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From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Jeppe TRANHOLM - MIKKELSEN, Secretary-General of the Council of
the European Union

Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT
AND THE COUNCIL Regulation (EU) No 995/2010 of the European
Parliament and of the Council of 20 October 2010 laying down the
obligations of operators who place timber and timber products on the
market (the EU Timber Regulation)

Delegations will find attached document COM(2018) 668 final.

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Regulation (EU) No 995/2010 of the European Parliament and of the Council of
20 October 2010 laying down the obligations of operators who place timber and timber
products on the market (the EU Timber Regulation)**

Biennial report for the period March 2015 - February 2017

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1. Introduction

The European Union (EU) adopted Regulation (EU) No 995/2010 (the EU Timber Regulation, hereinafter the EUTR) in 2010. It sets out the obligations of operators who place timber and timber products on the market as part of the implementation of the EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT). This action plan is the EU's policy instrument to combat illegal logging in forests worldwide. Another key element of the FLEGT action plan are the Voluntary Partnership Agreements (VPAs), legally binding trade agreements between the EU and timber producing countries outside the EU that aim to improve forest governance and law enforcement, and to ensure that only verified timber and timber products are exported to the EU. FLEGT-licensed timber is considered compliant under the EUTR. Thus, the EUTR is a key tool for addressing the problem from the demand side as well as to complement and encourage the FLEGT VPAs, which address the supply side.

Timber trade plays a significant role in the EU. According to Eurostat, more than 2 billion tonnes of timber and timber products¹ (worth more than EUR 1 trillion) were placed on the EU market in 2006-2016. More than 25 % of this timber was imported from outside the EU, and some of the remaining intra-EU trade may be in timber or timber products originally imported into the EU. The EU's wood-based industries, as measured by gross value added, amounted to EUR 107 billion and employed 3.3 million people in 2014 (6.2 % and 11 % of the manufacturing total respectively)².

The EUTR entered into force in the EU in March 2013. It is relevant for the European Economic Area (EEA) and is therefore applicable in Iceland, Liechtenstein and Norway. The EUTR became law in the EEA as of 1 May 2015. The European Free Trade Association (EFTA) Surveillance Authority (ESA) monitors the application of the EUTR in these countries.

Article 20(2) of the EUTR requires the Commission to draw up a report based on the information submitted by the Member States in their biennial reports, and to submit it to the European Parliament and to the Council every two years.

This report provides an analysis of the reports submitted by all 28 Member States and Norway – following an agreement with ESA – on the EUTR implementation and covers the period from March 2015 to February 2017³. It details how the EUTR is being implemented across the EU and in the EEA and outlines conclusions and next steps. In addition, this report pays

¹ Timber and timber products as classified in the combined nomenclature set out in Annex I to Council Regulation (EEC) No 2658/87 to which the EUTR applies.

² Eurostat 2018, Wood products and trade under activity (NACE Rev 2) manufacturing (wood-based industries (manufacture of wood and wood products (16)+manufacture of pulp, paper and paper products (17)+ printing and service activities related to printing (18.1) +manufacture of furniture (31)) (these include estimates), http://ec.europa.eu/eurostat/statistics-explained/index.php/Wood_products_-_production_and_trade

³ The EFTA surveillance authority did not receive reports from Iceland and Liechtenstein.

regard to the progress made in respect to the FLEGT Voluntary Partnership Agreements and their contribution to minimising the presence of illegally harvested timber and timber products on the internal market.

The UN Environment World Conservation Monitoring Centre (UNEP WCMC) has prepared a more detailed analysis of the national reports for the Commission. It provides further details and is available on the Commission website⁴.

2. Background

The EUTR is part of a broad set of measures introduced by the FLEGT Action Plan, which is the EU's comprehensive response to the pervasive problem of illegal logging and its devastating impact on forests.

The FLEGT Action Plan was adopted in 2003 and sets out processes and measures to (i) address the problem of illegal logging and related trade and (ii) ensure the legality of legal timber exported to the EU. A key element of the FLEGT Action Plan are the Voluntary Partnership Agreements (VPAs) signed between the EU and non-EU timber producing countries. As the FLEGT Action Plan recognised the possibility to develop new legislation in order to overcome the limitations of a bilateral supply-side approach, the Commission submitted a legislative proposal in 2008. This resulted in the EUTR being adopted in 2010.

The EUTR established three key obligations:

1. It prohibits the placing on the market of illegally harvested timber (i.e. timber harvested in contravention of the applicable legislation in the country of harvest) or timber products derived from such timber;
2. It requires operators placing timber and timber products on the EU market for the first time to exercise 'due diligence', i.e. to undertake a risk management exercise to ensure that only legally harvested timber (timber harvested in accordance with the applicable legislation in the country of harvest) or timber products derived from such timber are placed on the EU market;
3. It requires traders of timber and timber products already placed on the EU market to keep records of their suppliers and customers ('obligation of traceability').

