

# Technical notes on the EU Timber Trade Snapshots 2012 Edition

Timber trade monitoring in support of  
effective, efficient and equitable operation  
of the EU Timber Regulation (EUTR)



## Background

The Timber Trade Snapshots provide a visual summary of timber supply into each EU Member State. The Snapshots form part of a project to deliver statistical data in support of the EU Timber Regulation (EUTR)<sup>1</sup>. They have been prepared for the European Timber Trade Federation (ETTF) and Timber Trade Action Plan (TTAP) with financial support from the UK Department for International Development (DFID) and the European Union.

The Snapshots have been prepared by Forest Industries Intelligence Ltd (FII). Import data is ultimately derived from the Comext section of the Eurostat bulk download facility<sup>2</sup> but has been validated and summarised using FII's trade database system. Production

data is derived from the FAO/UNECE Timber Committee database<sup>3</sup>.

Unless otherwise stated, data is for all EUTR-regulated timber products<sup>4</sup>. The majority of timber and timber-based products are captured by the legislation including solid wood, virgin pulp, paper and furniture. The main exclusions are charcoal, cork, pulps derived from recycled fibre, post-consumer waste papers, "printed papers" (such as books and magazines), and wooden seating (which is excluded from the furniture categories captured by the legislation).

The following notes apply to numbered references in each Snapshot.

1. The maps show the value of all EUTR-regulated timber products imported by the EU Member State. Map 'a' shows imports from countries outside the EU and Map 'b' shows imports from countries inside the EU. Maps are generated using the "jflowmap" tool (see <http://code.google.com/p/jflowmap>). The thickness of flows varies according to the value of trade. Only trade flows from individual export countries into the EU Member State in excess of €1 million are shown.

2. The chart shows the total € value of imports of all EUTR-regulated timber products including from countries inside the EU (intra-EU) and outside the EU (extra-EU) for the years 2008 through to 2012.

3. The chart shows the € value of imports of EUTR-regulated products from outside the EU by product group for the years 2008 through to 2012. Product groups are defined as follows:

- Energy wood – includes firewood, chips, pellets and sawdust (but excludes charcoal which is not EUTR-regulated).
- Wood materials – includes logs, sawn timber, sleepers, plywood, veneers, particle board, fibreboard, mouldings, picture frames and densified wood.
- Solid wood products – includes joinery products (doors and frames, windows and frames, glulam, flooring, shuttering) together with pallets, barrels and packaging products
- Wood furniture – includes bedroom, dining/living room, kitchen, office, shop furniture and prefab buildings (but excludes seating which is not EUTR regulated).

- Pulp – includes virgin fibre pulp of hardwood, softwood and mixed species. Excludes all pulp derived from non-wood and recycled fibres.
- Paper products – includes all categories of paper with the exception of "printed papers" (the latter being newspapers and books traded for their information content rather than their paper content and which are excluded from EUTR). Note that a significant proportion of paper products consist either entirely of recycled fibres or a mix of recycled and virgin fibres. Although recycled fibre is not technically covered by EUTR, trade statistics do not categorise paper on the basis of recycled content.

4. The chart shows the proportion of € import value of EUTR-regulated products from outside the EU by supply region. The supply regions are defined as follows:

- Europe (non EU) – countries in Europe that are not EU Member States. Excludes Turkey (defined here as "other Asia"). Also excludes European countries that are members of the Commonwealth of Independent States (CIS).
- Russia/CIS – Russia and other members of the CIS.
- N. America – USA and Canada (Mexico is included under South and Central America)
- S/C America – all countries of South and Central America, extending to the Caribbean and Mexico.
- Africa – all countries in Africa.
- China – includes "Greater China", that is China itself plus Hong Kong, Taiwan, Mongolia and Macao.
- Other Asia – other countries in Asia, extending from North East Asia (Japan, Korea), South East Asia (ASEAN), the Indian sub-continent and the Middle

1. EUTR includes Regulation No 995/2010 of the European Parliament and of the Council of 20 October 2010, the Commission delegated Regulation of 23 February 2012, and the Commission implementing Regulation (EU) No 607/2012 of 6 July 2012. Further details and links to all formal documents are provided by the European Commission at [http://ec.europa.eu/environment/forests/timber\\_regulation.htm](http://ec.europa.eu/environment/forests/timber_regulation.htm).

2. [http://epp.eurostat.ec.europa.eu/NavTree\\_prod/everybody/BulkDownloadListing?sort=1&dir=comext](http://epp.eurostat.ec.europa.eu/NavTree_prod/everybody/BulkDownloadListing?sort=1&dir=comext)

3. <http://faostat.fao.org/site/626/default.aspx#ancor>

4. See Annex to the EUTR "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"

East. However excludes countries in central Asia that are members of the CIS.

