



Guide for companies selling wood-based products into the European Union

Why are your buyers asking questions about origin, supply chains and evidence of legality of the wood-based products they are buying from you?

This guide will provide answers to this question and give you some tips on how to make the process easier for both you and your buyer.

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Why do my EU-based buyers ask me these questions?

A series of legally binding requirements applying to European timber importers followed the introduction of the EU Timber Regulation (EUTR) in 2013.

Among the requirements introduced with the EUTR, there is a mandatory obligation for companies importing wood and wood-based products into the EU – also known as 'Operators' – to perform 'due diligence' on all wood and wood-based products within the scope of the EUTR. This means that any Operator must collect and keep records of the species and country or countries of origin for most wood and wood-based products they import into the European Union (see a list of products that are covered by the scope of the EUTR, [here](#)).

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Operators are subject to prosecution should they fail to comply with the requirements of the EUTR. The EUTR is adopted by all EU member states, as well as Norway, Iceland and Liechtenstein, and applies to all companies importing wood and wood-based products covered by the scope of the EUTR. The responsibility for administering the EUTR is assigned to the mandated agencies of each participating country.

Additionally, Operators are required to collect evidence and assess the risk that the wood they are sourcing has been harvested

The mandated agencies, known as Competent Authorities under the

Three requirements for Operators



Avoiding illegally sourced wood and wood products from being placed on the EU market



Collecting information



Exercising due diligence

EUTR, may take a discretionary view on how the EUTR shall be complied with in the individual countries. This again means that requirements from the **Competent Authorities**, based on the EUTR, may differ from country to country. Likewise, legal offences may be treated differently. Common penalties include fines and confiscation of products, with imprisonment of responsible managers being a possibility in several countries.

The EUTR puts requirements on companies both inside and outside the EU, and it is important to highlight that the EUTR is not designed to be a trade barrier. The goal is to turn the tide on

illegal logging activities by requiring the wood and wood-based products industries to implement a range of due diligence, risk analysis and risk mitigation measures.

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This legal demand by the European Union and participating countries has naturally impacted companies importing wood and wood-based products – and is challenging existing business practices.

What is meant with *legality*?



In this guide we talk about legality of timber and wood-based products.

The EU Timber Regulation defines ‘legally harvested’ as harvested in accordance with the applicable legislation in the country of harvest; and ‘illegally harvested’ as harvested in contravention of the applicable legislation in the country of harvest.

So the definition of legality will depend on the relevant legal requirements of the country.

According to the EUTR, the relevant legislative categories to consider are:

- rights to harvest timber within legally gazetted boundaries
- payments for harvest rights and timber including duties related to timber harvesting
- timber harvesting, including environmental and forest legislation such as forest management and biodiversity conservation, where directly related to timber harvesting
- third parties’ legal rights concerning use and tenure that are affected by timber harvesting and
- trade and customs, in so far as the forest sector is concerned.

Legal wood products are products that have been harvested in compliance with the laws of the country of harvest. If risks are identified in the country in relation to the harvest, trade and transport of timber, it will have to be demonstrated that the risks do not apply to the particular supply of timber or wood-based products.



How to ease the process for both you and your buyer?

The next page provides guidance as to how your company can meet EU-based buyers' requests for information.

Preferred by Nature has developed Risk Mitigation Guides for a line of different countries—you can find them on the Sourcing Hub. The guides typically come with a list of risks identified for the country and proposed mitigation measures, including commonly requested supporting documentation. If you are certain your company has already addressed risks present in your supply chains, then be proactive and provide your buyer with the relevant evidence and a description of how these risks have been addressed.

We recommend that you as a supplier are proactive and expect requests for information from your EU-based buyers:

- **Buyers are likely to map their supply chains:** Be ahead of them by keeping track of where your timber originates from and by making sure that your suppliers are providing you with the necessary supply chain documentation and information. Make sure no illegal timber is mixed in with your legal supply.
- Expect your buyers to request full supply chain transparency.
- Set up a **Due Diligence System** yourself by:
 - ⇒ Familiarising your company with the potential legality risks related to forest management and trade identified in your country.
 - ⇒ Start identifying and addressing the risks in your supply chain before your buyers request you to do so.
 - ⇒ Being willing to share information on how you ensure that your sourcing policy is compliant with all applicable laws.
- **Keep records** of risk mitigation measures. Let your buyers know how your company has addressed identified risks, and share any evidence with them if requested.
- Be mindful that – for the Competent Authorities under the EUTR – supplier declarations alone are not considered proof of legal compliance.
- Ease **the process of communication** between your company and your buyer by:
 - ⇒ Responding to requests made by your buyers. If you are not able to collect the information they need, let them know. This puts them in a position to better assess the risk that lack of information may pose to their supply chains.
 - ⇒ Be aware that your failure to respond to requests from your buyer will often be interpreted as a risk. Even if your supply chain is completely legal, silence might be interpreted as an attempt to hide information.

