

Timber Legality Risk Assessment Estonia

Version 1.2 | September 2017



COUNTRY RISK
ASSESSMENTS



This risk assessment has been developed by NEPCon with support from the LIFE programme of the European Union, UK aid from the UK government.



NEPCon has adopted an “open source” policy to share what we develop to advance sustainability. This work is published under the Creative Commons Attribution Share-Alike 3.0 license. Permission is hereby granted, free of charge, to any person obtaining a copy of this document, to deal in the document without restriction, including without limitation the rights to use, copy, modify, merge, publish, and/or distribute copies of the document, subject to the following conditions: The above copyright notice and this permission notice shall be included in all copies or substantial portions of the document. We would appreciate receiving a copy of any modified version.

Disclaimers

This Risk Assessment has been produced for educational and informational purposes only. NEPCon is not liable for any reliance placed on this document, or any financial or other loss caused as a result of reliance on information contained herein. The information contained in the Risk Assessment is accurate, to the best of NEPCon’s knowledge, as of the publication date

The European Commission support for the production of this publication does not constitute endorsement of the contents which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

This material has been funded by the UK aid from the UK government; however, the views expressed do not necessarily reflect the UK government’s official policies.

The contents of this risk assessment is based on the risk assessments developed for FSC™. This risk assessment is not equal to the approved FSC risk assessments when implementing the controlled wood standard FSC-STD-40-005. Only formally approved FSC risk assessments shall be used for the implementation of the FSC standards.

FSC is not otherwise associated with the project Supporting Legal Timber Trade.

For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such (highlighted) can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification. You can see the countries with approved risk assessment in the FSC document: FSC-PRO-60-002b V2-0 EN List of FSC-approved Controlled Wood documents 2015-11-04. ”

The original document of FSC can be accessed here <https://ic.fsc.org/en/document-center>

Contents

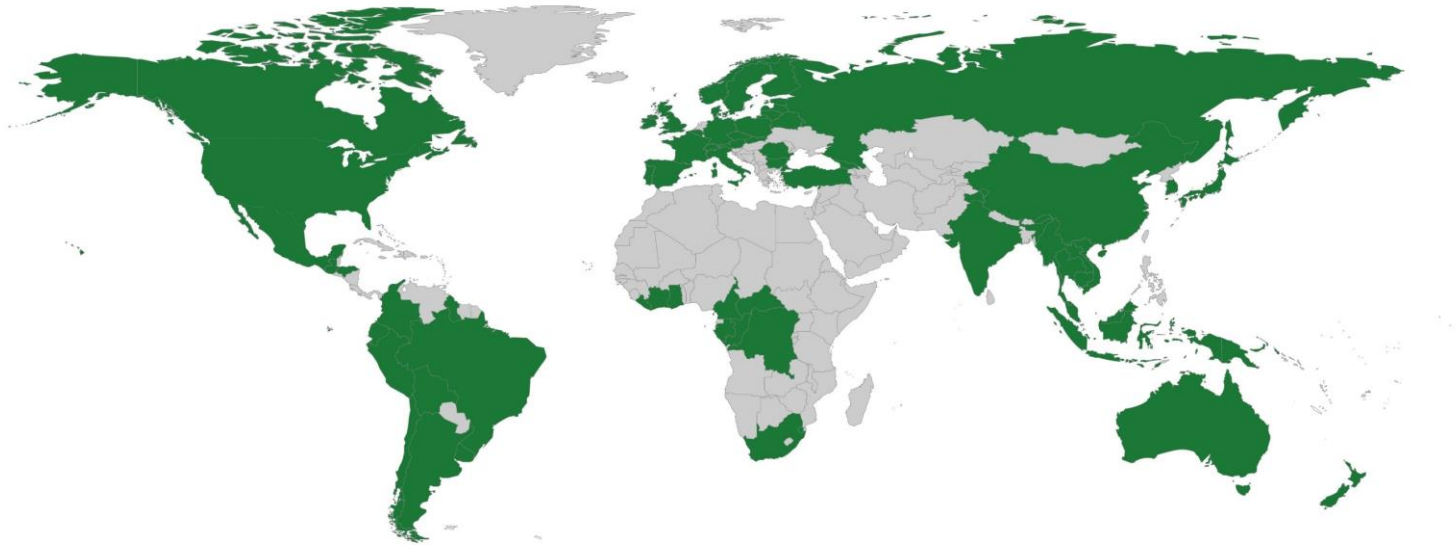
A. Introduction	1
B. Overview of legality risks	3
C. Overview of the forest sector in Estonia	5
D. Legality Risk Assessment	6
LEGAL RIGHTS TO HARVEST	6
1.1. Land tenure and management rights	6
1.2. Concession licenses	8
1.3. Management and harvesting planning	8
1.4. Harvesting permits	10
TAXES AND FEES	13
1.5. Payment of royalties and harvesting fees	13
1.6. Value added taxes and other sales taxes	13
1.7. Income and profit taxes	15
TIMBER HARVESTING ACTIVITIES	18
1.8. Timber harvesting regulations	18
1.9. Protected sites and species	20
1.10. Environmental requirements	21
1.11. Health and safety	23
1.12. Legal employment	26
THIRD PARTIES' RIGHTS	29
1.13 Customary rights	29
1.14. Free prior and informed consent	30
1.15. Indigenous/traditional peoples' rights	31
TRADE AND TRANSPORT	33
1.16. Classification of species, quantities, qualities	33
1.17. Trade and transport	34
1.18. Offshore trading and transfer pricing	36
1.19. Custom regulations	38
1.20. CITES	40
1.21. Legislation requiring due diligence/due care procedures	41
Annex I. Timber source types	44

This page has been left intentionally blank

A. Introduction

This Timber Legality Risk Assessment for Estonia provides an analysis of the risk of sourcing timber from areas of illegal harvesting and transport. NEPCon has been working on risk assessments for timber legality, in partnership with a number of organisations, since 2007.

In that time, NEPCon has developed timber risk assessments for more than 60 countries, illustrated in Figure 1.



Map created by StatSoft (2018). StatPlanet: Interactive Data Visualization and Mapping software. //www.statsoft.com

Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber

The risk assessments are developed in collaboration with local forest legality experts and use an assessment methodology jointly developed by FSC and NEPCon. A detailed description of the methodology can be found on the [NEPCon Sourcing Hub](#).

For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification.

You can see the countries with approved risk assessment in the FSC document: [FSC-PRO-60-002b V2-0 List of FSC approved Controlled Wood documents](#).

All FSC Risk Assessments can be downloaded in the [FSC Document Centre](#).

This risk assessment was prepared by NEPCon between 2014 and 2018 as follows:

Draft prepared by NEPCon:	December 2014.
Stakeholder consultation	July – August 2018
Final approval by FSC:	8 May 2018

FSC CW effective date: 8 May 2018

NEPCon originally published the Timber Legality Risk Assessment for Estonia in August 2017. The risk assessment has not been updated since that time.

B. Overview of legality risks

Timber Risk Score: 100 / 100 in 2017

This report contains an evaluation of the risk of illegality in Estonia for five categories and 21 sub-categories of law. We found:

- Low risk for 17 sub-categories.
- No legal requirements for 4 sub-categories.

Timber source types and risks

There are two timber source types in Estonia. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for the source types and found the risks are the same.

State forest	State-owned forest managed by the State Forest Management Centre and its district offices. Forests are managed under management/harvest plans and the State Forest Management Centre has a digital database containing forest inventory data and plans for harvest operations. State Forest is FSC and PEFC certified.
Private forest and municipality forest	Forest owned by private companies, small forest owners and municipalities. A management plan (printout on paper with statistics, maps etc.) is not compulsory in Estonia but there must be valid forest inventory data.

This matrix summarises the findings of the timber legality risk assessment set out in this report.

Legal Category	Sub-Category	Risk conclusion
		All source types
Legal rights to harvest	1.1 Land tenure and management rights	Low
	1.2 Concession licenses	N/A
	1.3 Management and harvesting planning	Low
	1.4 Harvesting permits	Low
Taxes and fees	1.5 Payment of royalties and harvesting fees	N/A
	1.6 Value added taxes and other sales taxes	Low
	1.7 Income and profit taxes	Low
Timber harvesting activities	1.8 Timber harvesting regulations	Low
	1.9 Protected sites and species	Low
	1.10 Environmental requirements	Low
	1.11 Health and safety	Low
	1.12 Legal employment	Low
Third parties' rights	1.13 Customary rights	Low
	1.14 Free prior and informed consent	Low
	1.15 Indigenous/traditional peoples' rights	N/A
Trade and transport	1.16 Classification of species, quantities, qualities	Low
	1.17 Trade and transport	Low
	1.18 Offshore trading and transfer pricing	Low
	1.19 Custom regulations	Low
	1.20 CITES	N/A
	1.21 Legislation requiring due diligence/due care procedures	Low

C. Overview of the forest sector in Estonia

The term “forest” is defined in the Forest Act. There are three main forest categories in Estonia: commercial forest, protection forest and protected forests.

