

EU Deforestation Regulation (EUDR)

Implications for producers and importers

Agenda

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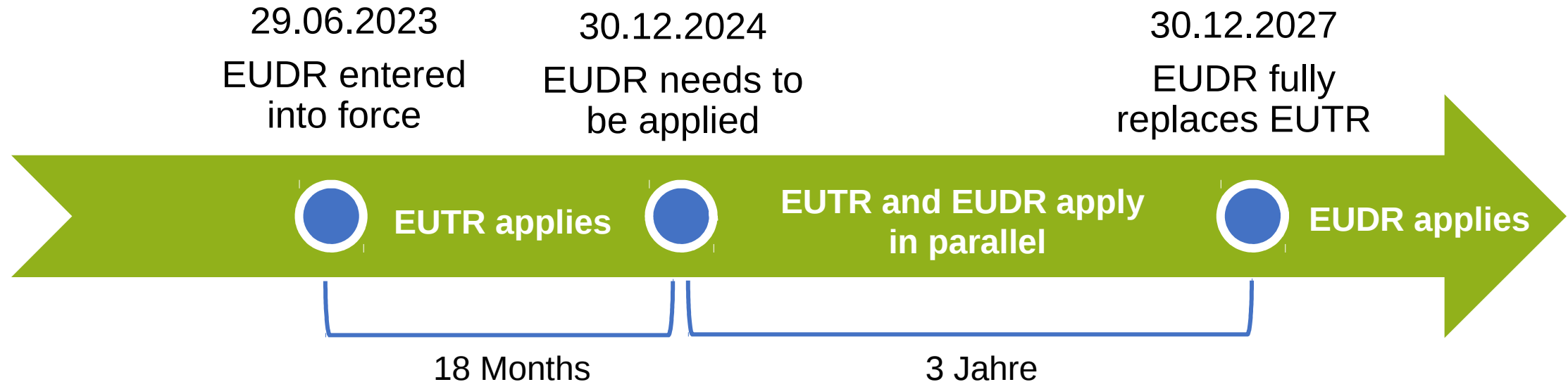
About us



- GD Holz Service GmbH: subsidiary of German Timber Trade Federation
- Consultants for EU Timber Regulation (EUTR), working with 150 importers
- Own due diligence system (DDS) for EUTR
- Currently developing digital DDS-platform for EUDR
- Contact: eutr@gdholz.de



Timeline EUDR



EUTR continues to apply in case of:

- Harvest before 29.06.2023
- Placing on the EU market between 30.12.2024 und 30.12.2027

EUDR applies to all wood harvested from 29.6.2023

Problem: Transition period

- For wood harvested from 29.06.2023 and placed on the EU market from 30.12.2024, EUDR applies
 - Exporters need to start collecting information now
- In theory, EUDR also applies for wood harvested from 29.06.2023 and placed on the EU market before 30.12.2024, in case the wood will be sold again in the EU after 30.12.2024
 - ETTF is lobbying for an exemption

Obligations of importers

Obligations of importers

- Apply a **due diligence system (DDS)** prior to placing on the market
- Aspects to be considered in DDS:
 - Deforestation
 - Forest degradation
 - Production (= harvest) according to local laws
- Submit due diligence statement to EU Information System
- Communicate information to customers

Deforestation/forest degradation

Importers must prove that products don't originate from a plot of land where deforestation or forest degradation occurred after 31.12.2020

- Deforestation: Conversion of forest to agricultural land
- Forest Degradation: Conversion of primary forest or naturally regenerating forest to plantation
- Possible evidence: Satellite images, official documents, certification, own audits etc.

Legality

Proof that wood was harvested according to local laws:

Land use rights

Forest-related
rules

Tax regulations

Labour rights

Environmental
protection

Trade and
customs
regulations

Human rights

Anti-corruption
regulations

Third parties'
rights

Indigenous
peoples' rights
(including FPIC)

FLEGT/CITES

No exemption for wood covered by FLEGT or CITES

- FLEGT serves as evidence of legality. Deforestation and forest degradation still need to be checked
- For CITES-wood, a complete DDS must be applied

Information required from producers

Information required from producers

- Geo-coordinates of all plots of land where wood was harvested:
 - Area under four hectares: single point
 - From four hectares: polygon
 - In case of several plots of land: **everything must be specified!**
- Date or time range of harvest
- Information about the product (scientific name etc.)

Information required from producers

- Evidence that wood was harvested legally
- Evidence that the wood doesn't originate from a plot of land where deforestation or forest degradation occurred after 31.12.2020
- For high-risk-countries (evidence of corruption or mixing along supply chains etc.), additional information and risk mitigation measures might be necessary

Consequences of non-compliance

Consequences of non-compliance

- Without geocoordinates, no due diligence statement can be submitted
- ❑ Customs will not allow import
- Importers and their clients are responsible for the legality of imports
- Companies can be sued by authorities

Consequences of non-compliance

- Through satellite imagery and EU Information System, authorities can identify plausibility of information
- False information will cause serious problems for importers:
- High level of penalties (maximum amount: at least **4% of turnover**)
- **Exclusion** from public procurement, **seizure** of products
- Public "**blacklist**" of companies who violate the regulation

Consequences of non-compliance

- Any person is allowed to submit **substantiated concerns** to authorities
 - Authorities must investigate substantiated concerns **immediately**
 - Anyone with "sufficient interest" can **challenge decisions** by authorities in court
- Environmental NGOs will make use of this opportunity

Conclusion

- Illegal logging, deforestation and forest degradation are not the problem. The challenge is collecting and forwarding the necessary proof that the wood is legal and deforestation-free
- Insufficient information = no import into EU possible
- Nobody is prepared better for this regulation than forestry enterprises in the tropics (already use GIS systems; documents proving compliance exist; experience with EUTR)

Thank you for your attention!

Please inform your exporters about the
requirements of EUDR!