

7TH MEETING OF THE APEC EXPERTS GROUP ON ILLEGAL LOGGING AND ASSOCIATED TRADE (EGILAT)

26- 27 January 2015

Widus B, Convention Center, Widus Hotel, Clark Freeport Zone,
Pampanga, Philippines

DAY 1

SESSION I: Opening Session

1. Mr. Xia Jun, Chair of EGILAT, welcomed all participants from 16 economies as well as invited guests from three international organizations.
2. Hon. Demetrio L. Ignacio, Jr., Undersecretary for Field Operations, Department of Environment and Natural Resources, Philippines delivered the opening remarks. He stressed that illegal logging and associated trade was a great concern which posed a number of challenges and had negative impacts on the international community, and emphasized Philippines' position and efforts in combating illegal logging, which is firmly consistent with sustainable forest management and normal forest product trade.
3. Participants made a brief introduction, including their name, organization, economy and background.
4. The Chair introduced the draft agenda of the EGILAT 7 and ask for members' further comments on it. With no objection, the draft agenda was adopted as 2015/SOM1/EGILAT/001.
5. The APEC Secretariat made a report on APEC development and projects, emphasizing the EGILAT-related content in the outcomes of the 2014 APEC Leaders' Week and APEC 2015 themes and priorities, while updating the new features of the Project Session 1, 2015. He also informed the meeting of the available funding for APEC projects, and provided participants important advice for applying APEC funding. It was noted that a competitive environment for funding would continue.

SESSION II: Strategic Plan 2013 – 2017 and other Operational Matters

6. Canada made a presentation on the draft EGILAT 2015 Work Plan. It was mentioned that the work plan was developed by a drafting team led by Canada and comprised Chile, China, the Philippines and United States. The draft has been circulated among EGILAT members for consideration in mid-January in 2015. EGILAT is expected to finalize the work plan by the end of January and then submit it to SCE for approval. The action items, expected outcomes as well as the challenges in implementing the work plan were also outlined.

7. Participants appreciated the drafting team's effort in developing the work plan and made some further suggestions to it. Among all the action items proposed in the work plan, participants focused their discussion on how to hold joint meetings with other relevant APEC fora, e.g. the Sub-Committee on Customs Procedure (SCCP) and Anti-Corruption and Transparency Working Group (ACTWG). It was said that the EGILAT Chair wrote two emails to the SCCP Chair and ACTWG Chair respectively in October 2014, but received no firm response from them so far. Canada and USA EGILAT members were requested to draft the topics of discussion for the possible joint meetings between the EGILAT, SCCP and ACTWG. The EGILAT Chair also encouraged the delegates from other economies to share their ideas on the topics. The Philippines EGILAT members were tasked to coordinate internally with their domestic counterparts in SCCP and ACTWG given that both Chairs of SCCP and ACTWG 2015 are from the Philippines. The APEC Secretariat would also coordinate through the Program Directors in charge of SCCP and ACTWG for the possible cooperation. It was suggested that the joint meetings could be scheduled in the margins of EGILAT 8 in Cebu in August 2015, when both SCCP and ACTWG would also hold their meetings there. The EGILAT Chair would write a letter to Chairs of SCCP and ACTWG again to suggest the cooperation.
8. Participants agreed that a final round of consultation on the draft work plan would take place right after the EGILAT 7. Members were requested to reach consensus on it before the SCE-COW meeting which would be held on 4 February 2015. Philippines EGILAT members are tasked to attend the SCE-COW meeting on behalf of the EGILAT and present the finalized EGILAT 2015 Work Plan for SCE's endorsement. They would also share the ideas of cross-fora collaboration at the meeting, and liaise with the ACTWG Chair, who would attend the SCE-COW as well, on the further cooperation.
9. As per the decision from EGILAT 6, the APEC Secretariat was invited to report on the examples of successful projects under Rank 2 as well as an update on inviting the APEC Policy Support Unit (PSU) and Project Management Unit (PMU) to attend the EGILAT's meeting.
10. It was explained that the examples could only be found in project sessions earlier than Session 1 in 2014, when the funds available were much higher than those of today. No project under Rank 2 was funded by APEC in recent project sessions due to the limitation of funds available, which was not enough even for all the projects under Rank 1. Therefore, the successful examples in the past could not offer much for members to learn from. The predicament in obtaining APEC funding faced by EGILAT was not caused by the unqualified project proposals but because of the Rank 2-nature of EGILAT projects and the insufficiency of funds for projects under Rank 2. Nevertheless, the APEC Secretariat would continue providing guidance to members on how to apply for APEC funds in compliance with APEC's requirements.
11. As for the invitation to PSU and PMU, the APEC Secretariat reported that it was declined by the PSU as the PSU mainly focuses research on topics relating to trade and investment liberalization and facilitation, which has little to do with the working scope of EGILAT. The PMU would be happy to share their knowledge on projects with all EGILAT members. However, they could not

