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# Certification, Due Diligence and Declarations: Legal Instruments Addressing Deforestation and Illegal Logging in Global Supply Chains

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# 01. About The Author

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Hannah joined the Global Regulatory Compliance Team in Compliance & Risks as a Regulatory Specialist in September 2022.

She is responsible for the monitoring of regulatory developments in German-speaking countries and helps clients with questions on Textiles, Illegal Logging Legislation, ESG Reporting and Supply Chain Due Diligence.

Hannah studied law in Germany (University of Bonn) and holds an LL.M. in Environmental and Natural Resources Law from University College Cork.

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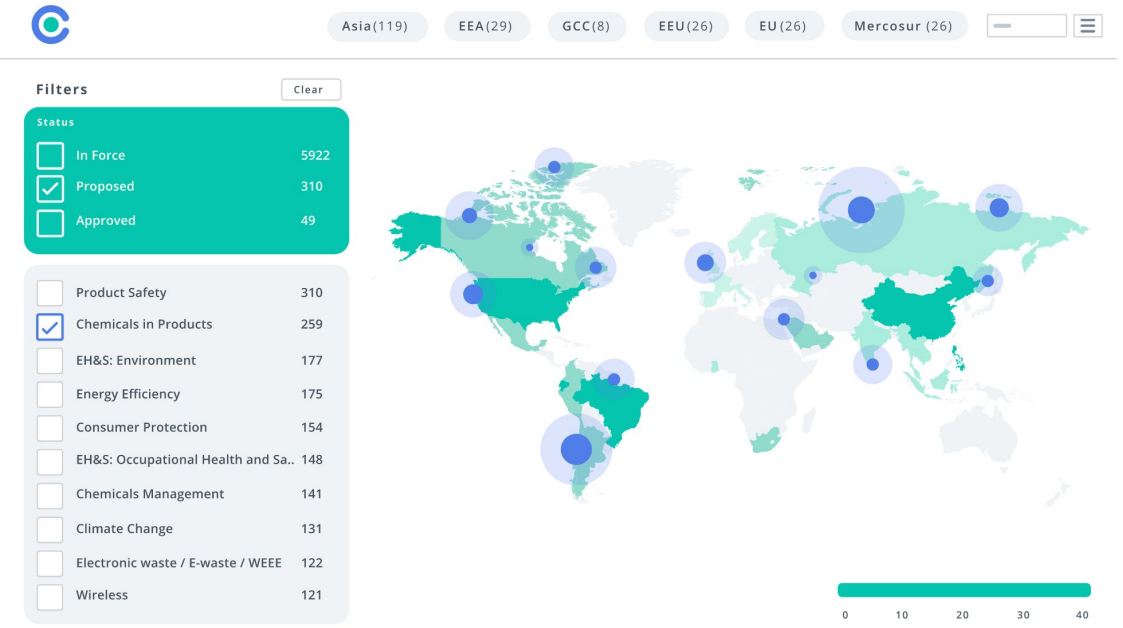


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# 03. Introduction

## The Global Response to Illegal Logging and Deforestation

Illegal logging and deforestation affect a wide range of environmental and social issues, including climate change, biodiversity loss, indigenous rights, and water pollution. It is therefore unsurprising that, over the years, various branches of international law have sought to address deforestation from different perspectives.

To name just a few, the **Convention on Biological Diversity (CBD) and the Kunming-Montreal Global Biodiversity** Framework aim to promote the conservation and sustainable management of forests as key ecosystems, and have set the ambitious target to halt deforestation by 2030.

The United Nations Framework Convention on Climate Change (UNFCCC) maintains the **'REDD+' framework** as part of the Paris Agreement to protect forests and reduce emissions from deforestation. The framework provides financial support and capacity to around 60 developing countries to implement activities addressing deforestation and related social and environmental issues.

The international trade with certain protected species, including wood species, is furthermore regulated under the **Convention on International Trade in Endangered Species (CITES)**.The framework aims to ensure that international trade does not endanger the survival of any species. The convention sets out a list of endangered species threatened with extinction in Annex I, and fully prohibits their commercial trade. Other threatened species are subject to a trade permit regime.

In addition, numerous **bilateral and private initiatives and certification schemes** are aiming to tackle deforestation. Widely known examples that are now integrated into many national legal regimes are the certification schemes provided by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

This whitepaper will explore various national laws related to illegal logging and deforestation, with a particular focus on regulations featuring supply chain due diligence and certification schemes. It also provides a comparative analysis in table format of their scope and key requirements at the end of the paper.

# 04. Understanding National Regulations on Forest Products and Drivers of Recent Changes

Most countries maintain a forest code that sets out rules for sustainable forest management. Enforcement of these codes is however often limited. Additionally, many countries regulate illegal logging by requiring permits for both the harvesting and processing of timber. Some nations, such as Indonesia and Vietnam have established certification systems that restrict the sale and export of forest products to certified products.

Over the past decade, there has also been significant growth in legislation incorporating supply chain due diligence requirements. Currently, there is considerable activity and debate surrounding the new EU Deforestation Regulation. Similarly, Australia revised its illegal logging framework, which came into effect in 2025, to enhance its supply chain due diligence obligations.

## 4.1. European Union

### EU Timber Regulation (EU) 995/2010

The European Union Timber Regulation (EUTR), adopted in 2010 and applicable since 3 March 2013, was the first EU Regulation to tackle illegally logged timber and timber products placed on the EU and EEA market. By 30 December 2025, nearly 12 years after its entry into force, the EUTR will be replaced with the new EU Deforestation Regulation (EU) 2023/1115, which focuses on deforestation and legality and significantly extends the commodities and products in scope.

Despite this development, it is still worth examining the obligations of the EUTR, since these will remain applicable for small and medium-sized companies until 30 June 2026. In addition, both Switzerland and the UK have based their Illegal Logging laws on the EUTR or apply the EUTR obligations directly.

