



6th Sub regional Workshop on Timber Legality Assurance

Country Progress Report Myanmar

Chiang Mai, Thailand

July 3-5, 2018

OUTLINES OF PRESENTATION

- **Forestry in Myanmar**
- **Chain of Custody**
- **Approaches for Third Party Assessment**
- **Reform on Forestry Sector**



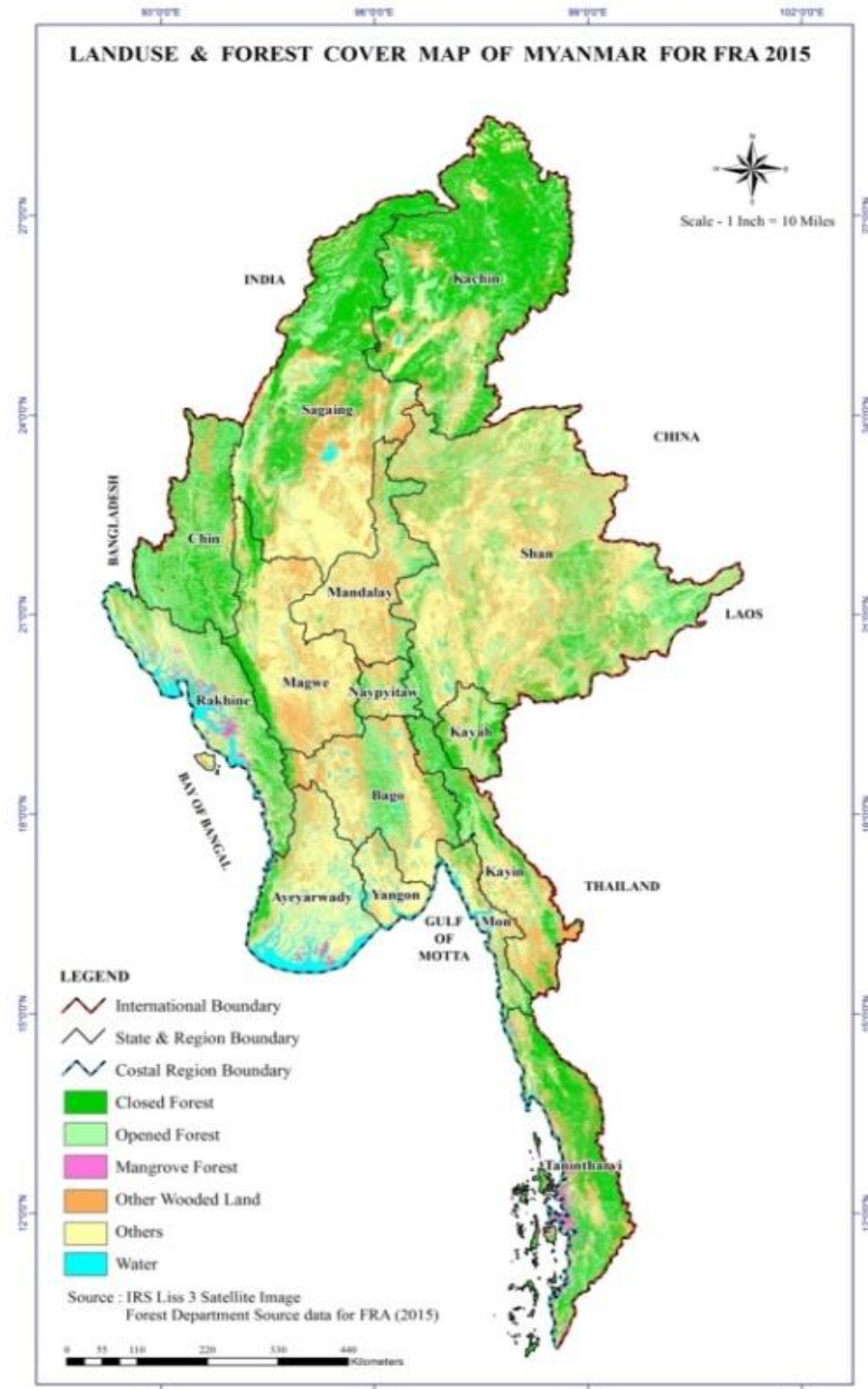
FORESTRY IN MYANMAR



FORESTRY IN MYANMAR

Timber Source & Its Ownership

- All of the forests are **State owned**.
- Mostly are natural forests.
- The role of plantation is still negligible.
- Two categories of Natural Forest
 - Permanent Forest Estate(PFE)
 - Reserved Forest
 - Protected Public Forest
 - Protected Area System(PAS)
- PAS is the areas preserved and defined as national park, wildlife century, and science forests and so on.
- Commercial Timber Production is carried out at the PFE.

