

Briefing Note for the Competent Authorities (CA) implementing the EU Timber Regulation November - December 2018

UPDATE ON UKRAINE

Following publication of the **EarthSight report** in July 2018 and the **EU TAIEX expert mission report** in October 2018, Ukraine has taken steps to address illegalities in the forestry sector and the Ukrainian Prime Minister vowed to **strengthen enforcement** to fight illegal logging and timber trade. **Ukrainian forestry reforms** that would allow for independent enforcement of Ukraine's forestry laws and increased transparency have been approved by the Ukrainian cabinet of ministers, however **EarthSight** note that this key package of reforms has apparently stalled, as it awaits sign-off from the Prime Minister. The Ukrainian parliament **hosted a roundtable** on 'International aspects of corruption abuses in Ukrainian wood trade' involving representatives of the Government, foreign diplomatic missions in Ukraine, NGOs and independent experts. The Secretary of the Committee on Environmental Policy, Natural Resources and Chernobyl Disaster Reduction, Ostap Yednak, stated that the outcomes of the meeting will be analysed and will be central to formulating instructions and appeals to the Ukrainian Government and other public authorities. A **WWF report** that was presented at the roundtable found that 4000 m³ of illegally-harvested timber were found in the 1600 ha of forest surveyed in the Carpathians, during their half year study. WWF calculated that there is potentially 1 million m³ of illegal timber harvested in the Carpathian forests.

Assurance Services International, a private organisation whose sole shareholder is FSC, oversee conformity assessment bodies. They **conducted in-depth compliance assessments** for key targets in Ukraine with a focus on regions highlighted in the EarthSight report. Although they stated that the allegations against the Ukrainian Government, private companies and the FSC system are "not unfounded", they found that the previous findings of the FSC auditors in Ukraine were in line with accreditation and certification requirements and so could not verify EarthSight's findings. They noted that corruption was a difficult issue for voluntary standards systems to detect and address.

ENFORCEMENT OF EUTR



German CA report on visit of Vietnamese delegation (November 2018)

About a dozen Vietnamese representatives of the government, private sector and civil society, visited the German CA on 9 November 2018. The visit was part of a Viet Nam Study Tour across several European countries, organised by the German Development Agency (GIZ). The delegation were keen to understand how the EU handles FLEGT licenses and what the requirements are for a due diligence system among EU operators.

UK CA provided updates on actions taken to enforce the EUTR (December 2018)

The UK CA continues to host EUTR workshops to assist business to identify and mitigate risks. The next workshop will be held in Northern Ireland in January 2019. They have also hosted their bi-annual Timber Expert Panel, a forum for trade associations and large retailers to discuss issues and identify solutions, as well as providing an opportunity for them to provide feedback to the CA on their performance as a regulator.

Danish CA provided updates on EUTR information campaign (December 2018)

The Danish CA have evaluated the information campaign that took place in early summer via an email to all operators identified through customs data. A total of 3889 operators were contacted with information on the EUTR, the

requirements for due diligence and where to get additional information about the Regulation. The CA found it had been worthwhile and that the level of knowledge of the EUTR among operators had increased. More than 600 operators have mailed the CA directly to gain further clarifications and the webpage designed to inform about the EUTR has had over 2000 unique visitors and more than 21 000 page views. The Danish CA expects that the increased knowledge will boost compliance of the Regulation.

Portuguese CA held an internal meeting between its regional departments on EUTR implementation (December 2018)

The meeting, involving the regional departments of the CA, was held on 14 December 2018. The main objectives of the meeting were to carry out a review of the checks carried out in 2018 and plan the Check Plan for 2019. The regional departments shared experiences and discussed common issues concerning the control procedures with the aim of better harmonising the criteria and enforcement of checks made on operators and/or traders within different Portuguese regions.

New tool published to identify timber used in paper and fibreboards (December 2018)

Authors from the Thünen Centre of Competence and the University of Hamburg, Germany, have produced the '*Atlas of vessel elements – identification of Asian timbers*'. The Atlas describes vessel elements in 38 species or species groups that are found in pulp and fibreboards from Asia. It is hoped that this expertise can be utilised to assist in identifying tropical and temperate wood genera in pulp, paper and fibreboards. The International Association of Wood Anatomists (IAWA) have published the expertise as a separate book and as a regular IAWA Journal issue (39(3)).

