



GREENPEACE



FERN, Greenpeace and WWF comments on the draft *Council Regulation concerning the establishment of a voluntary FLEGT licensing scheme for imports of timber into the European Community*

FERN, Greenpeace and WWF welcome the draft Regulation as a step towards implementing the EU's FLEGT Action Plan. However, we believe that the Regulation needs to be strengthened and its provisions clarified in a number of respects in order that it will make an effective contribution to controlling illegal timber imports and achieving the improvements in governance that are needed to combat the trade in illegal timber. Currently the draft Regulation does not spell out the goals of the licensing scheme, which must be to ensure legality and good governance. Our concerns focus on the following three points:

- The Action Plan and draft Regulation acknowledge that the scope of partnership agreements will extend beyond licensing and will include actions aimed at, among other things, improvements in forest sector governance. The Regulation needs to make clear the EU's requirements with respect to the content of partnership agreements and to tie continued acceptance of FLEGT licences to satisfactory progress by partner countries towards implementing a time-bound action programme that will tackle the weaknesses in forest sector governance that enable the trade in illegal timber.
- The draft Regulation does not provide a clear definition of legality or of the laws with which timber produced for export to the EU should comply. The present text leaves the door open to different sets of laws being used as the basis for licensing in different countries and to licensing being based on unjust laws such as the death penalty proposed for illegal loggers by the Indonesian government. Furthermore by not requiring some minimum standards for legality or for responsible forest management the EU risks creating an un-level playing field on which partner countries that base licensing on a narrow set of laws will have an unfair advantage over those that apply a wider set. This cannot be the intention of the Regulation and would violate the Council Conclusions.
- The Action Plan and the Council's Conclusions establish that independent verification of legality prior to the issuing of a licence and independent monitoring of the licensing system – with the involvement of civil society groups - are fundamental to the success of the scheme. The draft Regulation does not make sufficient or clear provision in this regard. The text does not distinguish between verification (audit) of compliance with relevant laws and independent monitoring. The Regulation should be amended so that it is clear that independent verification of legality of the products that are the subject of a license and independent monitoring of the scheme will be written into all partnership agreements.

Below you will find our detailed comments and suggested amendments

Detailed comments and suggested amendments

1. FERN, Greenpeace and WWF welcome the draft Regulation as a step towards implementing the EU's FLEGT Action Plan, but we are concerned that the Plan's narrow focus on legality loses sight of the ultimate goal of sustainable forest management in accordance with the principles adopted at the 1992 UN Conference on Environment and Development and elaborated subsequently in various global and regional fora. The Regulation should present the licensing scheme as one of the ways in which the Community is aiming at to achieve the improvements in forest sector governance in order to ensure sustainable forest management as well as legality. We propose a new recital (New1) in the preamble and an amendment to Article 1(4).
2. The Communication on an EU FLEGT Action Plan and the proposal for a voluntary FLEGT licensing scheme result from commitments made by the European Union in various global and regional fora concerning the fight against the illegal exploitation and trade of forests resources and the support to the human and institutional capacity building related to forest law enforcement in those areas. We would like to see the relevant international agreements explicitly listed in the Preamble of this Regulation, such as the UN Convention on Biological Diversity (CBD), the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil & Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESC) and the World Summit for Sustainable Development (WSSD). We propose a new recital (New2) in the Preamble.
3. The partnership agreements within which the licensing scheme will be implemented will be voluntary. The scheme will therefore have an impact only in those producer countries that choose to sign up. Even then, the possibility of illegal timber being laundered through non-partner third countries will reduce the impact. Additionally the voluntary nature of the scheme will result in an unlevel playing field on which countries that do not enter into a partnership agreement will have an unfair advantage. The EU cannot rely on the market to give preference to products from countries covered by a FLEGT license. The Community must therefore signal its intention to implement legislation that will prohibit imports of all wood products that have not been produced legally and in compliance with a basic level of responsible forest management and, later, with principles of sustainable forest management. We propose a new recital in the preamble (New3).
4. As the European Court of Justice has repeatedly stated, the choice of the legal basis must reflect the aims of the Community action, which in this case are: to preserve and protect the quality of the environment, prevent the loss of biodiversity and promote a prudent and rational utilisation of natural resources. Article 175 (Environment) is the most appropriate legal base, not Article 133 (Commercial Policy). We propose an amendment to Citation 1.
5. The partnership agreements within which licensing will be implemented must commit the producer country to a programme of activities and milestones that will achieve improvements in forest management and governance. As specified by the Council in its Conclusions on the FLEGT Action Plan these improvements should include: strengthening land tenure and access rights especially for marginalized, rural communities and indigenous peoples; strengthening effective participation of all stakeholders - notably of non-state actors and indigenous peoples - in policy-making and