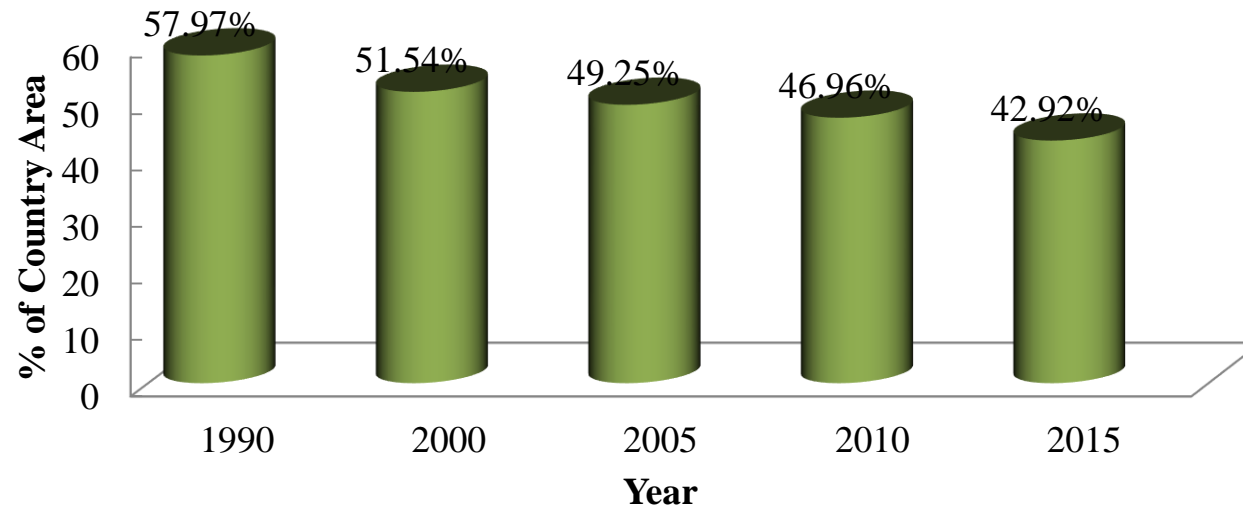


FORESTRY IN MYANMAR

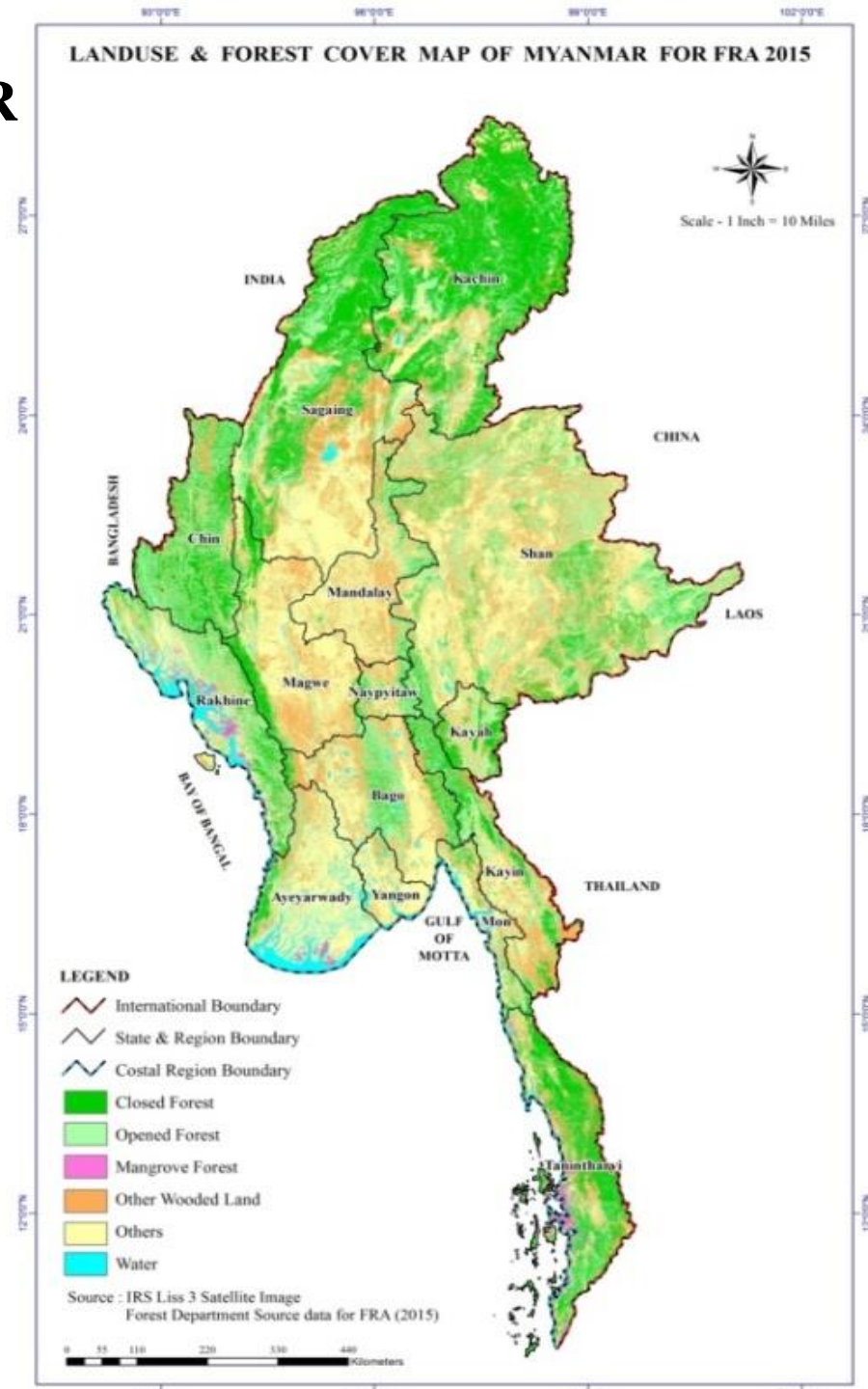
Status of Forest Cover

- ❖ Area of the Country 67,658,000 ha
- ❖ Area of Forest Cover 29,041,000 ha
- ❖ Area coverage 42.92 % of the country

