



Department of
**Agriculture,
Fisheries and Food**
An Roinn
**Talmhaíochta,
Iascaigh agus Bia**

REGULATORY IMPACT ANALYSIS

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF
THE COUNCIL LAYING DOWN THE OBLIGATIONS OF OPERATORS WHO
PLACE TIMBER AND TIMBER PRODUCTS ON THE MARKET.**

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Abstract:

This RIA is drawn up following consultations with relevant stakeholders. These consultations have helped to inform the negotiations at EU level on the proposed Regulation. In the event of the Regulation being adopted the document will provide a basis for further consultation and discussion in relation to the options available for the implementation of the Regulation. It is anticipated that if the Regulation is adopted an implementing Regulation will be drafted and the details negotiated. The final implementation of the Regulation may involve secondary legislation in Ireland especially in relation to penalties.

The Forestry Division of the Department of Agriculture, Fisheries and Food welcomes input in relation to any aspect of the analysis from interested parties, in particular analysis of the potential implementation costs for operators as well as the overall monetising of costs and benefits.

The RIA sets out the background and policy objective of the proposed Regulation. It details the current regulatory framework and outlines the options considered at EU level. Further detail on these options can be found in the Commission impact assessment. Details of the consultative process engaged in by the Forestry Division are also given. The negotiation position of the Department is outlined. The costs and benefits of the proposal are listed but not monetised although figures have been provided wherever possible and the early transposition/implementing options are outlined. A more detailed RIA will be carried out on the Commission implementation Regulation.

1. Statement of policy problem and objective

Illegal Logging

Illegal logging takes place when timber is harvested, processed or traded in violation of the national laws of the country of harvest. The extent of the problem is, of its nature, difficult to quantify but evidence suggests it is a growing problem worldwide. Its incidence in Europe, including Ireland, is limited because of the highly regulated licensing systems. However, in other parts of the world illegal logging is thought to represent nearly half of all logging. It is known to be a major contributor to global deforestation causing enormous environmental damage and is estimated to be

responsible for about 20% of global emissions of greenhouse gases (the same as emissions in the transport sector).

Regulatory Framework

It is generally accepted that the regulatory framework worldwide for dealing with trade in timber is weak. Trade in certain tropical timber products is regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora – (CITES for short). In Ireland CITES permits - the authorisation to import such timber - are issued by the National Parks and Wildlife Service (NPWS) of the Department of the Environment, Heritage and Local Government. For all other timber and timber products there is no statutory obligation on procurers of such products to ensure that they are legally sourced.

FLEGT

The EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) proposed a package of measures to support international efforts to tackle the problem of illegal logging and associated trade. The EU is currently negotiating Voluntary Partnership Agreements (VPA) with timber producing countries, which put a legally binding obligation on the parties to implement a licensing scheme and to regulate trade in timber and timber products. The VPA with the Republic of Ghana has now been completed and awaits Council approval. A number of other VPAs are now close to completion with progress being made in negotiations with other third countries.

Timber Regulation

In tandem with the FLEGT negotiations, the European Commission introduced the proposal for a Regulation of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market. The main objective of the Regulation is to complement and underpin the EU's current policy framework and support the international fight against illegal logging and its related trade. It aims to ensure that only timber products that have been produced in accordance with the national legislation of the producing country enter the Community. The Regulation will place an onus on operators who place timber and timber products on the EU market for the first time to minimise the

risk through the use of due diligence systems of such timber products coming from illegal sources.

Objectives of the proposal:

Overarching objectives:

- Support the international fight against illegal logging and related trade
- Address the weaknesses entailed in the current framework i.e. circumvention, laundering, rerouting etc due to its bilateral, voluntary and geographically limited nature without compromising its implementation.
- Reinforce EU consumers' confidence in timber
- Improve forest governance and law enforcement in timber-producing countries

Specific objectives:

- Close the EU market to illegally harvested timber
- Ensure consistency and legal clarity in terms of the requirements for placing timber and timber products in the EU market
- Avoid trade disputes and reciprocal measures that will devalue the measures
- Reward existing good practices for timber purchasing policies
- Avoid creating a burdensome and expensive system
- Establish a level playing field and foster a pro-competitive market environment
- Facilitate smooth functioning of the internal market
- Avoid impeding trade with low-risk countries

By means of

- Laying down concrete rules for placing timber and timber products in the EU market
- Endorsing existing schemes that comply with specific requirements in terms of demonstrating legality