accommodate their project training workshops with the EGILAT 7 meeting program, which was unfortunately scheduled on days prior to the kick-off of the workshops. Nevertheless, participants reiterated their interest in inviting PSU and PMU to the next EGILAT meeting and tasked the APEC Secretariat to follow up on it inter-sessionally.

SESSION III: Exchange of Information Relating to Combating Illegal Logging and Promoting Trade in Legal Forest Products

12. The Philippines presented its experience on data base cataloguing on illegal logging cases titled “Electronic Filing and Monitoring System of Illegal Logging Cases”. It was introduced that the system was developed to allow the economy to monitor such cases systematically, and address the problems encountered by the manual systems, such as multiple reporting, difficulty in tracking status, inconsistent entries and usage of species, lack of transparency, inadequate reporting and monitoring of confiscated products and improper and illegal processing of cases, etc. The data gathered in the system cannot be manipulated because the processes are all in chronological order. The illegal logging reports follows numerical coding, wherein the year of apprehension, the CENRO code and the apprehension report number make each case easy to monitor.
13. The representatives from NEPCon and ITTO were also invited as non-member guests to present their experience in combating illegal logging and associated trade.
14. Ms. Lauren Alexandra Banks from NEPCon made a presentation titled “Combating Illegal Logging and Promoting Trade in Legal Forest Products”. She introduced the NEPCon’s approach to due diligence and the challenges it is facing as an EU-recognized monitoring organization (MO). She also briefed the members that NEPCon is developing the Centralized National Risk Assessments through a systematic approach by using the NEPCon FLAF tool, which would consist of different parts including applicable legislation lists, risk description and risk assessment, all related to the categories of forest legality and genetically modified organisms (GMOs) under FSC-PRO-60-002a v 1-0.
15. Mr. Li Qiang from International Tropical Timber Organization (ITTO) elaborated on ITTO’s experience in improving law enforcement and combating illegal logging. It was mentioned that ITTO has held a number of policy dialogues to promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources. Also, ITTO has implemented Thematic Program on Forest Law Enforcement, Governance and Trade (TFLEGT Program) such as ITTO-CITES Program and ITTO-FLEGT IMM Program, to improve national forest law enforcement and governance in tropical ITTO member countries. Besides, ITTO has funded around 70 projects which cover the establishment of national forest/timber info systems, improvement of the forest law enforcement and governance, development of the guidelines to control illegal logging, strengthening of the governance capacity, chain of custody verification, and innovation of the timber tracking system and technologies and timber certification.

Session IV- Presentation of APEC 2015 Priorities

16. The Chair invited the Vice SOM Chair, Hon. Ferdinand Cui Jr., Presidential Management Staff Undersecretary, the Philippines, to present the APEC 2015 themes and priorities. It was introduced that the theme this year is “Building Inclusive Economies, Building a Better World” which is underpinned by four working priorities: a) Enhancing the Regional Economic Integration Agenda; b) Fostering the Participation of SMEs in Regional and Global Markets; c) Investing in Human Capital Development; and d) Building Sustainable and Resilient Communities. He advised that APEC’s work this year needs to be outcomes-oriented, with clear, relevant and measurable initiatives closely related to the APEC 2015 themes and priorities. He also gave a few examples of outcome-related APEC initiatives for EGILAT’s reference.

