

# **Assessing risk of purchasing illegally harvested wood - Complying with the Annex 2 of the FSC Controlled Wood Standard FSC-STD-40-005 for wood sourced in the United States.**

## **Draft for Public Comment**

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### **SUMMARY**

This guidance paper was developed to help FSC certificate holders and other stakeholders in the U.S. understand the goals and methods of compliance with the new Controlled Wood Standard (FSC-STD-40-005). This paper addresses assessing the risk of inclusion of illegally harvested wood in FSC certified products and making risk assessments regarding these types of wood sources.

This paper is divided up into two sections.

1. The Introduction provides the interpretation of the goals of the standard and an overview of how risk can be assessed.
2. The second section provides guidance and tools for determining levels of risk associated with forest conversion.

The second section is divided into two parts: 1) the Criterion, as written in the standard; 2) the Essentials, a summary of the important components of the section.

### **1. INTRODUCTION**

The FSC Controlled Wood standard is an international measure to ensure that wood used by an FSC-certified company does not include unwanted wood sources. From a perspective addressing issues surrounding the use of illegally harvested wood, FSC certification ensures that the controlled components of a product avoids the use of wood from forest stands that are illegally harvested.

Compliance with the Standard is done by risk assessment. Wood that comes from areas where there is a low level of illegal harvesting can be designated as “low risk”. Wood that comes from areas where there is a lack of evidence in support of the indicators, then the areas are considered to be “high risk” and certificate holders must develop a verification program to demonstrate that their wood sources are “low risk”. This is accomplished by verifying that any harvests in a “high risk” area are harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance to Table 1 in Annex 3 of FSC-STD-40-005.

The determination of illegality is subjective. FSC assumes that the determination will be based on an understanding of the global perspective to establish what level of risk is acceptable and what is not. Clearly there is some illegal aspect of logging in every country.

## **2. DETERMINING RISK OF ILLEGALLY HARVESTED WOOD IN FSC-LABELED PRODUCTS**

### **The Standard:**

Criterion 1. The district of origin may be considered low risk in relation to illegally harvesting when all the following indicators related to forest governance are present:

- a) Evidence of enforcement of logging related laws in the district.
- b) There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits.
- c) There is little or no evidence or reporting of illegal harvesting in the district of origin.
- d) There is low perception of corruption related to the granting or issuing of harvest permits and other areas of law enforcement related to harvesting and wood trade.

### **The Essentials:**

**The COC certificate holder must demonstrate that they are avoiding the use of illegally harvested wood. This is accomplished by demonstrating that the U.S. and the district of origin practice good governance in relationship to forest management and harvesting.**

**There have been international assessments of illegal logging from the World Wildlife Fund (WWF), Seneca Creek Associates, and Wood Resources International. These organizations have identified the areas where they have evidence of systematic illegal logging. These areas do not include the U.S. or Canada. In addition, the U.S. and Canada score high in measures of good governance such as offered by Transparency International and the World Bank. See [www.worldbank.org/wbi/governance/data](http://www.worldbank.org/wbi/governance/data) for good governance data compiled by the World bank and [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi) for Transparency International indices.**

**It is arguable that illegal logging remains a problem in the United States. However, when compared to the global situation, *relatively*, illegal logging in this country is of such small magnitude or frequency that it cannot be considered to be systematic in any areas of the U.S. In addition, any illegal logging that does occur is often prosecuted or the rightful owner has means to remedy the situation.**

### **Background:**

In one way, the question of illegal harvesting in the U.S. cannot be completely resolved. This is because it generally occurs on an extremely small scale. Although it undoubtedly does occur, the scale of the activity is not large enough to be considered to be “high risk”. The types of illegal logging that one does encounter are minor and uncommon. The most common type of theft of any significant size in the U.S. is associated with mistakes in identifying property lines.

