



1. Gap/Issues Papers

GROUP A: POTENTIAL FLEGT-CRITICAL GAPS/ISSUES

1.1 Topic 1: Imported Timber (Timber imported into Thailand will need to be accompanied by documentation demonstrating legality)

1.1.1 Category of Topic

Necessary for development of TLAS Implementation

1.1.2 Current Status

Operators importing timber into Thailand are required to hold CO (Certificate of Origin) documents, however (1) Most countries are exempt from the need for this basic documentation,¹ and (2) In any case CO documentation is not considered sufficiently robust to ensure timber legality in the country of harvest, whereas a robust level of assurance is an EU expectation for the Thai TLAS. This assurance is an EU expectation for TLAS.²

As a possible first step, Government representatives indicated at the 28 January AHWG meeting that they had already proposed the removal of the CO exemption for exempt countries. No information concerning the progress of this request is known and no other legal reforms are known to be in progress.

1.1.3 Options/Observations

Five options were identified for this Gap/Issues topic (see Table 1.1 below), notably: Option 1: Revise Clause 4 to remove exemptions from CO requirements; Option 2: Revise Regulations to require (registered) operators to file Supplier Conformity Declarations for all timber imports, based on due diligence (as per Indonesian model); Option 3: Regulate to recognise third party industry certification schemes as evidence of legal sourcing of timber (for e.g. Vietnam, Cameroon); Option 4: Recognition of national licensing systems (FLEGT and CITES, for e.g.); and Option 5: Border controls requiring particular forms of evidence (country specific, e.g. for Myanmar) to document legality.

Private Sector

Based on Stakeholder feedback at the 28 January 2016 AHWG meeting, the Private Sector (one representative in attendance) agreed that CO documentation is insufficient to demonstrate legality and indicated support for Option 3 on recognition of indication certification schemes, (specifically referring to FSC certification), Option 4 on recognition of national licensing schemes (or 'standards' as

¹ As outlined in the Announcement of the Ministry of Commerce (under the Export and Import on Goods Act 1979) on importing of Goods into the Kingdom of Thailand (Issue 92), 1992 (Clause 3 and 4) and the Announcement of Ministry of Commerce on Importing of Timber, Transformed Timber, Products, Equipment or Others, made with Timber into the Kingdom of Thailand by the Frontier of Tak and Karnchanaburi province (Clause 4.1), COs are only required for timber imports from countries that share a land border with Thailand.

² See for example, 'ASEAN Trade, Customs and Timber Legality Scoping Study', EU FLEGT Facility and EFI, April 2014, p.45.



stated) and Option 2 on due diligence procedures, as suitable options for demonstrating the legality of imported timber.

Government

Government representatives agreed with the need for other ‘supporting’ documents alongside the CO. They referred specifically to confirmation letters specifying the types of timber in the plantation of origin, plus harvesting and transportation documents, which would need to be confirmed by the source Government. They indicated that they would need to be able to confirm the plantation of source. Government representatives indicated that they agree with the Option 4 on recognising national licensing systems, and that they would consider Option 2 on Supplier Conformity Declarations based on due diligence (their concern being that this option could impose onerous obligations on the private sector).

Civil Society

Civil Society representatives indicated agreement with Option 2 on Supplier Conformity Declarations based on due diligence.

Table 1.1: Imported Timber Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Revise Clause 4 to remove exemptions from CO requirements.	Advantage: Would help both Thai operators (and foreign exporters) prepare for more robust import documentation regime.	Private Sector: Considers CO insufficient. Government - Agree to revise Clause 4.1 removing exemptions (but no change for imports for personal use and research).
2. Revise Regulations to require (registered) operators to file Supplier Conformity Declarations for all timber imports, based on due diligence (as per Indonesian model).	Advantage: Reduced involvement of Government. Disadvantage - If poorly controlled could be weak.	Private Sector: Support this option. Government: This proposal under consideration. Some of the agencies are concerned that this will impose onerous obligations on the private sector. Civil Society - Support this option.
3. Regulate to recognise third party industry certification schemes as evidence of legal sourcing of timber (for e.g. Vietnam, Cameroon)	Advantage - Reduces complexity.	Private Sector - Support this option (specific mention of FSC).
4. Recognition of national licensing systems (FLEGT and CITES, for e.g.)	Advantage: Reduces complexity	Private Sector: Support this option (specific mention of FSC). Government: Agree with recognition of national licensing systems.



5. Border controls requiring particular forms of evidence (country specific, for e.g. Myanmar) to document legality

Advantage: Provides clear guidance for operators.

Disadvantage: Could be very complex to implement to EUTR standards.

Disadvantage: Imposes high work-load on Government authorities.

1.1.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

Stakeholders encouraged to study options in order to develop consensus on appropriate measures for Thailand. Based on the notes from the 28 Jan. 2016 AHWG meeting, it may be particularly worth studying Option 2 on Supplier Conformity Declarations based on due diligence, as this option is supported by both the Private Sector and Civil Society, and Government has agreed to consider it. Option 4 on recognition of national licensing systems also holds promise, but is unlikely to ever cover all import countries.



