

Asia Pacific Forestry Week East Asia Forest Law Enforcement and Governance meeting

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International timber trade statistical discrepancy: Role of Customs

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TRAFFIC



REGIONAL CUSTOMS AND TRADE COOPERATION

- **Workshop** on Promoting Cooperation among Customs and Forestry Authorities and Other Relevant Agencies in East Asia to Reduce Trade of Illegal Wood Products
- 28-30 November 2005, Cebu City, Philippines
Organized by the Philippines and TRAFFIC and sponsored by World Bank, World Bank Institute, GTZ and Department for International Development (U.K.)

Workshop participants

About 90 participants from 15 countries:

- Customs
- Forestry departments
- Related agencies: such as CITES Management Authority, Environment, Timber trade regulatory agencies
- International organisations
- Civil society

Issues discussed

1. Prior Notification
2. Action Plan
3. Asia-Pacific Regional Intelligence Liaison Office
4. Further required studies/action:
 - a) Potential provisions in national regulatory frameworks
 - b) Customs Export Document
 - c) Possible establishment of a dedicated regional structure for cooperation

Proposal: Create and implement a regional co-operation framework to address issues of illegal timber trade

Objective:

Develop a Regional Cooperation Framework in Asia for cooperation between border control agencies in controlling trade in illegal timber

Who:

Consumer countries: USA, UK, NL, FR, DE, IT, KR, JP

Processing/transit: CN, HK, TW, SG

Producer: MY, ID

Asia Customs cooperation framework

Countries: main timber importing and producing Asian countries, EU, USA

A. International Trade

- Information-sharing systems for export, re-export, imports, transshipment, and Free Trade Zones
- Standardisation of export documentation

B. Excluding Illegal timber

- Reviewing and exploring Customs action against imports of illegal wood: historical record, potential for action and options for capacity-building
- Working with RILO on regional enforcement coordination
- Options for regulatory mechanisms to use against imports of illegal timber

C. Regional structure

- Development of dedicated regional structure in Asia for cooperation between Customs agencies to combat trade in illegal wood/wood products including options for a regional licensing scheme

A comparison of the export volumes for HS4403 logs as reported by Indonesia and its importing partner Japan

Year	HS4403		m3		Difference	% Variance
	Country					
	Export	Import				
	Indonesia	Japan				
2000	30,774	46,330	-15,556	-51		
2001	219,252	167,615	51,637	24		
2002	1,506	8,067	-6,561	-436		
2003	440	110	330	75		
2004	67	27	40	60		
2005	17	57	-40	-237		
2006	25	82	-57	-229		

Source: Central Bureau of Statistics BPS, Indonesia, and Statistics Department, Japan

A comparison of the export volumes for HS4407 sawn timber as reported by Indonesia and its importing partner USA (m3)

Year	Country		Difference	% Variance
	Export	Import		
	Indonesia	USA		
2000	15346	30624	-15278	-100
2001	11577	25537	-13960	-121
2002	6427	23263	-16836	-262
2003	3069	18120	-15051	-490
2004	672	22296	-21624	-3220
2005	0	24168	-24168	#DIV/0!
2006	146	21289	-21143	-14503

HS4403: Logs

Country of export	No of years with discrepancy <10%
Malaysia	9/39
Japan	6/43
USA	8/83
Germany	5/54
Taiwan	6/67
Italy	3/48
Netherlands	2/49
France	2/51
UK	1/45
Indonesia	1/80

HS4407: Sawn timber

Country of export	No of years, discrepancy <10%
USA	24/83
Malaysia	7/39
Germany	8/55
Italy	5/54
France	4/54
Japan	4/59
Taiwan	5/83
China	5/83
Korea	3/60
Singapore	1/39
UK	1/51
Netherlands	1/53
Hong Kong	1/71