- Introducing a risk-sensitive approach

2. Identification and description of options

At EU level the following options were considered:

1. Expand coverage of the bilateral approach through FLEGT Voluntary Partnership Agreements
2. Develop further voluntary measures by the private sector
3. Prevent the importation of illegally harvested timber through border measures:
4. Prohibition on the placing on the EU market of illegally harvested timber

Two alternative options were identified:

- 4(a) Legislation, which prohibits the trading and possession of timber and timber products, harvested in breach of the laws of the country of origin
 - 4(b) Legislation requiring that only legally harvested timber and timber products is placed on the market.
5. Introduce legislation requiring due diligence by all timber traders to ensure that they trade in legally harvested timber

Option 5 forms the basis of the current draft regulation. (A detailed analysis of these options is contained in the impact assessment.) The assessment concluded that option 5 combined the benefits of options 2 and 4. Option 4(a) condemned the operators for violations falling outside their control and option 4(b) posed difficulties in defining ‘legality’ and would involve significant costs in establishing and operating the necessary legality assurance systems. “Option 5 maintains the principle that the burden of proof should lie with the trader” they argued but “rather than condemning him for specific shipments of illegal timber it induces systemic changes in the timber market and makes traders responsible for issues falling within their control.”

It was estimated that the maximum reduction of illegal logging would be 17 million m³/a, 14 million from non-EU countries and 3 million from illegal logging in EU

member states, provided that the measures are implemented effectively. This represents a 12% reduction of illegal logging globally.

The due diligence approach would, according to the EC impact assessment, “avoid the introduction of a high cost, systematic control system and would allow a greater focus to be put on areas that present a clear risk”

The Minister is confident that the overall objective of the Regulation will have the effect of minimising the risk of illegally logged timber being placed on the Irish and EU market.

3.Consultative Process:

This year the Forestry Division undertook two public consultations (in January and August) on the draft Regulation with a wide range of stakeholders invited to make submissions. This was done by email and post and details of the consultation were placed on the Departments website. The information posted here included the EC impact assessment and latest draft of the Regulation. The first consultation took place in December 2008/January 2009 and the second in July/August 2009. The following stakeholders were consulted via this process.

Non-Government Organisations:

- 1) Comhar
- 2) Friends of the Irish Environment
- 3) Irish Environmental Network
- 4) Just Forests
- 5) Concern
- 6) Greenpeace
- 7) Sustainable Ireland
- 8) Voice

Industry:

- 1) Irish Business and Employers Federation (IBEC) (retail section)
- 2) Irish Forestry Industry Chain (IFIC)
- 3) Irish Timber Traders Association
- 4) Coillte

- 5) Irish Timber council
- 6) Green Belt
- 7) South Western Forestry Ltd
- 8) Forestry Enterprises Ltd
- 9) Mid Western Forestry ltd
- 10) Irish Forest and Forest products Association (IFFPA)
- 11) Wood Marketing Federation
- 12) William Merivale PEFC
- 13) Sasha Bosbeer FSC
- 14) Earth Horizons

State:

- 1) Department of Environment, Heritage and local Government
- 2) Department of Enterprise, Trade and Employment
- 3) Department of Finance
- 4) Department of Taoiseach
- 5) Enterprise Ireland
- 6) Revenue Commissioners.

In addition specific input has been requested from the Department of Enterprise, Trade and Employment and the Department of Environment, Heritage and local Government in relation to the potential impact of the Regulation on trade and environment in separate communication in October 2009. Detailed and ongoing discussion has taken place with the Revenue Commissioners (Customs Division).

Presentations:

In addition, the Forestry Division gave a presentation on the proposed Regulation to a Public Procurement Stakeholder Group and to the Timber Marketing Federation.

The response from this consultative process was limited. The most detailed response came from Just Forest. In their submission they pointed out their disappointment that the impact assessment carried out by the EU Commission disregarded the environmental costs of ecosystem loss resulting from illegal logging. They indicated that they have been highlighting for two decades the need for Irish society to source

their timber needs from responsibly managed forests worldwide. They expressed the view that the Regulation should apply not only to those who first place timber on the markets but all those who make timber and wood products available in the market place. They expressed dissatisfaction with the exemption for biomass and related products. They made a number of suggestions in relation to definitions and the details of a due diligence system and how controls and checks should be carried out. They also stated that the “rules and minimum requirements and approval of a list of suitable monitoring organisations need to be agreed at EU level”.

