



House of Commons  
Environmental Audit  
Committee

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**Government Response  
to the Committee's  
Second Report of  
Session 2005–06 on  
Sustainable Timber.**

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**Third Special Report of Session 2005–06**

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## The Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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The constitution and powers are set out in House of Commons Standing Orders, principally Standing Order No. 152A. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: [www.parliament.uk/parliamentary\\_committees/environmental\\_audit\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/environmental_audit_committee.cfm).

A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are: Mike Hennessy (Clerk); Lynne Spiers (Second Clerk); Elena Ares (Committee Specialist); Richard Douglas (Committee Specialist); Louise Combs (Committee Assistant); Caroline McElwee (Secretary); and Robert Long (Senior Office Clerk).

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### References

In the footnotes of this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by page number as in 'Ev12'. number HC \*-II.

# Third Special Report

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## Sustainable Timber—Government Response

1. The Environmental Audit Committee published its report on *Sustainable Timber* on Thursday 19 January 2006 as HC 607.
2. The Government's Response to the Committee's Report was received on Monday 20 March 2006 in the form of a memorandum to the Committee. It is reproduced as an Appendix to this Special Report.

## Appendix

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1. The Government welcomes the Second Report of the Environmental Audit Committee and congratulates the Committee for addressing the key issues pertinent to our commitment to tackling illegal logging and improving the management of forests throughout the world. The Government is grateful to the Committee for recognising its international leadership on both the EU Forest Law Enforcement Governance and Trade (FLEGT) process and timber procurement.

2. The Government is aware that it must not rest on its laurels if momentum is to be maintained and is determined to build on its achievements. The report makes a valuable contribution to this work by further raising awareness of the importance of the subject and recommending ways forward.

3. In focussing attention on sustainable timber the Government recognises that timber and wood products have a generally favourable environmental profile and is concerned that the special care employed to ensure they are acquired in a responsible manner should not put timber at a disadvantage in comparison with alternative materials.

4. The Government's responses to the Committee's conclusions and recommendations are set out below. The EAC's recommendations are marked in bold; EAC paragraph numbers refer to the body of the report rather than its conclusions and recommendations.

**Recommendation 1. A significant part of the timber trade involves a world market in what are effectively illegal and stolen goods, worth up to \$15 billion a year, for which the EU (including the UK), the US and Japan are the main markets. The impacts of this illegal trade on valuable ecosystems, the world's poor, the economies of developing countries and climate change mean there is a moral imperative to address this problem in every way possible.**

5. The Government agrees that action must be taken to tackle illegal logging and its associated trade and that action by the main timber consuming countries, including the EU, Japan and the US is vital. To support this, the UK Government has taken action to tackle its own consumption of timber that could be from illegal sources through the UK

Government's Timber Procurement Policy and used its 2005 Presidencies of the G8 and EU to promote action by other timber consuming countries.

**Recommendation 2. For natural and ancient forests to survive and function properly in providing livelihoods and protecting the planet's climate and species, the final goal must be not just a legal timber trade but also a sustainable timber trade. In the long term, anything else would have to be regarded as a failure.**

6. The Government agrees with the Committee that for natural and ancient forests to survive and function properly the overall aim is sustainable forest management. Tackling illegality, and improving forest governance is but one, yet essential step towards that. The need to move towards sustainability is explicitly recognised in the FLEGT Regulation.

**Recommendation 3. Any measures put in place to tackle illegal logging in the EU must be considered in the context of China and India as alternative, and very hungry, markets where there are few if any existing controls on the sources of timber entering the country and very little prospect of this changing for the better in the near future.**

7. The Government is aware of the increasing demand for imported natural resources, including timber from China and India. Government has signed agreements for Sustainable Development Dialogues with both these countries in November and October 2005 respectively. These will consider natural resource issues and place issues of sustainability as a core principle in bilateral relations and look to address issues of common concern.