The EUTR is the first legal instrument at European Union level which includes mandatory due diligence, a key principle for corporate sustainable responsibility in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

In accordance with Article 20(3), the Commission conducted the first review on the functioning and effectiveness of the EUTR during its first two years of implementation. This review took the form of an evaluation, conducted in accordance with the EU 'Better Regulation'⁵ guidelines. This was based on the Member States' reports for the period from March 2013 to February 2015 and their experience with the application of the EUTR up to then. The Commission released its report on 18 February 2016⁶.

While the limited period was insufficient to fully assess the functioning and effectiveness of the EUTR, in particular as the compulsory due diligence requirement was quite new, the report concluded that the implementation and enforcement of the EUTR was slow and uneven during the first two years and remained incomplete. At the time of the evaluation, not all Member States had fulfilled all their obligations under the EUTR. Evidence shows that operators were gradually taking up the due diligence obligation and that there was more

⁴ <http://ec.europa.eu/environment/forests/flegt.htm>

⁵ Commission communication on Regulatory Fitness and Performance Programme (REFIT) - COM(2014)368

⁶ COM(2016) 74 final

awareness of the problem of illegal logging among EU industry and consumers. However, uneven implementation and patchy enforcement during the first two years of application did not help establish a level playing field. More efforts were needed from both the Member States and the private sector to ensure its effective and efficient application.

These results have been used to further improve the implementation and application of the EUTR by (i) promoting cooperation among Member States and the Commission and sharing information in the FLEGT-EUTR Expert Group meetings⁷; (ii) developing new guidance documents or updating existing ones; and (iii) publishing bi-monthly briefing notes on EUTR issues.

3. EUTR reports

In accordance with Article 20(1), Member States and EEA/EFTA countries (hereinafter referred to as ‘countries’) are required to submit to the Commission by 30 April of every second year (following 3 March 2013) a report on the application of the EUTR, covering the previous two years. These reports are an important tool to monitor the EUTR implementation, identify developments or challenges and possible solutions and share information among countries and with other stakeholders.

4. Implementation – state of play

4.1 Designation of competent authorities

In accordance with Article 7(1), countries are required to designate one or more competent authorities that are responsible in particular for carrying out checks at regular intervals on operators’ compliance with the EUTR as per Article 4 (prohibition to place illegally harvested timber or timber products derived from such timber on the EU market and obligation to have a due diligence system in place) and Article 6 (the elements that the due diligence system must contain). All reporting countries provided details on the designated competent authorities⁸. The institutional structures, legal powers and status of the designated authorities vary between countries due to their different legal and institutional frameworks.

According to the reports, for imported timber, the national competent authorities have the sole responsibility for checking operators in 21 countries; for domestic timber, this is the case in 19 countries. In the remaining countries, this responsibility has been partly or fully delegated to regional competent authorities. In some cases, other authorities can support the checks.

4.2 Penalties

In accordance with Article 19, countries are required to lay down the rules on penalties applicable to infringements of the provisions of the EUTR; the penalties must be effective, proportionate and dissuasive. They are also required to take all necessary measures to ensure that these rules are implemented. All reporting countries provided details of their legal framework.

All reporting countries provided information on the range of penalties for potential infringements of the EUTR⁹. Penalties can be both administrative and criminal in 13 countries, only administrative in 10 countries, and only criminal in two countries. Four countries did not specify the nature of the penalties (administrative and/or criminal).

In 21 countries, notices of remedial action can be issued where shortcomings are detected. These allow operators to adjust their due diligence system prior to being re-checked. They can

⁷ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3282>

⁸ See http://ec.europa.eu/environment/forests/pdf/list_competent_authorities_eutr.pdf

⁹ Where the information was not included in the national report, additional information was requested to national authorities.

be combined with interim measures such as seizure of timber or prohibition to place it on the market.

Details on the fines applicable to infringements of the EUTR were provided by 25 countries; these range from as little as EUR 14 to unlimited fines (see Figure 1). The largest fines reported are those relating to the prohibition of placing illegally harvested timber and timber products derived from such timber on the EU market:

- Up to EUR 100 000: Austria, Bulgaria, Croatia, Cyprus, Germany (administrative penalties), Greece, Hungary, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia and Sweden;
- Up to EUR 1 000 000: Czech Republic, France, Ireland, Italy, Latvia, Luxembourg and Spain;
- Above EUR 1 000 000: Belgium, Estonia, Germany (criminal penalties) and United Kingdom.

Denmark reported that it does not have a set limit. In Finland and Sweden¹⁰, fines are based on the offenders' revenues.

The seizure of timber or timber product(s) was reported as a potential penalty by 19 countries, while 10 countries can suspend the authorisation to trade.

Breaches of the EUTR are punishable by imprisonment in 15 countries, with 10 years the longest (Greece) and 30 days the shortest ((Luxembourg) potential maximum sentence.

