

Tropical Timber Trade and the EU Deforestation Regulation (EUDR)

INTERNATIONAL TROPICAL TIMBER COUNCIL: SIXTIETH SESSION

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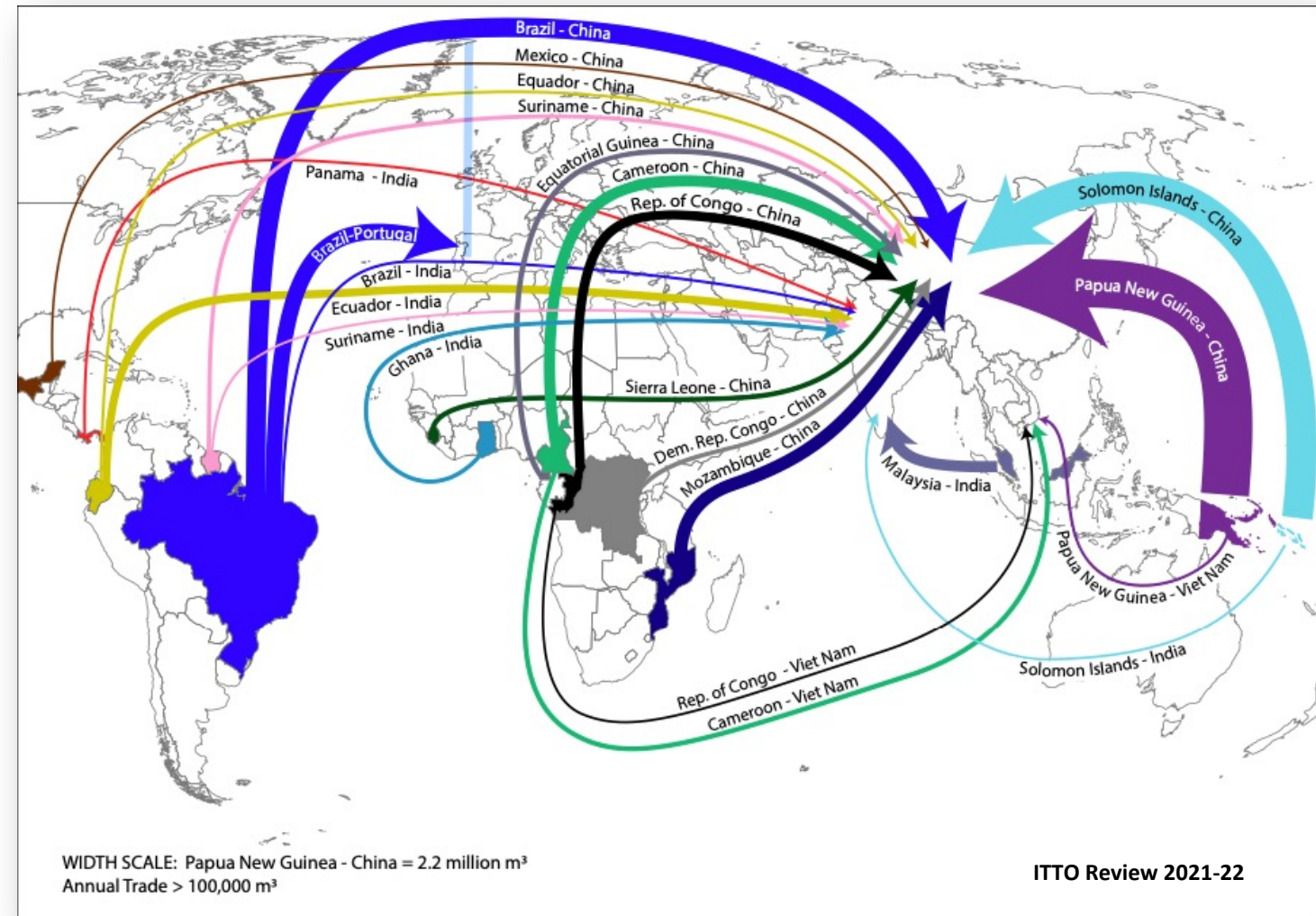


Overview of the Tropical Timber Trade

- World roundwood production
 - 4.0 billion m³ per year (FAO 2024)
- Asia + Africa + South America
 - 2.4 billion m³ per year (FAO 2024)

In 2023, the EU imported a total of 1.59 million tonnes of tropical wood. Compared to the previous year, imports decreased by 18%.

2023 import volumes are also 12% below the average of the years 2013 to 2019 (1.8 million tonnes).



