



Department
for Environment
Food & Rural Affairs

Timber and Timber Products (Placing on the Market) Regulations 2013 Post Implementation Review

April 2018



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Introduction

In 2010, the European Union (EU) adopted Regulation No 995/2010 laying down the obligations of operators who place timber and timber products on the market (known as the EU Timber Regulation, or 'EUTR').

The EUTR arose from the 2003 Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, an EU-led initiative aimed at tackling illegal logging by ensuring that imports of timber into the EU are from legal sources. The EUTR prohibits the placing of illegally harvested timber and timber products on the EU market and requires those first placing timber and timber products on the EU market to exercise due diligence, using a risk-based approach. Those who trade in timber and timber products after they have been placed on the EU market are required to keep records of who they buy timber products from and any traders they sell them to. This enables timber and timber products to be traced.

The EUTR became directly applicable across the EU on 3rd March 2013. The EUTR was implemented in the UK through The Timber and Timber Products (Placing on the Market) Regulations 2013 (hereafter referred to as the "Regulations"). The Regulations make it an offence to place illegally harvested timber and timber products on the EU market for the first time. It also requires operators to implement a due diligence system to mitigate the risk of placing illegal timber on the market.

This report embodies the legal requirement to review The Timber and Timber Products (Placing on the Market) Regulations 2013, not the EUTR, which is subject to another, separate EU-wide consultation on product scope until 24th April 2018.

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

Policy objectives

The primary objectives of the Regulations are to tackle illegal logging and to create a demand for legally harvested timber. Illegal logging is a major driver of deforestation, leading to loss of ecosystem services and biodiversity, and contributing to climate change. It also affects rural communities that rely on forests for livelihoods, and results in revenue loss to government and legitimate business.

By imposing greater responsibility on those placing timber and timber products on the EU market for the first time, the Regulations lead to the consolidation of legal practices in the timber sector. The requirements applied to those placing timber on the EU market for the first

time, have implications on the entire timber supply chain, driving the adoption of similar approaches in source countries.

Regulation to fight illegal logging and related trade activity is instrumental to complement and strengthen the FLEGT Voluntary Partnership Agreements (VPAs). VPAs are legally binding trade agreements between the EU and timber-producing countries outside the EU, aimed at supporting improvements to regulation and governance of the national forest sectors in those producer countries.

Implementing the Regulations enables the protection of forests around the world, ultimately supporting the Government's ambition to lead the world in environmental protection, end extreme poverty, and be at the forefront of action against global climate change.

Review approach

Post Implementation Reviews (PIRs) can take different forms, ranging from a light approach for low impact and non-controversial regulations, to a detailed approach for high impact and controversial regulations. The following aspects have been considered when deciding the extent of the review for the Regulations:

- the Annual Net Direct Cost to Business (EANDCB) predicted by the original Impact Assessment of the Regulations in 2013 was £0.27m. This is considerably below the *de-minimis* +/-£5m threshold required for independent scrutiny. These estimates were based on conservative assumptions, meaning that the re-run IA will produce estimates that are within the same order-of-magnitude as the original impact assessment (and would need to be nearly 20 times greater than the original impact assessment estimated to cross the threshold).
- the Office for Product Safety and Standards (Safety & Standards), part of the department for Business, Energy and Industrial Strategy (BEIS), is the Competent Authority (CA) for the Regulations and enforce the Regulations on behalf of Defra. Safety & Standards run a working group known as the Timber Expert Panel (TEP). The TEP meets twice a year and offers stakeholders (specifically businesses which are subject to the Regulations) the opportunity to regularly engage with the CA and express views/ concerns;
- Safety & Standards and Defra meet regularly with NGOs that have an interest in international forestry matters;
- feedback received to date indicates that the Regulations are widely supported by market actors that are subject to them; *and*
- given the Regulations are part of the body of legislation that will be transposed into UK law through the European Union (Withdrawal) Bill to support stability during EU exit, there is little or no scope to amend the Regulations before exit.

Considering the above, and following advice from the Better Regulations (BRU) team in Defra, a light-touch review was undertaken, without an evaluation of policy impacts through a re-run impact assessment.