implementation; increasing transparency in association with forest exploitation operations; and reducing corruption in association with the award of forest concessions and the harvesting and trade of timber. There must be provision for the Community to suspend recognition of a licence if the producer country is not making sufficient progress towards the milestones. To ensure consistency between the commitments that are made in partnership agreements, the Regulation should specify provisions that all partnership agreements should include. We propose a new recital (New4) in the preamble and amendments to Article 1(3) and Article 1(4).

6. The term “legal timber” is difficult to define. The only practical way of defining it is by reference to existing law. Law is an instrument of policy, not an end in itself. Laws may be unjust, their coverage may be inadequate, they may be ambiguous or may conflict with one another. The draft Regulation refers to “relevant legislation” but does not provide any guidance as to which laws are relevant. Licensing should not be implemented until the producer country has adopted the legislation and enforcement systems necessary to ensure a basic level of responsible forest management. We propose a new recital (New 5) in the preamble, a definition of “relevant national legislation” (Article 2(new2) and a new Article 1(3)(a) that requires partner countries to have in place before licensing commences the laws and enforcement mechanisms that provide for a basic level of responsible forest management.
7. Under the scheme, licensing will apply only to a limited number of wood products exported to the EU. The scheme will not touch the exports to non-EU countries and the exports to the EU of wood products that are made from multiple sources. This gap increases the likelihood of resuming exports of illegal forest products to the EU, in particular by laundering through third countries. This will limit the impact and legitimacy of the scheme. The Regulation should expressly acknowledge the possibility of illegal timber from partner countries entering the EU via non-partner third countries and therefore should make mandatory licensing of all exports a pre-condition of a partnership agreement. In addition, the FLEGT licensing scheme should cover the whole chain of wood processing and to do so the list of products to which the FLEGT licensing scheme applies should be broadened to multiple sourced wood products, including paper and paper pulp. We propose an amendment to recital 5 of the preamble and a new Article 1(3)(b). The appropriate changes will also need to be made to the list of products in Annex II.
8. The draft Regulation does not make a distinction between, on the one hand, verification (audit) of compliance with relevant laws and, on the other, independent monitoring. The Regulation must include a requirement for independent verification of legality at all points in the supply chain to point of export and of the chain of custody to verify the identity of the consignment before a licence is issued. Verification of legality should be carried out by an appropriately qualified body that is independent of the government and forest products trade and of the licensing authority. The Regulation should state the purpose of independent monitoring more clearly and provide for the involvement of civil society in monitoring. We propose amendments to recital 5 of the Preamble, Article 2(f) and Article 2(g,) and a new article 2(new1) after article 2(f).
9. The only provisions that the draft Regulation stipulates for the system of licensing and of verification and monitoring that underpin licensing are in respect of third-party monitoring (Article 3(3)). There are other provisions that need to be stipulated in order to ensure the effective operation of the licensing scheme, for example verification of compliance by a body that is independent of the government, industry and the licensing authority. We propose an amendment to Article 3(3).