¹⁰ This information was not included in the national report, but was provided in response to a request for further details.

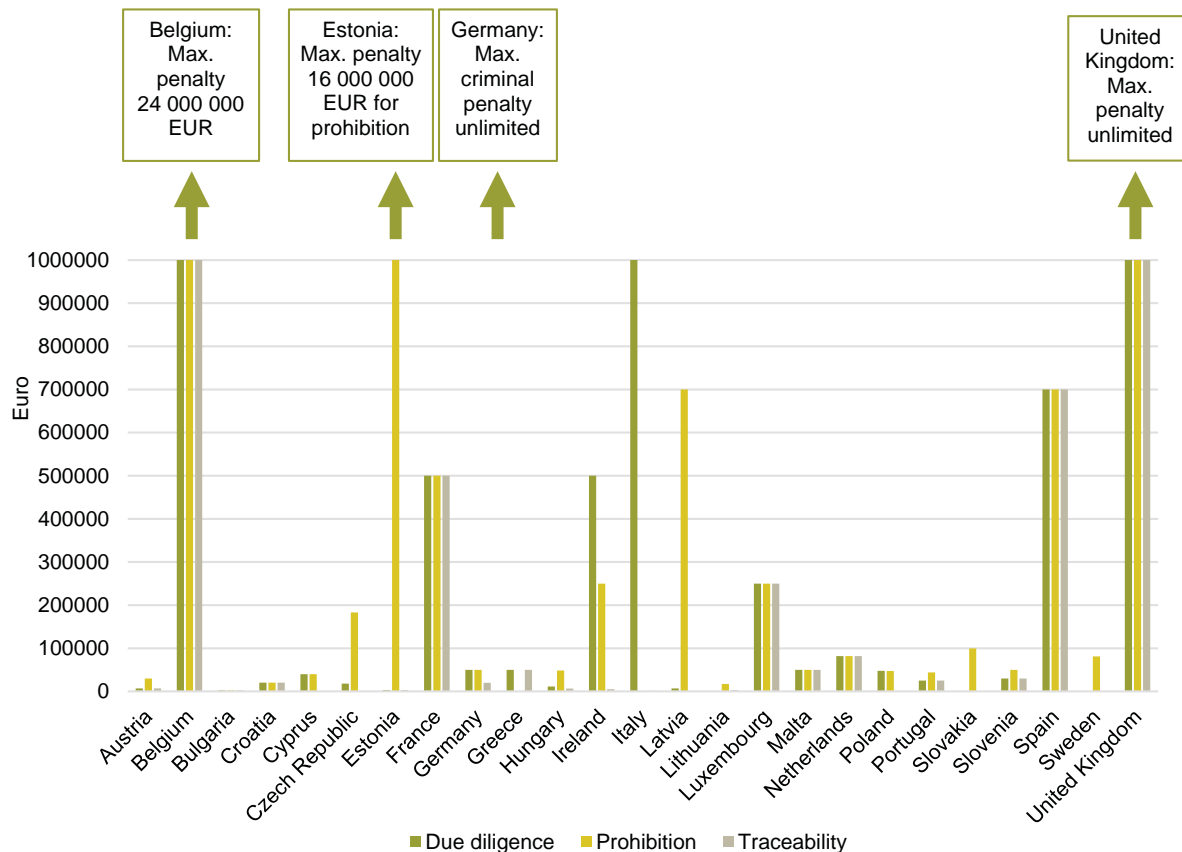


Figure 1: Maximum monetary penalties* issued to operators as a result of infringements related to the obligations to exercise due diligence, the prohibition of placing illegally harvested timber and timber products derived from such timber on the market, and the obligation of traceability throughout the supply chain to the EUTR, where specified. Figures for Greece and Sweden were provided in response to requests for further information. *The maximum penalty in the United Kingdom is an unlimited fine, which is the same in Germany, for criminal penalties (the figures indicated only apply to administrative penalties).

For the majority of countries reporting on comparable legislation (e.g. laws for the implementation of the FLEGT Regulation¹¹ or for the Wildlife Trade Regulation¹²), fines foreseen for violations of the EUTR are of a similar level to those imposed for violations of the comparable legislation.

4.3 Checks on operators, traders and monitoring organisations

4.3.1 Estimation of number of operators

22 countries provided estimates of the total number of operators (see Table 1). It is important to note that, while this it is not a EUTR requirement, some countries require operators to be registered. In others, estimations are based on a variety of sources (customs data and other national databases or registers, including logging permits). Furthermore, the number of operators depends on the size of each country’s timber industry and the structure of its forestry sector. Moreover, figures on the number of operators are not always directly comparable as some of the estimates may include only active operators, whereas others

¹¹ Regulation (EC) No 2173/2005¹¹ of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community
¹² Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein

include operators that may no longer be active. Operators may also differ in terms of size, level of risk in the supply chains, frequency of timber imports and quantities and value of the timber imported.

