



## EUTR News – March to May 2018

This issue of the EUTR News provides an update on the operation of the EU's law to address illegal logging, the EU Timber Regulation (EUTR), from March to May 2018. As with all of our previous editions, this issue will include information on what both the European Commission and EU Member States are doing to ensure the proper application of the EUTR, and provide updates on similar legislation internationally.

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# 1. European Commission support to implementation and enforcement of the EUTR

The European Commission will soon be publishing their biennial EUTR report, and has published an overview of Competent Authority EUTR checks and enforcement actions taken. The Commission hosted an Expert Group meeting on the EUTR to share information and resources amongst representatives from Member States (plus Norway). The Commission also held a public consultation on the product scope of the EUTR.

## European Commission biennial EUTR report to be published soon

The European Commission [has finalised the biennial EUTR report](#) and it is likely to be published in the next few weeks. Some of the conclusions are:

- Further effort to promote uniform and effective application of the EUTR is needed;
- The number of checks remains too low;
- The number of operators is not always available (which is needed to make plans for checks);
- A consistent approach to ensure a certain quality of checks is needed;
- Technical capacity and resources of Competent Authorities are not always sufficient.

A [presentation](#) by the Commission at the EU Forest Directors meeting, in Sofia in April 2018 on the latest state-of-play of the EUTR, also added two important points:

- Based on the information available, it cannot be concluded that national EUTR penalties are effective, proportionate and dissuasive; and
- EUTR enforcement is still largely based on notices of remedial action, while fines or seizures are scarcely used.

In terms of next steps on EUTR, the Commission will strengthen its cooperation with Member States, enhance synergies between FLEGT VPAs and the EUTR, facilitate communication through Capacity4Dev, promote the use of the TAIEX-EIR Peer-2-Peer instrument (to share expertise, good practices and lessons learnt) and promote the use of the support services contract with WCMC.

In addition, a proposal for a reporting alignment for the EUTR and FLEGT Regulations (to be adopted and published soon) will amend the reporting obligations for these Regulations.

## Overview of Competent Authority EUTR checks published by the European Commission

The European Commission [published an overview of Competent Authority EUTR checks](#) and enforcement actions taken. The report, compiled by United Nations Environment Programme's

World Conservation Monitoring Centre (UNEP-WCMC) as a consultant of the Commission, covers the period June to November 2017. They plan to produce similar reports biennially. The statistics presented are based on information provided to the Commission by Member States and countries of the European Economic Area (EEA) via a voluntary online survey. It includes responses from 20 countries.

According to the overview, the number of checks performed by these Member States was 467 on domestic operators, 388 on importing operators, 300 on traders dealing with domestic timber, 177 on traders dealing with imported timber and three on Monitoring Organisations.

The report allows countries to compare their enforcement efforts, and helps the Commission to monitor and assess implementation and enforcement of the EUTR across Member States and the EEA. This overview is unconnected to the EUTR biennial reports, which Member States had to submit to the Commission by April 2017, from which the Commission will draw up a report for the European Parliament and Council (see above).

## European Commission holds 18th FLEGT/EUTR Expert Group meeting

The European Commission Expert Group on the EUTR and FLEGT Regulation held their **18<sup>th</sup> meeting in Brussels on 19<sup>th</sup> April 2018**, bringing together representatives from Member States (plus Norway) and the Commission.

The meeting documents included a recent version of the **draft FLEGT Action Plan work plan**, which also refers to the Commission's next steps on EUTR mentioned above.

At the meeting, it was reiterated that for the time being it is not possible for timber imports from Myanmar to mitigate risk of illegal harvest to negligible. There were discussions about the substantiated concerns that some Member States have received from Greenpeace regarding companies buying 'blood timber' from the Pará region of Brazil. The risks for importing timber from Ukraine were mentioned; many EU Member States import timber from Ukraine which is considered a high-risk country due to corruption.

UNEP-WCMC, contracted by the Commission, has finalised **three country overviews** on China, Myanmar and Russia and has another 22 country overviews in progress, which will all be held in a database, currently in development. The country overviews are being provided to assist the Commission and Member State's Competent Authorities in assessing the situation in the main provider countries. A public version will be available on Europa, and will be updated periodically.

At the meeting, the Monitoring Organisation Conlegno **presented an overview** of timber and timber product imports, and the level of imports of round wood, paper and furniture in each Member State. NEPCon also presented their **Sourcing Hub platform**.

