



Responsible Trade

In the full report "Swedish Import of Latvian Timber and Wood Products: Responsible Trade in the shadow of illegal logging", two levels of knowledge were identified as being required if companies want to move towards "responsible trade". The first level of knowledge is the origin of imports, down to the actual forest management unit. The second level of knowledge is the forest type, species mix, age, conservation values and the impacts of the local forest management and harvesting processes.

Origin

Companies importing Latvian timber and wood products to Sweden use various mechanisms such as environmental and purchasing policies and formal contracts; illustrating that often but not always they could trace timber back to the point of origin. In the case of timber being traded through timber trading companies, such companies did not require legal documentation and timber was mixed when stacked at terminals.

Impact

Companies are less clear on the impact of their activities on the Latvian forests. Knowledge of high conservation value forests is significantly lacking. Reference to such areas was made in company environmental policies, yet no systems are in place to actualize such writings.

Furthermore, the passivity that characterized most mechanisms employed clearly highlights the need for further affirmative steps to ensure "responsible trade".

Illegal Forestry: Estonia

According to estimations by Friends of the Earth, approximately 50 per cent of the timber felled in Estonian forests is illegal in some form. Yet, the Estonian government officially state that only 2 per cent of all logging is illegal. This is because a high percentage of illegal logging passes unrecorded due to the nature of illegal activities. Therefore, a great responsibility is passed onto import companies and consumers who have a significant role to play in eliminating illegal logging.

(‘Estimation of the capacity of Estonian illegal forestry activities’, Rein Ahas, 2001 – FoE Estonia)

Steps towards responsible timber trade

Swedish companies (mostly pulp and paper companies) are in a unique position to develop a fully responsible timber trade and assist in the elimination of illegal logging in Latvia. Important steps towards responsible trade are:

1. Establishing/improving existing systems that enable tracing of timber and create transparency towards authorities regarding payment of fees and taxes;
2. Developing and updating company environmental or purchasing policies to specifically relate to Latvian conditions;
3. Obtaining FSC chain-of-custody certification of subsidiaries and of imported FSC certified timber;
4. Promoting openness and dialogue with third parties, in Sweden, in Latvia and internationally;
5. Exchanging experience on environmentally and socially sustainable forest management; raising demands, education, encouragement, and assistance to initiate forest management certification.



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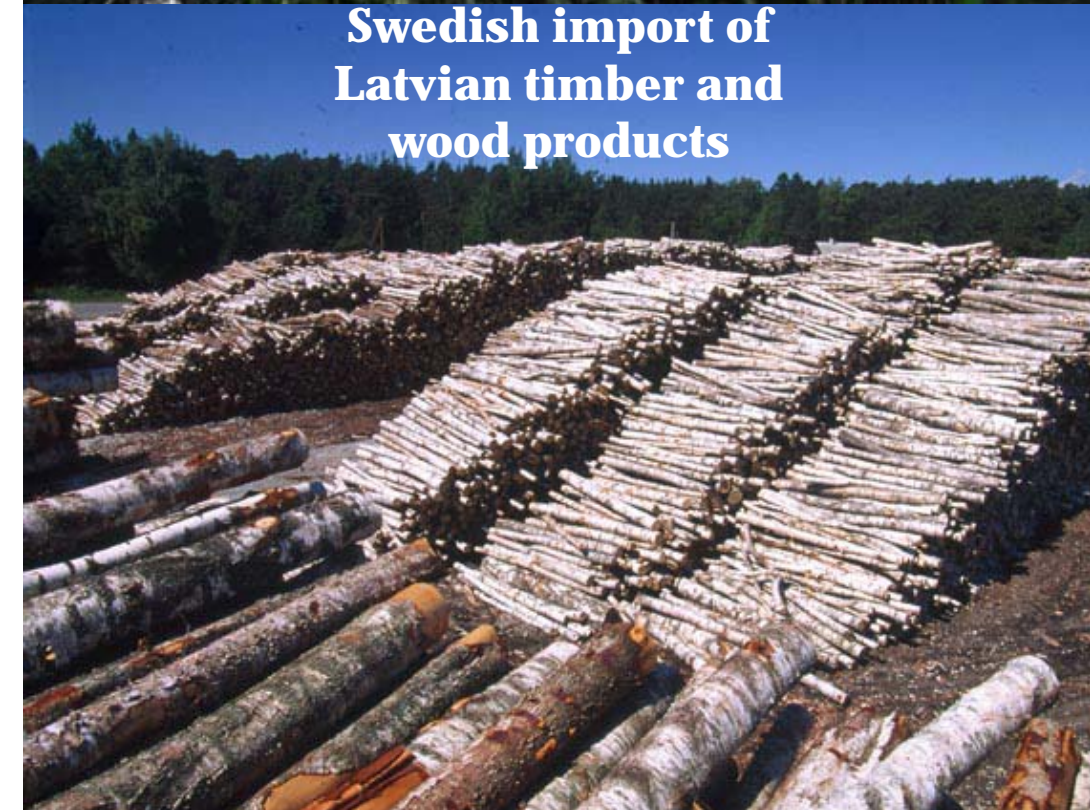
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Responsible trade in the shadow of illegal logging

