

Guide to the EUTR

European Timber Regulation





FOREWORD

With the entry into force of the EU Timber Regulation (EUTR) in March 2013, a crucial step to combat global illegal logging was taken and thus public acceptability of wood as material from renewable resources was improved. The EUTR bans illegal timber in the EU and obliges anyone who places timber or timber products on the European market for the first time to assess the risk of those products coming from an illegal source and to reduce any identified risk.

Experiences of the competent authority and concerned associations in Germany show that many companies which import wood products on a smaller scale are still very uncertain how to comply with the requirements of the EUTR. The motivation of the German Import Promotion Desk (IPD) is to provide these companies with comprehensive information and offer opportunities to further explore the topic, which makes this publication useful also for companies already familiar with the EUTR.

This English version has been realized in cooperation with the Dutch Centre for the Promotion of Imports from developing countries (CBI). CBI provides technical assistance to SME exporters in developing countries, helping them to establish sustainable trade relationships with European importers. Supporting European counterparts to comply with the EUTR is essential for these exporting SMEs to secure markets. For them, this not only means knowledge of the regulation, but full understanding of its implications for their supply chain management. In Bolivia's integrated timber programme, CBI is providing training and coaching to local exporters of tropical timber products, sharing knowledge and expertise on exactly these issues. As such, this brochure is not only of great use to European importers, but to exporters in developing countries as well. After all, if they have a clear understanding of the requirements that have to be met by European importers, they are in a better position to meet their clients' requirements as well.

Frank Maul
Import Promotion Desk
Expert Sourcing + Purchase (Technical wood)

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Jana Stange,
Project Manager, BHB

TRADE ASSOCIATION DIY, CONSTRUCTION AND GARDEN (BHB)

The BHB supports the aims of the EU Timber Regulation, to prevent the import of, and trade in, timber and timber products from illegal sources. Here, traceability along the value chain is of specific importance and is generally closely linked to sustainability and transparency. Practical interpretation of the EUTR is required - not only for economic reasons, but also with regard to social and environmental issues. This brochure provides a concise overview of the new legal obligations as well as professional guidance on practical implementation of the requirements.



Imke Ide,
Project Manager, BVDM

FEDERAL ASSOCIATION OF KITCHEN, FURNITURE AND FURNISHING RETAILERS (BVDM)

The requirement of the EU Timber Regulation to trace the supply chain back to the country of origin represents a significant, completely new, challenge for the German furniture trade, which is dominated by small and medium sized enterprises. There remains a significant information gap and assistance in bridging this is welcome. BVDM therefore warmly welcomes this brochure as it provides the necessary information in compact and comprehensible form. It is a useful guide for understanding the EU Timber Regulation for the German furniture trade.



Thomas Goebel,
CEO GD Holz

GERMAN TIMBER TRADE FEDERATION (GD HOLZ)

The use of tropical wood species is immensely important for the countries of origin – to generate added value locally and because alternative uses of forest areas as plantations, and sites for animal husbandry and agriculture are often unsustainable - either for environmental reasons or for the local population. The German Timber Trade Federation and GD Timber Service GmbH therefore expressly welcome the European Timber Regulation and the associated VPA process. First because access to the European market remains open for exporters in VPA partner countries and second because the administrative burden on local small and medium sized importers of legally harvested timber can be reduced; this comes simultaneously with maximum reassurance about the legality of the imported timber and timber products. We support the objectives and content of the EUTR and VPA in every way - this brochure provides a valuable contribution to those seeking to understand the implications of these initiatives for the timber trade.





Stefan Genth,
Managing Director HDE

GERMAN RETAIL ASSOCIATION (HDE)



To protect the world's forests from illegal logging and to ensure fair competition in legally harvested wood is of great importance for the German trade. Yet the new requirements of the European Timber Regulation pose significant challenges to the traders. This brochure provides answers to many pertinent questions and is thus an important element in the implementation of the new regulation for the trade.



Dirk-Uwe Klaas,
Managing Director HDH

FEDERATION OF THE GERMAN WOOD AND PLASTICS PROCESSING INDUSTRY AND RELATED BRANCHES OF INDUSTRY (HDH)



We as HDH expressly support the intention of the EU Timber Regulation to combat illegal logging worldwide. For us as a sector association it is very important to support and promote sustainable forest management in all regions of the world. Not only environmental responsibility, but the economic interests of the industry are inextricably connected to it. These linkages are underscored by this guide and complement our efforts to give concise and understandable information on the EUTR to all stakeholders in the forest sector.



Sabine Hahn-Fornet,
Project Manager Technical Wood
SIPPO Programme

SIPPO – SWISS IMPORT PROMOTION PROGRAMME



For SIPPO, legal timber origin is a sine qua non condition for accepting companies in our support programme. In support of European importers, one of SIPPO's key considerations in the selection of companies from Indonesia, the Balkans and Ukraine is their ability to provide European customers with documents and processes which support compliance with EUTR requirements. With this concise publication we have a valuable tool for testing companies on our sourcing trips.