10. Article 4(2) provides that existing schemes for verifying the legality of timber products originating from partner countries or regions may form the basis of FLEGT licensing procedures. Article 5 provides for the Commission to confirm that adequate verification and inspection by custom authorities is taking place. We recommend that the Regulation should provide for the essential requirements of the licensing system to be specified and to base the import regime on a common set of criteria and detailed enforcement mechanisms. This will facilitate the assessment of existing systems in partner countries and guarantee the uniformity and efficiency of the FLEGT licensing scheme and of the enforcement mechanisms in Europe. We propose an amendment to Article 4(2).
11. Article 6 provides for customs authorities to take action in accordance with national legislation in force in the event that a valid licence is not presented. The Regulation should also establish the right of the customs authorities to take action or for any legal person to proceed with an action in the courts in the event that a licence is found to be invalid after a consignment has been imported. In addition, if it is established that a shipment failed to comply with the Regulation, the customs authority should be asked to inform immediately customs and police authorities of the other Member States with relevant details. This will facilitate the flow of information between the Member States and limit the risks of simultaneous attempts to import timber and wood products into European ports illegally. The Commission should publicise yearly the list of legal persons found guilty of a breach of the Regulation. We propose two additional clauses in Article 6 (Article 6 (new1 and new2)).
12. Article 7 requires the Commission to provide customs authorities of Member States with names and other relevant details of competent authorities designated by partner countries and regions and certain other information. The Regulation should provide for the same information to be made publicly available. Member States should also be able to provide information to customs authorities directly. We propose an amendment to Article 7 and a new Article 7a.
13. Article 8 provides for annual reports on the volumes of relevant timber products entering the Community and the number of licences issued and the products they cover. We believe that this provision is not sufficient. The effectiveness of the Regulation and of individual partnership agreements, as well as the social and environmental impact of the licensing scheme, must be evaluated periodically. To do so, we propose new Articles 8(3), 8(4) and 8(5) which would require:
 - The Commission to provide indicators and targets in order to evaluate the effectiveness of the Regulation and of individual partnership agreements, and the environmental and social impact of the FLEGT licensing scheme,
 - The Commission to submit a yearly impact assessment report for each partner country,
 - Companies to submit a yearly report, evaluating the implementation, the impact and the working of the FLEGT licensing scheme, based on indicators and targets set by the Commission,
 - A Multi-stakeholder Forum to meet periodically in order to discuss the working and the impact of the FLEGT licensing scheme, and to make yearly recommendations to the European Community.
 - A publicly available database for custom services which covers specifically each FLEGT licence covering a consignment that arrives at the border of the EU.

14. The draft Regulation does not foresee in a dispute settlement mechanism. The Commission should develop such a mechanism as part of a wider institutional framework to ensure proper implementation of the partnership agreements. To do so we propose a new Amendment in Chapter III.
15. Lastly, we are concerned that the Commission at the present time lacks the competencies, staff and financial resources to implement the Regulation effectively, in particular to negotiate partnership agreements and to ensure their effective operation. There is no budget in the draft Regulation. The Commission must allocate sufficient funds to provide for an appropriately skilled and complemented unit and the costs that they will necessarily incur in negotiating and monitoring partnership agreements. We propose a new amendment in Chapter III.

Please find below our suggested amendments. For comments on questions please do not hesitate to contact us:

Saskia Ozinga
FERN
saskia@fern.org
+44 1608 652895

Sebastien Risso
Greenpeace European Unit
sebastien.risso@diala.greenpeace.org
+32 2 274 19 01