Table 1: Estimated number of operators placing timber onto the EU market, by country

Country	Domestic	Imported	Country	Domestic	Imported
Austria	145 000	6 000	Latvia	140 000	290
Belgium	unknown	unknown	Lithuania	25 940	800
Bulgaria	4 013	unknown	Luxembourg	200	245
Croatia	50	5 000	Malta	unknown	750
Cyprus	63	781	Netherlands	100	4 900
Czech Republic	300 000	2 500	Norway	120 000	5 000
Denmark	28 000	3 800	Poland	45	73
Estonia	10 000	450	Portugal	2 525*	853*
Finland	350 000	2 000	Romania	4 372	162
France	5 000	14 000	Slovakia	9 700	unknown
Germany	2 000 000	25 000	Slovenia	460	1 423
Greece	1 930	604	Spain	1 000	11 000
Hungary	46 700	2 674	Sweden	100	4 500
Ireland	unknown	unknown	United Kingdom	unknown	6 000
Italy	not specified	not specified			

*Represents the actual number of registered operators

4.3.2 Plans for checks on operators and traders

According to Article 10, countries are required to prepare and periodically review plans for checks following a risk-based approach, with the flexibility to conduct additional checks in response to new information, such as substantiated concerns¹³. They are also required to keep records of these checks (Article 11). All countries confirmed that such plans were in place, although Bulgaria only reported on the plan for checks on operators for domestic timber; the majority of countries did not provide sufficient details on the plans to allow for a more detailed comparison. Belgium reported that, due to resource constraints, priority was given to following up on complaints rather than planning checks¹⁴.

Countries primarily used customs data and their own registers of operators to identify operators for checks. All countries, when developing their risk-based plans for checks, take into consideration a range of risk criteria including – among others – the country of harvest, product, species and concerns provided by third parties (see Figure 2).

¹³ Any relevant information regarding non-compliance with the EUTR – and supported by proof or evidence – that is brought to the attention of a competent authority.

¹⁴ The Commission issued a letter of formal notice to Belgium in October 2017, requesting it to conform to the EUTR rules: http://europa.eu/rapid/press-release_MEMO-17-3494_en.htm

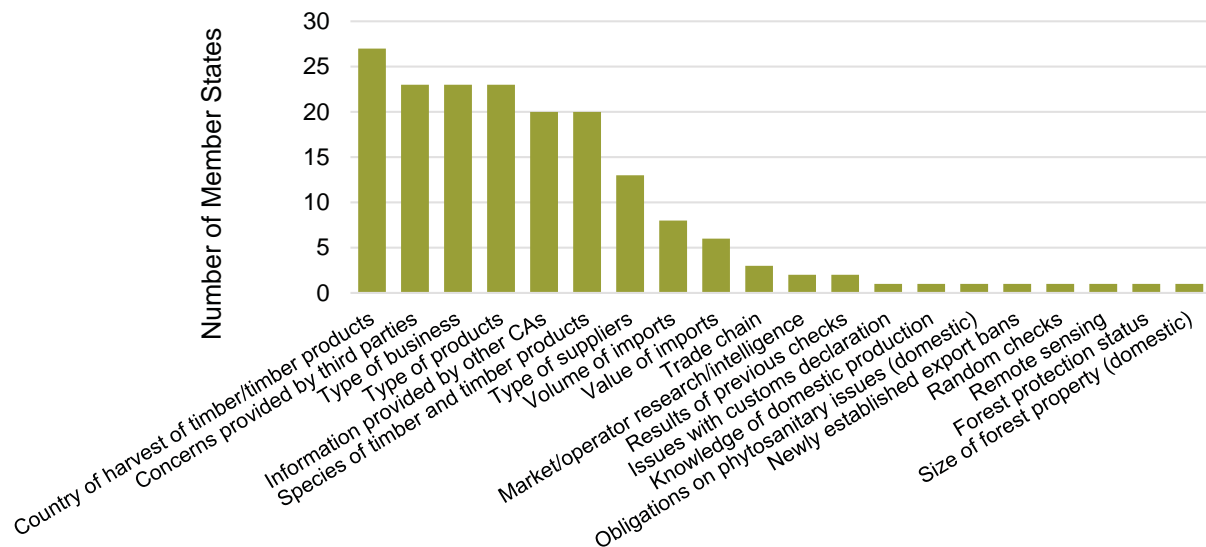


Figure 2: Risk criteria considered by countries when planning checks

4.3.3 Checks on operators

From March 2015 to February 2017, more than 17 700 checks were performed in total by competent authorities on operators placing domestic timber on the market and almost 2 800 checks on operators placing imported timber on the market.

For domestic timber, 20 countries performed 80 % or more of the checks they had planned, and for imported timber, 22 countries did so (see Annex A).

