



# What Brexit means for wood and wood products trade

A guide to understanding the impact of the UK's departure from the EU, for companies who import and export wood products between the UK and EU.

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# 1 Introduction

Until 31<sup>st</sup> December 2020, current EU law for importing and exporting wood and wood products applies to the UK. After **the 31<sup>st</sup> December 2020**, the EU Timber Regulation (EUTR) will no longer apply<sup>1</sup>. Note: due to continuing uncertainty regarding Northern Ireland the information below (except where stated) refers to GB (England, Scotland, and Wales).

This document has been produced as a guide to provide information on the changing regulation and the impact for companies who import and export wood and wood products between the UK and EU countries.

The situation is continually changing, this paper has been produced to the best of our knowledge as of 12<sup>th</sup> November 2020 and will be updated on an ongoing basis.

With the support of the [EU LIFE Programme](#), this information will also be available at [www.eutr.info](http://www.eutr.info), as part of our activities connected with Preferred by Nature's [LIFE II project](#), the objectives of which are to support the closing of gaps in the EUTR implementation, and strengthening capacities where duty holders are still struggling to achieve effective compliance.

For further information on due diligence requirements and timber regulation, please see:

**European Commission:** [General website for information on the EUTR](#) and [Notice to Stakeholders: Withdrawal of the UK from the EU rules in the field of fight against illegal logging and associated trade](#).

**UK Government:** [General website for information on the EUTR/UKTR](#) and [Trading timber: imports and exports from 1<sup>st</sup> January 2021](#).

**Preferred by Nature:** [LegalSource Due Diligence System](#).

**Preferred by Nature:** [Sourcing Hub](#) for information and timber legality country risk-assessments.

**Timber Trade Federation:** [Brexit](#).

We welcome feedback on the content of this guide in relation to the obligations of UK or European Union companies. Please email Rosie Sibley [rsibley@preferredbynature.org](mailto:rsibley@preferredbynature.org) or David Hadley Garcia [dhadley@preferredbynature.org](mailto:dhadley@preferredbynature.org).

<sup>1</sup> <https://ec.europa.eu/environment/forests/pdf/Notice-to-stakeholders-brexit-illegal-logging-and-associated-trade-en.pdf>

# 2

## Guidance for companies based in Great Britain



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### 2.1 Updating your due diligence to include EU suppliers

For GB companies which import wood and wood products from EU countries into GB, from January 1<sup>st</sup> 2021, these will be required to conduct due diligence to comply with UK regulation to ensure that wood and wood products have not been illegally harvested or traded. The UK will have its own law for trading wood and wood products. At least in the beginning, this law will have the same provisions and requirements as the existing EUTR.

From 1<sup>st</sup> January 2021, businesses will need to comply with the UK regulation and will be required to conduct due diligence when importing wood and wood products from the EU member states. This is the same as when companies currently import wood and wood products from outside of the EU. In other words, as of 1<sup>st</sup> January 2021, wood and wood products imported from EU countries will not be treated differently to imports from the rest of the world.

The UK regulation will also apply, when a GB-based producer places wood on the GB market for the first time.

According to the Timber Trade Foundation (TTF), currently only around 12% (around 1.23 million cubic metres) of annual UK imports are from outside of the European Economic Area (EEA)<sup>2</sup> are currently subject to due diligence under the EUTR<sup>3</sup>. Therefore companies will be expected to conduct due diligence on a much greater proportion of wood and wood products in 2021. To do so, companies should evaluate their current EU purchases to identify products, and

begin to consider how the changes will affect them.

Due diligence requirements will require GB based operators to:

- Gather information on the wood and wood products including the species, quantity, supplier, country of harvest, and how it complies with relevant laws.
- Assess the risk of timber being harvested and traded illegally and provide justified conclusions as to whether the risk is negligible or non-negligible.
- Address any non-negligible identified risks by requesting further information or implementing steps to ensure that the risks are mitigated, such as by conducting on-site visits, timber testing, engaging with suppliers or changing to a certified supply chain.

### 2.2 Risk profiles of the EU countries

The Preferred by Nature Sourcing Hub provides information on the risk of illegality of timber harvesting by country. When conducting due diligence on wood and wood products imports the risk of illegally harvested and traded wood should be assessed. Illustration below provides a summary of risk profiles for each EU member state. For further information regarding the risk rating within each country and how to mitigate risks within the country of harvest refer to the [Preferred by Nature Sourcing Hub](#).

<sup>2</sup> European Economic Area includes the Member States of the European Union (EU) and three countries of the European Free Trade Association (EFTA) (Iceland, Liechtenstein and Norway; excluding Switzerland)

<sup>3</sup> <https://ttf.co.uk/brexit-and-the-timber-industry/>

## Timber legality risk profiles of EU countries

### Low risk



Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Luxembourg\*, Netherlands\*, Portugal\*, Sweden

### Specified risk



#### Bulgaria

Specified risk for 18 sub-categories including:  
1.1, 1.2, 1.3, 1.4 Rights to harvest; 1.5, 1.6, 1.7 Taxes and fees; 1.8, 1.9, 1.10, 1.11, 1.12 Timber harvesting; 1.13 Third party rights; 1.16, 1.17, 1.18, 1.19, 1.21 Trade and transport.

