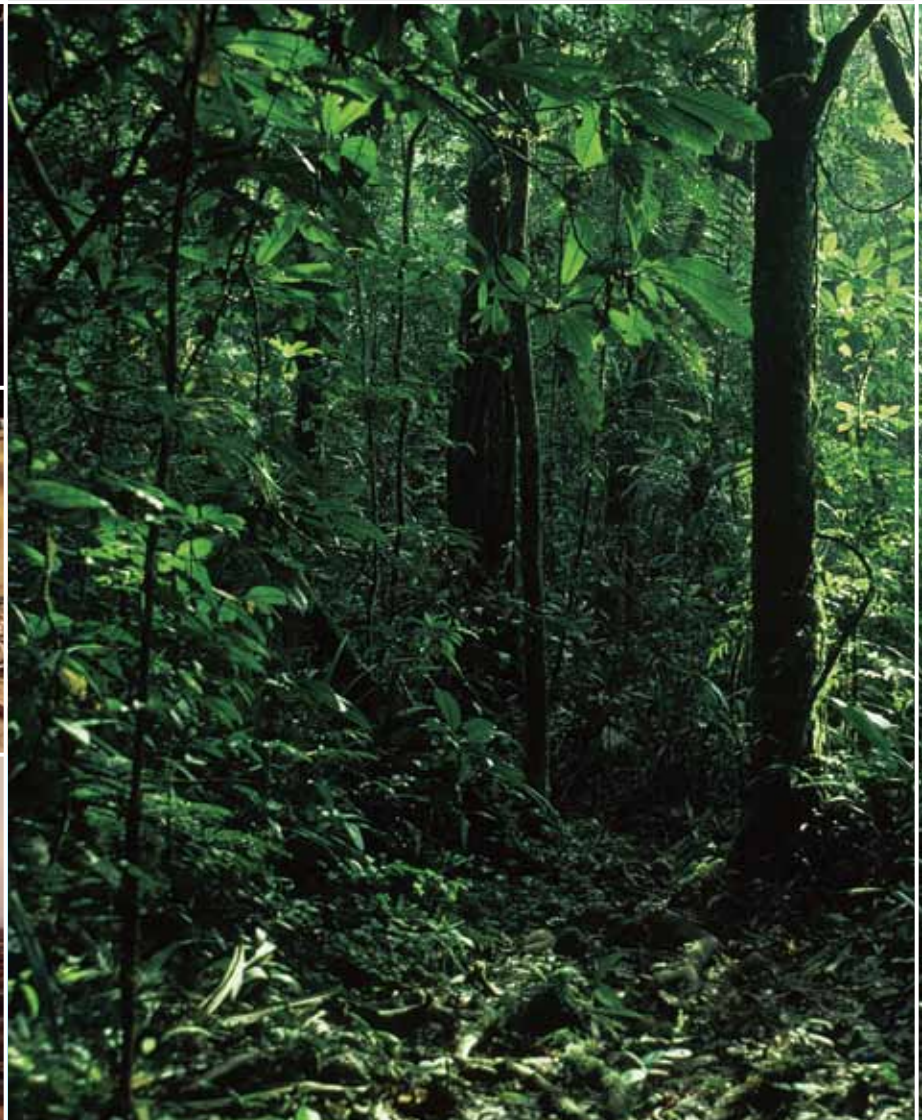




**GLOBAL
FOREST
& TRADE
NETWORK**

Exporting in a Shifting Legal Landscape



A guide for organizations that currently export, or intend to export, forest products to the US market and wish to assess their own performance in meeting the needs of their US customers.

A publication of WWF's Global Forest & Trade Network
George White | June 2010

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INTRODUCTION



This guide is aimed at companies that currently export, or intend to export, forest products to the US market. It is designed to allow companies to assess their own performance and offers advice on how they can meet the needs of their customers in the US—who are required to know that the forest products they import have been legally harvested and traded.

The guide is also of benefit to forest service, customs officers and other governmental officials who serve as enforcement officers in the national forest law and related legislation that apply to all stages of the supply chain from harvest to export and import.

The guide also makes reference to developments within the European market, particularly the markets of the European Union countries, where many of the ideas suggested within this manual will also be of relevance in the future.

Why is This Important for All Those Involved in the Export Trade in Forest Products?

On May 22, 2008, the US Congress amended a law intended to eradicate trade in illegally sourced forest products—including timber and wood fibre based products (such as paper). This amended law is known as the Lacey Act. The Lacey Act sets an important precedent regarding the importation of plant species into the United States. While the Lacey Act does not apply to other countries, it is of great importance to exporters of forest products to the US—as US-based customers are relying on their trading partners to help them demonstrate compliance with this law.

Sources of information on the Lacey Act:

- www.aphis.usda.gov/plant_health/lacey_act
- www.cbp.gov

What Does the Lacey Act Do?

The Lacey Act does three main things:

1. Prohibits all trade in plants or plant products—including timber and wood products—that are illegally sourced from any US state or foreign country.
2. Requires importers to declare the country of harvest and species name of all wood contained in their products as well as quantity, measure and value.
3. Establishes penalties for violation of the Act, including forfeiture of goods, fines or jail time, or seizure of transportation vehicles and equipment in the most serious cases, for either trafficking illegally sourced goods or falsifying required documentation.

What Is Considered to Be a Violation of the Lacey Act?

There are two components to a violation of the Lacey Act. First, a plant or plant product must be taken, harvested, transported or exported in contravention of an underlying law in any foreign country or US state. This constitutes an illegally sourced plant. Second, this illegally sourced plant must be imported, bought, sold, acquired or otherwise traded on US soil. It is only this second, overlying transaction, that triggers a violation of the Lacey Act. Prosecution is based on illegal material being in the product, which can happen at any point in the supply chain.

What Happens to Importers Who Break the Law in the US?

Penalties under the Lacey Act will be decided based upon on the range of knowledge of the importing company. Those companies who knowingly engaged in prohibited conduct can be prosecuted to the highest extent of the Act including criminal felony fines (up to US\$500,000 for a corporation, US\$250,000 for individual or twice maximum gain/loss from transaction), prison up to five years and seizure of goods. Companies who unknowingly engaged in prohibited conduct but did not exercise “due care” can be fined for criminal misdemeanor penalties (up to US\$200,000 for corporation, US\$100,000 for individual or twice maximum gain/loss from transaction), possible seizure of goods or a civil penalty fine from US\$250 to US\$10,000. Companies that have exercised “due care” and still unknowingly engaged in prohibited conduct can have their goods seized and be made to pay a civil penalty fine. The penalties available are linked to the degree of care taken and the nature of the crime, ranging from direct knowledge of illegal trade and falsified import declarations down to more inadvertent mistakes. What should be clear to all exporters is that US importers are almost entirely reliant upon their suppliers to help them demonstrate due care and are more likely to trade in the future with those who can provide assistance. Increasingly, legal compliance will feature in contracts between companies and civil penalties may be sought where there are breaches.

WHAT'S NEEDED FROM EXPORTERS



US based forest products importers will be seeking assurances that the products they source from both the domestic market and from overseas have been harvested, possessed, transported, sold or exported without breaking any relevant, underlying laws in the country where the tree was grown, even if it was processed in another country.

The laws, which are regarded as relevant and which need to be complied with, include those that relate to:

1. Theft of plants (logs);
2. Taking plants (logs) from an officially protected area, such as a park or reserve;
3. Taking plants (logs) from other types of “officially designated areas” that are recognized by a country’s laws and regulations;
4. Taking plants (logs) without, or contrary to, the required authorization;
5. Failure to pay appropriate royalties, taxes or fees associated with the plant’s (log) harvest, transport or commerce; or
6. Laws governing export or trans-shipment, such as a log-export ban or trade in endangered species (such as CITES).

A concise guide to the Lacey Act and the forest products trade, prepared by Environmental Investigation Agency (EIA), can be found at:

■ www.eia-global.org

Overview of Relevant Laws that Need to Be Complied With

The relevant laws cover different stages of the supply chain from forest to point of export. The table below gives an overview of the general types of laws that apply at each stage.

Stage in Supply Chain	Lacey Act Component	Relevant Laws to Comply With	Examples of Compliance
Forest	Legal Right to Harvest	<ol style="list-style-type: none"> 1. Theft of plants (including trees or logs from trees); 2. Taking plants (including trees or logs from trees) from an officially protected area, such as a park or reserve; 3. Taking plants (logs) from other types of “officially designated areas” that are recognized by a country’s laws and regulations; 4. Taking plants (including trees or logs from trees) without, or contrary to, the required authorization 	<ol style="list-style-type: none"> 1. Establish that there is a legal or permissive right to harvest 2. Ensure that only species that can be harvested legally were harvested.
Forest	Legal Right to Harvest	<ol style="list-style-type: none"> 1. Theft of plants (including trees or logs from trees); 2. Taking plants (including trees or logs from trees) from an officially protected area, such as a park or reserve; 3. Taking plants (including trees or logs from trees) from other types of “officially designated areas” that are recognized by a country’s laws and regulations; 4. Taking plants (including trees or logs from trees) without, or contrary to, the required authorization 	<ol style="list-style-type: none"> 1. Ensure that the harvesting was conducted in compliance with the permission 2. Ensure that the harvest took place at the site defined within the permission. 3. Ensure that the trees harvested are included within the scope of the permission.
Forest	Payment of Taxes and Royalties	<ol style="list-style-type: none"> 1. Failure to pay appropriate royalties, taxes or fees associated with the plant’s (including trees or logs from trees) harvest, transport or commerce 	<ol style="list-style-type: none"> 1. Ensure that all relevant royalties, taxes or fees have been paid by the forest management company or harvesting company.
Transport	Legality of Possession and Transport	<ol style="list-style-type: none"> 1. Laws governing transport, import, export or trans-shipment, such as a log-export and log-import ban. 2. Failure to pay appropriate royalties, taxes or fees associated with the plant’s (including trees or logs from trees) harvest, transport or commerce 	<ol style="list-style-type: none"> 1. Ensure that all relevant requirements have been met during the transportation of logs (including from imports) or timber products between forest, mill, factory or port prior to export. 2. Ensure that all relevant royalties, taxes or fees have been paid by the log or timber transport.
Processing	Legality of Processing	<ol style="list-style-type: none"> 1. Laws governing import, export or trans-shipment, such as a log-export ban. 	<ol style="list-style-type: none"> 1. Ensure that the mills or factories are legally established and suitably licensed to process forest products.
Processing	Payment of Fees and Royalties	<ol style="list-style-type: none"> 1. Failure to pay appropriate royalties, taxes or fees associated with the plant’s (including trees or logs from trees) harvest, transport or commerce, import and export; 	<ol style="list-style-type: none"> 1. Ensure that all relevant royalties, taxes or fees have been paid by the timber processing company.
Export	Legality of Sale and Export	<ol style="list-style-type: none"> 1. Laws governing export or trans-shipment, such as a log-export ban. 2. Failure to register exports of species that listed in international conventions (such as CITES). 	<ol style="list-style-type: none"> 1. Ensure that the company acting as the exporter is legally established and suitably licensed to export forest products. 2. Ensure that the required export permits are complete, accurate and available
Export	Payment of Fees and Royalties	<ol style="list-style-type: none"> 1. Failure to pay appropriate royalties, taxes or fees associated with the plant’s (including trees or logs from trees) harvest, transport or commerce 	<ol style="list-style-type: none"> 1. Ensure that all relevant royalties, taxes or fees have been paid by the exporting company.