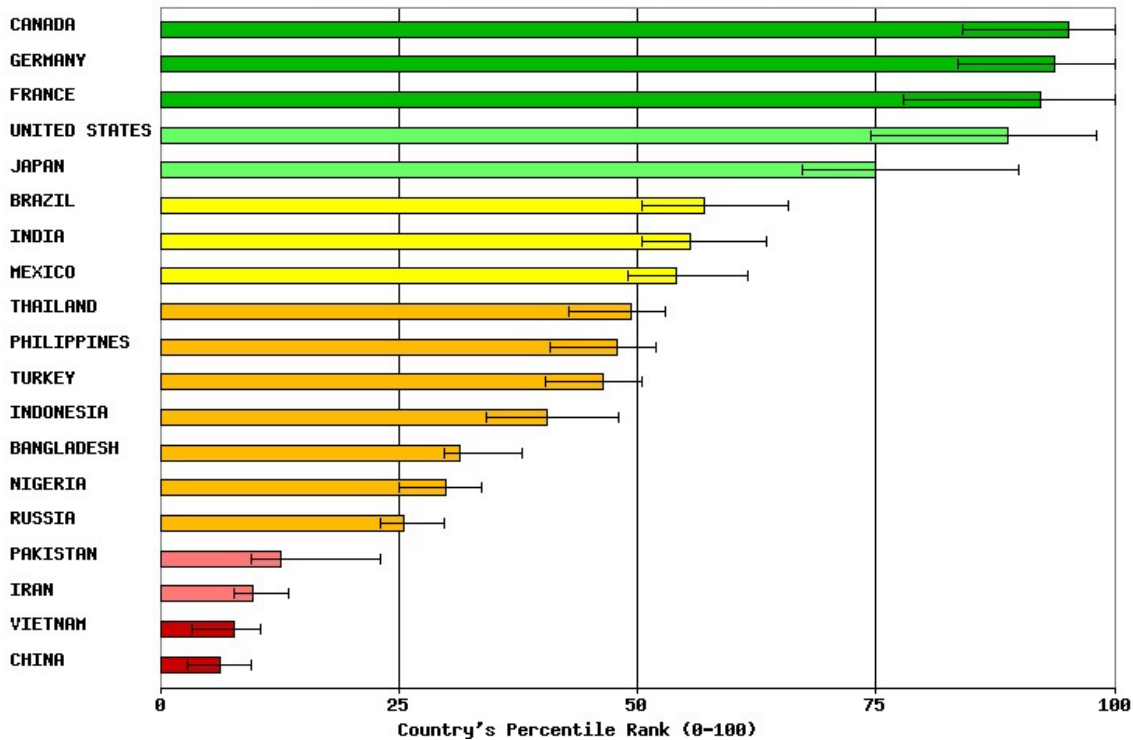
There are specific laws concerning timber trespass on both private and public lands in the U.S. However, the occurrence of timber theft is so insignificant that data are generally not kept by most the government agencies. More common is the possibility that a landowner would not receive current market value for timber that is legally purchased.

While there is scant evidence that extensive illegal logging occurs in the U.S, the U.S. is also recognized for good governance. The World Bank has developed indicators for six dimensions of governance:

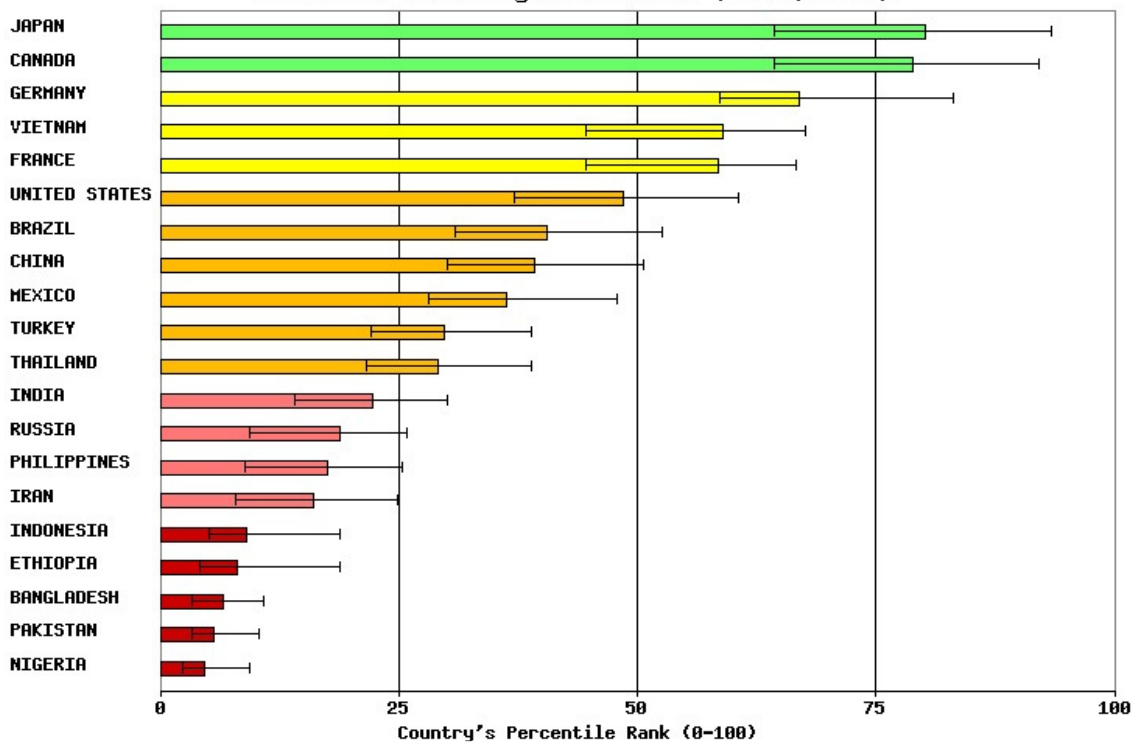
- Voice and Accountability
- Political Stability and Absence of Violence
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

