

What share of wood imports into the EU is covered by the EUTR?

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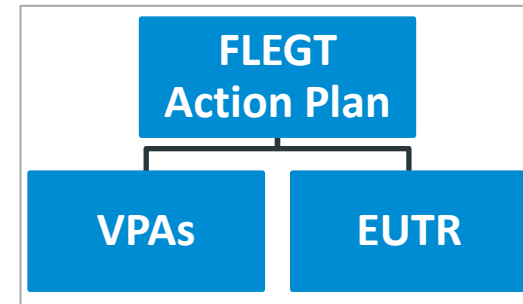
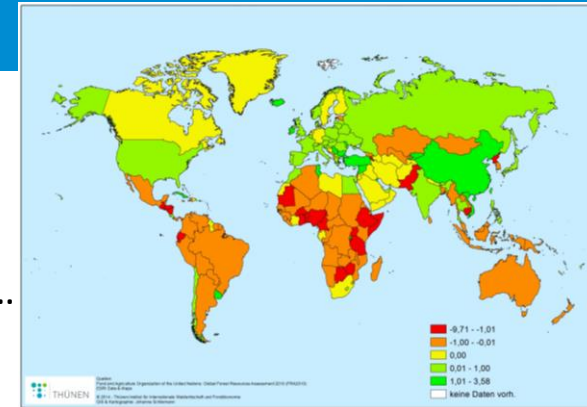
WoodEMA

October 8, 2015 in Dubrovnik

Background and research question

Background

- Illegal Logging is a problem:
 - Deforestation and degradation of forests
 - Impacts on GHG-Emission, biodiversity, desertification, soil erosion, ...
 - Negatively affects social and economic interests
- EU: FLEGT Action Plan (2003)
 - VPA (Voluntary Partnership Agreements; 2005)
 - Until now, no import of wood via FLEGT-licenses
 - EU Timber Regulation (in force 2013):
 - *“The placing on the market of illegally harvested timber or timber products derived from such timber shall be prohibited.”* [Art. 4 (1)]
 - EUTR applies to all timber and timber products set out in the EUTR-annex [Art. 2 (a)]
 - Not in the annex: printed matter, recovered paper, wood charcoal, ...



Research Question:

- What share of the wood imports into the EU is covered by the EUTR?

Scope of wood and wood based products

What is considered a wood or wood based product?

- We derived our scope by using the definition of the EU for the forest based sector.
- In total 439 commodities (covered by EUTR: yes 332 // no 107)
→ Aggregated to 12 product groups

	wood products	paper products	other wood-based products
raw material	(1) roundwood (2) wood processing residues	(8) wood pulp and recovered paper	
semi-finished products	(3) sawnwood (4) wood-based panels (5) other semi-finished wood products	(9) paper and paperboard	(12) regenerated cellulose, artificial fibres a.o.
finished products	(6) finished wood products (excl. furniture) (7) furniture	(10) articles of paper or paperboard (11) printed matter	

- Not in our scope:
 - Commodity description is not specific (e.g. wooden & plastic toys)
 - Commodities, which are manufactured outside of the forest based sector (e.g. acoustic guitar)
 - Commodities, which only consist to an unknown minor share of wood (e.g. caravans with wood based panels for the interior construction)
 - Wood based packaging material already in use (e.g. notebook in a cardboard box)