WHAT MUST BE DECLARED AND WHY?



The Lacey Act requires importers to provide a basic declaration to accompany every shipment of plants or plant products. The purpose of these declarations is to increase transparency about the timber and plant trade and enable the US government to better enforce the law.

The declaration must contain:

1. The scientific name of any species used,
2. The country of harvest,
3. The quantity and measure, and
4. The value.

More information on the declaration can be found at:

- www.aphis.usda.gov/plant_health/lacey_act/index.shtml

The declaration itself is completed by the importer company. The declaration makes no specific mention of the legality of the wood components within the products declared. Exporters can assist US importers in providing this basic information. US importers may face penalties for incomplete, misleading or false declarations, regardless of the legality of the good declared. Therefore the

importer has a key role in assisting in providing accurately the basic information required for the declaration.

Assisting with completion of the declaration in itself is not enough. Exporters should also ensure that all forest products that are to be exported are compliant with the relevant laws of the countries where the wood was harvested and also with any laws regarding processing, export or taxes within the processing country or countries.

Exercising “Due Care”: The Role of the Exporter

US importers need to exercise “due care” when sourcing forest products to ensure that they comply with the Lacey Act. Due care is a flexible concept that has been developed over time by the US legal system. Due care means the “degree of care at which a reasonably prudent person would exercise under the same or similar circumstances”. As a result, it is applied differently

to different categories of persons with varying degrees of knowledge and responsibility (Senate Report 97-123). Given the lack of certainty around how the court might view due care with respect to the Lacey Act provisions, it would be prudent for companies dealing in forest and paper products to avail themselves of the wide array of tools, technologies and resources available for assessing and eliminating illegal wood from often long and complicated supply chains. Internal company policies and tracking procedures are also a critical element.

Steps may also include bar-code or other tracing systems; legality verification; certification under third-party schemes; stepwise programs offered by various organizations; self assessment of risk; and other innovative public-private partnership models.

Exporters can also follow this advice to ensure that they are following due care to ensure that forest products are legal when sourcing materials that are to be used for export to the US market.

Showing you have taken due care as an exporter involves a number of activities leading to one result: being reasonably certain that the forest products supplied were legal. Activities that can assist an exporter to demonstrate that they have taken due care include the points below.

Exporters need to consider which of these activities can be of most assistance and should adapt their management to include some (or even all) of them.



DEMONSTRATING DUE CARE

1. Develop a policy that is shared with all suppliers and customers stating that only legal forest products will be purchased.

A purchasing policy is an essential tool in defining what your company will and will not buy. A policy should be publicly available and be signed by the highest level of management within your company. A good policy will define exactly all of the issues it seeks to address and will identify what is and what is not acceptable to your company. A good policy will also include a wide range of issues that your company wants to address in addition to simple legal compliance.

As an absolute minimum the policy should include reference to:

- A statement that your company only wants to buy and sell forest products that have been legally harvested, transported, traded and exported in compliance with the laws of the country where the wood was harvested, transported, traded or exported.
- A statement that your company will understand and abide by all relevant laws within your own country that apply to the legal harvest, transport, trade, processing or export of forest products.
- If you import forest products, the policy needs to state you will ensure you abide by the relevant laws of the countries you import from.

2. Train staff so they understand why the management of these issues are important to the business.

It would be a good idea to ensure that all staff that are involved in purchasing, sales or marketing of forest products understand what the legal requirements are within your country and for the countries where you might import timber. A number of organizations are able to offer training or advice on training and these should be consulted.

3. Develop a traceability system that identifies where forest products were harvested.

All forest products purchased by your company should be traceable to the forest where they were harvested or to a primary saw mill that has a system that monitors the origins of all the logs that it purchases. This can be a challenge if you only follow the legal requirements of a country's laws. In many countries, the forestry laws have provisions to trace from forest to the mill, but there is limited regulatory framework to track from the mills onward. To achieve an effective due care system, some form of tracking technology may be required. A database indicating what was purchased, and which products it was utilized in, will be useful to monitor the effectiveness of your policy and allow your company to answer enquiries from customers as to the origin of your raw materials. A number of organizations are available to offer direct assistance or guidance in establishing a traceability system.

4. Check each order of materials (before it is delivered) to ensure it meets the minimum requirements to show legal compliance in the country where the wood was harvested.

Prior to making any purchase, it is wise to check the legality of the materials. Understanding what documents should be available, and obtaining these before purchase, can reduce uncertainty and save time. Your company might consider changing purchase orders or purchase contracts to stress the need for legal timber products. The tables within this document will be able to help your company for some countries. A number of organizations are available to offer direct assistance or guidance in this respect.

5. Use third parties to verify that forest products are legal (or sustainable as this usually covers legality as well).

Around 10 per cent of the forest products traded around the world are certified under a variety of certification schemes. These schemes, such as Forest Stewardship Council (FSC) and the Programme for the Endorsement of Certification Schemes (PEFC), have developed systems that certify the management of forests and certify that the wood from these forests is contained within a product (chain of custody certification or CoC). All forest certification schemes, when applied at the forest, cover aspects of legality (such as the legal right to harvest and the legality of harvesting), and when used in conjunction with a CoC certificate, can also provide a high level of assurance that the product was harvested, transported, processed and exported legally.

A number of organizations are available to offer direct assistance or guidance with respect to certification of forests and chain of custody. Specially designed legal verification systems exist to verify that forest products have been legally harvested, transported, processed and exported. These systems work in a similar way to forest certification and CoC but have a much narrower focus. A number of organizations are available to offer direct assistance or guidance with respect to legal verification. A key aspect of forest certification, chain of custody and legal verification is that the assessment for compliance is conducted by a third party. Third party assessments have high credibility within civil society.

6. Keep up to date with advice or initiatives that can help improve processes that are developed, such as new technology, interpretation and changes to laws, and training opportunities.

Check with any trade associations or government departments that your company interacts with to ensure that your understanding of the laws and best practices is correct and up to date. Attend any training opportunities that arise and make sure that your company's understanding of legal issues, both in your country and the US, is current. Participate in programmes or initiatives that can assist with responsible purchasing of forest products. A number of non-governmental organizations and trade associations have developed programmes that are designed to assist companies through a step-wise programme of improvements to their supply chain.

7. Understand what constitutes legal timber in your country and any country you import timber from.

What are the minimum legal requirements for exports?

The tables within this guide identify the key documents that should be obtained and checked to ensure a basic level of legal compliance within the country that would meet the minimum criteria to meet the expectations of an export customer needing to comply with the Lacey Act. Only what is legal within the country where the forest product is exported will meet the needs of the US based importer.

Organizations that Can Help

The following organizations can offer assistance for all or some of the processes outlined above:

- WWF's Global Forest & Trade Network (GFTN) — gftn.panda.org
- Rainforest Alliance — www.rainforest-alliance.org
- TRAFFIC — www.traffic.org
- The Forest Trust (TFT) — www.tft-forests.org
- Tropical Forest Foundation (TFF) — www.tropicalforestfoundation.org

Please note that this list is not exhaustive.

A Note on the Country Specific Tables

Please note that the tables only cover those legal requirements that match the requirements of the Lacey Act. That is, exports that have been harvested, possessed, transported, sold or exported without breaking any relevant underlying laws.

Legal operations in most countries usually require compliance with other laws which are not directly included in this list, such as environmental impact assessment for forest managers, or health and safety and related social regulations for wood processors. Companies seeking independent certification, such as FSC or third party legal verification will be expected to demonstrate compliance to reach these standards. Therefore the checklists in the following tables are an abbreviated list and are not full the list of all applicable legislation. More detailed guidance for a number of countries that would allow an independent verification is available from the gftn.panda.org and www.traffic.org websites.

A Note on Developments within the European Union

Draft Regulation on illegal timber

At the time of publication, the European Commission is developing a Regulation that will, by 2012, become legislation across all 27 Member States. Commonly referred to as the “Due Diligence Regulation”, it is designed to ensure that illegal timber is no longer imported in to Member States.

The new Regulation has many similarities to the Lacey Act in its overall ambition, although the mechanics of how it will be regulated, enforced and used will certainly vary. The precise

details will be of most concern to European based companies, but for exporters the means of assisting will be very similar to the Lacey Act. However, the Due Diligence Regulation may include reference to additional legislation not covered under the scope of the Lacey Act.

The Commission proposal states, “illegal logging takes place when timber is harvested, processed or traded in violation of national laws applicable in the country of harvest.” It defines applicable legislation as “the legislation of the country of harvest regulating forest conservation and management and the harvesting of timber as well as legislation on trade in timber or timber products related to forest conservation and management and the harvesting of timber”. The European Parliament has stated that applicable legislation is “legislation, whether national, regional or international, in particular that **concerning the conservation of biological diversity, forest management, resource use rights** and the **minimisation of adverse environmental impacts**; it should also take into account **property tenure, rights of indigenous people**, labour and community **welfare legislation, taxes**, import and export **duties or fees relating to harvesting, transportation and marketing**”.