- Pacific – including Australia, New Zealand, Papua New Guinea and the Pacific Islands.

5. The chart shows the % level of exposure of 2012 imports to corruption in timber-supplying countries according to the Transparency International Corruption Perceptions Index (CPI - see Box 1). All data relates to € import value of all EUTR-regulated products. The first column (marked “all intra-EU”) shows the level of exposure to corruption of all imports from countries inside the EU. The second column (marked “all extra-EU”) shows the level of exposure to corruption of all imports from countries outside the EU. The remaining columns show the level of exposure to corruption of imports from each global supply region (see note 4). In this Chart exposure to corruption is classified into 4 types:

- very low exposure to corruption from supply countries with a CPI of above 7.5
- low exposure to corruption from supply countries with a CPI of between 5 and 7.5
- high exposure to corruption from countries with a CPI of between 2.5 and 4.9
- very high exposure to corruption from countries with a CPI of less than 2.5.

6. The chart shows the % proportion of 2012 imports from timber supplying countries classified according to World Bank Income Group (WBIG - see Box 2). All data relates to € import value of all EUTR-regulated products. The first column (marked “all intra-EU”) shows the % of imports from countries inside the EU classified according to WBIG. The second column (marked “all extra-EU”) shows the % of imports from countries outside the EU classified

### Box 2: World Bank Income Group

The Statistical Snapshots assess the proportion of wood imports by each EU Member State according to the supplying countries’ status in relation to the World Bank Income Groups. These groups are based on calculations of gross national income (GNI) per capita. In 2012, the World Bank classified every national economy as follows;

- high income (GNI greater than \$12,475)
- upper middle income (GNI of \$4,036 to \$12,475)
- lower middle income (GNI of \$1,026 to \$4,035)
- and low income (GNI less than \$1,025).

The relative share of imports from high and low income countries is being monitored in the interests of equity. There is a threat that EUTR might encourage a reduction in EU imports from poorer countries as buyers seek to minimise potential legality risks. Studies by Transparency International suggest a strong relationship between levels of corruption and national income, so it is likely that risk of illegal logging will be higher in poorer countries. Suppliers are also likely to lack resources for independent legality verification.

### Box 1: Corruption Perceptions Index

Each year, the non-governmental anti-corruption organisation Transparency International (TI) publishes a Corruption Perceptions Index (CPI) ranking countries ‘by perceived levels of corruption, as determined by expert assessments and opinion surveys’. This currently ranks 178 countries on a scale from 10 (very clean) to 0 (highly corrupt).

The index is not perfect as, for example, variability in a country’s score can result from both changed perception of a country’s performance, or a change in the sample and methodology of surveys used.

However, separate studies have found significant correlation between the CPI and other proxies for corruption such as black market activity and over-abundance of regulation. A 2004 study of global illegal logging for the American Forest and Paper Association also suggested a strong relationship between independent estimates of suspicious log supply in different countries and CPI scores.

The CPI is seen by organisations like FSC and PEFC and by some prospective EUTR Monitoring Organisations as a useful starting point for identifying whether timber suppliers are high or low risk on illegality.

according to WBIG. The remaining columns show the % of imports from each global supply region (see Note 4) classified according to WBIG.

7. The chart shows the proportion of 2012 import value from countries negotiating or implementing timber licensing systems through Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (FLEGT VPAs – see Box 3). All data relates to € import value of all EUTR-regulated products. The first column (marked “all extra-EU”) shows the % of imports from countries outside the EU classified according to their VPA status at the end of 2012. The remaining columns show the % of imports from each global supply region (see note 4) classified according to their VPA status at that time.



Photo credit: Rupert Oliver

8. The chart provides a rough indication of the likely availability of 3rd party legally verified wood from different supply regions. It shows the % proportion of 2012 imports from timber supplying countries classified according to their “exposure to 3rd party certification or legality verification systems” (see Box 4). All data relates to € import value of all EUTR-regulated products. The first column (marked “all intra-EU”) shows the % of imports from countries inside the EU classified according to “exposure to 3rd party certification/verification”. The second column (marked “all extra-EU”) shows the % of imports from countries outside the EU classified according to “exposure to 3rd party certification/verification”. The remaining columns show the % of imports from each global supply region (see note 4) classified according to “exposure to 3rd party certification/verification”.

9. The chart provides a rough indication of the likely availability of 3rd party legally verified wood for the various EUTR-regulated timber product groups imported from outside the EU. For each product group, the chart shows % “exposure to 3rd party certification or legality verification systems” of 2012 imports from outside the EU (see Box 4). All data relates to € import value. Product groups are as described in Notes 13 to 19 below with the addition of “energy wood” consisting of firewood, chips, pellets and sawdust (but excluding charcoal which is not EUTR-regulated).



