

## Article

# Adaptation to EUTR Requirements: Insights from Slovenia, Croatia and Serbia

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**Abstract:** Eight years after the European Union Timber Regulation (EUTR) came into force, its effectiveness is still unsatisfactory due to deficient and uneven implementation among member states. In addition, some Western Balkan countries have poor legality monitoring systems, increasing the risk of trade in illegally harvested timber. Regardless of this, no recent work has analyzed the adaptation of national forest policies to the EUTR obligations. Our study aims to contribute to the understanding of EUTR implementation by analyzing the adaptation of policies of the Western Balkan countries (Slovenia, Croatia, and Serbia) to the EUTR. Qualitative content analysis was conducted on 22 policy documents from Slovenia, Croatia, and Serbia. Documents were coded using coding categories derived from EUTR. Our results point out that none of the analyzed countries have a policy to directly address illegal logging or prevention of illegal activities. As EU members, Slovenia and Croatia has implemented EUTR through laws. The Slovenian Forest Act addresses all EUTR obligations, while Croatian Law on EUTR Implementation does not directly address the obligation of legality. This obligation is addressed by the Law on Forests. As Serbia is not an EU member, it did not implement EUTR. Nevertheless, Serbian Law on Forests addresses all EUTR obligations, but has some discrepancies regarding Traceability obligation. With ongoing discourses on Green Deal policies and the increasing focus on “deforestation-free” commodities, stricter implementation might be expected of EUTR at EU level. Most countries would probably have to build capacities for EUTR implementation and become more transparent and responsible concerning information availability. To successfully implement EUTR, an increased number of checks as well as stricter fines will be needed.

**Keywords:** EUTR implementation; forest policy; the legality of timber and wood products; Western Balkan



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## 1. Introduction

Over the last three decades, many efforts have been made to address deforestation and illegal logging. The European Union (EU), United States of America (USA) and Australia, among others, have adopted specific measures to avoid the placing of illegal timber on their markets. To prevent imports of illegally sourced timber and timber products, the EU adopted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in 2003 and the EU Timber Regulation (EUTR) in 2013. While FLEGT addresses the supply side (producing countries), EUTR addresses the demand side (importing EU countries). The EUTR obliges importers to implement a due diligence system (DDS) to minimize the risk of importing illegally sourced timber and timber products to the EU.

EU regulations increased awareness of illegal logging in producing and importing countries [1], but the effects of these regulations on the trade of illegally sourced timber and timber products are still debated. Eight years after the EUTR came into force, its effectiveness is still unsatisfactory due to deficient implementation [2]. The implementation

of EUTR within EU member states is uneven, which impacts its effectiveness also on market operators and traders. In its 2020 fitness check, the European Commission reported that “while progress has been made in some countries, the current level of technical capacity and resources (both human and financial) allocated to the Competent Authorities often does not correspond to the needs and must be strengthened in most of the member states to increase the number and quality of compliance checks” ([3], p. 11). Furthermore, many reports and studies reveal other gaps in implementation (i.e., information disclosure, weak sanctions, etc.), which need improvements to succeed in a full and effective implementation of the EUTR [2,4]. They call for the EU to strengthen the EUTR implementation and facilitate the removal of deficiencies, stating that uneven implementation by the member states might indicate that “the fight against illegal logging is not considered a high priority by national governments” ([2], p. 19).

EU regulations increased awareness of illegal logging in producing and importing countries [1], but the effects of these regulations on the trade of illegally sourced timber and timber products are still debated. Eight years after the EUTR came into force, its effectiveness is still unsatisfactory due to deficient implementation [2]. The implementation of EUTR within EU member states is uneven, which impacts its effectiveness also on market operators and traders. In its 2020 fitness check, the European Commission reported that “while progress has been made in some countries, the current level of technical capacity and resources (both human and financial) allocated to the Competent Authorities often does not correspond to the needs and must be strengthened in most of the member states to increase the number and quality of compliance checks” ([3], p. 11). Furthermore, many reports and studies reveal other gaps in implementation (i.e., information disclosure, weak sanctions, etc.), which need improvements to succeed in a full and effective implementation of the EUTR [2,4]. They call for the EU to strengthen the EUTR implementation and facilitate the removal of deficiencies, stating that uneven implementation by the member states might indicate that “the fight against illegal logging is not considered a high priority by national governments” ([2], p. 19).

Available studies have mainly considered EUTR impacts on markets and trade flows, both within and outside the EU (e.g., [5–7]). Borsky et al. (2018), as well as Houghton and Naughton (2017) studied the impact of production sustainability on international trade, focusing on the effect of the International Tropical Timber Agreement on countries’ trade patterns of tropical timber [8,9]. Giurca et al. (2013), Pepke et al. (2015) and Masiero, Pettenella and Cerutti (2015) studied the influence of policy measures on the international trade flows of tropical timber [6,10,11]. They all call for caution about possible policy spillover effects in terms, for instance, of creation of dual markets for certain products and other influences on trade patterns, including, e.g., product or species substitution effects. Jonsson et al. (2015) studied how EUTR and other regulatory measures influenced timber flows involving tropical and EU countries [1]. Buongiorno (2016) analyzed the world trade in forest products, as well as the effects of the Trans-Pacific Partnership agreement on the trade of forest products between 12 EU member states [12]. Akyüz et al. (2010) studied the trade in forest products between the EU and Turkey [13]. Morland, Schier and Weimar (2020) applied the gravity model to study global trade flows for 13 types of forest sector products [14]. Becher (2019) found that “the imports, after the enforcement of EUTR, experienced a linear increase, or in case of tropical wood products, stagnation after a previous falling trend” ([5], p. 33). In the southern and eastern Europe, researchers mostly looked into forest certification as a mean for sustainable forest management [15,16], chain of custody certification [17] and trade of timber and timber products [18]

Although EU imports of legally harvested timber increased to some extent as a consequence of implementing specific policies and regulations, it is possible that illegally harvested timber and timber products are sourced and traded domestically, or that the producer countries shifted exports to the countries/regions with less stringent regulations [19]. Among countries at risk of producing and trading in illegal timber, as well as being subject to policy side-effects, are some Western Balkan countries (e.g., Slovenia,

Croatia, Serbia). Worries about Balkan countries as a source of illegal timber have been reported, for instance, by Segato (2017), who found that “research into corruption in the forest sector in the Balkans shows that southeastern Europe is a corridor for criminal activity and illegal timber trafficking. A complex supply chain makes it difficult to identify falsified documents, and the lack of robust enforcement—due to insufficient resources—and the cost of compliance to companies means that there is little incentive to adhere to the EUTR. A better understanding of the EUTR, as well as more stringent due diligence systems and risk assessment, is needed to tackle corruption in the region” ([20], p. 13).

In Western Balkan countries, democratic changes took place in the late 1990s and early 2000s, leading to new forest regulatory frameworks, new public procurement procedures, new regulation of private forest companies, stricter financial regulations, etc. In their accession to the EU, Croatia and Slovenia had to harmonize their laws with the EU legislation and its international principles. In this context, the EUTR is part of the body of community law and regulations that need to be incorporated to fulfill EU requirements ([21], p. 1). Slovenia and Croatia aligned their policies and regulatory frameworks with those of the EU and had to implement the EUTR requirements. Serbia is still in the pre-accession process and has yet to adopt EUTR obligations. It is recognized by the European Commission as a priority country for the implementation and enforcement of the EUTR [22]. In addition, all three countries have a significant share of their forest certified by third party verifiers, such as FSC and PEFC [15].

Although Western Balkan countries are regarded as priority areas for improving legality monitoring systems in line with EUTR requirements and aims, no recent work has analyzed the adaptation of national forest policies to the EUTR obligations

Furthermore, no comprehensive study on EUTR implementation in the Western Balkan countries has been performed. Our study aims to contribute to the understanding of EUTR implementation by analyzing the adaptation of policies of the Western Balkan countries (Slovenia, Croatia, and Serbia) to the EUTR. For this purpose, we look into two research questions:

RQ1: How did the Western Balkan countries—namely Slovenia, Croatia, and Serbia—adapt their policies to the EUTR?

RQ2: To what extent and how did they implement the EU requirements?

In Section 2, we outline the EUTR obligations and their implementation within the EU. In Section 3, we describe the research methodology. In Section 4, we provide some basic data on the forest sector for the selected countries (Slovenia, Croatia, and Serbia) focusing on EUTR enforcement. In Section 5, we present the results of our research, arranged according to our research questions. In Section 6, we discuss our findings and draw conclusions. Additional materials are provided in Appendices.

## 2. EUTR Obligations and Their Enforcement

The EUTR was passed by the EU Parliament in October 2010 and entered into force in March 2013. It covers the demand side for timber and timber products, by prohibiting the placing of illegally harvested timber and timber products on the EU market [23]. EUTR lays down three main obligations for operators who place timber and timber products on the EU market [24]:

- (1) It prohibits the placing of illegally harvested timber and products derived from such timber on the EU market for the first time.
- (2) It requires operators (i.e., those who place timber products on the EU market for the first time) to develop, implement and update a due diligence system (DDS), by obtaining information on the source and legality of timber and timber products, as well as conducting a risk assessment and risk mitigation.
- (3) It requires traders (i.e., those who buy or sell timber and timber products already on the market) to keep records of their suppliers and customers.

Operators can use their own DDS or one provided by monitoring organizations recognized by the European Commission. The task of the monitoring organizations is to

assist operators in complying with EUTR requirements. The monitoring organizations develop a DDS, grant operators the right to use it, and check it is used correctly [23]. With this respect, forest certification schemes (i.e., FSC and PEFC) can be used by companies as a complementary tool for proving legality of timber and sustainable forest management. Furthermore, they can be used “also as an influencer in private and public purchasing policies and as a component of emerging wood harvesting and trade legality schemes” [17].

EUTR is legally binding for EU member states. Member states designate one or more Competent Authorities that are responsible for carrying out checks at regular intervals on operators’ compliance with the EUTR, as well as for laying down penalties and enforcing the EUTR. “The institutional structures, legal powers, and status of the designated authorities vary between countries due to their different legal and institutional frameworks” ([3], p. 2). Penalties differ considerably between countries, as well as “the approach taken to ensure effectiveness, proportionality, and dissuasiveness of the penalties applied” [25] (p. 1). The majority of countries impose administrative fines (23 countries) or seize timber and timber products (23 countries). In some countries, criminal fines (16 countries), suspension of trade authority (15 countries), or even imprisonment (17 countries) are applied for breaching the EUTR provisions [25]. In addition, criminal fines by 16 countries, imprisonment by 17 countries, and other penalties can be imposed by 11 countries [25].

In the recent Biennial report, the European Commission recognized certain shortcomings in the implementation of EUTR across the EU and concluded that an “uneven implementation can have potential implications in terms of both the effectiveness of legislation and a level playing field for market operators. In several countries, the number of checks remained relatively low compared to the number of operators, and it is doubtful, whether such a low number of checks can have a truly dissuasive effect across the industry. In addition, further effort should be made to ensure that the scope and quality of the checks carried out reflect a more consistent approach across the EU.” ([3], p. 12).

Several other organizations worry about discrepancies in the formal implementation of EUTR. In its Position Paper regarding EU rules on Illegal Logging published in November 2020, ClientEarth lists several issues about EUTR implementation [4]:

- Lack of staff and financial capacity in the member states;
- Uneven implementation leading to market disruption;
- Satisfactory assistance provided for small and medium enterprises (SMEs);
- The low number of checks conducted by Competent Authorities in the member states;
- Low penalties;
- Non-transparent reporting and disclosing relevant information of the member states;
- Weak cooperation between enforcing authorities within the member states.

Similarly, WWF found gaps in the implementation of EUTR concerning penalties and sanctions, number and quality of checks, follow up of control results and prosecution, resources and staff training, substantiated concerns by third parties, cooperation within and between countries, and transparency of Competent Authorities [2].

### 3. Materials and Methods

This research presents a comparative case study of three Western Balkan countries, i.e., Slovenia, Croatia and Serbia. A case study is “an empirical inquiry that investigated a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” ([26], p. 18). This research endorses multiple embedded case study design, as it analyzes policies and laws related to the prevention of illegal logging and trade of illegal timber and timber products of three Western Balkan countries. A multiple case study design covers multiple cases and draws a single set of cross-case conclusions. It is thus more reliable and robust than a single case study approach. The embedded design refers to embedded units of analysis within each context [26].

The countries were selected as cases for the analysis as they present a wide range of economic, social and policy conditions [27]. All three export a large proportion of

their timber and timber products to EU member states. They also reflect the changes that occurred after the breakup of the former Republic of Yugoslavia and with accession to the EU. Slovenia joined the EU in 2003, Croatia in 2013, while Serbia is still in the pre-accession process. There are therefore also several differences between these countries concerning economic development, social-political stability, and new forest policy and regulatory frameworks. Within each case, units of analysis include policies and laws related to the prevention of illegal logging and trade of illegally sourced timber and timber products, as well as policies and laws related to EUTR implementation.

As policy documents are written plans that prescribe means of actions [28–30], we focused on the content of policy documents that are of relevance to the legality of timber and timber products. National policies and regulations related to the prevention and tackling of illegal logging, as well as the trade in timber and timber products, were collected via a literature review and internet search in May 2021. The starting point for the identification of relevant policy documents were the websites of Ministries responsible for forestry in the three selected countries. Those websites contain lists of policy and normative documents that guide the national forestry sectors. After compiling an initial list of documents for targeted countries, other relevant websites were searched, including, among others, the websites of state forest enterprises, chambers of forestry engineers, associations of private forest owners, etc. Finally, a Google search was used to find other relevant policy documents in national languages using a combination of keywords, i.e., “Slovenia”, “Croatia”, “Serbia” and “illegal logging”, “wood processing”, “timber trade”, “European Union Timber Regulation” and “forestry documents”. For Slovenia and Serbia, this search did not yield additional results, whereas for Croatia it resulted in three additional documents not previously identified. The finalized lists of documents for all three countries were cross-checked with 3 national experts on forest policy from Slovenia, Croatia and Serbia. In total, we identified 8 Slovenian, 10 Croatian, and 4 Serbian policy documents. In the case that policies and regulations were not available for consultation through the above-mentioned sources, relevant institutions were contacted and were asked for the documents.

Policy documents were analyzed using qualitative content analysis. This is a technique for the systematic analysis of texts that addresses the content, themes and core ideas in texts [31,32]. “Qualitative content analysis includes contextual information, latent content, as well as formal aspects of the analyzed documents” ([30], p. 149). The software NVivo 12 was used to perform the analysis. All documents were coded in the relevant national language. Coding was performed by using a combination of deductive and inductive coding, distinguishing between coding categories and themes. Based on the content of Regulation (EU) No 995/2010 (EUTR), five main coding categories, and their respective themes were deducted (Table 1). During the coding process, several other themes emerged as relevant for EUTR implementation; thus, they were added inductively. Whole paragraphs of the text were coded under relevant themes, and multiple coding of paragraphs was allowed.