Introduction

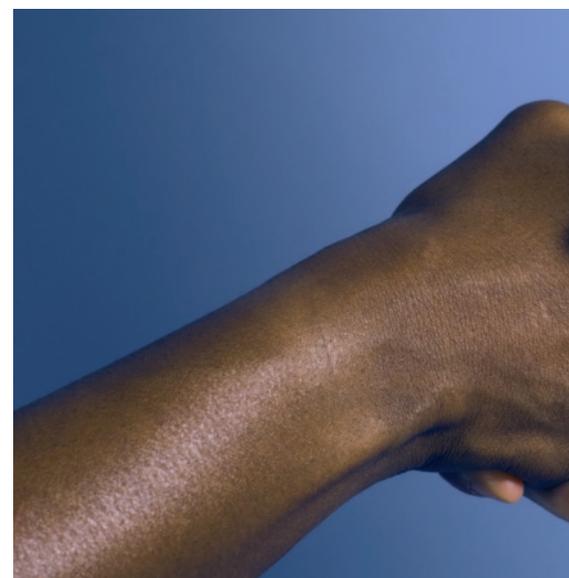
The European Timber Regulation came into force on 3rd March 2013. Its purpose is to ensure that no illegal timber is placed on the EU market from either domestic European or imported sources. The legislation places a responsibility on all EU operators procuring timber and regulated timber products. Anyone who places timber or timber products on the EU market for the first time must have systems in place to ensure that they have not been harvested illegally.

This brochure is a guide to the EU Timber Regulation ("EUTR") for European Importers. It describes the requirements of the EUTR, which have to be met.

Illegal logging and depletion of forests is a global problem for which Europe carries a significant responsibility. Worldwide the extent of illegal logging was estimated at 7 to 17% of the total harvest in 2009. In 2009, imports of wood from illegal harvesting into the countries of the EU accounted for a volume of 15 to 34 million m³. That was 3 to 6% of all wood imports and 2 to 4% of the domestic use of wood in the countries of the EU.¹⁾

ILLEGAL LOGGING HAS DEVASTATING EFFECTS ON NATURE AND HUMANS.

Extensive forest areas, which are important for climate protection and for the conservation of biodiversity, are being destroyed. Timber producing countries are losing tax revenue²⁾ – money that is urgently needed for improved health and education as well as for the fight against poverty. Pricing on the timber market is disturbed: Timber producers, importers and traders who operate legally and follow the law make less profit because international timber prices are depressed by up to 16%³⁾ due to the cheaper, illegal timber.





The EUTR is part of a comprehensive package of measures established by the EU to effectively fight illegal logging and the trade in illegal wood.

In 2003, the European Commission adopted the EU Action Plan for Forest Law Enforcement, Governance and Trade ("FLEGT"). The FLEGT Action Plan includes a package of measures to simultaneously influence both demand for, and supply of, legally and sustainably produced timber.

- Supply side: support for legal and sustainable forest management, mainly delivered through Voluntary Partnership Agreements ("VPAs"); partner countries implement measures to legalize their forest management and issue FLEGT licenses.
- Demand side: The EUTR excludes illegal timber from the market and promotes partner countries by providing preferential treatment for FLEGT-licensed timber – import of FLEGT licensed products are deemed to be in compliance with the requirements without further documentation.

Furthermore private measures exist that influence the demand side: various international certification systems for sustainable forest management, e.g. Forest Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC"). They also have positive effects in the fight against illegal logging and the corresponding illegal timber trade.



EUTR – who is concerned?

The EUTR mainly concerns five groups: operators, traders, monitoring organisations, competent authorities of the EU Member States and the European Commission. Furthermore it has consequences for a sixth group: the end consumer.

Operator = individuals or companies who "place timber or timber products on the European market for the first time".

OPERATORS

„Placing on the market“ is a term defined in the EUTR as the supply by any means, irrespective of the selling technique used, of timber or timber products on the internal market for distribution or use in the course of a commercial activity (whether in return for payment or free of charge). This means any first import of timber into the EU and any first sale on the EU market.⁴⁾ This also applies to forest companies which harvest timber from EU-forests and sell it within the EU.⁵⁾

- The EUTR prohibits operators from placing illegal timber on the EU market.
- Operators will be held liable for violations of the EUTR.
- Operators must implement a due diligence system. They can develop their own system or can use a system offered by a third-party.⁶⁾

TRADERS

The EUTR does not place new requirements on traders – they are already common in the context of normal business activity or based on existing rules.

- Traders must be able to provide information about their direct suppliers and clients (information is needed only up to the last sales transaction between the company and its commercial customers; sales to end consumers need not be recorded).
- The trader can supply this information simply through purchase and sales invoices or other business documentation.
- Documents have to be kept for a minimum of five years and be submitted to the competent authorities on request. This requirement enables the traceability of the timber and timber products back to the operator, with whom the legal responsibility for legality rests in case of a dispute about the origin of the timber.

“Traders” are merchants as well as manufacturers (e. g. saw and paper mills) and retailers on the EU internal market, who neither carry out logging nor import timber directly into the EU but resell timber products and wooden articles.



“Monitoring Organisations” are EU-based industry or trade associations, certification bodies or other service providers who offer systems that help companies comply with the due diligence requirement on operators.

MONITORING ORGANISATIONS

The EUTR brings a new player into the timber sector: monitoring organisations. These have to complete a procedure for recognition by the European Commission and comply with various criteria: they must be a legal entity; they must be based in the EU, and they must possess the necessary expertise to exercise their functions properly. Their task is to

- offer due diligence systems for operators and to keep them up-to-date
- monitor operators in fulfilling their due diligence obligations
- apply appropriate measures in case of infringements
- ensure independence and avoid conflict of interest.