Beatrix Richards
WWF EPO
brichards@wwf.org.uk
+33 1 55258488

Suggested amendments

Article	Proposed amendment	Purpose of proposed amendment
Citation 1, revise	‘Having regard to the Treaty establishing the European Community, and in particular Article 433 175 thereof,’	As the European Court of Justice has repeatedly stated, the choice of the legal basis must reflect the aims of the Community action which in this case are: to preserve and protect the quality of the environment, prevent the loss of Biodiversity and promote a prudent and rational utilisation of natural resources. (Detailed comments paragraph 4)
Preamble, new Recital (New1) (between (2) and (3)).	<u>‘The EU’s ultimate goal is the sustainable management of all forests in accordance with the global principles adopted by the 1992 UN Conference on Environment and Development¹, the criteria and indicators adopted in regional inter-governmental agreements² and the CBD programme of work on forests biodiversity . The FLEGT Licensing Scheme is only one means of securing the improvements in forest governance that are needed to ensure compliance with those principles, criteria and indicators and the EU will need to continue to take other complementary actions to support countries’ progress towards sustainable forest management.’</u>	To place the licensing scheme in the context of wider EU action in support of sustainable forest management. (Detailed comments paragraph 1.)
Preamble, new Recital (New2) between (2) and (3)	<u>‘The European Community, at the 7th meeting of the UN Convention on Biological Diversity (CBD), agreed to “take further steps in curbing the illegal exploitation and trade of resources, particularly from existing protected areas and from areas of ecological importance for biodiversity conservation.”³</u> In the Plan of Implementation of the	To place the licensing scheme in the context of the international commitments made by the European Union concerning the fight against the illegal exploitation and trade of forests resources and, connected to that, support to human and institutional capacity building related to forest law enforcement. (Detailed comments paragraph 2)

¹ Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development on All Types of Forests.

² For example; the International Tropical Timber Organisation’s “Criteria and Indicators for the Sustainable Management of Natural Tropical Forests”, July 1998;

³ Final draft decision UNEP/CBD/COP/7/L.32: Protected areas (Article 8 (a) to (e))

	<p><u>World Summit on Sustainable Development, the Community committed itself to <i>take action on law enforcement and the illegal international trade in forest products</i></u>, and as members of the international community <i>“to provide human and institutional capacity building related to the enforcement of national legislation in those areas.”</i>⁴,</p> <p><u>In the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Community recognised <i>“that wild fauna and flora in their many beautiful and varied forms are an irreplaceable part of the natural systems of the earth which must be protected for this and the generations to come”</i></u>⁵</p> <p><u>All EU member states have ratified the International Convention on Economic Social and Cultural Rights as well as the International Convention on Civil and Political Rights, which recognise <i>‘the civil and political life of all individuals, including the right to life, liberty and security, freedom of speech, religion and justice’</i>.</u>⁶</p>	
<p>Preamble, new Recital (New3), between (4) and (5).</p>	<p><u>‘There is a clear risk of illegally produced timber being directed to other markets, with legal production exported to the EU, and of the creation of unfair terms trading terms for partner compared to non-partner countries. The voluntary licensing scheme should be considered as an interim arrangement pending the implementation of legislation that will prohibit imports of all wood products that have not been produced legally and in compliance with a basic level of responsible forest management and, later, with</u></p>	<p>To signal the EU’s intention to implement legislation that will prohibit imports of all wood products that have not been produced legally and in compliance with a basic level of responsible forest management and, later, with principles of sustainable forest management. (Detailed comments paragraph 3.)</p>