**Table 1.** Deductive and inductive coding categories and themes.

No	Coding Categories	Coding Themes	Code Type	Coding Rules/Explanation
1	EUTR	International commitments	Deductive	Explicit or implicit referral to the EUTR
		Forest protection	Inductive	Referral to forest protection against negative human influences
2	Prohibition	Planning	Inductive	Referral to planning documents about felling, wood transport, or record keeping
		Illegal activities	Deductive	An explicit mentioning of illegal activities of relevance to the EUTR
		Felling	Deductive	An explicit mentioning of felling requirements
		Felling of protected species	Deductive	An explicit mentioning of felling requirements for protected species
3	Due diligence	Certification	Deductive	An explicit mentioning of forest certification
		Wood products	Inductive	Referral to wood products certification or trade
		Wood transport, processing, and storage	Deductive	An explicit mentioning of the requirements for wood transport, processing and storage
4	Traceability	Record keeping	Deductive	An explicit mentioning of required records
		Information	Inductive	Referral to accessibility and transparency of information
5	Implementation	Competent authorities	Deductive	An explicit mentioning of competent authorities
		Monitoring	Deductive	An explicit mentioning of monitoring activities
		Sanctions	Deductive	An explicit mentioning of sanctions, fines, and other restrictive measures

Source: own elaboration.

#### 4. Forestry in Selected Countries

This section first presents a brief overview of the forestry sector in the selected countries focusing on forest resources, their ownership and tenure, as well as on wood production and the main trade flows, on illegal activities and, finally, on tools for promoting responsible forest management and tackling illegal logging, namely forest certification and EUTR implementation.

##### 4.1. Slovenia

Slovenia is one of the most forested countries in Europe with 1,176,754 ha of forest cover (58% of the territory) [33]. Forests in Slovenia are mainly owned by private forest owners (77%), 20% are state-owned, and 3% are owned by local communities. In 2019, the total volume of forest wood assortments produced in Slovenia was 4,729,000 m<sup>3</sup>, of which 40% were exported [34]. The main export destinations are Austria and Italy, while the main import partners are Croatia, Italy and Austria [35,36].

All state forests are managed by the state company Slovenski drzavni gozdovi-SiDG [37]. They have been certified according to the Forest Stewardship Council (FSC) scheme since 2007, and according to the Program for the Endorsement of Forest Certification (PEFC) scheme since 2017. In addition to state forests, the SiDG joint forest management (FM) and chain of custody (CoC) certification group includes seven major private forest estates with a total area of 24,346.76 ha, 12 timber traders, 16 sawmills and 32 wood processing companies [38]. Private forests are included in the PEFC regional certification (RCG PEFC). It includes 1196 owners managing 292,722 ha of forests, which represents almost one-fourth of Slovenian forests [39].

In 2019, 2851 illegal activities were recorded for the forest sector on a total area of 577 ha: these figures are similar to those reported for 2018. In 2019, 111 illegal activities

(3.9% of the total) were reported as occurring in the forest and forest area, which is slightly less than in 2018 (120). Illegal activities in 2019 were caused by agriculture (13.7 ha), mining (5.5 ha), and urbanization (3.4 ha), while illegal logging due to the building of infrastructure and other causes affected 0.6 ha each [33].

Slovenia has been implementing EUTR since 2013. Forestry inspection (i.e., the Inspectorate for Agriculture, Forestry, Hunting and Fishing [40]) is the responsible organization for carrying out checks on operators placing domestic timber on the market, while the Financial administration of the Republic of Slovenia is in charge for operators importing timber. Summary data on EUTR implementation in Slovenia (and Croatia) are presented in Table 2.

**Table 2.** EUTR implementation in Slovenia and Croatia.

	Slovenia	Croatia
Estimated no of operators trading in domestic timber	460,000	600,000
Estimated no of operators trading in foreign timber	1426	3589
Competent authority (CA)	Ministry of Agriculture, Forestry, and Food	Ministry of Agriculture and Ministry of Finance, Custom office
Annual plan of checks	1	0
Total number of checks on operators planned (domestic timber)	380	0
Total number of checks on operators planned (imported timber):	29	120
Total number of checks on operators undertaken (domestic timber)	611	0
Total number of checks on operators undertaken (imported timber):	29	104
Total number of checks on traders undertaken	177	1
Total number of penalties for domestic timber	n.a.	n.a.
Total number of penalties	n.a.	n.a.
Checks on MO	“Burea Veritas” on 29 March 2017	0
Particularly relevant trade partners	Bosnia and Herzegovina, Russia, Ukraine, Serbia	Bosnia and Herzegovina, Serbia, Ukraine
Substantiated concerns	16	0
Human resources (imported timber)	2 full time	3 (this work is performed in addition to other regular inspection work)
Human resources (domestic timber)	14 (this work is performed in addition to other regular inspection work)	1
Budget	n.a.	0
Number of operators who received assistance/training	60	1000

n.a., not available. Source: own elaborations from Slovenian and Croatia national reports on EUTR implementation [41,42].

#### 4.2. Croatia

The total area of forests and forest land in Croatia amounts to 275,903,905 ha, equivalent to about 47% of the total national land area ([43], p. 452). State-owned forests represent 76% of all forests, while private forests the remaining 24% ([43], p. 449). According to estimates, there are about 600,000 private forest owners in Croatia. Management is carried out according to 10-year management plans, which are in place for about 70% of private

forests [44] and all (100%) state-owned forests. In 2019, the total volume of forest wood assortments produced in Croatia was 13,995,000 m<sup>3</sup> [45]. The wood sector is traditionally export-oriented [46] and accounts for about 8% of the total national foreign trade totaling about 1.1 billion EUR in 2019. The leading export market for Croatian products is Italy (21%), followed by Germany (13%), Slovenia (10%) and China (7%) ([47], pp. 17–22). As regards wood imports, the main partner countries for Croatia are Serbia and Bosnia and Herzegovina, followed by Albania, Kosovo and Montenegro [21].

All state forests in Croatia are managed by Public Enterprise Hrvatske šume Ltd. (Zagreb, Croatia) [48] and FSC certified since 2002 ([43], pp. 52–55). In addition to this, there are currently over 250 FSC CoC-certified wood processing companies [49].

Recent documents and official data on illegal logging in Croatia are scarce. In 2020, the Report on Deforestation in the Republic of Croatia was submitted to the European Parliament by the Croatian non-government organization (NGO) VIDRA. The report accuses Hrvatske šume Ltd. Of performing excessive and illegal logging in Natura 2000 areas all over Croatia [50]. The European Parliament responded that “the responsibility for forests lies with the member states, and all forest-related decisions and policies in the EU must respect the principle of subsidiarity and member states’ competence in this field” [51].

Croatia has taken over its obligations for the implementation of EUTR from the date of joining the EU in 2013. However, the Law on implementation of the EUTR entered into force a couple of months before joining. The Ministry of Agriculture is the Competent Authority responsible for carrying out checks of operators, traders, and monitoring organizations [52]. The Ministry of Finance is also included in the process by providing data for checks. Between March 2015 and February 2017, Croatia did not plan or carry out checks on domestic timber, stating that 70% of the domestic forests are state-owned [42] ([53], p. 33).

#### 4.3. Serbia

Serbia has 2,237,511 ha covered by forests which correspond to about 29% of the national land [54]. 57% of forests in Serbia are owned by private forest owners and 43% are state-owned. Private forests are small and fragmented, being owned by approximately 900,000 forest owners [27]; this would correspond to an average size for private forests of about 1.42 ha. State forests are managed by Public Enterprise Srbijasume, and Public Enterprise Vojvodina sume [55,56].

As of April 2021, there are three joint FSC FM-CoC certificates. PE Srbijašume holds two certificates [55] and PE Vojvodinašume holds 1 [57]. The total certified forest area corresponds to 94,809,721 ha. Moreover, a total number of 245 CoC certificates have been issued to companies engaged in wood processing, trade and paper production [38].

In 2020, 3,180,227 m<sup>3</sup> of wood assortments were produced in Serbia ([58], p. 39). Wood imports grew by 7.2% since 2019 and total some 373 million United States dollars (USD). Total exports of the Serbian wood and wood furniture industry in 2020 equaled 548 million USD. Imports of softwood sawn timber amounted to 298,999 m<sup>3</sup> worth 48.7 million USD ([59], pp. 6–8). Serbia exports wooden furniture to over 30 countries, the main importers being Romania, France, Germany, the Netherlands and Italy, followed by other Western Balkan countries such as Macedonia, Bosnia and Herzegovina and Montenegro ([60], p. 21).

In 2019, 26,678 m<sup>3</sup> were illegally logged, while an additional 700 m<sup>3</sup> were damaged by human activities ([58], p. 51) including theft of forest assortments, and other damage. Serbia has not yet started implementation of EUTR. In Serbia, as well as in other non-EU Western Balkan countries, EUTR preparations are proceeding slowly. Due diligence standards and systems are not well developed. Unregistered/illegal logging occurs in the country in some instances because of government corruption, administrative procedures needed for felling in private forests, and weak connections between forestry and the wood processing industry. It seems that legality is not considered a priority in the wood processing industry and forestry, as “at present, there are no meetings among forest producers/companies in Serbia to discuss illegality risks” ([61], p. 7).



The PLAC project “Legal harmonization with FLEGT and EUTR—Demands, Needs and Consequences” produced recommendations for improvement of the Law on Forests to be in line with the EUTR Directive. In addition, this project recommended the preparation and adoption of specific legislation related to the timber trade, which should be in line with EUTR. This project also found that FLEGT Regulation is not transposed to national legislation. Currently, the Directorate for forests is engaged in the project Improvement of forest management in Serbia as a contribution to climate change adaptation and mitigation [62]. The specific objective of this project is “to strengthen capacities of the forestry sector in Serbia to be able to implement obligations stemming from EU standards and regulations in the field of forestry and forestry-related fields, including timber market, Forest Information System, subsidies, NATURA 2000 and bioeconomy” ([63], p. 3). The project should be finished by December 2022.

## 5. Results

### 5.1. How Did the Western Balkan Countries Adapt Their Policies to the EUTR?

This section provides the results of the content analysis answering our first research question. Results are presented according to coding categories, country by country.

#### 5.1.1. Slovenia

As we were interested in adaptation of policies to EUTR requirements, we identified eight potentially relevant policy documents at the Slovenian national level (Table 3). A description of Slovenian policy documents is provided in Appendix A.1, while detailed coding themes are given in Appendix A.2.

**Table 3.** Identified policy documents on the national level (Slovenia).

Category	Document Name	Type of Document	Year
Strategic documents	Resolution on the National Forest Program	Resolution	2007
	Forest Development Program in Slovenia.	Program	1996
	Operational program for the Implementation of the National Forest Program	Program	2017
	Action Plan to Increase the Competitiveness of the Forest–wood Chain in Slovenia by 2020	Action Plan	2012
Regulatory documents	Forest Act	Law	2016
	Management of State Forests Act	Law	2016
Guidelines	Explanations on the Record Sheet on The Use and Trade of Forest Wood Assortments	Communication	2016
	Explanations on the Accounting Document	Communication	2016

Source: own elaboration.

Table 4 provides an overview of coding categories identified in Slovenian policy documents and number of coded references found among them. As Slovenia is an EU member state, it had to translate EUTR obligations into policy and regulatory documents. However, on the national level, there is no policy explicitly related to prevention of illegal logging or other illegal activities (Theme EUTR commitments). Furthermore, none of the strategic documents explicitly mention illegal logging or EUTR. Strategic documents implicitly refer to the obligation of implementing EUTR requirements through fulfilling international commitments, such as ratified conventions and EU regulations [64,65], or forest protection [66].

**Table 4.** Coding categories identified in Slovenian policy documents and number of coded references.

	EUTR Commitments	Prohibition	Due Diligence	Implementation	Traceability
Resolution on the National Forest Program	5	5	2	2	0
Forest Development Program in Slovenia	2	4	2	1	0
Operational program for the implementation of the National Forest Program	1	4	1	0	0
Forest Act	1	11	6	17	7
Management of State Forests Act	0	2	0	2	0
Explanations on the Record Sheet on The Use and Trade of Forest Wood Assortments	1	0	1	0	2
Explanations on the Accounting Document	0	0	0	0	3
Action Plan to Increase the Competitiveness of The Forest-wood Chain in Slovenia by 2020	0	4	3	0	0

Source: own elaboration based on Nvivo 12 Matrix query.

In Slovenia, EUTR is implemented through the Forest Act, which is the only legal document explicitly referring to EUTR implementation ([67], Article 1a). This document addresses all three EUTR obligations. Document Explanations on the record sheet on the use and trade of forest wood assortments also contains a paragraph dedicated to the explanation of EUTR, and related obligations for forest owners as well as other natural and legal persons that place timber on the EU market for the first time [68]. Illegal logging is implicitly addressed solely by the Forest Act. It does not define illegal logging, but it stipulates that “in forests, any action that reduces the growth of the stand or the fertility of the site, the stability or sustainability of the forest or endangers its functions, its existence or purpose is prohibited” ([67], Article 18).

#### 5.1.2. Croatia

For Croatia we identified 10 potentially relevant policy documents for the implementation of EUTR (Table 5). A description of policy documents is provided in Appendix B.1, while detailed coding themes are given in Appendix B.2.

Similar to Slovenia, Croatia did not adopt new strategic documents that explicitly address prevention of illegal logging or other illegal activities (Theme EUTR commitments). Strategic documents implicitly refer to the obligation of implementing EUTR requirements through fulfilling international commitments, such as ratified conventions and EU regulations. Although the National Forest Policy and Strategy was adopted before Croatia entered the EU, it states that implementation of resolutions and conventions, as well as harmonization of regulations and institutions with EU regulations are a priority task ([69], p. 1676). The Strategy for the Development of Timber Processing and Furniture Production states that it respects guiding principles of sustainable and multifunctional forest management, efficient use of natural resources, and responsibility for global forests, promoting sustainable production and consumption of forest products, but it does not explicitly mention EUTR [70].

**Table 5.** Identified policy documents on the national level (Croatia).

Category	Document Name	Type of Document	Year
Strategic documents	National Forest Policy and Strategy	Strategy	2003
	Strategy for the Development of Timber Processing and Furniture Production	Strategy	2017
Regulatory documents	Law on Forests	Law	2018
	Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products	Law	2018
	Law on Trade	Law	2008
	Ordinance on Remittance of Trees, Marking of Timber Assortments, Consignment Note, and Forest Order	Bylaw	2015
	Regulation on the Auction of Certain Timber Assortments	Bylaw	
Guidelines	Instructions for Operators and Traders	Communication	2018
	List of Timber and Timber Products to Which the EUTR Applies	Communication	2018
	List of Protected Species Whose Trade is Restricted or Under Special Supervision.	Communication	2018

Source: own elaboration.