1.2 Topic 2: Verification Mechanisms Ensuring Compliance with the LD – AHWG (21 Sept. 2015) Reference: Section 5

1.2.1 Category of Topic

Necessary for development of TLAS Implementation

1.2.2 Current Status

Current gaps and shortcoming exist in Thailand concerning mechanisms for tracing the source of timber. As options for an improved verification system are considered, there is also concern that the Royal Forest Department (RFD) may not be able to cope with the demands of implementing a verification system. This has resulted in some stakeholders exploring other options for Verification mechanisms.

1.2.3 Options/Observations

Six options were identified for this Gap/Issues topic (see Table 1.2 below), notably: Option 1: Regulate self-certification; Option 2: Independent verification, either private sector, a joint university/CSO arrangement (as per Indonesian 'Independent Process Monitoring' model), or other model; Option 3: RFD verification; Option 4: Other Government Agency (to be responsible for Verification); Option 5: Rubber Authority of Thailand (ROT), for rubberwood; and Option 6: Hybrid or PPP model involving collaboration between a Government agency and other sectors (potentially including the private sector).

Private Sector

The private sector representative indicated no preference for any of the options included, and was of the opinion that industry was capable of managing verification independently.

Government

Government representative indicated a preference for Option 3 on RFD Verification and Option 4 on Verification by another Government agency. They indicated that they supported the idea of Verification by Private sector actors in the future, but this would need to be controlled/regulated by Government.

Government representatives were of the view that were self-certification (Option 1) or independent verification (Option 2) models to be adopted, it may be difficult for Customs to trace the information.

Civil Society

Civil Society indicated support for none of the identified options. They suggested that there need to be a study of the supply chain for each source of timber. Civil Society argues that the results of these studies could indicate that appropriate verification mechanisms might be different for each supply chain. Furthermore, the characteristics of the timber need to be studied, including the volume of timber production, taking into account that small operators work differently to larger operators.

Table 1.2: Verification Mechanisms Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Regulate self-	Advantage: Could draw on local re-	



certification	<p>sources (potentially including local authorities) with local knowledge and reduce demands on RFD personnel and resources.</p> <p>Disadvantage: Could be difficult to ensure a similar standard of timber legality throughout Thailand, and therefore implement a national standard.</p>	<p>Government: Concerned that this option could make it difficult to trace information.</p>
2. Independent verification, either private sector, a joint university/CSO arrangement (as per Indonesian 'Independent Process Monitoring' model), or other model.	<p>Advantage: Would reduce demands on RFD.</p> <p>Disadvantage: Independent verification could increase costs either for operators or the Government (in the case of funding for CSOs/university monitoring activities, for e.g.).</p>	<p>Government: Concerned that this option could make it difficult to trace information.</p>
3. RFD verification	<p>Advantage: Could be built on existing (and familiar) systems.</p> <p>Disadvantage: Could over-stretch the RFD resources.</p>	<p>Government: Supports this option.</p>
4. Other Government Agency	<p>Advantage: Would establish a Government agency with dedicated attention to verification issues.</p> <p>Disadvantage: Could require additional Government resources to be found.</p>	<p>Government: Supports this option.</p>
5. Rubber Authority of Thailand (ROT), for rubberwood.	<p>Advantage: The ROT has extensive knowledge and data on the Thai rubber industry and is well-resourced.</p>	
6. Hybrid or PPP model involving collaboration between a Government agency and other sectors (potentially including the private sector).	<p>Advantage: Would draw on the knowledge of both government (RFD) and private sector.</p> <p>Disadvantage: Could be difficult to set up and to guarantee funding.</p>	

1.2.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

Options identified in the medium term could be either (i) options to be implemented equally across all timber sources, or (ii) particular options that apply to particular ranges of timber. As indicated in the text, Civil Society representatives have suggested that the most appropriate way forward could be supply chain studies of each timber source (also taking into account the different scales of opera-



tion for each different source), aimed at identifying appropriate verification mechanisms. This could be the best way forward, perhaps undertaken as a multi-stakeholder activity.



1.3 Topic 3: Supply Chain Controls to Ensure Traceability of all Timber Back to the Origin

1.3.1 Category of Topic

Necessary for development of TLAS Implementation

1.3.2 Current Status

Under Thai law there are individual requirement for Transport Operators and other operators along the supply chain but it is not clear what controls guarantee against the entry of illegal timber. A system needs to be developed that would enable reconciliation of timber transfers across critical control points and ensure traceability of all timber at point of consumption or export.

There is a National Single Window (NSW) system currently being rolled out but the NSW is unclear about how it produces reconciliation between critical control points.

1.3.3 Options/Observations

Two options were identified for this Gap/Issues topic (see Table 1.3 below), notably: Option 1: Improve NSW to produces reconciliation between critical control points; and Option 2: Develop a separate system to deal with operator declarations, inspection data, and reconciliations.

Private Sector

The private sector representative indicated a preference for Option 1 on improving the NSW.

Government

Government representative indicated a preference for Option 1 on improving the NSW. They think that if they have some additional resources to develop the existing NSW model, then the NSW model will enable supply chain controls, as in the case of the Indonesian *Sistem Verifikasi Legalitas Kayu* (Timber Legality Verification System or SVLK) website which provides real-time import/export information).