8. The UK Government was particularly pleased that the Eighth EU-China Summit, held in Beijing on the 5 September 2005 agreed that the EU and China would work together to tackle the problem of illegal logging in the Asian region. Government is now working with the European Commission and other Member States to develop a plan for following this up with the Chinese Government.

9. The UK is also engaged with China through two regional Forest Law Enforcement and Governance (FLEG) processes – the East Asia Pacific FLEG and the Europe North Asia FLEG – and is directly supporting joint research in analysing trends in China's timber production and consumption. This research has helped build confidence in co-operation and demonstrated to the Chinese Government the likely impacts of uncontrolled timber imports on neighbouring countries.

**Recommendation 4. Illegal timber is currently a fact of life within the UK timber trade. It is therefore virtually impossible for even those companies that are attempting to eliminate illegal timber from their chain of supply to guarantee that they have done so.**

10. The Government understands that illegal logging is a problem for the UK timber trade and this is one of the reasons that Government has worked within the EU over the last three years to help introduce the Forest Law Enforcement, Governance and Trade Action Plan.

**Recommendation 5. By allowing its members to use the Code of Conduct in promotional material, without thorough and transparent enforcement, the Timber**

**Trade Federation is in danger of misleading customers as to the legality and sustainability of the industry it represents.**

**Recommendation 6. Whist the establishment of the Responsible Purchasing Policy by TTF is encouraging; the low uptake at its launch is definitely not. It also raises the question as to why it was needed given that all its members are supposedly already complying with the Code of Conduct and therefore sourcing their timber and timber products from legal and well managed forests.**

11. The Government considers it very important that the timber trade is able to respond effectively to its demand for legal and sustainable timber. The Government is pleased that the Timber Trade Federation is encouraging its members to progressively increase their capacity to meet Government requirements. The Government hopes that the TTF's Responsible Purchasing Policy will become binding on all its members so that both public and private consumers can have full confidence in the provenance of timber and wood products that TTF's members supply.

**Recommendation 7. Progressive timber companies struggle to ensure that they have legal supplies of timber. For those UK companies that are less committed to ensure legality and a reliable chain of custody, the only real drivers for improvement will be the need to comply with legislation and a very real threat of prosecution.**

12. Under the FLEGT Action Plan, Chatham House has undertaken a study of legislative options to tackle illegal timber that enters the UK market. There may be some prospects for action under existing legislation, such as the Proceeds of Crime Act (2002) but, with both existing and potential new legislation, continuity of evidence from the original illegal act in a producing country to the UK market is recognised as a significant obstacle. Further work to examine opportunities in this area is under way.

**Recommendation 8. In our view, FSC is ideally positioned to expand its role and work to raise awareness of sustainable timber and related issues, if increased resources were made available to it.**

13. The Government recognises the valuable role played by forest certification schemes, including that of FSC, in providing tools to assess the quality of forest management and for customer choice in purchasing timber products. As market mechanisms, these schemes should be funded from the producer-customer supply chain and Government's contribution to their operation is as a customer via payment for certified products under its procurement policy.

**Recommendation 9. The conclusion of most witnesses was that, however desirable, it is unlikely that a multilateral agreement will be reached within the short to medium term and other measures are needed to reduce illegal logging and improve sustainability. It is with regret that we agree, despite the fact that we see a binding multilateral agreement as the most effective way of improving the management of forests worldwide.**

14. The Government agrees that a multilateral approach, in the long-term, would be the best way to tackle illegal logging and provide the most effective way of improving the management of forests worldwide. However, as progress at the Sixth Session of the United Nations Forum on Forests (UNFF) – the international body for forests - held from 13-24 February 2006 has shown, there is currently no international consensus on the need for a legally binding agreement for all types of forests. UNFF will next meet in 2007 to conclude and adopt a non-legally binding instrument and to adopt a multi-year programme of work. The mandate of the UNFF has been renewed until 2015 when a review will see the full range of options for the future considered, including a legally binding instrument, strengthening the current arrangement, and continuation of the current arrangement.

