

Briefing Note for the Competent Authorities (CA) implementing the EU Timber Regulation June – September 2020

EARTHSIGHT INVESTIGATION INTO ILLEGAL LOGGING IN UKRAINE

Results of an eighteen-month **investigation** published by environmental NGO Earthsight in June 2020 indicate the occurrence of illegal logging in the Ukrainian Carpathians, under the purview of the Velyky Bychkiv state forestry enterprise (SFE). Amongst the report's findings, the SFE was reported to have illegally licenced 'sanitary' felling on more than 100 sites between April and June 2018. Ukrainian wildlife laws prohibit sanitary logging for several weeks over this period, to minimise disturbance to wildlife during the spring breeding season. Sanitary logging permits were issued to timber company VGSM, which supplies the world's largest retailer of wooden furniture, IKEA. Although the timber supplied to IKEA by VGSM was certified by the Forest Stewardship Council (FSC), the report states that over half of the wood harvested in Velyky Bychkiv from April to June 2018 did not comply with FSC standards and was in fact illegally felled. Earthsight report that this illegal sanitary felling continued during the 2019 and 2020 'silence' periods.

Following the Earthsight investigation, IKEA reportedly stated that multiple investigations would be launched. Earthsight has **criticised** a **statement** issued by FSC responding to the June allegations. The Prime Minister of Ukraine **pledged** to crack down on illegal logging in the country, and officials from Ukraine's State Environmental Inspectorate announced that criminal proceedings against the Velyky Bychkiv SFE were underway. Letters to the EU and the Ukrainian government from five Ukrainian civil society organisations in July **called** for systematic reform of Ukraine's forest sector, going beyond short-term enforcement actions.

IMPLEMENTATION & ENFORCEMENT OF EUTR



The 28th FLEGT/EUTR Expert Group meeting (June 2020)

At the meeting on 16 June 2020 (held virtually due to Covid-19), the Commission updated Member States on progress towards implementing the *Communication on Stepping up EU Action to Protect and Restore the World's Forests*, noting that stakeholder selection for the Multi-Stakeholder Platform has been finalised and represents strong participation from the corporate sector and NGOs. The Commission reported that the Fitness Check of the EUTR and FLEGT Regulation is underway, supported by a consultant consortium, for which public consultations will be held (see below). The Commission noted that implementation and enforcement of the EUTR continues during the current Covid-19 situation, in line with national health and safety guidance but with no general exemption from the rules of regulation. UNEP-WCMC presented on the 2017–2019 EUTR analysis report and the FLEGT report for 2018, noting that the former will be released shortly following inter-service consultation. A state of play update on cooperation with Ukraine highlighted that, due to the country's unclear political situation, there has been no further progress in EU-Ukraine discussions. Conclusions on Brazil and Myanmar from previous meetings are upheld. A draft guidance document for Ukraine will be re-developed into a conclusions document, and a conclusions document will be prepared for Myanmar. Denmark and Belgium presented an update on imports from Brazil and highlighted the importance of close collaboration within the EU, as well as with relevant third country organisations. OLAF (European Anti-Fraud Office) presented an overview of how they are supporting Member States with two ongoing EUTR cases related to Ukraine and Myanmar. Specific updates were given on the FLEGT VPAs with Côte d'Ivoire, Gabon, Indonesia, Lao PDR, Thailand

and Viet Nam, and the Commission delivered a short training demonstration on electronically claiming FLEGT licences from SILK and submitting them in TRACES/FLEGIT. The summary records for FLEGT/EUTR Expert Group meetings are available from the [Register of Commission Expert Groups](#).

European Commission launches two Open Public Consultations (September 2020)

Public consultations on the [EU Timber Regulation and FLEGT Regulation Fitness Check](#) and the [Deforestation and Forest Products Impact Assessment](#) were launched on 3 September 2020, seeking input from *inter alia* EU Member States' relevant authorities, EU and third-country citizens and stakeholders, non-governmental organisations, businesses and trade associations (closing 26 November 2020 and 10 December 2020, respectively). The Fitness Check will look at the effectiveness, efficiency, coherence, relevance and EU added value of both regulations in contributing to the fight against illegal logging. The Impact Assessment will investigate the suitability of a range of different demand-side measures to address deforestation and forest degradation associated with EU consumption, a priority under the July 2019 EC *Communication on Stepping up EU Action to Protect and Restore the World's Forests*¹.