HS4408: Veneer

Country of export	No of years, discrepancy <10%
Germany	9/55
Malaysia	5/35
China	10/83
Italy	5/55
France	5/55
Taiwan	6/76
Japan	5/66
USA	5/76
Indonesia	3/76
Korea	2/52
UK	2/54
Netherlands	1/42

HS4412: Plywood

Country of export	No of years, discrepancy <10%
Malaysia	11/39
China	12/76
Indonesia	7/76
Singapore	3/33
USA	3/83
Netherlands	1/46
Germany	1/55
Korea	1/59
Taiwan	1/67

A comparison of the export volumes for HS4403 lumber between INDONESIA and trading partners with huge discrepancies (m3)

Year	Country		Difference	% Variance
	Export	Import		
2003	534	116087 (CN)	-115553	-21639
2004	99	92518 (CN)	-92419	-93353
2005	0	49897 (CN)	-49897	#DIV/0!
2006	25	35806 (CN)	-35781	-143124
2003	53	1849 (KR)	-1796	-3389
2005	207	4369 (MY)	-4162	-2011
2004	1	28571 (SG)	-28570	-2857000
2005	25	35836 (SG)	-35811	-143244
2006	42	13647 (SG)	-13605	-32393
2003	13	51960 (USA)	-51947	-399592

HS Code ID	2004		JP	m3
	m3			
440710110	447	440710110	2659	
440710120	84	440710121	115	
440710199	1			
		440710329	5766	
		440710341	4	
		440710361	11	
		440710391	16	
440710911	10			
440710919	444			
440710949	133			
440710999	117			

Factors influencing discrepancy from Indonesian side:

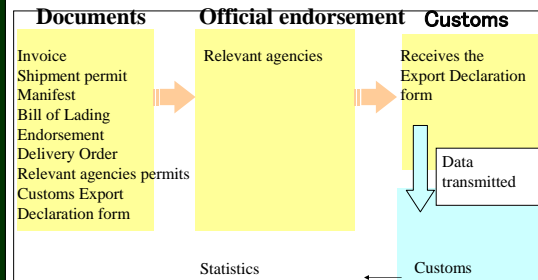
1. Change in fiscal year
2. Production valuation
3. Time lag between export and import
4. Data entry errors
5. Units and conversion factors
6. Log scaling methods
7. Mixed products in shipment
8. HS code classification
9. Under invoicing
10. Mis-speciation and grading
11. Smuggling

Indonesia
Customs
Japan
Customs

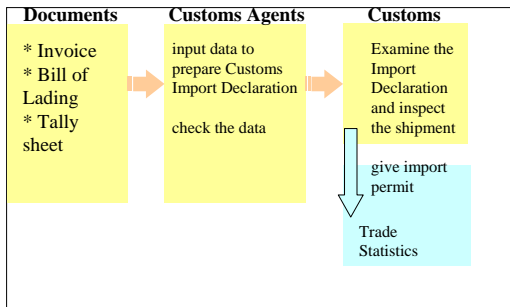
Factors influencing discrepancy from Japanese side:

1. Time lag between export and import
2. Production valuation
3. Units and conversion factors
4. Log scaling methods
5. Mixed products in shipment
6. HS code classification

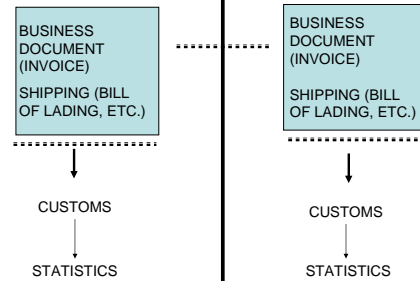
Export procedures and how statistics are derived



Import procedures and how statistics are derived



EXPORT IMPORT



Preliminary recommendations

- Customs export declaration form, a legal document as an additional document to submit to Customs at import.
- Reciprocal policy decision between exporting and importing countries.
- Harmonisation of HS codes to 8 digits
- Measurement Units should be standardised for each product under the HS code and adopted by all countries.
- Prompt and early access to data for comparison analysis

Thank you

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