## What products are in scope of the EUTR?

The EUTR applies to timber and timber products listed in the Annex, including wood, particle board, pulp and paper, and packing cases and boxes. Exempt from the requirements are packing materials used exclusively to carry or protect other products.

## How to conduct due diligence?

The EUTR prohibits placing commodities or products on the EU and EEA market that have been illegally harvested. 'Illegally harvested' is defined as 'harvested in contravention of the applicable legislation in the country of harvest'.

To ensure that the risk of illegality is none or only negligible, operators are required to introduce a three-step due diligence system:

**1. Collecting information:** Scientific name of the wood species, trade name, country of origin (and in some cases sub-national region and concession), quantity, supplier details and documents indicating compliance with local laws.

**2. Risk assessment,** taking into account:

- Specific information such as wood species, country of origin and quantity;
- General information, e.g. illegal timber harvesting in specific tree species;
- Prevalence of illegal harvesting practices at the timber harvesting location;
- Complexity of the supply chain;
- Regulations in the country of origin and the corresponding risk of armed conflict;
- UN sanctions.

**3. Risk mitigation:** potentially including the collection of additional information, conducting audits and field investigations.

If it cannot be confirmed that the risk of illegality is none or negligible, and the risk cannot be mitigated and reduced, operators must refrain from placing the products on the EU market.

The due diligence obligations are only applicable to operators, while traders are subject to record-keeping obligations.

Timber and timber products licensed under CITES (Council Regulation (EC) No 338/97) or FLEGT (Council Regulation (EC) No 2173/2005) are automatically considered legal under the EU Timber Regulation.

Enforcement and penalties are organized by each member state individually, resulting in a broad range of penalties, including fines and potential imprisonment. In practice, enforcement of the EUTR across Europe has been criticized as fragmented and insufficient in a 2021 European Parliament report.

# Forest Law Enforcement, Governance and Trade (FLEGT)

The Forest Law Enforcement, Governance and Trade (FLEGT) system is an EU initiative launched in 2003 to combat illegal logging and promote sustainable and legal timber trade. It focuses on strengthening forest governance, improving transparency, and discouraging the trade in illegal timber products.

Central to FLEGT are Voluntary Partnership Agreements (VPAs), which are bilateral trade agreements between the EU and timber-exporting countries. Under these agreements, exporting countries set up a timber legality system and issue licenses for legally harvested timber. The system also

includes independent third-party audits to ensure compliance and effectiveness. Up until recently, Indonesia was the only country with a fully operational FLEGT licensing system. In June 2025, Ghana signed an agreement to commence FLEGT licensing and issued its first licenses in August 2025. Other countries, including Honduras, the Republic of Congo and Cameroon have signed VPA agreements, but have not yet implemented a FLEGT system.

Under the EUTR regulation, FLEGT licensed products are exempt from the due diligence obligations, since the country of origin has committed to only export legally verified timber to the EU. The new EUDR will recognize FLEGT-licensed products as compliant regarding legality, but they will not automatically be considered deforestation-free, which means that additional due diligence will be required.

# EU Deforestation Regulation (EU) 2023/1115

The new European Union Deforestation Regulation (EUDR), aiming to curb deforestation, biodiversity-loss and climate change, was adopted on 31 May 2023 and came into force on 29 June 2023. The Regulation builds on the previous EUTR, but it expands the product scope and the due diligence obligations significantly.

## When will companies be required to comply with the EUDR?

Originally set to become applicable in December 2024, the EU Commission decided to postpone the application of the EUDR by one year and created the following new implementation timeline:

- From **30 December 2025**, the provisions of the EUDR will apply to large and medium-sized companies;
- From **30 June 2026**, the provisions of the EUDR will also apply to small and micro-enterprises.

## What products are in scope of the EUDR?

The EUDR applies to **seven forest commodities** (Cattle, Cocoa, Coffee, Oil palm, Rubber, Soya and Wood) and the products derived from these commodities listed in Annex I. This includes e.g. leather, cocoa beans and chocolate, tyres, furniture, wood packaging, and paper and paper products.

It is important to note that products that are NOT listed in the Annex are not subject to the EUDR, even if they contain any of the seven forest commodities (e.g. finished garments containing leather). Likewise, products that are listed in the Annex but that do NOT contain any of the seven forest commodities are not in scope either. “Ex” before the HS code of a product in the Annex means that the product is an “extract” from all the products that can be classified under this HS code.

The regulation applies regardless of the product or commodity quantities, and it applies to products made in the EU, imported into the EU and exported from the EU.

The EUDR contains an **important exemption for packaging**, which has caused some confusion amongst manufacturers. While packaging placed on the EU market as its own product is in scope of the obligations, HS 4415 (packing cases and boxes etc of wood) points out that the obligations do not apply to packing material **used exclusively as packing material to support, protect or carry another product** placed on the market.

The most recent update of the EU Commission's FAQ Document from April 2025 confirmed that this exemption applies to all packaging materials, regardless of the HS code. In a draft amendment to the regulation, proposed in April 2025, the Commission has furthermore suggested that user manuals, information leaflets, catalogues, marketing materials as well as labels accompanying other products are also falling under this exemption, unless they are placed or made available on the market or exported in their own right.

In addition, second-hand products and products made entirely from recycled materials are exempt.

## What are the obligations for operators?

Unlike the EUTR, the EUDR does not only focus on the legal harvesting of timber, but it has a broader objective. The EUDR prohibits operators and traders from placing products on the market or making them available, unless all of the following conditions are fulfilled:

- They are deforestation-free;
- They have been produced in accordance with the relevant legislation of the country of production; and
- They are covered by a due diligence statement.

*'Operators'* are those placing a product on the market for the first time, while *'Traders'* are defined as persons in the supply chain other than the operator who make relevant products commercially available on the market.

*'Relevant legislation of the country of production'* means laws on land use rights, environmental protection, forest management and conservation, third parties' rights, labor rights, human rights protected under international law, free, prior and informed consent, and tax, anti-corruption and trade and customs rights.