There are private forests, municipality forests and state owned forests. State-owned forests are managed by the State Forest Management Centre. Since the state-owned forests are FSC and PEFC certified, the overall risk level is considered to be low in these.

In private owned forests and municipality forests there are risks related to the health and safety and payment of VAT.

Overall the situation similar in private, municipality and state forests since in all of them most of the activities are done by private companies. In case of state forest the control over different activities is much better and in case of any violations the corrective actions are done much quicker.

For felling operations, it is required that there must be valid forest inventory or forest management plan available and also felling permit issued by the Environmental Board. The Forest Act does not apply to a separate forest areas, smaller than 0,5 ha. It is allowed to cut up to 20 cubic meters of timber per forest management unit (FMU) without a felling permit.

In case of forest owner want to cut more than 20 cubic meters per FMU, he/she must fill a felling permit and send it to the Environmental board for approval. It can be done on a paper or electronically. Felling permit is valid for 12 months after approval by the Environmental Board. All issued felling permits and forest inventory data are available in public forest registry.

D. Legality Risk Assessment

LEGAL RIGHTS TO HARVEST

1.1. Land tenure and management rights

Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses. Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land tenure and management rights have been issued according to the legislation.

1.1.1. Applicable laws and regulations

- Law of Property Act 1993 (Asjaõigusseadus). [online]. RT I (39, 590)/1993 Part 1 - General, part 2 - Possession and land register, part 3 - Ownership, part 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/28540>
- Forest Act 2006 (Metsaseadus). [online]. RT I (30, 232) /2006Chapter 1 - General provisions, chapter 2 - Direction of forestry, chapter 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/1044018>
- Felling permit form and requirements data on felling permit, requirements for registration, requirements for proceed and deadline Nõ27/2014 (Metsateatise esitatavate andmete loetelu, metsateatise vorm, esitamise, tagastamise, registreerimise ja menetlemise kord ning tähtsused). [online]. All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128062014169>
- Restrictions on Acquisition of Immovables Act 2012 (Kinnisasja omandamise kitsendamise seadus). [online]. RT I/2012 Chapter 1 - General provisions, chapter 2 - Restrictions on Acquisition of Immovables Used as Profit Yielding Land, chapter 3 - Restrictions on Acquisition of Immovables Arising from National Defence Reasons. Available at: <https://www.riigiteataja.ee/akt/KAOKS>

1.1.2. Legal authority

- Ministry of the Environment
- Environmental Board
- Estonian Land Board
- Ministry of Justice
- Court of Justice - responsible for hearing disputes related to land tenure and management rights. The database of real estate (kinnisturaamat) is kept by the courts.
- State notaries - compile and approve the purchase/sales contracts, testaments etc.

1.1.3. Legally required documents or records

- A land registry entry certifying the right of ownership - provides information about the legal owners.
- Report from forest registry database - provides information about the management rights
- Letter of land use
- Registration in business registry

1.1.4. Sources of information

Government sources

- riigiteataja.ee. (N.Y.). *Official Website of State reporter*. [online]. Riigi Teataja. Available at: www.riigiteataja.ee
- maaamet.ee. (N.Y.). *Official Website of Land Board*. [online]. Maa-amet. Available at: www.maaamet.ee

Non-Government sources

- Transparency International (2013). *Corruption Perceptions Index* [online]. Available at: <http://cpi.transparency.org/cpi2013/results/>

1.1.5. Risk determination

Overview of legal requirements

In Estonia, the property registration process is regulated by the laws and regulations mentioned in the column of applicable laws and legislation.

Tenure rights can be registered in land registry only if natural person or legal entity of any form provides relevant documents confirming the legal rights to the land concerned. This would include identification documents (passport, ID card, company registration documents, etc.), sales-purchase agreements, court decisions or other documents proving legal right to own real property. In Estonia, the property registration process is regulated by the laws and regulations mentioned in the column of applicable laws and legislation.

Description of risk

There is no evidence in Estonia that land rights have been issued in violation of prevailing regulations and that corruption has been involved in the process of issuing land tenure and management rights, therefore risk level is considered as low.

Transparency international corruption perception index for Estonia in 2013 was 68; therefore, corruption is not considered as key factor negatively influencing this indicator.

Risk Conclusion

Risk level for this indicator is considered as low.

1.1.6. Risk designation and specification

Low risk

1.1.7. Control measures and verifiers

N/A

1.2. Concession licenses

Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The intent of this indicator is to avoid risk related to situations where organizations are obtaining concession licenses via illegal means such as bribery, or where organizations or entities that are not eligible to hold such rights do so via illegal means. Risk in this indicator relates to situations where due process has not been followed and the concession rights can therefore be considered to be illegally issued. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators (e.g., Corruption Perception Index, CPI) should therefore be considered when evaluating risks.

1.2.1. Applicable laws and regulations

N/A

In Estonia, there is no system of concession licenses since forests are not rented out.

1.2.2. Legal authority

N/A

1.2.3. Legally required documents or records

N/A

1.2.4. Sources of information

N/A

1.2.5. Risk determination

N/A

1.2.6. Risk designation and specification

N/A

1.2.7. Control measures and verifiers

N/A

1.3. Management and harvesting planning

Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities. Cases where required management planning documents are not in place or are not approved by competent authorities should be considered. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.

1.3.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 Chapter 1 - General provisions, Chapter 2 - Direction of forestry, Chapter 3 - Forest survey, Chapter 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/28540>
- Forest management regulation №88 /2007 (Metsa majandamise eeskiri). [online]. RTL 2007, 2, 16 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/12771900>
- Forest Inventory Guidelines №2/2009 (Metsa korraldamise juhend). [online]. RTL 2009, 9, 104 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/13124148>
- Requirements for the test works and examination of forest taxators and rules for evaluating the results of test works and exams № 82/2006. (Metsakorraldaja katsetöödele ja eksamitele esitatavad nõuded, katsetööde ja eksamite korraldamise ning tulemuste hindamise ja metsakorraldaja tunnistuse andmise kord). [online]. RT I, 29.07.2014, 3 – came into effect 01.08.2014; RTL 2006, 93, 1724, came into effect 01.01.2007 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/129072014009>
- Rules for applying, issuing and extension of forest inventory and taxation license №1/2007 (Metsakorraldustööde tegevusloa taotlemise, andmise ja pikendamise kord, metsakorraldustööde tegevusloa vorm ning metsakorraldustööde tehnilistele vahenditele esitatavad nõuded ja nende nõuetele vastavuse hindamise kord). [online]. RTL 2007, 4, 65 came into effect 04.01.2007 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/12774952>

1.3.2. Legal authority

- Ministry of the Environment
- Environmental Board
- Environmental Agency

1.3.3. Legally required documents or records

- Forest Management Plan
- Forest Inventory
- Printout from forest registry - gives information about management plan/forest inventory data and registered felling permits
- Receipt of purchased or sold forest material.
- Estonian Tax and Customs Board notification and waybill

1.3.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of Estonia Tax and Customs Board's*. [online]. Riigi Teataja. Available at: www.riigiteataja.ee
- register.metsad.ee (N.Y.). *Website of Public forest register*. [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>

1.3.5. Risk determination

Overview of Legal Requirements

Management and harvesting planning is regulated by laws and regulations mentioned in column of applicable laws and legislation.

The Forest Act and Forest Inventory guidelines set rules for persons and companies who conduct forest inventory and create management plans. Taxators must have taxator licenses and companies must have forest inventory permission for this. For gaining this license persons must have forestry education and must conduct an taxator exam.

New forest management plans are checked by Environmental Agency to ensure that all applicable legislation is followed.

Forestry inventories are uploaded to public database and can be seen by any interested party.

Description of Risk

Transparency international corruption perception index for Estonia in 2013 was 68, therefore corruption is not considered as key factor negatively influencing management and harvesting planning of forests in Estonia.

Risk Conclusion

Risk level for this indicator is considered as low.

1.3.6. Risk designation and specification

Low risk

1.3.7. Control measures and verifiers

N/A

1.4. Harvesting permits

Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits. Risk relates to situations where required harvesting is carried out without valid permits or where these are obtained via illegal means such as bribery. In some areas, bribery may be commonly used to obtain harvesting permits for areas and species that cannot be harvested legally (e.g., protected areas, areas that do not fulfil requirements of minimum age or diameter, tree species that cannot be harvested, etc.). In cases where harvesting permits classify species and qualities to estimate fees, corruption and bribery can be used to classify products that will result in a lower fee. The level of corruption in a country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks. In cases of illegal logging, harvesting permits from sites other than the actual harvesting site may be provided as a false proof of legality with the harvested material.