There is a strong overlap between the national laws that the Lacey Act requires to be complied with and the set of laws that the EU Regulation will require compliance with. Exporters who supply both European and the US markets should seek to understand the similarities and differences of these two approaches. The tables within this document highlight the overlaps and points of difference with respect to applicable legislation.

FLEGT Licensing Schemes

The European Union are in the process of negotiating a series of bi-lateral, Voluntary Partnership Agreements (VPA) with some of the key producing countries. One of the end results of this process is that the producer country will establish a licensing scheme that will provide assurance that all of the relevant legislation has been complied with. Licensed material, with suitable credentials, will be automatically accepted as compliant with the “Due Diligence Regulation” once it is implemented.

To check on the status of the VPA processes go to this website:

- www.illegal-logging.info

CITES-Listed Species

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is a global response to concern

over the trade of endangered species. CITES was enacted in 1975, and 160 countries have ratified the treaty. CITES regulates the trade in live animals, animal parts, ornamental plants, medicinal plant parts and timber species. It seeks to identify threatened species and create increasingly strong legal barriers to their harvest and trade, depending on their conservation status (see also www.cites.org). CITES lists threatened or endangered wood species under three classifications, known as the Appendices. The restrictions on trade within these appendices vary depending on the extent to which the species is threatened with extinction. The CITES listing includes species that are traded for timber, traded for medicinal purposes and rare, but not commercially traded species. The species listed below are those that are traded most often in the international timber market.

Note: CITES listing is an ongoing process. Please check the WCMC Web site (<http://www.unep-wcmc.org>) or the IUCN Web site (www.iucnredlist.org) for regular updates.

CITES Appendix I-listed species should be avoided at all times.

For Appendix II and III species, a high degree of caution must be exercised. First, there is a legal obligation on any importer and trader in these species that ensures that all imports and trades are registered with the relevant authorities. Penalties are often large for failure to register imports of Appendix II and III species.

The second question concerns the endangered nature of these species. Trade in these species may be legal, but it is important to recognise that, in many cases, it is trade that has led to the need and requirement for close monitoring. CITES-listed species are subject to being removed from trade (through listing in Appendix I or through a reduction in quotas), so in many cases there is no guarantee of the long-term availability of species on Appendices II and III. **Best practice with CITES species is to closely monitor the status of the species involved and ensure that all legislative requirements are met. Be 100 per cent certain of which species are being purchased.**

Appendix I

Species in this list face an imminent threat of extinction and are banned from all international commercial trade. Trade is permitted for artificially grown species, products that were created before the species was added to the list, and specimens used for scientific purposes. **Permits are required from both the exporting and importing countries to verify that an example of the species was obtained legally.**

- Alerce (*Fitzroya cupressoides*)
- Brazilian rosewood (*Dalbergia nigra*)

Appendix II

International trade in these species is allowed as long as the **country of origin issues documents ensuring that the harvesting of the species was undertaken legally and that it is not detrimental to the survival of the species.**

- Afrosmosia (*Pericopsis elata*)
- Lignum vitae (*all species of Guaiacum*)
- Cuban mahogany (*Swietenia mahagoni*)
- Bigleaf mahogany (*Swietenia macrophylla*)
- Ramin (*all species of Gonystylus*)

Appendix III

The third appendix is a voluntary mechanism that any country may invoke to help the country control its own harvest and trade of the species and prevent the illegal movement of the species where it is laundered. Once a species is listed (by any country) on Appendix III, **all exporting countries are required to issue a certificate of origin with shipments of that species. Export permits or certificate are expected for all CITES parties once the species is listed on Appendix III.**

- Almendro (*Dipteryx panamensis*)
- Spanish cedar (*Cedrela odorata*)

Advice for Exporters:

Check the law in your country as it relates to CITES and ensure that you comply. Compliance usually involves registration at the point of export. If the material being exported was made from imported species that are covered by CITES, ensure that you have obtained the required documentation at the point of importation.

This document is for educational and informational purposes only and is not intended and should not be construed as legal advice. Persons seeking legal advice on compliance with the Lacey Act or any other law, regulation, or requirement should consult with a qualified legal professional.

GENERAL GUIDANCE FOR ESTABLISHING LEGALITY

This table provides an overview to the typical areas that need to be covered when assessing the legality of forest products. The following tables provide more detail for a number of specific countries. **In the absence of guidance for a specific country the following general principles should be observed.**

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Forest managers	Evidence that the company has a valid agreement that confers on the company the right to manage and harvest the forest Synonyms include: <ul style="list-style-type: none"> • Forest Authority Certificate • Forest Management License Agreement • Forest Timber License • Forest Management Permit • A license to operate in the logging sector • Approved management plan • Harvesting license 	All forest management enterprises, whether public, private or community owned must be able to demonstrate that they have the right to manage the forest and the right to harvest the forest.
Forest	Legal Right to Harvest	Forest managers and timber harvesting companies	Evidence that the company is legally registered and has the required permissions to operate in the forest management and logging sectors.	In many companies both forest management companies and harvesting companies are required to be legally registered to operate in this sector. Registration may require a number of other processes to be observed.
Forest	Legality of Harvest	Forest managers and timber harvesting companies	Evidence that the company undertaking the actual harvesting needs to demonstrate it has permission to harvest . Synonyms include: <ul style="list-style-type: none"> • Timber Harvesting License • Harvesting license • Harvesting plan 	In many countries the harvesting of timber is undertaken by third parties who are employed by the forest manager to undertake harvesting.
Forest	Payment of Taxes and Royalties	Forest managers and timber harvesting companies	Evidence that the company has paid any fees or taxes that must be paid to the state or local government in connection with obtaining the permission to manage or harvest ; and any fees or taxes associated with the volume of timber actually harvested . Synonyms: <ul style="list-style-type: none"> • Reforestation fee • Valid business license • Tax registration documents • Forest Resource Royalties • Tax returns 	Companies are liable to pay taxes or fees to national or local government (or both) to authorize their management and harvesting.
Transport	Legality of Possession and Transport	Transporters of logs and timber products	Evidence that the company has used the required documents when transporting logs or timber. Synonyms: <ul style="list-style-type: none"> • Timber transportation certificate • Conveyance certificate • License to carry logs or timber • Timber consignment documents • Removal pass • Removal permit 	Most countries require those transporting timber to be correctly licensed for this purpose and for them to carry required documentation that identifies both the origin of any logs or timber and the final destinations of the material being transported.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Transport	Legality of Possession and Transport	Transporters of logs and timber products	Evidence that the company has used the required stamps or marks when transporting logs or timber. Synonyms: <ul style="list-style-type: none"> • Log tags • Log identification marks • Hammer marks • Paint marking 	Some countries have highly regulated systems that require all logs or sawn wood that is being transported outside of the forest to carry markings that identify the wood with the original stump from which it was harvested.
Processing	Legality of Processing	Processors of logs or manufacturers using timber	Evidence that the company has acquired any required license to process logs or timber . Synonyms: <ul style="list-style-type: none"> • Operating license • Timber processing certificate 	Most countries require all sawmills, plywood mills, secondary manufacturers or pulp mills to be licensed to carry out these activities.
Processing	Payment of Fees and Royalties	Processors of logs or manufacturers using timber	Evidence that the company has paid any fees or taxes that must be paid to the state or local government in connection with timber processing . Synonyms: <ul style="list-style-type: none"> • Valid business license • Tax registration documents • Tax returns 	
Export	Legality of Sale and Export	Exporters of forest products	Evidence that the company has the required permission to export forest products and that it complies with all the requirements for legal export of the product. Synonyms: <ul style="list-style-type: none"> • The company holds an export licence. • Packing list • Invoice • Bill of lading • Customs declaration form • Appropriate tariffs are paid and receipted • Sales contract • Shipping order • Delivery order • Correct CITES documentation (where required) 	Export companies are required to be licensed to perform this function and should routinely provide sufficient documentation to allow the state authorities in the country of export and the country of import to monitor the transaction. Some countries ban the export of certain species or types of material (for example logs or sawn wood) or highly regulate the volume of these materials that can be exported.
Export	Payment of Fees and Royalties	Exporters of forest products	Evidence that the company has paid the appropriate tariffs associated with the products being exported . Synonyms: <ul style="list-style-type: none"> • Appropriate tariffs are paid and receipted • Export tax receipts • Customs Duties receipts • Value Added Tax receipts 	Export companies are required to pay all appropriate taxes and duties when exporting forest products. This may include payment of Value Added Tax in some countries.