4 Paragraph 45c: Plan of implementation adopted at the World Summit on Sustainable Development (WSSD) in September 2002

5 Preamble to the CITES Convention; <http://www.cites.org/eng/disc/text.shtml#I>

6 For an overview see: *Forests of Fear, the abuse of Human Rights in Forest Conflicts* available at www.fern.org

	<u>principles of sustainable forest management. After the implementation of such legislation the licensing scheme may be continued as a means of enabling exporters to the EU to provide evidence of legality and sustainable forest management.'</u>	
Preamble, new Recital (New4), between (4) and (5).	<u>'Partnership agreements will commit the producer countries concerned to a programme of activities and milestones aimed at achieving sustainable management of their forests. The Community should retain the right to suspend its acceptance of licences issued by countries that are not meeting their commitments.'</u>	To establish that a partnership agreement will commit the producer country to a programme of activities and milestones that will achieve sustainable forest management and that the EU may suspend recognition of a licence if the producer country is not making sufficient progress towards the milestones. (Detailed comments paragraph 5)
Preamble, Recital 5, revise.	'The validity of licences for the relevant imported timber products should be properly verified by the competent authorities of the Community, and be subject to periodic independent auditing and third party monitoring to be agreed with partner countries. To ensure the effective operation of the licensing scheme partner countries should establish a unified system of tracking products from forest to the point of export. To reduce the likelihood of illegal timber being laundered through non-partner countries the system should provide for mandatory licensing of all relevant products before export. Compliance with relevant legislation and tracing of relevant products back through the supply chain to the source forest should be carried out by an appropriately qualified verification body that is independent of the government and industry and of the authority designated by a partner country or region to issue or validate licences. Operation of the system should be subject to monitoring by a body that is independent of the government and industry and that provides for representatives of civil society to participate in monitoring.'	<p>To establish the need of partner countries to apply licensing to all exports of relevant products to reduce the likelihood of laundering illegal timber through third countries.</p> <p>To make clear the distinction between, on the one hand, independent verification of compliance with the specified legislation at all points in the supply chain to point of export and of chain of custody to verify the identity of the consignment and, on the other hand, independent monitoring of the operation of the licensing system.</p> <p>To establish that the verification body should be independent of the government and industry and of the licensing authority.</p> <p>To establish that independent monitoring must include monitoring by civil society and should be independent of the government and industry. (Detailed comments paragraphs 7 and 8).</p>

<p>Article 1(3), revise</p>	<p><u>‘Entering into a partnership agreement will imply a specific and binding political commitment on the part of partner countries and regions to join the FLEGT licensing scheme within an agreed schedule stipulated in the said partnership agreement and to implement a programme of actions in accordance with an agreed schedule, including milestones, specified in the said partnership agreement aimed at achieving improvements in governance that will lead ultimately to the sustainable management of all the partner country’s forests. The programme of actions, including milestones, will address, inter alia:</u></p> <p>I) <u>strengthening land tenure and access rights especially for marginalized, rural communities and indigenous peoples;</u></p> <p>II) <u>strengthening participation of all stakeholders - notably of non-state actors and indigenous peoples - in policy-making and implementation;</u></p> <p>III) <u>increasing transparency in association with forest exploitation operations;</u></p> <p>IV) <u>reducing corruption in association with the award of forest concessions and the harvesting and trade of timber;</u></p> <p>V) <u>protection of human rights;</u></p> <p>VI) <u>ensuring equitable and just solutions to the illegal logging problem so as not to have an adverse impact on poor and forest dependent people.</u></p> <p><u>The Community shall suspend its acceptance of a licence issued by a partner country that is not making sufficient progress towards meeting its commitments.’</u></p>	<p>To establish that a partnership agreement will commit the producer country to a programme of activities and milestones that will achieve sustainable forest management and that the EU may suspend recognition of a licence if the producer country is not making sufficient progress towards the milestones. (Detailed comments paragraph 5).</p> <p>Please note that these points are spelled out by the Council in their Conclusions at their meeting in October 2003.⁷</p>
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⁷ Council of the European Union (October 2003) *Communication from the Commission to the Council and the European Parliament on Forest Law Enforcement, Governance and Trade (FLEGT): Proposal for an EU Action Plan – Council Conclusions*

