



EUTR News – June to October 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 June to October 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 has published its biennial EUTR report as well as a guidance document on the verification of legality in timber trade. The Commission hosted the 19th and 20th Expert Group Meeting on the EUTR and FLEGT, and held a public consultation on the product scope of the EUTR.

European Commission published its biennial EUTR report

On 5th October 2018 the European Commission published its second [report on the implementation of the EUTR](#) covering March 2015 to February 2017, based on reports from 28 EU Member States and Norway. The Commission reports that almost all Member States comply with the formal requirements of the EUTR, but that continuous efforts are still needed to ensure a uniform and effective application across Member States. The report states that uneven implementation can have potential implications in terms of both the effectiveness of legislation and a level playing field for operators. In several Member States, the number of checks remains relatively low compared to the number of operators, which is, according to the report, well below the level required to have a truly dissuasive effect across the industry.

European Commission holds 19th and 20th FLEGT/EUTR Expert Group meeting

The European Commission Expert Group on the EUTR and FLEGT Regulation held their [19th meeting in Brussels on 19th June 2018](#), and [20th on 27th September 2018](#) bringing together representatives from Member States (plus Norway) and the Commission.

At the 19th meeting, discussions were held in connection with placing timber from Brazil and Myanmar on the EU market. As for timber sourced in Brazil, the Expert Group concluded that there are clear indications in recent NGO reports that the volume of timber available for cutting in Forest Management Areas is often based on incorrect information. Moreover, recent court cases reveal direct links between organised illegal timber harvest in protected and/or community managed areas and violent crimes against community members to drive them off the land or discourage them to invoke their rights. The Expert Group recommended that operators importing from the Amazon basin should take mitigation measures and not rely only on document checks.

Regarding timber from Myanmar, the Expert Group welcomed developments presented by the Government of Myanmar towards increasing transparency and accountability in the supply chain, measures adopted to improve forest governance and law enforcement and the steps taken towards establishing independent third-party verification mechanisms. However, they underlined that more information will be needed for operators and Competent Authorities to assess the adequacy and credibility of any newly established [third-party verification systems in Myanmar](#). The Expert Group stressed the need to mitigate risk of illegality when sourcing from Myanmar, because the risk of illegality in timber harvested in previous years and the mixing of materials along the supply chain remains very high.

Also at the 19th meeting, updates were given on the [Impact Assessment](#) on possible changes to the [EUTR product scope](#), and the Czech Republic Competent Authority debriefed on the outcomes of the second meeting of the [Central-European EUTR Enforcement Group](#). The Hungarian Competent Authority presented on [checks on traders](#). Hungary was invited by the European Commission to come up with draft guidance, e.g. a list of the types of documents that could be asked from traders to ensure traceability.

At the 20th meeting, there were discussions on timber imports from Ukraine. [EarthSight presented their report](#) on corruption and illegal timber harvest in Ukraine. [EGGER presented](#) their due diligence system applied to imports from Ukraine. The problem of timber imports from Ukraine was also discussed during the Informal EUTR Enforcement Group Meeting, and it was decided that the Commission would draft a position paper on timber from Ukraine that could be adopted by the Expert Group. The Danish Competent Authority presented on [its information campaign](#) for operators. A discussion on revising the EUTR guidelines on [conflict timber](#) and third party verification schemes was continued from the 19th meeting. With regards to conflict timber, the [guidance document was revised](#) to integrate the comments made by Member States, and there is a cross-reference with conflict minerals.

The next Expert Group meeting is scheduled for 7th December.

Results of the European Commission public consultation on product scope of the EUTR

The European Commission ran a public consultation in order to determine whether the current product scope of the EUTR should be amended or not, and if so, to what extent. The results of the consultations covering period from 29th January to 24th April [have been made public](#).

219 replies were sent to the European Commission from different stakeholders, including 17 Competent Authorities. The majority of respondents claim that the product scope is not adequate and that more or all timber products should be added to the scope. The results of the consultation show that a right balance should be struck between the positive environmental impact and the increased economic impact (such as costs related to due diligence systems) of adding more products to the scope.

EC guidance document on the verification of legality in timber trade

On 19th October 2018 the European Commission adopted [guidance document on the verification of legality in timber trade](#). The document explains how to assess the legality of timber from species listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) imported to the EU.

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 June – August 2018.