Evidence sources and data collection methods

This PIR was based on two information sources: data and intelligence collected and provided by Safety & Standards; and stakeholder engagement. The first mainly provided insights on the enforcement approach adopted by the CA, while the second on how the Regulations are working in the views of those directly affected by them.

In terms of stakeholder engagement, the PIR was informed through ongoing dialogue with key stakeholders (e.g. TEP, the main engagement channel between the CA and importers/operators, and the NGO Forest Coalition). Regular dialogue was supplemented by an electronic survey which included four questions based on the statutory review obligations stated in the review clause in the regulations:

- Has the policy successfully achieved its objectives?
- Were there any unexpected consequences or costs from the Regulations?
- Could we revise the Regulations to reduce cost to business?
- How do UK Regulations in this area compare with that in the EU?

The survey targeted stakeholders that were identified by the CA as the key (8) trade associations representing businesses operating in the timber and relevant retail sectors, as well as (14) relevant NGOs which constitute the NGO Forest Coalition (Annex A: Stakeholders approached via survey).

Enforcement approach

Safety & Standards, previously known as Regulatory Delivery, is the CA responsible for enforcing EU Timber Regulations 995/2010 on behalf of Defra.

Safety & Standards takes a risk based approach to enforcement of the legislation, ensuring that resources are targeted towards those areas that pose the highest risk of non-compliance. A risk based approach ensures resources are used effectively and that any subsequent enforcement actions are proportionate. As part of this they aim to encourage growth in the UK economy by providing useful tools and guidance, and applying the legislation equally to ensure business can compete on a level playing field. These include the due diligence checklist, workshops where particular issues of non-compliance are identified, providing tailored feedback on non-compliant due diligence systems, and most recently the TEP.

Implementation of the Regulations

During the first two years of implementation of the Regulations, Safety & Standards mainly engaged in awareness raising activities as opposed to enforcement activities, to allow a period of adjustment for business to adapt to the new requirements.

Since 2015 a much more enforcement-led approach has been adopted, which is reflected by the number of enforcement sanctions issued. During this period, Safety & Standards also started to focus on continued non-compliance by operators, resulting in the first prosecution under the Regulations¹. This is evidenced in Table 1 of enforcement sanctions issued in the identified periods.

Table 1 - Enforcement sanctions issued

Timeframe	Due Diligence System reviewed	Warning Letters issued	Notice of Remedial Actions issued	Prosecution
March 2013 – Feb 2015	107	0	5	0
March 2015 – Feb 2017	184	40	37	0
March 2017 – Jan 2018	53	6	9	1

Based on market intelligence and risk profiles, Safety & Standards undertakes a number of risk based projects as part of their enforcement role. Projects target a specific country of origin, species or product, which are identified using data such as NGO reports, information received from other Member States' Competent Authorities and international enforcement agencies. Her Majesty's Revenue and Customs (HMRC) data is subsequently used by enforcement officers to identify a limited number of businesses (usually 10-15) falling within the scope of the project to engage with. Engagement consists of officers contacting businesses and requesting the due diligence system for an identified import, which is then reviewed to assess compliance with legislation requirements.

Projects can be based on known areas of risk or to identify if a known international risk is also present in the UK market. The project approach allows Safety & Standards to target all businesses operating in an identified area, and results are used to further aid the risk based enforcement approach. Scope of projects have so far included: Oak Flooring, Kitchen Furniture, Rosewood, Plywood, Cameroon, Myanmar, Democratic Republic of Congo, South America, Ukraine, Russia, and Ivory Coast.

¹ A second prosecution took place in March 2018. Data used in this review had a cut-off date in January 2018 in order to enable timely publication of the document.

As part of the engagement process Safety & Standards purchase, where appropriate, products to carry out a variety of testing to establish genus (anatomical testing) or geographic origin (isotopic testing). The results are then used to verify statements made in the due diligence system. This strategy has proved particularly successful where certain species present different risks depending on the country of origin.

Compliance Levels

Adopting a risk based approach to enforcement, where businesses first placing on the market with a higher risk of non-compliance are targeted, means that Safety & Standards focus on businesses where they suspect that compliance levels are lower than the industry standard. This makes it difficult to draw wide-ranging conclusions from the levels of compliance that they encounter, as an increase in detections of non-compliance may be indicative of better detection, rather than increased non-compliance.

