



MALAYSIAN TIMBER CERTIFICATION COUNCIL

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Statement by MTCC on Keurhout Board of Appeal Ruling on Lionex (M) Sdn. Bhd.

The Malaysian Timber Certification Council (MTCC) has taken note of the 20th April 2007 ruling by the Keurhout Board of Appeal (“BoA”), in which the decision of the Keurhout Board of Experts (“BoE”) to admit the Malaysian company Lionex (M) Sdn. Bhd. to the Keurhout legal system has been nullified.

Although MTCC is not directly involved in the appeal procedure, it is concerned that the ruling might give the Dutch timber trade and their customers the wrong impression that the MTCC scheme is not able to comply with the requirements of the Keurhout legality protocol (LET).

MTCC has been informed that the BoA considered six points, four of which were judged in favour of the appellant, Greenpeace. Of these four points, two were related to Keurhout’s existing practice of approving individual MTCC certificates, rather than recognising the MTCC scheme as a whole (as practised by other authorities in Europe).

MTCC is also surprised by the BoA conclusion that an independent accredited assessor is not verifying the continuation of the MTCC chain-of-custody (CoC) in The Netherlands, since this part of the CoC was meant to be covered by Keurhout’s own CoC system within The Netherlands to provide assurance that the timber marketed in The Netherlands satisfies the quality mark requirements of the Keurhout LET system. In addition, under the current CoC standard used in the MTCC scheme, the *Requirements for Chain-of-Custody Certification (RCOC*, available at www.mtcc.com.my/documents), the chain-of-custody for MTCC-certified timber has already been extended from the forest to the importers and manufacturers in the importing countries such as The Netherlands.

With regard to the accreditation of the assessor company involved, SGS (Malaysia) Sdn. Bhd. (“SGS”), it is our understanding that the Keurhout protocol accepts accreditation under ISO Guides 62, 65 or 66. SGS has been accredited under ISO Guide 66 (since 12 July 2004) and Guide 62 (since 18 November 2003) to the Malaysian national accreditation body, the Department of Standards Malaysia.

Since 2003, the MTCC certificate has been recognised as providing an assurance for legally and/or sustainably produced timber by relevant government ministries in countries such as Denmark, United Kingdom, France, New Zealand and Japan. More recently, in February 2007, the Dutch Ministry of Housing, Spatial Planning and the Environment (Ministerie

VROM) has also concluded that the MTCC certificate provides an assurance of legally harvested timber. As a result the Dutch government has accepted the MTCC certification scheme in its new public procurement guidelines.

MTCC considers recognition under the Keurhout LET as an added value for MTCC-certified timber exported to the Dutch and European market. Therefore, it is important that all relevant Dutch stakeholders are fully aware of the basis of the BoA ruling.

With regard to the current Keurhout practice of admitting individual MTCC certificates to the LET system, MTCC hopes that the BoE can consider accepting the MTCC scheme as a whole. This will enable the Keurhout system to be in line with the current international practice as well as comply with the BoA ruling.

MTCC is nevertheless pleased to note that the BoA considers that the Removal Pass system to be an adequate system to track the origin of the timber, in response to the complaint by Greenpeace.

Yours sincerely,

Chew Lye Teng
Chief Executive Officer