4th Sep. 2023 @ Sarawak Timber Association

# Update of Clean Wood Act of Japan (Amended in May 2023)

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SEMINAR ON FORESTRY GOVERNANCE FOR SUSTAINABLE FOREST
MANAGEMENT & TIMBER INDUSTRY DEVELOPMENT
in CONJUNCTION WITH INTERNATIONAL DAY OF FORESTS 2016
NATIONAL LEVEL CELEBRATION
March 26, 2016

#### Previous presentations...

Opportunities for Sarawak
Tropical Hardwood Products and
Market Development in Japan

Hiromitsu Samejima samejima@iges.or.jp Institute for Global Environmental Strategies



Seminar "PSP NETWORK FOR SUSTAINABLE FOREST MANAGEMENT IN SARAWAK" at Imperial Hotel Kuching 12th Sep. 2019

Japan's Clean Wood Act and Tokyo Olympic Sustainable Sourcing Code for Timber

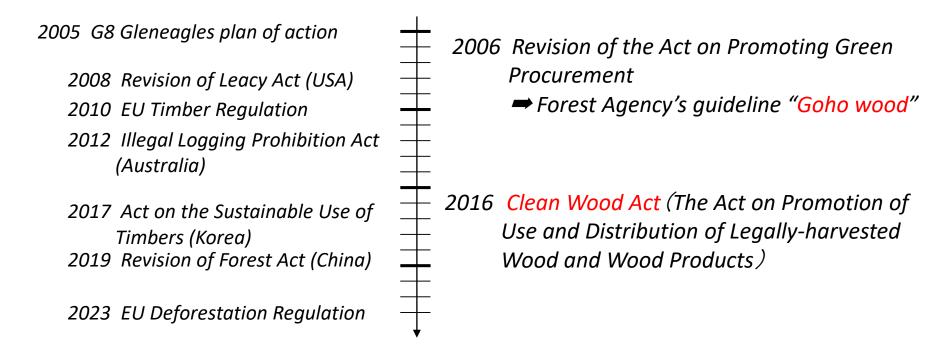
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- Since the late 1990s, illegal logging (e.g. Indonesia) has gained global attention due to its impact on biodiversity conservation, social justice, fair market, climate change mitigation etc.
- Timber-consuming countries introduced acts/regulations to combat imports/procurements of illegally harvested timber

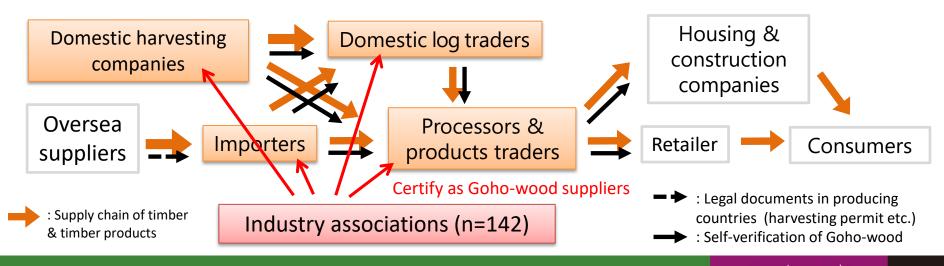


- JPN gov. also revised the Green Procurement Act and introduced "Goho-wood system" in 2006 for public procurement.
- JPN gov. introduced Clean Wood Act (CWA) in 2016 for all timber traded in Japan.



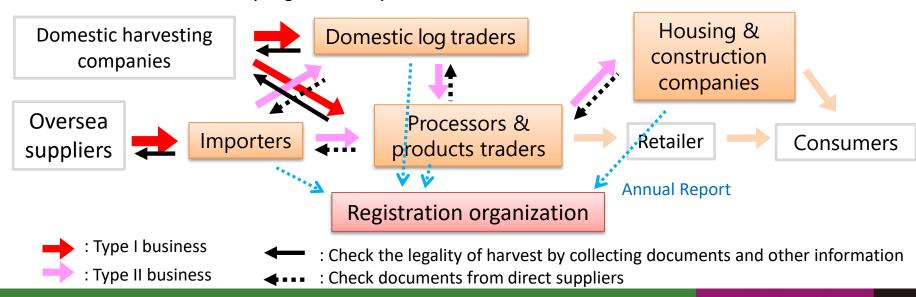
# Goho-wood system (2006-)