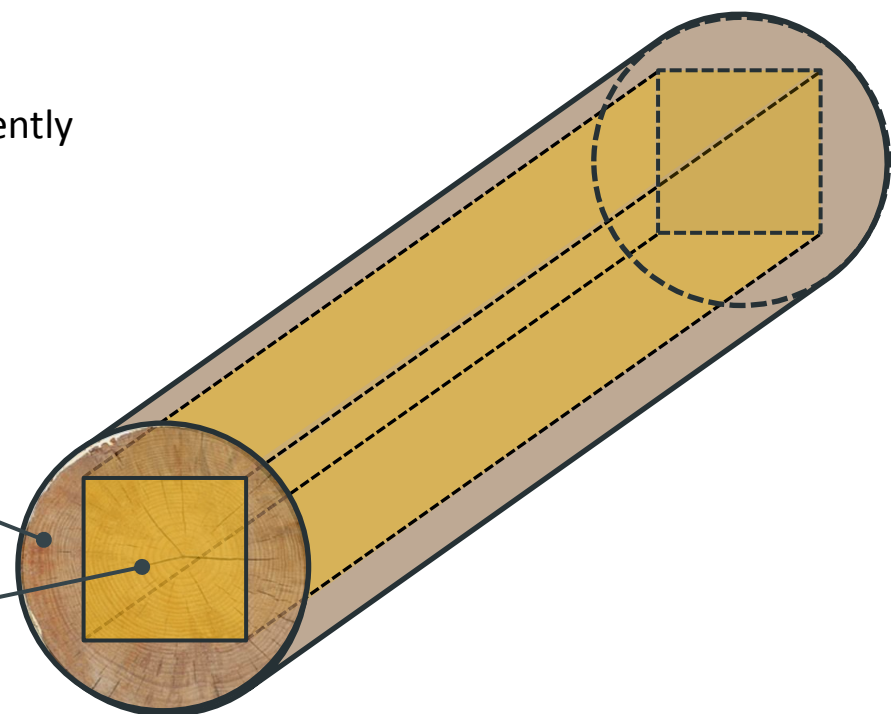
Data sources and reference units

Data source:

- EUROSTAT bilateral trade data
 - 8-digit commodity code level (Combined Nomenclature)
- Units in the EUROSTAT database:
 - import value in Euro,
 - weight in kg
 - neither unit describes wood quantities sufficiently

Our reference units

- Import value [Euro]
- Roundwood equivalents [m³ (r)]
 - Wood quantity for producing the product
- Wood fibre equivalents [m³ (f)]
 - Wood quantity in the product
 - Source: Diestel S, Weimar H (2014)



Results: Analysis of global imports to the EU (2013)

	IMPORT VALUE				ROUNDWOOD EQ.				WOOD FIBRE EQ.			
	covered by EUTR			coverage ratio	covered by EUTR			coverage ratio	covered by EUTR			coverage ratio
	no	yes	total		no	yes	total		no	yes	total	
imports, absolute	[billion Euro] [%]				[million m ³ (r)] [%]				[million m ³ (f)] [%]			
total imports	7.5	21.8	29.3	74	16.5	119.1	135.7	88	6.0	71.1	77.2	92

1 roundwood	import value				roundwood eq.				wood fibre eq.			
2 wood processing residues												
3 sawnwood												
4 wood-based panels												
5 other semi-finished wood p												
6 finished wood p												
7 furniture												
8 woodpulp & recov. paper												
9 paper and paperboard												
10 articles of paper & paperb.	0.0	3.0	3.0	100	0.0	4.4	4.4	100	0.0	1.5	1.5	100
11 printed matter	3.0	0.0	3.0	0	2.0	0.0	2.0	0	0.9	0.0	0.9	0
12 reg. cellulose, art. fibres a.o	1.2	0.0	1.2	0	1.5	0.0	1.5	0	0.2	0.0	0.2	0

- In 2013: 77 million m³(f) were imported into the EU;
- 6 million m³(f) were not covered by EUTR; EUTR coverage ratio 92%
- Imported “wood volumes” quantifiable; import value is not a good proxy
- Coverage ratios vary between product groups: raw materials have a higher, finished products a lower coverage ratio
- Basis information for policy makers:
 - Printed matter: 1% of total imports; 15% of “non covered” imports

Results:

Analysis of global imports to the EU (2013)

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	no	yes	total		no	yes	total		no	yes	total	
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total imports	7.5	21.8	29.3	74	16.5	119.1	135.7	88	6.0	71.1	77.2	92
1 roundwood	0.0	1.0	1.0	100	0.0	16.6	16.6	100	0.0	15.4	15.4	100
2 wood processing residues	0.0	0.3	0.3	100	0.0	8.0	8.0	100	0.0	6.7	6.7	100
3 sawnwood	0.0	2.0	2.0	100	0.0	10.8	10.8	100	0.0	8.3	8.3	100
4 wood-based panels	0.0	1.6	1.6	100	0.0	8.7	8.7	100	0.0	4.3	4.3	100
5 other semi-finished wood p.	0.0	0.8	0.8	98	0.1	2.3	2.5	95	0.1	1.1	1.2	92
6 finished wood p.	1.5	2.1	3.6	59	6.7	13.4	20.1	67	2.4	12.5	14.9	84
7 furniture	1.7	2.9	4.6	64	1.4	4.9	6.3	77	0.5	1.4	1.9	74
8 woodpulp & recov. paper	0.2	4.3	4.5	95	4.7	30.0	34.7	86	2.0	12.1	14.0	86
9 paper and paperboard	0.0	3.7	3.7	100	0.0	20.1	20.1	100	0.0	8.0	8.0	100
10 articles of paper & paperb.	0.0	3.0	3.0	100	0.0	4.4	4.4	100	0.0	1.5	1.5	100
11 printed matter	3.0	0.0	3.0	0	2.0	0.0	2.0	0	0.9	0.0	0.9	0
12 reg. cellulose, art. fibres a.o.	1.2	0.0	1.2	0	1.5	0.0	1.5	0	0.2	0.0	0.2	0

