



EUTR News – October to December 2019

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 October to December 2019. 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 hosted the 26th Expert Group Meeting on the EUTR and FLEGT Regulation and published a Communication on The European Green Deal and its Roadmap. The EU Council published its conclusions on the Communication on Stepping up EU Action to Protect and Restore the World's Forests.

European Commission FLEGT/EUTR Expert Group meetings

The European Commission published [minutes and presentations from the 25th FLEGT/EUTR Expert Group meeting](#), which took place on 12th September 2019. The meeting included discussions on risk assessment regarding timber imports from Myanmar, with a conclusion that it is still not possible for timber coming from Myanmar to have a negligible risk of illegal harvest. This is in particular due to insufficient access to the applicable legislation and documentation from governmental sources. The Commission noted that the problems remain unchanged in [Brazil](#). Presentations were given on [LesEGAIS](#) (the Russian Federation's wood tracking tool) and on surveys of EUTR Operators [throughout the EU](#) and [in Germany](#). DG OLAF (European Anti-Fraud Office) presented on their [role in enforcement activities](#), such as joint checks and inspections with Competent Authorities to establish trends and systemic breaches of customs legislation.

The FLEGT/EUTR Expert Group held its 26th meeting on 12th December 2019. The agenda of the meeting included sharing of information on the Green Deal and Commission activities based on the Deforestation Communication. [The minutes of the meeting will be available online soon.](#)

Conclusions of the EU Council on the Communication to stop deforestation

The EU Council published its [conclusions on the Communication on Stepping up EU Action to Protect and Restore the World's Forests](#) on 16th December 2019. In the Conclusions, the Council and Member States welcome the Communication and state that they are deeply concerned that current policies and action at the global level on the conservation, restoration and sustainable management of forests are insufficient to halt deforestation. In order to reduce the EU's consumption footprint on land, the Council requests that the Commission expeditiously undertakes the assessment of additional demand-side regulatory and non-regulatory measures and produces the respective proposals. The Council also underlines the need for enhanced implementation of the EUTR. A partnership approach with producer countries to combat deforestation and forest degradation and to improve livelihood is recommended, by requesting the Commission to consider how the experience of preparing and implementing Voluntary Partnership Agreements can be applicable to commodities other than timber, in the context of potential supply-side support for producing countries. They also recommend proposing, for all new relevant comprehensive EU trade agreements, specific provisions on sustainable forest management and sustainable and deforestation-free agricultural commodities.

The European Commission's Green Deal

The [Commission's Communication on The European Green Deal](#) and its Roadmap, published on 11th December 2019, include elements on both tropical and European forests. It includes a new EU Forest Strategy covering the whole forest cycle and promoting the many services that forests provide. Building on the Communication on Stepping up EU Action to Protect and Restore the World's Forests, the Commission will take measures, both regulatory and otherwise, to promote imported products and value chains that do not involve deforestation and forest degradation.

2. Member State enforcement of the EUTR

France issued a fine to a company for breaching the EUTR. Based on surveys WWF carried out with EUTR competent authorities of 16 Member States between October 2018 and March 2019, they published an enforcement review of the EUTR. WWF also submitted a substantiated concern regarding Oak from Ukraine being sold in Austria, based on a report by Addendum.

France issued a fine for breach of the EUTR

According to Le Commerce du Bois, France has [issued an administrative fine of €5,000](#) to the company 'Carbon Market' for breaching the EUTR. On 24th June 2019, a French administrative authority [issued a formal notice](#) against Carbon Market, giving them one month to set up a due diligence system for their imports that included an analysis of the risk and the mitigation measures taken by the company. In its administrative order, the French authority highlighted the major non-conformity with the EUTR including the lack of rigorous risk assessment regarding Carbon Market's imports and the lack of risk mitigation processes, even though the company imports from high risk profile countries (Bolivia, Brazil, Peru, Cameroon, Gabon and Congo). Still According to Le Commerce du Bois, in September 2019, Carbon Market informed the French Competent Authority (CA) that it had a contract for an upcoming audit of all of its suppliers. However, the French CA decided that while this contract might secure future imports, it was not good enough to show due diligence had been undertaken for past imports.