Two subsidiaries of a UK based company stated that they were involved at UK and EU level in commenting on the proposed Regulation.

John Phelan from Woodland Managers Limited indicated that the focus should be on imported timber because Ireland has an excellent control regime to prevent all illegal felling.

4.Negotiating Position:

Having regard to these consultations, and the discussions, both at EU Working Party level and at the Expert Group/Task Force, the following were identified as our principal concerns, in order of their importance:

1. The European Parliaments and a minority of Member States request for an outright prohibition on the importation illegal timber. This proposal would have changed the focus of the Regulation from operators applying due diligence in the context of minimising risk, to one where, potentially, every consignment could be subject to inspection at the point of import. This would have been very costly for both operators and national administrations. The majority of Member States, including Ireland, strongly opposed this proposal both on the grounds of practicality (the consequences of such a stance has not been assessed) and that it goes much further than was envisaged by the European Commission. A revised proposal by the UK was circulated in late October 2009 to prohibit the placing of illegally felled timber and timber product on the market (as opposed to importation) posed fewer difficulties.

2. Lessening the potential burden on small forest owners through derogation.
3. Confining the scope of the due diligence system legislation to the timber and trade laws of the country of origin. Some MS wanted this extended to include labour, social and financial legislation.
4. Treating product originating in the EU as low risk.
5. Recognising certification and legality assurance schemes in the context of compliance with the due diligence requirements. This would promote the use of such systems and reduce the burden for operators.
6. The European Commission to take a lead role in the approval of monitoring organisations to ensure a harmonised approach across 27 Member States.

The following details progress on these issues to date.

14th June 2010 update

The General Affairs Council formally adopted the Council's first reading position on 1st March 2010. This was then formally announced to the European Parliament Plenary on 8th March. The European Parliament Committee on the Environment, Public Health and Food Safety then provided its draft recommendation for second reading.

A series of three scheduled Trilogue meetings involving representatives of the Council, the Parliament and the Commission took place on 20th May, 1st and 10th June 2010 with a view to reaching consensus agreement on the dossier. Significant progress is evident and agreement appears to be close. Examples of progress include *inter alia*; agreement on a hybrid prohibition (first placing on the market only rather than involving border controls), the emergence of traceability and the concept of internal trader linked to standard record keeping for business to business (not retail) timber and timber products sale transactions, expanded product annex and recognition of monitoring organisations falling under the remit of the Commission

The Council Committee of Permanent Representatives (COREPER) will formally set out the Council's position at second reading to the Parliament by letter dated 15th

June. The European Parliament Committee on the Environment, Public Health and Food Safety will then consider this on 21st June with the European Parliament plenary voting on the dossier in early July (5th to 8th).

March 2010 update

The following is an outline of the procedure that will be followed from January 2010:

2010

29 January – the Council reached a political agreement on the proposed Regulation (doc. 5720/10)

February

Legal-linguists finalise the text of the Council's position at first reading (known before the Lisbon Treaty as the 'common position').

The "Statement of the Council's reasons" is drawn up by the Council Secretariat explaining why the Council adopted its position at first reading. (Article 294(6)).

24 February – meeting of the Working Party on Forestry – to discuss the EP's amendments and hear the Presidency's debriefing on its meeting with the Rapporteur (the Member of the European Parliament responsible for the file - in this case Caroline Lucas from the Green Party).

26 February – Coreper approves the legal linguists' text and the "Statement of the Council's reasons".

March

1 March – the Council adopts its position at first reading

Second reading

8 March – the Council's position at first reading is formally announced in the EP's plenary session. The three-month period of the EP's second reading starts at this

point. The EP can (and almost certainly will in this case) extend its second reading by an extra month as allowed under Article 294(14).

When the EP has received the Council's position at first reading the Rapporteur draws up a draft recommendation containing a set of amendments that she is tabling). The relevant EP committee (in this case the Environment Committee) will consider this draft recommendation. After that meeting the MEPs will have a limited period of time to table their own amendments to the Council's position. Approximately a month later, the Environment Committee votes on all the amendments tabled (both those contained in the Rapporteur's draft recommendation and those tabled afterwards by individual MEPS).

