

Summer School on
RUSSIAN FOREST GOVERNANCE IN A EUROPEAN CONTEXT
 issues at stake and ways forward
 St. Petersburg Forest Technical University (FTU)
 10 July 2013

The EU Timber Regulation (Reg. 995/2010) and the Due diligence in wood procurement

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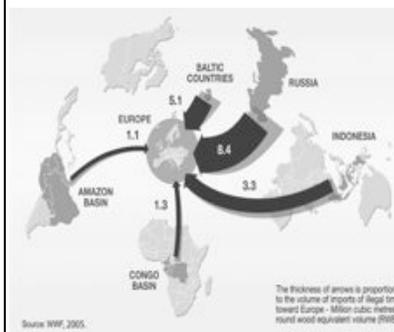
Outline

- Introduction: the FLEGT program
- EU Timber Regulation
 - General issues
 - Normative framework
 - Actors
- (Due Diligence systems)
- Conclusions



1. Introduction the FLEGT program

EU illegal timber imports



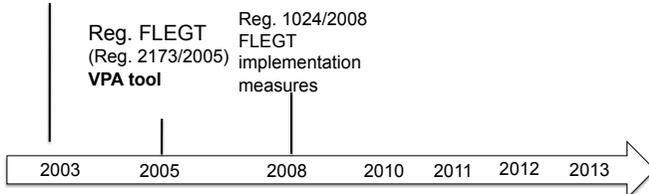
• **16-19%** of EU wood imports are supposed to be illegal = **26-31 Mm³**

- Origins:
- **50%** Eastern Europe
 - **33%** S-E Asia

Source: Hirschberger, 2008

EU initiatives to contrast IL

FLEGT (= Forest Law Enforcement Governance and Trade) Action Plan



VPA = Voluntary Partnership Agreement

FLEGT Regulation: VPAs Voluntary Partnership Agreements (VPAs)

- = bilateral agreements negotiated on voluntary basis by EC and partner countries to ensure only legally harvested timber is imported into the EU from partner countries
- They include:
 - Definition of **legality** and legal timber
 - Timber **tracking** system(s)
 - Compliance with legality definition and application of tracking system
 - Issuing FLEGT licenses**
 - Independent monitoring**

VPA/FLEGT implementation



VPA countries currently in the system development phase:

Cameroon
Central African Republic
Ghana
Indonesia
Liberia
Republic of Congo (Brazzaville)

VPA Countries in negotiation phase:

Democratic Republic of Congo
Gabon
Guyana
Honduras
Malaysia
Vietnam

An example of FLEGT licence form

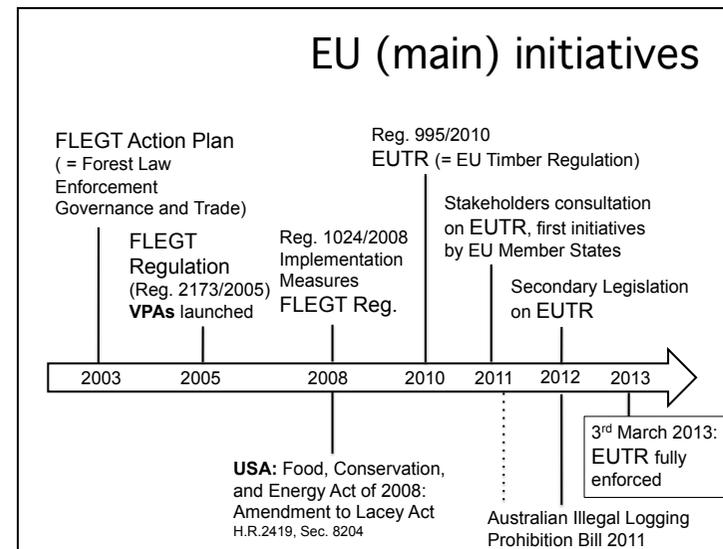


Source: Indonesia Embassy in NL

BUSINESS DOCUMENT		FLEGT	
1 Issuing authority Name: Ministry of Forestry Address: Republic of Indonesia		2 For the purpose of the issuing authority	
3 FLEGT license number 123456	4 Date of expiry 23.08.13	5 Issuing authority Republic of Indonesia	
6 Issuing authority ID		7 Ship Ship	
8 Issuing office and address Garden STAR, Bogor, Sindang Barang, 18193			
9 Commercial description of the timber products Acacia Garden Furniture (solid wood table and folder chairs)		10 HS heading 9403 60 90	
11 Species or scientific name Acacia mangium		12 Country of origin Republic of Indonesia	
13 Volume (m ³) 18		14 Net weight (kg) 8,100	
15 Number of units 1,080		16 HS codes ID	
17 Description of goods On-product SVLK Seal			
18 Signature and stamp of issuing authority			
Place and date: Jakarta, 23th May 2013			



2. European Union (EU) Timber Regulation



EU-Timber Regulation General issues (1/5)

- **Regulation (EU) 995/2010 of 20th October 2010** “Obligations of operators who place timber and timber products on the market” (O.J. 12th December 2010)
- It prohibits the placing of **illegal timber and timber products on the internal (=EU) market**



A: Timber and timber products = ?

B: Illegal = ?

EU-Timber Regulation General issues (2/5)

A. Timber and timber products

Annex to Reg. 995/2010 (Reg. (EU) 1006/2011)

Chapter 44		Chapter 47	
Chapter 48		Chapter 94	

EU-Timber Regulation General issues (4/5)

A. Timber and timber products

Some product types **NOT** included in the scope, e.g.:

- chapter 92 (musical instruments), 95 (toys), 94 01 61 (wooden framed chairs), 76 10 (window frames)...
 - recycled products as of point 3, par. 1, Dir. 2008/98/CE
 - packaging (as such)
 - chapter 49 (Reg. (EU) 995/2010 point 20, 4)
- ... but scope may be enlarged over time

More details on: <http://www.cpet.org.uk/eutr/timber-and-timber-products>

EU-Timber Regulation General issues (5/5)

B. Illegal

= harvested in contravention of the **applicable legislation** in the country of harvest (Reg.(EU) 995/2010, point. 2, h)

- rights to harvest timber within legally gazetted boundaries
- payments for harvest rights and timber including duties related to timber harvesting
- timber harvesting including environmental and forest legislation, as well as forest management and biodiversity
- third parties' legal rights concerning use and tenure that are affected by timber harvesting, and
- trade and customs

EU-Timber Regulation General issues (5/5)

Actors (different roles, obligations and responsibilities):

- European Commission
- Operators
- Traders
- Competent authorities
- Monitoring organizations

Operators (1/2)

Operator = any natural or legal person that **places** timber or timber products **on the market**

“placing on the internal market for the first time”

(some examples)



EU timber importer and trader



EU retailer importing and selling garden furniture

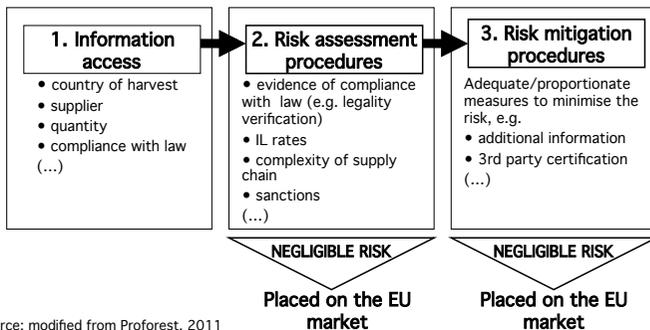


EU forest owner/manager selling his own timber

Operators (2/2)

Operators shall exercise **due diligence (DD)** when placing timber or timber products on the market

DD = system of procedures and measures including:



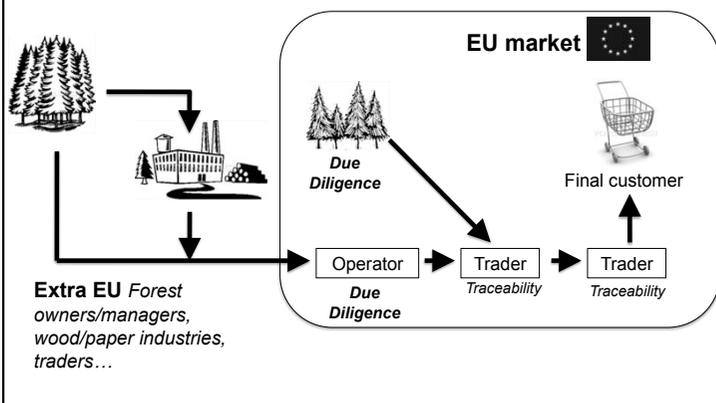
Source: modified from Proforest, 2011

Traders

Trader = any natural or legal person who, in the course of a commercial activity, sells or buys on the internal market timber or timber products already placed on the internal market

