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## CEI-Bois Position on additional demand-side measures to halt deforestation, EU Timber Regulation and FLEGT Fitness Check

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As the *EU Communication on Stepping up EU Action to Protect and Restore the World's Forests* acknowledges, the main direct driver of **deforestation** worldwide is land use change caused by agricultural expansion (accounting for 80% of total deforestation), with weak governance, illegal activities and lack of investment in sustainable forest management also playing a role. This is also reported by the environmental organisation, [WWF](#): “*the main cause of deforestation is agriculture (poorly planned infrastructure is emerging as a big threat too) and the main cause of forest degradation is illegal logging. In 2019, the tropics lost close to 30 soccer fields' worth of trees every single minute.*”

According to the recent FAO publication titled “State of the World’s Forest 2020” the drivers behind the illicit exploitation and trade in forest resources are complex, varying greatly over time and by the location and type of commodity and illegal activity involved. Direct causes of illegal activities include weak forest governance in producer countries and a resulting lack of adequate law enforcement, unclear legal frameworks and limited capacity for developing and implementing land-use plans.

Timber and timber products from sustainably managed forests are not linked to global deforestation; on the contrary, deforestation prevents the future availability of wood material, whereas forests sustainably managed and with long-term economic value stay as forests.

In 2015 around 40 million hectares of forests were affected by natural disturbances caused by climate change, mainly in the temperate and boreal zones (source FAO, 2020). For this reason, the European Woodworking Industry calls for actions and investments to make forests and forest ecosystems more resilient to pests, diseases and invasive species and invites to coordination of national, regional and global activities for prevention, early detection, early action, implementation of phytosanitary measures and effective public awareness.

**Illegal logging** is a driver of forest degradation, which is why wood and wood-based products are already covered by the EU Timber Regulation, which ensures that products entering the EU market have been harvested and traded in compliance with the laws of the producing country. The European Timber Industry made great investments in order to ensure that forest laws, rules and regulations are complied with during the harvesting, transport, processing and trade of forest products.

Moreover, 90% of the wood processed by the European manufacturing industry originates from the EU Member States<sup>1</sup>, where adequate legislation against deforestation is in place. In addition to that, Member States have incorporated in their national legislation the definition of sustainable forest management as defined in the 1993 Helsinki resolution of FOREST EUROPE.

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<sup>1</sup> Source: European Commission, EIP on Raw Materials, Raw Materials Scoreboard 2018

In light of the above, CEI-Bois wishes to put forward the following recommendations on a new initiative to establish demand-side measures to halt deforestation:

### 1) Definitions

The new framework requires a clear and implementable **definition of deforestation**. **Internationally accepted definitions should be used**. FAO defines deforestation as “*the conversion of forest to another land use or the long-term reduction of tree canopy cover below the 10% threshold*”<sup>2</sup>. Such definition provides many advantages:

- It is clear and internationally accepted, which facilitates **enforcement of legislation**. Clearly defined terms make it easier to demonstrate and judge whether or not compliance has taken place, whereas binding requirements on imports of “sustainably produced” commodities is likely to be significantly more difficult to enforce, given that sustainability remains a context-dependent balance of social, environmental, and economic interests.
- For the same reason, any legislative framework imposing binding requirements should address first the issue of **deforestation**. The term “degradation”, especially when related to forests, requires defining and agreement by the Member States. FAO refers to national definitions only.
- According to the FAO definition areas of forest where the tree cover that has been temporarily removed as part of a **forest management scheme** or temporarily lost through **natural disturbances** are still considered forest. This allows to avoid any confusion between deforestation and sustainable forest management. Moreover, in case of biotic or abiotic forest disturbances (e.g. pests and storms) timber is harvested to stop spreading the infestation or to recover from the damage; this type of logging is part of sustainable forest management and should not be mistaken with deforestation.

### 2) Scope of the new framework

According to FAO (State of the World’s Forest 2020), 40% of deforestation in tropical areas is driven by large-scale commercial agriculture (cattle ranching, cultivation of soya bean and palm oil). Local subsistence agriculture also plays a role (33%), followed by urban expansion, infrastructure and mining. EU action should be cost-effective and focus on the main traded commodities driving deforestation. Moreover, the legality of harvesting and trading forest products is currently covered by the EU Timber Regulation, and double regulation in the future EU legal framework should be avoided. **Therefore, there is no need for the adoption of additional EU legislation for what concerns wood forest products**. Instead, **the existing legislative framework on timber products should be better implemented and enforced**, subject to the evaluation exercise currently undertaken by the European Commission.