Countries of origin, species or products that are high risk are identified from a number of different sources, including NGO reports, corruption perception levels, risk of illegal logging in specific country of origin or species, and complexity of supply chain. Once the target (country of origin, species or product) of a project has been identified then the officer will develop the scope (what HS codes are relevant to the target) of the project and identify businesses suitable for engagement. . Figure 1 shows a comparison of levels of compliance for the identified periods.

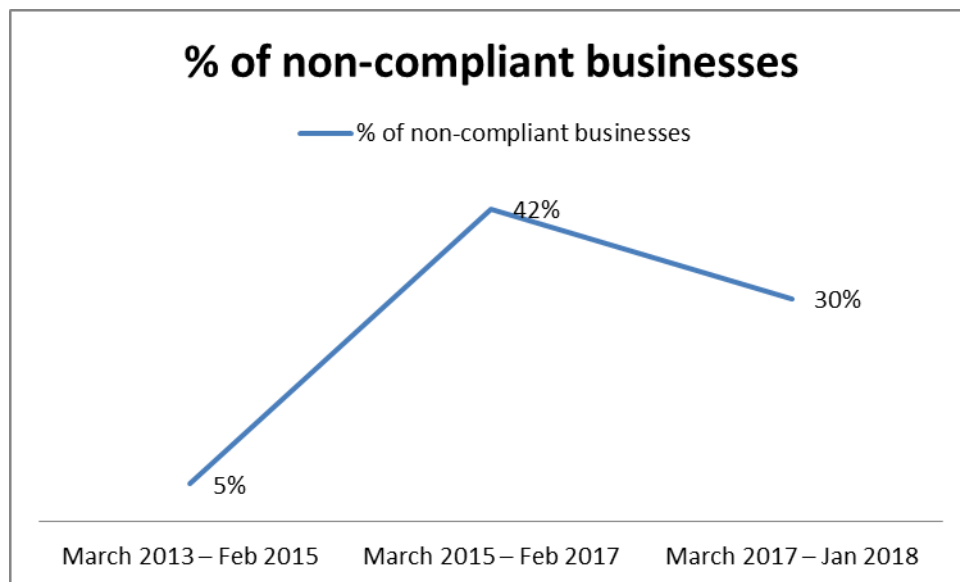


Figure 1 – Compliance levels

Co-operation

Safety & Standards occasionally receives concerns from interested parties such as NGOs. If there is evidence that an offence may have been committed they investigate accordingly. Often the substantiated complaint is issued to more than one CA. Most recently this occurred with

Teak from Myanmar where substantiated complaints were issued to the CA in several EU countries including the UK. The UK worked with the other CAs and contributed to the identification of a common approach to investigating this issue, demonstrating commitment to joint working to resolve issues.

Safety & Standards also shares intelligence with other CAs and international enforcement agencies to identify known non-compliant supply chains. Where other CAs are investigating the same target area as the UK, arrangements are put in place to work together, such as in recent joint enforcement visits with another EU CA targeting businesses operating across both Member States.

Stakeholder Engagement

Safety & Standards engages with a number of stakeholders both individually and collectively at a national and international level. Most recently this includes the TEP, a forum conceived by Safety & Standards to give businesses the opportunity to feedback how the CA is performing and address common issues.

The TEP meets twice a year, and consists of a number of different trade bodies including the Timber Trade Federation, British Retail Consortium, Leisure and Outdoor Furniture Association, Furniture Industry Research Association, British Woodworking Federation, Confederation of Paper Industries, British Marine as well as some of the larger businesses operating in this market. A number of other organisations also regularly attend, including Royal Botanic Gardens Kew, Defra and others where a need has been identified (e.g. Forest Trends).

The group has been used by attendees to give presentations on matters of interest or by the CA to gather feedback on tools developed to assist business such as the Due Diligence Checklist.

Safety & Standards also engages with other enforcement agencies both internationally and at an EU level, which can be particularly useful for supply chain mapping, and on an individual basis, with NGOs and specific trade associations, e.g. where high levels of non-compliance have been identified in particular areas.