- **Responsible for traceability** (= identification of):
 - operators or traders who have supplied timber
 - traders to whom they have supplied timber
- Registration retained for at least 5 years

Operators and traders: general scheme



Competent Authorities (CA) (1/2)

- Designated by each EU Member State (MS)
 - See: http://ec.europa.eu/environment/forests/pdf/list_competent_authorities.pdf
- Responsible for the application of Reg. (EU) 995/2010 and control of:
 - Operators
 - Traders
 - Monitoring organizations (→ recognition + control)

Competent Authorities (CA) (2/2)

- **Control of:**
 - DD implementation
 - relevant documentation
 - on site
- **Penalties (procedures defined by each MS):**
 - fines
 - seizure of products/materials
 - suspension of authorization to trade

Monitoring organisations (MOs) (1/3)

A DD system may be implemented

- **Autonomously by operators**
 → *likely: big companies, with dedicated human/financial resources and technical skills on EUTR and related issues*
- **With the support of a MO**
 → *likely: small companies (< resources, < control over the supply chain), or members of national/local industry federations*

Monitoring organisations (MOs) (2/3)

MOs role and responsibilities:

- **maintain and regularly evaluate DD systems**, granting operators the right to use them
- **verify the proper use** of the DD systems by operators
- take action if an **operator fails** to properly use its DD system (→ incl. notification of CAs in case of relevant or repeated failure)

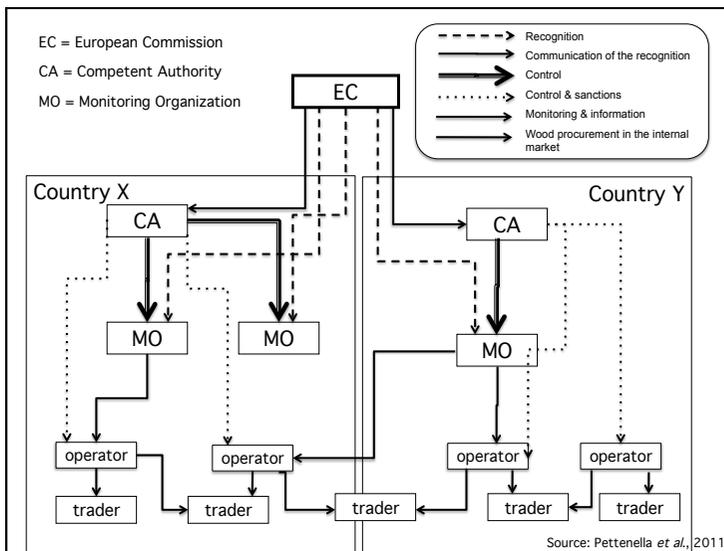
CAs carry out checks on MOs (→ recognition withdrawal in case of relevant/repeated non-compliances)

Monitoring organisations (MOs) (3/3)

MOs requirements (Delegated Reg. (UE) 363/2012):

- **legal personality** and **legally established** within the EU
- **appropriate expertise and the capacity to exercise** assigned functions
- **absence of any conflict of interest**

MOs are recognised by the EC (public list (not yet) available on the OJ and online)



Conclusions



Winners and losers?

- Public authorities
- MOs
- ??
- SME in the EU
- Exporters (operators) to the EU ??

2 serious risks:

- Reduced role of SFM certification
- Development of a dualistic market

The market for (illegal) wood in developing and emerging countries



The market for legal wood in the EU, US, Aus, ..



Further information (1/2)



http://ec.europa.eu/environment/forests/timber_regulation.htm

Further information (2/2)



http://www.eflegt.efi.int/portal/home/eu_timber_regulation/.htm