15. The Government hopes by working with producing and other major consuming countries this consensus can be encouraged. With the European Commission and other Member States, the UK is seeking to do this through FLEGT Partnership Agreements, with their innovative approach of balancing bilateral trade measures and development assistance for improving forest governance. Government will continue to work with other consuming countries to explore similar arrangements.

**Recommendation 10. We are very keen to hear from the Government how the G8 agenda on timber is being taken forward, together with any positive outcomes from the recent ENA FLEG meeting held in November 2005.**

16. At the UK hosted G8 Environment and Development Ministerial held in Derbyshire on 17-18 March 2005, Ministers committed themselves to requesting our experts to meet in 2006, to review progress towards the commitments we have made, to share lessons on actions to tackle illegal logging, and to make their findings available. The outcome was endorsed by Heads of State and Government at the Gleneagles Summit in July 2005.

17. This and the other commitments made on illegal logging are being taken forward. In December 2005, towards the end of the UK's Presidency of the G8, the UK Government chaired a planning meeting for this Forest Experts meeting with G8 counterparts. At this meeting Russia (who hold the G8 Presidency in 2006) indicated that they were intending to host the Planning Meeting. The UK will continue to support Russia in the planning for this process. Russia has yet to confirm the arrangements. Government will provide information to the Committee about this process when it becomes available.

18. The Government is also working to fulfil the commitments it made at the G8 Environment and Development Ministerial. Delivery on these to date has included ensuring that the FLEGT Regulation and negotiating directives were adopted during the UK's Presidency of the European Union, widening access to CPET to the wider public sector and working to share knowledge on timber procurement with the G8 and other countries. The Government is also working towards agreeing actions with 25 major timber industry representatives from across Europe and Africa to improve transparency, production and the procurement of legal and sustainable timber. A full review of progress towards these commitments will be made for the Forests Experts meeting.

19. At the ENA FLEG Ministerial Conference, 21-25 November 2005, 43 countries from Europe and North Asia made commitments to tackle illegal logging, associated trade and corruption. This is significant internationally towards controlling illegal logging as it

engages China and Japan, both of which are heavily dependent on Russian exports, to an extent that other regional policy processes have not done. This also sends a clear message to tropical developing countries that a temperate industrialised country has problems too and is willing to acknowledge and tackle them.

**Recommendation 11. Progress towards implementing measures on illegal logging under the FLEGT Action Plan during the last six months has been disappointingly slow. It would be useful for us to receive a detailed report from DEFRA on what progress has been made during the UK Presidency and what discussions there have been with Austria to ensure that, whatever momentum there is, is carried forward during the first six months of 2006, when it takes over the EU Presidency.**

20. In July 2005, the UK took over the six month Presidency of the European Union, including the work in the Plan of Action of Forest Law Enforcement, Governance and Trade. Government set itself four objectives for that period, to:

- ensure adoption by the EU Council of Ministers of the draft FLEGT Regulation;
- reach Political Agreement on the draft negotiating directives to allow the Commission and Member States to open negotiations on Partnership Agreements;
- make progress on developing these Partnership Agreements; and
- support the Commission in preparation of a report on ‘additional options’, including a Stakeholder seminar in Brussels.

21. The Government delivered the first three of these objectives. The draft Regulation was adopted by Agriculture and Fisheries Ministers on 21 December 2005 and unanimous political agreement was achieved on the draft negotiating directives at Agriculture and Fisheries Ministers on 24 October 2005.

22. Together with the Commission and other Member States, progress was also made on preliminary discussions with a number of potential partner countries during the second half of 2005. The UK has taken a lead role in this regard with Ghana, where discussions are now well advanced, and has provided practical assistance to the Netherlands in holding similar discussions with Malaysia. The UK has also, through our presence on the ground, supported the European Commission in preliminary dialogue with the Indonesian Government. Government has also hosted Cameroonian Parliamentarians on visits to the UK.

