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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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Subject:	Proposal for a COUNCIL DECISION on the termination of the Voluntary Partnership Agreement between the European Union and the Republic of Cameroon on forest law enforcement governance and trade in timber and derived products to the Union

Delegations will find attached document COM(2024) 446 final.

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Brussels, 2.10.2024 COM(2024) 446 final

2024/0245 (NLE)

Proposal for a

COUNCIL DECISION

on the termination of the Voluntary Partnership Agreement between the European Union and the Republic of Cameroon on forest law enforcement governance and trade in timber and derived products to the Union

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Reasons for and objectives of the proposal

The EU action plan on forest law enforcement, governance and trade (FLEGT)¹ was adopted in 2003. It aims to support global efforts in tackling the problem of illegal logging and its associated trade. A key aspect of the FLEGT action plan was the conclusion of voluntary partnership agreements (VPAs) between the European Union (EU) and timber-producing countries in order to establish a legal framework ensuring that all timber exported to the EU was legally produced or acquired. At the heart of the VPA lies the FLEGT licensing scheme, which includes a system to verify, assure and certify the legality of the timber.

The VPA between the EU and the Republic of Cameroon entered into force on 1 December 2011. The Parties committed to take all necessary measures to implement the FLEGT licensing scheme, agreeing to an implementation schedule that forms an integral part of the VPA (Annex IX). In line with this schedule, the licensing scheme was expected to have been in place within 5 years of the reform of the legal framework, the improvement of national control systems and the establishment of the legality verification and traceability systems, which were all expected to have been completed within 3-4 years. The Republic of Cameroon set out such an ambitious timeframe to signal their political resolve, consolidate the momentum across all relevant actors and mobilise the necessary resources to implement the VPA.

It has been 13 years since the entry into force of the VPA; however, the FLEGT licencing scheme has yet to start², which means that the VPA is not operational. Cameroon's political resolve has waned, affecting the implementation of the VPA and the Republic of Cameroon's commitment to fulfilling its objectives, notably the issuance of FLEGT licences. The reform of the legal framework has not been completed, and logging is still conducted partly on the basis of small logging titles (*ventes de coupe*) that do not require management plans. The national control systems are not operational³, so enforcement and governance remain weak, making it possible for illegal and unsustainable logging operations to continue. The development of the legality verification module in the traceability system is still pending, and the little progress made so far has not been independently audited to help build certainty about its credibility.

Forest exploitation and logging remain an important economic sector for the Republic of Cameroon, and it is not easy to ensure that practices are legal and sustainable. There have been numerous investigations⁴, reporting on the dire state the forest sector is in, implicating private companies, both foreign and national, and public stakeholders, in the multi-million-

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COM(2003) 251.

² 2024 Joint Review of the VPA.

³ 2024 Joint Review of the VPA.

⁴ <u>CIFOR ICRAF VPA synthesis report</u> and <u>Tainted Timber</u>, <u>Tarnished Temples – EIA Global (eia-global.org)</u>

dollar illegal timber trade. In the meantime, 900 000 hectares of forest cover were lost between 2011 and 2022, representing 5% of the country's forest cover over this period.

The Republic of Cameroon has not been able to fully meet its VPA obligations over the last 10 years and the governance of the forest sector has worsened despite the existence of the VPA.

The Republic of Cameroon's timber exports have also shifted to Asian markets, diluting the economic incentive of the VPA, and consequently the relevance of FLEGT licence.

In the meantime, 20 years after the adoption of the FLEGT action plan the EU has stepped up its action to protect and restore the worlds' forests⁵, adopting the EU Deforestation Regulation⁶ to minimise the EU's contribution to illegal logging, deforestation, and forest degradation, as well as greenhouse gas emissions and biodiversity loss. In this new EU policy context, the complementary role of the VPAs in relation to illegal logging is acknowledged and timber covered by a FLEGT licence is deemed to comply with the legality requirements in Recital 81 and Article 10(3) of Regulation (EU) 2023/1115. At the same time, building on the fitness check of the EU FLEGT Regulation⁷ as informed by the implementation of the VPAs, including the VPA with the Republic of Cameroon, recital 81 of the EU Deforestation Regulation recognises ongoing bilateral commitments and invites the EU to '...work, where relevant and agreed, with current VPA partners towards them reaching that (FLEGT licensing) stage...'. The EU Deforestation Regulation brings sharply back into focus the objective of the VPAs, i.e. the FLEGT licensing scheme, by making it clear that working with the VPA partners may continue if relevant⁸, in other words if the VPA is on track to achieve its objectives and if these objectives continue to reflect current and future needs and priorities.

The state of implementation of the Cameroon VPA over the last 10 years indicates that the VPA objectives and especially FLEGT licensing do not reflect the Republic of Cameroon's policy approach to the sector. The continuation of the VPA despite these challenges could affect the credibility of the EU as a global champion of forest protection and biodiversity matters and the integrity of the VPAs as EU trade instruments.

Given the above, terminating the VPA with the Republic of Cameroon appears the most appropriate course of action. According to Article 27 of the VPA, it is tacitly renewed every 7 years, unless one Party terminates it by notifying the other Party of its decision at least 12 months before the expiry of the current seven-year period. The current seven-year period expires on 30 November 2025. Notwithstanding Article 27, each Party may terminate the VPA by notifying the other Party, in accordance with Article 28 of the VPA. The VPA is terminated 12 months following that notification.

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⁵ COM(2019)352 final.

Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation, OJ L150, 9.6.2023, p. 206.

Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community, OJ L 347, 30.12.2005, p. 1.

⁸ Recital 81 of Regulation (EU) No 2023/1115.