*'Deforestation-free'* furthermore means that the relevant products contain, have been fed with or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after 31 December, 2020.

In order to verify that the commodities and products are deforestation free and legally produced, **operators are required to establish a three-step due diligence system**. The system is similar to the EUTR due diligence process, but it requires more extensive information, e.g. the collection of geolocation information.

**Step 1: Information collection (Article 9):**

- Product description, including trade name and scientific name; quantity; country of production; geolocation of each plot of land where the relevant commodity has been produced; suppliers details; evidence that the product is deforestation-free and legally produced.
- Geolocation coordinates are needed for traceability and must also be included in the due diligence statement.
- The geolocation requirement applies to each commodity batch. Mass balance chains of custody are NOT allowed.
- Collected information must be kept for 5 years after the product has been placed on the market.

**Step 2: Risk assessment (Article 10):**

- Operators are only allowed to place the product on the market, if the deforestation and illegality risk is none or negligible.
- The risk assessment shall take into account inter alia: country risk-level assigned in benchmarking; presence of indigenous peoples; prevalence of deforestation; information on corruption and armed conflict; circumvention risks; any complementary information.

- The risk assessment must be documented at least annually, and made available to the authorities upon request.

**Step 3: Risk mitigation (Article 11):**

- Necessary if the risk assessment reveals more than a negligible risk.
- May include requesting additional information and documents; carrying out audits and surveys; capacity building and investment.
- Operators must have adequate risk management policies in place and document measures at least annually.
- If the risk cannot be reduced sufficiently, operators must refrain from placing the products on the market.

The due diligence system must be reviewed annually. Non-SME operators are also required to **share information** about their due diligence process and the actions they have taken as openly as possible, e.g. on their website. Operators subject to the EU CSDDD can include this information in their CSDDD due diligence statements.

## What requirements do operators and traders further down in the supply chain have to meet?

In order to enable full traceability, operators placing products on the market have to communicate to operators and to traders further down in the supply chain all information necessary to demonstrate that due diligence was exercised and that no or only a negligible risk was found (Article 4(7)).

**Operators further down in the supply chain** are those that either transform a relevant product already subject to due diligence into another relevant product or that re-export such a product.

These operators are able to refer to the existing due diligence statement when submitting their own due diligence statement, but only **after ascertaining that due diligence has been carried out properly**. The EU Commission clarified the term 'ascertaining' in a guidance document from April 2025, where it states that *'ascertaining that due diligence was properly carried out may not necessarily imply having to systematically check every single due diligence statement submitted upstream. For example, the downstream non-SME operator could verify that upstream operators have an operational and up-to-date due diligence system in place, including adequate and proportionate policies, controls, and procedures to mitigate and manage effectively the risks of non-compliance of relevant products, to ensure that due diligence is properly and regularly exercised.'*

**Downstream SME-operators** (small and medium-sized enterprises) are not required to submit their own statement for products that are already covered by due diligence, but they must provide the number of the existing due diligence statement to the authority (Article 4 (8)).

**Non-SME traders** have essentially the same core obligations as large downstream operators. They must file a due diligence statement before making their products available on the market, and they can reference previous due diligence statements, but they remain liable if the due diligence or statement submitted by the supplier is incomplete or incorrect (Article 5 (1)).

**SME traders** on the other hand, are generally exempt from conducting their own due diligence or submitting their own due diligence statements if the products they handle are already covered by a due diligence statement. However, SME traders must still keep records and notify authorities if they suspect non-compliance.

## Benchmarking and simplified due diligence for products and commodities from low-risk countries

Operators sourcing commodities entirely from areas classified as low risk are subject to simplified due diligence (Article 13). Operators conducting simplified due diligence are still required to collect all of the information set out in Article 9, including the geolocation coordinates, evaluate the complexity of their supply chain, assess the risk of circumvention and assess the likelihood of product mixing. They are however not required to conduct a full risk assessment or adopt risk mitigation measures, unless they obtain information that indicates non-compliance.

The EU Commission designated the countries and regions with a low, standard and high risk of deforestation, the so-called benchmarking system, on 22 May 2025. While all EU member states and several other countries have been assigned a low-risk status, only four countries, North Korea, Myanmar, Russia and Belarus, have been assigned as high-risk countries.

Members of the EU Parliament voted on 9 July 2025 to object to the benchmarking system, and asked for the introduction of a 'no-risk category'. The introduction of such a category would however require changes to EUDR text itself, since the EUDR currently does not provide the basis for a no-risk category. The vote is not legally binding and it is therefore up to the Commission to decide how to react.

## How and when to submit a due diligence statement?

Before non-SME operators and traders place their products on the market, make them available or export them, they must submit a due diligence statement, guaranteeing that due diligence has been carried out.

The statement must be submitted via the EUDR Information System and it must contain the operator's details, harmonized system codes of the commodities and products, country of production and geolocation and a reference to existing due diligence statements (details in Annex II of the EUDR).

Due to changes in the FAQ and guidance document in April 2025, operators and traders can now submit due diligence statements annually instead of per shipment, but the statement must still cover all relevant shipments placed on the market during that period. More details and practical considerations can be found in the FAQ document, question 5.19. In addition, authorized representatives can now submit a due diligence statement on behalf of members of company groups.

## How will the EUDR be enforced?

EUDR enforcement is carried out by EU member state authorities. A list of designated authorities can be found here.

Enforcement involves a combination of audits, document reviews, and possible on-site inspections to verify companies' compliance with due diligence obligations.

The frequency of checks depends on the country of origin of the products and commodities. Products and commodities originating from low-risk countries are subject to an inspection rate of 1%, whereas those from standard-risk countries face a 3% inspection rate, and those from high-risk countries are inspected at a rate of 9%.

Penalties are set out in national law, but the EU regulation prescribes that the maximum amount of such a fine shall be at least 4% of the operator's or trader's total annual Union-wide turnover in the financial year preceding the fining decision.

