

Global Witness' comment on the product scope of the EU Timber Regulation

One of the key loopholes of the EU Timber Regulation (EUTR), which undermines its effectiveness, is that it does not cover all wood products. WWF has [estimated](#) that, by value, only 33% of products that may contain wood were covered by the EUTR, while 67% were out of scope. There are clear inconsistencies in the EU's current approach for example in relation to furniture - where tables are covered but not chairs. Other products left out of the product scope include printed paper, musical instruments and charcoal. In certain cases, these products contain valuable tropical hardwoods that can be linked to high risk of illegalities. The environmental, social and economic impact of illegal logging means that EU action in this area is an essential part of efforts to tackle the EU's role in the destruction and degradation of forests.

Environmental impacts

The legal basis for EUTR is Article 192(1) of the Treaty on the Functioning of the European Union, so the review of the product scope of EUTR needs to take into account the potentially devastating environmental impact of the illegal logging of tropical hardwoods often from vulnerable and endangered species in climate critical tropical forests with weak or non-existent forest governance. The current product scope creates major loopholes that undermine EU efforts to tackle climate change, and protect and promote biodiversity. Timber using these tropical hardwoods is often found in musical instruments and seat frames among other products. Non-coverage could see continued destruction and degradation of these climate critical forests to supply the EU market whilst this loophole still exists. Since the adoption of EUTR, the EU has made key international commitments such as the Sustainable Development Goals and the Paris Agreement on climate change, which underline the importance of EU action as a key consumer market. These provide further impetus to expand the product scope of EUTR to cover all products that contain wood to reduce the EU's consumption of products that can have serious negative environmental and social impacts due to illegal practices.

Social impacts

Point 3 of the EUTR preamble recognises that illegal logging often undermines progress towards good governance, threatens the livelihood of local forest-dependent communities, and can be linked to armed conflicts. Closing the loophole in EUTR product scope could reduce the EU's consumption of products made of wood that has financed conflict, led to forced displacement of communities or undermined the rule of law through corruption. Global Witness has repeatedly exposed how illegal logging has led to human rights abuses and weak governance. In the Central African Republic, we [exposed](#) that timber sold in Europe has been funding conflict, violations of international humanitarian law or violations amounting to crimes under international law. In the Democratic Republic of Congo, we [exposed](#) how all local communities are impacted by illegal logging and that industrially logged timber harvested in DRC should be considered at a very high risk of being illegal, yet the EU still accounted for over one fifth of DRC's direct timber exports and likely more imported indirectly via processing hubs in Asia.

Economic impacts

Illegal logging is the highest-value environmental crime, at \$51-\$152 billion per year globally, according to a 2016 [report](#) by Interpol and UNEP. Illegal logging finances organised crime groups, which creates a shadow economy and prevents much-needed tax collection in developing countries where public revenue is already limited. This also restricts much needed governance reforms that would lead to sustainable development. It creates an uneven playing field for responsible businesses operating in Europe and overseas, who become less competitive than companies using illegal timber for their products. Closing this loophole in EUTR can help tackle organised crime, as it will cut out some markets for the sale of illegal timber that finances their activities.

Conclusion

The current scope of EUTR is more narrow than laws in place elsewhere prohibiting the sale of illegal timber. Both the US Lacey Act and the Australian Illegal Logging Prohibition Act have an all-in ban on the import of illegally logged timber or timber products (with some exceptions of timber products in the U.S.). We believe that with an all-in approach, EUTR would create a level playing field for operators. It would also provide assurance for European consumers, who do not want to unwittingly buy products responsible for serious negative environmental and social impacts due to illegal practices. We strongly believe that there should be no consideration of further exemptions, as this would further undermine the effectiveness and credibility of EUTR, and undermine the EU's role as a global leader in the fight against climate change and its ability to deliver on its environmental and social commitments.