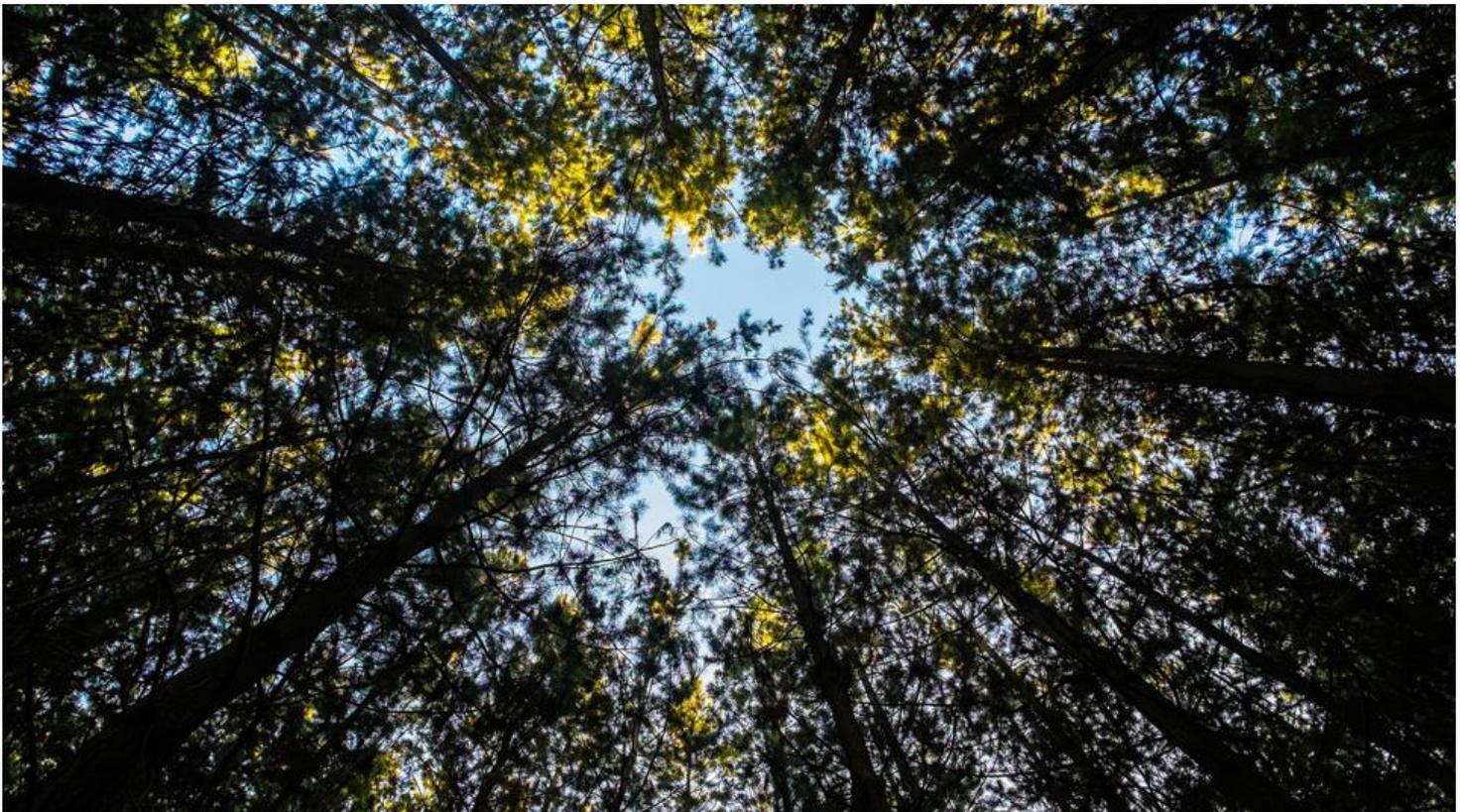


European Union Timber Regulation's effort to stop illegal timber import & how the Timber Trade Portal supports it

A study on the influences of the EUTR on European timber trade and how the Timber Trade Portal website reduces illegal logging and related trade

Thesis Report



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European Union Timber Regulation's effort to stop illegal timber import & how the Timber Trade Portal supports it

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Before you lies the thesis report of Ted Lennaerts to complete his study Forest- and Nature management. Due to my Tropical Forestry major I was looking for an assignment in the tropics at first. But after some time of searching I came in contact with a Dutch consultancy firm that has its working base near the beautiful Hoge Veluwe National Park. After some time I could not resist this nice working environment and concluded this was the best place for me to write my thesis.

To my good fortune I could combine the subjects of timber trade and tropical forestry when Form International asked me to find out what status their created website was in. During the selection of topics that this site extends, I soon found out that the FLEGT Action Plan and its main tool the EUTR played a major role in the development of the website. Therefore, it decided to first focus the investigation on the effects of this law and then zoomed in on the Portal.

To keep the research demarcated, applied and practical, I searched for a way to get close to the real practice and I started the interviewing of Dutch timber importers. By conducting interviews with large and small tropical timber importers in the Netherlands, I have learned many interesting facts and opinions that I would probably not learn in the school banks. Interviews with some importers therefore have me really motivated to put down a good result.

In this research, I discovered that there could be a future for me in market of timber trade. Combating illegal logging and trade and thereby achieve the sustainable management of forests in tropical countries is a good and satisfying goal that I want to support.

Through this way I would like to thank all the people I interviewed. Looking back it were very open and inspiring conversations that gave me the missing information and helped me further in the investigation.

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SUMMARY

This research report is written as finalization of the bachelor study of Forest- and Nature conservation at the University of Applied Sciences Van Hall-Larenstein. The purpose of the research is (a) to find out what influences the European Union Timber Regulation (EUTR) has had on the timber trade flows coming into the European Union (EU). The second part of the research focusses on (b) what extent the Timber Trade Portal (TTP) website, made by consultancy Form International, helps in reducing illegal logging and related trade. The functioning part about the TTP was requested by Form International.

Illegal logging and related trade in illegal timber and such products is considered as one of the biggest threats to the world's forests. This way of logging has widespread negative impacts at environmental, economic and social level and leads to deforestation and forest degradation. In reaction, the EU introduced the FLEGT Action Plan of which the EUTR was one of the larger measurements. The EUTR is the first EU law that prohibits the placement of illegally harvested timber or related products on the EU market. Four years after its implementation, this law still leads to questions and uncertainties for those who are affected; the operators, on how to comply with the regulation. To provide these operators with a possible answer the European Timber Trade Federation (ETTF) asked Form International to create the TTP. The content builder of TTP, Form International, is interested if the website meets its purpose of providing the right information to answer the questions by European operators. Though, the target audience is dominantly Dutch. To answer the research questions, an extensive literature review is conducted based on research papers, reports from independent forestry institutions and online sources. Additionally, a survey was conducted by setting out an online multiple-choice and open question inquiry, by calling the known operators and by meeting them in person for interviews.

The main findings of the first part (a) show that the EUTR's implementation did not cause major drops in trade volumes and that EU operators' still import from outside the EU. The operators do not avoid tropical timber import due to its legislative requirements, despite it takes them more time and effort. Furthermore, it seems that the EUTR is efficient in its goal of stopping illegal trade into the EU. However, stricter implementation by all Member States is highly necessary to fully stop the placement of illegal timber on the EU market. In spite of all actions taken against illegal logging, it remains a difficult affair to proof guilt or innocence for wood (-products) imported from tropical zones far away from controlling agencies in Europe. Therefore, the Timber Trade Portal supports operators, mainly Europeans, in making the right decision in their import. In doing so, the TTP helps them placing legal timber on the EU market, instead of illegal timber which thrives on illegal logging and trade.

Nonetheless, the main findings for the TTP (2) show that half of the surveyed operators do not know TTP yet, despite the attempts of advertisement and online promotion works from Form International and the European Timber Trade Federation. Out of 34 respondents, 32 indicated that before this survey, they had never visited the platform. Hence it is not very representative, that the TTP's content is graded as more than sufficient (with an average 7,0). The second main finding of the TTP research reveals that Dutch operators show most interest in the key documents and legality frameworks (i.e. due diligence) on the TTP website. This strongly corresponds with results of the European Commission of the EUTR general evaluation, wherein is stated that completing a sufficient due diligence system is seen as the most difficult requirement for operators.

For the EUTR (a), my recommendation is that more effort has to be made on the equal implementation of the EUTR by all Member States and expansion of the product scope, just as the Voluntary Partnership Agreements to fully eradicate placement of illegal timber in the EU. Sustainability certifications, like FSC and PEFC, should be graded in my view with the same status as legally produced timber like FLEGT-timber. For the TTP (b), I recommend a retrospect of what the ETTF would like to offer to the EU operators and critically look to what extent this platform really helps them in this, in regard with the low number of operators that knew TTP. Yet, the TTP provides a first coherent overview of the timber regulation. However when taking a broader perspective, the question of what the operators actually need, needs to be detailed, before other solutions and tools like a Portal are implemented, and might end up to be a symbolic, well-intentioned attempt instead of a functional tool for operators.

TABLE OF CONTENTS

- ACKNOWLEDGEMENTS..... 1
- SUMMARY..... 1
- ABBREVIATIONS 1
- 1. INTRODUCTION..... 1
 - 1.1 Illegal logging & FLEGT..... 1
 - 1.2 EUTR..... 4
 - 1.3 *The Timber Trade Portal*..... 5
 - 1.4 *Research- Objectives & Questions*..... 7
 - Main-research questions 8
- 2. METHODOLOGY 9
 - 2.1 Literature reviews 9
 - 2.2 Surveys & Data collection 9
 - 2.3 Data storing 10
- 3. RESULTS 11
 - 3.1. What is the influence of the EUTR on the timber trade flows into the EU? 11
 - 3.2 How does the Timber Trade Portal help in reducing illegal logging and related trade? 21
- 4. DISCUSSION 29
 - 4.1 The EUTR..... 29
 - 4.2 The Timber Trade Portal 31
- 5. CONCLUSIONS..... 32
 - 5.1 EUTR conclusions..... 32
 - 5.2 Timber Trade Portal conclusions 33
- 6. RECOMMENDATIONS 34
 - 6.1 EUTR advice 34
 - 6.2 Timber Trade Portal recommendations 34
- 7. REFLECTION..... 36
 - 7.1 Reflecting the EUTR research..... 36
 - 7.2 Reflecting the Timber Trade Portal research 37
- WORKS CITED..... 38
 - Literature:..... 38
 - Websites 39
- ANNEXES 41
 - Annex 1: EUTR Detailed..... 41
 - 1.1 Law specifics 41

1.2 MOs & CA's.....	41
1.3 Due Diligence System elements.....	42
Annex 2: EUTR product scope	44
Annex 3: Content country profiles	45
Annex 4: Form International	49
Annex 5: Survey target audience & survey methods	50
5.1 Setting the target audience.....	50
5.2 Data collection.....	50
Annex 6: Survey Questions	53
Annex 7: Timber Trade Portal countries	55
Annex 8: Raw survey results	56

ABBREVIATIONS

AP	Action Plan
BV	Ltd. Private Company (in Dutch 'Besloten Vennootschap')
CA	Competent Authority
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoC	Chain of Custody
DD(S)	Due Diligence (System)
ETTF	European Timber Trade Federation
EU	European Union
EUTR	European Union Timber Regulation
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
GFC	Global Financial Crisis
G8	<i>Group of Eight</i> : United Kingdom, France, Germany, Italy, Japan, United States, Canada, Russia
ITTO	International Tropical Timber Organisation
MO	Monitoring Organisation
NVWA	Netherlands Food and Consumer product safety Authority (in Dutch Nederlandse Voedsel en Waren Autoriteit')
PEFC	Programme for the Endorsement of Forest Certification
SME	Small and Medium Enterprises (Dutch: MKB, Midden- en Klein Bedrijf)
STTC	European Sustainable Tropical Timber Coalition
TTP	Timber Trade Portal
VPA	Voluntary Partnership Agreement
VVNH	Royal association of Dutch Timber enterprises (in Dutch 'Koninklijke Vereniging Van Nederlandse Houtondernemingen')

1. INTRODUCTION

The world's population has to take care of its remaining forests and on the indigenous people who live in- and rely on the resources these forests provide. Forests and their resources take care of, among other things, carbon sequestration; which slows global warming, the mitigation of air pollution and of course providing food, fodder, fuel, wood and timber for construction (Tyrväinen et al., 2005).

This chapter describes the issue of illegal logging and the European Unions' (EU) answer to this, in form of the European Union Timber Trade Regulation (EUTR). To support the tropical timber operators, traders and importers with these new policy requirements, the European Timber Trade Federation (ETTF) assigned the consultancy company Form International to build an informing website, called the Timber Trade Portal. This and their contexts are introduced to you below, separated in each having their own paragraph.

1.1 Illegal logging & FLEGT

One of the major threats to forests worldwide is illegal logging. Illegal logging is the harvesting, processing, transporting, buying or selling of timber in contravention of national and international laws (European Forest Institute, Illegal logging, 2014). This way of logging has several negative impacts on environmental, economic and social level and leads to deforestation and forest degradation.

The negative effects of illegal logging on the world's environment are the emission of greenhouse gasses (Lawson, 2010) and the loss of biodiversity. Large forest areas in mostly Africa, Southeast Asia and Latin America are logged and not managed in a sustainable way what leads to loss or degradation of forests and unnecessary releases of greenhouse gases into the atmosphere which should be kept into the forests natural depot to mitigate against and adapt to climate change (Chatham House, 2017).

For example, deforestation rates caused by illegal logging measured by Achard et al. show that there was a gross loss of tropical forests of 8.0 million ha yr⁻¹ in the 1990s and 7.6 million ha yr⁻¹ in the 2000s, which is an annual rate of 0.49% (Achard et al., 2014). Another study showed that in the years of 1997/1998 illegal timber harvesting in Indonesia produced more than half of its total timber production (Contreras-Hermosilla, 2002).



Figure 1.1 Logging Timber in the tropics (Wadley, 2010)

Interpol (2016) have given comparable statements about the environmental consequences:

"It is estimated that illegal logging accounts for 50–90 per cent of the volume of wood in key producer tropical forests, such as those of the Amazon Basin, Central Africa and Southeast Asia, and 15–30 per cent of all wood traded globally... Clearly, if left uncontrolled, illegal logging will undo the global community's efforts to reduce carbon emissions from deforestation and forest degradation. In addition to the environmental damage, the trade in illegally harvested timber is highly lucrative and estimated at least at USD 30 billion annually".

There are unfortunately no comprehensive estimates of the full extent and problem of illegal logging, but some recent country studies suggest the problem is substantial. Below the industrial roundwood production of four big producing countries is given together with the estimated percentage of illegally logged cubic meters of the total timber roundwood production.

Tabel 1. Industrial Roundwood production and illegal logging in four mayor producing countries.

	Ind. roundwood production, 2000 m cum	Estimated illegal harvest ¹ as % of total prod.
Russia	105.8	20%
Brazil	103	80%
Indonesia	31.4	73%
D.R. Congo	3.7	n.a

¹ Estimates are for a variety of years and do not refer to 2000 roundwood prod., which is the reported legal harvest. Source: FAO (2002); Greenpeace (2000); Brazilian Secretariat for Strategic Affairs (1997); ITFMP (1999).

Source: (Scotland & Ludwig, 2002)

The estimated percentages of 73% in Indonesia and even up to 80% illegally harvested timber in Brazil are shocking. These figures show how big the problem of illegal logging really is. Moreover, studies show the annual loss of tropical forests is estimated around 0.2% by the FAO, which can be read as 9.4 million hectares of forest (including plantations) loss and 12.5 million hectares of natural forest (including change from natural forest to plantations) lost every year in the 1990s (FAO,2001).

The economic livelihood of local communities and responsible companies is stripped, which leads to losses in revenues from legal logged forests as well. Although there are no definitive statistics on the value of illegally sourced timber globally the World Bank gives the following estimate in their report called 'Justice for forests': *'Every two seconds, across the world, an area the size of a football field is clear-cut by illegal loggers. In some countries, up to 90 per cent of all the logging taking place is illegal. Estimates suggest that this criminal activity generates approximately US\$ 10–15 billion annually worldwide – funds that are unregulated, untaxed and often remain in the hands of criminal gangs.'* (Goncalves, Panjer, Greenberg, & Magrath, 2012).

On the social side illegal logging has contributed to corruption, violence, conflicts with indigenous and local populations, human rights abuses, funding of armed conflicts and the worsening of poverty. One of the reasons illegal logging exists is because of the increasing demand for timber, paper, pulpwood and other forms of timber products, this has its effects on the global economy. The problem of illegal logging is severe, to tackle this consumer and producer countries must work together to address the supply and demand for illegal timber and must share responsibility.