Status of Forest Cover in Myanmar



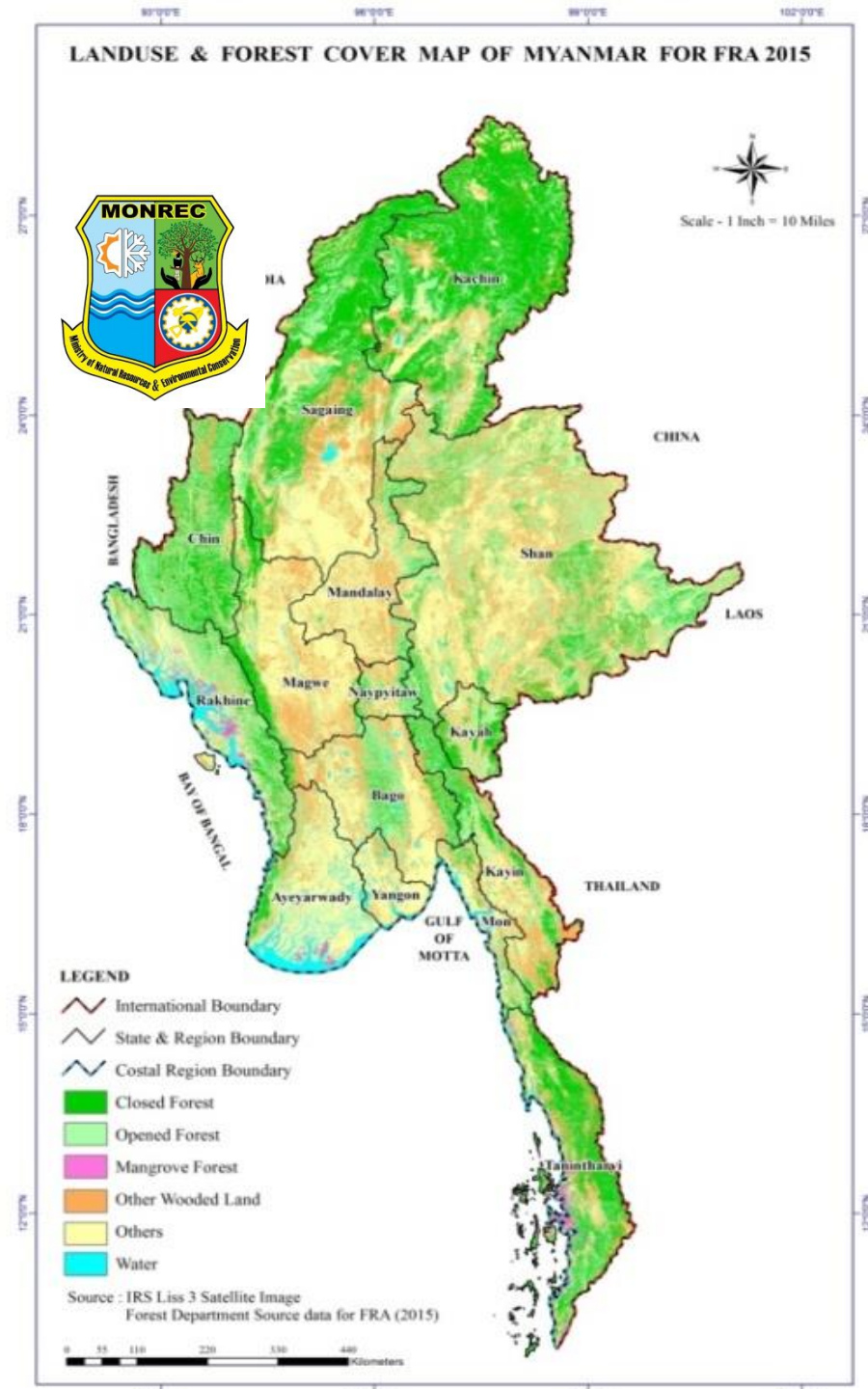
Source: Country Report, Myanmar (FRA, 2015)



FORESTRY IN MYANMAR

Who is responsible for Forestry?

- On behalf of the government, MONREC is empowered for the Management, Sustainable Production & Utilization of forest products.
- Unlike other countries, Myanmar is unique in terms of forest management (regulation) and forest production (operation).
- Both regulation & operation are under the authority of the Government Organization.
- **Under MONREC,**
 - **Forest Department (FD)**, as a regulator, is in charge of the management and conservation of forests.
 - **Myanma Timber Enterprise (MTE)** is in charge of commercial production & sale of forest products.



FORESTRY IN MYANMAR

Who is responsible for Forestry?

➤ Forest Law (1992) Chapter VI, section 18 mention as follows-

CHAPTER VI

PERMISSION FOR EXTRACTION OF FOREST PRODUCE

17. Forest produce may only be extracted after obtaining a permit. However, if it is for domestic or agricultural or piscatorial use not on a commercial scale, forest produce may be extracted in an amount not exceeding the stipulated quantity, without obtaining a permit.

18. In permitting the extraction of forest produce the Forest Department shall use the competitive bidding system if the extraction is on a commercial scale. However, extraction for the following purposes may be permitted without using the competitive bidding system:-

- (a) Where extraction of forest produce and sales in and outside the country are carried out as a State-owned enterprise;
- (b) Where the Minister is empowered by the Government in respect of the extraction of forest produce;

Focal Organization:

Ministry of Natural Resources and Environmental Conservation (MONREC)'

FD

MTE



FORESTRY IN MYANMAR

Who is responsible for Forestry?