Croatia transposed EUTR requirements through the Law on the Implementation of the European Union Regulations on the Trade of Timber and Timber Products, which was adopted in 2018 and amended in 2020 [71]. Although this law refers to the Competent Authorities, professional and inspection supervision, and misdemeanor, it does not fully address obligations of prohibition, due diligence and traceability. Those are addressed in the Law on Forests and other documents (Table 6).

**Table 6.** Coding categories identified in Croatian policy documents with number of coded references.

	EUTR Commitments	Prohibition	Due Diligence	Implementation	Traceability
National Forest Policy and Strategy	5	7	4	9	0
Strategy for the Development of Timber Processing and Furniture Production	4	4	0	4	0
Law on Forests	5	2	19	13	6
Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products	0	0	3	1	1
Law on Trade	7	0	0	0	1
Ordinance on Remittance of Trees, Marking of Timber Assortments, Consignment Note, and Forest Order	6	0	1	7	10
Regulation on the Auction of Certain Timber Assortments	3	0	0	0	6
Instructions for Operators and Traders	1	0	2	0	1
List of Timber and Timber Products to Which the EUTR Applies	0	0	0	1	0
List of Protected Species Whose Trade is Restricted or Under Special Supervision	1	0	0	0	0

Source: own elaboration based on Nvivo 12 Matrix query.

### 5.1.3. Serbia

For Serbia, we identified four relevant policy documents for the implementation of EUTR (Table 7). A description of policy documents is provided in Appendix C.1, while detailed coding themes are given in Appendix C.2.

**Table 7.** Identified policy documents on the national level (Serbia).

Category	Document Name	Type of Document	Year
Strategic documents	Forestry Development Strategy	Strategy	2006
Regulatory documents	Law on Forests	Law	2015
	Law on Foreign Trade	Law	2018
	Rulebook on Consignment and Delivery Note	Bylaw	2015

Source: own elaboration.

As Serbia is not an EU member state, it did not translate EUTR obligations into policy and regulatory documents. Regardless of this, identified categories in the four policy documents can be implicitly or explicitly relevant for EUTR (Table 8).

**Table 8.** Coding categories identified in Serbian policy documents with number of coded references.

	EUTR Commitments	Prohibition	Due Diligence	Traceability	Implementation
Forestry Development Strategy	14	3	3	0	6
Law on Forests	7	11	2	6	6
Law on Foreign Trade	1	0	0	0	0
Rulebook on Consignment, and Delivery Note	0	1	1	4	0

Source: own elaboration based on Nvivo 12 Matrix query.

EUTR is implicitly tackled by the Forestry Development Strategy which states that the Government shall “harmonize the future legislative and institutional framework with the requirements of the European Union” ([72], p. 32). It also stresses that “the valid legislative and regulatory instruments do not ensure the adequate protection and enhancement of current forest resources” ([72], p. 10). According to the Law on Forests, protection of forests against illegal appropriation, use, destruction and other illegal activities is the responsibility of the user or forest owner, who is obliged to organize a forest protection service (i.e., the appointment/employment of forest guardians) ([73], Article 39).

## 5.2. How Did Selected Countries Implement the EUTR Requirements?

### 5.2.1. Slovenia

In Slovenia, EUTR obligations are implemented through the Forest Act and the Forest Development Program. With respect to the legality of timber logging, the Forest Development Program prescribes that all measures undertaken in forests must be planned ([65], p. 13). According to the Forest Act, forest management plans define the quantitative, temporal and spatial scope of felling, as well as methods and conditions for obtaining wood (Theme Planning). Felling in both state and private forests is performed according to valid forest management plans ([67], Article 13). Before felling, the trees must be selected, marked and stamped by the district forester who issues the Decision on felling ([67], Article 17). Furthermore, according to the Forest Act, it is illegal to transport wood or wood assortments without a valid Accounting document (see Theme Record keeping). The Accounting document issued by the consignor must contain all data required by the EUTR (see Appendix A.2).

The carrier of forest wood assortments must have a copy of the Accounting document after loading and during their transport and has to hand it over to the authorized official for supervision on request ([67], Article 17b). In several cases, including for example sales between two natural persons, an Accounting document is not required (see Appendix A.2 for more details). For forest wood assortments imported from third countries, including other EU member states, the Accounting document is not needed, but the carrier must prove the origin of assortments to the authorized official ([67], Article 17b).

As an optional tool for transparent management of data required by due diligence obligations set by the EUTR, the Ministry of Agriculture, Forestry, and Food recommended the use of a Record sheet on the use and trade of forest wood assortments and its five-year retention together with the accompanying documents (i.e., felling decision) [68]. The Record Sheet on the Use and Trade of Forest Wood Assortments contains information as required by EUTR (see Appendix A.2 for details).

Forest owners and other natural and legal persons may provide the information necessary to ensure the traceability of timber and timber products and the DDS in other ways, but they must comply with the provisions of EUTR regulation [74]. According to the Forest Act, all forest management plans are documentary material and must be kept permanently. The Decision on felling, Accounting document and Record sheet must be kept for five years, in line with the EUTR obligation of traceability.

The Competent Authorities for the enforcement of EUTR and related secondary legislation (in particular, Regulation 607/2012/EU) are the Ministry of Agriculture, Forestry and Food, the Inspectorate for Forestry, and the Financial Administration of the Republic of Slovenia, each of them according to their specific competencies. The Ministry of Agriculture, Forestry and Food is responsible for keeping records, exchanging information, conducting inspections of control organizations, and reporting to the European Commission. The Inspectorate for Forestry and the Financial Administration provide the Ministry of Agriculture, Forestry and Food with all necessary information [67].

The Resolution on the National Forest Program states that monitoring of forests is carried out by the Forestry Inspection (see Appendix A.1 for more details), and in protected areas also by the Inspection body responsible for nature conservation [66]. The Inspectorate for Forestry (Ministry of Agriculture, Forestry and Food) performs inspection of forest works. The Forest Development Program reports that the number of forest inspectors is relatively low and that private forest owners are the focus of forest inspection [65]. For that reason, in 2006, the Slovenian Forest Service started implementing direct control in nature, i.e., control of forest management including on site/field controls to check compliance with regulations in the field of nature protection ([67], Article 75). Financial administration and the police can also act as inspection bodies in the case of transport of wood or forest wood assortments without an accounting document ([67], Article 75).

For infringements of the Law on Forests, monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a certain illegal activity, as well as on the severity of the activity itself (see Appendix A.2 for more details) ([67], Article 81 and 81a). For the offense of placing illegally harvested timber or timber products on the market, in addition to the prescribed fine, a collateral sanction consisting of the confiscation of forest wood assortments may be imposed. In that case, the supervisory authority seizes forest wood assortments. Transport, storage and disposal of seized forest wood assortments are performed by the company Slovenski Državni Gozdovi, on behalf of the Republic of Slovenia ([67], Article 81c).

### 5.2.2. Croatia

In Croatia, EUTR obligations are implemented through the Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products [71]. Although this law refers to Competent Authorities, and their responsibilities it does not fully address EUTR obligations on prohibition. With respect to the legality of timber logging, illegal activities are explicitly addressed by the Law on Forests and the National Forest Policy and



Strategy [69,75]. The latter defines the measure of “strengthening the forestry guard service by giving greater powers to prevent illegal activities in forests” ([69], p. 1672). The Law on Forests defines illegal logging as “any felling of trees that is not prescribed by forest management plans” ([75], Article 8). Forest management plans are the basic documents for the management and use of forests ([75], Article 27). They make a legal and technical basis for the remittance of trees and felling.

With respect to due diligence, the Law on Forests prescribes that timber forest assortments may be transported only if they are marked and if the prescribed consignment note has been issued for them ([75], Article 37). For manufactured and properly marked timber assortments for which a consignment note has already been issued, a new one may be issued at a later date as specified below. A new (EUTR) consignment note is issued by a licensed forester confirming traceability, in accordance with the EUTR. The sale of timber assortments belonging to the tariff codes 4401 and 4403 and originating from forests managed by the company Hrvatske šume L.t.d. (i.e., the Croatian National Forestry Enterprise) is performed by auctioning. At the request of other users, i.e., forest owners, timber assortments originating from forests that are not managed by the company Hrvatske šume Ltd. Can also be sold by auctions ([76], Article 1).

The Regulation on the Auction of Certain Timber Assortments prescribes that before offering timber or timber assortments via an auction, a Request for bidding must be submitted to the Committee for the auction. If the request contains all the data, the Committee issues consent for bidding. After the bidding, the Committee draws up a record of the public auction, as a proposal based on which the Ministry of Finance decides on the selection of the bidders who offered the highest price for certain timber assortments and issues a Notice of public auction with a maximum validity of 90 days. The Notice is a document with information on the origin and legality of timber assortments, the right of purchase based on tenders and resale on the EU market and the European Economic Area market, as well as to export timber assortments to third countries. Attached to the Notice is the Specification of timber assortments as listed in the request for bidding and the bid-offer. According to the issued Notice and Specification, and at the request of a legal or natural person who wishes to sell or export timber assortments referred to by the Specification, the licensed forester performs measurement, marking and stamping in accordance with forestry regulations and issues a new (EUTR) consignment note, which is a condition for further transport of timber assortments [76].

Traceability of timber and timber products is regulated by the Law on Forests, according to which forests should be managed transparently, making forest management plans publicly available, and keeping the information on forests available in the national Register ([75], Article 2). The national Register is an electronic record of the whole forest management area of the Republic of Croatia. It represents a unified system of registers of data whose purpose is to ensure effective access to information and support decision-making and management ([75], Article 3). The Register also contains a section for reporting to fulfill international and national obligations set by the EU legislation, international conventions, agreements, protocols and other acts binding on the Republic of Croatia ([75], Article 13).

According to the Law on Forests, all forest management plans must be kept permanently and the evidence on the remittance of trees is to be kept in the Register ([75], Article 30). Besides that, the licensed forester keeps the Remittance book of all trees marked for felling. The Remittance book for state forests is kept by Hrvatske šume Ltd., while for private forests by the Advisory service (see Appendix B.1 for more details) ([77], Article 10). Licensed foresters are obliged to submit a summary table of marked and felled trees to the Ministry of Agriculture once a month. The summary table contains data on the forest owner (name and surname), county, administrative municipality, cadastral municipality, cadastral parcel, and economic unit, as well as data on tree species, assortments and volume ([77], Article 23). Licensed foresters also keep the consignment book which includes all issued consignment notes ([77], Article 20).

Instructions for Operators and Traders state that the economic operator is obliged to keep timely and systematic records of each consignment of imported timber and timber products. Records on all suppliers from whom logs and timber products are purchased, and on all customers to whom logs and timber products are sold shall be kept by economic operators for at least five years [78].

The Competent Authorities for the enforcement of the EUTR are the Ministry of Agriculture, Ministry of Finance and the Customs Administration [71,75]. The Customs Administration is responsible for receiving FLEGT licenses and keeps records about them, further verifying the consignment covered by the FLEGT licenses, and takes provisional measures where needed ([71], Article 6). The Ministry of Agriculture verifies and accepts the FLEGT licenses, checks the implementation of the DDS by operators, as well as compliance with the traceability obligation of traders within the supply chain. Moreover it reports to the European Commission and determines corrective measures where appropriate ([71], Article 6).

According to the Law on Forests the protection of state forests is performed by the forest rangers. If a forest ranger finds a person who illegally appropriates timber, or other forest products, or performs other illegal activities, (s)he is obliged to establish the identity of that person and temporarily confiscate the illegally appropriated forest products and assets ([75], Article 44). Legal supervision over the implementation of the Law on Forests is performed by the Ministry of Agriculture. Inspection supervision is performed by forestry inspectors from the State Inspectorate. Professional supervision of the quality of work is performed by the Chamber of Forest Engineers at the request of the Ministry of Agriculture or other persons with a legal interest. Inspection supervision in the field of trade is carried out according to special regulations, namely the Law on Trade and the EUTR.

For infringements of the Law on Forests as well as EUTR obligations monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a crime, as well as on the severity of illegal activities (see Appendix B.2) ([73], Article 9–10).

For the offense of placing illegally harvested timber or timber products on the market, in addition to the prescribed fine, a collateral sanction consisting of the confiscation of forest timber assortments may be imposed. In that case, the Customs office seizes them. Transport, storage and disposal of seized forest timber assortments are performed by Hrvatske šume Ltd., on behalf of the Republic of Croatia ([75], Article 94).

### 5.2.3. Serbia

In Serbia, the EUTR is not implemented through existing regulatory and strategic documents. Illegal logging is marginally addressed by the Forestry Development Strategy which states that the Serbian Government will establish an efficient system of forest protection against illegal felling, illegal occupation, illegal building, and other unlawful actions and efficiently sanction illegal actions related to forests ([72], pp. 38–40). The Law on Forests defines illegal logging as the felling of trees that is not performed according to the forest management plans and prohibits transport and processing of the timber without the stamp. It also prohibits the felling of protected species. Forest management plans provide both technical and legal requirements and guidelines for conducting all operations in forests, including felling (see Appendix C.1).

With respect to the legality of logging, the Law on Forests stipulates that felling of trees in forests can be performed only after selection, marking with remittance stamp, and registration of trees for felling ([73], Article 57). The remittance shall be made by a licensed forester allowed to perform professional activities in forest management. The right to the remittance stamp is issued to an expert employed by a forest owner who manages the forest following a valid forest management plan or is employed by the legal entity that manages the forest. The remittance stamp is assigned by the competent ministry (or other competent institution of the Autonomous Province of Vojvodina) to each expert ([73], Article 58). Felling of protected species is prohibited unless they are a source of infection from diseases and pests, or if they endanger people and objects. In this case, the competent

Ministry (or other competent institution of the Autonomous Province of Vojvodina) must approve felling. Stumps of illegally logged timber must be marked by a licensed forester employed by a legal person (e.g., PE Srbijasume, private company, etc.) with a stamp indicating forest misdemeanor.

With respect to due diligence obligations, the Law on Forests stipulates that felled timber must be stamped and followed by a consignment or delivery note to be placed on the market (bought, sold, donated, stored and transported). Stamping of felled timber and issuance of a consignment or delivery note is performed by the forest owner or the user who manages the forest according to the management plan. It is prohibited to process and store timber if it is not stamped and if it is without a consignment or delivery note ([73], Article 60).