Global Witness' report '[Buyers Beware](#)', published in March 2019, names Carbon Market, although it is not clear if there is a link between this report and the fine issued by the French Authorities.

WWF Enforcement Review of the EUTR

The [WWF Enforcement Review of the EUTR](#) is based on surveys WWF carried out with EUTR competent authorities of 16 Member States between October 2018 and March 2019. The report identifies implementation gaps as well as good practices, which do not necessarily apply to all 16 Member States, although many of the gaps and shortcomings appear common and widespread. The report provides recommendations for Member States and the European Commission, including:

- The Commission should carry out a thorough analysis of penalties and sanctions at national level and their deterrent effect, and set up a multi-stakeholder platform to discuss findings;

- Checks at national level should be carried out based on regularly updated inspection plans, using the latest available information, cover both domestic and imported timber products and their risk level to be illegal, and set clear targets and timelines for inspection plans;
- Capacities at national level must be strengthened to ensure good coverage of operators and allow for regular and frequent checks.

WWF substantiated concern regarding Oak from Ukraine being sold in Austria

Addendum, an Austrian investigative and data journalism platform run by Quo Vadis Veritas, published a report [on the 'timber mafia'](#) in early December, where they investigated high-end Austrian parquet flooring manufacturers. Between January 2018 and May 2019, Addendum found that four Austrian firms purchased a combined 8,300 tonnes of lamellas (the top Styrian Oak layer used to produce parquet floors) worth more than more than \$35m from Tayfun and Tsunami - timber firms based in western Ukraine close to the Carpathian forests and linked to illegal logging, corruption and money laundering. Based on Addendum's report, WWF Germany sent a substantiated concern to the Austrian Competent Authority on 19th December 2019 regarding the four Austrian companies found to be importing from Ukraine.

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 2019 SPOTT Palm Oil assessments were released by ZSL including the addition of 30 new palm oil companies.

2020 Global Forum on Forest Governance – dates announced

The next Global Forum on Forest Governance will take place at Chatham House on 13-14 July 2020.

The 2019 SPOTT Palm Oil assessments released by ZSL

[This year's assessments](#) saw the addition of 30 new palm oil companies, including palm oil crushers and refiners, providing a much larger snapshot of the state of transparency in the palm oil sector. In total, 99 companies were assessed against 181 environmental, social and governance (ESG) indicators that provide a measure of corporate transparency.

4. Publications and resources

Over the past 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.

Enforcement of the European trade of timber in 2018 – Forest Trends

[Forest Trends assessed the latest United Nations \(UN\) Comtrade data for 2018](#), as well as other sources, for the links between trade and enforcement activity. The study found that EU imports of forest products under the scope of the EUTR reached a high of \$175 billion in 2018, up 12% from 2017. Imports of EUTR-regulated forest products from Ukraine declined 33% between July and December 2018, bucking the upward trend over the previous two years, while imports from Myanmar increased by 50% between 2017 and 2018. Indonesian forest-product exports to European markets increased by 23% in value since 2013 with a 9% increase since November 2016, when Indonesia started to issue FLEGT licenses. The study highlighted that EUTR enforcement is evolving, with enforcement officials increasingly focusing on issuing financial penalties and considering new technologies to check for fraud and mismanagement in traceability systems.

Rosewood revealed, a new tool from EIA

The Environmental Investigation Agency (EIA) released a web-based tool '[Rosewood Revealed](#)' showing the quantity and value of illegal rosewood imported into China from Ghana every month. For October 2019, it shows over 15,220 tons of rosewood, worth over US\$9.5 million, was exported to China in breach of Ghanaian regulation prohibiting the harvest, transport and export of the species.



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