



14 April 2022

## **Considerations of the European forest-based industries on the draft ENVI report on the proposal for a regulation on minimising the risk of deforestation and forest degradation associated with products placed on the EU market**

The European forest-based industries would like to share some considerations on the draft report of MEP Hansen on the Regulation on deforestation-free value chains.

The signatories of this statement represent the European forest-based industries: these include the woodworking industries, the industries manufacturing pulp, paper and paper products, the furniture industry and the printing industry. Together they amount to around 420.000 enterprises with a total turnover of over 520 billion euros, supporting 3,5 million direct and indirect jobs in communities across Europe, while providing everyday products such as paper, furniture, construction, packaging and more.

The forest-based industries are supplied essentially from European forests<sup>1</sup> which are managed sustainably for multiple purposes. This enables a strengthening of the European economy's resilience, while developing a sustainable bioeconomy replacing fossil-based and carbon-intensive materials, in line with the Green Deal objectives. European forest-based industries strongly rely on voluntary market-based certification schemes demonstrating the sourcing of wood from sustainably managed forests according to internationally set criteria and indicators. Certification programs - like FSC or PEFC - work by ensuring that all steps of the production process are transparent and accounted for, allowing companies and consumers alike to make informed decisions about where their timber is sourced. Certification programs also guarantee compliance with international laws and standards on the rights of indigenous people and local communities.

Building on the strong involvement in sustainable forest management and certification, forest-based industries have gained additional experience since the adoption of the EU Timber Regulation in 2010. The Regulation requires them to implement additional due diligence to ensure that wood products placed on the EU market come from legal harvesting. This is why we would like to share some considerations on the draft ENVI report.

The draft report brings significant improvements to the Commission proposal, both in terms of clarity of definitions (e.g. on the definition of operators and related obligations,

<sup>1</sup> Over 56% of wood supply to the EU comes from domestic removals, around 19% from wood by-products of the wood industries, and 4% from post-consumer wood. Source: European Commission, EIP on Raw materials, Raw Materials Scoreboard 2021.

as in **amendments 35, 40, 41, 47**) and simplification of procedures (e.g. on country benchmarking, as in **amendments 81-83**), nevertheless the following points deserve closer attention:

- **Amendment 29** should not be supported; instead it is recommended to use the definition of deforestation proposed by the European Commission (“*Deforestation means the conversion of forest to agricultural use, whether human induced or not*”), as that is closer to the internationally agreed definition of the Food and Agriculture Organization of the United Nations. Using internationally agreed definitions would facilitate the implementation and enforcement of the regulation. In addition, all kinds of forests, not only the ones that naturally regenerate, should be protected from deforestation.
- **Amendment 33** improves the way forest degradation is defined, as it addresses the concern that although the area in question remains forest, its ecosystem services do not continue to be delivered. However, in the interest of focusing the legislation on the main problem to be addressed, we believe that the regulation should focus on deforestation.
- **Amendment 34 should be supported**, as the definition of “sustainable harvesting operations” proposed by the Commission unduly oversteps the competence of Member States on forest management and ignores the need for silvicultural practices adapted to different local conditions, forest types, structures and habitats. If forest degradation is addressed (see comment on amendment 33), there should be a reference to the national legislation of the country of harvest. This would reduce the legal uncertainty for the operator and would be in line with the FAO reporting framework, which only refers to country-level definitions of forest degradation.
- On the requirement to collect geolocation coordinates of plots of land where a commodity is harvested, the report improves the Commission proposal by expanding the area to be considered for traceability purposes from plot level to “production areas” (**amendments 37, 51**), however, the requirement to provide geolocation coordinates presents a challenge to the industry for technical reasons and may entail potential breaches of EU competition rules. Furthermore, the collection of geodata information may lead to errors. For example, when small forest enterprises are cooperatively linked in marketing, it is difficult to collect precise coordinates over a wide area. It is therefore suggested to either come back to the requirements of the EU Timber Regulation or lift such obligations for operators that source commodities in countries that are classified as low-risk.



- Third-party verified forest management certification helps demonstrate that forests are managed in line with environmental, social and economic requirements, and it is complemented by chain of custody certification. The signatories of this statement propose an amendment to ensure that the role of third-party certification in risk assessment and mitigation is aligned with the current requirements of the EU TR.
- The signatories recommend that the scope of the regulation is as complete as possible, covers all relevant wood and paper products, including wood charcoal and printed products, in order to avoid the risk of creating environmental loopholes and circumvention that would result in an uneven playing field for manufacturing industries located within or outside the EU.
- Finally, under the EU Timber Regulation and the FLEGT Regulation, which are currently in force, timber and timber products covered by the provisions of CITES are considered to be legally harvested and compliant. Therefore, wood and wood-based products covered by a valid CITES license should continue to be considered compliant to the legality under the new Regulation.

The related proposals for amendments can be found in the annex to this document.

The undersigned organisations remain available to provide more detailed explanations:

CEI-Bois – The European Confederation of Woodworking Industries

CEPI – Confederation of European Paper Industries

CITPA – The International Confederation of Paper and Board Converters in Europe

EFIC – European Furniture Industries Confederation

EOS – European Organisation of the Sawmill Industry

EPF – European Panel Federation

FEFCO – The European Federation of Corrugated Board Manufacturers

FEP – The European Federation of the Parquet Industry

INTERGRAF – European Federation for Print and Digital Communication