Operators do not have to develop their own due diligence system. Especially small and medium sized companies, who might have difficulties setting up their own system, can make use of systems developed by monitoring organisations.

COMPETENT AUTHORITIES

Each state has to name one or more competent authorities responsible for the correct application of the regulation. It must put all necessary measures in place to ensure that the regulation is effectively implemented. When converting the EUTR into national law, each state must also establish appropriate penalties for infringements of the regulation. The competent authorities:

- check monitoring organisations, operators and traders
- maintain written records of audits and examinations and impose corrective measures
- cooperate with other competent authorities in the EU and exchange information.

EU Member States are responsible for the implementation of the EUTR within their national jurisdictions.



The European Commission formulated the EUTR and its implementation regulations and ensures its effective implementation.

EUROPEAN COMMISSION

The European Commission holds a central supervisory role and retains important functions. The Commission is responsible for the equal implementation of the EUTR by the competent authorities across all EU Member States.

- It is responsible for the recognition, and withdrawal of recognition, of monitoring organisations. It should consult the competent authorities of the EU Member State or States where a monitoring organisation operates or wants to operate.
- It must regularly update the public records where names of the recognized monitoring organisations and competent authorities are published.

The EUTR should reinforce consumer confidence in wood as an environmentally friendly product. When buying timber, the consumer is receiving a renewable material from legal sources. It is hoped that this will promote demand for timber compared with other products.

The EUTR offers the chance to raise awareness of the benefits of wood when compared with other raw materials such as plastic: wood is an infinitely available, renewable material; it is suitable for a wide range of applications, has favourable life cycle balances and very good material properties.





LEVEL OF PENALTIES

Each Member State is legally bound to set penalties for infringements of or failure to satisfy EUTR requirements:

- Penalties must be effective, proportionate and dissuasive.
- Fines must be proportionate to the environmental damage, to the value of the timber or timber products concerned and to the tax losses and economic detriment resulting from the infringement.
- Seizure of the timber and timber products concerned and immediate suspension of authorization to trade are further possible penalties.

It is an offence to import timber into the internal EU market which - according to the applicable legislation in the country of harvest - has been logged illegally. The burden of proof for this lies with the corresponding national authorities, who have to present evidence that a specific timber product originates from illegal sources. Therefore, the EUTR requires operators to implement a "due diligence system" which covers a set of measures that effectively minimize risk.

EUTR requirements for operators

Operators are required to establish a due diligence system and to implement it through suitable operational measures. The European Commission describes due diligence as a framework of procedures and measures – that means as a system containing specified methods which are logical, demonstrable and repeatable. This can be achieved through controls of business processes, specified rules and system limitations. The elements of the system should be recorded in writing in order to be comprehensible and verifiable.

One option for implementing a due diligence system is the creation of a handbook, as commonly used with quality or environmental management systems. For instance, the ISO 9001 standard prescribes a handbook as a central element of quality management. The handbook should contain the general managerial attitude towards quality management and all necessary documents and operational processes. The handbook should be in plain and intelligible language as the main target groups are employees, suppliers and clients of the company. The handbook should comprise the following areas:

CONTENT AND SCOPE

- Table of contents and goal of the handbook
- Documentation list: documents, procedural instructions, forms
- Description of which company parts, supply chains, products or timber species the system applies to, and clarification of situations in which the company acts as operator or trader.



RESPONSIBILITIES AND COMPETENCIES

- Declaration of commitment, in which the operator commits to procure products and services which ensure that all regulated products originate from legal sources (the commitment should be confirmed by management and be published).
- Assignment of positions or persons which carry responsibility: Who has the overall responsibility for compliance with all requirements? Who carries specific responsibilities – e.g. for training of staff, skills development, updating of documents, procedural instructions?
- Description of responsibilities for all elements of the due diligence system (corresponding positions or persons need to be equipped with sufficient authority and competency).



DOCUMENTATION

- Detailed description of processes, procedures and approaches which will be applied, including procedures for updating company policies in light of possible changes of the regulatory environment or general conditions (e. g. of prevailing conditions in terms of practices in the countries of harvest and accessibility of information sources), procedure of the regular (e. g. annual) control of the functionality and correct application of the due diligence system within the company; updates of the system
- Naming protocol of all documents necessitated by the execution of processes; review of procedures
- Denomination and formats of all records (e. g. electronic or paper format), place and method of storage and data backups
- Written confirmation of 5 year storage period.

THREE-PHASE SYSTEM OF DUE DILIGENCE

The due diligence system which an operator must apply is described by the legislation as a three-phase system, where the different phases depend on each other:

- Phase I: Access to information
- Phase II: Risk assessment
- Phase III: Risk mitigation

The three-phase system aims to ensure consistent results in terms of the desired outcome: to minimize the risk until it can be classified as “negligible”.

Phase I: Access to information

Access to information on the origin of the timber, the supply chain and timber species are requirements of great importance.

They establish the basis for further action:

- Suppliers (name and address)
- Commercial customers (name and address) to whom the timber and timber products have been supplied
- Documents or other information indicating compliance with the applicable legislation in the country of harvest
- Product information, specifically:
 - Type of product
 - Trade name
 - Product description
 - Timber species/scientific name, if the common name of the species is not unambiguously clear
 - Quantity (expressed in volume, weight or number of units)
 - Country of harvest, additionally sub-national region where the timber was harvested and concession if the risk of illegal logging varies between regions or concessions in a country.