Article 1(3)a, new	<u>'Partnership agreements shall commit partner countries to assess, amend where needed, and adopt legislation and enforcement mechanisms necessary to ensure a basic level of responsible forest management, including protection of human rights, before licensing commences.'</u> A basic level of responsible forest management is to be determined in a process described in article 2 (new 2)	To establish the need for a partner country to have in place before licensing commences laws and enforcement mechanisms that provide for a basic level of responsible forest management. (Detailed comments paragraph 6.)
Article 1(3)b, new	<u>'Partner countries shall apply the licensing arrangements adopted under partnership agreements to all relevant products that are exported regardless of the country of destination.'</u>	To make mandatory licensing of all exports a condition of every partnership agreement. (Detailed comments paragraph 7.)
Article 1 (4), revise	<u>'Partnership agreements should include elements of institutional support, capacity building and technical assistance to facilitate implementation of the licensing scheme described herein, and additional actions to combat illegal logging, promote sustainable management of forests and improve forest sector governance. Such elements will be designed to meet circumstances and needs in partner countries and regions and will thus be described within the specific partnership agreements but will include as a minimum the actions provided for in Article 1(3), Article 1(3)(a), Article 3(3) and Article 4(2).'</u>	To establish minimum requirements for partnership agreement. (Detailed comments paragraph 5.)
Article 2(f), revise	“third party monitoring” means a system of independent monitoring or auditing which provides assurance that FLEGT licences are issued only for legally harvested timber products; <u>“independent verification” means verification by an appropriately qualified and independent organisation that harvesting and subsequent processing and transport of relevant timber products have been carried out in compliance with relevant legislation;</u>	To make clear the distinction between, on the one hand, independent verification of compliance with the specified legislation at all points in the supply chain to point of export and of chain of custody to verify the identity of the consignment and, on the other hand, independent monitoring of the operation of the licensing system. (Detailed comments paragraph 8.)

<p>Article 2(new1)</p>	<p><u>“independent monitoring” means a system of monitoring by an independent body of the operation of the licensing scheme for the purpose of detecting and reporting failures in the systems established by partner countries;’</u></p> <p>Independent monitoring may include</p> <ul style="list-style-type: none"> i) inspection of harvesting operations; ii) audit of chain of custody systems iii) financial audit of tax and royalty payments; iv) audits of shipments for export v) spot checks by civil society groups 	
<p>Article 2(g), revise</p>	<p><u>“competent authority(ies)” means the authority(ies) designated by a partner country or region to issue, or validate or verify licences;’</u></p>	<p>To remove the implication that the body that issues licences in the partner country may also carry out the independent verification of compliance with relevant laws. (Detailed comments paragraph 8.)</p>
<p>Article 2(new2)</p>	<p><u>“Relevant national legislation” means those laws or parts of laws compliance with which must be verified before a license is issued. The laws will be identified in a transparent process that ensures participation by all stakeholders, notably local communities and indigenous peoples, and will be specified in partnership agreements.’</u></p>	<p>To define “relevant legislation” and “basic level of responsible forest management” (Detailed comments paragraph 6).</p>
<p>Article 3(3), revise</p>	<p><u>‘Partnership agreements shall reflect the needs and circumstances of partner countries, but must include provisions for third party monitoring require that licensing procedures in partner countries are subject to: independent verification and independent monitoring to ensure transparency and credibility of the FLEGT licensing scheme; and to such other requirements as may be determined pursuant to Article 4(2).’</u></p>	<p>To ensure that licensing is underpinned by independent verification of legality and chain of custody (see definition at Article 2(f) revised) and subject to independent monitoring (see definition at Article 2(New1). (Detailed comments paragraph 9)</p>

<p>Article 4(2), revise</p>	<p>‘Where schemes already exist ... may form the basis of the FLEGT license. This would be on condition that those schemes have been assessed and approved to agreed requirements in accordance with the procedure laid down in Article 12(2) so as to provide the necessary assurance as to the legal origin of the timber products concerned. <u>Minimum requirements will be determined by the Commission following meaningful consultation.</u>’</p>	<p>To provide for a set of minimum criteria to be determined with which all licensing schemes adopted under partnership agreements must comply (Detailed comments paragraph 10.)</p>
<p>Article 5 (1) Revise</p>	<p>The FLEGT licence shall be presented with a customs declaration for free circulation in the Community.</p> <p>The license will follow a standard design, should be tamper proof and forgery resistant, and should refer to the following information: date of issuance; date of expiry; issuing authority; value of the shipment in accordance with the commercial invoice; the relevant HS code; the species of timber contained in the shipment, and the volume of the shipment. The customs authority shall keep the original FLEGT licence together with the customs declaration.</p>	<p>To ensure a harmonised system for licenses and enforcement mechanisms.</p>
<p>Article 6(1), revise</p>	<p>‘If a customs authority establishes that the conditions in Article 4 are not fulfilled, it shall detain and impound the shipment, <u>immediately inform customs and police authorities of the other Member States with relevant details,</u> and proceed in accordance with national legislation in force.’</p> <p>Member States should encourage closer co-operation between law enforcement agencies and between custom agencies at national and EU level and with partner counties.</p>	<p>To facilitate the flow of information between the Member states and avoid the attempts of illegal imports simultaneously in several European Ports (Detailed comments paragraph 11)</p>
<p>Article 6 (new2)</p>	<p><u>‘If after importation, a customs authority or any legal person establishes that the license is invalid for reason of a breach of this Regulation, they shall be allowed to</u></p>	<p>To allow customs authorities or any legal person to take action if after importation the license is found to be invalid for reason of fraud, incorrect procedures having been followed, or</p>

