TRAFFIC

LEVERAGING LEGALITY
ALONG CHINA'S TIMBER SUPPLY
TO REDUCE DEFORESTATION

THE CONGO BASIN: A CRITICAL SOURCE UNDER THREAT
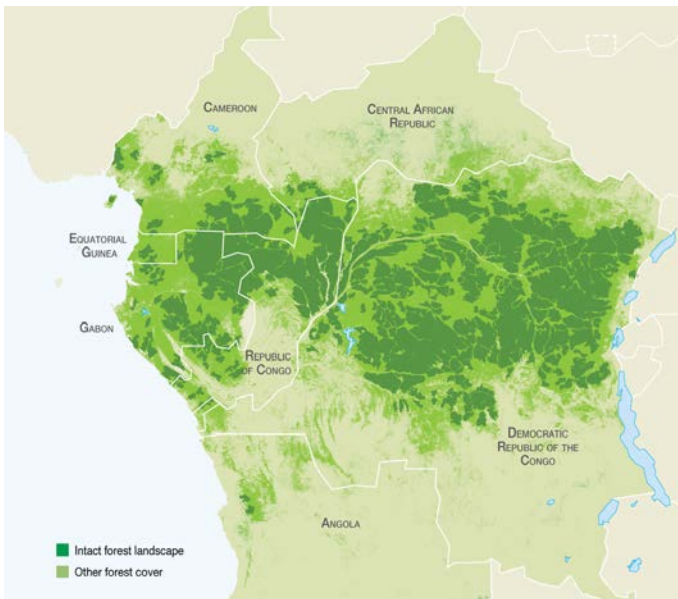
Spanning 6 countries, the Congo Basin ranks as the world's second-largest rainforest. It's a haven for over 600 species of trees and Critically Endangered species such as gorillas and forest elephants.

However, this vital ecosystem faces a significant threat from illegal and unsustainable logging practices. In 2021, China imported **65%** of global tropical logs, highlighting its significant role in the timber trade and its potential impact on forest degradation and deforestation.

TRAFFIC's initiative focuses on a key timber supply chain that stretches from the Congo Basin to transformation hubs in Vietnam and China, and ultimately reaches consumer markets globally.

CHALLENGES IN THE TIMBER SUPPLY CHAIN

- **Lack of Regulatory Support and Market Influence:** Community networks overseeing timber exports from Cameroon often lack the necessary regulatory support and market influence, leading to illegal and unmanaged trade depriving communities of vital sustainable income and hindering conservation efforts.

- **Limited Resources for Legality Checks and Verification:** Customs and forestry staff lack resources to coordinate and support each other in verifying timber and enforcing legality from the forests to the point of export. This often results in unsustainable or illegal timber reaching markets.

- **Lack of Knowledge and Understanding of Legality Verification:** Markets and supply chains buying from the Congo Basin lack knowledge and understanding of the problems of legality verification, and what actions, tools and information that buyers of these timber can use to assist with their due diligence risk assessment processes.

> Ensuring timber supply chain legality is vital. Improving timber supply chains will help unlock sustainable production and consumption to tackle deforestation and its associated impacts on climate and biodiversity loss.

Denis Mahonghol, TRAFFIC's Director in Central Africa

GOALS

COMBAT DEFORESTATION

The project aims to reduce deforestation rates in the Congo Basin by promoting sustainable logging practices and curbing the illegal timber trade.

The project aims to support local communities by promoting sustainable forest management and ensuring they benefit from the legal timber trade.

SUPPORT THRIVING COMMUNITIES

PROJECT INTERVENTIONS

TRAFFIC works with major timber trade associations in manufacturing and destination countries to enhance industry standards and incorporate legality verification systems along the supply chain. This involves providing tools and training to verify the legitimate sourcing of timber products.