2. Member State enforcement of the EUTR

In Europe a Dutch Court ruled that a company importing timber from Myanmar did not implement a sound due diligence system. WWF Austria filed a complaint to the Austrian Competent Authority in which it was raised that Austrian companies violated the EUTR while sourcing wood from national parks in Romania. Discussions on strengthening the implementation of the EUTR took place during the second meeting of the Central-European EUTR Enforcement Group.

Dutch court ruling on Myanmar teak

In July 2018 a [Dutch Court delivered a preliminary ruling](#) in which it decided that a company importing timber from Myanmar failed to implement sound due diligence system. It was established that the company did not provide all required documents regarding delivery of more than 19,000 m³ of imported teak on 7 June 2017. Moreover, the company did not exercise proper risk assessment and risk mitigation. Pursuant to the ruling, if the company fails to introduce an adequate due diligence system within two months, the Competent Authority will be authorised to impose penalty fines if the imports continue.

The second meeting of the Central-European EUTR Enforcement Group

In June 2018, the [second meeting of the Central-European EUTR Enforcement Group](#) took place in the Czech Republic. The Member States shared their experiences of implementation of the EUTR. They asked the European Commission to put more pressure on Indonesia to strengthen communication with the licensing authority. The third meeting of the Central-European Enforcement Group will be held in 2019 in Slovakia.

WWF Austria complaint

The Federal Office for Forests in Vienna (the Austrian Competent Authority) received a [complaint from WWF Austria](#), stating that Austrian companies did not respect the provisions of the EUTR. WWF mentioned reports by the [Environmental Investigation Agency](#) and [EarthSight](#) which suggest that several Austrian timber companies have violated their commitments to stop sourcing wood from national parks in Romania, and revealed that up to 44% of Ukrainian timber exports to the EU may be illegal.

3. Other EU and international updates

In the EU and internationally, several organisations and institutions have been working to address the problem of illegal logging. The European Commission launched legal proceedings against the Polish government for breaking EU nature legislation. The Thünen Institute and the German Federal Ministry of Food and Agriculture held a conference on the implementation of the EUTR. Vietnam signed a Voluntary Partnership Agreement with the EU, and Myanmar launched third party certification system.

EU takes legal action against Polish government for breaking nature laws

The European Commission [launched legal proceedings in July against the Polish government for breaking EU nature legislation](#) in its management of forests. The Commission is urging Polish decision-makers to ensure proper safeguards are in place for protected forests, after recent changes to Polish laws. Under the Birds and Habitats Directives, certain activities that would disturb or harm protected species can only proceed in very limited situations. However, the changes to Polish law have allowed forest work to be carried out where it destroys vulnerable plants and habitats. The Commission has also criticised the Polish government for not ensuring the public has access to justice over forest management plans. Under Polish law, the public cannot challenge forest plans in court, which goes against EU nature protection law and breaks the Aarhus Convention.

Timber Trade and Forest Conservation Conference held in Hamburg

On 8-9 October, 2018 the Thünen Institute and the German Federal Ministry of Food and Agriculture held the Conference “Timber Trade and Forest Conservation – Five years of experience with the EU Timber Trade Regulation and the Thünen Competence Center”. The participants from the European Commission, Germany, other EU Member States, and the USA had the opportunity to share their observations about the implementation of the EUTR. It was agreed that despite a steady progress in the EUTR enforcement, there are still difficulties with ensuring uniform application of the EUTR in all Member States. There were also discussions around timber trade and methods of identification of timber origin. Lectures sheets from the conference have been published on [Thünen Competence Center website](#).

Update on Indonesia FLEGT License

In November 2016, Indonesia became the first country to issue FLEGT licenses. In July, the Minister of Environment and Forestry of Indonesia and a representative from the EU [announced there has been 40,000 shipments of licenced timber](#), representing 1.2 billion Euros, in the first 18 months of licencing.

Vietnam signed FLEGT/VPA with EU

On 19th October 2018 the EU High Representative/Vice-President, Federica Mogherini, the Chancellor of Austria, Sebastian Kurz, and the Minister for Agriculture and Rural Development of

Vietnam, Nguyen Xuan Cuong signed a [Voluntary Partnership Agreement \(VPA\) on Forest Law Enforcement, Governance and Trade \(FLEGT\)](#). It will enter into force after its ratification by each Party.

In order to implement the agreement, Vietnam must develop a sound timber legality assurance system aimed at verifying that domestic and international timber has been legally harvested and traded in compliance with the relevant legislation.

