Japan’s Clean Wood Act

and

Tokyo Olympic Sustainable Sourcing Code for Timber

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Important for Sarawak to understand the Japanese market

- Plywood is the main wood product exported by Sarawak
- Japan is still Sarawak's largest importer of the plywood
Main suppliers of plywood to Japanese market

Plywood supply in Japanese market in 2016 (Forestry Agency 2017)

- Others (Vietnam etc.) 6%
- China 14%
- Indonesia 15% (92% is from Sarawak)
- Malaysia 17%

Domestic production:
- Domestic production (domestic log) 38%
- Domestic production (imported log) 10%

Imported volume of plywood by type from Malaysia and Indonesia in 2014 (Lumber Importer’s association 2014)

- Malaysia
  - Thin (<2.4 mm)
  - Floor base
  - Normal
  - Concrete forming
  - Structure
  - Other

- Indonesia
Two recent changes of policy and initiative in Japan

“Clean Wood Act”

Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products

Issued in 2016
in effect since 2017
2006 Revision of Green Procurement Policy
(Only for public procurement)
→**Goho-wood** (=legal wood) Guideline by Forestry Agency

- 2008 Amended Lacey Act (USA)
- 2013 EU Timber Regulation
  Prohibit to import illegally-harvested timber

2016 **Clean Wood Act** (enforced in 2017)
(Both public and private procurements)
Goho-wood system (2006-)

- A company can be certified as a **Goho-wood supplier** by their industry association
- Each certified suppliers can verify some or all of their wood & wood products as legally harvested
- The verification is based on verification by their direct suppliers (Chain of custody)

![Diagram of supply chain and certification process]

- **Domestic harvesting companies**
- **Importers**
- **Domestic traders**
- **Processors**
- **Oversea suppliers**
- **Housing & construction companies**
- **Consumers**
- **Industry associations** (n=142)

- Supply chain of wood & wood products
- Legal documents in producing countries (harvesting permit etc.)
- Self-verification
Goho-wood system (2006-)

- A certified company can get both verified / non-verified timber.
- However, they should implement segregated management of both products.
Clean Wood Act (2016-)

- Wood-related business are classified into **Type I** and **Type II**
- **Every buyer should check/confirm** their wood & wood products were legally harvested
- Requirements are different between the Type I and Type II business entities

- **Domestic forest owners & harvesting companies**
- **Overseas suppliers**
- **Importers**
- **Domestic traders**
- **Processors**
- **Housing & construction companies**
- **Consumers**

Supply chain of timber & timber products:
- → : Type I business
- ← : Type II business

→ → : Check the legality by collecting documents and other information

----- : Check documents from the suppliers
(1) Type I business entities should collect documents stating,
- Type of wood & wood products
- Names of tree species
- Names of countries or regions where the tree harvested
- Volume
- Names of tree owners or exporters
- Documents proving the trees were harvested in compliance with the laws & regulations of Japan and/or the countries of origin

E.g. shipping/custom document

(2) If (1) is impossible, they should
(i) Collect information pertaining the trees were legally harvested (e.g. supply chain) or
(ii) Not handling the wood & wood products

Check the documents / information referring to information provided by Japanese government etc.
• Both Type I and Type II business entities shall provide documents stating the check of legality was conducted.

• Type II business entities are to **check the contents of the document from their direct suppliers** (not requested to collect information about tree species, countries harvested etc.)
Information provided by Japanese Government

Japanese gov. has investigated **timber production & trading and the legality systems** of major timber supply countries to Japan and provide the information in the “**Clean Wood Navi**”

E.g. Sarawak


Example of legality verification (STLVS)
Registration system of Clean Wood Act

- A wood-related companies *can be registered* by a third-party organizations authorized by Forestry Agency Japan (≠industry association)

- The Type I / Type II registered companies should *report all the information requested to collect* to the registration organizations every year (started in 2019)

![Diagram of the registration system of Clean Wood Act](image-url)
Registration system of Clean Wood Act

- While it is not obligated to be registered, 351 companies are already registered so far (Nov 2017 – July 2019)
  - Type I: 155 companies (67 importers)
  - Type II: 329 companies
    (Both Type I & Type II: 133)

- Major importers from Sarawak are already registered and started to report in 2019 (Sumitomo Forestry, Itochu, Sojitsu, SMB, Japan Kenzai, Marubeni)
Revision of Clean Wood Act

- Government shall review the status of enforcement of this Act around 2022 and **take necessary measures** based on the review results.

