



Department
for Environment
Food & Rural Affairs

Timber and Timber Products (Placing on the Market) Regulations 2013

Post Implementation Review

March 2023



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1. Introduction

The United Kingdom Timber Regulations (UKTR) lay down obligations for operators, those who place timber and timber products on the market, and traders, those who trade in timber and timber products after they have been placed on the market. The UKTR make it an offence to place illegally harvested timber and timber products on the market and requires operators to implement a due diligence system to mitigate the risk of placing illegal timber on the market. Traders are required to keep records of who they buy timber products from and any other traders they sell them to. This enables timber and timber products to be traced.

Prior to the United Kingdom exiting the European Union (EU), Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010, known as the EU Timber Regulations (EUTR), applied in the UK. The EUTR arose from the 2003 Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, an initiative aimed at tackling illegal logging by ensuring that imports of timber into the EU are from legal sources. 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”). On 29 March 2019, the UK amended and retained this law in our domestic law.

This report embodies the legal requirement to review the Timber and Timber Products (Placing on the Market) Regulations 2013 as amended in domestic law. The Regulations apply in both GB and NI.

2. 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 UK 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 UK market for the first time have implications on the entire timber supply chain, driving the adoption of similar approaches in source countries.

Regulations to fight illegal logging and related trade complement and strengthen the

FLEGT Voluntary Partnership Agreements (VPAs). VPAs are legally binding trade agreements between the UK and timber-producing countries outside the UK, 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.

3. 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 estimated Annual Net Direct Cost to Business predicted by the original Impact Assessment (IA) of the Regulations in 2013 was £0.27m. This is below the *de-minimis* +/-£5m threshold required for independent scrutiny from the Regulatory Policy Committee. Results from this PIR indicate that the true cost to business might be higher than the original estimates following EU exit. Current evidence does not robustly demonstrate that the cost to business is outside the +/-£5m threshold, but further investigation is recommended as a result of this PIR. This analysis is discussed in further detail in section 7.3.
- The Office for Product Safety and Standards (OPSS), part of the Department for Business and Trade (DBT), has been designated as the delivery partner acting on behalf of the Secretary of State who is the Competent Authority (CA) for the Regulations. OPSS enforce the Regulations on behalf of Defra and facilitate workshops with stakeholders, giving them the opportunity to regularly engage with OPSS and Defra and express views/concerns;
- OPSS and Defra meet regularly with Non-Governmental Organisations (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 have been transposed into UK law through the European Union (Withdrawal) Bill to support stability during EU exit, there has been little scope to amend the Regulations to date.

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

4. Evidence sources and data collection methods

This PIR was based on data and intelligence collected and provided by OPSS, stakeholder engagement and a light touch literature review. OPSS provided insights on the enforcement of the Regulations, while the stakeholders provided information on their experience of the enforcement of the Regulations.

Regular dialogue with key stakeholders was supplemented with a questionnaire sent by e-mail, which included questions based on the statutory review obligations stated in the review clause in the Regulations:

1. Has the policy successfully achieved its objectives?
2. Were there any unexpected consequences or costs from the Regulation?
3. Could we revise the Regulation to reduce cost to business?
4. Could we revise the Regulation to maximise efficiency?
5. How does enforcement and implementation of the Regulations compare with how EU Timber Regulations is enforced/ implemented in the EU?
6. Drawing on your experience of enforcement of the EU Timber Regulations in the EU, can any improvements or modifications be made to the how the Regulations are implemented and enforced in the UK.
7. Do the objectives of the Regulations remain appropriate?
8. How could the guidance offered on compliance with the Regulations be improved?
9. Do you have any other suggestions on how to improve enforcement of the Regulations?

Additional Questions (for businesses and trade associations):

10. If known, what were the initial set-up costs for the due diligence system required as a result of these regulations?
11. What are the ongoing annual or monthly costs to administer due diligence to comply with the regulations?
12. How have these costs changed over time? If possible, please provide an estimate of the percentage change in annual administrative costs since implementation.

The survey was sent to key stakeholders including trade associations, NGOs, businesses, monitoring organisations and certification bodies. Of those, 4 of the 9 trade associations, 5 out of 14 businesses, 3 of the 6 monitoring organisations (who provide due diligence systems for use by some businesses), 2 certification bodies and OPSS provided responses. There were no responses from NGOs. See Annex A for a full breakdown of the stakeholders contacted.