CHINA

- **Boosting capacity of customs and enforcement agencies** to verify the legality of imported timber, especially from the Congo Basin.
- **Strengthening the capacity of public procurement auditors** to verify the legality of timber sourced from the Congo Basin for use in Chinese public procurement.
- **Collaborating with the private sector** to provide tools and training to ensure the legality of timber entering China.
- **Enhancing industry standards** by leveraging TRAFFIC's relationships with major timber trade associations and integrating timber legality verification systems (self checklist and independent auditing) into company policies and audits.

CONGO BASIN

- **Supporting enforcement agencies** in verifying timber legality, tracking revenue, and combating illegal logging and trade.
- **Collaborating with community networks** to increase their income through sustainable forest management and building their capacity for legal and sustainable forest management.
- **Working with forestry training institutions** to integrate timber legality verification and sustainable forest management principles into their curricula.
- **Equipping financial institutions and FIUs** (Financial Intelligence Units) with the tools and methods to detect red flag indicators.
- **Engaging with the private sector** by providing tools and training to verify timber harvesting and legality in the timber trade.

VIETNAM

- **Boosting capacity of customs and forestry staff** to verify the legality of imported tropical timber, especially from Congo Basin, aligning with the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) timber legality assurance system.
- **Partnering with industry bodies to develop and implement a Code of Conduct** for the sustainability and legality of timber imports. This initiative aims to verify and reinforce the legal frameworks of source countries.

KEY TOOLS AND INITIATIVES:

TECHNOLOGY-DRIVEN SOLUTIONS
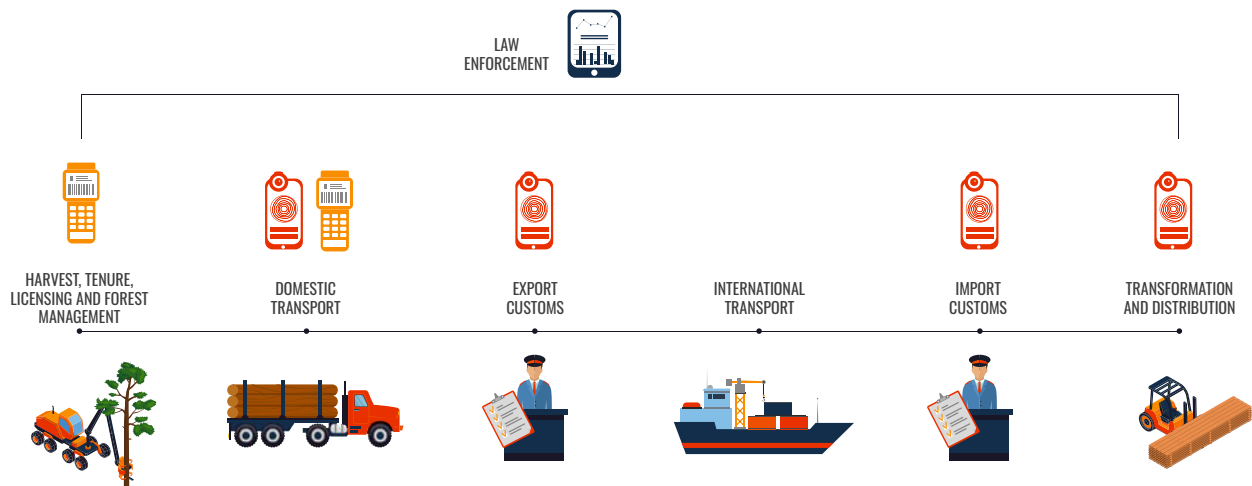
TIMBERSTATS

This interactive data platform helps combat illegal timber trade by allowing law enforcement and financial institutions to analyse trade activity and identify potentially suspicious trade for further investigations. Using UN Comtrade data, **TimberStats** enables users to visualise trade routes, filtered by year, exporter, importer; whilst also identifying high-risk timber commodities and trade routes for investigations by law enforcement.