SESSION III: Exchange of Information Relating to Combating Illegal Logging and Promoting Trade in Legal Forest Products (continued)

17. The EGILAT resumed the discussion on Session III. The Chair invited Australia and the United States to update the meeting on the progress in drafting *the EGILAT Timber Legality information Sharing Template* and *the APEC Policy Guidelines on Identifying the Scope of Illegal Logging and Associated Trade*.
18. Australia stated that another version of the guidelines has been drafted after EGILAT 6 by the taskforce led by Australia, based on the comments from different economies in order to address their concern. The laws relevant to illegal logging and associated trade are the specific topics where revisions are mostly made. The *Policy Guidelines* aimed to foster an APEC-wide understanding and agreement on ‘illegal logging and associated trade’ and identify the primary categories of laws and regulations that APEC economies consider relevant to this field, so as to provide greater transparency and clarity to members of the private sector and civil society that are engaged in efforts to promote legal wood production and trade. It was also emphasized that it’s a flexible and non-binding document, and can be developed to suit the needs of all members. Members are invited to make more comments on the guidelines.
19. As for the *Guidance Template*, Australia informed that it remained unchanged from the last meeting. Nevertheless, it would be revisited based on the new information received from the previous sessions of EGILAT 7. It was also mentioned that members might wish to consider a more tailored version of the template as one version would probably not suit everyone. Finally, it was suggested that both the *Policy Guidelines* and the *Guidance Template* are complementary with each other and they were expected to move forward together.
20. The US further elaborated on the Policy Guidelines, mentioning that the relevant laws listed in the guidelines would very much affect the *Guidance Template* in whether a certain category of laws would or would not be included in it. Therefore, the US, too, expressed its view that these

two documents should move forward together. The US expressed its willingness to hear the concerns and answer the questions from members, and would like to reach an agreement on the EGILAT members' common understanding on illegal logging and associated trade.

21. A number of comments were raised from the floor. Some suggested that the legality of timber should also take into account the legality in management of the forest. Some questioned the applicability of the guidelines, as different economies have different definitions of legal logging, and some elements of the guidelines are contradictory to the domestic laws and regulation of some economies. It was commented that *Policy Guidelines* and the *Guidance Template* would serve different purposes: the former aims to develop a common understanding on timber legality, whereas the latter focuses on information sharing, which encourages each economy to provide data and laws and regulations that constitute timber legality. Some economies expressed the view that it's premature for EGILAT to reach agreement on the guidelines, members could do the information sharing first to achieve some initial deliverables.
22. Australia responded that the biggest issue or challenge with the guidelines is the attempt to be specific in some of the language, in particular in Paragraph 2 of the current version. Two solutions were proposed: to simplify the language or just remove the paragraph. And it was suggested that the simplification of the language would be better.
23. Members continued the discussion with some further comments. Some suggested a more prescriptive solution instead of the simplification solution. Some mentioned avoiding the decisive wording in the content. Nevertheless, others expressed the opinion that the absence of domestic definition of illegal logging should not be the obstacle of an agreement on the guidelines, but, on the contrary, should be the reason why we need them.
24. The US added that the *Policy Guidelines* is not an attempt to create anything binding, but an attempt to create a generalized understanding on what is illegal logging. There's a desire expressed by the EGILAT and the community engaging in timber and wood trade for a clear definition on illegal logging. The compendium of laws and regulations on illegal logging is not redundant but is complementary to the effort of the *Guidance Template*, and the US expressed the view that the two documents should be developed together. It was also mentioned that the US was agreeable to further revise the controversial wording in the current draft of the guidelines.
25. The Chair closed the session as it had already passed the C.O.B. of the Day 1 meeting. He advised members to talk to each other after the meeting to find more common ground for Day 2 discussion. Besides, he suggested three questions for members' consideration: a) whether EGILAT needed a document on common understanding of illegal among all economies such as the *Policy Guidelines*; b) whether the *Policy Guidelines* could go along with the *Guidance Template*, or whether we preferred to move them forward together or separately; c) if EGILAT needed the

Policy Guidelines, whether we should use a more general language or a more prescriptive one in it.