5. Enforcement approach

Defra is responsible for oversight of timber policy in the UK including managing the implementation of timber legislation in the UK. OPSS enforce the regulations on behalf of Defra.

OPSS take a risk-based approach to enforcement of the legislation, ensuring that resources are targeted towards those areas that pose the highest risk of noncompliance. A risk-based approach ensures resources are used effectively and that any subsequent enforcement actions are proportionate. Defra aims to reduce any drag on economic growth by minimising burdens on businesses and providing tools and guidance. The legislation is applied consistently to ensure businesses can compete on a level playing field. OPSS follow the Regulators Code and OPSS Enforcement Policy, which requires them to provide initial advice and guidance to support compliance. Additional tools and resources include the due diligence checklist, an animated video and tailored feedback on due diligence systems.

Implementation of the regulations

During this review period the number of due diligence systems reviewed and sanctions issued is lower than expected due to the impact of COVID-19 and the United Kingdom's exit from the EU. OPSS continues to focus on non-compliance.

Table 1: Enforcement sanctions issued

Timeframe	Due Diligence System Reviewed	Warning letters issued	Notice of Remedial Action issued	Prosecutions
March 2013 – Feb 2015	107	0	5	0
March 2015 – Feb 2017	184	40	37	0
March 2017 – March 2018	53	6	9	2
April 2018 – March 2019	46	18	15	0

April 2019 – March 2020	90	16	4	1
April 2020 – March 2021	10	2	1	0
April 2021 – March 2022	31	12	5	1
April 2022 – October 2022	32	8	5	0

Using market intelligence and risk profiles, OPSS carry out risk-based enforcement projects and investigations, assessing due diligence systems and testing products where appropriate. Products and sectors are assessed according to risk level and selected for consideration using information such as market analysis, previous compliance levels, risk of illegal logging of species or country of origin and complexity of supply chain. Projects target a specific country of origin, species or product which are identified using data such as NGO reports or information received from other international enforcement agencies. Enforcement officers use His Majesty's Revenue and Customs (HMRC) data to identify businesses in scope of the project (usually 1015). Officers contact businesses and request access to the due diligence system for an identified import, which is then reviewed to assess compliance with regulatory requirements.

OPSS' activity levels are dependent on various factors including the experience of enforcement officers and the speed with which businesses respond. During the period 2020 to 2022, COVID-19 led to a significant reduction in activity. The duration of an investigation can vary from between three months to two years, depending on the complexity of the case. Prosecutions are only pursued when previous enforcement action has not brought the business into compliance with the regulations. Prosecutions are a last resort in accordance with OPSS' Enforcement Policy.

Scope of projects during this review period have included: West African timber, Russian timber, high-end furniture, plywood, fuelwood, teak from Myanmar, Ukraine and Russian birch.

As part of the engagement process OPSS 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 in identifying if products come from a high-risk country of origin.

Compliance Levels

OPSS focus investigations on businesses at higher risk of non-compliance. Once the target (country of origin, species or product) of a project has been identified then the officer will develop the scope) of the project and identify businesses suitable for

engagement. The numbers in Table 1 are not a representative sample of the entire sector but rather those higher risk businesses OPSS has targeted. This makes it difficult to draw wide-ranging conclusions on overall levels of compliance. An increase in detections of non-compliance may also be indicative of better detection, rather than increased non-compliance.

Co-operation

OPSS is occasionally informed of concerns by interested parties such as NGOs. If there is evidence that an offence may have been committed, OPSS investigate accordingly. For part of this review period, when the UK was still a part of the EU, OPSS worked with other EU Member State Competent Authorities (CAs) and contributed to the identification of a common approach to investigating issues, demonstrating commitment to working together to resolve issues. Since leaving the EU, OPSS has had limited engagement with these CAs, but has continued to share intelligence with CAs where possible on an informal basis. OPSS also shares intelligence with other international enforcement agencies to identify known noncompliant supply chains. Informal engagement is mostly done through Timber Regulation Enforcement Exchange (TREE) meetings hosted by Forest Trends, where enforcement agencies and other interested parties meet.

Stakeholder Engagement

OPSS engages with stakeholders, both individually and collectively, at a national and international level. This includes the Timber Expert Panel (TEP), a forum conceived by OPSS to give businesses the opportunity to provide feedback on both the FLEGT Regulations and the UK Timber Regulations. The panel 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 expert organisations also regularly attend, including Royal Botanic Gardens Kew, Defra and others where a need has been identified (e.g. Forest Trends).