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Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	<p>Forest managers and harvesting companies</p> <p>- Timber from Forest land</p>	<p>Company must hold a valid Forest Authority Certificate.</p> <p>The Forest Authority Certificate is issued by the Forestry Administration authority under the State Council.</p>	<p>State-owned forestry enterprises must have investigation and design documents for harvest areas and signed acceptance, by the relevant Forestry Administration, of certificate of forest regeneration for harvested areas in the previous year.</p> <p>Other harvesting entities must have documents that describe the objectives, place, species, forest situation, coverage, reserve, harvesting means and regeneration measures for the trees.</p>
Forest	Legal Right to Harvest	<p>Forest managers and harvesting companies</p> <p>- Timber from converted land</p>	<p>Company must hold a valid Forest Authority Certificate; AND the company must have an official approval document permitting conversion of land use issued by the relevant Forestry Administration</p>	<p>For conversion into deforested land (usually for construction) the companies should have an official approval document issued by relevant Forestry Administration as well as the Forest Authority Certificate</p>
Forest	Legal Right to Harvest	<p>Forest managers and harvesting companies</p> <p>- Timber from Farm land</p>	<p>Farmers can verify the legality of harvesting when they have certification documents approved by their village committees.</p>	<p>Individuals must have documents that describe the area, coverage, species, volume and regeneration period etc.</p>
Forest	Legality of Harvest	<p>Forest managers and harvesting companies</p> <p>- Timber from Forest land</p> <p>- Timber from converted land</p>	<p>The timber harvesting company should have a Timber Harvesting Licence ("Wood Harvesting Admission Certificate") issued by the relevant Forestry Administration</p>	<p>Companies are liable to pay taxes or fees to national or local government (or both) to authorize their management and harvesting.</p>
Forest	Legality of Harvest	<p>Forest managers and harvesting companies - Timber from Farm land</p>	<p>Farmers can verify the legality of harvesting when they have certification documents approved by their village committees.</p>	
Forest	Payment of Taxes and Royalties	<p>Forest managers and harvesting companies</p>	<p>The company should pay value-added tax where appropriate VAT is levied on almost all logs sold (subject to size). A reforestation fee is collected by the government. Receipts from the relevant agencies provide proof.</p>	<p>All forest related taxes such as Value Added Tax (VAT), reforestation fee, and fee for special agriculture are paid and on time</p>

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Transport	Legality of Possession and Transport	Private Transporter	Timber carriers / hauliers must have a valid “ timber transportation / conveyance certificate ” issued by a Forestry Administration at or above county level.	
Transport	Legal Right to Harvest	State owned Transporter	State owned carriers / hauliers must carry comprehensive Timber consignment documents , but do not require a “timber transportation certificate”	
Transport	Legal Right to Harvest	Transporter	Timber consignment documents are used during transportation and must be complete and correct.	The timber consignment documents should be issued by the correct authorities and should indicate any issuing conditions, such as volume, material type and origin.
Transport	Legality of Harvest	Transporter - traveling between Provinces	Each consignment must be accompanied by a Plant Quarantine Certificate .	The Plant Quarantine Certificate gives details of what is being transported, its origin and destination.
Processing	Legality of Processing	Processor	The timber processing company holds a business registration certificate issued by the industry and commerce administration authority .	The timber processing company is legally registered in accordance with the laws
Processing	Legality of Processing	Processor – in forest areas	The timber processing industry holds a timber processing certificate issued by the Forestry Administration above county level.	The timber processing Company must hold a valid Timber Processing Certificate .
Processing	Payment of Fees and Royalties	Processor	The company should pay value-added tax where appropriate. Receipts from the relevant agencies provide proof .	All taxes linked to timber processing operations are paid on time
Processing	Not applicable	Processor	Check that the company maintains or strengthens socioeconomic welfare of local communities/indigenous people in accordance with the laws and regulations. Seek confirmation that: <ul style="list-style-type: none"> The company should give equal opportunity of employment to labourers including non-discrimination to the employment of people from special groups 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation” Employment of labourers should not be discriminated against on the grounds of ethnic group, race, gender and religion. Special stipulations for employment of the disabled, people belonging to minority ethnic group and retired servicemen should be observed, if any. Companies are forbidden to employ juveniles and children below the age of 16 as labourers, except for people with special skills.



Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Not Applicable	Processor	<p>Check that the company complies with the laws and regulations on its employees' and workers' rights and welfare. Seek confirmation that:</p> <ul style="list-style-type: none"> • The company ensures work time, rest and holiday for the employee • Remuneration for working hours on statutory holidays • The company pays its employee's salary and benefits commensurate to hours worked and related performance • The company has implemented clearly defined safety procedures, and ensures labour sanitation as prescribed by regulations • The company should offer special protection for women and minor (young) employees • The company should offer professional training as appropriate 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation" .
Export	Legality of Sale and Export	Exporter	<p>Validity and endorsement of the documents and certificates required by relevant authorities as appropriate, to include:</p> <ul style="list-style-type: none"> • Packing list • Invoice • Bill of lading • Customs declaration form • Appropriate tariffs are paid and receipted • Sales contract • Shipping order • Verification form of inward remittance (Exchange Control Administration) • Delivery order 	Related documents and certificates should be submitted by the import and export company as per pertinent laws and regulations.
Export	Legality of Sale and Export	Exporter	<p>Quarantine Certificate for both import and export forestry products issued by each port's Entry and Exit Inspection and Quarantine Agency.</p>	All Import and Export Quarantine Inspection documents and procedures are followed.
Export	Legality of Sale and Export	Exporter - CITES Species	<p>Import and export certificate from the local authority in charge of wild animals and plants of the government of province, autonomous region and municipality directly under the central government with the following documents:</p> <ul style="list-style-type: none"> • Import or export contract • Name of products, species, quantity and purpose for import or export of the endangered plant (and its product and/or derivative) 	Stated conditions on CITES-listed species and tree species under state protecting catalogue (and their products and/or derivatives) with special requirement are adhered to.
Export	Payment of Fees and Royalties	Exporter	<p>Official receipts should be available for audit. The import and export company should demonstrate payments of Export VAT and Consumption Tax for Wood</p>	All taxes linked to the exportation and importation of forest products are paid on time. Export tax is levied for solid wood flooring and disposable wooden chopsticks.

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EXAMPLES OF KEY DOCUMENTS

Timber Harvesting Licence (“Wood Harvesting Admission Certificate”)

(LOGO: Wood Harvesting Management Badge of Forestry Bureau)

(year) harvesting number					
After the auditing of the Investigation & Design Document in Cutting Area or Harvesting Application provided by (), the harvesting activity in					
district/county		forestry center/villages and towns/street			
to	compartment(village/road)	sub-compartment (land block/land location) (East to		South to	West
	North to				
) is approved.					
Harvesting forest origin		Forest species		Tree species(group)	
Nature of tenure		Certification No. of forest right			
Cutting type		Harvesting system	Cutting intensity	%	
Cutting area	Hectare(or cutting numbers in individual plant:)				
Cutting volume	Cubic meter				
of which	Commercial timber	Cubic meter (output volume: m3)			
	In-house timber	Cubic meter			
	Burn timber	Cubic meter			
Cutting period	from	Year month day	To	Year month day	
Regeneration period	Year month day		Regeneration system		
Regeneration tree species			Regeneration area	Hectare(or cutting numbers in individual plant:)	
Management department(stamp)		Department of issuing certificate (stamp)		Staff of issuing certificate	
Signature of certificate owner		Date of Issuing certificate	year	month	day

Notes:

- 1) This certificate is produced in triplicate. The first copy is retained by the Forestry Administration; the second is retained by the applicant, the third copy is used to accompany transported timber.
- 2) The certificate is valid only for the dates specified.



重点国有林区林木采伐许可证

№ 0425965

柴河 (20 07) 柴采字第 716 号

根据 2007-1-03 提报的伐区调查设计文件或采伐申请, 经审核, 批准
 在三块石 044 002 003 林场 林班 作业区 小班采伐。

林分起源: 天然林 用材林 色木
 林种: 国有 树种:

权 属: 主伐 林权证号: 128

采伐类型: 主伐 采伐方式: 择伐 采伐强度: 17.4 %

采伐面积: 12.10 公顷(或采伐株数: 508 株)

采伐蓄积: 276.0 立方米

其中: 商品材: 276.0 立方米(出材量: 223.0 立方米)

烧 材: 0.0 立方米

采伐期限: 自 2007 年 2 月 6 日至 4 月 1 日 更新期限: 9 年 9 月 0 日

更新树种: 更新面积: 0.00 公顷(或更新株数: 株)

二联 申请者存根



发证机关(章)



发证日期: 2007 年 2 月 6 日

发证人员(章)



- 注: 1、此证一式三联。一联为发证机关存根, 二联为申请者存根, 三联为林木采伐凭证。
 2、超过规定采伐期限, 此证无效。
 3、采伐凭证联套印国家林业局林木采伐管理专用章。

Plant Quarantine Certificate (Off Province)

Stamp of the State Forestry Administration

Forest () check word No. 000XXXX

Allocation and transportation organization(person), and address					
Name of Allocation and transportation organization(person)		ID No.		telephone	
Organization(person) of taking delivery, and address					
Plan/plant product origin				Conveyance	
Source and destination of conveyance	From	By	To		
Valid period	from	Year month day		to	Year month day
Plant/plant product name	Product name(timber species)	specification	organization	volume	remark
<p>Issuing remark: The plants/plant products listed above, through() The pests in forestry quarantine, complementary pests in local province(region/city) and entering province(region/city), and other dangerous pests in forestry that forestry quarantine organization puts forward in entering province are not found, so their allocation and transportation is approved.</p> <p>Entrusted organization (special stamp of forestry quarantine issuing organization) (special stamp of plant organization at provincial level)</p> <p style="text-align: center;">quarantine inspector(signature)</p> <p style="text-align: center;">issuing date: year month day</p>					

Notes:

- 1) All relevant stamps are required.
- 2) The certificate cannot be re-used, transferred or modified in any way.
- 3) One certificate must accompany one vehicle (or ship) for the whole journey specified.



Timber Transportation / Conveyance Certificate

Stamp of Timber Conveyance Certificate of State Forestry Administration

No. 000XXXX

Province (Region/City)

Basis of issuing certificate					
Place of timber origin	Province(Region/City) County(City) Bureau(Center)				
Organization(person) of delivery					
Organization(person) of taking delivery					
Conveyance					
Source and destination of conveyance	From()to()Province/Region/City()County/City				
Valid period	From Year month day to Year month day				
Tree species	Product name	specification	amount		remark
			Numbers in unit	Volume(m3)	
Total(in capital)	ten thousand thousand hundred ten:		m3		
Department of issuing certificate(stamper) issuer(signature): Management department(special stamp) issuing date: year month day applicant(signature):					

Notes:

- 1) All relevant stamps are required.
- 2) The certificate cannot be re-used, transferred or modified in any way.
- 3) One certificate must accompany one vehicle (or ship) for the whole journey specified.
- 4) If the consignment has reached its destination and is then to be further transported, the timber conveyance certificate of off province must be renewed and approved by local forestry management department.
- 5) If the mode of transport is changed in the mid-course, the timber conveyance certificate should be remade in the forestry management
- 6) Department at the place of transfer.