1.4.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 Chapter 4 - Forest management (§41). Available at: <https://www.riigiteataja.ee/akt/28540>
- Forest management regulation N°88 /2007 (Metsa majandamise eeskiri). [online]. RTL 2007, 2, 16 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/12771900>

- Felling permit form and requirements data on felling permit, requirements for registration, requirements for proceed and deadline №27/2014 (Metsateatise esitatavate andmete loetelu, metsateatise vorm, esitamise, tagastamise, registreerimise ja menetlemise kord ning tähtajad). [online]. All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128062014169>
- Requirements for forest material transport, form for forest material transfer act, form for sold or purchased forest material or felling right and requirements for the waybill №84/2006 (Metsamaterjali veoeskiri, metsamaterjali üleandmise-vastuvõtmise akti ja müüdud või ostetud raieõiguse või metsamaterjali kohta Maksu- ja Tolliametile esitatava teatise vorm ning veoselehe kohta esitatavad nõuded). [online]. RT I, 09.03.2011, 11 came into effect 12.03.2011, RTL 2006, 93, 1726 came into effect 01.01.2007) All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128122013013>

1.4.2. Legal authority

- Ministry of the Environment
- Environmental Board
- The Environmental Inspectorate

1.4.3. Legally required documents or records

- Felling permit
- Forest management plan
- Estonian Tax and Customs Board notification and waybill
- Act of forest material transfer
- Sales invoice, purchase receipts.

1.4.4. Sources of information

Government sources

- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register*. [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>
- Answer to NEPCon's request by Environmental Inspectorate (05.05.2014 nr -J-6-4/235-2)

1.4.5. Risk determination

Overview of Legal Requirements

Issuing harvesting permits is well regulated in Estonia. Forest owner can get felling permit from the Environmental Board or it can also filled in internet. In cases of pre-commercial thinning or in case the harvested timber volume is less than 20 cubic meters per one FMU there is no need for felling permit.

All felling permits are reviewed by specialist in Environmental Board.

The control over the harvesting is done by Environmental Inspectorate.

Description of Risk

According to the statistics provided by the Environmental Inspectorate, 938 sites were controlled during 2012 and 990 were controlled during 2013. The number of violations related to timber harvesting without permission was 18 cases in 2012 (1,9 %) and 14 cases in 2013 (1,4%).

Transparency International's Corruption Perception Index for Estonia was 68 in 2013, therefore corruption is not considered as key factor influencing the process for obtaining harvesting permits for areas and species that could not be harvested according to the legislation.

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was also concluded that the system is functioning well and there is no major risk in this area.

Risk Conclusion

Risk level for this indicator is considered as low.

1.4.6. Risk designation and specification

Low risk

1.4.7. Control measures and verifiers

N/A

TAXES AND FEES

1.5. Payment of royalties and harvesting fees

Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.

1.5.1. Applicable laws and regulations

N/A

1.5.2. Legal authority

N/A

1.5.3. Legally required documents or records

N/A

1.5.4. Sources of information

N/A

1.5.5. Risk determination

N/A

1.5.6. Risk designation and specification

N/A

1.5.7. Control measures and verifiers

N/A

1.6. Value added taxes and other sales taxes

Legislation covering different types of sales taxes, which apply to the material being sold, including selling material as growing forest (standing stock sales). Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.

1.6.1. Applicable laws and regulations

- Taxation Act 2002 (Maksukorralduse seadus). [online]. RT I 2002, 26, 150 came into effect under §170 Chapter 1 - General provisions. Available at: <https://www.riigiteataja.ee/akt/MKS>
- Value-Added Tax Act 2003 (Käibemaksuseadus). [online]. RT I 2003, 82, 554 came into effect under All chapters. Available at: <https://www.riigiteataja.ee/akt/688595>

1.6.2. Legal authority

- Estonian Tax and Customs Board

1.6.3. Legally required documents or records

- Annual report of the company
- Monthly VAT reports

1.6.4. Sources of information

Government sources

- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board`s database.* [online]. Maksu- ja tolliamet Available at: www.emta.ee
- riigiteataja.ee (N.Y.). *Official website of Estonia Tax and Customs Board`s.* [online]. Riigi Teataja. Available at: www.riigiteataja.ee
- Answer to NEPCons request by Estonian Tax and customs Board (nr 9-6/10725-1 and nr 9-6/10725)
- E-mail answer from Estonian Tax and customs Board 03.10.2014

1.6.5. Risk determination

Overview of Legal Requirements

There is a Taxation Act and Value-Added Tax Act in place. Value-Added Tax (VAT) Act specifies the rights, obligations and liability of tax authorities and taxable persons, the procedure for tax proceedings and the procedure for the resolution of tax disputes.

According to the Value-Added Tax Act (VAT) is paid by all persons (natural and legal) having annual turnover from their business activities higher than 16 000 euros.

VAT for timber is paid by purchaser and not by the seller in order to avoid VAT laundering.

The Estonian Tax and Customs Board is responsible for collection of VAT, which has to be declared every month by a tax payer.

Description of Risk

According to statistics provided by Estonian Tax and Customs Board they conducted 310 controls of forestry-related companies in 2012 and 552 controls in. In 2012, 204 companies were asked to pay additional taxes, and in 2013, 377 companies were asked to pay additional taxes. Of these payments, some were for value added taxes, some for income taxes and some for both.

It is compulsory for round wood sellers and round wood buyers to register all amounts and sums in a database, so the Estonian Tax and Customs board has an overview of the transactions.

A letter from Minister of Finance to Estonian Forest and Wood Industries Association and The Foundation Private Forest Centre states that there is no need to apply a new, stricter value added tax system (return VAT) that they had previously proposed. According to the Ministry of Finance, the tax loss from forest sector is low compared to other sectors. The tax loss of forestry sector is 1-2% compared to the total estimated tax loss.

After the compilation of first draft of this risk assessment new requirement came into force that requires that companies must register all invoices to state database that are higher than 1000 euros. Information is available from the Estonian tax and customs board indicates that this new requirement has positively affected legal compliance. Based on information from Estonian Tax and Customs Board it was concluded that low risk can not be justified.

For State Forest, the risk can be considered low since they are audited by the State Control according to internal accounting audit program required by the law. All the information related to their management activities is public - according to the information available there has not been any tax fraud.

Risk Conclusion

Low risk

1.6.6. Risk designation and specification

Low risk

1.6.7. Control measures and verifiers

N/A

1.7. Income and profit taxes

Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments.

1.7.1. Applicable laws and regulations

- Taxation Act 2002 (Maksukorralduse seadus). [online]. RT I 2002, 26, 150 came into effect under § 170.) Chapter 1 - General provisions § 25 - New requirement of registering workers. Available at: <https://www.riigiteataja.ee/akt/27810>
- Income Tax Act 1999 (Tulumaksuseadus). [online]. RT I 1999, 101, 903 came into effect 01.01.2000 All chapters. Available at: <https://www.riigiteataja.ee/akt/78069>

1.7.2. Legal authority

- Estonian Tax and Customs Board

1.7.3. Legally required documents or records

- Income declaration
- Annual Report of the company

1.7.4. Sources of information

Government sources

- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board's database.* [online]. Maksu ja tolliamet. Available at: www.emta.ee

- riigiteataja.ee (N.Y.). *Official website of Estonia Tax and Customs Board's*. [online]. Riigi Teataja. Available at: www.riigiteataja.ee

1.7.5. Risk determination

Overview of Legal Requirements

There is Taxation Act and Income Tax Act in place. These acts specify the rights, obligations and liabilities of tax authorities and taxable persons, the procedure for tax proceedings and the procedure for the resolution of tax disputes.

In 2014 income tax is 21% and from the year 2015 it will be 20%.

The Income Tax Act also specifies requirements for taxing of forest material.

Anybody receiving income from selling services or products must declare their incomes by the end of march and this can be done digitally or in the office of Estonian Tax and Customs Board.

From 01.07.2014 it is obligatory to register all the workers in Estonian Tax and Customs Board database. This means that it is not possible to work without any kind of contract or registration. This is regulated by Taxation Act.

The Environmental Inspectorate (29.09.2014) revealed that inspectorate together with Estonian Tax and Customs Board have been conducting weekly controls to forest operations in different counties to control fulfillment of this new regulation and other related regulations. There were no results of these inspections available at the time of preparing of this risk assessment.

The Estonian Tax and Customs Board is responsible for controlling tax payments and this is a constant process.

Description of Risk

According to statistics provided by Estonian Tax and Customs Board, 310 controls were conducted in 2012 and 552 controls in 2013 in forestry related companies. In 2012, 204 companies were asked to pay some additional sums for taxes and in 2013, 377 companies were asked to pay additional taxes. Of these additional payments, some were for value added taxes, some for income taxes and some for both.

According to the Estonian Tax and Customs Board there are approximately 6% of the companies in the forestry sector who may not pay (fully or partially) the required income taxes from salaries. According to the Estonian Tax and Customs the 6% is an approximate number, and is likely to include mostly smaller companies in terms of turnover and thus amount unpaid taxes is therefore small. Larger companies are controlled more often and are subject to additional auditing requirement.

In Estonia, there are income taxes related laws in place and paying of these taxes is controlled constantly by Estonian Tax and Customs Board. According to the information provided above this indicator is considered as low risk.

Risk Conclusion

Risk level for this indicator is considered as low.

1.7.6. Risk designation and specification

Low risk

1.7.7. Control measures and verifiers

N/A

TIMBER HARVESTING ACTIVITIES

1.8. Timber harvesting regulations

Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.