Forest Law (1992), Chapter IX, Section 30, mentions as follows:-

CHAPTER IX

ESTABLISHMENT OF WOOD-BASED INDUSTRY

30. A private entrepreneur who is desirous of establishing a sawpit, sawmill, tongue-and groove mill, plywood mill, veneer mill or a wood-based industry with the exception of wood-based cottage industries and furniture industries has the right to establish the same only after obtaining a permit from the Forest Officer empowered for this purpose.

31. The Director-General may, with the approval of the Ministers determine the rates of royalties, terms and conditions of the permit for the purpose of section 30.

Line Organization:

Private Operator
Department of Trade
Myanmar Customs Department
Myanma Port Authority



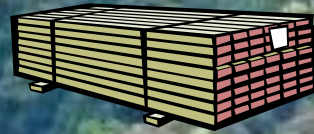
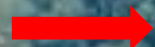
CHAIN OF CUSTODY



Forest Owner



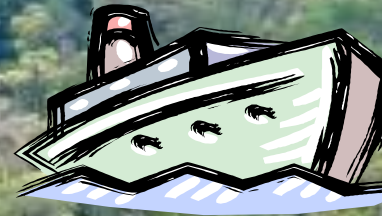
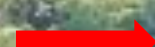
Logger



Saw Miller

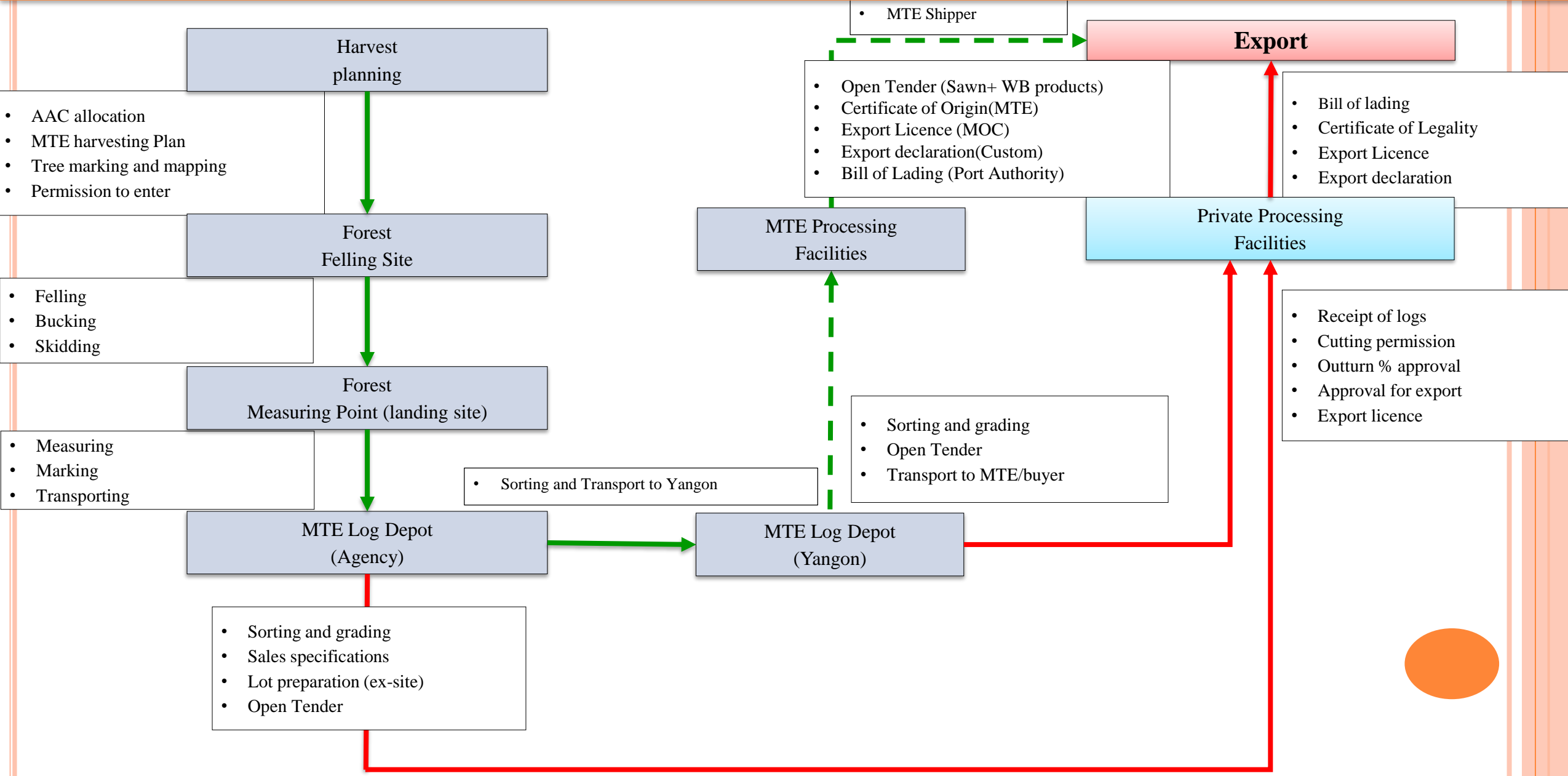


Factory Owner



End User

CHAIN OF CUSTODY



CHAIN OF CUSTODY

What is the System/Document to prove legality of the Legality of timber or timber products?