ILLEGAL LOGGING & TRADE



Global Witness released a report on logging in the Solomon Islands (October 2018)

An investigation conducted by Global Witness into the harvest of tropical timber in the Solomon Islands has reportedly found that timber is being harvested on an unsustainable scale with a high risk of illegality within much of the sector. The Solomon Islands is China's second largest source of tropical logs and, as such, the report highlights the role that China plays in fuelling unsustainable logging in the country, in not assessing the legality of its timber imports.

Timberleaks website claims large US flooring retailer is still buying from scandal hit Brazilian firm (November 2018)

Timberleaks have claimed that >USD 1.6 million of timber has been shipped from Brazilian firm Indusparquet to a large US flooring retailer, since Brazilian enforcement agency IBAMA and the Federal Police seized 1818 m³ of illegal timber belonging to Indusparquet, back in May 2018. Following the [two-year investigation](#), Indusparquet was fined hundreds of thousands of dollars, its main warehouse was [banned from trading timber](#) (embargo suspended after three weeks) and as of 1 October, Indusparquet's secondary warehouse remained under embargo. Although Indusparquet claims that 'all the timber purchased by the company is of legal origin and has the appropriate documentation', the US retailer may be at risk of violating the US Lacey Act.

LEGISLATION & POLICY



European Union

The FLEGT/EUTR Expert Group met in Brussels (December 2018)

At a meeting in Brussels on 7 December 2018, the Expert Group discussed updates on the implementation of EUTR, including substantiated concerns received by some Member States (MS) on timber from Brazil and Myanmar. The conclusion that imports of timber from Myanmar cannot demonstrate negligible risk was upheld, conclusions for timber imports from Brazil were adopted and will be published on EUROPA, with conclusions on Ukraine to follow. A debrief on Ukrainian forest sector reforms was presented from the Second Trade and Sustainable Development Sub-Committee meeting for Ukraine (13 November 2018) and from a Technical Assistance Information Exchange (TAIEX)

mission to Ukraine (early 2018). Both presentations concluded, *inter alia*, that progress towards sector reform in Ukraine should include a national inventory, as well as the separation of forest management, enforcement and forest related economic activities. The Expert Group heard that the roadmap towards a *Communication on Stepping up EU Action against Deforestation and Forest Degradation* was published. The Commission's biennial EUTR implementation report was presented, including an overview of next steps to achieve a consistent approach to EUTR implementation and enforcement, including to improve the quality of checks. The Expert Group was debriefed on the bilateral meeting and workshop involving Indonesia and EU Member States held 12-13 November 2018, in Brussels. A review of the progress on the implementation of the 2018 Work Programme of the EU-China Bilateral Cooperation Mechanism was presented as well as potential steps for the 2019 Work Programme. IKEA presented on the challenges of EUTR implementation for companies operating EU wide and the Deputy Minister of Agrarian Policy and Food of Ukraine informed about the state-of-play of the forest management reform in Ukraine and the position of her Ministry in this regard. Updates were provided on the VPA progress of Ghana, Guyana, the Republic of the Congo and Viet Nam, as well as updates from MS on FLEGT Regulation implementation, and on the publication of the FLEGT Annual Analysis Report 2017. The Expert Group was also debriefed about an Informal EUTR Enforcement Group meeting held on 6 December 2018, which had discussed, *inter alia*, timber imports from Peru and how the EUTR could support change in Ukraine, the performing of checks on monitoring organisations and indirect trade routes. Additionally, the Enforcement Group concluded that confiscated timber sold as 'legalised' at government auction in provider countries could not be legally placed on the EU market.

International

Viet Nam and the EU signed Voluntary Partnership Agreement (VPA) (October 2018)

The VPA was signed on 19 October 2018 and will enter into force once both Parties have ratified the Agreement. In order to implement the VPA, Viet Nam is required to set up a timber legality assurance system to ensure that all timber and timber products entering supply chains in Viet Nam and being exported to the EU has been legally produced. Viet Nam is currently developing national legislation for implementing the commitments made in the VPA and have already adopted a new Forestry Law which entered into force on 1 January 2019 and which prohibits *inter alia* import of illegal timber. The network of Vietnamese Non-governmental Organisations on Forest Law Enforcement, Governance and Trade (VNGO-FLEGT) **welcomed the signing** and said they would continue to participate in the preparation and implementation of the Agreement.