TIMBER SPECIES

The timber species itself can supply an indication of the country or region of origin but does not provide an absolute guarantee of source as some timber species are distributed over broad regions or are cultivated as plantation timber in other countries of the world. The determination of species can be problematic for composite products made from various species. An operator must gather information about all material contained within assembled timber products, including the place of harvest and the legality of the different components.

- If credible information about the species is missing, the operator can have the timber tested and identified by specialized bodies.
- The scientific or botanical name should also be identified if various species are covered under the same common name.

ORIGIN

- The origin of the timber right back to forest source only has to be demonstrated if it becomes clear that it is the only way to determine the risk of illegal logging reliably. If the timber originates from a country where the risk of illegal logging is negligible throughout, no further information is required. However, that assessment must be supported by clear, objective and up to date information about the situation in the country. In this case, the due diligence requirement has been fulfilled with the execution of phase I (access to information).





SUPPLY CHAIN

Progressive globalisation makes it hard to gather evidence that proves the legality of timber products with complicated supply chains, as the movement of timber between countries changes frequently. This happens when traditional supplies are exhausted through over logging or cheaper sources become available, when new production sites and processing industries are established in low-wage countries, and when the introduction of new laws or trade restrictions, as well as changing demand trends and manufacturing processes, are in effect.^{9, 10)}

Incomplete information, or information which is not conclusive enough for a robust risk analysis, makes communication with the supplier necessary, in order to gather missing or additional information. Close cooperation with suppliers is recommended in all phases of the due diligence exercise, as this can facilitate the process. In addition, operators may wish to put together an information package for their suppliers. A supplier information pack could usefully include:

- Informative note about the introduction of the EUTR including a request for cooperation
- Description of the consequences for the supplier in the event of non-compliance or new supply conditions and guidelines
- Form with a table on product information, to be completed by the supplier
- Graphics of the supply chain for each product with completion request
- Declaration for the signature and confirmation of the supplier that he has followed the applicable legislation in his country and that timber from unknown or illegal sources will be excluded from his supply chain¹¹⁾
- Written consent for signature and confirmation of the supplier that he grants access to his premises to the operator, or a third party authorized by the operator, in order to carry out audits.

The aim is a long-term and stable relationship with each supplier, characterized by trust, reliability and transparency.



Phase II: Risk assessment

The risk assessment process determines if the risk of importing illegal timber is negligible. All available information about a product is evaluated methodically and the risk is assessed. The graph on the following page can help with the evaluation.

Negligible risk should be understood to apply to a product when, following full assessment of both the product-specific and the general information, there is no suspicion that the timber could come from an illegal source.

RISKS

Risks are amongst others:

- Violations in forest management
- Violations in harvesting operations
- Mixing of legal and illegal timber along the supply chain.

DOCUMENTS FOR THE RISK ASSESSMENT

Different regulatory regimes exist in different countries, and not all of them require issuing specific documentation. Therefore, the operator should demand the following kinds of documents and records indicating compliance with applicable legislation: ^{12, 13)}

- Official documents issued by authorities
- Documents demonstrating contractual obligations, e.g. written contracts
- Documents showing company policies
- Codes of conducts; certificates issued by third-party verified schemes, and others.

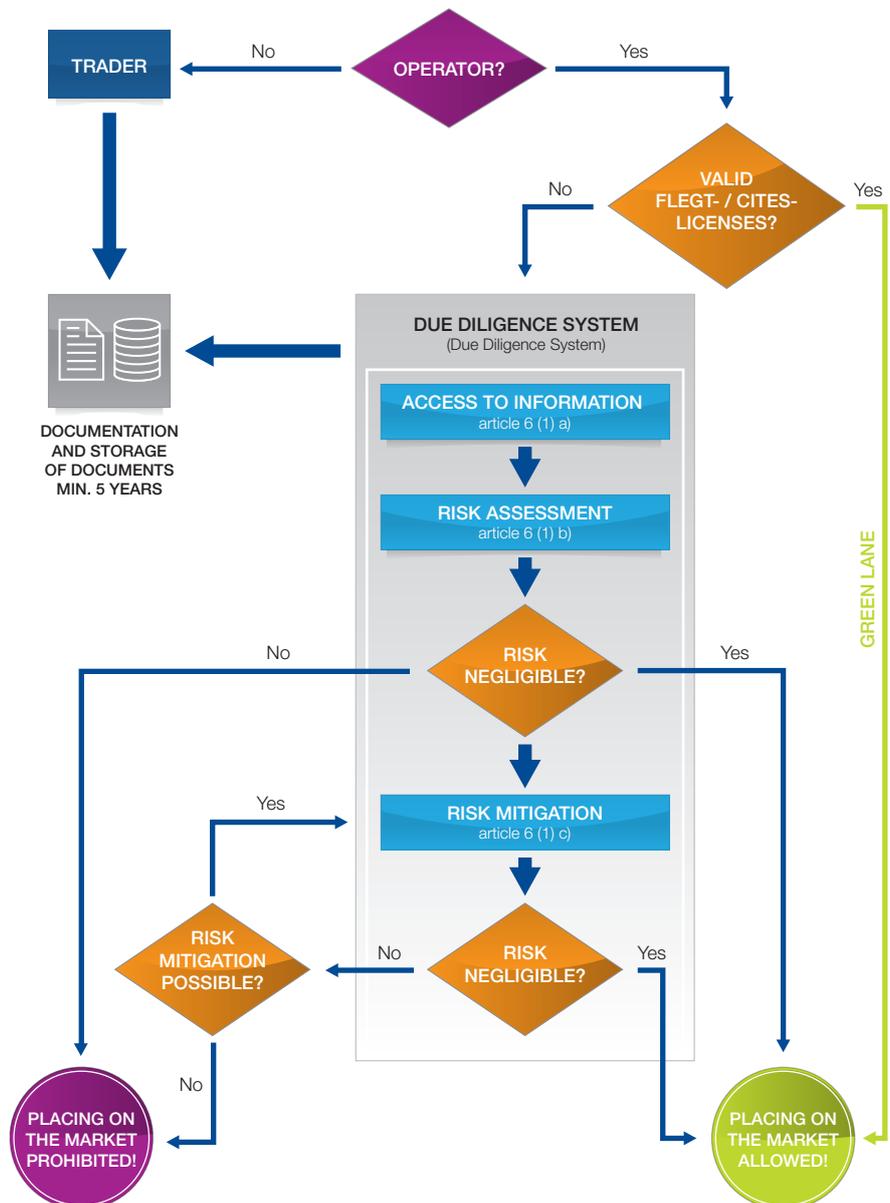
Operator decision-making must be recorded in a way that makes it apparent which records (documents, certificates, statements etc.) have led to the decision that a particular consignment can be assessed as negligible risk.¹⁴⁾

