

## Briefing Note for the Competent Authorities (CA) implementing the EU Timber Regulation March - April 2019

### EIA RELEASED REPORT ON ILLEGAL TIMBER FROM GABON AND REPUBLIC OF CONGO ENTERING WESTERN MARKETS (MARCH 2019)

A new report by the Environmental Investigation Agency (EIA) details the NGO's four-year investigation into the 'Dejia Group' – a Chinese timber conglomerate operating in Gabon and the Republic of the Congo (RoC). The conglomerate controls nearly 1.5 million hectares of forest in the RoC and Gabon, with affiliated companies including Sino Congo Forêt (SICOFOR) and Congo Dejia Wood Industry (CDWI) in the RoC and Société des Bois de Mounana (SBM) and Société de Sciage de Moanda (SSMO) in Gabon. The EIA's findings indicate large-scale, high-level corruption on the part of Dejia Group companies, with activities including: bribing government officials; illegally obtaining logging concessions; operating without approved management plans; overharvesting; exceeding annual log export quotas and tax avoidance. The EIA consider that such illegalities masked by corruption are not restricted to the Dejia Group but are systemic within industrial logging in Gabon and the RoC. The report recommends that the US and EU investigate all imports from Dejia Group affiliates, and that timber products from Gabon and the RoC should be considered high risk under EUTR.

## IMPLEMENTATION & ENFORCEMENT OF EUTR



### The FLEGT/EUTR Expert Group met in Brussels (April 2019)

At the meeting on 30<sup>th</sup> April 2019, the Expert Group discussed updates on implementation of the EUTR. The assessment on non-negligible risk relating to imports from Myanmar was upheld (see [Conclusions of the Expert Group regarding timber from Myanmar](#), June 2018), as was the [Conclusion on timber imports from Brazil](#). There was discussion on the EUTR and FLEGT national reporting templates (which will be transferred to the EC's Declare system) and whether updates are needed to the 2016 Guidance Document for the EU Timber Regulation. Presentations were given on: EIAs [State of corruption](#)<sup>1</sup> and [Toxic Trade](#)<sup>2</sup> reports; the police perspective on 'traffic and illegal commerce of timber' in the framework of EMPACT 2019; and Slovakia's new act implementing the EUTR and FLEGT, which came into force in July 2018. CAs were updated on a Bilateral Coordination Meeting between the EU and China that took place in April, Brussels. Updates were also provided on the Voluntary Partnership Agreement (VPA) negotiations with Viet Nam, Ghana and Guyana. The summary record for previous FLEGT/EUTR Expert Group meetings are available from the [EC Register of Commission Expert Groups](#), with the summary record for the April meeting coming soon.

### Swedish CA provided updates on actions taken to enforce the EUTR (April 2019)

The Swedish CA has informed the Geological Survey of Sweden (SGU) about the implementation of the EUTR, after being requested to do so. SGU is the designated competent authority that will enforce the [EU Conflict Minerals Regulation](#) that will come into force from 2021.

The Swedish CA has also informed the police officer who participated in [Empact](#) (the European multidisciplinary platform against criminal threats), about their activities.

<sup>1</sup> Featured in the [January-February 2019](#) EUTR briefing note.

<sup>2</sup> Featured above

## UK CA provided updates on actions taken to enforce the EUTR (April 2019)

The Office for Product Safety and Standards (UK CA) hosted a Timber Expert Panel to provide updates and give a forum for feedback from business on enforcement of the regulation in the UK. Two enforcement projects focusing on pre-fabricated buildings and plywood have also been completed.

## UNEP-WCMC released 4<sup>th</sup> report on checks performed by EUTR Competent Authorities (April 2018)

This overview of the compliance checks performed and penalties imposed by EU Member States' and EEA Competent Authorities, to enforce the implementation of the EU Timber Regulation, covers the six-month period July–December 2018. The report is based on data provided by CAs on a voluntary basis. Twenty-seven CAs responded to the survey, reporting conducting checks on more than 3685 domestic operators, 805 importing operators, 454 traders dealing with domestic timber, 64 traders dealing with imported timber and eight monitoring organisations.

# ILLEGAL LOGGING & TRADE



## Global Witness report found European operators risk importing illegal timber from DRC (March 2019)

The report alleges that the logging company Industrie Forestière du Congo (IFCO) has breached forest law in the Democratic Republic of the Congo (DRC) during 2017 and 2018. Global Witness presents evidence of illegal and unsustainable logging in IFCO's Baulu concession, including logging beyond allotted boundaries, continuing logging operations while suspended by the provincial governor (related to a failure to pay the correct tax and abide by labour laws and social agreements), and failure to allow areas of forest to recover after logging. The Baulu concession has been exploited under three different company names (formerly Trans-M then Cotrefor), with predecessor companies accused of a series of illegal activities, including links to terrorist financing. Ten European companies (based in Belgium, France, Italy, Poland, Portugal, and Spain) are known to have, collectively, imported >1400 m<sup>3</sup> of IFCO timber worth ~EUR 2 million, in a five month period during 2018. Global Witness cautions that IFCO timber is high risk and recommends that EU operators investigate the specific illegalities documented in the report and ensure they conduct proper due diligence. If risks cannot be mitigated, they recommend companies stop purchasing timber from IFCO. Portugal's Competent Authority is reported to have opened a **new enforcement action** investigating a Portuguese company, in conjunction with the report.