The EU Timber Regulation (EUTR) – Background

- Aimed at combatting **illegal logging**
- First introduced in **early 2013**.
- To ensure only legally harvested timber and timber products are sold in EU market
- Applies to companies that trade and import within the EU
- Operator and trader obligations
 - Establishing and maintaining a due diligence system (DDS)
 - Record-keeping and information sharing
- Due diligence system components
 - Information; Risk assessment
 - Risk mitigation
- Enforcement mechanisms and penalties
 - Varies depending resources, national priorities and legal frameworks
- Challenges face in implementation
 - Supply chain complexity and limited resources for enforcement



INTRODUCED



MAIN OBJECTIVES – COMBAT
ILLEGAL LOGGING AND
ASSOCIATED TRADE



KEY REQUIREMENTS – DUE
DILIGENCE, RISK ASSESSMENT,
RISK MITIGATION

The EU Deforestation Regulation (EUDR) – Background

- EU regulation designed to address deforestation associated with several commodities and derived products imported into the EU
 - Adopted in 2023; Set to be enforced by 2025
 - Builds on the lessons learned ... from the EUTR
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- Due diligence
 - More rigorous and standardised
 - SMEs face simplified due diligence requirements
 - Traceability
 - MANDATORY Geolocation and satellite verification
 - Expanded sustainability standards
 - New deforestation-free production – legality to sustainability
 - Risk based compliance
 - Extensive risk categorisation (low, standard, high) – tailored obligations



ADOPTION DATE – APRIL
2023



IMPLEMENTATION TIMELINE



KEY OBJECTIVES – MINIMIZING
EU-DRIVE DEFORESTATION
AND FOREST DEGRADATION



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	EUTR	EUDR
Year Introduced	2013	2023 (full application expected by end of 2024)
Primary Objective	Combat illegal logging and associated trade	Minimize EU-driven deforestation and forest degradation
Scope	Timber and timber products	Products “that contain, have been fed with or have been made using” cattle, cocoa, coffee, palm oil, rubber, soya and wood , (and derived products)
Focus	Legality of harvest	Deforestation-free and legality (and no degradation for wood)
Key Requirement	Due diligence to ensure legality	Due diligence to ensure products are deforestation-free, legally produced
Definition of Compliance	Legally harvested according to applicable legislation in country of harvest	Not produced on land deforested after 31/12/2020 and in accordance with relevant legislation of the country of production
Traceability Requirements	Information on supply chain, but no strict geolocation requirement	Strict geolocation requirement (plot of land where commodities produced)
Risk Assessment	General risk assessment based on available information	Country benchmarking system (low, standard, high risk) affecting due diligence obligations
Operator Obligations	Implement due diligence system, maintain records	Enhanced due diligence, mandatory due diligence statement, geolocation data collection
Penalties	Set by individual EU member states	Harmonized minimum penalties across EU, including fines up to 4% of annual turnover
Enforcement	Varied across EU member states	More stringent and harmonized, with minimum check requirements
Market Coverage	EU internal market	EU internal market and exports from the EU
Impact on Smallholders	Limited consideration	Specific provisions and potential support measures
Monitoring Mechanism	Biennial reports by member states	Annual reports by member states, EU-wide information system

Implications for Producing Countries

CONSEQUENCES / RISKS

- Increased scrutiny and compliance requirements
- Need for enhanced traceability systems
- Increased production costs without associated premiums
- Potential market access challenges
- Segregated markets at the expense of smallholders/S.M.E.
- ...

OPPORTUNITIES

- Opportunities for sustainable forest management
- Access to new markets or market segments with premium prices
- Improved traceability and supply chain efficiency
- Certification and sustainability incentives
- Access to capacity building and financial support
- ...



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Should you feel concerned? A quick tale of definitions