23. The fourth objective was not achieved during the UK’s EU Presidency. The FLEGT Action Plan also commits the European Commission to investigate ‘other legislative options’ to tackle illegal logging at the national and EU level. This report was due in Summer 2004 and, despite lobbying from the UK Government (at Ministerial and official level), other Member States and stakeholders, the European Commission failed to meet this deadline. In 2005, however, the Government funded a study by Chatham House on other options for the UK and also for Italy and Estonia.

24. The results of these studies, together with national studies undertaken by the Netherlands and Spain, were presented at a stakeholder meeting funded by the UK and chaired by the European Commission and the Austrian Presidency in Brussels on 31 January 2006. Non-governmental organisations, research institutions, industry and member state governments were represented and the range of possible options discussed. The European Commission will now consider all options and issues raised at the meeting and is expected to deliver the delayed report by early summer 2006.

**Recommendation 12. Measures that properly address circumvention and illegal imports from non-partner countries are of crucial importance for Voluntary Partnership Agreements (VPAs) to be a success. It is an enormous lost opportunity that the licensing scheme approved by the Council of Ministers does not satisfactorily address either of these.**

25. Government understands concerns about circumvention of the FLEGT Licensing Scheme. This was a significant area of debate during consideration of the draft FLEGT Regulation, both at official and ministerial level. A bilateral agreement will never be watertight since the EU cannot impose trade conditions on partner countries' trade with third countries, allowing them to import timber products from and export to third countries outside the FLEGT licensing scheme. In developing the current Regulation, the possibility of requiring all timber imports to the EU to have a certificate of origin was considered. However, advice from customs experts, including those from the UK HM Revenue and Customs and the EU Customs Working Group clearly indicated that these proposals would not work in practice as there would be no mechanism, or legal basis, for tracing any product beyond its last country of significant transformation. It also risked a challenge under the WTO by introducing a requirement for third countries to show the origin of their exports, without placing a similar requirement on like products produced in the EU.

26. However, in negotiating and implementing partnership agreements, the EU will seek to encourage partner countries to adopt similar measures for all their exports, and ultimately for products for domestic markets. The EU will make it a requirement for Partner Countries to report on timber import levels and their actions to tackle circumvention.

27. The UK Government is also working to raise awareness of the issues of illegal logging with other major timber processing countries that import raw materials from potential partner countries before exporting manufactured wood products to the EU. These include China and India (see paragraphs 7 to 9 for details), the G8 countries (see paragraphs 17 to 19 for details) and through support of the Forest Law Enforcement and Governance Regional Ministerial Processes (see paragraph 20 for details).

**Recommendation 13. If we are asking poorer producer countries to spend what are often precious and limited resources in improving their forestry management the onus must surely then be on the EU and Member States to do the utmost in their power to secure a stable market for the resulting certified timber. This should include some form of commitment to purchase timber from VPA signatory countries.**

**Recommendation 14. We urge the UK Government, through its own channels and those of the EU, to assist Ghana and other interested countries in every way—financial or otherwise—to achieve their aim of putting the necessary procedures in place to verify legal timber production and enter into a VPA with the EU.**

28. The Government recognises that partner countries implementing the FLEGT licensing scheme and introducing the governance reforms required will incur costs and that the EU should provide development assistance where needed. Government has allocated a total of £24 million for the period 2006-11 to continue its work on tackling illegal logging. This will primarily be for development of FLEGT partnership agreements in Africa and Asia. Government expects other Member States that are active in providing development assistance in the sector and the European Commission to make similar contributions. Planning for the co-ordinated delivery of this assistance is currently under way. In terms of purchasing the timber from VPA signatory countries, a FLEGT license will help provide the assurance needed for legality under the UK's Government timber procurement policy, so will give access to central Government markets.