- A voluntary system operated by forestry and timber industry associations (not JPN gov.) under Forestry Agency's guideline in 2006
- A company can be certified as a **Goho-wood supplier** by their industry association (e.g. Japan Lumber Importers Association)
- Each **Goho-wood supplier** can verify some or all of their timber & timber products as legally harvested ("Goho-wood")
- The verification is based on verification by their direct suppliers (Chain of custody)



## Clean Wood Act (2016-)

- All buyers of timber & timber products are encouraged to verify all of their purchases to ensure they have been harvested legally.
- Wood-related businesses are classified into Type I and Type II.
- Type I businesses (e.g. importers) should check the legality of harvest and judge it by themselves (not just accept supplier's verification) following appropriate procedures.
- Introduction of voluntary registration system



# Requirements for Type I businesses to check the legality of harvest

Domestic harvesting companies

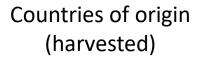


Processors & products traders

**Collect additional information** 

provide evidence that the

trees were legally harvested





Oversea suppliers



**Importers** 

## (1) **Collecting documents** stating,

- Type of timber & timber products
- Names of tree species
- Names of harvested countries or regions (not processed countries)
- Volume
- Names of tree owners or exporters
- Documents proving the trees were harvested in compliance with the laws and/or regulations of the countries harvested

e.g. Shipping/custom

- documents

- (e.g. supply chain information) or
- Not handle the timber & (ii) timber products

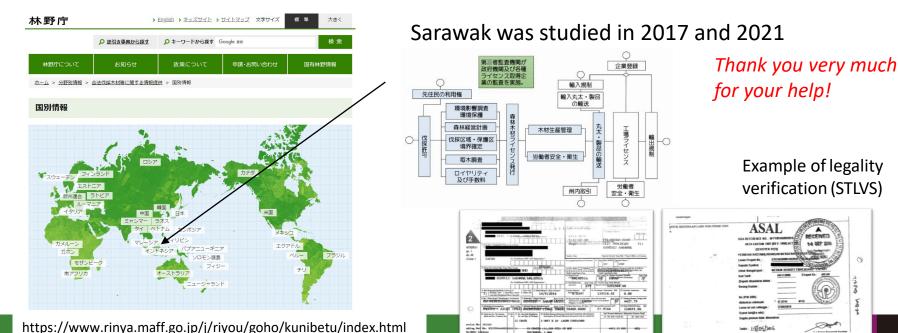
(2) If (1) is impossible,



(3) Check the documents/information and judge the legality by themselves referring to information provided by JPN gov. etc.

# Information provided by JPN gov.

- JPN gov. has gathered information about timber production & trading and legality systems of major timber-supply countries to publish it in the "Clean Wood Navi" for timber importers and other stakeholders
- The Clean Wood Navi does not provide a standard of the judgement



# Five-years review of the implementation of CWA

Originally stated in the CWA to be conducted about 5 years after the enactment (=2022)

## Study Group on Distribution and Utilization of Legally Harvested Wood

<a href="https://www.rinya.maff.go.jp/j/riyou/ryuturiyou/210915.html">https://www.rinya.maff.go.jp/j/riyou/ryuturiyou/210915.html</a>

- by the Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Economy,
   Trade and Industry (METI) and Ministry of Land, Infrastructure and Transport (MLIT)
- held 9 times during Sep 2021-Jan 2023
- Invited business organizations (e.g. timber industry, forestry, house building, furniture, paper, etc.), research institute (e.g. IGES), and NGOs (WWF and FoE) as the reference persons.
- The summary, "Five-Year Review of the Clean Wood Act" was published.

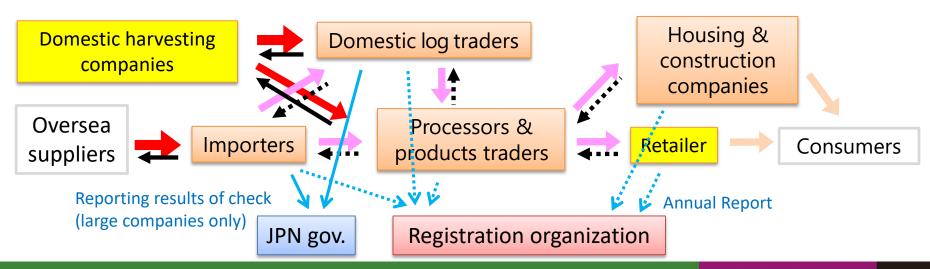


#### **Revision of the Clean Wood Act in 2023**

- Based on the Five-Year Review of the CWA, the government developed a bill to revise the CWA.
- The bill was submitted to the Diet and passed on 13 April and issued on 8 May 2023.
- The revised CWA will start to be in effect in two years (i.e. 2025)
- The government (Forestry Agency) is preparing the implementing regulations etc. now.
- The implementation of the revised CWA will be reviewed again in 2028.

