

## Briefing Note for the Competent Authorities implementing the EU Timber Regulation April - May 2018

### REPORT RELEASED ON EUTR CHECKS PERFORMED BY COMPETENT AUTHORITIES JUNE-NOVEMBER 2017

UNEP-WCMC, acting as a service provider for the European Commission, has produced an overview of the EUTR compliance checks performed and penalties imposed by EU Member States' and EEA Competent Authorities, to enforce the implementation of the EU Timber Regulation. The report is based on data provided by CAs on a voluntary basis. Twenty CAs responded to the survey, reporting conducting checks on more than 467 domestic operators, 388 importing operators, 300 traders dealing with domestic timber, 177 traders dealing with imported timber and three monitoring organisations, over the period June-November 2017.

## ENFORCEMENT OF EUTR



#### **Swedish Competent Authority provided updates on actions taken to enforce EUTR (May 2018)**

As of May the Swedish CA had inspected 24 operators so far in 2018. A number of products have been sent for analysis including oak parquet from Russia and MDF from China. The Swedish CA states that oak parquet from China and paper products and MDF from Malaysia will be analysed shortly. They are also awaiting final court decisions concerning Dollarstore AB and one other case. The Swedish CA also announced a joint inspection with Norway that will be carried out in June 2018.

#### **Belgian CA provided updates on actions taken to enforce EUTR (May 2018)**

The Belgian CA reported that they considerably improved EUTR implementation since late 2017. Between November 2017 and April 2018 fourteen operators have been inspected, including tropical timber imports from Myanmar, Brazil, Gabon and Cameroon. They detected several infringements of EUTR that resulted in four notices of remedial action and four cases being passed on to the public prosecutors' office. They also introduced a discussion platform, with representatives from the timber sector associations and NGOs, to exchange information and discuss issues related to implementing EUTR.

#### **Dutch CA visits Latvia to support the cooperation and sharing of best practice (May 2018)**

As part of activities to enhance cooperation and the sharing of best practice between CAs on EUTR, the Dutch CA visited Latvia on 16-17 May. This followed a visit to the UK CA in 2017. Representatives from the Dutch CA accompanied the Latvian CA on two checks of operators importing timber from Russia.

#### **Finnish CA organised an EUTR seminar in Finland on 16 May 2018**

The seminar focused on Russian wood-based bioenergy imports and due diligence systems. Speakers represented certification schemes and officials from the Finnish CA and Ministry of Agriculture. Forestry and private sector representatives also provided practical experiences. The attendees included micro sized importing companies, energy sector representatives, consultants and other interested parties.

#### **Portuguese CA organised EUTR/FLEGT CA Workshop for Mediterranean Member States on 5-6 June 2018, Lisbon**

The Portuguese CA – the Institute for Nature Conservation and Forests – organised a workshop for MS from the Mediterranean region (Portugal, Spain, France, Italy, Slovenia, Malta, Cyprus, Croatia and Greece) using the EC TAIEX-EIR PEER 2 PEER programme. The workshop, entitled "Multi-Country Workshop on the Implementation of the EU Timber Regulation for Mediterranean Member States' Competent Authorities", aimed to strengthen cooperation

among CAs on harmonizing EUTR implementation across the Mediterranean region. This provided an opportunity to share experiences and develop common approaches.

### **Norwegian Environment Agency (NEA) reported low levels of compliance with EUTR among operators (May 2018)**

Checks carried out by the NEA found that many Norwegian companies had insufficient knowledge about the requirements for importing timber and timber products. The NEA have informed operators about their duties relating to EUTR, however in 2017 10% of operators in Norway were checked with results showing low levels of compliance. The NEA has announced they are considering stricter measures to ensure the requirements of EUTR are being fully met.

## **ILLEGAL LOGGING & TRADE**



### **Ruling made on Poland's logging of Natura 2000 Puszcza Białowieża site (April 2018)**

The ruling of the Court of Justice of the European Union declared that Poland failed to fulfil its obligations under the Habitats and Birds Directives. The Court upheld the actions brought by the Commission and required Poland to reverse the decisions taken in early 2016 and 2017 allowing logging in breach of the Nature Directives. Failure to do so may result in a minimum fine of EUR 4.3 million. The Polish Ministry of Environment has since **released a statement** announcing that they would comply with the judgement but are drafting proposals for compromise solutions. The ruling reports that 'felling carried out in the Białowieża Forest since the beginning of 2017 accounts in total for more than 35 000 m<sup>3</sup> of timber, including 29 000 m<sup>3</sup> of spruce, that is to say, approximately 29 000 trees'. The timber harvested following that felling had to 'be incorporated into the carrying out of a forest carbon farm project'. Dry wood not colonised by the spruce bark beetle could be stored in transitional facilities established on cleared spaces and open land, whilst colonised wood had to be debarked and stored. The Polish decisions also 'required a system for the sale of the harvested timber to be organised in order to meet the needs of the inhabitants of the municipalities located in the territorial area of Puszcza Białowieża'.