Implementation in other EU Member States

The European Commission (EC) holds bi monthly meetings for both EUTR and FLEGT, consisting of both formal and informal parts, with the UK participating in both.

The informal meeting is an opportunity for CAs to discuss current enforcement issues, including substantiated concerns such as Teak from Myanmar, and to identify opportunities for joint working. It can also be an opportunity to compare methodologies and to share knowledge of particular areas of concern.

Competent Authority views on the Regulations

In the UK, The Timber and Timber Products (Placing on the Market) Regulations 2013 set out the powers, offences and sanctions available to the CA. To date Safety & Standards have not had cause to use many of the powers provided by the Regulations, such as power of seizure, but it is important that these are available in the event of serious and deliberate non-compliance emerging. Safety & Standards would ideally like more extensive powers to carry out test purchases covertly, so they could choose high risk species or products and purchase them for testing without the cooperation of the business. This is something which could be considered in the longer term, but would probably need primary legislation following EU exit, as well as the usual cross-government scrutiny.

Currently the sanctions available to the CA include an administrative sanction, known as a Notice of Remedial Action (NRA), and criminal prosecution in court, where the business could receive an unlimited fine or up to two years imprisonment. One of the difficulties Safety & Standards found when trying to progress cases to court is that the jump from issuing an NRA to criminal prosecution in court is significant, and it can be a challenge to satisfy the public interest test. In the longer term, it might be feasible to put in place a regime of civil sanctions (including Stop Notices and Variable Monetary Penalties), which in the CA's views would enable them to take a more flexible, proportionate and ultimately effective approach to dealing with non-compliances.

Stakeholder survey findings

Feedback provided by stakeholders has been summarised against the survey question headings below. The views reported below are exclusively those of stakeholders.

Effectiveness of the Regulations

The stakeholders who responded to the survey believed the Regulations were quite successful in achieving the original objectives.

NGOs stated that the Regulations led to an increased awareness amongst operators of issues concerning illegality in the harvesting of timber, and helped drive changes in producer countries. In doing so, the Regulations address deforestation and therefore/as a result help tackle climate change.

One stakeholder asserted that efforts supported by the UK to tackle illegal logging send an important signal to other countries, which is confirmed by the large number of countries taking up similar approaches, such as Australia, U.S.A., and Japan.

In terms of implementation, respondents asserted UK CA has demonstrated to be one of the most effective in the EU, despite a perceived lack of available resources. This success was driven by the efficient approach adopted by the CA, which uses a risk based analysis to target activities. They believed that such an approach could be further facilitated by granting the CA full and continuous access to import data, and by broadening the CA's focus on such data.

Stakeholders' main issue preventing the Regulations from fully meeting their objectives are a perceived uneven enforcement of equivalent legislation across the EU, and some limitations of the scope of product coverage. This allows possibly non-compliant timber to enter the UK market from different routes, providing a disadvantage to operators in Member States where enforcement occurs effectively, despite seeking to provide a level playing field across the EU.

Another aspect that was raised in the survey related to the Regulations focusing on the act of first placement, and therefore not placing any legal obligations on other actors in the supply chain.

A lack of seizure powers for timber placed on the market in violation of the Regulations, and a light-handed penalty regime for first offences were also perceived as a weakness of the Regulations, undermining efforts to reduce demand both in the UK and Europe.

From an industry perspective, the Regulations are also perceived as vital legislation which is well implemented, successfully imposing greater responsibilities on operators, despite the absence of evidence demonstrating the Regulations' contributions to the reduction of global deforestation.

Concerns were raised about a perceived lack of guidance; clearer indications on expectations and interpretations of the Regulations were thought to be beneficial.

Implications and unexpected consequences

Most stakeholders indicated that no unexpected consequences arose from the implementation of the Regulations.

Positive consequences highlighted by stakeholders, and in particular NGOs, included the Regulations' contribution to sustainable economy and a resilient resource base, which cannot be evaluated from a monetary perspective alone (e.g. environmental and social functions performed by forests).