Consistency with existing policy provisions in the policy area

The proposal is consistent with Regulation (EU) No 2023/1115 that recognises ongoing bilateral commitments and invites the EU (Recital 81) to '...work, where relevant and agreed, with current VPA partners towards them reaching that (FLEGT licensing) stage...'. Given there is little real prospect of a FLEGT licensing system's being put in place, the VPA does not fulfil the 'relevance' requirement in recital 81 of Regulation (EU) No 2023/1115. Terminating the VPA therefore appears to be the most appropriate course of action to better contribute to implementing the EU Deforestation Regulation and to preserve the credibility and integrity of the VPA as an EU trade instrument.

• Consistency with other Union policies

n/a

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

Legal basis

The EU's decision to terminate an international agreement must be adopted on the same legal basis – and following the same procedure – as the decision to conclude that agreement on behalf of the EU. The VPA was concluded on the basis of Article 207(3) and 207(4) of the Treaty on the Functioning of the European Union (TFEU), read together with Article 218(6)(a)(v) and Article 218(7) TFEU. The appropriate legal basis for this proposal is therefore Article 207(4), first subparagraph, read together with Article 218(6)(a)(v).

• Subsidiarity (for non-exclusive competence)

The VPA is an international trade agreement thus falling under the EU's exclusive competence and, in particular, within the scope of Article 207 TFEU. The EU's decision to terminate the VPA must be adopted on the same legal basis. It therefore follows that this proposal does not cover any matters falling outside the EU's exclusive competence.

Proportionality

Given there is little real prospect of a FLEGT licensing scheme's being put in place, terminating the VPA is the most appropriate course of action. This proposal does not go beyond what is necessary to achieve the objective pursued, which is to better contribute to the implementation of the EU Deforestation Regulation and to restore the credibility and integrity of the VPA as an EU trade instrument.

• Choice of the instrument

The EU's decision to terminate an international agreement must be adopted on the same legal basis and by means of the same legal instrument as the decision to conclude that agreement on behalf of the EU. The VPA was concluded by Council Decision with the consent of the European Parliament. The appropriate instrument for this proposal is therefore a Council Decision by the Council.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

• Ex-post evaluations/fitness checks of existing legislation

n/a

• Stakeholder consultations

n/a

Collection and use of expertise

n/a

• Impact assessment

n/a

• Regulatory fitness and simplification

n/a

• Fundamental rights

n/a

4. **BUDGETARY IMPLICATIONS**

The termination of the VPA with the Republic of Cameroon has no budgetary implications.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

n/a

• Explanatory documents (for directives)

n/a

• Detailed explanation of the specific provisions of the proposal

n/a

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THE COUNCIL OF THE EUROPEAN UNION.

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 207(4) read together with Article 218(6)(a)(v) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) On 21 May 2003, the Commission adopted a Communication to the Council and the European Parliament entitled 'Forest Law Enforcement, Governance and Trade (FLEGT): Proposal for an EU Action Plan' aimed at contributing to the global efforts to tackle illegal logging and its associated trade⁹. The Council adopted its conclusions on the FLEGT action plan on 13 October 2003¹⁰ and the European Parliament adopted its resolution on the subject on 11 July 2005¹¹.
- (2) A central element of the action plan was the conclusion of voluntary partnership agreements (VPAs) with timber-producing countries to ensure that timber and timber products exported to the European Union were legally produced and acquired.
- (3) In accordance with Council Decision 2011/200/EU¹², the VPA between the European Union and the Republic of Cameroon on Forest Law Enforcement, Governance and Trade in timber and derived products to the European Union (FLEGT) was signed on 27 September 2010.
- (4) In accordance with Council Decision 2011/201/EU¹³, the VPA was concluded on behalf of the European Union and following its conclusion by the Republic of Cameroon it entered into force on 1 December 2011.
- (5) Under Article 27 of the VPA, it shall remain in force for 7 years and shall be renewable by tacit agreement between the Parties for periods of the same length, unless one Party terminates it by notifying the other Party of its decision at least 12 months before the period in question expires. The VPA was tacitly renewed on 1 December 2018 and the current period expires on 30 November 2025.

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⁹ COM/2003/0251 final.

OJ C 268, 7.11.2003, p. 1.

OJ C 157 E, 6.7.2006, p. 482.

OJ L 92/1, 6.4.2011.

OJ L92/3, 6.4.2011.

- (6) Despite the EU's attempt, the Republic of Cameroon has not been able to fulfil its obligations under the VPA, namely in relation to the establishment of the FLEGT licensing scheme aimed at verifying and attesting by means of a FLEGT license that timber and derived products exported to the European Union are legally produced or acquired. Given the Republic of Cameroon has not fulfilled the obligations under the VPA, the Commission believes the VPA no longer fulfils the 'relevance' requirement in recital 81 of the EU Deforestation Regulation.
- (7) It is therefore appropriate to terminate the VPA with the Republic of Cameroon. To this effect, in accordance with Article 27 of the VPA, the European Union should notify the Republic of Cameroon of its decision to terminate the VPA at the latest by 30 November 2024, so it is not tacitly renewed.
- (8) The termination of the VPA should be approved on behalf of the European Union.
- (9) In accordance with the Treaties, it is for the Commission to proceed, on behalf of the European Union, to notify, as Article 27 of the VPA says it must, the European Union's decision to terminate the Agreement.

HAS ADOPTED THIS DECISION:

Article 1

The termination of the VPA between the European Union and the Republic of Cameroon on forest law enforcement, governance and trade in timber and derived products to the European Union that entered into force on 1 December 2011 is hereby approved on behalf of the European Union.

Article 2

This Decision shall enter into force on the day after its publication in the Official Journal of the European Union.

Done at Brussels,

For the Council
The President