



## Implementation and enforcement of the EUTR in Croatia



### About EUTR

- Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators placing timber and timber products on the market – also known as the EUTR, entered into force on 3 March 2013.
- Republic of Croatia has taken over its obligations for the implementation from the date of accession to EU, 1 July 2013.
- Law on application of the EUTR Ordinance (OG 54/13) entered into force on 19 April 2013.



1. **COUNCIL REGULATION (EC) No 2173/2005 of 20 December 2005** on the establishment of a FLEGT licensing scheme for imports of timber into the European Community
2. **COMMISSION REGULATION (EC) No 1024/2008 of 17 October 2008** laying down detailed measures for the implementation of Council Regulation (EC) No 2173/2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community
3. **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
4. **COMMISSION DELEGATED REGULATION (EU) No 363/2012 of 23 February 2012** on the procedural rules for the recognition and withdrawal of recognition of monitoring organisations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market
5. **COMMISSION IMPLEMENTING REGULATION (EU) No 607/2012 of 6 July 2012** on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market



- Each EU Member State is responsible for designating a competent authority which is responsible for implementation of EUTR within its territory.
- The stated Law defines the Ministry of Agriculture and the Customs administration as Competent Authorities in Croatia for the both EUTR and FLEGT and sets penalty clauses.



- The national institutional framework, which is not prescribed by the EU legislation, has been defined by the ministerial decision, which identifies the Ministry of Agriculture, Directorate for Forestry, Hunting and Wood Industry as the only institution responsible for carrying out checks of operators, traders and monitoring organizations  
CLASS: 321-01/14-01/53; identification number: 525-11/1006-15-22, from 12 January 2015.



## COMPETENT AUTHORITIES

### MINISTRY OF AGRICULTURE

-responsible for carrying out checks of operators, traders and monitoring organizations

### MINISTRY OF FINANCE

-providing data for checks



Regulation (EU) No 995/2010 (EUTR) distinguish two major groups

### **OPERATER**

- any natural or legal person that places timber or timber products on the market

### **TRADER**

- any natural or legal person, selling or buying timber or timber products already placed on the internal market



Timber Regulation counters trade in illegally harvested timber and timber products through three key obligations:

1. It prohibits placing on the EU market for the first time of illegally harvested timber and products derived from such timber;
2. It requires Operators placing timber products on the EU market for the first time to exercise „due diligence“;
3. Traders in this part of the supply chain have an obligation to keep records of their suppliers and customers in order to facilitate the traceability of timber products



## Due diligence

Due diligence system must contain the following elements:

- (a) measures and procedures providing access to the following information concerning the operator's supply of timber or timber products placed on the market
- (b) risk assessment procedures enabling operator to analyse and evaluate risk of illegally harvested timber or timber products derived from such timber being placed on the market.
- (b) risk mitigation procedures which consist of a set of measures and procedures that are adequate and proportionate to minimise effectively that risk and which may include requiring additional information or documents and/or requiring third party verification.



## PLACING TIMBER AND TIMBER PRODUCTS ON THE INTERNAL MARKET IN CROATIA



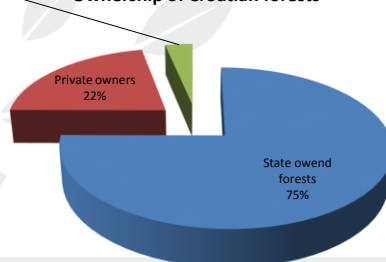
### DOMESTIC OPERATORS

- Hrvatske šume d.o.o. - the biggest Croatian Operator placing wood on internal market.
- Annual increment in Croatia amounts to 10,5 million m<sup>3</sup>, whereof 8 million m<sup>3</sup> stems from the forests managed by Hrvatske šume and 2,1 million m<sup>3</sup> from the privately owned forests.



Total area of forests and forest land in Croatia amounts to 2, 688. 687 ha which is 47% of its total land area. Vast majority of state-owned forests is managed by Hrvatske šume d.o.o. (2, 018.987ha, or 75%), all of them FSC certified.

Ownership of Croatian forests





### IMPORT OPERATORS

- In period 01.07.2013 - 31.01.2016. Croatia have imported timber and timber products, on which the regulation applies according to the annex of the EUTR regulation, in value of 326.903.036,71 EUR.
- We have more than 4000 operators.
- Most of them are „small” operators with annual import value of less then 300.000,00 €



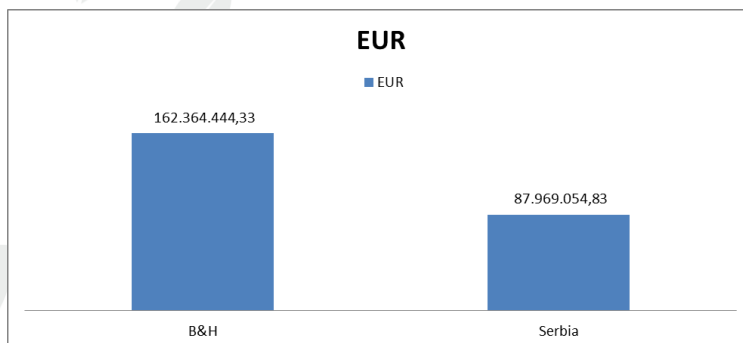
Our main import countries are B&H and Serbia with combined 76,6% of total import.

Bosnia and Herzegovina – 49,7%

Serbia – 26,9%



## MAIN IMPORT COUNTRIES



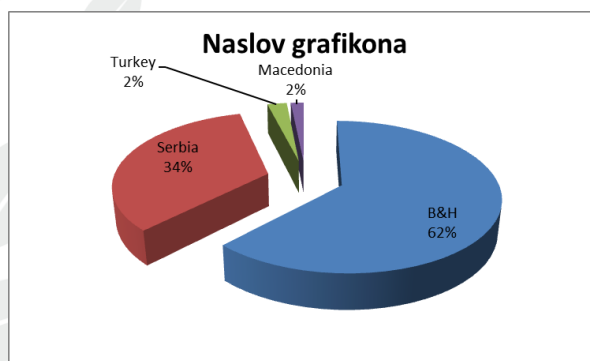
## Import from other countries of the region







## Percentage of total import



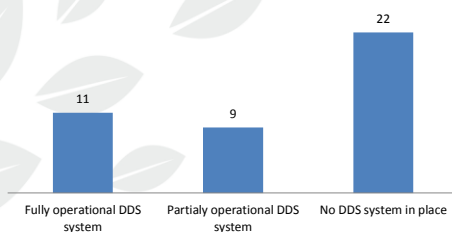
## Enforcement of the EUTR in Croatia



## OPERATORS IN CROATIA

- 42 conducted checks
- Low awareness

Existence of the DDS system



- In case of not existing DDS, operator is given corrective measures and probationary period of 3 months for putting it in place.
- 15 out of 22 operators with no DDS in place, after expiry of the probationary period were complied with the EUTR regulation.
- 7 of them are still in probationary period.
- In case of non compliance after probationary period, a fine in range of 650,00 - 20.000,00 € shall be imposed.



### PROBLEMS OFF THE OPERATORS

- Low awareness of the EUTR regulation
- Ignorance of the legislation of the exporting countries
- The lack of legislation in the exporting countries
- Suppliers unwillingness to cooperate, showing distrust when seeking additional documentation
- Low awareness of the EUTR regulation in the exporting countries



### PLANS FOR FUTURE

- Amendments to the Law on application of the EUTR Ordinance (OG 54/13) by the end of the year
- Introduction of the e-checks, checks on operators via e-mail
- Covering higher percentage of the import



**THANK YOU FOR ATTENTION!**

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