Concerning the information above the 1998–2002 G8 Action Programme on Forests highlighted illegal logging as one of five issues affecting the world's forests. Since then, several initiatives to address the problem have been introduced by governments and the private sector. In 2003, the European Union published the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. The Action Plan sets out a range of measures available to the European Union (EU) and its member states to tackle illegal logging in the world's forests (European Forest Institute, EU FLEGT Action Plan, 2014).

One of the key role players and consumers of timber products in the world is the EU, in 2000 the EU accounted for 25-50% of global imports of industrial- and tropical roundwood, sawnwood, plywood, pulp and paper (Scotland & Ludwig, 2002). Due to this fact the EU has a significant impact on illegal logging because companies and governments buy timber and timber products from suppliers from Africa, Asia or South America. By buying timber and timber products with 'no questions asked', consumer countries in the EU and beyond can unknowingly give financial incentives to those committing forest crimes and can undermine efforts to enforce the law in some of the world's poorest timber-producing countries (European Forest Institute, Illegal logging, 2014). Likewise, when illegally harvested timber would be traded into the EU it would damage the EU's reputation and would reverse the effort of sustainable legitimate timber trade. Governments and companies in the EU should buy legal timber that helps to reduce illegal logging because of the responsible felling and support of national laws. So what does the FLEGT Action Plan actually contain? The Action Plan sets outs measures to:

- Prevent the import of illegal timber into the EU
- Improve the supply of legal timber
- Increase demand for timber from responsibly managed forests

The Action Plan's long-term aim is sustainable forest management. The EU wants to support sustainable forest management by legality because better law enforcement will in general lead to more sustainable forest management. Where this is not the case the EU should encourage a review of the legal framework. Better forest governance is therefore an important step on the path to sustainable development (Commission of the European Communities, 2003).



Figure 1.2 FLEGT logo (Doazung, 2014)

The Action Plan focuses on seven broad areas:

1. Supporting timber-producing countries, including promoting fair solutions to the illegal logging problem
2. Promoting trade in legal timber, including developing and implementing VPAs (will be explained below) between the EU and timber-producing countries
3. Promoting public procurement policies, including guidance on how to deal with legality when specifying timber in procurement procedures
4. Supporting private sector initiatives, including encouraging voluntary codes of conduct for private companies sourcing timber
5. Safeguarding financing and investment, including encouraging financial institutions investing in the forest sector to develop due care procedures
- 6. Using existing or new legislation to support the Action Plan, including the **EU Timber Regulation****
7. Addressing the problem of conflict timber, including supporting the development of an international definition of conflict timber

Box 1: The seven focal points of the FLEGT Action Plan

The FLEGT Action Plan has several measures on which it focusses as written above in box 1. The Action Plan has two main elements of which one, mentioned at point 6, is the implementation of the **EU Timber Regulation** also known as the EUTR or the Regulation. The other main element of the FLEGT Action Plan is implementation of **Voluntary Partnership Agreements** (VPAs). VPAs are trade agreements with timber exporting countries that help to prevent illegal timber from being placed on the European market. Both elements are equally important, however the EUTR focuses on the trade of timber globally into the EU while VPA's are agreements with specific countries. Therefore, the next subchapter will explain more about all aspects of the EU Timber Regulation.

1.2 EUTR

The EU Timber Regulation aims to reduce the illegal logging by ensuring that no illegal timber or timber products can be sold in the EU. It was created as part of the EU's FLEGT Action Plan.

The EU Timber Regulation came into force on March 3 2013. It prohibits operators in Europe from placing illegally harvested timber and timber products derived from illegal timber on the EU market for the first time. 'Legal' timber is defined as timber produced in compliance with the laws of the *country of harvest* (European Forest Institute, 2014).

It fights the trade in illegally harvested timber and timber products by imposing three key obligations:

"1. Placing illegally harvested timber and products derived from such timber on the EU market for the first time (whether imported or harvested within the EU), is prohibited.

2. EU operators – those who place timber products on the EU market for the first time – are required to exercise 'due diligence'". (This will be explained in subchapter *1.2.1 Due Diligence*)

Once on the market, the timber and timber products may be sold on and/or transformed before they reach the final consumer. To facilitate and further down the chain control the track- and traceability of timber products;

3. "Traders – those who buy or sell timber and timber products already on the market – are required to keep information about their suppliers and customers to make timber easily traceable" (European Commission, 2013).

1.2.1 Due Diligence

We zoom in on the EUTR key obligations. Within the obligations there are two parties who deal with the EUTR; the operators and the traders. The operators are prohibited to place illegally harvested timber on the EU market and they have to comply with the obligations of point 2: 'EU operators are required to exercise 'due diligence''. The operators carry the highest responsibility of the EUTR legislation in making it a success and therefore bear the most of the burden in exercising this due diligence. Checking and controlling all information necessary can be a difficult job. The second party; the traders, deal with the third obligation of the EUTR: 'Traders are required to keep information about their suppliers and customers to make timber easily traceable'. This comes down to keep track of who they buy from and who they sell to.

1.2.2 Key elements of the DDS

The implementation of 'due diligence' is done by a Due Diligence System (DDS). A due diligence system is a documented, tested, step-by-step method, including controls, aimed at producing a consistent desired outcome in a business process (European Commission, Guidance document for the EU Timber Regulation, 2016), in this case: demonstrating the legality of the timber or timber product. As mentioned, the operator must complete this to demonstrate that the wood or wood product that is placed on the EU market has a negligible risk of illegality. To measure this risk a risk management system called a due diligence system is implemented.

The three key elements of the "due diligence system" are:

- **1) Information:** The operator must have access to information describing the timber and timber products, country (and, where applicable, sub-national region and concession) of harvest, species, quantity, details of the supplier and information on compliance with national legislation.
- **2) Risk assessment:** The operator should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation.
- **3) Risk mitigation:** When the assessment shows that there is a risk of illegal timber in the supply chain that risk can be mitigated by requiring additional information and verification from the supplier.

More detailed information about the EUTR is provided in Annex 1: EUTR detailed. In this annex are the law specifics and the context of due diligence further discussed.

1.3 The Timber Trade Portal

With the announcement and the application of the EUTR and its due diligence systems, operators – those who place timber and such products on the European market, and timber suppliers in the EU have to provide documentary evidence that the timber they place on the European market is harvested and traded legally. The EUTR asks operators and timber traders to know, accept and apply the laws and regulations of the 'country of harvest'.

"Yet, over two years after the EUTR and its due diligence obligation came into effect, its application is often still seen as a challenge. Part of this challenge comes from an apparent uncertainty around the detail of what operators need to do to meet their due diligence obligation. " (ClientEarth, *The EU Timber Regulation due diligence obligation: An appropriate tool*, 2015)

The questions asked by the operators about due diligence requirements are raised at the office of the ETTF, the European Timber Trade Federation. The ETTF liaises with and lobbies government and governmental bodies at national and international level, engages with environmental- and other NGOs and provides a discussion and networking forum for the EU timber trade on key issues, from legislation and the environment, to sustainable timber promotion and best practice (ETTF, 2016). They are the organisation where the questions of operators in the EU about the EUTR land. The operators and traders in the EU are seen as the 'grassroots' of the ETTF, they raise questions about all practical activities in the network of traders and are the voice of the timber traders in the EU. Some of the questions suggested by the operators were:

- What are the rules of harvest and laws in the country of origin?
- What do I have to check when I want to import timber from e.g. Indonesia?
- What are the protected species in the country of origin, which I can't import?
- What is the official forestry authority in the country of origin?
- Do I have to check the way of transport and transport permits as well?

To answer these questions the ETTF had to create an information point where all operators and timber traders in the EU could find an answer to the stated questions. To create this information point they launched a project called the '*Timber Trade Portal*'. The Timber Trade Portal (TTP) is a website that is aimed to create a central point of information on both timber industry and legislation.



Figure 1.3: The Home-page and website of the Timber Trade Portal (Form International, 2016)

The website is made to create a level playing field among EU member states and to give a clear view on legislation and laws of producer countries in mainly tropical Africa, Asia and Latin America that trade with the European market. The website meets the demand for information by facilitating timber traders' access to information on legal timber trade, certification, country requirements and export. The Timber Trade Portal supports 'gathering of information' as required in the EUTR requirements for Due Diligence. Input in the Due diligence system is the main focus of the Timber Trade portal, as well as other relevant information which is needed as input for the risk assessment of wood supplies (which is the second required step of a Due Diligence System).

One of the aims for the website is to enhance the trade in sustainable produced wood. It tries to serve as incentive for more producers to produce sustainably/certified and creates new opportunities and contacts between operators, timber suppliers and traders.

This project has a clear function in governance of EUTR and other timber regulations, through the Due Diligence System (DDS) information provision, and thus contributes to fighting illegal timber brought on the market. It provides more transparency in the timber supply chain and has a strong connection with sustainable forest management, which is also promoted by VPA negotiations and certification initiatives. The content and explanation of the Portal can be found in *Annex 4: Content country profiles*.

1.4 Research- Objectives & Questions

"This web portal is an answer of the European Timber Trade Federation (ETTF) to the numerous questions timber traders have when it comes to legal timber trade, due diligence, country requirements and export. It serves as a central information point, where you can find country profiles on both timber industry and legislation of producer countries, mainly located in tropical Africa, Asia and Latin America." That is the clearly stated sentence written on the website of the Timber Trade Portal. The aim is to provide necessary information to help traders and operators in meeting the Due Diligence requirements (of supplying information about the timber they want to place on the European market) of the EUTR law and thereby help reducing illegal logging and related trade of tropical timber into the EU.

Form International has created and is creating country profiles about the information written in the statement above. After publication of the first 23 country profiles Form wants to know what information is possibly lacking or missing. Is all the data on the Portal up-to-date and does it match the reality in those countries? Another type of question that could be asked is: do timber traders and operators know about the existence of the Timber Trade Portal and, if yes, what do they think of it? How can the TTP be improved?

This research examines whether the Timber Trade Portal helps reducing illegal logging and related trade by measuring the quality level of information about the EUTR law and DDS requirements on the website.

Because the Timber Trade Portal is an answer to the questions raised about the implementation of the EUTR, this research will first focus on what influence the EUTR has (had) on the timber flows between tropical timber producing countries and the European Union. When the impact and influence of the EUTR is studied and analysed, the second part of the research asks if the information on the Timber Trade Portal helps operators in a way that it reduces illegal logging and related trade and is followed up by giving a supported composition of solid advice for the further development of the Timber Trade Portal.

The information displayed in the introduction chapters leads to raise a few specific questions. Those questions can be combined in the following one-sentence question: What is the influence of the EUTR on the timber trade (flows) and how does the Timber Trade Portal help reducing illegal logging and related trade?

Firstly, this research wants to answer the first part of the question by looking at the timber trade flows between Europe and tropical exporting countries. We want to explore and compare the influences of the EUTR on operators that buy timber from tropical countries around the world. What did exactly change due to the implementation of the EUTR?

Secondly, since the introduction of the Timber Trade Portal, Form International wants to find out to what extent it is contributing to its main goal of providing information and if it needs possible improvements to help operators in the EU fighting illegal logging and related trade. This research can shine a light on how a European website can fight illegal logging in the tropics and shows the opinion of European timber traders about the content of the Timber Trade Portal and find out if- or what they actually use, or miss in the information portal. The answers can be used by Form International as a baseline study for potential continuation and/or expansion of the Timber Trade Portal project. The main necessity for this research is that the outcome can provide an overview of the influences the EUTR has made on the European timber market and if the Timber Trade Portal contributes as the needed informational support for traders to reduce illegal logging and trade.

Main-research questions

To answer both aspects in this research and to give a concrete specific answer, the following two main-questions are stated.

1. What is the influence of the EUTR on the timber trade flows into the EU?

This question seeks the answer on what changed for EU-operators in the trading process. The first research question is divided into the following sub-questions to give a complete answer.

- 1.1 Is the EUTR an effective way of stopping illegal trade of timber into Europe?
- 1.2 What is the effect of the required due diligence system as part of the EUTR?
- 1.3 Did certain operators decide to import less timber from tropical countries and more from European countries to avoid EUTR legislation?
- 1.4 Is it possible that the import quantity of timber from tropical countries decreased due to the EUTR?
- 1.5 Does it require more time and effort for operators to implement due diligence in their Chain of Custody?

2. How does the Timber Trade Portal help in reducing illegal logging and related trade?

The Portal, as so called central information point provides the names and content of documents and permits that are needed to classify tropical timber on legality. All information is in line with the EUTR and rules in the countries of harvest. We want to find out if there are possible areas for improvement and if there is particular information on the website missing or wrong according to the users. Furthermore, we want to find out and if or how the Portal helps with the goal of the ETTF and the EUTR: reducing illegal logging and related trade into the EU.

The second research question is divided into the following sub-questions to create a complete answer:

- 2.1 Does the Timber Trade Portal work as informative website?
- 2.2 To what extent does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade?

To conclude, this research combines two studies of which the answers create a profile of the way timber operators in the EU and especially the Netherlands are influenced by the EUTR, and furthermore examines how the Portal helps operators with the goal of the EUTR, reducing illegal logging. When these questions are answered and analysed, a recommendation can be written to increase the website's potential of being the perfect central information point when it comes to both the timber industry and legislation in tropical timber producer countries.

2. METHODOLOGY

For conducting this research, there is chosen for the research methods of literature reviews and taking surveys which are both explained in this chapter. The steps that have been taken to identify the right target audiences are described, together with the way of data collection. For a more detailed insight in how the data was stored, used and analysed, you are directed to annex 5.

To answer the first research question about the influences of the EUTR the research method of literature review is used supplemented by conducting surveys. The reason for these methods is, because among other things, a strong evaluation of the EUTR had to be made to create a strong basic understanding and data amount of the development of the EUTR in the EU. This information comes from several digital sources dating back from 2003 to 2017. The surveys were used to supplement data from literature reviews, strengthen them, or possibly contradict them, but this method is mainly used to obtain current data and, moreover, it gives the opportunity to retrieve detailed information and answers on specific questions related to the Dutch timber trade market. The data collected by these methods is used throughout the results of both main research questions.

2.1 Literature reviews

Besides conducting surveys, different sources of literature are reviewed like evaluation reports done by the EU Commission, independent bureaus such as the Independent Market Monitoring and others. Moreover, books and papers on several subjects are analysed on top of several digital sources. These methods are mostly used to collect data for answering the first main-research question.

The reports written by the European Commission that were used for collecting data have derived their data from several sources like: Biennial Member States' reports on the application of the EUTR, Competent Authorities (CA's) from Member States, trade flow analysis' and multi-stakeholder consultation on websites and targeted email- and phone consultations on NGO's and private operators. All referred literature can be found in the chapter *Works Cited*.

The information that is derived from the used reports is directly processed, analysed and written into the draft of the research.

2.2 Surveys & Data collection

In the process of collecting data that can be used to answer the research questions the three following kinds of survey methodology have been used:

- Online surveys
- Phone surveys
- Oral surveys

The online surveys are open for, and filled in by operators worldwide with access to the internet. When the survey was completed all answers were automatically collected and sent to a software program named SurveyMonkey: a survey-development cloud-based software program. It provides free, customizable surveys, as well as a suite of paid back-end programs that include data analysis, sample selection, bias elimination, and data representation tools. The free-version of the software was used to create the survey used for this research.

Furthermore, phone surveys were conducted by calling only Dutch hardwood operators' offices. We selected hardwood importers on the member list available on the website of the Vereniging Van Nederlandse Houtondernemingen (VVNH); the Netherlands Timber Trade Association, and added tropical timber importers known by *Form International* that where no member of the VVNH. The members of the VVNH were contacted because they were previously informed about the existence- and launch of the Timber Trade Portal by the VVNH board and asked to fill in the online survey of this

research. The reason for selecting only the hardwood importers was because the TTP and the EUTR is meant for European traders that import timber from tropical Africa, Asia and Latin America where this hardwood is mostly coming from.

The list of organisations to contact existed out of 60 organizations that were put in a randomly order. On the basis of the printed survey open-, closed-, and multiple-choice questions were asked to the person who managed the timber purchases at the organisation that was approached. This person is most likely to deal with the EUTR and other legality issues regarding the procurement of timber. The telephone survey was conducted by reading out the (multiple-choice) questions and possible answers from the survey form and thereafter time to reply by the respondent. In some cases the respondent was asked to specify their answer depending on the question to get more insight in their given answer. Besides the data gathering by survey calls we went to visit two companies in the Netherlands that import tropical timber. Two persons that deal with timber procurement were interviewed following the Dutch version of the survey. These visits let to more specified information than normally gathered due to the fact colleagues of Form International asked about specific information considering their due diligence systems and because of the fact there was more time to conduct the interview than on the phone. A detailed process on why there is chosen for these ways of collecting data and how this was done can be found in Annex 5: Survey target audience & survey methods.

2.3 Data storing

The information gathered from the survey phone calls with Dutch timber traders was written down on paper survey forms and digitalised into Excel. This subchapter explains the way the raw data was entered into excel and explains how to read the information. The raw data can be found in *Annex 9: Raw Survey results*.