1.8.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 came into effect 01.01.2007 Chapter 1 - General provisions, 3 - Forest survey, chapter 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/28540>
- Felling permit form and requirements data on felling permit, requirements for registration, requirements for proceed and deadline N^o27/2014 (Metsateatise esitatavate andmete loetelu, metsateatise vorm, esitamise, tagastamise, registreerimise ja menetlemise kord ning tähtjad). [online]. All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128062014169>
- Forest management regulation N^o88/2006 (Metsa majandamise eeskiri). [online]. RTL 2007, 2, 16 came into effect 12.01.2007 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/12771900>
- Forest Inventory Guidelines N^o2/2009 (Metsa korraldamise juhend). [online]. RTL 2009, 9, 104 All chapters. Available at: <https://www.riigiteataja.ee/akt/13124148>
- Requirements for forest material transport, form for forest material transfer act, form for sold or purchased forest material or felling right and requirements for the waybill N^o84/2006 (Metsamaterjali veoeskiri, metsamaterjali üleandmise-vastuvõtmise akti ja müüdüd või ostetud raieõiguse või metsamaterjali kohta Maksu- ja Tolliametile esitatava teatise vorm ning veoselehe kohta esitatavad nõuded). [online]. RT I, 09.03.2011, 11 came into effect 12.03.2011, RTL 2006, 93, 1726 came into effect 01.01.2007 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128122013013>
- Nature Conservation Act 2004 (Looduskaitseadus). [online]. RT I 2004, 38, 258 came into effect 10.05.2004 Chapter 1 - general provisions, Chapter 3 - Organisation of protection, Chapter 4 - protected areas, Chapter 5 - Limited-conservation areas, Chapter 6 - Shores and Banks, Chapter 8 – Species. Available at: <https://www.riigiteataja.ee/akt/745306>

1.8.2. Legal authority

- Ministry of the Environment
- The Environmental Board
- The Environmental Inspectorate

1.8.3. Legally required documents or records

- Felling permit
- Forest management plan
- Permit for forest material transport
- Receipts for purchase or sold forest material

1.8.4. Sources of Information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter.* [online]. Riigi teataja. Available at: www.riigiteataja.ee
- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register.* [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>

1.8.5. Risk determination

Overview of Legal Requirements

Timber harvesting is regulated in details by the laws mentioned in the column “applicable laws and regulations”. The Forest Management Regulations describe the types of forest cuttings and define the minimum age or diameter of forest trees to be cut which depends on tree species and forest categories. In addition, it requires that certain numbers of trees per/ha shall be left after harvesting for biodiversity purposes (5 m³/ha, 10 m³/ha in case felling area is > 5 ha). These trees shall match the criteria described in the law.

Areas where cutting is not allowed at all are also described in the laws. Protected forest is divided into three protection categories according to the level of action allowed.

The technological requirements mentioned in the Forest management regulation describe how much of shelter wood and wood residues or dead wood shall be left, how the skidding trails shall be prepared and used, how timber shall be extracted from the cutting area and stored. The use of the road structure, drainage systems and bridges, which depends on the harvesting season, cutting type, forest category, etc. is also described in this regulation.

The Environmental Inspectorate is responsible for monitoring these requirements.

Description of Risk

According to the statistics provided by the Environmental Inspectorate 938 sites were controlled during 2012 and 990 were controlled during 2013. The number of violations related to timber harvesting regulations in 2012 was two and in 2013 - five.

During the meeting with representatives of the Environmental Inspectorate held in 29.09.2014 it was also concluded that the system is functioning well and there is no major risk in this area. The violations identified in the statistics are rare cases and there are no discernible differences between state forest and private forest, however, generally where an incident occurs with a state forest, it is dealt much faster than in private forests.

Risk Conclusion

According to the information provided above, the risk for this indicator can be considered as low.

1.8.6. Risk designation and specification

Low risk

1.8.7. Control measures and verifiers

N/A

1.9. Protected sites and species

International, national, and sub national treaties, laws, and regulations related to protected areas allowable forest uses and activities, and/or, rare, threatened, or endangered species, including their habitats and potential habitats. Risk relates to illegal harvesting within protected sites, as well as illegal harvest of protected species. Note that protected areas may include protected cultural sites, including sites with historical monuments.

1.9.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 came into effect 01.01.2007, partly 01.07.2007 Chapter 1 - General provisions, 3 - Forest survey, chapter 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/28540>
- Nature Conservation Act 2004 (Looduskaitseadus). [online]. RT I 2004, 38, 258 came into effect 10.05.2004 Chapter 1 - general provisions, Chapter 3 - Organisation of protection, Chapter 4 - protected areas, Chapter 5 - Limited-conservation areas, Chapter 6 - Shores and Banks, Chapter 8 – Species. Available at: <https://www.riigiteataja.ee/akt/745306>

1.9.2. Legal authority

- Ministry of the Environment
- The Environmental Board
- Agency of Environment
- The Environmental Inspectorate

1.9.3. Legally required documents or records

- Felling permit
- Forest inventory data and management plan

1.9.4. Sources of Information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee

- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register.* [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>
- eelis.ee (N.Y.). *Official website of Estonian Nature Information system.* [online]. Eesti Looduse Infosüsteem. Available at: www.eelis.ee
- Answer to NEPCons request by Environmental Inspectorate (05.05.2014 nr -J-6-4/235-2)

1.9.5. Risk determination

Overview of Legal Requirements

All the requirements are described in Forest Act, Nature Conservation Act and related laws.

All protection areas and protected species habitats (except category I and II) are registered in public databases or in forest management plans (including category I and II). For category I protected species, land owners are notified in writing. The system exists for land owners and other stakeholders to have access to the main information. Prior issuing a felling permit, the existence of protected habitats and species is checked by the Environmental Board.

The Environmental Inspectorate and the Environmental Board are responsible for controlling the fulfillment of these laws. The Environmental Inspectorate determines sanctions where violations are discovered.

Description of Risk

According to the statistics provided by the Environmental Inspectorate 938 sites were controlled during 2012 and 990 were controlled during 2013. The number of violations related to protected sites and species in 2012 was three and in 2013, two.

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was concluded that the protection system is functioning well and there is no major risk in this area. The violations which have been detected in the previous two years are small scale cases where people have accidentally crossed borders of protected species protection zones and cut down some trees there.

In Estonia, legal acts cover all aspects of this indicator.

Risk Conclusion

According to the information above the risk level for this indicator is considered as low.

1.9.6. Risk designation and specification

Low risk

1.9.7. Control measures and verifiers

N/A

1.10. Environmental requirements

National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected by harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non-forestry infrastructure, mineral exploration and extraction, etc... Risk relates to systematic and/or large-scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens the forest resources or other environmental values.

1.10.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 came into effect 01.01.2007, partly 01.07.2007, Chapter 1 - General provisions, Chapter 3 - Forest survey, Chapter 4 - Forest management. Available at: <https://www.riigiteataja.ee/akt/28540>
- Nature Conservation Act 2004 (Looduskaitseadus). [online]. RT I 2004, 38, 258 came into effect 10.05.2004 Chapter 1 - general provisions, chapter 3 - Organisation of protection, chapter 4 - protected areas, chapter 5 - Limited-conservation areas, chapter 6 - Shores and Banks, chapter 8 – Species. Available at: <https://www.riigiteataja.ee/akt/745306>

1.10.2. Legal authority

- Ministry of the Environment
- Environmental Board
- The Environmental Inspectorate

1.10.3. Legally required documents or records

- Felling permit
- Forest management plan

1.10.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee
- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register*. [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>
- eelis.ee (N.Y.). *Official website of Estonian Nature Information system*. [online]. Eesti Looduse Infosüsteem. Available at: www.eelis.ee
- Answer to NEPCons request by Environmental Inspectorate (05.05.2014 nr -J-6-4/235-2)

1.10.5. Risk determination

Overview of Legal Requirements

The law requires that all forest operations shall be planned and implemented in accordance with the requirements of the Regulations on forest cuttings. These include requirements for

protection of nesting places of rare and endangered bird species, as well as requirements to leave trees and dead wood for biodiversity protection.

The maintenance of buffer zones along water courses or open areas, as well as some limitation in relation to protection of soil against erosion is covered in the Regulations on forest cuttings.

The Environmental Inspectorate is responsible for constantly controlling fulfillment of these laws.

Description of Risk

According to the statistics provided by the Environmental Inspectorate statistics 938 sites were controlled during 2012 and 990 were controlled during 2013. The number of violations related to environmental requirements in 2012 was 22 and in 2013, 14.

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was also concluded that the protection system is functioning well and there is no major risk in this area. The violations have been detected as small scale, for example: some soil damage or small scale cuttings in buffer zones. There is no major difference in compliance between the state forest and private forest. Where violations are detected in the state forest, the damage is rectified much more quickly.

Risk Conclusion

According to the statistics provided above and information from the Environmental Inspectorate the risk level for this indicator is considered as low.

