Due Diligence Standards for Cameroonian Timber

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Due Diligence Standards for Cameroonian Timber

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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
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

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

- Companies providing insufficient information
- Companies providing sufficient information

- Assuranc of compliance with applicable legislation
- Prevalence of illegal harvesting of specific tree species
- Prevalence of illegal harvesting or practices in the country of harvest and/or sub-national region where the timber was harvested
- Sanctions imposed by the UN Security Council or the Council of the European Union
- Complexity of the supply chain of timber and timber products
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 3rd 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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