Implementation in the EU

The European Commission (EC) holds meetings every other month for both EUTR and FLEGT, consisting of both formal and informal parts. 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. Since leaving the EU, OPSS has not had access to these meetings. The EUTR apply in Northern Ireland under Annex II of the Northern Ireland Protocol. OPSS enforce EUTR in Northern Ireland.

Enforcement delivery body

Effectiveness of enforcement by OPSS

OPSS have been largely effective in engaging and raising awareness with the industry on the regulations, and identifying and investigating emerging areas of risk. Their capability as a regulator is reflected in the broadly positive stakeholder feedback detailed later in this review.

Though the number of successful prosecutions made by OPSS has been notably low, their enforcement approach has been in line with the Regulators Code, which encourages regulating authorities to take a proportionate, targeted and consistent approach to non-compliance. This involves explaining where and why a business is non-compliant in the first instance, providing advice and an opportunity for dialogue to resolve the issue before taking further enforcement action. Prosecution is only pursued in cases of repeated failure to comply or serious breaches of the regulations, though OPSS have also been constrained by the limited tools available to them to deliver an effective deterrent (See 'Sanctions' below). They have actively used their powers to encourage compliance by issuing warning letters and notices of remedial action where appropriate.

Going forward, Defra would like to work more closely with OPSS to agree priorities to influence wider compliance with the regulations through enforcement action that is both rigorous and proportionate. A number of measures are being explored to improve effectiveness, with evidence and information collected through the stakeholder survey and from OPSS. These are collated and summarised in Section 11. Meanwhile, Defra have already begun to work closely with the new OPSS enforcement manager to discuss and agree priorities going forward.

More generally, OPSS have the advantage of operating as a large enforcement body, with well trained and experienced enforcement staff, access to central teams working in intelligence, testing, legal advice and analysis and a wide range of other supporting resources. As such, OPSS remain Defra's preferred enforcement body.

6. Enforcement delivery body (OPSS) views on the regulations

Powers

In the UK, the Timber and Timber Products (Placing on the Market) regulations 2013 sets out the powers, offences and sanctions available for enforcement. To date OPSS 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. OPSS 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 likely require further primary legislation. OPSS have also suggested revisions to increase the product scope.

Sanctions

The sanctions available to the OPSS 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 OPSS found when trying to progress cases to court is that the jump from issuing an NRA to criminal prosecution is significant. Currently there is no requirement on a business to inform the regulator they have complied with an NRA, which makes it difficult to assess when prosecution is the right course of action, and places further resource strain on the regulator to chase up NRA compliance.

In addition, despite the fact that the previous £5,000 cap on fines has been removed, the judiciary have continued to issue fines no greater than £5,000 when prosecution is pursued due to a legal precedent being set. This is unlikely to act as an effective deterrent in the wider industry, particularly for large businesses with large turnovers, and is a negligible amount weighed against the considerable time and cost of carrying out such an investigation. We intend to explore putting in place a regime of civil sanctions (including Stop Notices and Variable Monetary Penalties), which in OPSS's view would enable them to take a more flexible, proportionate and effective approach to dealing with non-compliance. These could be used as an alternative to prosecution or as an additional sanction for non-compliance with an NRA. Additional guidance for the judiciary on issuing proportional fines or amending the legislation to set a higher minimum fine could also be explored.

EU Exit

Since the UK left the EU, OPSS have observed some businesses changing their buying behaviour to avoid having operator status though the overall number of operators has increased. Operators are those that first place timber and timber products onto the UK market, and are required to implement a due diligence system (DDS), a significant time and cost burden. Traders buy and sell timber or timber products that have already been placed on the UK market, and therefore are not obligated to implement a DDS, though they do have responsibility to ensure product traceability. As there are currently no border checks for timber under both the EU and the UK timber regulations there is a risk that, after timber has been placed on the market on the island of Ireland, some trade may circumvent UK timber regulations and enter Great Britain. A trader bringing timber into Great Britain from Northern Ireland would not be required to carry out due diligence, irrespective of whether the operator who supplied their timber had complied with UK timber regulations. Under the current legislation OPSS do not have powers to enforce against this. OPSS recommend mitigating against this possibility by penalising traders who do this. They also recommend that a provision for cooperation be added to the regulations and brokered with the EU so that OPSS can effectively work with EU enforcement agencies, stating that a lack of contact with other agencies has seen the EU investigations progress to a more complex level, with the UK falling behind as they are no longer able to share best practice and identify issues.