This shall be increased, where necessary, to exceed the potential economic benefit gained. In addition, products can be confiscated and operators and traders can be excluded from public procurement for a maximum period of 12 months. In case of serious or repeated violations, operators and traders can be temporarily excluded from placing or making available products on the market, and they can be prohibited from exercising simplified due diligence.

## 4.2. Switzerland

Switzerland introduced its first measures to combat trade with illegal timber and timber products in 2019. The amended Environmental Protection Act (2019) and the Timber Trade Ordinance (TTO) (2021), which both entered into force on 1 January 2022, prohibit the placing of illegally harvested timber and timber products on the Swiss market. The Ordinance is largely aligned with the EU Timber Regulation 995/2010, with the objective to remove trade barriers.

The ordinance covers 19 products listed in the Annex, including timber, paper, pulp, firewood, wood-based materials, lumber, certain packaging material and furniture.

It requires initial operators, who are those placing the product on the market for the first time, to exercise due diligence to verify the legality of their timber products. Similar to the EUTR, operators must establish a three-step due diligence system to assess and minimize risks related to illegal timber.

Unlike the EUTR, the Swiss rules only exempt products with a CITES permit from due diligence, while FLEGT licensing is only considered a strong indicator of legality.

Traders are obligated to document their suppliers and customers to ensure traceability, but they are not required to document deliveries to consumers.

Penalties for violations include fines and possible imprisonment for intentional breaches of the ban and due diligence obligations.

As of August 2025, there is no indication that Switzerland is planning to further align its national laws with the new EU Deforestation Regulation. The Department of Environment has however published two documents with EUDR guidance for Swiss companies in July 2025. The guide points out that, while the EUDR is not directly applicable in Switzerland, Swiss companies may be directly and indirectly affected by the EUDR by placing products on the EU market or being part of another company's supply chain.

## 4.3. United Kingdom

Similar to Switzerland, the United Kingdom has aligned its legislation with the EU Timber Regulation 995/2010. The UK's implementing regulation No. 2013/233 was introduced when the UK was still an EU member state, and after Brexit, the UK decided to keep the implementation.

Both the EUTR and the UK regulation prohibit placing illegally harvested timber and products derived from such timber on the market, with the due diligence system and core operational requirements remaining the same in both frameworks.

In 2021, the UK introduced the Environment Act 2021, including schedule 17 on the use of forest commodities in commercial activities. This aims to expand the current rules to include a broader range of forest commodities, similar to the EUDR. According to schedule 17, the new system shall apply to all persons that use any of the defined forest commodities or derived products in a commercial activity. Unlike the EUDR, this does not seem to be restricted to a specific list of derived products.

Instead, the rules only apply to those with more than £50m annual global turnover, and those using 500 tons or less of each commodity per year can apply for an exemption.

In order for the new system to become operational, the type of commodities in scope and the due diligence requirements need to be detailed in an implementing regulation, which has not been published as of August 2025. The previous UK government indicated that the new scheme would apply to soy, cocoa, palm oil, cattle products (excluding dairy), and products derived from those commodities. The current UK government, in charge since July 2024, has however not set an implementation timeline for schedule 17 yet.

With regard to Northern Ireland, the EUTR is listed under the Windsor Framework and is therefore directly applicable in Northern Ireland. The EUDR has not yet been added to the Protocol due to its delayed application date.

# 4.4. Australia

Australia introduced its first set of Illegal Logging Rules in 2012.

In 2024, the Illegal Logging rules were revised and strengthened, and the new system entered into force on **3 March 2025**, now consisting of the following:

- Illegal Logging Prohibition Amendment (Strengthening Measures to Prevent Illegal Timber Trade) Act 2024
- Illegal Logging Prohibition Rules 2024

It is important to note that the ban on importing illegally logged timber products applies to ALL timber products, also those not listed in the Illegal Logging Act and Rules.

The products listed in the Act and Rules, so-called regulated products, are in addition subject to due diligence measures.

## Products in scope

The rules apply to a broad range of timber and timber products set out in Section 5 of the Illegal Logging Prohibition Rules 2024:

- Wood and articles of wood (Chapter 44 of the Harmonized System tariff codes)
- Pulp of wood (Chapter 47)
- Paper and paperboard (Chapter 48) and
- Furniture (Chapter 94)

Exempt from the rules are products made of post-consumer recycled materials and products that are part of a consignment with a value of $1000 or less.

In addition, similarly to the EUDR, due diligence is not required for the packaging material used to support, protect or carry a product that is being imported. If the packaging material is the main product, the due diligence requirements apply.

## Due diligence procedure

The Australian Illegal Logging rules require importers and processors of covered timber and timber products to implement a due diligence system in order to minimize the risk of dealing with products that have been illegally logged.

Similar to the European rules, the Australian system consists of three steps. There are however important differences in particular in relation to the recognition of certified products.

**Step 1: Gathering information**

- Importers must gather as much information on the products as

practically possible, including type name, trade name, scientific name, country and region of origin, manufacturing country if applicable, supplier details, quantity of the shipment, sales or delivery documents.
- If not all of the information can be gathered, the onus to prove that gathering all of the information was impractical is on the importer.

**Step 2: Risk assessment**

- If the importer has imported the same product via the same supply chain within the previous 12 months and has completed the risk assessment, a new risk assessment is not required.
- In all other cases, the risk assessment depends on whether the product is certified or non-certified
  - **Certified products pathway:** FSC and PEFC-certified products are subject to a simplified risk assessment. Importers must confirm that the specific product is certified (and not just the supplier).
  - **Non-certified product pathway:** Non-certified products are subject to a full risk assessment, taking into account all of the gathered information, guidelines, extent of illegal logging in the country of harvesting, armed conflict and corruption in the area, conservation/CITES status of the species and any other available information.
  - To assist with gathering documents and conducting due diligence, Australia has published a number of country-specific guidelines (for importers) and state-specific guidelines (for processors), listed in Article 4 of the Rules.
  - Risk assessment measures must be recorded in written form.