1.10.6. Risk designation and specification

Low risk

1.10.7. Control measures and verifiers

N/A

1.11. Health and safety

Legally required personnel protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations). Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of forest workers at significant risk throughout forest operations.

1.11.1. Applicable laws and regulations

- Occupational Health and Safety Act 1999 (Töötervishoiu ja tööohutuse seadus). [online]. RT I 1999, 60, 616, came into effect 26.07.1999 All chapters. Available at: <https://www.riigiteataja.ee/akt/77618>
- ILO conventions (relevant sections for health and safety have been incorporated into Estonian Legislation by the Occupational Health and Safety Act). Available at: <https://www.riigiteataja.ee/akt/12883561>

1.11.2. Legal authority

- Labour inspectorate

1.11.3. Legally required documents or records

- Company's Occupational Health and Safety documentation /procedures
- Occupational certificate

1.11.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter*. [online]. Riigi Teataja. Available at: www.riigiteataja.ee
- ti.ee (N.Y.). *Official website of Labour inspectorate*. [online]. Tööinspektsioon. Available at: www.ti.ee
- Answer to NEPCons request by Labour inspectorate (answer sent to NEPCon on 06.04.2014)

Non-government sources

- ilo.org (N.Y.). *Official webpage of International Labour Organization (ILO)*. [online]. Available at: www.ilo.org
- emtay.ee (N.Y.). *Official webpage of Forestry Workers Union*. [online]. Available at: <http://www.emtay.ee/>

1.11.5. Risk determination

Overview of Legal Requirements

Health and safety in forestry activities is monitored by the Labour Inspectorate. The Occupational Health and Safety Act provides for the occupational health and safety requirements set for work performed by employees and officials (hereinafter employee), the rights and obligations of an employer and an employee in creating and ensuring a working environment which is safe for health, the organisation of occupational health and safety in enterprises and at state level, the procedure for challenge proceedings, and the liability for violation of the occupational health and safety requirement.

Description of Risk

Health and safety in forestry activities is monitored by the Labour Inspectorate. The Occupational Health and Safety Act provides for the occupational health and safety requirements set for work performed by employees and officials (hereinafter employee), the rights and obligations of an employer and an employee in creating and ensuring a working environment which is safe for health, the organization of occupational health and safety in enterprises and at state level, the procedure for challenge proceedings, and the liability for violation of the occupational health and safety requirement.

According to the Labour Inspectorates statistics they have visited 82 forestry related companies during 2012 and 75 companies during 2013. The total number of violation in 2012 was 299 and in 2013, 209.

The main type of violations were related to health and safety procedures, for example risk assessments were missing or were not according to requirements, no internal controls in place, a lack of safety instructions for machinery, insufficient training for workers and violations of health control requirements.

Safety equipment related violations make up 8% of the total violations during past 5 years. During the FSC FM audits there have also been some cases where workers were not wearing required safety equipment though the equipment was provided by the employer. There are very rare cases of violations among FSC certified companies since they are controlled every year during audits and FSC requires more than the local legislation.

According to the information from Forestry Workers Union the violation of health and safety requirements is not widespread among their members and compared to previous years the situation is much better. Using health and safety equipment has become a natural element among their members. Members of the union are State Forest workers only.

It is clear that issues exists in some areas, but according to the statistics, the majority of forestry workers are using required safety equipment and in most of the cases the required equipment has been provided to workers. There are also ongoing control visits conducted by the Labour Inspectorate that helps to improve gaps that were identified so far.

According to the Work Inspectorate, the statistics do not show the actual picture because they do not show information about self-employed individuals as according to the legislation the Work Inspectorate is not obliged to control them. According to the additional information received from the Police, there have been some fatal work accidents with the self-employed persons or individuals in the recent years (1- 3 cases per year).

The trend of simple and serious work accidents has been same during last 5 years. According the Analysis of felling capacity, done by Estonian Forest and Wood Industries Association, just 4% of the fellings is done by logging workers (according to Chief Specialist of Forest Management, in state forests, chainsaw operators can make up 31-62% of harvester operators) and 96% by logging machines (harvesters). This shows that most of the fellings are made in very good health and safety environment- by operators of machines who are working inside the harvester cabin.

According to the information available the fatal accidents mostly happen to private people operating in their own forest cutting timber for their own use. This makes a very small share of the total annual felling amount and the fact that Environmental Inspectorate together with Labour Inspectorate have conducted additional inspections to control the fulfillment of the new act that requires the registration of all workers, we can say that this helps to improve gaps that were identified so far.

The chain-saw operator who are professionals usually have required chain-saw operator licenses and they use required safety equipment. In Estonia there have been 1600 felling operator licenses issued since 2006 and this means that there are plenty of licensed professionals who can work in forest.

According to the information provided above the risk status can be evaluated as low.

Risk Conclusion

Low risk

1.11.6. Risk designation and specification

Low risk

1.11.7. Control measures and verifiers

N/A

1.12. Legal employment

Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer. Furthermore, the points cover observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association. Risk relates to situations/areas where systematic or large scale noncompliance with labour and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labour.

1.12.1. Applicable laws and regulations

- Employment Contracts Act 2008 (Töölepingu seadus). [online]. RT I 2009, 5, 35 came into effect 01.07.2009 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/112072014146>
- Trade Unions Act 2000 (Ametiühingute seadus). [online]. RT I 2000, 57, 372 came into effect 23.07.2000 Chapter 1 - General provisions. Available at: <https://www.riigiteataja.ee/akt/191347>
- ILO conventions (relevant sections for legal employment have been incorporated into Estonian Legislation by the Employment Contracts Act and the Trade Unions Act).
- Taxation Act 2002 (Maksukorralduse seadus). [online]. RT I 2002, 26, 150 came into effect under §170 Chapter 1 - General provisions § 25 - New requirement of registering workers. Available at: <https://www.riigiteataja.ee/akt/27810>

1.12.2. Legal authority

- Labour inspectorate
- Estonian Tax and Customs Board
- SA Kutsekoda. Official website of Career Department (www.kutsekoda.ee)

1.12.3. Legally required documents or records

- Employment contract
- Work permit
- Contract with Union

1.12.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter*. [online]. Riigi Teataja. Available at: www.riigiteataja.ee
- ti.ee (N.Y.). *Official website of Labour inspectorate*. [online]. Tööinspektsioon. Available at: www.ti.ee
- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board's database*. [online]. Maksu- ja tolliamet. Available at: www.emta.ee
- Answer to NEPCons request by Labour inspectorate (answer sent to NEPCon on 06.04.2014)
- Answer to NEPCons request by Estonian Tax and customs Board (nr 9-6/10725-1 and nr 9-6/10725)
- Press release from Estonian Tax and Customs board 22.02.13

Non-Government sources

- ilo.org (N.Y.). *Official webpage of International Labour Organization (ILO)*. [online]. Available at: www.ilo.org
- Answer from Estonian Fund for Nature (nr 12.2-4/)

1.12.5. Risk determination

Overview of Legal Requirements

Legal employment in Estonia is defined by Employment Contracts Act and related regulations. According to legislation all employees shall have signed employment contract which is a basis for obligatory social security.

From 01.07.2014, the Taxation Act required that all workers in Estonia must be registered in Estonian Tax and Customs Board database. This means that it is theoretically impossible for people to work without any kind of contract or registration.

Description of Risk

During the meeting with the Environmental Inspectorate (29.09.2014) it turned out that inspectorate together with Estonian Tax and Customs Board have been conducting weekly controls to forest operations in different countys to control fulfillment of this new regulation and other related regulations. There is no data about the results available yet but the fact itself about the intense control shows that there is less room for companies to use unregistered workers.

There is a Forest Workers Union active in Estonia but all the member are working in State Forest system. According to their information, working without contracts is not a wide spreaded problem among their members.

SA Kutsekoda organises and holds an information about certified forest workers such as loggers and specialists.

Compliance with laws mentioned is controlled by Labor Inspectorate and Estonian Tax and Customs Board. According to their statistics, work inspectorate has visited forestry related

companies 82 times in 2012 and 75 times in 2013. There were 4 cases where violations related to legal employment were detected.

The Estonian Tax and Customs board state that approximately 6% of forestry related companies may fully or partially pay "envelope salary" and that means that there is a possibility that the people receiving this type of salary are working without employment contracts. Raids in State Forests were carried out in 2011, and in some cases legal employment related violations were discovered. The State Forest organised meetings with Estonian Tax and Customs Board in 2013 to solve the issues related to their subcontractors. Illegal employment in Estonia is controlled and preventive measures implemented by different institutions such as Work Inspectorate and Estonian Tax and Customs Board.

According to Estonian Tax and Customs the 6% is an approximate number, and is likely to include mostly smaller companies as larger companies are controlled more often and are subject to additional auditing requirement, therefore the impact of the non-compliance is actually small.

Risk Conclusion

Based on the information provided above, it is seen that even though there might be cases of illegal employment in forestry sector, but control and preventive measures implemented provide solid background for defining this sub-category as low risk.