**Recommendation 15. We are disappointed at the lack of will both within the UK Government and the EU to push legislation on illegal timber forward as an integral part of putting in place successful VPAs. Without legislation to underpin VPAs they will undoubtedly fail—if they are taken up at all.**

29. There is no lack of will on behalf of the Government. Government does not agree that the Voluntary Partnership Agreements will undoubtedly fail without additional legislation. The governance and law enforcement reforms that are required will only come about through actions by the exporting countries concerned. Legislation by importing countries can reinforce these reforms, it cannot substitute for them. The assistance that will be provided under FLEGT Partnership Agreements will help exporting countries introduce these reforms.

30. Notwithstanding this, Government is disappointed at the time it has taken the European Commission to produce the report on 'additional options' to tackle illegal logging that go beyond the bilateral voluntary Partnership Agreements and FLEGT Licensing Scheme. This report was due in Summer 2004 and, despite lobbying from the UK Government (at Ministerial and official level), other Member States and stakeholders, the European Commission failed to meet this deadline. The European Commission has started to make progress, with the stakeholder meeting held in Brussels on 31 January 2006. The European Commission will now consider all options and issues raised at the meeting and deliver the delayed report by early summer 2006.

**Recommendation 16. If the issue of illegal timber is to be tackled there is no option but to legislate against it. We agree with the Minister that, if there are difficulties with WTO rules, alternatives to a direct ban on illegal timber imports need to be examined. We support the German proposed legislation and would very much hope to see this applied on an EU-wide basis in the future.**

**Recommendation 17. As progress on any matter on an EU-wide level is usually slower than would be ideal, options for UK national legislation must also be taken forward as a matter of urgency. The UK Government must pursue all options, including the**

**implementation of a Lacey-style Act within the UK making it illegal to possess or market illegal timber products. Anything less would demonstrate a lack of commitment by the Government.**

**Recommendation 18. We would hope to see legislation in place in the UK within the next three to five years. With this in mind DEFRA should commission Chatham House, which is already doing excellent work in this area, to examine what kind of effective legislation could be introduced within that timeframe.**

31. The Government strongly supports the European Commission's Forest Law Enforcement Governance and Trade Action Plan, including looking into options for UK national legislation. Government has been as proactive on this issue as possible whilst understanding that until the European Commission's report is available a full picture of the options is not possible. Government has supported the European Commission's research work into additional options, including financing Chatham House to prepare papers for the stakeholder meeting held in Brussels on 31 January 2006 on possible 'additional measures' and on existing legislation at member state level which could be used to tackle illegal logging.

32. The practical implications of a direct ban on illegal timber imports were discussed in depth at the stakeholder meeting on 31 January 2006. Preliminary conclusions suggest that requirements to make such a ban effective, such as the need for non-partner country exporters to the EU to provide evidence of legality, without similar measures being taken within the EU, would risk a challenge under the World Trade Organisation. It may also undermine incentives for countries to enter Partnership Agreements.

33. It was agreed at the stakeholder meeting that Chatham House would do some additional work, particularly on provision of legal advice on the applicability of legislation similar to the US Lacey Act to the EU or UK and the possibility of challenge in the WTO. Following the Committee's suggestion, this work will also include suggestions as to a possible timeframe for implementing any legislation in the UK.

34. Chatham House has also undertaken an assessment of the national legislation of relevance to excluding timber from the UK. The assessment looked at criminal law, civil law, customs misdeclaration and money laundering and concluded that action could be taken against illegal timber produced overseas and imported into the UK under this existing legislation but that problems arise with practical implementation, in particular obtaining adequate continuity of evidence from forest to UK market. Government will provide the Committee with the final Chatham House study and the European Commission's report on 'additional options' when they are available. Government will consider all the options presented in these reports and respond to them.