**Step 3: Risk mitigation**

- The importer must be able to confirm that the risk of illegal logging is none or negligible.
- If this cannot be confirmed, risk mitigation measures must be taken.
- These depend on the individual circumstances, and can include asking for more evidence and collecting more information, conducting field checks and audits, asking suppliers for certified alternatives.
- If there is still more than a negligible risk, the importer must refrain from importing the product.

Importers must submit a customs declaration each time they import a covered product, stating that they have complied with their due diligence requirements. In the future, importers will also be required to submit advance notice of imports to the Department of Agriculture, Fisheries and Forestry, but the necessary IT system has not yet been established.

The requirements for timber processors are very similar to those of importers, including the different pathways for certified and non-certified products, except for the requirement to submit a customs declaration.

The Department of Agriculture conducts checks and audits, including the testing of timber and timber products to verify their species and origin. During a 6-month transition period from 3 March 2025 to early September 2025, regulatory authorities will continue to conduct audits, but with a focus on education and guidance, rather than on enforcement actions for non-compliance. Serious non-compliance can however still result in appropriate enforcement action during the transition period.

## 4.5. United States

The Lacey Act, first enacted in 1900, prohibits the trade of fish, wildlife, and plants that have been illegally taken, possessed, transported, or sold. Before the Act was amended in 2008, the prohibition only applied to a small number of species native to the U.S. In 2008, the Act was expanded and it now covers a broad range of plant products, including logs, sawn wood, plywood, wooden barrels, builders joinery, wooden tools and furniture. A full list of products and their HS codes can be accessed here.

The products have been implemented in phases, with the latest Implementation Phase VII taking effect in December 2024. Phase VII covers all remaining plant product Harmonized Tariff Schedule (HTS) codes that are not 100-percent composite materials. Composite materials are products where the original plant material is mechanically or chemically broken down and re-composed or used in a manufacturing process. Phase VII includes a very broad range of items such as medicinal plants, handbags, plywood, laminated wood, tools, matches with natural wood stems, products of natural cork, products of bamboo and rattan, footwear and more.

Products with a very low plant material content that is not listed as an endangered species are exempt from the Lacey Act 2008 (De Minimis Exemption). The requirements furthermore do not apply to plants that are exclusively used to package or carry another product.

The Lacey Act requires importers of covered products to file a declaration stating that the imported plants or plant products were legally harvested and comply with all applicable laws. The declaration contains in particular the scientific name of the species, the import value, the quantity of the plant or plant products and the country where the products were harvested.

Unlike the EUTR, EUDR or the Australian Illegal Logging Rules, the Lacey Act 2008 does not establish a detailed due diligence regime. The Act however imposes a "due care" standard on importers, meaning they are required to make reasonable, appropriate efforts to ensure their products were not taken, transported, or sold unlawfully. The Lacey Act neither defines nor prescribes specific criteria for what constitutes due care, but instead allows importers the flexibility to decide how best to verify the legality of their supply chains, tracing plant materials back to their source and ensuring all subsequent transactions comply with plant protection and conservation laws both within the United States and internationally.

Failure to comply with the import ban and declaration requirements may result in civil penalties of up to $10,000. Criminal penalties for individuals can include imprisonment for up to 5 years and fines reaching $250,000 or twice the amount of the gross gain or loss. For corporations, criminal penalties may involve probation lasting 1 to 5 years and fines up to $500,000 or twice the gross gain or loss.

## 4.6. Indonesia

Indonesia, as a leading producer of timber and timber products, was among the first countries globally to introduce a timber legality system aimed at combating illegal logging. The Indonesian Timber Legality Assurance System (SVLK) was initially launched in 2009 with the introduction of Regulation No. 38. The system aims to prevent illegal timber harvesting, addressing Indonesia's estimated supply of 219 million cubic meters of unreported or illegally sourced timber between 1991 and 2014, which caused significant environmental and economic damage according to the OECD.

The introduction of SVLK also serves as one of the core components of a FLEGT Voluntary Partnership Agreement (VPA) between the European Union (EU) and the

Government of Indonesia, signed in 2011 and ratified in March 2014. Based on the agreement, certified timber and timber products exported from Indonesia to the EU are considered compliant with the EUTR. The SVLK system is however not limited to exports to the EU, since it applies to Indonesian timber exports globally.

SVLK regulates both the import and export of timber and timber products from Indonesia.

The **export system** consists of the following main functions:

1. Assessing and verifying relevant parties involved in timber production, processing, transportation, distribution, transfer, and domestic trade.
2. Tracing the origin of all timber and wood products.
3. Issuing documentation and licenses that certify the legality of timber and wood exports.
4. Reporting shipments through SINSW/INATRADE Single Window.

The SVLK system incorporates a tracking mechanism designed to ensure that all entities in the timber supply chain source their products from sustainably managed forests and operate in compliance with applicable laws and regulations.

All Indonesian companies producing and supplying timber products for export must hold a valid VLK certificate. To this end, they must be registered and receive a Forestry Industry Products Registered Exporters Certificate (ETPIK). Additionally, exporters of specified timber products must obtain a V-Legal Document from an accredited verification body (Lembaga Verifikasi or LV) for each export consignment. These documents are valid only for the particular shipment for which they are issued, with no possibility of reuse for other shipments, even from the same producer. The certificates are issued through the online SILK information system (Sistem Informasi Legalitas dan Kelestarian).

The application of due diligence for imports is set out in Regulation No. P.3/PHPL/PPHH/HPL.3/I/2018. Imported products must undergo due diligence, but they are not required to obtain a certificate. Due diligence checks are carried out by the Timber Legality Verification Agency (Lembaga Verifikasi Legalitas Kayu (LVLK).

In 2023, the SVLK was revised, *inter alia*, to introduce a new logo for licensed products, which can be accessed here.

