further clarification)
- **Imported timber:** should be accompanied by an import license issued by MOIC/DIMEX. It is prohibited to import illegal timber and non-timber forest products for the purpose of exporting them for sales in third countries.

However, as mentioned previously, the recent PM Order 15, dated May 2016, directed that logging in natural Production Forest Areas (PFAs) is continued to be prohibited and closed to logging (as per PM Order no.31, dated 05 November 2013 on the suspension of logging at Production forest). As of 2018, the only legally allowable logging is from 3 of the above sources: which are (i) conversion areas, (ii) timber plantations and (iii) confiscated logs<sup>1</sup>. After the issue of PMs Order 15, there was a hiatus in logging approvals. For the (FY 2017-18), logging was approved in 2 Conversion Areas, to a total of 40 million m<sup>3</sup><sup>2</sup>.

Regarding timber from plantations, there is no available quantitative information on logging from private company's timber plantations. In terms of small holder plantations, the only information available is a figure from the ACIAR project which reported that in 2010 that about 20,000 m<sup>3</sup> of logs were taken (ACIAR Policy Brief: "smallholder Teak Woodlots and Agroforestry Systems in Lao PDR", not dated).

### **1.2.2.Key supply chain of wood and wood products**

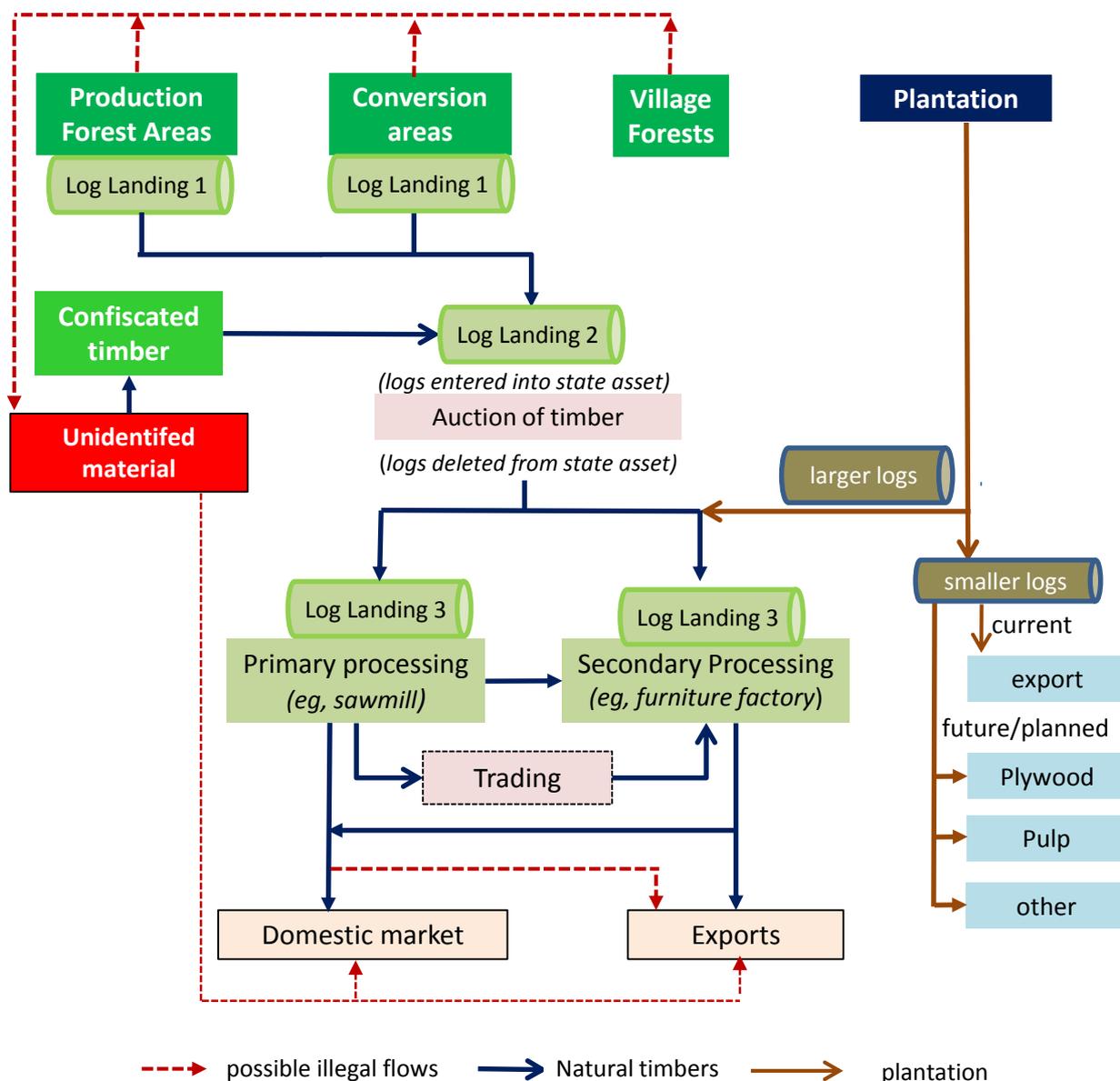
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<sup>1</sup> Confiscated logs are illegally extracted from natural, state forests but that have been apprehended and impounded by state authorities, who then auction them to interested wood processors. Since confiscated logs are illegal in the 1st place and used in domestic market in Lao PDR, this category is not scope of this report.

<sup>2</sup> Approved timber extractions from land conversions in 2017/18 were 1) Nam Ngiep 1 Hydropower Dam and Reservoir, in Bolikhamsai Province (quota approved = 29,284.672 m<sup>3</sup>) and 2) Nam Theun 1 Hydropower Dam and Reservoir, in Bolkhamsai Province and Nam Kading Conservation Forest (quota approved = 10,719.590 m<sup>3</sup>)

An overview of the key supply chain of wood and wood products in Lao PDR is provided in figure 2 below.

**Figure 2: Overview of the supply chain of wood and wood products in Lao PDR (adapted from FLEGT)**



Note:

**Log Landing 1:** A place in, or close to, the forest area being logged, where the logs are accumulated after they are transported from the small logging coupes that are dispersed in the forest. The logs are brought from the logging coupes to Log Landing 1 in sling type logging trucks.

**Log Landing 2:** Transport trucks bring logs from various Log Landing 1's to a designated place in the District, which accumulates logs from the scattered Log Landing 1's. It is at this Log Landing 2 that the logs are auctioned.

**Log Landing 3:** This is actually at the log storage grounds of the processing factories. The Logs are delivered to Log Landing 3 after they have been auctioned and purchased at Log Landing 2.

### 1.3. Wood processing sector

### 1.3.1.Types of wood processors

The Wood Processing sector in Lao PDR is composed of sawmills, wood processors and furniture factories, and small or household wood processors and furniture makers, as explained by the Ministry of Industry and Commerce Decision No. 0719/MOIC of 03 April 2009, on Timber Processing Manufacture Standards:

*“Timber processing manufacturers ...refer to the manufacturers that use primary materials such as trunk, branch, root and stump... to transform from trees to final products, and include:*

- **Level I: Sawmills**, ...aim to produce saw wood, cut wood, semi wood, construction wood, interior decoration wood and pulp. These kinds of material can be supplied for the timber processing manufactures level II in order to process or add value and turn them to final products.
- **Level II: Processors and Manufacturers of timber products and furniture**....with an aim to produce (such as) house construction products (frames, door frames, window frames, stairs, bars and other interior products for buildings), parquet, floor, particle board and so on; containers made from timber (boxes, cargoes, pallets, etc.); paper, products made from paper; wooden furniture (tables, chairs, shelves, beds), decorative woods, wooden sculptures, wooden jewelleryes, picture frames, household and handicraft products for export and domestic purposes.
- **Small or a household wood processor** ... with less than 10 labours or a machine with 5 horse power.... aim to produce ...tables, chairs, shelves, beds, decorative woods, wooden sculptures, wooden jewelleryes, picture frames, household and handicraft products to supply for bigger sawmills or for export and domestic purposes.”

The number of officially registered wood processors, at three points in time, are summarised in Table 6.

**Table 7: Summary of certified forest in the Lao PDR**

		Sawmill	Wood processing	Furniture Factory	Total.	Small, family Factories
1	2006: MAF handed over responsibility to MOIC	181	384	1587	<b>2,152</b>	n/a
2	Before PM Order 15 (promulgated on 13/05/2016.	40	582	1,396	<b>2,018</b>	1,190
3	After PM Order 15 (2018)	10	416	724	<b>1,150</b>	162

In a recent Vientiane Times article of November 26, 2018, it was reported that:

*“Nearly 1,000 wood processing plants across the country have been shut down since Prime Minister’s Order No. 15 was issued in May 2016. Prior to the order, there were 2,102 wood processing plants but the number has now fallen to 1,150, Prime Minister Thongloun Sisoulith informed the National Assembly last week. ‘The government will step up inspections and work to improve more plants to ensure they meet quality standards.’”*

### 1.3.2.Wood Processors Associations

Some wood processors and furniture factories have joined two ‘Associations’, formed under the general umbrella of the Lao National Chamber of Commerce (LNCCI) which are:

#### 1: The Lao Furniture Association

**Contact:**

Office: Tel/Fax: 856-21-720454. Website: [www.lfalaos.com](http://www.lfalaos.com)

- 1: Mr Khamphay Songsana: Ban Nong Paya, 55511939, Son: 55527686. Export to Japan
- 2: Ms Souphayvanh Thengchanhxay, Vice President, 856-20-54199289, [spc@buraphawood.com](mailto:spc@buraphawood.com),

The LFA has 84 listed members (out of a total of about 700 furniture factories in the country), although possibly not all are active. The geographical distribution of its members are as follows

- Vientiane capital: 70 furniture factories
- Bolikhamsai Province: 6 furniture factories
- Khammoune Province: 2 furniture factories
- Xaiyabouly Province: 2 furniture factories
- Salavan Province: 1 furniture factories
- Sekong Province: 1 furniture factories
- Savannakhet Province: 1 furniture factories
- Champassak Province: 1 furniture factories

The LFA was established in 2003, and its main objective is to represent and promote the interest of its member companies. Its activities include;

- Organising Training Programs, with funds from another source (e.g, GIZ), in topics such as:
  - Management and administrative skills,
  - Technical skills and knowledge,
- Organising trade fairs and exhibition events, with upcoming events including.
  - 5th Lao Wood Furniture Fair 2019 (12-20/01/2019)
  - 4th Vientiane Furniture Fair 2019, (23- 31/03/2019))
  - 4th Lao Home & Living Fair 2019, (07/06 to 14/07/2019)

Its website also says that it “provides product advertisement” at but only 5 of its 84 members include any information on their products, and then only very briefly.

The LFA was asked to provide information on the types and quantities of products manufactured and exported by its members, but they did not have any information on the production of its members. Instead, they informed that most of the furniture companies either a) sell their products at regional fairs or shows, or b) Chinese, Vietnamese or Thai nationals buy retail in Lao and export themselves to their home countries.

## **2: Lao National Wood Processing Association**

This association appears to have only 1 member, being Mr. Thongsavanh Souliyamath. It seems that this LNWPA manages the Training and Development Centre (TDC), which, in a Vientiane Times report of March 23, 2017 was launched after approval of the Prime Minister’s Office on 15 February 2017 with the Notification No. 265 on Establishment of Wood Processing Model and Wood Processing Cluster.

The purpose of TDC is to build capacities for timber processing companies on new wood manufacturing technologies as well as Chain of Custody for the upcoming MOIC Decision (Ministry of Industry and Commerce) on input/output monitoring for wood processing and trade. The training centre has been established with support from the German Development Cooperation’s project ‘*Support to the Lao-EU FLEGT Process*’ (ProFLEGT), implemented by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH, and supported by the Products Standard Division, Department of Industry and Handicraft, MOIC, and the Lao National Chamber of Commerce and Industry.

### 1.3.3. Product types and volume

The Portfolio of wood products made from wood harvested from natural forests in the Lao PDR is extensive in terms of products, although recently rather limited in quantity, and includes:

- round logs and rough sawn slabs;
- sawn timber, semi-finished timber, construction timbers and timbers for interior decoration;
- house construction products such as frames, door frames, window frames, stairs, balustrades and other interior products for buildings;
- parquet and flooring timber;
- containers made from timber (boxes, cargoes, pallets, etc.);
- wooden furniture such as tables, chairs, shelves, beds;
- decorative woods, wooden sculpture, wooden jewellery, picture frames; and
- household and handicraft products for export and domestic purposes.

It is difficult to access reliable statistical information/data on the volume of the different types of products. One reason is that information on wood products at the local level is not fully provided up to the central level.

### 1.4. Trade of wood products

#### 1.4.1. Trade of wood products – volume and value

Accurate or official data/information on the volume and type of wood products traded and exported is not available in the Lao PDR. This is partly due to the sometimes informal and thus unrecorded logging, processing and exporting, but also due to the complexity or range of wood products produced by a wide range of stakeholders throughout country. Another reason may be that this is commercial information not readily shared by commercial enterprises.

The International Monetary Fund (IMF) (2017) reported that data on exports of wood products from Lao PDR to China and Vietnam (before PMs Order 15) demonstrated a high probability of illegal logging and trade in the country. China and Vietnam are major markets for wood and wood products of Lao PDR, and as shown in Table 7. This IMF's report showed significant discrepancies of export values of wood from Lao PDR, in that China and Vietnam record significantly higher imports of wood and wood products from Lao, than the Laos MOIC records as exports of wood products to these countries

**Table 7: Reported export values of wood products by Lao PDR (MOIC) and exported countries (China and Vietnam), Oct 2014-Sept 2015 (million USD)**

Exports	MOIC (Lao PDR)	COMTRADE	Difference
Exports to China	28.5	498.6	-470.1
Exports to Vietnam	69.8	404.4	-334.6

*Sources: based on IMF (2017)*

However, a recent report by Phuc et al. (2017) shows that the trend of the volume of exports of wood and wood products from Lao PDR to Vietnam during the period 2010 to 2017 has greatly reduced in recent years (see table 8 below), due to the implementation of the PM Order 15, 2016.

They also found that the proportion of high value timber species is high (60-70% for logs, and > 80% for sawn wood), as shown in tables 8.

**Table 8: Summary of exported logs and sawn timber from Lao PDR to Vietnam 2010 to 2017**

Year	Total Value/USD	Sawn wood		Round log	
		Volume/m3	Value/USD	Volume/m3	Value/USD
2010	200,827,266	257,326	160,364,062	177,480	40,463,204
2011	327,455,614	292,204	236,127,657	184,74	91,327,957
2012	281,930,769	283,830	207,596,466	199,349	74,334,303
2013	454,223,629	385,485	319,819,678	225,812	134,403,951
2014	559,459,483	495,126	410,003,936	308,647	149,455,547
2015	348,455,372	383,149	239,169,893	321,718	109,285,534
2016	73,268,564	97,138	63,677,885	36,194	9,590,679
2017	37,622,576	43,697	36,425,115	7,106	1,197,461

Source: Phuc et al. (2017)

#### 1.4.2. Trade of wood products – species

Table 9, 10 and 11 provides lists of tree species exported as logs and sawn timber from Lao PDR to Vietnam in the period 2013 to 2015 (i.e, before PM Order 15, 2016) which has been a major destination of exported logs and timber from Lao PDR. In keeping with their high levels of export volume, Keruing, White Meranti and Magnolia Wood (see table 9 and 10 below for scientific names) were the top three timber species in terms of value. In 2015, their combined value accounted for over USD\$65 million, about 2.5 times the combined import value of the seven remaining timber species in the top 10. While Siamese Rosewood and Sepetir are listed in the top 10 in terms of export value, they did not feature in the top 10 species in terms of export volume. This demonstrates the high value of these timber species in the market.

**Table 9: Main timber species of logs exported into Vietnam from Laos, 2013 – 2015**

	Trade name	Species	2013		2014		2015	
			Volume (m3)	Value (Mill USD)	Volume (m3)	Value (mill USD)	Volume (m3)	Value (mill USD)
			225,800	134.4	308,600	149.5	321,700	109.3
1	Siamese Rosewood	<i>Dalbergia cochinchinensis</i>	32,900	84.9	24,300	65.5	2,500	7.2
2	Burma Padauk	<i>Pterocarpus macrocarpus</i>	9,600	6.7	15,700	11.7	9,300	7.4
3	Keruing	<i>Dipterocarpus alatus, D. costatus, D. spp.</i>	35,000	6.1	41,000	8.4	125,200	42.7
4	White Meranti	<i>Shorea roxburghii</i>	22,300	4.8	25,100	5.6	48,500	12.5
5	Crape Myrtle	<i>Lagerstroemia paniculata</i>	15,500	3.7	5,600	1.4	7,500	1.9
6	White Seraya	<i>Parashorea stellata</i>	20,500	3.7	12,700	2.5	12,000	2.1
7	Chengal Batu	<i>Hopea ferrea</i>	11,000	3.2	11,800	3.4	5,600	1.7
8	Teak	<i>Tectona grandis</i>	8,400	3.0	6,800	2.5	5,900	2.1
9	Magnolia wood	<i>Magnolia champaca</i>	11,300	2.9	36,900	11.4	25,100	10.2
10	Chinese fir	<i>Cunninghamia konishii</i>	5,300	1.8	12,300	3.4	10,900	3.2
11	Sepetir	<i>Sindora siamen</i>	4,900	1.7	24,100	8.7	4,900	2.3
12	Indochina ironwood	<i>Erythrophloeum fordii</i>	2,400	1.7	140	0.1	1,300	0.9
13	Palisander	<i>Dalbergia oliveri</i>	1,000	1.6	2,900	4.3	469	0.7

	Trade name	Species	2013		2014		2015	
			Volume (m3)	Value (Mill USD)	Volume (m3)	Value (mill USD)	Volume (m3)	Value (mill USD)
			225,800	134.4	308,600	149.5	321,700	109.3
14	Others		45,700	8.5	89,400	20.7	62,500	14.4

Source: Phuc et al (2016)

**Table10: Main tree species imported as logs from Laos into Vietnam in 2015)**

	Trade name	Species scientific name
1	Keruing	Dipterocarpus alatus, D. costatus, D. spp.
2	White Meranti	Shorea roxburghii
3	Magnolia wood	Magnolia champaca
4	Siamese Rosewood	Dalbergia cochinchinensis
5	Burma Padauk	Pterocarpus macrocarpus
6	Crape Myrtle	Lagerstroemia paniculata
7	White Seraya	Parashorea stellata
8	Chengal Batu	Hopea ferrea
9	Teak (planted)	Tectona grandis
10	Chinese fir	Cunninghamia konishii
11	Sepetir	Sindora siamen
12	Indochina ironwood	Erythrophloeum fordii
13	Palisander	Dalbergia oliveri

**Table 11: Main tree species imported as sawn timber from Laos into Vietnam, 2015,**

nr.	Trade name	Species scientific name
1	Burma Padauk. Burmese rosewood. Sena (Malay)	<i>Pterocarpus macrocarpus</i>
2	Sepetir. Memperas	<i>Sindora siamen</i>
3	Indochina ironwood	<i>Erythrophloeum fordii</i>
4	Surian. toon. red cedar. Limpaga	<i>Toona sureni</i>
5	Magnolia wood	<i>Magnolia champaca</i>
6	White Seraya. Gerutu	<i>Parashorea stellata</i>
7	Merawan	<i>Hopea pierrei</i>
8	Burmese Rosewood. Palisander	<i>Dalbergia oliveri</i>
9	Ipil	<i>Afzelia xylocarpa</i>
10	Crape myrtle. Bungor (Malay). Tabek (Thai).	<i>Lagerstroemia paniculata</i>

Source: Phuc et al (2016)

#### 1.4.3. Trade of plantation wood products

While detailed or accurate information on the trade of plantation wood products is not publicly available, some information on the current or planned (future) wood products from timber plantation companies is provided below.

##### **A: Burapha Agroforestry Company:**

###### **Processing facilities**

- Currently operate one wood processing facility, producing timber and wood products, including furniture, from plantation wood – eucalyptus and teak.
- Their future plan is to build a pulp and plywood mill, in Hin Heup District, to take 8 to 30 cm logs, and process around 50,000 m<sup>3</sup> per year, and then to build a larger forest industry cluster (pulp mill, plywood, sawmill, biofuel, green electricity etc.)

**Exports over the last 5 years** have included, for example:

- Maldives: sawn teak and eucalyptus. For teak decking and eucalyptus roof shingles,
- China: Sawn teak and teak furniture
- UK: Teak furniture
- Thailand, then to the US: Teak furniture
- Denmark and Sweden: small quantities of teak and eucalyptus furniture
- Korea: cutting boards, flooring

**B: Stora Enso:**

Have only just started to harvest for timber trade, and the company objective is to grow logs for (a) pulp and paper, and (b) veneer logs (for plywood) for either export or sale to processing companies in Lao. It appears that they do not intend to build their own processing facilities.

**C: Oji company (Japanese) sold to Newforest, and renamed “Mekong Timber Plantations”:**

The MTP aims to produce logs for (a) pulp and paper, and (b) veneer (plywood)

**D: Birla Lao:**

No information yet on its trade in plantation products

**E: Sun Paper:**

This Chinese company have built a new factory in Savannakhet province, which will include waste paper recycling from Europe and America, to avoid the Chinese Government restrictions on imports of waste paper into China (due to pollution concerns).

**F: White Charcoal (from the species *Cratogeomys formosum*)**

In the Lao PDR, white charcoal production started in 2004 and has been growing steadily due to the brisk demand from Japan and Korea. In 2015, 65 firms produced white charcoal throughout Laos, while in 2016, exports reached over 11,156 tons with a total value of US\$ 2,403,000 (US\$0.22/Kg) (MoIE, 2018).

*Reference: “Opportunities for Sustainable commercial White Charcoal production in Laos: Research Finding”, June 26, 2018 NAFRI, Vongkhamho, S. et al*

## 2. OVERVIEW OF RELEVANT GOVERNMENT ORGANISATION

The Ministries within the Government of Lao PDR that are relevant to, or have a role in, the legality of timber and wood products includes:

- Ministry of Agriculture and Forestry (MAF);
- Ministry of Natural Resources and Environment (MONRE);
- Ministry of Industry and Commerce (MOIC); and
- Ministry of Finance (MoF).

These Ministries are all located in the capital city, Vientiane, and all have offices located in each of the 18 Provinces, and then in each of the Districts with each Province. At the central level, the Ministries are a composed of various Departments (which also have specific offices at the Provincial, and sometimes District, level), Divisions, Institutes, etc.

The role and responsibilities of these Ministries, their relevant Departments and Divisions, and their Provincial and District offices, is summarised in Table 12 below.