**Recommendation 19. We very much welcome the changes in Government policy on sustainable timber procurement that have been put in place since our predecessor Committee's report in July 2002. We also recognise the personal commitment of the Minister, Elliot Morley MP, to the subject and we very much welcome his determination to continue to tackle this very important issue.**

35. The Government appreciates the Committee's recognition of the advances made in implementing the Government's timber procurement policy. The Government remains resolute in its determination to encourage consumers at home and abroad to demand more legal and sustainable timber. The Government believes that its procurement policy is a key catalyst in achieving this change.

**Recommendation 20. It seems incredible to us that the complete lack of reliable data, clearly identified as a fundamental hurdle to improving sustainable timber procurement at least four years ago, and recognised as such by the Government, has yet to be properly addressed.**

36. The Government is aware of the importance of being able to measure progress towards its policy goals. Reliable data on timber purchases is clearly necessary to produce an accurate performance indicator that is based on quantitative measures. However, the cost of collecting data has to be weighed against the value of the information provided. Timber and wood products feature in many thousands of Government contracts awarded each year by many hundreds of procurement units within Government departments, Executive Agencies and Non-Departmental Public Bodies. Wood is often a small element of the goods and services purchased. The details on value, volume and provenance can be buried deep within the management information available to suppliers and buyers. For some departments the cost of obtaining this information would be significant, particularly if it involved investing in changes to the established data capture system. The Government wanted to keep the reporting requirements relatively straightforward so that the burden on departments was manageable and not cost prohibitive; to do otherwise risked a system that was unworkable in practice.

**Recommendation 21. The Government needs to set out a clear strategy to address this lack of data for all procurement, ideally within SDiG. In the meantime Central Point of Expertise on Timber (CPET) should lead the way by focusing on timber procurement and we would like to see set out in detail how this will be done.**

37. The current SDiG Report allows departments to report their spend on certified and non certified timber products. This was seen as the most practical way of securing meaningful responses from departments without them having to incur disproportionate costs to do so. The Government recognises that the information currently available from the SDiG Reports provides an indication rather than an accurate measure of performance. The Government has embarked on a project to examine in more detail the data captured and reported by some central departments. The outcome from this research will be used to consider whether it would be feasible and cost effective to improve on the present reporting arrangements. The Central Point of Expertise is involved in this process and publishes information on its activities on its web site: [www.profrest.net/cpet](http://www.profrest.net/cpet) Furthermore, the Government-appointed Sustainable Procurement Task Force may address the issue of data collection and reporting in its report which is due to be made in 2006. The Government would wish to consider the Task Force's findings before introducing any significant change to the current process.

**Recommendation 22.** Many environmental groups and members of the timber industry, such as Timbmet, argue that a forest cannot be said to be sustainably managed if it does not protect the rights, health and livelihoods of people who live in or adjacent to forests and are dependent on them. We would agree.

38. The Government agrees that the ideal sustainable development solution for commercial forest management would be to avoid any adverse impacts on the people that rely on the forest for their physical and spiritual well being.

**Recommendation 23.** We therefore question whether it is possible for the Government to state that it has a sustainable timber policy—legal, yes—if the social implications of how and where it purchases timber are not a consideration. As it stands sustainable timber procurement is a misnomer.

39. It is the Government's contention that social well-being is being protected to a certain extent as a result of its timber procurement policy and that as a consequence it is valid to describe timber and wood as a sustainable material in its contracts. Ownership and use rights to forest lands are legal issues and in the context of procurement are covered by a contractor's obligation to supply products that derive from legally felled timber. The Government has also made clear its belief that local communities should be part of the forest management standard setting process and not be marginalized when decisions are made. This principle is enshrined in the Government's published criteria for credible assurance in support of suppliers' claims to meet Government contract requirements. Government is keeping abreast of possible developments to further enshrine social considerations

**Recommendation 24.** We urge the Government to seek clarification regarding the basis of the Danish approach and the EU position on the inclusion of social considerations in procurement contract. Furthermore, given that the decision not to include social considerations for once appears to be unrelated to restrictions under any WTO agreement, the Government must work hard within the EU to change policy and remove these restrictions, should it become clear that they are real rather than apparent.

