



SUMMARY RECORD

FLEGT/EUTR EXPERT GROUP MEETING

7 DECEMBER 2018

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

A point on bark beetles was added under A.O.B. and a debriefing on the Informal EUTR Enforcement Group meeting of 6 December 2018 was added as an “Information point”. With these amendments, the agenda was adopted. The minutes of the previous meeting were approved.

2. Nature of the meeting

The meeting was not public. EU Member States (MS) were represented by delegates from the EUTR/FLEGT Competent Authorities.

3. List of points discussed

Update on the FLEGT processes

Update on the VPA with Vietnam:

The EU signed a Voluntary Partnership Agreement (VPA) with Vietnam on 19 October 2018, in the margins of the ASEM Summit in Brussels. The ratification process continues in the EU, with the European Parliament expected to give its consent in March 2019, followed by an approval by the Council several months later. On the Vietnamese side, the ratification process is also ongoing.

Update on the VPA with Guyana:

The VPA was initialled on 23 November 2018. Governance has significantly improved since the start of the VPA negotiations and field-testing has taken place in June 2017. The VPA focuses on all timber exports, on the domestic market and on imported timber products. Its signature and ratification are planned for 2020.

Update on the VPA with Ghana:

The amendments of the Annex to the VPA with Ghana are planned for adoption before the elections of the European Parliament in 2019. Ghana is in the last stage of the VPA process, but licencing will not start in 2019. A final joint assessment is required, and the EU legislation would need to be adapted to include Ghana, which would take around five additional months.

Update on the VPA with the Republic of the Congo:

The VPA was ratified in 2013. The implementation phase is progressing well. The right political support is being provided. The Timber Legality Assurance System is operational and will be rolled out at national level. Legality certificates will start being delivered. Independent audits are planned for 2019. A draft act for a review of the forestry law is available.

Update on the implementation of the FLEGT licencing scheme

Debrief on the Workshop with Indonesia:

A bilateral meeting was organised with Indonesia on 12 November 2018, followed by a Workshop with Indonesia and EU Member States (MS) on 13 November, to have an open discussion on issues Member States' Competent Authorities (MSCAs) are still facing with the Indonesian FLEGT licencing scheme, and to introduce the due diligence system for the EU Timber Regulation. Indonesia is continuously improving its approach to due diligence regarding timber imports into their country.

Member States' update on the implementation of the FLEGT Regulation:

Some Member States updated the audience on the implementation of the FLEGT Regulation in their country.

The EC pointed out that the stronger the EUTR is implemented in the MS, the larger the incentive to move towards a VPA will be. The VPA process is a reform of the forest system, not just a timber tracking IT system.

Update on the publication of the FLEGT Annual Analysis Report 2017:

This is the second report on the implementation of the FLEGT licencing scheme, based on the national MS' reports. In 2017, the MS received 28,826 FLEGT licences for over 658 million kg of timber and timber products. The top commodity imported was writing paper. Provisions for penalties include administrative and criminal fines, imprisonment, suspension of the authority to trade, or the seizure/confiscation of shipments.

Information points

Update of the impact assessment on possible changes to the EUTR product scope:

With the approaching European Parliament elections, many EU initiatives have been put on hold. A possible proposal to amend the EUTR product scope will only be considered after the new Commission is in place in November 2019, for adoption as a delegated act. The impact assessment study may not be made public either until then. The study does not make recommendations on which products should be included or removed, if any, as this is for the EC to decide, in consultation with the MSCAs.

Update on the alignment of reporting obligations for the EUTR and FLEGT Regulation:

Negotiations at the Council and the EP on the EC proposal for a Regulation on the alignment of the environmental reporting obligations are progressing well. The text relating to FLEGT and the EUTR was approved. The entry into force of the Regulation is expected for 2020.

Update on support services for implementing the EUTR and FLEGT Regulation:

The current support services contract has been renewed for another two years, with some new tasks. The following deliverables should be published at the beginning of 2019: a briefing note covering the period November-December 2018, an overview of CA checks performed from December 2017 to June 2018, a report on the implementation of the EUTR by operators, a paper on the CITES exemption under the EUTR and two analysis papers (on indirect trade routes and on operators based outside the EU). An [EU Timber Trade interactive dashboard](#) shows the patterns of trade in timber and timber products into and within the EU. Additional country overviews are at different stages of consultation with the relevant country authorities and/or experts.

Debrief from a videoconference on the EU-China Bilateral Coordination Mechanism:

A videoconference was organised with China to review the progress they made in the implementation of the 2018 Work Programme, and to discuss possible actions for the 2019 Work Programme of the EU-China BCM. The date for the next BCM meeting in Brussels will be 5 April 2019.