Civil Society

Civil Society indicated no preference. As in the case of the Topic 2 concerning Verification Mechanisms, Civil Society believes that studies need to be conducted on all timber sources to inform decisions about this topic.

Table 1.3: Supply Chains Controls Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Improve NSW to produces reconciliation between critical control points.	<p>Advantage: Has the advantage of being based on an existing initiative of the Kingdom of Thailand.</p> <p>Disadvantage: The NSW was developed for RFD and Customs purposes, and timber reconciliation may place excessive demands on it.</p>	<p>Private Sector: Support this option.</p> <p>Government: Supports this option, noting if they have some additional resources to develop the existing NSW model, then the NSW model will enable supply chain controls (as per Indonesian SVLK website which provides real-time import/export information).</p>



<p>2. Develop separate system to deal with operator declarations, inspection data, and reconciliations.</p>	<p>Advantage: (1) To have flexibility to deal specifically with TLAS requirements. (2) Provides an opportunity to address additional needs (i.e. tax/revenue; trade; production statistics).</p> <p>Disadvantage: Could increase complexity, for e.g. through requiring the development of an interface between the new supply chain control system and the NSW.</p>	<p>mation).</p>
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1.3.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

1. Describe critical control points, reconciliation processes and declaration requirements in the existing system (not limited to the NSW) and identify shortcomings. (Describing these aspects would be consistent with Civil Society recommendations on studies of each timber source.)
2. The support by both Private Sector and Government representatives of the NSW suggests a preference for building the capacity of existing systems rather than introducing additional systems.



1.4 Topic 4: Verification of Unregulated Species (i.e. Rubber) on Private Land – AHWG (21 Sept. 2015) Reference: Subject 8

1.4.1 Category of Topic

Necessary for development of TLAS Implementation

1.4.2 Current Status

On Private Land (other than registered plantations), Thai law (under section 7 of the Forest Act) requires verification of legality for 17 Restricted Species *only*. The absence of regulation for all other species cultivated on (non-plantation) private land is a traceability gap that prevents verification of legality.

Meanwhile, where a plantation on Private Land is registered under the Plantation Act (an Act designed to reduce the administrative and tax burden on Licensed Entrepreneurs operating registered plantations), the operator is obliged to verify the legality of a more extensive range of species outlined in the Plantation Act Annex. Although the list of species included in the Plantation Act Annex numbers 58, the Annex excludes several highly popular plantation species including rubberwood and Eucalyptus. Again, therefore, the result is a traceability gap that prevents verification of legality across all species.

1.4.3 Options/Observations

One option/observation was identified in relation to this Gap/Issues topic (see Table 1.4 below) aimed at addressing the existing traceability gap. Specifically, this involves (1) Removal of the Plantation Act Annex (which would become redundant), and (2) Introduction of a national verification system for *all species* (see Topic 2).

Private Sector

Support removal of the Plantation Act Annex.

Government

Support removal of the Plantation Act Annex.

Civil Society

Civil Society indicated no preference. As in the case of the Topics 2 and 3 above, Civil Society believes that studies need to be conducted on all timber sources to inform decisions about this topic.

Table 1.4: Verification of Unregulated Species on Private Land Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
The introduction of a national verification system applying to all species would address the existing traceability gap. This means that the Plantation Act Annex could be removed as verification would apply to	Note that in the event that all species grown on Private land are declared 'Unrestricted' (see Topic 7), this issue will become a bigger issue than it already is, making this option attractive.	Private Sector: Support this option. Government: Supports this option



all plantation species.

1.4.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

The consultants note support by the Private Sector representative and the Government representatives for the removal of the Plantation Act Annex and the introduction of a national verification system applying to all species on private land.



1.5 Topic 5: Environmental Management (Environmental management provisions may need to be strengthened for Public Land [other than Reserve Forest] and Private Land)

1.5.1 Category of Topic

Potentially necessary for development of TLAS Implementation (see notes in 1.5.2 below)

1.5.2 Current Status

At the present time, environmental management requirements pertaining to new plantation developments in Thailand (see Section 20 of the *Reserve Forest Act*) apply only to Reserve Forest land. Firstly, these regulations specify that a plantation established on Reserve Forest land after 2005 can only be established on land determined by the Reserve Forest Department (RFD) to be *Degraded Land* in accordance with the requirements of the rule of RFD, formalised by Ministerial Announcement. Secondly, new plantation developments on Reserve Forest of 101 Rai (about 16 Hectares) or more, need to be supported by project documents including details of the start-time, objective, goal and costs.

Currently, however, there are currently no environmental management requirements (including assessment requirements aimed at determining if the land is of Degraded or other status) for either (1) Public Land (other than Reserve Forest) or (2) Private Land. The absence of regulations on this area (including ecological assessment procedures and requirements for consultation with members of local communities) has been identified by the consultants as a potential gap that may need to be addressed in order for the Thai legal framework to meet EU expectations.