40. The Government has begun the process of seeking clarification on the Danish approach to social issues in procurement and will consider the Dutch approach too. Defra and OGC continue to work together to determine whether there is scope to include, within Government procurement, social criteria related to forest management. This must be considered within the framework of the recently amended EU Procurement Directives and the Government's procurement policy based on value for money for the taxpayer, which requires the criteria to be related to the subject of the contract.

**Recommendation 25.** CPET should make clear to PEFC that it would be desirable for it clearly and simply to set out the minimum standards it expects all its national members to conform to if it wants continued approval of its scheme.

41. The Government has, through CPET, examined the PEFC International Council scheme requirements and is satisfied that those requirements, if complied with by PEFC national bodies, are adequate to assure Government buyers that certified products are from legal and sustainable sources. The Government is also satisfied that those requirements are

sufficiently clearly stated for the reader to understand them. However, at the time of writing its response the Government was not sure to what extent the PEFC system ensured that those requirements were fully adopted by all its national bodies. In particular, the Government was concerned to establish whether the changes made by the PEFC Council in respect of stakeholders' participation in the standard setting and certification audit processes were being adopted by national bodies. CPET, on behalf of the Government, was in the process of checking a sample of PEFC national bodies to establish the position. Until the issue is resolved to the Government's satisfaction the Government regards the PEFC scheme as on probation in respect of assuring sustainable timber sources.

**Recommendation 26. It is important that whatever form Category B proof takes, CPET establishes a clear and comprehensive method of assessment that really delivers legality and sustainability and leaves no room for confusion amongst suppliers or procurers regarding what is required. It is also vital that CPET offers practical support to procurement officers in making judgements as to whether or not proof provided is acceptable.**

42. The Government, through CPET, has drafted a methodology for assessing Category B evidence. At the time of making this response the draft was the subject of a public consultation exercise. The Government appreciates that assessments of Category B evidence must be as robust as assessments of Category A evidence and that buyers would benefit from guidance and advice from CPET when judging the credibility of suppliers' claims for legal and sustainable sources of timber.

**Recommendation 27. We welcome the Minister's assertion that he is keen to extend the standards set for Central Government to other public bodies, and that he is taking action to do this. We would be very interested in hearing what precise form this action is taking.**

43 The Committee is aware of the Government's past efforts to persuade the local authorities in England to adopt responsible timber procurement policies. The Government will work with the CPET Reference Board members to devise a new promotion strategy aimed at stimulating interest through peer pressure. If we can identify the procurement activities where local authorities have the most impact on the market for timber products and advertise the achievements of some local authorities that have successfully purchased legal and sustainable timber then we may be able to encourage others to follow suit. The facility to seek free advice from CPET will also be promoted and we will seek to enlist the help of the regional centres of excellence wherever appropriate.

**Recommendation 28. Every effort is necessary to ensure a harmonized timber procurement policy across Europe. We welcome DEFRA's efforts to engage with other EU members on the issue of Government procurement and look forward to hearing how it intends to take this agenda forward with its European partners. We would however caution against implementing any common European standard that resulted in a reduction of the standards already put in place by the UK Government.**

44. The Government agrees that a Europe wide timber procurement policy would be ideal and will strive to make this happen. The first step will be to identify the commonalities and

differences between those member states that have developed policies or are close to doing so. An exploratory meeting between the UK, Denmark and the Netherlands took place on 09 March to begin this process. The Government accepts that standards must be robust to be credible and will bear that in mind when discussing the issues.

