



Mr. David Oliver
Deputy Assistant U.S. Trade Representative for Environment and Natural Resources
Trade Policy Staff Committee
Office of the United States Trade Representative
The Winder Building
600 Seventeenth Street, NW
Washington, DC 20058

September 1, 2014

RE: Comments regarding the T-TIP Environmental Review, USTR 2014-0012

Dear Mr. Oliver,

Mercury Paper is a US converter of tissue products, headquartered in Strasburg Virginia and an affiliate to Asia Pulp & Paper (APP). Mercury appreciates the opportunity to submit comments to the USTR's Trade Policy Staff Committee (TPSC) in connection with the Environmental Review of the proposed Transatlantic Trade and Investment Partnership (T-TIP) agreement.

As a company that produces and trades a commodity at risk of connection to deforestation – in this case paper and pulp – APP is committed to supporting green growth and the protection of irreplaceable rainforest through its Forest Conservation Policy (FCP), see link <https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy>. The FCP was announced in February 2013 and committed APP to ending all natural forest clearance across its supply chain with immediate effect. APP's progress is now subject to extensive independent scrutiny led by NGOs, environmental experts and current and or prospective customers.

Mercury recognises that Indonesia is not party to the T-TIP and that an impact assessment is generally designed to identify negative impacts from a trade agreement and mitigate them. We believe however that there are some positive potential impacts that could result globally from T-TIP if illegal logging and zero-deforestation standards were considered for inclusion in TTIP. We believe these should be considered by the TPSC in its environmental review.

The first considers legality certification standards for timber and timber products. The global market for timber and timber products has reached a possible tipping point in which the standards for verifying the legal nature of these materials have developed into something credible. The continued evolution of these standards needs the reinforcement of governments. The US and the EU both have legal sanctions designed to halt trade in illegally-logged timber. The Lacey Act very notably gives the US government powers to sanction those who trade in illegal timber or timber products. The EU Timber Regulation criminalises the failure to conduct appropriate due diligence in this respect.



The development of the FLEGT system by the EU, which effectively scrutinises and endorses, where appropriate, the timber legality frameworks of third countries subject to the EUTR provides a possible route for a globally recognised certification system based on joint EU-US standards. If US traders were able to treat FLEGT-licensed timber as effectively Lacey-compliant it would encourage and facilitate trade with only third countries that have achieved the highest standards, while providing peace of mind for US traders with long global supply chains over which they wish to exercise strong scrutiny. We urge US and EU negotiators to consider the possibility of a form of mutual recognition for the FLEGT system in the US.

Legal standards alone, however, are not enough to truly halt illegal logging and reverse the momentum of deforestation. As our business has developed with the needs and demands of our customers, we have come to recognize that "zero-deforestation" standards are the next frontier for the paper goods market. This would require that timber and timber products should come only from plantations and not as a result of recent deforestation activities. Clearly the existing market-based certification schemes like the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) and others have an important role to play here. But in addition to their important work, we also believe that the US and the EU would send a powerful signal if they agreed that their respective public procurers would use only zero-deforestation paper from each other's markets and globally. Making "zero-deforestation" the norm for all public EU and US paper procurement would be an uncontroversial but striking way in which to combat deforestation and continue to push the market towards zero-deforestation standards.

One of T-TIP's overarching goals is to achieve regulatory convergence between the US and the EU. Mercury recognises and supports this goal, and strongly believes that regulation in the US and the EU has the capacity to be a global gold standard. This is especially the case when these standards are shared. This makes T-TIP a matter of importance for any business that trades with the US. Regulatory convergence via T-TIP presents the perfect opportunity to send a strong signal on tackling deforestation and illegal logging, in particular with Paris 2015 quickly approaching. The chance to deliver on such high profile sustainability goals would be well received by the public, especially in the EU where public scepticism of T-TIP is more marked and where illustrations of the contribution the agreement could make to sustainability would be welcome.

We would be happy to consult with US negotiators on both issues.

Sincerely,

Duncan Chen, President Mercury Paper