#### Croatia

Specified risk\* for 1.4, 1.9, 1.10, 1.11, 1.12 Illegally harvested wood; and 3.1, 3.2, 3.3, 3.4 Wood from HCVs

#### Hungary

Specified risk\* for 1.4, 1.10, 1.11, 1.12 Illegally harvested wood

#### Italy

Specified risk for 12 sub-categories. 1.3, 1.4 Legal rights to harvest; 1.6, 1.7 Taxes and fees; 1.8, 1.9, 1.10, 1.11, 1.12 Timber harvesting activities; 1.16, 1.17, 1.21 Trade and Transport

#### Latvia

Specified risk for 2 sub-categories 1.11 Health and Safety; and 1.21 Due diligence procedures

#### Lithuania

Specified risk for 2 sub-categories 1.11 Health and Safety; and 1.21 Due diligence procedures

#### Poland

Specified risk for 2 sub-categories 1.5. Payment of royalties and harvesting fees; and 1.21 Due diligence procedures.

#### Romania

Specified risk for 11 sub-categories 1.1, 1.4 Legal rights to harvest; 1.5, Taxes and fees; 1.8, 1.9, 1.10, 1.11, 1.12 Timber harvesting activities; 1.16, 1.17, 1.21 Trade and transport.

#### Slovakia

Specified risk for 3 sub-categories 1.4 Legal rights to harvest; 1.9 Timber harvesting activities; and 1.21 Due diligence procedures.

#### Slovenia

Specified risk\* for 1.4 Illegally harvested wood

#### Spain

3 Specified risks for 2 sub-categories 1.3 Management and harvesting planning; and 1.6 Value added tax fraud

### Not assessed



Cyprus, Greece, Malta



## 2.3 Importing from the EU

Due diligence will be required for imports from all countries, as well as those within the EU.

GB operators will need to ensure there is negligible (low) risk of illegally harvested wood entering the supply chain, see illustration on page 5 for a summary risk profile of each EU member state, according Preferred by Nature's Sourcing Hub. When importing from an EU country with non-negligible risks, mitigation steps will be needed before the wood source can be imported. This may include working with your supply chain to obtain further documentation or implement upstream risk mitigation measures. Other actions may include conducting on-site visits or sourcing certified, timber testing, or (where required) changing the supply chain or supplier.

It will be necessary to make customs declarations when a company imports goods from the EU, these are the same rules which currently apply when importing from the rest of the world. An EORI<sup>4</sup> number starting with GB is required, customs duties and VAT on all

imports will be required. VAT and excise procedures will need to be applied to goods traded in the EU – the UK global tariff will apply to all imports unless the country has a trade deal with the UK, has a GSP status with the UK, or an open product quota registered with the WTO<sup>5</sup>.

## 2.4 Exporting to the EU

GB companies exporting to EU should expect to provide additional information to meet EUTR due diligence rules.

GB companies will be requested by their EU buyers to evidence that the wood or wood products are low risk for illegal harvesting or trade. This may include declaring and providing supporting evidence on: the country of harvest; species; certification status; and proof of the supply chain. Companies exporting wood to the EU at a minimum should be ready to provide information as requested by buyers, which help the EU defined Operators to conduct due diligence.

<sup>4</sup> Economic Operators Registration and Identification number

<sup>5</sup> <https://ttf.co.uk/brexit-and-the-timber-industry/>

## 2.5 Northern Ireland

Currently changes to UK requirements will not apply to imports and exports from Northern Ireland. However, the situation is continually changing, this section has been developed to the best of our understanding and will be updated as required.

- Imports to Northern Ireland from the EU, the EUTR will still apply.
  - Businesses will not be required to conduct due diligence on imports from EU member states. However, Operators will continue to be required to conduct due diligence on wood and wood product imports into Northern Ireland from outside the EU.
- Exports from Northern Ireland to the EU, the EUTR will continue to apply.
- Exports from GB (England, Scotland, Wales) to Northern Ireland, due diligence will be required under the EUTR.
- Exports from Northern Ireland to GB no new checks are required.
  - No new checks on due diligence are expected to be required for goods moving from Northern Ireland to Great Britain (England, Scotland and Wales), however supply chain documents should be maintained for traceability.

## 2.6 FLEGT Licenses

Under the EUTR, FLEGT licensed scheme wood and wood products imported between the European Union and VPA countries, namely Indonesia (other countries with signed VPAs but which have yet to begin issuing licences include: Cameroon, Central African Republic, Ghana, Guyana, Honduras, Liberia, Republic of Congo, and Viet Nam), is considered as legally harvested and does not require due diligence to be conducted.