## Global Witness released analysis of tropical timber imports by Viet Nam and China (March 2019)

Global Witness assessed imports of tropical timber from the Democratic Republic of the Congo (DRC) by both Viet Nam and China in 2018, the DRC's two largest timber export markets. The analysis found that roundwood exports from the DRC to Viet Nam increased by almost 66 per cent between 2017 (~40 000 tonnes) and 2018 (~90 000 tonnes). Global Witness described the increase as "a worrying trend", as Viet Nam and China currently lack systems for ensuring legality of imports, and stated that many of the DRC's timber exports have been considered illegal or high risk in recent years. Global Witness expressed concern that the controls required by the EU-Viet Nam VPA may not be sufficiently rigorous to ensure legality of imports.

## EIA submitted evidence dossier to German authorities regarding illegal imports of teak from Myanmar (March 2019)

The EIA reported that it had delivered a dossier of evidence to German and European authorities on 21 March 2019, detailing multiple imports of illegal teak from Myanmar by a German timber company since 2013. In February 2019, EIA **reported**<sup>3</sup> that the company was a major German supplier of teak from Myanmar, including supplying allegedly illegally-sourced teak to the German navy to refurbish the flagship Gorch Fock training vessel. The company has released a **statement** responding to the allegations, and maintains that its imports were not in breach of EUTR.

## Global Witness published a briefing on China's timber trade (April 2019)

The briefing focussed on Chinese imports of high-risk tropical timber, to support its vast wood product manufacturing sector, and called for improvements to the country's "forest footprint" and a reduction in illegal harvest and trade. Noting that China currently has no law prohibiting the import of illegal timber, Global Witness warns of the risk of

<sup>3</sup> Featured in the **January-February 2019** EUTR briefing note

illegal timber entering global supply chains when exported from China. Recommendations included: developing a national strategy and policies to mitigate China's environmental and social impacts in source countries; formulating mandatory due diligence measures for timber importers; and establishing a governmental working group to oversee forestry, trade and development, as well as to address illegality within China and in source countries.

#### **TRAFFIC project to reduce illegal trade in tropical timber enters its second phase (March 2019)**

The project (funded by the UK Department for International Development, DIFD) aims to support international efforts to ensure legality of timber harvest and trade. TRAFFIC is developing a set of tools, including country-specific legality manuals, to help companies adhere to legal and sustainable practices. In addition, the project involves delivery of training events to customs agencies, civil society, and industry in Cameroon, China, the Republic of the Congo, and Viet Nam.

#### **IFM investigation finds a US company in contravention of Liberian forestry laws (April 2019)**

The NGO Volunteers to Support International Efforts in Developing Africa (VOSIEDA) has released the findings of an Independent Forest Monitoring (IFM) investigation into the activities of a US company in Numopoh Community Forest, Liberia. VOSIEDA report that the US company violated its community forest management agreement with Numopoh Community, including logging in areas beyond allocated boundaries and failure to pay land rental and cubic metre fees owed to the community. The report also suggests that Liberia's Forestry Development Authority (FDA) lacks capacity to effectively monitor forest contracts. The community has acted to stop the company from entering the forest and intends to take legal action. VOSIEDA calls for the suspension of operations in Numopoh Community Forest until due diligence is demonstrated and arrears delivered. They also recommend that the FDA reviews the management agreement and revokes the company's licence until a Commercial Use Contract can be negotiated with the community.

#### **European Forest Institute's EU FLEGT Facility launched multi-lingual timber buyers' webpage (April 2019)**

The webpage [www.timberbuyers.flegtlicence.org](http://www.timberbuyers.flegtlicence.org), now accessible in English, French, Italian and Spanish, provides information to buyers on the legal, economic, social and environmental benefits of trading in FLEGT-licensed timber. The resource forms part of the Facility's **FLEGT license information point** and is aimed at a variety of stakeholders including traders, retailers, sustainability specialists and end consumers.

#### **ClientEarth release annual edition of their EUTR newsletter (April 2019)**

The **latest edition** of EUTR News covers the period March 2018 – March 2019, providing an update on activities of EU Member States and the European Commission regarding implementation and enforcement of the EU Timber Regulation, as well as broader work within the EU and internationally to address the issue of illegal logging.

## LEGISLATION & POLICY



### European Union

#### **European Commission summary of the public consultation on deforestation and forest degradation (April 2019)**

A **public consultation** towards an EU Communication on '*Stepping up EU Action against Deforestation and Forest Degradation*' took place between 14 January and 25 February 2019. It received 995 stakeholder contributions, including from EU citizens (60%), non-governmental organisations (10%) and company/business organisations (10%). Most respondents considered that efforts to address deforestation and forest degradation should be stepped up at the international (88%), EU (84%) and national (79%) levels, favouring the development of a coherent framework to address the issue. Potential actions with a high level of support (>90% perceived as 'very important' or 'important') included: supporting forest policies, sustainable forest management, better protection, conservation and restoration of ecosystems (supply-side action); including the issues of deforestation and forest degradation into EU trade agreements signed with tropical countries (mainstreaming action); ensuring that EU or the European Investment Bank funding does not, even indirectly, finance projects contributing to deforestation (finance and investment action); and addressing EU consumption of unsustainably produced forest-risk commodities (demand-side action).