- If valid CITES certificates or FLEGT licences exist for the timber, it can be considered risk-free as legality verification controls are deemed to have been carried out in the country of origin or in the exporting country. "CITES" is the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which regulates the trade in threatened animal and plant species through a permit system.¹⁵⁾ FLEGT licences can be issued by a timber supplying country as soon as the implementation procedures of its Voluntary Partnership Agreement have been established and the FLEGT licensing system has been confirmed to be operational. Information on countries which issue FLEGT licences is provided by the EU FLEGT Facility hosted at the European Forest Institute.¹⁶⁾
- No central database with risk assessments for various timber-producing countries exists. Therefore the identification of trustworthy information sources is complex. Some sources of information on various countries can be found at the end of this brochure.
- If different laws or regulations in a country of origin apply to different sub-regions, or if considerable regional differences in illegal logging in a country exist, information on the sub-region or even concession of harvest where the timber or timber products originated must be provided.
- The international red list of threatened species held by IUCN ¹⁷⁾ and the CITES species lists¹⁸⁾ both give information on the level of risk relating to certain tree species.



- The Corruption Perception Index (CPI) which is published annually by Transparency International provides a detailed picture of the perception of corruption in all countries. FSC states in its directive FSC-DIR-40-005 that countries with a CPI under 50 cannot be regarded as low risk when it comes to the prevalence of illegally logged timber.¹⁹⁾
- Operators must also be aware of the prevalence of armed conflicts and adapt their procurement policy correspondingly.²⁰⁾
- Operators must investigate if UN sanctions or embargos have been imposed on the country of origin or the timber that they want to place on the EU market.²¹⁾
- For repeated deliveries, where the product, timber species, origin and supplier always stay the same, the risk assessment need only be carried out annually.²²⁾

Source: Federation of the German wood and plastics processing industry and related branches of industry (HDH)



Phase III: Risk mitigation



For each product or each supply chain where a non-negligible risk has been identified, additional measures which diminish the risk to a negligible level must be carried out. Products may only be ordered when the risk has been classified as negligible. The best approach for risk mitigation depends on the kind of product, the complexity of the supply chain and the origin of the timber. It is important to document all activities relating to risk mitigation.

Missing or incomplete data constitutes a risk in itself which has to be minimized. Suppliers may not wish to or be able to disclose the required information about their sub-suppliers and sources, as it may be unknown or commercially confidential. In this case it may be necessary for independent third parties to verify legality along the supply chain.

In those cases where it is not viable or possible to work actively in risk mitigation with sources or suppliers, the product should not be sourced or the supplier should be replaced with one who can deliver products with evidence of negligible risk.

Certification systems for sustainable forest management (e.g. FSC or PEFC) can play an important role in the determination of negligible risk of timber. They are also important mechanisms in the risk mitigation process as they require evidence of compliance with applicable legislation by forest companies. Chain of Custody (COC) certification ensures traceability of the certified timber or timber products through the different manufacturing and trading companies.

MEASURES FOR RISK MITIGATION

The following activities are considered to be risk mitigation:

- Requesting more information
- Carrying out controls and audits of suppliers in the supply chain and in the field
- Buying certified or legality verified products
- Using third-party controls to verify the legality of forest management and adherence to laws and legislation in the supply chain for a specific timber consignment.

