

***EU REGULATION ON ILLEGAL
LOGGING - FLEGT***

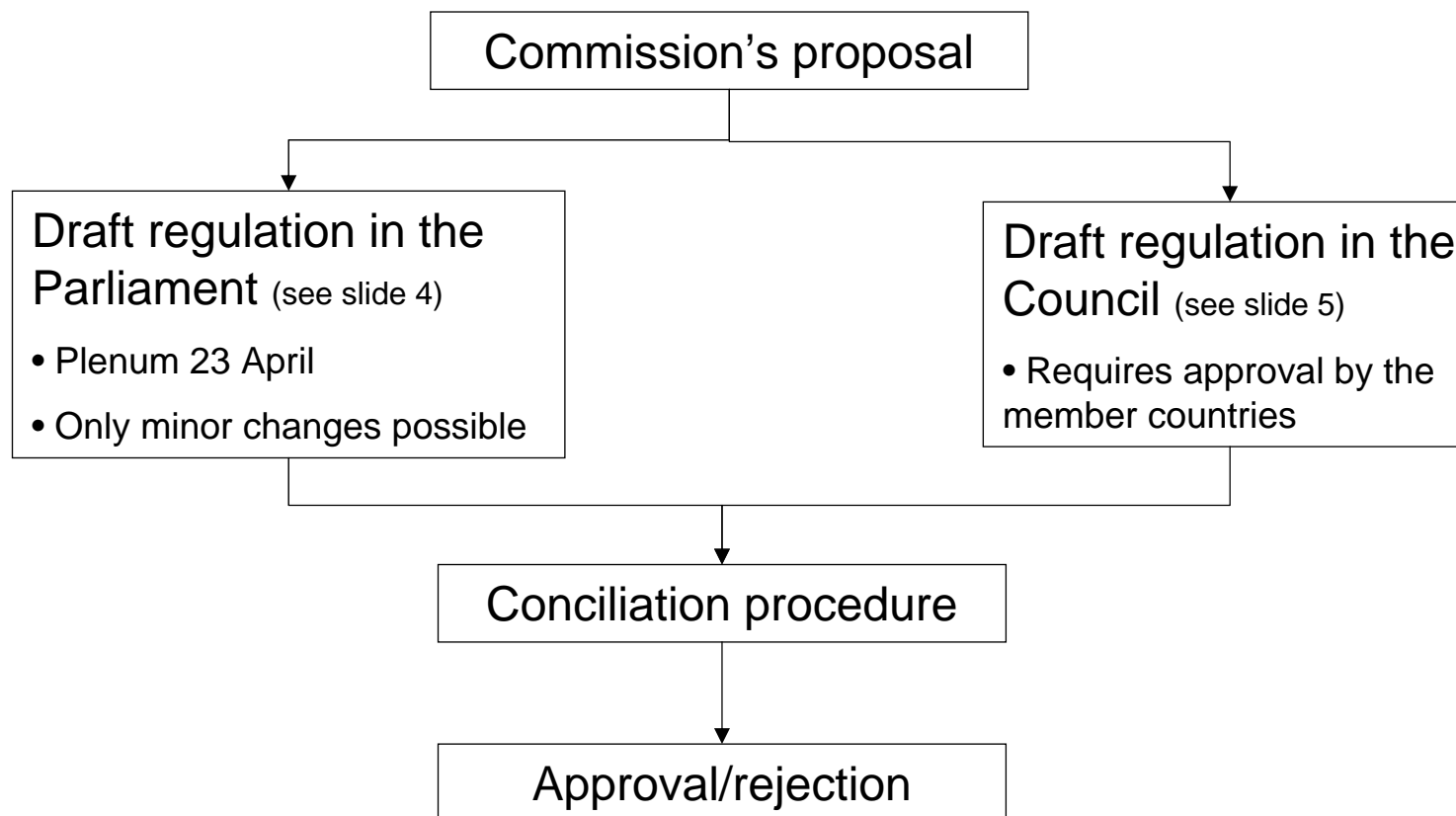
Seppo Niiniaho

- Finnish citizen, lives in Helsinki
- Trainee in forest companies since the age of 14
- Master of Science (forestry) 1985
- Master of Law (finance law) 1989
- Court training 1992
- LL.M (European law) 1995
- Metsähallitus (organisation managing the state owned forests in Finland)
- Stora Enso Oyj 1997 –
- Lawyer responsible for wood supply, pulp supply, coordinating Russian legal activities
- Seppo.niiniaho@storaenso.com

FLEGT - Two different proposals in process

1. Draft regulation in the **Parliament**
 2. Draft regulation in the **Council**
- Both are based on a proposal made by the **European Commission**
 - Operators shall exercise due diligence to minimize the risk of placing illegally harvested timber and timber products on the market
 - To that effect, they shall use a framework of procedures and measures (due diligence system)
 - The system would include for instance: Description of wood or wood based products, country of harvest, volume or weight, information on compliance of legislation, risk management procedure etc.
 - Operator: Forest owner or importer
 - Monitoring organizations to be defined
 - Competent authorities to follow the system
 - Penalties should be effective, proportionate and dissuasive

Approval procedure



Draft regulation in Parliament

- Environmental aspects and sustainability are connected to legality
- All operators in the supply chain should be bound by prohibition against making illegally sourced timber or timber products available on the market
- All operators should clearly indicate the source or supplier from which the timber originates, labeling
- The first operator must comply with more detailed rules
- Small and medium sized enterprises to be offered simplified systems without jeopardizing the purpose
- The EU should encourage the recognized organizations to cooperate with environmental and human rights organizations to support due diligence systems and monitoring thereof
- Operators shall ensure that only legally harvested timber and timber products are made available on the market
- The sanctions would include *i.a.* cessation of commercial activities
- Sustainability requirements for all timber sourced from natural forests to be developed by the EU

Draft Regulation in the Council

- The Regulation should reinforce implementation and enforcement of national legislation and not to replace it
- Sustainability is largely excluded
- Operators shall exercise due diligence to minimize the risk of placing illegally harvested timber and timber products on the market
- Own due diligence system or a recognized dd. system established by a monitoring organization
- Timber and products which has been placed previously on the market are not covered by the Regulation
- Due Diligence systems, monitoring organizations, competent authorities as in the Commission's proposal
- Commission would keep list of the monitoring organizations
- The draft is still under discussion

Conclusions and further actions

- The regulation will probably be adopted in some form
- The Council's version seems to be possible to live with, after relevant amendments
- First placing on the markets needs due diligence system, existing systems are approved and profited
- Legal wood: the wood harvested according to the local legislation
- The Parliament's proposal goes beyond the legal concepts towards perceptions on sustainability and is hardly acceptable from the industries point of view
- Industry organizations (as well as others) should continue lobbying