The number of checks on operators dealing with domestic timber varied significantly from one country to another, with some countries reporting thousands of checks and others reporting limited or no checks. In some countries, EUTR checks are integrated as part of the checks carried out by the authorities responsible for forest management. In these cases, countries reported differently on the numbers of checks (e.g. Germany did not report any plans or number of checks, although reported a number of sanctions being applied). Belgium, Croatia, Ireland, Malta, the Netherlands and the United Kingdom did not perform checks on operators for domestic timber, stating a number of reasons, including limited domestic production.

In addition to the above-mentioned risk criteria, countries also reported conducting checks on particular focal areas, e.g. round wood export from Ukraine (due to the export ban put in place by the Ukrainian national authorities), domestic firewood (Hungary), imports from EU candidate countries/potential candidates and high-risk imports from Belarus, Brazil, Cameroon, Indonesia¹⁵, Myanmar, Vietnam, China, Malaysia, Russian Federation, Ukraine and Taiwan, particular products (sawn wood, paper pulp, flooring, veneer, plywood, firewood, round wood, furniture), and particular species such as teak or oak.

¹⁵ Prior to the start of FLEGT licensing.

4.3.4 Checks on traders

19 countries checked traders and their compliance with the traceability obligation, with the number of checks ranging from one (Denmark, France, Luxembourg) to 747 (Cyprus).

4.3.5 Substantiated concerns

In accordance with Article 10(2), in addition to the checks conducted in accordance with risk-based plans, checks may be conducted when a competent authority is in possession of relevant information, including on the basis of substantiated concerns provided by third parties, concerning compliance by an operator with the EUTR. 14 countries reported having received substantiated concerns about operators, mainly from non-governmental organisations (NGOs) and customs (see Figure 3). Of the 80 operators identified, 69 (86 %) were checked, and 33 (around 50 %) received penalties. In some cases, checks were still ongoing at the time of reporting.

Substantiated concerns were also received by seven countries in relation to traders, mainly from NGOs and members of the public. Of the 64 traders identified, 63 (98 %) were checked and 16 (around 25 %) received penalties.

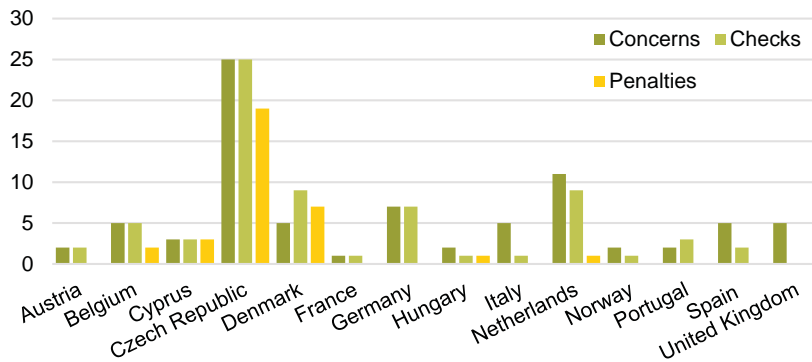


Figure 3: Countries that received substantiated concerns about operators, number of operators checked and penalties imposed

4.3.6 Enforcement action resulting from checks

Shortcomings in **due diligence** related to the placing on the market of domestic timber led to 583 notices of remedial action requiring operators to make improvements to their due diligence system (3 % of checks), 269 penalties (1.5 % of checks), 154 other measures (1 % of checks) and 1 court case. For imported timber, 483 notices of remedial action (17 % of checks), 103 penalties (4 % of checks) and 277 other measures (10 % of checks) were issued, and 5 court cases took place.

Breaches of **prohibitions** to place illegally harvested domestic timber on the market led to 189 notices of remedial action (1 % of checks), 628 penalties (3.5 % of checks), 197 other measures (1 % of checks) and 20 court cases. For imported timber, 22 notices of remedial action (1 % of checks) and 27 penalties were issued (1 % of checks).

Issues with the **traceability** of domestic timber led to 144 notices of remedial action (1 % of checks), 95 penalties (0.5 % of checks) and 190 other measures applied to traders. For imported timber, 20 notices of remedial action (1 % of checks), 4 penalties and 9 other measures were issued to traders.

The majority of penalties relate to domestic timber (see Figure 4).