### **Report on timber legality published by Indonesian forest monitors (February 2018)**

The Indonesian Independent Forest Monitoring Network (JPIK) reported on the positive impact of Indonesia's timber legality assurance system (SVLK). The report highlighted some continuing challenges and further improvements that are necessary to ensure credibility and accountability in the timber legality system, including the continuation of independent monitoring.

### **FERN released a report on the role of civil society in tackling illegal logging (March 2018)**

The report provides an insight into the impacts of VPAs on forest dependent people in countries which have signed – or are in the process of signing – VPAs with the EU. The challenges reported vary between countries, including women's rights in Liberia and indigenous peoples' rights in Cameroon and Indonesia.

### **IIED and CIFOR released a report on the political economy of mukula trade (March 2018)**

The report discusses the political economy of the mukula (*Pterocarpus chrysothrix*) trade in Zambia. The reported role of Chinese capital in supporting Zambia's informal economy is considered to present a challenge to governance. The report states that rural villagers are creating direct links with foreign investors to trade mukula, whilst remaining in a system characterised by legal ambiguity and limited government oversight of activities. The report examines economic, social and environmental impacts of this trade.

### **EIA released a report on Vietnamese imports of illegal timber from Cambodia (May 2018)**

The report investigates the illegal harvest and import of timber from Cambodia to Viet Nam. Commercial data acquired by EIA indicates the import of 178 000 m<sup>3</sup> of logs and sawn timber into Viet Nam from Cambodia between October 2017 and March 2018, the vast majority of which was thought to be illegal. Furthermore, the actual volume of timber crossing the border from Cambodia was thought to be far greater than that shown in Vietnamese companies' import declarations, or in the official Viet Nam Customs trade statistics. Timber was reportedly transported across official and informal borders from three main areas of illegal logging in Cambodia, including a national park and wildlife sanctuary. EIA's field estimates indicate that, if running at full capacity, these illegal logging operations could lead to illegal harvest

of up to 1.15 million m<sup>3</sup> of illegal timber to Viet Nam over the 2017-2018 dry season. The EIA caution that an inability to demonstrate that illegal timber is no longer entering the Vietnamese economy will affect the ability of Viet Nam to issue FLEGT licences.

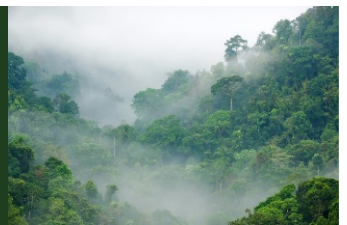
#### **Romanian security forces raid an illegal logging ring (May 2018)**

**The Guardian** report that Romania's Directorate for Investigation of Organized Crime and Terrorism (DILCOT) raided 23 addresses, linked to deforestation in the Carpathian mountains. The objective of the raids was to break up an illegal logging ring reported to be valued at EUR 25 million. The Romanian government **released a statement** saying they suspected the organised criminal group had been operating since 2011 committing a number of crimes relating to the processing and trade of illegal timber. The raid included factories owned by Holzindustrie Schweighofer who have previously been disassociated from FSC due to the alleged purchase and trade of illegal timber.

#### **EU imports of Indonesian timber in 2017 showed rising trends in some timber products (April 2018)**

The FLEGT Independent Market Monitor (IMM), that monitors trade flow statistics, has identified rising trends in imports of some Indonesian timber product groups since the introduction of FLEGT licensing in November 2016. Their analysis of Eurostat data by weight indicates a sharp increase in EU imports of paper products and a slight increase in EU imports of wood products towards the end of 2017. In the 13 months following FLEGT licensing, imports have risen most in the UK and Belgium and declined most in France and Greece.