The following tables show a comparison of these indicators for number of countries based on the World Bank that demonstrates that the U.S. are recognized as having good governance.

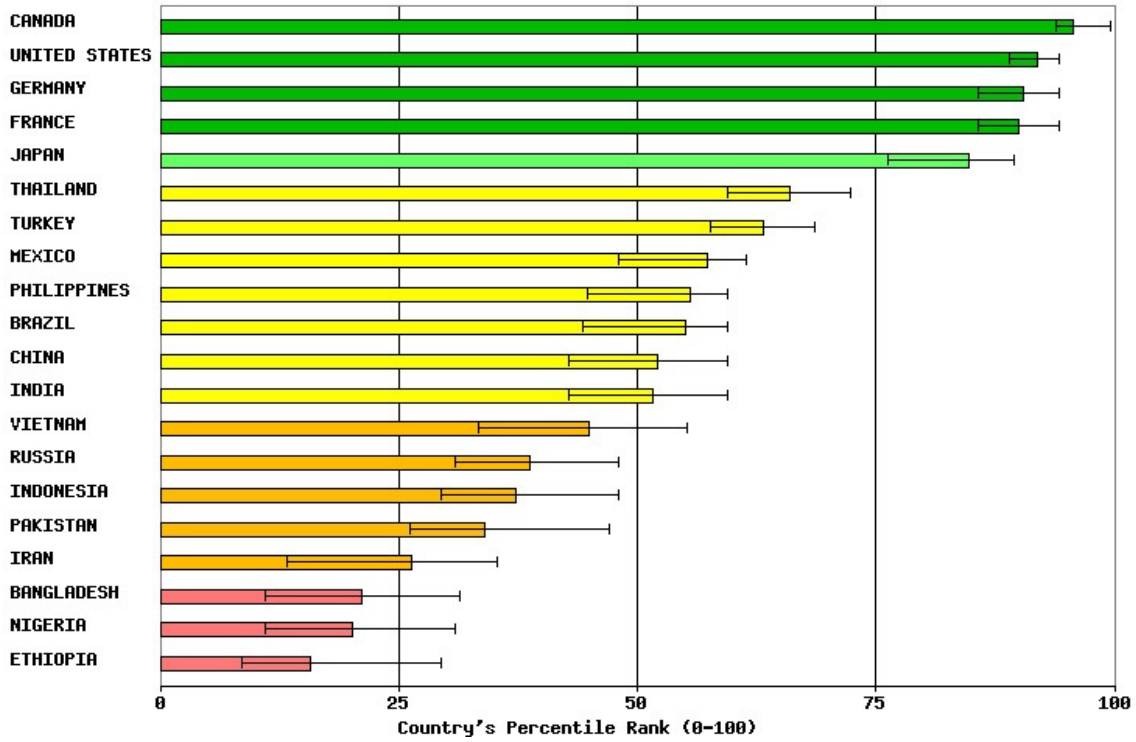
Voice and Accountability (World, 2005)