## 4.7 Japan

Japan's Clean Wood Act, first introduced in 2016 (Act Number 48 of 2016, as amended in 2023), encourages the trade and use of legally harvested wood. It applies to wood harvested in Japan as well as imported products.

The Act covers "wood and wood products". Wood includes logs, and any products made of wood as specified in a Ministerial Order No. 2 from 2017. The Order sets out the following products in scope of the Act:

- Chairs, desks, shelves, storage containers, low partitions, coat hangers, umbrella stands, display boards, blackboards, whiteboards, and bed frames.
- Wood pulp.
- Copy paper, form paper, inkjet color printer coated paper, uncoated printing paper, coated printing paper, toilet paper and toilet paper made using wood pulp.
- Flooring made using wood as the base material.
- Wood-based cement boards.
- Siding boards made using wood.
- Intermediate wood items used in the manufacturing of any of the above items.

Second-hand, recycled products and waste are not covered by the Act.

While the original Act from 2016 operated largely on a voluntary basis, the Act was revised in 2023 in particular to strengthen due diligence and enforcement measures. The revised Clean Wood Act entered into force on 1 April 2025.

The Act now distinguishes between Type-1 and Type-2 businesses as follows:

**Type I Wood-related Business:** These are businesses that first place a timber product on the market in Japan. This includes importers, processors, or traders who are the first to introduce wood products into the supply chain. Type I businesses are required to confirm the legality of their wood and wood products by collecting and verifying detailed information such as the type of wood, harvest location, and legality documents.

**Type II Wood-related Business:** These are businesses that operate downstream from Type I businesses. They include those who process, sell, export, or use wood and wood products obtained from Type I or other Type II businesses. Type II businesses are required to check and manage documentation provided by Type I businesses but are not obligated to independently confirm legality.

Based on the revised act, type-I businesses are required to adhere to the following steps:

1. Collect information on the species, harvest area and documentation that proves the legality of the harvest.
2. Conduct due diligence to confirm that the products have been harvested legally.
3. Keep records of the collected information, the due diligence process and checks carried out.
4. Provide information along the supply chain to other businesses upon request.
5. Report the quantity of handled materials to the Ministry of Agriculture, Forestry and Fisheries.

Ordinance No. 2 form 2024 specifies methods and information that shall be used to confirm legality. This includes collecting information on the tree species, harvesting country, transaction and distribution information and retention of record for 5 years. Registration with the Ministry is not mandatory, but recommended.

Failure to comply with certain orders and requirements of the Act can result in a fine of up to 1 million yen.

## 4.8 South Korea

South Korea enacted its Sustainable Use of Timber Act in 2012 (Revised in 2017 and 2024).

It is important to note that the Korean Act currently only covers timber, logs, sawn timber, plywood, laminated wood and pellets. Unlike many other illegal logging laws, it does not extend to products such as paper, furniture or packaging.

Similar to the U.S. Lacey Act, the Korean Act does not prescribe a detailed due diligence system, but it focuses on the submission of an import declaration and documents to prove legality.

The Act requires importers of timber and timber products to submit an import declaration before importing their products, together with documents proving that the timber was legally harvested. Documents to be submitted together with the declaration may include a felling permit, a legality certificate issued by the Korea Forest Service or a document issued by a foreign country under a bilateral agreement. Internationally recognized certificates include e.g. a Chain of Custody Certificate issued by PEFC or FSC, ISO 17065 certification or a FLEGT license.

In addition, legally harvested products must be labelled in accordance with Article 20 (6) of the Act.

In addition to legality assurance, the Act also addresses the placing on the market of hazardous wood products and sets certain quality standards for wood products.

Penalties in case of non-compliance can include suspension, imprisonment and fines. For example, a fine of up to 30 million KRW or up to 3 years of imprisonment apply in case of failure to follow orders on the sale of hazardous wood products or the sale of products that do not meet the quality standards or that are not labelled.