All answers in Excel are written down per individual respondent in order to get a clear overview and to favour statistical analysis. The survey consisted out of 16 questions including open-, closed-, and multiple-choice. Filling in the data went as following:

- 1st row: *Headers*
- 2nd row: first respondent
- 3rd row: second respondent
- 4th row: third respondent
- 5th row: *etcetera*

The columns were used as variables for all the possible answers:

- Column A: *ID*, every respondent got an own unique consecutive identification number.
- Column B: *type*, the way the survey was conducted; by phone, computer or orally.
- Column C: *name*, the name of the company the respondent works for.

The columns D up to and including BF are used for every possible answer that can be given. The answers are noted by filling in a '1' when the particular answer is given. For example, the first question is a multiple-choice question where the surveyed can give more than one answer if they wanted. Therefore question 1 is subdivided into seven possible answers. As noted before a '1' is written down when one or more of the possible answers is given, the column is left blank when the answer is not given. The other possibility is that an answer is given by specified text. The column is then filled with this text instead of a written '1'. Closed question where only one of the provided answers can be given are answered by a digit that corresponds with one of the answers' provided possibilities. Open questions are answered with text instead of a '1'. When the respondent did not want to provide an answer or did not fill in answer on the computer survey, '*no comment*' was written down. When the respondent was not able to give certain answers due to the fact he had no computer '*no pc*' was stated. Some of the questions where not applicable to the respondent, in those cases '*n.a.*' was stated. When a possible answer was not given the column was always left blank.

3. RESULTS

This chapter is dedicated to the explanation of the results that were retrieved from answering the research questions mentioned in subchapter *1.5 Research Questions*.

3.1. What is the influence of the EUTR on the timber trade flows into the EU?

To answer this question we subdivided it into five questions to get an answer as completely as possible. These questions are in order answered below.

3.1.1 Is the EUTR an effective way of stopping illegal trade of timber into the EU?

The goal of the due diligence system obligation is to stop illegally harvested timber or timber products derived from such timber from being placed on the EU market. This question is dedicated to answer if that goal is achieved. We have taken a look at five aspects of the EUTR which are questioned:

- Relevance
- Effectiveness
- Efficiency
- Coherence
- EU added value

The above mentioned terms are answered and explained in the paragraphs below:

Relevance

The EU's aim is to make sure only legally obtained timber or such products are imported into the EU. Evidence from the investigations done by the EU show that the Regulation, since its application has encouraged more responsible sourcing policies and, therefore, demonstrated its potential to change operators' market behaviour and establish supply chains free of illegally harvested timber, thus contributing to the achievement of the overall objectives of the FLEGT Action Plan (AP) (EC, 2016). The relevance for the adoption of the EUTR is clear; prevent marketing of illegal timber in the EU, improve supply of legal timber and increase demand of timber sourced from responsibly managed forests. However, the EU did not really 'encourage more responsible sourcing policies', they 'enforced more responsible sourcing policies' which is necessary but not welcomed with open arms by many operators (who bear the most consequences) in the EU.

Several surveyed operators mentioned the fact that the EUTR takes quite some extra time in comparison with before it entered into application. This opinion, however, is inferior to the before mentioned reasons that resulted in the adoption of the EUTR.

Effectiveness

There are a few challenges that are stated by the EU Commission in their first evaluation of the EUTR concerning an effective application:

- Insufficient human and financial resources allocated to the Competent Authorities
- Varying types and level of sanctions across Member States
- Lack of uniform understanding and application of the Regulation throughout the EU

These outcomes are in line with the opinions of operators that were investigated for this study. In the beginning of the EUTR application some operators had a better understanding of the mandatory documentation and other content of the EUTR than the Competent Authorities who had to control operators on this manner. This incident was told by 5 different operators during the survey.

“When the NVWA walked in here the first time for a check, they were the ones who learned something”

Or

“The NVWA did not really know what to check exactly the first time they came to visit, we showed our documentation and they were a bit astonished”

Because the EUTR does not specifically explain which documents are minimally required in DD systems, operators went by their own interpretation of the legislation and did their own research and documentation to meet the requirements. This took place in the beginning of 2013 as where now, 2016-17, the NVWA in the Netherlands up-scaled their own resources and their checks are more advanced as said by the same operators.



Figure 4.3: Timber transport in Liberia (Global Witness, 2012)

The varying types and level of sanctions across Member States is seen as a challenge. Understandable because Hungary, Greece, Spain and Romania were still non-compliant in the course of 2015 where Spain did not even allocate a Competent Authority until March 2015 (EC, 2016). This means almost no control on illegal timber or related products coming into Spain. Only operators themselves could introduce a proper DDS on their own behalf, but there is no pressure to do this because there is no authority to check if you have a DDS, or fine you when you do not have one. For this reason the European Commission started action against these non-compliant Member States. The EC is also the only authorised party to make Member States allocate CA's and thereby creating pressure at operators to comply with EUTR obligations. The lack of understanding and applying the Regulation throughout the EU is part of the fact the obligations can be hard to understand and interpret as mentioned in the previous research questions. This problem can be solved by the same solution as the previous problem; Competent Authorities. CA's can check and thereby help operators and MO's to set the right Chain of Custody and DDS's to comply to EUTR obligations. When a CA visits an operator, the shortcomings and weaknesses are profiled where after the checked operator can enhance and supplement his DDS until it meets the requirements within a certain time frame.

Another already applied solution is the Timber Trade Portal which could help operators with difficulties to understand all elements needed in order to put in place a solid DDS, but this is further elaborated in Chapter 3.2.

Efficiency

The efficiency of the EUTR starts with the mentioned checks on operators by CA's. The evaluation report of the EC says that the human- and financial resources dedicated to do checks on operators appear disproportionately low compared to the number of operators in those countries, leaving the deterrent effect of the enforcement activities rather limited (EC, 2016). This outcome varies among Member States. For the surveyed operators in the Netherlands, shown in chapter 3.1.4, this was a percentage of 30% that was not checked up to march 2016, 3 years into EUTR application.

While the Netherlands are seen as one of the top countries in the application of the EUTR and placed seventh in 'Number of Checks Undertaken having resulted in Actions' (EC, 2016), still a high mentioned 30% of checked operators is not checked after 3 years. In the case of efficiency: not very efficient.

Coherence

The EUTR is heavily coherent with FLEGT VPA licensing schemes and the EU Wildlife Trade Regulation. At the moment of writing this report six countries have signed a VPA and nine countries are in process of signing. Of these countries Indonesia exporting FLEGT-licensed timber into the EU which is in line with EUTR in the beginning of 2017. When FLEGT-licensed timber is imported by an operator, the FLEGT certification alone will be enough to meet EUTR obligations. Therefore FLEGT is highly encouraged in the EU because it makes meeting EUTR obligation much easier.

EU added value

For the EU the aim of the EUTR is to help fighting against illegal logging and related trade which is a global challenge. The European Union's strength is their combined market leverage to ensure demand for legally-harvested timber. It avoids distortions of the EU market, which would have occurred if varying rules had been put in place by individual Member States. Without the EUTR, operators in Europe are not on a level playing field and some operators are disadvantaged because they implemented their (in some cases) time- and money consuming DD systems, especially when cheaper illegal timber can enter the EU market freely through operators that do not have a DDS.

The EUTR also created incentives for countries inside Europe that are not part of the EU (like Switzerland) and outside of the EU to expand their national legislation with similar legislative acts like the US Lacey Act in the USA and the Australian Illegal Logging Prohibition Act. Furthermore, there are big consumer countries like China, Japan and Korea that are starting to consider likewise measures with similar objectives but there is nothing concrete yet. You could say that this cares for a non-level playing field on a world scale. This is further mentioned in chapter 4. Discussion.

The FLEGT VPA process and the implementation of the EUTR are seen as prominent among factors projected to have a positive impact in the next decade or so, researched by IMM (Oliver R. , 2015). Their impact on EU consumption is assessed as negligible in 2004–2013 because FLEGT licensing is not physical there yet and the EUTR coming into force only at the end of this period. The fact of signing a VPA and engaging in a forest governance reform process may already be contributing to more positive ratings in the EUTR due-diligence systems, but this is difficult to discern from existing trade data. Nevertheless, FLEGT licensing and the EUTR are expected to have a moderately positive impact on EU consumption from 2013 to 2023.

Summary

Now, to answer the sub research question: Is the EUTR an efficient way of stopping illegal trade of timber into the EU? After considering the above mentioned results and opinions of several sources the answer is: Yes. The EUTR is an efficient way of stopping illegal trade of timber into the EU. However, there are some big 'buts':

- Implementation of the EUTR has been slow and uneven in most Member States, this results in;
- Uneven implementation and compliance by the private sector
- Due to the short period of time the EUTR is in force there could not be determined if the Regulation has had a significant impact on the market as causing shifts in trade flows, this could turn out positively or negatively.
- The effectiveness of the EUTR is challenging to evaluate due to the effect of illegal activities that are hard to measure and the absence of related data of illegal logging and timber volumes and costs.

3.1.2 What is the effect of the required due diligence system as part of the EUTR?

"Operators shall exercise due diligence when placing timber or timber products on the market. Each operator shall maintain and regularly evaluate the due diligence which it uses, except where the operator makes use of a due diligence system established by a monitoring system" stated in Article 4 of the EUTR. The compulsory elements of a DDS are 1) measures and procedures providing access to information concerning operators' timber supplies, 2) risk assessment procedures and 3) risk mitigation procedures. To apply a proper DDS almost every operator that was surveyed implemented extra measures to comply with the obligation. A due diligence system is made out of documentation that proves the specific batch of timber is legally obtained, transported and sold in its own chain of custody. A logical question to ask is than: 'which measurements have been taken by operators to implement such a DDS and what is the effect of its requirements?'. Because these measures can quite vary in the form of act and influence made in the organization these measures are further researched in this sub question.

In the survey we asked what kind of action the operator takes to get their DD information in the sixth survey question: '6. How do you collect information about the situation in countries of origin?'. Table 3.1 shows the answers that were possible and how many times these answers were given. Respondents could fill in more than one answer so in Table 3.2 the amount of answers given per respondent is shown.

Table 3.1 'How do you collect information about the situation in countries of origin?'

Answers	N answers chosen	Detailed (N of responses)
1. Monitoring Organization	6	
2. Own investigation on site	8	
3. Transporter	0	
4. Supplier	18	
5. Local experts	4	
6. Otherwise, namely:	11	PEFC (2x), magazines, ministry, sawmill, agent (3x), FSC (4x)

Of the 34 respondents, 19 gave one answer meaning they applied one measure. 5 respondents gave two answers, 2 respondents gave three answers, 1 respondent gave 4 answers and 7 respondents did not want to answer or did not answer. These numbers are shown in the next table.

Table 3.2 Number of survey answers given per optional answer to the question of table 3.1

Number of answers given	N respondents answers
1 answer	19
2 answers	5
3 answers	2
4 answers	1
0 answers	7

Table 3.2 shows the amount of measures the respondents took to collect enough information that is necessary under the EUTR. 11 of these 19 singular actions by operators were asking their supplier for more information. This can be interpreted as not a big effect on the operator to assemble enough information for a proper DDS. The table shows a trend that when the quantity of acts goes up the quantity of operators goes down which indicates that most Dutch surveyed operators were not affected in a big way by the obligated requirements of the DDS under the EUTR. There was one respondent that said he collected information by four different ways meaning he had to take a lot more action to obtain the needed information under the EUTR.

"At first we bought certified timber to show we only trade with legally and sustainable obtained timber. Since the EUTR, again, we have to prove that we are complying with current legislations. It costs us a lot of extra work once more"

The European Commission (EC) reported that setting up DDS's has proven to be challenging since a number of operators consider the rules not sufficiently clear. Also, operators increasingly require evidence on the legality of products and favour third-party verified or certified suppliers as a risk mitigation tool (EC, 2016). That latter is understandable and easily explained when further examined. The EUTR has embraced certified timber like FSC and PEFC as legitimate certification systems that meet EUTR requirements. Hence, when an operator buys FSC-certified timber he meets the requirements and does not need to check the chain-of-custody for illegality himself. Thereby, he avoids dealing with challenging DDS's that are not clear to him.

The main challenges for setting up an effective DDS by operators are; 1) difficulties in gathering information on applicable legislation in producer countries, 2) the cooperation with suppliers and 3) the risk assessment and mitigation. The first challenge underlines the reason why the Timber Trade Portal was developed. This is further described in the chapter '3.2' where the results of the second main research question are given.

3.1.3 Did certain operators decide to import less timber from tropical countries and more from European countries to avoid EUTR legislation?

To investigate what the influence is of the EUTR on the timber trade flows we wondered if there are operators who simply want to avoid its legislation by importing timber from countries within Europe and therefore don't have to deal with EUTR legislation. This was investigated in the survey by asking the respondents the questions number two and three. These were stated as follows:

2. Are there specific countries where you do not (directly) import from because of the EUTR?
3. Are there specific countries where you started importing from since March 2013? Could you explain why?

Both questions could be answered with 'yes' or 'no' and respondents were asked to explain which country/countries they had chosen to import or not import from in the field 'please specify'.

The results of these questions are stated below in tables 3.3 and 3.4:

Table 3.3: Are there specific countries where you do not (directly) import from because of the EUTR?

Answers	N answers	specified
Yes	12	Ghana, Peru, Ivory coast, Liberia, Brazil (2x), Cameroon, Malaysia
No	19	

Table 3.3 shows that there were 3 respondents that did not want to give an answer because of unknown reasons. 6 respondents that answered 'yes' did not reveal or did not want to give or reveal the country where they stopped importing from.

Table 3.4: 'Are there specific countries where you started importing from since March 2013? Could you explain why?'

Answers	N answers	specified
Yes	3	Belgium
No	24	

Table 3.4 shows that there were 7 respondents that did not want to give an answer because of unknown reasons. 2 respondents that answered 'yes' did not reveal or did not want to reveal the country where they started importing from.

Of the investigated operators there were 12 that stopped importing from 1 or even 2 tropical countries. However, it appears from other data collected during the surveys that all those 12 operators still import from outside the EU and therefore still deal with EUTR legislation. So, did certain operators decide to import less timber from tropical countries to avoid EUTR legislation? No.

The one serviceable answer of question 3 is that Belgium was added to the import-list of one operator. This operator explicitly told that this had to do with the economic crisis that affected his company in 2008 and therefore he could not afford to import from outside the EU anymore. Thus this operator did not switch countries because of the EUTR therefore the same answer of the sub question applies; no.

3.1.4 Is it possible that the import quantity of timber from tropical countries decreased due to the EUTR?

The previous question made clear that the trade with tropical timber exporting countries has not been avoided due to the EUTR. But how about the amounts of timber that are imported into the EUTR? Because of the legislation timber coming from an illegal source has no chance of being placed in the European market if done according to the rules. Does this lead to a decrease in quantities of timber because the illegal timber sources are filtered out of the European import market?

One factor that had a huge impact on the international timber trade market in the last 10 years was the Global Financial Crisis (GFC). In the years 2007-2008 the GFC precipitated a dramatic fall in tropical timber product imports by the EU, Japan, North America and the Republic of Korea. The value of EU tropical wood-product imports fell from a peak of US\$7.37 billion in 2007 to US\$3.66 billion in 2013. The EU's share of global imports of tropical wood products halved between 2004 and 2013, to 12% (Oliver R. , 2015). As can be seen in Figure 4.1, the EU importing market did not recover from the GFC. One of the reasons for this is that the crisis hit Europe and America the hardest where the emerging market of China -with its growing economy and therefore high demand for timber products- more than doubled up to 2013.

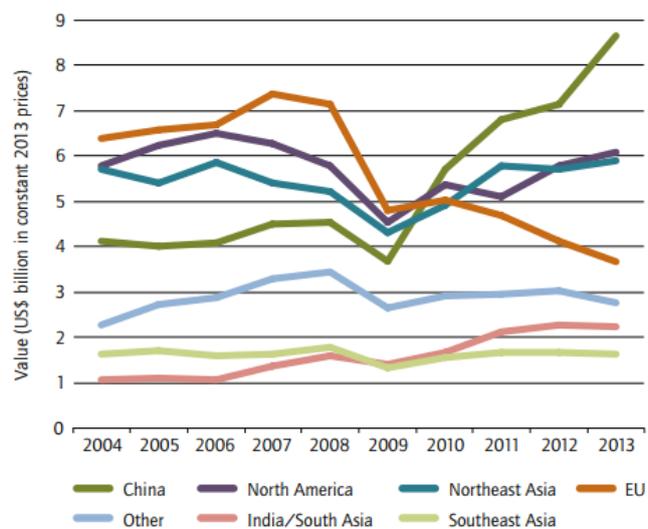


Figure 4.1 Global tropical wood products trade, by import region, 2004-2013 (Oliver R. , 2015)

So, besides the financial crisis' decrease on the EU tropical timber import we have to investigate if the EUTR had a diminishing effect on the import quantity. To look at this, we have to look into 2013 and beyond when the EUTR entered into application. The European Timber Trade Federation (ETTF) said in their newsletter in the winter of 2013/2014 that the possibly dampening impact of the EUTR on the import had been difficult to assess because of the continuing depressive effect of the recession clouded that of other market factors. In the same time however, anecdotal reports from EU retailers importing finished products from China and South East Asia suggested that the added challenges the EUTR creates in dealing with lengthy and complex supply lines is starting to become a business consideration (ETTF, 2014). It was expected that trade values from supply countries expected to be particularly susceptible to the effects of the EUTR because of their real or perceived higher risks of illegality (and therefore more complex due diligence risk assessment processes), would drop but revealed no significant trends at the time. In fact, in the first nine months of 2013 there was more timber and timber products imported from high risk supply countries then in the same period of 2012, according to graphs from the ETTF report.