CERTIFICATION SYSTEMS

- When buying timber from certified sources, operators and traders should check delivery documents to ensure that COC requirements, as well as the validity and scope of the certificate for have been met for the type of product and timber species in question. Verification can be effected via online data bases e.g. FSC or PEFC.²²⁾
- Certified timber products cannot automatically be classified in the negligible risk category. Operators must verify if the certification systems that they use comply with the criteria of the regulation and if they can effectively help in mitigating risks.
- The criteria which certification systems must fulfil under EUTR requirements can be found in the EUTR Implementing Regulation (article 4).²³⁾

In addition to the internationally recognized certification systems for sustainable forest management, voluntary systems for the verification of legality exist. In most cases these were developed by certification bodies and are operated by them. The criteria that these systems use vary widely and not all comply with the requirements of the EUTR.²⁴⁾



FURTHER MECHANISMS

Some additional mechanisms, not recognized as standards for sustainable forest management, can play a role in the achievement of negligible risk^{25, 26)}. They can do this by establishing a degree of transparency about the source and supply chain for given products. They are important in the due diligence exercise but do not directly provide assurance about the legality of timber and timber products. A number of non-profit organisations support timber producers in export countries working towards certification. Although these initiatives are not programmes for legality verification, the participating companies must prove that they have the right to harvest. Often these initiatives also use legality verification programmes offered by independent third parties. Operators who source timber from companies working with such initiatives must gather additional evidence about the compliance with all EUTR requirements that have not been covered by these programmes. Examples include:

- WWF's Global Forest & Trade Network (GFTN) Sound Forest Management²⁷⁾
- Rainforest Alliance's, Smartstep – Stepwise Approach toward FSC Forest Management Certification²⁸⁾
- The Forest Trust's (TFT) Programme²⁹⁾

Where can importers find more information?

The European Commission has published a list of the nominated competent authorities in the different European Member States³⁰⁾. The competent authorities are charged with the controls of the operators and the monitoring organisations in their country or jurisdiction and can be contacted for questions and information. Which operators are targeted with enforcement checks is determined through a risk-based approach.

During an audit, the functioning of the due diligence systems, including procedures for risk assessment and mitigation are inspected. Competent authorities examine documents and records to determine whether these demonstrate the proper functioning of the due diligence systems. In addition, they take samples and perform on-site inspections.

STATE APPROVED SYSTEMS

Operators have the opportunity to use due diligence systems provided by recognized monitoring organisations. The monitoring organisations play an important role in checking compliance with the EUTR and thus lower the administrative burden on the companies concerned. The monitoring organisations themselves are regularly checked by the competent authorities and risk the withdrawal of their recognition if they fail to meet their obligations under the EUTR.

Monitoring organisations are service providers. When using the due diligence systems of a monitoring organisation, operators are provided with relevant forms and regularly updated information. However, it should be noted that the legal responsibility for implementation of the due diligence systems in their companies and all related legal liabilities, stay with the operator. In the event of a case being brought against an operator, the fact that he uses a state approved system is likely to be considered a reasonable defence. The names of the recognized monitoring organisations can be found on the website of the Directorate General for the Environment of the European.³¹⁾



Alternative systems for compliance with the due diligence requirement

Together with IT service provider Global Traceability Solutions³²⁾ the DIY-sector has developed a digital due diligence system for information gathering and risk minimization. Through an online platform, products are traced back to suppliers along the delivery chain. The platform functions along the same lines as so called “social community networks”: The operator registers each of his timber products online and contacts his respective suppliers through the system. The suppliers register themselves on the online platform and upload all required information about the corresponding products and their origin.



If the suppliers have procured the products from sub-suppliers, they contact these through the system as well, asking them to register and upload all necessary information and evidence. All supply chain data remains confidential as only the information required by the EUTR can be seen by the operator. Depending on the completeness of the information, place of origin, type of product and species risk factors are stored in the system. Only if the system shows a “green light” for a product, can it be ordered. The large number of users makes this system cost-effective. However, the operator remains responsible for the fulfilment of the due diligence requirement and must check the credibility of the documents and, if necessary, take action to reduce risk.

Other similar system solutions are offered by organisations such as The Forest Trust³³⁾ or Track Record³⁴⁾.

INDUSTRY AND TRADE ASSOCIATIONS AND NON-PROFIT ORGANISATIONS

Some organisations in the forestry and timber industry offer support to their members and to interested parties by establishing their own due diligence systems. They develop guidelines and forms, organize training courses and workshops on the topic, or may even act as a monitoring organisation. Examples are:

- European Timber Trade Federation (ETTF)³⁵⁾
- Association of German Timber Traders (GD Holz)³⁶⁾
- UK Timber Trade Federation (TTF)³⁷⁾
- Italian Timber Trade Federation (Conlegno)³⁸⁾
- Danish non-profit organisation NEPCon³⁹⁾
- International Technical Tropical Timber Association (ATIBT)⁴⁰⁾
- The Forest Trust, Tropical Timber Action Plan⁴¹⁾

Information sources for basic questions on the EUTR

- EU Timber Regulation legal text: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF>
- Definitions and explanations by the European Commission: Guidance document for the EUTR http://ec.europa.eu/environment/eutr2013/static/files/guidance/guidance-document-5-feb-13_en.pdf
- English website dedicated to the EUTR by the Directorate General for the Environment: http://ec.europa.eu/environment/eutr2013/index_en.htm
- The FSC International Center published a brief online description and a PDF document with frequently asked questions (FAQs) on the EU Timber Regulation in English, Polish, French and Italian published: <https://ic.fsc.org/eu-timber-regulation.46.htm>
- The PEFC International explains the relationship of its certification system to the EUTR in English: <http://www.pefc.org/certification-services/eu-timber-regulation>