# 05. Comparative Analysis of Key Requirements

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **European Union**<br><br>EU Timber Regulation (EU) 995/2010 | **In scope:**<br>Timber and Timber Products listed in the Regulation's Annex, including:<br><br>Wood; Particle board;<br>Pulp and paper of Chapters 47 and 48; Packing cases, boxes etc. of HS 4415<br><br>**Exempt:**<br>Packing cases and boxes only used to carry other products. | Applicable to operators and traders placing products on the EU market (not applicable to exports from EU).<br><br>Operators are required to establish a due diligence system, consisting of information collection, risk assessment and risk mitigation measures.<br><br>Timber or timber products may only be placed on the market if there is no or only a negligible risk.<br><br>Traders are subject to record-keeping obligations. | Scientific name of the wood species, trade name, country of origin (and in some cases sub-national region and concession), quantity, supplier details and documents indicating compliance with local laws.<br><br>Documents must be kept for 5 years. | There is no requirement to make information publicly available. | Products licensed under CITES or FLEGT are automatically considered legal.<br><br>No official recognition of private certification schemes.<br><br>Switzerland and the UK have aligned their laws with the EUTR. | Set out in Member State law.<br><br>EUTR states: May include fines proportionate to the environmental damage etc.;<br><br>seizure of the concerned timber and timber products;<br><br>immediate suspension of authorization to trade. | To be repealed by EUDR by 30 December 2025.<br><br>Continues to apply until 31 December 2028 to Timber and Timber Products produced before 29 June 2023 and placed on the market after 30 December 2025. | Guidance |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **European Union**<br><br>EU Deforestation Regulation (EU) 2023/1115<br><br>Regulation (EU) 2024/3234 (Postponement) | 7 forest commodities (Cattle, Cocoa, Coffee, Palm Oil, Rubber, Soya and Wood).<br>Derived products, only if listed in Annex I (e.g. leather, cocoa beans and chocolate, tyres, furniture, wood packaging and paper and paper products).<br><br>**Exempt**:<br>Packaging only used to carry or protect other products;<br><br>Second-hand products and products made in full of recycled materials. | Applicable to operators and traders placing products on the EU market or exporting products from the EU.<br>Products must be deforestation-free and legally produced.<br><br>Reduced obligations for SME-traders and downstream SME-operators.<br><br>Three-step due diligence system: Gathering information, assessing risk, mitigating risk.<br><br>Before placing products on the market/ making products available, a due diligence statement must be submitted (can be submitted annually). | Product description, including trade name and scientific name; quantity; country of production; geolocation of each plot of land where the relevant commodity has been produced; supplier details; evidence that the product is deforestation-free and legally produced.<br><br>Geolocation coordinates must also be included in the due diligence statement.<br><br>Geolocation requirement applies to each commodity batch. Mass balance chains of custody are NOT allowed.<br><br>Documents must be kept for 5 years. | Non-SME operators are required to share information about their due diligence process and the actions they have taken as openly as possible, e.g. on their website.<br><br>Operators subject to the EU CSDDD can include this information in their CSDDD due diligence statements. | FLEGT licensing automatically demonstrates legality, but not deforestation-free status.<br><br>Voluntary certifications can be used to support risk assessment, but no official recognition. | Set out in national law, but EUDR prescribes:<br><br>Maximum fine shall be at least 4% of the operator's or trader's total annual Union-wide turnover (to be increased to exceed the potential economic benefit gained);<br><br>Confiscation;<br><br>Exclusion from public procurement for 12 months;<br><br>Temporary exclusion from placing or making available products on the market;<br><br>Prohibition from exercising simplified due diligence. | Application dates:<br><br>Large and medium-sized companies by **30 December 2025**.<br><br>Small and micro-enterprises by **30 June 2026.** | FAQ document<br><br>Guidance document<br><br>EUDR Information system |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **Switzerland**<br><br>Timber Trade Ordinance 2021<br><br>Amendment of the Environmental Protection Act 2019) | 19 Wood and Wood Products listed in the Annex to the Ordinance (same as EUTR products) | Applicable to operators placing products on the Swiss market.<br><br>Operators are required to establish a due diligence system, consisting of information collection, risk assessment and risk mitigation measures.<br>Timber or timber products may only be placed on the market if there is no or only a negligible risk that they have been illegally harvested.<br><br>Traders are subject to record-keeping obligations. | Documentation of the scientific name of the wood species, the trade name, the country of origin, the quantity, the supplier details and proof of compliance with local laws.<br><br>In case of different risk levels within a country, the region and concession must be documented as well.<br><br>Documents must be kept for 5 years. | There is no requirement to make information publicly available. | Largely aligned with EUTR.<br><br>Products licensed under CITES are automatically considered legal.<br>FLEGT license is only considered as a strong indicator of legality, but not automatically exempt.<br>No recognition of voluntary certification schemes.<br><br>Mandatory certification schemes such as the Indonesian timber legality verification certificate are taken into account. | Up to three years imprisonment or a monetary penalty for intentional violations of ban or due diligence obligations.<br><br>Fine of up to 20,000 Swiss francs for intentional violations of traceability documentation requirements. | As of August 2025, there is no indication that Switzerland is planning to update national laws e.g. to align with EUDR | FAQ Document<br><br>EUDR information for Swiss companies<br><br>Enforcement Guide |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **United Kingdom**<br><br>The Timber and Timber Products (Placing on the Market) Regulation 2013<br><br>Environment Act 2021 | EUTR scope | EUTR obligations | EUTR obligations | EUTR obligations | Aligned with EUTR | Unlimited fines and up to two years in prison for violating the ban or the due diligence obligations (in case of conviction on indictment).<br><br>Fine of up to £5,000 and violating traceability and record-keeping obligations. | The UK has introduced a new due diligence system for forest commodities in Schedule 17 of the Environment Act 2021. The system is not operational as of August 2025 due to the lack of an implementing regulation. | Guidance |
| **Australia**<br>Illegal Logging Prohibition Act 2012, Amended in 2024<br><br>Illegal Logging Prohibition Rules 2024 | **In scope:**<br>Timber and timber products listed in Article 5 of the Rules:<br>Wood and articles of wood; pulp of wood; paper and paperboard; furniture.<br><br>**Exempt:** Products made of recycled materials, small consignments and materials exclusively used to protect or carry another product. | Applicable to importers and processors.<br><br>Three-step due diligence system: gathering information, risk assessment, risk mitigation.<br><br>A simplified risk assessment applies to FSC or PEFC-certified products (certified-products pathway).<br><br>Timber or timber products may only be placed on the market if there is no or only a negligible risk. | Importers and processors must gather as much information on the products as practically possible, including type name, trade name, scientific name, country and region of origin, manufacturing country if applicable, supplier details, quantity of the shipment, sales or delivery documents.<br><br>The onus to prove that gathering all of the information was impractical is on the importer. | There is no requirement to make information publicly available. | FSC or PEFC-certified products undergo a simplified risk assessment process. | Offences subject to penalties include importing or processing illegally logged timber, non-compliance with due diligence requirements, failing to make a customs declaration, and providing false or misleading information.<br><br>Fault-based offences can lead to penalties of up to five years imprisonment or up to 500 penalty units. | The Act and Rules have been revised in 2024, with effect from 3 March 2025.<br><br>During a transition period until early September 2025, compliance audits will focus on education and guidance on applying new due diligence requirements. | Fact Sheet<br>FAQ<br><br>Due diligence for importers<br><br>Due diligence for processors |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **United States**<br><br>Lacey Act 2008 | Plant and Plant products listed in the Implementation Schedule. | Applicable to imported and domestically manufactured products.<br><br>Importers must submit an import declaration. They must apply 'due care' to ensure that products are not illegally harvested. The Act does not prescribe a detailed regime or definition of due care.<br><br>Domestic products are not subject to declaration. The ban from placing illegally harvested products on the market also applies to domestic products. | Importers must submit a declaration (PPQ Form 505) including the following information:<br><br>Scientific name of the species, the import value, the quantity of the plant or plant products, harvesting country, article description, HTS code, manufacturer ID, Bill of landing, estimated arrival date etc. | There is no requirement to make information publicly available. | No official recognition of voluntary or foreign certificates. | Violation of trafficking prohibition and declaration requirement:<br><br>Civil penalties of up to $10,000;<br><br>Criminal penalties of up to 5 years imprisonment;<br><br>A fine of $250,000 or twice the gross gain or loss (1 to 5 years of probation and a fine of $500,000 or twice the gross gain or loss for corporations). | - | FAQ |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **Indonesia**<br><br>Timber Legality Verification System and Sustainability (SVLK)<br><br>Regulation No. 38 from 2009<br><br>Regulation of the Minister of Trade Number 23 of 2023 concerning Export Policies and Regulations<br><br>Import Due Diligence Regulation from 2018<br><br>SK.9895/MenLHK-PHL/BPPHH/HPL.3/12/2022 (New Guidelines and Logo) | All timber and timber products.<br><br>Non-Timber Forest Products (NTFP) included in new guidelines from 2023, but need to be defined in implementing regulation. | Applicable to exporters and importers of timber and timber products.<br><br>Exporters must obtain certification both as an exporter and for the individual product batches (V-Legal). Certificates are issued by independent third parties.<br><br>To this end, exporters must submit an application detailing their timber operations, supply chain, and compliance with Indonesian laws related to timber legality. Certified products must be labelled.<br><br>Importers must apply due diligence before importing their products. | Exporters must submit information during application procedure, including business license, processing license, records of timber origin, supplier contracts, documents on internal monitoring procedures and documentation verifying compliance with forestry and labor laws.<br><br>Importers are required to submit similar information. | There is no requirement to make information publicly available. | The system is part of Indonesia's FLEGT VPA Agreement.<br><br>Exports to the EU that are certified under SVLK are compliant with the EUTR.<br><br>No further recognition of voluntary certification. | Non-compliant companies published here.<br><br>Penalties include administrative fines, confiscation, withdrawal of SVLK license, and imprisonment (Law No. 41/1999 on Forestry and Regulation of the Minister of Trade Number 19 of 2021). | New Logo introduced in 2023. | - |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **Japan**<br><br>Clean Wood Act (Revised in 2023) | **In scope:**<br>Wood, logs and products defined in the Ministerial Order from 2017, namely: Certain furniture, wood pulp, certain paper products, flooring, wood-based cement boards, siding boards, intermediate products.<br><br>**Exempt:**<br>Second-hand and recycled products and waste. | **Type I Wood-related Business**: Businesses that first place a timber product on the market in Japan (importers, processors, or traders). Type I businesses are required to confirm the legality of their wood and wood products by collecting and verifying detailed information such as the type of wood, harvest location, and legality documents.<br><br>**Type II Wood-related Business**: Businesses that operate downstream from Type I businesses, including processors, sellers, exporters, or users who obtained products from Type I or other Type II businesses. Type II businesses are required to check and manage documentation provided by Type I businesses, but are not obligated to independently confirm legality. | Information to be collected by Type-I businesses includes: Species, harvest area, documents confirming legality such as licenses and transaction and distribution information.<br><br>Records must be kept for 5 years. | There is no requirement to make information available to the public.<br><br>Businesses are however required to annually report product quantities to the Ministry. | Voluntary and Foreign National Certificates from recognized organizations are accepted when proving legality.<br><br>The list of organizations was published in December 2024 and contains both international and Japanese certificates, including FSC and PEFC. | Administrative penalties of up to 1 million yen apply.<br><br>Failure to keep records or report to the Ministry can lead to fines of up to 300,000 yen, while failure to maintain financial statements can lead to fines of up to 200,000 yen. | Revised Clean Wood Act and accompanying regulations entered into force on 1 April 2025.<br><br>List of recognized certification organizations published in December 2024 | FAQ |