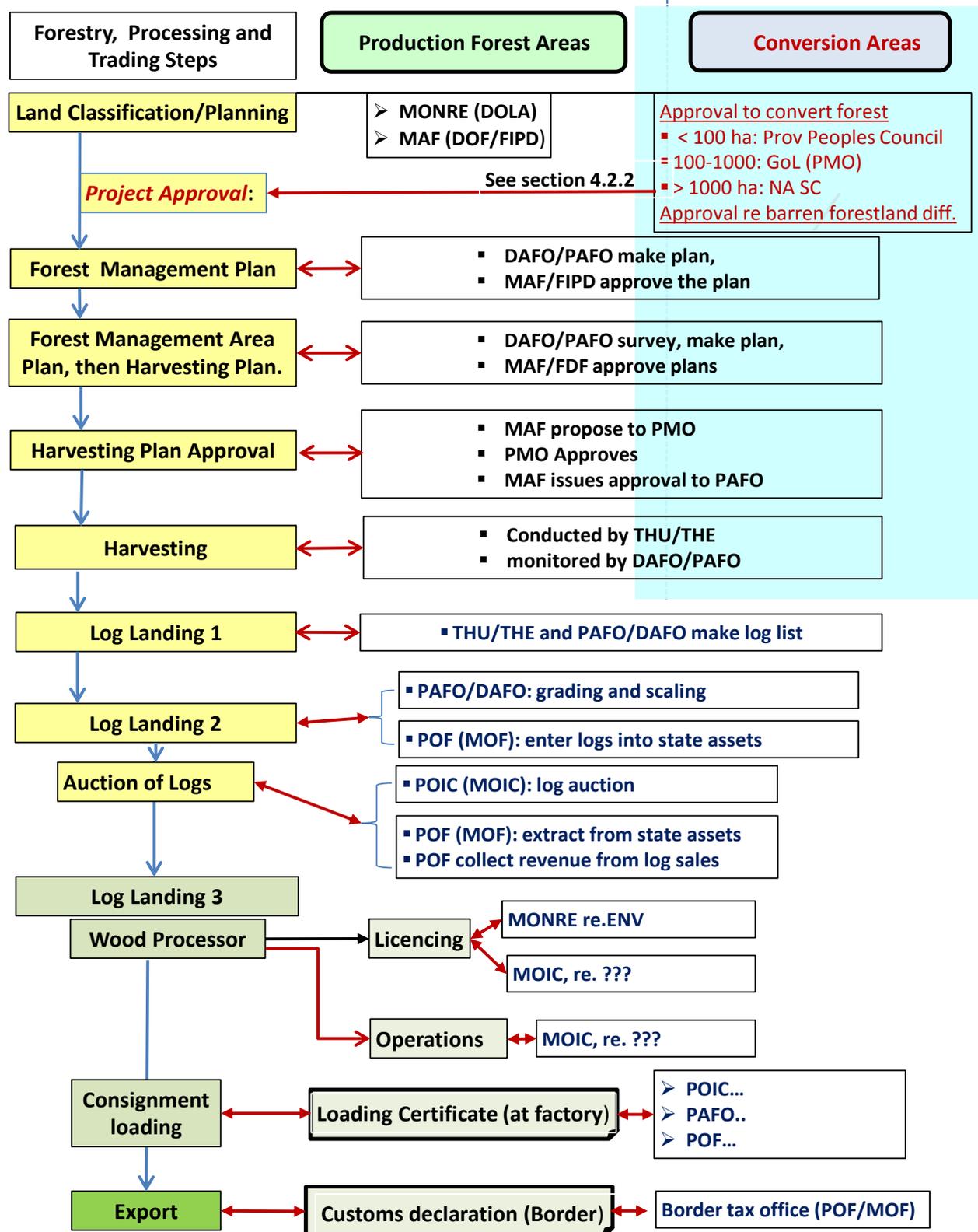
**Table 12: GoL Organisations responsible for harvesting, processing, distribution and trade of woods and wood products**

Name of GoL Organisation	Roles and Responsibilities
<b>Ministry of Agriculture and Forestry (MAF)</b>	
<b>Department of Forestry (DoF)</b> → Production Forest and Logging Management Division (PFLMD). → Forest Inventory and Planning Division (FIPD) . → Planation Promotion and Forest Restoration Division. → Village Forest and NTFP Management Division. → Legislation and Forestry Technical Standard Division.	The DoF, and its constituent Divisions: <ul style="list-style-type: none"> <li>▪ develops and implements strategies and programs on forestry;</li> <li>• surveys and monitors the change in forest resources as well as management of information on forest resource over the country;</li> <li>• delineates zones, surveys forest resources and undertake management planning for the conservation, protection, development and use of forest and forestland, non-timber products, water and wildlife;</li> <li>• formulate forestry laws and other legal instruments re. forestry</li> <li>• operationalize legislation by regulations and technical instructions;</li> <li>• research and recommend policies, methods and measures on tree planting, forest regeneration, forest management, forest protection.</li> <li>• monitor, supervise and evaluate the implementation of forestry master plans, programs and projects; and</li> <li>• inspects, monitor and evaluate the implementation and effectiveness of the forestry legal framework for the management, protection, use and sustainable development of forest resources.</li> </ul> The Division of Legislation and Forestry Technical Standards is responsible for revising, or creating new, legal instrument that relate to forestry practices and CoC from the first up until log landing 2.
<b>Department of Forestry Inspection (DOFI)</b> ...which includes.... → Legislation and Forest Inspection Policy Division (LFIPD).	DOFI was established in 2008, and responsible for investigation and enforcement activities under the <i>Forestry Law 2007 No06/NA</i> and the <i>Wildlife and Aquatic Law 2007 No07/NA</i> . It operates under the <i>Terms of Reference No 1894/MAF 2012</i> and is directly accountable to the secretary body to the Minister, with regard to forest, wildlife and aquatic laws and associated regulatory instruments.  The Division of Legislation and Forest Inspection Policy was created more recently and replaced the FLEGT Standing Office. It is responsible for development of policies and legal instruments relating to timber legality, from the forest to log landing 2, including the development of the TLDs for the FLEGT VPA process..

Name of GoL Organisation	Roles and Responsibilities
<b>Provincial Agriculture and Forestry Division (PAFO)</b> ...which includes ... → Provincial Forestry Section	Responsible for implementing the functions of DOF at Provincial level, including <u>developing Provincial harvesting quota</u> for submission to MAF, issuing harvesting licenses, developing harvesting contracts, supervising harvesting operations, preparing log source documentation, including the scaling and grading of logs and creating the list of logs at Landing 2.
<b>District Agriculture and Forestry Office (DAFO)</b> ...which includes... → District Forestry Unit (DFU)	Reports to PAFO (about 7 to 11 Districts per province). Functions include the registration of plantations, plantation management planning, pre-harvest surveys, the monitoring of harvesting operations and preparing log origin documentation. DAFO measures harvested timber and compiles the logs lists for harvested material from all areas.
<b>Ministry of Natural Resources and Environment (MONRE).</b>	
<b>Department of Natural Resources and Environment Policy (DNREP)</b>	Responsible for reviewing and approving the conversion of natural forests for infrastructure development i.e. hydropower dams and reservoirs, electricity transmission lines, road construction, agriculture and mining.
<b>Department of Environmental Quality Promotion (DEQP)</b>	Responsible for environmental and social impact assessment of forest conversion.
<b>Department of Lands (DOLA)</b>	<ul style="list-style-type: none"> <li>▪ Responsible for land zoning, at least to the level of 8 national land classes, one of which is Forestland.</li> <li>▪ Responsible for Land Registration and Land Tilting</li> </ul>
<b>Ministry of Industry and Commerce (MOIC)</b>	
<b>Dept of Industry and Handicrafts (DIH)</b>	Responsible for wood processing industries. Private companies or households who own the timber processing companies are controlled by Department of Industry and Handicrafts (DIH) and related provincial authorities (POIC and District Office of Industry and Commerce, DOIC).
<b>Department of Import and Export (DIMEX)</b> ...which includes... → Import and Export Management Division	Previously responsible for issuing import and export licenses, but no longer. It collects and maintains national statistics on imports and exports and maintains the Lao PDR Trade Portal which is the Government of Lao PDR's website for trade related information including laws, regulations, procedures and tariffs.
<b>Department of Domestic Trade (DDT)</b>	
<b>Provincial Office of Industry and Commerce (POIC)</b>	Responsible for timber and forestry business in each Province, which commences after harvesting has occurred and logs have been transported to Log Landing 2 through to export, including: <ol style="list-style-type: none"> <li>1) log auctions at log landing 2;</li> <li>2) certification of wood products for export, at factory, prior to loading.</li> </ol>
<b>Ministry of Finance</b>	
<b>Department of Customs (DoC)</b>	Responsible for the collection of taxes and royalty payments, for determining and collecting duties on goods exported from Laos PDR including wood and wood products into and out of a country

Name of GoL Organisation	Roles and Responsibilities
<p><b>Department of State Assets (DoSA)</b></p>	<p>Responsible for the registry of natural logs from PFAs or conversion area – as logs are a state asset. The logs that are scaled and graded are entered in the state assets register and removed from the state assets register once the buyer has paid for the logs. Confiscated logs and confiscated processed timber products are also entered in the state assets register.</p> <ul style="list-style-type: none"> <li>▪ At the central level, the State Resources Management Division is responsible</li> <li>▪ At provincial levels, in the Provincial Office of Finance (POF), the State Asset Section (SAS) is responsible</li> <li>▪ At District level, the District Finance Office (DFO)</li> </ul>

Figure 3: Organisations responsible for issuing forest and wood products permissions and approvals



MAF: Min Agriculture + Forestry	MONRE: Min of Natural Resources and Environment	MOIC: Min Industry/Commerce	MOF: Min of Finances
DoF: Department of Forestry		DIMEX	DoSA: Dept of State Assess
DOFI: Dept of Forestry Inspection		DIH	DoC: Department of Customs
PAFO: Provincial Agr/For Office	PONRE	POIC	POF Provincial Finance Office
DAFO: District Agri/For Office	DONRE	DOIC	DOF District Finance Office

### 3. OVERVIEW OF FORESTRY LEGISLATION

#### 3.1. General situation

The regulatory framework governing the forestry sector in Lao PDR is diverse, affected by different legislation from the natural resources and trade sectors, and is extensive in the number of legal instruments that apply. However, there is a lack of clarity, such as:

- (i) understanding which is the actual applicable, or dominant, legislation (implementing legislation in particular is not easily available);
- (ii) it is not clear which provisions (in an older legislation) has been rendered inconsistent or redundant by subsequent additions to, or abrogation in, the legislative framework; and
- (iii) there are unclear responsibilities of the various GoL agencies and authorities over a specific issue (both horizontally in terms of Departments or Ministries, or vertically at different levels (national, provincial, district and village).

Provinces sometimes interpret and apply the legislation differently, or issue legislation or other instructions that are not always aligned with national legislation, preventing uniform application and implementation throughout the country. The responsible Ministries may issue internal instruction on the implementation of legislation, but this may occur in isolation from or without consultation with other relevant organisations.

The Lao PDR the hierarchy of Laws is implied in the Law on Making Legislation No 19/NA 2012 as follows:

- The Constitution;
- Laws;
- Resolutions of the National Assembly;
- Resolutions of the Standing Committee of the National Assembly;
- Ordinances of the President of the Republic;
- Decrees of the Government;
- Resolutions of the Government;
- Orders and Decisions of the Prime Minister;
- Orders, Decisions and Instructions of the Minister and Head of a Government Authority;
- Orders, Decisions and Instructions of the Provincial Governors and City Governors;
- Orders, Decisions and Instructions of the District and Municipality Chiefs;
- Village Regulations Legislation of Specific Application

A very large number of legislative documents related to Forestry exist<sup>3</sup>, and continue to be promulgated.

In December 2015, the DoF, supported by FAO/WB and GIZ, produced a Forestry Legality Compendium, partly in view of the FLEGT-Lao program under development. This compendium does not actually provide copies of legal documents, but rather listd, organises and analyses the diverse range of document based on their relevance to specific sections of the Forestry Law 2007. This Compendium listed the following number of legal documents for specific sub-sectors of the Forestry sector, as follows:

- 51 legal, regulatory (or guideline) documents relevant to wood from Production Forest Areas;

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<sup>3</sup> A "Common Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade" organized around Principles, Criteria and Indicators for Voluntary Forest Certification; and a spreadsheet listing more than 140 relevant legal documents translated into English, and 87 documents that have not been translated, produced by WWF/TRAFFIC RAFT Programme in 2013

- 51 legal, regulatory (or guideline) documents relevant to wood from Conversion Areas;
- 36 legal, regulatory (or guideline) documents relevant to village forest and individual forest;
- 52 legal, regulatory (or guideline) documents relevant to Industrial Plantations
- 45 legal, regulatory (or guideline) documents relevant to smallholder plantations
- 18 legal, regulatory (or guideline) documents relevant to Wood Processing
- 33 legal, regulatory (or guideline) documents relevant to Wood Product Trading and Export

This plethora of legal and regulatory documents in the forestry sector is very challenging, and not only to understand, but also difficult to use in practice, i.e, to effect and to monitor the legal harvesting, processing and trading in wood and wood products. As the Lao PDR is preparing for the FLEGT/Voluntary Partnership Agreement (VPA) with the EU, a more usable legal framework was badly need. Thus, the FLEGT-Lao program, with the assistance of the ProFLEGT project, has developed a more manageable and practical legal framework by the development of a set of Timber Legality Definitions, as explained in Section 3.2 below.

### **3.2. FLEGT-Lao**

In 2003, the European Union (EU) first adopted its Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT). The scheme promotes good governance in the forestry sector around the world, with the aim of reducing illegal logging and strengthening sustainable forestry. It is designed to prevent EU-bound imports of illegal timber and wood-based products. The plan includes financial and technical support and advice to timber-producing countries, as well as measures to promote the legal timber trade.

A key component of FLEGT is the development of Voluntary Partnership Agreements (VPA) with timber producing countries. A VPA is an international trade agreement to reduce illegal wood harvesting and promote legal timber trade. The legal definition of timber forms an important component of Timber Legality Assurance Systems that are part of Voluntary Partnership Agreements (VPAs).

The GoL first submitted its letter of interest to develop a FLEGT VPA, to the EU, in 2010, and then in 2012, the GoL, as represented by the Ministry of Agriculture and Forestry, committed to the FLEGT and announced its interest in negotiating a Voluntary Partnership Agreements (VPAs). The Ministry of Agriculture and Forestry opened a Forest Law Enforcement, Governance and Trade (FLEGT) Standing Office in 2013, with the DOFI, with support from Germany's Agency for International Cooperation (GIZ). Then, the Lao GOL started to negotiate the VPA with the EU, with assistance from the GIZ project Support to the Lao EU-FLEGT process (ProFLEGT).

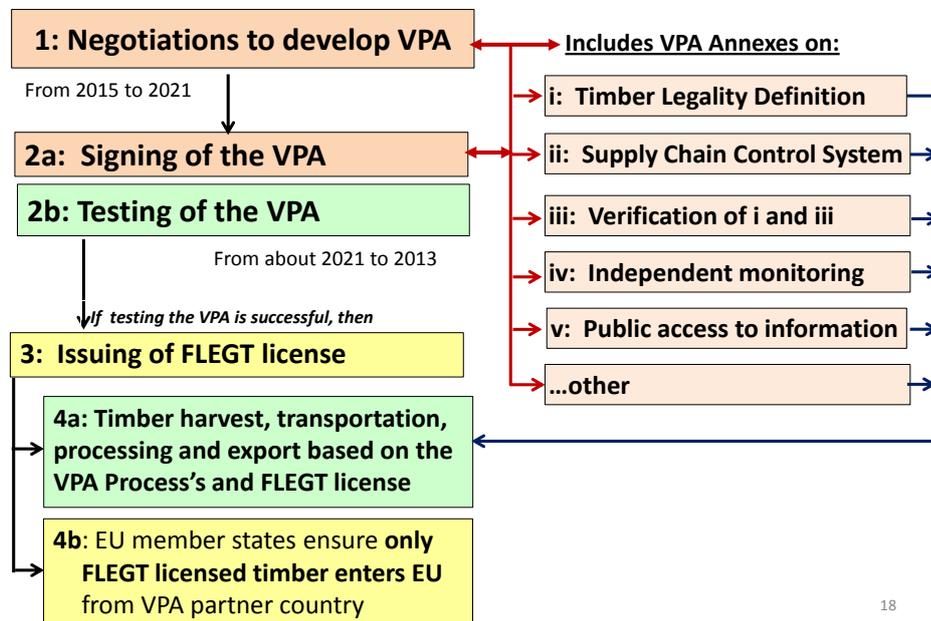
The Lao PDRs commitment to enter into negotiations with the EU on a VPA was followed by some years of preparatory works (see table 8 below for a summary of some key activities so far) which culminated in the first face-to-face meeting place in April/May 2017. The second face-to-face negotiation was then held in June 2018, and a third s is planned to be conducted in February 2019.

It is expected that the VPA will be signed between the EU and the GoL at the beginning of 2021. Once the VA is signed, then a joint implementation committee will be convened to oversee the implementation and evaluation of the system which, if and when successful, will result in the issuing of a FLEGT licence to the Lao PDR. This issuance of the FLEGT licence is hoped to occur about 3 years after the signing of the VPA.

It is understood that the Lao PDR, and the EU, have agreed that the scope of the VPA and its FLEGT licence would cover all exports to all countries, including countries which may have their own TLA scheme, and also be applied to the domestic timber and wood industries.

An overview of the FLEGET VPA process in the Lao PDR is provided in figure 3 below. Currently the partners are still at the first step (1.), being ‘negotiations to develop the VPA’, with a focus on (i) timber legality definitions and (ii): supply chain control systems.

**Figure 3: Overview of the FLEGT VPA process in the Lao PDR**



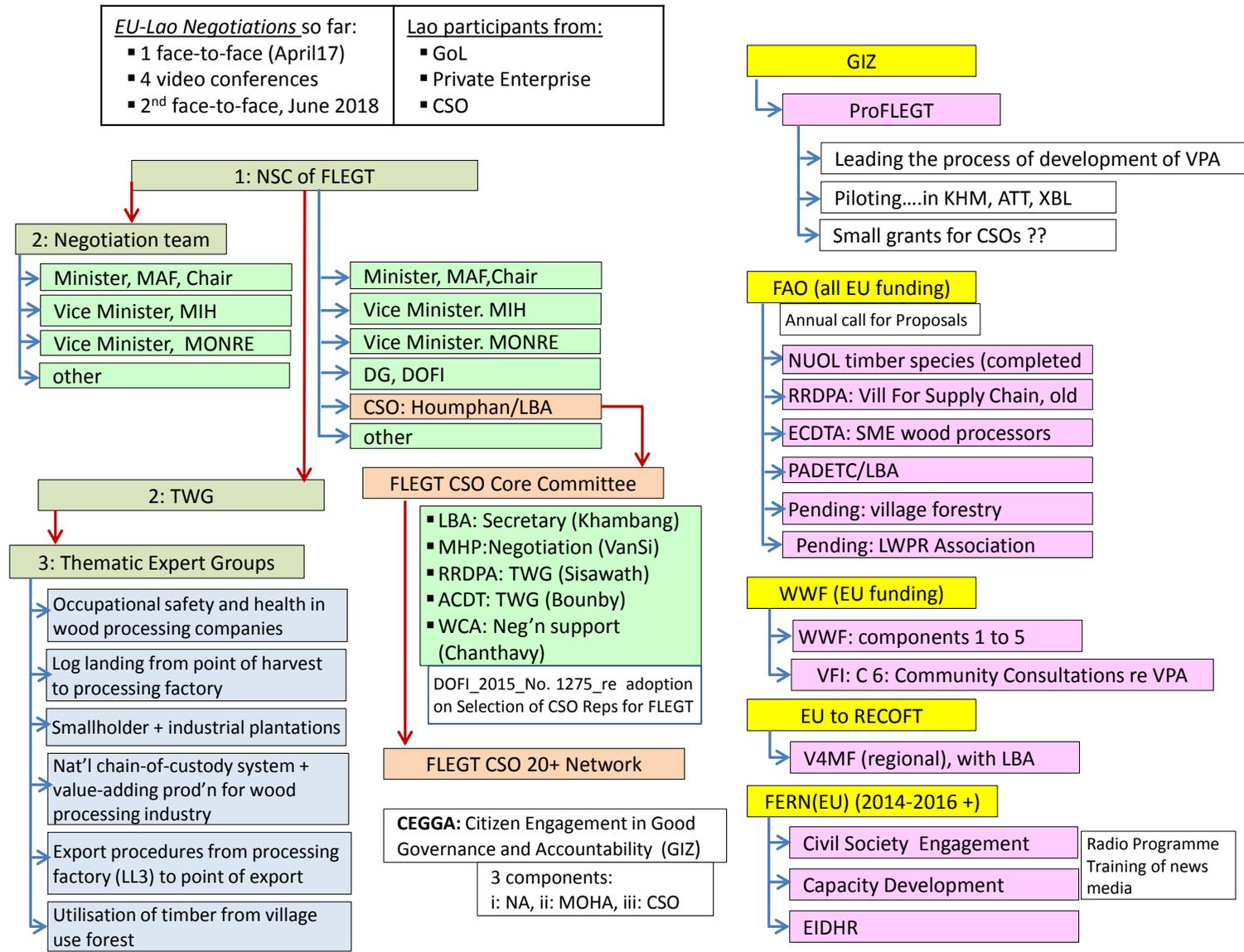
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Table 8 below lists some of the key FLEGT-Lao activities that have taken place thus far, while figure 4 provides an overview of main stakeholders in FLEGT-Lao.

**Table 8: key activities that have taken place under ‘negotiations to develop the FLEGT VPA’**

<ul style="list-style-type: none"> <li>▪ 2010: Ministers of MAF and MOIC submitted Letter of intention on FLEGT VPA to EU.</li> <li>▪ 2011: Baseline study on timber flow study in Laos completed.</li> <li>▪ 2012: Vice Ministers of MAF, MOIC, MoNRE submit Letter of Intention to prepare FLEGT VPA Negotiation.</li> <li>▪ 2013: FLEGT VPA Standing office established under Department of Forest Inspection.</li> <li>▪ 3 pilot provinces of FLEGT roved (Xayaboury, Khammoune and Attapeu Province).</li> <li>▪ 2015: Prime Minister Office approve start of FLEGT VPA Negotiation between Laos and EU</li> <li>▪ The 1st National Steering Committee (NSC) Meeting was held in October 2015.</li> <li>▪ The 2nd National Steering Committee (NSC) Meeting was held in July 2016.</li> <li>▪ 2016, December: 5 draft TLDs and Product Scope submitted to EU.</li> <li>▪ 2015, September: The CSOs FLEGT committee created with current membership of 23 CSOs</li> <li>▪ 2017, January: The Negotiation Team and Technical Working Group Meeting with EFI (EU consultants).</li> <li>▪ 2017, April/May: 1<sup>st</sup> face-to-face negotiations between the EU and thr GoL</li> <li>▪ 2018, January: 3<sup>rd</sup> National Steering Committee meeting in Champasack province Co-chaired by Vice-Minister of Agriculture and Forestry, Chief Negotiator for Lao-EU FLEGT VPA, Dr Phouangparisak Pravongviengkham,</li> <li>▪ 2018, June: 2<sup>nd</sup> face-to-face meeting held in Vte Capital, The negotiations included two meetings. A two-day Joint Expert Meeting and a Technical Working Group (negotiation) Meeting</li> <li>▪ 2018/10: EU feedback on supply chain control, verification for production forest, wood processing &amp; trade</li> <li>▪ 2018, Oct/Nov: EFI Technical Mission to Laos to support finalization of document package for JEM3.</li> <li>▪ 2019: 3<sup>rd</sup> face to face negotiations is planned to take place in Brussels, comprising JEM 3 and TWG 3.</li> </ul>
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**Figure 4: Overview of main stakeholders in FLEGT (unofficial draft, by consultant, of 28 January 2018)**



### 3.3. Technical and IDA assistance to the development of FLEGT-Lao

**ProFLEGT** is a joint initiative of the Lao Government and the German Development Corporation, implemented through GIZ. It was first established as a project in 2013. In 2017, 2 other GIZ projects joined (the Hin Nam Nor NBCA project and the ProCeed project), to form the ProFLEGT “program” (or the ProFEB program), still financed by the German Government thru BMZ, and implemented by GIZ. The first phase of this project/program which started in 2013 is expected to run until April 2019. Its office is located in MAFs Department of Forest Inspection. A 2<sup>nd</sup> phase is expected to commence in May 2019 and run for at least 2 years. ProFLEGT is working closely with the Ministry of Agriculture and Forestry (through the earlier FLEGT Standing Office, now transformed into the Division of Legislation and Forest Inspection Policy (LFIPD), under the Department of Forest Inspection, DOFI), the Ministry of Industry and Commerce, and the Ministry of Natural Resources and Environment, as well as other government agencies, civil society organizations, academia and the timber processing industry

In parallel to the technical assistance to FLEGT-Lao from GIZ, via ProFLEGT/ProFEB, the KfW has committed 7 million Euro to assist the implementation of FLEGT in Lao, with a focus on conversions areas and the wood processing sector.

