



Department  
for Business  
Innovation & Skills

Regulatory Delivery

# Due Diligence Standards for Cameroonian Timber

TREE Workshop - 7<sup>th</sup> April 2016

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# Due Diligence Standards for Cameroonian Timber

- Introduction
- UK Legislative Context
- How we Enforce EUTR
- Why Cameroon?
- Project Methodology
- Results
- Next Steps

## What is Regulatory Delivery?

- Newly formed Directorate within the Dept for Business, Innovation & Skills
- Combines NMRO and BRDO
- Forms a Centre of Excellence for Regulation

## What will this mean?

- Best practice on risk, engagement, support, transparency & guidance
- Support compliance and growth
- Proportionate, risk based enforcement which effectively sanctions

## UK Regulatory Context

- Appointed Market Surveillance Authority
- Undertake inspections & investigate non-compliances
- Administrative sanctions:
  - Warning letter / advice note
  - Notice of Remedial Actions
  - Product Seizure
- Prosecution cases are referred for prosecution
- No regime of civil sanctions

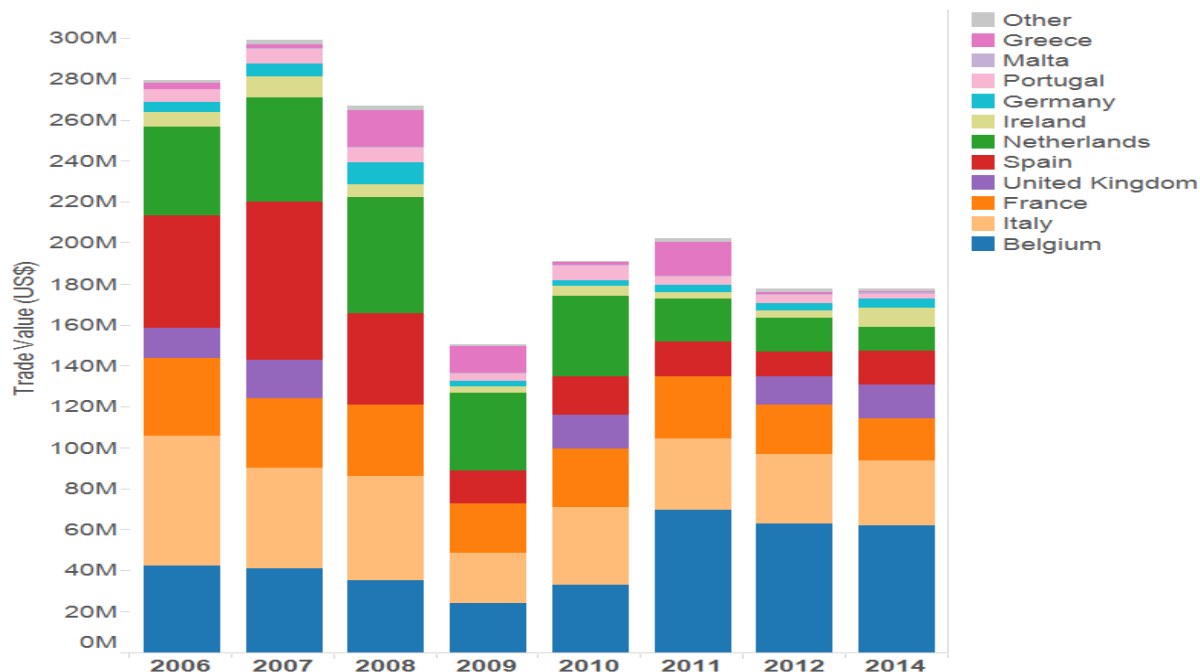
## Enforcement of EUTR

- Project based approach to enforcement
  - Cameroon
  - Rosewood
  - Oak Flooring
  - Kitchen Furniture
  - Chinese Plywood
  - DNA Testing Project
- Research & understand risk in specific supply chains or countries
- Conduct analysis of UK market to identify high risk operators
- Promotes consistent and coherent investigations
- Project reporting to raise awareness in the UK & in producer countries

## Why Cameroon?

- High risk country: significant illegal logging activity, poor governance and limited enforcement
- High volume of timber entering the UK with a wide range of importers
- Opportunity to coordinate with other Competent Authorities
- Active NGO presence – Official Independent Forest Monitor

Cameroon's Sawn wood Exports to the EU, by Member State



## Methodology

- Obtained customs data on 2014 imports of sawn wood, logs & roughwood (CN codes 4403/4407)
- Companies reviewed and high risk operators identified:
  - Previous engagement with NMRO
  - Volume / value of imports
- Company initiation - requested to submit DDS with 5 working days
- Timber samples purchased and sent for anatomical testing
- Initial due diligence reviews – correspondence – resubmission
- Enforcement visits (15) – investigations – case review – sanction