A number of trilogues (meetings between representatives of the three institutions) between the Chair of Coreper I, the Rapporteur and the shadow Rapporteurs (one person from each of the parties in the EP other than the party from which the Rapporteur herself comes) and the Commission (normally represented at Director level) are set up. It is likely that there will be two trilogues but the exact dates for this file are not yet known.

The Working Party of Agricultural Counsellors/Attachés (Forestry) will be responsible for the preparation of the first trilogue. The counsellors will work on the basis of a table containing a column of each of the following; the Council's position at first reading, the draft recommendation of the Rapporteur and the position that the Presidency/WP suggests should be taken. These suggestions are then discussed and agreed in Coreper I which gives the mandate to the Chair of Coreper I. After each trilogue the Chair briefs Coreper I about the outcome of the meeting.

If all goes well, after the last trilogue, the Chair of Coreper I will send a letter to the Chairman of the Environment Committee stating that if the EP plenary session adopts second-reading amendments that correspond to the compromise package negotiated during the trilogues and now set out in an annex to the letter, the Council will approve those amendments once the legal-linguists have completed their review.

The EP must vote in plenary on 5-8 July at the latest if it is to comply with the four month maximum time-span that the Treaty allows for its second reading (in the extremely unlikely event that the EP failed to vote before the end of this period, the Council's position would be deemed to have been adopted by default - Art. 294(7)a).

The Council's second reading of three months (extendable by one month) commences upon receipt of the EP's adopted amendments. The Council would have the option of approving the EP's amendments or not approving them. In the latter case, the Council's decision would trigger the start of the conciliation process - Art. 294(8)b).

Discussions to Date (End of December 2009)

The Commission brought this proposal to Council in October 2008. The Council Working Group on Forestry then considered the dossier in meetings held throughout the year, ending in November 2009. The Parliament completed its first reading in April 2009 and proposed 75 amendments. The Swedish Presidency established a Task Force, and Noel O' Connor (Ireland) was invited by the Presidency to act as Facilitator to seek to resolve contentious issues. This group met from September to October 2009. The Presidency passed the dossier to the Attaches Working Group, which met four times in quick succession in November (17th, 24th and 27th) and 3rd December in an attempt to resolve outstanding issues. Despite this, a number of issues remained.

Outstanding issues to be resolved

The principal outstanding issues for political agreement at the Agriculture and Fisheries Council held on the 15th December related to the prohibition proposal and derogation for small producers. In addition, Ireland foresaw practical implementation problems if "labour legislation" was added to the listing of applicable legislation in the country of harvest under Article 2 (e). Please see note below.

Irish Position

Article 3 - Prohibition:

The proposal from the United Kingdom (UK), supported by Denmark, Spain, Netherlands and Belgium, was to add the following text to the Article:

“The placing on the market of illegally harvested timber or timber products derived from illegally harvested timber shall be prohibited.”

Because the proposed prohibition did not apply to import or export of illegal timber, it would not entail customs checks. It was concerned solely with prohibiting the placing of illegally felled timber and timber products on the market.

While we had a certain amount of sympathy with the UK proposal we supported the Commission proposal to minimise the risk of illegally harvested timber being placed on the market for the first time.

Article 3 - Derogation:

Portugal sought the inclusion of derogation in Article 3 for 50-hectare holdings. The Commission's position was that any derogation would have to be applied to non-EU timber under World Trade Organisation (WTO) reciprocal requirements. It strongly opposed its inclusion on the basis that it would totally undermine the practical operation of the Regulation. We supported the Commission's view despite being prepared to consider a reduced area for derogation..

Article 2 - Applicable Legislation

Ireland along with most other Member States and the Commission consistently opposed the expansion of the list of applicable legislation to, for example, labour laws. The primary reason for this was the difficulty for operators to apply a due diligence system that went beyond national legislation applicable to harvesting.

Ireland supported the Commission's original applicable legislation listing.

Political Agreement 15th December 2009:

Political agreement was reached on the Regulation at the Agriculture and Fisheries Council on 15th December 2009. There was only limited support for the UK proposal for a prohibition and it was defeated by a qualified majority vote. The following statement was issued following the Council Meeting.

“The United Kingdom, Denmark, Belgium and Spain regret that the Council Political Agreement is not more ambitious and we remain of the view that EU must signal strong and firm leadership on this issue. We believe that the regulation must contain a prohibition on the first placing of illegal timber on the European Union market. This would complement the due diligence approach and enable Member States to take action against operators that place illegal timber on the market.