The EU also funds agencies and organisations to assist in the development of FLEGT in Laos, including:

- FAO: the EU-FAO FLEGT programs’ project in Lao ( <http://www.fao.org/in-action/eu-fao-flegt-programme/en/> ) has the overall objective to tackle illegal logging, promote trade in legal timber products and ultimately contribute to sustainable forest management (SFM) and poverty reduction, including improving governance and law enforcement as well as promoting legal and sustainable forest industries. Its Implementing period is 1 January 2015 -31 December 2020, with a fund of 900,000 USD
- WWF: World Wildlife Fund for Nature
- RECOFTC: The Center for People and Forests, an international not-for-profit organization that focuses on capacity building for community forestry in the Asia Pacific region
- FERN, an organisation based in the EU, is dedicated to protecting forests and the rights of people who depend on them and was a key stakeholder in encouraging the EU to develop FLEGT. Its work in Lao is mainly focussed on supporting the role of CSOs in the FLEGT process.

#### 3.3.1. Timber Legality Definitions of FLEGT-Lao

The most complete and updated<sup>4</sup> “framework” that organises the laws and regulations of Lao PDR that relate to the management of and access to forests, to harvesting, transportation, processing and trade, can be found in the Timber Legality Definitions (TLDs). These TLDs are being developed and tested via a multi-stakeholder consultation and testing process, under the VPA development of the FLEGT-Laos program. It is expected that they will be accepted and used as the standard legal framework for the Forestry sector in the Lao PDR. In general, the TLDs under development are based on existing laws and regulations of the Lao PDR, but gaps have been identified, and new legislation and regulations are being developed to ensure a more comprehensive legal framework. Once FLEGT-VPA is agreed, timber and timber products must comply with these definitions in order to receive FLEGT licences that will be used to export wood and wood products to at least EU countries.

Currently, there are eight TLDs that cover, the legal requirements for operations related to the legal sources of timber in Lao PDR, transportation of logs, selling of logs, wood processing and trading of processed timber products as well as labour obligations, as follows:

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<sup>4</sup> TLDs are being constantly updated

- TLD 1 on Production Forest Areas (which currently include 18 legal references);
- TLD 2 on Conversion areas (based on 19 legal references);
- TLD 3 on Timber plantations: (based on 16 legal references);
- TLD 4 on Village use forests (not yet drafted, as villagers cannot legally log and sell timber);
- TLD 5 on Confiscated timber: (based on 19 legal references);
- TLD 6 on Imported timber: (based on 3 legal references);
- TLD 7 on Labour obligations in forestry, wood processing and trading operations (based on 9 legal references); and
- TLD 8 on Wood processing and trade: (based on 19 legal references).

Each TLD consists of an identical structure: *Principle, Criterion, Indicator, Verifier* and *Legal Reference*.

- Principles and criteria: express the scope and outline of legal requirements covered by the Lao TLAS.
- Indicators: specify the legal requirement that must be complied with.
- Verifiers: each indicator is equipped with a *verifier* or several *verifiers* that is/are evidence of compliance. With the help of the *verifiers*, the verification body determines the compliance with the *indicator*.
- The *legal reference*: identifies the legal acts where the indicator and related verifiers are laid down.

These TLDs will be as the basis for this Lao Country Report, as the framework in which to explain the legislation relating to harvesting, transportation and processing and trading, as detailed in section 4, 5 and 6 later in this report.

### **3.3.2. COC and the TLAS (Timber Legality Assurance System) of FLEGT-Lao**

While the TLDs provide the framework in which to understand the many and various legal instruments which - if implemented - would ensure legal forestry operations, a system is required to monitor, check and verify that all these laws and regulations are actually being implemented and followed in a logical, linked and consistent progression, so that the resultant wood product is indeed based on legal timber and legal supply chain.

This is termed Chain of Custody assessment. The Lao PDR does have some current legislation which are aimed at verifying and ensuring the legality of harvesting and transporting of timber, such as,

- “Guidelines 1097/DoF (2007), on Chain of Custody (CoC) Control of Timber Harvesting & Transport in Production Forest”, and then’
- “Guideline 0962/DoF (2010) on Management of timber transports from forest to Log yard II”.

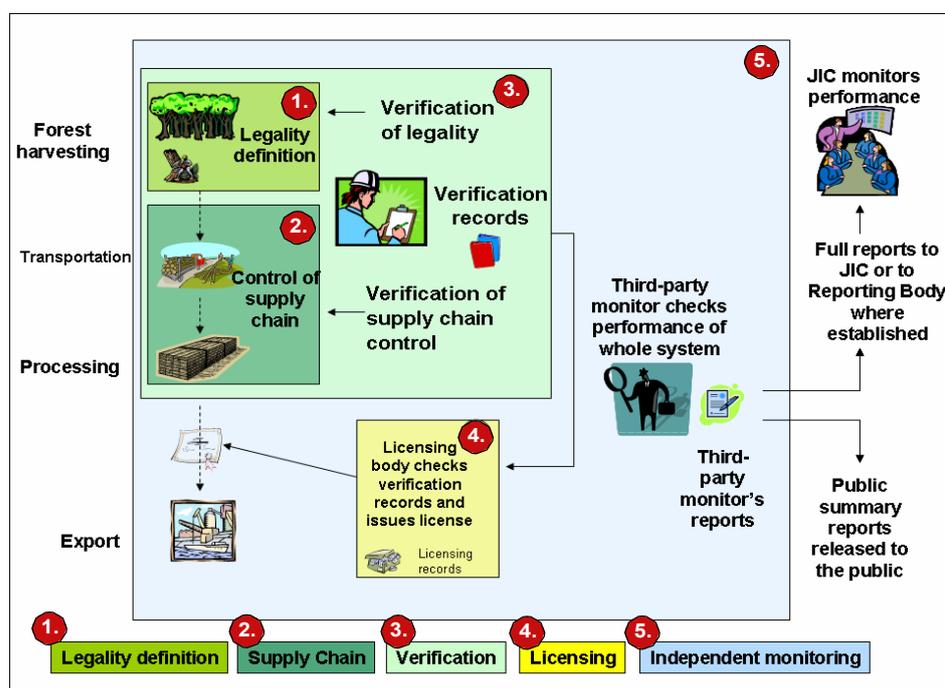
However, these regulations are not always consistent or feasible to implement and are out of date. In addition, there was previously no such CoC Guideline relating to processing and trading. Thus, the current system for the verification of the legality of harvesting is weak and at times possibly not implemented. However, the GoL is highly committed to ensure sustainable use of the country’s forest resources, and combat illegalities in the forest sector, and thus it has committed to the development of a national Timber Legality Assurance System (TLAS) under the VPA between Lao PDR and the European Union. It is expected that this TLAS will be taken as the standard for future timber legality assurances by all countries importing wood and wood products from the Lao PDR.

The Lao TLAS is being developed in a consultative process involving government, private sector, civil society and academy stakeholders and includes the following five functionalities:

1. Verification of compliance with Timber Legality Definitions;
2. Timber supply chain controls and related compliance verification;
3. Management of non-complying verification findings;
4. FLEGT licensing; and
5. Independent Monitoring

The relation (visual representation) of these five functionalities is provided in figure 5 below.

**Figure 5: Visual representation of the five functionalities of the TLAS system under development**



The scope of application of TLAS (see figure 6 below) recognizes six legal sources of timber, being

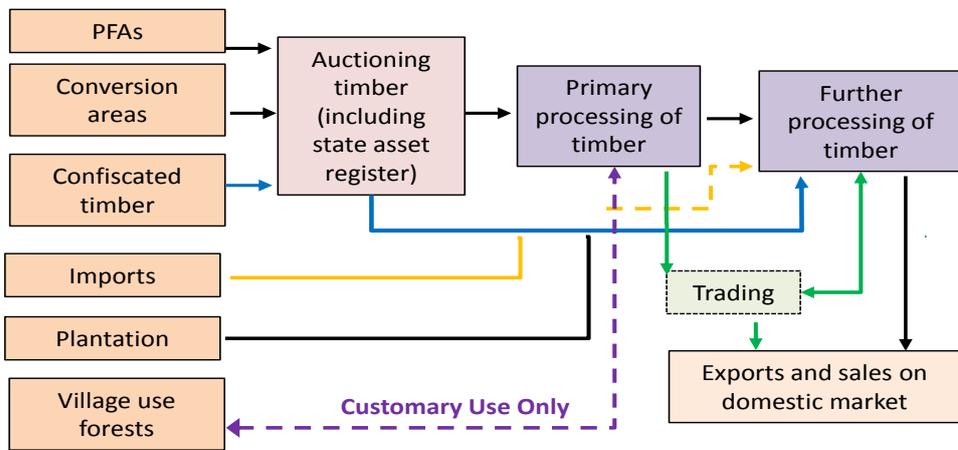
- (1) Production Forest Areas (PFA),
- (2) Conversion Forest,
- (3) Timber Plantations
- (4) Village Forests (this source is currently not approved).
- (5) Confiscated Timber (enters the legal supply chain through auctions organized by the GoL), and
- (6) Timber imported into Lao PDR.

The Lao TLAS includes control and verification measures for all primary and further processing of logs and timber products by industrial and household enterprises. The system also controls and verifies trading of logs and processed timber products within Lao PDR, and exports of timber products.

The Lao TLAS is applied to sales of logs and processed timber products on the domestic market, and exports of timber products covered by Annex 1 A of the VPA. Logs and timber products that are included in the product scope of Annex 1 B are not allowed for export. It is intended that each export

consignment of timber products is issued with a FLEGT license irrespective of the market destination (EU or non-EU countries).

**Figure 6: the scope of TLAS in FLEGT-Lao**



The TLAS will be governed by two (2) Chain of Custody regulations, one for the upstream, (MAF responsibility) and one for the downstream (MOIC responsibility) sectors of the Forestry Market Chain, as follows

- ☐ The upstream sector of the Timber Market Chain, being from the forest to Log Landing 2, will be governed by the under-revision “**Guideline 0962/DOF (2010). Management of timber transports from forest to Log yard II**”. This guideline currently under revision and improvement will likely be issued as Ministerial Instruction, or similar; and
- ☐ The downstream sector of Timber Market Chain, being from Log Landing 2 (after auction), thru processing) to trade and export, will be governed by the under-development “**Decision on the management and monitoring of timber input and outputs in wood processing and trading, MIC/DIH, draft of 8/1/2019**”.

## 4. LEGISLATIONS ON HARVESTING OF FOREST RESOURCES

### 4.1. Legal rights over forests

Legally, natural trees can only be logged and sold based on a logging quota or approval provided by the relevant Government authorities. This is because (a) natural forest trees on state forestland belong to the state, and (b) naturally growing trees growing on non-forestland also belong to the state and cannot be logged and sold for commercial purposes unless specific approval is provided. In the case of villages, they are not approved to log and sell natural trees, but only use them for customary purposes, such as houses, community buildings etc. This legal status of forest and trees is specified in in the Forest Law of 2007, and again in the **under-revision Forestry Law**, draft of 11/12 2018, which says:

**Article 4: 5(revised) Ownership of Forest and Forestland (Forest Law under revision):**

*Natural forest and forestland is the property of the nation community and the state manages through centralization and unity throughout the country, and with participation of people to restore and preserve forest and forestland.*

*Forest and trees planted by individuals, legal entities, or organization, including investors, in the areas designated with their labour and/or funds with recognition of the Forest and Forestland Management Organization shall become the property of the planters or investors.*

*For natural trees that are located in the land of individuals, legal entities, or organizations, to which the state allocates the rights to use, the trees shall be the property of the individuals, legal entities, or organization.*

The 3<sup>rd</sup> para above, in the under-revision Forestry Law, is not in the (currently applicable) Forestry Law of 2007, and thus the tenure of natural forest trees on private land holdings is in a state of flux. In the past, these were still considered to be state property, but the under-revision version suggests that if forest trees are cared for or regenerated by private persons, then they have the right to harvest.

In the case of trees planted by individual or other entities, those entities still have to prove that they planted the trees, and get permission to log, transport and sell the tree. This is because of the possibly to hide/smuggle natural forest trees in a consignment of planted trees. However, rubber and eucalyptus timber is exempt from these regulations, as they are non-native species and thus obviously 100% planted.

There are no ‘forest concessions’, or concessions provided for the long term management and use of forest resources. Instead, the forests are managed by the state, and access to the forest resources is provided by the system of annual quotas and logging approvals. However, the GoL does give Land Concessions for a range of development projects, such as hydropower projects, special economic zones, railway and road alignments, and plantations, which are sometimes located on state forestland, but generally on degraded forestland.

### 4.2. Laws and regulations on management and harvesting of forest resources

The legislation relevant to the harvesting of forest resources is outlines in TLDs 1,2 and 3, based on the three-timber-source type<sup>5</sup> :

- **TLD1 on Production Forest:** v6.2 06-06-2018,
- **TLD2 on Conversion Area:** v4.0 25-05-2018,
- **TLD3 on Plantations:** v5.0 25-05-2018.

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<sup>5</sup> It should be noted that these TLDs include the legal requirements not only for harvesting, but also transportation until Log Landing 3 (i.e, to the 1st or input storage facility of the wood processing plants).

While the harvesting of timber from Production Forests is currently banned under the PM Order 15, the relevant TLD (Nr. 1) is under drafting in preparation for a future re-opening of Production Forests.

#### 4.2.1. Legal framework for management and harvesting from Production Forest Areas (TLD 1)

District Agriculture and Forestry Offices (DAFOs) prepare plans to manage and harvest timber within the Forest Management Areas (FMA)<sup>6</sup> under their jurisdictions (located with their Districts), and submit these to their corresponding Provincial Agriculture and Forestry Offices (PAFOs). Based on the received plans, the PAFOs prepare provincial annual operation plan, including annual timber harvesting plan, and submit these to MAF at the central level. MAF submits the Plans to the Pm office and if the PM offices approves, the MAF issue the approval back to PAFO. Then PAFOs issues the harvesting permit for the FMA, and contracts with a Timber Harvesting Unit or Timber Harvesting Enterprise to implement the logging plans. The legal requirement for **management planning** in Natural Production Forests is included under Principle 1.1 of the FLEGT-Lao TLD 1, as follows:

PRINCIPLE 1.1: NATURAL PRODUCTION FOREST MANGEMENT PLAN	
<p><b>Criterion 1.1.1: Natural production forest management plan for FMA shall be established</b></p> <p><b>Relevant Laws/Regulations</b></p> <ul style="list-style-type: none"> <li>▪ <i>Regulation 0204/MAF (2003): Establishment and sustainable management of production forests.</i></li> <li>▪ <i>Guideline 2156/DOF (2006): Sustainable Production Forest Management Planning.</i></li> <li>▪ <i>Decision 0108/MAF (2005): Regulation on Forest Inventory.</i></li> <li>▪ <i>Law 06/NA (2007): Law on Forestry.</i></li> </ul>	
Indicators	Verifiers
1.1.1.1 PAFO and DAFO with the participation of villages have prepared the production forest management plan and DOF has endorsed it. In the case of a revision of an existing plan, it must be revised within at least 15 years	1.1.1.1.1 Production Forest management plan 1.1.1.1.2 Village forest management agreement
1.1.1.2 The management plan defines the sustainable annual allowable cut and logging compartments (annual cutting areas) for the planning cycle of 15 years.	1.1.1.2.1 Annual allowable cut in Production forest management plan 1.1.1.2.2 Map of the annual harvesting compartments

The legal requirement for **harvesting** from Natural Production Forests is included under Principle 1.2 of the FLEGT-Lao TLD 1, as follows:

PRINCIPLE 1.2: HARVESTING OPERATIONS	
<p><b>Criterion 1.2.1: Harvesting plan shall be prepared for the FMA and the provincial annual timber harvesting plan is approved:</b></p> <p><b>Legal references</b></p> <ul style="list-style-type: none"> <li>▪ <i>Law 06/NA (2007): Law on Forestry.</i></li> <li>▪ <i>Regulation 0204/ MAF (2003): on establishment and sustainable management of production forests.</i></li> <li>▪ <i>Guideline 2155/DOF (2006): Participatory Forest Inventory.</i></li> <li>▪ <i>Guideline 2157/DOF (2006): Timber Harvesting in Production Forest.</i></li> <li>▪ <i>Order 17/PM (2008): on the enhancement of forestry management, protection and coordination in the management of forestry and wood business</i></li> </ul>	
Indicators	Verifiers
1.2.1.1 DAFO has prepared a harvesting plan (for a specific	1.2.1.1.1 Pre-harvest inventory report.

<sup>6</sup> Forest Management Area (FMA) is a subset of a larger Production Forest - which is composed of many FMAs

FMA) based on the results of a pre-harvest inventory and PAFO has certified it	1.2.1.1.2 Harvesting plan for FMA with harvesting map
1.2.1.2 PAFO has prepared annual operation plan and annual timber harvesting plan ('for each FMA') and submitted to MAF.	1.2.1.2.1 Provincial annual operation plan, including annual timber harvesting plan
1.2.1.3 The Government ('PM Office') has approved an annual timber harvesting plan and MAF has issued the Notification to PAFO for harvesting operations. ('is this a quota')	1.2.1.3.1 Notification Letter on Annual timber harvesting plan of Prime Minister Office
	1.2.1.3.2 Notification Letter on annual timber harvesting plan of MAF
1.2.1.4 PAFO has issued the harvesting permit ('for a specific year/season') for the FMA.	1.2.1.4.1 Harvesting permit issued by PAFO)
<p><b>Criterion 1.2.2: Timber harvesting operation shall be in compliance with harvesting principles</b></p> <p><b>Legal references</b></p> <ul style="list-style-type: none"> <li>▪ Law 06/NA (2007): Law on Forestry</li> <li>▪ Decision 0182/ MAF (2009): Agreement on establishment and management of timber harvest units + enterprises</li> <li>▪ Decision 0080/ MAF (2012): Import, Management and Utilization of Chainsaw</li> <li>▪ Guideline 2157/DOF (2006): Timber Harvesting in Production Forest</li> <li>▪ Guidelines 0962/DOF (2010): Management of timber transports from forest to Log yard II</li> <li>▪ Decision 0116/MAF (2007): Procedure for measuring log, tree stump, tree burl and log quality grading</li> </ul>	
<b>Indicators</b>	<b>Verifiers</b>
1.2.2.1 PAFO has signed a contract with an officially established and legally operating Timber Harvesting Unit (THU) or Timber Harvest Enterprise (THE). (see explanation below)	1.2.2.1.1 Signed harvesting contract
	1.2.2.1.2 Harvesting Unit enterprise establishment permit issued by MAF
	1.2.2.1.3 Harvesting enterprise registration from Provincial Office of Industry and Commerce
	1.2.2.1.4 Vehicles utilization permit
	1.2.2.1.5 Chainsaw utilization permit
1.2.2.2 Timber Harvesting Unit or Enterprise has prepared logging facilities (inc. forest roads, logging units' camp and log landing) according to existing guidelines + timber harvesting plan.	1.2.2.2.1 Harvesting maps
1.2.2.3 Timber Harvesting Unit or Timber Harvesting Enterprise has implemented logging operations according to existing guidelines.	1.2.2.3.1 Monitoring reports during logging by DAFO and PAFO
1.2.2.4 The harvesting operator has recorded all logs after cross-cutting at felling site or log landing 1.	1.2.2.4.1 Selected tree list with records for felled trees and logs from cross-cutting (Form I)
1.2.2.5 At log landing 2, PAFO, DFU (District Forestry Unit and VFO(s) (Village Forestry Officers) have prepared log list, measure, and mark logs with paint, scale and grade the logs according to guidelines.	1.2.2.5.1 Log lists from the log landing 2 (Form IV)

The Timber Harvesting Unit (THU) or Timber Harvest Enterprise (THE) is proscribed in “**Agreement 0812, 23 Feb 2009: On the establishment and management of timber harvest units and enterprises**”, as follows:

“The **Timber Harvesting Unit** is an organisation that is established under license and with approval from the Ministry of Agriculture and Forestry to undertake timber harvesting and transport of timbers from harvesting sites to the 2nd timber yard”

and

“The **Timber Harvest Enterprise** is a business unit established by the Ministry of Agriculture and Forestry. Implement according to the laws and regulations and requirements issued by concerned authorities. It has independent finance to implement and conduct the timber harvest activities according to the required standards.”

#### 4.2.2. Legal framework for managing and harvesting from Conversion Forest areas

The competent government authorities that can approve the conversion of forest areas depends on operational sizes of targeted forest areas as follows:

- The conversion of forestland in the three forest categories (see section 1.1.3) is approved by the Standing Committee of National Assembly.
- The conversion of degraded forestland less than 100 hectares is approved by the Provincial Peoples' Council, between 100 and 1000 hectares by the Government (Prime Minister) and more than 1000 hectares by the National Assembly Standing Committee
- The conversion of barren forestland that is less than 30 hectares is approved by the District or Municipal Administration Authorities, between 30 and 200 hectares by the Provincial Peoples' Council, between 200 and 10,000 hectares by the Government (Prime Minister) and more than 10,000 hectares by the National Assembly Standing Committee.

These authorities are specified in the following two laws:

- ❖ Law 06/NA (2007), Forestry Law, Articles 70, 72 and 73
- ❖ Law 14/NA (2016), on Investment Promotion, Articles 49 and 50,

The legal requirement for management planning for Conversion of forestland is included under Principle 2.2 of the **FLEGT-Lao TLD 2**, as follows:

## PRINCIPLE 2.2: INVENTORY AND LOGGING

### Criterion 2.2.1: Pre-logging planning shall be established according to the concession agreement

#### Laws/Regulations

- *Law 06/NA (2007): Law on Forestry*
- *Regulation 0108/MAF (2005): on Forest Inventory*
- *Regulation 0112/MAF (2008): Logging and Post Logging Cleaning in reservoir area of hydropower dam*
- *Order 15/PM (2016): on Strengthening Timber Harvest Management and Inspection, Timber Transport and Timber Business*

Indicators	Verifiers
2.2.1.1 The logging management unit under the provincial committee for field implementation has demarcated the logging area and has surveyed the timber volumes (pre-harvest inventory).	2.2.1.1.1 Survey report and map of logging area
2.2.1.2 PAFO has prepared the annual operation plan for the province, including annual timber harvesting plan for conversion areas and submitted to MAF.	2.2.1.2.1 Provincial annual operation plan, including annual timber harvesting plan
2.2.1.3 The Government has approved the annual timber harvesting plan (including the harvesting plan for the conversion area) and then MAF issued a notification to PAFO for harvesting operations.	2.2.1.3.1 Notification Letter on annual timber harvesting plan of Prime Minister Office to MAF
	2.2.1.3.2 Notification Letter on Annual harvesting plan of MAF to PAFO

### Criterion 2.2.2: Logging preparation, logging and post-logging cleaning shall comply with regulations on harvesting in conversion areas.

