



Ghana's Entry into a Voluntary Partnership Agreement with the EU

Treaties, conventions and protocols governing international trade in specified commodities are becoming common. This is fuelled by the need for more responsible purchasing and consumption habits. The Kimberly Process for certification of raw diamonds; the Nuclear Test Ban Treaty (NTBT) and the Montreal Protocol of the Vienna Convention on substances that deplete the ozone layer are some examples. Trade in timber is also attracting international attention for similar protocols to ensure that illegalities are removed. Ghana is accordingly entering into negotiations with the EU on a timber trade agreement. This paper is the first of briefing papers that will inform stakeholders on how Ghana progresses on the initiative.

Introduction: In December, 2006 Ghana formalised the negotiation process with the European Union (EU) to enter into a Voluntary Partnership Agreement (VPA). This agreement is to govern trade in timber between the two parties. The process of formalisation was done through the issuance of an EU/Ghana joint statement.

The formalisation of negotiations comes after a year-long discussion among stakeholders in-country and informal talks between Ghana and the EU. A delegation of the Parliamentary Select Committee on Lands & Forestry had during the period, visited Westminster in the UK and the EC offices in Brussels to discuss the initiative with colleague Parliamentarians and Officials. This had been followed by a Ministerial visit to further accentuate the country's intentions on the agreement. A multi-sectoral/stakeholder committee comprising Ministries, NGOs and timber trade associations has also been working in-country to offer leadership and ensure consensus on issues for negotiation.

The VPA: Illegal logging has enjoyed policy debate at the highest level over the last three years. The attention being given to the issue stems from the recognition that illegal logging is one singular phenomenon that robs producer countries of vast amount of development capital, fuel conflicts, distorts international market prices for timber and creates ecological problems that transcend individual country borders. A number of regional initiatives have therefore emerged to combat the issue. Among these are the EU FLEGT, the US President's Special Initiative on Illegal Logging, the East Asian FLEG and the AFLEG of Africa. Ghana has made commitment under the Africa Forest Law Enforcement and Governance (AFLEG) to move towards a good governance regime in the forest sector. Since the EU accounts for over 50% of Ghana's timber exports by volume and value the country's focus is on the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) initiative.



Under the EU FLEGT action plan, Voluntary Partnership Agreements (VPA) are to be entered into with producer countries. This is the means through which access into the EU will be restricted to legally verified timber. Producer countries who sign on to this agreement will commit to export only legal timber to the EU. These producer/partner countries will receive assistance to develop their capacity to operate legality assurance schemes.

The Negotiating Elements: There are broad and cross-cutting elements that will constitute the agreement. Each country will however have to negotiate on the details of these elements in the agreement and also highlight themes specific to their conditions. The broad cross-cutting themes are:

- i. Definition of Legal timber
- ii. System of verification of legality
- iii. Chain of Custody system
- iv. Licensing system
- v. Independent monitoring of system

Ghana is tabling the issue of legal compliance of the domestic market and its ramifications as an issue for consideration. This is to address the challenge of deforestation, revenue leakage and the price distortion the local market timber fosters. The broader issue of the initiative's potential impact on the country and how the negative effects will be mitigated will also constitute an element for negotiation. A number of what can be considered as country deliverables for the negotiations is still

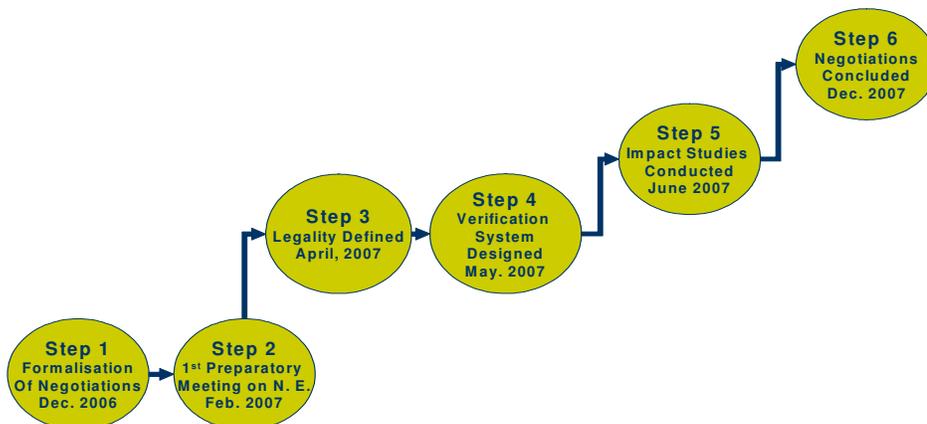
under development through studies and process reviews. The negotiation will therefore be staggered along a road map. The different negotiating elements (NE) will be successively chalked as milestones. The set dates for the milestones will be mutually agreed. A tentative roadmap is shown below. Discussion papers have been prepared to inform discussions on the negotiating elements.

Expected Benefits & Impacts: A number of initiatives aimed at reforming the forest sector have been implemented over the last decade. Notable among these initiatives, and in tandem with the EU FLEGT and the AFLEG declaration, is the Validation of Legal Timber Programme. This programme seeks to address the weaknesses in the forest sector regulatory environment, bring timber harvesting in line with legal and administrative limits and secure

revenues flows from the resource. The composite effect of these expected outputs is sustainable forest management, optimising of the forest sectors contribution to national treasury and security of revenue for forest management and regulation. The VPA is expected to re-enforce the VLTP.

Another consideration of the country's interest in the VPA is the continued access to the EU timber market. Exporters are finding it increasingly difficult to land uncertified and unlicensed wood and wood products in the EU. This is largely attributed to changing consumer preferences – discerning purchasing habits – and procurement policies being deployed across the EU member states. Participation in the initiative positions the country to measure up to this changing international market for timber.

The Road Map



Country Participation: The Ministry of Lands, Forestry and Mines is the Country's lead technical Ministry in the initiative, given that forestry trade and governance issues are under discussion. The VPA however requires a mutli-sectoral approach/involvement for both preparation and implementation. Under the agreement, there will be the customs to customs (Ghana/EU) interaction. Bilateral financial matters will need to be discussed. Trade issues will also feature. The negotiations are to be conducted at a governmental level. The Ministries with oversight responsibilities stretching into the affected areas will therefore feature in the country preparation, negotiation and implementation. The Ministry of Finance & Economic Planning (MoFEP) and Ministry of Trade

and PSI are therefore relevant players in the initiative. Customs Excise and Preventive Service is also recognised as one institution that will be engaged in the process of preparation and implementation.

The Negotiations: The negotiations towards signing a VPA with the EU begin with a visit from a team from Brussels in February, 2007. During this visit, the place of the various 'actors' in the negotiation will be established. The scope and key elements of the agreement will be developed and agreed. The subsequent dates for events on the roadmap will also be reviewed and made firm. Overall, Ghana and the EU expect negotiations to be concluded before year ending 2007.

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