DAY 2

26. Indonesia made a presentation on its experiences in the implementation of SVLK (Indonesian Timber Legality Assurance System). It was introduced that the development of SVLK is a soft approach of Indonesian government, which complements law enforcement-the hard approach, in curbing illegal logging and fostering sustainable forestry management. A downward trend in illegal logging in Indonesia has been observed since the implementation of SVLK. The advantages as well as the working mechanism of the SVLK were also presented. Indonesia also shared its justification for entering the EU FLEGT – VPA and Australian CSG, and briefed on the Impact and benefit of Indonesia-EU FLEGT-VPA on the timber industry.
27. Inquiries were raised concerning how Indonesia solves the challenges they encountered in their project, and whether Indonesia takes other certificates other than SVLK. It was answered that a proper communication with people is the key in solving the challenges they met during the trial. Also it was explained that Indonesia does take other certificates, but only the SVLK is mandatory.
28. The EGILAT meeting resumed the discussion of Day 1 meeting on the *Policy Guidelines* and the *Guidance Template*. The US and Australia reiterated their willingness to work with other economies to use more general languages in the guidelines, so as to move it forward together with the template. Members agreed the two draft documents would be circulated again for another round of consultation following the conclusion of EGILAT 7 (27 January 2015) and seek members' comments within 3 weeks (by 17 February 2015). Australia and the United States would incorporate the comments into the drafts within another 2 weeks (by 3 March 2015) and submit the updated version to the APEC Secretariat for circulation. EGILAT would work to reach consensus on the two documents by EGILAT 8. If there's still no consensus by EGILAT 8, members would decide how to proceed.

SESSION V: Capacity Building

29. China updated the meeting on the progress of its proposal "Assessment of the Progress towards the APEC 2020 Forest Cover Goal" which was adopted at SOM 1, 2014. It was mentioned that a letter was sent to member economies and APFNet Focal Points respectively at the end of 2014, with the suggested deadline for submitting their individual report by 30 May 2015. The final report on the assessment was expected to be ready by October 2015 and would be submitted to Leaders for their consideration.
30. The APFNet briefed members on its ongoing project implemented jointly with China titled "Training Workshop on Enhancing Forest Governance for Better Forest Resources Management

in the Context of Timber Legality Verification” (EGILAT 02/2014S). It was informed that the workshop was scheduled tentatively on 25 June – 6 July 2015 in Kunming, China, including 5-day indoor sessions (lectures and presentations), 4-day field visits and 1-day wrap-up, evaluation and closing sessions. One participant from each developing economy (APEC travel-eligible economy) could be funded. The APFNet also introduced the timeline for organizing the workshop and encouraged members to participate in it.

31. Peru updated on its concept note titled “Strengthening Forest Control Systems and Market Chains in APEC Economies”, which was previously presented at EGILAT 6 in Beijing, China. It was mentioned that the concept note would be further revised and circulated again for EGILAT’s endorsement. Then, it would be submitted for Session 1, 2015 for APEC funding by February 27, 2015.
32. Korea presented its new initiative on a timber legality roadmap which had not been officially approved but widely discussed within the Korea Forest Service. It was introduced that the work on infrastructure building in timber legality is in progress for the time span of 2015-2017. The due diligence system will be in place by 2019, and a new timber law is expected to be into full enforcement by 2020. Korea also gave a brief on its new concept note on APEC Database for SMEs Targeting “Legal Wood Only” Market. A proposed site map of the database was presented. It was expected to be endorsed by EGILAT and submitted for APEC funding.
33. Members provided some comments on the roadmap. Some expressed support for the information sharing database project, while adding on some suggestions for its further improvement, such as the kind of info to be uploaded for public, different steps in building on the database, the way to enhance its usefulness, the needed information as well as targeted user. Nevertheless, more clarification was sought regarding the government procurement part. Also, there’s a concern that the database would duplicate with the effort of the *Policy Guidelines* if it proceed as an independent project. Therefore, it was suggested that the project needs further consideration and it would be better to be discussed at the next meeting. Korea agreed to receive more comments inter-sessionally and re-present a revised concept note at EGILAT 8.
34. Canada as Chair of the Advisory Group on Projects briefed the members on its observation on EGILAT project proposals. It was suggested that the EGILAT needs to develop a strategic proposal in line with the goal of EGILAT. Also, it would be helpful if members could propose projects that could address the untouched part in the EGILAT Strategic Plan and Work Plan. The new draft work plan of 2016 had indicated potential project activities in it. Besides, it would be good if EGILAT could reach out to other fora or organizations to do some joint activities. On the other hand, Canada mentioned the difficulty of EGILAT in applying for APEC funds for projects due to the Rank 2-nature of EGILAT’s work. It was suggested that the EGILAT could learn from other Rank 2 projects that successfully got funded by APEC. And if it was not possible, EGILAT should consider doing projects jointly with other working groups whose work could be regarded as Rank 1 (e.g.