So it seemed that importers were confident that the legality assurances from suppliers in these countries are sufficient to meet their EUTR obligations. Which is in line with findings from the survey were operators still trade with tropical countries and trust their suppliers on the legality of the traded products. Another reason, some suggested, is that importers were not yet feeling the heat from EU enforcement agencies (like the NVWA) back in the winter of 2013/14 when the EUTR was still young. This is an interesting remark. During the survey it appeared that 24 out of the 34 respondents had been controlled at least once by the NVWA in the Netherlands for their due diligence process in the period between March 2013 and March 2016. So, in the 3 years that the EUTR has come into application 30% of the respondents is still not checked by the Competent Authority (CA) with the chance of having a DDS that does not qualify to the requirements of the Regulations legislation. Therefore these operators could still bring illegally sourced timber or timber products into the EU unconsciously or knowingly.

The article of Rupert Oliver (2014) also says that there was no sudden increase of timber coming into the EU from high-risk countries through member states that were assumed to have a weaker EUTR policing and sanction regime.

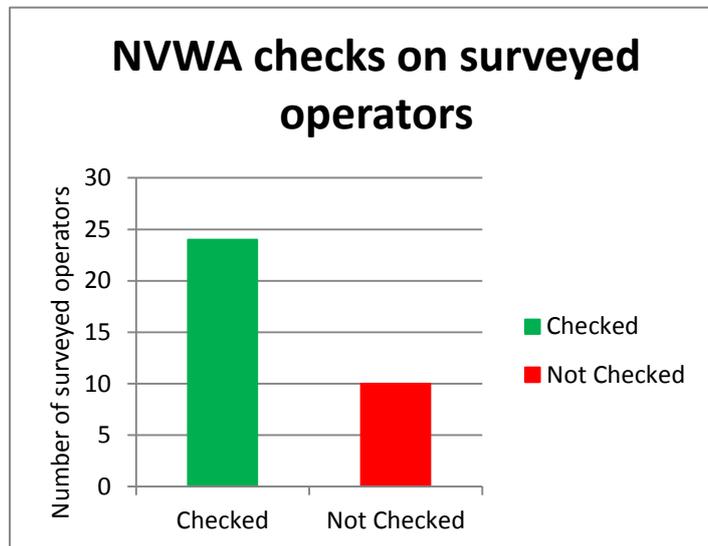


Figure 4.2: Amount of surveyed operators that are checked or not by the NVWA

In the report *Europe's changing tropical timber trade* (Oliver R. , 2015) from the Independent Market Monitoring initiative (IMM) are several factors researched that affect the EU market for timber from VPA countries. It reviews the factors affecting the supply of timber from VPA partner countries to the EU and the consumption of this timber in the EU. The report includes an assessment of the relative significance of each factor in the decade to 2013 and the potential impact in the period 2014–2023 including the factor; *Implementation of the EUTR*. In the supply category this factor scores 'no impact' from the period 2004-2013 logically and 'weakly positive impact' from the period 2014-2023. In the attached file it states that the 'EUTR is still in the early stages of implementation and market analysis indicates limited direct impacts on trade flows to date. Longer term, the combined effect of FLEGT licensing and EUTR should help ensure more consistent long-term supply of legally verified timber to the EU from VPA countries'. On the EU consumption site the scores are 'no impact' and 'moderately positive impact' for the periods 2004-2013 and 2014-2023 respectively. The mentioned reasons for the positive impact of the IMM report include:

- Import data identified no significant step-change in EU trade volumes directly attributable to EUTR implementation.
- Discussions with traders and market reports indicate EUTR has driven important structural changes in some supply chains, for example encouraging a switch to lower risk plantation grown face veneers in the plywood sector, greater focus on reliable long term suppliers and demand for certified products in countries where there are perceived risks of illegal harvest, and increased trade by way of larger EU importers with more resources for due diligence.
- Greater risk adversity and reduced speculative purchasing is also suggested by relatively low but stable EU timber imports from VPA countries since introduction of EUTR.
- Longer term, EUTR is expected to significantly increase opportunities for FLEGT licensed timber in the EU market. Since FLEGT licensed timber (alongside CITES listed) is the only timber not

subject to the due diligence requirements of EUTR, the regulation has potential to boost consumption of timber products from VPA countries at the expense of non-VPA countries.

- The timber sector as a whole should also benefit from positive communication of EUTR as a mechanism that ensures wood is the only commodity supplied into the EU with a negligible risk of being derived from an illegal source (Oliver R., 2015).

In these mentioned points it is once more underlined that the EUTR implementation did not have any significant change to trade volumes. It rather says that instead of a decrease in trade, the trade itself switches to other channels that are more reliable, have a lower risk or are certified. As well as the growing demand for preservative (European) timber that is treated thermally or chemically (De Gelderlander, 2016). All these reasons suggest an increase in timber and timber products coming from legal sources in the future.

The findings in the report from *Oliver (2015)* are again in line with the data retrieved from our survey. Several operators mentioned how important their relationships with suppliers from tropical countries are. Together with the fact (a few operators mentioned voluntarily) that they would prefer buying third-party certified timber like FSC and PEFC from tropical countries (when their own source could not deliver for any reason or it would be within their financial potency).

Thereby, the first evaluation of the EUTR by the European Commission themselves states the following: 'Quantitative evaluation of the impact of the EUTR on trade in illegally harvested timber is challenging due to the clandestine nature of the activities. The trade statistics analysed do not show a clear change over the past two years (March 2013-March 2015) in the imports in timber and timber products that could be unambiguously attributed to the application of the EUTR' (European Commission, Evaluation EUTR, 2016).

So, to answer the research sub question, is it possible that the import quantity of timber from tropical countries decreased due to the EUTR? Yes, it is possible but in general it looks like the EUTR had a limited direct impact on the import market of timber into the EU, however this is hard to assess due to the recession impacts on the economy. What we can say is that there was no remarkable decrease of timber quantities traded into the EU in the period directly after March 2013 when the Regulation entered into application.

3.1.5 Does it require more time and effort for operators to implement due diligence in their Chain of Custody?

According to the European Union Timber Regulation the operator, the person or company who places timber or timber products on the European market, is obliged to exercise 'due diligence' (DD). The three steps of a due diligence system is explained once more:

- Information: The operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.
- Risk assessment: The operator should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation.
- Risk mitigation: When the assessment shows that there is a risk of illegal timber in the supply chain that risk can be mitigated by requiring additional information and verification from the supplier.

The EUTR obliges the operator to take action in these three steps, whereas before the EUTR entered into force, this was not necessary. Knowing this, it seems that implementing a Due Diligence system requires more time than not implementing it. In reality the necessary time for implementation of DD is not the biggest problem. The Evaluation report (EC, 2016) from the European Commission makes a difference in large- and small and medium sized enterprises (SME's) that exercise DD. Checking your timber

suppliers as an operator and having all necessary certificates, tax-papers and other needed documents for your Due Diligence System (DDS) costs time and money. At first sight, SME's have a lower economy of scale and seem to have a disadvantage, but the report states: 'there are no clear indications that being a smaller business is a barrier to apply an effective DDS. At the same time, it could be observed that SME's have the advantage of more organizational flexibility, higher level of specialization and more direct contact with a generally more limited number of suppliers'. The final comment makes sense in a way that fewer trade contacts generally result in better relationships due to more time spent with one contact instead of lesser time with multiple contacts, which leads to greater trust and therefore an improvement in the quality of trustworthy DD documents. The same comment was made by several SME's during our own survey;

"We always import from the same supplier and therefore our relation is very close and the documents trustworthy"

This comment is consistent with the data gained from the rest of the survey. 32 out of the 34 persons surveyed work at a company that has less than 50 employees. Of these 32 respondents, only 5 said that the EUTR did not influence their import policy at all; the other 28 all have taken some form of measure to meet DDS requirements.

So, to give an answer to the sub question: yes, the implementation of a sufficient due diligence system takes more time and effort than not to implement one. The answer of this sub research question is in line with the answer of sub question 3.1.2 where was made clear that operators have difficulties with gathering information on applicable legislation in producer countries, the cooperation with suppliers and the risk assessment and mitigation in due diligence requirements.

3.2 How does the Timber Trade Portal help in reducing illegal logging and related trade?

The intended purpose of the Timber Trade Portal is once more explained: *'to serve as a central information point, where you can find country profiles on both timber industry and legislation of producer countries, mainly located in tropical Africa, Asia and Latin America'*. Its goal is thus to provide information about timber trade in producer countries and therewith helps operators in the EU in completing their Due Diligence requirements and if done correctly import legal timber instead of illegal timber.

With the goal of providing proper information on legal timber trade, due diligence, country requirements and export the TTP should also help indirectly in stopping illegal logging and related trade if the users of the Portal apply its content in their own businesses.

To get an answer to both purposes of the website we set up two sub-questions:

- Does the Timber Trade Portal work as informative website? And
- To what extent does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade?

First the actual content of the website is tested followed up by a research that questions the longer term purpose of the website.

3.2.1 Does the Timber Trade Portal work as informative website?

As mentioned in the chapter Methodology we conducted a survey to collect answers. The questions about the Timber Trade Portal asked in this survey are in *Annex 7: Survey questions* and act as a lead and order to answer this sub question.

The target group of this research is estimated around 60 Dutch tropical timber importers. To measure the required sample size the following parameters are used. The margin of error is set at 10% because it is estimated the respondents are not going to strongly disagree which means a small extend of dissemination. With the set sample size the results have a confidence level of 90%. With a sample calculator from Journalinks (Journalinks) the required sample size was measured at 33. With the amount of 34 respondents in this research the size is sufficient to give a statement over the entire group. However, not all respondents replied to every sub question in the survey so some partial conclusions relate only to a part of the group.

We started asking questions about the Timer Trade Portal with survey-question eight: 'How did you first hear about the Timber Trade Portal?'. We wanted to know how many of the respondents knew about the existence of the website and which source was responsible for the awareness. The answers (table 3.5) were as follows:

Table 3.5 'How did you first hear about the Timber Trade Portal?'

Answer	Times the answer was chosen	Share of total value (in %)
ETTF or one of their member organisations	13	38%
ITTO	0	0%
Newspaper/magazine	2	6%
Colleague	0	0%
Search Engine	0	0%
Other, please specify:	Phone (14)	Phone: 41%
	company visit (1)	company visit: 3%
	someone (1)	someone: 3%
	no comment (2)	no comment: 6%
	friend (1)	friend: 3%

The answers revealed that 41% of the respondents heard about the TTP for the first time when we called them on the phone. This means that 41% never heard of the TTP before the survey was conducted. This amount was surprisingly high since there was a lot of advertisement done and spread through the channels mentioned in the answers.

Grades of the TTP

When the surveyed were asked to answer the question ‘Please grade the Portal on the following three aspects from 1 to 10, respectively from ‘very poor’ to ‘excellent’’, the following answers were given.

Table 3.6 ‘Please grade the Portal on the following three aspects from 1 to 10, respectively from ‘very poor’ to ‘excellent’

Aspects	N respondents graded	Average grade
First Impression	24	7.33
Ease of navigation	23	7.35
Useful information	20	6.95

The number of responses varies due to different causes; the respondent did not have a computer to surf to the website, the respondent could not grade the website because his short period of time on the (in some cases first seen) website, or let de question open when filling in the survey online.

The first aspect of the website was graded a 7.3 which can be interpreted as very satisfactory. This aspect contained the first impression; homepage, lay-out and introduction text.

23 respondents graded the second aspect; navigation a 7.4 on average. This aspect contained the world-map on the homepage that leads to country information, clear division of chapters and navigation between tabs of a certain country page. The operators that surfed on the website during the phone survey found country information with ease and did not ask how to get to a country of interest.

The third and last aspect was graded a 7 on average by 20 operators. Unfortunately this aspect was graded the least while it was the most important aspect of the three investigated.

Grades per company size

Question 7 of the survey was: ‘How many employees does your organisation have?’. Every respondent answered (as operator) on behalf of the company he or she worked for. To set the Dutch respondents we classified the classes by number of employees wherein the boundaries have been set by the European Commission (CSES, 2012). These classes where: 0-10; micro-enterprises, 11-50; small enterprises and 50>; medium-sized enterprises.

We wanted to know if there was any significant difference between the grades of the different classes on the three aspects. The data in the following table shows the overview.

Table 3.7. ‘How many employees does your organisation have?’

Company size classes	0-10	11-50	50>
N	17	14	2

Due to the low amount of respondents in the company size classes it has to be concluded that there cannot be a statistical test between those company size classes.

Used TTP information

The outcome of the question about the first acquaintance with the Timber Trade Portal was that 44% of the respondents (15 of 34) had heard about the website before the survey. In survey-question ten we wanted to know how many of those respondents ever used information of the TTP. The question was: 'Have you ever used information from the Timber Trade Portal in the context of your DDS?' The answers given were:

Table 3.8 'Have you ever used information from the Timber Trade Portal in the context of your DDS?'

Possible answers	N answers
No	29
Not applicable	2
Yes, please specify;	2: 'background information' – 'country information'

The answers to this question give us the fact that just 2 respondents knew the TTP before the conduction of the survey and confirmed to have visited the website to look up specific information. One respondent did not answer the question. The two who answered 'yes', replied that the information that they were looking for was not to be found on the website.

Timber Trade Portal subjects

Survey question 11 stated: 'What topics of the Timber Trade Portal are especially relevant for you? (Select up to 3 most relevant topics)'. The answers to these questions give us an indication what operators look for in the website and what subjects are relative to their business. Possibly to find answers that help them to tackle difficulties they experience with the EUTR. The answers where:

Table 3.9 'What topics of the Timber Trade Portal are especially relevant for you?'

Subjects of the TTP	N answers given
Forest resources	1
Production & Export	6
Legality Framework	19
Key documents	17
Bans & Quota	1
CITES and protected species	3
National action on wood legality	3
Third-party certification	5
Contacts from country of origin	0
Sources of information	4

The subjects 'Key documents' and 'Legality framework' clearly stand out as the most relevant subjects. This could be linked to the fact that these two subjects are known as factors that are considered challenging by SME's: understanding technical requirements of the DDS, lack of staff with adequate knowledge and experience necessary for exercising the DD (EC, 2016).

What is missing?

In question 12 we asked the respondents what they thought was missing on the Timber Trade Portal. Only one respondent replied with 'if we select a country there must be a PDF-file in the language of the specific country/and English, that tells us what we need from the supplier under EUTR. In addition, there shall be printed BOLD, under what circumstances, what measures are necessary. You'll have to tune this with the NVWA'. This comment can be taken into account by Form International and the European Timber Trade Federation (ETTF) in future improvements of the website. Other respondents did not

answer the question due to before mentioned reasons; no computer at hand, no time to answer but mainly the lack of awareness about the existence of the TTP. Because of this fact the respondents' first encounter was through the survey and they could not say what was missing due to the limited phone survey time (they wanted to spend). It is however interesting to say that even the respondents that filled in the survey online and could spend as much time as they wanted filling in the survey also did not respond to the question.

Countries of interest

We asked the respondents to fill in which countries were most relevant to the organisations they represented. The possible answer where the 23 country profiles the Timber Trade Portal was going to put online from January to August 2016. These countries are seen in *Annex 7: Timber Trade Portal Countries*. The pair of questions 13 and 14 were set up to find out if Form International chose the right countries to put in the TTP and to measure the focus of the Portal user. Survey question 13 first revealed the following relevant countries (other possible country names were not given):

Table 3.10 Top 10 most-relevant countries in survey question 13.

Country	N answer given	Country	N answer given
Malaysia	13	Congo	3
Indonesia	11	Democratic Rep. of the Congo	3
Brazil	11	Peru	3
Cameroon	9	Suriname	2
Gabon	5	Guyana	1

What is interesting to compare is the website data of most visited countries on the website by global users with the data from the Dutch timber operators. Below, table 3.11 shows the numbers given by analysis with Google Analytics and own research.

Table 3.11 Top 10 visited countries of the TTP from 10-06-2016 to 25-08-2016.

