

Issues regarding Timber Legality in Lao PDR

Subtopic 16

Representative of Lao PDR

ASEAN – MARD – EU FLEGT ASIATLAS Training Workshop
Hanoi, 24–25 November 2010



Little know about Laos

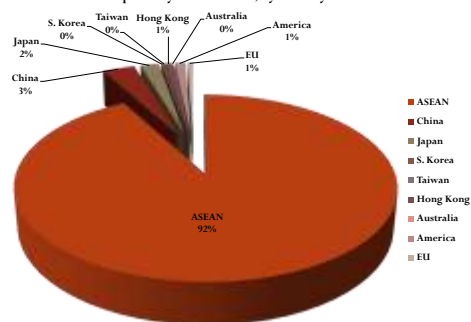
- Total area 236,800 km²
- Population: estimated 6,000,000 people
- Capital City: Vientiane
- Provinces: 16 provinces
- Production Management Areas: 3,100,000 ha
 - 81,000 ha (FSC certification)
 - 239,000 ha (FSC Control Wood)

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Exportation of Lao timber product

Report of year 2008/2009, by country



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List of Regulations and Applied Guidelines

- PO 35, 31 May 1997: *Law on Land Transportation*
- PO 47, 25 May 2005: *Law on Customs & Decree*
- Article 60 of Forest Law, No. 13/NA, 9/11/2005: *Right and Duty of MAF*
- MAF 0174/AF 07, 6 September 2007: *Instructions of the Minister to the Ministry of Agriculture & Forestry pertaining to the implementation of The Order of The Prime Minister, in relation to the enhancement of the restrictions on the management of forest and forestry business for FY 2007-2008 NO. 30/PM, dated 17/08/2007*
- MAF 0221, 13 October 2000: *Regulation of MAF on Forest and Forest Products Harvesting*
- PM 135, 25 May 2009: *Decree of Prime Minister on State Land Lease or Concession*
- PM 59, 22 May 2002: *Decree of Prime Minister on Sustainable Forest Management*
- Decision 54, 7 March 1996: *Decision of the Minister of Agriculture on the Customary Rights and the Use of Forest Resources*
- MOF Guideline 0092, 13 January 2009: *Guideline on the administration of revenue collection from sales proceeds of wood and non-timber forestry product*
- MOIC Regulation 157 on Timber Business Activities (2008)
- MOIC Regulation 1976 on Sales of Logs at Field II (2007)

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- PMO 31, 23 August 2006: *Order of Prime Minister on increasing control in forest management, conservation, wood business and promoting the production of finished products in wood processing industry*
- Forestry Law (1996; amended 2007)
- Business and Enterprise Law (2005)
- Tax Law (2005)
- Environmental Law (1996)
- Water and Water Resources Law (1996)
- Land Law (1997; amended 2003)
- Prime Minister Decree 59 on Sustainable Forest Management of Production Forest Areas (2003)
- Prime Minister Order 17 on Strengthening Forest Management (2008)
- MOIC Regulation 51 on Form and Size of Wood Products (2009)
- MOIC Regulation 1415 on Form and Size of Wood Products (2008)
- MOIC Regulation 719 on Wood Processing Factories (2009)
- MOIC Regulation 488 on Wood Quota Application (2009)

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- MOF Guideline 92 on Revenue Collection of Sales from Wood and NTFP Products (2009)
- MOIC Regulation 710 on Wood Fees for Small Logs (2008)
- MOIC Regulation 2056 on Wood Quota Allocation (2008)
- MOIC Regulation 359 on Timber Products and NTFP Transport and Export (2008)
- MOIC Regulation 157 on Transport of Logs, Wood Products and NTFP and Export (2008)
- MOIC Regulation 1963 on Wood Sales (2008)
- MOIC Regulation 1601 on Transport of Logs, Wood Products and NTFP and Export (2008)
- MOIC Regulation 97 on Wood Fees at Field II (2009)
- MAF Regulation 535 on Management of Village Forests (2001)
- MAF Order 54 on Customary User Rights (1996)
- MAF Instruction 377 on Customary Use of Forest Resources (1996)
- MAF Guideline 0962 on Chain of Custody (CoC) Control of Timber Harvesting & Transport in Production Forest (2010)
- MOIC Decision on the procedures regarding Chain-of-Custody in Timber Sales and Transport (2010)

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Current status regarding the assurance of timber legality and traceability.