#### Laws/Regulations

- *Law 06/NA (2007): Law on Forestry (2007).*
- *Decision 0182/MAF (2009): on establishment and management of timber harvest units and enterprises.*
- *Decision 0080/MAF (2012): on the Import, Management and Utilization of Chainsaw.*
- *Order 15/PM (2016): on strengthening strictness of timber harvest management and inspection, timber transport and business*
- *Regulation 0112/MAF (2008): Logging and Post Logging Cleaning in reservoir area of hydropower dam.*
- *Decision 116/MAF (2007): re. procedure for measuring log, tree stump, tree burl and log quality grading.*

Indicators	Verifiers
2.2.2.1 PAFO has signed a contract with an officially established and legally operating Timber Harvesting Unit or Timber Harvest Enterprise.	<ul style="list-style-type: none"> <li>▪ Signed harvesting contract</li> <li>▪ Harvesting Unit/ enterprise establishment permit issued by MAF</li> <li>▪ Harvesting enterprise registration from POIC</li> <li>▪ Vehicles utilization permit</li> <li>▪ Chainsaw utilization permit</li> </ul>
2.2.2.2 The Timber Harvesting Unit / Timber Harvest Enterprise has prepared the logging operation according to the logging plan, approved by the logging management committee	Logging plan
2.2.2.3 The Timber Harvesting Unit / Timber Harvest Enterprise reports regularly to the logging management committee on field implementation results.	Field implementation report
2.2.2.4 At log landing 2, the forestry technical officers have measured and graded the logs and marked the logs.	Log list

### 4.2.3. Legal framework for harvesting from Plantations (based on TLD 3)

Required procedures for legalising timber tree plantations includes registration and permits and depends on the size of plantation. The legal requirement for management planning for Plantations Forests is included under Principles 3.2 in FLEGT-Lao TLD 3 for Plantation Forest,<sup>3</sup> as follows:

## PRINCIPLE 3.2: PLANTATION ESTABLISHMENT and MANAGEMENT

### Criterion 3.2.3: Plantation management must comply with regulations.

#### Relevant Laws/regulations

- *Notification 1374/MCAF (2010): application for registering tree planting parcels and grown timber certificate.*
  - *Regulation 0196/MAF (2000): Regulations concerning the development and promotion of long-term plantations.*
  - *Instruction 1643/DOF (2010): development of a feasibility study of industrial trees and NTFP investment.*
  - *Instruction 8029/MONRE (2013): Initial Environmental Examination of the Investment Projects and Activities.*
  - *Instruction 8030/MONRE (2013): Environmental+ Social Impact Assessment of Investment Projects and Activities*
- > *Decree 84/GOL (2016): on Resettlement and Compensation.*

Indicator	Verifiers
3.2.3.1 Scattered trees must be certified by the village headman and approved by DAFO.	Planted Tree Certificate
3.2.3.2 Plantations more than 1600 m <sup>2</sup> and less than 5 hectares must be registered by DAFO.	Plantation Registration Certificate
3.2.3.3 Plantations more than 5 hectares must be registered by DAFO and approved by PAFO	Plantation Registration Certificate
3.2.3.4 Plantations under lease and concession and plantations with more than 5 hectares must have a management plan.	Management Plan
3.2.3.5 Plantations required to have an ESMMP must regularly report as specified in the ECC (Environmental Compliance Certificate) to the natural resource and environmental sector (area >200 ha: MONRE; area between 20 and 200 ha: PONRE.	Report on ESMMP implementation
3.2.3.6 The project owner must record and seek solutions to all requests regarding environmental and social disputes. If there is disagreement about the settlement, the affected can bring the case to the compensation committee. Unresolved issues can be escalated to a higher level for resolution.	Records of request at project owner's office. Documentation of dispute settlement case at different levels escalated to a higher level for resolution
3.2.3.7 The project owner shall publicly disclose information related to implementation of environmental and social management and monitoring measures.	Reports of project owners on ESMMP implementation

Necessary procedures for plantation harvesting permits depend on timber species and the operators who harvest timber. The legal requirement for harvesting plantations is included under Principle 3.3 of FLEGT-Lao TLD 3 for Plantation Forest, as follows:

## PRINCIPLE 3.3: HARVESTING OPERATIONS.

### Criterion 3.3.1: Harvesting in plantations or cutting scattered trees shall comply with relevant regulations.

#### Legal References

- *Official Instruction 3659/DOF (2017): Implementation of harvesting and moving of plantation wood*
- *Law 06/NA (2007): Law on Forestry*
- *Decision 0182/MAF (2009): Agreement on establishment and management of timber harvest units +enterprises*
- *Decision 0080/MAF (2012): Import, Management and Utilization of Chainsaw*

Indicator	Verifiers
3.3.1.1 The volume of harvested timber from plantations or scattered trees with <i>Eucalyptus</i> , <i>Acacia auriculiformis</i> , <i>Acacia mangium</i> , para rubber trees and agarwood must be reported by the plantation owner to DAFO.	Plantation timber volumes record keeping at DAFO
3.3.1.2 Cutting of native tree species from plantations or scattered native trees must be approved by PAFO.	Harvesting approval from PAFO

3.3.1.3 If forestry operation is implemented by a harvesting enterprise, the plantation owner or timber buyer has signed a contract with an officially established and legally operating Timber Harvesting Unit or Timber Harvest Enterprise	<ul style="list-style-type: none"> <li>▪ Signed harvesting contract</li> <li>▪ Harvesting enterprise establishment permit issued by MAF</li> <li>▪ Harvesting enterprise registration from POIC</li> <li>▪ Vehicles utilization permit</li> <li>▪ Chainsaw utilization permit</li> </ul>
3.3.1.4 If harvesting is implemented by a household laborer with a chainsaw, the chainsaw needs to be registered at PAFO which needs to be notified each time the chainsaw is to be used.	Chainsaw utilization permit

**Note on Regulations under revision:**

It should be noted that several regulations specified as legal requirements in TLDs 1, 2 and 3 are under revision, and these include

- **Regulation 0112/MAF (2008)** “*Regulation on the Logging and Post Logging Cleaning in reservoir area of hydropower dams*”  
It is being revised to include logging in all conversion areas, such as railway alignments, Special Economic Zones (SEZs) and other land or development concessions – which are not included in the 2008 document.
- **Decision 0116 /MAF (2007)**, “*regarding the procedure for measuring log, tree stump, tree burl and log quality grading*”
- **Guideline 0962/DOF (2010)** “*Management of timber transports from forest to Log yard 2*” is being revised, and probably upgraded to a Ministerial Decision.

**4.3. Environmental requirements**

**4.3.1. Legal requirements for environmental consideration in the harvesting of Natural Production Forest areas**

The legal requirements for environmental considerations for **Natural Production Forest areas** are organised in TLD 1, under Principle 1.5, as follows:

<b>PRINCIPLE 1.5: POST-HARVESTING OPERATIONS</b>	
<p><b>Criterion 1.5.1: Post-harvest assessment shall be conducted</b></p> <p><u>Legal references</u></p> <ul style="list-style-type: none"> <li>▪ Regulation 0204/MAF (2002), article 13</li> <li>▪ Guideline 2157/DOF (2006), chapter 10(3)</li> <li>▪ Guideline 1036/DOF (2010), section 6</li> <li>▪ PSFM Operational Manual DOF (2013)</li> </ul>	
<b>Indicators</b>	<b>Verifiers</b>
1.5.1.1 The PFS, DFU and VFO(s) have conducted assessment of logging performance and logging impacts	<ul style="list-style-type: none"> <li>▪ 1.5.1.1.1 Post-harvest assessment report</li> </ul>
<p><b>Criteria 1.5.2: The results of post-harvesting operation shall be implemented</b></p> <p><u>Legal references</u></p> <ul style="list-style-type: none"> <li>▪ Regulation 0204/MAF (2002), article 13</li> <li>▪ Guideline 2157/DOF (2006), chapter 12</li> <li>▪ PSFM Operational manual DOF (2013), sections 8.5.2</li> </ul>	
<b>Indicators</b>	<b>Verifiers</b>
1.5.2.1 The Harvesting Unit/Enterprise has mitigated and implemented issues and impacts recommended by PFS, the FMU and the VFO(s)	<ul style="list-style-type: none"> <li>▪ 1.5.2.1.1 Impact mitigation and implementation report</li> </ul>

#### 4.3.2. Legal requirements for environmental consideration for logging of Conversion Areas

The legal requirements for environmental considerations in the logging of Conversion Areas is in TLD 2, under Principle 2.1, as follows:

<b>PRINCIPLE 2.1: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENTS AND MITIGATION PLANS, CONVERSION APPROVAL AND CONCESSION AGREEMENT</b>	
<p><b>Criterion 2.1.1: The project owner shall undertake surveys and establish plans for environmental and social impact mitigation of the development project.</b></p> <p><b><u>Legal References</u></b></p> <ul style="list-style-type: none"> <li>▪ <i>Instruction 8029/MONRE (2013): Initial Environmental Examination of the Investment Projects and Activities</i></li> <li>▪ <i>Agreement 8056/MONRE (2013): Endorsement + Promulgation of a List of Investment Projects and Activities Requiring Initial Environmental Examination or Environmental Impact Assessment.</i></li> <li>▪ <i>Decision 2797.1/MONRE.DESIA (2016)</i></li> <li>▪ <i>Instruction 8030/MONRE (2013): ESIA of Investment Projects and Activities</i></li> <li>▪ <i>Decree 84/GOL (2016): on Resettlement and Compensation</i></li> </ul>	
<b>Indicators</b>	<b>Verifiers</b>
2.1.1.1 For development projects which need as a result of a screening process an IEE (group 1), the IEE report and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders.	<ul style="list-style-type: none"> <li>• IEE Report, including chapter with records and results of consultations.</li> <li>• ESMMP report</li> <li>• Map, indicating all potentially impacted areas</li> </ul>
2.1.1.2 For development projects which need as a result of a screening process an ESIA (group 2), the ESIA and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders,	<ul style="list-style-type: none"> <li>• ESIA Report including chapter with result of consultations</li> <li>• ESMMP report</li> <li>• Map, indicating all potentially impacted areas</li> </ul>

In addition, an Environmental and Social Management and Monitoring Plan (ESMMP) is mandatory for the logging of Conversion Areas, as provided for under Principle 2.2, Criteria 2.2.3, as follows.

<b>PRINCIPLE 2.2: INVENTORY AND LOGGING (in Conversion Areas)</b>	
<p><b>Criterion 2.2.3: Forestry and environmental sectors shall monitor logging operation and implementation of relevant management and monitoring plans of the Environmental and Social Management and Monitoring Plan (ESMMP)</b></p> <p><b><u>Laws/Regulations</u></b></p> <ul style="list-style-type: none"> <li>▪ <i>Regulation 0112/MAF (2008): Logging and Post Logging Cleaning in reservoir area of hydropower dams</i></li> <li>▪ <i>Instruction 8029/MONRE (2013): Initial Environmental Examination of the Investment Projects and Activities</i></li> <li>▪ <i>Instruction 8030/MONRE (2013): Environmental + Social Impact Assessment of Investment Projects and Activities</i></li> <li>▪ <i>Decree 84/GOL (2016): on Resettlement and Compensation</i></li> </ul>	
<b>Indicators</b>	<b>Verifiers</b>
2.2.3.1 The logging management unit under the provincial committee for field implementation has monitored the phase of on-going operations and the phase of after logging completion in each sub-logging area.	<ul style="list-style-type: none"> <li>• Evaluation reports during operation</li> <li>• Post-harvesting assessment report</li> </ul>
2.2.3.2 The environmental sector has monitored social and environmental management and that implementation complies with the ESMMP until the end of logging operation.	<ul style="list-style-type: none"> <li>• Progress reports until end of logging operation</li> </ul>

2.2.3.3 The project owner must record and seek solutions to all requests regarding environmental and social disputes. If there is disagreement about the settlement, the affected can bring the case to the compensation committee. Unresolved issues can be escalated to a higher level for resolution.	<ul style="list-style-type: none"> <li>Records of request at project owner's office</li> <li>Documentation of dispute settlement case at different levels</li> </ul>
2.2.3.4 The project owner shall publicly disclose information related to implementation of environmental and social management and monitoring measures.	<ul style="list-style-type: none"> <li>Reports of project owners on ESMMP implementation</li> </ul>

#### 4.3.3. Environmental considerations for Plantation Forest Areas

The legal requirements for environmental considerations for Plantation Forest Areas is in TLD 3, in Criteria 3.2.1, under Principle 3.2, as follows:

PRINCIPLE 3.2: PLANTATION ESTABLISHMENT and MANAGEMENT	
<b>Criterion 3.2.1: Plantations must comply with technical, environmental and social assessment requirements</b>	
<u>Legal References</u>	
<ul style="list-style-type: none"> <li>Regulation 0196/MAF (2000): Regulations concerning development + promotion of long-term plantations</li> <li>Instruction 1643/DOF (2010): on development of feasibility study of industrial trees and NTFP investment</li> <li>Instruction 8029/MONRE (2013): Initial Environmental Examination of the Investment Projects and Activities</li> <li>Agreement 8056/MONRE (2013): Endorsement + Promulgation of a List of Investment Projects and Activities Requiring Initial Environmental Examination or Environmental Impact Assessment</li> <li>Decision 2797.1/MONRE.DESIA (2016),</li> <li>Instruction 8030/MONRE (2013: Environmental + Social Impact Assessment of Investment Projects + Activities</li> <li>Decree 84/GOL (2016), on Resettlement and Compensation</li> </ul>	
Indicator	Verifiers
3.2.1.1 Plantations owners with a lease or concession and plantations greater than 5 hectares, including those areas owned by several people with areas adjacent to each other more than 5 hectares must conduct a technical analysis, approved by DOF.	Technical Assessment report approval
3.2.1.2 For plantation projects which need as a result of a screening process an IEE (group 1) , the IEE and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders	IEE Report, including chapter with records and results of consultations.
	ESMMP report
	Map, indicating all potentially impacted areas
3.2.1.3 For plantation projects which need as a result of a screening process an ESIA (group 2), the ESIA and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders.	ESIA Report, including chapter with results of consultations.
	ESMMP report
	Map, indicating all potentially impacted areas

#### 4.3.4. Categories and list of protected tree species, including CITES-listed species and permits.

In the Forestry Law (2007), **Article 27** on the “**Preservation of trees and NTFP species**”, states that

*“ Preservation of tree and NTFP species, mainly prohibition species and rare or at risk of extinction in natural forests such as May Dou Lai (Pterocarpus macrocarpus sp.), May Kha Nhoung (Dalbergia cochinchinensis), May Khamphi (Dalbergia bariensis), May Long Leng (Cunninghamia sinensis), Fang daeng, Sapan, and other species defined by the State is encouraged to increase and enrich the species. Preservation of tree and NTFP species contains the following measures:*

1. Survey of tree and NTFP species;
2. Classification of seed stands, inventory and registration of tree and NTFP species;
3. Planning of conservation and protection areas with local people's participation;

4. Elaborating and implementation regulations and measures on preservation and utilization;  
5. Other necessary activities. “

Then in 2012, a list of species of wood trees was provided in in the document “**0008/MAF (11-1-2012): Table listing wood types: prohibited, special and controlled**”, and this list (see Table 14 below) includes:

- 12 Prohibited species/wood trees;
- 24 Special species/wood trees; and
- 41, 17 and 53 Controlled species/woods trees, of levels I, II and III respectively.

However, the functional definition or meaning of Prohibited, Special and Controlled is not given in this document, or elsewhere. Species from the ‘prohibited’ list have been a common, and valuable, export species in the recent past (see section 1.4.2).

This 2012 ‘list’ is very similar to a list provided in **Decision 0116 /MAF (2007)**, “*regarding the procedure for measuring log, tree stump, tree burl and log quality grading*” which specifies log diameter, or criteria for logging of all species in all categories, even the prohibited species, , which appears to contradictory, as if they are prohibited, then there should not be any criteria for logging. However, this this **Decision 0116 /MAF (2007)** is currently being revised.

**Table 14: List of Scientific names of Prohibited, Special + Controlled timber Tree Species, as per Document 008/MAF(2012)**

I	Prohibited wood
1	Dalbergia cochinchinensis
2	Dalbergia cultrata
3	Cunninghamia sinensis
4	Cunninghamia obtusa
5	Cunninghamia lanceolata
6	Desmodium lengipes
7	Gradenia Cambodiana
8	Fagraea fragrans Box
9	Elaeocarpus sianensis
10	Erythrophloeum fordil
11	Michelia champact
12	Dysoxylon lourelri

II	Special Wood	II	Special Wood
1	Tectona grandis	13	Mesua ferra
2	Fokina kawalhajal	14	Fokinia chinensis
3	Pterocarpus macrocarpus	15	Gradenia frangeoides
4	Pterocarpus pedatus	16	Pterocarpus santalinus
5	Afzelia xylocarpa	17	Xylia kerril
6	Agularis Sp.	18	Hopea odorata
7	Milletia leocantha	19	Swetenia macrophylla
8	Cinnamomum liseafoitum	20	Mangiletian Insignis
9	Mansonla gagei	21	Ficus Sp.
10	Mansonla Sp.	22	Cinnamomum cassis BL
11	Diospyros embryoteris	23	Pinus merkusii
12	Diospyros mollis	24	Pinus Kaslya

III	Controlled wood I
1	Shorea harmandii
2	Hopea ferrea
3	Shorea vulgaris
4	Vatica Cinerea
5	Vatica dyeri
6	Terminalia corticosa
7	Lagerstroemia floribunda
8	L. cochinchinensis
9	Melanorrhea laccifera
10	Sindora siamensis
11	Sindora cochinchinensis

IV	Controlled wood II		Controlled wood III
1	Melia azedarach	1	Bombax anceps
2	Gmelia arborea	2	Aistonia scholaris
3	Stereospermum fimbriatum	3	Castanopsis hystrix
4	Irvingia cambodiana	4	Castanea castanopsis (quercus)
5	Sandoricum indicum	5	Pygeum arboretum
6	Dipterocarpus tuberculatus	6	Canarium nigrum
7	Eugenia compongensis	7	Nuclea orientalis
8	Albissia codoratisima	8	Pterospermum lanceaefcilum
9	Cinnamomum iners	9	Carallia lucida
10	Talauma gioi	10	Albizzia procera
11	Dialium cochinchinensis	11	Cananga latifolia

III	Controlled wood I
12	Artocarpus lancefolius
13	Terminalia tomentosa
14	Dipterocarpus obtusifolium
15	Shorea hypochra
16	Shorea obtuse
17	Pentacme siamensis
18	Terminalia belerica
19	Dipterocarpus costatus
20	Dipterocarpus alatus
21	Dipterocarpus turbinatus
22	Dipterocarpus intricatus
23	Mangifera indica
24	Toona febrifuga
25	Chukrasia tabularis
26	Chukrasia Sp.
27	Berrya mollis
28	Anisoptera robusta
29	Parashorea sttellata
30	
31	Adina cordifolia
32	Hopea pierrel
33	Duabanga sonneratioides
34	Xylia dolariformis
35	Eugenia SP
36	Caesalpinia sappan
37	Shorea sp
38	Dysoxylum binectariferum
39	Keteleria tonkinensis
40	Allanthus fauveliana
41	Vatica astrotricha

IV	Controlled wood II		Controlled wood III
12	Peltophorum dasyrashis	12	Aglaia gigantea
13	Samanea saman	13	Paradina hirsuta
14	Coruga piñata	14	Pentacme suavis (P. siamensis)
15	Pentace burmani..	15	Shorea thorelii
16	Sterculia lychnophora	16	Artocarpus lakoocha Anogeissus
17	Dialium indum	17	Acuminata
		18	Vitex pinnata
		19	Castanopsis annamonsis
		20	Castanopsis indica
		21	Canarium kerrii
		22	Lagorstroemia macrocarpa
		23	Cassia garettiana
		24	Litchi chinensis
		25	Crypteronia paniculata
		26	Millingtonia hotensis
		27	Dillenia Spp
		28	Stereospermum Spp
		29	Terminalia chebula vancitrina
		30	Calophyllum salgonensis
42	Azadirachia indica	31	Sterculia foetida
43	Hanglietea clauca	32	Sterculia villosa
44	Peperomia pelluscia	33	Spondias pinnata
45	Cratexylon prunifolium	34	Wrightia tomentosa
46	Michelia masticate	35	Holarrhaena antidysenterica
47	Gardenia philastrel	36	Tetrameles nudiflora
48	Combretum guarangula	37	Parinarium annamensie
49	Garcinia ferra	38	Protium serratum
50	Vitex altissima	39	Cassia siamea
51	Garunia miteflora	40	Amoora polystachya
52	Stephogyne parvifolia	41	Lacticum
53	Pterospermum		

More recently, following the CITES review and recommendations to the Lao PDR of October 2018 (document available on request) the Government of Lao PDR intends to partially replace this list, and in the future will use CITES List Appendices I, II and III. To affect this, the DoFs Wildlife Management Division is currently drafting a new legislative instrument to covers CITES listed species which, apparently, may include only 2 species, being *Dalbergia cochinchinensis* and *Dalbergia oliveri*

The **Forestry Law is also under revision, and the draft of December 2018** pays more attention (compared to the 2007 Forestry Law) to species, when it proposes as follows:

**Article 3: (proposed) Interpretation of Terms**

*The terms applying in this law have the following meaning:*

**(term) 17: Timber List I** refers to timber species that are rare, at risk of extinction, grown and expanded in a particular area, slow growth pace, with unique texture, high-mid durability, which some species are defined in Annex of CITES.

**(term) 18: Timber List II** refers to timber species that grows and expand in some areas, with slow natural growth, and the timber texture has medium durability.

**(term) 19: Timber List III** refers to timber species that grow and expand in most areas with decent natural growth pace, and the timber texture has mid-low durability.

**Article 48 (proposed): Preservation of Tree and NTFP Species**

Preservation of tree and NTFP species, mainly prohibited species, rare species and at risk of extinction that are identified under Appendix I which defined by the state to increase and enrich the species.

Preservation of tree and NTFP species contains the following measures:

1. Survey of tree and NTFP species;
2. Classification of seed stands, inventory and registration of tree and NTFP species;
3. Planning for conservation and protection with participation of the local people;
4. Implementing laws, regulations and measures for preservation;
5. Other necessary activities.

(Note: Appendix I mentioned in Article 48 is not attached to this draft law).

**4.4. Employment and safety in forest management and harvesting operation**

The legal requirements for employment of personnel, and legally required protection and safety for persons involved in forest management and harvesting activities can be gleaned from the legal references as specified in the FLEGT-Lao Timber Legality Definition 7: Labour Obligation in Forestry, Wood processing and Trading Operations”, v5.2: 06-06-2018, listed in the table 15 below.