- In 2013: 77 million m³(f) were imported into the EU;
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- Imported “wood volumes” quantifiable; import value is not a good proxy
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 - raw materials have a higher, finished products a lower coverage ratio
- Basic information for policy makers:
 - Printed matter: 1% of total imports; 15% of “non covered” imports

Results:

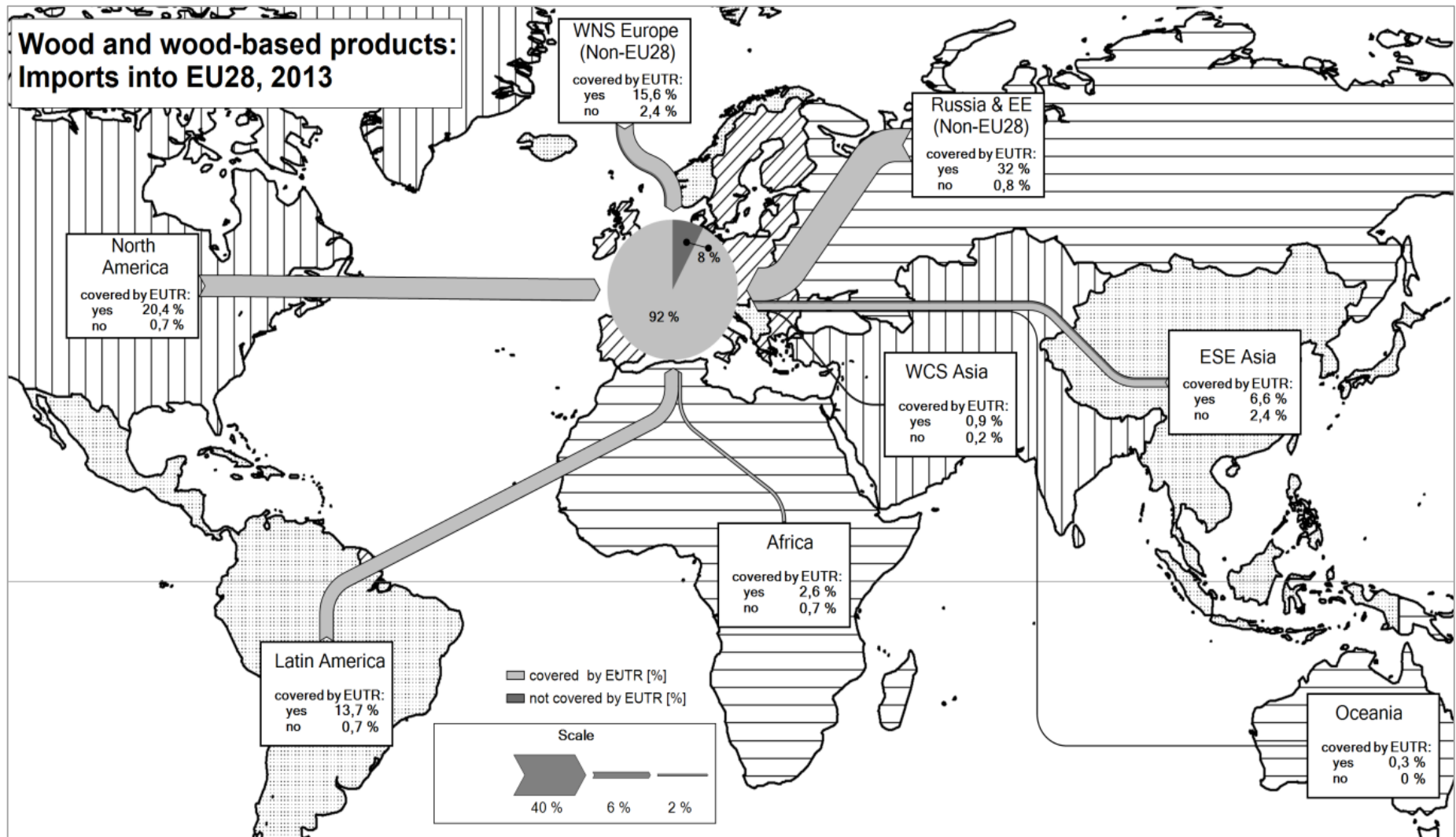
Top 10 of commodities not covered by EUTR

