The EU Timber Regulation, due diligence and conflict timber

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Draft EUTR Guidance

Focus on risk assessment part of the due diligence process.

• Assess “prevalence of armed conflict”
• Assess “nexus between armed conflict, illegal logging and associated trade”

- Eleven logging concessions operational in 2013, exporting mostly to EU, China.
- March 2013 – Seleka rebels take control of the country, including the forested south-western region. UN, EU, AU condemn coup d’etat.
- January 2014 – “Anti-Balaka” takes control of Bangui and the western part of CAR. Transitional government replaces the Seleka.
- Both Seleka and anti-Balaka groups accused of widespread atrocities. Estimated 1.1 million people displaced by the conflict.
- Main logging companies continue to operate despite the conflict: SEFCA (Lebanese), IFB (French), Vicwood Group (Chinese). Timber continues to be exported to the EU.
The timber supply chain (CAR to EU)

SEFCA, CAR (harvester) → Tropica-Bois, France (agent?) → Bois des Trois Ports, France (operator?)
The nexus between logging and conflict in CAR

• Cash ‘advance’ of €380k paid by logging company to Seleka regime two months after the coup.

• Logging companies made “protection payments” of estimated €1.77m to Seleka soldiers in 2013.

• Logging companies made payments at Seleka and anti-Balaka checkpoints (estimated €1.2m April 2013 to Jan 2014).
Implications for EUTR due diligence

- The risk that timber is harvested without having respected all the laws is significantly increased.
- The veracity of ‘official documents’ proving legality cannot be relied upon.
Assessing the “prevalence of armed conflict”

- OECD definition of “conflict and high-risk areas”
- World Bank’s Harmonised List of Fragile Situations
- Heidelberg Institute (Conflict Barometer)
- Private sector sources
Assessing the “nexus between armed conflict and illegal logging”

• Trace timber to concession of harvest.
• Assess security situation in concession area and transport routes.
• Verification of sanctions lists (UN Security Council, EU, OFAC)
Enhanced due diligence

- Detailed third party verification of company operations (including field visits).
- Suppliers should provide independent financial audits, with a view to evaluating payments made to state and non-state actors.
- Obtaining information on individuals who control or own companies in supply chain, to examine military or political ties.
Thank you!

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