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Global Initiatives in timber legality and deforestation-free supply chains

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Timber legality legislation around the world

-  US Lacey Act; modified in 2008
-  EU Timber Regulation, 2010; in force 2013
-  Australia's Illegal Logging Prohibition Act and Regulation, 2012; 2018
-  Japan Clean Wood Act, 2016
-  South Korea Act on the Sustainable Use of Timber, 2019
-  Vietnam Decree on timber legality assurance system, 2020
-  UK Timber Regulation (replaces EU Timber Regulation), 2021





South Korea- documentation-based

- Act on the Sustainable Use of Timber
- Applies to logs, lumber, plywood, wood pellets
 - *As of Feb. 2023, applies to 4701-05 pulp, 4408 veneer, and 4409 shaped wood, 4410 particle board and 4411 fibreboard*
- Requires documentation to prove legality of imported forest products
 - Log export permit (*logs*)
 - FSC or PEFC certification (*all*)
 - Alternate approach (*lumber- based on negotiation*)
 1. Certificate/letter from a recognized Canadian forest or wood products association to which the exporter belongs
 2. Exporter's business registration certificate/incorporation certificate
 3. Document providing information on the supply chain, including a list of suppliers of the wood products.



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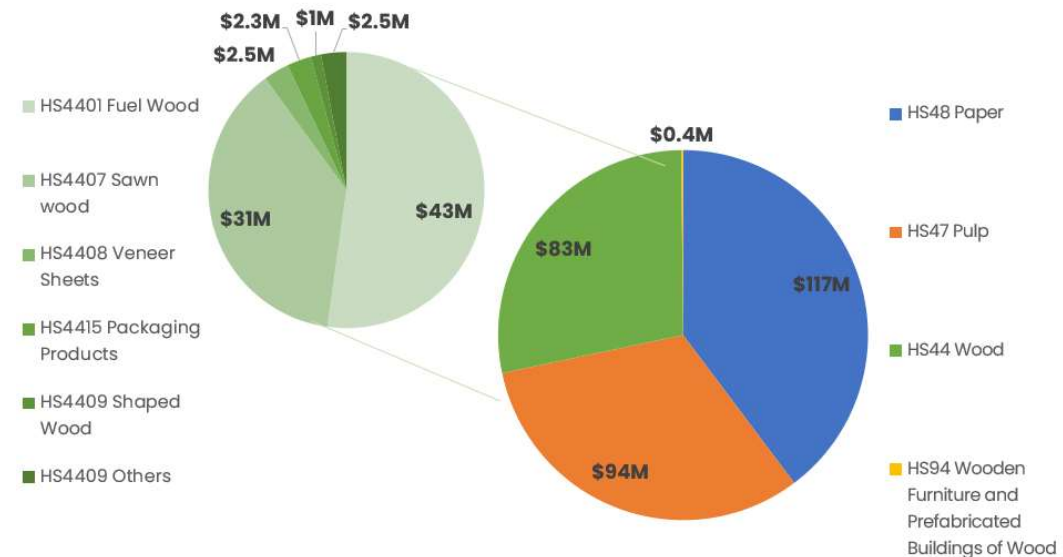
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EU Regulation on deforestation-free products


- Aims to:
 - Reduce consumption of products stemming from deforestation and forest degradation
 - Increase trade in legal and deforestation-free products
- Applies to wood, cattle, soya, cocoa, coffee, oil palm, rubber and product derivatives
 - Replaces EUTR, includes products in EUTR scope
- Provisional text published December 2021
 - Will take effect 18 months after publication in EU Official Journal
 - Tentative entry into force: **May-June 2023**
 - Tentative entry into application of obligations: **Dec. 2024**

Quebec forest product exports to the EU, 2022 (CAD\$294.6M)



EU- Overview of requirements

- Products shall not be placed or made available on the EU market, or exported from the EU market, unless these conditions are met:
 - Deforestation-free
 - Produced in accordance with legislation in country of production
 - Covered by **due diligence statement**
- **Due diligence based approach**
 - Focused on high resolution traceability

 Council of the European Union

Brussels, 21 December 2022
(OR. en)

16298/22

Interinstitutional File:
2021/0988(COD)

ENV 1340
CLIMA 893
FORETS 142
AGRI 734
RELEX 1763
CODEC 2088

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
To: Delegations

No. prev. doc.: 16054/1/22 REV 1
No. Clon doc.: 14151/21 + ADD 1-7 - COM(2021) 706 final

Subject: Proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010
- Letter to the Chair of the European Parliament Committee on the Environment, Public Health and Food Safety (ENVI)

Following the Permanent Representatives Committee meeting of 21 December 2022 which endorsed the final compromise text with a view to agreement, delegations are informed that the Presidency sent the attached letter, together with its Annex, to the Chair of the European Parliament Committee on the Environment, Public Health and Food Safety (ENVI).