Rank	1,000 m3 (f)	share of imports "not covered by EUTR"	Description of Combined Nomenclature	Product group
1	1,394	23%	WOOD CHARCOAL, INCL. SHELL OR NUT CHARCOAL, WHETHER OR NOT AGGLOMERATED ...	finished wood p.
2	674	11%	ARTICLES OF WOOD, N.E.S.	finished wood p.
3	566	9%	RECOVERED "WASTE AND SCRAP" PAPER OR PAPERBOARD OF UNBLEACHED KRAFT PAPER, ...	woodpulp & recov. paper
4	497	8%	PRINTED BOOKS, BROCHURES AND SIMILAR PRINTED MATTER (EXCL. THOSE IN SINGLE SHEETS; ...	printed matter
5	384	6%	UNSORTED, RECOVERED "WASTE AND SCRAP" PAPER OR PAPERBOARD (EXCL. PAPER WOOL)	woodpulp & recov. paper
6	348	6%	UPHOLSTERED SEATS, WITH WOODEN FRAMES (EXCL. CONVERTIBLE INTO BEDS)	furniture
7	254	4%	SORTED, RECOVERED "WASTE AND SCRAP" PAPER OR PAPERBOARD ...	woodpulp & recov. paper
8	248	4%	OLD AND UNSOLD NEWSPAPERS AND MAGAZINES, TELEPHONE DIRECTORIES, BROCHURES ...	woodpulp & recov. paper
9	224	4%	WASTE AND SCRAP" OF PAPER OR PAPERBOARD MADE MAINLY OF MECHANICAL PULP ...	woodpulp & recov. paper
10	170	3%	RECOVERED "WASTE AND SCRAP" PAPER OR PAPERB. MADE MAINLY OF BLEACHED CHEMICAL PULP, ...	woodpulp & recov. paper
	4,761	79%	total Top 10 "not covered by EUTR"	
	6,017	100%	total "not covered by EUTR"	

- High concentration on few commodities
 - 10 commodities account for ~80% of the "not covered" volumes
- Most important are wood charcoal 23%, and articles of wood, n.e.s. (11%), commodities related to recovered paper (31%),

Results:

Regional Analysis – geographical origin of imports



Results:

Regional Analysis – geographical origin of imports

	WNS Europe (Non-EU28)	Russia & EE (Non-EU28)	North Am.	Latin Am.	WCS Asia	ESE Asia	Africa	Oceania	All Regions
imports in 1,000 m³ (f)									
not covered by EUTR	1,817	579	571	515	155	1,825	542	3	6,017
covered by EUTR	12,019	24,628	15,696	10,590	683	5,119	2,017	263	71,138
total imports	13,837	25,207	16,267	11,105	838	6,944	2,559	265	77,155
regional share on imports									
not covered by EUTR	30%	10%	9%	9%	3%	30%	9%	0.0%	100%
covered by EUTR	17%	35%	22%	15%	1%	7%	3%	0.4%	100%
total imports	18%	33%	21%	14%	1%	9%	3%	0.3%	100%
regional coverage ratio	87%	98%	96%	95%	81%	74%	79%	99%	92%

- Main exporter to the EU: Russia & East. Europe, North America
- For imports “not covered by EUTR” the regional structure is different
- ESE Asia as well as WNS Europe are much more important (each account for 30% of “not covered” imports)
- Regional coverage ratios differ: Russia & EE 98% and ESE Asia 74%

Low coverage ratios do not imply imports of illegal logged timber !

Results:

Regional Analysis – exposure to commodity expansion

An expansion of the EUTR-annex affects regions differently.

- Printed matter: ESE Asia would be most affected (69% of imported printed matter is from ESE Asia)
- Recovered paper commodities: WNS Europe (Non-EU28) would be most affected (coverage ratio for woodpulp and recovered paper is only 22%)
- Wood charcoal: Africa and Latin America are most affected. They are the largest exporters to EU-28 with around 500 million m³ (f) each. That is the reason for Africa's low coverage ratio of 9% for finished wood products.
- Complete expansion: Only marginal effect on Russia & EE (Non-EU28). 98% of all wood and wood-based products are already covered by the EUTR.