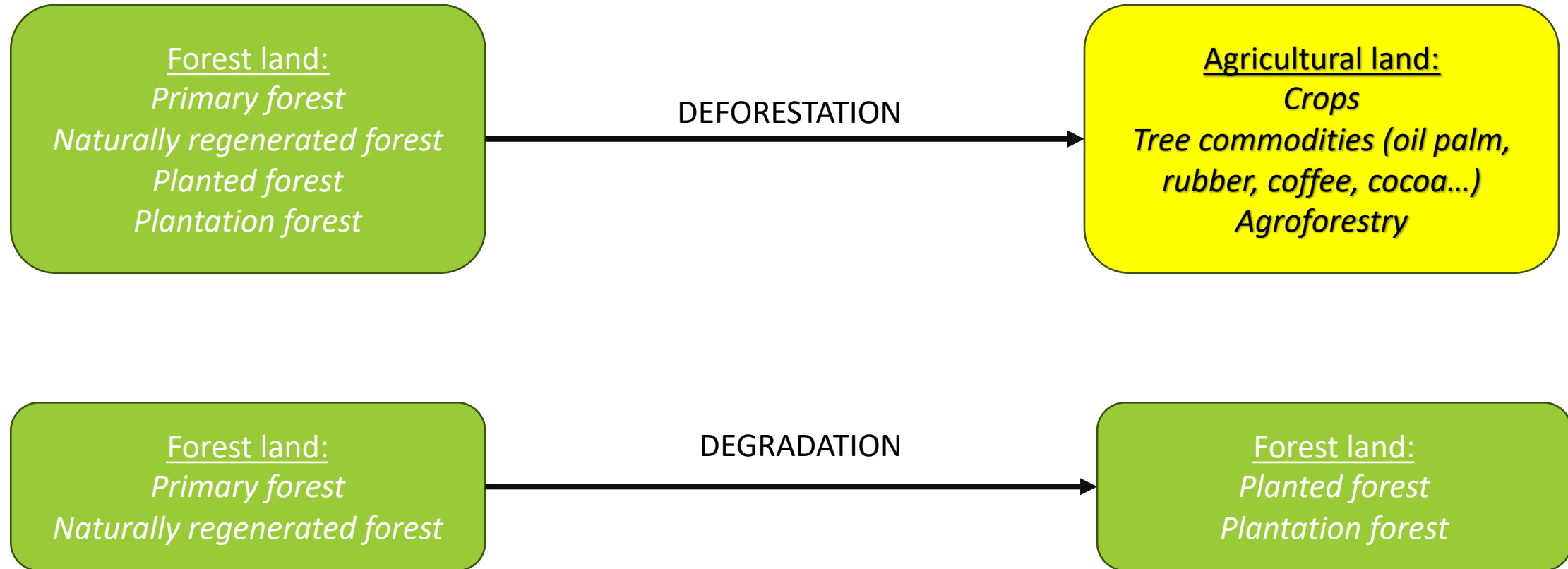
- **Forest:** land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10%, or trees able to reach these thresholds in situ. This definition excludes land that is predominantly under agricultural or urban use.
- **Primary Forest:** A naturally regenerated forest composed of native tree species, with no visible signs of human activities and undisturbed ecological processes.
- **Naturally Regenerated Forest:** Predominantly consists of trees established through natural regeneration, possibly mixed with some planted trees
- **Planted Forest:** Consists mainly of trees established through planting or deliberate seeding, making up more than 50% of the growing stock at maturity.
- **Plantation Forest:** An intensively managed planted forest, typically consisting of one or two tree species, even-aged, and regularly spaced.
- **Agricultural plantation:** The EUDR defines an agricultural plantation as land where tree stands are part of an agricultural production system, such as fruit tree plantations, oil palm plantations, and **Agroforestry** systems where crops are grown under tree cover
- **Deforestation:** The conversion of forest land to agricultural use.
- **Degradation:** Structural changes in forest cover leading to the conversion of primary or naturally regenerating forests into plantation or planted forests, reducing ecological value.
- **Temporary tree cover removal** is assessed based on whether the area can regenerate to meet forest criteria. Specifically, land must span more than 0.5 hectares, with trees higher than 5 meters and a canopy cover of more than 10%. If the woody vegetation is expected to surpass these thresholds, it is not considered deforestation. Temporary removal due to logging or natural events, if followed by regeneration, does not count as deforestation, provided no permanent land use change occurs.



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Conclusion, or rather not yet it seems...

- Implementation is delayed
- Problematic amendments have been proposed by the European Parliament
- Methodology development (benchmarking, mapping - <https://forest-observatory.ec.europa.eu/>)
- Various bilateral or unilateral initiatives to challenge or support the actual text coming left and right
- Based on current definitions, selective logging is not part of the remit of EUDR... something few seem to make reference of, including looking at the implications in terms of compliance.
- Legality remains key (and is somewhat overlooked...)
- The current definitions are problematic for some land-uses (agroforestry, rubber plantation, plantation forest)

To Be Continued....



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“The single biggest problem in communication is the illusion that it has taken place.” (George Bernard Shaw)

THANK YOU

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The Center for International Forestry Research (CIFOR) and World Agroforestry (ICRAF) envision a more equitable world where forestry and landscapes enhance the environment and well-being for all. CIFOR–ICRAF are CGIAR Research Centers.



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Global
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