1.5.3 Options/Observations

Two options were identified for this Gap/Issues topic (see Table 1.5 below), notably: Option 1: Regulate to require operators (on Public land other than Reserve Forest) to assess potential impacts, develop an environment management plan, and consult with community members prior to being permitted to establish new plantations.³ Regulations could include the requirement for an Annual Report or Assessment by RFD/local government officer; and Option 2: Regulate to require operators on Private Land to assess potential impacts, develop an environment management plan, and consult with community members prior to being permitted to establish new plantations on Sensitive Areas (including watershed areas, slopes, and areas in proximity to Reserve Forests and Protected Forests).⁴ Regulations could also include the requirement for an Annual Report or Assessment by RFD/local government official.

Private Sector

No comment

³ Could be subject to threshold requirements specifying that different sized projects be subject to different levels of planning/regulation (similar to the <100 and 101> system applying to Degraded areas of Reserve Forest land).

⁴ Could be subject to threshold requirements specifying that different sized projects be subject to different levels of planning/regulation (similar to the <100 and 101> system applying to Degraded areas of Reserve Forest land).



Government

Government representative agreed in relation to Option 1 on the introduction of environmental management requirements for Public Land (other than Reserve Forest), noting that many different Government agencies have responsibility for the administration of Public Land (other than Reserve Forest) and it should be these agencies that should be responsible for the process [assuming they have the capacity]. Government representatives supported the notion that a land-area threshold should apply, and this would have to be clarified. Government representatives did not support the Option 2 on the introduction of environmental management requirements for Private Land.

Civil Society

Civil Society agreed that there should be an environmental management system, and also a social system. They are in the process of developing a Sustainable Forest Management Standard that would be a voluntary measure. They generally support the need for greater regulation.

Table 1.5: Environmental Management Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
<p>1. Regulate to require operators on Public Land (other than Reserve Forest) to assess potential impacts, develop an environment management plan, and consult with community members prior to being permitted to establish new plantations.⁵ Regulations could include the requirement for an Annual Report or Assessment by RFD/local government officer.</p>	<p>Advantage: This system would be similar to environmental management requirements for Reserve Forests, and would therefore be a familiar system for Government officers and the public.</p>	<p>Private Sector: No comment.</p> <p>Government: Supports the introduction of environmental management requirements for operators on Public Land (other than Reserve Forest). Note that the various agencies responsible for administering different parcels of Public Land (other than Reserve Forest) should be responsible for administering the process.</p> <p>Civil Society: Believes in the need for greater regulation. Presently developing a set of Voluntary Sustainable Forest Management Criteria.</p>
<p>2. Regulate to require operators on Private Land to assess potential impacts, develop an environment management plan, and consult with community members prior to being permitted to establish new plantations on Sensitive Areas (in-</p>	<p>Advantage: This system would be similar to environmental management requirements for Reserve Forests, and would therefore be a familiar system for Government officers and the public.</p>	<p>Private Sector: No comment.</p> <p>Government: Do not support the introduction of environmental management requirements for private land operators</p> <p>Civil Society: Believes in the need for greater regulation. Presently developing a set of set of</p>

⁵ Could be subject to threshold requirements specifying that different sized projects be subject to different levels of planning/regulation (similar to the <100 and 101> system applying to Degraded areas of Reserve Forest land).



cluding watershed areas, slopes, and areas in proximity to Reserve Forests and Protected Forests). ⁶ Regulations could also include the requirement for an Annual Report or Assessment by RFD/local government official.		Voluntary Sustainable Forest Management Criteria.
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1.5.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

1. For Public Land (other than Reserve Forest) - Stakeholders are encouraged to consider what level of environmental management requirements could be appropriate for Public land (other than reserve Forest) and how these would be administered. Do all the various Government agencies with responsibility for Public Land (other than Reserve Forest) have the capacity to administer environmental management processes, or would it be better for this task to be allocated to a particular agency?
2. For private land, Stakeholders are encouraged to study the possible advantages of introducing environmental management requirements, including through reviewing measures introduced in other jurisdictions.

⁶ Could be subject to threshold requirements specifying that different sized projects be subject to different levels of planning/regulation (similar to the <100 and 101> system applying to Degraded areas of Reserve Forest land).



GROUP B: OTHER ISSUES RAISED BY STAKEHOLDERS

1.6 Topic 6: Land Access / Harvesting Rights for Planted Timber on Public Land (also including reference to Community Forests at the Request of Stakeholders) – AHWG (21 Sept. 2015) Reference: Subject 2 and Subject 4

1.6.1 Category of Topic

Improves equitable access to forest resources and acceptance of the VPA

1.6.2 Current Status

A range of rights exist in Thailand related to the access and/or use of land for livelihood and/or economic purposes. These include (1) the right to use Public Land (Reserve Forest), (2) the right to use Other Public Land (administered by a range of Government agencies), (3) the right to use Private Land, either through ownership or lease, and (4) the right to collect forest products (excluding harvesting timber) in community forest areas. In the future, a Community Forest Act may be introduced that also enables groups to gain timber-harvesting and management rights over areas of forest. A number of issues that have been raised by Stakeholders related to access and/or use of land for livelihood and/or economic purposes are outlined below:

Public Land (Reserve Forest).

Stakeholders have reported that the (long-term residence) evidence requirements for a RFD Certificate of Permission for Utilization of Reserve Forest or Use of Reserve Forest for Livelihood Purposes are too difficult for traditional communities to produce.