Following the end of the transition period, a VPA between the UK and Indonesia will come into effect, this will mean that FLEGT licenses will continue to be required for wood and wood products imported from countries with VPAs, and providing the FLEGT licence is valid further due diligence will not be required.

Otherwise, following the end of the transition period, agreements and VPAs which are made between the EU and third countries will not become UK law and therefore due diligence will still be required for GB-based companies.

## 2.7 CITES

With regards to CITES, there will be no change to current system of permitting. The UK will continue to recognise CITES permits. CITES documents will be required to move CITES species between the UK and the EU, for species listed in Annexes A to D. A designated point of entry and exit for products with a CITES permit will be required<sup>6</sup>.

<sup>6</sup> <https://www.gov.uk/guidance/trading-and-moving-endangered-species-protected-by-cites-if-theres-no-withdrawal-deal>



# 3

## Guidance for companies based in the EU



3.1 Updating your due diligence system to include GB suppliers

3.2 Risk profile for the UK, as a country of origin

3.3 Exporting to Great Britain

### 3.1 Updating your due diligence system to include GB suppliers

After 31<sup>st</sup> December 2020, the obligation to conduct due diligence also applies to companies who place wood and wood products on the EU market from the GB, no matter where the timber was harvested<sup>7</sup>.

EU-based companies which import wood and wood products from GB, following 31<sup>st</sup> December 2020, will become Operators and will need to comply with the EUTR requirements, and will require due diligence to be conducted to ensure that illegally harvested wood or wood products are not placed on the EU market.

Conducting due diligence on wood imports from the GB into the EU should include:

- Gather information on the wood and wood products including the species, quantity, supplier, country of harvest, and how it complies with relevant laws
- Assess the risk of wood being harvested and traded illegally and provide justified conclusions as to whether risks are negligible or non-negligible.
- Address any non-negligible identified risks by requesting further information or implementing steps to ensure that the risks are mitigated, such as by conducting on-site visits, timber testing, engaging with suppliers or changing to a certified supply chains.

Note: For existing products placed on the market in the EU or GB, before the end of the transition period<sup>2</sup>, due diligence is not required. However, companies should have proof the goods have been placed on the market before the end of the transition period<sup>8</sup>.

### 3.2 Risk profile for the UK, as a country of origin

For companies who import wood from the GB into the EU, due diligence will be required to ensure the wood or wood products coming via the UK are low risk in relation to illegal harvesting or trade.

For wood-products for which the UK is the country of harvest, risk information can be obtained from the [Preferred by Nature's Sourcing Hub](#). Our risk assessment assigns a timber risk score for the UK of 100/100, which means that there is low risk of illegally harvested timber from the UK for 16 sub-categories and no legal requirements for 5 sub-categories. The corruption perception index for the UK is 77/100 (2019), indicating a low level of corruption in the UK. There are no armed conflicts regarding timber in the UK, according to the global conflict tracker. There are no bans or restrictions on the trade and export of timber species.

The need to conduct risk mitigation activities is unlikely however companies should ensure that their risk assessment and risk assessment conclusions are clearly documented to show compliance with the EU Timber Regulation.

<sup>7 & 8</sup> <https://ec.europa.eu/environment/forests/pdf/Notice-to-stakeholders-brexit-illegal-logging-and-associated-trade-en.pdf>

### 3.3 Exporting to GB

EU-based companies who export material to GB, will effectively become Operators under the new UK Regulation, which will have the same requirements as the EUTR. GB based importers will be required to follow the regulations and shall need to be able to provide evidence that the wood and wood products they have imported from the EU have been legally harvested.

Exporters to the GB should expect to provide information, among other things, on the species, quantity, supplier, country of harvest, and how it complies with relevant laws. Exporters may be requested to provide

documentation relevant to the supply chain and country of harvest.

For wood imported into the GB with a CITES permit, the GB will continue to recognise the wood as legally harvested and due diligence will not be required by the GB-based Operator<sup>9</sup>.

#### Note on Monitoring organisations (MO)

MOs based in the UK will no longer be valid within the EU<sup>10</sup>. MOs established in the UK will automatically continue to be recognised as MOs within the UK. The UK will not automatically recognise EEA monitoring organisations from 1 January 2021, MOs should contact the UK Competent Authority for further information on registration.

## → EU Timber Regulation due diligence

- Learn about the Sourcing Hub and how it can help make your due diligence easier. The Sourcing Hub provides free information on the risk that wood was sourced in a way that breached harvesting, trade or transport laws in its country of origin. A preview of these risk assessments is available on the Sourcing Hub, via [www.preferredbynature.org/sourcinghub](http://www.preferredbynature.org/sourcinghub)
- Conduct some hands-on exercises to help you learn about the tools and risk assessments available on the Sourcing Hub.

<sup>9</sup> <https://www.gov.uk/guidance/trading-timber-imports-and-exports-if-theres-no-brexite-deal>

<sup>10</sup> <https://www.gov.uk/guidance/trading-timber-imports-and-exports-from-1-january-2021>

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