The interplay with similar legislation in other areas of the world, and in particular with the Lacey Act in the U.S.A. was raised as an area where implications had yet to be fully assessed, with

the different legal implications of the legislations potentially creating confusion and risks for operators and traders.

Industry noted how the Regulations increase businesses' costs, but this was not deemed to be unexpected, with many market actors already employing elements of due diligence and data capture on their supply chains for wood and paper products.

Limited problems also arose during the initial phase of the implementation of the Regulations, with businesses sometimes misinterpreting the Regulations. These problems resolved with time and due to a productive enforcement approach from the CA.

Burden to business and revisions

Views relating to potential revisions to the Regulations were more varied.

Within the industry sector, some stakeholders argued that given the Regulations have been in place for a number of years, requirements are now well understood, and revisions to the requirements of the Regulations may be counterproductive. A call to avoid extending the provisions of the Regulations beyond operators (first placers on the EU market) was also put forward, as this would unnecessarily increase burden on businesses.

Specific requirements of the Regulations (dealing with composite fibre products, translating documents, proving recycled content) have proven demanding to implement. Additional guidance on what kind of evidence operators need to demonstrate due diligence would also be welcome.

A call for a stronger role of mandatory public procurement policies was also issued, advocated as an effective way to encourage trade in legal and certified timber products.

NGOs reported the Regulations have provided a clear framework for companies to operate in. In NGOs' views the Regulations do not impose overly burdensome costs on business, and the benefits of implementing them outweigh the costs regardless of the type and size of business. Due diligence requirements may also generate additional benefits to business, allowing operators to keep track of and effectively manage suppliers.

Suggested revisions include providing the CA with powers to seize timber that has been found in breach of due diligence requirements, give real time visibility of enforcement activities and cases of non-compliance, and expand the product scope of the Regulations to create a level playing field between UK and non-EU manufacturers working with EU regulated raw materials. This is outside of the scope of the review.

The role of certification was subject to contrasting views, with some stakeholders on the industry side advocating for certification to be seen as an acceptable tool for mitigation as part of the due diligence process, and some stakeholders on the NGO side raising instances in which certification had proven not to be reliable enough to be granted such status.

Implementation in other EU Member States

Compared to other EU member states, the Regulations are generally perceived by stakeholders to be quite well implemented in the UK.

From an industry perspective, the UK CA has been helpful in supporting a compliance environment, effectively fulfilling its responsibilities under the Regulations. This included concerted efforts to liaise with industry in the first stages of implementation of the Regulations and helping building capability in the sector to comply with the newly introduced requirements. This was in contrast to other EU Member States, where enforcement has been lacking or ineffective, leading to an uneven playing field.

These views are reflected by NGOs with an interest in the forest sector. Despite this, an increase in resources and funding to enforce the Regulations is still perceived as necessary, both in the UK and, even more so, across all EU Member States.

Summary of suggestions and responses

Table 2 summarises suggestions put forward by stakeholders, and Government responses on each of them.

Table 2 - Summary of suggestions and responses

Stakeholders' suggestions	Response
Provide seizure powers for all non-compliant timber (including timber placed in violation of due-diligence requirements)	The regulations already provide seizing powers for timber believed to be non-compliant with Article 4(1). The policy view is that extending such powers to circumstances where due diligence has failed to be exercised would lead to disproportionate action. This stance is justified by the fact that action is usually taken retrospectively, and this could potentially lead to action affecting unaware final customers. In the longer term, we could consider introducing civil sanctions for breach of the rules, as an additional measure to bridge the gap between administrative sanctions and criminal prosecutions.
Expand focus of the legislation beyond operators, and to entire	Supply chain companies outside the UK are beyond the jurisdiction of the CA. Within the UK, operators are subject to due diligence checks, and traders are subject to traceability

