



PRESS RELEASE

FLEGT OPENS UP EU MARKETS FOR LAO TIMBER INDUSTRY

(For immediate release)

Vientiane, 27 June 2015: The European Union (EU) is now widening its market for Lao timber industry, as announced during the event “Introduction to European Timber Products Market” on 27 June 2015. This opportunity is broadening as the Government of Lao PDR is engaging with the EU to negotiate a Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade (FLEGT).

The European market for wood furniture is one of the world’s largest and represents EUR 23 billion turnover per year, of which 15-20% is imported.

“For Laos to take a share of the EU market comprising 28 Member States, we need to ensure that our timber products comply with the requirements of the EU Timber Regulation (EUTR), apart from standard requirements on product safety, chemicals and contamination check”, said Mr. Khamphay Somsana, President of Furniture Association. “These requirements, EUTR in particular, prohibit placing illegally harvested timber on the European market, and serve as a mechanism to promote the trade of legal timber products, while strengthening sustainable forest management and good governance in the forestry sector”, he added.

Mr. Juergen Brackmann, Chief Executive Officer at German STERN company, specialized in outdoor furniture for the European market said that Laos is a country with political stability, which is a great entry point for timber buyers, who seek long-term relationship with suppliers. Mr. Brackmann continued to emphasize that for EU buyers reliability of supply is crucial, such as on delivery times and consistent quality. Professionalism and reputation of suppliers are also important to the buyer, visualized namely through Human Resource Management and Corporate Social Responsibility policies, as buyers can use these to promote their companies to the customers in the EU.



“Since 3 March 2013 the EUTR, as part of the EU’s FLEGT Action Plan, requires timber operators to put in place systems of ‘due diligence’ to minimize their risk of handling illegal timber”, said Mr. Heiko Woerner, senior international adviser to the German Development Cooperation project ‘*Support to the Lao EU-FLEGT Process*’ (ProFLEGT), implemented by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ). “It defines ‘legality’ in relation to existing national legislation in the country of harvest, including rights to harvest timber, payments for harvest rights and timber, laws related to timber harvesting, including environmental and forest legislation, third parties’ legal rights of use and tenure, and trade and customs regulations,” he added.

“Through the FLEGT VPA, the wood processing sector will gain access to the EU market -28 EU Member States - as well as to other countries implementing legality requirements, such as the U.S., Australia, Japan, and other markets,” said Mr. Ramon Bruesseler, Executive Director of the European Chamber of Commerce and Industry in Lao P.D.R. (ECCIL). “Through the process, the companies could also realize various benefits, particularly strengthening value-adding wood processing, growing the export of timber products especially to the European Market, employment opportunities, promoting fair competition between companies and markets as well as improving sustainable forest management,” said Mr. Bruesselerer.

As part of the Action Plan on Forest Law Enforcement Governance and Trade (FLEGT) to combat illegal logging globally, the European Union (EU) is concluding Voluntary Partnership Agreements (VPA) with timber producing countries, which sets out the commitments and actions to halt trade in illegal timber, with a license scheme to verify the legality of timber exported to the EU.

Laos has started to negotiate such an agreement with the EU, with assistance from the GIZ project *Support to the Lao EU-FLEGT process* (ProFLEGT).

ProFLEGT is a joint initiative of the Lao Government and the German Development Cooperation. It is working closely with the Ministry of Agriculture and Forestry (through the FLEGT Standing Office under the supervision of the Department of Forest Inspection, DOFI), Ministry of Industry and Commerce, and Ministry of Natural Resources and Environment, as well as other Government agencies, civil society organisations, academia and timber processing industry.



The purpose of ECCIL is to represent the European business community in Laos and to offer services to members and non-members. Its main objective is to promote and increase business between Lao PDR and EU member states for their mutual benefit and for the benefit of its members. This includes, among others, the promotion of investment, raising the profile of Lao PDR in the European business community and vice versa, and to promote linkages between Lao and European SME.



NOTES FOR EDITORS

In 2003 the EU published a Forest Law Enforcement, Governance and Trade (FLEGT) action plan to help combat illegal logging in countries from which it imported timber. A key element of the FLEGT Action Plan is a voluntary scheme to ensure that only legally harvested timber is imported into the EU from countries agreeing to take part in this scheme. The internal EU legal framework for this scheme is a Regulation adopted in December 2005, and a 2008 Implementing Regulation, allowing for the control of the entry of timber to the EU from countries entering into bilateral FLEGT Voluntary Partnership Agreements (VPAs) with the EU.

A key element of a FLEGT VPA is the development and implementation of a timber legality assurance system (TLAS) which comprises a national timber legality definition, a system of supply chain controls, procedures for timber legality and supply chain verification, a FLEGT licensing scheme; and independent auditing of the entire system.

Once agreed, the VPAs include commitments and action from both parties to halt trade in illegal timber, notably with a license scheme to verify the legality of timber exported to the EU. The agreements also promote better enforcement of forest law and promote an inclusive approach involving civil society and the private sector.

For further information on ASEAN Forest Policy: <http://www.asean.org/>

For further information on the Forest Law Enforcement Governance and Trade initiative:
http://ec.europa.eu/development/policies/9interventionareas/environment/forest/forestry_intro_en.cfm
www.euflegt.efi.int

For further reading on the European Timber Market and the EU Timber Regulation:

<http://www.cbi.eu/market-information/timber-products/eutr-guide>

For further information on understanding timber flows and control in Lao PDR:

<http://www.euflegt.efi.int/publications/-/document/25520>

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For more information on the German company STERN, please visit:

<http://www.stern-moebel.de/en/home-en.html>

For more information on the European Chamber of Commerce and Industry in Lao P.D.R.(ECCIL), please visit:

http://eccil.org/index.php?option=com_content&view=featured&Itemid=101