What share of wood imports into the EU is covered by the EUTR?

Results

- Quantify imported wood volumes by using wood fibre eq. (or rwe)
- EUTR coverage ratio is ~90%
- Non covered imports: 6 million wood fibre eq. (17 million rwe)
- Non covered wood volumes are highly concentrated on few commodities
 - Wood Charcoal most important
(~ ¼ of the not covered volumes; Africa und Latin America are the largest exporters).
- Regional import shares (“total” / “not covered”) and regional coverage ratios differ: Russia & EE 98% and ESE Asia 74%
- Expansion of EUTR annex → affect trade relations with regions very differently

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Further information

WoodEMA conference proceedings

Janzen N, Weimar H: “Market Coverage of the EUTR – What share of wood imports into the EU is covered by the EUTR?”, Wood (submitted 15.08.2015).

Weimar H, Janzen N, Dieter M (2015) Market coverage of wood imports by the EU Timber Regulation. Thünen Working Paper 45, Johann Heinrich von Thünen-Institut, Hamburg.

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Extra: Regional Analysis

		WNS Europe (Non-EU28)	Russia & EE (Non-EU28)	North Am.	Latin Am.	WCS Asia	ESE Asia	Africa	Oceania	All Regions
total imports [1,000 m³ (f)]										
1	roundwood	4,293	10,704	74	51	1	75	194	1	15,406
2	wood processing residues	1,567	3,786	17	1,042	1	17	226	0	6,655
3	sawnwood	1,122	5,128	757	242	10	218	741	14	8,267
4	wood-based panels	690	1,152	47	998	34	1,286	59	2	4,268
5	other semi-finished wood p.	134	212	80	160	11	297	256	3	1,151
6	finished wood p.	1,016	2,539	8,768	525	61	1,320	557	60	14,891
7	furniture	150	51	7	61	108	1,479	6	0	1,862
8	woodpulp & recov. paper	1,903	621	3,815	7,411	5	81	170	22	14,027
9	paper and paperboard	2,550	970	2,369	578	285	728	309	161	7,985
10	articles of paper & paperb.	342	38	135	10	229	746	34	1	1,537
11	printed matter	68	6	134	3	61	612	6	2	893
12	reg. cellulose, art. fibres a.o.	2	0	64	24	33	85	1	0	212
16	total imports	13,837	25,207	16,267	11,105	838	6,944	2,559	265	77,155

coverage ratio [%]										
17	roundwood	100	100	100	100	100	100	100	100	100
18	wood processing residues	100	100	100	100	100	100	100	100	100
19	sawnwood	100	100	100	100	100	100	100	100	100
20	wood-based panels	100	100	100	100	100	100	100	100	100
21	other semi-finished wood p.	96	70	96	94	98	98	98	99	92
22	finished wood p.	79	83	100	12	41	46	9	99	84
23	furniture	68	88	79	98	79	72	78	91	74
24	woodpulp & recov. paper	22	86	91	100	63	91	89	100	86
25	paper and paperboard	100	100	100	100	100	100	100	100	100
26	articles of paper & paperb.	100	100	100	100	100	100	100	100	100
27	printed matter	0	0	0	0	0	0	0	0	0
28	reg. cellulose, art. fibres a.o.	0	0	0	0	0	0	0	0	0
32	total imports	87	98	96	95	81	74	79	99	92

References

- **Diestel S, Weimar H** (2014): Der Kohlenstoffgehalt in Holz- und Papierprodukten - Herleitung und Umrechnungsfaktoren. *Thünen Working Paper 38*, Johann Heinrich von Thünen-Institut, Hamburg
- **EUTR** [2010]: 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 (Text with EEA relevance). *Official Journal of the European Union 53*, 12 November 2010, L 295: 23-34. DOI: 10.3000/17252555.L_2010.295.eng
- **Janzen N, Weimar H**: “Market Coverage of the EUTR – What share of wood imports into the EU is covered by the EUTR?”, *Wood (submitted 15.08.2015)*.
- **Weimar H, Janzen N, Dieter M** (2015) Market coverage of wood imports by the EU Timber Regulation. *Thünen Working Paper 45*, Johann Heinrich von Thünen-Institut, Hamburg. DOI:10.3220/WP1440577266000