Resources from the 17<sup>th</sup> meeting in February **have also now been uploaded**. The next meeting is on **19<sup>th</sup> June 2018**.

## The European Commission ran a public consultation on product scope of the EUTR

The European Commission held a [public consultation on the product scope of the EUTR](#) which ran until April 2018. Most EU Member States plus entities from China, Indonesia, Malaysia and Mexico provided input to the online survey. The aim of the consultation was to gather evidence and views on whether the current product scope of the EUTR should be amended or not, and if yes, to what extent. An amended annex to the EUTR [could be in place at the beginning of 2019](#).

## [UNEP-WCMC publishes briefing note on EUTR implementation](#)

UNEP-WCMC, contracted by the European Commission, has published its latest briefing note on [developments in the implementation and enforcement of the EUTR](#), covering the period from February to March 2018. The next briefing will cover the period April to May 2018.

## 2. Member State enforcement of the EUTR

In the UK, the British timber operator, Hardwood Dimensions (Holdings) Ltd, was fined for failing to ensure that timber it placed on the market from Cameroon was legally harvested.

### UK company fined for breaching EUTR

In March 2018 the British timber operator, Hardwood Dimensions (Holdings) Ltd, was fined £4,000 for failing to ensure that timber it placed on the market from Cameroon was legally harvested. The timber, which was FSC certified, was from legal sources, but the prosecution was based on deficiencies in the company's due diligence systems. This case highlights the need for all operators importing timber into the EU to have a thorough due diligence system in place, even for those products that carry an FSC certification. Harwood Dimensions have since improved their due diligence system and completed a third party auditing process, in line with advice from the Competent Authority, and with guidance from the Timber Trade Federation

### 3. Other EU and international updates

In Europe, an EU Court of Justice ruling held that logging in the Białowieża Forest of Poland violates EU law. In Romania, raids on factories including in those of Holzindustrie Schweighofer, have broken up an alleged €25m illegal logging ring. The Portuguese EUTR Competent Authority hosted a workshop aimed at strengthening the cooperation among eight Mediterranean Member States. Studies on palm oil and the feasibility of EU action to combat deforestation were published by the European Commission, and steps were taken to strengthen coordination between China and the EU on combatting illegal logging through their Bilateral Coordination Mechanism.

#### Judgement of the EU Court of Justice says logging in Białowieża Forest breaks EU law

In April, the EU Court of Justice ruled that increased [logging in Białowieża Forest violates EU law](#). The ruling came into force immediately, meaning the Polish Environment Ministry must reverse the decisions that allow illegal logging. If it fails to do this, the government risks a minimum fine of €4.3 million, potentially reaching tens of millions of euros.

In March 2016, Jan Szyszko – then Minister for Environment – tripled the logging limits in Białowieża Forest, despite warnings from scientists all over Europe that this would be very harmful for the forest. ClientEarth, together with six other organisations, filed a complaint to the European Commission. In July 2017 the case moved to the EU Court of Justice.

The [judgment is final](#) and Poland cannot appeal it. However, in May, one month after the ruling was published, no action had been taken by the Polish Environment Minister. Following a press conference, the [Polish government agreed](#) to repeal one of the two illegal logging permits.

#### Romania breaks up an alleged €25m illegal logging ring

In May, officers from the Directorate for Investigation of Organised Crime and Terrorism (DIICOT) in [Romania raided 23 addresses](#), including factories owned by the Austrian timber trading group, Holzindustrie Schweighofer, breaking up an alleged €25m illegal logging ring. The case involves illegal logging and deforestation in the Carpathian mountains, which hold some of Europe's last virgin forests, similar to those of [Poland's Białowieża forest](#). This action follows an [EIA report from 2015](#), which documented illegal logging in this area, finding the major driver behind it was Holzindustrie Schweighofer, which was then selling processed timber to a large number of Member States.

#### TAIEX EIR Workshop on Implementation of the EU Timber Regulation

The Portuguese EUTR Competent Authority (CA) [hosted a TAIEX \(Technical Assistance and Information Exchange\) workshop](#) aimed at strengthening the cooperation among CAs from eight Mediterranean Member States. The workshop, which was held in Lisbon on 5<sup>th</sup> and 6<sup>th</sup> June, provided the opportunity to:

- Review relevant issues related to trade control procedures;
- Improve knowledge and understanding of key implementation challenges such as monitoring methodologies, risk assessment criteria, templates and administrative procedures, as well as penalty policies, operator awareness raising and training strategies in use by EUTR CAs in the Mediterranean region;
- Define the need for common criteria and procedures for improved and consistent enforcement of the EUTR within the Mediterranean region;
- Consider the adoption of an internal expert exchange plan;
- Discuss the establishment of a network for cooperation between EUTR CAs of Mediterranean Member States.