Swedish import of Latvian timber and wood products



Taiga Rescue Network





Timber flows from regions such as the Baltic States to Western Europe have increased greatly over the last ten years. This increase and the growing concern for sustainable forest management warrants closer scrutiny of foreign companies with operations in countries such as Latvia.

Swedish companies have a dominant presence on the Latvian market for timber and wood products. This places them in a position to take affirmative action towards responsible trade, being aware of the origin and impact of their imports and put a stop to illegal logging.

The full report, "Responsible Trade in the shadow of illegal logging: Swedish Import of Latvian Timber and Wood Products", by Marie Byström and Sarah Lloyd, is available from the Taiga Rescue Network website; www.taigarecue.org and WWF website; www.wwf.se & www.wwf.lv or on request.

The Russian and Baltic share of timber and wood products imported to Sweden rose from 26 per cent in 1990 to 81 per cent in 2000. By volume, Sweden imported 51 per cent of the total timber exported from Latvia in 2001 and such levels of import are forecasted to continue increasing. Thus, the dominance of Swedish companies in the Latvian timber market and their public commitment to sustainable forest management warrants closer scrutiny.

Many Swedish companies continue to position themselves as global leaders in sustainable forest management, yet lack knowledge in regard to timber origin and environmental impact of activities abroad.

Approximately 45 per cent of Latvia's total land area is forest. Latvian forests are home to many rare, threatened and endangered species, rare forest types and is a significant source of non-timber forest products and values. The forest sector is also the second largest industrial sector in Latvia.

The sustainable management of Latvia's forests is crucial, for the protection of high conservation areas, biodiversity and the security of the forestry sector, national economy and the livelihood of rural inhabitants.

Private ownership accounts for 43 per cent of forested areas and state ownership under the management of Latvijas valsts meži (LVM), a state-owned joint stock company accounts for 49 per cent. In addition to national laws and regulations, approximately 905,000 hectares of state forests and communal and private forests are already FSC certified and FSC chain-of-custody certificates are being introduced.

The Shadow of Illegal Logging

Overshadowing any progress towards attaining "responsible trade", is the problem of illegal logging. A growing issue in the Baltic States and Russia that has not left Latvia untouched. 3763 cases of illegal logging were registered in 2000 and 2757 cases in 2001. Noting that these were just officially registered cases, the nature of illegal logging makes it difficult to gauge and document.



Illegal logging occurs when timber is harvested, transported, processed, bought or sold in violation or circumvention of national or sub-national laws.

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Usma Municipality, District of Ventspils

Illegally logged private forest in 2001. Timber logging has been performed without issued felling confirmation – 16,2 hectares of forest is destroyed, including 1,9 hectares of buffer zone for the Lake Laksi. Requirements of Forest Law (17.03.2000) and The Law on Protected Belts (05.02.1997) are violated.

Source of information: Field inspection by WWF Latvia, information provided by State Forest Service (SFS).

Illegal logging jeopardizes environmental values, placing negative pressure on forest ecosystems when logging in fragile areas or in a way that is harmful to the ecosystem. It also creates problems that reach beyond the forest ecosystem. Circumvention of the payment of taxes and fees in the system translates into foregone tax revenue. Reduced revenue decreases effectiveness in forestry management and also decreases revenue for state programs impacting on the rest of society. Illegal logging can also lead to the creation of an unbalanced market with unfair competition.

WWF produced case study documentation of illegal logging in Latvia placing the spotlight on 10 cases around the country; the picture above depicts the damage incurred.

Illegal Forestry: Russia

It is estimated that between 20 per cent (Greenpeace Russia) and 30 per cent (WWF RPO) of logging in Russia is illegal. Within Europe; Sweden, Finland, Bulgaria and Turkey are the main stakeholders in timber trade markets originating from Russia. To resolve the illegal forestry problem in Russia, control over the forest sector needs to increase, forest management systems must be reformed and most importantly the onus falls upon import companies to ensure that transparent and legal trade of timber can be established within Europe.

('Forests for Life TDP: Illegal Logging Survey for Russia', WWF Russian Program Office, October 2001)