



# **The European's traders response on EUTR**

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# European Timber Trade Federation



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 m<sup>3</sup>
- 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 indentify theirs 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



1ste 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 “case study”

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