The European's traders response on EUTR

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Secretary General of the ETTF
Established in 2009: brought together organisations representing hardwood, softwood and plywood - and from 1/4/11 also FEBO, representing distributors and merchants
Membership

Membership represents 12 key European importing countries:

Netherlands, UK, Spain, Sweden, Belgium, France, Germany, Greece, Italy, Portugal, Denmark & Norway
European Trade Facts

Less than 10% EU timber consumption is imported from:
- China, US, Russia, Brazil, Malaysia, Indonesia, Chile, Vietnam, Cameroon, Gabon, Congo & Thailand
US hardwood lumber exports to Europe

To the 5 largest markets in 2010
- Italy 170,000 m³
- UK 55,000
- Germany 50,000
- Spain 35,000
- Portugal 21,000
- Other EU-countries 90,000

Source: AHEC
• Global joint efforts to curb illegality by Govts, NGOs and trade are perceived to be working

• Dutch market 2009 65% certified

• UK market 2010 85% certified
European Timber Regulation (EUTR)

- Obligations for operators under the EUTR
  - Prohibition on placing on the market of illegally harvested timber
  - Operators to exercise due diligence when placing timber-products on the market
- Internal traders are able to identify their suppliers and their clients
Importers (operators) shall exercise due diligence

DD is built up in the following stages:

• Information

• Risk assessment procedures

• Risk mitigation procedures
Information

The DD-system provides access to info concerning:

- type of product, trade name and scientific name
- country of harvest and where applicable sub national region and concession of harvest
- quantity, name of supplier and client
- documentation indicating compliance with applicable legislation
Risk assessment procedure

1st stage of research
- analyse and evaluate the risk of illegality

How:
- check info
Take into account relevant risk assessment criteria such as:

- assurance of compliance with applicable legislation (third-party-verified schemes)
- prevalence of illegal harvesting
- UN/EU sanctions
- complexity of the supply chain
End of first stage:

• Risk is negligible: admit
• Risk is not negligible: second stage i.e.
  - apply Risk mitigation procedure
Risk mitigation procedure

A set of measures and procedures that are adequate and proportional to minimise the risk.

- Questionnaire: questions on supplier, source and product
- Additional evidence
- Additional, publicly available sources
How to cope with the EUTR

Responsible purchasing policies:

- experience in UK, Netherlands and France
- Harmonisation of responsible purchasing policies. ETTF
- Harmonisation of penalties/sanctions
Checks on operators

• Each member state designates a competent authority (CA) responsible for the application of the EUTR
• CA’s verify if operators comply with EUTR.
• Checks may include examination of dd-system, documentation, records and spot checks
• CA’s may take interim-measures: seizure, prohibition of marketing
Monitoring organisations (m.o.)

Obligation to implement dd rests on individual importer but he can make use of a system provided by a m.o.
• Monitoring organisations maintain a dd-system and grant importers the right to use it
• Verify proper use of system
• Take appropriate action
• CA’s check on MOs
• European Timber Trade Federation applies for MOship

Advantages:
• importers use the same system.
• exporters are not confronted with myriads of different systems
• level playing field / harmonisation

• Timber with FLEGT- or CITESlicense is considered to be legal under the EUTR.

• Voluntary partnership agreements
• Penalties to be laid down by Member states. Risk of weakest point of entry.

• Call for harmonisation
A “casestudy”

EU-importer buys red oak from US-supplier

Steps to be taken:

- Check on country of origin
  * CPI (US: 7.1)
  * prevalence of illegal logging.
- Check on species
  * Endangered. CITES

- Check on supplier
  * credentials
  * written contract with commitment to legality. Breach of contract
• Conclusion: Risk is negligible. Admit

• When in doubt: Ask for FSC/PEFC/SFI