



EUROPEAN FOREST INSTITUTE

Combating international trade in illegally harvested timber

– supporting the development
of the EU Timber Regulation

The EU Timber Regulation (EUTR) comes into force in March 2013 and aims to combat international trade in illegally harvested timber and timber products as part of the fight against deforestation. A study by the European Forest Institute looks at the most effective ways of meeting various EUTR requirements.

Combating international trade in illegally harvested timber – supporting the development of the EU Timber Regulation

Trade in illegal timber is a global problem, with huge environmental, economic and social impacts. It's associated with deforestation, climate change and loss of biodiversity – as well as issues like corruption and conflicts over land and resources. The EU has introduced new legislation – the EU Timber Regulation (EUTR) – to combat the problem, and ensure that wood, whether harvested within the EU or imported from elsewhere, is supplied legally.

The Regulation (EU No 995/2010) will mean that all 'operators' – all businesses or organizations who put timber or timber products on the EU market for the first time – will have to prove that it comes from a legal source. A wide range of solid and composite wood products are covered by the legislation, such as flooring, plywood, furniture, pulp and paper. Each operator will have to go through a process called 'due diligence', which involves gathering detailed information about the timber/timber product – for example country of harvest, species and details of the supplier. They must then assess the risk level of the supply.

Evaluating best practice

EFI coordinated the EUTR Support Study project, which looked at the most effective ways of meeting various requirements of the Timber Regulation. The final report's main author, Hubert Inhaizer, explains how the study provides background information for the secondary legislation needed before the Regulation comes into



Niina Verkerk

force in March 2013. “We focused on two main areas – what ‘due diligence’ systems for operators could look like, and how third party monitoring organizations, who will be responsible for helping operators meet the EUTR requirements, can be accredited”, he says.

Due diligence systems

The project team collected first-hand information from various study subjects. These were selected from the forestry sector, but other sectors (like food safety or the diamond trade) provided valuable input as well. This information was presented and discussed in stakeholder meetings, and the team interviewed traders and national associations so they could analyse current risk assessment and risk mitigation procedures. “Many companies and industry associations have these in place already to make sure only legally harvested timber or timber products enter the supply chain” says Inhaizer. The team identified several types of risk assessment tools and methodologies in use.

However, they also found that the sheer variety of operators (who could be anything from a small garden centre to a global-sized corporation) made the idea of one single due diligence system a difficult proposition. “Clearly small and medium-sized enterprises have different needs and fewer resources to spend on verifying legality than big companies”, explains Inhaizer. Some sectors will face greater difficulties than others depending on the product traded – tracking whole logs is simpler than keeping



Hubert Inhaizer

Timber waiting for the final consumer (Belgium)

records of the origins of composite products, for example. The project team recommended the development of information services to ease the administrative burden and make it easier to evaluate the relevant evidence.

“Another problem is that very few small enterprises are aware of the EUTR – even if they have membership of a trade association, there’s no guarantee that the information would reach them. That means there is an urgent need for more targeted awareness-raising”, says Inhaizer. Many small businesses won’t have to change their normal business methods, as they will be considered ‘traders’ under the EUTR – in this case only ‘traceability’ is required, which means the trader will need to keep records of their suppliers and customers. “The feedback we received from experts and federation leaders showed that in most cases small businesses are already supplied by a European wholesaler, which makes it difficult to estimate how many of them will be ‘traders’ and how many need to develop due diligence systems.” However, small importers/merchants with lots of complex product lines and potential high-risk timber sources (tropical hardwood, for example) are more vulnerable.

Recognition of monitoring organizations

In Part 2 of the study, the team explored the usage of monitoring organizations, and the procedures for their recognition. Article 8 of the EUTR sets out the requirements for monitoring organiza-



Hubert Inhaizer

Checking processed shipment on arrival (The Netherlands)



Hubert Inhaizer

Timber after classification (The Netherlands)

tions, which are tasked with providing support to develop due diligence systems for operators who don't already have one in place, and monitoring their usage.

The team analysed existing guidelines which have been developed by membership-based accreditation organizations and national governments in response to other, related EC regulations. They particularly looked at issues surrounding conflict of interest, and recommended a procedure for the recognition process.

The study's recommendations are being considered by the European Commission, which will adopt more detailed rules on risk assessment, risk mitigation measures and monitoring organizations in June 2012. Inhaizer emphasizes that "the EUTR represents a new piece of legislation, and introduces new problems and challenges. We need to look beyond EC and national regulations and learn from other initiatives, to make it operational for every affected stakeholder."

The final report of the study can be downloaded at http://ec.europa.eu/environment/forests/timber_regulation.htm

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The European Forest Institute (EFI) is an international organisation established by European States. EFI conducts research and provides policy advice on forest related issues. It facilitates and stimulates forest related networking as well as promotes the supply of unbiased and policy-relevant information on forests and forestry. It also advocates for forest research and for scientifically sound information as a basis for policy-making on forests.