| Country/ Region | Products | Due Diligence and Other Requirements | Information Gathering | Public Statements | International Alignment | Penalties for Non-Compliance | Developments | Guidance Documents |
|---|---|---|---|---|---|---|---|---|
| **South Korea**<br><br>Sustainable Use of Timber Act 2012 (as revised in 2017) | **In scope:**<br>Timber, logs, sawn timber, plywood, laminated wood and pellets.<br><br>Does not cover derived products such as furniture, packaging or paper. | Importers are required to submit an import declaration together with documents proving the legality of the timber.<br><br>Products must furthermore be labelled.<br><br>Records must be kept for 5 years. | Documents proving legality are set out in Korea Forest Service Notice No. 2018-73 and include felling permits and certificates issued by a recognized organization. The import declaration furthermore contains information on the timber species and the country of origin. | There is no requirement to make information available to the public. | Certificates issued by recognized organizations are accepted to prove legality. This includes Chain of Custody Certificate issued by PEFC or FSC, ISO 17065 certification or FLEGT licenses. | Penalties in case of non-compliance can include suspension from placing products on the market, imprisonment and fines.<br><br>Up to 3 years imprisonment or a fine of up to 30 million KRW e.g. apply in case of failure to follow orders on the sale of hazardous wood products or the sale of products that do not meet the quality standards or that are not labelled. | Self-inspection pathway for small and medium sized businesses introduced in 2024 (Act No. 20086) | - |

# 06. Conclusion

As demonstrated in this paper, there is significant and ongoing progress in laws aimed at tackling illegal logging and deforestation.

Recent developments point to an expansion of regulations in terms of product coverage, due diligence requirements, and scope, moving beyond illegal logging to also address deforestation more broadly. Since this paper does not cover every existing framework worldwide, it is important to note that many other countries, including Malaysia, Brazil, Vietnam, and Costa Rica, have similar mechanisms in place to control the trade of illegally logged timber and related products.

Given the pace and width of these regulatory developments, it is strongly recommended that businesses relying on timber or other forest products closely monitor changes to ensure compliance and sustainable sourcing.

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