7. Stakeholder survey findings

Feedback provided by 15 stakeholders has been summarised in the tables below and more detail around each of the subject areas follows below the tables. Stakeholders include four trade associations, five individual businesses, two certification bodies, three monitoring organisations and the enforcement body OPSS. The views reported below are exclusively those of stakeholders.

The trade association respondents responded on behalf of a large number of relevant businesses. Collectively, Timber Development UK, the Wood Panel Industries Federation and the Confederation of Paper Industries represent timber importers and distributors, manufacturers of wood chipboard, paper and board, and recyclers. Timber Development UK alone reports over 1500 members from every stage of the timber supply chain, while the Confederation of Paper Industries reports a membership of 79 companies. As a representative of the whole UK retail sector, the British Retail Consortium provided a wider judgement on the impact of the regulations.

Effectiveness of the regulations

Q1: Has the policy successfully achieved its objectives?	Very Counterproductive	Quite Counterproductive	No effect	Quite Successful	Very Successful
	0	0	4	9	2

Stakeholders were positive about the policy achieving its objectives, with 11/15 (including 8/10 of the businesses that responded) responding that the policy was either quite or very successful at achieving its objectives and none reporting that it was counter-productive.

Areas where stakeholders felt that the regulations had been successful included:

- Enhancing awareness of illegal logging across the UK timber sector and supply chains
 - Helping companies make more sustainable choices and avoid high risk sources
 - Promotion of dialogue and transparency within supply chains
- Other feedback on the effectiveness of the regulations included:
- That they should be extended to further tackle deforestation and include a requirement to source sustainable and legal timber, rather than just legal timber.
 - That achievement of the objectives is now being compromised due to the new burdens of conducting due diligence on low-risk supply chains originating in the EU.

Costs to businesses and unexpected consequences

	Many negative	Some negative	Nothing unexpected	Some positive	Many positive
Q2: Were there any unexpected consequences or costs?	2	7	5	2	0

Three of the five business respondents reported some or many negative unexpected consequences, with respondents mainly noting impacts following Britain's EU exit. This response to Q2 is supplemented with information on costs reported in Questions 10-12, which indicates the actual costs of the regulations to business are higher than those estimated within the impact assessment. However, there is low confidence in these conclusions as they were derived from a limited sample of six to eight responses with varying levels of agreement between them. Costs also vary widely depending on the number of product lines, suppliers and quantity of supply.

Set up costs (Q10):

- Four business and trade association respondents stated that the estimated set up costs in the original impact assessment of 33 hours (£640) for large operators and 16.5 hours (£320) for SMEs were similar to the actual costs they faced.
- The remaining three business and trade association respondents reported costs ranging from £10,000 to £120,000, significantly exceeding the original estimates for both large and small operators.

Ongoing costs (Q11):

- All respondents bar one reported actual annual ongoing costs significantly higher than the estimated annual cost of 12 days (£1130) for large operators and 6 days (£560) for SMEs.
- A trade association response suggested average ongoing costs of 36 days, three times the scale of the original estimates for large operators and six times greater for SMEs.
- Three respondents reported annual costs of between £12,000 and £50,000, which represents a 10-44 fold increase on the original estimates.

Changes in cost over time (Q12):

- The impact assessment forecast that costs would reduce by 5% a year through efficiencies as due diligence systems become more established.
- None of the seven responses on this question reported falling costs, with the majority reporting that costs had increased.

The majority of stakeholders responded that the cost of complying with the regulation exceeded their expectations, citing the costs associated with:

- collecting and producing compliance reports
- changing suppliers due to failed checks
- suppliers misunderstanding what is required by the regulation
- the UK's exit from the EU

EU Exit was cited as responsible for generating higher unexpected costs by three trade associations, two individual businesses and one monitoring organisation. These respondents explained that EU Exit has led to an increased compliance workload as due diligence must now be conducted on timber products entering the UK from the EU. They further explained that this additional workload produces little policy benefit as timber in the EU is already subject to the EU Timber Regulations.

