



European & International timber industries: Open Letter ahead of the Plenary vote on the Proposal for a Regulation 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

Brussels, 07.09.2022

The European woodworking industries and the trade association representing the private tropical forest sector (ATIBT) recognise illegal logging and forest crimes as a serious global problem. As a global problem, illegal logging and forest degradation cannot be tackled without a full involvement and commitment of non-EU countries. It is overall a complex issue that involves not only an environmental dimension, but also economic and societal ones. In addition to the loss of revenue to governments and inefficiency of resource use, illegal logging directly threatens ecosystems and biodiversity across the world.

The European wood working industries and ATIBT are key partners in realising the objectives of the Green Deal and they are fully committed to comply with the EU legislation aimed at effectively tackling illegal logging.

At the same time, in light of the possible adoption of the new *“Regulation 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”* by the EU Parliament, the European woodworking industries ask policy makers to refrain from introducing new legal or technological requirements that have not been adequately assessed from an economic, scientific and feasibility perspective.

In particular, the introduction of a mandatory geolocation requirement has been put forward without any proper impact assessment and consultation with forestry experts as regards the elaboration on the methodology and its feasibility. Collecting geolocation data of small forest holders implies important technical, logistical, legal, and governance challenges which go beyond the capacity of the responsible stakeholders. If such challenges are not solved under a multi-stakeholder approach involving local governments, local industry actors, EU operators, the Commission and NGOs, operators will not be able to collect reliable geolocation information to plot land information for the majority of smallholders currently part of their supply chains. Low risk countries should be excluded from **the requirement of geolocation** to avoid unnecessarily complicating the simplified due diligence process. **It shall also not be introduced as a mandatory requirement for high/standard risk countries prior to having established appropriate Partnerships in these countries and prior to having put in place a reliable system.**

Similarly, as it is of utmost importance to **remove any duplication of the due diligence efforts, that duty shall remain on operators only**, as already underlined by the EU Council in its general approach. The due diligence procedure required by this **Regulation should be based on three elements as in the original Commission proposal: information requirements, risk assessment and risk mitigation measures** without introducing an additional unclear reporting obligation as it is already ensured via the Register Information System. In this respect, **prior to the entering into force of the new Regulation, the European Commission should issue clear, easy to understand, and commodity-specific guidelines to help operators**, in particular SMEs, to comply with the requirements of this Regulation with the aim of minimising the administrative and financial burdens. The guidelines should

also support operators to fulfil their due diligence requirements. **The information system (“Register”) should also be set up by the Commission before this Regulation enters into force.**

The European wood working industries and ATIBT also express concern that the European Parliament **did not recognise the importance of the international agreement CITES an effective tool** that regulates international trade in threatened and endangered species before any permit for trade can be issued.

While the European wood working industries and ATIBT recognise the rights of natural and legal persons to submit substantiated concerns, a balance must be struck to also protect operators against unjustified claims with potentially far-reaching legal consequences. **The Deforestation-free Products Regulation should at least make clear that unsubstantiated concern shall be rejected by authorities and the identity of the natural or legal persons shall be publicly known.** It is important to emphasise that, **overall, the measures aimed at increasing transparency are welcome as long as they cannot be instrumentalised by market competitors and other organisations with the goal of damaging operators via unfounded allegations.**

Finally, the European wood working industries and ATIBT are concerned about **broadening the scope of this Regulation to include financial institutions because it would be very burdensome and consequentially it may indirectly restrict forestry and timber industry/trade companies’ access to banking, insurance, and investment services,** as many financial institutions may not wish to deal with the burden of servicing such companies under this Regulation. Furthermore, it should be also noted that some aspects proposed in the ENVI Report – such as requiring financial institutions to collect deforestation policies from forest owners - are not feasible for forestry: indeed, many forest owners are small private landowners that do not have in place a formal deforestation policy.

Finally, it should be recalled that the current geopolitical situation and the skyrocketing costs for electricity and gas make it prohibitive for our companies to put in place new investments. For this reason, policy-driven cost increases should be carefully examined and evaluated and only introduced where absolutely necessary.

Signatories:



The [European Confederation of Woodworking Industries \(CEI-Bois\)](#) is an umbrella organisation representing 21 European and National organisations from 15 countries. CEI-Bois is the body backing the interests of the whole industrial European wood sector: more than 180,000 companies generating an annual turnover of 152 billion euros and employing 1 million workers in the EU.



[ATIBT](#) promotes the development of a sustainable, ethical and legal industry of tropical timber as a natural and renewable resource, essential for the socio-economic development of producing countries. It acts in favour of the sustainable management of tropical forests and a healthy economy that promotes social development.



The [European Timber Trade Federation](#) promotes the interests of the timber trade across Europe, representing key national federations for importers, merchants and distributors. The ETTF 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.



The [European Organisation of the Sawmill Industry \(EOS\)](#) is a non-profit association representing the interests of the European sawmilling sector on European and International level. Through its member federations and associated members, EOS represents some 35,000 sawmills across Europe, around 80% of the total European sawn wood output in a sector that has a turnover of around 35 billion EUR and employs about 250,000 people in the EU.