Page path	Page views	Unique Page views	Avg. Time on Page	Put online	Days online in time frame
Indonesia	552	488	233,43	07-01-2016	77
Papua-new-guinea	305	258	256,25	02-01-2016	77
Vietnam	196	180	331,44	26-02-2016	77
Ivory-coast	176	145	261,81	07-01-2016	77
Malaysia	145	128	163,49	08-02-2016	77
Brazil	141	118	143,10	05-07-2016	52
Ghana	129	117	161,70	07-01-2016	77
Cameroon	127	107	241,06	23-05-2016	77
Suriname	122	110	159,81	14-01-2016	77
Gabon	87	77	144,43	14-03-2016	77

What is interesting about the comparison is that 4 of the countries in the top 10 of the Dutch surveyed operators (Congo, Suriname, Democratic Republic of Congo, Guyana) are not found in the top 10 of the global users. Indonesia is in both tables the most visited and relevant country and interestingly Brazil is in the top 6 despite its lower amount of days on the Portal. This seems to be expected since the Dutch importers also indicated Brazil's relevancy to their business and the fact Brazil accounts for 2.4% of the

global market for forest products and in reached forest exports of approximately US\$ 3.200 million in 2001 (FAO, 2016).

The answers given to question 14 '*Which country profile (besides the 23 planned countries) would you like to see added to the Timber Trade Portal?*' where; Bolivia, Sweden and Finland all mentioned ones and the U.S.A. twice. Sweden and Finland are member states of the EU and thus still imposes EU operators to implement EUTR DD systems. The Timber Trade Portal focuses however on mainly tropical producing countries and chose to create profiles of Russia and Ukraine because they are seen as high-risk countries on illegality. To support this choice, for example, the tool *Centralized National Risk Assessment* used by NEPCon found 17 risks in all researched categories in the applicable legislation for Russia and on the other end of the research's spectrum the US was one of four countries found to be of low risk (NEPCon, 2015). In the process of choosing which countries to put in the Portal Form International therefore did not include the US. Bolivia is not a major provider of tropical timber (products) to the EU market, with less than 1% of the total value of tropical timber imported to the EU (Carden, Wijers, & Zambon, 2012). However Bolivia is emerging as a new major timber exporter to Europe. Their value of timber export to the EU increased by 62% over June 2013 compared to the same month in 2012 and a staggering 344% increase of import to the Netherlands (Fordaq, 2013). Therefore, Bolivia could be an interesting country to add in the future of the portal.

Additional services

In the survey was questioned if any additional services could be interesting to add to the Portal. As potential choices we gave three options in the multiple-choice question and one option where the respondent could suggest a service. The answer '*M.O. of the VVNH*' was listed as an option because the VVNH was asking their members if they would be interested in the services of a Monitoring Organisation set up by the VVNH in the time of this research. Form International had previously helped the VVNH in creating such an MO. This answer was given 16 times, meaning 16 out of the 34 operators would be interested in collaborating services of the M.O. of the VVNH with the Timber Trade Portal, 47%. The VVNH can use this data in their ongoing research on the establishment of an MO for their members. Other answers given were '*Service Desk*' 7 times, '*Frequently Asked Questions (FAQ)*' 7 times and '*Other services, like; possibility to change website language to Dutch or France*'. A service desk would provide the opportunity to ask specific questions online and FAQ are questions with their related answers already given on the website.

Other concerns

The final question was dedicated to the free opinion of the respondent to suggest any possible point of attention or advisement. 23 respondents did not answer the question and the other 11 shared their ideas for improvement, suggestions or appreciation. The answers (table 3.12) are labelled in three categories and found below:

Table 3.12 Improvements and ideas suggested improving the TTP website

Labels	Answers
Improvement suggestions	<ul style="list-style-type: none">- Indonesia profile: don't write 'spec' because that are 150 different species.- Brazil profile: create DDS per state- Keep the website timely so that people keep visiting
Ideas	<ul style="list-style-type: none">- Phone contact where I can ask questions and get a quick answer
Other	<ul style="list-style-type: none">- In the MO of the VVNH, make sure the members get something in return that they can use. Especially the little companies that also pay contribution- As a member of the VVNH get exclusive info. Assistance from the VVNH- 'Pretty complete website'- The MO of the VVNH is just more work.- If the VVNH would have been earlier with their MO, we would be partners. - Would have been easy for all VVNH members- VVNH / ETTF will need to identify which suppliers/ territories by third party certified (TLV, OLB, Legal Source etc.) and asap those members operating there, ask for help to come asap to certification.

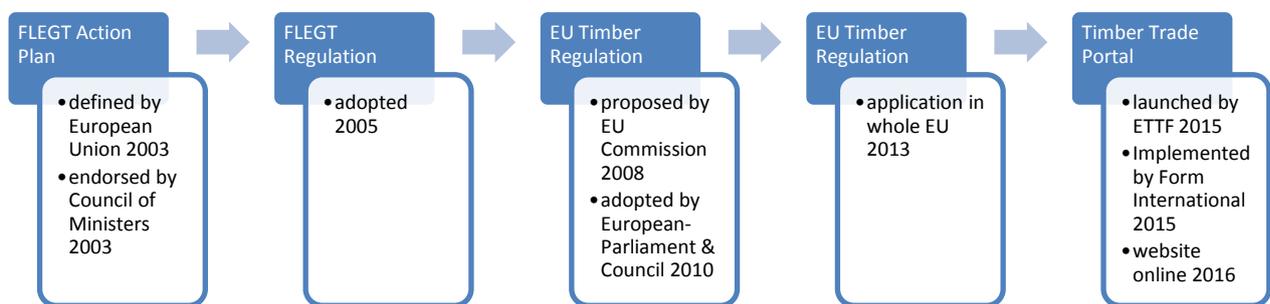
The improvement suggestions are quite detailed and therefore helpful for direct implementation if Form agrees with the suggestion. However, for the profile of Brazil was a well-balanced choice made to create one single profile. The suggestion of keeping the website timely is one that is already implemented in the process of the Timber Trade Portal. Nevertheless it is satisfactory to see that a respondent also thinks the information should be as recent as possible, a view strongly shared by Form and the ETTF when asked to comment on this.

The other points of attention are mostly pointed towards the VVNH. The Portal is however built for operators in the EU and the idea of creating a level playing field is contradicting to offering exclusive information for only e.g. VVNH-members. The opinion given at the bottom of the 'Other' label is a tactic that is already implemented as well by Form International to review the content information of country profiles. When a draft of a specific country is finished it is send to a reviewer that operates in the related country. The reviewer checks the profile from all possible angles to confirm its correctness and then sends it back. For some countries it was quite difficult to find (good) reviewers to share their knowledge and experience because it could include that they would lose their strategic position and create an opportunity for competitors in their market. This is however necessary to create the wanted 'level-playing field' and on a longer term; decrease of illegal logging and related trade which is the main goal of the EUTR and the ETTF.

3.2.2 To what extent does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade?

As known, the FLEGT Action Plan was defined to fight illegal logging and associated trade in 2003 and adopted in 2005. This allowed for the control of the entry of timber to the EU from countries entering into bilateral FLEGT Voluntary Partnership Agreements (VPA) with the EU. This was followed up by the EUTR that was proposed by the EU Commission in 2008 and adopted in 2010 which as an overarching measure prohibited placing of illegal timber and timber products on the internal market. The ones affected by the EUTR were mostly European operators and its complex requirements raised some questions. To answer these questions the ETTF, federation representing all EU operators, asked for the creation of a website which should solve most of these questions. This led to the creation of the Timber Trade Portal. Figure 4.4 represents the actions that led to the creation of the TTP.

Figure 4.4 Flowchart of the FLEGT AP that led to the TTP implementation.



The Timber Trade Portal can best be seen as a tool to advise or help operators in correctly following the timber rules of the country of harvest. This is its main goal. The TTP was made with the idea that if users of the website implement the information provided in its content, they work within the rules of the country of harvest and therefore legally and conform among others; the basis on which the EUTR requirements stand.

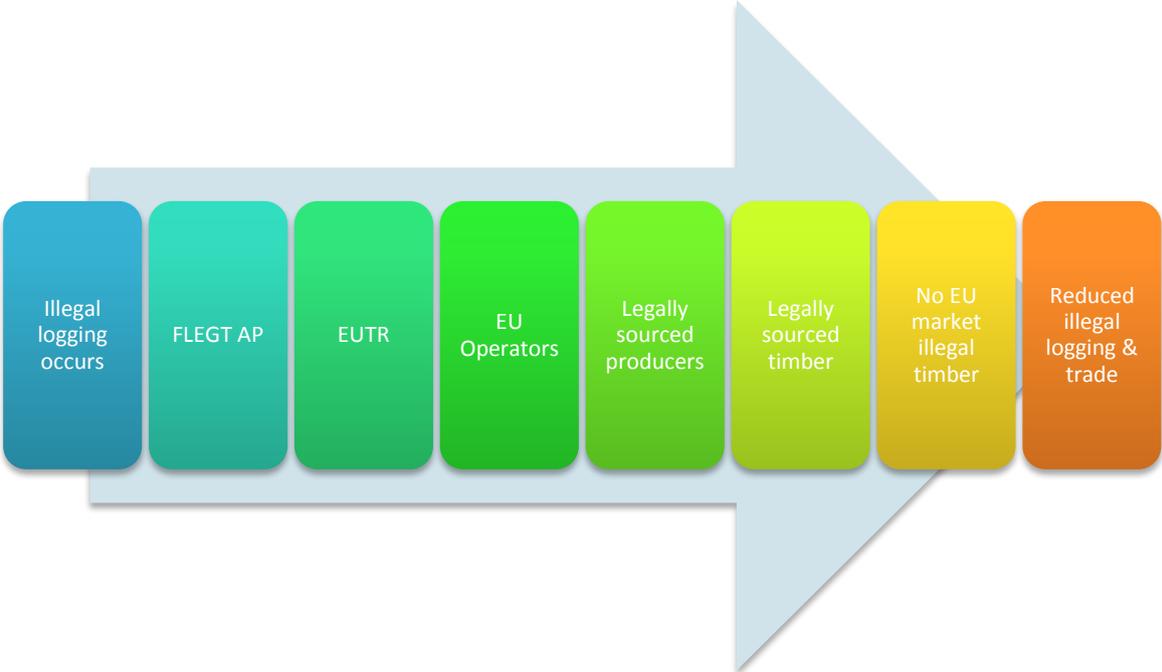
The Portal builds on information generated from trusted sources like the FAO, Fordaq, International Trade Centre (ITC), ITTO, CITES database, FSC, national NGO's, independent bureaus and the related forestry commissions of national governments. After a country profile is made it gets reviewed by local or trusted persons and companies before it will be set online. This is done to minimize mistakes and provide the most recent information possible.

The EUTR builds on the legislations set in producer countries to form the basis for its requirements. This basis is exactly what the TTP provides as best as possible. The aim is to create the mentioned level-playing field, which means in commerce a concept about fairness, not that each player has an equal chance to succeed, but that they all play by the same set of rules (Dombret, 2013). In case of the EUTR and TTP this means that operators and traders all over the world, but especially the ones in the EU, have the same 'chance'; in this case information, to implement a proper due diligence. This was done because it seemed that companies with larger financial resources were in an advantage while smaller companies also need to apply the EUTR just the same. With a website that is accessible worldwide and for everyone (with access to the internet) this level-playing field is tried to be created.

Now, to answer the research question 'To what extent does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade?'. The Portal tries to stop illegal logging and related trade by helping operators in the obligated (EUTR) legislation requirements. When operators and timber producers adhere to the regulations and documents given on the Portal this will eventually lead to the placing of legal timber on the European market and (if that is done correctly) prevents the import

of illegal timber into the EU. These two measures help in tackling illegal logging. To explain the impact of measurements that lead to reducing illegal logging and related trade a physical overview is created. This chain of actions and influences is physically shown in Figure 4.5 wherein the arrow shows the way of influence and chain direction e.g. illegal logging led to the implementation of the FLEGT Action Plan, which led to the EUTR, the EUTR directly affects EU operators and so forth.

Figure 4.5 Influential chain of legal timber



Concluding, the Timber Trade Portal does not directly help in stopping illegal logging and related trade. But indirectly it definitely does, when used by operators to its full potential.

4. DISCUSSION

In this chapter the findings of the results are discussed. Moreover, new understandings and insights are explained which are related to the European Union Timber Regulation (EUTR) and the Timber Trade Portal (TTP).

4.1 The EUTR

The EUTR is together with the Voluntary Partnership Agreements (VPA's) the biggest measure set in the European Union to combat illegal logging. As mentioned before the problem of illegal logging worldwide is severe when approximately US\$ 10–15 billion annually (Goncalves, Panjer, Greenberg, & Magrath, 2012) goes to criminals otherwise earned by fair timber producers and governments or when an estimated 50 to 90 per cent of timber volumes are done by illegal forest activities in key producer tropical forests (Interpol, 2016). Because the EU does not want to support these illegal activities by demand from their market the EUTR was implemented. After three years of implementation it is interesting to question if this law has achieved its goal. To do that, the research questions what the influence is on the timber trade flows. The answer to this question is that the EUTR influences the timber trade flows positively in general.

Results show that since its application no major drops in trade volumes occurred and that EU operators' still import from outside the EU instead of avoiding the legislation requirements. Results also show that it takes more time and effort for operators to implement proper 'due diligence' but this was foreseeable. More interesting is to see that the legislation requirements seem to show signs of an increased demand in certified sustainable timber like FSC and PEFC to meet due diligence requirements more easily. This can be seen as a very positive development which helps not only legal timber trade but sustainable timber trade as well. The literature reviews of the EU evaluation reports agree with the results of the surveys done on Dutch operators and show the same result of growing interest in FSC and PEFC certified timber. The question if it is possible that import quantities decreased due to the EUTR is answered with 'yes' because results show no clear trends of increase or other fluctuations due to the financial recession. Therefore this sub-research question is answered with 'yes' because it is possible, however import volumes from tropical countries into the EU were not directly influenced by the EUTR but, again, these results are blurred by the recession. These answers followed the first sub-question; 'is the EUTR an effective way of stopping illegal trade into the EU' and is answered with yes. Results from Dutch operators support this outcome by concluding that the EUTR is an efficient way of stopping the trade in illegal timber but see the legislation at the moment more as time-consuming and fairly difficult in times. They are looking forward to seeing FLEGT timber availability in Europe. This timber would save a lot of time and makes their due diligence- and sourcing much easier. This relates to the results of the EUTR literature evaluation of the EC stating that SME's have challenges with DDS requirements and lack of knowledge for exercising a proper DDS (European Commission, Evaluation EUTR, 2016).

The results relate to questions that are asked in other reports that have evaluated the EUTR and timber trade flows affected by the EUTR. They indicate that the EUTR has the potential to achieve its objectives. The results relate to the reports from the FLEGT Independent Market Monitoring (Oliver R. , 2015), hosted by the ITTO, they conclude that the overall outcome of the EUTR could lead to a positive impact on the use of tropical timber in the coming decade. The answer to this research question is satisfying in a sense that it relates to other outcomes of likewise reports and evaluations.

The results of the first main research question did not include much unexpected findings. The opinions from the Dutch surveyed operators about the EUTR are very comparable to the findings of the EC that they acquired from other European operators. One unexpected finding is that specific data about EUTR influences on timber volumes is not available and that even The European Union and other independent statistic bureaus cannot provide detailed information on this topic.

The results showed that the problem of leakage could occur from EU-member states that strictly follow the EUTR to member states that do not or even leakage to other countries like China or Russia. While most EUTR Member States only demand legally sourced timber the rest of the consumer markets, and countries like Greece and Spain up to this point, do not ask that many questions and do not have such a strict legislation (in dissatisfaction with the EU). The EUTR sets a good example for others like China and Brazil but at the moment large quantities of timber go to these countries without legality requirements, see figure 5.1. To get a general view on the EUTR influences on the problem of leakage should also be looked at. This potential problem is however mentioned in the results saying the trade shifted to markets like China and Japan. The details of this problem however are outside the scope of this research but could be studied in future research.



Figure 4.1.: Cartoon that shows how difficult it is to compete on a market that has a large demand for not necessarily legal logged wood (Verwer, 2015)

The implications of the findings to the first research question are the facts that the global financial crisis hit the timber market rather hard which makes it difficult to measure direct effects. Another implication is the fact that the implementation of the EUTR was uneven in the Member States and related Competent Authorities which resulted in slow implementation by the private sector within these slow implementing countries. This underlines that the EUTR and the negotiations of VPA's are still in their infancy.

As mentioned before follow up research on the implementation of strict legislations in other consumer countries outside the EU could shine a light on the influences the EUTR has had on those countries as well as the problem of leakage to other countries without strict legislative requirements. Further research could investigate if the EUTR caused any leakage from EU-import trades to an increase of supply or demand in domestic producer markets.