Some businesses reported that this problem was compounded by difficulties in obtaining supply chain information from EU suppliers. This is because these suppliers were often not importers of timber into the EU and therefore were not obliged under the EUTR to record complete supply chain information. Indeed, one monitoring organisation felt it was actually easier to conduct due diligence in highrisk countries than in the EU. Stakeholders noted that some suppliers were unaware of the regulations and unwilling to utilise online guidance, forcing importers to spend time educating suppliers.

Assessing the implication of higher individual cost burdens

The survey responses suggest that the estimated annual direct costs to business may now be considerably higher than the £0.27m estimated in the original impact assessment. It is critical to determine if this is the case for two reasons: Firstly, significantly inflated business costs may be placing an excessive cost burden on businesses and necessitate the implementation of mitigation measures in future. Secondly, greater scrutiny of the regulations may be required if the estimated cost to business falls above the +/-£5m threshold.

Following EU Exit, businesses responded that burden on businesses rose significantly, due to the requirement for additional due diligence on timber imported from the EU. The original impact assessment assumed that costs to UK businesses would be reduced by synergies with the EUTR. Removing this assumption to account for the UK leaving the EU results in a revised cost to business estimate of £0.64m for the original impact assessment.

Drawing on the limited numerical responses provided in the stakeholder survey, and removing 2 extreme outliers, we arrive at an upper bound estimate of the true direct cost to business of £2.08m a year (and a range of £0.64m - £2.08m), although this is uncertain until more comprehensive cost estimates to businesses are attained. There is very low confidence in this figure given the small sample (6-8 responses) and the low consensus between them. A statistical t-test on the responses concludes that the

new sample does not provide sufficient evidence to reject the original IA estimate. This result is a reflection of the poor quality of the sample data. If this estimate does hold, whilst it represents an increase on the original estimate of £0.27m, it is still considerably below the 'de minimis' threshold of £5m for independent scrutiny.

Nonetheless, the responses from businesses and the significant variance within the costs reported reflect the lack of confidence in the evidence available regarding the true cost to business. This is concerning and demonstrates a clear and urgent need for further investigation and exploration of measures to minimise the burden on businesses.

Revisions

	Advise signification revision	Advise some revision	No revision advised	Advised against revision	Strongly against revision
Q3: Could we revise the regulation to reduce cost to business?	0	9	3	2	1
Q4: Could we revise the regulations to maximise efficiency?	0	9	3	2	0

Nine stakeholders recommended revisions to the regulations, which included four out of the five businesses, all four trade associations and two out of three monitoring organisations. The two certification bodies advised against revision.

Several stakeholders advocated revisions to improve the flow of timber products between the EU and GB and therefore minimise disruption to businesses operating in both regulatory jurisdictions. Proposed revisions included a mutual recognition scheme or a waiving of due diligence requirements on timber from the EU. Some stakeholders also requested more clarity in the interpretation of due diligence requirements through the government taking a more prescriptive approach. They argued this would avoid ambiguity and friction with the supply chain. For example, businesses proposed that regions or sectors be designated as high or low-risk, with differentiated due diligence requirements for each risk category. Equally, others proposed revisions to recognise certification as full compliance with the regulations.

The scope of products covered under the regulations was also suggested as an area for revision. Printed materials, chairs and yachts were recommended to be brought in scope of the regulations.

Two certification bodies advised against any revisions, stating that the requirements are fairly straightforward.

Comparison of implementation of timber regulations in the UK and the EU

Q5: How does enforcement and implementation of UKTR compare with how EUTR are enforced/implemented?	Very poorly	Quite poorly	The same	Quite well	Very well
	0	1	4	6	2

8 of 13 stakeholder responses indicated that they felt that the regulations were implemented well in the UK compared with the EU, with some stating that enforcement is more visible in the UK timber sector comparing to some EU Member States.

Respondents considered that OPSS is competent, knowledgeable, diligent and proactive in helping businesses comply and is significantly more active than many of their EU counterparts. One organisation stated that the similarities between timber regulations applicable to GB and the EU had made the transition to compliance with the regulations easy.

Four stakeholders thought that the enforcement and implementation in GB was roughly similar to that in the EU. Some felt that the strict enforcement in GB compared to the EU had unexpected consequences of EU suppliers not understanding the requirements of GB importers since the UK left the EU. One organisation stated that more effective implementation in GB had led to an unfair playing field for businesses in GB.