➤ Documents for Legality of harvest

- District Forest Management Plan (FD)
- AAC Announcement (FD)
- Harvesting permit by Cabinet and MONREC
- Annual Harvesting Plan (MTE)
- Annual Harvesting Contract between FD and MTE at the District level. (FD & MTE)
- Entry permit for each compartment within the designated forest area by FD. (FD & MTE)

➤ Documents for Source of Origin

- Form D (log measurement book jointly measured by FD and MTE)



CHAIN OF CUSTODY

What is the System/Document to prove legality of the Legality of timber or timber products?

➤ **Documents for Sale**

- Specification
- Sale Contract
- Commercial Invoice
- Delivery Order
- Advanced Information for Parcel Transfer
- Reference for Parcel Transfer
- Purchase Confirmation Letter (If necessary)
- Certificate of Origin (only for MTE shipper)



CHAIN OF CUSTODY

What is the System/Document to prove legality of the Legality of timber or timber products?

➤ **Processing Documents after Sale to private:**

- Sawmill license by FD
- Arrival and Cutting Permit by FD

➤ **Export Documents for timber products by private**

- Certificate of legality for timber products by FD
- Export License by Department of Trade
- Export Declaration by Custom Department
- Bill of Lading by Port Authority



CHAIN OF CUSTODY

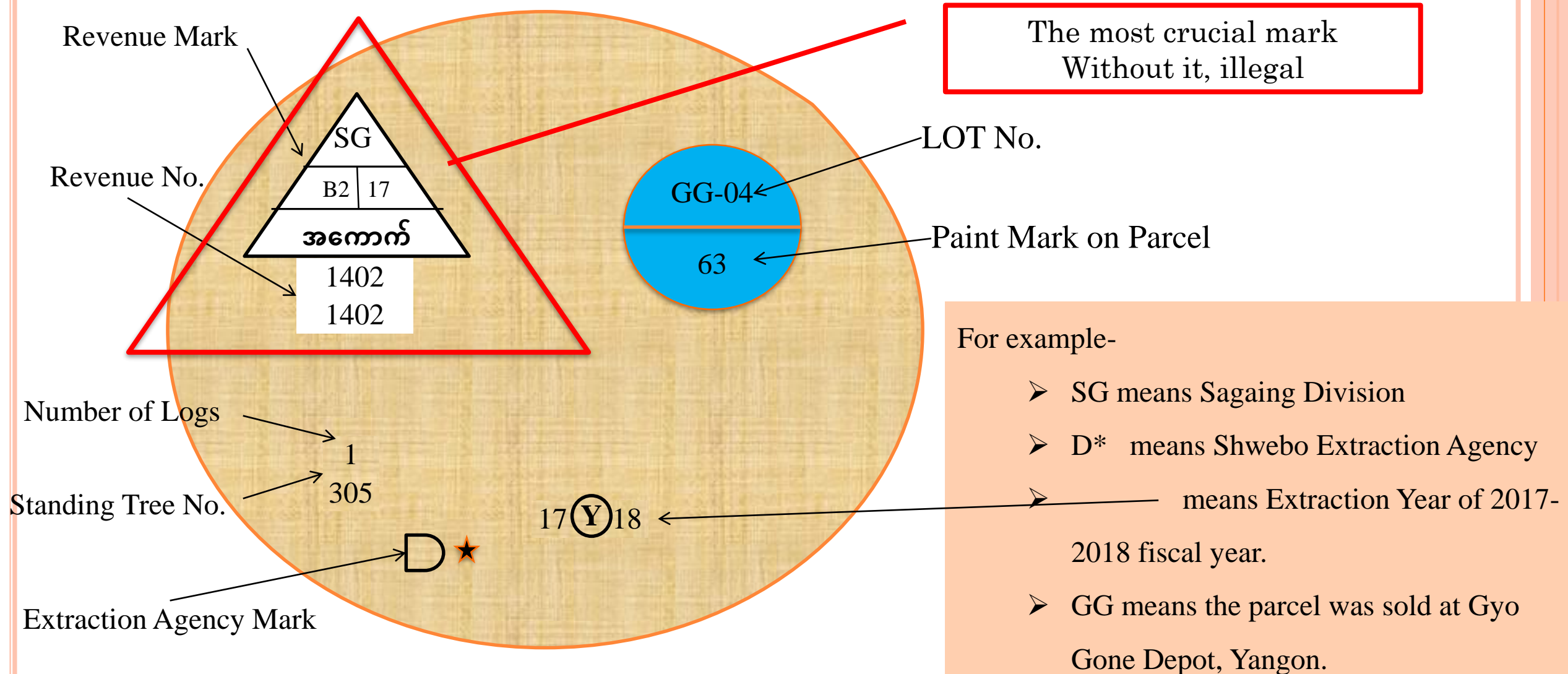
How is the System managed?

- FD & MTE practice the Hammer Marking system on the log for the purpose of tracing back to the source of original.
- All of the Hammer marks represent the information of Harvesting Year, Harvesting Sites, Harvested Trees & Personal In-charges.
- Numerical and Alphabetical code are used.




CHAIN OF CUSTODY

How is the System managed?(Hammer Marks on the surface of Teak Log)



CHAIN OF CUSTODY

How is the System managed?