Timber Transportation / Conveyance Certificate

----- 截 ----- 切 ----- 线 -----

江苏省省内木材运输证



江苏省()市()县()区()

00633725

发证依据	育林证号: 0161027				
木材产地	江苏	省(区、市)	泗阳县(市、区)	镇(林场)	
发货单位(人)	江苏省泗阳县				
收货单位(人)	江苏省丹阳市				
运输方式	汽车				
运输起讫	自(泗阳)经()至(丹阳市)县(市、区)				
有效期限	从 贰零零捌 年 贰 月 壹 日至 贰零零捌 年 肆 月 肆 日 过期作废				
树(材)种	品 名	规 格	数 量		备 注
			件(根、张、块)数	材 积 (m³)	
榿子松	单板	多规格		20.6	
(以下空白)					
(以下空白)					
(以下空白)					
合计(大写)		零 万 零 千 百 零 十 零 件(根、张、块): 零 千 零 百 零 十 点 肆 立方米			
 江苏省林业管理局 管理机关(专用章) 木材运输管理专用章		 宿豫县林业局 木材运输专用章		签发日期: 贰零零捌 年 肆 月 肆 日 申请人: <u>李凯</u>	签证人: <u>李凯</u>

第二联 随货同行

注: 1、本证由起运地县级以上林业主管部门盖章有效; 2、一车(船)一证, 证货相符, 全程有效; 3、不准涂改、买卖、转让或重复使用; 4、运达本证规定地点的木材, 需再次转运的, 应凭本证在当地林业主管部门重新办理出省(省内)木材运输证; 5、发证依据是指注销的林木采伐许可证(或者上市销售证明)和育林基金票据号码, 或者运入本县、市木材的原运输证号码。



Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Forest management company / harvesting company	<p>Confirm that the company holds:</p> <ul style="list-style-type: none"> • A trade and property registry • Bank guarantees • A valid licence • Tax Identification Number (NIF) • The company is registered with the National Office of Social Security (CNSS). • Payment receipt of the employer's contributions i.e. tax paid by the company to the local social security insurance for its workers • The company has a professional agreement and/or the company shareholders have obtained the authorizations from the forest administration to set up a forest operation company. 	The company should hold valid registration with the economic, social and forestry authorities.
Forest	Legal Right to Harvest	Forest management company / harvesting company	<p>Confirm that concession holders have in their possession the following:</p> <ul style="list-style-type: none"> • A harvesting licence • A provisional forest management / harvesting / processing agreement • An approved forest management plan or an allocation decree. 	The company should have taken all the steps required to obtain a licence to operate within the time limits required by laws and regulations
Forest	Legal Right to Harvest	Forest management company / harvesting company	<p>Confirm the company has the following documents:</p> <ul style="list-style-type: none"> • Duly approved Annual Operation Plan (PAO) • An operations licence delivered by the regional forestry administration authorities • Authorizations and licences from other administrative authorities. 	The company must hold an annual harvesting licence issued by the forestry administration and other required permits (certaines autorisation pour agir sur le plan local) from local economic authorities.
Forest	Legality of Harvest	Forest management company / harvesting company	<p>Confirm that the company has followed valid planning procedures and:</p> <ul style="list-style-type: none"> • Has an approved forest management plan • An industrialization plan • Approval of the different plans by the relevant forest administration authorities. 	<p>The forestry management must have a management plan that has been prepared in accordance with the rules and standards prescribed by the forest administration.</p> <p>Note: the forest management plan developed by an authorised person or company includes parameters such as annual allowable cut, the cutting cycle, silvicultural treatments, the list of species authorised to be logged and the minimum diameters allowed for harvesting of each species.</p>

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legality of Harvest	Forest management company / harvesting company	<p>Confirm the existence of:</p> <ul style="list-style-type: none"> • The five-year plan • The annual operational plan • Letters of plan approval by the relevant forest management authorities. 	<p>The five-year and annual operational plans comply with the rules and regulations of the forestry administration.</p> <p>Note: Every forest concession must have a forest management plan covering 30 years, which subdivides the area into six compartments. For each compartment a five-year plan must be developed and each compartment is further subdivided in annual coupes for which annual operational plans must be developed before logging is authorised. The required contents of each type of plan are included in the Forest Code.</p>
Forest	Legality of Harvest	Forest management company / harvesting company	Stumps of harvested trees are hammer marked or painted according to regulatory requirements	All trees designated for harvesting should be hammer marked and the stumps should bear the same marks as the logs derived from the tree . The hammer for marking trees is specific to each company and is registered by the forestry administration and judiciary authorities.
Forest	Payment of Taxes and Royalties	Forest management company / harvesting company	Confirm tax returns have been signed by the forest administration .	Tax returns on timber production comply with rules and regulations
Forest	Not Applicable	Forest manager / harvesting company	<p>Check that the company maintains or strengthens socioeconomic welfare of local communities/ indigenous people in accordance with the laws and regulations.</p> <p>Seek confirmation that:</p> <ul style="list-style-type: none"> • Compensation is paid where due as a result of damage to community property • Workers hired from local communities / indigenous people are paid in accordance with legal provisions • Financial contributions are paid in a timely manner to local development organizations as may be required under the terms and conditions of contracts • User rights of local communities are recognized and respected 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation” Logging companies are expected to contribute to the economic development of the area where they operate. Their contribution to local development should be made in financial terms. The amount of the contribution is to be determined within the additional contractual agreements attached to the management plan.
Forest	Not Applicable	Forest manager / harvesting company	<p>Check that the company recognizes legal or customary rights of indigenous / local people in accordance with the laws and regulations.</p> <p>Seek confirmation that:</p> <ul style="list-style-type: none"> • User rights of local communities in the forestry concessions are recognized and respected 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation”

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Transport	Legality of Possession and Transport	Transporters	Confirm that regulations are respected through use of: <ul style="list-style-type: none"> • Grey card • Numbered plates • Insurance cards 	Lorries and other transport vehicles for forest products have valid registration licence and number. Note: all vehicles should be registered by the Ministry of Transport from which they get plate number and a grey identification card. The plate number should be mentioned in the insurance card.
Transport	Legality of Possession and Transport	Transporters	Confirm that regulations are respected by the company having valid authorisation for exceptional transport .	Transport licences for forest products are valid and up to date. Note: trucks that transport logs and other timber products should obtain an “authorisation for exceptional transport” from the Ministry of transport. Such authorisation should be renewed once a year. Trucks transporting logs are allowed to circulate only between 05:30 and 11:30 a.m. and between 14:00 and 18:30 p.m.
Transport	Legality of Possession and Transport	Transporters	Confirm that all billets are correctly marked.	Billets of timber in forest yards are marked according to the rules in force so that they can be easily traced. The same marks made on the stumps with the registered hammer should be made on each billet from the same tree so as to facilitate its identification during transportation.
Transport	Legality of Possession and Transport	Transporters	Confirm that drivers of log trucks possess a log transportation sheet .	Log transportation documents are completed prior to departure from the harvesting site and are retained during transportation. Note: during transportation, drivers of logging trucks are required to retain a log transportation sheet that gives information allowing logs to be traced to the felling site.
Processing	Legality of Processing	Processors	Confirm that the company has an industrialization plan approved by the Ministry in charge of forestry and forest administration.	Licences related to timber processing plants should be available for inspection from the company.
Processing	Legality of Processing	Processors	Confirm that regulations are respected through evidence of: <ul style="list-style-type: none"> • Timber harvesting records (official harvesting reports from annual coupes) • Log processing reports 	The company keeps evidence that processing quotas have been respected. Note: companies should process at least 75% of the harvested volume in the country.
Processing	Legality of Processing	Processors	Confirm that regulations are respected by evidence of: <ul style="list-style-type: none"> • Quarterly reports of logs received • Annual reports. 	Factory input and output volumes recorded according to official procedures. Note: forest enterprises involved in logging and timber processing should keep records of all logs entering the processing plant, and submit reports to the forest administration (Provincial Inspectorate) quarterly and annually.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Payment of Fees and Royalties	Processors	Confirm that the company keeps log entries and product exit registries.	Tax returns on timber processing comply with rules and regulations. The companies are asked to keep registries which record the log entries and the processed product exits in each factory.
Processing	Not Applicable	Processors	Check that the company complies with the laws and regulations on its employees' and workers' rights Seek confirmation that: <ul style="list-style-type: none"> • The company respects the freedom of its workers to participate in labour union activities • The workers' representatives have been appropriately trained to carry out their duties • The employees of the company have access to relevant information contained in the Labour Law • Relations between the company and its employees have been formalized with respect to legal provisions 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation" The legislation provides for the existence of a committee of representatives for each group of workers equal to or exceeding 10 individuals.
Processing	Not Applicable	Processors	Check that the company complies with the laws and regulations of its employees' and workers' welfare Seek confirmation that: <ul style="list-style-type: none"> • The company workers are paid in compliance with the regulations applicable to their sector of activity • The company complies with all the legal provisions pertaining to the transfer of workers • Sanitary and safety conditions for workers comply with the legislation in force • Working hours applied by the company comply with legal provisions 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation"
Processing	Not Applicable	Processors	Check that the company complies with the laws and regulations of its employees' and workers' welfare Seek confirmation that: <ul style="list-style-type: none"> • The company workers are paid in compliance with the regulations applicable to their sector of activity • The company complies with all the legal provisions pertaining to the transfer of workers • Sanitary and safety conditions for workers comply with the legislation in force • Working hours applied by the company comply with legal provisions 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation"

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Export	Legality of Sale and Export	Exporters	Confirm that regulations are respected by evidence of the company's export/import licence.	The company holds an export/import licence. Note: any company involved in the export of timber product should hold an export licence issued by the Ministry in Charge of Commerce and renewable annually.
Export	Legality of Sale and Export	Exporters	Confirm that regulations are respected by evidence of an approved forest products export specification sheet.	The company holds all the required documents for the export/import of timber products according to official regulations. Note: timber products exporting companies should complete a specification sheet detailing all timber products to be exported by species, quality and quantity. The specification sheet should be submitted to the appropriate forestry authority for approval. The approval of a submitted specification sheet is conditional on proof of payment of all taxes.
Export	Legality of Sale and Export	Exporters	Confirm that regulations are respected by evidence of: <ul style="list-style-type: none"> • Annual and quarterly timber harvesting reports • Log exporting records. 	The company respects log export quotas. Note: logging companies should not export more than 25% of the harvested volume.
Export	Legality of Sale and Export	Exporters	Confirm that regulations are respected by evidence of: <ul style="list-style-type: none"> • CITES declaration as appropriate • List of authorised species within the forest management plan. 	All exported timber species are authorised by the appropriate agency and existing regulations. Note: there seems to be no special list of protected timber species at the national level apart from those of the CITES convention (Gabon is a signatory country) and limitations given within each specific forest management plan.
Export	Payment of Fees and Royalties	Exporters	Confirm that all specification sheets have been duly approved by the water and forest administration.	Tax returns on trade in timber and product importation are done in compliance with rules and regulations.