## European Commission studies on palm oil and feasibility of EU action to combat deforestation

The European Commission published two studies that will inform any future action on deforestation by the EU. The first study focuses on the impact of palm oil production and consumption. The second looks at the feasibility of different policy options to reduce the EU's impact on deforestation.

The feasibility study looks at seven key commodities that the EU imports, which contribute to deforestation in the tropics; palm oil, soy, rubber, beef, maize, cocoa and coffee. It says that addressing deforestation will be best achieved by tackling the consumption, finance and production of these commodities together. The study suggests that new legal tools like a due diligence regulation for forest risk commodities would have the greatest impact. EUTR diligence rules could be a valuable model to ensure that other illegal and/or unsustainable commodities linked to deforestation do not reach European consumers.

## China and the EU strengthen efforts to address illegal logging through their BCM

In March 2018, the 9<sup>th</sup> meeting of the Bilateral Coordination Mechanism (BCM) between the EU and China, on Forest Law Enforcement and Governance, took place in Beijing, China. At the meeting, the EU and China both endorsed the progress report on the implementation of the BCM work plan for 2017 and agreed to the 2018 work plan, including priorities and activities for 2018. They also noted the importance of ongoing work in China on formulation of timber import management measures, and agreed that the BCM would support progress in this area.

Presentations were made by China and EU Member States on progress in combatting illegal logging and associated trade during 2017. China highlighted the development of its Timber Legality Verification System and current efforts to support the implementation of Guidelines regulating the overseas activities of Chinese forestry firms, while the European Commission presented on the FLEGT Action Plan and updated participants about the enforcement of the EUTR.

China and the EU also discussed future strategic cooperation to promote trade in legal timber and agreed to enhance synergies in their engagement in third countries.

## 4. Publications and resources

Over last three months, many publications and resources have been released. Below is a selection of resources and publications that aim to inform stakeholders across the EU and internationally, on progress and key elements related to the EUTR.

### INCF developed a website to help with monitoring of EUTR implementation

The Portuguese Competent Authority, ICNF (Portuguese Institute of Nature Conservation and Forests Services), has [developed a new website](#) that provides interactive data visualisations of indicators to help with monitoring EUTR implementation.

### Thünen Institute of Wood Research holds EUTR event in October

The Thünen Institute of Wood Research will [hold an EUTR information event](#) on 8<sup>th</sup> and 9<sup>th</sup> October 2018 in Hamburg, celebrating five years since its foundation. The Institute has processed more than 35,000 samples of wood for anatomical identification of wood species, and nearly 1,500 samples have been submitted for genetic verification of the wood species/origin. They also have expertise in analysis of fibreboard, paper and charcoal, and in assessments of certificates and trading channels. The event will look back on their experiences and learning.

### ‘Uneven enforcement lets companies off the hook’, a Global Witness blog

A new [blog by Global Witness](#) discusses the uneven enforcement of the EUTR by different Member States, which was revealed in the study published by the European Commission (see above). The blog looks at the relation between tropical timber imports and the number of checks on importers, and how disparity in monitoring can let companies off the hook.

### Ghana Forestry Commission launches Timber Transparency Portal

The new [Ghana Timber Transparency Portal](#) provides access to information to the public about logging in Ghana. Launched in March 2018 by the Forestry Commission of Ghana in collaboration with Civic Response, the portal provides information on logging permits, timber logging companies and their areas of operation, and exports of timber from Ghana. It links to the electronic Ghana Wood Tracking System (GWTS), which is a database of information on timber production process in Ghana. In the future, the portal is expected to also include other relevant public information on forest management and timber logging in Ghana.

### China 2017 trade charts

Forest Trends has compiled data from [Chinese customs statistics](#) and drawn up charts showing recent trends in China's timber product exports to the EU.



*This publication has been funded with UK aid from the UK government. The information contained in this document is the sole responsibility of its authors and does not necessarily reflect the UK government's official policies.*