- Moreover, all of the documents related to each log are manually recorded.
 - Necessary documents for source and sale to the private are provided by MTE itself as MTE is a whole seller of logs, on behalf of the Government.
 - Further documents after selling the logs to the private shall be issued by the Forest Department, and other associated departments such as Department of Trade, Myanmar Customs Department and Myanmar Port Authority.
 - All of the respective government organizations throughout the timber supply chain shall have responsibility of for their own actions of issuing documents..
- 

CHAIN OF CUSTODY

How can verify the legality of timber or timber products ?

- All of the logs extracted by MTE and counter-checked by FD shall be considered as legal as those two government organizations are responsible for sustainable management and production of forest resources on behalf of the Government.
- Every log has its unique hammer marks by FD and MTE and has been well documented in every steps of its flow such as felling, skidding, transporting, processing and exporting.
- The whole system of timber supply chain is **counter checked by the Forest Department (FD)**.
- **Third party verification** is still unavailable.



APPROACHES FOR THIRD PARTY ASSESSMENT



APPROACHES FOR THIRD PARTY ASSESSMENT

Certification



- **Myanmar Forest Certification Committee (MFCC)**, as a semi government body affiliated under MONREC, is a governing body to conduct forest certification activities since 1998.
- In addition to reviewing and developing National Standards, MFCC compiled the whole timber supply chain of FD and MTE as a system so called **MTLAS in 2013**.
- In 2017, MTLAS was **gap analyzed** by the project funded by EU FAO FLEGT Support Programme.



APPROACHES FOR THIRD PARTY ASSESSMENT

Certification



➤ Major Findings of MTLAS Gap Analysis;

- Transparency
- Accessibility
- Third Party
- Documented



APPROACHES FOR THIRD PARTY ASSESSMENT

Certification



- Based on findings of MTLAS Gap Analysis Project, **reforming** FD and MTE procedures have been followed up.
- Due to **market demand**, only departmental documents verified by themselves are not sufficient for Operators.
- Consequently, MFCC was mandated by MONREC to initiate the **third party assessment**.
- So far there are **four Verification Bodies** recognized by MFCC and they are now under training .



APPROACHES FOR THIRD PARTY ASSESSMENT

Certification



- Moreover, MFCC is initiating to get endorsement by PEFC.
 - Engaging with the PEFC (Programme for Endorsement of Forest Certification)
 - Strengthening Myanmar Forest Certification Scheme (MFCS) through the projects
 - Initiating Third Party Auditing
- MFCC is working closely with Myanmar FLEGT VPA process and the outcomes of the projects will support the negotiation stage between Myanmar and EU FLEGT programme.



APPROACHES FOR THIRD PARTY ASSESSMENT

Certification

- Allowing **Operators and Third Parties** to access the forest compartment and agencies since 2017.



Office
Access



Field
Access



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Objectives)



- **To combat illegal logging and associated trade**
- **To improve Forest Governance and to support Sustainable Forest Management**
- **To export legal timber from Myanmar to EU market**



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Preparation)



- **2013** Myanmar formally proposed to enter into the EU FLEGT VPA process on November.
- **2014** EU acknowledged Myanmar to participate in the EU FLEGT process on March.
- **2015** Interim Task Force (ITF) was formed with 24 members from Government, CSO and Private Sectors.



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Preparation)



- **2015-2018:**
 - **Advocacy trip to Region and State to form the MSG**
 - **Awareness raising and capacity building for FLEGT stakeholders**
 - **Initial workshop on Legality Definition (2017 December)**
 - **ToR for National Level and Regional Level Multi Stakeholders Group (MSG)**
 - **Negotiation Road Map(Draft)**
 - **MSG Work plan (2018)**



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Pre-negotiation)



- **Preparation of requirements for the negotiation phase**
 1. **Formation of the multi-stakeholder group (MSG) in both National Level and Regional Level**
 2. **Clear vision of need for VPA articulated**
 3. **Understanding of the broad commitments**
 4. **Developing negotiation road map**
 5. **Drafting of legality definition**
 6. **Ideas for contested areas and peace process**
- **Formation of the negotiation team**



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Pre-negotiation)



- **First Step towards Negotiation Stage (2018 June)**
 - **Visit to Brussels by Myanmar Delegation (MSG)**
 - **Formal & Informal Meeting with**
 - EU CA**
 - DFID**
 - FLEGT/EUTR Expert Group**
 - DG of Environment**
 - EIA/ NEPCon**
 - EU Operators**



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Activities)

☐ Advocacy Trip



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Activities)

- ❑ Allowing **CSO** to access the forest compartment and agencies, since 2017.



Log
Yard
(Depot)



Field
Access



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Activities)

❑ Introduction of Legality Definition(2017 Dec)



APPROACHES FOR THIRD PARTY ASSESSMENT

FLEGT VPA Myanmar(Activities)

Visit to Brussels (2018 June)



APPROACHES FOR THIRD PARTY ASSESSMENT

Interim Solution



➤ Both Certification & FLEGT are under the process. (No certified forest/ No FLEGT License yet)

➤ While implementing,

- Developing MTLAS Audit Form by MFCC
- Third Party Auditing initiated by MFCC
- Preparation of COC Dossier by FLEGT Programme
- Streamlining the existing COC system by MONREC
- Field Assessment by Operators and their representatives by MONREC
- Independent Monitoring by CSO