## Revised Clean Wood Act (2023-)

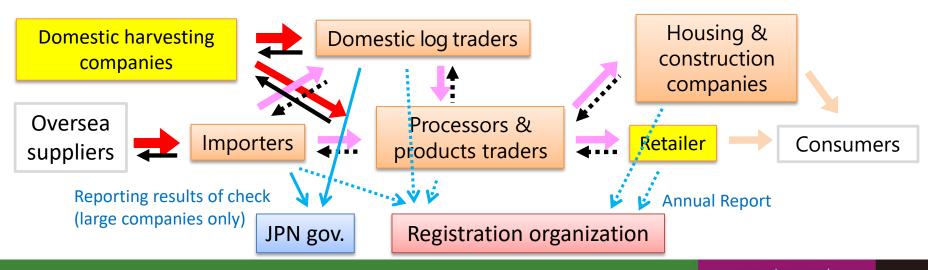
- Obligation to Type I businesses
  - Collect raw material information (document and/or information) to check the legality of harvest (probability of non-illegally harvest origin) and judge for all procurement
  - Record the check and judgment and report the check results to the JPN gov.
  - Provide the check results to their buyers
- Gov. authority and penalties were strengthened
  - > Gov. check whether the judgment is made appropriately, but not the correctness of the judgment



# Revised Clean Wood Act (2023-)

(continue..)

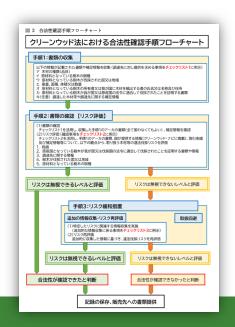
- Obligation to domestic harvesting companies to provide information on legal harvest to their buyers
- The Act also covers retailer



#### Check the **probability of non-illegally harvest origin = Due Diligence** (DD)

What is Due Diligence required by CWA?

- → Forestry Agency (FA) developed a **DD guideline** including a flowchart and three checklists as a **model** for Type I businesses (FY2022)
- → Japan Federation of Wood Industry Associations is developing its own DD guidelines for its members to procure domestic log (FY2023)







チェックリスト2 木材等の流法性探リスク評価に係る確認事項



### Information to collect requested in the FA's DD guidelines to check legality of harvest (excerpt)

- General information
  - The date of issues are appropriate?
  - Volume of timber & timber products on the documents is appropriate?
- 2. Documents or information verify the legality of the harvest
  - Harvesting permits from local governments, legality verification, forest certification, self-declaration etc. to the timber procured
- 3. Suppliers
  - Agreement about legality
  - Forest certification, verification to the suppliers
- 4. Harvested countries and/or area
  - Presence of legality verification system of the harvested country
  - News/reports about illegal logging
- 5. Tree species
  - Identification of tree species
- There are no minimum requirement standards for the legality judgment in the guidelines. The business should judge at their own risk.
- Businesses are still allowed to procure un-confirmable timber after the check and judgment.
- However, the revised CWA requests the businesses to report to the gov. (check results, documentary evidences, and volume) and buyer (results)

# **Notes for Sarawakian exporters**

- Clean Wood Act of Japan was revised in May 2023 and will be in effect since 2025
- The revised CWA obligates all timber importers to collect **raw material information** and judge the **probability of non-illegally harvest origin** by themselves (= Due Diligence)
  - The documents/Information of all raw materials is necessary to collect to judge the legality
  - Information about the harvested country and evidence of legal harvest is requested (e.g. plywood produced in Sarawak with veneer imported from other countries)
  - Situations in the harvested countries (e.g. existence of illegal logging) and tree species is requested to be taken into account for the judgment
- It is still allowed to import un-confirmable timber, but can be under pressure
- Sustainability (i.e. exclusion of conversion timber) is not required, but under discussion