Implementation of the regulations

One business, one trade association and two monitoring organisations emphasized the need to increase the resource of the enforcement delivery body (OPSS), so that they could effectively address enforcement issues. This included suggestions for OPSS to have more enforcement officers so that they could target more businesses and revisit previously non-compliant businesses and for more training of enforcement officers to ensure consistent enforcement standards. Other suggestions included increasing the number of audits conducted and larger fines for those prosecuted.

Most stakeholders requested more guidance, support and communication on the regulations. Responses emphasised a need for better awareness campaigns, better dialogue between OPSS and businesses and more comprehensive guidance. There was a call for OPSS to utilise a variety of communication paths to businesses including videos, posters, and letters. These were raised as being particularly important in order to educate both GB importers and EU suppliers following the changes brought about by the UK leaving the EU and also to provide guidance around the due diligence required for high-risk compared with low-risk countries. Suggestions also included providing virtual training sessions, case-studies, and publishing details on the key issues identified during enforcement visits in order to educate others and encourage proactive changes within other businesses.

8. Literature review on the impact of the regulations

It is difficult to directly assess the impact of the regulations on the level of illegally harvested timber entering the UK supply chain. The absence of due diligence recording prior to the implementation of the regulations, and the fact that illegally sourced commodities are by their nature poorly recorded, means that there is no natural baseline. Furthermore, to conclude that the regulations have indeed reduced illegal deforestation would require a comprehensive and precise understanding of the level of global illegal deforestation before and after the implementation of the regulations. Given the UK comprises only a share of global demand, tracking such a shift is clearly challenging.

One approach taken by Forest Trends (2021)¹ was to analyse the profile of source countries from which timber is imported into the UK, classifying a country as a high or low risk source of illegally harvested timber. The latest data suggests that the proportion of timber coming from countries deemed to be a high risk has remained broadly steady. However, this method is limited by its inability to capture improvement made in specific supply chains in response to the regulations and similar legislation, or even changes in sub-national sourcing trends.

It also ignores the possibility that the regulations have prevented illegally harvested timber imports from increasing by as much as they might have in an unregulated scenario. A review of the EUTR tentatively concluded that the regulation may have caused a 12-29% reduction in illegally harvested timber imports compared to the counterfactual². They estimated this by comparing the import trends of the EU with a control group of unregulated countries. Given the similarity and origin of the regulations, it is likely they have had a similar effect.

Regardless of the impact of the regulations on timber import profiles, it is still difficult to make any conclusions about the impact of the regulations on illegal deforestation. This is because of the possibility that illegally harvested timber is 'displacing' to countries without such stringent regulation. Indeed, a review of the EUTR suggests that illegally harvested timber may have been redirected towards China and Vietnam following implementation of the legislation. However, recently the Chinese government

¹ [UKTR Report.indd \(forest-trends.org\)](https://www.forest-trends.org/reports/uktr-report)

² [Interim report FC EUTR FLEGT ENV \(europa.eu\)](https://ec.europa.eu/eutrg/)

began developing new regulations which would outlaw the import of illegally sourced timber³. If adopted, it would reduce the problem of displacement (as China is the largest importer of timber globally) and therefore enhance the effectiveness of the regulations. It also raises the possibility that the regulations and foreign equivalents may have helped precipitate a global shift towards such forestry legislation, although the attribution of this to the UKTR is highly uncertain.

9. Conclusions

While stakeholders responded positively to questions about the regulations' success, the wider evidence base is too limited to make firm conclusions in this review. It is promising that the review into the EUTR estimates a 12-29% reduction in illegal timber imports entering the EU compared to the counterfactual, but it would be prudent to replicate and expand upon current published research before ascribing higher confidence to such claims.

We are also unable at this stage to report with high certainty whether the true cost to business of these regulations aligns with the impact assessment estimate of £0.27m. The small sample of businesses who responded as part of this post-implementation review lead us on the basis of limited evidence to a new estimated range of £0.64m - £2.08m, but the lack of confidence in this result and potentially significant increase in costs as reported by businesses following EU exit calls for urgent further investigation.

Most stakeholders favourably compared the UK's implementation of the regulations with the EU's implementation of the EUTR. At the same time, businesses and trade associations also asked that the enforcement delivery body be better resourced to improve the quantity and consistency of enforcement, and be able to provide more prescriptive guidance on compliance. A majority of business respondents also reported they faced a significantly increased compliance workload following EU Exit. Therefore, it is clear that stakeholders felt at least some revision to the regulations is required to improve efficiency. Some of the suggestions put forward by the consulted stakeholders fall outside the scope of this review, extending to wider issues of

Government policy, legislative powers or EU competence. We have considered these and will keep in mind all suggestions put forward as we continue to develop this policy.