Guyana and the EU concluded negotiations on VPA (November 2018)

The initialling of the VPA text took place on 23 November 2018 in Brussels, marking the formal end of the negotiations between Guyana and the EU. The VPA must be signed and ratified before it can enter into force. In order to implement the VPA, Guyana have committed to develop systems and procedures to verify that all timber and timber products for export and domestic markets comply with relevant laws and regulations. The VPA has reportedly already **brought legal clarity** to Guyana's forest sector, including enactment of new Forest Regulations and formalising a Code of Practice for Forests Operations in June 2018. The VPA text has, among other things, strengthened recognition of Amerindian rights.

Two executive summaries of reports to inform VPA negotiations between Lao People's Democratic Republic and the EU released (November 2018)

The EU-Lao PDR joint assessments have been produced to provide a baseline and to inform the VPA process. The EU FLEGT Facility has published executive summaries for two reports, one assessing the reforms related to FLEGT in Lao PDR and one review of data on import and export of timber and timber products to/from Lao PDR. The assessments identify challenges and potential opportunities presented by the VPA.

The Republic of the Congo and the EU took stock of VPA progress and implementation (November 2018)

In a meeting in Brazzaville on 21-22 November, the VPA's Joint Implementation Committee (JIC) evaluated progress since June 2018 and discussed, *inter alia*, deploying a Computerised Timber Legality Assurance System (SIVL) and engaging private companies to develop management plans for forest management units that currently lack plans. The JIC also reviewed the first reports of the independent auditor, the independent observer recommendations 2014-2017 and the 2018 Joint Annual Report, in addition to validating an audit programme for 2019. Recommendations arising were formally adopted on 22 November. An **aide-mémoire** is available for the meeting (PDF in French).

Myanmar released a Chain of Custody dossier to aid legal timber production (November 2018)

The dossier, produced by the Ministry of Natural Resources and Environmental Conservation (MONREC), sets out the steps needed to produce legal timber from state-managed natural forests. It details the entire process from the declaration of Annual Allowable Cut all the way to the point of export, including the required documents and responsible actor for each step in the process. The dossier has been endorsed by the Multi-Stakeholder Group (MSG) established to prepare for VPA negotiations with the EU and is considered by MONREC as an interim measure to improve transparency and traceability in the Chain of Custody.

Ghana Timber Transparency Portal user manual published (October 2018)

Civic Response, a Ghanaian natural resource and environmental governance policy advocacy organisation, published a user manual for the **Ghana Timber Transparency Portal**. This public web platform is a gateway to the Ghana Wood Tracking System. It provides easily accessible information on the issuance of FLEGT licenses, as well as forestry statistics and other information relevant to forest management in Ghana.

Brief published comparing Republic of Korea's 'Act on the Sustainable Use of Timbers' and the EUTR (November 2018)

A comparison of the Republic of Korea's Act, which entered into force on 1 October 2018, and the EUTR has been published by the EU FLEGT Facility. Similarities between the EUTR and the Act include their mandatory nature, the sanctioning of non-compliance and their scope (regulating both domestic and imported timber). FLEGT licensed timber is also considered to demonstrate compliance with the Korean Act. Differences include what constitutes legally harvested timber - the Act considers harvest-related statutes of the Republic of Korea and/or the country of origin, whereas under EUTR applicable legislation also includes environmental and forest legislation, use and tenure rights of third parties and trade and customs. The key obligation for operators under the Act is to submit an import declaration, including evidence that the timber or timber products imported are legal. The report emphasises the possibility of sharing best practices between the Republic of Korea and other regulated markets.

Independent Forest Monitoring Network/JPIK position paper recommends strengthening SVLK (December 2018)

Following two years of Indonesia's FLEGT licensing, Indonesian civil society groups provide recommendations to the Indonesian Government, European Union, private sector and certification bodies on strengthening credibility and accountability of the system. These include improving transparency and making information publicly available (including public access to the Forest Products Administration Information System – SIPUHH), enhancing long-term monitoring and law enforcement, and improvement of the Timber Legality Assurance System (SVLK).



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