4.2 The Timber Trade Portal

The Timber Trade Portal is in the first place created for operators in the EU to help them by providing them with information and documentation of the rules in the countries of harvest. The results of the second research question, of which many parts are the opinions of surveyed Dutch operators, are discussed in this sub chapter.

The first results showed the opinions of the respondents on three aspects; first impression, ease of navigation and useful information. All three got an average rounded 7 out of 10, which can be seen as more than sufficient by Form International and the ETTF. Surprisingly the answers also showed that 44% of the surveyed Dutch operators did not know about the existence of the Portal which is alarming since the ETTF and Form International made extensive efforts in advertising to make the target group aware of its existence. This result related to another result that the content was only used by two surveyed operators which unfortunately did not find what they were looking for because of the detail of their question.

The answers to the question which topics were especially relevant to the operator showed that the subjects and topics about legal frameworks and key documents were clearly the most important subjects of the profiles. This related to results of the EUTR evaluation done by the European Commission that found out that SME's (which are the largest group of the Dutch surveyed operators in this research) experience difficulties with the technical requirements of the DDS, and lack knowledge necessary for exercising the DD (European Commission, Evaluation EUTR, 2016). Operators can find solutions to these problems mainly in the two subjects that prove to be the most relevant to them and their business. Furthermore it can be said that the Portal does not miss any important subjects. A clear pattern is seen in most relevant countries to both Dutch operators and global website visitors; Indonesia, Malaysia and Brazil all appear in the top 5 in both groups. Additional services like a digital service of a potential MO set up by the VVNH is picked as most wanted, this related to the previous sub-chapter of the EUTR discussion where is written that the possibility of asking direct questions could possibly help operators more with their due diligence problems than an informative website.

The results of the second sub-question 'To what extend does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade' showed that the Portal itself does not help operators directly in achieving the goal reducing illegal logging. However, the website does help (European) operators with achieving legal trade if they use the information supplied. This is the goal of the website and therefore the goal of the contracting party, the ETTF. The ETTF, on their own hand support the EUTR which has as its main goal to stamp out illegal timber trade internationally. The design of answering this sub-question can be questionable because the research done on this particular Portal was done for the first time and could not include relatable literature reviews or previous research that was done.

The results from the Dutch operators relate to opinions coming from other European and global operators and therefore are interpreted as meaningful. Despite the amount of answers of the Dutch surveyed operators are not statistically significant and did not represent the entire target group, still many honest opinions of Dutch traders are measured which also happen to relate to the opinions of other European operators researched by parties. Unsatisfactory are the amount of answers gotten from the online surveys, apparently asked information was quite sensitive and operators did not feel the need to reply on what was asked on voluntary basis.

The results given in this research can be very valuable firstly the ETTF, who asked for its creation, and for Form International that implemented the content of the website. The findings shine a light on one big unexpected result which is the unawareness of the site by its potential users. This is a fact that should be taken care of by the ETTF. If the website does not reach its potential users, the content and goal of the website are irrelevant.

5. CONCLUSIONS

In this chapter the results and discussions of the research questions are concluded and the main findings of the report stated once more.

5.1 EUTR conclusions

To answer the main research question: the influence of the EUTR on timber trade flows into the EU has been positive and can reach its full potential when all Member States fully apply and follow the requirements of the EUTR law.

It has been, is and can be even more positive in a way that operators and traders check their known- and trusted networks and chains of suppliers and producers for the legality of timber. It has been negative in a way that operators had to wait almost 4 years before FLEGT-timber reached the EU borders of which they could harvest the fruits from because they had to follow strict EUTR-requirements while the Member States on the other hand applied the requirements quite slow themselves. The wait for closing VPA-agreements followed by FLEGT-timber from these VPA-countries took to long. It has been positive in a way that it seems that no decrease in legal tropical timber import into the EU has taken place after implementation of the EUTR. The influence has been negative up to this point for operators on the short term who have to implement strict due diligence, but fortunately see the positive long term effects and benefits of applying these EUTR rules and laws to decrease illegal logging and its trade of products to Europe.

This complete answer for this first main research question is made out of gathering of the answers of the sub-questions. These answers are given below.

- 1.1 Is the EUTR an effective way of stopping illegal trade of timber into Europe?

The EUTR is an effective way of stopping illegal trade of timber into Europe because it has made operators stricter to their own chain of custody en therefore the timber they place on the EU-market. However, in general is the effectiveness of the EUTR challenging to evaluate due to the nature of illegal activities that are hard to measure and the absence of related data of illegal logging and timber volumes and costs.

- 1.2 What is the effect of the required due diligence system as part of the EUTR?

The effect of the required due diligence system as part of the EUTR has been that operators have difficulties following the rules laid down in these requirements. The result is that operators seek help to comply with these requirements like asking a monitoring organisation for help, simply ask more documents from their trusted trading sources, or buy more FSC, PEFC or other third-party certified timber which is a very positive trend. On the other hand there are some irritations because the promised VPA-agreements and FLEGT-timber (the other half of the FLEGT Action Plan) takes more than four years to arrive in the EU.

- 1.3 Did certain operators decide to import less timber from tropical countries and more from European countries to avoid EUTR legislation?

The question 'Did certain operators decide to import less timber from tropical countries and more from European countries to avoid EUTR legislation?' is simply answered by the Dutch surveyed operators with 'no'. All Dutch questioned operators trusted their tropical sources and did not stopped importing from the tropics.

- 1.4 Is it possible that the import quantity of timber from tropical countries decreased due to the EUTR?

Yes, it is possible that the import quantity of timber from tropical countries decreased due to the EUTR. However, it is hard to measure what the impact of EUTR has been on the tropical timber import into the EU due to the economic recession. Some data shows that instead of a decrease in trade, the trade itself switches to other channels that are more reliable, have a lower risk or are certified. Moreover, we can say that there was no remarkable decrease of timber quantities traded into the EU in the period directly after March 2013 when the Regulation entered into application. Still, due to the uncertain trends of the timber import into the EU and the uneven implementation of the EUTR by the member states this sub-question is answered with 'yes'.

- 1.5 Does it require more time and effort for operators to implement due diligence in their Chain of Custody?

The implementation of a sufficient due diligence system requires more time and effort for operators than not to implement one into their Chain of Custody. This foreseeable answer however showed also that operators, despite some irritation and lack of information, see the implementation and future FLEGT-timber as a necessary tool for the protection of tropical forests which they still want to use for their business in the future.

5.2 Timber Trade Portal conclusions

Form International was asked by the ETTF as implementing partner of the Timber Trade Portal in the beginning of 2015. Two years after the Portal came online it is researched if the resulting website satisfies its users and works and if it helps decreasing illegal logging and related trade like the aimed goal of the EUTR. To test this two research questions are set up and answered: 1. 'Does the Timber Trade Portal work as informative website?' and 2. 'To what extent does the Timber Trade Portal help operators in legal trade and reducing illegal logging and related trade?'

The answer to the first sub-question is 'yes'. The intended purpose of being an information point where correct country information is found on legal timber trade, due diligence, country requirements and export can be seen as achieved with the critical note that a large percentage of surveyed Dutch operators were not aware of its existence as informative website.

The answer to the second sub-question; to the extent of stopping illegal logging and related trade by helping operators in the obligated (EUTR) legislation requirements. When operators and timber producers adhere to the regulations and documents given on the Portal this will eventually lead to the placing of legal timber on the European market and (if that is done correctly) prevents the trade and import of illegal timber into the EU. These two measures help in tackling illegal logging. However, if the existence of the website is unknown to its audience, the relevance of the information on the website can be neglected. So with the heavy footnote that operators have to be aware of the existence of the Portal before it helps reducing illegal logging and related trade.

So, to answer the main research question "How does the Timber Trade Portal help in reducing illegal logging and related trade?". The Portal helps by supplying sufficient free accessible information and documentation to operators who, because of the EUTR required documents given in the TTP, demand legally harvested- and traded timber from their timber supplying contacts in producing countries which lead to a decreasing market for illegal logging and related trade.

6. RECOMMENDATIONS

To finalize the report, short advice is written for the EU Commission on the improvement of the EUTR (and its overarching project the FLEGT Action Plan) for its route for the future and recommendations for the improvement of the Timber Trade Portal.

6.1 EUTR advice

Personally I think the EUTR is the best way of fighting illegal logging within the EUTR's jurisdiction to begin with. Nonetheless, the EUTR only focuses on FLEGT countries that agreed on a VPA which results in adverse effects in producer countries that do not have such an agreement. The EUTR should expand its negotiations with other major producing countries to have the biggest effect of hampering illegal logging. Additionally, the EUTR aims at the legality of timber which is very intelligible but does not treat sustainable timber as the same which I think is unfortunate. FSC and PEFC do not fully comply with the EUTR requirements which lead to operators still having to implement extra steps in their due diligence. If timber is FSC and PEFC certified it is definitely proven legal so this would make the EUTR even more powerful. Recommended is to approve FSC and PEFC timber like FLEGT timber to erase those extra steps that operators find so frustrating.

Even more, the EU Commission should level the implementation of enforcement in all Member States. This is the only way to increase the amount of checks done by CA's on MO's and operators which influences their import policy and eradication of placing illegal timber on the European market. To do this, sanctions should be handed out that correspond with the specific countries budget. Only by this the EU can solidify their goal of stopping illegal trade into the market.

The scope of timber products is too small. Pencils, chairs, sofas, clocks, lamps, tools (NEPCon, 2015) and many other products are exempt from the EUTR. This exclusion of several products makes the EUTR look like half the job. When this scope is expanded to all timber- and paper related products the potential impact of the EUTR could be much higher.

6.2 Timber Trade Portal recommendations

The first point of action should be to raise the awareness of potential users about the existence of the website. It is clear that the ETTF must undertake more action to make operators and other interested aware of the existence of the Portal. One of the first steps of creating a website for a specific target group is to make sure the target group is actually aware. The easy access to online services together with the free amount of information should lure operators to the website. Especially since research shows that the main barriers of the EUTR for operators is to understand and gather all required elements necessary to put in place a solid DDS, and this information can be found on the Timber Trade Portal. But when the operators are not aware of its existence, they simply will not find it, nor use it.

The TTP should make the most out of the fact it is a website that can be regularly updated with the latest information on legality, country legislations and legal trade. If this happens visitors are attracted to surf to the website every month for example to control if there have been updates that should be implemented in their own business.

Regular checks should be made on EU import stats and trends to see if possible producing countries should be added when there export to Europe expands.

Another recommendation based on the total report written to the ETTF is to conduct detailed research to better define the actual problem operators have and to supply them with more focused and aimed solutions serve them more specifically. Content wise, the Portal fulfils its task however taking the broader perspective the Portal does not solve the specific problem EU operators have. Results show that the visitor number rates are not in line with the amount of operators who have to deal with the EUTR policy and raised questions about the difficulties of the legislation. The commissioner of the website was the ETTF, and they saw the TTP as the solution for these problems however from the results I can carefully conclude there is more necessary information needed besides the current TTP information to solve these

questions. Therefore I would suggest a more detailed investigation to point out what detailed problems operators have and not overflow specific questions with a lot of answers but provide just the right, focused, and aimed solutions.

One of the shortcomings of the TTP is the fact it only helps operators in the first step of a due diligence system by providing information. This is the first step in the system but the risk assessment and risk mitigation elements of a DDS are equally important. To fully help operators in the EU these elements should also be somehow explained and available online. Collaboration with other parties could lead to this e.g. NEPCo created the Centralized National Risk Assessment which increases the global coverage of risk assessments, and increases risk determination. Possibly, guidelines for risk mitigation can also be added in a later stage to fully help EU operators in complying with EUTR legislation and total eradication of illegal logging on the long term.

7. REFLECTION

This chapter reflects on this report and questions the limitations, findings and unexpected results from different angles. This could help future research on the subjects that are tested and researched in this report.

7.1 Reflecting the EUTR research

Reflecting back on this research there are some designated limitations and/or weaknesses to this research. One would be the amount of respondents that are questioned for surveys. Even though it is clearly mentioned that the surveyed group of Dutch operators (34) are not representative for the total target group of Dutch operators (60), this could be misinterpreted this way. The findings of the survey are more than once compared to evaluation reports that are based on much larger groups of individuals and that can be confusing or lead to misinterpretation.

Because the amount of operators that responded to the first public survey was unexpectedly low we changed the data collection methodology and started with directed phone surveys. The conduction of these surveys was very time consuming and was stopped at a certain time considering time management and the continuing of writing the research paper. Hindsight, it would have been better to start with phone surveys at the beginning knowing it would lead to direct data results, instead of waiting for completed surveys on voluntary basis by operators.

The target group that is approached in this research, and then especially for the conducted surveys, responded very well to the asked questions and most of their outcomes are in line with other results after analysis. However the answer to the question if trade flows are influenced by the EUTR remains an indication unfortunately due to the crisis that decreased the demand for tropical timber and halts specific timber import statistics. Furthermore, some results show some conflicting explanations as well. In survey question number one we asked '*To what extend did the EUTR change your import policy?*' Results show that five respondents answered; 'I joined a Monitoring Organisation' to be more precise; respondents number 7, 18, 22, 25 and 29. In question number six we asked '*How do you collect information about the situation in countries of origin?*'. Results to this question show that six respondents answered with '*Monitoring Organisation*', that are 18, 22, 27, 31, 34, and 35. Only 2 of the same respondents that have joined a MO said that they use information from an MO, this is very conflicting, highly unlikely and probably not true. There are several reasons that could explain this. Maybe the respondents forgot to tick the box of the MO-possibility in question 1 or 6, or have joined an MO but not use their services which would be very unlikely.

A weakness in this research can be appointed to the scope of the first research question. Because the EUTR directly influences EU timber imports we only investigated trade flows flowing into the EU. However, the EUTR could also indirectly influence trade flows to other (consumer) countries which could lead to leakage.

The results and conclusions of this research question are important because they give an indication on the establishments of the EUTR seen from continental perspective and Dutch perspective. The results of the research resemble a large part of the Dutch tropical timber importers and state their overall opinion on the legislation that was imposed upon them. This could be very interesting for the ETTF and even the EU Commission to see how their invented law is received by those who are affected. Furthermore, the results emphasize that there is still a lot to be done in the EU, its Member States and tropical producer countries to make the EUTR fully work and make completely sure no illegally sourced timber finds its way into the EU timber market.

7.2 Reflecting the Timber Trade Portal research

To start the reflection on the second main research question, the answers of this second research question are highly satisfying because all retrieved results can be used by Form and the ETTF to somehow increase the power and influence of the Timber Trade Portal on the online timber information platforms.

Something that was a lesser outcome, was that in the survey we asked operators at one point to grade some aspects of the Portal. The third and last aspect 'useful information' was graded a 7 on average by 20 operators. Unfortunately this aspect was graded the least while it was the most important aspect of the three investigated. This amount is so low because the operators had not seen the website before and therefore did not want to grade the website on its content in such a short period of time, most respondents said. It must be noted that 8 of the 9 respondents that filled in the survey by the computer did grade all three aspects; therefore the phone survey can be seen as a limiting method of data collection. It is also noted that the average time an online respondent spent was 11 minutes and 35 seconds which is close to the estimated time of a phone survey. The difference is that a phone respondent has to listen to each question and answer, while a computer respondent can divide his time over the questions and therefore take a longer time to grade the 'usefulness of information'.

The first aspect; 'first impression', was graded a 7.3 which can be interpreted as very satisfactory in a scale from 1 to 10. This aspect contained the first impression; homepage, lay-out and introduction text. 23 respondents graded the second aspect; navigation a 7.4 on average. This aspect contained the world-map on the homepage that leads to country information, clear division of chapters and navigation between tabs of a certain country page. The operators that surfed on the website during the phone survey found country information with ease and did not ask how to get to a country of interest.

The limitations of the (second main-) research question are that the amount of answers received from the Dutch surveyed operators does not represent the total group of Dutch tropical timber importers which means the results are not statistically significant like the answers for the first main research question. The results are therefore not representative to the opinions of the total respondent group. The weakness of the research is the fact that some questions in the survey are answered by operators that saw the Portal for the first time and were a bit pressured to give their opinion on all aspects of the website. If the same questions were asked to operators who knew the website for a longer period of time the answers would probably have more value and would be weighted higher. The principal implications of these findings are a consequence of the fact that the Portal is very young since it went online in January 2016 together with the result that most operators were not aware of its existence. In future research the aspects that were investigated should be researched once again trying to see if the awareness of Dutch operators about the existence of the Portal increased and if- or how many operators are using the information available on the Timber Trade Portal.

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ANNEXES

Annex 1: EUTR Detailed

This Annex expresses the law specifics and the context of Due Diligence.

1.1 Law specifics

The EUTR stands for these three key steps of obligations. But what is exactly included within the EUTR law?

