

MINUTES OF THE FLEGT/EUTR EXPERT GROUP MEETING

19 APRIL 2017

1. Approval of the agenda and of the minutes of previous meeting

An update on the support services contract was added as information point. The agenda of the meeting was then adopted.

2. Nature of the meeting

The meeting was not public. Member States were represented by the EUTR/FLEGT Competent Authorities. There was also a representative from the EUTR Competent Authority of Norway.

3. List of points discussed

Update on the EUTR implementation

a) Member States' reports on changes and particular cases:

MS reported on the number of checks performed so far for EUTR and measures taken in case of non-compliance, the number of FLEGT licences from Indonesia cleared to date, possible changes in their national legislation.

b) Substantiated concerns – Myanmar and Liberia:

Myanmar:

MS reported on the action taken (inspections, warning letters or injunctions) regarding direct or indirect timber imports from Myanmar further to a substantiated concern from the EIA (Environmental Investigation Agency). Several MS reported that to ensure a level playing field checks will be extended to all importers of timber from Myanmar, even those that were not mentioned specifically in the EIA report. DK clarified that the injunction on Danish operators is not limited to timber imports from Myanmar but it represents a warning to operators to ensure that any timber placed on the market complies with the EUTR requirements. The Commission provided a short update on ongoing work by the Government of Myanmar towards addressing gaps in line with commitments in recent public statements. A joint focal group (Government/MTE) was created in Myanmar to enhance traceability, access to information and access to the forest. The objective is to have documentation from harvesting to auctioning made available. A presentation on behalf of the Government of Myanmar was received by the Commission on 18 April and has been made available to all CAs for information.

Liberia:

A Global Witness report was circulated regarding alleged violations in the allocation of forest concessions. The report was shared with MSCAs, as well as EUTR Monitoring Organizations and timber trade organizations. Operators are supposed to be aware of and take into due consideration in their due diligence system all information that has been made publicly available. The report was extensively discussed at the last JIC under the EU-Liberia FLEGT VPA. The Liberian authorities commented on the report and question its findings. A multi-stakeholder group, chaired by civil society, was established to investigate the allegations and

the private sector decided to take Global Witness to court. Liberia has a system in place to trace 100% of its timber and an independent audit of this system is ongoing.

d) Update on infringement cases:

There are still two ongoing cases but no new cases. The EC is gathering information from MS regarding their action in response to the substantiated concern on timber imports from Myanmar.

Information points

a) Reporting on informal EUTR Enforcement Group meeting of 18/04/17:

Discussions focused on: changes to the product scope of the EUTR, a Latvian case on furniture from China made from Mongolian oak, minimal documentation to be provided by companies, companies that have branches in several MS, a Latvian case on furniture products from Ukraine, the role of agents and companies in third countries, and a questionnaire sent to ten MS on the Global Witness report.

b) Update on impact assessment study on possible changes to the EUTR Annex:

A public consultation will be launched in the near future. A WWF business roundtable on the EUTR product scope was organised on 20 April 2017.

c) Update on the support services contract:

Briefing notes prepared by the contractor were circulated to MS for comments. MS responses to a survey on their national legislation will be compiled to have a global overview of timber legislation at EU level. Country fiches will be prepared, starting with Myanmar, Russia, Ukraine, China and Brazil. An operators' survey will be launched to inquire about their best practices, challenges they are facing and the different industry segments.

High Throughput Genotyping Technologies for Forest Tree Species Identification

The main purpose of the High Throughput Genotyping system is to identify timber species. A workshop will be organised in Madrid in September 2017 by INIA-CIFOR and the Alcalá University, sponsored by the OECD, to draw a roadmap on the next steps of the project and discuss the matter with the research community. MS and the EC encouraged synergies with the work carried out under GTTN-2 (Global Timber Tracking Network).

Monitoring the timber and paper market following the EUTR introduction

Conlegno, one of the EUTR Monitoring Organisations, presented an analysis of timber, furniture and paper imports by EU country and by extra-EU partner country. Main EU imports are from provider countries with a CPI (corruption perception index) lower than 50. Conlegno proposed a scenario for the amendment of the product scope of the EUTR, with changes mainly touching the furniture and paper sectors.