Operator's right to access Public land (other than Reserve Forest land and Protected Forest).

The process leading to granting of permission under relevant law is complex and reportedly lengthy

Protected Forest (groups resident on areas prior to declaration).

Community members with customary claims want recognition of rights by Government, but process is too long.

Renewal of Leases – Reserve Forest.

Stakeholders want revision of prohibition of renewal of Sor Tor Kor leases.

Community Forest.

The Community Forest Management Division is developing a plan to issue rights to communities living near Reserve Forest Land and other Public Land.

1.6.3 Options/Observations

Four options were identified for this Gap/Issues topic (see Table 1.6 below) plus some additional observations related to the Community Forest process. Specifically, the options comprise Option 1: Regulate simplified but sufficiently robust process that will enable traditional community members applying for an RFD Reserve Forest Certificate of Permission (who may not have access to documentary records) to meet evidence requirements more easily; Option 2: Regulate simplified but sufficiently robust process that will enable applicants applying for a land use right from another Govern-



ment department to meet evidence requirements more easily; Option 3: Speed up processing of application by groups with customary claims to Protected Forest areas dating to before the declaration of these areas; and Option 4 Consider reversing prohibition on renewals of Sor Tor Kor (Reserve Forest Land) or replacing this use right with another form of right.

The observations on the community forest process covered the following areas: Observation (i): Discussion could focus on the allocation of use rights over degraded or deforested land (e.g. rubber plantations) in Reserve Forest Areas; Observation (ii): The registration of community forests, if implemented, could assist the control of illegal harvesting (mostly of rubberwood) in Reserve Forest areas, and could prevent this from entering the EU supply; Observation (iii): The future registration of community forests could resolve issues of illegal harvesting, and negate the need for the current emphasis on strict controls; and Observation (iv): The inclusion of requirement for Environmental Management Plans to be prepared by groups applying for Community Forests could help to ensure sound management of Community Forests.

Private Sector

No comment on actual options for granting/renewing use rights to different categories of Public Land (as distinct from Community Forest process), but reference to the Community Forest topic as ‘very important.’

Government

No comment on actual options for granting/renewing use rights to different categories of Public Land (as distinct from Community Forest process). Support indicated for the advancement of the Community Forest legal drafting process, noting that it will be individual Community Forest management plans that determine if harvesting for sale will be permitted in Community Forests.

Civil Society

No comment on actual options for granting/renewing use rights to different categories of Public Land (as distinct from Community Forest process). Civil Society support the Community Forest process noting that community members want to be able to harvest timber for commercial sale.

Table 1.6: Land Access / Harvesting Rights for Planted Timber on Public Land Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Regulate simplified but sufficiently robust process that will enable traditional community members applying for an RFD Reserve Forest Certificate of Permission (who may not have access to documentary records) to meet evidence requirements more easily.	Advantage: Formalising use rights over these areas could reduce risk of illegal harvesting.	
2. Regulate simplified but sufficiently robust process that will enable applicants applying for a land use right from another Government department to meet evidence requirements more easily.	Advantage: Could facilitate access to land by landless groups for agricultural purposes.	



<p>3. Speed up processing of application by groups with customary claims to Protected Forest areas dating to before the declaration of these areas.</p>	<p>Advantage: Formalising use rights over these areas could reduce risk of illegal harvesting.</p>	
<p>4. Consider reversing prohibition on renewals of Sor Tor Kor (Reserve Forest Land) or replacing this use right with another form of right.</p>	<p>Advantage: Revision of prohibition of renewal of Sor Tor Kor leases could (re-) formalise land use and reduce risk of illegal timber harvesting.</p>	
<p>5. Community Forest Observations:</p> <p>(i). Discussion could focus on the allocation of use rights over degraded or deforested land (e.g. rubber plantations) in Reserve Forest Areas.</p> <p>(ii). The registration of community forests, if implemented, could assist the control of illegal harvesting (mostly of rubberwood) in Reserve Forest areas, and could prevent this from entering the EU supply.</p> <p>(iii). The future registration of community forests could resolve issues of illegal harvesting, and negate the need for the current emphasis on strict controls.</p> <p>(iv). The inclusion of requirement for Environmental Management Plans to be prepared by groups applying for Community Forests could help to ensure sound management of CFs .</p>	<p>Advantage: Finalising Community Forest (CF) legislation could provide motivation to CFs to plant trees and maintain forests, as well as contribute to economic development in regional areas.</p> <p>Advantage: Finalising Community Forest (CF) legislation could also reduce illegal harvesting.</p>	<p>Private Sector: Considers this area ‘very important’.</p> <p>Government: Support the advancement of the Community Forest (CF) legal drafting process, noting that it will be individual CF management plans that determine if harvesting for sale will be permitted in CFs.)</p> <p>Civil Society: Support CFs noting they want to be able to harvest timber for commercial sale.</p>

1.6.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

1. Recommend that Stakeholders seek to advance process for granting/renewing use rights to Public Land.
2. Recommend that Stakeholders continue to push forward bill on Community Forest.