**Box 3: FLEGT VPA Licensed Timber**

The Statistical Snapshots assess the proportion of wood imports by each EU Member State derived from countries negotiating or implementing timber licensing systems through Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (FLEGT VPAs).

Under the EU FLEGT Regulation (2008), controls are established for entry of timber to the EU from FLEGT VPA countries. Once agreed, VPAs include commitments from both parties to halt illegal timber trade, notably with a license scheme to verify legality of timber exported to the EU. Under the EUTR, VPA-licensed timber does not have to undergo due diligence illegality risk assessment by companies that first place it in the EU (termed ‘operators’) and no further risk mitigation action is required.

At the end of 2012, six countries had agreed VPAs with the EU; Cameroon, Central African Republic, Ghana, Indonesia, Liberia, and Republic of Congo. A further six were negotiating VPAs; Democratic Republic of Congo, Gabon, Guyana, Honduras, Malaysia, and Vietnam. Fifteen more from Africa, Asia and Latin America had expressed interest in VPAs.

**Box 4: Exposure to 3rd party verification**

No data is available on the actual volume or value of trade in 3rd party certified or legally verified timber products. In the absence of this data, the “level of exposure” to 3rd party certification and verification systems is estimated based on available data on the forest area covered by these systems in timber supplying countries. For example, if 40% of national forest area is known to be independently certified or legally verified, the ‘level of exposure to verified negligible risk’ of a country’s wood products is assumed to be 40%. Certified/verified forest areas are calculated by comparing data from the various certification and verification systems with UN FAO figures for areas of productive forest land. ‘Level of exposure’ data is broken down by verification system, including FSC, PEFC, or system of legality verification (such as SGS TLTV, Smartwood VLO, or OLB). For this exercise, wood from countries covered by FSC-endorsed National Controlled Wood Risk Assessment is also considered ‘verified negligible risk’. To avoid double counting, areas dual certified to FSC and PEFC are accounted separately. Adjustments are also made for a few countries, such as Brazil and the USA, where there is a big difference in the level of certification in hardwood and softwood forests. The verification systems covered are summarised in the Annex to the 2012 Statistics on ‘Programs delivering verified wood products’. The list is not comprehensive for private sector initiatives, and does not imply endorsement of a system’s reliability by the ETTF or sponsors of this report. It only identifies independent third-party systems that claim to offer legality assurance. The initiatives identified also do not include systems of state regulation that may be at least as effective in eliminating illegal supply risk.

10. Charts in this column report on overall supply from domestic production and imports from inside and outside the EU of each of the product groups identified in notes 13 to 19 below. Data is shown for the years 2008 through to 2012.

11. Charts in this column focus on imports from outside the EU of each of the product groups identified in notes 13 to 19 below. Extra-EU imports are categorised by global supply region as defined in Note 4 above. Data is shown for the years 2008 through to 2012.

12. For each of the product groups identified in Notes 13 to 19 below, charts in this column show the % proportion of imports from outside the EU by the Corruption Perceptions Index of timber supplying countries (see Box 1). Data is shown for the years 2008 through to 2012. Timber supplying countries are categorised into two types on the basis of the CPI:

- low corruption with CPI of 5 and above
- high corruption with CPI of less than 5

13. Charts in this row provide data in cubic meters on raw log supply to the EU Member State. Logs include all products under section 4403 of the EU Combined Nomenclature (CN) (“Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared”)

14. Charts in this row provide data in cubic meters on the supply of sawn timber to the EU Member State. Sawn timber includes all products under CN sections 4406 (“Railway or tramway sleepers of wood”) and 4407 (Wood sawn or chipped lengthwise, sliced or peeled, whether or

not planed, sanded or end-jointed, of a thickness exceeding 6 mm).

15. Charts in this row provide data in cubic meters on the supply of panel products to the EU Member State. Panel products include all those under CN sections 4408 (veneer sheets), 4410 (particle board), 4411 (fibreboard), and 4412 (plywood and blockboard).

16. Charts in this row provide data in € value on the supply of joinery products to the EU Member State. Joinery includes all products under CN section 4418 (“Builders’ joinery and carpentry of wood”) and includes doors and their frames, windows and their frames, flooring, glulam, and shuttering.

17. Charts in this row provide data in € value on the supply of EUTR-regulated wood furniture products to the EU Member State. Products covered include those in CN Chapter 94 (furniture) which are explicitly identified as composed of wood under CN 9403 (furniture categories other than seating) and CN 9406 (prefabricated build-ings).

18. Charts in this row provide data in tonnes on the supply of EUTR-regulated pulp products to the EU Member State. Products covered include all virgin wood fibre pulp in CN Chapter 47.

19. Charts in this row provide data in tonnes on the supply of EUTR-regulated paper products to the EU Member State. Products covered are all those in CN Chapter 48.



Photo credit: AHEC

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