- Some NGOs, industry associations started to insist how to revise the Act
Tokyo Olympic 2020 Sustainable Sourcing Code for Timber
The Sustainable Sourcing Code was formulated to ensure the sustainability as well as economic rationality of all products, services, etc. procured by the Organizing Committee of the Olympic.

- **Timber** (2016) ———
- Agricultural Products
- Livestock Products
- Fishery Products
- Paper
- Palm Oil

① Timber that is harvested through an appropriate procedure with reference to relevant laws, ordinances, etc. of timber-producing countries or territories
② Timber that is derived from forests managed based on mid- to long-term plans or policies
③ Timber that is harvested through logging activity that is considerate toward conservation of the ecosystem
④ Timber that is harvested through logging activity that is considerate toward the rights of indigenous people and other local residents
⑤ Timber that is harvested by workers protected through appropriate safety measures

- FSC and PEFC certified products are recognized as ① ~⑤ are archived
However, in 2017, some environmental NGOs criticized usage of tropical plywood from Sarawak to construct the new national stadium and other buildings for the 2020 Tokyo Olympic.
Following requests from NGOs, the Organising Committee hold a Working Group of the Sustainable Sourcing Code to re-consider the Sourcing Code for Timber in 2018

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<th>#</th>
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| #1  | 3 JUL 2018| Start of discussion
Hearing from NGOs                                                   |
| #2  | 30 JUL 2018| Hearing from experts: IGES, JAFTA (Japan Forest Technology
Association), JLIRA (Japan Lumber Inspection & Research Association), FSC, and PEFC |
| #3  | 24 AUG 2018| Hearing from business sectors: 2 plywood importers, Association of Plywood Industries etc. |
| #4  | 25 Sep 2018| Discussion among the WG members                                      |
| #5  | 26 Nov 2018| Conclusion                                                           |
Sources of concrete forming plywood for Tokyo Olympic 2020
(311,000 sheets for 9 buildings in total by May 2019)

Japan (SFM certified)
61,600
35,500
86,400

Malaysia (SFM certified)
127,500

Indonesia (legality verified)
1 supplier (SVLK verified)

Recycled

Source:
• PHPL (Pengelolaan Hutan Produksi Lestari) certified logging concessions
• Land conversion to develop oil palm plantations

Source:
• 2 suppliers (PEFC certified)
  • PEFC certified/non-certified logging concessions
  • Industrial tree plantation
The Organizing Committee sent missions to plywood suppliers in Sarawak and Indonesia

The Organizing Committee declared to revise the Sourcing Code for Timber in Jan 2019.

It became the first time Japanese public sector made a rule to exclude conversion timber

Timber ... has not been derive from forest that have been converted to non-forest area such as farmland.

Suppliers are recommended to collect the information such as concerns related to the place of origin and production business operator ...., in order to reduce the risk of procuring from a business operator that produces timber which does not meet the conditions of Section 2.
Mainichi Shinbun 20 March 2019

A trading company established a new action plan to exclude conversion timber from their supply chain by 2021.
Suggestions to future

- **Clean Wood Act**
  - Advantage to Sarawak (i.e. STLVS)
  - Legal evidence in harvested countries are requested when the law material are imported from overseas
  - Supply chain information inside Sarawak can be requested in future
  - Sustainable source (=certified FMU) can be more recommended in future

- **Revise of Tokyo Olympic 2020 Sustainable Sourcing Code for Timber**
  - Demand from certified plywood can increase to avoid timber from land conversion