As mentioned before timber and timber products that are harvested and imported from outside the EU and timber and timber products that are harvested and traded within the EU are covered by the legislation. Furthermore, timber which is labelled with a FLEGT license or a CITES permit (Convention on International Trade in Endangered Species of Wild Fauna and Flora) is considered to cope with the Timber Regulation because these two organisations are overarching licences the EUTR so to speak. This means that every wooden log, sawn wood or fuelwood needs to be checked on its legal source but also every wooden piece of furniture, book shelf, wooden photo frame, barrel, pulp or paper sheet.

In the legislation there is constantly spoken about 'timber and timber products' that comply with the legislation, but what are those?

A wide range of timber and timber products are applied in the legislation, however not all are covered. A comprehensive list of all the products covered by the law can be found in *Annex 2: EUTR product scope*. Most of these are solid wood products, flooring, plywood, pulp and paper. Products that can be found on this list are recycled products, as well as printed papers such as books, magazines and newspapers (European Commission, Environment, 2016).

1.2 MOs & CA's

The EU allows for operators to develop their own due diligence system, or use one developed by a monitoring organization (MO). A monitoring organization is a private entity that provides EU operators with an operational due diligence system. The EUTR provides for entities like these and they are recognized by the European Commission. One of the MO's in the EU is a company called 'Control Union'; they are one of the first MO's to operate in the EU and the first in the Netherlands. Control Union supports EU operators in providing them an effective and strong due diligence system that meets the EUTR requirements. The company is a worldwide network of inspection operations that survey cargos and do superintendence. The Regulation states that when an operator makes use of a DDS from a MO, this Monitoring Organization has to 'verify the proper use of the DDS' to check if the operator complies with the delivered due diligence system.

The EU member states are held responsible for enforcing the EUTR and setting penalties for non-compliance (European Forest Institute, Who enforces the EU Timber Regulation?, 2014). To do this most countries have appointed a Competent Authority which is responsible for enforcing the EUTR. A competent authority carries out checks on operators and monitoring organisations; more specific they carry out checks on the due diligence systems of operators that use a DDS from a MO or the DDS's that are made by operators themselves. When a CA has a suspicious thoughts of an operator not complying with the EUTR rules, they can visit these operators more regularly and eventually give fines or penalties when these operators are not complying with their due diligence system to EUTR policy rules. The competent authority in the Netherlands for example is the 'Nederlandse Voedsel en Waren Autoriteit' or NVWA (Netherlands Food and Consumer product safety authority). The NVWA is since 01-01-2012 the CA of the Netherlands that controls the import of illegal timber. Their role is as follows: A batch without- or with invalid certificates is stopped at the border by the NVWA with Customs. If a batch is already placed on



the market NVWA can administratively act and place the batch outside of the market and the European Union. Besides, an official criminal report can be formatted by the NVWA so that the Public Prosecutor may demand a sentence in court (NVWA). For example, the NVWA charged an official police report against Dutch timber importer Fibois BV in the beginning of March 2016. This importer was charged because the NVWA had given a previous warning because the company could not demonstrate that the documents for a specific batch coming from Cameroon were sufficient evidence that the timber was harvested legally (HoutWereld, 2016). The NVWA used information from Greenpeace in the case of charging Fibois BV. Thereafter Greenpeace filed an enforcement request at The NVWA. Fibois BV is the first timber merchant that is imposed a sanction by the NVWA for breaching the EUTR legislation. Greenpeace reacts: 'The reason for this was an investigation by Greenpeace into the controversial Cameroonian timber merchant CCT who buys timber from overexploitation and companies involved in illegalities. Greenpeace traced the 'bad' timber of CCT back to many importers in Europe, including one Dutch company; Fibois BV in Purmerend (HoutWereld, 2016). The article also states 'In the opinion of the NVWA Fibois BV should have had taken more mitigating measures in their Due Diligence-system. Fibois BV does not share this view and makes objections against the decision'.

1.3 Due Diligence System elements

All these penalties are given when Due Diligence Systems are not complying with EUTR requirements. But what is exactly in a Due Diligence System? The three elements of a basic minimum DDS description are explained in more detail here:

1. Access to information

Measures and procedures providing access to the following information concerning the operator's supply of timber or timber products placed on the market:

- Description, including the trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name,
- Country of harvest, and where applicable: (i) sub-national region where the timber was harvested; and (ii) concession of harvest,
- Quantity (expressed in volume, weight or number of units),
- Name and address of the supplier to the operator,
- Name and address of the trader to whom the timber and timber products have been supplied,
- Documents or other information indicating compliance of those timber and timber products with the applicable legislation;

2. Risk assessment

Risk assessment procedures enabling the operator to analyse and evaluate the risk of illegally harvested timber or timber products derived from such timber being placed on the market. When making this assessment, operators have to investigate the timber they are dealing in using the following criteria:

- Assurance of compliance with applicable legislation, which may include certification or other third-party verified schemes which cover compliance with applicable legislation,
- Prevalence of illegal harvesting of specific tree species,
- Prevalence of illegal harvesting or practices in the country of harvest and/or sub-national region where the timber was harvested, including consideration of the prevalence of armed conflict, Sanctions imposed by the UN Security Council or the Council of the European Union on timber imports or exports,
- Complexity of the supply chain of timber and timber products.

3. Risk mitigation

When the risk identified in course of the risk assessment procedures referred above is not negligible, risk mitigation procedures, which consist of a set of measures and procedures that are adequate and proportionate to effectively minimise that risk are taken. These may include:

- Requiring additional information from suppliers;
- Requiring additional documents from suppliers;
- Requiring third party verification (Buzek & Chastel, 2010)

Considering the set of rules set out by the EUTR, operators in the EU have an extensive job to access all necessary information. Let's not forget that illegally harvested and traded timber is 'illegal' when it breaches the laws or regulations of the '*country of harvest*'. This means that the operator has to comply with different rules of every country of which he wants to import wood from himself, or has to control the timber supplier of which he buys the timber from. When the EUTR entered into force this raised numerous questions with timber traders and operators in the EU about legal timber trade, due diligence, country legislation requirements and export.

To provide an answer to these questions the European Timber Trade Federation (ETTF) created a solution that was planned to act as a central information point for the operators and timber traders in the EU to facilitate step 1 of the Due Diligence System: Access to information. This solution is further explained in the next chapter *1.5 The Timber Trade Portal*.

Annex 2: EUTR product scope

Timber and timber products as classified in the Combined Nomenclature set out in Annex I to Council Regulation (EEC) No 2658/87 (1), to which this Regulation applies

- 4401 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms
- 4403 Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared
- 4406 Railway or tramway sleepers (cross-ties) of wood
- 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm
- 4408 Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for other similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or enjoined, of a thickness not exceeding 6 mm
- 4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed
- 4410 Particle board, oriented strand board (OSB) and similar board (for example, waferboard) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances
- 4411 Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances
- 4412 Plywood, veneered panels and similar laminated wood
- 4413 00 00 Densified wood, in blocks, plates, strips or profile shapes
- 4414 00 Wooden frames for paintings, photographs, mirrors or similar objects
- 4415 Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood (Not packing material used exclusively as packing material to support, protect or carry another product placed on the market.)
- 4416 00 00 Casks, barrels, vats, tubs and other cooperers' products and parts thereof, of wood, including staves
- 4418 Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes 12.11.2010 Official Journal of the European Union L 295/33 EN (1) Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).
- Pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products
- 9403 30, 9403 40, 9403 50 00, 9403 60 and 9403 90 30 Wooden furniture
- 9406 00 20 Prefabricated buildings

Annex 3: Content country profiles

Its layout is made out of a map of the Earth where the countries in green- and light green contain information about legislation and their timber industry. A visitor can click on a green-highlighted country to open its information. See *figure 3.1* below.

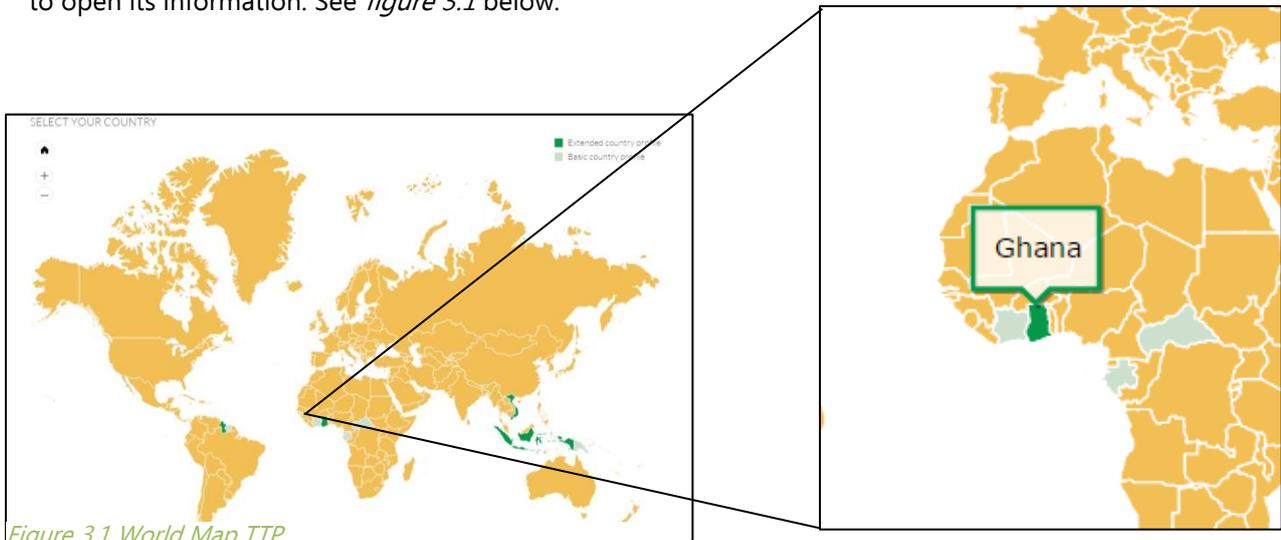


Figure 3.1 World Map TTP

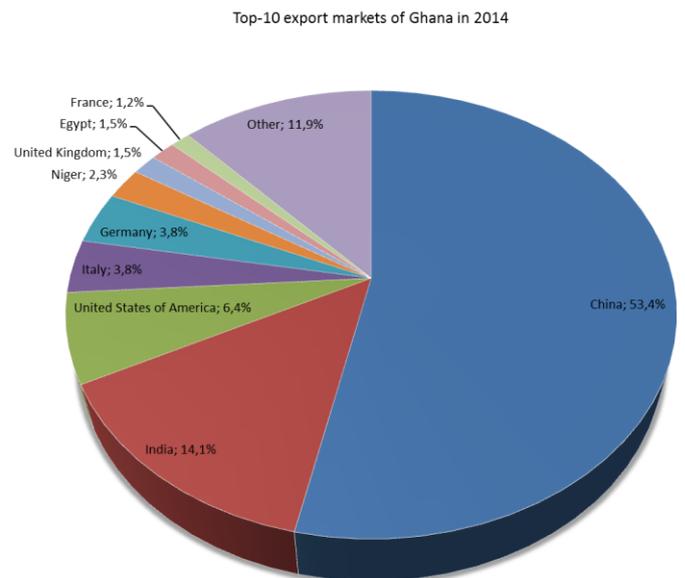
When they profile of 'Ghana' is opened for example, three tabs can be opened: '*Industry profile*', '*Legality profile*' and '*Contacts*'. The profile opens with the '*Industry profile*' which provides information about Ghana's:

Forest resources;

- Extend of forest resources
- Forest types
- Biomes
- Forest Ownership
- Protected areas
- Deforestation and degradation

Production and Export;

- Production and export volumes (in a table)
- Main products of the forested based industry (in a table)
- Processing within the country
- Destination markets for export (in a pie-chart)
- Major export species
- Main export routes



Source: ITC (2015) Main markets, in terms of export value, for the product '44 Wood and articles of wood, wood charcoal' exported by Ghana in 2014

Figure 3.2 Ghana export markets

All sources used for the gathering of the information on this tab are mentioned at the bottom.

	Production quantity (x 1000 m ³)	Imports quantity (x 1000 m ³)	Domestic consumption (x 1000 m ³)	Exports quantity (x 1000 m ³)
Logs (Ind. Roundwood)	2 104	11	1 667	448
Sawnwood	507	3	338	172
Veneer	269	0	249	20
Plywood	178	2	150	30

Table 3.1 (Form International, 2016)

  	Table 3.2: List of sources of information
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SOURCES OF INFORMATION

- ClientEarth (2013) Ownership and use rights of Forest Natural Resources.
- FAO Global Forest Resources Assessment 2015.
- FC Ghana London (2015) London Office of Ghana Forestry Commission.
- Fordaq - timber trade network
- Ghana - EU (2012) Ghana and the European Union - Annual Report 2012 Implementing the Ghana-EU Voluntary Partnership Agreement.
- GPHA (2015) Ghana Ports and Harbours Authority
- ITC (International Trade Centre) calculations based on UN Comtrade statistics
- ITTO (2015) Biennial review and assessment of the world timber situation 2013-2014.
- LoggingOff. A civil society counter-brief on the Republic of Ghana-EU VPA.
- Ministry of Lands and Natural Resources (MLNR), Ghana Investment Plan for the Forest, 2012.
- TIDD, Forestry Commission. Report on export of wood products, December 2014.
- World Port Source - Map of ports in Ghana with container liner service.

The *'Legality profile'* on the second tab shows information about the legality framework and key documents, which are further set out below.

Legality framework;

- The countries responsibly forest authorities
 - The necessary forest harvesting licenses
- A clear description of the legal chain of custody including relevant documents

Key documents;

- The key documents that follow the description of the legality framework
- Key documents with regard to taxes and fees
- Key documents with regard to legal existence of the company

Harvesting

Figure 3.3: A part of the key documents for harvesting in Ghana, as shown in the Timber Trade Portal

Legal Authority	Explanation
Registrar of Companies	Proof of registration as commercial business in Ghana.
Ghana Revenue Authority	This certificate is the proof of payment of all taxes and fees.
Forest Service Division (FSD), Forestry Commission	A felling permit demonstrates that the holder of the permit received permission of the holder of the forest resource, holds a valid Timber Utilisation Contract or Salvage permit issued by the relevant authorities, and that the logger complied with forestry operation procedures and standards. Attached example is the format for off-reserve harvesting.
Forest Service Division (FSD), Forestry Commission	The holder of valid property mark (Form C) signifies a duly recognised logger in good standing with the Forestry Commission. A holder of a valid felling permit without a

Bans and quota;
 ■ Export bans or quota (if they exist, also mentioned when non exist)

- Harvesting bans or quota (if they exist, also mentioned when non exist)

CITES and protected species;

- CITES species according their annex
- Scope of CITES listing
- Species with national protected status

- **Tiama, Edinam** (*Entandrophragma angolense*)
- **Sapeli, Sapelewood** (*Entandrophragma cylindricum*)
- **Sipo, Utile** (*Entandrophragma utile*)
- **Kosipo, Penkwa-akoa** (*Entandrophragma candollei*)
- **African mahogany, Krumben** (*Khaya anthotheca / Khaya grandifolia*)
- **African mahogany, Dubine** (*Khaya ivorensis*)
- **Iroko, Odum** (*Milicia excelsa, Milicia regia*)
- **Bilinga, Kusia** (*Nauclea diderichii*)
- **Afrommosia, Kokrodua** (*Pericopsis elata*)
- **Makore, Baku** (*Tieghemella heckelii*)
- **Ovangkol, Hyedua** (*Guibourtia ehie*)

Figure 3.4: The list of species for which harvesting has been restricted by the Ghanaian government (Form International, 2016)

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival (CITES). All import, export, re-exports and introduction from the sea of species covered by the Convention has to be authorized through a licensing system. The species covered by CITES are listed in three Appendices, according to the degree of protection they need.

These three appendices are:

- Appendix I include species threatened with extinction. Trade in specimens of these species is permitted only in exceptional circumstances.

Appendix II includes species not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilization incompatible with their survival.

- This Appendix contains species that are protected in at least one country, which has asked other CITES Parties for assistance in controlling the trade.

The CITES-list species on the website are described with a short explanation on what is exactly protected.

National action on timber legality;

- If the country is in VPA negotiations (or not)
- National wood tracking systems are mentioned if the country has one

Third party certification;

- FSC
- PEFC
- Other possible third-party certification bodies

Also on this tab all used sources are mentioned at the bottom of the page with a link to its direct source.

The third tab shows the *'Contacts'* of the viewed profile including:

- The national forest authorities with their position and role in the forestry sector
- CITES management authority
- NGO's with forestry related activities
- Industry and trade associations
- Other relevant parties if there are some

Annex 4: Form International

The ETTF launched this website with financial contributions received from the International Timber Trade Organization (ITTO), and IDH's Sustainable Tropical Timber Coalition (STTC) who recognised the necessity of a project like the *Timber Trade Portal*. The technical partner implementing the project is *Form International (Form)*, a Dutch consultancy firm that is specialized in forest and plantation management and certification (Form International, 2016). With their over 20-years of experience in the advisory services in for example legislation and Due Diligence they are the appointed firm for establishing the country profiles and therefore providing an answer to the questions coming from the timber traders in the EU. In close collaboration with the ETTF, Form chose 23 timber producing countries that would be profiled on the Portal and picked the subjects within the country profiles themselves. Because the ETTF asked From International as the technical partner the website is budget aimed. The design, framework and content of the website are tailor-made by *Form International*.