1.12.6. Risk designation and specification

Low risk

1.12.7. Control measures and verifiers

N/A

THIRD PARTIES' RIGHTS

1.13 Customary rights

Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights.

1.13.1. Applicable laws and regulations

- The Constitution of the Republic of Estonia 1992 (Eesti Vabariigi põhiseadus). [online]. RT 1992, 26, 349 came into effect 03.07.1992 Chapter 2 - Main rights, freedoms and responsibilities. Available at: <https://www.riigiteataja.ee/akt/24304>
- General Principles of the Law of the Environmental Code 2011 (Keskkonnaseadustiku üldosa seadus). [online]. RT I 2011, 1 came into effect 01.08.2014 partly 01.01.2015 and 01.08.2017. Regulates "everymans right" and collects different relevant requirements from different laws. Chapter 4, part 2 - Right to use not owned land or water body. Available at: <https://www.riigiteataja.ee/akt/24304>

1.13.2. Legal authority

- The Environmental Inspectorate
- State Court

1.13.3. Legally required documents or records

N/A

1.13.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee
- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register*. [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>

1.13.5. Risk determination

Description of Risk

According to the legislation, people are allowed to be in private forest and in State Forest, pick berries and collect other non-timber products during the day time (except in strict nature reserves and during the nestingt season of protected species). Where people would like to camp or make a fire in the forest, additional permission is needed from the land owner.

In Estonia there are no groups of individuals who have customary rights to forest harvesting activities.

All the forest management plans are publicly available and interested persons can see these upon need. State Forest Management centre has also harvesting plans uploaded on their homepage.

The State Forests are FSC certified, therefore the managers have stated that they are willing to discuss customary rights related questions with stakeholders.

Risk Conclusion

According to the statistics provided above this indicator is considered to be Low risk.

1.13.6. Risk designation and specification

Low risk

1.13.7. Control measures and verifiers

N/A

1.14. Free prior and informed consent

Legislation covering "free prior and informed consent" in connection with transfer of forest management rights and customary rights to the organisation in charge of the harvesting operation.

1.14.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 came into effect 01.01.2007, partly 01.07.2007 Chapter 1 - General provisions, 2 - Direction of forestry. Available at: <https://www.riigiteataja.ee/akt/28540>
- The Constitution of the Republic of Estonia 1992 (Eesti Vabariigi põhiseadus). [online]. RT 1992, 26, 349 came into effect 03.07.1992 Chapter 2 - Main rights, freedoms and responsibilities. Available at: <https://www.riigiteataja.ee/akt/24304>
- Planning Act 2002 (Planeerimisseadus). [online]. RT I 2002, 99, 579 came into effect 01.01.2003) Chapter 1 - General provisions. Available at: <https://www.riigiteataja.ee/akt/126022015003>

1.14.2. Legal authority

- State Court
- The Environmental Board

1.14.3. Legally required documents or records

N/A

1.14.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee
- register.metsad.ee (N.Y.). *Official website of Estonian Public forest register*. [online]. Avalik metsaregister. Available at: <http://register.metsad.ee/avalik/>

1.14.5. Risk determination

Overview of Legal Requirements

In State Forests, all the information about the forestry activities is public and stakeholders can contact the State Forest in case of questions or problems, and all harvesting plans are posted on their web page.

In private forests, forest owners must notify their bordering neighbours when crossing their land or using a neighbour's road for transporting logs out of the forest. The Forest Act also requires that, when conducting the final felling, an information board with the contact details of the company who is conducting the felling must be posted.

Free, prior and informed consent in connection with forest management rights, access to forest resources, benefit sharing (etc.) is included in Planning Act and in Forest Act.

All forest inventory data is publicly available on public forest registry and all interested parties have access to related data.

Forest owners themselves can also ask for different information (about contracts, laws etc) from forest consultants and from Environmental Board. This service is free of charge.

Description of Risk

In the past, there were major issues with logging companies getting owners to sell standing forest without the owners fully understanding what they were doing, not receiving proper payment and unaware of their obligation for reforestation after the logging. This is less of an issue today as forest owners have much more information available and there is a forest consultant service available.

Risk Conclusion

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was also concluded that the system is functioning well and there is no specified risk in this area.

1.14.6. Risk designation and specification

Low risk

1.14.7. Control measures and verifiers

N/A

1.15. Indigenous/traditional peoples' rights

Legislation that regulates the rights of indigenous/traditional people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.

1.15.1. Applicable laws and regulations

- According to official information available there are no indigenous people groups known in Estonia other than Estonians. Estonians are native people in their homeland.

- There is no legislation in Estonia that currently defines special rules for indigenous people, however, there are groups in Estonia who are currently seeking recognition as indigenous.
- The FSC is working with indigenous people in the standard for Estonia. In the FSC working group there are "land religious" people who are seeking formal recognition. In terms of the current FM standard they are considered to be local community.

1.15.2. Legal authority

N/A

1.15.3. Legally required documents or records

N/A

1.15.4. Sources of information

N/A

1.15.6. Risk designation and specification

N/A

1.15.7. Control measures and verifiers

N/A

TRADE AND TRANSPORT

1.16. Classification of species, quantities, qualities

Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees. Risk relates to material traded under illegal false statements of species, quantities or qualities. This could cover cases where this type of false classification is done to avoid payment of royalties or taxes or where trade bans on product types or species are implemented locally, nationally or internationally. This is mainly an issue in countries with high levels of corruption (CPI<50).

1.16.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232, came into effect 01.01.2007, partly 01.07.2007 Chapter 4 - Forest management, paragraphs 37-39 and 41-42. Available at: <https://www.riigiteataja.ee/akt/28540>
- Requirements for timber measuring and determination of timber volume N°64/2006 (Puidu mõõtmise ja mahu määramise meetodid, mõõtmistäpsusele ning mõõtmistulemuste dokumenteerimisele esitatavad nõuded). [online]. RTL 2006, 82, 1511 came into effect 01.01.2007 All chapters. Available at: <https://www.riigiteataja.ee/akt/12752944>
- Felling permit form and requirements data on felling permit, requirements for registration, requirements for proceed and deadline N°27/2014 (Metsateatise esitatavate andmete loetelu, metsateatise vorm, esitamise, tagastamise, registreerimise ja menetlemise kord ning tähtajad). [online]. All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128062014169>

1.16.2. Legal authority

- Ministry of the Environment
- Environmental Board
- Estonian Tax and Customs Board

1.16.3. Legally required documents or records

- Waybill
- Felling permit
- The convention of international cartage service (CMR)

1.16.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee
- Answer to NEPCons request by Environmental Inspectorate (05.05.2014 nr -J-6-4/235-2)

1.16.5. Risk determination

Overview of Legal Requirements

In Estonia, the Ministry of Environment is responsible for the legal acts and regulations related to classifications, measurement of qualities and quantities of round wood. This is regulated by Forest Act and related regulations that can be seen in applicable laws and regulations column.

It is required by law that when timber is transported there must always be a transport document accompanying the shipment which specifies: species, quantities and qualities.

Described regulations also define how the standing forest shall be sold, how the volume for different timber products (round wood, sown timber, commercial wood, etc.) shall be calculated and provides the tables of logs volume calculations as well as other formulas for calculation of timber volume. It sets the transparent rules for selling the standing state forests.

Description of Risk

Transparency International's Corruption Perception Index for Estonia in 2013 was 68; therefore corruption is not considered as key factor negatively influencing classification of species, quantities and qualities in Estonia.

The Environmental Inspectorate is responsible for controlling the classification of species, quantities and qualities. According to the Environmental Inspectorates, 938 companies were controlled during 2012 and 990 were controlled during 2013. The number of timber measuring and violations related to this category was zero in 2012 and three in 2013.

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was also concluded that there is no major risk in this area. There are some cases where people have falsified the volumes coming from the cuttings but these rare cases are usually small scale. In Estonia, both the seller and buyer of forest material must be sure about the origin of the material and if the volumes coming from felling are realistic.

There is also system that the round wood buyer and seller must both register the volumes in state database where Estonian Tax and Customs Board can have overview of the transactions.

Risk Conclusion

This indicator is evaluated as Low risk.

1.16.6. Risk designation and specification

Low Risk

1.16.7. Control measures and verifiers

N/A

1.17. Trade and transport

All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation. Risk relates to the issuing of documents permitting the removal of timber from the harvesting site (e.g., legally required removal passes, waybills, timber tags, etc.). In countries with high levels of corruption, these documents are often falsified or obtained by using bribery. In cases of illegal logging, transport documents from sites other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.

