

Lao-EU FLEGT NEWSLETTER



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Negotiation Support Development Committee holds meeting

On 17 September 2019, the meeting of the Negotiation Support and Development Committee (NSDC) brought together multiple stakeholders from line ministries, civil society organisations and private sectors, to review the progress and roadmap after the third round of face-to-face negotiations in Belgium in June 2019 on a Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade (FLEGT) between Lao PDR and the EU.

During the NSDC the action points from the 3rd Face-to-Face negotiations were highlighted and Lao-EU FLEGT roadmap was reviewed with all stakeholders. The FLEGT standing office (FSO) suggested a modification of the FLEGT institutional structure to ease the organization of FLEGT related work and to further strengthen the participation of all relevant stakeholders that support the future negotiations.

Part of the meeting was devoted to presenting and discussing the updated versions of the Timber Legality Definitions (TLDs) for timber from conversion areas, plantation and village use forests, as well as gathering feedback from involved stakeholders for further improvement. The European Forest Institute (EFI), who provides support to the implementation of the FLEGT Action Plan, also presented examples from Thailand of how TLDs can be tested in the field and gave

suggestions for the application in the Lao context. Field testing of TLDs and the trial testing of procedures following timber from the forest to the point of export along the supply chain and related verification by government authorities will be the main focus of the FLEGT work in the coming months. Within the meeting, the NSDC members agreed to initiate a mini-field test together with EFI to clarify the workability of verifiers and verification procedures for Principle 2.1 of TLD 2 on Conversion Areas and to reflect on possible inputs for a more comprehensive field test. The next steps for the stakeholders are to focus on consultations about supply chain control and verification procedures, especially in validating options which entity is conducting the verification for each individual verifier.



Data Management System for Confiscated Timber

Since 2016, roughly 95,000 m³ of timber have been confiscated in Lao PDR. With an in place of stronger legal framework and laws and regulations enforcement, the government foresees, that the amount of confiscated timber will drastically decrease in the future. During the third face-to-face negotiations, the government of Laos has proposed that confiscated timber will not be allowed for export and will only be eligible for domestic utilization. However, it was agreed by both Laos and EU that a timber legality definition for confiscated timber is still necessary to control the supply chain.

The government of Laos is committed to further develop a system to ensure that confiscated timber is not mixing with timber from other legal sources that are destined for export. In Laos, confiscated timber is currently entering the legal supply chain via timber auctions, where timber from other sources and confiscated timber are sold with different batches. However, upon sale at an auction there is currently no system in place that monitors the supply chain of confiscated timber upon leaving Log Landing 2 and entering a wood processing company. Confiscated timber would need to be segregated from other material upon entering the company, which requires a comprehensive internal production management within the company as well as monitoring by the government sector.



The Provincial Office of Forest Inspection (POFI) is the main authority that deals with illegal timber at the province level for controlling the supply chain of confiscated timber as its responsibility is the inspection of suspected cases, seizing of timber, interrogation-investigation, submission of cases to prosecution office to appeal to the court for punishment and proceeding confiscation of timber. Therefore, a comprehensive Data Management System (DMS) for confiscated timber is needed for POFI to monitor its input and output and provide reliable and easy-to-access information to the auctioning body POIC. Following this concept, the POFI of Attapeu province is now working on developing and testing of a system from seizing until auctioning and transport of confiscated timber to wood processing companies. POFI Attapeu plans to present this system to the Provincial Coordination Committee (PCC) meeting for further consultations on the system's improvement. As a next step, a segregation system for confiscated material within wood processing companies needs to be introduced and tested in the pilot provinces.



Development of Timber Legality Definitions (TLDs) Towards Sustainable Forest Management

Timber legality definition (TLD) is one of the elements of the Timber Legality Assurance System (TLAS) which defines the timber legality in compliance with national laws and regulations by reflecting the three pillars of sustainability (economic, social and environmental). The TLD2 on conversion Areas, TLD3 on plantation and TLD4 on Village Use Forest are among the eight TLDs which were presented and negotiated with EU at the third formal face-to-face negotiations in Brussels, Belgium from 17 to 21 June 2019.

The Lao negotiation team has received comprehensive comments for further development and revision of the above TLDs. From July to September the technical working groups (TWG) under the supervision of the NSDC have worked intensively on the revision of these TLDs, which included the adaptation of principles, indicators and individual verifiers. With the revision of the Forestry Law, Land Law and other legal references in the field of Environmental Impact Assessment, Resettlement and Vocation and Plantation Promotion, many open points in the TLDs could be clarified.