We urge the Council to work with the European Parliament to achieve an ambitious regulation, which ensures illegal timber cannot be placed on the market.”

The derogation issue was not pursued. However, a joint declaration was issued by Bulgaria, Czech Republic, Estonia, Greece, France, Italy, Latvia, Lithuania, Luxembourg, Austria, Poland, Portugal, Romania, Finland and Slovenia, stating that when implementing the Regulation they “*shall endeavour to facilitate the ability of the operators to comply with the requirements of this Regulation, taking specifically into account the situation of small and medium sized enterprises/operators*”. Ireland supported this declaration.

The extension of the list of applicable legislation was not pursued.

5.Costs and benefits identified:

Roundwood harvest in Ireland for 2008 was 2.272.000 m³ (cubic metres), 24% down on 2007. The Minister is confident of the strength of its’ regulatory and monitoring

regime to prevent illegal logging of domestically produced timber and would regard the risk as being very low.

The value of timber imports and exports for the years 2005 to 2008 are detailed in tables below.

It is noted that the impact of the recession and in particular the sharp decline in construction activity has had significant impact on the domestic market for many timber products. Past performance may not be an indicator of future trends.

		Exports
Product:	All products in Annex	
	€000	Tonnes
2005	557,406	1,169,236
2006	602,629	1,188,346
2007	599,905	1,140,422
2008	496,881	1,042,492

		Imports
Product	All products in annex	
	€000	Tonnes
2005	1,859,562	2,057,434
2006	1,990,949	2,243,062
2007	2,104,145	2,043,757
2008	1,746,251	1,641,774

Source: Central Statistics Office (CSO)

The product list Annex:

- 4403 Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared;
 - 4406 Railway or tramway sleepers (cross-ties) of wood
 - 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm
 - 4408 Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for other similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of a thickness not exceeding 6 mm
 - **4412 Plywood, veneered panels and similar laminated wood;**
 - 4401 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms
 - 4413 00 00 Densified wood, in blocks, plates, strips or profile shapes;
 - 4414 00 Wooden frames for paintings, photographs, mirrors or similar objects;
 - 4415 Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood; coffins;
- (Not packing material used exclusively as packing material to support, protect or carry another product placed on the market.)**
- 4416 00 00 Casks, barrels, vats, tubs and other cooperers' products and parts thereof, of wood, including staves.
 - 4418 Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes, wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed;
 - **4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed**
 - Pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products;
 - 4410 Particle board, oriented strand board (OSB) and similar board of wood whether or not agglomerated with resins or other organic binding substances;
 - 4411 Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances;
 - 9403 30, 9403 40, 9403 50 00, 9403 60 and 9403 90 30 Wooden furniture
 - 9406 00 20 Prefabricated buildings of CN code
-

The EC impact assessment contained the following table of risk.

Table 2 Estimated roundwood productions and illegal production in 2005

Region	Production of industrial roundwood	Estimated production of illegal industrial roundwood	
	million m ³ /y	million m ³ /y	% of total
High or moderate risk countries/regions			
Africa excl. South Africa	45	14	30
Asia excluding Japan	221	66	30
Latin America	187	28	15
Russia, Former USSR & Balkans	162	28	17
<i>Sub-total</i>	<i>615</i>	<i>136</i>	<i>22</i>
Low risk countries/regions			
Norway and Switzerland	13	-	-
South Africa	18	-	-
Japan	16	-	-
USA and Canada	632	-	-
Australia and New Zealand	46	-	-
<i>Sub-total</i>	<i>726</i>	<i>-</i>	<i>0</i>
EU27			

EU-27	368	3	1
<i>Sub-total</i>	368	3	1
Total World	1 709	139	8

In 2005 the total value of imports from countries deemed to be high or moderate risk, for all products contained in the annex was in the region of 40%. This figure is relevant to the assessment of costs of due diligence systems for operators placing these products on the market for the first time.

The EC impact assessment estimated a total EU regulatory cost of €1 million and private sector costs of €16 million. This estimate would appear to be on the low side. If Ireland's comparative trade from the two sets of tables above were correlated to this estimate the overall costs would be very low.

The following is an outline of the potential costs and benefits.

1. Higher prices for timber and timber products. There are likely to be price premiums for sourcing independently verified wood products from any particular country. This is likely to vary from country to country and to the risk category of each country as per EC table above. It is also likely to vary in relation to wood types. "In the US, for example, while over 50% of softwood forest area is certified, less than 10% of hardwood forest is certified". (UK impact analysis p 26).