Information on forest management in different countries

PORTALS AND DATABASES

- Global Forest Registry of Rainforest Alliance and Nepcon: <http://www.globalforestregistry.org> - Information about the risk of buying controversial wood; Risk assessment for about 150 countries; Evaluation criteria for FSC Controlled Wood standards
- Illegal logging portal of Chatham House: <http://www.illegal-logging.info/> - Information about the most important issues in the debate on illegal logging and trade in illegal timber; news and documents; details of relevant developments; links to other relevant websites
- Risk Tool of the Forest Legality Alliance: <http://risk.forestlegality.org/> - developed by the World Resources Institute (WRI), the U.S. Agency for International Development (USAID) and the Environmental Investigation Agency (EIA). Information on many types of wood and nine producer countries; links to further information, contact details and reports
- Global Forest Watch: <http://www.globalforestwatch.org> - continuously updated database on forest information fed by field observations, satellite data, Open Data and crowd sourcing. The database is run by the World Resources Institute in partnership with other organisations.
- EU database: <http://Duediligencetimber.eu> - large database of timber trade data, imports and exports of wood in different countries (mainly in the form of graphics)
- Global Timber: <http://www.globaltimber.org.uk/info.htm> - information and statistics about the global trade in wood products (trade flows), particularly from Africa and East Asia
- ELDIS Regional and Country Profiles: www.eldis.org/country.index.htm - online information service of a global network of organisations, offering free access to varied and up-to-date information. Research summaries and policy documents with links to the full texts of the documents.

NON-GOVERNMENTAL ORGANISATIONS (NGOs)

- WWF: GFTN Guide to legal and responsible sourcing: <http://sourcing.gftn.panda.org/> - Chapter 8.3. provides information on nine different countries where the risk of illegal logging is high: <http://sourcing.gftn.panda.org/index.php?id=86>; Risk assessment for other countries: <http://sourcing.gftn.panda.org/index.php?id=82#Common%20Legality%20Framework>; Publication "Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade " provides information about the standard for assessing legality: <http://gftn.panda.org/?202483/Framework-for-Assessing-Legality-of-Forestry-Operations-Timber-Processing-and-Trade>
- Environmental Investigation Agency: www.eia-international.org - information and reports from undercover investigations and field studies.
- Global Witness: www.globalwitness.org - this international non-governmental organisation aims to break the link between raw material exploitation, conflict, poverty, corruption and disregard for human rights. Site provides many reports and facts about countries which export forest products to the EU.
- TRAFFIC: <http://www.traffic.org/timber-trade/> - international conservation organisation which monitors the trade in endangered animal and plant species from the wild. Website offers policy and legal reviews on topics such as monitoring the trade in illegal timber, bush meat trade, capacity building and training.

PUBLIC BODIES

- Interpol: <http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-LEAF> - world's largest international police organisation with 190 member countries, is responsible for project called LEAF which aims to combat illegal logging and organized crime. Report "Green Carbon Black Trade" under: http://www.unep.org/publications/contents/pub_details_search.asp?ID=6276.
- World Bank: Worldwide Governance Indicators: <http://info.worldbank.org/governance/wgi/index.aspx#home> - The World Bank promotes the economic development of less developed countries through financial aid, advice, technical assistance and thus contributes to meeting international development goals. The UN organisation published good governance indicators (Worldwide Governance Indicators - WGI) for 215 countries between 1996 and 2012.
- WRI: <http://www.wri.org/publication/sustainable-procurement-wood-and-paper-based-products-version-3> - The World Resources Institute (WRI) is a global research organisation. Its work focuses on critical issues at the interface of environment and development. The WRI publication "Sustainable procurement of wood and paper products" (Version 3) serves as a guide to the 10 most important issues relating to sustainable procurement of wood and paper-based products.
- FAO: State of the World's Forests: <http://www.fao.org/docrep/016/i3010e/i3010e00.htm> - The Food and Agriculture Organisation (FAO) is a specialized agency of the United Nations based in Rome. Every two years the FAO publishes a world report on the state of forests.
- EU FLEGT FACILITY: The EU FLEGT Facility supports the European Union, its Member States and partner countries in implementing the EU FLEGT Action Plan. Website contains information on Voluntary Partnership Agreements, processes, publications and news: <http://www.euflegt.efi.int/home/>

OTHER

- ODI: <http://www.odi.org.uk/publications/2601-verifor-legal-timber-verification-forest-sector> - The Overseas Development Institute (ODI) in the UK is a think tank for international development and humanitarian issues. The book "Legal Timber: Verification and Governance in the Forest Sector" sets out case studies from five continents, examining how issues of sustainable forest management can trigger much wider processes of governance reform.
- ITTO: Market Information Services: http://www.itto.int/mis_detail/ - information service on market developments, timber prices and country data, published by the International Tropical Timber Organisation (ITTO). The organisation is committed to the conservation and sustainable use of tropical rain forests.
- Carbon Disclosure Project (CDP): Forest Programme: <https://www.cdproject.net/en-US/Programmes/Pages/forests.aspx> - the British organisation, which works with shareholders and corporations, supports disclosure of greenhouse gas emissions by large companies. The CDP runs several climate protection programmes, including a forestry programme. CDP Global Forests report "The commodity crunch: value at risk from deforestation" <https://www.cdp.net/CDPResults/CDP-global-forests-report-2013.pdf>
- Proforest: www.proforest.net – as consulting service provider, this organisation brought out a number of publications, guides and toolkits on environment-related topics, including assessments and reports to EUTR and FLEGT.