With the aim of creating and retrieving the highest possible value from forest products, the Forestry Development Strategy prescribes to “develop the national criteria, indicators, and guidelines for sustainable forest management pursuant to the Pan-European criteria and indicators of sustainable management and stimulate the voluntary forest certification” ([72], p. 54). Similarly, the strategy prescribes a measure for “creating the conditions for the beginning of the forest certification process for wood products” ([72], p. 62), to create an efficient wood industry sector competitive on the world market. Under the same objective, the strategy prescribes a measure aimed at “introducing the system of production quality control and the harmonization of technical norms in the field of wood industry with the European and international standards” ([72], p. 60).

The Forestry Development Strategy reports that information on the status of resources, measures and activities implemented in forests should be made available to all stakeholders and the public ([72], p. 68).

The Law on Forests prescribes that completed forest management operations are recorded and presented as an integral part of the forest management plans ([73], Article 34). A person who places timber on the market must keep evidence of the stock of sold, processed and bought timber, number of the consignment or delivery note, the name and address of the supplier and buyer of the timber, mark and number of the stamp by which the wood is stamped, types and quantities of timber by assortment, as well as place and date of receipt/delivery of timber ([79], Article 14). The book of consignment or delivery notes must be kept for at least two years, which is not in line with the EUTR requirement of traceability (five years). Data on illegally logged timber are kept in a book of forest misdemeanors.

As Serbia did not implement EUTR, there are no competent authorities for enforcement of the EUTR. The Forestry Development Strategy states that the regulatory, supervisory and supportive functions will be executed by the ministry’s division responsible for forestry. The supervision is implemented through the inspection affairs with the aim of promoting sustainable forest management ([72], pp. 80–82).

The Law on Forests prescribes that monitoring activities in state-owned and private forests are carried out by forest inspectors ([73], Article 107–108). In addition to the forest inspector, the forest guardian is (amongst others) authorized to stop/check a person caught while performing illegal activities, inspect all types of vehicles by which timber is transported as well as documentation that accompanies timber in traffic and report on the illegal activities ([73], Articles 39–41) (see Appendix C.2 for more details).

For infringements of the Law on Forests, monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a crime, as well as on the severity of illegal activities (see Appendix C.2) ([73], Article 111–113).

## 6. Discussion and Conclusions

Our study points out that none of the analyzed countries have strategic policy documents (i.e., a strategy or action plan) specifically dedicated to the prevention of illegal activities in forestry. Existing policies address illegal logging marginally, without specifying measures for preventing and combating it. This might imply that, in analyzed countries,

illegal logging and trade are not currently regarded as “hot” political issues requiring targeted strategies or action plans, which is in line with the WWF findings from 2019 [2]. Illegal logging is referred to in analyzed forest laws, mostly within the description of tasks and responsibilities for forestry inspectors and guards.

Table 9 presents a summary of EUTR obligations and related key documents needed to prove DDS implementation and timber legality in the three targeted countries. Both similarities and differences concerning the EUTR implementation were noticed between analyzed countries. Both Slovenia and Croatia fully implemented EUTR requirements through regulatory documents. Slovenia amended the Forest Act in 2016 and integrated all EUTR requirements. In 2018 Croatia adopted the Law on the Implementation of the European Union Regulations on the Trade of Timber and Timber Products in addition to the already existing Law of Forests. Although Croatia reported the Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products to be the only reference for the enforcement of the EUTR, we found that the Law on Forests is also explicitly relevant for the EUTR, as it refers to the legality of logging and timber products, as well as to the documents needed for fulfilling the obligations of due diligence and traceability. Serbia has not yet implemented EUTR requirements, but it will have to do in the near future. Although EUTR is not yet implemented, the Law on Forests as well as other regulatory documents show links and connections to EUTR obligations.

**Table 9.** Summary of policy documents addressing EUTR obligations.

EUTR Obligation	Slovenia	Croatia	Serbia
EUTR implementation	<ul style="list-style-type: none"> <li>Forest Act</li> </ul>	<ul style="list-style-type: none"> <li>Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products</li> <li>Law on Forests</li> </ul>	<ul style="list-style-type: none"> <li>Law on forest</li> </ul>
Prohibition	<ul style="list-style-type: none"> <li>Forest Management Plan</li> <li>Decision on felling</li> <li>Accounting document</li> </ul>	<ul style="list-style-type: none"> <li>Forest Management Plan</li> <li>Consignment Note</li> </ul>	<ul style="list-style-type: none"> <li>Forest Management Plan</li> <li>Consignment or Delivery Note</li> </ul>
Due diligence	<ul style="list-style-type: none"> <li>Record sheet</li> <li>Certification</li> </ul>	<ul style="list-style-type: none"> <li>Notice of Public Tender</li> <li>Specification of Timber Assortments</li> <li>EUTR Consignment Note</li> <li>Certification</li> </ul>	<ul style="list-style-type: none"> <li>Book of Consignment or Delivery Notes</li> <li>Certification</li> </ul>
Traceability	<ul style="list-style-type: none"> <li>Record sheet</li> </ul>	<ul style="list-style-type: none"> <li>Instructions for Operators and Traders</li> <li>National Register</li> <li>Remittance Book</li> <li>Consignment Book</li> </ul>	<ul style="list-style-type: none"> <li>Book of Consignment or Delivery Notes</li> </ul>
Enforcement	<ul style="list-style-type: none"> <li>Ministry of Agriculture, forestry and Food–Forestry Inspectorate (CA)</li> <li>Financial Administration of the Republic of Slovenia</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Agriculture</li> <li>Customs administration</li> </ul>	Not available

Source: own elaboration.

In all countries, forest management plans define the legal and technical basis for felling. Legally harvested timber must be accompanied by certain documents which vary from country to country. Ministries responsible for forestry in Slovenia and Croatia also provided guidelines on EUTR implementation explaining the more difficult-to-understand parts of the EUTR requirements.

In order to conduct a full risk assessment, due diligence obligations require operators to collect detailed information on timber and their suppliers [22]. In Slovenia and Croatia, due diligence is proven by several documents and permits that must accompany timber from the logging site to the final destination. All these documents contain specific information about the timber and its origin (see Appendices A.2 and B.2), but not all of them include general information needed for the risk assessment, in particular with regard to

the complexity of the supply chain and the prevalence of illegal logging. As a result, to prove the legality of timber and timber products, operators need to obtain a number of additional documents, e.g., documentation on logging rights, payments for logging, legal rights of third parties regarding the use and possession of land affected by logging, trade and customs-that prove that the timber is legally obtained and traded.

In each analyzed country more than 50% of forests are certified and all countries are aiming to promote forest certification and increase certified forest areas and organizations [16–18]. In these countries FSC certification “is, to a certain extent, perceived as a guarantee for the legality of wood operations and origin.” ([15], p. 17). Since certification is desirable as a management and marketing tool but does not represent a sufficient condition for ensuring legality according to EUTR requirements, further cautions are necessary.

The Western Balkans are known as an area exposed to a high risk of corruption, which together with illegal activities is recognized as one of the key problems in the forestry sector at the regional scale [80]. Both Croatia (47) and Serbia (38) show a Corruption Perception Index that is lower than 50 [81], a threshold that is often associated to a higher risk. In this sense, Croatia makes an interesting example. The state forest enterprise, Hrvatske šume, develops forest management plans and manages state forests. At the same time, it is the largest timber operator on the Croatian market, acting as an organizer of timber auctions. This multiplicity of roles might lead to some conflict of interest [82], undermining the credibility of documentation as well as actual legality of timber [83]. Indeed, a recent report on massive deforestation in Croatia accuses Hrvatske šume, as well as administrative bodies for forestry and nature protection, of committing deforestation on large areas all over Croatia, including within Natura 2000 sites.

At the same time, in Serbia and Croatia, numerous protests have been organized by civil society in the last year regarding the issue of timber logging associated with land use changes. An example is given by the Facebook group “Odbranim reke Stare planine”, i.e., “Let’s protect Stara planina rivers”, aiming to protect rivers in the mountain area of Stara planina against human activities, including logging for the development of skiing facilities and hydropower stations. These events call for increased precaution when dealing with timber from these areas, posing challenges to forest owners and operators in general that, with the strengthening of the implementation of EUTR, will need to prove the legality of timber by several means (i.e., due diligence systems, multiple certification, permits, receipts). While attention paid by civil society organizations and citizens on these issues may ensure some watch-dogging of forestry activities it may also result in additional efforts and costs for operators called to prove the legality of the timber they place on the market.

Transparency, availability and accessibility of information are of critical importance for obtaining the necessary information on timber legality [83]. Yet, transparency of information is still low in some countries. For example, in all three countries forest management plans, felling permits, consignment and delivery notes should be kept permanently as archive material. Some of those documents are publicly available, as this is also a requirement for many documents, such as a summary of the forest management plan, according to FSC standards, while for others a special request and/or administrative fee must be paid. In addition, there is not easily and freely available information about illegal logging in Croatia. There are no national reports or any other documents accessible online that quantify illegally logged timber. At the time of manuscript preparation, Croatia, as well as Slovenia still had not submitted an EUTR Annual report for 2020 to the European Commission. Furthermore, although websites of Ministries responsible for forestry do list documents relevant for forestry (i.e., strategies, laws, etc.) it often happens that those lists are not regularly updated, thus showing old documents, or being incomplete. Finally, not all listed documents are available online. Our findings are in line with recent reports on EUTR implementation which found that Competent Authorities do not regularly publish information on checks and/or breaches detected during control [2,4].

To prove legality of timber, operators in Slovenia and Croatia have to ensure record keeping for at least five years, while in Serbia this period is only two years. As the latter is a



discrepancy with EUTR, Serbia will have to change the required duration of record keeping. We see a few possibilities about how this could happen. To comply with EUTR obligations, Serbia will have to opt either for amending the existing Law on Forests, as Slovenia did, or more probably, opt for the adoption of a new, separate law on EUTR implementation (as was the case in Croatia). In any case, it will have to establish a Competent Authority, which will probably be The Ministry responsible for forestry [18]. Most likely, the Inspectorate for Forestry will take over most of the Competent Authority obligations. This will be an addition burden on the already limited capacities of the public forest administration for coercion and monitoring of forest legislation.

Limited capacities of public authorities were also recognized as limiting factors for EUTR implementation [2,4,22]. Our results confirm these findings. Both Croatia and Slovenia have no separate budget for EUTR implementation and invest minimal human resources. They report no cooperation with other EU member states on EUTR implementation. A limited number of checks on operators, traders and monitoring organizations is performed in both countries. In the 2019 report Croatia reported that no monitoring organization is operating in Croatia; thus, checks were not needed [42]. Penalties for breaching EUTR are average in Slovenia and lower in Croatia compared to other EU Member states [3], and mostly stay on the level of notice for remedial actions.

Our findings indicate that the reporting quality of Competent Authorities should also be improved, which is in line with the findings of the European Commission (2020), ClientEarth (2020) and WWF (2019) [2,4,22]. Our research found some inconsistencies between what Competent Authorities reported in their biennial reports for the period 2017–2019, and what is prescribed in laws. While both the Slovenian Forest Act and the Croatian Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products prescribe seizure of illegal timber and timber products, both countries reported that they cannot apply this measure.

Currently, in all targeted countries, several activities are taking place within the framework of EUTR policies and their implementation, which may be regarded as an indicator of future changes and improvements. In Slovenia, a specific online tool and platform have been developed to improve the connectivity of the forest–wood chain and market conditions ([www.mojgozdar.si](http://www.mojgozdar.si), accessed 25 August 2021). As a part of the national register, Croatia is currently compiling a register of private forest owners, and a register of companies operating with timber and timber products. In Serbia, a new information system for forestry is being developed, which will also include electronic consignment and delivery notes. In parallel, a new national forest inventory is being conducted to ensure more precise data. Capacities for implementation of the EUTR are being built through the dedicated twinning project “Improvement of forest management in Serbia as a contribution to climate” with the objective of introducing comprehensive sectoral policies to ensure the reduction of illegal activities and the increased resilience of forests to climate change [63].

With ongoing discourses on Green Deal policies and the ambitious EU target to cut CO<sub>2</sub> emissions by 55% by 2030, as well as the increasing focus on “deforestation-free” commodities, stricter implementation of EUTR might be expected at EU level. Most countries would probably have to build capacities for EUTR implementation and become more transparent and responsible concerning information availability. Western Balkan countries will be no exception, and decision makers and forestry professionals, as well as operators and traders, will face new challenges. To overcome them, they will need to learn from existing best practices and improve cooperation. To successfully implement EUTR, a number of checks, as well as stricter fines, will be needed. Those policies [83] will likely not be enough to ensure an appropriate promotion of legality. It seems that for ensuring a better governance of the forest sector effective mix of policy tools (including voluntary ones, for instance, forest certification) is needed. This will need to imply a stricter cooperation among all relevant forest sector actors, both public and private, to identify technically and economically viable solutions for ensuring legality and the respect of existing regulations, while at the same time ensuring competitiveness on domestic and, above all, global markets.

More empirical research on the Western Balkans must be performed to understand how operators could respond to EUTR requirements. This may also provide guidance and best practices for other Balkan countries not covered in this study.

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## Appendix A.

### *Appendix A.1. Policy Framework and Organization of Forest Sector in Slovenia*

#### Appendix A.1.1. Forest Policy

Forest policy in Slovenia is shaped through several documents, of which we focus on those relevant for implementation of the EUTR.

The Forest Development Program in Slovenia was adopted in 1996. It established a national policy for the sustainable development of forest management, guidelines for the conservation and development of forests, and conditions for their exploitation or multipurpose use. It laid down the foundations for the preservation and development of all forests and their functions. The program contains the development strategy in individual areas of forest management, and also indicates professional guidelines for cooperation with related sectors (i.e., nature conservation, wood industry, etc.). Organizational, personnel and material resources are also determined for the implementation of sustainable, close-to-nature, and multifunctional forest management [65].

The Resolution on the National Forest Program was adopted in 2007. It is a key strategic document of Slovenian forest policy. The main principles are aimed at preserving the forest and ensuring a multifunctional role that includes environmental, social and economic aspects. It contains a long-term management vision, goals, guidelines and indicators for development of the forest sector, links with environmental protection and nature conservation, as well as economic sectors related to wood processing and forestry [66].

The Operational Program for the implementation of the National Forest Program 2017–2021 was adopted in 2017. It represents the link between the basic strategic documents and documents that form the basis for planning, implementation and monitoring of forest policy measures at lower levels. It connects the contents of valid operational documents and programs and upgrades them according to need through the scheme of priorities, measures and tasks. The operational program should enable forest policymakers to direct sustainable forest management following the needs of the forests, owners and society as a whole, while ensuring the rational and efficient use of available organizational, personnel and financial resources [64].