³ [China | Forest Legality](#)

10. Review limitations and future monitoring recommendations

The evidence base used in the production of this review was highly limited. We did not have access to direct data on illegal deforestation rates and rates of illegally sourced timber imports into the UK. Only 15 responses were received as part of the stakeholder survey, of which most business respondents were likely to be larger than average. While they described the regulations as a success, they highlighted business costs significantly higher than forecast as a result of EU exit.

We therefore believe it is appropriate to conduct further research on the questions of policy impact and cost to business as a matter of priority, recognising the viability of the former may be limited by global challenges in monitoring the legality of timber supply chains. The evidence gathered will feed into a further review of the UK Timber Regulations. A table summarising suggestions made by stakeholders and Defra's responses to them is also provided (Section 11).

11. Summary of suggestions and responses

Table 3 summarises suggestions put forward by stakeholders, and Government responses on each of them.

Table 3 - Summary of suggestions and responses

Stakeholders' suggestions	Response
Revise the regulations to reduce the burden on businesses importing from the EU. (Mutual Recognition of EU and Swiss regulations has been suggested)	We intend to explore how we can reduce the burden on businesses following this review.

<p>Expand the objectives of the regulations to cover sustainability, to tackle deforestation and forest degradation, and align with the EU deforestation regulation.</p>	<p>The UK Timber Regulations currently aim to tackle deforestation and forest degradation by preventing the placing on the market of illegally harvested timber. We will keep under review the legislation's effectiveness, and consider the international context of deforestation regulations</p>
<p>Amend the regulations to differentiate between the requirements needed for low or high risk regions</p>	<p>Guidance on complying with the Timber Regulations provided by OPSS advises that certain timber-producing countries present higher risk than others. For lower risk countries the requirement is to name and provide evidence of the country of harvest.</p> <p>Where forest regulations differ in different regions then the subnational region should be identified.</p> <p>For higher risk countries, the concession, or forest, must also be named and evidenced.</p> <p>Determining the level of risk presented by a country can be attained by researching Timber Legality Risk Assessment(s)</p>

Stakeholders' suggestions	Response
	<p>or by ascertaining the Timber Risk Score associated with the country.</p>
<p>Provide a green lane in the legislation for certification schemes such as FSC and PEFC</p>	<p>We intend to explore how we can reduce the burden on businesses following this review.</p>
<p>Increase the product scope of the regulations</p>	<p>The UK will review the products in scope of the UK Timber Regulations</p>

Increase fines for prosecutions, and bring in more monetary penalties	When reviewing the legislation we will consider what measures will lead to the most effective enforcement of the regulations.
Regulations should accommodate difficulties of traceability to a specific tree for products such as woodchips and provide guidance on compliance in these scenarios.	It is recognised that some requirements of the regulations are complex, but they are legal requirements that must be complied with. We will explore ways of making guidance more accessible to businesses in conjunction with OPSS.
Include a provision in the regulations which provides for cooperation with other international enforcement agencies	We are considering how to increase cooperation with other international enforcement agencies
Improve enforcement by increasing the capacity of the enforcement delivery body (OPSS) and increasing the number of audits	We will consider the current capacity of the enforcement delivery body to ensure that the regulations are effectively enforced

Stakeholders' suggestions	Response
Provide more prescriptive guidance on due diligence requirements including on low and high risk regions.	We will assess the guidance materials available in conjunction with OPSS

<p>Provide more guidance and communication materials to UK operators and EU suppliers relating to obligations and due diligence requirements since leaving the EU</p>	<p>We will assess the guidance materials available in conjunction with OPSS.</p>
<p>Amend the enforcement approach away from investigations into specific timber supply chains to focus on the complete due diligence systems, including processes and roles and responsibilities, risk prioritisation approach</p>	<p>Amending the enforcement approach would require amendment of offences in the legislation. We will take an evidence-led approach to decisions on reforms to the legislation.</p>
<p>Provide more information on enforcement issues, including case studies, a more frequent update on sanctions issued</p>	<p>We will assess the guidance materials available in conjunction with OPSS with a view to providing more case studies. We will also assess the frequency of the publication of enforcement information in conjunction with OPSS.</p>
<p>More guidance was also requested on specific requirements not currently mentioned in the guidance, such as translation of foreign documentation, type of evidence allowed for proving country of origin, country of origin</p>	<p>We will assess the guidance materials available in conjunction with OPSS.</p>