**Table 15: legal references based on FLEGT-Lao TLD 7: Labour Obligation in Forestry, Wood processing and Trading Operations”**

Name of laws and regulations	year	Description or relevant articles
Law 43/NA (2014), Law on Labour	2014	<ul style="list-style-type: none"> <li>▪ Article 43 on employer obligations to facilitate medical examinations of employees,</li> <li>▪ Article 97 on the employment of pregnant women or women caring for new born,</li> <li>▪ Article 119 describing employer obligations on working conditions, health and safety measures for labour,</li> <li>▪ Article 102 on restriction to use youth employees in activities that are unsafe, dangerous to the health,</li> <li>▪ Article 122 on risk assessment, Article 123 on person responsible for the safety and health of employees.</li> </ul>
Instruction No. 1035/2010 MAF	2010	Re. Implementing the Enforcement of the Labour Law and Paying Attention to Guide Company/Timber Exploitation Division to Strictly Implement, 23 April 2010, Article 3 on safety measures, internal regulations regarding labour and health, yearly medical examinations.
Law 34/NA (2013), Law on Social Security	2013	
Decision 4277/MoLSW (2016),	2016	On the organization and functions of labour Inspectors
New Decision on the use of on-line labour inspection report		(Document could not be accessed)

Name of laws and regulations	year	Description or relevant articles
Decision 0182/ MAF (2009),	2009	Agreement on the establishment and management of Timber Harvest Units and Enterprises
Decision 0080/ MAF (2012), on procedures for importation, management and utilisation of	2012	Currently this guideline only refers to importing, licencing etc. Proposed revision will include training and safety gear.
Guideline 2157/ DOF (2006), Guideline on Timber Harvesting in Production Forest, 2006	2009	<p><b>Logging contractor selection criteria:</b> Have skill and well-trained human resources on maintenance and use of logging tools and machinery such as power chainsaws, skidders and trucks</p> <p><b>Construction of logging units' camps:</b> To provide lodging and other facilities. To be located on a site...with sunshine in the morning and good aeration. ...designed in a manner ensuring with sleeping rooms, kitchens...toilets.... Have sufficient supply of drinking and other water, and availability of an appropriate water collection tank...water tanks must be kept clean to avoid mosquito breeding that may cause diseases.</p> <p>Article 2 on <b>protective equipment.</b> Article 3 on <b>felling technique.</b> etc</p>
Decision 0719 /MOIC (2009), on Timber Processing Manufacture Standards	2009	<p><b>Article 7: Standard of technicians and labors,</b> <b>Article 9: Security, sanitary and environmental standards</b></p> <p>9.1. ...must have a security management to avoid labor accident, diseases +d negative health impacts of labors.</p> <p>9.2. Must set up a protection guard from possible danger of the machines such as cautious signs, warning signs at the dangerous fields and a plan to maintain machines and tools in a good condition regularly.</p> <p>9.3. Must set up an adequate fire alarm system inside the building such fire alarm, fire extinguisher, fire hose and they must be in a usable condition.</p> <p>9.4. Must have anti dust equipment, smell, noise for labors such as mask cover (mouth, ear, nose, boots, eyes, helmet, and gloves) and uniforms according to ...</p> <p>9.5. Must have an adequate clean drinking water stand, first aid kid box, toilet and dressing room.</p> <p>9.6. Must install an adequate air control system, not too tight, tidy and enough lights.</p>

An analysis of the application of this legal framework on employment and safety in forest management and harvesting operation is provided by NEPCon (2017), in which they quote from a wide range of sources, some of which can be summarised as follows;

**Re. employment:**

- Plantation workers commonly do not have valid/signed contracts, and salaries not paid timely. Companies may pay a supervisor (often a Vietnamese or Chinese employee of the company, rarely Lao, and never a member of a local minority) for all of the group members' wages, and the supervisor was then responsible for paying each worker which is open to corruption - sometimes the supervisor may pay late, or even not at all.
- Villagers complain that work is difficult and working day was too long for such low wages, which may be result in them not working, which gives the company an excuse to evade Lao labour laws requiring priority be given to Lao citizens in recruiting and hiring employees, thus allowing them to import Vietnamese or Chinese labour.

- A Forest Trends' report (2010) stressed that Lao villagers are largely excluded from employment opportunities in Vietnamese companies. Vietnamese companies do not want to employ Lao labourers, particularly ethnic minority villagers, because Lao workers are considered unskilled, ineffective, less diligent than Vietnamese workers, and unable to communicate with Vietnamese managers. As a result, almost all the loggers are Vietnamese people brought from Vietnam during the dry season (October to May).
- The Lao PDR has not ratified International Labour Organisation Conventions 87 and 98 covering trade union rights on freedom of association and collective bargaining. According to Fry (2008) the lack of democratisation has created a vulnerable situation for employees in Laos. Wages in Laos are very low, putting the majority of workers in a difficult position. There are legal rights to organise, but in reality, there are extremely limited possibilities for associations, labour unions and collective bargaining.
- In Summary:
  - Lack of salary payment or payment on time;
  - Lack of labour contracts; and
  - Risk of priority not being giving to local Lao citizens.

### **Re health and safety**

- Often logging crews do not have safety equipment and live in very basic conditions in forest camps. (eg. shelters are tarpaulin with no hygiene/sanitation facilities).
- Usually, Vietnamese loggers use their own hauling/winch trucks brought from Vietnam (apparently these are not certified/licensed as required by Lao regulations)
- According to Forest Trends' 2010 report, almost all loggers in the southern Lao province of Attapeu are Vietnamese seasonal workers.
- Logging companies and tree plantation holders prefer to employ temporary/seasonal workers instead of full-time workers to avoid liability in case of accidents.
- Logging jobs in Laos are risky business, and injuries and deaths are not uncommon.
- Vietnamese interviewees told Forest Trends that injured workers or families of victims receive only minimum compensation from companies (Forest Trends, 2010).
- All timber sources:
  - Lack of safety equipment and protective gear;
  - Very basic forest camp facilities; and
  - Use of non-certified hauling/winch trucks.
- Failure to clear unexploded ordinance (UXO)/mines (plantations);
- Health issues from handling pesticides. (plantations):

## **4.5. Social requirements**

### **4.5.1. Recognition of customary rights**

The general policy on customary rights to timber is contained in **the Forestry Law Article 42 " Customary utilization of forests"**, which says *"...The State allows the use of timber and harvest of forest products in non-prohibited forests for household utilization without adverse impact on forest resources, and the environment as well as reflecting the rights and interest of individuals or organizations. Customary utilization of forest and forest products shall be practiced in accordance with a designed plan and with village regulations and laws and regulations on forests"*.

The only allowed uses are more clearly specified in two related articles, being;

- **Article 40. Utilization of forest and forest products for village benefit)** which says “*Utilization of timber for construction activities such as the village office, meeting hall, schools and dispensary*”; and
- **Article 41. Utilization of forests for households:** “*..The State allows people in the village to use non-prohibited timber species in the village use forest for constructing and repairing houses.....such as households which have no house to reside in, households with very old houses, or houses which have collapsed, damaged or destroyed by disaster, with the approval from the village administration authority and permission from District Agriculture and Forestry Office...*”.

Customary logging of timber and sale of wood is not mentioned, and thus the interpretation of the law is that villagers can neither log nor sell timber from natural forest, even if this was a customary practice.

#### **4.5.2.Social impact assessment,**

Social impact assessment is determined in accordance with the 3 sources of timber as follows:

##### **4.5.2.1 Social impact assessment for Production Forest Areas**

No social impact assessment is required for management and logging in state production forests.

##### **4.5.2.2. Social impact assessment for Conversion areas**

Social impact assessment is required for logging in Conversion areas, and related to the “*PM Decree 84, 05 / 04 / 2016, on Compensation and Resettlement Management in Development Projects*” in the following articles:

*Article 8 Implementation of compensation plans*

*Point 7: In case of loss of trees, crop products, livestock or incomes, the project owner must be responsible for compensation based on the value of compensation;*

*Article 9 Valuation and estimation of compensation value*

*Project owners, in collaboration with the committee for compensation and resettlement at the local level, must estimate the value for compensation for land, constructed facilities, crop products, livestock and potential incomes and organize consultations with affected people by selecting the right and appropriate options based on prices applied by the state, market prices or average prices applicable for period of compensation and based on the types of properties and locations.*

However, because villagers are not allowed to sell timber, as the timber belongs to the state, then communal or natural trees lost due to development projects have no legal commercial value to villagers, and thus not compensatable from that point of view. On the other hand, the village community is legally allowed to use natural timbers for housing, and village social infrastructure, and thus loss of such timber may be considered as value-lost for villagers by a development project. But what happens in practice is that a development project often rebuilds houses and facilities for project affected persons and communities, and this is considered compensation for the loss of timber for buildings. However, in cases that trees are definitely owned by individuals such as teak plantings, rubber plantations, and fruit tree orchards, then their loss due to development projects are surveyed and compensated for.

The legal requirement for social impact assessment in Conversion Areas is provided in the FLEGT-Lao Timber Legality Definition 2, Principle 2.1, Criteria 2.1.1, as follows.

**PRINCIPLE 2.1: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENTS AND MITIGATION PLANS, CONVERSION APPROVAL AND CONCESSION AGREEMENT**

**Criterion 2.1.1: The project owner shall undertake surveys and establish plans for environmental and social impact mitigation of the development project.**

**Relevant Laws/Regulations**

- Decree 84/GOL (2016): on Resettlement and Compensation
- Instruction 8029/MONRE (2013): Initial Environmental Examination of Investment Projects + Activities
- Instruction 8030/MONRE (2013): Environmental and Social Impact Assessment of the Investment Projects and Activities
- Agreement 8056/MONRE (2013): Endorsement + Promulgation of a List of Investment Projects and Activities Requiring Initial Environmental Examination or Environmental Impact Assessment (EIA)
- Decision 2797.1/MONRE.DESIA (2016): (do not have this document)

Indicators	Verifiers
2.1.1.1 For development projects which need as a result of a screening process an IEE (group 1), the IEE report and the Environmental and Social Management and Monitoring Plan (ESMMP) shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders.	IEE Report, including chapter with records and results of consultations.
	ESMMP report
	Map, indicating all potentially impacted areas
2.1.1.2 For development projects which need as a result of a screening process an Environment and Social Impact Assessment, the ESIA and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders,	ESIA Report including chapter with result of consultations
	ESMMP report
	Map, indicating all potentially impacted areas
2.1.1.3 For development projects subject to compensation and resettlement, the project owner shall prepare a compensation and a resettlement plan in consultation with affected people.	Compensation Plan
	Resettlement Plan
	List of affected people
2.1.1.4 The value for compensation shall be estimated in collaboration with the committee for compensation and resettlement at the local level and based on the unit price of the committee.	Minutes of agreement on the price of the compensation signed between Project-Affected Persons, compensation and Resettlement Committee and the project developer
2.1.1.5 The project owner shall publicly disclose information related to environmental and social impact assessments.	For development projects which need an IEE, public disclosure section of IEE and ESMMP
	For development projects which need an ESIA, public disclosure section of ESIA and ESMMP

### 4.5.2.3. Social impact assessment for Forestry Plantations

Social impact assessments for development of forestry plantations are specified in TLD3, Principle 3.2, Criteria 3.2.1, as follows

PRINCIPLE 3.2: PLANTATION ESTABLISHMENT AND MANAGEMENT.	
<p><b>Criterion 3.2.1: Plantations must comply with technical, environmental and social assessment requirements</b></p> <p><b>Legal references</b></p> <ul style="list-style-type: none"> <li>▪ Regulation 0196/MAF (2000), concerning the development + promotion of long term plantations</li> <li>▪ Instruction 1643/DOF (2010), on development of a feasibility study of industrial trees and NTFP investments</li> <li>▪ Instruction 8029/MONRE (2013), Initial Environmental Examination of Investment Projects + Activities</li> <li>▪ Agreement 8056/MONRE (2013), Endorsement + Promulgation of a List of Investment Projects and Activities Requiring Initial Environmental Examination or Environmental Impact Assessment (EIA)</li> <li>▪ Decision 2797.1/MONRE.DESIA (2016), (do not have this document)</li> <li>▪ Instruction 8030/MONRE (2013), Environmental and Social Impact Assessment of Investment Projects + Activities</li> <li>▪ Decree 84/GOL (2016), on Resettlement and Compensation</li> </ul>	
Indicator	Verifiers
3.2.1.2 For plantation projects which need as a result of a screening process an IEE (group 1), the IEE and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders	IEE Report, including chapter with records and results of consultations. ESMMP report Map, indicating all potentially impacted areas
3.2.1.3 For plantation projects which need as a result of a screening process an ESIA (group 2), the ESIA and the ESMMP shall be completed by the project owner with the participation of the Project-Affected Persons and other stakeholders.	ESIA Report, including chapter with results of consultations. ESMMP report Map, indicating all potentially impacted areas
3.2.1.4 For plantation projects subject to compensation, the project owner shall prepare a compensation plan in consultation with affected people.	Compensation Plan List of affected people
3.2.1.5 The value for compensation shall be estimated in collaboration with the committee for compensation and resettlement at the local level and based on the unit price of the committee.	Minutes of agreement on the price of the compensation signed between Project-Affected Persons, compensation committee and the project owner
3.2.1.6 The project owner shall publicly disclose information related to environmental and social impact assessments.	For development projects which need an IEE, public disclosure section of IEE and ESMMP For development projects which need an ESIA, public disclosure section of ESIA and ESMMP

### 4.5.3. “Free prior and informed consent (FPIC)”

The Government of Lao PDR is not a signatory country of the ILO Convention 169 (Indigenous and Tribal Peoples Convention, 1989). The principle of FPIC has not been specifically enshrined in the legislation or policy of Lao PDR, although some policies do specify that consensus is required. There are regulations that require participation and consultation process to those who might be affected by land conversion (see 4.5.2.2) and plantations (see 4.5.2.3), which specify that consultations are required to develop compensation plan to those who might be affected by land conversion and plantation.

### 4.5.4. Sharing of benefits.

Benefit sharing, with local villages, of the proceeds from commercial logging, is covered by the *Presidential Ordinance 001/2012*, on “...the distribution of Income from the sale of wood that is cut/logged from Production Forests.”, especially in the following Article 4 and 5, as follows:

<p style="text-align: center;"><b>Chapter 2 (of Presidential Ordinance 001/2012)</b> <b>The Revenue Division from the Sales of Wood Exploited in the Production Forest Areas</b></p> <p><b>Article 4: The Division of Revenue Gained from the Sales of Wood Exploited in the Production Forest Areas</b></p> <p>The revenue gained from the sales of wood exploited in the production forest areas has to be divided into two parts as follows:</p> <ol style="list-style-type: none"><li><b>1. Part 1: Seventy percent (70%) of the total revenue</b> as the state budgetary revenue;</li><li><b>2. Part 2: Thirty percent (30%) of the total revenue</b> as the budget to support the forestry management, protection-conservation, and development activities, primarily the production forests, and the funds for the development of villages or the village groups bordered with the production forests.</li></ol> <p><b>Article 5: The Division of the Part 2 of the Total Revenue (the 30%)</b></p> <p>In order to be used into various purposes, the second part of the total revenue has to be segregated into 4 portions as follows:</p> <ol style="list-style-type: none"><li><b>1. First portion:</b> Twenty (20%) percent as the trust funds for developing the forests and the forestry resources;</li><li><b>2. Second portion:</b> Twenty (20%) percent as the trust funds for developing the production forest throughout the nation</li><li><b>3. Third portion:</b> Twenty (20%) percent as the trust funds for developing the exploited production forests.</li><li><b>4. Fourth portion:</b> Forty (40%) percent as the trust funds for developing the villages or village groups that are the agreement partners in the management of the production forests.</li></ol>
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Thus, it can be calculated, based on the above articles 4 and 5, that 12% of the proceeds from commercial logging would accrue to village trust funds. However, the extent of application of this revenue sharing in practice is unknown, except in the few/limited cases of logging undertaken under the SUFORD project.<sup>7</sup>

#### 4.6. Control measures to verify legality of harvesting

The legal instruments which (currently) are aimed at verifying and ensuring the legality of harvesting are:

- “Guidelines 1097/DoF (2007), on Chain of Custody (CoC) Control of Timber Harvesting & Transport in Production Forest”, and then
- “Guideline 0962/DoF (2010) on Management of timber transports from forest to Log yard II”.

However, the system for the full application of these Guidelines to verify the legality of harvesting is difficult, and at times possibly not existing or implemented. Thus, these Guidelines are in the process of being revised, and a TLAS (Timber Legality Assurance System) is being developed and piloted. It is assumed that this system will be in place in the Lao PDR in the near future, and will be taken as the standard for future timber legality assurances by all wood products importing countries.

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<sup>7</sup> <http://www.suford.org/>

## 5. LEGISLATIONS ON TRANSPORTATION AND PROCESSING OF WOOD AND WOOD PRODUCTS

### 5.1. Laws and regulation on transportation of logs

Timber Legality Definitions (TLDs) 1, 2 and 3 identify laws and regulation regarding transportation of logs from Production Forest Areas, Forest Conversion and Plantations, as follows

Name of laws and regulations	Description
Law 06/NA (2007),	Law on Forestry, Articles 53: Transport of timber and forest products
Order 17/PM (2008),	Concerning the enhancement of forestry management, protection, and coordination in the management of forestry and wood business
Order 57/PM (2014)	Concerning Income collection Management of Sales of Timber and NTFPs
Instruction 3211 /MOF (2015),	Re. the Implementation of PM Order 57(2104) re Income Management from Sales of Timber and NTFPS
Regulation 1726/ MOIC (2012)	On Regulations on Sales and Purchase of Timber
Decree 32/PM (2012),	Decision 32/PM (2012) adoption of Meeting minutes of National Forest Conference on Forest Management and Forestry Business.
Guideline 0962/DOF (2010),	Regarding the Management of timber transports from forest to Log yard II
Regulation 0112/MAF (2008),	Regulation on the Logging and Post Logging Cleaning in reservoir area of hydropower dams
Decision 116/MAF (2007),	Regarding the procedure for measuring log, tree stump, tree burl and log quality grading
Official Instruction 3659/DOF (2017)	On the implementation of harvesting and moving of plantation wood

### 5.2. Laws and regulations regulating processing of wood and wood products.

TLD 8 identifies the laws and regulation regarding transportation in the wood processing and trading sector of the industry, as follows;

Name of laws and regulations	Description
Law 46/NA (2013),	Law on Enterprise
Law 48/NA (2013)	Law on Industrial processing
Law 06/NA (2007),	Law on Forestry
Law 70/NA (2015),	Law on Customs and Duties
Law 29/NA (2012),	Law on Environmental Protection
Regulation 0719/MOIC (2009),	Decision on Wood Industry Standard
Instruction 8030/ MONRE (2013),	Environmental and Social Impact Assessment of the Investment Projects and Activities
Instruction 8029/ MONRE (2013).	Initial Environmental Examination of the Investment Projects and Activities
Instruction No: 3281/MoF (2014).	On Tax Revenue Collection Management. This document is a generic, for all enterprises, but does not specifically mention the forestry sector
Notice 1429/DDT (2016)	Re. wood product transportation for the domestic market
Draft Decision on CoC, Version 2.2, 8/1/2019/MOIC.	On the Management and Monitoring of timber Input and Output in wood processing and trading

### 5.3. Legally defined procedures for the transportation of logs

The Forestry Law (2017), Article 53 on ‘transport of timber and forest products’ states that;

*“ Transportation of logs and forest products within the country shall be in compliance with the laws and regulations such as: the payment of resource tax and duties, each log must be marked and stamped as “PM” (in Lao alphabet Por Mor), with documents for transport, transporting through pre-determined routes with weight checkpoints, in the right season and time, and declaration at the prescribed checkpoints.*

This is assumed to relate only to logging from natural forest, as while logs of native species from plantations (such as teak), require a permit but logs of non-native species, such as Eucalypts spp, *Acacia auriculiformis*, *Acacia mangium*, rubber and agarwood do not need a transport permit.

#### 5.3.1. Legally defined procedures to transport logs from natural Production Forest, and documents to accompany logs from harvesting operation (LL II) to processing factories (LL III)

PRINCIPLE 1.4 TIMBER TRANSPORTATION	
<b>Criteria 1.4.2 Compliance with the transport requirements from log landing II to log landing III</b>	
<u>Legal references</u>	
<ul style="list-style-type: none"> <li>▪ <i>Order 17/PM (2008)</i>, Concerning the enhancement of forestry management, protection, and coordination in the management of forestry and wood business</li> <li>▪ <i>Order 57/PM (2014)</i> on Income collection Management of Sales of Timber and NTFPs</li> <li>▪ <i>Instruction 3211 /MOF (2015)</i> Implementation of PM Order 57(2104) re Income Management from Sales of Timber and NTFPS</li> <li>▪ <i>1726/ MOIC (2012)</i> Regulations on Sales and Purchase of Timber</li> <li>▪ <i>Decree 32/PM (2012)</i>, on “Decision 32/PM (2012) adoption of Meeting minutes of National Forest Conference on Forest Management and Forestry Business.</li> <li>▪ <i>Guideline 0962/DOF (2010)</i>, Management of timber transports from forest to Log yard II</li> </ul>	
Indicators	Verifiers
1.4.2.1 The timber buyer has in place all transport documents before timber movement	1.4.2.1.1 Receipt of timber sales 1.4.2.1.2 Cancellation letter of log lists from state assets register 1.4.2.1.3 Log list (Form V) 1.4.2.1.4 Transport permit from PAFO

#### 5.3.2. Legally defined procedures to transport logs from Conversion Areas, and documents to accompany logs from harvesting operation (LL II) to processing factories (LLIII)

PRINCIPLE 2.4: TIMBER TRANSPORTATION	
<b>Criterion 2.4.1 The harvesting operator shall comply with transport requirements from cutting area to log landing.</b>	
<u>Legal references</u>	
<ul style="list-style-type: none"> <li>• <i>Regulation 0112/MAF (2008)</i>, on the Logging and Post Logging Cleaning in reservoir area of hydropower dams</li> <li>• <i>Decision 116/MAF (2007)</i>, re the procedure for measuring log, tree stump, tree burl and log quality grading</li> <li>• <i>Law No. 06/NA (2007)</i>, Law on Forestry, Article 53</li> </ul>	
Indicators	Verifiers
2.4.1.1 At log landing 1, the technical staff from the logging management unit has marked the logs and recorded number of trees, number of logs and logging zone in the log list.	<ul style="list-style-type: none"> <li>• Log list of log landing 1</li> </ul>

2.4.1.2 At log landing 2, the technical staff from the logging management unit has stamped “PM (Forestry)” on the logs with forestry hammer.	• Log list
<p><b>Criterion 2.4.2: Timber buyer shall comply with the transport requirements from LL II to LL III</b></p> <p><b>Legal references:</b></p> <ul style="list-style-type: none"> <li>• Law 06/NA (2007), Law on Forestry, Article 53</li> <li>• Order No.17/PM (2008), Concerning the enhancement of forestry management, protection, and coordination in the management of forestry and wood business</li> <li>• Instruction No.3211/MOF (2015: Implementation of PM Order 57(2104) re Income Management from Sales of Timber and NTFPS</li> <li>▪ Decree 32/PM (2012), on “Decision 32/PM (2012) adoption of Meeting minutes of National Forest Conference on Forest Management and Forestry Business.</li> <li>• Guideline 0962/DOF (2010), Management of timber transports from forest to Log yard II</li> </ul>	
Indicators	Verifiers
2.4.2.1. The timber buyer has all transport documents in place before timber movement.	2.4.2.1.1 Receipt of timber sales 2.4.2.1.2 Cancellation letter from state assets register 2.4.2.1.3 Log list 2.4.2.1.4 Transport permit from PAFO

### 5.3.3. Legally defined procedures to transport logs from Plantation Areas

PRINCIPLE 3.5: TIMBER TRANSPORTATION	
<p><b>Criterion 3.5.1:</b> Transportation of timber from plantation/scattered trees to the buyer’s log yard must comply with relevant regulations.</p> <p><b>Legal references</b></p> <ul style="list-style-type: none"> <li>▪ Official Instruction 3659/DOF (2017)</li> </ul>	
Indicator	Verifiers
3.5.1.1 Transportation of timber from eucalypts, <i>Acacia auriculiformis</i> , <i>Acacia mangium</i> , rubber and agarwood doesn’t need a transport permit. (however). Transportation of native timber species from plantations/scattered trees must be approved by PAFO	3.5.1.1.1 Transport permit for native tree species, from PAFO.

### 5.4. Legally defined procedures for the transportation wood products

The legally defined documents required in order to legally transfer wood products domestically is defined in **Notice 1429 22/11/2016, MOIC/DTD, on the domestic transportation of wood products**. In the FLEGT-Lao system, this is specified under criteria 8.1.2 (see section 5.5 below). The key text of this Notice 1429 is as follows:

*Article 1* : the transportation of wood products, ie, processed/finished wood and semi-finished wood products, should be accompanied by the following key documents

- Declaration of cost, but the company (Invoice)
- Declaration of the Goods, by the company (packing list)
- Form A.5 (of the Division of Industry, of MOIC)
- Approval of transportation of wood (of Agriculture and Forestry sector)
- Receipt of the payments of value added tax and other duties

However, Form A.5 is not provided, nor the format of the approval of the Agriculture and Forestry sector.

The transportation of wood product from the final processing factory to the point of export is covered under Prime Minister’s Office No. 1818/PMO, 18 Nov 2016 on “**Wood products verification procedure (loading on vehicle) for exporting to overseas**”, and then **Order instruction 2143/MOIC/DIMEX (25/11/16)**, on “**Procedures to Certify Wooden Products Before Loading to Container**”.