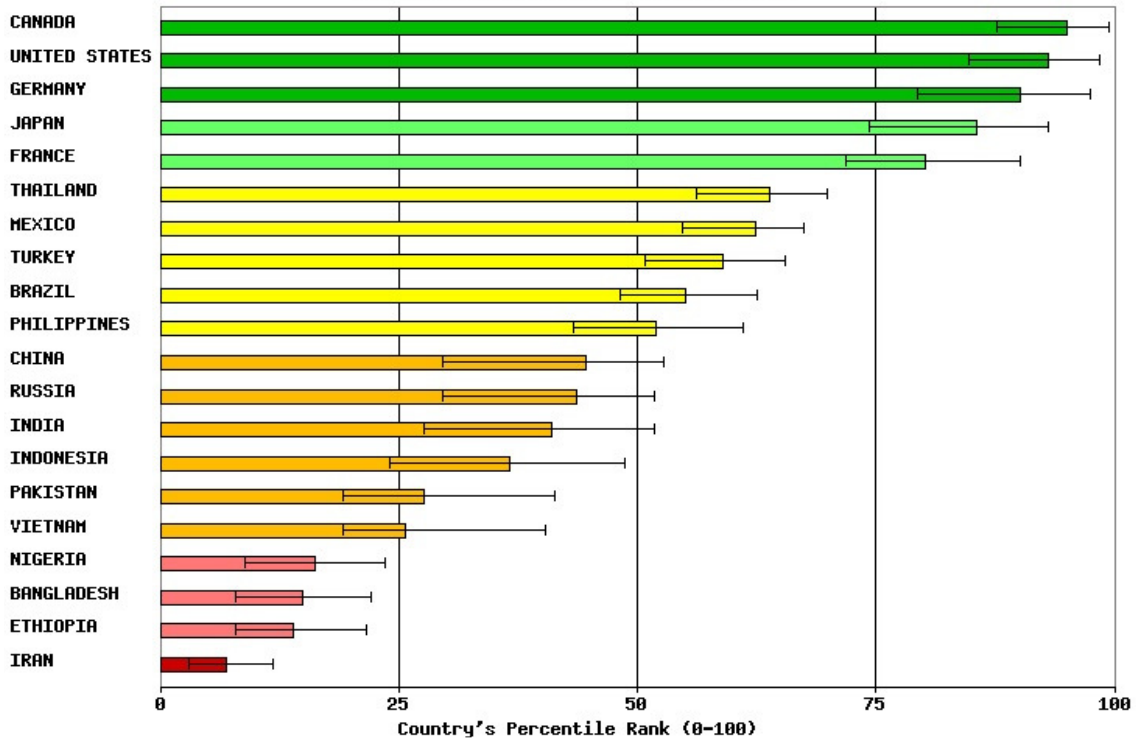
Political Stability/No Violence (World, 2005)

