

Briefing Note on the implementation of the EU Timber Regulations

October 2016 - March 2017

FOLLOW UP ON EIA MYANMAR REPORT

EIA raises substantiated concerns on placement of Burmese teak from Myanmar into the EU (October 2016 – March 2017)

In October, the Environmental Investigation Agency (EIA) submitted substantiated concerns to five EU Member States (Belgium, Denmark, Germany, Italy and the Netherlands) regarding alleged insufficient due diligence processes carried out by nine operators under the EUTR. EIA ascribed the lack of compliance to insufficient information provided to the operators by the Myanmar Timber Enterprise (MTE). The teak imported included shipments of decking and timber destined for the luxury yacht market. In January, EIA raised further substantiated concerns regarding import of teak from Myanmar by operators in Belgium and the UK.

Competent Authorities (CAs), including the **Belgian, Danish, Dutch, German, Italian, Spanish and UK** CAs, are investigating the substantiated concerns raised by EIA. Decisions on some of the investigations are expected in the coming months. Subsequent measures taken by CAs led to the **issuing of injunctions** to all **Danish** operators importing from Myanmar and the publication of information on their **information platform aimed at operators**, for example, or the **issuing of a search warrant** by the **German** prosecutors' office for two shipyards in Rendsburg and Kiel, in order to aid investigation into the use of teak from Myanmar. The **German CA** also issued an injunction on 21 March to all 11 companies known to have imported timber from Myanmar in recent years, informing them of the **necessity to provide more detailed information** on the supply chain and proof of risk mitigation procedures.

Swedish court rules teak importer is in breach of the EUTR (November 2016)

Swedish importer Almträ Nordic was found to be in breach of the EUTR for insufficiently robust due-diligence procedures on imports of teak from Myanmar via Singapore, with the "Green Folder" compiled by the Myanmar Forest Products Merchant's Federation (MFPMF) deemed to be insufficient to prove legality. There is not a general ban on buying timber from Myanmar. The Myanmar Times **published an article** with comments from MTE on the ruling.

Prohibition decision sent to 'Retlog' by Swedish CA (March 2017).

Retlog received an injunction in March 2016 to mitigate the risk for a Thai product containing Burmese teak. In January 2017 the Swedish Forest Agency sent a prohibition decision to Retlog. The decision prohibits them from placing the checked teak product from the specific Thai supplier on the EU market unless they can show that the risk for illegally logged Burmese teak is negligible. The prohibition decision was the first in Sweden under the EUTR; the decision only applies to the specific teak product from the specific Thai supplier.

Myanmar introduces new regulation on timber exports (January 2017)

Myanmar will reportedly only permit logs purchased in US\$ to be processed for export from May 2017.

Myanmar holds a [workshop](#) in preparation for timber legality assurance scheme (February 2017)

The Myanmar Forest Certification Committee (MFCC) conducted a gap assessment workshop as part of the preparation for Myanmar's timber legality assurance scheme, with assistance from the EU-FAO FLEGT programme. Myanmar Timber Enterprise (MTE) are planning on using a database to track the origin of timber when harvesting resumes after the end of the current one-year logging suspension. It is indicated that MTE will harvest approx. 20,000 teak and 600,000 hardwood trees this year.

Internal investigation in Myanmar into illegal timber seizures in 2017 (March 2017)

The Myanmar Forestry Department launched an internal investigation in response to the number and size of seizures of illegal timber since the beginning of 2017, including interception of containers at Yangon port and outside Yangon. The seized timber has an estimated **value of US\$ 2 million**. Smugglers are thought to have switched focus to transport via Yangon port since stricter controls on the China-Myanmar border.

ENFORCEMENT OF EUTR



Fines imposed by the Dutch CA for timber imported from Cameroon (November 2016)

Dutch importer Fibois VB Purmerend has been found to be in breach of the EUTR for insufficient measures to mitigate the risk that timber imported from Cameroon was illegally harvested. A hearing took place on 7 March 2017, with further information to follow.

European Commission opens [infringement proceedings](#) against Slovakia (December 2016)

The European Commission has opened infringement proceedings against Slovakia for non-compliance with the EUTR.

Slovenia makes progress on strengthening due diligence systems used for imports from Bosnia and Herzegovina (January 2017)

Amendments to a due diligence system by an operator importing from Bosnia and Herzegovina were implemented based on a decision from the Slovenian CA.

FSC placed the [Schweighofer Group](#) on probation (December 2016) and disassociated from the Group (February 2017)

Subsequent to their own investigations and investigations by [EIA in 2015](#) that the Austrian timber and wood processing company Holzindustrie Schweighofer was involved in purchasing and trading of illegally harvested timber in Romania and the production of a recommendation report by an independent panel for FSC, the FSC board placed the Schweighofer Group on probation until February 2017. A [press release](#) from Holzindustrie Schweighofer from January 2017 reports on the positive results of EUTR-controls in 2015 and 2016. On 17 February the FSC **disassociated** from the company after receiving additional information about potential violations of timber measurement standards.

Bureau Veritas suspended from issuing FSC certificates (October 2016)

Due to the failure of Bureau Veritas to resolve major non-conformities with FSC accreditation standards, Accreditation Services International suspended the company from issuing FSC chain of custody and forest management certificates.

NEPCon released a new version of their LegalSource standard (February 2017)

NEPCon's LegalSource standard for establishing a due diligence system was updated in February. Changes from the first version include a number of measures to strengthen certification, such as more frequent review of due diligence systems and more systematic evaluation of the validity of supply chain documentation.