Stakeholders' suggestions

Response

and type of species typically imported into the UK and timber testing	
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Annex A: Stakeholders approached via survey

Name	Type of organisation
Timber Development UK	Trade Association
British Retail Consortium	Trade Association
Confederation of Forest Industries (UK) Ltd	Trade Association
Confederation of Paper Industries	Trade Association
British Woodworking Federation	Trade Association
Wood Panel Industries Federation	Trade Association
British Marine	Trade Association
UK Pellet Council	Trade Association
British Retail Consortium	Trade Association
Forest Coalition	Non-Government Organisation
Forest Trends	Non-Government Organisation

FERN	Non-Government Organisation
Grown in Britain	Certification Body
Woodsure	Certification Body
Track Record Global	Consultant

Name	Type of organisation
B&Q Ltd/Kingfisher	Business
Ecochoice Limited	Business
Sainsbury's	Business
Essity (UK) Ltd	Business
Lathams	Business
Travis Perkins	Business
Hadleigh Timber Group	Business
Wickes	Business
Egger (UK) Ltd	Business
Canada Wood UK	Business
Brooks Timber	Business
Homebase	Business

Alfresco Concepts	Business
John Lewis	Business
BM Certification	Monitoring Organisation
Control Union (UK) Ltd	Monitoring Organisation
Envirosense	Monitoring Organisation
Preferred By Nature	Monitoring Organisation
SGS	Monitoring Organisation
Name	Type of organisation
Soil Association	Monitoring Organisation
Office for Product Safety & Standards (OPSS), part of the Department for Business and Trade (DBT)	Other Government Department

Annex B: Post Implementation Review

Title: Timber and Timber Products (Placing on the Market) Regulations 2013 PIR No: Original IA/RPC No: DEFRA1460 Lead department or agency: Defra Other departments or agencies: Office for Product Safety and Standards (OPSS), part of the Department for Business and Trade (DBT) Contact for enquiries:	Post Implementation Review
	Date:
	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 UK market for the first time, the regulations lead to the consolidation of legal practices in the timber sector. The requirements apply to importers but have implications for 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 includes information from the Office for Product Safety and Standards in DBT, the enforcement delivery body for the Regulations. The review was further informed by a stakeholder survey via email targeting businesses, trade associations, monitoring organisations, certification bodies and NGOs.

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

The survey responses indicate that stakeholders believe the regulations are good in principle and purpose. However, the evidence base is too limited to conclude that policy objectives have been achieved. Stakeholders shared that the regulations have enhanced awareness of legal logging, promoted dialogue and transparency within supply chains and helped businesses make more sustainable choices. However, many of the stakeholders

who responded believe that the regulations could be revised to reduce the burden on businesses and to make the regulations more effective in tackling deforestation.

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.

A handwritten signature in black ink, appearing to be 'Trudy Harrison', written in a cursive style.

Signed: Trudy Harrison

Date: 08/03/2022

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 (originally) and now UK market. Costs to enforce the regulations were also estimated.

Progressive reduction in costs for UK business were assumed as a result of cost efficiency over time, 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)

Many stakeholders reported that costs have significantly increased along with their due diligence workload as all European timber now has to be assessed for import into the UK.

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

Businesses have stated that they would benefit from revisions being made to the regulations to reduce their administrative and cost burden and to ensure the regulations are focused on addressing supply chains where there is high risk of illegal logging. Some stakeholders advocated for mutual recognition of UK and EU timber regulations in both regions. Businesses identified that more prescriptive guidance on high and low risk supply chains as well as guidance to suppliers in other countries, advising how they can meet UK requirements would be welcomed.

7. How does the UK's implementation compare with that in the EU? (Maximum 5 lines)

Stakeholders consider that the UK Regulations are more strictly enforced than the EU regulations, post Brexit. From an industry perspective, the UK enforcement agency (OPSS) has been helpful in supporting businesses with compliance. This contrasted with EU Member States, where enforcement has been perceived as lacking or ineffective, leading to an uneven playing field.

