



## **PRESS RELEASE**

### **Lao PDR and the European Union conclude the second formal negotiation towards a bilateral Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement**

(For immediate release)

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**The European Union (EU) and Lao People's Democratic Republic (Lao PDR) held their second round of face-to-face negotiations on a Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade (FLEGT). The Agreement aims to establish a system to verify the legality of timber products harvested, imported, processed, and exported by Lao PDR. This helps to promote trade in legal timber products, improves forest governance and contributes to combatting illegal logging.**

‘The Government of Lao PDR is committed to combat illegal logging and its devastating social, economic and environmental impacts,’ said Dr. Phouangparisak Pravongviengkham, Vice Minister of Agriculture and Forestry. ‘Our on-going implementation of Prime Minister Order No. 15, which focuses on strengthening the strictness of timber harvest management, inspection, transport and business, has already made some advances to that end,’ he said. ‘In fact, we believe that PM No. 15 and FLEGT VPA process are mutually supportive.’

‘The second round of negotiations with the EU underlines that enhancing forest governance throughout the entire timber supply chain and the conclusion of a VPA remain high priorities on Laos’ political agenda’ Dr. Phouangparisak said.

The second round of Lao-EU FLEGT VPA negotiations took place in Vientiane Capital of Lao PDR from 4-7 June 2018. The negotiations included two meetings. A two-day Joint Expert Meeting was headed by Mr Sounsath Sayakoummane, Director General of Department of Forestry, Ministry of Agriculture and Forestry, and Mrs. Gordana Topic, Policy Officer, Directorate-General for Environment, European Commission. A Technical Working Group (negotiation) Meeting was headed by Dr. Phouangparisak Pravongviengkham, Vice Minister of

Agriculture and Forestry and Mr. Jorge Rodriguez Romero, Deputy Head of Unit, Directorate-General for Environment, European Commission.

The two parties discussed the progress made towards the development of a system to ensure the legality of timber, which will verify that timber and timber products comply with national laws and regulations. Since the first face-to-face negotiations in April 2017, the Lao side has further elaborated on various elements of this system. It has further progressed on the development of the timber legality definition, which identifies the national laws and regulations Lao PDR will use to indicate legality of timber. Lao PDR has initiated discussions on timber legality assurance system with a focus on supply chain controls, from the forest to the point of export, and verification processes, which will check that timber and timber products comply with the requirements of the legality definition and of the supply chain.

During their talks, the EU and Lao PDR reviewed the draft timber legality definition. They also addressed the range of timber and timber products that will be covered by the VPA. In principle, even though timber legality definitions are living documents, the revised draft timber legality definition of (1) production forest, (2) labour obligation and (3) wood processing and trade have reached an advanced state and are ready to be field-tested in pilot provinces and country-wide to verify their completeness. Legal and regulatory adjustments will then be needed to make them operational. Moreover, both sides agreed on the roadmap for further development of the timber legality definition and timber legality assurance system.

‘Together, the EU and Laos are working on good governance and trade in legal timber, which will have positive impacts on the forest sector in Laos, but also internationally,’ said Ambassador Leo Faber, Head of the EU Delegation to Laos. ‘Laos has been an important exporter of timber products to major regional markets such as China and Vietnam, both of which are also engaging with the EU on forest governance and law enforcement. We value Laos’ determination and commitment to sustainable forest management, which is an objective that FLEGT shares.’

The EU also highlighted the good example that Lao PDR has set with its multi-stakeholder approach to the VPA. In turn, Lao PDR confirmed that all VPA commitments have been and continue to be developed in a participatory and transparent manner with the involvement of representatives from the Government, private sector and civil society. The EU and Lao PDR agreed on the importance of mitigating potential impacts of the forestry sector reforms on households and small-scale operators.

Following the negotiations, work will continue on defining legality, in particular focusing on conversion areas, plantations, village use forests, confiscated and imported timber, as well as other elements of the system to ensure the legality of timber. The ProFLEGT component of the German Development Cooperation programme ‘*Protection and Sustainable Use of Forest Ecosystems and Biodiversity in Laos*’ (ProFEB), implemented by GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit), under the supervision of FLEGT Standing Office,

department of Forest Inspection, will continue to support the Lao Government and its stakeholders in their effort towards a VPA with the EU.

The FLEGT process has created an unprecedented opportunity for Lao PDR to join a coalition of countries that are fighting illegal logging and improving forest governance around the globe. Currently, 15 countries worldwide are negotiating or implementing VPAs with the EU.

## **NOTES TO EDITORS**

A FLEGT Voluntary Partnership Agreement (VPA) is a legally binding trade agreement between the EU and a timber-exporting country outside the EU. A VPA aims to ensure that all timber and timber products destined for the EU market from a partner country comply with the laws of that country. The VPA entails the establishment of a Timber Legality Assurance System to ensure the legality of timber products and of a FLEGT licensing scheme.

VPAs are a key component of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, the EU policy to combat illegal logging and related trade. Fifteen tropical countries are implementing or negotiating VPAs with the EU, while others have expressed interest in negotiating a VPA.

A major strength of VPAs is that they look beyond trade to consider development and environmental issues, as well as effects on local populations. In addition to promoting trade in legal timber, VPAs address the causes of illegality by improving forest governance and law enforcement. A VPA's potential benefits are wide ranging. They include improved conservation and sustainable management of forest resources, increased tax revenues, establishment of a level playing field in favour of legal operators, improved reputation for the forest industry of the partner country and stronger capacity to meet international market requirements for legal and sustainable products.

Stakeholders in government, the private sector and civil society develop VPAs through a participatory process. A VPA is therefore a vehicle for addressing the needs of different stakeholders and for including many people who have never before had a voice in decision making.

Under a VPA, a partner country establishes systems to demonstrate the legality of its timber exports with a FLEGT licence. One of the advantage of this is that FLEGT-licensed products automatically meet the requirements of the EU Timber Regulation, which prohibits EU operators from placing illegally harvested timber and timber products on the EU market. This system will also help Laos to improve its position in other international markets that are increasingly taking action to ensure legality of timber imports.

Laos has made efforts to address illegal logging and manage its forests. The Government recently strengthened its ban on the exports of raw logs and primary wood products from natural forests.

The Government is revising major laws, including the Land Law and Forestry Law.

Laos and the EU began a process to move towards negotiation of a VPA in 2012. The Prime Minister approved formal negotiations in 2015. The Prime Minister also established a National Steering Committee for the VPA, giving Lao civil society organisations a historic opportunity to engage in dialogue on policies that affect forest governance.

Through progress on VPAs, the EU Timber Regulation and dialogues with other important timber markets, including China, the EU and the VPA partner countries are contributing to a growing global movement to address trade in illegal timber and timber products. VPA momentum in Asia is building. In November 2016, Indonesia became the first country to issue FLEGT licences. In the same month, Vietnam and the EU agreed in principle on the content of their VPA.

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