European Commission adopts FLEGT Synthesis Report for 2018 (July 2020), EUTR Biennial report for March 2017 - February 2019, and the first annual EUTR Overview 2019 along with the key obligations and practical aspects of implementation and enforcement in 2019 (October 2020)

On 10 July 2020, the Commission adopted the [Annual Synthesis Report](#) on implementation of the FLEGT licensing scheme for the year 2018. Individual national reports submitted by the EU Member States, on which the report is based, are [available](#) together with annexes on the FLEGT licences received in 2018. These national reports are also summarised in a [Background Analysis](#). On 2 October 2020, the Commission adopted the [EUTR Biennial report for the period March 2017–February 2019](#), based on the related [national reports](#), which are also summarised in a [Background Analysis](#). On 7 October, the Commission also released the [first annual EUTR Overview](#) on the basis of the related [national annual reports](#) on EUTR implementation in 2019. In a separate document, the Commission summarises the [key obligations and practical aspects of implementation and enforcement in 2019](#).

European Commission publishes five overviews of timber source countries (June–July 2020)

EU Timber Regulation country overviews were recently published for [Belarus](#), [Bosnia and Herzegovina](#), [Cameroon](#), [Côte d'Ivoire](#) and [Malaysia](#), supporting implementation of the EUTR by providing operators and Competent Authorities with information on the country's forest management, legal timber trade flows, illegality risks, and relevant legislation and documentation. Ten such overviews, developed by UNEP-WCMC for the European Commission, are [available](#) on the EC's Europa website.

Commission notice to stakeholders on withdrawal of the United Kingdom from the EU (July 2020)

The notice, published on 23 July 2020, advises stakeholders that, following the withdrawal of the UK from the EU on 1 February 2020, the transition period under which EU law still applies to and in the UK will end on 31 December 2020. After this date, operators importing timber and timber products from the UK into the EU must comply with due diligence obligations under Articles 4 and 6 of the EUTR to ensure that no illegally harvested timber is placed on the EU market. Additionally and *inter alia*, the notice reminds stakeholders that UK-based monitoring organisations will no longer be recognised once the transition period has ended.

Introductory webinar on forest sector certification and verification schemes study (June 2020)

The webinar provided an overview of the key objectives and phases of the twelve-month study, being undertaken by NEPCon on behalf of the European Commission. The study [aims](#) to create an overview of certification and verification schemes and certificates being used in the area of forest and wood-based products, and assess their respective strengths and weaknesses in relation to the EUTR. Certification schemes identified for potential inclusion in the study will be evaluated based on their relevance and importance to the European wood-industry and forest sector, as well as via a [Stakeholder Consultative Forum](#). After the selection process, each scheme will be assessed for, *inter alia*, legality scope, supply chain management, and quality assurance requirements for certificate holders and certification bodies.

Belgian CA provides updates on actions taken to enforce the EUTR (September 2020)

The Belgian CA launched an EUTR information campaign in early July to address the lack of awareness in some timber importing industries. A letter was sent to 1182 operators identified through customs data, which provided information

¹ Featured in the [July – August 2019](#) EUTR briefing note.

on the EUTR and its scope, the requirements and guidance for due diligence and where to obtain additional informational. In particular, reference was made to the **LIFE Legal Wood project** (driven by NEPCo), in which the Belgian CA is a partner, that will support companies by means of EUTR training workshops, tailor-made tools for timber risk assessment and other information resources. A news release about the information campaign was **published** on the homepage of the website of the Federal Public Service of Health and Environment.

Portuguese CA provides updates on actions taken to enforce the EUTR (September 2020)

In January and March 2020, the Portuguese CA conducted twelve inspections on domestic operators, importing operators and traders, and analysed twenty transactions. During the period of national restrictions imposed due to Covid-19, the CA focussed on finalising reports from previous inspections. Once restrictions were lifted, the CA resumed field- and document-based checks, carrying out four inspections on importing operators and traders and analysing eight transactions in August. Three administrative sanctions have been proposed, mainly related to the lack of a Due Diligence System (insufficient information on timber origin and a lack of proper risk assessment).

Swedish CA provides updates on actions taken to enforce the EUTR (September 2020)

One operator importing teak from Myanmar received a prohibition decision in July, which they appealed. The operator also requested a suspension of the decision, which was granted by the administrative court. The Swedish CA has in turn appealed the verdict on the suspension. This court case is significant as the EUTR/FLEGT Expert Group has stated on several occasions the importance of even implementation of the EUTR across Member States concerning the inflow of teak from Myanmar². Two cases concerning imports from Ukraine are still in court awaiting decisions. Three more operators were inspected via Skype between June and 11 September 2020.