## LEGISLATION & POLICY



#### European Union

The **FLEGT/EUTR Expert Group** met in Brussels on 19 April 2018. Some Member States reported substantiated concerns regarding companies placing timber from high-risk countries on the EU market, including from Myanmar and Brazil. The conclusion of the EUTR Expert Group meeting of 20 September 2017 was reiterated and it is still not possible for operators to demonstrate compliance with EUTR due diligence obligations as regards timber imports from Myanmar. A presentation on a TAIEX mission to Ukraine reported that a substantial corruption risk can be found in every supply chain and is widespread throughout the country, however there was not enough public information available to convince EU operators of the risks. Member States provided updates on the performing of checks on operators and monitoring organisations. Regarding the impact assessment on the EUTR product scope, the Commission announced that the impact assessment would be completed before the end of year and any proposal for changes could be put forward at the beginning of 2019. A proposal for an alignment of reporting obligations for the EUTR and FLEGT regulation will be adopted and published soon. The monitoring organisation Conlegno presented a report on EU timber and timber product imports and the monitoring organisation NEPCon presented their approach to due diligence using the "NEPCon Sourcing Hub" platform. Ghana reported on the FLEGT VPA process, presenting the systems, institutions and protocols in place to enable licensing. Updates were provided on VPA negotiations with Vietnam, Thailand and Lao PDR and VPA implementation in Indonesia. The Commission stated that the COM FLEGT Annual Synthesis Report should be published soon.

#### **TTF highlighted concerns over potentially illegal plywood (April 2018)**

The Timber Trade Federation (TTF) has advised timber and builders' merchants to be aware of sub-standard and potentially illegal imports of plywood after investigations revealed possible risks. Studies concluded that glue bond claims and species declarations did not necessarily match reality and TTF have introduced an updated monitoring and testing regime for their members as a result.

#### International

#### **India released a Draft National Forest Policy for public consultation (April 2018)**

India have released the draft policy that will replace the National Forest Policy of 1988 when it comes into force. It aims to "safeguard the ecological and livelihood security of people [...] based on sustainable management of the forests for the flow of ecosystem services", including maintaining at least one-third of the total land area under forest and tree

cover. **Concerns have been raised** by some experts over the level of community participation. They note that the lack of recognition of forest dependent communities within the policy is a step backwards. There are also concerns about the expansion of industrial forestry and the risk of public land being given to private companies.

#### **Proposed changes to Mexico's Forestry Law causes concern (April 2018)**

The current Forestry Law is **considered by critics** to be insufficient to keep illegally sourced timber off the Mexican market, threatening ejidos (community owned and managed landscapes) by driving prices down. Concern has been raised by critics, including the Mexican Network of Peasant Forestry Organisations (MOCAF), that ejidos may be further threatened by proposed changes to the Forestry Law, with decision-making powers removed from the hands of communities and given to private entities.

#### **Report on VPA progress released by Central African Republic and the EU (March 2018)**

The Central African Republic and the EU **released a report (in French)** on the progress towards a VPA in 2016. Progress has been made on various aspects of the agreement including the Timber legality assurance system (TLAS), legislative reform, transparency and monitoring.

#### **Sixth meeting of the Indonesia-EU VPA Joint Implementation Committee (JIC) held in Jakarta (March 2018)**

During the sixth meeting of the JIC, the publication of a joint action plan for VPA implementation in 2018 was endorsed and agreed. The plan lists 29 actions for the Parties to implement in 2018 covering nine action areas, including: supply chain control; licensing; independent monitoring; public disclosure of information; market outreach; and periodic evaluation, impact monitoring and independent market monitoring. The meeting also included discussion on actions to ensure smooth functioning of the issuance of FLEGT licences, an update on funding for and publication of information on independent forest monitoring, an update on the FLEGT Independent Market Monitor (IMM) and implementation of EUTR and the need to ensure consistency between Indonesia's national regulations and the VPA's requirements.

#### **Report released on the first independent audit of the TLAS operability in Indonesia (April 2018)**

The implementation report produced by SUCOFINDO, the independent auditor contracted under the VPA, assessed the implementation of the Indonesian TLAS (SVLK). They report that SVLK is operational with companies throughout the supply chain obtaining SVLK certification. However they highlight challenges for SMEs in meeting requirements. Compliance monitoring is well established. Licensing authorities are also considered to have well-established systems for issuing FLEGT licences, however in some cases some technical challenges related to consistency between FLEGT licences and shipments persist. The report identifies a number of areas for improvement and other areas that will require in-depth monitoring during the next annual periodic evaluation.

#### **Ghana Timber Transparency Portal launched to improve transparency in the timber sector (April 2018)**

The public portal provides information on forest governance in Ghana, to improve transparency and support the Ghana Wood Tracking System (GWTS). It was introduced as part of wider reforms of forest governance driven by the VPA signed in 2009 that requires access to information.



Developed by UNEP-WCMC as a consultant of the European Commission in close cooperation with the EU Member States Competent Authorities.

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