The Forest Act was adopted in 1993 and mandated numerous times. The last mandate was in 2016. It regulates the protection, cultivation, exploitation and use of forests, and the disposal of forests as natural resources to ensure sustainable, close-to-nature and

multifunctional management following the principles of environmental protection and natural values, sustainable and optimal functioning of forests as an ecosystem, and the realization of their functions. The Forest Act also regulates the implementation of EUTR in Slovenia. According to the Forest Act, all operations and measures implemented in forests must follow forest management plans. The Forest Act prescribes three types of plans:

- Forest management and hunting management plans of the areas—define forest functions and their evaluation, objectives, guidelines, and measures for forest management, objectives, guidelines, and measures for game management following the regulations on game and hunting, and guidelines for the preservation or establishment of the natural autochthonous composition of forest life communities based on biological indicators;
- Forest management plans of forest management units—define forest functions and their evaluation, intensity and objectives of forest management, guidelines for achieving the objectives, measures and methods of their implementation, guidelines for the management of individual forest trees and groups of forest trees outside settlements, and site coefficients.
- Silvicultural plans—an implementation plan for a management plan of a forest management unit which defines silvicultural objectives, guidelines and management measures, scope, intensity and necessity of cultivation and protection operations, areas where the individual selection of trees for possible felling is not the mandatory, quantitative, temporal and spatial scope of fellings, methods and conditions for obtaining wood, guidelines and works for the simultaneous preservation and promotion of the ecological and social functions of the forest.

Forest management and hunting management plans of the areas and management plans of forest management units are prepared as joint plans for all forests, regardless of ownership, taking into account the specifics of individual areas ([67], Articles 8–16).

Management of State Forests Act was adopted in 2016. This Act determines the management of forest owned by the Republic of Slovenia (state forest) aiming to achieve economic and development goals and objectives of public interest in the state forest and to create conditions for the development of forest-timber chains as carriers of sustainable development and green jobs. It also regulates the principles and objectives of state forest management. The company Slovenski Državni Gozdovi manages state forests, procedures, manner and restrictions in the disposal of state forests, method of obtaining forests, method of state forest management and annual compensation, transparency of operations, the budgetary fund for state forests, collection and use of data, the right of municipalities to be part of the annual compensation and other issues related to state forest management [37].

Explanations on the Record Sheet on the Use and Trade of Forest Wood Assortments were prepared by the Ministry of Agriculture, Forestry and Food in 2016. It is an optional tool for the simple and transparent management of data required by EUTR [68].

Explanations on the Accounting Document were prepared by the Ministry of Agriculture, Forestry and Food in 2016. It contains similar information to the Forest Act on requirements for the transport of wood and forest wood assortments [74].

Action Plan for Increasing the Competitiveness of the Forest–wood Chain in Slovenia by 2020 “Wood is Beautiful” was adopted in 2012. It is an operational document of the Government of the Republic of Slovenia for increasing the competitiveness of the entire forest–wood chain, which also takes into account the goals and orientations of the National Forest Program. The document defines wood as a strategic raw material for Slovenia. It places the wood processing industry among promising industries, with a large amount of domestic raw materials. It lays down measures to intensify forest management and measures to revive and develop the processing of wood and its residues. The expected result of the implementation should be the creation of new and different jobs and the achievement of high added value in the wood processing industry of Slovenia. Forest management is included in a special chapter, which, following the structure of the document, determines the goal, measures, activities, indicators, deadlines, resources,

and holders and contractors at the beginning of the forest–timber chain. It deals with forest management mainly from an economic and partly also a social point of view. Forest management is also included in general measures, namely with the measure “Establishment of a model of state forest management”, which will ensure as much wood processing as possible in Slovenia [36].

#### Appendix A.1.2. Organization of Forest Sector

The main responsible organization for forestry is The Ministry of Agriculture, Forestry and Food—the Directorate for Forestry, Hunting and Fisheries. Responsibilities of the Directorate are:

- monitoring and preparation of systematic legal solutions in the field of forestry;
- monitoring the economic impacts and costs of forestry activities;
- preparation of economic instruments for financing or co-financing measures in the forests;
- supervision of the implementation of the Forest Act [40].

The central professional forestry institution is the Slovenian Forest Service (SFS), which was established by the Government of the Republic of Slovenia in 1994. It is financed from the budget of the Republic of Slovenia. The main tasks of the service are:

- forest management planning, which is carried out regularly for all forests regardless of ownership;
- silviculture and forest protection, where the main activities are an elaboration of silvicultural plans, marking trees for felling, and various forest protection activities, including bark beetle control;
- forestry techniques with the main tasks of directing and supervising the construction of forest roads and providing an extension to forest owners for safe and effective work in forests;
- wildlife management and hunting, including the elaboration of hunting management plans;
- advisory to private forest owners, education, and popularization of forestry. (Ministry of Agriculture, Forestry and Food, 2016b);

Other forestry-related institutions and organizations are:

- Department of Forestry and Renewable Forest Resources of the Biotechnical Faculty, University of Ljubljana;
- Slovenian Forestry Institute (the central forestry research organization);
- Chamber of Agriculture and Forestry of Slovenia (officially represents forest owners and provides extension services);
- the state-owned company Slovenski drzavni gozdovi (SiDG) (responsible for managing state-owned forests);
- Associations of Forest Owners;
- Professional Association of Foresters [40].

#### Appendix A.2. Detailed Coding Themes for Slovenia

Eight documents that are relevant for the legality of timber and timber products as well as their trade were analyzed: Action Plan for Increasing the Competitiveness of the Forest–wood Chain in Slovenia by 2020 “Wood is Beautiful”, Forest Act, Management of State Forests Act, Explanations on the Record Sheet on the Use and Trade of Forest Wood Assortments, Explanatory Notes on the Accounting Document, Forest Development Program, Resolution on the National Forest Program, and Operational Program for the Implementation of the National Forest Program 2017–2021.

Fourteen themes that could be directly or indirectly related to three main EUTR obligations (Placing on the market of illegally harvested timber or timber products derived from such timber, Prohibition, Due diligence when placing timber or timber products on the market, and Traceability) were recognized and the text was coded throughout all

four documents (Table A1). They are further presented through their relation to EUTR obligations.

**Table A1.** Themes that could be directly or indirectly related to three main EUTR obligations.

	Action Plan for Increasing the Competitiveness of the Forest–Wood Chain in Slovenia	Forest Act	Management of State Forests Act	Explanations on the Record Sheet on the Use and Trade of Forest Wood Assortments	Explanatory Notes on the Accounting Document	Forest Development Program	Resolution on National Forest Program	Operational Program for Implementation of the National Forest Program 2017–2021
Competent authorities	0	1	0	0	0	0	0	0
Felling	2	1	0	0	0	0	2	3
Felling of protected species	0	0	0	0	0	1	0	0
Forest certification	2	0	0	0	0	0	2	0
Forest protection	0	0	0	0	0	0	1	0
Illegal activities	0	3	0	0	0	0	0	0
Information	1	2	0	1	0	2	0	0
International commitments	0	1	0	1	0	2	4	1
Monitoring	0	7	1	0	0	1	2	0
Planning	0	6	2	0	0	2	0	0
Record keeping	0	7	0	2	3	0	0	0
Sanctions	0	9	1	0	0	0	0	0
Wood products	2	1	0	0	0	0	3	1
Wood traffic	0	4	0	0	0	0	0	1

Source: own elaboration.

#### Appendix A.2.1. EUTR in Slovenia

As Slovenia is an EU member state, it had to transpose EUTR obligations into policy and regulatory documents.

##### Theme International Commitments

The main purpose of the National Forest Program is the coordination of other national policies and international commitments, due to Slovenia joining the EU, among other reasons. Similarly, the Forest Development Program was based on the international obligations of Slovenia and stressed the importance of cooperation in fulfilling ratified conventions and EU regulations. The Operational Program for the Implementation of the National Forest Program 2017–2021 includes a measure with priorities for international cooperation in the field of forests and forestry, especially with China ([64], p. 37). The Forest Act explicitly refers to the EUTR, as it is used for its regulation. Document Explanations on the record sheet on the use and trade of forest wood assortments contains a paragraph dedicated to the explanation of EUTR, and related obligations of forest owners, as well as other natural and legal persons that place timber on the EU market for the first time.

##### Theme Forest Protection

The Resolution on the National Forest Program refers to forest protection in the sense of reducing negative influences on forests, but illegal activities were not recognized as one of the influencing factors.

#### Appendix A.2.2. EUTR Obligation 1. Placing on the Market of Illegally Harvested Timber or Timber Products Derived from Such Timber (Prohibition)

##### Theme Planning

The Forest Development Program prescribes that all measures undertaken in forests must be planned (Official Gazette of RS No.14/96, p. 13). According to the Forest Act, silvicultural plans define the quantitative, temporal, and spatial scope of feelings, as well as methods and conditions for obtaining wood. Trees for possible felling must be selected based on the silvicultural plan ([67], Article 13).



### Theme Illegal Activities

Illegal logging is only addressed to some extent by the Forest Act. The Law on Forests does not define illegal logging, but it stipulates that “in forests, any action that reduces the growth of the stand or the fertility of the site, the stability or sustainability of the forest or endangers its functions, its existence or purpose is prohibited” ([67], Article 18). According to the Forest Act, it is illegal to transport wood or wood assortments without proper documentation (see Theme keeping).

### Theme Felling and Felling of Protected Species

According to the Resolution on the National Forest Program, felling in state forests is realized in the amount of allowable cut, as determined by forest management plans. Felling in private forests is realized in the amount of about 60% of allowable cut ([66], p. 30). The operational program for the implementation of the National Forest Program states that the realization of possible felling is increasing, but in private forests it still does not achieve the plan. For that reason, the Operational program prescribes a measure for increasing utilization of the production potential of forest sites by encouraging felling in private forests in accordance with forest management plans ([64], p. 30). The Action Plan for Increasing the Competitiveness of the Forest–Wood Chain in Slovenia by 2020 prescribes a measure to increase the share of realized possible felling and the implementation of operations, especially in private forests ([36], p. 12).

According to the Forest Act felling in both state and private forests is performed according to the management plans for forest management units and silvicultural plans. Before felling, the trees must be selected, marked with paint (red or orange dot), and stamped by the district forester. The district forester issues the decision on felling which contains: necessary cultivation operations for reforestation and care, necessary protective operations, guidelines, and deadlines for the implementation and repetition of individual cultivation and protection operations, quantity and structure of trees for the maximum possible felling, guidelines, and conditions for felling and harvesting wood, guidelines and conditions for obtaining resin and ornamental trees, and the period for which the decision is issued. The felling of Christmas trees is performed in the same way ([67], Article 17).

### Appendix A.2.3. EUTR Obligation 2. Due Diligence When Placing Timber or Timber Products on the Market

Every forest owner that exports timber or timber products from Slovenia to the EU could be regarded as an operator. Concerning the measures and procedures to provide access to the information concerning the operator’s supply of timber or timber products, the following themes were identified as relevant:

#### Themes Certification and Standardization of Wood Products

The Action Plan for Increasing the Competitiveness of the Forest–wood Chain in Slovenia by 2020 recognized certification of private forests as an opportunity for the development of Slovenian forestry ([36], p. 10). Furthermore, the Action Plan lists the provision of more certified building materials as being one of the key challenges in the field of primary wood processing ([36], p. 33). Similarly, the Resolution on the National Forest Program prescribes an aim of the developed market of forest wood assortments in the Republic of Slovenia, and within it a guideline to obtain international certificates for sustainable forest management for all forests and to maintain them ([66], p. 39).

#### Theme Wood Products

Within an aim of the developed market of forest wood assortments in the Republic of Slovenia, the Resolution on the National Forest Program prescribes a guideline of introducing modern market forms for the sale of forest wood assortments with an indicator of an increased number of wood tracking certificates (CoC) ([66], p. 39). The Resolution

also prescribes an aim of increasing exports of wood products with increased added value in the domestic wood industry ([66], p. 42). The Operational Program for the Implementation of the National Forest Program 2017–2021 recognized that the timber market is not transparent, forest owners do not act in an organized manner, and that permanent contracts are the exception rather than the rule ([64], p. 16). The Action Plan for Increasing the Competitiveness of the Forest–Wood Chain in Slovenia by 2020 stressed that Slovenian wood processing companies need incentives for faster penetration into foreign markets because the developed western markets (in particular the EU) are suitable for products with high added value ([36], p. 16). The Forest Act defines wood and wood products as defined in EUTR ([67], Article 3).

#### Theme Wood Transport, Processing and Storage

The Operational Program for the Implementation of the National Forest Program 2017–2021 states that wood exports are increasing, especially the round wood of conifers ([64], p. 16). According to the Forest Act, forest wood assortments loaded on a vehicle or transported by road shall be accompanied by the accounting document. The carrier of forest wood assortments must have the accounting document with him after loading and during their transport and has to hand it over to the authorized official for supervision on request ([67], Article 17b). In several cases, an accounting document is not required:

- for forest wood assortments obtained from forests owned by natural persons, loaded on a vehicle, or transported by road, if their total quantity does not exceed 10 m<sup>3</sup>, are intended for own use and are transported by the forest owner or in the form of neighborhood or kinship assistance. In this case, the decision on felling issued by the district forester is needed.
- for forest wood assortments, up to 10 cm in diameter at the thicker end (except for wood chips and split wood), if their total quantity does not exceed 10 m<sup>3</sup> and other forest wood assortments are not loaded on the vehicle at the same time.
- for forest wood assortments that are loaded on a vehicle or transported by road and are the subject of a sale or gift between two natural persons. In this case, the transport of forest wood assortments is accompanied by a statement or other document stating the type and quantity of forest wood assortments, place and date, consignor, transporter, and recipient of forest wood assortments. The declaration or other document shall be kept by the consignor and the consignee for 5 years from the date of the transport of forest timber assortments and must be signed by the consignor and the consignee.

For forest wood assortments imported from third countries or imported from other EU states an accounting document is not needed, but the carrier must prove the origin of assortments to the authorized official ([67], Article 17b).

The transport and sale of ornamental trees (i.e., Christmas trees) is permitted if the ornamental tree is equipped with a seal showing the original forest management area and year of felling. Seals are issued by the Slovenia forest service.

#### Theme Competent Authorities

The competent authorities for the implementation of Regulation 995/2010/EU and Regulation 607/2012/EU are the Ministry responsible for forestry, the forestry inspection, and the Financial Administration of the Republic of Slovenia, each following its competencies. The Ministry responsible for forestry is responsible for keeping records, exchanging information, conducting inspections of control organizations, and reporting to the European Commission following Regulation 995/2010/EU and Regulation 607/2012/EU. The Forestry Inspectorate and Financial Administration shall provide the Ministry responsible for forestry with all necessary information [67].