European Timber Trade Federation – Imports from Myanmar

The total value of timber imports from Myanmar (mainly teak) is +/- € 25 million, with 30% of direct imports. While ETTF agrees that the MTE (Myanmar Timber Enterprise) green folder is insufficient to prove due diligence, they presented means to demonstrate traceability up to the point of harvest and to verify independently this information. ETTF also provided an

overview of recent developments in the country and commitments made by the Myanmar authorities in a Ministerial Statement. Full transparency throughout the supply chain is needed to comply with the EUTR.

ENPI-FLEG Programme for Eastern Neighbourhood Countries

The World Bank presented the ENPI East FLEG II programme and some of its success stories in Armenia, Azerbaijan, Georgia, Moldova, Russia and Ukraine. They said that governance is not only about legality, that resource management, sustainable forest management and good governance play a role in national economies, and that investments in forests can help other sectors develop. Activities are still ongoing with Austrian funding in Armenia and Georgia. Follow-up activities to the ENPI-FLEG programme will be developed on the basis of lessons learned with a view to better assisting implementation of and compliance with the EUTR. The Conference on Illegal Logging and Deforestation (21-23 June 2017, Brussels) will serve as an opportunity for exchanges with representatives of those countries.

EUTR guidelines development – Update

The latest version of the guidance document on "Waste-recycled timber" is available. Guidance documents on "Mitigation measures" and "Substantiated concerns" are currently under revision by the Commission. A formal guidance notice will be adopted by the EC and published once more guidance documents are finalised in order to reduce the administrative burden for the adoption.

Update on implementation of FLEGT licencing scheme

Two documents were distributed: a summary table of recent discussions between the EU and Indonesia on the problems identified so far in the implementation of the FLEGT licencing scheme and a non-paper prepared by DG ENV in close cooperation with DG TAXUD on recommendations to deal with issues encountered so far such as mismatches (in HS codes, weight or volume) between the FLEGT licence and the accompanying custom documentation. While this is foreseen under the VPA (Voluntary Partnership Agreement), Indonesian authorities are reluctant to reissue licences once the shipment has left the country in order to prevent abuses. The EC asked them to reconsider their decision when there is solid justification for correcting or reissuing a licence. For FLEGT products, a FLEGT licence is needed to release the goods on the EU market. CAs are mandated to signal to the EC any evidence of circumvention of the FLEGT licencing system.

Update on FLEGT processes

a) FLEGT Action Plan Evaluation – Follow-up/next steps:

The draft FLEGT Work Plan is going through the internal EC validation process. MS will be consulted at the end of May 2017 and their comments will be integrated before the work plan is submitted to the stakeholders at the end of June. The final document should be presented to the Council by the end of 2017.

b) Update on VPA processes with Cameroon, Ghana and Liberia:

Cameroon:

It is a complicated VPA to implement with a long delay in the development of the licencing scheme. NGOs and the private sector in Cameroon are very positive as to the potential of the VPA. The end of the year will be critical to re-assess the prospects of the VPA.

Ghana:

Three points are worth mentioning: (1) Significant progress has been made and FLEGT shipment tests will be carried out in July 2017. (2) An amendment of three VPA annexes will be needed by the end of 2017, after the adoption of new national legislation. (3) An assessment of the readiness of Ghana's licencing system is expected to be launched by the end of the summer 2017. If everything goes well, FLEGT licencing could then start in 2018.

Liberia:

Progress towards VPA licencing is being monitored. Capacity is low. Liberia realises they should make their efforts more visible to the public.

Update on FLEGIT

Version 2 was deployed at the beginning of April 2017. Version 3 is planned for the summer. Integration with the customs single window and a connection with national systems are being worked on. 5135 FLEGT licences are now in the FLEGIT system. With the EU customs single window, all customs will have access to all licences in TRACES and FLEGIT. The single window should be fully operational in January 2018.

4. Conclusions/recommendations/opinions

See individual points

5. Next steps

See individual points

6. Next meeting

The next EUTR/FLEGT Expert Group meeting will take place on 16 June 2017.

7. List of participants

All MS Competent Authorities for EUTR and FLEGT were present, except Cyprus, Luxembourg and Romania.