ILLEGAL LOGGING & TRADE



Environmental Investigation Agency (EIA) three-year investigation into West African rosewood trafficking (June 2020)

EIA's report '**Cashing in on Chaos**' reveals that, between June 2012 and April 2020, an estimated 1.6 million *Pterocarpus erinaceus* (rosewood) trees were illegally logged in the Casamance region of Senegal and smuggled across the border into neighbouring Gambia, then shipped to destinations in China and Viet Nam under fraudulent documentation, including misused CITES permits. The traffic is reported to be orchestrated by a Senegalese armed separatist group, although the report also implicates high-level Gambian government officials. *P. erinaceus* was listed in CITES Appendix II in 2017 and is subject to export bans in both Senegal and Gambia. However, Gambia's 2017 timber export ban was temporarily lifted from December 2018 to May 2019, allegedly as a result of pressure placed on the government by timber traders. Despite the species being considered 'near extinction' in Gambia, EIA note that the illegal re-export of Senegalese *P. erinaceus* enabled Gambia to become the third-largest source of rosewood imported into China in 2019. In a follow-up to the June report, EIA recently **welcomed** an announcement by the world's fourth largest shipping line, of its total moratorium on the transport of wood from Gambia and creation of a global 'blacklist' of shipping companies involved in the illegal traffic of endangered and protected species.

In further recent **commentary** on the illegal rosewood trade from West Africa, EIA suggested that the marked decrease in timber exports from Ghana in recent months represents an unprecedented opportunity to end the country's illegal trade in *P. erinaceus* – the subject of a previous EIA rosewood **investigation** published in 2019³.

Indonesia revokes SVLK license of major sawmill following long-running investigation (August 2020)

Following review by auditors, Tulen Jayamas Timber Industries (TJTI) had its legality certificate for Indonesia's mandatory timber legality verification system (SVLK) revoked on **17 July 2020**, meaning that the sawmill can no longer export wood. TJTI was processing timber logged as part of Papua's Tanah Merah palm oil conversion scheme, the world's largest palm oil project. In January 2020, the certification firm PT Borneo Wanajaya Indonesia (BWI) announced

² For example, **24th EUTR/FLEGT Expert Group**, 21 June 2019).

³ Featured in the **July – August 2019** EUTR briefing note.

that it would conduct an audit of TJTI, following allegations from NGOs in 2019 that the sawmill was operating under a fake **environmental permit** and that seven of the palm oil concessions supplying the sawmill with timber were using falsified **business permits**⁴. After the **BWI audit** in March 2020, TJTI's legality certificates were temporarily suspended and the sawmill was given until 16 July 2020 to demonstrate that its environmental licence had been legally issued; the formal revocation of the company's SVLK certificate the following day indicates that TJTI was unable to prove legality.

Greenpeace analysis implicates Asia Pulp and Paper (APP) in breach of peatland protection commitments (July 2020)

A Greenpeace Southeast Asia **analysis** of open-access satellite imagery identified approximately 3500 ha of cleared peatland within three pulpwood concession areas in Sumatra, Indonesia between August 2018 and June 2020. The concessions are all owned by or suppliers of APP, despite the company's 2013 **commitments** to preserve peatlands.

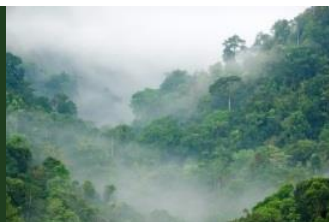
ORPIO files lawsuit against Peruvian government over re-opening logging during Covid-19 (July 2020)

The Regional Organization of Indigenous Peoples of the East (ORPIO) in the Peruvian State of Loreto has filed a **complaint** against the regional government and the Regional Management of Forestry and Wildlife Development, claiming that re-starting logging activities in concessions that overlap with indigenous reserves would violate Peru's constitution. The lawsuit, which is supported by the EIA, the Institute of Legal Defence, and the Forest Peoples Program, states that logging in these areas during the Covid-19 pandemic represents a certain and imminent threat to isolated indigenous communities. ORPIO seeks a judicial order prohibiting the regional government from granting or re-activating forest concessions that overlap indigenous reserves that are in voluntary isolation.

Mongabay reports on Malaysian logging concession that lacks consent of indigenous communities (July 2020)

Approval of the Gerenai logging concession in Malaysian Borneo was reported to have been given in April 2020, whilst Malaysia was in COVID-19 lockdown. This reportedly took place without the Free, Prior and Informed Consent of indigenous communities, which is required by the Malaysia Timber Certification Scheme.