Debrief on the Second Trade and Sustainable Development Sub-Committee meeting for Ukraine and resulting operational conclusions on forestry:

The meeting took place on 13 November 2018. The role of the Ukraine-EU Trade and Sustainable Development Sub-Committee to the Joint Civil Society Forum is to act as an institutional mechanism to monitor the implementation of the Trade and Sustainable Development chapter. The commitment is to work together to promote forest law enforcement and legal timber trade. The EU and Ukraine agreed that work was needed on forest governance, including separating forest management and financial mechanisms. An inventory is also needed, and fair and transparent timber sales are expected from Ukraine. Operational conclusions are [online](#) and need to be put into action before the Third Sub-Committee meeting, which will take place in Brussels in 2019. There is a specific civil society mechanism in place, with a dedicated Forum.

Update on the preparations towards a Communication on Stepping up EU Action against Deforestation and Forest Degradation:

The Roadmap towards a Communication on Stepping up EU Action against Deforestation and Forest Degradation was published, with a deadline for comments on 15 January 2019. DGs ENV, AGRI and DEVCO are co-leading the initiative, with a number of associated DGs, which will be contributing in the drafting of some specific chapters. A public consultation will be launched at the beginning of January 2019, for a limited period of 6 weeks. The adoption of the Communication is planned for the second quarter of 2019. Its objective is to develop a more coherent and comprehensive approach to step up EU action against tropical deforestation and forest degradation. It aims at increasing the coherence of existing EU policies and tools, better mainstreaming of deforestation considerations throughout the relevant EU policies, better implementing and communicating actions already undertaken by the EU, supporting existing commitments by governments and the private sector, promoting collaboration and exchange of good practices, and raising awareness. It will also promote partnerships and constructive dialogue with producer countries, and the involvement of all relevant organisations and stakeholders. The initiative may include actions to address the demand and supply dimensions to promote sustainable value chains and the role of sustainable finance and

investments. Information on transparency/traceability/monitoring of the supply chains, EU consumption and the financial sector will play a role in this initiative.

Update on the draft guidance document on Conflict Timber:

The EC is still working on a revised version, including the comments made after the previous Expert Group meeting. The updated version will be circulated at the beginning of 2019.

Debrief from the Informal EUTR Enforcement Group meeting:

An Informal EUTR Enforcement Group meeting took place on 6 December 2018. The following topics were discussed: timber imports from Peru and Ukraine, a WWF questionnaire, and the services provided by an audit company based in Brazil. The Group concluded that biennial checks on the EUTR Monitoring Organisations (MO) should be performed by the MS where the MO is located. The Group also concluded that confiscated timber sold as 'legalised' at auctions by the government of a provider country could not be legally imported into the EU. Other topics discussed were timber samples collected from five Latin American countries, indirect trade routes, operators based outside the EU, CITES/FLEGT licenced timber, driftwood mainly used in aquaria and supposedly collected in Malaysia, and the complexity of trade chains for imports of paper. The visit of the Deputy Minister of Agrarian Policy and Food of Ukraine concluded the meeting, and the question arose how the EUTR could be used to support changes in Ukraine.

Presentations

Lessons learned from the TAIEX mission to Ukraine and next steps proposed by the Ukrainian government:

The Deputy Minister of Agrarian Policy and Food of Ukraine for European Integration informed the audience that the Ukrainian forest law was voted upon by the Parliament in 2017. The fight against illegal logging has been reinforced and harvesting has been prohibited in primary forests, including wild collection. A Ukrainian law lays out an obligation to perform environmental impact assessments as well as rules for main use and selective sanitary logging of areas over one hectare. A further law was voted upon in 2018 on the protection of Ukrainian forests and the prevention of exports of unprocessed timber, which restricts the domestic consumption of unprocessed timber to 25 Mio m³, but the additional export ban foreseen in it was vetoed by the President. Ukraine is working on the harmonisation of standards for timber (such as the application of the HS classification codes) and these will come into place in 2019, but this does not mean that all enterprises will be able to implement these standards. The State management system of the forestry sector needs urgent reforms as, at the moment, the functions of economic activity and monitoring/control are held by the same agency, which is one of the main reasons why the system does not work properly. There is a need for redistribution of financial resources across the regions. The next important task needed as part of the reform of the sector is a national inventory. Illegal logging is still a problem and more assistance from the EC is needed on this issue. The Ministry of Agrarian Policy and Food and the State Forest Resources Agency control 73% of the Ukrainian forests, but the remaining 27% are under the control of other State bodies and are not covered by the Ukrainian forestry laws, while these should be united and part of a transparent system.