### Theme Monitoring

The resolution on the National Forest Program states that supervision in forests is carried out by the forestry inspection, and in protected areas also by the inspection responsible for nature conservation. In 2006, the Slovenian Forest Service started implementing direct control in nature, which means control in the forest area also from the point of view of compliance with regulations in the field of nature protection. Nature conservation control is already carried out by inspectors in protected areas. The resolution establishes two goals related to the monitoring of forests: one related to effective forest inspection, and the other to effective direct control in forests ([66], pp. 49–50). The Forest Development Program states that the number of forest inspectors is relatively low and that private forest owners are the focus of forest inspection.

According to the Forest Act, monitoring in forests is performed by forestry inspectors and the Slovenian forest service. The Forest Act implementation and regulations issued on its basis is performed by forestry inspectors ([67], Article 75). The forestry inspector (among other duties and rights) has the duty and right to:

- inspect operations in forests and documentation for these operations and all places where forest wood assortments are cut or stored (from the forest to the consumer), stacked, and transported in the forests
- review and monitor the implementation of forest management plans and silvicultural plans
- stop all operations that are not in accordance with the Forest Act
- stop a vehicle transporting or having loaded forest timber assortments on forest roads
- request a personal identification document from the person transporting forest wood assortments
- inspect the documentation that must accompany the forest wood assortments during transport or loaded on a vehicle.

Employees of the Slovenian forest service, authorized by the Minister responsible for forestry can perform direct supervision in addition to forestry inspectors, but their jurisdiction is not related to the inspection of felling, and transport of wood assortments.

Financial administration and the police can also act as inspectors in the case of transport of wood or forest wood assortments without an accounting document in line with their competencies ([67], Article 75).

The Management of State Forests Act states that management of state forests means the implementation or delivery and control over the implementation of felling and harvesting of timber, transport of forest wood assortments, the performance of protection and cultivation operations, and all other operations necessary to ensure social and ecological functions of state forests, acquisition and sale of forest goods, sale of wood and forest wood assortments and rental of state forests ([37], Article 2).

### Theme Sanctions

For infringements of the Law on Forests, monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a crime, as well as on the severity of illegal activity (Table A2).

The Forest Act imposes a fine of 1000 to 30,000 EUR on a monitoring organization referred to in the EUTR if it fails to verify the correct application of its due diligence system by an economic operator or fails to take appropriate measures if the economic operator does not apply the due diligence system correctly. A fine of 1000 to 2000 EUR is also imposed on the responsible person of the monitoring organization ([67], Article 81a).

For the offense of placing illegally harvested timber or timber products on the market, in addition to the prescribed fine, a collateral sanction of the confiscation of forest wood assortments may be imposed. In that case, the supervisory authority seizes forest wood assortments. Transport, storage and disposal of seized forest wood assortments are performed by the company Slovenski Državni Gozdovi, in the name and on behalf of the Republic of Slovenia ([67], Article 81c).

#### Appendix A.2.4. EUTR Obligation 3. Traceability

Traceability of timber and timber products is ensured by the Accounting Document and Record Sheet on the Use and Trade of Forest Wood Assortments.

##### Theme Information

The Forest Development Program states that planning in forestry must be based on an integrated, nature-adapted and spatially presentable information system, to guide the development of forests based on the principles of sustainability, multipurpose and close-to-nature forest management ([65], p. 16). Furthermore, the program states that an information system must be created for the market of forest wood assortments and other forest products ([65], p. 20). To increase the felling and implementation of silvicultural works in Slovenian forests, an Action Plan for Increasing the Competitiveness of the Forest-wood Chain in Slovenia by 2020, prescribes a measure of “setting up a website and forum for more efficient networking of forest owners, forest contractors, purchasers and processors of forest timber products, and the timber and forestry exchange services” ([36], p. 14). The purpose of the activity is to combine all information on the supply of wood, demand for wood, supply and demand for forest operations on one website, to collect all current tenders published by state institutions and the EU. The Forest Act prescribes that all three types of plans must be publicly available ([67], Article 8). Within its mandate, the Slovenia Forest Service processes data and prepares information on the state and development of forests ([67], Article 56). The Slovenian Forest Service and Chamber of Agriculture and Forestry of Slovenia provide additional information on ensuring the system of due diligence and the related entry of data in the record sheet and their storage [68].

**Table A2.** Monetary fines for illegal activities in forests by type of perpetrator.

Illegal Activity	A Self-Employed Legal Person or a Sole Proprietor	The Responsible Person of a Legal Person, a Self-Employed Individual, or a Sole Proprietor of an Individual	Individual	A Responsible Person in a Self-Governing Local Community and a Responsible Person in a State Body
felling or allowing the felling of forest trees, or obtaining ornamental trees without felling decision				
not issuing an accounting document to the carrier before loading or transporting forest timber assortments				
no material records for the warehouse from which the forest wood assortments were shipped				
loaded or transported forest wood assortments without an accounting document	2500–50,000 EUR	1000–2000 EUR	300–5000 EUR	1000–2000 EUR
the accounting document not handed over for inspection at the request of an authorized official				
placing illegally harvested timber or timber products on the market				
ownership of forest wood assortments not demonstrated on the order of the supervisory authority				
cutting or allowing the felling of forest trees or ornamental trees in an amount that exceeds 10 years of possible felling, without felling decision	3000–50,000 EUR	2000–3500 EUR	800–2000 EUR	
not having a due diligence system in place				
not storing information in accordance with Article 5 of Regulation 995/2010/EU or Article 5 of Regulation 607/2012/EU	1000–30,000 EUR	600–1500 EUR	200–600 EUR	600–1500 EUR
not enclosing the accounting document within 2 h				
not keeping the accounting document	800–20,000 EUR	400–1000 EUR	200–400	400–1000 EUR
transporting or selling ornamental trees without seals				
felling or allowing the felling of forest trees, or obtaining ornamental trees to a lesser extent without felling decision	800–15,000 EUR	300–800 EUR	150–400 EUR	300–800 EUR

Source: Own elaboration based on Forest Act.

### Theme Record Keeping

According to the Forest Act, all three types of forest management plans are documentary material and must be kept permanently. The Forest Act also prescribes the content of the accounting document ([67], Article 17c). The accounting document issued by the consignor must contain:

- information on the owner of the trees to whom the felling decision was issued in the administrative procedure (consignor). The information on the owner can be recorded on the accounting document with an identification number, in which case the consignee must keep a record of identification numbers and submit it for inspection at the request of the competent authority;
- data on the consignee of forest wood assortments;
- data on the recipient of forest wood assortments;
- information on the carrier;
- type and registration number of the vehicle, place, date and time of loading, place, and date of unloading;
- type and quantity of forest wood assortments and a serial number of the accounting document.

Data on the consignor, consignee and carrier, in the case of natural persons, include personal name, address and tax number, and in the case of legal persons, the company name and registered office of the company or tax number.

If the consignor sends forest wood assortments from the place of storage for which material accounting must be kept following regulations, data on the owner of trees to whom a decision on felling has been issued is not needed on the accounting document. In this case, the place of storage shall be indicated.

The accounting document should be drawn up in three copies, of which all three must be signed and one copy shall be kept by the consignor, the carrier and the consignee for five years from the date of the transport of forest wood assortments.

As an optional tool for transparent management of data required by the Ministry of Agriculture, Forestry and Food recommended the use of a Sheet on the use and trade of forest wood assortments and its 5-year retention together with the accompanying documents (i.e., felling decision). Forest owners and other natural and legal persons may provide the information necessary to ensure the traceability of timber and timber products and the due diligence system in other ways, but they must comply with the provisions of the Commission Implementing Regulation (EU) no. 607/2012 [68]. The Record Sheet on the Use and Trade of Forest Wood Assortments contains information on:

- felling permit (i.e., felling decision);
- forest wood assortments for own use, their quantity, type, tree species, and date of their harvesting or transport;
- the personal name and address or company name and registered office of the natural or legal person to whom forest wood assortments were supplied, their quantity, type, tree species, and date of delivery;
- assessment of the risk of illegal logging;
- risk mitigation measures.

## Appendix B.

### *Appendix B.1. Policy Framework and Organization of Forest Sector in Croatia*

#### Appendix B.1.1. Forest Policy

The National Forest Policy and Strategy was adopted in 2003. The general objective of the policy is “to increase the contribution of the forest sector to the national economy through sustainable management, use and comprehensive protection of forest resources and biodiversity, applying research results, respecting international norms and resolutions, and respecting the rights of the local community” ([69], p. 1665). It defines policy objectives and strategic activities needed for their fulfillment.



The Law on Forests was adopted in 2018 and amended four times until 2020. It regulates “the system and manner of management, administration, use and disposal of forests and forest lands on the principles of sustainable management, economic and environmental acceptability and social responsibility” ([75], Article 1). Forest management plans are basic documents for the management and use of forests, which determine the conditions for sustainable forest management and interventions, the required scope of forest cultivation and protection, possible degree of utilization, and conditions for wildlife management. According to the Law on Forests (Article 27), there are several types of forest management programs:

- forest management basis of the territory of the Republic of Croatia;
- management basis of the management unit;
- forest management program for management unit with management plan of ecological network;
- forest management program for private forest;
- forest management program of special purpose forests for the needs of defense;
- forest management program of seed facilities;
- forest protection, care and restoration program;
- forest management program for special-purpose forests managed by the Legal Entity.

The Law on the Implementation of European Union Regulations on the Trade of Wood and Wood Products was adopted in 2018 and amended in 2020. This law determines the competent authorities, the actions of the competent authorities, professional and inspection supervision, and misdemeanor provisions for implementation of the European Union regulations (Council Regulation (EC) no. 2173/2005, Commission Regulation (EC) no. 1024/2008, Regulation (EU) no. 995/2010, Commission Implementing Regulation (EU) no. 607/2012, Regulation (EU) 2019/1010) [71].

The Ordinance on Remittance of Trees, Marking of Wood Assortments, Consignment Note, and Forest Order was adopted in 2005 and amended several times until 2014. This Ordinance prescribes the procedure and manner of remittance of trees for felling, marking of wood assortments, issuance of accompanying documents for forest products, and establishment of forest order [77].

The Regulation on the Auction of Certain Wood Assortments was adopted in 2003 and amended several times until 2013. It prescribes the conditions for organizing the auction of certain wood assortments, the manner of doing business, and procedure of selling goods through the auction of wood products with tariff codes 4401 and 4403 of the Combined Nomenclature of the European Union. The auction is held after a public announcement through a public tender which is issued at a certain place and time [76].

The Instructions for Operators and Traders were published by the Ministry for Agriculture in 2018. They explain the requirements of EUTR, listing necessary documents for the trade of timber and timber products, and provide two practical examples [78]. It contains two annexes: List of Wood and Wood Products to Which the Act on the Implementation of European Union Regulations on Trade in Timber and Timber Products Applies, and List of Protected Species Whose Trade is Restricted or Under Special Supervision.

The Strategy for the Development of Wood Processing and Furniture Production of the Republic of Croatia 2017–2020 was adopted in 2017. It is the first national planning act on the strategic development of wood processing and furniture production drafted after the Republic of Croatia joined the EU. The strategy defines development models of wood processing and furniture production, development guidelines, vertical and strategic measures for improving the situation in the sector [70].

The Law on Trade was adopted in 2008 and amended several times until 2020. It regulates the conditions for performing trade activities, working hours in trade activities, measures prohibiting unfair trading, and supervision and administrative measures [46].

### Appendix B.1.2. Organization of Forest Sector

The main organization responsible for forestry is The Ministry for Agriculture and within it The Directorate of Forestry, Hunting and Wood Industry. The Directorate performs administrative and other tasks related to forestry, forest protection, regulation of legal relations in forests and forest land owned by the state, except for property law affairs; wood industry and hunting; inspection activities related to forestry and hunting; implements international agreements in the part related to forestry; regulation of relations and conditions of production, trade, and use of forest seeds and forest seedlings, forest ecology, protection of forests from natural disasters and human influences, fires, preservation of forest genetic resources and forest reproductive material [52].

Hrvatske šume Ltd. is the company that manages 98% of state-owned forests in Croatia (2,024,461 ha). It also manages masters with 37 state hunting grounds with a total area of 331,000 ha. Besides forest management and planning activities, Hrvatske šume is engaged in tourism and recreational activities in state forests and is the biggest roundwood supplier for the Croatian wood industry [48].

Other forestry-related institutions and organizations are:

- Faculty of Forestry, University of Zagreb ([www.sumfak.unizg.hr](http://www.sumfak.unizg.hr), accessed 28 August 2021);
- Croatian Forest Research Institute ([www.sumins.hr](http://www.sumins.hr), accessed 28 August 2021);
- Croatian Union of Private Forest Owners' Associations ([www.hsups.hr](http://www.hsups.hr), accessed 28 August 2021);
- Croatian Chamber of Forestry and Wood Technology Engineers ([www.hkisdt.hr](http://www.hkisdt.hr), accessed 28 August 2021);
- Croatian Forestry Society ([www.sumari.hr](http://www.sumari.hr), accessed 28 August 2021);
- Advisory Service ([www.savjetodavna.hr](http://www.savjetodavna.hr), accessed 28 August 2021).

### Appendix B.2. Detailed Coding Themes for Croatia

Ten documents that are relevant for the legality of timber and timber products, as well as their trade, were analyzed: National Forest Policy and Strategy, Law on Forests, Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products, Law on Trade, Ordinance on Remittance of Trees, Marking of Timber Assortments, Consignment Note, and Forest Order, Regulation on the Auction of Certain Timber Assortments, Instruction for Operators and Traders, List of Timber and Timber Products to Which the Act on the Implementation of European Union Regulations on Trade in Timber and Timber Products (EUTR) Applies, List of Protected Species Whose Trade is Restricted or Under Special Supervision, and Strategy for the Development of Timber Processing and Furniture Production.

Fourteen themes that could be directly or indirectly related to three main EUTR obligations (prohibition, due diligence when placing timber or timber products on the market, and traceability) were recognized and the text was coded throughout all 10 documents (Table A3). They are further presented through their relation to EUTR obligations.