These regulations require that when wood products are loaded into the shipping container at the processing (furniture) factory, they are checked by staff from related agencies, being (i) Provincial Office of Industry and Handicraft, (ii) Provincial Agriculture and Forestry and (iii) Provincial Finance office staff (in the case of wood products made from natural timbers). As these staff check the loading of the goods at the factory, they fill out an Inspection Certificate or Loading Inspection Certificate, being:

- Form OC-01: Loading Certificate (container) for natural wood products (annex 4), and
- Form OC-02: Loading Certificate (container) for plantation wood products (annex 5),

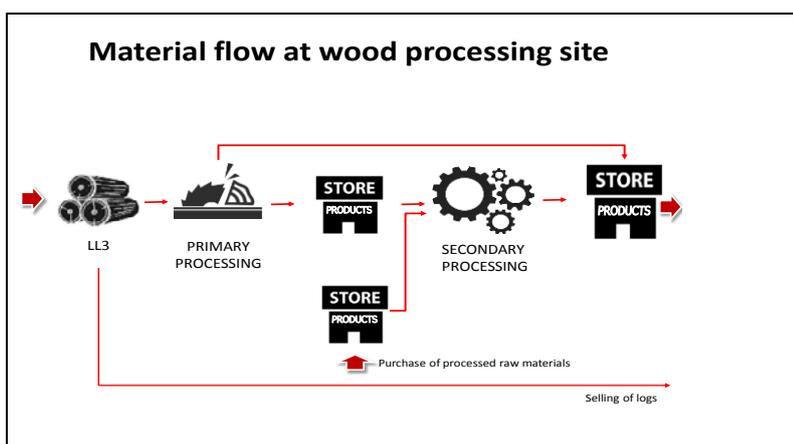
In the past an export licence was needed, but this requirement has been replaced by the above process. Thus, the transportation of the wood products from the factory to the point of export would be covered by the above two documents, the contents of which would be specified in **section 6.6**.

### 5.5. Processing wood and wood products

Material flows at wood processing site consist of three main operations: (i) storing of round logs and processed raw materials, (ii) processing of timber and (iii) storing of processed products, as shown in figure 7 below. All the logs entered into the wood processing site are stored at LL3, which is generally the log yard of the wood processor. Logs are either used for primary processing at their site or they can be on-sold to traders or directly to other timber processors.

At the primary and secondary processing stages, inputs of logs or processed raw materials and outputs of processing should be recorded. The recovery rate is calculated based on the comparison of the input and output volumes.

**Figure 7: Simplified diagram of material flow at wood processing site (after FLEGT-Lao)**



Note that:

- Primary processing means the conversion of round logs in large or medium size boards; and
- Secondary processing means the conversion of boards into a variety of sawn timber, which can be used directly by the construction, furniture and other wood industries.

For the secondary processing, companies may use their own raw or semi processed materials, and/or purchase processed products (such as components) from other companies. Processed products, including processed raw materials purchased from other companies, are stored in specific areas (such as warehouses) and records should be kept on products entered, stored in and left these areas. The legal

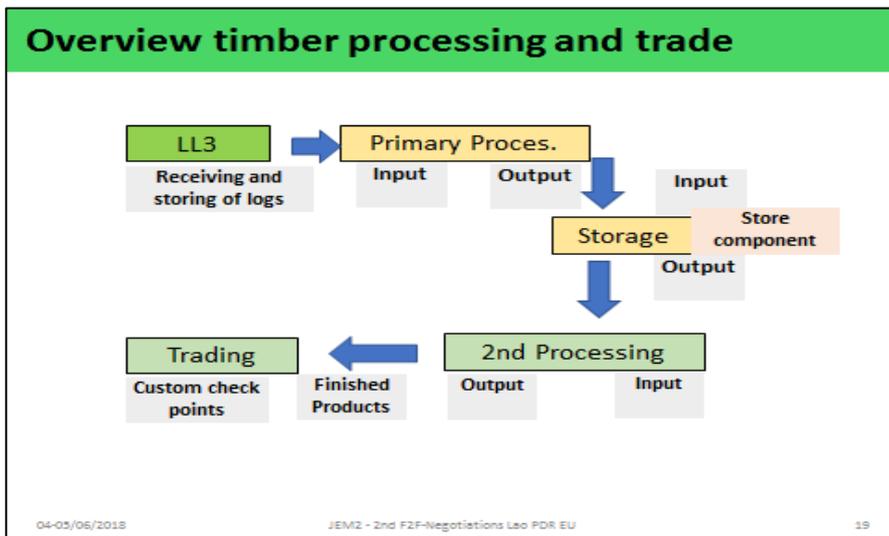
requirements for the processing of wood and wood products is identified in FLEGT-Lao TLD 8 on Wood Processing and Trading, V4.2: 6-8-2018, the relevant sections of which are extracted below

PRINCIPLE 8.1: REQUIREMENTS AND PROCEDURES FOR WOOD PROCESSING AND TRADING	
<b>Criteria 8.1.1 Compliance with the requirements for legally established wood processing and trade enterprise.</b>	
<u>Legal references</u>	
<ul style="list-style-type: none"> <li>• Law 46/NA (2013), Law on Enterprise</li> <li>• Law 048/NA (2013), Law on Industrial processing</li> <li>• Law 06/NA (2007), Law on Forestry.</li> <li>• MOIC Agreement 0002 (3Jan18), on the List of Wooden products for Export</li> <li>• Regulation 0719/MOIC (2009), Decision on Wood Industry Standard</li> </ul>	
Indicators	Verifiers
8.1.1.1 The operator possessed valid license and permits for wood processing and trading operations.	8.1.1.1.1 Enterprise registration certificate
	8.1.1.1.2 Factory operation certificate
	8.1.1.1.3 Forestry business registration

**5.6. The system of supervision and control measures to verify legality of transporting and processing wood and wood products**

While there is currently no system in place to supervise, control and verify the legality of transporting and processing wood and wood products, the MOIC is drafting and testing such a CoC document and procedure, and this is the **“MOIC.DIH, “Decision on the management and monitoring of timber input and output in wood processing and trading”**, revision of 8 January 2018. A simplified diagram of the steps in the market chain in which input and output recording and monitoring could be undertaken - but no yet clearly specified in the under-drafting Decision - is shown in figure8 below.

**Figure 8: Overview of input, output and trade at which checks could be undertaken (after FLEGT-Lao)**



This draft Decision is a key legal reference in the under-drafting TLD 8, (V4.2: 6-8-2018, but updated with new CoC draft decision of MOIC re CoC – see legal reference below), under the 2<sup>nd</sup> criteria, Criteria 8.1.2 specifically addressing the issue of **Compliance with supply chain control procedures for wood processing and trade**, as follows:

**PRINCIPLE 8.1: REQUIREMENTS AND PROCEDURES FOR WOOD PROCESSING AND TRADING**

### Criteria 8.1.2: Compliance with supply chain control procedures for wood processing and trade

#### Legal references

- Draft Decision on the Chain of Custody from Log yard III to Export, (Ver2.2, 8/1/2019\_ MOIC).
- Guideline 0962/DOF (2010): on the management of timber transports from forest to Log yard II
- Notice 1429/DDT (2016): on the domestic transportation of wood products
- Law 70/NA (2015): Law on customs duty, tax.
- Instruction No: 3281/MoF (2014): on Tax Revenue Collection Management

Indicators	Verifiers
8.1.2.1 The operator has a system in place to manage and record the received raw materials to ensure their legal origin.	8.1.2.1.1 Input report on timber and wood products (Form I).
	8.1.2.1.2 Balance system in place
8.1.2.2 The operator has a system in place to record and maintain the recovery rate in its entire production process.	8.1.2.2 .1 Report on implementation of a calculation system by the operator for consumption norms for primary and/or secondary processing.
8.1.2.3 The operator has the system in place to control output and balance of timber and wood products.	8.1.2.3.1 Report on timber output and balance (Form II)
	8.1.2.3.2 Tax invoice
8.1.2.4 The operator (Excluding household businesses) has fulfilled all obligations related to payment of taxes.	8.1.2.4.1 Annual tax payment certificate
8.1.2.5 Household business has paid lump sum tax.	8.1.2.5.1 Annual lump sum tax receipt

The Government's intention to develop a system to ensure compliance with supply chain control procedures for wood processing and trade can be seen in an Article in the Vientiane Times Newspaper of Jan 119and also the FET –lao websites) , which include the following:

*On the 10<sup>th</sup> and 11<sup>th</sup> of January 2019, government agencies held a national consultation workshop to discuss on the final draft of the Ministry of Industry and Commerce (MOIC)'s decision on the management and monitoring of timber input and output in wood processing and trade sector. The meeting was chaired by Mr Somphong Soulivanh, Deputy Director General of the Department of Industry and Handicraft and joined by representatives of the prime minister's office, state inspection, Ministry of Agriculture and Forestry, Ministry of Finance and provincial representatives from the Provincial Offices of Industry and Commerce from all Lao provinces.*

*"This decision is an important step in strengthening the timber supply chain control in wood processing and trade of the Lao PDR, and is a direct link to support PM 15 that strengthens timber management and suspends all illegal timber trade activities"said Mr Somphong Soulivanh, Deputy Director General of the Department of Industry and Handicraft of the Ministry of Industry and Handicraft. „ The system of supply chain control will show the source of the timber, and track it through the operators who trade, transport, and process the timber to ensure that all timber products are in compliance with the Law of the Lao PDR" He added.....*

*Provincial Industry and Commerce sector will be used to revise and agree on critical points within the decision. The decision has been under development since early 2016, and will support strengthening management and monitoring of timber supply from wood processing companies and traders until reaching sales on domestic or foreign markets. It will mandate timber processors and traders to perform supply chain control, and set up an internal material accounting system for timber products entering and leaving operators' premises. Processors are required to establish reports on timber recovery for all relevant processing stages, to be able to report to relevant state control entities. The policy will include not only the process for monitoring the balance of timber input and output through the business operator's records, but also clear mechanisms for monitoring agencies to inspect traders and suppliers, and review their compliance.*

*The MOIC decision is an important part of the Timber Legality Assurance System (TLAS). It is being developed with support of the component "Support to the Lao-EU FLEGT process (ProFLEGT) "of the German Development Cooperation programme Protection and Sustainable Use of Forest Ecosystems and Biodiversity (ProFEB)...etc.*

## 6. LEGISLATIONS ON TRADING WOODS AND WOOD PRODUCTS

### 6.1. Laws and regulation on trading woods and wood products

While PM Order No 15 (2016) prohibits logging in natural Production Forest Areas (following the PM Order No 31 (2013) on suspension of logging at Production Forest), and also bans the exportation of logs, sawn wood, processed wood from natural forest, the trading and exportation of wood products from Conversion Areas is permitted, and on-going, and thus legal frameworks are in place or being developed to cover these activities, and also to cover the future re-opening of Production Forest to logging for the processing into wood products export.

Thus, TLD 8 (v4.2: 06-06-2018) organizes the relevant legislations and provide indicators and verifiers for export trade, as follows;

PRINCIPLE 8.2: REQUIREMENTS AND PROCEDURES FOR EXPORT	
<p><b>Criteria 8.2.1: Compliance with law and regulations on export</b></p> <p><b>Legal References</b></p> <ul style="list-style-type: none"> <li>▪ 0002/MOIC (2018) (replaces decision 1833/MOIC (2016): on the approval of revised list of eligible export products of wood</li> <li>▪ Order 2143/MOIC. DIMEX (2016): Procedures to certify wooden products before loading to container</li> <li>▪ Notification 1161/DOIH (2016): Applications to Certify Natural Wooden Products and Planted Wooden Products for Export</li> <li>▪ Notification 1818/PMO (2016): Wood products verification procedure (loading on vehicle) for exporting to overseas</li> <li>▪ Draft Decision on COC from Log Landing III to export, Version 2, dated 2/4/2018/MOIC</li> </ul>	
Indicators	Verifiers
8.2.1.1 The wood products for export are in compliance with product scope and standard for products derived from logs from natural or planted forest which are allowed and not allowed for export.	8.2.1.1.1 'Loading certificate for wood product export (Form "IC-01" applied for wooden products from natural forest) (I=Industry and C=Commerce) 8.2.1.1.2 'Loading certificate for wood product export (Form "IC-02" applied for wooden products from plantation forest)
8.2.1.2 The exporter has all required information for wood product export.	8.2.1.2.1 Approved custom declaration form
<p><b>Criteria 8.2.2: Compliance with wood product export under CITES Regulation</b></p> <p><b>Legal References</b></p> <ul style="list-style-type: none"> <li>▪ Regulation 0141/MAF (2010): Forest and Forest Resource case action (to be amended to cover trees species after the forestry law is approved).</li> <li>▪ Law 18/NA (2017): on Treaties and International Conventions.</li> <li>▪ Order 05/PM (2018): Order to increase efforts to manage and check prohibited wildlife and fauna</li> </ul>	
Indicators	Verifiers
8.2.2.1 The wood product exporter complies with CITES Convention and its Appendices I, II and III.	8.2.2.1.1 CITES permit.

### 6.2. Trade of wood products – Product type

As explained in section 1.4 above, there are no official or even unofficial data or information on the volume of the various types of wood products exported from the Lao PDR. However, following from the PM Order 15 of May 2016, the type and dimensions of wood products that are approved for export have

been more clearly defined. The most recent specification of the type and dimension of wood products approved for export are provided in **MOIC Agreement 0002, of 2/1/2018**, on **“the Revision of the agreement No. 1833/MOIC, issued on 3 October 2016 on the list of wood products for exports”**. The list, which reflects what is exported from the Lao PDR, is provided as annex 3, and includes;

- Wooden Briquettes, Pellets
- Wooden Charcoal
- Wooden Parquet, Interior flooring. Wall and ceiling Panel, Finger Joint Wood
- Plywood and different types of manufactured boards
- Wooden handle products
- Builders’ joinery and carpentry of wood
- Window and door frames, etc
- Other articles: such as cutting boards, clothes hangers, etc
- Wooden furniture

The FLEGT-Laos program is preparing their own list of products covered by, or prohibited under the EU VPA programs, which is very similar to the MOIC list, but in the EU VPA format – see table 9 below.

**Table 9: Draft-List of products to be covered by, or prohibited under VPA between Lao PDR and the EU**

*(Note: text colour is the same as the FLEGT draft document)*

HS Heading	Description
<b>WOOD AND ARTICLES OF WOOD</b>	
- 4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (Prohibited from export under the Law PDR law. Therefore, products under this HS code may not be FLEGT licensed).
- 4404	Hoop wood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking sticks, umbrellas, tool handles or the like; chip wood and the like
	Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of a thickness not exceeding 6 mm.
- 4408 10 - 4408 31 - 4408 39	Coniferous Dark Red Meranti, Light Red Meranti, and Meranti Bakau Other tropical wood species-
	HS code 4408.XX.XX in Lao PDR; Size exceeding T>0.6cm, W>150cm, L>300cm are prohibited from export under the Law PDR law. Therefore products under this HS code and sizes restriction may not be FLEGT licensed)
- 4409 22 - Ex. 4409 10 4409 29	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed. –coniferous Of tropical wood Non-coniferous wooden parquet, wooden flooring, wooden piece for wall, wooden piece for ceiling – other (not from rattan) Other (HS code 4409.XX.XX in Lao PDR; Size exceeding T>5cm, W>20cm, L>600cm are prohibited from export under the Lao PDR law. Therefore, products under this HS code and sizes restriction may not be FLEGT licensed).
- 4410 11	Particle board, oriented strand board (OSB) and similar board (e.g. wafer board) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding Substances Of wood, particle board (HS code 4410. XX.XX in Lao PDR; Size exceeding T>5cm, W>122cm, L>244cm are prohibited from export under the Lao PDR law. Therefore, products under this HS code and sizes restriction may not be FLEGT licensed).
- 4411 12	Fiberboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances. MDF and fibre board thickness not exceeding 5 mm (HS code 4411. XX.XX in Lao PDR; Size exceeding T>5cm, W>122cm, L>244cm are prohibited from export under the Law PDR law. Therefore, products under this HS code and sizes restriction may not be FLEGT licensed)

HS Heading	Description
- 4412 31 - Ex. 4412 99	Plywood, veneered panels and similar laminated wood Other plywood, consisting solely of sheets of wood (other than bamboo), each ply not exceeding 6 mm thickness: – – With at least one outer ply of tropical wood. Other, Blockboard, laminboard and battenboard (not from rattan)
- 4413	Densified wood, in blocks, plates, strips or profile shapes. Wooden frames; for paintings, photographs, mirrors or similar objects
- 4414 00	Wooden frames; for paintings, photographs, mirrors or similar objects Of tropical wood and other wood
- 4415 10 - 4415 20	Packing cases, boxes, crates, drums and similar packings, of wood; cabledrums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood Cases, boxes, crates, drums and similar packings; cable-drums Pallets, box pallets and other load boards; pallet collars
- 4416 00	Casks, barrels, vats, tubs and other cooper's products and parts thereof, of wood, including staves
- 4417 00	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood
- - 4418 10 - 4418 20 - 4418 40 - 4418 50 - 4418 74 - 4418 79 - 4818 99	Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes (HS code 4418. XX.XX in Lao PDR; Size exceeding T>6cm, W>12cm, L>250cm are prohibited from export under the Law PDR law. Therefore, products under this HS code and sizes restriction may not be FLEGT licensed). <i>Windows, French windows and their frame</i> <i>Doors and their frames and thresholds</i> <i>Shuttering for concrete constructional work</i> <i>Shingles and shakes</i> <i>Other, for mosaic floors, mosaic parquet</i> <i>Other, assembled flooring panels –</i> <i>Other (including Glue-laminated timber)</i>
- 4419 90	Tableware and kitchenware, of wood <i>Boards, chopping boards, cutting boards, bread boards, chopstick from tropical wood and other wood</i>
- 4420 10 - 4420 90	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94 Statuettes and other ornaments, of wood Other (including wood marquetry and inlaid wood)
- 4421 10	Other articles of wood: Cloth hangers
Chapter 92: MUSICAL INSTRUMENTS, PARTS AND ACCESSORIES OF SUCH ARTICLES	
9202	Other string musical instruments (for example, guitars, violins, harps):
9207	Musical instruments, the sound of which is produced, or must amplified, electrically (for example, organs, guitars, accordions):
9209	Parts (for example, mechanisms for musical boxes) and accessories (for example, cards, discs and rolls for mechanical instruments) of musical instruments; metronomes, tuning forks and pitch pipes of all kinds
Chapter 94: FURNITURE; BEDDING (HS code 9403. XX.XX.XX in Lao PDR; Diameter exceeding R>120 cm; Live edge table top or bench top in shape of lumber from through and through sawing of a log are prohibited from export under the Law PDR law. Therefore, products under this HS code and sizes restriction may not be FLEGT licensed)	
9403 30	Wooden furniture of a kind used in offices
9403 40	Wooden furniture of a kind used in the kitchen
9403 50	Wooden furniture of a kind used in the bedroom
9403 60	Other wooden furniture
9403 90	Furniture parts (made from wood)

### 6.3. Legally required documents or records for Trading Woods and Wood Products

The best, and most recent, explanation and listing of the legally required documents or records can be found in **“(draft) Decision on the management and monitoring of timber input and outputs in wood processing and trading” Version 2.2, dated 8/1/2019/MOIC**. This Decision is still under a process of drafting and development and is being piloting by the FLEGT-Lao program, in Attapeu Province. However,

most of its contents are based on existing laws and regulations and will be legal basis for the future export of woods and wood products from Lao PDR. Table 10 summarises the required documents for the legal trading woods and wood products from the Draft Decision.

**Table 10: Legally required documents (trade dossier) to export wood/wood products, from “Draft Decision on COC from Log Landing III to export”, Version 2, dated 2/4/2018/MOIC.**

<p><b>Article 15: Regulation for trade dossiers for selling timber and timber product for domestic and export</b></p> <p>For any change of ownership (sales) the buyer needs to be able to present a set of trade dossier. Depending on the destination for sales (domestic or export) a different set of documents is required.</p> <p><b>1. Required standard documentations for domestic market</b></p> <p>For timber and timber products to be sold within domestic market, the buyer needs to be able to present the following from the seller:</p> <ol style="list-style-type: none"> <li>1. Product list /Packing list issued/signed by operator</li> <li>2. Receipt of value-added tax payment (VAT Invoice)</li> </ol> <p><b>2. Required standard documentations for export</b></p> <p>For timber and timber products to be sold for export based on the most updated policy of the Lao government regarding the eligible exporting of timber and timber products, the exporter needs to be able to present the following: Mandatory documents:</p> <ol style="list-style-type: none"> <li>1. Sales Purchase Contract registered with state assets office</li> <li>2. Product list /Packing list issued/signed by operator</li> <li>3. Commercial sales invoice</li> <li>4. Customs declaration form</li> <li>5. Receipt of value-added tax payment (VAT Invoice (if applicable)</li> <li>6. Loading certificate (<i>consultants note: assume this is from OC-01 and OC-02</i>)</li> <li>7. CITES license and other relating production records if CITES species are used</li> </ol> <p>When applicable: Other support documents when needed</p> <ul style="list-style-type: none"> <li>• Certificate of origin (i.e, that the product is from the Lao PDR)</li> <li>• Phytosanitary Certificate</li> </ul> <p><b>3. Additional legal timber exports dossiers</b></p> <p>Supplementary documents with detailed explanation and proof of compliance to be submitted when required by MOIC /POIC during any compliance inspections or approval of exports dossiers are included:</p> <ol style="list-style-type: none"> <li>1. Harvesting permit</li> <li>2. Transportation permit for timber, timber products, stumps, burls from log landing II to III</li> <li>3. Wood Sales contract for timber, timber products stumps, burls at log landing II</li> <li>4. Log list at log landing II</li> <li>5. Official receipt/tax receipt for timber, timber products, stumps, burls</li> <li>6. Minutes of receiving of timber and timber products at log landing III</li> </ol>
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While the forms of the ‘Loading Certificate’ are not specified in the document above, it is assumed that these are **Form IC-01** and **Form IC-02**, which are specified in “**Order 2143/MOIC. DIMEX (2016) on Procedures to certify wooden products before loading to container**”. These two Forms (annex 4 and 5):

- Form IC-01 for natural wood products and
- Form IC-02 for plantation wood products

...are already used in the Lao PDR, but they are only in Lao language, even if the goods loaded are destined for exports. These Forms include a checklist of document to be provided by the wood products traders, and to be approved as sighted by POIC, PAFO and POF staff before loading. Some of the documents required to be seen by the MOIC and POIC prior to loading include:

- i. information of the company’s registration approvals
- ii. information on the approval to cut the timber

(up to 8 documents were sighted that cover points i and ii above)

- iii. information on the consignment – same as packing list
- iv. information on the transportation vehicle

#### Examples of documentation from actual consignments

Examples of documentation from actual consignments of wood products made from natural timbers was not able to be accessed or sighted by the consulting team

However, examples of the list of documents compiled by a plantation timber and furniture company in order to support its approval for export to England were sighted. These documents are listed in table 11 below (which does not include documents on company registration, logging permits or factory registration and permits).

