

MINUTES OF THE FLEGT/EUTR EXPERT GROUP MEETING
21 FEBRUARY 2017

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

The agenda of the meeting and the minutes of the previous meeting were adopted with no additional points or comments.

2. Nature of the meeting

The meeting was not public and attended only by the Members of the FLEGT/EUTR Expert Group and Commission staff.

3. List of points discussed

Update on the EUTR implementation

Member States reported on changes related to the implementation of the EU Timber Regulation, on the appointment of new inspectors, on the mandatory registration of operators in a database in some Member States, on the number of checks performed on operators and the follow-up given (penalties, seizure), on particular cases they have encountered, and on the provider countries they focus on. Besides checks on domestic timber, checks on imported timber from Brazil, China, Democratic Republic of Congo, Myanmar, Russia, Thailand and Ukraine were mentioned.

Greece presented the implementation status of the EUTR. There is one central Competent Authority and 37 regional CAs. A technical inter-ministerial working group made of several ministries is in charge of monitoring the implementation issues of the EUTR. They detailed the various administrative sanctions that can be applied in case of non-compliance and provided information about the way checks are conducted.

Belgium, Denmark, Germany, Italy, the Netherlands, Spain and UK received substantiated concerns from the Environmental Investigation Agency on timber from Myanmar. In all cases where checks were performed the companies could not demonstrate traceability throughout the whole supply chain up to the place of harvest. France also reported on checks with the same results. Some checks are still ongoing. Member States will report on results and further developments at the next meeting. Member States Competent Authorities informed on several cases of inappropriate pressures received through different channels and from different stakeholders to cease investigations (thus not apply the EUTR). Close cooperation between the Member States Competent Authorities as well as with the Commission, following art. 12 of the EUTR, has proved to be crucial.

The EC updated the Member States on the two infringement cases which are still open for non-compliance with the EUTR requirements.

Information points

The EC reported on the **Third Meeting with Monitoring Organisations** that took place on 7/2/2017 with representatives of eleven MOs and three MSCAs. The EC clarified that

certification schemes can be used as part of the DDS but cannot be considered as a 100% proof of legality. There were discussions about timber from Myanmar, on whether bamboo and rattan should continue to be in the EUTR product scope, on good cooperation between EUTR CAs and customs, and on the checks by MSCAs on external partners used by some MOs.

Netherlands reported on the **informal EUTR Enforcement Group meeting** that was held on 20/2/2017. Discussions focussed, among other issues, on a state of play of the EUTR implementation in Bulgaria and other MS, inspections at timber traders, timber from Myanmar and Peru, imports of furniture from China made of Mongolian oak and cooperation with the Eastern EU neighbours, also taking into account the future FLEGT work plan 2017-2020.

Update on impact assessment study on possible changes to the EUTR Annex

The EUTR product scope is generally considered inconsistent by a majority of stakeholders, with some products missing. The objective of the study is to review and assess the impacts of alternative options for changing this product scope.

Global Timber Tracking Network project – Phase II

This project implemented by the European Forest Institute serves to build a network of centres of competence to identify timber species and their origin against what is declared by sellers and operators. It is financed through an open multi-donor approach and brings together many diverse actors. Phase II will consist of further developing and expanding the Network and finding new funding sources. The ultimate objective of the project is to facilitate access of government agencies both in producer and consumer countries to technologies and laboratories competent for timber identification. Producer countries will be better involved in Phase II.

EU support to EUTR implementation (LIFE Programme): Increasing Awareness and Capacity to Support Effective Implementation of the EU Timber Regulation Project

This project implemented by NEPCo and funded through the EC LIFE programme is aimed at developing tools, capacity-building and risk assessments for 62 countries to support companies in performing efficient due diligence. It will be running a case study programme with 8 companies, and conducting 12 workshops in target countries and one EU-wide workshop.

FAO FLEGT Project: Myanmar Timber Legality Assurance System Gap Analysis

The purpose of this project implemented by the Myanmar Forest Certification Council and funded by FAO EU FLEGT Programme was to evaluate the MTLAS against internationally recognized principles, requirements and best practices. The main consultant of the study presented the scope and draft findings. The project did not look at conversion areas and areas which were not under government control. First findings indicate that several improvements are needed to bring the MTLAS up to international standards. Concrete implementation and enforcement issues would also need to be addressed. These include increasing coverage of the scheme to all sources of timber, increasing transparency, strengthening traceability and ensuring independent monitoring (including granting access to forest areas to third parties).

The findings will be presented in a validation workshop and further discussed by Myanmar government and stakeholders with a view to take action to address identified gaps in their system and in their legal framework.

Update on EUTR guidelines development

Deadlines for further comments were given for the guidelines on "waste/recycled timber", "mitigation measures", and "substantiated concerns".

Update on implementation of the FLEGT licencing scheme

The FLEGT Licencing Scheme is overall operating very well and the EC and Member States are in continuous contact with Indonesia to solve relatively minor issues currently observed with the scheme (e.g. different HS classification in Indonesia and EU; cases of inconsistency between data on the licences and other custom documentation, etc.). Samples of signatures and stamps of the Indonesian licencing authorities have been made available to the MSCAs and incorporated in the FLEGIT system.

Austria is using a national system to handle FLEGT licences. They presented a few cases of discrepancies between the various official documents, which gave rise to physical checks and other types of follow-up action in close cooperation with the Indonesian Licence Information Unit.

Update on the FLEGT process

The Council Conclusions of June 2016 and the Court of Auditors' Report requested a Work Plan for improved implementation of the FLEGT Action Plan to be elaborated and finalised by September 2017. MS were asked for their views for prioritising areas in the FLEGT Action Plan.

The EC will organise a Conference in Brussels to discuss the FLEGT AP Evaluation with the stakeholders, as well as wider deforestation challenges. An ad hoc FLEGT Group meeting will be held too.

The 8th meeting of the EU-China Bilateral Coordination Mechanism took place on 14/2/2017. The progress report on the 2016 Work Plan and the Work Plan for 2017 were approved. The focus was and will continue being on legislation development in China and cooperation between EU-China-Indonesia (and other VPA countries). China wants to step up the BCM and work on trade facilitation. They also want to actively participate in a broader dialogue on demand-side measures with other major consumer and processing countries (such as US, Japan and Australia). Germany and France presented the enforcement of the EUTR. This was very appreciated by the Chinese delegation, as was the NGOs presentation. The next BCM meeting will take place in the first quarter of 2018 in China.

Update on the FLEGIT system

Version 2 is planned for end March/beginning April 2017, and version 3 for beginning July 2017. Pending requests are the access by customs systems via the EU single window and interconnection with the Indonesian SILK system.

For the April 2017 EUTR Reporting obligation, all licences validated during the reporting period can be selected in FLEGIT and exported to Excel by the MSCAs.

A.O.B.

WWF will organise a business roundtable focused on the product scope of the EUTR and the implementation of the EUTR legislation on 20 April 2017 in Brussels.

4. Conclusions/recommendations/opinions

See individual points.

5. Next steps

See individual points.

6. Next meeting

The next meeting will take place on 19 April 2017.

7. List of participants