1.7 Topic 7: Harvesting Restricted Species on Private Land – AHWG (21 Sept. 2015) Reference: Subject 1

1.7.1 Category of Topic

Beneficial to operators and/or regulators through reducing complexity

1.7.2 Current Status

Thai law requires that all operators require permits for the harvest of 17 species classified as ‘Restricted’ (outlined under Topic 4 above) under Section 7 of the Forest Act. The original purpose of this legislation was to protect species identified (at the time the legislation was introduced) as endemic, high value and endangered. Stakeholders have asserted that operators on private land should not be subject to the Restricted Species (17 species) provisions of the Forestry Act, and should be able to manage private land as they wish. Stakeholders assert that the Government should promote the planting of the species included on the Restricted list by revising Section 7 of the Forest Act to allow private land operators to harvest the species freely. Stakeholders have asserted that the existing permit requirements in fact act as a disincentive against planting these species.

1.7.3 Options/Observations

Four options were identified for this Gap/Issues topic (see Table 1.7 below), notably: Option 1: Revise Forest Act so that *no* species on Private Land are Restricted; Option 2: Revise regulations to remove the need for harvesting permits for restricted species on private land; Option 3: Introduce a traceability system (potentially including local authorities certifying that the operator has private title to land and has sourced the timber from this land); and Option 4: A self-certification system for Restricted Species backed by a verification system (refer to Options paper on Verification).

Private Sector

Supported Option 1 on the revision of the Forest Act so that no species on Private Land are restricted.

Government

Supported none of the identified options. Instead they suggested that all operators on Private land should register plantations and then (following the removal of the Plantation Act Annex as proposed under Topic 4) these operators would be able to harvest the restricted species.

Civil Society

Propose revising Section 7 of the Forest Act either to (1) cancel regulation of restricted species on private land, or (2) provide exemptions for both timber sourced from private land, *and timber planted on state land leased by private sector operators*.

Table 1.7: Harvesting Restricted Species on Private Land Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Revise Forest Act so that <i>no</i> species on Private Land are Restricted.	Advantage: Gives private land operators the right to manage their timber and therefore confirms the principle of private property.	Private Sector: Support this option



	<p>Advantage: Removes the gatekeeping role of Competence Officers and therefore reduces the potential for non-transparent behaviour.</p>	<p>Civil Society: Support this option, and also propose revising Section 7 of the Forest Act either to (1) cancel regulation of restricted species on private land, or (2) provide exemptions for both timber sourced from private land, and timber planted on state land leased by private sector operators.</p>
2. Revise regulations to remove the need for harvesting permits for restricted species on private land.	<p>Advantage: Similar to Option 1 above</p>	
3. Introduce a traceability system (potentially including local authorities certifying that the operator has private title to land and has sourced the timber from this land).	<p>Advantage: Could draw on local authorities and also contribute towards the basis of a verification system.</p> <p>Disadvantage: Probably an overly complex solution to the problem.</p>	
4. A self-certification system for Restricted Species backed by a verification system (refer to Options paper on Verification).	<p>Disadvantage: Probably an overly complex solution to the problem.</p>	

1.7.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

Stakeholders are encouraged to consider revising Section 7 of the Forest Act as per Option 1, in combination with the introduction of a national verification system (see Gaps/Issues paper Topic 2 on Verification).



1.8 Topic 8: Plantation Act Annex – AHWG (21 Sept. 2015) Reference: Subject 1

1.8.1 Category of Topic

Beneficial to operators and/or regulators through reducing complexity

1.8.2 Current Status

The Plantation Act was designed to reduce the administrative and tax burden on Licensed Entrepreneurs operating registered plantations, and allows operators to benefit from tax exemptions and simplified administrative processes in relation to the production and harvest of 58 species listed in the Plantation Act Annex. However, Stakeholders are frustrated that the Annex excludes a number of key plantation species and prevents operators responding to changes in consumer demand. Stakeholders have therefore requested the introduction of a more flexible system.

1.8.3 Options/Observations

Two options were identified for this Gap/Issues topic (see Table 1.8 below), notably: Option 1: Revise Plantation Act Annex to enable registration of additional species (especially export/high value species and species used for producing charcoal); and Option 2: Remove Plantation Act Annex so that the Plantation Act applies to *all* species.

Option 2 (removal of the Plantation Act Annex so that the Plantation Act applies to *all* species) was supported by all Stakeholder groups.

Table 1.8: Plantation Act Annex Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Revise Plantation Act Annex to enable registration of additional species (especially export/high value species and species used for producing charcoal).	<p>Advantage: Would benefit operators (with Plantation Certificates) producing the additional species, through improving their ability to demonstrate to Government Officers that timber in their possession is legal, thereby contributing to VPA objectives.</p> <p>Disadvantage: Further revisions may be necessary in future to add further species.</p>	
2. Remove Plantation Act Annex so that the Plantation Act applies to <i>all</i> species.	<p>Advantage: Could improve the ability of all operators holding a Plantation Certificate to demonstrate to Government Officers that timber in their possession is legal, thereby contributing to VPA objectives.</p>	<p>Private Sector: Support the removal of the Plantation Act Annex.</p> <p>Government: Support the removal of the Plantation Act Annex.</p> <p>Civil Society: Support the removal of the Plantation Act Annex.</p>



1.8.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

The consultants note support for the removal of the Plantation Act Annex by all Stakeholder groups.