## Results: ACCESS TO INFORMATION

### Access to documents indicating compliance with the applicable legislation in the country of harvest

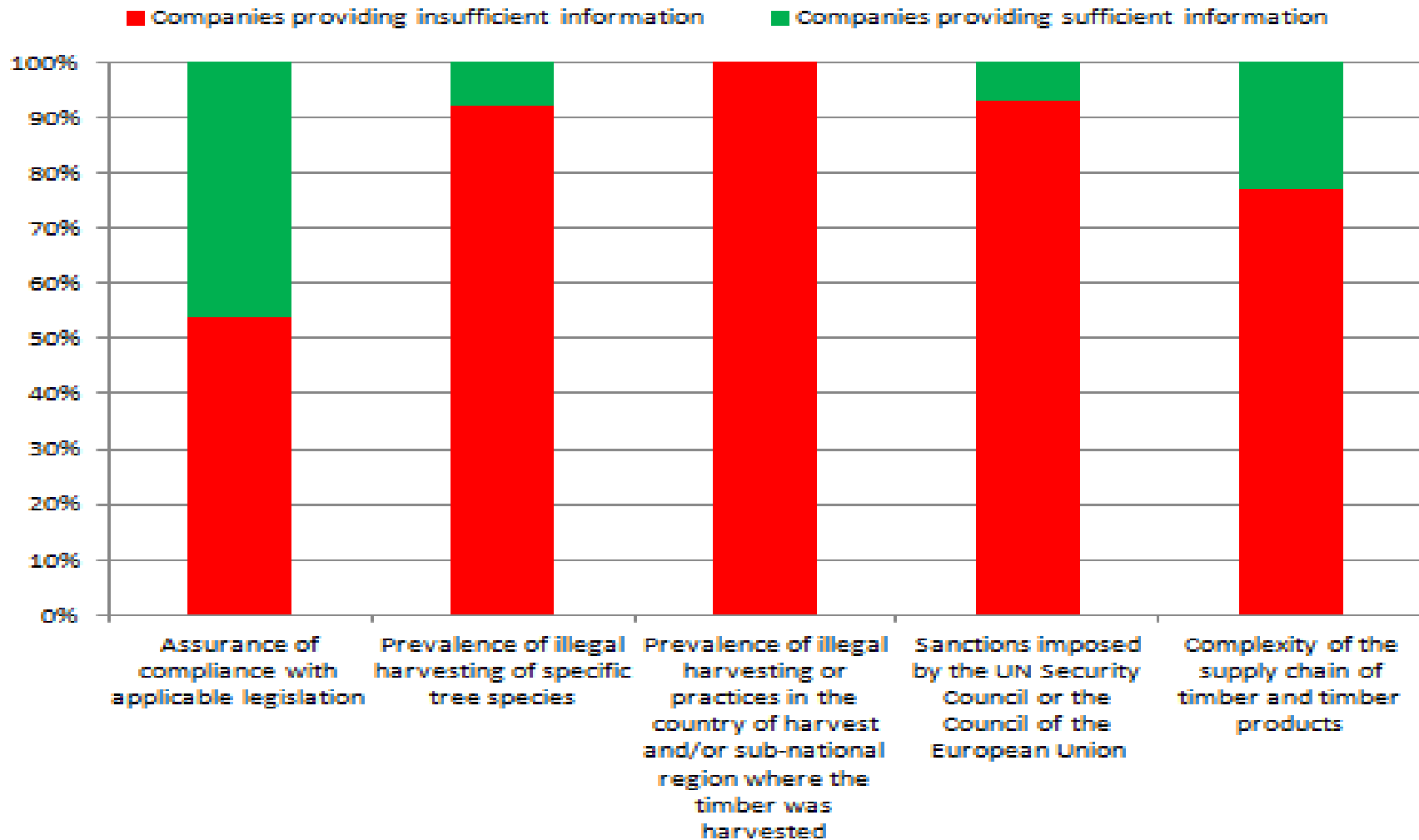


- Compliant companies with access to documents or other information indicating compliance with the applicable legislation in the country of harvest
- Non compliant companies with limited or no access to documents or other information indicating compliance with the applicable legislation in the country of harvest
- Non compliant companies with access to documents or other information indicating compliance with the applicable legislation in the country of harvest

Figure 2: The proportion of the nineteen companies with and without access to documents or other information indicating compliance with the applicable legislation in the country of harvest.



## Results: RISK ASSESSMENT



## Results: RISK MITIGATION

- Failure to risk assess lead to irrational conclusions of negligible risk
- Over-reliance on official documentation
- Belief that longstanding relationships with 'trusted' suppliers = low risk
- Lack of evidence regarding supplier visits
- Relying solely on 3<sup>rd</sup> party certification without full DDS
- Receiving non-certified product from certificate holding companies

## Results: SANCTIONS

- 2 companies were compliant:
  - Thorough risk assessment – fully recorded & well referenced
  - Understood the documents, identified key pieces of information
  - Close and progressive links with suppliers
  - Appropriate reliance on certification
- 6 companies issued with a Notice of Remedial Actions
- 7 companies issued with Warning Letters
- 1 company issued with an Advice Letter
- 3 companies faced no further action

## Next Steps:

- Follow up on NRA's
- Finalise project report & consider publication
- Share with the Commission and other Competent Authorities
- Team visit to Cameroon
- UK awareness raising activities

# Thank You

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