Publication details, sources, links

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PICTURE CREDITS

www.cifor.org, www.fotolia.de

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SOURCES AND LINKS

- 1 http://literatur.ti.bund.de/digbib_extern/dn050203.pdf
- 2 World Bank News Release No:2007/86/SDN (<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD/EXTFORESTS/0,,contentMDK:21055716~menuPK:985797~pagePK:64020865~piPK:149114~theSitePK:985785,00.html>)
- 3 http://www.illegal-logging.info/sites/default/files/uploads/1_AF_and_PA_summary.pdf, p. 17 (9)
- 4 The import, including customs clearance, may be affected by shipping agents, without these becoming operators. The legal owner of the goods, in whose name and on whose account the goods are sold, is the operator. <http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>, p. 3, (b)
- 5 Operators primarily are EU resident companies. However, exporters from non-European countries can become operators when they place their timber products on the EU market. Case studies can be found in the guidance document for the EUTR: <http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>.
- 6 These have to be recognized as monitoring organisation by the European Commission.
- 7 Although EUTR requirements for traders are not very high, certain business risks exist for them too. Even if the operator is to be held responsible if the timber the trader has purchased or sold is found out to be illegal, the trader must take proceedings before a court in order to retrieve his money for the goods – this is especially difficult when the timber was seized by the competent authorities.
- 8 <http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>
- 9 The supplier of the operator is often just one of several processors or intermediaries between the place of harvest and the border to the EU market. The higher the number of processors or traders in the supply chain, the more complex it is. The complexity may also increase if wood of several species or from several sources was used in the product concerned.
- 10 One example is garden furniture made from eucalyptus wood, where the raw material was grown in South America (e.g. Uruguay) and processed in South East Asia (e.g. Cambodia, Vietnam), while the finished furniture is marketed by Chinese companies in Europe. Firstly, it is difficult to find out where the country of origin of the wood is, and secondly the possibilities of other types of wood or wood from other sources in the product increase with longer, more complex supply chains.
- 11 Although this confirmation is not part of the EUTR obligations it makes sense in the contractual relationship between the supplier and operator. It can, in conjunction with other regulations, allow reimbursement of expenses or payment of penalties in case of confiscation of the wood.
- 12 A table showing different types of documents which could be demanded from suppliers is published by the European Commission in their guidance document, p. 9: <http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>
- 13 Caution should be applied with documents: as documents are mostly written in other languages or require detailed knowledge of local circumstances, it is very difficult to establish whether the documents are authentic, valid and refer to the supplied material without a thorough assessment (audit) by an independent third party.
- 14 The mere collecting of documents does not provide sufficient evidence of legal compliance for the products in question. Documents which cannot be linked to the product, or documents that may have been created illegally, have no value for the risk evaluation.
- 15 Various species are listed in the CITES Appendices on the basis of their conservation status, because they are or may be affected by trade. Certain species may not be traded legally without special permission.
- 16 <http://www.eulegt.efi.int/vpa-countries>
- 17 <http://www.iucnredlist.org/>
- 18 <http://www.cites.org/eng/disc/species.php>, <http://www.speciesplus.net/>
- 19 The Corruption Perception Index (CPI) ranks countries according to the degree by which corruption among public officials and politicians is perceived. Since 2012 the index is scaled between 0 to 100 (before 0-10), where 100 indicates the lowest perception of corruption and is the best possible result: <http://cpi.transparency.org/cpi2013/>
- 20 „Conflict timber“, which is produced and sold to fund armed conflict. NGOs such as Global Witness assist in the identification of conflict timber sources: <http://www.globalwitness.org>
- 21 Under Chapter VII of the Charter, the United Nations' Security Council can apply restrictive measures to maintain or restore international peace and security. These measures may comprise comprehensive economic and trade sanctions or other measures such as arms embargoes, travel bans, financial or diplomatic restrictions. The Council engages mandatory sanctions as an enforcement tool when peace is threatened and diplomatic efforts have failed: http://eeas.europa.eu/cfsp/sanctions/index_en.htm
- 22 <http://info.fsc.org> and <http://register.pefc.cz/search1.asp>
- 23 <http://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32012R0607&from=DE>
- 24 Overview and assessment of current systems legality from 2012 by Proforest <http://www.proforest.net/publication/results?tag=409498eaf1ba24a2988e6ea3a60bd05c>.
- 25 Such mechanisms generally include an element of legality verification and help forestry companies to work towards achieving certification under a system for sustainable forest management.
- 26 Before these mechanisms are used in risk mitigation, they must be evaluated on a case by case basis whether they meet the legality criteria required by the EUTR and whether legality is established through a formal control process (audit). An example would be the FSC Controlled wood standard.
- 27 http://gftn.panda.org/about_gftn/requirements/
- 28 <http://www.rainforest-alliance.org/de/forestry/sourcing>
- 29 <http://www.tft-forests.org/pages/?p=6040> und <http://www.tft-forests.org/downloads/get/?d=3099>
- 30 http://ec.europa.eu/environment/forests/pdf/list_competent_authorities_eur.pdf
- 31 http://ec.europa.eu/environment/forests/timber_regulation.htm
- 32 <http://www.global-traceability.com/>
- 33 <http://www.tft-forests.org/sure/>
- 34 <http://www.trackrecordglobal.com/services/>
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- 36 http://www.holzhandel.de/home_gb.html
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- 39 http://www.nepcon.net/5022/English/Certification/Timber_Legality_assurance/LegalSource_Programme/
- 40 <http://www.atibt.org/en/presentation-en/objectifs-en/> and <http://www.atibt.org/wp-content/uploads/2011/11/pass-EN.pdf>
- 41 <http://www.tft-forests.org/ttap>



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