EU/Indonesia Voluntary Partnership Agreement: forest law enforcement, governance and trade in timber products to the EU

2013/0205(NLE) - 13/09/2013 - Legislative proposal

PURPOSE : to conclude the Voluntary Partnership Agreement with Indonesia on forest law enforcement, governance and trade in timber products to the European Union (FLEGT).

PROPOSED ACT : Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT : the Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND : in May 2003 the Commission published an EU Action Plan on forest law, enforcement, governance and trade (FLEGT), which called for measures to address illegal logging by developing voluntary partnership Agreements with timber-producing countries. Council conclusions on the Action Plan were adopted in October 2003 and the European Parliament resolution on the subject was adopted on 11 July 2005.

The Action Plan proposes a set of measures, including support for timber-producing countries, multilateral collaboration to tackle trade in illegal timber, support for private-sector initiatives, and measures to discourage investment in activities that encourage illegal logging. The cornerstone of the Action Plan is **the establishment of FLEGT partnerships between the EU and timber-producing countries,** aimed at putting a stop to illegal logging.

In 2005 the Council adopted Regulation (EC) No 2173/2005 establishing a mechanism to verify the legality of timber imported into the EU under the FLEGT partnerships.

The Commission entered into negotiations with Indonesia in January 2007. It was assisted by a number of Member States, in particular the UK, which provided resources to facilitate the process in Indonesia, with the aim of concluding a voluntary partnership agreement between the European Union and the former country on the application of FLEGT rules (following Ghana, the Congo, the Cameroon, the Central African Republic, and Liberia).

In accordance with a Council Decision, the Voluntary Partnership Agreement with Indonesia on FLEGT was signed, subject to its conclusion.

The Agreement should now be approved.

IMPACT ASSESSMENT : no impact assessment was undertaken.

LEGAL BASIS : the first subparagraph of Article 207(3) and the first subparagraph of Article 207 (4), in conjunction with Article 218(6)(a)(v) and 218(7) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT : the draft decision proposes that the Council conclude the Voluntary Partnership Agreement with Indonesia on the application of FLEGT rules.

The Agreement establishes **the framework, institutions and systems for the FLEGT licensing scheme.**

It contains provisions on:

- control of supply chain;
- framework for monitoring legal compliance and
- requirements for independent auditing of the system.

These are set out in annexes to the Agreement, which provide a detailed description of the structures that will underpin the assurance of legality afforded by a FLEGT licence.

Governance: the Voluntary Partnership Agreement (VPA) focuses on governance and law enforcement and, by means of the licensing system, provides the assurance that Indonesia's timber is legally produced. It represents a major commitment by Indonesia to address the persistent problem of illegal logging. The FLEGT licence will reassure the EU market that Indonesian timber products are from verified legal sources.

Compliance framework: the legislation for which compliance must be verified has been identified following an extensive stakeholder consultation process within Indonesia. Indonesia will work with an independent auditor, which will provide regular, public reports on the effectiveness of the system.

The Agreement **covers a wide range of exported timber products**.

Import controls and institutional arrangements: the Agreement makes provision for import controls at the EU's borders. It also provides for:

- the establishment of a mechanism for dialogue and cooperation with the EU on the FLEGT scheme, through the Joint Implementation Committee ;
- principles of stakeholder participation, social safeguards, accountability and transparency, and monitoring of and reporting on implementation of the Agreement.

Implementation: the FLEGT licensing scheme is expected to be fully operational by **late 2013**. It will be assessed against the criteria laid down in the Agreement before the EU begins accepting FLEGT licences.

BUDGETARY IMPLICATIONS : the proposal has no implications on the EU budget.