**Recommendation 29. CPET offers by far the most advanced form of sustainable procurement advice within Government. As such a pioneer we are hoping to see it have significant impact. We also expect it to be used as a tool by DEFRA, OGC and all those involved in procurement, with the hope that what is learnt through improving the Government's procurement process for timber can be applied across all other areas.**

45. The business-led Sustainable Procurement Task Force was established in May 2005 to produce a National Action Plan by Spring 2006. The Action Plan will enable the UK government to bring about a step-change in public procurement such that, by 2009, it can meet the goal for the UK to be recognised as amongst the leaders in sustainable procurement across the EU. It will set out how to ensure that public procurement fully contributes to sustainable development in the UK, reflecting the principles set out in the sustainable development strategy and the existing EU, domestic and legal framework governing public procurement. It will build on the work of the Market Transformation Programme (and others) to identify in which sectors public procurement leverage can be applied for maximum environmental and social benefit. We await the outcomes of its work to see whether the Government's procurement process for timber can be applied across all other areas.

**Recommendation 30. We encourage CPET to examine ways in which departments and procurers can be encouraged to purchase timber and timber products from producers working to achieve sustainability, over those simply achieving legality, when sustainable products aren't available. This should include the introduction of a third category of timber, above legality and below sustainability, of 'progressing towards sustainability' to be included in guidance as soon as possible.**

46. The Government agrees that a requirement for progressing towards sustainable timber would be a valuable addition to the model contract specification guidance. Key to introducing such a variant specification option is defining the requirement in a way that can be universally applied and that can be objectively measured and assured without depending on any one scheme or organisation to do so. The Government considers that conditions are not yet suitable for specifying an intermediate requirement for sustainable timber but will keep the matter under review.

**Recommendation 31. It is also vital for DEFRA to set a clear timetable for implementing a requirement for all departments and other government bodies, local and national, to purchase only sustainable timber. In our view five years would be a realistic deadline. This would give clear signals to the market that legality is not enough and an incentive to work towards increasing sustainable timber production.**

47. The Government hopes that its policy and other consumers' policies will lead eventually to a flourishing market in legal and sustainable timber that will be able to satisfy demand in the vast majority of cases. It remains to be seen how long it will take to reach

that position. The Government remains mindful of the barriers to achieving widespread sustainable forestry faced by many poor producing countries and the need to remain engaged with those countries if they are to be discouraged from selling their timber to less scrupulous consumers or convert their forest to other more profitable uses. Nevertheless, the Government agrees that it is important for the conservation of forests to move rapidly to a position where purchasing legal and sustainable timber is the normal expectation and will continue to work to that end. The Government's current target is part of its delivery plan in response to the World Summit on Sustainable Development and is: by 2006, 50% of expenditure on timber by Central Government Departments in England, will be on products which can be independently verified as being from sustainable and legal sources.

**Recommendation 32. Whatever criticism there may be from ourselves and others with regard to the detail, it is undoubtedly true that CPET's work has the potential, as has already proved to be the case, to have significant impact on timber procurement and timber production worldwide. We look forward to seeing greater positive impacts worldwide as CPET's role expands and develops in the future.**

48. The Government shares the Committee's aspiration for the outcomes of CPET's work and will continue to support CPET for as long as necessary.

**Recommendation 33. In many of the areas covered by this report the UK Government has proved to be an international leader: government procurement, assessment of certification schemes, negotiation of VPAs. Now its EU presidency is over it must not become complacent and must continue in this role. It must lead by example. It must push for EU wide legislation. If this fails it must implement national legislation. It must also, very importantly, ensure that companies based in the UK are not allowed to carry out or finance destructive activities in other parts of the world that would not be allowed in this country. Timber and sustainability is an area in which we will watch to monitor progress, and which we may wish to return to in the future.**

49. The Government thanks the Committee for drawing attention to the importance of legal and sustainable forestry and the opportunities that exist to achieve positive outcomes in a number of key areas. The Government is proud of its achievements to date but is aware that there is still much work to be done. The Government will continue to treat this matter as a high priority and will use its influence at home and abroad to encourage other players to do likewise.

March 2006

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