A TAIEX (Technical Assistance Information Exchange) mission took place at the beginning of 2018 and the Ministry of Agrarian Policy and Food agrees with many of the resulting conclusions. Cooperation is needed relating to illegal logging and illegal exports, and EU customs in some MS should be involved in this work. Good practices from some MS that could be replicated for Ukraine's institutional reform would be useful.

IKEA presentation on the EUTR implementation and its challenges for companies active throughout the EU:

IKEA is one of the biggest users of round wood worldwide, they use 1% of timber globally, and they do source from high risk countries. They consider their Due Diligence System to be robust. Their 400 suppliers must fulfil their Forestry Requirements and legally binding Compliance Requirements, including a ban on illegal timber. Thirty IKEA forestry specialists placed worldwide support the business teams in verifying compliance. IKEA ensures continuous monitoring at supplier level and risk assessments are performed through the IKEA Wood Tracking System. Regular audits and documentation verification are performed on all their supply chains every two years, and every year for high-risk supply chains. IKEA asked the MS for the development of common guidelines, a focus on risk mitigation, and a common approach on third party certification.

Update on EUTR implementation

Substantiated concerns on placing timber from high-risk countries on the EU market:

Portugal received substantiated concerns from Greenpeace and Global Witness on timber from Brazil going to operators in Portugal.

An EIA substantiated concern on the logging of teak by rebels and its sale in auctions was circulated to all MS. The conclusion that it is not possible for timber imports from Myanmar to mitigate to negligible the risk of illegal harvest is maintained. The German Navy is testing alternatives to teak.

Conclusions on timber imports from Brazil were adopted. They can be found under the heading Conclusions/recommendations/opinions below and will be published on the EUTR website on EUROPA as soon as possible. The conclusions regarding Myanmar as last updated in the [EUTR Expert Group meeting of 19 June 2018](#) (p.2) and confirmed in the Expert Group meetings since then, are upheld. Conclusions on timber imports from Ukraine will follow.

Presentation of the results of the COM biennial EUTR implementation report and discussion on the follow-up:

The Commission Report was published on 5 October 2018, together with a background analysis of the national reports, and the MS reports themselves. The EC presented the outcome of the Report as regards designated MSCAs, planned and performed checks on operators (the country of harvest and substantiated concerns are the main triggers for checks) and on Monitoring Organisations, penalty systems in place and applied penalties, as well as number of substantiated concerns received. In conclusion, there is significant progress but in several MS, the number of checks remains small compared to the number of operators, technical capacity and resources allocated to MSCAs in some countries do not match their needs, penalties are mainly relating to domestic timber, and it is not clear

whether all penalties available are effective, proportionate and dissuasive enough. A more consistent approach is needed across the EU for the quality of checks.

As next steps, the Commission will strengthen its cooperation with MS to achieve a uniform application of the EUTR; promote cooperation with third consumer countries; promote the use of the “TAIEX Environmental Implementation Review Peer 2 Peer” tool to support MS in sharing expertise, good practices and lessons learnt; enhance synergies of FLEGT VPAs with the EUTR; explore how to improve the quality of checks, etc.

Member States’ updates on other issues related to the implementation of the EUTR:

Some MS gave a state-of-play on the performing of checks on operators and on monitoring organisations, and on other developments related to the implementation of the EUTR requirements.

A.O.B.

The UK will be hosting a TREE meeting on 13-15 March 2019.

Germany raised the problem of a bark beetle, which is attacking timber in the Czech Republic and could spread to the neighbouring countries.

4. Conclusions/recommendations/opinions

Conclusions of the EUTR/FLEGT Expert group on timber imports from Brazil (7 December 2018)

These conclusions are based on an article written by researchers of the Universities of Sao Paulo, Sao Carlo and Oregon State, and published on Science Advances [<http://advances.sciencemag.org/content/4/8/eaat1192>] and other recent information such as court cases, [NGO reports](#) and news articles.

Risk assessment:

The available information indicates that the volume of timber available for cutting in Forest Management Areas (AMFs) in the Amazon Basin, in particular with regard to Ipê (but also to other high value timber such as Massuranduba and Angelim vermelho), is often based on incorrect factual information (overestimated tree/cubic meters densities or fictitious trees). These overestimations are particularly frequent in AMFs (Área de Manejo Florestal) neighbouring protected and/or community managed areas¹.