1.9 Topic 9: Simplification of Processing Permits – This issue raised at most Stakeholder sessions⁷

1.9.1 Category of Topic

Beneficial to operators and/or regulators through reducing complexity

1.9.2 Current Status

Currently there are a number of different Royal Forest Department (RFD) permits for the transformation of timber, manufacturing of timber products, and operation of a timber trading place. Any one operator may require a range of different permits, resulting in unnecessary administrative complexity. Stakeholders have referred to the need for this permit system to be simplified, possibly through the introduction of single permits that indicate the range of activities an operator can undertake.

1.9.3 Options/Observations

Only one option was identified for this topic, notably the introduction of a simplified one-permit system for processing which specifies purpose(s) of activity.

Private Sector

Agreed that the process for applying for some permits are complex but they did not agree to the single permit system.

Government

Agrees with the need for the simplification of the permit system, as each permit has its own complexities.

Civil Society

No comment.

Table 1.9: Simplification of Processing Permits Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
Introduce simplified one-permit system for processing which specifies purpose(s) of activity.	Simplification of processing permit system could reduce administrative burdens on both operators and Government agencies and increase the ease of demonstrating legality.	<p>Private Sector: Agreed that the process for applying some permits are complex but the private sector representative did not agree to the single permit system.</p> <p>Government: Agrees with the need for the simplification of the permit system, as each permit has its own complexities.</p>

1.9.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

⁷ According to TEFSO.



Stakeholders are encouraged to work together to identify which elements of existing permits and processes can be simplified.



1.10 Topic 10: Export of Unprocessed Timber – AHWG (21 Sept. 2015) Reference: Subject 6

1.10.1 Category of Topic

Improves opportunities and/or profitability for the private sector hence acceptance of the VPA

1.10.2 Current Status

Stakeholders want to be able to export all economic/high value timber species (especially teak) in round log and sawn timber form. This right is currently reserved for the Forest Industry Organisation (FIO), a state-owned enterprise, but Stakeholders believe that private sector operators should also be able to export all economic/high value timber species in round log and sawn timber form. Currently private sector operators (with export permits) can export only rubberwood, pine, and plantation timber (excluding teak).

1.10.3 Options/Observations

One observation was made in relation to this issue, notably that the domestic teak industry would be likely to benefit from revision of laws limiting the right to export teak in round log and sawn timber form, to FIO.

Private Sector

Should allow export, in round log and sawn timber form, of legally sourced timber of all species.

Government

Want this law relaxed, because some species cannot be sold domestically because there is no demand.

Civil Society

No comment.

Table 1.10: Export of Unprocessed Timber Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
Domestic teak industry likely to benefit from revision of laws limiting the right to export teak, in round log and sawn timber form, to FIO.	As per Options/Observations.	<p>Private Sector - Should allow export, in round log and sawn timber form, of legally sourced timber of all species.</p> <p>Government - Want this law relaxed, because some species cannot be sold domestically because there is no demand. (View on FIO teak monopoly needs to be clarified further).</p> <p>Civil Society - No comment.</p>



1.10.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

Suggest beginning to advance this issue by collecting more information from Government concerning the basis of the prohibition (with the exception of FIO) on the export of teak and other species in round log and sawn timber form.



1.11 Topic 11: Tariff on Round Log and Sawn Timber – AHWG (21 Sept. 2015) Reference: Subject 6

1.11.1 Category of Topic

Improves opportunities and/or profitability for the private sector hence acceptance of the VPA

1.11.2 Current Status

Under the Customs Tariff Decree 1977, a 40% tariff currently applies to round logs and sawn timber. Stakeholders have proposed the reduction of the tariff from 40% to 0% to compete with other countries.

1.11.3 Options/Observations

The private sector believes that this tariff should be reduced in order to improve trade competitiveness. It is recommended that (1) Research into the reasons for maintaining the customs tariff at 40%, and that (2) Depending on the reasons for maintaining the tariff at 40%, there may be merit in a comparative study drawing on a range of countries with comparable timber sectors to identify advantages & disadvantages of maintaining/decreasing the tariff.

Perspectives from other stakeholders are not yet known.

Table 1.11: Tariff on Round Logs and Sawn Timber Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
1. Reduce tariff as proposed by private sector.	<p>Advantage: Would make Thai exports more internationally competitive.</p> <p>Disadvantage: Could potentially reduce revenues to Government.</p>	Private Sector: Agree with this option.
2. Recommend research into the reason for maintaining the customs tariff at this rate.	Advantages: Provides more detail on the basis of the existing tariff and what it is intended to achieve.	
3. Depending on the reasons for maintaining the customs tariff at 40%, there may be merit in a comparative study drawing on a range of countries with comparable timber sectors to identify advantages & disadvantages of maintain/decreasing tariff.	Advantages: Should provide current information on tariff levels in other equivalent contexts, and therefore provide an informed basis for decision-making.	

1.11.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

Stakeholders are encouraged to research the reasons why the tariff is at its current level, and make an informed assessment of the possible advantages of reducing the tariff.



