

# EUTR Compliance Services

## EUTR Overview

The EU Timber Regulation (EUTR) Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20th October 2010 laying down the obligations of operators who place timber and timber products on the market 1 came into effect in all European Union Member States on 3rd March 2013.

The EUTR aims to close down markets for uncontrolled/illegal logging by ensuring that the EU imports only timber products that are produced in accordance with national laws of the originating country. It applies to timber and timber-based products that are produced both within the EU and those that are imported into Member States from outside the EU.



## Service Introduction

Leverage Limited as a supply chain management service provider is competent to aid companies in their efforts to meet the EU Timber Regulation (EUTR). Our Legal Source due diligence system (DDS) is designed to be EUTR-compliant, and our monitoring services help you ensure proper system implementation through regular evaluations of your performance. This can be complemented by training.



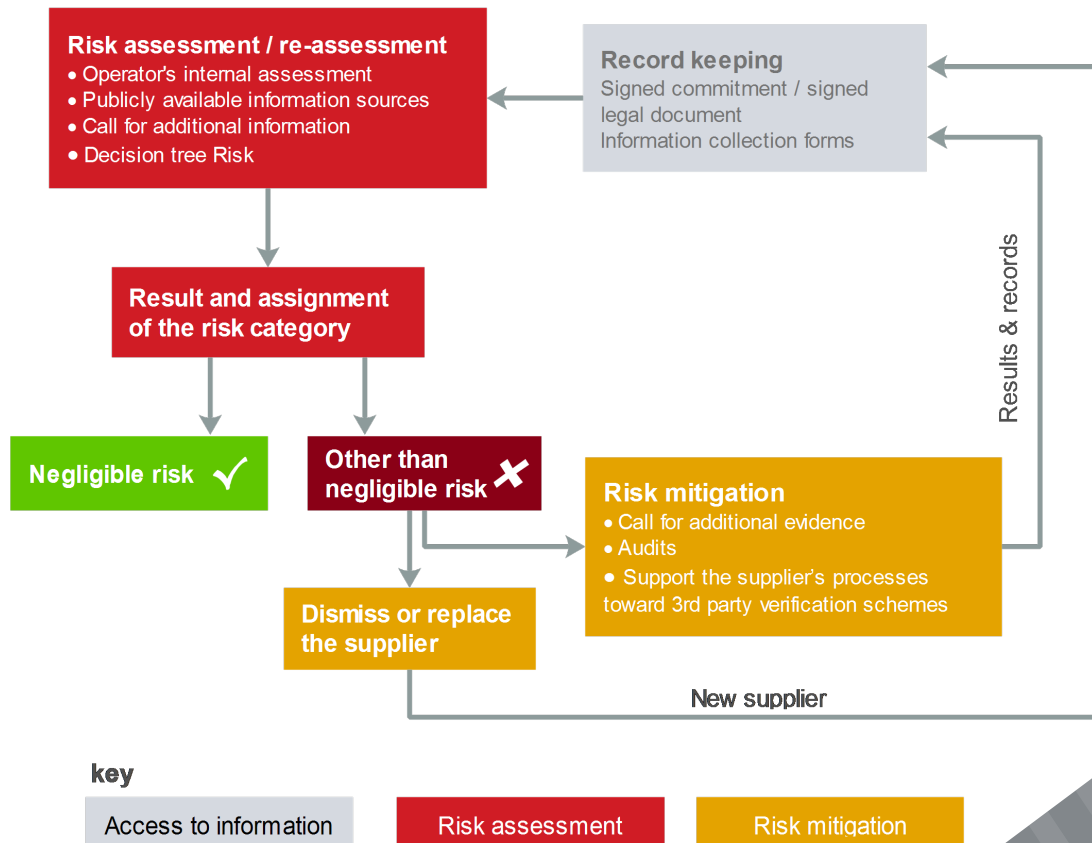
# How To Ensure A Reliable Due Diligence Process

The EU Timber Regulation includes specific requirements for operators placing timber products on the EU market, among which the most key one is to develop and implement due diligence systems that includes the ability to access to information about the material and assess and mitigate risks of placing illegal

material on the market. If any part of your trade is covered by the EUTR due diligence requirements, a well-functioning due diligence system is essential for meeting your legal obligations.

The process of exercising due diligence as required by the EU entails a number of steps, including

supply chain risk assessment, development and execution of a risk mitigation action plan, evaluation of the efficiency of the measures taken, and capacity building of relevant staff. To ease your process and ensure sufficient quality, you may consider teaming up with a competent service provider like us.