the joint project on the Timber Legality Code of Conduct for SMEs with SMEWG) or seeking project fund out of APEC.

35. Some members mentioned the poor response from other working groups regarding the joint project, e.g. the one with SMEWG, as the EGILAT's priority may not be the focus of other working groups, and suggested that the EGILAT needed to showcase itself to outsiders so as to raise the other fora's awareness of EGILAT's work. Chair concurred with this idea and tasked the Philippines EGILAT members to present the group to other APEC fora at the SCE-COW meeting. Also, the US EGILAT members agreed to liaise with the SMEWG Chair (from US) through domestic channels for the possible collaboration on the joint project, and would report the feedback at the EGILAT 8.

SESSION VI: 2015 EGILAT Work Plan

36. Members continued their discussion on the 2015 EGILAT Work Plan. Some further textual edits on the text were suggested from the floor. It was reiterated that the draft work plan would be circulated right after the EGILAT 7 for the final round of comments. Members were required to agree on the work plan by the end of January so as to submit it in time for the SCE-COW meeting for endorsement.
37. The meeting also discussed the potential topics for joint meetings with ACTWG and SCCP. The US and Canada drafted a preliminary list of notional topics for members' comments. A number of revisions were suggested from the floor and most of them were incorporated into the list, except the one from Russia. It was agreed that members would have 5 extra days after the conclusion of EGILAT 7 to reach agreement on the outstanding issue. And the US and Canada would be the leading economies in coordinating the development of the notional topics for the joint meetings. If the consensus is reached within 5 days, the list of topics would be presented by Philippines EGILAT members to ACTWG at the SCE-COW meeting on 4 February 2015. The Chair would also write letters to the ACTWG and SCCP Chairs respectively again to suggest the joint meetings and introduce the notional topics of the meetings. Philippines, as the host of 2015, would also play a role in the coordination with ACTWG and SCCP for the joint meetings, given that the meetings would be held in Philippines and both chairs of the two aforementioned fora this year are from Philippines. EGILAT members would decide on how they would organize the joint meetings based on the feedback from those two fora.

Session VII – Looking Ahead

38. Philippines, as the host of the EGILAT meetings in 2015, informed that the next meeting would be held in August in the margins of SOM3 in Cebu. It will coordinate with its National Organizing Committee for APEC 2015 on the timing and venue of the EGILAT 8, with a view to facilitating the potential joint meeting(s) with ACTWG and SCCP and the possible participation of APEC PMU and ABAC Secretariat, e.g. putting EGILAT, ACTWG and SCCP meetings in the same hotel, avoiding the clash of meeting calendars with ABAC, accommodating APEC PMU's SOM schedule, and enabling

EGILAT delegates to participate in the project training workshop organized by PMU. More detailed arrangement of the meeting would be forwarded to members later.

Session VIII – Closing Session

39. The classification of documents for EGILAT 7 was endorsed by EGILAT members.
40. The APEC Secretariat presented a brief summary record of the discussion of EGILAT 7, and highlighted the key decisions from the meeting for follow-up actions. Members suggested some edits in the language and endorsed the document.
41. Philippines shared some logistical information of the meeting and delivered a closing remark.
42. The Chair thanked the delegates for their participation and closed the meeting.

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