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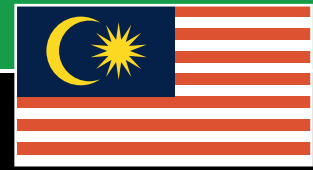


Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	All Forest managers and harvesting companies including community owned operations	<p>Confirm that the company is able to demonstrate it holds:</p> <ul style="list-style-type: none"> • Authorization permit • SK PKH (forest area quotation decree) • HPH and IUPHHK-HA, for natural forest; • HPHTI and IUPHHK-HT, for plantations forest. • Private land owners shall hold a valid Sertifikasi Tanah (land certificate) 	<p>There should be clear, documented and unchallenged legal registration of the forest management unit with authorization for specific activities.</p> <p>HP: Hutan Produksi (Permanent Production Forest)</p> <p>HPHTI: Hak Pengusahaan Hutan Tanaman Industri (Industrial Forest Plantation Permit)</p> <p>HPH: Hak Pengusahaan Hutan (Natural Forest Management Permit)</p> <p>HT: Hutan Tanaman (planted forest)</p> <p>HTI: Hutan Tanaman Industri (Industrial Plantation Forest)</p> <p>IUPHHK: Izin Usaha Pemanfaatan Hasil Hutan Kayu (Forest Timber Product Exploitation Permit)</p> <p>IPK: Izin Pemanfaatan Kayu (Land Conversion Permit)</p>
Forest	Legal Right to Harvest	All privately owned or State owned Forest managers and harvesting companies, including timber from forest conversion areas	<p>Confirm that the company holds a valid permit, license or similar instrument. The company should hold one of the following harvesting permits (as applicable):</p> <p>For natural forest management and plantations an Annual Work Plan (RKT/ work chart) has been legally approved by relevant authorized official and demonstrated on the ground and a LHC (pre-harvest inventory) and tree map has been authorized by the Forest Service. Where wood is harvested on private land the owner shall hold a valid IPK.</p>	<p>The company must have authorization to harvest in the forest management unit.</p> <p>RKT: Rencana Kerja Tahunan (Annual Work Plan)</p> <p>IPK: Izin Pemanfaatan Kayu (Land Conversion Permit)</p>
Forest	Legal Right to Harvest	Forest management company / harvesting company	<p>Confirm that in cases of community forest operations:</p> <ul style="list-style-type: none"> • Business license document for community-based forest management on state forests. • Payment evidence of Land and Building tax (PBB) • Document of community's agreement regarding forest management by community institution (including traditional law community institution). 	<p>In the case of community forest operations managing state forest land the company (community) must possess a license to manage state forest.</p>
Forest	Legal Right to Harvest	Community owned forests	<p>Confirm that the company's / community's harvesting activities correspond to the legal land use classification for the forest management unit.</p>	<p>Evidence shall exist that the forest management area is legally classified for the type of land-use or commercial activities conducted.</p>

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	All privately owned or State owned Forest managers and harvesting companies	<p>Confirm that the company' holds:</p> <ul style="list-style-type: none"> • An approved forest management plan. • A current, approved operating or harvest plan shall exist. • Annual Work Plan (RKT) that has been formally approved by the appropriate government authority. • Authorized Buku Ukur (BU) and LHP • Permission to harvest a CITES-listed species shall be documented. • The management unit has obtained the AMDAL documents which have been approved legally according to applicable regulations, covering all work area. • The harvested volume is within the limits authorized in the annual production target (JPT) 	<p>A forest management plan must be approved by the relevant authorities with annual authorizations and associated documentation.</p> <p>LHP: Laporan Hasil Produksi (production report)</p> <p>AMDAL Analisis Mengenai Dampak Lingkungan (EIA and mitigation plan)</p> <p>JPT: Jatah Produksi Tahunan (annual production target)</p>
Forest	Payment of Taxes and Royalties	All Forest managers and harvesting companies including community owned operations	<p>Confirm that the company holds the following:</p> <ul style="list-style-type: none"> • Valid business license • Tax registration documents 	<p>The company must have a tax registration number / forms and valid business license to operate within the jurisdiction.</p>
Forest	Payment of Taxes and Royalties	All Forest managers and harvesting companies including community owned operations	<p>Confirm that the company has proof of full payments of:</p> <ul style="list-style-type: none"> • Reforestation Fund (DR) • Forest Resource Royalties (PSDH). 	<p>The forest management enterprise must regularly fulfill all obligatory tax; fee and/or royalty payments associated with maintaining the legal right to harvest and permitted harvesting volumes.</p> <p>DR: Dana Reboisasi (Reforestation Fund)</p> <p>PSDH: Pajak Sumber Daya Hutan (Forest Resource Royalties)</p>
Transport	Legality of Possession and Transport	Transporters	<p>Confirm that the company has, when transporting logs from within the forest area (concession) to outside the forest :</p> <ul style="list-style-type: none"> • SKSKB • FA-KB <p>The company's logs must have permanent physical markings containing adequate information to trace them back to the harvest block.</p> <p>The company must have records of wood transportation to outside log ponds (including SKSKB files/ archives and DHH (for natural forest); transportation invoice (for plantation forest).</p>	<p>The forest management enterprise must have procedures and practices that provide effective control of forest products from standing timber until ownership is transferred at the forest gate.</p> <p>If the log pond or TPK is inside the concession boundary, only DP documentation is required.</p> <p>If the log pond or TPK is outside the concession boundary, a SKSKB document is required.</p> <p>SKSKB: Surat Keterangan Sah Kayu Bulat (Transporting Document for Round Logs)</p> <p>FA-KB: Faktur Angkutan Kayu Bulat (Invoice for Transporting Round Logs)</p> <p>DHH: Daftar Hasil Hutan (Forest Product list)</p>

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Legality of Processing	Processors	<p>Confirm that the company holds the following:</p> <ul style="list-style-type: none"> • Valid business license • Tax registration documents 	<p>The company must have a tax registration number / forms and valid business license to operate within the jurisdiction.</p> <p>Approval for wood processing industries with a monthly output capacity of 6,000 m³ or less can be issued by local government. For wood processing industries with a monthly output capacity of more than 6,000 m³, approval must be obtained from the Ministry of Forests.</p>
Processing	Payment of Fees and Royalties	Processors	<p>Confirm that the company has paid all relevant taxes and fees associated with its licensed activities.</p>	<p>The processing enterprise must regularly fulfill all obligatory tax; fee and/or royalty payments associated with timber processing activities.</p>
Export	Legality of Sale and Export	Exporters	<p>Confirm that the company holds the following:</p> <ul style="list-style-type: none"> • Valid business license • Tax registration documents 	<p>The company must have a tax registration number / forms and valid business license to operate within the jurisdiction.</p>
Export	Legality of Sale and Export	Exporters	<p>Confirm that the company can supply the following:</p> <ul style="list-style-type: none"> • Bill of Lading • Certificate of Origin issued by the Forestry Department • Packing lists for the sawn timber • Chain of Custody records indicating which logs were used to produce the timber • SKSKB files • DHH (for natural forest) • Transportation invoice (for plantation forest). • CITES species export licence (for CITES species) 	<p>The company must possess all required documents for the export or import of timber products according to official regulations.</p> <p>General: All log exports from Indonesia are banned; therefore, any logs identified as Indonesian, outside of Indonesia, have been illegally obtained.</p> <p>Ministry of Forestry and Ministry of Trade and Industry joint decree no. 350/Menhut-VI/2004 & 598/MPP/Kep/9/2004, 24 September 2004, states that exports of sawn timber for all species are banned from this date. The decree has been issued to protect domestic wood processing industries.</p>
Export	Legality of Sale and Export	Exporters	<p>Confirm that the company holds a valid export licence.</p>	<p>The company must possess a valid export licence.</p>