	<u>, take judicial action and participate as third parties.'</u>	independent verification having failed to identify non-compliance with relevant laws. (Detailed comments paragraph 11)
Article 6 (new3)	<u>'The Commission shall be required to publicise yearly a list of the legal persons found guilty of a breach of this Regulation.'</u>	To ensure transparency of the import regime. (Detailed comments paragraph 11)
Article 7, revise	<u>'The Commission shall provide all customs authorities of the Member States with the names and other relevant details of the competent authorities designated by partner countries and regions, authenticated specimens of stamps and signatures attesting that a licence has been legally issued, and any other relevant information received in respect of licences. The Commission shall also make this information available to the bodies that carry out independent monitoring and to any other person on request.'</u>	To ensure that information about the operation of the licensing scheme is made available to independent monitoring bodies and the wider public. (Detailed comments paragraph 12)
Article 7a (new)	<u>'Member States shall provide all customs authorities of the other Member States' customs authorities with relevant information received in respect of licences. Member States shall provide any such information to the bodies that carry out independent monitoring and make it available to any other person on request.'</u>	To ensure that relevant information obtained by Member States is passed to customs authorities and is publicly available. (Detailed comments paragraph 12)
Article 8 (3) (new)	<u>'The FLEGT licensing scheme and partnership agreements must be subject to a periodic review to allow for proper evaluation of their effectiveness and impact'.</u> <u>'The Commission shall be required to publish by April of each year an annual assessment of the effectiveness of the Regulation, the progress and effectiveness of individual partnership agreements, and the environmental and social impact of the FLEGT licensing scheme. The assessment shall be based on indicators and targets that the Commission shall determine in consultation with the multi-</u>	To provide for periodic evaluation of the effectiveness of the Regulation and individual partnership agreements. (Detailed comments paragraph 13)

	<u>stakeholder forum established pursuant to Article 8(5).'</u>	
Article 8(4) (new)	<u>'Companies shall be required to submit an annual report by April of each year that provides information on the implementation and impact of the FLEGT licensing scheme in accordance with a format and indicators determined by the Commission in consultation with the multi-stakeholder forum established pursuant to Article 8(5).'</u>	To provide for periodic evaluation of the effectiveness of the Regulation and individual partnership agreements. (Detailed comments paragraph 13)
Article 8(5) (new)	<u>'A multi-stakeholder forum shall meet periodically to discuss the working and the impact of the FLEGT licensing scheme. They shall be required to make recommendations to the European Community. The Commission shall determine the format and the mandate of this Multi-stakeholder Forum.'</u>	To provide for periodic evaluation of the effectiveness of the Regulation and individual partnership agreements. (Detailed comments paragraph 13)
New Article 10 (between 9 and 10)	<u>The Commission and the partner countries will set up a dispute settlement mechanism to mediate and deal with any conflicts and disputes that may arise.</u>	To ensure the creation of a dispute settlement mechanism (Detailed comments paragraph 14)
New Article (between Article 11 and Article 12)	<u>'The Community and Member States shall provide adequate funds from geographic and thematic budget lines in order to build capacity and support implementation of partnership agreements and voluntary licensing scheme.'</u>	To ensure that the Commission is provided with the resources that it needs to implement the Regulation. (Detailed comments paragraph 15.)