Stakeholders' suggestions	Response
supply chain (some respondents requested the opposite).	obligations. The policy view is that extending due diligence requirements beyond operators, to traders or any other business in the timber sector within the UK, would result in unnecessary duplication and increased cost burdens on business.
Expand product scope to create a level playing field	The scope of products covered by the Regulations is set out in the EUTR. A consultation is currently being undertaken by the EC to potentially amend the product scope.
Strengthen penalties to increase deterrence from breaching due diligence requirements	Maximum fines for operators are already set to not exceeding statutory maximum. Maximum fines for traders are set to not exceeding level 5 on the standard scale, which is deemed appropriate for the role played by traders and for the requirements these are subject to. In the longer term, we could consider introducing civil sanctions for breach of the rules, as an additional measure to bridge the gap between administrative sanctions and criminal prosecutions.
Grant CA full access to all UK import data	<p>The CA is currently discussing a Memorandum of Understanding (MoU) with HMRC, which could include provisions on how certain data might be shared with the CA. An intelligence unit is also currently being set up by the CA.</p> <p>In the longer term, we could consider introducing test purchase powers into the legislation, to provide additional market surveillance tools to the CA.</p>
Retain UK access to EU FLEGT/EUTR working groups post EU exit	Future relationship with the EU will be discussed as part of the EU exit negotiations by the UK Government. The UK will continue to take part in other international fora such as the Timber Regulation Enforcement Exchange (TREE).
Produce additional guidance on expectations and interpretation of the regulations	Wherever the EU seeks to publish guidance, the UK CA will seek to have an input in that process until EU exit.
Devise more practical ways to deal with practical aspects of the	It is recognised that some requirements of the Regulations are complex, but they are legal requirements that must be complied with. One example is composite/recycled products: operators

Stakeholders' suggestions	Response
Regulations (e.g. composite products, recycled content and document translation)	<p>are required to work with their supply chains to ensure they are fully compliant.</p> <p>There is no legal requirement for professional translation of documents, and available web based tools may be sufficient; guidance on this may be helpful.</p>
Adopt stronger and mandatory Public Procurement Policies	<p>There is a potential role for public procurement policies in supporting the objectives of the Regulations, which will be considered as part of wider Government efforts to combat illegal logging and increase the uptake of legally harvested timber in the UK.</p>
Publish real time details of enforcement action to allow traders to avoid non-compliant timber operators	<p>The CA is planning to publish the outcome of enforcement actions every 6-12 months. Where there has been a successful criminal prosecution, the CA also issues press releases.</p>
Pressure EU to impose penalties on other Member States which are not adequately implementing the Regulations	<p>The UK Government is committed to implementing the EUTR in the UK, and regularly advocates for a fair and equal implementation of the EUTR across all Member States.</p>
Increase fund/resources to enable effective enforcement	<p>The UK CA is among the better resourced compared with other CAs across the EU, and this is reflected by feedback received by stakeholders on how the EUTR is implemented in the UK as opposed to other EU Member States.</p>

Conclusions

The Regulations are considered mostly successful in achieving their original objectives, and no unexpected consequences have been identified as having arisen from their implementation. Compared to other EU member states, stakeholders seem to regard the Regulations as implementing the EUTR quite well, although some revisions have been suggested by stakeholders.

Some of the suggestions fall outside the scope of this review, touching on areas relating to wider Government policy, legislative powers or EU competence. We have considered the suggestions made, and will keep them in mind as we continue to develop policy in this area, in the shorter and the longer term.

Limitations of this review

Only a limited number of stakeholders took part in the survey. In total, 11 responses were received.

Annex A: Stakeholders approached via survey

Name	Type of organisation
British Marine	Trade Association
British Retail Consortium	Trade Association
British Woodworking Federation	Trade Association
Confederation of Paper Industries	Trade Association
Federation of Small Businesses	Trade Association
Furniture Industry Research Association	Trade Association
Leisure and Outdoor Furniture Association	Trade Association
Timber Trade Federation	Trade Association
Client Earth (via NGO Forest Coalition)	NGO
EIA (via NGO Forest Coalition)	NGO
Fauna & Flora International (via NGO Forest Coalition)	NGO
FERN (via NGO Forest Coalition)	NGO
Forest Peoples Programme (via NGO Forest Coalition)	NGO
Friends Of The Earth (via NGO Forest Coalition)	NGO
Global Canopy Programme (via NGO Forest Coalition)	NGO
Global Witness (via NGO Forest Coalition)	NGO