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Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Harvesting company within forest reserve	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of gazettment of Permanent Reserve Forests (PRF); • Records of classification of PRFs; • Concessionaire agreement, and • Licence To Take Forest Produce as well as other relevant permits as applicable like: <ul style="list-style-type: none"> • Entry permits • Road permits • Use permits • Records of aboriginal reserves • Records of aboriginal areas <p>Sabah</p> <ul style="list-style-type: none"> • Sustainable Forest Management Licence Agreement • Long term timber licence agreement • All relevant customary native rights decisions of the Civil Courts <p>Sarawak</p> <ul style="list-style-type: none"> • Forest Timber Licence • Grants, leases, native customary right and native communal reserves • Decisions of the Civil Courts pertaining to legal or customary tenure or use rights 	Evidence of licences, permits and other documents granting rights to harvest, extract or otherwise exploit timber in the forest
Forest	Legal Right to Harvest	Harvesting company outside of forest reserve	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Approval or harvesting licence from forestry authorities <p>Sabah</p> <ul style="list-style-type: none"> • Approval or harvesting licence from forestry authorities • Form 2(b) licence for alienated land • Form 1 licence <p>Sarawak</p> <ul style="list-style-type: none"> • OT Licence 	Availability of documentation of legal status in the case of land that is not in the permanent reserved forest or forest management areas and is subject to clearing for a non-forest use.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Harvesting company within forest reserve	<p>These documents should be held and approved:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Forest Management Plan • Record of monitoring by Forestry Dept. • Record of demarcated boundaries • EIA • Record of mitigating measures taken <p>Sabah</p> <ul style="list-style-type: none"> • Harvesting plan • Manual on Forest Management Planning • Record of monitoring by Forestry Dept. • Record of demarcated boundaries • Forest Management Plan • EIA • Comprehensive harvesting plan <p>Sarawak</p> <ul style="list-style-type: none"> • Procedures for identifying and demarcating sensitive areas • Detailed Harvesting Plan • Record of monitoring by Forestry Dept. • Record of demarcated boundaries • Forest Management Plan • Timber Licence 	The forestry management plan documents have been prepared in accordance with the rules and standards prescribed by the forest administration and clearly demonstrate the implementation of guidelines and/or procedures to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands.
Forest	Legal Right to Harvest	Harvesting company within forest reserve	<p>These documents should be held and approved:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of timber products, species and quantity harvested under licence • Quarterly reports on areas harvested • Compliance report <p>Sabah</p> <ul style="list-style-type: none"> • Daily felling record • Quarterly progress report • Compliance Report • Compartment Record Book • Sustainable Forest Management Licence Agreement <p>Sarawak</p> <ul style="list-style-type: none"> • Data on the quantity and species of timbers harvested within the forest management area • Enumeration Data • Compliance report 	Minimum harvestable diameters are respected during harvesting operations, harvested timber species are duly authorised by the forest management plan, and quantity of residual stands is maintained, taking cognizance of their sustainability in the long term according to the regulatory requirements, licence conditions and appropriate guidelines.
Forest	Legal Right to Harvest	Harvesting company within forest reserve	<p>These documents should be held and approved:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Results of post-felling inventories • Records of silvicultural treatments • Analysis of change of forest stand/species composition versus the pre-felling inventories <p>Sabah</p> <ul style="list-style-type: none"> • Post-harvest Inventory • Closing Inspection Report • Records of silvicultural treatments • Permanent Sample Plot Records • Sustainable Forest Management Licence Agreement <p>Sarawak</p> <ul style="list-style-type: none"> • Forest Management Plan 	Demonstrate the implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement regeneration, where necessary.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Payment of Taxes and Royalties	Forest managers and harvesting companies	<p>Peninsular Malaysia, Sabah and Sarawak Record of payment of required fees, royalties, taxes and other charges.</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of payments for legally prescribed fees, royalties, taxes and other charges <p>Sabah</p> <ul style="list-style-type: none"> • Gazetted royalty structure and rates • Performance bond for Sustainable Forest Management Licence Agreement • Community forest cess fund • Royalty based on species group • Occupational permit • Machinery registration fee • Rehabilitation fund <p>Sarawak</p> <ul style="list-style-type: none"> • Royalty bills under Fourth Schedule of the Forest Timber Licence • Liquidated damage under Fifth Schedule of Forest Timber Licence • Fees for licence and permit under Second Schedule of Wild Life Rules 	The company must pay all required fees, royalties, taxes and other charges before logging activities.
Forest	Not Applicable	Forest manager / harvesting company	<p>Check that the company maintains or strengthens socioeconomic welfare of local communities/indigenous people in accordance with the laws and regulations. Seek confirmation that:</p> <ul style="list-style-type: none"> • The company identified legal and customary rights of local communities in the forest management unit. 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation”
Transport	Legality of Imported Timber	Transporters	<p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • Import licence • Customs Import Declaration Form 1 • Removal pass 	The company must have valid official documents for imported logs
Transport	Legality of Imported Timber	Transporters	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Import licence issued by MTIB for logs • Removal pass (for logs) from FD • Customs Department K1 form • Customs Department K3 form (within Malaysia) <p>Sabah</p> <ul style="list-style-type: none"> • MTIB import permit • Receipt from FD export and import inspection fee • Removal pass (for logs) from FD • Customs Department K1 form • Customs Department K3 form (within Malaysia) <p>Sarawak</p> <ul style="list-style-type: none"> • Import licence (JK 69) • Removal pass from STIDC • Customs Department K1 form • Customs Department K3 form (within Malaysia) 	Import procedures and licences for timber and timber products have to be in accordance with laws

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Transport	Legality of Imported Timber	Transporters	Peninsular Malaysia, Sabah, Sarawak <ul style="list-style-type: none"> • Directive from the Minister of Primary Industries 2002 and 2003 • Customs prohibitive list 	Import ban on logs and large square scantlings (LLS) from Indonesia.
Transport	Legality of Possession and Transport	Transporters	<p>The following documents should be held and approved:</p> Peninsular Malaysia, Sabah and Sarawak <ul style="list-style-type: none"> • Certificate of incorporation of company • Ministry of transport licence for commercial vehicles • Forestry Departments records 	Company must be registered as a business entity and lorries and other transport vehicles must be also registered with relevant agencies / authorities as appropriate
Transport	Legality of Possession and Transport	Transporters	<p>All carriers should be able to present the following:</p> Peninsular Malaysia <ul style="list-style-type: none"> • Removal pass/permits • Log tags or identification as appropriate • Hammer marks Sabah <ul style="list-style-type: none"> • Timber Disposal Permit • Log tags or identification as appropriate • Hammer marks • Removal Pass • Export Declaration Form Sarawak <ul style="list-style-type: none"> • Removal pass • Log tags or identification as appropriate • Hammer marks 	Stumps of harvested trees are hammer marked or paint marked according to regulatory requirements. Billets of timber in forest yards are marked according to the rules in force so that they can be easily traced. Log transportation documents are filled in prior to departure from the harvesting site and are kept by the carriers during the whole transportation route.
Processing	Legality of Processing	All timber processors	Peninsular Malaysia, Sabah and Sarawak <ul style="list-style-type: none"> • Certificate of Incorporation of Company • Registration with MTIB and STIDC as appropriate 	The timber processing company is legally registered in accordance with the laws
Processing	Legality of Processing	All timber processors in Sarawak	<p>All Sarawak producers are limited in their exports of logs and must be able to demonstrate:</p> <ul style="list-style-type: none"> • Receipts and bill of sale • Report of analysis of records of logs royalty assessed for local processing • Report of analysis of records of removal pass 	Sarawak has a log reservation quota of 60% log production in the State has to be processed within the State which is monitored by Harwood. Harwood issues an Endorsement Clearance Certificate after inspection of the quota logs at base camps, final log ponds, transit points and licensed mills.
Processing	Legality of Processing	All timber processors	Peninsular Malaysia <ul style="list-style-type: none"> • Receipts and bill of sales • Report of analysis of records of sawmills (Shuttle Return No. IV) • Report of analysis of records of plywood mills (Shuttle Return No. V) • Report of analysis of records of moulding mills through Shuttle Return No. VII • Log input book 	Timber volume entering the plant and timber products out from the plant should be recorded according to official procedures.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Legality of Processing	All timber processors	<p>Sabah</p> <ul style="list-style-type: none"> • Receipts and bill of sale • Monthly Production Return • Log input book <p>Sarawak</p> <ul style="list-style-type: none"> • Receipts and bill of sale • Report of analysis of records of logs royalty assessed for local processing • Report of analysis of records of removal pass • Report of analysis of records of installed capacity of wood-based industries as indicated in their licences • Log input book 	Timber volume entering the plant and timber products out from the plant should be recorded according to official procedures.
Processing	Not Applicable	Processor	<p>Check that the company complies with the laws and regulations on its employees' and workers' rights and welfare</p> <p>Seek confirmation that:</p> <ul style="list-style-type: none"> • The company meets all applicable employment laws • The company is compliant with all regulations covering health and safety of employees and their families 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation"
Export	Legality of Sale and Export	Exporting company	<p>All exporters should be able to present the following:</p> <p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • Certificate of Registration (Form 9)- Register with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia) <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Licence according to product and company type with Forestry Department • Register with the MTIB <p>Sabah</p> <ul style="list-style-type: none"> • Licence according to product and company type with MTIB • Forestry Department licence <p>Sarawak</p> <ul style="list-style-type: none"> • Sarawak Timber Industry Development Corporation (STIDC) export licence for timber or timber products • CITES permit 	The company must be legally registered in accordance with the laws and all timber exporters, suppliers, processors, graders and jetty operators have to be registered with the relevant agencies.

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Export	Legality of Sale and Export	Exporting company	<p>All exporters should be able to present the following:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of cess account in MTIB for log, sawn timber, plywood, moulding, veneer, particleboard/ chipboard and block board • Timber export licence issued by MTIB • Customs Department K2 form <p>Sabah</p> <ul style="list-style-type: none"> • Records of cess account in MTIB for log, sawn timber, plywood, moulding, veneer, particleboard/ chipboard and block board • Timber export licence issued by MTIB • Custom Department K2 Form • Invoices • State Royalty Fees <p>Sarawak</p> <ul style="list-style-type: none"> • Harwood Export Clearance Certificate approved document for export of logs • STIDC Export licence • Wildlife permits • CITES licence • Licence on Sepetir by the Forest Department • Customs Department K2 form 	Export procedures and licences for timber and timber products have to be in accordance with relevant laws.
Export	Payment of Fees and Royalties	Exporting company	The import and export company should demonstrate payments of any Export Taxes that are liable.	All taxes linked to the exportation and importation of forest products are paid on time.

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VIETNAM

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Forest manager / harvesting company with State investment	The company should have approved harvest plans and maps	Management and design plans may only be developed by registered organizations: Forest Inventory and Planning Institute (FIPI), technical Forestry Colleges (FC), licensed State Forest Enterprise (SFE) and local organizations with prescribed business licenses . In cases where the company borrows, with interest, from the government, harvesting plans are approved by either DARD (for companies belonging to the province) or Vietnam Forest Corporation (VINAFOR) with subsequent MARD approval.
Forest	Legal Right to Harvest	Forest manager / harvesting company with forest land with 100% private investment	None	<i>Companies investing themselves do not require any harvest permission.</i>
Forest	Legal Right to Harvest	Forest manager / harvesting company	Data for all trees harvested are checked and logs stamped by the Forest Protection Department	Records of stamping are maintained by the Forest Protection Department for natural resource tax assessment and to provide proof of origin.
Forest	Legal Right to Harvest	Forest manager / harvesting company	For all areas harvested the company must be in possession of an approved post harvest inspection report	The forest owner and Department of Agriculture and Rural Development conduct an evaluation to measure actual harvest versus harvest design
Forest	Payment of Taxes and Royalties	Forest manager / harvesting company	Check receipts for fees paid relating to management plan, harvesting plan and EIA design & VAT.	The company should demonstrate that all payments of fees due (management plan, harvesting plan and EIA design) and taxes (land use tax and natural resource tax) are current
Imports	Legality of imports	All timber processors that import timber	For imported timber, the enterprise must possess the following: <ul style="list-style-type: none"> • All documents required for legal export from producer country • Customs declaration authorizing import • Forest Protection Dept. documents approving wood transport from port. 	Documents required for timber import must be current and correct
Transport	Legality of Possession and Transport	Transporters	A copy of the license registration is housed at provincial Department of Transport .	Transportation companies and individuals must be licensed to transport timber.



Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Transport	Legality of Possession and Transport	Transporters	Carriers must possess valid license documents: <ul style="list-style-type: none"> • Vehicle registration year and vehicle type, • Vehicle load capacity • Documents stating it is a company owned/contractor vessel or truck Two licenses are required as issued by the Transportation Agency and the Public Security Agency for each vessel or truck the company or individual operates.	Organizations, individuals operating vessels or trucks for transporting forest products from the forest have relevant licenses
Transport	Legality of Possession and Transport	Transporters	All logs have correct Forest Protection Department stamp (paint) markings that are legible. Cross reference markings with official word records.	All logs transported from harvesting areas are marked with an official stamp
Transport	Legality of Possession and Transport	Transporters	Transported logs are accompanied by the correct documentation: <ul style="list-style-type: none"> • Timber records correct to the MARD format • Documents to certify the origin of the timber supplied by the Forest Protection Dept.; or District FPD certificate for timber not subject to stamping; or Commune PC certificate for timber from plantations and scattered trees. 	The company should record the transport of logs to the processing facility using official documentation. Note: documentation is issued before logs leave the Forest Management Unit, or at the time of a state auction.
Transport	Legality of Possession and Transport	Transporters – timber harvested in Vietnam	Papers required for legal transportation (and storage and processing) of domestic timber: <ul style="list-style-type: none"> • Sales invoice according to the regulations of the Ministry of Finance (for timber harvested by companies only) • Ex-warehousing-cum-internal transportation bills for internal transportation • Timber records (log list) according to the MARD format • Official Forest Protection Dept. record of timber stamping compatible with the timber consignment. 	The company should record the transport of logs to the processing facility using official documentation. Note: documentation is issued before logs leave the Forest Management Unit, or at the time of a state auction.
Transport	Legality of Possession and Transport	Transporters – timber harvested outside Vietnam	Imported timber transportation papers should consist of the following: <ul style="list-style-type: none"> • Import declaration or certification from customs • Timber records/lists developed by the exporting country • Forest ranger stamps or their equivalent from the exporting country or, if absent, from Forest Protection Department office at point of import. 	Where imported timber is resold, Ministry of Finance sales invoices and original timber lists are also required; or if the consignment is divided, FPD-certified timber lists must be provided.
Transport	Legality of Possession and Transport	Transporters of processed timber	Documents consist of: <ul style="list-style-type: none"> • Sales invoice as stipulated by the Ministry of Finance or ex-warehousing-cum-internal transportation bills for internal transportation • Wood record and Forest Protection Dept. stamp. 	Organizations transporting processed timber must carry the required documents in the vehicle of transportation

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Legality of Processing	Processors	<p>Verify that the enterprise has the following documents:</p> <ul style="list-style-type: none"> • Business registration certificate • Operating license • Import license • License to process commodities for foreign merchants (issued by Ministry of Trade). 	The timber processing (and trading) facility has the requisite legal business registration certificate to operate, and license to process commodities for foreign merchants (if necessary). Business registration certificates are awarded by either the district People's Committee (for household businesses) or the provincial Department of Planning and Investment.
Processing	Legality of Processing	Processors	<p>The timber processing and trading facility has wood log books to record all wood entering or exiting the facility.</p> <p>The enterprise has sales contracts for each transaction in the supply chain to the processing facility.</p>	Data on timber entering and exiting the facility must be recorded within one day of the transaction and the form of Log books are provided and guided by the district Forest Protection Dept. Sales invoices must be as stipulated by the Ministry of Finance.
Processing	Payment of Fees and Royalties	Processors	Confirm that the company keeps log entries and product exit registries.	
All	Not Applicable	All	<p>Check that the company maintains or strengthens socioeconomic welfare of local communities/indigenous people in accordance with the laws and regulations.</p> <p>Seek confirmation that:</p> <ul style="list-style-type: none"> • The company has created jobs and/or income generation opportunities for local communities 	<p>These are additional requirements for compliance with the Draft EU "Due Diligence Regulation". This is compulsory for cases involving State agricultural enterprises and State forest enterprises.</p> <p><i>Note: for other companies this indicator is not compulsory, except where local authorities have attached conditions to the allocation of forest land under its jurisdiction.</i></p>
Processing	Not Applicable	Processors	<p>Check that the company complies with the laws and regulations on its employees' and workers' rights and welfare. Seek confirmation that:</p> <ul style="list-style-type: none"> • The company permits employees to join recognized labour unions and can demonstrate that it does not discriminate against labor union members when making employment decisions • When requested by a recognized labour union that represents its employees, the Company willingly enters into negotiations with that union and honors all agreements reached • The company pays employees' salaries and provides them with benefits according to national regulations • The Company implements clearly defined safety procedures, maintains regulations on the responsible use of working materials and ensures labor sanitation prescribed national regulations • The Company ensures that all its employees are 15 years old or above 	These are additional requirements for compliance with the Draft EU "Due Diligence Regulation"

Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Processing	Not Applicable	Processors	<p>Seek confirmation that: (Continued)</p> <ul style="list-style-type: none"> The company ensures that all required safety and emergency first aid equipment is available and readily accessible for use at each work site The company must provide workers with social insurance to cover accidents and illness at work The company provides workers with a legal labour contract and complies with the provisions contained therein The company provides workers with a pension or lump sum allowance, or severance allowance upon termination of labor contracts The company does not require any of its employees to work more than 8 hours (or 6-7 in some cases) hours per day, pays employees correct overtime rates and allows each employee to take paid annual leave in addition to statutory holidays The company has internal regulations on labour practices 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation”
Export	Legality of Sale and Export	Exporters	<p>The enterprise must hold the following:</p> <ul style="list-style-type: none"> Current business registration certificates Tax code Import or export license (issued by the Ministry of Trade). 	The company must have the requisite legal business registration certificates and import and export license to operate. Business registration certificates are awarded by either the district People’s Committee (for household businesses) or the provincial Department of Planning and Investment .
Export	Legality of Sale and Export	Exporters	<p>Exporters must possess valid documents as follows:</p> <ul style="list-style-type: none"> Bill of lading Packing lists for sawn timber or wood products Chain-of-custody records (which include transportation documents) indicating origin of logs used to produce timber products. 	Export documents must be valid and up to date. It is illegal to export round logs or sawn timber that derives from domestic natural forests.
Export	Legality of Sale and Export	Exporters	<p>The following documents as necessary:</p> <ul style="list-style-type: none"> Appropriate tariffs are paid and receipted. License/certification for CITES-listed species is accurate Import/export certificate issued by MARD (the Vietnam CITES Management Authority) is valid Quarantine certificate granted by plant quarantine agencies. 	Stated conditions on CITES-listed species, tariffs, phytosanitary and quarantine requirements, quotas, products and special requirements are adhered to. There is a limit of timbers from natural forest for export as fine arts products. It is produced by the Chair of the provincial People’s Committee for enterprises.
Export	Payment of Fees and Royalties	Exporters	<p>The following receipts as necessary:</p> <ol style="list-style-type: none"> VAT Import / Export tax Income tax 	The exporter must demonstrate that payments of Value Added Tax (VAT), import/export tax (where appropriate) and income tax are paid and up to date.

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USAID
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USAID RESPONSIBLE ASIA FORESTRY AND TRADE (RAFT) PROGRAM

The Asia Pacific region, home to half the planet's population, is the largest producer and processor of tropical timber in the world. The region faces growing international demand for timber and non-timber forest products. This demand is projected to increase in the coming years putting greater pressure on natural forests exacerbating the negative social and environmental impacts. The RAFT Program, launched by The Nature Conservancy and a diverse group of implementing partners with the support of the US Agency for International Development Regional Development Mission for Asia (USAID RDMA) presents a comprehensive response to persistent deforestation and forest degradation in the region.

RAFT is a five year program (October 2006 - September 2011) designed to improve forest management and timber trade practices in Asia thereby reducing carbon dioxide (CO²) emissions from deforestation and forest degradation. The program has four objectives:

1. Improve forest management practices on the ground
2. Increase trade of timber products from legal sources
3. Strengthen regional cooperation on forest management and trade of timber products
4. Enhance regional capacity to incorporate sustainable forest management into an emerging international REDD framework

RAFT is implemented by a partnership involving The Forest Trust (TFT), IUCN-the International Union for Conservation of Nature, The Nature Conservancy (TNC), RECOFTC-The Center for People and Forests, the Tropical Forest Foundation (TFF), TRAFFIC-the Wildlife Trade Monitoring Network, and the World Wide Fund for Nature (WWF). RAFT operates in Cambodia, China, Indonesia, Lao PDR, Malaysia, Papua New Guinea, Thailand and Vietnam.

www.raftprogram.org



**GLOBAL
FOREST
& TRADE
NETWORK**

WWF'S GLOBAL FOREST & TRADE NETWORK (GFTN)

GFTN is WWF's initiative to eliminate illegal logging and transform the global marketplace into a force for saving the world's valuable and threatened forests.

By facilitating trade links between companies committed to achieving and supporting responsible forestry, the GFTN creates market conditions that help conserve the world's forests while providing economic and social benefits for the businesses and people that depend on them. The GFTN considers independent, multi-stakeholder-based forest certification a vital tool in this progression and helps infuse the principles of responsible forest management and trade practices throughout the supply chain.

gftn.panda.org

WWF is one of the world's largest and most experienced independent conservation organizations, with almost 5 million supporters and a global network active in more than 100 countries.

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- Conserving the world's biological diversity
- Ensuring that the use of renewable natural resources is sustainable
- Promoting the reduction of pollution and wasteful consumption.



**GLOBAL
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