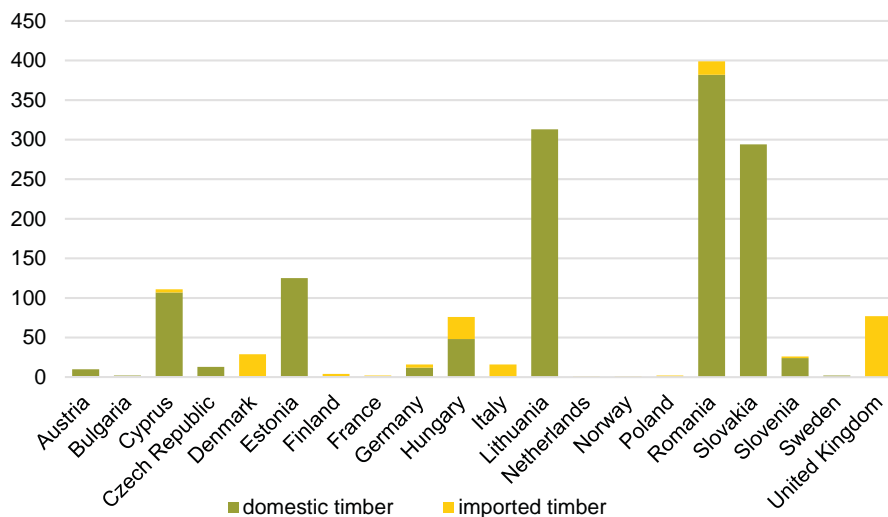


Figure 4: Total number of penalties issued, for those countries that reported issuing penalties

4.3.7 Checks on monitoring organisations

In accordance with Article 8(4) of the EUTR and Article 6(1) of Commission Implementing Regulation (EU) No 607/2012¹⁶ on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations¹⁷, the competent authorities should check the monitoring organisations registered in their country at least once every two years. Up to the end of the reporting period (March 2017), 13 monitoring organisations¹⁸ have been recognised in the EU. All monitoring organisations, except for ICILA S.R.L.¹⁹ in Italy, that were due to be checked during the reporting period were checked by competent authorities, and none of the checks resulted in a notification to the Commission of issues that could lead to the withdrawal of a recognition as a monitoring organisation.

¹⁶ OJ L 177, 7.7.2012, p. 16.

¹⁷ Monitoring organisations are entities (public or private) recognised by the Commission — if the applicants fulfil the requirements set out in Article 8(2) of the EUTR — and responsible for providing due diligence systems to operators and verifying their proper use by operators.

¹⁸ http://ec.europa.eu/environment/forests/pdf/List_of_recognised_MOs.pdf

¹⁹ As of 1 July 2015, ICILA S.R.L. is now CSI S.p.A.

4.4 FLEGT Voluntary Partnership Agreements (VPAs) – contribution to the implementation and enforcement of the EUTR

To date, six VPAs have been concluded with Cameroon, Central African Republic, Ghana, Indonesia, Liberia and Congo. Negotiations are ongoing with nine additional partner countries: Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand and Vietnam.

Only Indonesia is currently operating a FLEGT licensing scheme with the EU, which was launched on 15 November 2016.

According to the evaluation of the FLEGT Action Plan published in 2016²⁰, VPAs have, overall, produced good results in terms of improved governance and legal reform, especially through the establishment of effective multi-stakeholder participation processes, capacity building, increased transparency, awareness raising and policy dialogue. Furthermore, timber legality assurance systems have been developed as part of the VPAs, to verify that timber products conform to the national legislation of the VPA partner country. Even though these efforts have not yet resulted, with the exception of Indonesia, in a flow of FLEGT-licensed timber, the steps already taken in partner countries have facilitated – to some extent – compliance with the EUTR requirements.

With regard to the responses by countries, only four out of the 22 countries that reported on how VPAs help minimise the presence of illegally harvested timber and timber products on the EU market noted that the FLEGT licensing scheme in Indonesia already facilitates compliance with the EUTR and can result in a reduced number of checks. However, others expect this to be the case in the future. At the time of reporting, six countries noted that there were still no reliable findings on whether and how VPAs were contributing to the implementation and enforcement of the EUTR. The knowledge and expertise from FLEGT processes were considered useful for EUTR inspections by two countries, while one country noted that the information available on VPAs was too general in the context of EUTR checks and that more information should be provided on infringement cases. Limited or no impact was reported by 14 countries, with nine of them explaining that their trade with VPA countries was minimal or non-existent.

In terms of contribution to the implementation and enforcement of the EUTR, the countries' assessments of the potential relevance of the various VPA processes (both concluded or under negotiation) differed considerably, depending on the different levels of trade exposure. Cameroon, Democratic Republic of the Congo, Indonesia, Malaysia, Congo and Vietnam are the VPA processes most commonly considered of high or medium relevance, followed by the Central African Republic, Côte d'Ivoire, Gabon and Thailand. The potential relevance of other VPAs was mostly perceived as low. There are some exceptions – for example, one VPA with high potential relevance for only one or two countries.

Competent authorities identified several other countries not engaged in a VPA process as priorities for the implementation and enforcement of the EUTR, including Russia, China, Ukraine and Brazil.

4.5 Cooperation on implementation and enforcement of the EUTR

Article 12 encourages cooperation to ensure compliance with the EUTR and the exchange of information on serious shortcomings detected during checks and on the penalties that have been imposed nationally. 26 countries reported working together with national agencies to exchange information or to coordinate joint checks, in particular customs or tax agencies, CITES authorities, and police or other enforcement agencies.