Moreover, recent court cases reveal direct links between illegal timber harvesting and violent crimes against members of communities using the forests for subsistence, aimed at driving them off the land or discourage them to invoke their rights.² There are also records of slave like labour conditions related to timber harvest, which, while not directly

¹ The reports and the article reach this conclusion by comparing data on natural tree densities in the Amazonian rain forest, official data of inventories and data from the RADAM project, on the one hand (<https://uc.socioambiental.org/en/programas/radam-project>), with the self-declarations used in the licensing process on the State of Pará, on the other hand.

² Ministério Público do Estado de Mato Grosso, (2017) case number 1629-12.2017.811.0105, Code 78767, retrieved from <http://servicos.tjmt.jus.br/Processos/Comarcas/dadosProcesso.aspx>

affecting the legality of the timber harvest, as such, reflect a risk of illegality as regards duties related to timber harvesting and trade legislation concerning the forest sector within the meaning of Article 2 (h) of the EUTR, and increase the risk of corruption.

These cases has been reported for the Brazilian Amazon basin, in particular from the states of Rondônia, Pará, Mato Grosso and, more recently, the sparsely populated and for the most part strictly protected state of Amazonas. Overall, also the corruption perception index for Brazil, indicating an overall medium to high risk of corruption, should be taken into account.

Insofar as imports of species harvested in natural forests in the Brazilian Amazon basin are concerned, the expert group therefore stresses that operators should generally consider the level of risk of illegality as not negligible unless adequate risk mitigation measures have been taken that demonstrably reduce the level of risk to a negligible level.

Conclusion:

The following factors increase the risk of illegal timber harvest:

- high value timber species, in particular Ipê; timber from AMFs in the states of Rondônia, Pará, Mato Grosso or Amazonas and/or from AMFs bordering with protected areas and/or indigenous territories;
- overestimation of certain species on AUTEX/AUTEF documents;
- timber from any regions, where land grabbing and violent crime have been linked to illegal timber harvesting³;
- the vicinity of nature protected areas;
- records on suppliers of illegal practices related to timber harvest⁴.

Risk mitigation:

To mitigate the risk of illegally harvested timber entering the EU market to a negligible level, due diligence should specifically include an **independent factual verification** of the reliability of the determination of available timber volumes in AMFs as well as on the integrity of the operator's supply chain.

For that purpose, entities offering independent verification should demonstrate to have appropriate level of resources as well as the adequate scientific competence and professional expertise, and demonstrate that they or their experts are not in a situation of conflicts of interest. In addition, their verification should be based on proven methodologies, such as the one approved by [IBAMA/EMBRAPA](#). These methods should include on-site visits and cannot solely consist of document verification.

To mitigate the risk of illegality to a negligible level, Independent third-party verification should be complemented by further mitigation measures, as relevant in view of the specific risk(s) of illegality detected, including, for example:

³ Information on land grabbing and violent crime is publicly available via reports of local social organisation (Comissão Pastoral da Terra - CPT and Comissão Indigenista Missionária - CIMI).

⁴ E.g. companies appearing on the list, published and periodically updated by the Brazilian Ministerio do trabalho – inspeção do trabalho (Ministry of Labour and Employment) denouncing slavery like labour conditions: <http://trabalho.gov.br/fiscalizacao-combate-trabalho-escravo>. Last update: April 2018: http://trabalho.gov.br/images/Documentos/SIT/CADASTRO_DE_EMPREGADORES_2018-08-27_publicacao_semestral_ordinaria_DETRAE_abril-2018.pdf.

1. Giving preference to suppliers using a closed supply chain and sourcing logs from single sources;
2. Carrying out additional scrutiny of documents checking the availability and consistency of the main documentation required by the three official Timber Control Systems in Brazil related to the extraction, processing, transportation and sale of timber and timber products⁵: in addition to this verification, operators should also check that the appropriate conversion values are used⁶ and that the ratio between cubic meters of timber/tree density per hectare is consistent with scientific data related to the relevant species.
3. Double-checking the documentation authenticity in the State of Pará related with licensing of forest and wood processing activities ([SIMLAM](#) - Pará Integrated System of Environmental Monitoring and Licensing) and in the State of Mato Grosso related with licensing of forest and wood processing activities ([SIMLAM](#) – Mato Grosso Environmental Licensing) and with transportation permits ([SIMFLORA](#) – Mato Grosso Forest Management);
4. Using publicly available satellite images to confirm that the forest area included in an AMF had not already been exploited before the start of the concession or has effectively been exploited during the concession⁷.
5. Verifying the “*Romaneio*” (the number and volume attributed to a log entering a sawmill) and the volume of processed timber made with this log, in view of ensuring that the ratio between the two volumes corresponds to objective parameters;
6. Unless the risk of illegality within the meaning of Article 2 (h) of the EUTR can be positively excluded for the specific shipment(s), avoiding sourcing timber from:
 - a. areas and companies embargoed by [IBAMA](#);
 - b. companies whose suppliers are located in areas affected by social conflicts related to tenure rights and to the use of forest resources, in general;
 - c. companies with a track record of criminal activities, which increase the risk of illegality related to timber harvesting and trade legislation concerning the forest sector within the meaning of Article 2 (h) of the EUTR, and increase the risk of corruption.