Figure 1.3: The official logo of the consultancy firm (Form International, 2016)

The website of the Timber Trade Portal was launched in January of 2016 and country profiles are still being added at the moment of writing this research report.

Form International, being the technical partner of the *Timber Trade Portal*, is the principal agency for this research. After a few months of the website being launched, Form wanted to know how their answer to the timber traders- and operators' questions is performing. The goal of the website is to provide necessary information about legislation and regulations in producer countries and supply information on the relevant 'laws and regulation of the country of harvest' for operators to help them meet due diligence requirements among other things.

Annex 5: Survey target audience & survey methods

5.1 Setting the target audience

In general every timber trader in the world with access to the internet can reach this website and therefore falls under the appropriate target audience.

The target audience for the online survey is determined by the number of unique visitors that visit the Timber Trade Portal online. Table 5.1 shows the number of sessions per month, 'sessions' mean the number of visits. After the peak amount of visits in January when the website went online, the average amount of visits was just below 800 in the months of March, April and May.

Table 5.2 shows the amount of unique visitors from 1 January 2016 to the 20th of June 2016. In almost half a year 3906 unique visitors had seen the website and visited it all together 5740 times.

With these two known numbers the calculation can be made that the unique visitor went 1.47 (5740 sessions/3906 unique visitors) times on the website on average in this particular period.

The 3906 unique visitors were designated as the target audience.

Table 5.1: The number of TTP visits per month in 2016

Month	# Sessions
January	1773
February	913
March	814
April	778
May	787

Table 5.2. Number of unique visitors and sessions from the period 1-1-2016 to 20-6-2016

Visitors (N)	Sessions (N)
3906	5740

5.2 Data collection

Because the Timber Trade Portal got a little over 3900 unique visitors in almost half a year from all over the world, we hoped for a response rate of 5% meaning around 195 responses. Because every timber trader in the world could contribute and have his- or her opinion on the performance of the Timber Trade Portal, we created a digital hyperlink on the 'Homepage' and 'News' sections of the Timber Trade Portal that directed the respondent to an online survey in English. This survey was made with the online program 'SurveyMonkey': a survey-development cloud-based software program. It provides free, customizable surveys, as well as a suite of paid back-end programs that include data analysis, sample selection, bias elimination, and data representation tools. The free-version of the software was used to create the survey used for this research. The questions that were asked in this survey are further elaborated in Annex 6: Survey questions.

After a period of one month online the survey got only two filled in responses. Visitors on the website were friendly invited to participate in the evaluation of the website on a voluntary basis by filling in the survey but apparently the threshold to click on the link and answer the survey questions was too low. The strategy had to be changed to get more responses on the survey.

To achieve this, the survey was changed to a Dutch language-version and was sent to the Vereniging Van Nederlandse Houtondernemingen (the VVNH), the Netherlands Timber Trade Association. We asked the VVNH to forward our message asking their 259 members to reply on the online survey. This resulted in a message within their notices e-mail with the heading: 'Request for cooperation to the Form-survey on EUTR and Timber Trade Portal'.

The message below contained a hyperlink to the survey that automatically would be sent back to the survey-programme when finished and a Word-file containing the survey that could be sent back to Form International. With using these two possibilities of filling in the survey on the computer we wanted to maximize the input and make sure every respondent with- or without internet (at a certain time) could fill in the questions.

Verzoek om medewerking aan de FORM-enquête over EUTR en Timber trade Portal

Uitgave datum: 20 mei 2016

Auteur: Van den Heuvel

In opdracht van de ETTF heeft FORM International de zogeheten de Timber Trade Portal (www.timbertradeportal.com) gemaakt waarover wij u eerder in de Mededelingen berichtten. De portal wordt aangevuld en actueel gehouden en biedt - nu en in de toekomst - houtondernemingen informatie, die kan worden gebruikt bij de door de EUTR voorgeschreven due diligence systemen. FORM verneemt graag d.m.v. een enquête uw mening over de portal. Van de gelegenheid wordt gebruik gemaakt om u ook naar uw ervaringen met de EUTR e.d. te vragen. Het invullen kost ca. 10 minuten. De enquête kan anoniem worden ingevuld en het invullen kost ca. 10 minuten. Het kan online via deze link: <https://nl.surveymonkey.com/r/YBJG59J> of via het bijgevoegde Word-bestand. De ingevulde enquête kunt u mailen aan: info@forminternational.nl. Bij voorbaat dank voor uw medewerking.

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The VVNH, the Netherlands Timber Trade Association is a Dutch association of 259 timber enterprises with one of their focal points being the promotion of trade in timber demonstrably originating from sustainably managed forests and ensuring that the members account the interests of employees and the environment, both in the Netherlands and in the producing countries. In this e-mail we directly asked the members of the VVNH to fill in the survey and emphasized their opinion mattered to the further development of the service package of the ETTF and therefore the VVNH, being a member of the ETTF. We chose to send the survey to the VVNH-members because they were previously informed about the existence- and launch of the Timber Trade Portal by the VVNH board. Every member of the VVNH is naturally Dutch and accordingly easy to approach by a Dutch forestry consultancy bureau.



Additionally, we asked 'Houtwereld' (a multimedia platform for professional information about, inter alia; the timber and wood industry (Houtwereld)) to post a message on their website and bimonthly magazine. They published the news item on their website in the 'News' section together with their daily mail on the 28th of April in 2016 and in their magazine; volume 69 – number 10, on the 13th of April. According to their own source they send their daily email to 5500 subscribers, is their website visited by 6500 unique visitors per month and their magazine read by 6540 people in 2015 (Maissan & Voshol, 2015).

Again, the numbers of responses were disappointing due to zero filled-in surveys a week after the e-mail was sent to the VVNH and 'Houtwereld'. To gather more responses we decided to approach the target audience more interactively. Since the members of the VVNH were contacted by e-mail about the ongoing of the survey we asked permission from the Secretary of the VVNH to contact their members by phone to gather more replies for the survey. After approval we selected the hardwood importers on the member list available on the website of the VVNH and added tropical timber importers known by *Form International* that where no member of the VVNH. The reason for selecting only the hardwood

importers was because the TTP is meant for European traders that import timber from tropical Africa, Asia and Latin America where this hardwood is mostly coming from.

In addition, phone numbers and contact details were added to the list as well. The list of organisations to contact existed out of 60 organizations that were put in a randomly order. On the basis of the printed survey open-, closed-, and multiple-choice questions were asked to the person who managed the timber purchases at the organisation that was approached. This person is most likely to deal with the EUTR and other legality issues regarding the procurement of timber. The telephone survey was conducted by reading out the (multiple-choice) questions and possible answers from the survey form and thereafter time to reply by the respondent. In some cases the respondent was asked to specify their answer depending on the question to get more insight in their given answer.

Besides the data gathering by survey calls we went to visit two companies in the Netherlands that import tropical timber. Two persons that deal with timber procurement were interviewed following the Dutch version of the survey. These visits let to more specified information than normally gathered due to the fact colleagues of Form International asked about specific information considering their due diligence systems and because of the fact there was more time to conduct the interview than on the phone.

Annex 6: Survey Questions

1. To what extent did the EUTR change your import policy?

- None, the EUTR did not have any influence
- I avoid certain risks
- I joined a Monitoring Organisation
- I import only through an agent
- I import because EUTR not from certain countries
- I have taken additional measures. Slightly (in line below):

2. Are there specific countries where you do not (directly) import from because of the EUTR?

- Yes
- No

Specify:

3. Are there any specific countries from which you started to import since 2013? Can you explain why?

- Yes
- No

Specify:

4. Have you ever had a check of the NVWA?

- Yes
- No

If so, how often are you checked by the NVWA and where were the bottlenecks?

5. If the VVNH would set up a M.O., would you be interested to make use of this service?

- Yes
- No
- Maybe

Please specify your needs:

6. How do you collect information about the situation in countries of origin?

- Monitoring Organization
- Own investigation on site
- Transporter
- Supplier
- Local experts
- Otherwise, namely:

7. How many employees does your organization have?

- 0-10
- 11-50
- > 51

8. How did you first hear about the Timber Trade Portal?

- European Timber Trade Federation (ETTF) or any of their affiliated organizations (such as the VVNH)
- ITTO (International Tropical Timber Organization)
- Newspaper / Magazine
- Colleague
- Search engine
- Otherwise, namely:

9. Assess the following three aspects of the Timber Trade Portal from 1 to 10, respectively meaning 'very poor' to 'excellent'.

- First impression:
- Website Accessibility:
- Useful information:

10. Have you ever used information from the Timber Trade Portal in the context of your DDS?

- No
- Not applicable
- Yes, please specify:

11. What topics of the Timber Trade Portal are especially relevant for you? (Select up to 3 most relevant topics)

- Forest resources
- Production
- Export
- Frame of legality (Legality framework)
- Key documents
- Bans and Quotas
- CITES and protected species
- National action on wood legality
- Third-party certification
- Contacts from country of origin
- Sources of information

12. What topics would you like to see added to the Timber Trade Portal?

Answer:

13. The Timber Trade Portal is going to publish 23 country profiles by the end of 2016. Choose the three countries most relevant for your organization please.

-
-
-

14. Which country profile (beside the planned 23 countries) would you like to see added to the Timber Trade Portal?

Answer:

15. What other services would you like to see added to promote trade in legal timber?

- M.O. VVNH
- Service Desk
- Frequently Asked Questions (FAQ)
- Other services, namely:

16. Please indicate your other points of attention on the Timber Trade Portal.

Annex 7: Timber Trade Portal countries

Brazil

Cameroon

Central African Republic

China

Congo

Democratic Republic of the Congo (DRC)

Ecuador

Gabon

Ghana

Guyana

Honduras

India

Indonesia

Ivory Coast

Liberia

Malaysia

Myanmar

Papua New Guinea

Peru

Russia

Suriname

Ukraine

Vietnam

Annex 8: Raw survey results

The text in the results is explained in the general content of the report.

ID	type	Name	1a	1b	1c	1d	1e	1f	1g	2a	2b	2c	3a	3b	3c	4a	4b	4c	5a	5b	5c	5d	6a	6b	6c	6d	6e	6f	7	8	9a	9b	9c	10a	10b
1	phone			1						1		Ghana	1				1		1								1	2 phone	8	7	7		1		
2	phone					1	1		1			Peru	1		1	1x, no				1					1			1 phone	8	7	7		1		
3	oral			1		1			1				1		1	1x, no					1						1	2 company v	8	7	8		1		
4	oral						1				1		1		1	1x, no				1					1		2 phone	8	7	7		1			
5	phone		1								1		1		1	1x, no											PEFC	1 phone	7,5	8	8		1		
6	phone			1												1	2x					1 if there are no extra fees				magazines/	2 phone	6	6	6		1			
7	phone			1	1		1						1		1	1x, no (l		1							1		ministry	2 phone	8	8	9		2		
8	phone					1				1	Not l	1		Belgium	1					1							1	1 phone	no pc	no pc	no pc		1		
9	phone								n.a.		n.a.			n.a.					n.a.				n.a.				1 someone	no pc	no pc	no pc		1			
10	phone		1							1					1			n.a.							1		FSC	1	1	7	6	7		1	
11	phone					1	1				1				1					1		no member				1	FSC	1 phone	8	8	8		1		
12	phone			1			1	Extra re		1			1		1	1x, no			1						1		1 phone	7,5	8	no con		1			
13	phone			1		1	1	no	1	Ivorycoast		1		1	1x, no										1	1	sawmill	1 phone	no pc	no pc	no		1		
14	phone			1				1	no comment					1	1x, hand	1											agent	2	1	7	8	no con		1	
15	phone					1	1	no	1	Brazil		1		1	1x, no				1						1	1	2 phone	8	8	8		1			
16	phone		1					1	better a		1			1							1						1	1	1	7	7	7		1	
17	phone				1						1								1								1	1	3 n.a.	n.a.	n.a.		1		
18	phone				1						1		1		1x, no						1			1			1 phone	8	8	no con		1			
19	phone					1		1						1	1x, no			1									agent	2 phone	8	no con	no con		1		
20	phone			1							1			1	1x, no					1							FSC	1 phone	no com	no com	no con		1		
21	phone				1						1			1	1x, no					1						1	1	1	no com	no com	no con		1		
22	phone				1						1		1		1x, no					1	VVN		1					no no comm	no com	no com	no con	no comment			
23	phone		1								1		1		1x, no			1								1	FSC, PEFC	1	1	no com	no com	no con		1	
24	phone						1				1		1		1x, no						1					1	3 friend	no com	no com	no con		1			
25	phone					1	Supplie				1			1					1							1	Agent	2	1	7	7	7		1	
ID	type	Name	1a	1b	1c	1d	1e	1f	1g	2a	2b	2c	3a	3b	3c	4a	4b	4c	5a	5b	5c	5d	6a	6b	6c	6d	6e	6f	7	8	9a	9b	9c	10a	10b
26	compu	resp. #1		1	1		1			1		Brazil, Can	1		1	2x, DDS			1			It is p	1	1		1	1	3	1	7	7	5		1	
27	compu	resp. #2					1			1		Malaysia	1			1											1	2	1	7	8	7		3	looker
28	compu	resp. #3		1							1			1		1	2x, DDS upgrades			1						1	2	1	5	8	4		1		
29	compu	resp. #4		1							1				1						1						1	2	3	8	8	8		2	dont i
30	compu	resp. #5		1	1			1	also via		1			1		1	3x, Bottleneck		1					1	1	1	2	1	8	8	7		1		
31	compu	resp. #6					1		handbo		1			1		1	2x, the		1							1	2	1	7	7	6		3	sough	
32	compu	resp. #7				1					1			1		1	1x, no				1			1		1	1	1	1	7	7	7		1	
33	compu	resp. #8		1										1	1				1							1	2	6	no com	no com	no con		1		
34	compu	resp. #9		1							1			1		1	3x, no		1		56				1	1	1	1	1	6	6	6		1	

ID	11a	11b	11c	11d	11e	11f	11g	11h	11i	11j	11k	12	13a	13b	13c	14	15a	15t	15c	15d	16		
1				1	1								Indonesia	Suriname	Guyana						first time seeing web	specify more about most traded timberspecies. May	
2				1	1								Bolivia	Brazil	Peru		1					1. Indonesia pr: don't write 'spec' because that are 1	
3				1	1								Malaysia	Indonesia	Brazil		1						
4				1	1								Indonesia	Malaysia	Brazil		1						
5		1		1	1								Malaysia				1	1	1			Phone contact where I can ask questions and get a q	
6				1	1								Malaysia	Russia			1					In the MO of the VVNH, make sure the members get	
7				1	1	1							Cameroon	Congo-DR	Congo-B	1	1	1					
8	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p										[Doesn't import anymore]	
9	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p		Brazil	Peru	Malaysia							[Agent. Does not import himself]
10				1	1								Brazil	Gabon	Peru						Choice to change lang	None	
11				1						1		none	Congo	Cameroon	Agents					1			
12	no comment												Indonesia	Malaysia	Cameroon								
13	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p	no p		Gabon	Indonesia	Malaysia	1		1				None
14				1	1			1					Indonesia	Malaysia			1						As a member of the VVNH get exclusive info. Assiste
15				1	1								Cameroon	Gabon	Indo USA	1	1						
16								1					Indonesia	Brazil					1				Keep the website timely so that people keep visitin
17	no comment												Zweden	Finland									Only imports from Scandinavia
18				1	1				1				Indonesia	Malaysia			1						Pretty complete website
19	no comment												Malaysia										
20	no comment												Malaysia										
21	no comment												Indonesia	Brazil									The MO of the VVNH is just more work.
22	no comment												no comment				1						If the VVNH would have been earlier with their MO,
23	no comment												Indonesia	Malaysia						not interested			
24	no comment												Cameroon	Congo-DRC	USA				1				none
25				1									Cameroon	Gabon	Ivory Co	1							
ID	11a	11b	11c	11d	11e	11f	11g	11h	11i	11j	11k	12a	13a	13b	13c	14	15a	15t	15c	15d	16		
26				1	1	1						if we selec	Brazil	Cameroon	China		1						VVNH / ETTF will need to identify which levernacier
27				1	1						1		Brazil	Indonesia	Gabon		1						
28				1	1					1			Cameroon						1				
29	no comment												no comment										
30		1	1	1	1			1	1		1		Cameroon	Congo-DR	Brazil					1			
31				1	1		1				1		Congo	Malaysia	Indones	1							
32				1	1						1		Cameroon						1				
33	1						1						Gabon	Suriname	Brazil				1				
34		1	1	1			1		1		none		Central African Republic						1				