Furthermore, 19 countries reported working together with other competent authorities and other EU institutions. This related mostly to participation in EUTR-FLEGT Expert Group

²⁰ SWD(2016)275

meetings, use of the EUTR-FLEGT competent authorities online platform managed by the Commission on Capacity4dev²¹, collaboration with the Commission and participation in the Nordic-Baltic cooperation.

16 countries reported exchanging information with institutions in countries from outside the EU, particularly in the United States, and with NGOs.

4.6 Resources available for the implementation and enforcement of the EUTR

The human and financial resources available to competent authorities to implement and enforce the EUTR varied greatly across countries, although the reported resources are difficult to compare due to the varying levels of detail provided by countries. Human resources ranged from as little as one-eighth (0.125) of a full time equivalent (FTE) to eight FTEs for imported timber, and from one-eighth (0.125) of a FTE to 20 FTEs²² for domestic timber, although core staff are supported by additional human resources in a range of countries. Available financial resources vary greatly as budgets appear extremely limited in some countries (e.g. Belgium), whereas in others there is no defined budget limit (e.g. Germany)

5. Technical assistance to and capacity development of operators

During the reporting period, 23 countries provided assistance and training to operators, mainly through courses, lectures or seminars, followed by the provision of information online. Seven countries also reported that training was provided to operators by NGOs and that assistance included online information, workshops, courses, printed materials and general advice on EUTR requirements.

The reported number of operators varied across countries, from 23 (Norway) to 2 500 (Germany). The proportion of operators receiving training that were micro enterprises and small and medium-sized enterprises (SMEs) ranged from 42 % (Spain) to 100 % (Cyprus, Czech Republic, Malta, Latvia and Portugal); on average, 88 % of the operators trained were SMEs.

6. Communication methods

Competent authorities most commonly used websites (23 countries), meetings/conferences/seminars (18 countries), emails (15 countries), phone (12 countries) and other methods (15 countries) to disseminate information to stakeholders. Competent authorities raised the awareness of operators (13 countries), traders (9 countries), industry organisations (7 countries) and the general public (6 countries). When responding to concerns, complaints and appeals, which were mainly received from NGOs (9 countries), operators (8 countries) and traders (6 countries), email was the most frequently used method of communication (16 countries).

7. Conclusions

This second report on the EUTR implementation reveals steady progress after four years of its application. Almost all countries comply with the formal requirements of the EUTR²³. Over the reporting period, the number of checks made and sanctions applied for violations of the EUTR has significantly increased.

Despite clear progress, continuous efforts are needed to ensure a uniform and effective application of the EUTR across countries. Uneven implementation can have potential

²¹ <https://europa.eu/capacity4dev/eutr-competent-authorities>

²² The relatively high number of staff reported by Italy, Greece, Denmark and possibly others may be based on the inclusion of customs personnel in general.

²³ With the exception of Slovakia, which is subject to an infringement procedure and is in the process of amending its national legislation to adequately cover timber imports.

implications in terms of both the effectiveness of legislation and a level playing field for market operators. In several countries, the number of checks remained relatively low compared to the number of operators, and was arguably well below the level required to have a truly dissuasive effect across the industry. In addition, further effort should be made to ensure that the scope and quality of the checks carried out reflect a more consistent approach across the EU. In 2017, the Commission issued a letter of formal notice to Belgium with regard to the quantity and quality of checks conducted by its competent authorities and, respectively, a reasoned opinion to Slovakia regarding the rules on penalties applicable to infringements of the provisions of the EUTR for imported timber. The Commission is also having bilateral dialogues with a number of Member States on the EUTR implementation.

While progress has been made in some countries, the current level of technical capacity and resources (both human and financial) allocated to the competent authorities does not always correspond to the needs and must be strengthened in most of the Member States in order to increase the number and quality of compliance checks.

Based on the experience of Member States, evidence of how VPAs help implement the EUTR is still limited, in particular given that only one VPA partner country, Indonesia, currently issues FLEGT licences. Nonetheless, according to the evaluation of the FLEGT Action Plan, VPAs have contributed - to some extent - to the implementation of the EUTR by improving governance.

8. Next steps

The Commission will continue its cooperation with the Member States on supplementing EUTR guidance, where necessary, to achieve a uniform application of the EUTR and to facilitate its implementation by the operators.

The Commission will also continue to facilitate communication and help approximate enforcement approaches between competent authorities at expert group meetings and through the competent authorities' communication platform. This includes the compilation and analysis of information on cases where specific attention of the competent authorities might be required, based on publicly available information and specific reports both in the EU and in countries from outside the EU. The new tool TAIEX Environmental Implementation Review Peer 2 Peer²⁴ launched by the Commission will provide an additional opportunity to support Member States in sharing expertise and lessons learned²⁵.

The Commission will continue to explore additional tools to improve the EUTR implementation in cooperation with the Member States and relevant stakeholders.

