



Urgent plea for EU support to clean up the billion-Euro Ukraine-EU timber trade

Actions taken by EU and Ukraine so far are not enough to solve systemic issues

Monday July 6th, 2020

We the undersigned are a group of national and international NGOs that are deeply disappointed by the lack of political will in Ukraine to implement profound and systemic changes in the forestry sector, despite the obvious facts.

This means that almost every product made of Ukrainian wood both on the domestic market of Ukraine and on EU and world markets could potentially be related to corruption abuses, destruction of nature, violation of environmental rights of citizens, and could be fuelling the activities of organized criminal groups.

Corruption, poor forest management and environmental degradation in forest ecosystems are the consequences of a lack of systemic reforms in the industry.

The Carpathians are some of the most biodiverse forests on the continent and are home to its last populations of large mammals like lynx and bear. These precious intact forests also play a vital part in staving off the worst effects of climate change.

Recent floods and longstanding, rampant deforestation have devastated the Ukrainian Carpathians. Many of the same regions [most affected by the floods](#) are also ones with high levels of illegal logging.

We welcome the Ukrainian Prime Minister's [recent pledge](#) to crackdown on illegal logging in response to a recent Earthsight report. We also note the recent decision to replace the head of the State Agency of Forest Resources of Ukraine.

However, to tackle the problem of illegal deforestation in the country, Ukraine's actions must go far beyond staff changes and audits. Below are some of the most urgent changes that must be made.

We draw the following conclusions based on the analytical reports:

-<https://bit.ly/2Zg4mHO> - EU Technical Assistance and Information Exchange "Taix" report on reform of the Ukrainian forestry sector, 2018;

-<https://bit.ly/2YJl2Zi> - 2018 report "Complicit in Corruption" by UK-based NGO Earthsight;

-<https://bit.ly/31wrepd> - 2020 report "Flatpacked Forests" by Earthsight;

-<https://bit.ly/31vSlel> - Analytical Report of the World Bank, FLEG II

We require:

From the Verkhovna Rada of Ukraine, the President of Ukraine, the Prime Minister and the Minister of Environmental Protection and Natural Resources - to initiate a deep and systematic reform of forestry, namely:

- Firstly and most urgently, to take steps immediately to **reorganize the State Forest Agency, by separating the controlling and economic functions, as previously called for by national and international NGOs as well as the EU**. Effective governance assumes avoiding conflicts of interest. Therefore, separation of SAFR functions, which now combines managerial, regulatory, economic, and supervisory powers, is mandatory.
- Ensure the formation of a quality forest policy, based on the support and preservation of environmental, social and economic values of all forests of Ukraine in the short and long term based on the wide public consultation process.
- Recognize the problem of illegal sanitary logging and illegal logging carried out by forest users themselves and start tackling it. Separating control and economic functions of SAFR will be the main way to tackle this "legal illegal" logging.
- Ensure the activities of state forest enterprises according to the OECD principles for the management of state enterprises.
- Complete the reform of State Environmental Inspectorate.

More detailed asks have been presented earlier by Ukrainian NGOs, and are available [at this link](#) [In Ukrainian].

The evidence from several of the undersigned Ukrainian NGOs is that the forestry agency is still in denial of the scale of illegal logging and is turning a deaf ear to their calls for reform. The EU, as the largest consumer of timber from enterprises controlled by this Agency, must play its part.

Major EU buyers of timber made from Ukrainian wood are complicit in the problems seen in Ukraine but are turning a blind eye to the corruption and illegality in their supply chains, documented exhaustively by national and international organisations. These buyers' demand for an uninterrupted supply of cheap wood from Ukraine is pressuring local actors to cut corners on the environment. The green label "FSC" [Forest Stewardship Council], which certifies large swathes of Ukraine's forests as "sustainable" sources of timber, instead of calling for stronger enforcement and steps to tackle corruption in Ukraine, has been lobbying the Ukrainian government to make logging easier for local enterprises. All this has grave implications for the ordinary consumers of items made with Ukrainian wood in the EU, who may unwittingly be purchasing products linked to environmental destruction and illegality.

Therefore we demand from the European Union (European Commission, European Parliament):

- To apply the principle of "money in exchange for reforms" to reform the forest sector, in shaping the policy of providing Ukraine with the next tranches of macro-financial assistance. To tie all present and future funding of the forestry sector in Ukraine to actual action (rather than verbal promises) by Ukraine to restructure the forestry agency to separate economic and forest-protection and regulatory functions in particular, as well as action to increase environmental enforcement.

- To remember that the goal of the European Union Timber Regulation is to prevent illegal timber from entering EU markets; to require stronger enforcement of these laws in the context of timber imports from Ukraine
- To this end, to finish drafting the Ukraine-specific guidelines for the EUTR, that has been stalled for months, which will require EU companies purchasing Ukrainian wood products to perform additional due diligence on their Ukrainian timber imports
- To recognise in this guidance as well as broader guidance on EUTR implementation, the significant failures of certification schemes to ensure legality or sustainability of timber from Ukraine, recently documented again in Earthsight's 2020 report "Flatpacked Forests." To require EU companies to go beyond certification to ensure risk of illegal Ukrainian timber entering the EU is "negligible" as the EUTR requires.
- To call for urgent structural change of FSC International, the most well-known certification scheme for wood, to remove conflicts of interest in its certification bodies [that are creating](#) a "race to the bottom" for who can implement standards least strictly.
- To expand the product scope of the EUTR to cover all wood products including seating and furniture.

This is a vital opportunity to reform forestry governance in Ukraine for the better, to create an environment within the EU that is supportive of these reforms, and to clean up the corruption and illegality currently infecting the Ukraine-EU timber trade. It must not be wasted. The specific steps above must be acted on urgently to preserve these, some of Europe's last remaining forests, and to encourage their sustainable use with a thought for future generations.

The undersigned groups stand ready to help in any way we can as the EU takes these steps and uses its influence to assist Ukraine in reforming its institutions.

Respectfully,

Environment-People-Law: www.epl.org.ua

Ukrainian Nature Conservation Group: www.uncg.org.ua

National Interests Advocacy Network ANTS: www.ants.org.ua

Forest Initiatives and Communities: <https://forestinitiativesc.wixsite.com/forestcom>

Ecoclub, Rivne: www.ecoclubrivne.org

Free Svydovets: www.freesvydovets.org

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