- Under the SUFORD project:
 - ❖ Establishment of the Department of Forest Inspection.
 - ❖ The Notice of the MAF regarding CoC, applies for timber in Production Forest Areas to Landing II.
 - ❖ The Notice of the MoIC regarding FSC Standards. This is 2nd step of CoC. MOIC will monitor from Landing II to the factory or export to the international market.

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Custody of Timber by Process and Applied Guideline

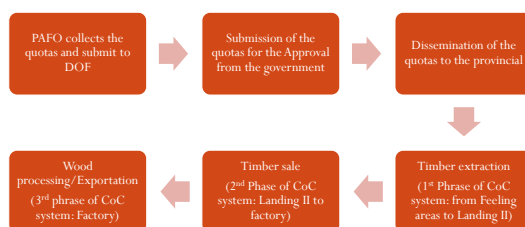
Process	Guideline	Custody
Forest management planning	DOF COC Guideline	The State, Forest management unit (district)
Pre-harvest inventory and tree marking	DOF COC Guideline	The State, Forest management unit (district)
Harvesting: felling, forest transport	DOF COC Guideline	The State, Forest management unit (district)
Scaling and grading at landing II	DOF COC Guideline	The State, Forest management unit (district)
Timber sales (bidding)	MOIC Guideline and Instruction	The State, Provincial Trade Department
Sales contract and registration	MOIC Guideline and Instruction	The State, Provincial Trade Department
Invoicing	MOIC Guideline and Instruction	The State, Provincial Trade Department
Transport permit	MOIC Guideline and Instruction	PFS
Loading	MOIC Guideline and Instruction	Buyer
Transport to mill	MOIC Guideline and Instruction	Buyer
Mill gate operations	MOIC Guideline and Instruction	Buyer, MOIC
Processing	Company COC system	Buyer

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Quota allowance and Timber Sale process

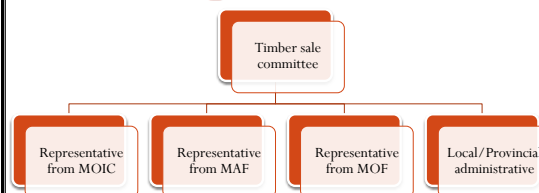


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Structure of Timber Sale Committee at provincial level



Remark:

There are 16 provincial committees in Laos.

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Our action today and way forward

- MOIC and the Wood Industry Association encourage member of the Association to establish the CoC system in their factories. So far, only one company meets FSC certification.
- Goal at least 10 companies have CoC system by end 2010.
- Identify the critical control points at national level for government agencies to audit & monitor to demonstrate TLAS development

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Next Steps regarding the assurance of timber legality and traceability.

- The ASEAN and EU process calls for Independent Verification the Department of Forest Inspection (DOFI) is developing the capacity for this oversight role:
 - ❖ Carrying out a review of complete CoC framework to ensure continuity between transition from DOF to MoIC control.
 - ❖ Develop independent auditing and verification capacity.

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Challenges and Needs

Challenges

- Enforcement
- Limited Experiences
- Limited Human resources

Needs

- Financial Support and Capacity Building
- Sharing Experiences with experiences country like Malaysia, Indonesia, Vietnam regarding the TLAS and VPA negotiation.

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Cooperation

- **The MoCI & MAF plan to coordinate support of agencies and donors in preparing TLAS**

- SUFORD
- ASEAN
- EU FLEGT Asia
- WWF / TFT
- TNC RAFT

- **The Ministries want to ensure common objectives**

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Thank you very much

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