### 3) Improving Due Diligence for timber products

CEI-Bois fully supports EU initiatives such as FLEGT (EU Forest Law Enforcement, Governance and Trade Action Plan) and the EU Timber Regulation (Reg. EU 995/2010), that aim to improve

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<sup>2</sup> FAO, State of the World’s Forests 2020

forest governance in third countries and to prevent wood and wood-based products that derive from illegally logged forests to enter the European market.

The EU Timber Regulation is a valuable instrument in the fight against illegal logging worldwide, as it obliges operators to put in place a due diligence system on timber that is placed on the EU market for the first time. To be effective, the Regulation must ensure a real level playing field between operators and countries and minimize the risk of loopholes. Due diligence is also an evolving process. Recommendations:

- **Extend the scope** of the EU Timber Regulation to include all wood products, printed products and furniture products currently outside the scope, except for recycled materials and wood packaging for transport. This would increase the coverage of imports of “high-risk” wood by almost 30%<sup>3</sup> and would deliver the highest environmental benefit<sup>4</sup>. This measure has been called for by the entire European Forest-based sector in an open letter signed on July 2018.
- Ensure a **consistent enforcement** by EU Member States. Different levels of stringency of the controls performed by Competent Authorities lead to an uneven playing field and ultimately undermine the goal of the Regulation. For example, improved communication between Customs and Competent Authorities is needed to ensure that companies that custom clear goods in a different European country than their registered country are checked. This currently happens in some European countries but not all.
- **Improved communication to operators**, e.g. through guidelines, can be helpful to improve due diligence systems. More inspections increase the effectiveness of the instrument, but only at the condition that it is clear what is expected from the operators in terms of documents and risk mitigation measures to adopted, depending on the species or origin country of the wood. The expectation on “legal compliance” can also be understood very differently among different stakeholders, from producers, government and NGOs in the country of production to companies and enforcement bodies in the EU. There need to be platforms for dialogue to **calibrate understanding and practices** between businesses, NGOs and enforcement bodies in order to allow continuous improvement on due diligence implementation.
- To enhance obligations on **traders** to gather and maintain key product information such as **species** and **country of harvest**. This information is crucial in demonstrating the achievement of due diligence to the conscious end-consumers, i.e. the improved supply chain transparency. Unfortunately, this information is often lost in the supply chain after operators. To enhance industry confidence on the EUTR, key product information needs to be passed along and maintained throughout the supply chain.
- The role for **third-party certification** as a risk mitigation tool should be further clarified and equally recognised by all Competent Authorities in Europe.

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<sup>4</sup> See Impact Assessment Study for the Revision of the Scope of the EU Timber Regulation, by COWI, Indufor & Milieu, May 2019, p. 88.

Finally, CEI-Bois fully supports the role of **EU Trade Agreements** as a leverage to promote sustainable forest management through a partnership approach and halt deforestation worldwide. Sustainable development chapters of FTAs are of paramount importance and their implementation and enforcement should be duly monitored by the EU.

Continuous engagement is also needed with other currently non-regulatory consumer countries such as China and India to adopt similar mechanism on tackling illegal logging and deforestation.

*CEI-Bois, the European Confederation of the Woodworking Industries, numbers 16 national organizations, 4 European Sector Federations as well as 1 Private Industrial Group. It is the organization backing the interests of the whole industrial European wood sector: close to 180.000 companies generating an annual turnover of 152 billion euros and employing 1 million workers in the EU.*

*The International Technical Association on Tropical Wood (ATIBT) created in 1951, is a non-profit entity. The approximately 130 members active in tropical forestry include producers, traders, governments, international organizations, research institutes, European Federations and producer associations from Côte d'Ivoire, Cameroon, Gabon and the Democratic Republic of Congo. ATIBT is in continuous communication with governments and key stake holders in the Congo Basin, and is fully committed to contribute to the sustainable and responsible development of the tropical forestry sector.*

*The European Timber Trade Federation (ETTF) represents the timber importers, distributors, traders and non-importing trader interest's across Europe and operates on a united base, representing and lobbying on behalf of the trade to national level and EU-authorities as well as key decision makers. At present ETTF has 15 member federations. ETTF also engages with environmental and other NGOs and provides a discussion and networking forum for the EU timber trade on key issues, from legislation and the environment, to sustainable timber promotion and best practice.*