**Table A3.** Themes that could be directly or indirectly related to three main EUTR obligations.

	Instructions for Operators and Traders	Law on Forests	Law on Implementation of the European Union Regulations on the Trade of Timber and Timber Products	Law on Trade	List of Protected Species Whose Trade Is Restricted or Under Special Supervision	List of Timber and Timber Products to Which the EUTR Applies	National Forest Policy and Strategy	Ordinance on Remittance of Trees, Marking of Timber Assortments, Consignment Note, and Forest Order	Regulation on the Auction of Certain Timber Assortments	Strategy for the Development of Timber Processing and Furniture Production
Competent authorities	1	0	1	0	0	0	0	0	0	0
Felling	0	4	0	0	0	0	0	6	0	0
Felling of protected species	0	1	0	0	0	0	0	0	0	0
Forest certification	0	0	0	0	0	0	4	0	0	0
Forest protection	0	2	0	0	0	0	1	0	0	0
Illegal activities	0	4	1	0	0	0	1	0	0	0
Information	1	4	0	0	0	0	1	0	1	2
International commitments	0	0	0	0	0	0	7	0	0	4
Monitoring	2	8	1	0	0	0	4	1	0	0
Planning	0	4	0	0	0	0	0	0	0	0
Record keeping	1	6	1	1	0	0	0	10	6	0
Sanctions	0	12	1	0	0	0	0	0	0	0
Timber products	0	0	0	0	0	1	8	1	0	4
Timber transport ...	0	1	0	7	1	0	1	6	2	2

Source: own elaboration.

### Appendix B.2.1. EUTR in Croatia

As Croatia is an EU member state, it had to translate EUTR obligations into policy and regulatory documents.

#### Theme International Commitments

The National Forest Policy and Strategy stresses that Croatia participates in international forest policy and lists the main ratified conventions and EU regulations. It proclaims that implementation of the resolutions and conventions, as well as harmonization of regulations and institutions with regulations in the EU and developed countries, are a priority task. Within the measure of the harmonization of laws, the Policy prescribes a measure of “Comparing and aligning forestry provisions with EU regulations and adopting EU guidelines” ([69], p. 1676). It also prescribes the “Adaptation and harmonization of Croatian standards with relevant European and international standards for timber and timber products” ([69], p. 1681). The Strategy for the Development of Timber Processing and Furniture Production highlights that it respects the strategic guidelines of the New EU Forest Strategy and acknowledges its guiding principles of sustainable and multifunctional forest management, efficient use of natural resources, and responsibility for global forests, promoting sustainable production and consumption of forest products.

#### Theme Forest Protection

The general goal of the National Forest Policy and Strategy is to increase the contribution of forests to the national economy through sustainable management, use, and comprehensive protection of forest resources and biodiversity ([69], p. 1665). The Law on Forests stipulates that forest protection is the measure by which Croatia fulfills its interest in forest management. Furthermore, the Law defines forest protection as “a set of measures that are required to be taken by persons who manage forests to protect forests from fire, other natural disasters, harmful organisms, and harmful anthropogenic influences” ([75], Article 8).

### Appendix B.2.2. EUTR Obligation 1. Placing on the Market of Illegally Harvested Timber or Timber Products Derived from Such Timber (Prohibition)

#### Theme Planning

The Forest Act states that “forest management plans are the basic documents for the management and use of forests and forest lands on the territory of the Republic of Croatia, which determine the conditions for sustainable management of forests and forest land and interventions in that area, the required scope of cultivation and protection of forests, the possible degree of utilization and conditions for the management of wildlife” ([61], Article 27).

#### Theme Illegal Activities

Within the priority of increasing the efficiency and rationalization of forest administration, the National Forest Policy and Strategy defines the measure of “strengthening the forestry guard service by giving greater powers to prevent illegal activities in forests” ([69], p. 1672). The Law on Forests defines illegal logging as “any felling of trees that is not prescribed by forest management plans or allowed in accordance with provisions of this Law” ([75], Article 8). In 2018, Croatia introduced the Law on the Implementation of European Union Regulations on the Trade of Timber and Timber Products to ensure that economic operators apply a system of due diligence to minimize the placing on the market of illegally harvested timber or derived products, and to ensure the import of timber and products produced from legally harvested timber or timber imported into a partner country in accordance with the national legislation of the country where the timber was harvested ([71], Article 3).

### Theme Felling and Felling of Protected Species

The remittance of trees and felling is performed according to the management of forests prescribed by forest management plans ([77], Article 3). Before felling, the trees must be selected, marked with paint (red or orange dot), and stamped by the licensed forester. The license is issued by the Croatian Chamber of Forestry and Timber Technology Engineers. The small and medium private forest owner must submit a request for the remittance of trees to the Ministry for Agriculture. If the forest management program for private forest owners has not been prepared the Ministry for Agriculture issues a decision on remittance which is an administrative act ([75], Article 36). In state forests, the remittance of the trees is performed by the public enterprise Hrvatske šume. After the remittance of trees in private forests, the Ministry for Agriculture issues a remittance booklet and a management guideline to the forest owner. For intensive and permanent supervision over the remittance of trees, the public forest owner and large forest owners are obliged to enter data on the remittance of trees in the remittance register within the National Register. For small and medium forest owners the entry of data is performed by the Ministry for Agriculture ([75], Article 36).

### Appendix B.2.3. EUTR Obligation 2. Due Diligence When Placing Timber or Timber Products on the Market

Every forest owner that exports timber or timber products from Croatia to the EU could be regarded as an operator. Concerning the measures and procedures to provide access to the information concerning the operator's supply of timber or timber products, the following themes were identified as relevant:

#### Themes Certification and Standardization of Timber Products

The National Forest Policy and Strategy calls upon FSC certification as an acknowledgment of sustainable forest management of Croatian forests. Furthermore, the Policy prescribes a measure of support in obtaining certificates for forest and timber products management and development of a national standard within the priority of preserving and promoting habitat stability, forest health and productive capacity of forest stands ([69], p. 1668).

#### Theme Timber Products

The National Forest Policy and Strategy recognized that timber and timber products are mainly exported to the EU market, especially in Italy, where they are further processed into high value-added products. It also identified the development of the timber industry as one of its main priorities. To develop and maintain "a flexible timber industry competitive on the international market and capable of optimal use of assortments" it prescribes several measures among which is the promotion of initiatives to implement the highest quality standards, intensification of quality control of delivered raw materials, and imported final products, and adjustment of legislation regulating the quality control, adaptation and harmonization of Croatian standards with relevant European and international standards for timber and timber products, as well as definition of measures to encourage the export of final products ([69], p. 1682). The Strategy for the Development of Timber Processing and Furniture Production recognized manufacturing of articles of timber, cork, straw and plaiting materials and manufacturing of furniture as activities oriented to international trade in goods. As a priority area for development, this Strategy recognized insufficient focus on creating its own brand of timber processing and furniture. The Strategy states that "when creating a Croatian brand of products and services, one should take into account the fact that timber as an environmentally friendly material comes from certified Croatian forests and respect the socially responsible attitude towards the consumer, the environment and society. The emphasis should be on eco-labeling of timber and furniture products, which will support the market recognition of products in the common European market, which increasingly recognizes green products as proof of



quality, including through green and sustainable public procurement” ([70], p. 13). As a specific objective, the Strategy defines a goal of increasing the delivery of goods to the single market of the EU and exports to third countries by 15% until 2020 ([70], p. 17). As Annex to the Instructions for Operators and Traders, the Ministry for Agriculture published the List of Timber and Timber Products to Which the EUTR Applies categorized according to combined nomenclature.

#### Theme Information

The National Forest Policy and Strategy recognized that the flow of information between public enterprise Hrvatske šume and the timber processing industry impedes planning of timber assortments’ production. The Law on Forests states that forests should be managed transparently, making forest management plans publicly available, and keeping the information on forests in the national Register ensuring access to basic information and information from the Register under proportionate, non-discriminatory and transparent conditions ([75], Article 2). The Register is an electronic record of the whole forest management area of the Republic of Croatia. It represents a unified system of registers of data and computer programs whose purpose is to ensure effective access to information and to support timely decision-making and effective management ([75], Article 3). The register also contains a section for reporting to fulfill international and national obligations from EU legislation, international conventions, agreements, protocols, and other acts binding on the Republic of Croatia ([75], Article 13). The Law on Forests also prescribes that all forest management plans in the approval process and after approval are available to the public ([75], Article 28). Instructions for operators and traders provide information on EUTR requirements in simplified form in the Croatian language. The Regulation on the Auction of Certain Timber Assortments prescribes that the company Hrvatske šume announces the tender of timber assortments in state and private ownership, in the daily press, and on the company website. The announcement on timber assortments contains the following information: name of the owner, tree species, quality and description of the timber assortment, quantity, exclusive price per unit, place of sale, deadline for submission of bids, place where the bidding will take place, date and time of bid opening, determination of the possibility of participation in the bid opening, address for submission of bids ([76], Article 3). The Strategy for the Development of Timber Processing and Furniture Production recognized that the lack of a single database of timber processing and furniture production impedes the development of the timber processing industry, and defined creation of the data platform for timber processing and furniture production as a priority area ([70], pp. 5–7).

#### Theme Timber Transport, Processing, Storage, and Trade

One of the expected impacts of the Strategy for the Development of Timber Processing and Furniture Production was growth in the supply of goods to the single market of the EU and exports to third countries to EUR 1 billion in 2020 ([70], p. 20). The Law on Forests prescribes that timber forest assortments may be transported only if they are marked and if the prescribed consignment note has been issued for them ([75], Article 37). Marking of timber assortments is performed obligatorily before their placing on transport, with an overhead hammer, such that a stamp is imprinted on the heads of timber assortments ([75], Article 14). For forest timber assortments from state forest, stamping and issuing of the consignment note is performed by public enterprise Hrvatske šume ([75], Article 37), whereas for timber assortments from private forests, stamping and issuing of the consignment note is performed by a licensed forester ([75], Article 23). For manufactured and properly marked timber assortments for which a consignment note has already been issued, a new one may be issued at a later date. A new consignment note is issued by a certified engineer confirming traceability, in accordance with the EUTR directive. The validity of the consignment note for forest timber assortments is 24 h ([75], Article 24). The sale of timber assortments from the tariff codes 4401 and 4403, originating from forests managed by the

company Hrvatske šume d.o.o. is performed by auction. At the request of other users, i.e., forest owners, timber assortments originating from forests that are not managed by the company Hrvatske šume d.o.o. can be also sold by auction ([76], Article 1). The Law on Trade stipulates that in addition to the trader, the trade activity may also be performed by a legal or natural person entered in the Register of Forest Owners, when he sells forest products at retail outside stores, as well as at auctions, on wholesale markets, other forms of wholesale trade organized by professional institutions and/or Ministry for Agriculture of the ministry responsible for forestry (Article 5). The Law on Trade prescribes that the goods imported or temporarily imported must meet the health, veterinary or phytosanitary safety conditions. Imported goods may be placed on the market if they comply with the prescribed requirements, are marked in accordance with the relevant regulations, and if the prescribed documents of conformity are provided for the goods ([46], Article 19). The rules on the origin of goods and the manner of issuing certificates of origin of goods are determined by customs regulations and international agreements. Certificates of Croatian origin of goods are issued by the Croatian Chamber of Commerce, and certificates of preferential origin of goods are issued by the Ministry of Finance–Customs Administration. When the regulations of a foreign state, international agreement or regulation of the Republic of Croatia stipulate that goods must be accompanied by certificates that are issued or certified by the Ministry of Finance, except for certain goods for which certificates are issued in administrative proceedings ([46], Article 22). The State Office for Trade Policy prescribes by a special act the manner of application of directly applicable EU regulations governing the special import regime, such as the measures to control imports of products from third countries into the EU ([46], Article 49). As an Annex to the document Instruction for Operators and Traders, the Ministry of Agriculture provided the List of Protected Species Whose Trade is Restricted or Under Special Supervision.

#### Theme Record Keeping

According to the Law on Forests, all forest management plans must be kept permanently ([75], Article 28). The Law on Forests also prescribes that the manager of state forests (i.e., Hrvatske šume) must keep the evidence of all operations conducted in forest management plans ([75], Article 30). The evidence of operations conducted in small and medium private forest is kept by the Ministry for Agriculture ([75], Article 25). The evidence on the remittance of trees is kept in the Register ([75], Article 30). Besides that, the licensed forester keeps the remittance book of all trees marked for felling. The remittance book for state forests is kept by Hrvatske šume, and for private forests by the Advisors service ([75], Article 10). Licensed foresters are obliged to submit a summary table of marked and felled trees to the Ministry of Agriculture once a month. The summary table contains the name of the property owner (name and surname), county, administrative municipality, cadastral municipality, cadastral parcel, and economic unit, as well as data on tree species, assortment structure, and volume ([75], Article 23). Licensed foresters also keep the consignment book which includes all issued consignment notes ([75], Article 20). The Regulation on the Auction of Certain Timber Assortments prescribes that before putting the timber or timber assortments up for auction, the request for auction must be submitted to the Committee for the auction. The request must include:

- name of the applicant;
- address of the applicant;
- contact of the applicant;
- quality of timber assortments;
- quantity per unit of measure (m; t);
- price per unit of measure (EUR/m; t);
- place of sale–parity;
- personal identification number;
- origin of goods;

- a statement certified by a notary public, which confirms the truthfulness of the data from the submitted request under criminal and material liability;
- proof of ownership for the timber assortments for which the application is submitted,
- proof of paid forest contribution in accordance with the provisions of special regulation;
- documentation for the sale of timber assortments by tender, i.e., specification of timber assortments, classified by types, dimensions (diameter, length, cubature), quality, and calculation of the value for the initial price;
- proof of payment of the administrative fee ([76], Article 4).

If the request contains all the data, the Committee issues a consent for bidding. Bidding offer must include:

- name and address of the bidder;
- personal identification number;
- indication of whether it is timber assortments from state or private ownership,
- indication of the quantity of timber assortments to which the offer refers and the price per unit of measure (m<sup>3</sup> or ton);
- mark on the competent forest administration, branch, and forestry for timber assortments originating from state-owned forests;
- mark of forest owner for privately owned timber assortments;
- offered individual price and price for the total quantity of timber assortments to which the offer refers;
- indication of payment terms;
- indication of the final destination of the goods, i.e., the country of export and the currency in which the payment will be made, and an indication of the exporter if it is an export;
- date and valid signature and stamp of the bidder;
- copy of the identification document for the bidder who is a natural person registered to perform trade activities;
- excerpt from the court or trade register for the bidder;
- power of attorney for representation, if the bid is submitted by an authorized proxy,
- statement on securing the appropriate payment instrument or his proxy;
- a statement certified by a notary public, stating under criminal and material liability that the legal or natural person, i.e., the responsible person in the legal entity has not been punished for violating forestry regulations, customs regulations, or regulations governing trade in timber products;
- a statement certified by a notary public, which declares under criminal and material liability that the legal or natural person has no outstanding due public benefits;
- proof of the deposited guarantee to the owner of timber assortments in the amount of 10% of the exclusive value of timber assortments for which the bid is submitted ([76], Article 7).