**Table 11: Documentation used to export wood products from Lao plantation and furniture company to a company in England (September 2018)**

	Name of document	Description	Issuing authority
<b>1 Documents Completed at the Factory, prior to loading onto shipping container</b>			
<b>1.1 Documents provided by the company for a consignment</b>			
a	<b>Invoice</b>	Document sent by a provider of a product to the purchaser	The wood Products Company
b	<b>Packing list</b>	List of goods sent	The wood Products Company
c	<b>Certificate of Origin</b>	To demonstrate origin of country	Lao National Chamber of Commerce and Industry (LNCCI), under authority of MOIC
d	<b>Fumigation Certificate</b>	To ensure that products used in a cargo shipment have been fumigated	Fumigation company (there are 3 companies in Lao PDR)
e	<b>Phytosanitary Certificate</b>	To ensure that products have received phytosanitary treatment	Plant Quarantine Authority of Lao PDR, Department of Agriculture, MAF
f	<b>Insurance Policy Schedule</b>	If goods sold CIF	Insurance Company,
<b>1.2: Document completed (in Lao language) and approved by Provincial Office of Industry and Commerce</b>			
	<b>Form IC02</b> ('ak kor 02') – Loading certificate for plantation wood product export	<ul style="list-style-type: none"> <li>▪ To demonstrate legal compliance for export wood and wood products</li> <li>▪ IC02 is for plantation wood products, and IC01 for natural timber products</li> </ul>	<ul style="list-style-type: none"> <li>▪ POIC, or Provincial Office of Industry and Commerce.</li> <li>▪ PAFO and POF are also in the inspection team,</li> </ul>
<b>2: Documents Completed at the border (point of export)</b>			
2.1	<b>Customs Declaration</b>	ASEAN Customs Declaration Document: <b>Form B10</b>	Border Customs Tax Unit, Tax Management Division, Department of Tax, MoF
2.2	Packing list	Description – type, dimension, number of each etc) in the consignment	'as above'
<b>3 Documents Completed at the border transit point - Port in Thailand</b>			
	<b>Bill of Lading</b>	Bill of Lading issue subject to UNCTAD/ICC Rules for Multimodal Transport Documents (ICC Publication 481)	Shipping Company

## 7. OTHERS

### 7.1. International framework relevant to combatting illegal harvesting and associated trade

#### 7.1.1. CITES

Lao PDR was accessed to CITES in 01/03/2004, coming into force on 30/05/2004. The management, scientific and enforcement authorities of CITES in the Lao PDR is specified in table 11 below.

**Table 12: CITES Management, Scientific and Enforcement Authorities in the Lao PDR**

<p><b><u>Management Authority.</u></b> <b>Ministry of Agriculture and Forestry</b> Mr. Sousath Sayakoummane Director General of Department of Forestry, MAF P.O. Box 2932, VIENTIANE Tel: +856 (21) 21 50 00, Fax: +856 (21) 21 74 83 Email: ssayakoummane @ gmail.com, cc: ckeophouvong@yahoo.com</p>
<p><b><u>Scientific Authority</u></b> <b>Ministry of Science and Technology</b> 1: Dr. Souriodong Sundara, Vice Minister to the Ministry of Science and Technology, Biotechnology and Ecology Institute P.O. Box 2279, VIENTIANE CAPITAL Tel: +856 (21) 73 22 07, Fax: +856 (21) 74 06 30 Email: souriodong @ yahoo.co.uk 2: Dr. Kosonh Xayphakatsa, Deputy Director General, Biotechnology and Ecology Institute, Ministry of Science and Technology (MOST), Scientific Assistant to CITES SA, email: kosonh @ yahoo.com 3. Mr Khamkeo Senginvong, Deputy Director Division, MOST Technical Assistant to CITES SA, email: ksenginvong @ yahoo.com, Tel: +856 (21) 255 631</p>
<p><b><u>Enforcement Authority</u></b> <b>Ministry of Agriculture and Forestry</b> Department of Forestry Mr Thongphanh Ratanalangsy Deputy Director General of Department of Forest Inspection P.O Box 2932, VIENTIANE, Tel: +856 2055391239, Fax: +856 (21) 216 508 email: tphanhr@gmail.com</p>

### 7.2. Voluntary schemes on legality / sustainability of wood and wood products

#### 7.2.1. Currently certificated Forests, via FSC FM (as of 20/09/18)

There are currently 3 FSC Certified Forest Areas, and 2 FSC Certified wood processors, in the Lao PDR:

##### **i) FSC Certificate Code: RA-FM/COC-001711:** License Code FSC-C006743

**Main Address:** Ministry of Agriculture and Forestry, Vientiane Capital, P.O. Box: 2932, Lao PDR

**Name:** Department of Forestry, Lao PDR (DOF)

**Certificate Data:** Status: Valid Forest Area: 10,949.00 ha

First Issue Date: 2005-12-06: Last Issue Date: 2017-03-02: Expiry Date: 2022-03-01

##### **Valid Group member/sites**

- Provincial Forestry Section, Bolikhamxay Province

- Xiengleu and Xiengxien Villages, Bolikhan District, . Bolikhamxay Province

**Products:**

Product Type	Trade Name	Species	Primary Activity	Main Output Category
N4 Straw, wicker, rattan and similar N4.1 Rattan cane (rough form)	Rattan cane (rough)	Calamus bimaniferus T.Evans & al; Calamus gracilis Roxb.; Calamus palustris Griff; Calamus poilanei Conrard; Calamus rhabdocladus Burret; Calamus solitarius T.Evans & al.; Daemonorops jenkinsiana (Griff.) Mart; Korthalsia laciniosa (Griff.) Mart.; Palmijuncus tetradactylus (Hance) Kuntze	gathering of non-wood products	FSC 100%

**ii): Certificate Code: GFA-FM/COC-003037**

License Code: FSC-C133641

**Main Address:** Kaysone Phomvihane Av. 46, Vientiane, PO Box 118 34, LAOS

**Name:** Stora Enso Lao Co., Ltd

**Certificate Data** Status: Valid. Forest Area: 3631.00 ha  
 First Issue Date: 2017-12-08 Last Issue Date: 2017-12-08. Expiry Date: 2022-12-07

**Products:**

Product Type	Trade Name	Species	Primary Activity	Main Output Category
W1 Rough wood W1.1 Roundwood (logs)		Acacia spp.; Eucalyptus spp; Tectona grandis	Logging	FSC 100%

**iii): Certificate Code GFA-COC-002829** License Code FSC-C106097

**Main Address:** 46 Kaysone Phomvihane Road, Ban Phonsaat, Vientiane, 11834, LAOS,

**Name:** Burapha Agroforestry Co., Ltd. Website: <http://www.buraphawood.com>

**Certificate Data** Status: Valid Standard: FSC-STD-40-004 V3-0  
 First Issue Date: 2011-05-16, Last Issue Date: 2017-03-22 Expiry Date: 2022-03-21

**Products**

Product Type	Trade Name	Species	Primary Activity	Main Output Category
W1 Rough wood		Eucalyptus spp; Tectona grandis	Primary Processor	FSC 100%
W9 Engineered wood products		Eucalyptus spp; Tectona grandis	Secondary Processor	FSC 100%
W11 Wood for construction		Eucalyptus spp; Tectona grandis	Primary Processor	FSC 100%
W12 Indoor furniture		Eucalyptus spp; Tectona grandis	Secondary Processor	FSC 100%
W5 Solid wood (sawn, chipped, peeled)		Eucalyptus spp; Tectona grandis	Primary Processor	FSC 100%
W13 Outdoor furniture and gardening		Eucalyptus spp; Tectona grandis	Secondary Processor	FSC 100%
W10 Wood package and similar		Eucalyptus spp; Tectona grandis	Secondary Processor	FSC 100%

**iv): Certificate Code GFA-FM/COC-002679**

License Code FSC-C110786

**Main Address:** 46 Kaysone Phomvihane Rd, Ban Phonsaath, Vientiane, P.O. Box 11 834, LAOS

**Name:** Burapha Agroforestry Co., Ltd. website: <http://www.buraphawood.com>

**Certificate Data:** Status: Valid Forest Area: 3430.10 ha  
 First Issue Date: 2013-03-22, Last Issue Date :018-03-22 Expiry Date: 2023-03-21

**Valid Group member/sites**

Name	Street	Town/City	Country	Valid From	Valid To
Burapha Agroforestry Pty. Ltd.	46 Kaysone Phomvihane Av	Vientiane Capital	LAOS	2018-03-22	2023-03-21
SiengKum	B.Sean-oudom, Xaythani	Vientiane Capital	LAOS	2018-03-22	2023-03-21
Soupavanh Thienchanxay	B.Sean-oudom, Xaythani	Vientiane Capital	LAOS	2018-03-22	2023-03-21
Viengxay	B.Sean-oudom, Xaythani	Vientiane Capital	LAOS	2018-03-22	2023-03-21

**Products**

Product Type	Trade Name	Species	Primary Activity	Main Output Category
W1 Rough wood W1.1 Roundwood (logs)		Acacia spp.; Eucalyptus spp; Tectona grandis	Logging	FSC 100%

**v): Certificate Code RA-COC-005819** License Code FSC-C108811

**Main Address:** Phoxay Village, Unit 06, Sisattanak District, Vientiane capital, LAOS

**Name:** Danlao Company Ltd. **Website:** <http://www.danlaorattan.com>

**Certificate Data:** Status: Valid Standard: FSC-STD-40-003 V2-1; FSC-STD-40-004 V3-0  
 First Issue Date: 2012-02-29, Last Issue Date: 2017-06-16, Expiry Date: 2022-06-15

**Valid Group member/sites**

Site Subcode	Name	Street	Town/City	State/Country	Valid From	Valid To
RA-COC-005819-B	Thavixok Import Export Ltd	Ban Sisomseun	Sikhottabong District	Vientiane/LA	L	

**Products**

Product Type	Trade Name	Species	Primary Activity	Main Output Category
N4 Straw, wicker, rattan and similar N4.5 Rattan furniture components	Rattan furniture components	Calamus bimaniferus T.Evans & al; Calamus gracilis Roxb.; Calamus palustris Griff; Calamus poilanei Conrard; Calamus rhabdocladus Burret; Calamus solitarius T.Evans & al.; Calamus tetradactylus Hance; Daemonorops jenkinsiana (Griff.) Mart; Korthalsia laciniosa (Griff.) Mart.	Secondary Processor	FSC 100%
N4 Straw, wicker, rattan and similar N4.3 Decorative objects and wickerwork	Decorative objects and Wickerwork	Calamus gracilis Roxb.; Calamus poilanei Conrard; Calamus solitarius T.Evans & al.; Calamus tetradactylus Hance	Secondary Processor	FSC 100%
N4 Straw, wicker, rattan and similar N4.4 Rattan furniture	Rattan Furniture	Calamus bimaniferus T.Evans & al; Calamus gracilis Roxb.; Calamus palustris Griff; Calamus poilanei Conrard; Calamus rhabdocladus Burret; Calamus solitarius T.Evans & al.; Calamus tetradactylus Hance; Daemonorops jenkinsiana (Griff.) Mart; Korthalsia laciniosa (Griff.) Mart.	Secondary Processor	FSC 100%

**7.2.2. Forest Certification – current and in planning**

There are no regulations or subsidies that encourage to use of forest certification schemes in the Lao PDR. The WB Lao PDR Green Growth Development Policy Financing Operation has 5 main components,

(“projects.worldbank.org”) one of which is to increase Production Forest Area (PFA) Certification to around 230,000 ha from the current 10,949 ha.

According to DOF, 170,000 ha of this will be supported by WB funding, and the remainder by other funding, and all on State Production Forest Areas (table 13 below). The first PFAs proposed to be certified are items 1.4, 2.3, 2.4 and 2.5, in table 2, totalling 169,050 ha. These PFAs located in Savannakhet and Khammouane were audited in May 2018. As expected, there were a lot of Corrective Action Requests as a result of the audit. To close them and to be awarded a certificate, they will have to pass a 2nd audit due in December 2019.

**Table 13: Location and area of Department of Forestry long term plan for forest certification**

	Province	PFA	FMA	Production	HCVF	Total	comment
<b>1</b>	<b>FSC FM Certification</b>						
1.1	Khammoune	Dong Phousoi	Xebangfai	30,984.7	4,131.7	35,116.4	
1.2	Khammoune	Dong Phousoi	Mahaxay	20,764.7	1,786.7	22,551.4	
1.3	Khammoune	Nakathing	Mahaxay	10,372.0	298.0	10,670.0	
1.4	Savannakhet	DongSithoune	Thaphangthong	81,345.5	3,824.4	85,169.9	1 <sup>st</sup> areas
	<b>2 Province</b>	<b>3 PFAs</b>	<b>3 Districts</b>	<b>143,466.9</b>	<b>10,040.8</b>	<b>153,507.7</b>	
<b>2</b>	<b>FSC CW Certification</b>						
2.1.	Bolikhamsai	PhakBeuak	Bolikhnan	65,198.0	13,814.0	79,012.0	
2.2	Bolikhamsai	PhakBeuak	Viengthong	4,301.0	314.0	4,615.0	
2.3	Khammoune	Dong Phousoi	Xaybouathong	14,379.7	463.2	14,842.9	1 <sup>st</sup> areas
2.4	Khammoune	Nakathing	Xaybouathong	29,030.2	709.7	29,739.9	1 <sup>st</sup> areas
2.5	Khammoune	Nakathing	Boualapha	44,294.6	1,742.6	46,037.2	1 <sup>st</sup> areas
2.6	Savannakhet	Dong Khapho	Phalanxay	9,550.0	403.0	9,953	
2.7	Savannakhet	Dong Khapho	Phin	23,650.5	1,127.2	24,777.7	
2.8	Vientiane	NongPhet Naseng	Feuang	3,945.0	280.0	4,225.0	
2.9	Vientiane	NongPhet Naseng	Kasi	34,632.1	2,955.1	37,587.2	
2.10	Vientiane	NongPhet Naseng	Met	2,596.5	117.9	2,714.4	
				<b>231,577.6</b>	<b>21,926.7</b>	<b>253,504.3</b>	

Note:

- FSC-FM = FSC Forest Management
- FSC-CW = FSC Controlled Wood

## 8. INTERVIEWS/FIELD SURVEY (LOGISTIC RECORDS)

### 8.1. Interviews

**Table 14: List of interviews undertaken**

Name of interviewees	Date	Title	Organisation	Main topics
Mr Sousath Sayakoumane	18/9	Director General	Department of Forestry, DoF, MAF.	<ul style="list-style-type: none"> <li>▪ General review of the ITTO study.</li> <li>▪ Forest certification</li> <li>▪ Legislation (regulations) currently under revision</li> <li>▪ Persons and Department responsible for what aspects</li> </ul>
Mr Martin Forsen	19/9	CEO	Burapha Agro-Forestry Company	Plantation sector
Ms Souphayvanh Thiengchankxay	19/9	Vice -President	Lao Furniture Association	<ul style="list-style-type: none"> <li>▪ Export Legislation and documentation</li> <li>▪ Furniture Export data</li> </ul>
Heiko Woerner...	19/9	CTA	ProFLEGT, GTZ	FLEGT-Laos
Peter Schwab	19/9	TA	ProFLEGT, GTZ	FLEGT-Laos
Ms Hillary Smith	13/9	Forest Governance Specialist	ACIAR	<ul style="list-style-type: none"> <li>• Forest Legality Compendium, 2015.</li> <li>• Legal flow charts</li> <li>Recent legislation</li> </ul>
Mr Esa Psutjarvi	15/9	CTA	Sufored projects	Forest certification
Mr Somnouk	24/	Head	PRLMDiv, DoF	Conversion Forest logging.
Mr Lattana Thamlong	24/9	Dep Head	PRLMDiv, DoF	Forest certification: areas under process
Mr Martin Forsen	26/9	CEO/COO	Burapha Agro-Forestry Company	Plantation Sector, Furniture Production
Ms Souphayvannh Thiengchanhxay	26/9	Vice President,	LFA, Lao Furniture Association	<ul style="list-style-type: none"> <li>▪ Export Legislation and documentation</li> <li>Furniture Export data</li> </ul>
Mr Vangchai Vang		Head of Export Management Div	DIMEX, MOIC	Management of wood products exports
Dr. Khamfeua Sirivongs	By email	Head,	Legislation and Forest Inspection Policy Division, DOFI	FLEGT-Laos
Mr VanPheng Somsana	8/10/18	Manager	Khamphay Sana Group company	Wood processing sector. LFA. Teakn furniture sector
Mr Bounpheng Phengsisavath	9/10/18	Executive Director	Lao Furniture Association/LFA	The LFA. Furniture factories that may be following legal procedures

### 8.2. Field Survey

No field surveys have been undertaken to date

**Annex 1: Index to soft and hard copies of legal references for Timber Legal Definitions 1, 2 and 3 (in this table I have deleted the last 2 columns)**

Nr	Laws and other legislation or regulatory instruments/documents	Applicable timber source			Availability of soft files	
		Production Forest Area	Conversion Forest	Plantation Forest	Soft/Lao	Soft/Eng
1	Law 04/NA, Law on Land (2003)			X	X	X
2	Law 06/NA, Law on Forestry (2007)	X	X	X	X	X
3	Law 14/NA, Law on Investment Promotion (2016)		X	X	X	X
4	Order 17/PM (2008), on the enhancement of forestry management, protection, and coordination in the management of forestry and wood business	X	X		X	X
5	Order 57/PM (2014), on Income collection Management of Sales of Timber and NTFPs	X			X	X
6	Order 15/PM (2016), on strengthening Strictness of Timber Harvest Management and Inspection, Timber Transport and Business.		X		X	X
7	Decree 59/PM (2002), on sustainable management of production forest areas	X				X
8	Decree 88/PM (2008), on the Implementation of the land Law			X	X	X
9	Decree 32/PM (2012), adoption of Meeting minutes of National Forest Conference on Forest Management and Forestry Business.	X	X			X
10	Decree 84/GOL (2016), on Resettlement and Compensation		X	X	X	X
11	Regulation 0196/MAF (2000), concerning the development and promotion of long-term plantations			X		X
12	Regulation 0204/MAF (2003), on the establishment and sustainable management of production forests	X	X			X
13	Regulation 0108/MAF (2005), on Forest Inventory	X	X			X
14	Regulation 0112/MAF (2008), on the Logging and Post Logging Cleaning in reservoir area of hydropower dams		X			X
15	Regulation 1726/ MOIC (2012), on Sales and Purchase of Timber	X	X		X	X
16	Guideline 2156/DOF (2006), on Sustainable Production Forest Management Planning	X				X
17	Guideline 2155/DOF (2006), on Participatory Forest Inventory	X				X
18	Guideline 2157/DOF (2006), on Timber Harvesting in Production Forest	X				X

Nr	Laws and other legislation or regulatory instruments/documents	Applicable timber source			Availability of soft files	
		Production Forest Area	Conversion Forest	Plantation Forest	Soft/Lao	Soft/Eng
19	Guideline 0962/DOF (2010), on Management of timber transports from forest to Log yard II	X	X			X
20	Instruction 3211/ MOF (2015), Implementation of PM Order 57(2104) re Income Management from Sales of Timber and NTFPS	X	X			X
21	Instruction 8029/MONRE (2013), Initial Environmental Examination of Investment Projects and Activities		X	X		X
22	Instruction 8030/MONRE (2013), Environmental and Social Impact Assessment of the Investment Projects and Activities		X	X		X
23	Instruction 3659/DOF (2017), Implementation of harvesting and moving of plantation wood			X		X
24	Instruction 1643/DOF (2010), on development of a feasibility study of industrial trees and NTFP investment			X		X
25	Presidential Ordinance 0001(2012), on Distribution of Revenue from Timber sales	X			X	X
26	Decision 0182/ MAF (2009), on the establishment and management of timber harvest units and enterprises	X	X	X		X
27	Decision 0080/ MAF (2012), on the Import, Management and Utilization of Chainsaw	X	X	X	X	X
28	Decision 0116/MAF (2007), regarding the procedure for measuring log, tree stump, tree burl and log quality grading	X	X			X
29	Decision 2797.1/MONRE.DESIA (2016), on the development of IEE: Initial Environment Examination, for investment and other projects		X	X		
30	Agreement 8056/MONRE (2013), Endorsement + Promulgation of a List of Investment Projects and Activities Requiring Initial Environmental Examination or Environmental Impact Assessment		X	X		X
31	Notification 1374/MAF (2010), re. the application for registering tree planting parcels and grown timber certificate.			X		X
32	Notification 1813/ MOIC.DIMEX (2015) to be amended according to requirements of the indicator, and to include timber sale contract	X				

Some Legislation not in TLDs:

- Decree 96 (2003): regarding commercial tree planting and environmental protection
- Order 1812(2005), MOIC/DIMEX, re extension of notification 790/PSPM.SO (May 2015) and 1360/PSPM.DE (August 2015)
- Instruction 3281/MoF, Oct 2014, on Tax Revenue Collection Management
- Order 9/PM (2.7.2018) concerning the enhancement of governance in the use of land concessions for industrial tree plantation and other plantation crops.

**Annex 2: Index to soft and hard copies of legal references for Timber Legal Definitions 8 “Wood Processing and Trading, v4.2: 06-06-2018**

Nr	Laws and other legislation or regulatory documents	Availability of files	
		Soft/Lao	Soft/Eng
1	Law 06/NA (2007), Law on Forestry		
2	Law 29/NA (2012), Law on Environmental Protection		
3	Law 46/NA (2013), Law on Enterprise		
4	Law 48/NA (2013), Law on Industrial processing		
5	Law 70/NA (2015), Law on customs, duty, tax		
6	Law 18/NA (2017), Treaties and International Convention		X
7	Notification 0530/MOIC, (2002) & Notif'n 0538/MOIC (2002)		
8	Regulation 0719/MOIC (2009), Decision on Wood Industry Standard		X
9	Regulation 0141/MAF (2010), article 21. On Forest and Forest resources Inspection and Case Action		X
10	Guideline 0962/DOF (2010), On the management of timber transports from forest to Log yard II		X
11	Instruction 8029/ MONRE (2013). Initial Environmental Examination of the Investment Projects and Activities		X
12	Instruction 8030/ MONRE (2013), Environmental and Social Impact Assessment of the Investment Projects and Activities		X
13	Notification 1161/DOIH (2016). Applications to Certify Natural Wooden Products and Planted Wooden Products for Export		X
14	Notification 1818/PMO (2016). Wood products verification procedure (loading on vehicle) for exporting to overseas		X
15	Notice 1429/DDT (2016): 22/11/2016, MOIC/DTD, on the domestic transportation of wood products	X	X
16	Order instruction 2143/MOIC. DIMEX (2016) Procedures to certify wooden products before loading to container		X
17	Decision-0002/MOIC (2018) (after PMO 2035/17) On “approval of revised list of eligible export products of wood”	X	X
18	Draft Decision of CoC LL III to export, Vers 2.1, 8/1/2019/MOIC.		X
19	Order 05/PM (2018) Order to Increase efforts to manage and check prohibited wildlife and fauna	X	

**Annex 3: "PMO Notification 2035/2017\_MOIC Agreement 0002/3Jan18 on the List of Wooden products for Export"**



ອ.ຄ 01

ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ແຂວງ/ນະຄອນຫຼວງ.....  
ພະແນກອຸດສາຫະກຳ ແລະ ການຄ້າ  
ເລກທີ.....  
ວັນທີ.....

**ໃບຢັ້ງຢືນ  
ຜະລິດຕະພັນໄມ້ ທຳມະຊາດ ເມື່ອສົ່ງອອກ**

- ອີງຕາມການສະເໜີຂອງໂຮງງານ/ບໍລິສັດ.....  
ເລກທີ....., ວັນທີ.....  
ໃນວັນທີ.....ເດືອນ.....ປີ.....ເວລາ.....ໂມງ, ໄດ້ມີຄະນະກຳມະການກວດກາ ແລະ ຢັ້ງຢືນຜະລິດຕະພັນໄມ້ ເມື່ອສົ່ງອອກ, ຊຶ່ງປະກອບດ້ວຍຜູ້ຕາງໜ້າ ດັ່ງນີ້:
1. ທ່ານ....., ຕາງໜ້າ ຂະແໜງອຸດສາຫະກຳ ແລະ ການຄ້າ;
  2. ທ່ານ....., ຕາງໜ້າ ຂະແໜງກະສິກຳ ແລະ ປ່າໄມ້;
  3. ທ່ານ....., ຕາງໜ້າ ຂະແໜງການເງິນ;

ໄດ້ພ້ອມກັນລົງກວດກາຜະລິດຕະພັນໄມ້ຂອງໂຮງງານ/ບໍລິສັດ.....  
ດັ່ງຢູ່: ບ້ານ....., ເມືອງ....., ແຂວງ/ນະຄອນຫຼວງ.....  
ໂດຍຊ່ອງໜ້າ ທ່ານ....., ໃນນາມ..... ໂທລະສັບ.....  
ມີຖື..... ເມື່ອສົ່ງອອກໄປປະເທດ..... ໂດຍຜ່ານຕຳນສາກົນຂາອອກ:.....

