



Get to grips with the EU Timber Regulation

**A quick guide for
operators and suppliers**

Ensure it's legal

First things first

The EU Timber Regulation (EUTR), which enters into force on 3 March 2013, aims to exclude illegally harvested timber from the EU market.

Enforced across all EU member states, the regulation will create a level playing field without unfair competition from illegal timber. Illegal logging is known as a key cause of deforestation and impoverishment around the world.

The regulation:

- 1** Prohibits the placing of illegally harvested timber or timber products on the EU market for the first time. The ban applies to numerous products listed in the regulation's annex.
- 2** Requires "operators" placing any of the listed products on the EU market for the first time to exercise "due diligence" in order to minimise the risk of illegal timber entering into the European Union.
- 3** Requires all EU traders of listed products to keep records of their buyers and suppliers.

Does the regulation apply to your business?

To figure this out, you need to:

- **Determine whether your products are covered by EU's requirements.**
The EUTR covers numerous product types containing wood or paper, but not all. Check the regulation's annex which lists the product types that are currently covered. If none of your products are listed, the regulation doesn't apply to you. If it does apply, you need to then:
- **Determine if your company is an "operator" or "trader".**
You are an "operator" if you:
 - a) harvest timber from a forest located within the EU and place it on the EU market; or
 - b) place or cause any product covered by the regulation to be placed on the on the EU market, either for onward sale or for your own commercial purposes.You are a "trader" if you buy or sell material in a commercial activity that has already been placed on the EU market.

Traders: keep records

As a trader, all you are required to do is record your suppliers and buyers of products you trade that are covered by the regulation. You must keep the data for a minimum of five years.

...and secure your market position



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Onus is on the operator, but will also impact suppliers

Which is why it is important for both operators and suppliers to understand operators' obligations. Operators that are obliged to exercise due diligence need to set up a due diligence system covering the following core aspects:

- **Access to information**, including product description; quantity; timber species; country or if applicable sub-national area of harvest; indicators of legal compliance; and name and address of buyers and suppliers.
- **Risk assessment** evaluating the risk of illegal timber entering into their supply chain, covering all applicable products and supply chains.
- **Risk mitigation** serving to reduce any risk identified, for example by requiring additional documentation or through supplier verification. In addition, operators need to regularly evaluate their due diligence performance.

What constitutes illegal harvesting?

In the context of the EUTR, illegal harvesting means that the timber has been harvested in violation of applicable national laws.

The definition of applicable legislation covers more than the legal right to harvest. For example, it also includes:

- **environmental regulations applying to timber harvesting**
- **fees and duties**
- **third parties' legal rights**
- **trade and customs laws**
- **... and more**

...as an EU “operator”

Are you placing timber/paper products on the EU market for the first time?



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If you are an operator, follow the key steps below that will help you meet your obligations.

“Operators” are obliged to set up and implement a due diligence system. The following is an outline of the key steps involved in this process:

- 1 Set up your due diligence system.**
This entails developing written due diligence procedures, defining responsibilities, ensuring competence.
- 2 Compile and collect supply chain information** as a first step in assessing your risk of sourcing illegal timber. Assess whether the information is adequate and sufficient. Collect additional information if needed.
- 3 Conduct risk assessment.**
For each product and supplier, you need to conclude whether the risk is “negligible” or “non-negligible”. Conclusions will often be based on the picture that emerges from considering several aspects, such as certification status and the level of corruption in the country of origin. However, certain aspects may lead to immediate conclusions about the risk. Any outstanding information gap that does not permit a firm conclusion implies that there is non-negligible risk.
- 4 Mitigate identified risk.**
For ‘non-negligible’ risk, you need to implement risk mitigating actions. The appropriateness of an action depends entirely on the type of risk and may range from acquiring further documentation to conducting on-site supplier verification or replacing suppliers.
- 5 Set up a system for performance monitoring.**
You need to regularly evaluate the effectiveness of your due diligence system.

Need more information or help?

...as a supplier to the EU

Do you supply timber/paper products that may ultimately be sold on the EU market?



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If so, you should expect demands for information about the products and documentation for legal harvesting of the timber.

Here are some key tips for meeting those demands. Choose the tips that are relevant for you, depending on where you are placed in the supply chain and your access to certified products.

- 1 Actively seek information about the risk of illegal logging in the areas where your products are harvested.**
Determine what sort of additional information/documentation you need to further assess and mitigate any perceived risk.
- 2 Work with your own suppliers to identify and document origin and timber species.**
EU buyers must have access to reliable information about the timber species occurring in each product. For each species, the country of origin – in some cases even the forest of origin - must be known.
- 3 Document legal harvesting**
Work with your suppliers to provide reliable documentation for legal harvesting. Legal harvesting entails compliance with all legislation applying to timber harvesting, including e.g. logging permits, harvest regulations, environmental laws and payment of fees and taxes.
- 4 Implement timber tracking systems** to ensure traceability, unless your products are already covered by a verification scheme offering this. This enables you to offer assurance for the origin of your products.
- 5 Engage in a credible timber certification or verification scheme** covering legal harvesting assurance, such as FSC™.
- 6 Encourage your suppliers to obtain certification or verification** according to a credible scheme. Or select suppliers who are already certified.

The EU Timber Regulation is part of a global development that is profoundly game-changing.

The race for supplies of legal and sustainable timber is likely to intensify.

The gates to attractive markets such as the EU will be wide open for suppliers who have put their houses in order and are able to meet demands for documenting the legal and sustainable origin of their timber products.

Turn over leaflet for a list of resources and contacts.

Resources

for sourcing legal timber

URL	Information
http://ec.europa.eu/environment/eutr2013/	Official EU webpage with user-friendly information on the regulation.
http://ec.europa.eu/environment/forests/timber_regulation.htm	Official EU webpage with updates on the regulation. It includes links to the regulation itself and other relevant EU documents.
www.illegal-logging.org	A comprehensive site with news and updates focussing on illegal timber harvesting worldwide.
www.ettf.info	European Timber Trade Federation (ETTF)'s website includes a news feed with regular updates on timber legality issues.
www.euflegt.efi.int/portal/	A comprehensive site with news and updates on the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan.
www.nepcon.net/EUTR	Provides concise information about the EU Timber Regulation.
www.nepcon.net/legalwood	A comprehensive resource for sourcing legal timber, including a freely available due diligence system and related tools/templates.
www.globalforestregistry.org	An interactive world map outlining the risk of sourcing illegal wood from specific geographic areas.
www.transparency.org	Transparency International publishes the annual Corruption Perception Index (CPI) indicating the level of corruption in most countries of the world.
http://sourcing.gftn.panda.org	WWF's Global Forest and Trade Network (GFTN) offers guidelines for sourcing of legal and sustainable wood.
http://exporthelp.europa.eu	The EU's help desk for exporters.

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This publication was made possible through the kind donations of the UK government department Development for International Development (DFID).
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