## International

### **Postponement of the 18<sup>th</sup> meeting of the Conference of the Parties to CITES, Colombo, Sri Lanka (April 2019)**

Following the attacks in Sri Lanka, the CITES Secretary-General has announced the **postponement** of CITES CoP18, which was due to take place in Colombo, 23 May – 3 June 2019. The listing proposals and working documents on the agenda of CoP18 related to timber species include the listing of the species *Pterocarpus tinctorius* and *Widdringtonia whytei*, and the genus *Cedrela*, in CITES Appendix II, as well as changes to the annotations for rosewoods and palisanders (*Dalbergia* spp. and several *Guibourtia* species) and *Pericopsis elata*, and proposed deletion of *Dalbergia sissoo* from the CITES Appendices. A proposal from Brazil to include the genera *Handroanthus*, *Roseodendron* and *Tabebuia* in CITES Appendix II has been withdrawn. In the meantime, **the CITES Secretariat** and organisations including **EIA** and **IUCN and TRAFFIC** have published comments and positions/recommendations on the CITES listing proposals and working documents. The **European Commission** has published a proposal for a Council Decision on the position to be taken on behalf of the European Union and its Member States. The Decision is currently being discussed among the Member States in the relevant Council groups, and is due to be adopted in June.

### **Indonesian decision to allow export of raw rattan and plantation logs put on hold (February 2019)**

The Indonesian Ministry of Trade **announced** that it has halted its plan to sanction the export of raw rattan and plantation logs. This comes after opposition from The Minister of Industry and the Secretary General of the Association of Indonesian Furniture and Handicraft Industry (HIMKI). There had been concerns that allowing these exports would increase the cost of raw materials and impact the competitiveness of Indonesian furniture manufacturers.

### **Government of Ghana banned the harvest, processing and export of rosewood (March 2019)**

The Ghanaian Ministry of Lands and Natural Resources has announced a total ban on rosewood harvesting, with immediate effect, and instructed the country's Forestry Commission to suspend issuance of CITES export permits for rosewood. Felling is now considered illegal and will result in arrest, though the Ministry clarified that salvage permits would still be issued for lying logs. A taskforce has been created to enforce the ban, which is intended to eradicate illegal rosewood logging in Ghana. This comes after felling, harvesting and exporting rosewood was **initially banned** in July 2014 and again in early 2017, before being lifted. The Ministry reported that, in the mid-term, it is collaborating with CITES and Civil Society Organisations to introduce a regulatory quota system for rosewood exploitation and that, in the long-term, the Ministry plans to establish rosewood plantations as well as a tree tenure and benefit-sharing strategy to discourage illegal harvest.

### **Meeting of the EU-Liberia Joint Implementation Committee (JIC) held in Monrovia (March 2019)**

The JIC met 25 February - 1 March 2019 to review progress towards implementation of the Voluntary Partnership Agreement (VPA). Participants discussed progress towards developing a legality verification system for timber products from harvest to point of export. VPA transparency requirements were presented by the VPA Secretariat, with both parties emphasising the importance of transparency within the forest sector. The Forestry Development Authority (FDA) also committed to making disaggregated information publically available. A communications strategy aimed at forest stakeholders and the wider public was endorsed. Additionally, the JIC discussed the delay, due to budget constraints, in the Liberian Government's provision of the required land rental fee to the National Benefit Sharing Trust Board (NBSTB), and agreed that the development of a mechanism to facilitate budget disbursements was necessary.

### **UK TREE meeting held in London (March 2019)**

The UK CA hosted a Timber Regulation Enforcement Exchange (TREE) meeting in London 13-15 March. The workshop brought together a core group of five US Lacey Act enforcement agencies, 18 EUTR CAs, Australia's Department of Agriculture and Water Resources, an observer from Ghana's Forestry Commission, and key experts from the private sector and civil society. The TREE process aims to support robust and consistent enforcement of demand-side timber regulations by providing a forum for officials to gain detailed insight into high- and low-risk timber flows entering their countries. The meeting agenda and summary are **available here**.

### **FLEGT Independent Market Monitor (IMM) published its latest newsletter (February 2019)**

The IMM independently assesses trade and market impacts of FLEGT VPAs. The February 2019 newsletter includes an overview of EU tropical timber imports and a comparison of EU-Indonesia trade for the years 2017 and 2018. The IMM analyses indicate that EU imports of Indonesian wood products in the year ending November 2018 increased on the previous year by value (EUR and USD), with a particular rise in plywood imports. Overall EU imports of tropical timber

products (excluding chips, pulp and paper) were also greater in 2018 compared with 2017, with a particular increase in imports from non-VPA countries.



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