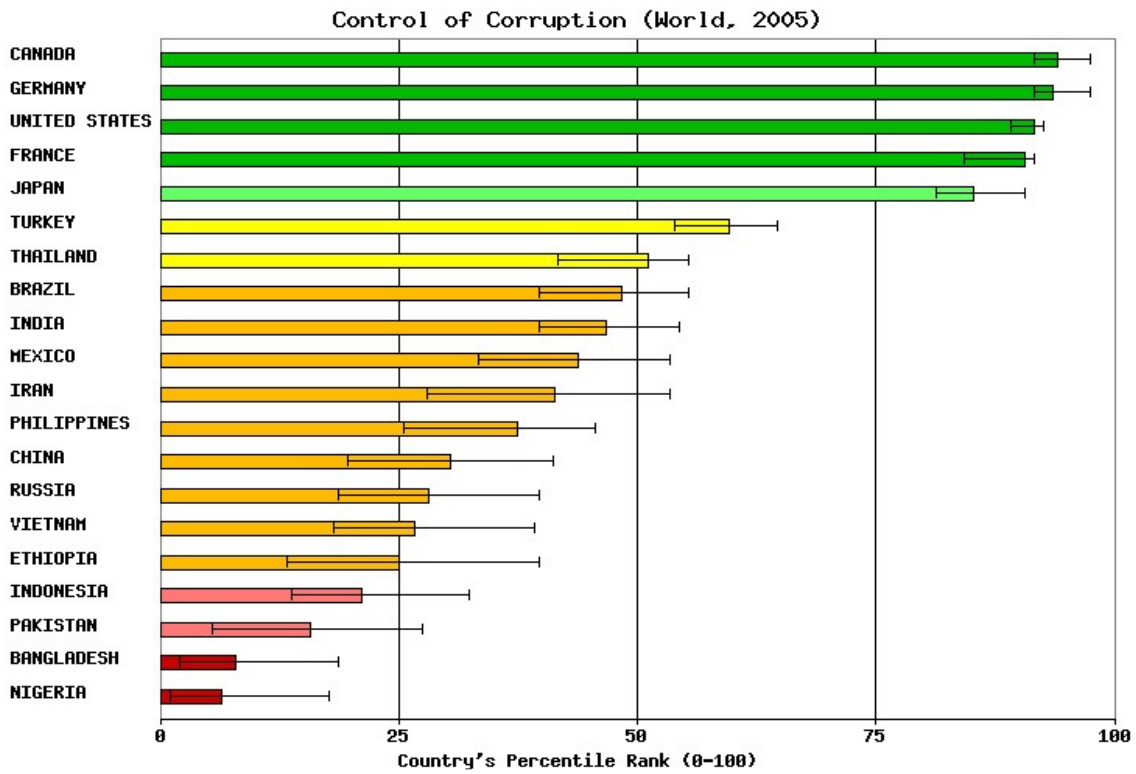
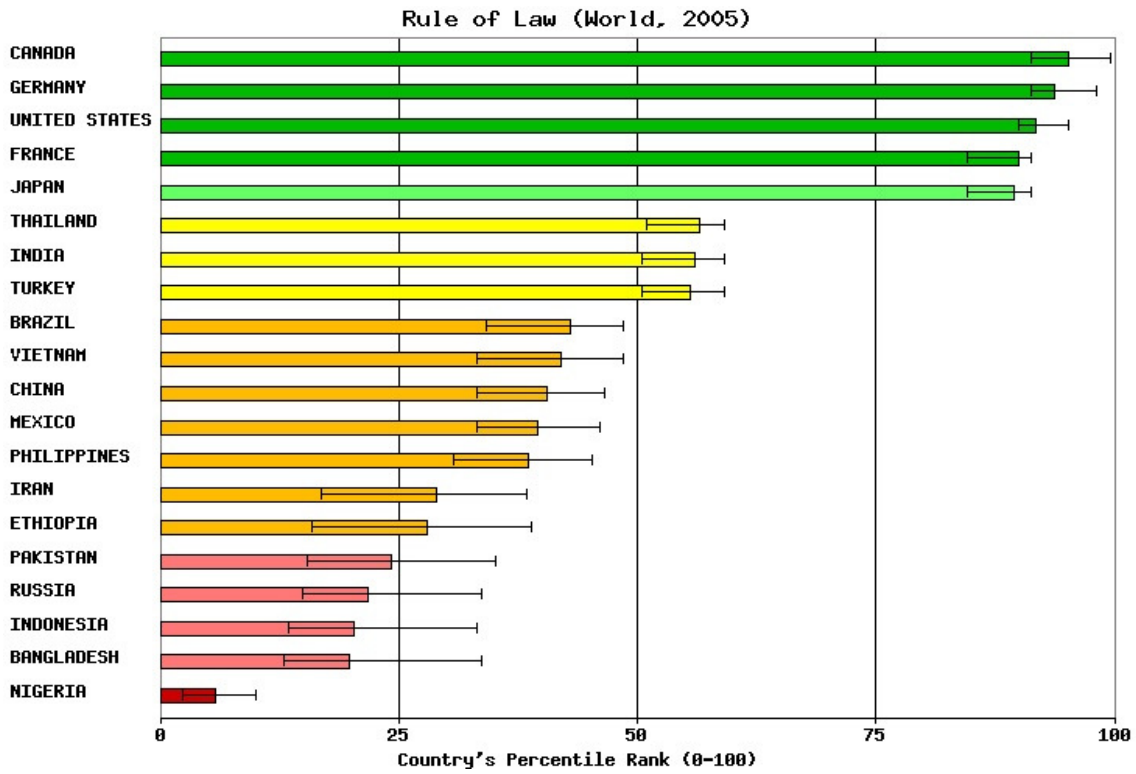


Government Effectiveness (World, 2005)



Regulatory Quality (World, 2005)





Conducting a risk assessment to demonstrate “low risk” for illegal harvesting can be accomplished by sourcing data on good governance and contacting appropriate state agencies (Departments of Natural Resources, Forest Protection Divisions, etc.). A summary of information from these agencies on how timber harvesting is monitored and the perceived or actual level of illegal harvesting should suffice to demonstrate “low risk”.