LEGISLATION & POLICY



China's revised Forest Law enters into force (July 2020)

The newly amended forest law came into effect on 1 July 2020 and includes strict controls on logging in domestic natural forests. Notably, Article 65 of the forest law prohibits operators from knowingly purchasing, processing or transporting illegally sourced timber. An unofficial English **translation** of the revised law has been produced. The revised law has been **tentatively welcomed** by ClientEarth, who note the importance of strong enforcement.

Republic of Congo adopts new forest code (July 2020)

The new **forest code**, Law 33-2020, received presidential approval on 8 July 2020 and is the latest step in the country's legal reform process as part of its FLEGT Voluntary Partnership Agreement with the EU. Notably, the new law recognises the statutory rights of the Republic of Congo's forest-dependent communities as regards forest management rights, and legally recognises the mandate of civil society organisations in independent forest monitoring. The NGO ClientEarth has **welcomed** the new forest code.

European Parliament call for an EU legal framework to halt and reverse EU-driven global deforestation (July 2020)

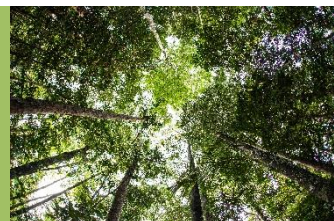
On 2 July 2020, a **legislative initiative report** was presented to the Committee on the Environment, Public Health and Food Safety (ENVI) of the European Parliament, seeking proposals from the European Commission on an EU legal framework to halt and reverse EU-driven global deforestation. The draft report proposes a legal framework based on due diligence, to ensure sustainable and deforestation-free supply chains for products placed on the Union market. It notes that the EU Timber Regulation represents a good model to build upon, with the need to consider lessons learnt for improved implementation and enforcement rules. It was **approved** on 1 October by the Committee and is foreseen for adoption on 19 October in the plenary.

⁴ Featured in the **February – May 2020** EUTR briefing note.

Cameroon backtracks on logging in Ebo Forest (August 2020)

EIA and the Centre pour l'Environnement et le Développement (CED) have **welcomed** a decision by the government of Cameroon to suspend logging projects in the Ebo Forest. In July 2020, Cameroon's Prime Minister signed Decree 2020/3216 to convert a forest area of >68 thousand hectares into a logging concession. The decree reportedly violated the country's 1994 forestry law, which states that the government must consult local communities before making land use changes.

OTHER NEWS, RESOURCES & PUBLICATIONS



Forest Trends analyses progress of countries' timber legislative and policy frameworks (June–July 2020)

The publication series includes an overview of **Peru's** timber supply chain and regulatory framework, an assessment of the efficacy of **Japan's** Clean Wood Act, an analysis of **Liberia's** forest legislature and benefit sharing efforts, and a summary of **Viet Nam's** developing public procurement policy for timber products.

Forest Trends report on global timber trade from World Bank-listed fragile and conflict-affected areas (August 2020)

The report analyses the international trade in timber originating from source countries listed by the World Bank in its 2020 **List** of Fragile and Conflict-affected Situations (FCS). The report states that the majority of timber from FCS countries is currently imported by Asian markets, many of which remain largely unregulated. It further notes that, if more robust regulation and due diligence systems are not developed, the global timber sector could risk exacerbating instability in FCS.

SPOTT's 2020 Timber and Pulp Assessment reveals lack of protection for tropical forests (July 2020)

An analysis of 100 of the most significant timber and pulp companies, published by the Zoological Society of London using its Sustainability Policy Transparency Toolkit (SPOTT), **reveals** widespread failure of timber companies to guarantee environmental protections for at least 11.7 million hectares of tropical forest. This year's assessment revealed *inter alia* that 44% of companies have yet to publicly commit to zero-deforestation and only 13% report actively monitoring for deforestation throughout the areas they manage.

WWF and IIED report calls for greater recognition of local communities in sustainable forest management (July 2020)

The report, produced by WWF and the International Institute for Environment and Development (IIED), highlights the role of Indigenous Peoples and Local Communities (IPLCs) in forest management. IPLCs and smallholder foresters are noted to manage over 25% of the world's forests. The report calls for wider recognition of 'unseen' forest managers and stresses the potential for more effective and sustainable forest management through greater engagement with and support of IPLCs.

ClientEarth release annual edition of their EUTR newsletter (September 2020)

The **latest edition** of EUTR News covers the period June – August 2020, and provides an update on activities regarding implementation and enforcement of the EUTR, as well as broader work within the EU and internationally to address the issue of illegal logging.



Developed by UNEP-WCMC as a consultant of the European Commission in close cooperation with the EU Member States Competent Authorities.

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