Imports from Vietnam will continue to be subject to the requirements of the EUTR until FLEGT licensing starts. The VPA and its annexes are available on the [EUR-lex](#) and on Vietnam's Ministry of Agriculture and Rural Development's website.

[Third party certification system in Myanmar](#)

In August 2018, the Myanmar Forest Certification Committee formally launched a Third Party Certification System. Four Certification Bodies (United Forestry Services, Nature Watch, Myanmar Forest Association and Double Helix Tracking Technologies) have been selected to issue Legality Compliance Certificates under the Myanmar Timber Legality Assurance System.

More detailed information is available [in the MFCC press release](#). The information on Myanmar timber regulations can also be found on [Myanmar Timber's Enterprise website](#). A representative of the Myanmar government also gave a presentation on the [Myanmar timber chain of custody process, documentation and actors](#) at the Expert Group meeting on the EUTR in June.

[28th Global Forum on Forest Governance in November](#)

The annual Chatham House meeting on forest governance (previously known as the Illegal Logging Update and Stakeholder Consultation Meeting) will take place on 8-9 November 2018. This year the discussions concern the following topics: the tropical timber trade, Voluntary Partnership Agreements, monitoring progress in the forest sector, Korean legislative development, illegal logging in Ukraine, use of isotopes and conflict timber. The agenda of the meeting is available on [Chatham House website](#).

[European Parliament resolution on management of natural resources in developing countries](#)

On 11 September 2018 the European Parliament adopted [resolution on transparent and accountable management of natural resources in developing countries: the case of forests](#). The Parliament called on the European Commission and Member States to fully implement and enforce the EUTR. According to the resolution, the EUTR should cover all products that are or may be made of wood and that contain or may contain wood. It emphasised the importance of the requirement to carry out effective and adequate checks and called for robust and dissuasive sanctions for all economic players. The Parliament also called on the Commission to update EUTR guidance to address conflict timber and recommended more detailed risk mitigation measures.

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.

NEPCon's project 'Supporting Legal Timber Trade' survey

Since 2016, NEPCon has been working on the 'Supporting Legal Timber Trade' project, and holding free training courses on tools that make due diligence simpler for European timber-related businesses across 12 Member States. The project is now ending and [NEPCon has set up a short survey](#) aimed at measuring the impact of the project.

DEVE study on transparency and accountability in the forestry sector in developing countries

The European Parliament's Committee on Development (*DEVE*) published a study reviewing the state of [transparency and accountability in the forestry sector](#) in developing countries, focusing on contributions of EU actions and provisions. The study was based on three case study countries, Cameroon, Ghana and Tanzania. Recommendations are made in regards to the scope of the EUTR, as well as calling for an EU Action Plan on deforestation and for the European Commission to step up action on the EUTR.

EU Timber Trade interactive dashboard

An [EU Timber Trade interactive dashboard](#) has been created by UNEP-WCMC, contracted by the European Commission, as an accompaniment to a report analysing patterns of trade in timber and timber products into and within the European Union over the period 2006-2016.

EC released five country overviews on timber exporting countries

The overviews on [Brazil](#), [China](#), [Myanmar](#), [The Russian Federation](#) and [Ukraine](#) have been published by the European Commission. The aim of these documents is to provide information for Competent Authorities and operators helping them in identifying and assessing the risk of sourcing illegally-harvested timber.

EarthSight published an investigative report on timber imports from Ukraine

In July 2018 EarthSight released a [report](#) on corruption and illegality in the Ukrainian timber sector and EU imports of illegal and high-risk wood from Ukraine. The report reveals that 70% of Ukrainian wood is exported to the EU and suggests that more than 40% of this wood was traded or harvested illegally. The report says that the EUTR did not prevent buyers from sourcing illegally harvested wood from Ukraine. The authors of the study are of the opinion that 'a part of the problem lies with the law itself, and part with how it is interpreted and enforced'.

Official translation of the Japanese Clean Wood Act published

The Japanese Forestry Agency published an official English translation of the [Clean Wood Act](#) on its website. The Clean Wood Act aims to tackle the high levels of illegal timber being sold in the country. As one of the largest importers of tropical timber, Japan has a critical role to play in reducing the trade of illegal timber internationally. ClientEarth developed a table with key information to [compare the Japanese, EU, US and Australian laws](#).



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