TIMBER TRACKER

This handheld electronic device streamlines timber tracking and verification of timber from managed forest, assists the forestry departments to enhance revenue capture from forestry commodities harvesting, and enables forests and communities to thrive alongside each other. **Successfully implemented in Tanzania**, where it has been integrated into the Tanzania Forest Service's sophisticated computerised licensing and monitoring system called FREMIS which increased timber revenue by approximately 50%. Timber Tracker is being rolled out in other key timber transit countries.

WOOD ID

This technology uses a smartphone app and macro-lens attachment to identify wood species in the field and was developed in collaboration with Agritix, a private AI company. By comparing images of wood samples with a cloud-based database, Wood ID helps enforcement officers to quickly verify species, facilitating efficient shipment processing and investigations. Work is underway to expand the database of identifiable tropical timber species.

STRATEGIC APPROACHES

ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK (ESSF)

This framework provides a structured approach to identifying and mitigating potential environmental and social risks to Indigenous Peoples and Local Communities (IP&LCs) associated with the project's timber harvesting and trade activities. It ensures that community rights are respected and that they benefit from sustainable and legal forestry practices.

NATIONAL LEGALITY FRAMEWORKS

TRAFFIC supports the development and implementation of robust National Legality Frameworks in timber-producing countries. These frameworks define legal timber and provide the basis for effective enforcement. TRAFFIC also develops training programs to support timber legality in both producing and importing countries.

CODES OF CONDUCT AND INDUSTRY ENGAGEMENT

TRAFFIC works with timber trade associations to develop and implement Codes of Conduct that promote legal and sustainable practices. This includes providing training and support to companies to improve their due diligence and timber legality verification systems. By engaging with the private sector, TRAFFIC aims to create a level playing field and drive demand for legal timber.

STRENGTHENED TRANSPARENCY AND KNOWLEDGE

Ensuring increased detection and financial investigation opportunities for law enforcement agencies through increased suspicious transaction reporting by financial institutions. Through knowledge building and awareness of typologies, red flags and high-risk activities, TRAFFIC supports the financial sector in their ability to identify suspicious financial activity associated with the illegal timber trade. Training programmes provide these insights to increase and improve the reporting of potential criminal activity to law enforcement, leading to increased risk and diminished rewards for criminal actors.

SOCIAL AND BEHAVIOUR CHANGE (SBC)

TRAFFIC incorporates behavioural science to strengthen legal and sustainable timber trade by enhancing training, enforcement, and tool adoption. This includes integrating behavioural elements into industry, law enforcement, and community training, fostering the uptake of traceability tools and codes of conduct, supporting public procurement audits, and rolling out timber identification tools. These interventions improve compliance, enforcement, and transparency, and promote sustainability.

IMPACTS

CAPACITY BUILDING

120
LAW ENFORCEMENT OFFICIALS IN VIETNAM
have received training in timber identification and legality verification

OVER 120
CUSTOMS OFFICERS IN CHINA
have received training in timber identification and legality verification

INDUSTRY ENGAGEMENT

60
ENTERPRISES IN VIETNAM
participated in TRAFFIC workshop promoting the Code of Conduct

OVER 100
GOVERNMENT AUDITORS IN CHINA
used the "China green public procurement guidelines for timber products" developed by TRAFFIC to verify the green labelling certification

OVER 200
TIMBER COMPANIES IN CHINA
passed the Code of Conduct verification

STRENGTHENING COLLABORATION

6
COUNTRIES
Development of revised and updated National Legality Frameworks

TOOL DEVELOPMENT AND IMPLEMENTATION

+308%
NUMBER OF TIMBER COMMODITY RECORDS
added to TRAFFIC's database relating to the focal countries

TRAFFIC

WORKING TO ENSURE THAT TRADE
IN WILD SPECIES IS LEGAL AND
SUSTAINABLE, FOR THE BENEFIT OF
THE PLANET AND PEOPLE.

TRAFFIC   **NICFI**
Norway's International Climate and Forest Initiative