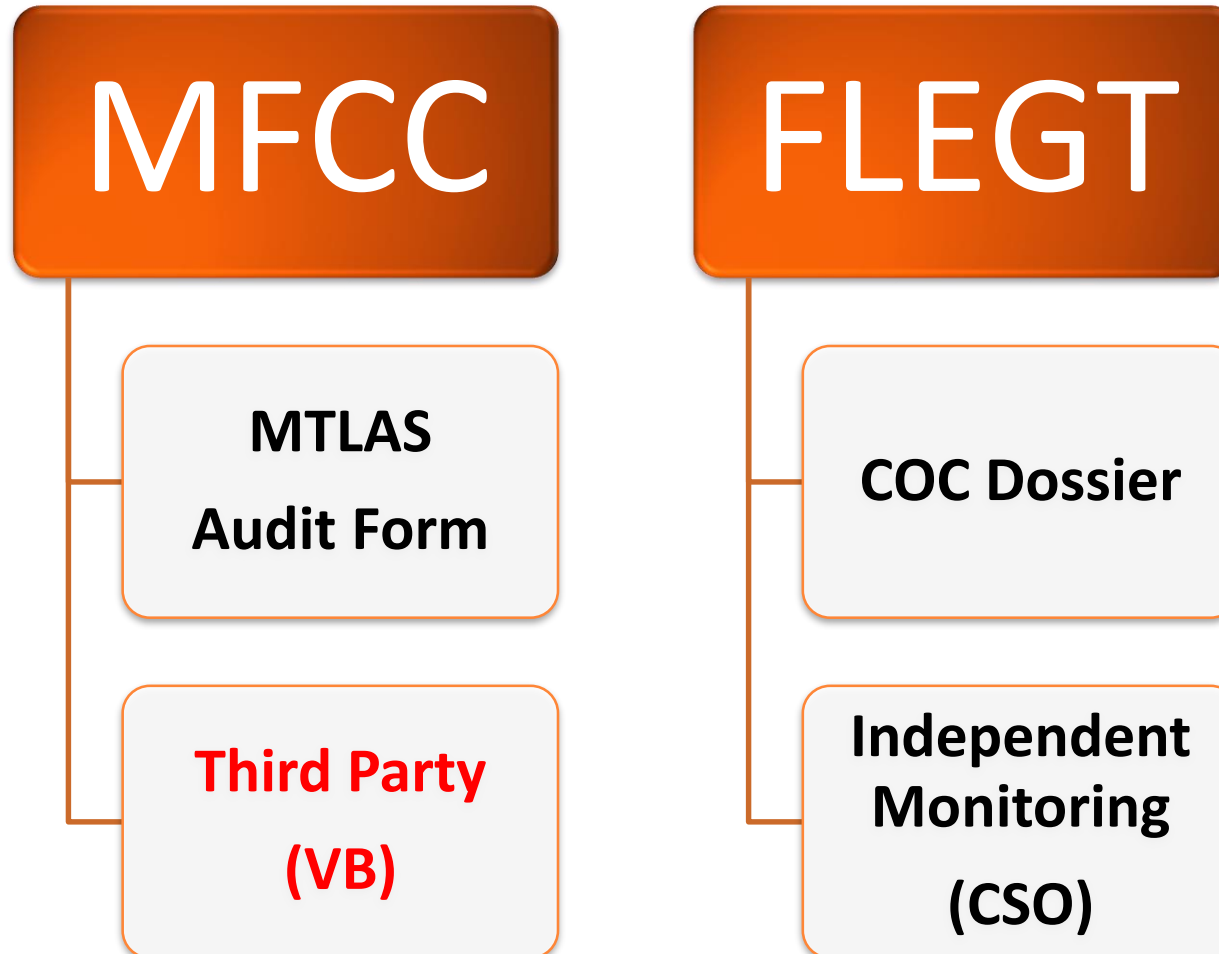


APPROACHES FOR THIRD PARTY ASSESSMENT

Interim Solution



➤ Both Certification & FLEGT process might support each other.



REFORM OF FORESTRY SECTOR



REFORM OF FORESTRY SECTOR

Year	Action
2014	<ul style="list-style-type: none">• Log Export Ban starting from 1st April 2014.
2016	<ul style="list-style-type: none">• Nation-wide logging moratorium
2016-2026	<ul style="list-style-type: none">• 10-year logging moratorium in Bago Yoma region
2017	<ul style="list-style-type: none">• Reduced harvest prescribed by Forest Department:<ul style="list-style-type: none">• 55% of AAC for teak (19,210 trees)• 30% of AAC for hardwoods (592,330 trees).
2018	<ul style="list-style-type: none">• Reduced harvest prescribed by Forest Department:<ul style="list-style-type: none">• 39% of AAC for teak (19,210 trees)• 27% of AAC for hardwoods (592,330 trees).

REFORM OF FORESTRY SECTOR

Year	Action
2017	<ul style="list-style-type: none"> • Ban on exporting confiscated Timber. • Ban on exporting timber came from conversion & conflict area • Open Tender for log sale to private companies
	<ul style="list-style-type: none"> • Revising existing forms/documents to link each other • Practicing computerized system of log registration • Modifying revenue hammer • Hammering only the main marks • Allowing operators & third party to access the forest compartments and offices
	<ul style="list-style-type: none"> • Statement / Announcements of MONREC, FD & MTE at the websites: <ul style="list-style-type: none"> • www.monrec.gov.mm • www.forestdepartment.gov.mm • www.myanmarimberenterprise.com.mm
2018	<ul style="list-style-type: none"> • Permission to access the forest for direct buyers approved by MTE and together with 3rd party verifier registered in MFCC

REFORM OF FORESTRY SECTOR

Year	Action
2016	<ul style="list-style-type: none">• Revising Community Forestry Instruction (1995)
2017	<ul style="list-style-type: none">• Revised forest law (1992) has been submitted to the Parliament.
2018	<ul style="list-style-type: none">• Notifying the new law of “Conservation of Biodiversity and Protected Area Law” on 21st May, 2018.