1.12 Topic 12: Plantation Act (processing timber sourced from another plantation without a permit) – Raised by Stakeholders at 2015 Chiang Mai session and at 18 December 2015 AHWG session

1.12.1 Category of Topic

Beneficial to operators and/or regulators through reducing complexity

1.12.2 Current Status

Currently, under Section 10 and Section 10/1 of the Plantation Act, a Licensed Entrepreneur (plantation operator) may process timber on a plantation area if the timber being processed is sourced from that same plantation area. The permit required in this instance is a permit for transformation/manufacturing/trading place issued by the Registrar of Plantations, and the process for acquiring this permit is reportedly simple. On the other hand, Licensed Entrepreneurs wishing to transform timber on their plantation area that is sourced from another registered plantation (either another registered plantation owned by the same operator or a registered plantation owned by a different operator) need a Royal Forest Department (RFD) Transformation of Plantation Timber permit. The process for acquiring an RFD Transformation of Plantation Timber permit is reportedly more complex. Stakeholders have proposed that permits issued under Section 10 and Section 10/1 of the Plantation Act should also cover the transformation of timber sourced from other registered plantations.

1.12.3 Options/Observations

One broad option was identified for this Gap/Issues topic, based on a preference communicated by Stakeholders during sessions held in 2015 (see Topic 12 title above) that the Plantation Act be revised to permit Licensed Entrepreneurs to process timber sourced from other registered plantations, without the requirement for an additional RFD Transformation of Plantation Timber permit. More recently, however (at the 28 January 2016 AHWG meeting) small-scale operators (through Civil Society representatives) indicated a preference for a regulatory arrangement that allows for a group or association of small Licensed Entrepreneurs to operate a central processing facility or factory, at which individual Licensed Entrepreneurs (i.e. members of the group) can process timber which they source from their own individual plantations.

Private Sector

(Large) private sector operators not concerned about this topic. The matter was raised by small operators (see Civil Society below).

Government

Do not agree with this option, because it would mean that the Government could not monitor the source of timber. If an operator wants to process timber, the operator must obtain a permit from the Department of Industry and Works.

Civil Society

Civil Society want an improved regulatory arrangement that allows for a group or association of small Licensed Entrepreneurs to operate a central processing facility or factory, at which indi-



vidual Licenced Entrepreneurs (i.e. members of the group) can process timber which they source from their own individual plantations.

Table 1.12 Plantation Act (processing timber sourced from another plantation without a permit) Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
<p>Revision of the Plantation Act to allow for greater flexibility (enabling Licensed Entrepreneurs to source timber from other plantations), as other documentation already provides traceability. Also, the Plantation Act is designed to benefit the operator and should therefore provide the operator with flexibility.</p>	<p>Advantage - Would reduce the administrative burden on operators, and therefore improve efficiency.</p>	<p>Private Sector - (Large) private sector operators not concerned about this topic. The matter was raised by small operators (see Civil Society below).</p> <p>Government - Do not agree with this option, because it would mean that the Government could not monitor the source of timber. If an operator wants to process timber, the operator must obtain a permit from the Department of Industry and Works.</p> <p>Civil Society - Civil Society want an improved regulatory arrangement that allows for a group or association of small Licensed Entrepreneurs to operate a central processing facility or factory, at which individual Licensed Entrepreneurs (i.e. members of the group) can process timber which they source from their own individual plantations.</p>

1.12.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

All Stakeholders are encouraged to consider the benefits of a simplified system for regulating the processing of timber sourced from plantations.



1.13 Topic 13: Chainsaw Regulation – Raised by Stakeholders at 2015 Chiang Mai session and at 18 December 2015 AHWG session

1.13.1 Category of Topic

Beneficial to operators and/or regulators through reducing complexity

1.13.2 Current Status

At present, under the Chainsaw Act 2002, apply to the Chainsaw Registrar and be issued with a Letter of Permission prior to purchasing the chainsaw. After purchasing the chainsaw, the operator must take the chainsaw to the Chainsaw Registrar, who will (1) inscribe a serial number on the chainsaw, and (2) issue a permit to the operator which specifies the geographical area in which the chainsaw may be used. Competence Officers verify the licenses of chainsaw operators whenever they become aware of the use of chainsaws (including through hearing) within their jurisdiction, or the transport of chainsaws through their jurisdictions.

The following proposals have been made by Stakeholders concerning the chainsaw regulation process:

- (1) Stakeholders propose the relaxation of the geographic limits imposed on chainsaw licenses to allow greater flexibility to operators.
- (2) Stakeholders propose that the regulation of chainsaws be limited to those with 15 inches or over.

1.13.3 Options/Observations

One recommendation was made in relation to this topic, specifically the recommendation for a study into the benefits and risks of relaxing the geographic limits on chainsaws, and the bar length.

No Stakeholder feedback was returned concerning this recommendation on the 28 Jan. 2016 AHWG meeting.

Table 1.13: Chainsaw Regulation Options/Observations Summary Table

Options/Observations	Identified Advantages/Disadvantages	Perspectives (e.g. Govt., Civil Society, Private Sector, EU)
Recommend a study into the benefits and risks of relaxing the geographic limits on chainsaws, and the bar length.	Advantage: Would provide the basis for informed policy development.	No information available

1.13.4 Process Recommendations and/or Next Steps (Medium Term, 1-2 Years)

As above.