**TLD1:
Natural
Production
Forest**

**TLD2:
Conversion
Areas**

**TLD3:
Plantation**

**TLD4:
Village Use
Forest**

**TLD5:
Confiscated
Timber**

**TLD6:
Imported
Timber**

**TLD7:
Labour Obligations in Forestry and Wood Processing Operations**

**TLD8:
Wood Processing and Timber Trading**

TLD4 on Village Use Forest (VUF)

During the negotiation, Laos informed EU that the new forestry law allows VUF for commercial use for additional income generation and poverty reduction. EU welcomed and appreciated Laos for these remarkable changes and agreed with Laos to fully develop TLD for VUF. Based on the discussion and consultation of the technical working group (TWG), the TLD4 Village use forest will cover only the commercial use, while non-commercial use will be developed as narrative description of supply chain control to ensure that non-commercial timber from village use forest will not mix with other legal timber sources in the supply chain. In order to be clear for timber legality definition of timber from village use forest for commercial use and to clarify the necessary steps in the supply chain, legal reform is required particularly the revision of Regulation No 0535/MAF. In addition, the TWG has also suggested that natural trees on the land of individual, entity or organization need to be included in the TLD4 to

reflect the new forestry law. Once TLD4 is developed and agreed, it will promote sustainable use of forests at village level in the entire country which is expected to result in increasing income of local communities.

TLD3 on Plantation

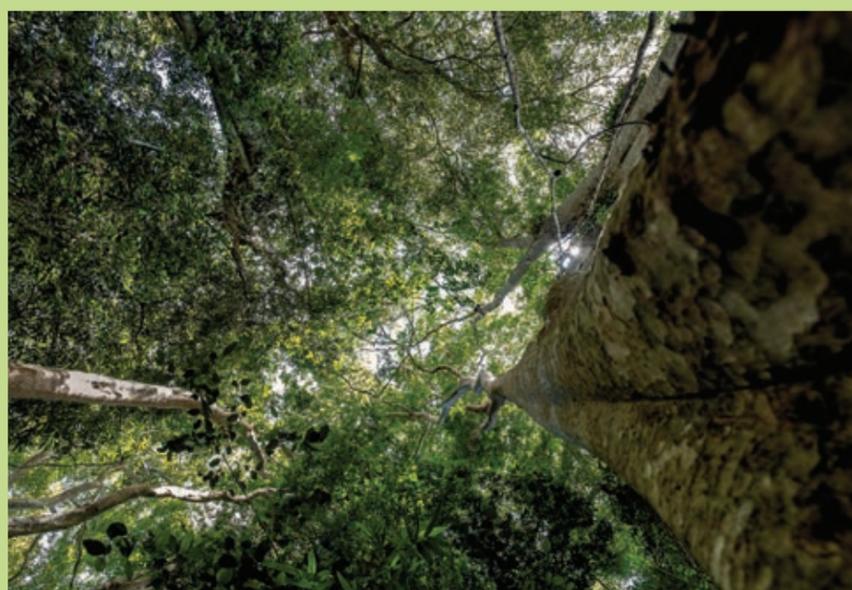
During the negotiation, Laos stated that the long-term vision of the main sources of timber supply for processing industry are timber from plantations. EU therefore asked Laos to reflect this issue in the forestry strategy and requested Laos to provide information on degraded and barren land which could support the plantation development. As the forestry law, the draft land law and Decree 247/GO have promoted plantation investment and development, the TLD3 has been adapted to the new legislation to allow the owners of plantation and planted trees to plant, sell and transport their timber

without any obstacles regardless of whether they are native or non-native species. However, plantations need to be registered, and the volumes during harvesting and transportation need to be reported to the forestry sector for collection. TLD 3 still has open points regarding supply chain control and data collection of plantation timber, which need to be addressed by the TWG to also clarify the future direction of plantation timber in Laos.

TLD2 on Conversion Areas

During the negotiation, EU requested Lao side to share the study on the inventory of development projects that caused forest conversion. Also, it was agreed that Laos will include the proposal phase and the implementation of compensation and resettlement as agreed with the local

people into the TLD. Based on the comments made by EU, the TWG has revised the TLD2 accordingly and the TLD now also covers the application and approval phase which includes the application by the investor, the MOU between the government and the investor and the feasibility. The TLD now also includes a criterion, that specifically ensures the monitoring of the implementation of mitigation measures of compensation and resettlement, which ensures that all parts of the Environmental Mitigation and Monitoring Plan (EMMP) are being carried out and monitored. Verification of specific topics, for example the delineation of concessions within an Environmental Impact Assessment, will be part of the verification matrix, that is being developed specifically for each TLD. TLD2 shall deliver on better control of timber harvesting in conversion areas.



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