1.17.1. Applicable laws and regulations

- Forest Act 2006 (Metsaseadus) RT I 2006, 30, 232 came into effect 01.01.2007 partly 01.07.2007 Chapter 4 - Forest management, paragraphs 37-39 and 41-42. Available at: <https://www.riigiteataja.ee/akt/28540>
- Requirements for forest material transport, form for forest material transfer act, form for sold or purchased forest material or felling right and requirements for the waybill №84/2006 (Metsamaterjali veoeskiri, metsamaterjali üleandmise-vastuvõtmise akti ja müüdud või ostenud raieõiguse või metsamaterjali kohta Maksu- ja Tolliametile esitatava teatise vorm ning veoselehe kohta esitatavad nõuded). [online]. RT I, 09.03.2011, 11 – came into effect 12.03.2011, RTL 2006, 93, 1726 came into effect 01.01.2007 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/128122013013>
- The Convention on Interantional Carriage of Goods by Road (CMR)

1.17.2. Legal authority

- Ministry of the Enviroment
- Environmental Board
- Estonian Tax and Customs Board

1.17.3. Legally required documents or records

- Waybill
- The convention of international cartage service (CMR)
- Receipt for purchased or sold forest material

1.17.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). *Official website of State reporter (Riigi Teataja)*. [online]. Available at: www.riigiteataja.ee
- Answer to NEPCons request by Environmental Inspectorate (05.05.2014 nr -J-6-4/235-2)
- veoseleht.ee (N.Y.). *Digital waybill system ELVIS*. [online]. Elektroonilise veoselehe infosüsteem (ELVIS). Available at: <https://www.veoseleht.ee/Web/et/EE/Home.mvc>

1.17.5. Risk determination

Overview of Legal Requirements

It is required by law that when timber is transported it must be accompanied with waybill. When timber is transported outside Estonia on road, then the CMR must be completed. In case of water transport required shipping papers by law must be completed

The Act "The requirements for forest material transport, the form for Act of forest material transfer and receipt, purchased or sold forest material, Estonian Tax and Customs Board notification and waybill" regulates different types on handover of forest material and required documentations for that. In forest Act there are also paragraphs paragraphs 37-39 and 41-42 that regulate this.

Description of Risk

The Environmental Inspectorate is responsible for issuing these permits. According to the Environmental Inspectorates statistics 938 companies were controlled during 2012 and 990 were controlled during 2013. The number of timber measuring and issuing of transport documents related violations in 2012 was zero and three in 2013.

There is also digital waybill system (ELVIS) functioning in Estonia. In this system Police, Environmental Inspectorate and Estonian Tax and Customs Board can see the movement of timber in real time. At the moment this system is not compulsory for everybody and is used only by State Forest and by bigger forest companies.

Risk Conclusion

During the meeting with representatives of the Environmental Inspectorate that took place 29.09.2014 it was also concluded that there is no major risk in this area.

1.17.6. Risk designation and specification

Low Risk

1.17.7. Control measures and verifiers

N/A

1.18. Offshore trading and transfer pricing

Legislation regulating offshore trading. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.

1.18.1. Applicable laws and regulations

- Income Tax Act 2002 (Maksukorralduse seadus). [online]. RT I 2002, 26, 150 came into effect under §170 Chapter 1 - General provisions. Available at: <https://www.riigiteataja.ee/akt/27810>
- Value-Added Tax Act 2003 (Käibemaksuseadus). [online]. RT I 2003, 82, 554 came into effect under §50 All chapters. Available at: <https://www.riigiteataja.ee/akt/688595>

- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232 came into effect 01.01.2007, partly 01.07.2007 Chapter 4 - Forest management, paragraphs 37-39, 41-42 relating to the diligence requirement. Available at: <https://www.riigiteataja.ee/akt/1044018>
- Regulation methods of evaluation of the value of the transactions between related persons №53/2006 (Seotud isikute vahel tehtud tehingute väärtuse määramise meetodid). [online]. Relates to Income- tax Law (Tulumaksuseaduse) on the basis of § 14 Section 8 and § 50 Sections 6 and 8, § 53 Section 46 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/12752116>

1.18.2. Legal authority

- Estonian Tax and Customs Board

1.18.3. Legally required documents or records

- Transfer pricing documentation to prove the arm's-length nature of the intercompany transactions.
- An exemption applies to small and medium-size enterprises (SME) unless they have conducted transactions with entities located in low-tax territories.
- The Estonian documentation requirements should generally follow the principles stipulated in the EU Council Code of Conduct on Transfer Pricing documentation for Associated Enterprises in the EU.

1.18.4. Sources of information

Government sources

- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board`s database*. [online]. Maksu- ja tolliamet Available at: www.emta.ee
- emta.ee (N.Y.). *Home business client page*. [online]. Website of Estonian Tax and Customs Board (Maksu- ja tolliamet). Available at: <http://www.emta.ee/index.php?id=27605>
- Answer to NEPCons request by Estonian Tax and customs Board (nr 9-6/10725-1, nr 9-6/10725-2 and email dated 20.10.14)

Non-Government sources

- pwc.com (N.Y.). *International transfer pricing 2012*. [online]. Report by PriceWaterhouseCooper (PWC). Available at: http://download.pwc.com/ie/pubs/2012_international_transfer_pricing.pdf
- eoi-tax.org (N.Y.). *Exchange of tax information portal – Estonia*. [online]. Website of EOITax (Exchange of Information for Tax Purposes). Available at: <http://www.eoi-tax.org/jurisdictions/EE#agreements>

1.18.5. Risk determination

Overview of Legal Requirements

The international tax standard, developed by OECD and supported by the UN and the G20, provides for full exchange of information on request in all tax matters without regard to a domestic tax interest requirement or bank secrecy for tax purposes. Currently all 30 OECD

member countries, including Estonia, have endorsed and agreed to implement the international tax standard. Furthermore, all offshore financial centres accept the standard.

Estonia has exchange of information relationships with 91 jurisdictions through 57 DTCs, 0 TIEAs and 1 multilateral mechanism, and is a signatory Convention on Mutual Administrative Assistance in Tax Matters.

Estonian transfer pricing rules are stipulated in the Income Tax Act and in Regulation No. 53 issued by the Estonian Ministry of Finance on 10 November 2006. The Estonian regulation is based on the arm's-length principle, which requires the prices charged between related parties be equivalent to those that would have been charged between independent parties in the same circumstances. Should the transfer prices be applied in the intercompany transactions to not follow the arm's-length principle, any hidden distribution of profits is subject to Estonian corporate income tax.

Description of Risk

There have been few cases either resolved in the framework of administrative objection procedure or brought to court. The cases have concerned topics such as duplicative services, stewardship costs, selection of external comparables and consolidation of transactions

According to available information from Estonian Tax and customs Board there is some illegal activity related to transfer pricing in forestry sector (like in every other sector) and it is related mainly to bigger international companies and in transactions between related persons or companies. The main violation is the different transaction value compared to the overall market value of such transactions. According to the Estonian Tax and Customs Board there is no statistics available for forestry sector since this is similar issue for all the sectors. Estonian Tax and Customs board is actively controlling this area and has also provided guidance materials for determining accurate transfer price and controlling the transfer pricing (<http://www.emta.ee/index.php?id=4676>).

According to PriceWaterhouseCooper states that though administrative practice is inconsistent the sensitive areas are emerging such as loss-making companies, management services and financing. There is legislation available, there is state authority controlling the transfer pricing and there are no major issues known in forestry sector.

Risk Conclusion

Based on the information provided above, the risk can be considered as low.

1.18.6. Risk designation and specification

Low risk

1.18.7. Control measures and verifiers

N/A

1.19. Custom regulations

Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).

1.19.1. Applicable laws and regulations

- Customs Act 2004 (Tolliseadus). [online]. RT I 2004, 28, 188 came into effect 01.05.2004 Chapter 1 - General provisions, chapter 3 - Conditions for application of import and export duties and other measures regulating trade, chapter 4 - Provisions applicable to goods conveyed to Estonia until customs-approved treatment or use is assigned 5 - Assignment of customs-approved treatment or use to goods, chapter 6 - Customs-approved treatment or use. Available at: <https://www.riigiteataja.ee/akt/740392>
- Guidelines for Export customs procedures and requirements for customs formalities №144/2004 (Eksporti tolliprotseduuri rakendamise täiendavad juhised ning eksportimisel tolliformaalsuste teostamise kord). [online]. RT I 2004, 35, 238 came into effect 01.05.2004 All paragraphs. Available at: <https://www.riigiteataja.ee/akt/745162>

1.19.2. Legal authority

- Estonian Tax and Customs Board

1.19.3. Legally required documents or records

- Printout of real estate database - Provides the name of legal owner
- Report of forest registry database - Provides information about the volumes allowed to be cut
- Letter of land use
- Registration in business registry

1.19.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). Official website of State reporter (Riigi Teataja). [online]. Available at: www.riigiteataja.ee
- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board's database.* [online]. Maksu- ja tolliamet. Available at: www.emta.ee
- Answer to NEPCons request by Estonian Tax and customs Board (nr 9-6/10725-1)

1.19.5. Risk determination

Description of Risk

It is common practice in Estonia that companies importing or exporting timber are using the service of customs brokers/professionals who are completing required customs documentation and declarations on their behalf.

According to the report from Estonian Tax and Customs board they do not collect statistics of violations about formulations of customs documentation when importing or exporting timber products.

In general, Customs Estonia have enforced strict customs controls at different levels, including sample checks of product classification, product value evaluations and product country of origin evaluations. Furthermore, Estonia is following EU regulations on different product classification.