Forest Trends published a brief on EU imports of logs from countries with full or partial export bans (February 2017)

Forest Trends analysed European, US and Australian log imports (HS 4403) from 30 countries with some form of log export ban over the period 2011-2015. Italy, Germany, France, Belgium, the United Kingdom and Portugal accounted for 85% of European log imports from the countries examined, with Cameroon being the biggest exporter to the EU, followed by Myanmar, Malaysia and Gabon. However, Forest Trends note that logs imported may be from species or regions exempt from export bans, or may represent products misclassified under HS code 4403.

Netherlands accepts Malaysian Timber Certification Council certification as compliant with the Dutch public procurement policy for sustainable timber (February 2017)

The Netherlands announced that certification by the Malaysian Timber Certification Council will be accepted as compliant with the Dutch public procurement policy for sustainable timber.

ILLEGAL LOGGING & TRADE



Southeast Asia marks progress in combating illegal timber trade (December 2016)

Eight member states of the Association of South East Asian Nations (ASEAN) discussed their achievements in developing reliable timber legality assurance systems at a workshop in Jakarta, Indonesia 6-8 December 2016.

Peru establishes priorities for forest governance, reduction in illegal logging and timber trade (December 2016)

Representatives from Peru's public and private sectors and indigenous people agreed on three priorities to enhance forest governance 2017-2020; capacity building for regional forest authorities, support to the country's indigenous monitoring network, and support to the development of forest entrepreneurship.

EU FLEGT Facility releases a briefing note on timber trade in south Asia (January 2017)

The briefing note details enforcement issues surrounding the import of large amounts of illegal timber in the South Asian Association for Regional Cooperation (SAARC) area, including corruption and a lack of resources in forest departments.

Seizure of illegally logged timber in transport from Cambodia to Viet Nam (February 2017)

Eight truckloads of timber being illegally exported from Cambodia to Viet Nam were intercepted by wildlife enforcement officers at the border. The trucks were reported to contain high quality Koki [*Hopea odorata*] and Sralao [*Lagerstroemia calyculata*] wood, with more logs located in the forest the trucks came from.

New TRAFFIC study on illegal timber trade in Madagascar (February 2017)

The study suggests high levels of illegal logging and exports in 2010 - 2015. Lack of regulation coupled with factors including corruption, lack of knowledge on timber resources, poverty and disconnect between higher level management decisions and on the ground implementation were identified as contributing factors.

New report by Global Witness linking the Democratic Republic of the Congo's main timber exporter to illegal logging (February 2017)

Global Witness released a report on investigations into links between Democratic Republic of the Congo exporter Cotrefor and illegal logging in the country. The report examines the results of the investigations and imports to the United States.



LEGISLATION & POLICY

EU

The **EUTR Expert Group** met in Brussels on 21 February. Discussions included national EUTR implementation and enforcement steps, updates on meetings with EUTR Monitoring Organisations, EUTR guidelines, and FLEGT licensing and processes, as well as potential changes to the EUTR annex. The Commission reported on the 8th meeting on the EU-China Bilateral Coordination Mechanism (BCM) on FLEG in Brussels on 14 March 2017, which focussed on areas including the development of legislation in China, facilitation of sustainable trade, cooperation on demand side measures. The meeting included NGO representatives for the first time. The Commission also reported on the continuously increasing FLEGT licences from Indonesia in FLEGIT, and highlighted the ongoing communication with the LIU to ensure successful implementation of the scheme and to resolve any implementation issues identified. Planned developments to the FLEGIT system were also presented. Presentations were also provided by GTTN (Global Timber Tracking Network project), NEPCon (Increasing Awareness and Capacity to Support Effective Implementation of the EU Timber Regulation Project), and a consultant supported by the EU FAO FLEGT Programme (Myanmar Timber Legality Assurance System Gap Analysis).

The Danish CA is now called the "Danish Environmental Protection Agency" (Danish EPA) as from 1 February 2017

International

Indonesia becomes the first country to issue FLEGT Licenses (November 2016)

Australia consulted on reforms to the due diligence requirements of illegal logging laws (November 2016)

Australia published a consultation outlining potential options for changing their Illegal Logging Prohibition Regulation 2012. The feedback will be used to inform the development of a Regulation Impact Statement, to be considered by the Australian Government in early 2017. The results of the consultation do not yet appear to be available.

Japan plans law promoting use of legal wood (January 2017)

A law promoting use of wood products proven to be legal by businesses, was **opened to public comments** in January 2017. The proposed law would introduce a voluntary system of due diligence requirements, with obligations for both operators who place imported or domestically sourced timber on the market, as well as traders of wood and wood products. Comments were invited by 22 March 2017, with the law due to come into force on 20 May 2017.

Benin implements new traceability system for state plantations (February 2017)

The Benin National Timber Office, supported by the FAO FLEGT Programme, has established a traceability system for teak plantations in the country, helping to combat illegal logging. The system uses software to generate unique barcodes for trees and their stumps and logs, which are logged using smartphones. The system is now used in all state forestry plantations in Benin.

Timber industry in Brazil raises concerns over updated traceability system (February 2017)

Industry representatives met with Government in Brazil to raise concerns on the updated Forest Products Trade and Transport System (SISFLORA 2.0), which will require real-time data entry at each stage of the logging process. The concerns focused on the need for high-speed internet access at logging sites and a need for dedicated data entry technicians.

New report on traceability of forest products in Guatemala (March 2017)

Guatemala's National Forest Institute has released a report on the traceability of forestry products in Guatemala, including species, volumes, transport routes and law enforcement.

Ghana bans rosewood exports (March 2017)

The Minister of Lands and Natural Resources announced a nationwide ban on the export of rosewood and a halt to the issuance of permits to fell rosewood.



This briefing note was developed by UNEP-WCMC as a consultant of the European Commission.