There should be no impact on domestically produced timber because of the controls already in place. This may well provide a competitive advantage to domestic suppliers.

2. Impact on trade and access to trade: Any restrictions could lead to a diversion of trade to areas without or with less severe restrictions. If the Regulation is applied uniformly across the EU there is unlikely to be a diversion of trade

within the EU. Any loss of trade would be in relation to timber and timber products which are not capable of meeting the requirements of the due diligence procedures and would achieve, in part, the objectives of the Regulation to close the EU market to timber and timber products harvested illegally.

3. Costs of due diligence system.
 - a. Set up costs and
 - b. Administrative costs or
 - c. The cost of using a due diligence system of a recognised monitoring organisation.

The UK impact assessment estimated set up costs ranging from 32.5 hours (reduced by 50% for SME's) to 100 hours (reduced by 50% for SME's) and administrative costs ranging from 1 day per month to 1 day per week for large companies and 0.5 days per month to 2 days per month for SME's.

The cost of using monitoring organisations will replicate these costs with an additional charge.

In the EU, SME's are defined as enterprises employing less than 250 persons.

Where some large operators in Ireland are subsidiaries of companies based elsewhere in the EU it is likely that the due diligence systems will be sourced in the parent company country. This is certainly indicated in the responses to the consultative process in which it was stated that comment on the proposed Regulation would be made at parent company level.

4. Costs of enforcement and compliance:
 - It is likely; in the current economic climate that any additional human resources would be sourced from within the Department assuming it is deemed to be the competent authority. (Please see note below in relation the nomination of the Competent Authority for the purpose of implementing the Regulation.) It is estimated that the following personnel would be required initially: 1 HEO, 2 EOs and approximately 10 days of a Forestry Division inspector.

- There is likely to be some additional travel and subsistence costs associated with enforcement and monitoring
- There may also be additional legal costs in relation to enforcement and prosecution.
- The Regulation does not involve any controls at the Community border so it is unlikely that any extra administration costs will be incurred in that regard.
- However, there may be cost implications for the competent authority in seizing and storing goods in the event that the final Regulation places a prohibition on the placing of timber and timber products on the market.

5. Environmental benefits:

- A reduction in losses internationally incurred by governments and the wider economy of forest nations as a result of the illegal trade.
- The impact of reduced illegal logging on overall rates of deforestation-including carbon emissions reduction and biodiversity and ecosystem protection.

6. Increased quality of timber and timber products.

7. Increased consumer confidence in timber.

6. Transposition/Implementing options:

A variety of options for the implementation of the Regulation may become available during the consideration of the implementing Regulation. At this stage the following are the options available.

- Do nothing at national level
- Placing obligations on operators to establish, maintain and regularly evaluate a Due diligence systems whether by means of their own system or by making use of a due diligence system established by a recognised monitoring

organisation. This will involve a combination of self-declaration and third party audit.

The do nothing option is primarily being included for benchmarking purposes. Therefore it has not been examined in any detail as part of this RIA because it is not envisaged that this option will be pursued in practice. To take no action would mean a failure to comply with our EU obligations and could result in prosecution by the European Commission. An evaluation of implementation options will take place when considering the implementing Regulation.

Implementation of the Regulation and the Competent Authority:

The next part of the process following adoption of this Regulation will be consideration of its implementation. Whereas the Department of Agriculture, Fisheries and Food has led negotiation on the Regulation to date the nomination of the Competent Authority for the purposes of implementing the regulation has still to be decided. The presence and pre-eminence of trade issues suggest a role for the Department of Enterprise, Trade and Employment. The environmental issues at the heart of the Regulation are matters of interest to the Department of Environment, Heritage and Local Government. Consultations in relation to this Regulation and the implementation Regulation will continue with these Departments and with all stakeholders. This RIA will provide a basis for these consultations.

7. Review

This RIA is a live document and will therefore be subject to continuous review. In the first instance it seeks to set out the issues that inform the negotiation process through extensive consultation with all relevant stakeholders. In the event of the adoption of the Regulation the RIA will provide a basis for discussion on the implementing Regulation and on the options available for the effective implementation of the Regulation.

8. Publication

The RIA will be published on the Website of the Department of Agriculture, Fisheries and Food. In addition all stakeholders will be informed of its publication and will be provided with links to the document or the document itself.