Risk Conclusion

According to the information available this indicator can be considered as low risk.

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers

N/A

1.20. CITES

CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). Note that the indicator relates to legislation existing for the area under assessment (and not e.g., the area from which CITES species are imported).

1.20.1. Applicable laws and regulations

- CITES 1973 (Loodusliku loomastiku ja taimestiku ohustatud liikidega rahvusvahelise kaubanduse konventsioon). [online]. All articles. Available at: <https://www.riigiteataja.ee/akt/12813058>

1.20.2. Legal authority

- Estonian Tax and Customs Board
- Environmental Inspectorate

1.20.3. Legally required documents or records

- CITES license if necessary
- Local customs documentation

1.20.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). Official website of State reporter (Riigi Teataja). [online]. Available at: www.riigiteataja.ee
- emta.ee (N.Y.). *Official website of Estonian Tax and Customs Board's database.* [online]. Maksu- ja tolliamet. Available at: www.emta.ee
- Answer to NEPCons request by Ministry of the Environment 09.06.2014

Non-Government sources

Checklist.cites.org. [N.Y]. Checklist of CITES Species. [Online]. Available at: <http://checklist.cites.org/#/en>

1.20.5. Risk determination

Overview of Legal Requirements

Estonia has signed the CITES convention. CITES species shall only be traded with required permit.

Description of Risk

In Estonia there is no CITES tree species growing and according to the information from Ministry of Environment there have been no licenses issued for wood products in Estonia.

Risk Conclusion

Low risk

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

Legislation covering due diligence/due care procedures, including e.g. due diligence/due care systems, declaration obligations, and /or the keeping of trade related documents, legislation establishing procedures to prevent trade in illegally harvested timber and products derived from such timber, etc.

1.21.1. Applicable laws and regulations

- EU Timber regulation. [online]. Available at: <http://www.euflegt.efi.int/eutr>
- Forest Act 2006 (Metsaseadus). [online]. RT I 2006, 30, 232, came into effect 01.01.2007, partly 01.07.2007 Chapter 4 - Forest management, paragraphs 37-39 and 41-42. Available at: <https://www.riigiteataja.ee/akt/1044018>

1.21.2. Legal authority

- Environmental Inspectorate

1.21.3. Legally required documents or records

- Felling permit
- Forest management plan
- Felling contract
- Timber hand over contract

1.21.4. Sources of information

Government sources

- riigiteataja.ee (N.Y.). Official website of State reporter (Riigi Teataja). [online]. Available at: www.riigiteataja.ee

- Soo, A. (2013). *Preparations for implementation in Estonia*// Power Point Presentation. [online]. Estonian Environmental Inspectorate. Available at: <https://www.illegal-logging.info/sites/files/chlogging/uploads/AlarSoo080213.pdf>

Non-Government sources

- wwf.org (N.Y.). Title. [online]. Website of WWF. http://barometer.wwf.org.uk/what_we_do/government_barometer/scores_by_country/country_answers.cfm?country=Estonia

1.21.5. Risk determination

Overview of Legal Requirements

According to the Estonian Competent Authority, the requirements of the EU TR were already in existing Estonian laws. The legislation addresses both provisions of the EU TR with regard to the prohibition and the due diligence requirements. There are penalties that are considered to be robust. There is also clear evidence that there are fewer violations in the forestry sector when it comes to the Forest Act. Timber can be confiscated throughout the supply chain. The competent authority (Environmental Inspectorate) is empowered to act and staff has been trained. There are procedures to assess third-party evidence and these are publicly available.

The Forest Act requires that operators at the forest level prove the legality of the timber when they sell it (s 37(1)). The Act also requires that (s 37(8)) upon transfer, the transferor (the operator) and the acquirer must enter into a written transfer deed for timber or other private law contract or prepare a written legal instrument upon conclusion of an oral agreement.

Forest owners are required to follow forest act and related acts and prescriptions from the Environmental Board (if there are any). They must have valid forest inventory or forest management plan, felling permit and they must fill a waybill when they are sending the timber away from forest.

Maintaining of related documentation for 7 years is also required by the law.

Description of Risk

There are 35-45 staff working within the competent authority (CA), dedicated to EUTR as part of their job. Two importers and around 250 operators have been assessed overall with a breakdown of domestic operators and importers. The checks conducted have not taken place further up the supply chain, but there is a process to ensure that this is taken account of in the future. Websites that provide information are available.

Article 5 of the Commission Implementing Regulation (EU) No 607/2012 requires that 'information concerning the operator's supply as provided for in Article 6(1)(a) of Regulation (EU) No 995/2010 and application of risk mitigation procedures shall be documented through adequate records, which shall be stored for five years and made available for checks by the competent authority.' Many companies that don't have such written procedures.

There is limited evidence to suggest that the DDS requirements are uniformly enforced at forest level. However, since low risk has been found in sub-categories 1.1-1.20, it is concluded that the potential impact of this lack of enforcement will be limited both in impact and in scale. As a consequence, the risk has been concluded to be low.

Risk Conclusion

Low risk

1.21.6. Risk designation and specification

Low risk

1.21.7. Control measures and verifiers

Operators placing for the first time on the internal market for distribution or use in the course of a commercial activity any products listed in the annex to Regulation (EU) No 995/2010 (EUTR) should present:

- the documents required according to article 4.2 and 6 of the Regulation (EU) No 995/2010,
- documents required according to article 3, Commission Implementing Regulation (EU) No 607/2012,
- registry of information concerning the operator's supply as provided for in Article 6.1 a) of Regulation (EU) No 995/2010 and documentation of application of risk mitigation procedures.

Annex I. Timber source types

The table **Timber Source Types in Estonia** identifies the different types of sources of timber it is possible to find in the country of origin.

'Timber Source Type' is a term used to describe the different legal sources of timber in a country, in order to allow a more detailed specification of risk. The Timber Source Type is used to clarify:

- which forest types timber can be sourced from legally;
- what the legal requirements are for each source type, and
- if there are risks related to certain source types and not others.

Timber Source Type can be defined by several different characteristics. It may be based on the actual type of forest (e.g. plantation or natural), or other attributes of forests such as ownership, management regime or legal land classification. In this context, Timber Source Types are defined and discerned using the following characteristics:

- a) **Forest type** - refers to the type of forest such as plantation or natural tropical forest, or mixed temperate forest. Often the clearest differentiation is between natural forest and plantations.
- b) **Spatial scale (Region/Area)** - relating to meaningful divisions of a nation. However, in some cases the assessment may be carried out at national level where that allows the risk assessment to establish risk at a meaningful level. E.g. a small country with uniform legislation and a uniform level of risk in all areas of the country, as national level assessment may be enough. In case there are significant differences in the legal framework or legality risks between different types of ownership (e.g. public forest, private forest, industrial forest), between different type of forest (e.g. natural forest and plantations) and/or between different geographical regions the conformance risk evaluation shall specify these differences when specifying the risk and apply the appropriate control measures.
- c) **Legal land/forest classification** - refers to the legal classification of land. Focus is on land from where timber can be sourced, and this could entail a number of different legal categories such as e.g. permanent production forest, farm land, protected areas, etc.
- d) **Ownership** - Ownership of land may differ in a country and could be state, private, communal etc. Ownership of land obviously have impacts on how land can be managed and controlled.
- e) **Management regime** - Independently of the ownership of the land, the management of forest resources may differ between areas. Management may also be differentiated as private, state, communal or other relevant type.
- f) **License type** - Licenses may be issued to different entities with a range of underlying requirements for the licensee. A license might be issued on a limited area, limited period of time and have other restrictions and obligations. Examples could be a concession license, harvest permit, community forestry permit etc.

TIMBER SOURCE TYPES IN ESTONIA

Forest type	Region/Area	Legal Land Classification	Ownership	Management regime	License / Permit Type	Description of source type
State forest	Nationwide	Protected forests	State	State Forest Management Centre, district offices	Felling permit and waybill (compulsory for transport)	Management plan/ harvest plans. State Forest Management Centre has digital database about the forest inventory data and plans for fellings. State Forest is FSC and PEFC certified and controlled every year.
		Protection forests				
		Production forests				
Private forest	Nationwide	Protected forests	Private	Private companies, small forest owners, municipalities	Felling permit and waybill (compulsory for transport)	Management plan (printout on paper with statistics, maps etc) is not compulsory in Estonia but there has to be valid forest inventory data.
		Protection forests				
		Production forests				



The mark of
responsible forestry
FSC™ A000535

This risk assessment has been developed with funding from FSC™. FSC is not otherwise associated with the project Supporting Legal Timber Trade. For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such (highlighted) can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification. You can see the countries with approved risk assessment in the FSC document: FSC-PRO-60-002b V2-0 EN List of FSC-approved Controlled Wood documents 2015-11-04.

About

Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint project run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint project is funded by the LIFE programme of the European Union and UK aid from the UK government.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

NEPCon | www.nepcon.org | info@nepcon.org
FSC™ A000535 | PEFC/09-44-02 |