Furthermore, in regions where access to the forest is reported to be made impossible by the (concession) owners or due to violent crime, independent verification on the ground cannot be guaranteed by any verification body.

⁵ These systems are the one based on the Documento de Origem Florestal (DOF, managed by Ibama), applicable in all States but Mato Grosso (based on Sisflora Mato Grosso, managed by SEMA Mato Grosso) and Pará (based on Sisflora Pará, managed by SEMA Pará). For the main documentation required, refer to the country overview Brazil on http://ec.europa.eu/environment/forests/timber_regulation.htm.

⁶ See article 3 of [Resolution n° 474 of 6th April 2016](#) (in Portuguese) from the National Council for the Environment, Ministry of the Environment, Brazil: the maximum conversion values from logs to 35% to sawn wood, 45% to laminated wood and 55% to peeled wood.

⁷ E.g. by using free Landsat 8 data: <https://landsat.usgs.gov/landsat-data-access>. You can find guidance on how to use the data here: https://www.youtube.com/watch?v=w4ZzqX5_W0o

If it is not possible to carry out necessary risk mitigation measures or if the risk of illegality is still non-negligible, operators should refrain from putting the timber on the EU market.

For further conclusions see individual points.

5. Next steps

See individual points

6. Next meeting

The next FLEGT/EUTR Expert Group meeting will take place on 14 February 2019, preceded by a Joint CITES/EUTR meeting on 13 February and followed by an Informal EUTR Enforcement Group meeting on 15 February a.m.

7. List of participants

COUNTRY	ORGANISATION
BELGIQUE/BELGIË (Belgium)	Federal Public Service Health, Food Chain Safety and Environment
ČESKO (Czech Republic)	Forest Management Institute (FMI/UHUL)
DANMARK (Denmark)	Danish Environmental Protection Agency
DANMARK (Denmark)	Environment Ministry
DEUTSCHLAND (Germany)	BMEL
DEUTSCHLAND (Germany)	Bundesanstalt für Landwirtschaft und Ernährung (BLE)
EESTI (Estonia)	Ministry of the Environment
ÉIRE/IRELAND (Ireland)	Department of Agriculture, Food and the Marine
ESPAÑA (Spain)	Permanent Representation of Spain
FRANCE (France)	Ministère de l'Agriculture et de l'Alimentation
HRVATSKA (Croatia)	Ministry of Agriculture
ITALIA (Italy)	Arma Carabinieri
ITALIA (Italy)	Ministry of agriculture food and forestry policies
ΚΥΠΡΟΣ (Cyprus)	Ministry of Agriculture, Rural Development and Environment, Department of Forests
LATVIJA (Latvia)	State Forest Service
LIETUVA (Lithuania)	Customs department
MAGYARORSZÁG (Hungary)	Trade Department of The Government Office of Capital City of Budapest
MALTA (Malta)	Ministry for the Environment, Sustainable Development and Climate Change
NEDERLAND (Netherlands)	Ministry of Agriculture, nature conservation and food quality
NEDERLAND (Netherlands)	NVWA
ÖSTERREICH (Austria)	Federal Forest Office
ÖSTERREICH (Austria)	Federal Ministry for Sustainability and Tourism

POLSKA (Poland)	Chief Inspectorate of Environmental Protection
POLSKA (Poland)	Ministry of Finance
PORTUGAL (Portugal)	Autoridade Tributária e Aduaneira
PORTUGAL (Portugal)	ICNF
ROMÂNIA (Romania)	Ministry of Waters and Forests
SLOVENIJA (Slovenia)	Ministry of Agriculture, Forestry and Food
SLOVENSKO (Slovakia)	Ministry of Agriculture and Rural Development of the Slovak Republic
SLOVENSKO (Slovakia)	Slovak Forestry and Timber Inspection
SUOMI/FINLAND (Finland)	The Finnish Agency of Rural Affairs
SVERIGE (Sweden)	Swedish Board of Agriculture
SVERIGE (Sweden)	Swedish Forest Agency
UNITED KINGDOM (United Kingdom)	Office for Product Safety & Standards