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EU- Mandatory due diligence

- Due diligence information gathering required for all operators and non-SME traders
 - Product description incl scientific name
 - Quantity
 - Name/company of supplier
 - Name/address of those to whom products have been supplied
 - **Country of production and geo-location coordinates for all plots of land where product was produced, time/date range of production (also required on due diligence statement)**
 - adequately conclusive and verifiable information that the relevant products are:
 - deforestation-free;
 - produced in accordance with relevant legislation of the country of production

Traceability requirement: 'Geolocation': the geographical location of a plot of land described by means of latitude and longitude coordinates corresponding to at least one latitude and longitude point and using at least six decimal digits..... for plots of land of more than 4 hectares, the geographical location shall be provided using polygons, meaning sufficient latitude and longitude points to describe the perimeter of each plot of land.



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United States – State level bills on deforestation-free procurement

- California Deforestation-Free Procurement Act (first introduced in February 2021)
 - Requires that companies contracting with the state do not contribute to **tropical (or boreal) deforestation** directly or through their supply chains
- New York Deforestation-Free Procurement Act (first introduced in March 2021)
 - Requires that companies contracting with the state do not contribute to **tropical or boreal intact forest degradation or deforestation** directly or through their supply chains (previous version)
 - Requires that companies contracting with the state do not contribute to **tropical deforestation and tropical primary forest degradation** (current version)
- Governor of Colorado Executive Order on deforestation-free procurement (April 2022)
 - Encourages procurement of forest-risk commodities that “...do not contribute to **tropical or boreal intact forest degradation or deforestation** directly or through the supply chain...”



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United States – Federal Initiatives

- Fostering Overseas Rule of Law and Environmentally Sound Trade (FOREST) Act (June 2021)
 - Prohibits all imports in the United States of forest-risk commodities that have contributed to **illegal deforestation**
- President Biden’s Executive Order on “Strengthening the Nation’s Forests, Communities, and Local Economies” (April 2022)
 - Head of various U.S. agencies to submit a report to the President on government-wide approaches to tackle **international deforestation** by April 2023
- Federal Register Notice seeking feedback on options for a whole-of-government approach to combating **international deforestation** (October 2022)



Thank you

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Further detail on EU Regulation on deforestation-free products



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Deforestation-free requirement

- Products contain, have been fed with, or have been made using commodities that were produced on land not subject to deforestation after Dec. 31, 2020.
- In case of products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation after Dec. 31, 2020.

Relevant Definitions

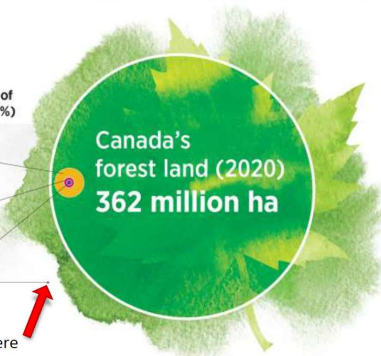
- **‘Deforestation’**: the conversion of forest to agricultural use, whether human-induced or not;
- **‘Forest Degradation’**: structural changes to forest cover, taking the form of the conversion of primary forests or naturally regenerating forests into plantation forests or into other wooded land and the conversion of primary forests into planted forests;

plantation forest: a planted forest that is intensively managed and meets, at planting and stand maturity, all the following criteria: one or two species, even age class, and regular spacing.

‘planted forest’: forest predominantly composed of trees established through planting and/or deliberate seeding provided that the planted or seeded trees are expected to constitute more than fifty percent of the growing stock at maturity;

How have disturbances shaped Canada's forests?

Type of disturbance	Area (ha)	Percentage of forest area (%)
Area affected by insects (2019)	14,473,760	4.00
Area harvested (2019)	756,875	0.21
Area burned (2020)	227,477	0.06
Area deforested (2019)	49,046	0.01



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National legislation requirement

- Produced in accordance with legislation in country of production

Relevant Definitions

- **‘relevant legislation of the country of production’** means the laws applicable in the country of production concerning the legal status of the area of production in terms of:
 - - land use rights
 - - environmental protection
 - - forest-related regulations including forest management and biodiversity conservation, where directly related to wood harvesting
 - - third parties’ rights
 - - labour rights
 - - human rights protected under international law
 - - the principle of free, prior and informed consent, including as set out in the United Nations Declaration on the Rights of Indigenous Peoples
 - - tax, anti-corruption, trade and customs regulations



Due diligence statement requirement

- Product must be covered by due diligence statement (Annex 2)
 - Operator's name/address
 - HS code, trade name and scientific name of product, quantity
 - Country of production and geo-location coordinates of all plots of land where commodity was produced
 - Confirmation of due diligence
- Process:
 - Submitted by Operator to EU Information System
 - Reviewed by Customs prior to entry



Country benchmarking

- Applies to EU countries, 3rd countries, or parts of countries
- All countries start out as 'standard risk'
- Change in risk ranking (to low or high), based on:
 - Commission assessment, considering 'scientific evidence and internationally recognized sources'.
 - **Primary assessment criteria include:**
 - (a) rate of deforestation and forest degradation,
 - (b) rate of expansion of agriculture land for relevant commodities,
 - (c) production trends of relevant commodities and of relevant products,
 - Assessment may also include info provided by country, national/sub-national laws in place, transparency of data, existence or enforcement of laws protecting human and Indigenous peoples' rights, among other info (p. 117)
- Commission to invite countries' input with possible change in ranking
- Rating to be determined by Commission Implementing Act prior to operationalization