In addition, a trade analysis is underway to assess trends and patterns and identify the species, products and trade routes to which competent authorities should be attentive. An analysis of the Member States' legislation for the implementation of the EUTR and FLEGT Regulation is also being prepared to identify best practices and possible areas for improvement. The Commission will also launch a study on the application of the EUTR obligations by operators representing different industry segments. It aims to identify best practices, challenges and shortcomings, taking into account the quality and cost-effective practices in the application of due diligence systems, as well as provide an analysis of the administrative costs, and other effects of EUTR compliance for industry, in particular for SMEs.

On VPAs, there is scope to enhance synergies with the EUTR by ensuring that VPA implementation in countries that do not yet have an operational FLEGT licensing scheme results in information relevant for EUTR implementation that is more readily available.

This second reporting exercise has allowed for identification of additional areas for improvement in the reporting format. The reporting format for 2019 may therefore be revised

²⁴ http://ec.europa.eu/environment/eir/p2p/index_en.htm

²⁵ A request has been received from Portugal for organising a workshop on EUTR implementation by the competent authorities of the Mediterranean countries.

to further improve the comparability of data, in particular in relation to Articles 10, 12 and 19. For the next reporting cycle, the Commission will consider establishing an electronic reporting platform to improve efficiency and facilitate the work of Member States.

ANNEX A

Number of different types of checks planned and performed by countries (these may represent individual checks, or numbers of operators checked). (Key: Pln.: planned checks, Perf: performed checks, Desk: desktop review, Doc: document review on-site, Prod: product inspection on-site, Comb: document review and product inspection on-site).

Country	Type of timber	Pln. Desk	Perf. Desk	Pln. Doc	Perf. Doc	Pln. Prod	Perf. Prod	Pln. Comb	Perf. Comb	Total planned	Total performed	Ratio
Austria	domestic		133		424		141		165	979	863	88 %
	imported		6		17				5	50	28	56 %
Belgium	domestic											
	imported		3		14				2		19	[100 %]
Bulgaria	domestic	141	180	100	144	14	40	355	361	610	725	119 %
	imported	7	4	9	11			32	26	48	41	85 %
Croatia	domestic											
	imported							46	46	5	46	920 %
Cyprus	domestic							62	64	124	130	105 %
	imported				15			44	31	92	106	115 %
Czech Republic	domestic							113	119	113	119	105 %
	imported							70	68	70	68	97 %
Denmark	domestic			1							1	[100 %]
	imported			58	9					24-40	58	145 %
Estonia	domestic							1 135	794	1 135	794	70 %
	imported			20	15					20	15	75 %
Finland	domestic							20	20	20	20	100 %
	imported							30	32	30	32	107 %
France	domestic							30	30	30	30	100 %
	imported							320	171	320	320	100 %
Germany	domestic											
	imported	1	1	190	190			118	118	309	309	100 %
Greece	domestic	62	40	26	52			149	117	237	209	88 %
	imported	4	2	3	4	1	1	78	66	86	73	85 %
Hungary	domestic	2 000	3 950	10	15	10	10	10	10	2 010	3 965	197 %
	imported	50		10	25	10	25	10	25	60	25	42 %
Ireland	domestic											***
	imported	318	318	20	20			20	20	358*	358*	100 %*
Italy	domestic							53	53	53	53	100 %
	imported							107	107	107	107	100 %
Latvia	domestic											
	imported		2	20	19			4	3	24	24	100 %
Lithuania	domestic			8	8			52	7 256	60	7 264	12107 %
	imported			155	227					155	227	147 %
Luxembourg	domestic	13			12					13	12	92 %
	imported	17	17							17	17	100 %
Malta	domestic											
	imported	9	9							9	9	100 %
Netherlands	domestic											
	imported							100	62	100	74**	74 %
Norway	domestic			24	30					24	30	125 %
	imported		3		5			10	15	10	23	230 %
Poland	domestic			25	25			9	9	45	45	100 %
	imported			49	49			13	13	73	73	100 %
Portugal	domestic								152		152	413 %***
	imported							77****	166	77****	166	*
Romania	domestic	1 593	599		104	1 133	230	866;118	402	3 759	1 492	40 %
	imported	24	19			12	31	45	9	126	79	63 %
Slovakia	domestic							1 200	1 328	1 200	1 328	111 %
	imported											
Slovenia	domestic		356		38				20	400	424	106 %
	imported			26	29					26	29	112 %
Spain	domestic		26		1				38	75	65	87 %
	imported		170						47	425	217	51 %
Sweden	domestic			14	14					14	14	100 %
	imported	5	9	66	62					71	71	100 %
United Kingdom	domestic											
	imported	55						184	184	184	184	100 %

*Due to limited levels of detail provided, this was inferred; **Includes re-checks; *** Checks confirmed to have taken place;

****Combines checks on operators trading in domestic and/or imported timber