Certified timber

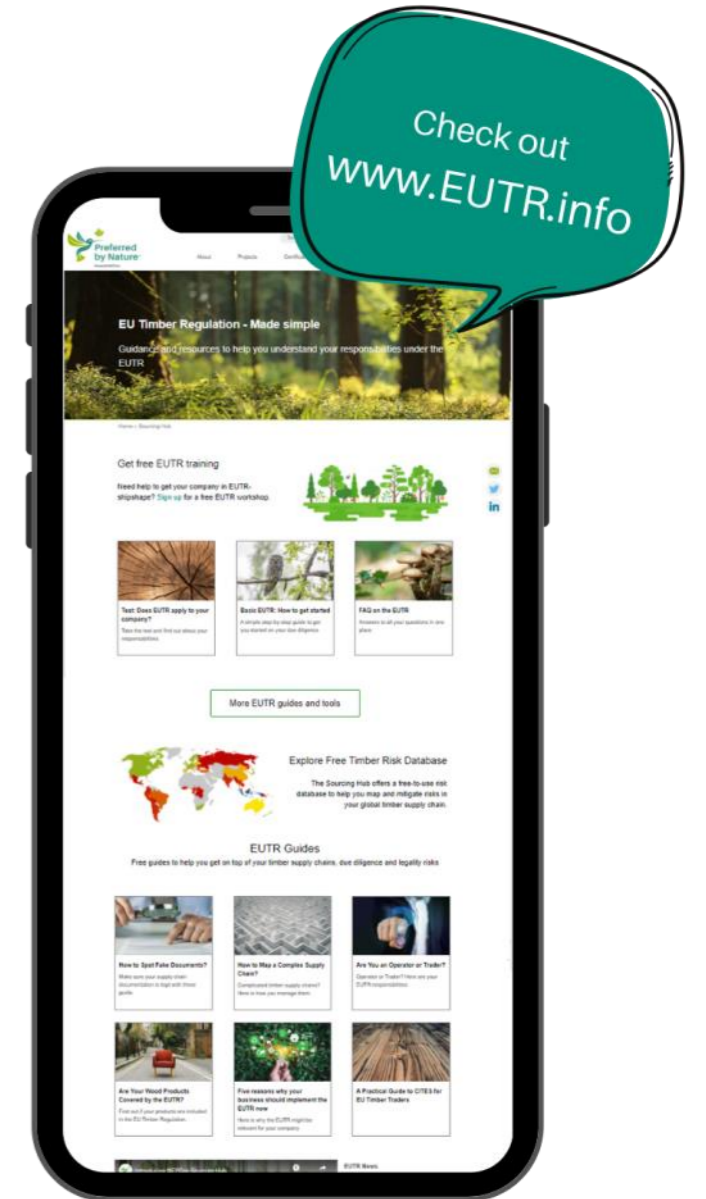
Certification is not considered a green lane under the EUTR.

Even though the certification schemes, in theory, address most of the risks, an Operator is still required to evaluate how well a scheme addresses legality.

It can be frustrating to be met by additional questions if you are already certified – but remember that an Operator is simply trying to comply with the legislation.

You can read more about this in the ['Guide to Certified Products under the EUTR'](#).

For more information about the EUTR and the elements of a Due Diligence System, visit www.EUTR.info.



About

LIFE Legal Wood

LIFE Legal Wood is an international project committed to providing professionals with all the information they need to understand the European Timber Regulation (EUTR) through free risk assessments, stakeholder networks and seminars, and online due diligence tools. The project is led by Preferred by Nature, an NGO, and is supported by Amfori, Baskegur, Cesefor, Conlegno, Etifor, Foresna, GD Holz, Le Commerce du Bois, Probos, and the Competent Authorities of Belgium, Germany and Spain.



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