Name	Type of organisation
Rainforest Foundation UK (via NGO Forest Coalition)	NGO
RSPB (via NGO Forest Coalition)	NGO
The Nature Conservancy (via NGO Forest Coalition)	NGO
WCS (via NGO Forest Coalition)	NGO
Well Grounded (via NGO Forest Coalition)	NGO
WWF (via NGO Forest Coalition)	NGO

Annex B: Post Implementation Review

Title: Timber and Timber Products (Placing on the Market) Regulations 2013 PIR No: 2013/233 Original IA/RPC No: DEFRA1460 Lead department or agency: Defra Other departments or agencies: Office for Product Safety and Standards (BEIS) Contact for enquiries: Filippo Locatelli	Post Implementation Review
	Date: 18/04/2018
	Type of regulation: Domestic
	Type of review: Statutory
	Date measure came into force: 03/03/2013
	Recommendation: Keep
	RPC Opinion:

1. What were the policy objectives of the measure? (Maximum 5 lines)

The objectives of the Regulations were set out in the original Impact Assessment in 2013. The primary objectives of the Regulations are to tackle illegal logging and to create a demand for legally harvested timber. By imposing greater responsibility on those placing timber and timber products on the EU market for the first time, the Regulations lead to the consolidation of legal practices in the timber sector. The requirements applied to importers have implications on the entire timber supply chain, driving the adoption of similar approaches in source countries.

2. What evidence has informed the PIR? (Maximum 5 lines)

Evidence used to inform this PIR is from the Office for Product Safety and Standards in BEIS, the UK Competent Authority for Timber Regulations. The review was further informed by a stakeholder survey via email. It targeted stakeholders which were identified by the regulator as the key market players in the sector when constituting the Timber Expert Panel (the main engagement channel between the Competent Authority and importers/operators), and NGOs which constitute the UK NGO Forest Coalition.

3. To what extent have the policy objectives been achieved? (Maximum 5 lines)

The survey responses clearly indicate that stakeholders believe the Regulations were quite successful in achieving the original objectives. NGOs stated that the Regulations led to an increased awareness amongst operators of issues concerning illegality in the harvesting of timber, and helped drive changes in producer countries. From an industry perspective, the Regulations are also perceived as vital legislation which is well implemented, successfully imposing greater responsibilities on operators.

Sign-off for Post Implementation Review: Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: ***Thérèse Coffey***

Date: 18/04/2018

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions?(Maximum 5 lines)

Key monetised costs by main affected groups reflected the need to set up and maintain due diligence systems by UK business placing timber and timber product on the EU market. Costs to enforce the regulations were also estimated. No specific assumptions were made in relation to non-monetised benefits accrued to source countries. Progressive reduction in costs for UK business was also assumed as a result of efficiency, increased cooperation among suppliers and increased availability of Forest Law Enforcement, Governance and Trade (FLEGT) licences.

5. Were there any unintended consequences? (Maximum 5 lines)

Most stakeholders indicated that no unexpected consequences arose from the implementation of the Regulations. Positive consequences highlighted by stakeholders, and in particular NGOs, included the Regulations' contribution to sustainable economy and a resilient resource base, which cannot be evaluated from a monetary perspective alone. Industry noted how the Regulations marginally increase businesses' costs, but this was not deemed to be unexpected, with many market actors already employing elements of due diligence and data capture on their supply chains for wood and paper products.

6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

Stakeholders provided feedback on areas where they felt amendments could be introduced. Some of the suggestions fell outside the scope of this review, touching on areas relating to wider Government policy or EU competence. We have considered the suggestions made, and will keep them in mind as we continue to develop policy in this area.

7. For EU measures, how does the UK's implementation compare with that in other EU member states in terms of costs to business? (Maximum 5 lines)

Compared to other EU member states, the Regulations are generally perceived by stakeholders to be quite well implemented in the UK. From an industry perspective, the UK CA has been helpful in supporting a compliance environment, effectively fulfilling its responsibilities under the EUTR. This was in contrast to other EU Member States, where enforcement has been perceived as lacking or ineffective, leading to an uneven playing field. These industry views are shared by NGOs with an interest in the forest sector.