### Do importers have to prove the legality of their wood purchases?

No. Although the “prohibition” article of EUTR makes it a criminal offence for operators to place illegally harvested timber on the EU market, it does not reverse the burden of proof. Operators are innocent unless proven guilty. The onus is on European authorities to prove that a particular timber product is derived from an illegal source to prosecute under the “prohibition” article of the law.



### Does EUTR impose any new documentation requirements at point of entry into the EU?

No. EUTR imposes no new documentation requirements for timber at point of entry into the EU. European customs authorities will not demand any new certificates or legality licenses as a result of EUTR. However, the EUTR places new obligations on operators, as part of their “due diligence system”, to gather specific information so that they can assess and mitigate the risk of timber coming from an illegal source. Individual operators may therefore require suppliers to provide additional documentation to support claims that wood is from a legal source.



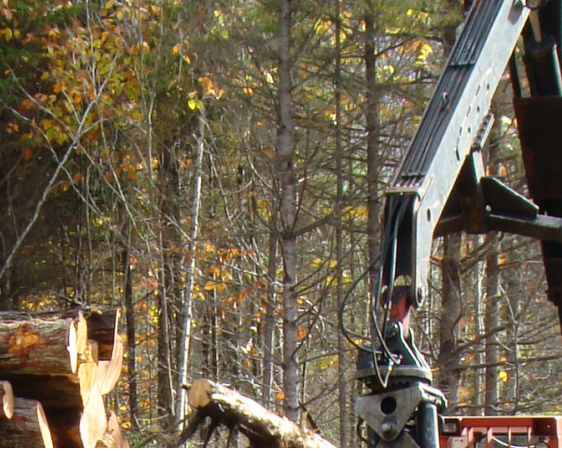
### What will be the sanctions for failure to comply to EUTR?

The EUTR requires that EU Member States establish penalties that are “effective, proportionate and dissuasive” and can include:  
 Fines proportionate to the environmental damage, the value of the timber/ timber products concerned, tax losses and any economic detriment resulting from infringement.  
 Seizure of timber/timber based products concerned.  
 Immediate suspension of authorisation to trade.

## Costs

Your costs depend on the size and complexity of your business as well as the scope of services. Depending on the services you need, the costs may cover onsite visits, evaluation reports, provision of capacity development, supplier audits and other specific services.





## How should producers outside the EU respond to EUTR?

Following introduction of EUTR, companies shipping timber products into the EU will be under considerable pressure to demonstrate that there is negligible risk of any wood coming from an illegal source.

Where shippers are confident of good forest governance, the simplest and cheapest option may be for them to commission independent research compiling quantitative evidence to confirm low risk. Shippers can link such independent risk assessments with their own due diligence systems enabling them to make legitimate claims that all their wood purchases derive from negligible risk sources.

An option for some shippers sourcing from areas where forest governance problems exist is to work through national forest law enforcement processes.

Where these systems are absent or slow to develop, shippers sourcing from higher risk regions will have to work through private sector third party legality verification and certification systems.



### Leverage Global Limited

#### United Kingdom

Tel: +44 7907 064581

Add: 6 Prospect Way, Royal Oak Industrial Estate, Daventry, Northamptonshire, England, NN11 8PL

E-mail: [info@leveragelimited.com](mailto:info@leveragelimited.com)

#### Shanghai, China

Tel: +86 21 64067720

Add: Room 606, Buliding No.1, PLM Centre, No 1328, Hengnan Road, Shanghai, China P.R

E-mail: [murphy.fe@leveragelimited.com](mailto:murphy.fe@leveragelimited.com)

#### Hong Kong

Tel: +852 30696906

Add: Room 1318-19, Hollywood Plaza, 610 Nathan Road, Mongkok, Kowloon, Hong Kong

E-mail: [bruce.lau@leveragelimited.com](mailto:bruce.lau@leveragelimited.com)

#### Xiamen

Tel: +86 18650808896

Add: Room 405-407, Building B, Yunchuang Intelligence Valley, No.6 Gaodian Road, Xiamen, Fujian, China P.R

E-mail: [joshua.xie@leveragelimited.com](mailto:joshua.xie@leveragelimited.com)

Bangladesh | Vietnam | Cambodia | Indonesia | Malaysia  
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