REFORM OF FORESTRY SECTOR

Year	Action
2017	<ul style="list-style-type: none">• Restricting on chain saw import• Cooperating with Forest Police Force to control the illegal logging and trade.• Implementing the Community Monitoring and Reporting System• Implementing the Myanmar Restoration and Rehabilitation Programme (MRRP) for 10 years period (2017-2018 to 2025-2026).



REFORM OF FORESTRY SECTOR

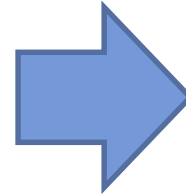
CONFIDENTIAL



MYANMAR

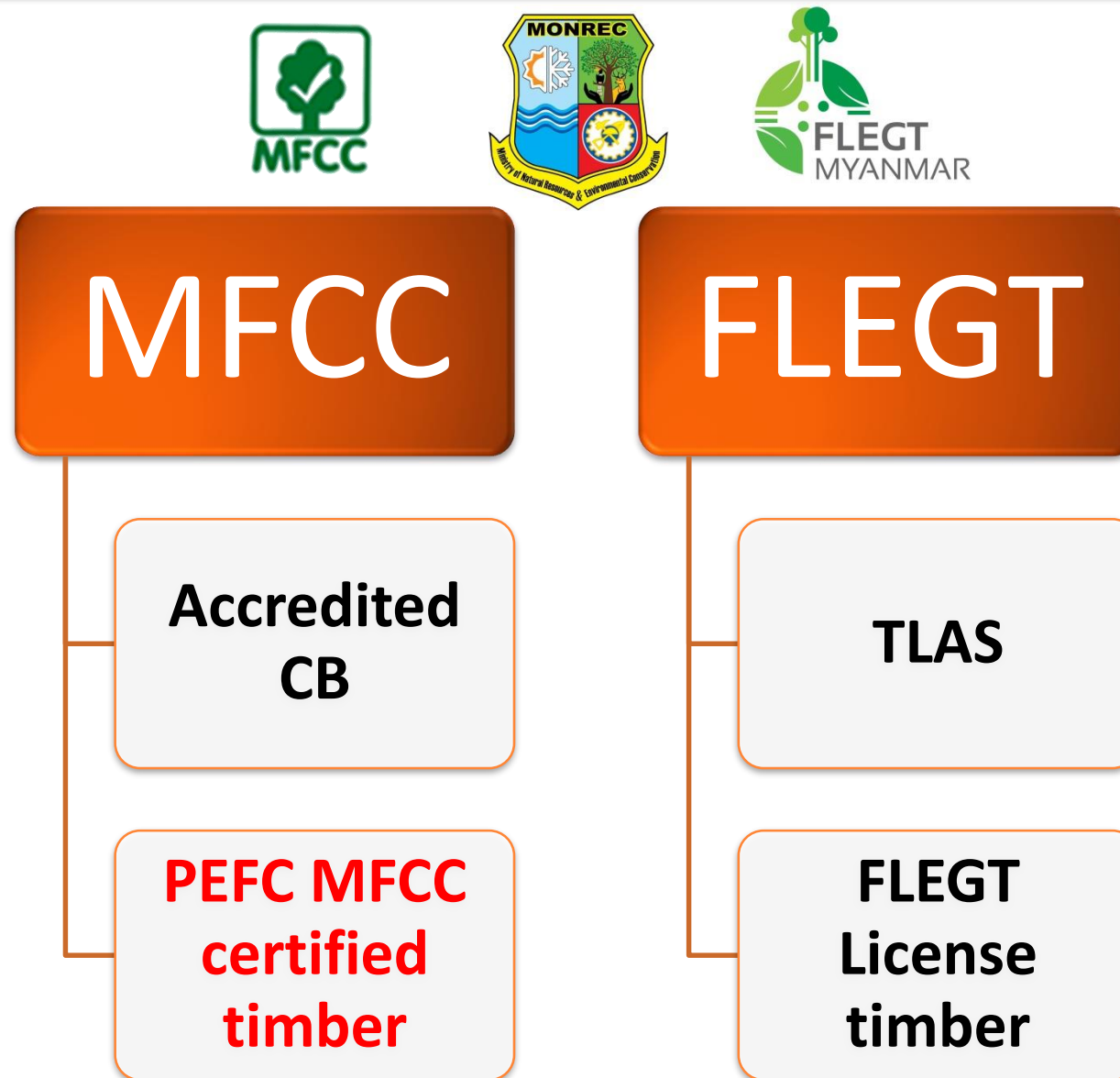
Ministry of Natural Resources and Environmental Conservation

MYANMAR TIMBER CHAIN OF CUSTODY
PROCESS, DOCUMENTS AND ACTORS
DRAFT – NOT FOR REPRODUCTION



➤ In long term; IT solution will be applied based on COC Dossier.

REFORM OF FORESTRY SECTOR



In the future!

THANK YOU

