

TIMBER LEGALITY DEFINITION 8: WOOD PROCESSING AND TRADING

PRINCIPLE 8.1 REQUIREMENTS AND PROCEDURES FOR WOOD PROCESSING AND TRADING		
Criteria 8.1.1 Compliance with the requirements for legally established wood processing and trade enterprise		
Indicators	Verifiers	Legal references
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	<ul style="list-style-type: none"> • Law 46/NA (2013), article 14. • Notification 0530/MOIC, (2002) & Notification 0538/MOIC (2002)
	8.1.1.1.2 Factory operation certificate	<ul style="list-style-type: none"> • Law 048/NA (2013), article 11. • Regulation 0719⁴/MOIC (2009), article 12 and 1726 . To be amended to allow micro-business to have access to timber auction².
	8.1.1.1.3 Forestry business registration	<ul style="list-style-type: none"> • Law 06/NA (2007), article 45.
Criteria 8.1.2 Compliance with supply chain control procedures for wood processing and trade		
Indicators	Verifiers	Legal references
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).	<ul style="list-style-type: none"> • Draft Decision on COC No.... /MOIC, article 6. • Guideline 0962/DOF (2010) on transport permit (Under the revision) • Notice 1429/DDT (2016)
	8.1.2.1.2 Balance system in place	<ul style="list-style-type: none"> • Draft Decision on COC No.... /MOIC, article 7.
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.	<ul style="list-style-type: none"> • Draft Decision on COC No.... /MOIC, article 5.2
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)	<ul style="list-style-type: none"> • Draft Decision on COC No.... /MOIC, article 5.
	8.1.2.3.2 Tax invoice	<ul style="list-style-type: none"> • Notice 1429/DDT(2016)

⁴ ~~Gaps: As part of the revision of 0719 there is a need to be amended of Article 10 to cover legal source of raw materials for household business.~~

² To be adjusted to meet the requirements of participation of micro-enterprise in the timber auction.

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	<ul style="list-style-type: none"> • Law 70/NA (2015), Part V, article 62. Instruction No: 3281/MoF (2014)
8.1.2.5 Household business has paid lump sum tax.	8.1.2.5.1 Annual lump sum tax receipt	<ul style="list-style-type: none"> • Law 70/NA (2015), Chapter 3, article 55.
Criteria 8.1.3 Compliance with environmental and social impact requirements		
Indicators	Verifiers	Legal references
A. Group 2 “Activities with significant or major environmental and social impacts” ³ .		
8.1.3.1A The operator (except for household business) has conducted environmental and social impact assessment (ESIA) report with involving the affected people in a consultation process on impacts of wood processing and has received environmental certificate from MONRE and approved by MONRE.	8.1.3.1.1 Environmental compliance certificate	<ul style="list-style-type: none"> • Law 29/NA (2012) • Instruction 8030/ MONRE (2013), article 10. • Law 48/NA (2013), article 11.
	8.1.3.1A.2 Attachment to the ESIA report with comments from concern stakeholders.	<ul style="list-style-type: none"> • Instruction 8030/ MONRE (2013), part II
8.1.3.2A The operator (except for household business) has implemented mitigation measures in accordance with the Environmental and social management and monitoring plan (ESMMP).	8.1.3.2A.1 Approved report of the progress of ESMMP implementation of the operator.	<ul style="list-style-type: none"> • Law 29/NA (2012) • Instruction 8030/ MONRE (2013), Part II, section 2.10.
B. Group 1 “Activities with moderate or minimal environmental and social impacts”		
8.1.3.1B The operator (except for household business) has completed Initial environmental examination (IEE) report involving the affected people in a consultation process on impacts of wood processing and has received the approval of IEE report from PONRE.	8.1.3.1.1B.1 Environmental compliance certificate.	<ul style="list-style-type: none"> • Law 29/NA (2012) • Instruction 8029/ MONRE (2013).
	8.1.3.1B.2 Attachment to the IEE report with comments from concern stakeholders	
8.1.3.2B The operator (except for household business) has implemented mitigation measures in accordance with the Environmental and social management and monitoring plan (ESMMP).	8.1.3.2B.1 Approved report of the progress of ESMMP implementation by the operator.	<ul style="list-style-type: none"> • Law 29/NA (2012) • Instruction 8029/ MONRE (2013).

³ In the Ministerial Agreement No. 8056/MONRE only mentions the plywood processing factories as a type of the investment project. Categorize the wood processing enterprises need to be categorized according to anticipated impacts. (Further requirements to clarify groups of wood processing factories subject to ESIA or IEE).

PRINCIPLE 8.2 REQUIREMENTS AND PROCEDURES FOR EXPORT		
Criteria 8.2.1 Compliance with law and regulations on export		
Indicators	Verifiers	Legal references
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 "IC01" applied for wooden products from natural forest)	<ul style="list-style-type: none"> • Decision 1833/MOIC (2016) and 0002/MOIC (2018) • Order 2143/MOIC. DIMEX (2016) • Notification 1161/DOIH (2016). • Draft Decision on COC No.... /MOIC.
	8.2.1.1.2 'Loading certificate for wood product export (Form "IC02" applied for wooden products from plantation)	
8.2.1.2 The exporter has all required information for wood product export.	8.2.1.2.1 Approved custom declaration form	<ul style="list-style-type: none"> • Notification 1818/PMO (2016). • Draft Decision on COC No. .../MOIC, article • Order instruction 2143/MOIC. DIMEX (2016) • Notification 1161/DOIH (2016).
Criteria 8.2.2 Compliance with wood product export under CITES Regulation		
Indicators	Verifiers	Legal references
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.	<ul style="list-style-type: none"> • Regulation 0141⁴/MAF (2010), article 21. To be amended to cover trees species after the forestry law is approved^{5#}. • Law 18/NA (2017), article 6 (4). • Order 05/PM (2018) (Flora and fauna).

~~[†]To be adjusted to meet the requirements of participation of micro-enterprise in the timber auction.~~

~~[#]The list to Annex to Forestry Law shall be included CTIES species.~~

~~⁴The mentioned regulation does refer only to wildlife and aquatic animals. It does not mention timber specifically, it needs to be revised.~~

~~⁵The list of tree species in the annex to Forestry Law shall identify CTIES species.~~