**ລາຍລະອຽດດັ່ງນີ້:**

1. ຂໍ້ມູນຂອງບໍລິສັດ/ໂຮງງານ
  - 1.1 ໃບທະບຽນວິສາຫະກິດເລກທີ....., ວັນທີ.....
  - 1.2 ໃບອະນຸຍາດດຳເນີນກິດຈະການໂຮງງານເລກທີ....., ວັນທີ.....
  - 1.3 ສັນຍາຊື້-ຂາຍວັດຖຸດິບໄມ້ (ປຸງແຕ່ງ,ແປຮູບ)ເລກທີ....., ວັນທີ.....
  - 1.4 ໃບຢັ້ງຢືນການສຳລະເງິນ ຄຳພັນທະອາກອນເລກທີ....., ວັນທີ.....
  - 1.5 ບັນຊີ ໄມ້ທ່ອນເລກທີ....., ວັນທີ.....
  - 1.6 ໃບອະນຸຍາດເຄື່ອນຍ້າຍໄມ້ທ່ອນຈາກສະໜາມ II ຫາ ສະໜາມ III ເລກທີ....., ວັນທີ.....
  - 1.7 ໃບຢັ້ງຢືນການເສຍອາກອນ (ຜະລິດຕະພັນໄມ້ແປຮູບ, ເຄິ່ງສຳເລັດຮູບ)ຈຳນວນ:.....

2. ຜະລິດຕະພັນໄມ້ ທີ່ຄະນະກຳມະການໄດ້ກວດກາ ມີລາຍລະອຽດ ດັ່ງນີ້:

ຫົວໜ່ວຍ ໂດລາ (USD)

ລ/ດ	ລາຍການຜະລິດຕະພັນໄມ້	ລະຫັດສິນຄ້າ (HS Code)		ຊະນິດໄມ້	ຈຳນວນ	ຫົວໜ່ວຍ	ຄະໜາດ (ຊມ)			ບໍລິມາດ ມ <sup>3</sup>	ບໍລິມາດ ທັງໝົດ ມ <sup>3</sup>	ນ້ຳໜັກ ລວມ <input type="checkbox"/> ກລ <input type="checkbox"/> ໂຕນ
		ລະຫັດໂດຍທົ່ວ (Heading) 4 ໂຕລກ	ລະຫັດໂດຍເວລາ (Sub-Heading) 8 ໂຕລກ				ໜາ	ກວ້າງ	ຍາວ			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		(12)
1.	ໄມ້ອິດປະສານ (ຕົວຢ່າງ)	44.12	4412.94.00	ຍາງ	500	ແຜ່ນ	5	200	600	0.6	300	
2.	ໄມ້ບຸນເຊືອມຕໍ່ປະສານ (ຕົວຢ່າງ)	44.09	4409.90.00	ໄມ້ດູ່	1000	ຊິ້ນ	2.5	20	400	0.02	20	
3.												
4.												
5.												
6.												
7.												
8.												
9.												
ລວມ												

ບໍລິມາດລວມທັງໝົດ ຂຽນເປັນຕົວໜັງສື.....  
 ມູນຄ່າລວມທັງໝົດ ຂຽນເປັນໜັງສື.....

**3. ຜະລິດຕະພັນໄມ້ ທີ່ໄດ້ລະບຸໄວ້ໃນຕາຕະລາງ ໄດ້ຂຶ້ນຂຶ້ນລົດ:**

ສີ: ..... ປະເພດ: ..... ຍີ່ຫໍ້: ..... ເລກທະບຽນ: ..... ອອກຊື່ໂດຍ: .....  
 ເລກຈັກ..... ເລກຖັງ..... ຊື່ຜູ້ຮັບລົດ: .....  
 ເປີໂທລະສັບ: .....

ຄະນະກຳມະການ ໄດ້ໜີບກົວ ຈຳນວນ ..... ຈຸດ, ຊຶ່ງມີລາຍລະອຽດດັ່ງນີ້:

1. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
2. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
3. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
4. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
5. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
6. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
7. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
8. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
9. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
10. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
11. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....
12. ຈຸດທີ.....ເລກລະຫັດກົວ....., ບ່ອນທີ່ໜີບ.....

ການຍິງຍືນຜະລິດຕະພັນໄມ້ ເພື່ອສິ່ງອອກ ໄດ້ເຮັດຂຶ້ນທີ່....., ວັນທີ .....

ໄດ້ກວດກາຄວາມຖືກຕ້ອງຕາມຊະນິດ, ຈຳນວນ ແລະ ບໍລິມາດຕົວຈິງແລ້ວ. ຫາກກໍລະນີກວດພົບເຫັນຢູ່ດ້ານສິ່ງອອກວ່າມີການເອົາໄມ້ຈາກແຫຼ່ງອື່ນມາປົນ ຫຼື ບໍ່ສອດຄ່ອງຕາມໃບຍິງຍືນຜະລິດຕະພັນໄມ້ ເພື່ອສິ່ງອອກນີ້, ແຕ່ສາຍລວດ ແລະ ເມັດກົວຍັງມີສະພາບປົກກະຕິ ແມ່ນເປັນຄວາມຮັບຜິດຊອບຂອງຄະນະກຳມະການກວດກາຮ່ວມກັບເຈົ້າຂອງໂຮງງານ. ກົງກັນຂ້າມ, ຖ້າຫາກມີການແກ້ໄຂ, ທຳລາຍ ຫຼື ປ່ຽນແປງສະພາບຂອງສາຍລວດ, ເມັດກົວທີ່ໜີບໄວ້ ຫຼື ດັດປັບລົດເພື່ອເອົາໄມ້ສອດໄສ້ ແມ່ນເປັນຄວາມຮັບຜິດຊອບຂອງເຈົ້າຂອງໂຮງງານ ແລະ ເຈົ້າຂອງລົດເປັນຜູ້ຮັບຜິດຊອບ. ດັ່ງນັ້ນ, ຄະນະກຳມະການກວດກາ ຈຶ່ງໄດ້ລົງລາຍເຊັນນີ້ໄວ້ຮ່ວມກັນເພື່ອເປັນຫຼັກຖານ.

**ຜູ້ອຳນວຍການໂຮງງານ/ບໍລິສັດ**

**ຄະນະກຳມະການກວດກາຜະລິດຕະພັນໄມ້ ເພື່ອສິ່ງອອກ**

1. ຊື່.....ລາຍເຊັນ.....
2. ຊື່.....ລາຍເຊັນ.....
3. ຊື່.....ລາຍເຊັນ.....

**ຍິງຍືນ ແລະ ຮັບຮອງໂດຍ**  
**ຫົວໜ້າພະແນກອຸດສາຫະກຳ ແລະ ການຄ້າ**

Annex 5: Loading Certificate 'Form OC-02' for Plantation Wood Products



ອ.ຄ 02

ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

ແຂວງ/ນະຄອນຫຼວງ.....  
ພະແນກອຸດສາຫະກຳ ແລະ ການຄ້າ ..... ເລກທີ.....  
ລົງວັນທີ .....

**ໃບຢັ້ງຢືນ  
ຜະລິດຕະພັນໄມ້ ສວນປູກ ເມື່ອສົ່ງອອກ**

– ອີງຕາມການສະເໜີຂອງໂຮງງານ/ບໍລິສັດ.....  
ເລກທີ....., ລົງວັນທີ.....

ໃນວັນທີ.....ເດືອນ.....ປີ.....ເວລາ.....ໂມງ, ໄດ້ມີຄະນະກຳມະການກວດກາ ແລະ  
ຍັງຢັ້ງຢືນຜະລິດຕະພັນໄມ້ຈາກສວນປູກ (ຂົນລົດ) ຊຶ່ງປະກອບດ້ວຍຜູ້ຕາງໜ້າ ດັ່ງນີ້:

1. ທ່ານ....., ຕາງໜ້າ ຂະແໜງອຸດສາຫະກຳ ແລະ ການຄ້າ;
2. ທ່ານ....., ຕາງໜ້າ ຂະແໜງກະສິກຳ ແລະ ປ່າໄມ້;

ໄດ້ພ້ອມກັນລົງກວດກາຜະລິດຕະພັນໄມ້ ຈາກສວນປູກຂອງໂຮງງານ/ບໍລິສັດ.....  
ດັ່ງຊື່: ບ້ານ....., ເມືອງ....., ແຂວງ/ນະຄອນຫຼວງ.....  
ໂດຍຊ່ອງໜ້າທ່ານ....., ໃນນາມ..... ໂທລະສັບ.....  
ມີຖື.....ເມື່ອສົ່ງອອກໄປປະເທດ..... ໂດຍຜ່ານດ່ານສາກົນຂາອອກ:

**ລາຍລະອຽດດັ່ງນີ້:**

1. ຂໍ້ມູນຂອງບໍລິສັດ/ໂຮງງານ
  - 1.1 ໃບທະບຽນວິສາຫະກິດເລກທີ....., ລົງວັນທີ.....
  - 1.2 ໃບອະນຸຍາດດຳເນີນກິດຈະການໂຮງງານເລກທີ....., ລົງວັນທີ.....
  - 1.3 ການຈັດທະບຽນສັນຍາຊື້-ຂາຍ ເລກທີ....., ລົງວັນທີ.....
  - 1.4 ໃບຢັ້ງຢືນການເສຍອາກອນເລກທີ....., ລົງວັນທີ.....
  - 1.5 ສັນຍາຊື້-ຂາຍວັດຖຸດິບໄມ້ (ປຸງແຕ່ງ,ແປຮູບ) ເລກທີ....., ລົງວັນທີ.....
  - 1.6 ສັນຍາຊື້-ຂາຍຜະລິດຕະພັນໄມ້ເລກທີ....., ລົງວັນທີ.....
  - 1.7 ໃບອະນຸຍາດເຄື່ອນຍ້າຍໄມ້ທ່ອນຫຼື ແປຮູບເລກທີ....., ລົງວັນທີ.....
  - 1.8 ໃບແຈ້ງລາຄາເລກທີ....., ລົງວັນທີ.....

2. ຜະລິດຕະພັນໄມ້ ສ່ວນປຸກ ທີ່ຄະນະກຳມະການໄດ້ກວດກາ ມີລາຍລະອຽດ ດັ່ງນີ້:

ຫົວໜ່ວຍ ໂດລາ (USD)

ລ/ດ	ລາຍການຜະລິດຕະພັນໄມ້	ລະຫັດສິນຄ້າ (HS Code)		ຊະນິດໄມ້	ຈຳນວນ	ຫົວໜ່ວຍ	ຮະໜາດ (ຊມ)			ບໍລິມາດ ມ <sup>3</sup>	ນ້ຳໜັກລວມ ກລ/ ໂຕນ
		ລະຫັດສິນຄ້າ (Heading) 4 ໂຕລາ	ລະຫັດຍ່ອຍ (Sub-Heading) 8 ໂຕລາ				ໜາ	ກວ້າງ	ຍາວ		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.											
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.											
ລວມ:											

ບໍລິມາດລວມທັງໝົດ ຂຽນເປັນຕົວໜັງສື.....

ມູນຄ່າລວມທັງໝົດ ຂຽນເປັນໜັງສື.....

3. ຜະລິດຕະພັນໄມ້ ສວນປູກ ທີ່ໄດ້ລະບຸໄວ້ໃນຕາຕະລາງ ໄດ້ຂົນສົ່ງຂຶ້ນລົດ:

ສີ: .....ປະເພດ: .....ຍີ່ຫໍ້:.....ເລກທະບຽນ:.....ອອກຊື້ໂດຍ:.....  
ເລກຈັກ..... ເລກຕັ້ງ..... ຊື່ຜູ້ຊົມລົດ:.....  
ເປີໂທລະສັບ:.....

ການຍົ່ງຍົນຜະລິດຕະພັນໄມ້ (ຂົນສົ່ງ) ໄດ້ເຮັດຂຶ້ນ ທີ່ ....., ວັນທີ .....  
ໄດ້ກວດກາຄວາມຖືກຕ້ອງຕາມຊະນິດ, ຈຳນວນ ແລະ ບໍລິມາດຕົວຈິງແລ້ວ. ຫາກກໍລະນີກວດພົບເຫັນຢູ່ຕໍ່າມາສິ່ງອອກວ່າມີການ  
ເອົາໄມ້ຈາກແຫຼ່ງອື່ນມາປິນ ຫຼື ບໍ່ສອດຄ່ອງຕາມໃບຍົ່ງຍົນຜະລິດຕະພັນໄມ້ສວນປູກ (ຂົນສົ່ງ) ຕາມທີ່ຄະນະກຳມະການກວດກາ  
ແມ່ນເປັນຄວາມຮັບຜິດຊອບຂອງ ເຈົ້າຂອງໂຮງງານ, ແຕ່ຖ້າຫາກສະພາບຂອງການຫຸ້ມຫໍ່ຜະລິດຕະພັນໄມ້ຫາກຜິດປົກກະຕິ, ຊຶ່ງ  
ເຮັດໃຫ້ຕົວເລກຂອງຜະລິດຕະພັນໄມ້ ບໍ່ກົງກັບການຕົວເລກທີ່ເຈົ້າໜ້າທີ່ລາຍງານ ແມ່ນເປັນຄວາມຮັບຜິດຊອບຂອງເຈົ້າຂອງລົດ.  
ດັ່ງນັ້ນ, ຄະນະກຳມະການກວດກາ ຈຶ່ງໄດ້ລົງລາຍເຊັນນີ້ໄວ້ຮ່ວມກັນ ເພື່ອເປັນຫຼັກຖານ.

ສຳລັບການກວດກາຜະລິດຕະພັນໄມ້ ສວນປູກ (ຂົນສົ່ງ) ເພື່ອສິ່ງອອກ ແມ່ນບໍ່ມີການປົກກົວ, ແຕ່ຕ້ອງໄດ້ຈັດທະບຽນ  
(ສັນຍາຊື້-ຂາຍ) ນຳຂະແໜງຄຸ້ມຄອງຊັບສິນຂອງລັດ ທຸກຄັ້ງ ກ່ອນສິ່ງອອກ, ຖ້າບໍ່ດັ່ງນັ້ນ ຈະບໍ່ອະນຸຍາດໃຫ້ສິ່ງອອກ.

ຜູ້ອຳນວຍການໂຮງງານ/ບໍລິສັດ	ຄະນະກຳມະການກວດກາຜະລິດຕະພັນໄມ້
	1. ຊື່.....ລາຍເຊັນ.....
	2. ຊື່.....ລາຍເຊັນ.....

ຍົ່ງຍົນ ແລະ ຮັບຮອງໂດຍ  
ຫົວໜ້າພະແນກອຸດສາຫະກຳ ແລະ ການຄ້າ

## Annex 6: Overview of Company Plantation Sector

Currently there are five main foreign investors establishing forest plantations for timber production in Lao PDR (Table 1). Most of the companies favor fast growing species, . eucalyptus, acacia.

These companies have generally focused on building a plantation estate to support a pulp mill in Lao PDR, but until such a pulp mill is established, they are either exporting raw materials or making and exporting furniture

**Table 1: Current data (mid-2018) on foreign Company owned timber plantation in Lao PDR**

Company	Investor origin	Planted	Land area	Comment	Current Products
Burapha Agroforestry Co.	Sweden	4,500	8,000	Concession (2000) and cooperation	
Stora Enso Co.	Finland/Sweden	~ 3,500	4 000	Concession (2000) and cooperation	
Birla Lao Pulp & Plantation Co	India	~ 20,000	50,000	Concession	
Mekong Timber Plantations (was Oji, but now Newforest)		~ 16,000	74,974	Concession	
Sun Paper	China	~ 2-3,000	9,235	Concession	Has just built a pulp mill.
TOTAL					

### A: Burapha Agroforestry Company:

#### A1: Plantations:

- Currently have planted 4,500 ha (or which 3,430.10 are FSC certified) but have land agreement with villagers up to 8,000 ha.
- Plan for the short/medium term to increase plantation area to 15,000 ha.
- Long term plan (5-8 years time) is to get 60,000 ha of company plantation, and ideally up to 30,000 ha of villages own plantations.
- Species: use varieties and hybrids based on *Eucalyptus deglupta*, *E. camaldulensis*, *E. pellitta*, *E. urophylla* and *E. grandis*, and some *Acacia auriculiformis* and *A. mangium*.

In the long term, they aim for 70-80% self-sufficiency to reduce the risk enough for an industrial investment, which would mean approx. 60 000 ha company land and 30 000 ha smallholders (depending on their achieved growth rate).

#### A2: Processing facilities

- Currently operate one wood processing facility, producing timber and wood products, including furniture, from plantation wood – eucalyptus and teak.
- Future plan is to build a pulp and plywood mill, in Hin Heup District. To take 8 to 30 cm logs, process 50,000 m<sup>3</sup> per year, So first plant 5000 ha to supply the plywood mill.  
2<sup>nd</sup> expand the plantations to 60 000 ha in 2 steps (first 15' and then 60'  
3<sup>rd</sup> build larger forest industry cluster (pulpmill, plywood, sawmill, biofuel, green electricity etc.)

#### A3: Exports over the last 5 years

- Maldives: sawn teak and eucalyptus. For teak decking and eucalyptus roof shingles,
- China: Sawn teak and teak furniture
- UK: Teak furniture
- Thailand, then too US: Teak furniture
- Denmark and Sweden: small quantities of teak and eucalyptus furniture
- Korea: cutting boards, flooring

**B: Stora Enso:**

They follow an AgroForestry model whereby the Eucalyptus is intercropped with rice during the first year, and employing villages on all aspects of plantation management, which aims to help with food security and poverty alleviation mainly in rural areas.

The company objective is to grow logs for (a) pulp and paper, and (b) veneer logs (for plywood) for either export or sale to processing companies in Lao. Do not intend to build their own processing facilities.

Plantations: currently have about 3,500 ha (of which 3,631 ha are FSC certified), but the long-term plan is to 35,000 ha.

**C: Oji – sold to Newforest and renamed “Mekong Timber Plantations”:**

The company has approximately 24,000 hectares of plantation area - of which 22,000 ha is planted, mainly Eucalyptus and a small area Acacia - in Bolikhamxay and Khammouane Provinces, under a land concession agreement, and about 5,000 ha of outgrower farmer plantations.

Whereas Oji was intending to sell the tree for pulp, MTPs aims more for saw logs and veneer logs which will required replanting to other varieties .

Mekong Timber Plantations (MTP), the International Finance Corporation (IFC) and the Dutch development bank (FMO) have agreed to cooperate in the re-design of a smallholder forestry program in Lao, by a 2-year program to address the structural issues with the existing Outgrower Scheme (“OGS 1”), established in 2005 by the previous management company. The program aims to assess the current system and undertake a comprehensive redesign, developing “OGS 2”.

**D: Birla Lao**

An Indian Company, is considering selling their plantations (land concession leases) to Sun Paper, China

**E: Sun Papers aper Processing facilities**

They have built a new factory in Savannakhet provinces, which will include waste paper recycling from Europe and America – to avoid the Chines Government restrictions on imports of waste paper into China (due to pollution concerns)

**E: White Charcoal**

**Japan’s Eisei Corporation and the Borikhamxay White Charcoal Industry Factory and Plantation & Charcoal Processing Co., Ltd.**

A total area of 90.05 hectares in Thaphabath district is being utilised by the company under a concession deal inked by the Borikhamxay White Charcoal Factory Limited and the Lao National Veterans Federation in April last year.

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## Annex 7: Hierarchy of Laws in the Lao PDR

Legal Document Type	Authority	Summary
Constitution	National Assembly	
Law	National Assembly	A law is legislation that is developed by the authorized authority, adopted by the National Assembly and promulgated by the President of the Republic that defines principles, regulations and measures governing social relationships in many areas or in a specific area, and is effective nationwide and is long lasting.
Resolutions of the National Assembly	National Assembly	A Resolution of the National Assembly is a decision on a specific matter brought into discussion at the National Assembly session related to a social-economic development plan, state budget plan, implementation of a law and other matters under the mandate of the National Assembly.
Resolution/Directive of the Standing Committee of the National Assembly	National Assembly Standing Committee	Resolution on any matter brought into a meeting of the Standing Committee of the National Assembly on the implementation of a resolution of the National Assembly, the inspection of the implementation of the Constitution, laws including interpretation of the Constitution, and laws and other matters under the rights and duties of the Standing Committee of the National Assembly.
Presidential Ordinance	President	A President Ordinance is legislation that defines principles, regulations and measures for governing social relationships or amending selected articles of a law issued by the President of the Republic in accordance with the proposal of the Standing Committee of the National Assembly.
Decrees of the Government	President	A Government Decree is legislation of the Government issued to: <ul style="list-style-type: none"> <li>1. Implement a resolution of the National Assembly, resolution of the Standing Committee of the National Assembly, social-economic development plan and a strategic plan;</li> <li>2. Govern social relationships in a certain area to meet the needs for State management and social-economic management where conditions to make a law is lacking;</li> <li>3. Establish the organization and activities of a ministry [and] a Government agency.</li> </ul> <p>In addition, the Government may also issue a decree to instruct the implementation of a law by elaborating and providing detailed explanations to certain articles of the law to make it easier to understand and to ensure uniform implementation of the law or in case that the law required that specific regulations shall be developed.</p>
Resolution of the Government	Government	A Resolution of the Government is a decision on certain matters brought into consideration at the Government meeting, for instance: National Social-Economic Development Plan, State Budget Plan, and other matters under the mandate of the Government
Orders (Decrees) and Decision of the Prime Minister Decree,	Prime Minister	as above for Decree of the Government

Legal Document Type	Authority	Summary
Orders, Decision and Instructions of the Minister or Head of Government Authority	Heads of Relevant State Organizations	An Order is legislation issued by the head of the relevant Government agency to require individuals or organizations to implement a plan, laws, Presidential Decree and other legislation and other matters under their scope of rights and duties. A Decision is legislation issued by the head of a relevant government authority to implement its rights and duties or to elaborate and implement higher government legislation. An Instruction is legislation that is issued by the head of the relevant government authority to implement the National Social-Economic Development Plan, the State Budget Plan, a law, other legislation, a plan or certain activities by providing a general understanding, methods, procedures and the use of equipment, timeframe for the implementation, coordination and others.
Orders, Decision and Instructions of the Provincial or City Governor	Provincial or City Governor	as above, as issued by the Governor of a Province or City
Orders, Decision and Instructions of the District or Municipal Chief	District or Municipal Chief	as above, as issued by the Head of a District or Municipality
Village Regulation	Village Authorities	A village regulation is a legislation that is issued by the village authority to implement legislation of higher level or to manage the security and public order under its jurisdiction.

Legal Document Type	Authority
Constitution	National Assembly
Law	National Assembly
Resolutions of the National Assembly	National Assembly
Resolution/Directive of the Standing Committee, National Assembly	National Assembly Standing Committee
Presidential Ordinance	President
Decrees of the Government	President
Resolution of the Government	Government
Orders (Decrees) and Decision of the Prime Minister Decree,	Prime Minister
Orders, Decision and Instructions of the Minister or Head of Government Authority	Heads of Relevant State Organizations
Orders, Decision and Instructions of the Provincial or City Governor	Provincial or City Governor
Orders, Decision and Instructions of the District or Municipal Chief	District or Municipal Chief
Village Regulation	Village Authorities

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