

EUTR News

EUTR News provides updates about the application of the EU Timber Regulation (EUTR). This includes information on what EU member states are doing to implement and enforce the law, as well as what the EU Commission is doing to oversee Member States' progress and ensure proper application of the EUTR. It will also include any other relevant updates, for example, enforcement cases and updates on illegal logging laws internationally. For more background information on the EUTR, [click here](#).

This 3rd issue of EUTR News gives an overview of developments from June – August 2015. Past issues are available on the [ClientEarth website](#). Future issues will be published there regularly. If you would like to be sent EUTR News via email, please contact Madeline: mhallwright@clientearth.org

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1 Implementation and enforcement of the EUTR by the EU Commission

EU Commission issues formal notices to Greece, Hungary and Spain

The EU Commission has opened infringement proceedings for Greece, Hungary and Spain, as they have not yet adopted the obligatory national implementing measures of the EUTR. The infringements are primarily focused on the failure to incorporate rules on penalties into their respective national laws. This is the first step in a process which could, if the concerned Member States do not introduce penalties in the meantime, ultimately lead to a judgment by the Court of Justice of the EU declaring that the Member States are in breach of EU law. Member States could then face fines if they do not comply with the Court judgments.

Information on infringement proceedings is accessible here, with the following infringement numbers:

- 20154046 (Greece)
- 20152052 (Spain)
- 20152046 (Hungary)

EU Commission updates implementation scoreboard for Member States

In August 2014, the EU Commission published a scoreboard to indicate the progress of all 28 EU Member States in implementing the EUTR. This scoreboard has since been updated regularly as Member States have done more to implement the EUTR. The latest version, from 29 June 2015, shows that 24 of the 28 member states:

- have designated a competent authority
- have legislation on penalties for breaching the EUTR; and
- have started to carry out checks on companies.

In compiling the scoreboard, the Commission relies on information from Member States. It does not independently assess whether penalties in Member States are in fact 'effective, proportionate and dissuasive', as required by the EUTR, or if there are penalties in place to penalise breaches of all the EUTR's requirements.

2 Implementation and enforcement of the EUTR by Member States

Member State implementing legislation updates

Poland has amended its Forest Act, with changes in force as of 29 May 2015, following clarification sought by the Commission on its fulfilment of its EUTR obligations, including the establishment of rules on penalties.

Romania added rules on the methodology of EUTR checks to their implementing legislation. The legal basis for the methodology was provided for in a previous government decision (no. 668/2011) and was approved on 14 May 2015. Romania has also recently amended its Forestry Code, in an effort to reduce illegal harvesting of Romanian forests and to create more efficient regulations for the management of forest exploitation. The new Forestry Code establishes, among other things, limitations on the use of forest land and wood exploitation, including the volume of wood that any one company can acquire or process.

On the 1 July 2015, amendments to Latvia's administrative legislation came into force to establish rules on penalties for breaches of the EUTR. This action followed a request for clarification by the Commission as to Latvia's compliance with the EUTR.

Checks on operators

Across the EU, more information on the number and frequency of checks being made by CAs on operators is becoming publically available. That said, for various reasons, this information is often not in the public domain.

In Romania, checks were conducted by the Ministry of Environment and Forests (Romanian CA) in May and June at two sawmills after EIA reported that an Austrian wood products company was sourcing illegally harvested timber from Romanian suppliers. The case has been deferred to the General Prosecutor for further investigation.

In the Netherlands, in response to questions posed by two MPs regarding the control of illegal timber, the Secretary of State confirmed that as of July 2015, 101 checks on operators and 10 follow-up checks had been carried out by the Dutch Competent Authority. In addition, 29 written warnings have been issued to operators.

In Italy, as of mid-July 2015, approximately 20 checks had been carried out on operators and one check was undertaken on a monitoring organisation.

3 EUTR review

Contributions to EUTR stakeholder consultation made available

From April to July, the EU Commission held a consultation to inform an evaluation of the EUTR, two years after its entry into application. The objective of the consultation was to gain an understanding and awareness of stakeholder views on the operation of the EUTR. The consultation received 242 responses, which are now publically available on the Commission website, alongside a comprehensive list of statistics.

The results of the stakeholder consultation will inform the Commission's first review of the EUTR, due by December 2015, which will then be submitted to the EU Parliament and the Council. The review will assess the functioning of the EUTR and its effectiveness in keeping illegally harvested timber or timber products from the EU market.

4 Events related to the EUTR

Chatham House: 25th Illegal Logging Update and Stakeholder Consultation meeting

The 25th *Illegal Logging Update and Stakeholder Consultation* meeting took place at Chatham House in London on 25-26 June 2015. The meeting addressed a range of emerging issues central to discussions on the trade in illegal timber, including a session on: implementing due diligence / due care for compliance with the EUTR and Lacey Act, and the EUTR review process. Please find copies of the agenda and presentations [here](#).

5 Publications related to the EUTR

GTF survey on due diligence finds SMEs to be performing well

The Global Timber Forum has commissioned an analysis of a sample of EU and producer-country small and medium-sized companies (SMEs) involved in the trade of forest products. The survey found that the size of a company has little to no effect on its ability to manage risk within the supply chain. It also found that the most effective due diligence systems in SMEs have been developed by the companies themselves, using all of the tools available (trade association materials, Competent Authorities, [the Regulation itself](#), NGO materials, and information on lessons learnt from peers in the industry).

The initial findings are available on the GTF [website now](#), while the detailed results of the research will be available later in September 2015.

Chatham House report: *Tackling Illegal Logging and the Related Trade - What Progress and Where Next?*

In July, Chatham House published a report entitled [*Tackling Illegal Logging and the Related Trade – What Progress and Where Next?*](#). The report is based on data gathered by Chatham House since 2000, and is the organisation's second assessment of global progress toward improving forest governance and addressing illegal logging.

Key findings of the report include:

- EU and US measures to eliminate illegal timber imports have had a positive impact toward addressing illegal logging, but the bulk of illegal trade is now flowing to other countries
- The enactment of legislation by all major processing and consumer countries could have a dramatic impact on the legality of the timber trade
- Despite improvements in forest governance, gaps remain and reforms must continue.

6 International Updates

Switzerland: EUTR-like legislation delayed for another year

The introduction of a Swiss equivalent to the EUTR has been delayed. According to the European Timber Trade Federation, the Swiss Federal Council had hoped to have the new legislation in place in the next year, but lengthier than expected consultations have pushed the launch to mid-2016 to 2017. The Swiss legislation will follow in the footsteps of the Norwegian legislation, implemented in May, as a non-EU Member State to take action against illegal logging.

United States: Lacey Act updates

In August, the US Department of Justice announced the first Lacey Act prosecution involving timber logged illegally in the United States. The company in question, J&L Tonewoods, has been indicted over allegations of repeated purchases of illegally harvested maple wood in 2011 and 2012 from Washington's Gifford Pinchot National Forest.

The list of US import products that require declarations was further expanded, starting 6 August 2015 (phase 5 implementation). A full product list can be found here.

New Zealand: Due diligence

The New Zealand Government's Ministry for Primary Industries (MPI) has developed a step by step process to assist those involved in the export of timber. Exporters can now apply for official 'exporter information statements' from the MPI which are designed to assist exporters to meet the due diligence requirements of international markets.

Australia: Certified products

The Australian Department of Agriculture has released a 'compliance advice notice' on the use of certification in undertaking due diligence for the *Australian Illegal Logging Prohibition Act*. The notice details the Department's position on what is considered compliant with the regulatory requirements in three different scenarios when using FSC or PEFC certification in risk assessments. More information is available here.