After the tender, the Committee draws up a record of the public tender, as a proposal based on which the ministry responsible for the economy decides on the selection of the most favorable bidders who offered the highest price for certain timber assortments, and issues notices of public tender with a maximum validity of 90 days. The notice is a document with information on the origin and legality of timber assortments, the right of purchase based on tenders and resale on the single market of the EU, and the European Economic Area market and exports of timber assortments to the third countries. Attached to the Notice is the specification of timber assortments as listed in the request for bidding and the bid-offer. According to the issued notice and specification, and at the request of a legal or natural person who sells or exports the same timber assortments, the authorized person in accordance with regulations in the field of forestry performs measurement, marking and stamping, and issues the new consignment note, which is a condition for further transport of timber assortments. Possession of the Notice on the conducted public tender with the specification of timber and timber products, and a new consignment note is

a condition for further transport, sale, or export of the timber assortment purchased based on the conducted tender. Persons who are in possession, export or buy, sell, hand over to another, receive for safekeeping or transport or possess the timber assortment on any other basis shall without delay at the request of the competent inspection authorities, in accordance with special regulations, submit the Notices on the conducted public tender, as proof of the origin and legality of the timber assortment. The Notice on the conducted public tender as a document on the origin and legality of timber assortments, the right of purchase based on the conducted tender, transport, resale and export of timber assortments may not be transferred to another legal or natural person ([76], Article 8). Instructions for Operators and Traders state that the economic operator is obliged to keep timely and systematic records of each consignment of timber and timber products that he imports, which includes the following information:

- name of the shipment supplier, supplier identification number and supplier address;
- country of dispatch/export of the consignment;
- the type of goods contained in the consignment;
- quantity of goods expressed in volume, mass, or number of units;
- the type of timber from which the goods contained in the consignment are made;
- the country of felling of the timber from which the goods contained in the consignment are made;
- the name of the customer, identification number of the customer, and address of the customer to whom the timber and timber products are delivered.

The economic operator is obliged to keep records for at least five years on all suppliers from whom logs and timber products are purchased and on all customers to whom logs and timber products are sold [78].

#### Theme Competent Authorities

The competent authorities for the implementation of Regulation 995/2010/EU and Regulation 607/2012/EU are the Ministry for Agriculture, and Ministry of Finance, Customs Administration [71].

#### Theme Monitoring

The Inspectorate for Forestry and Hunting was transferred from the Ministry of Agriculture in 1998 to the State Inspectorate, in accordance with the general policy of the Government. The Forest Policy and Strategy states that it is necessary to organize an expert forestry and hunting inspection in the Ministry of Agriculture and Forestry as a part of a public administration reform. One of the measures prescribed by the Policy is strengthening the forestry guard service by giving greater powers to prevent illegal activities in forests ([69], pp. 1672–1676). According to the Law on Forests, the protection of state forests is performed by the forest ranger. If a forest ranger finds a person who illegally appropriates timber or other forest products or performs other illegal activities, (s)he is obliged to request an identity card or other document based on which he can establish the identity of a person and temporarily confiscate illegally appropriated forest products and assets ([75], Article 44). Legal supervision over the implementation of the Law on Forests is performed by the Ministry. Inspection supervision is performed by forestry inspectors from the State Inspectorate. Professional supervision of the quality of work performed by certified operators is performed by the Chamber of Forest Engineers at the request of the Ministry or other persons with a legal interest. Inspection supervision in the field of trade is carried out according to special regulations (i.e., Law on Trade, EUTR). The Forestry Inspector in the Regional Office of the State Inspectorate is, amongst other things, authorized to:

- inspect the forest management plans and supervise their implementation;

- supervise all forest management operations, forest infrastructure, devices, as well as all places where timber is cut, stored, or exported from the forest to the place of processing and the means with which the timber is transported to the customer;
- collect data and information on performed forest management operations, on funds and procedures applied to forest management, professional services, as well as other data;
- order the suspension of felling of trees, and their parts, devastation of forests, deforestation, remittances of trees, transport of timber outside forest roads and collection of forest products;
- prohibit the felling of trees, cancel the remittance of trees contrary to forest management plans and forestry profession for areas where no forest management plans have been prepared;
- order the temporary seizure of illegally cut timber and other parts of the tree, as well as other illegally appropriated or produced forest products;
- order the temporary seizure of coniferous forest products that have not been harvested according to the law;
- inform the competent authorities about the observed irregularities and request their action, if he is not authorized directly;
- collect the necessary data and information from supervised persons, witnesses, experts and other persons;
- file indictments for a misdemeanor in the forests ([75], Article 77).

The forestry inspector in the central office of the State Inspectorate is authorized to: supervise the implementation of the forest management plan of the area, supervise the management of protected forests in which the economic use of natural resources is prohibited for scientific research and forests for the needs of defense, to carry out control-instructional supervision ([75], Article 78).

The Ministry for Agriculture performs the following tasks:

- verifies and accepts the FLEGT license;
- draws up a plan of expert supervision and keeps their records;
- verifies the implementation of the due diligence system;
- verifies compliance with the traceability obligation of traders in the supply chain;
- prepares the annual report;
- checks the supervisory organizations and prepares reports;
- informs the European Commission;
- prepares the annual report;
- determines corrective measures ([57], Article 6).

The expert supervision plans shall be based on a risk assessment that can be determined according to the following criteria:

- the size of the economic operator;
- specific information relating to the timber or timber product: description, country of felling (where applicable, region within the country where the timber was harvested and felling concession), supplier and trader, and documentation demonstrating compliance with applicable legislation;
- the general information that provides the context for assessing product-specific information: the prevalence of illegal logging of certain tree species, the prevalence of illegal logging practices at the place of felling, and the complexity of the supply chain;
- supply chain complexities;
- the level of corruption in the country or region within the country;
- the use of the services of the supervisory organization in the implementation of the due diligence system ([71], Article 8).

The Customs Administration performs the following tasks:

- receives a FLEGT license and keeps records of FLEGT licenses;
- further verify the consignment covered by the FLEGT license;



- take provisional measures ([71], Article 6).

#### Theme Sanctions

For infringements of the Law on Forests, monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a crime, as well as on the severity of illegal activity (Table A4).

A fine of 13,300 EUR to 66,600 EUR is imposed on a legal person who:

- imports into the EU a consignment not covered by a FLEGT;
- as an importer, submits to the competent authority a paper form of a FLEGT license which does not correspond to a model copy of the license;
- as an importer, submits to the competent authority a FLEGT license whose validity period has been extended without certification by the licensing authority;
- submit a duplicate FLEGT license or a replacement FLEGT license to the competent authority, which has not been issued and certified by the licensing authority;
- places on the market illegally felled timber and timber products derived from such timber;
- does not list the economic operators or traders who supplied him with timber and timber products and the traders to whom he supplied timber and timber products in all parts of the supply chain;
- does not allow the competent authority to verify the establishment and implementation of the due diligence system ([71], Article 9).

A fine in the amount of EUR 1330 to 6600 is imposed on the responsible person in the legal entity as well as a natural person for that misdemeanor. A fine of EUR 6600 to 26,600 is imposed on a natural person, a craftsman, and a self-employed person who has committed an offense in connection with performing a trade or other independent activity [71].

A fine of EUR 6600 to 26,600 is imposed on a legal person who:

- as an importer with a FLEGT license for each consignment, does not present a customs declaration for that consignment for release for free circulation;
- does not translate the license into Croatian as an importer, at the request of the competent authority;
- does not provide all the necessary assistance to the competent authority to facilitate the verification of the establishment and implementation of the due diligence system;
- has not established and does not keep records of deliveries and application of risk mitigation procedures;
- has not decided on risk mitigation measures;
- does not keep and does not provide the competent authority with information on traceability in the supply chain ([71], Article 10).

A fine of EUR 660 to 4000 is imposed on the responsible person in the legal entity for that misdemeanor. A fine of EUR 1300 to 9300 is imposed on a natural person who is a craftsman and one who performs an independent activity who has committed an offense in connection with performing a trade or other independent activity [71].

For the offense of placing illegally harvested timber or timber products on the market, in addition to the prescribed fine, a collateral sanction of the confiscation of forest timber assortments may be imposed. In that case, the public institution seizes forest timber assortments. Transport, storage and disposal of seized forest timber assortments are performed by the company Hrvatske šume, on behalf of the Republic of Croatia ([75], Article 94).

**Table A4.** Monetary fines for illegal activities in forests by type of perpetrator.

Illegal Activity	Public Forest Owner, Institution, or Legal Entity	The Responsible Person of Public Forest Owner, Institution, or Legal Entity	Medium and Big Private Forest Owners	A Responsible Person of Medium or Big Private Forest Owner If a Legal entity	Small Private Forest Owner	A Responsible Person of Small Private Forest Owner If a Legal Entity	Public Institutions and Legal Entities That Are Not Forest Owners	The Responsible Person of a Public Institution or Legal Entities That Are Not Private Forest Owners	Natural Persons That Are Not Private Forest Owners
allow the devastation of forests, the illegal felling of trees or their damage									
does not ensure the protection of forests from illegal appropriation, use, and other illegal actions									
forestry works are not performed by registered and licensed contractors, and professional work is not performed by certified engineers	6600–13,300 EUR	1300–2000 EUR	2600–6600 EUR	930–1600 EUR	1300–2600 EUR	450–930 EUR			
does not enable the forestry inspector to carry out supervision or does not provide him with the necessary information or notification							4000–9300 EUR	730–1300 EUR	1300–2600 EUR
execute or allow the felling of unmarked trees									
transports forest products and timber outside the forest unmarked or without consignment note	4000–7300 EUR	730–1300 EUR	1300–4000 EUR	660–1000 EUR	930–2000 EUR	400–660 EUR			
does not provide direct forest protection									
does not keep the prescribed records of operations performed	1300–4000 EUR	660–730 EUR							

Source: own elaboration based on Law on Forests.

#### Appendix B.2.4. EUTR Obligation 3. Traceability

Traceability of timber and timber products is ensured by the auction notice, and consignment note issued for the purposes of respecting EUTR obligations (see Theme Record keeping).

### Appendix C.

#### *Appendix C.1. Policy Framework and Organization of Forest Sector in Serbia*

##### Appendix C.1.1. Policy Framework

After the system change in the 1990s, Serbia became a new democracy and moved from a centrally planned economy towards a system based on the market economy. Along with this transformation process, the existing sectoral policies were either changed or newly formulated. In the Serbian forest sector most substantial changes, such as formulation of new strategic and legislative documents, as well as consideration of changes of existing organizations (e.g., public forest enterprises), can be traced back to the period 2000–2010 and internationally-assisted projects.

The Forestry Development Strategy of the Republic of Serbia was adopted in 2006. The strategy is based on two main principles—forest sustainability and forest multifunctionality. The main strategic goal is “maintaining and improving forest condition and pursuing the development of forestry as an integral part of the overall economy” ([72], p. 36). For the realization of this goal, the government committed itself, among others, to provide an enabling regulatory, institutional and economic framework and to launch activities on the formulation of the National Forest Program (NFP) as the action framework for the development of the forest sector. NFP, as well as the action framework, are still not in place.

The new Law on Forests was adopted in 2010 and amended in 2012 and 2015. The Law on Forests regulates the preservation, protection, planning, cultivation and use of forests, disposal of forests and forest land, supervision over the implementation of this law, as well as other issues important for forests and forest land both in state and private property [73]. The Law on Forests prescribed the adoption of three types of documents for forest management:

- (1) forest area development plan—planning document which determines the directions of forest development with a plan for its implementation for the forest area;
- (2) forest management basis—forest management planning document for the forest management unit, except for private forests;
- (3) forest management program—planning document of forest management adopted for forests of a larger number of private forest owners.

The Rulebook on the Form and Content of the Forest Stamp, Form of the Consignment Note, Conditions and Manner of Stamping of the Tree for Cutting, Manner of Keeping Records was adopted in 2016. It prescribes the form and content of the forest stamp, the form of the consignment note, i.e., the delivery note accompanying the tree in circulation, conditions, and manner of stamping the tree for felling, and the manner of keeping records [79]. It also regulates the manner of stamping of Christmas trees, as well as the appearance and content of the consignment and delivery note.

The Law on External Trade was adopted in 2006. It regulates foreign trade operations, in accordance with the rules of the World Trade Organization and regulations of the EU. It also regulates foreign trade in certain types of goods or services in accordance with the rules of the World Trade Organization and regulations of the EU.

##### Appendix C.1.2. Organization of Forest Sector

The directorate for forests is an administrative body within the Ministry of Agriculture, Forestry and Water Management. It performs state administration tasks and professional tasks related to forestry policy; forest conservation, improvement and use of forests and wildlife, implementation of forest and wildlife protection measures, control of seeds and planting material in forestry, and inspection in the field of forestry and hunting [62].

The public enterprise Srbijasume manages state forests and forest lands on a surface area of 893,204 ha and provides professional advisory services in private forests (forests owned by natural/legal persons) on an area of 1,224,751 ha. It also manages 53 protected areas on an area of 338,620 ha, as well as 44 hunting grounds on a total of 488,020 ha [55].

The public enterprise Vojvodinasume manages 129,877.84 ha of forest and forest land in the Autonomous Province of Vojvodina. Its main activities include breeding, protection, management of protected natural goods, maintenance and regeneration of forests, production of forest seeds and planting material and growing of new forests and forest plantation, forest utilization, production of forest products, and other products of forestland areas, utilization of forests for recreational purposes, sawn-wood production and other ways of forest utilization, hunting and game breeding, meat production and processing, and others [57].

Other forestry-related institutions and organizations are:

- The University of Belgrade, Faculty of Forestry;
- Institute of Forestry;
- Institute of Lowland Forestry and Environment;
- Chamber of Forestry Engineers.

#### Appendix C.2. Detailed Coding Themes for Serbia

Four documents that are relevant for the legality of timber and timber products, as well as their trade, were analyzed: the Law on Forests, Rulebook on Consignment, and Delivery Note, Law on Foreign Trade, and Forestry Strategy.

Thirteen themes that could be directly or indirectly related to three main EUTR obligations (prohibition of placing on the market of illegally harvested timber or timber products derived from such timber, due diligence when placing timber or timber products on the market, and traceability) were recognized, and the text was coded throughout all four documents (Table A5). They are further presented through their relation to EUTR obligations.

**Table A5.** Themes that could be directly or indirectly related to three main EUTR obligations.

No	Theme (Code)	No of References			
		Forestry Development Strategy	Law on Forests	Rulebook on Consignment, and Delivery Note	Law on Foreign Trade Business
1.	Felling	0	2	1	0
2.	Felling of protected species	0	1	0	0
3.	Forest certification	2	0	0	0
4.	Forest protection	3	7	0	0
5.	Illegal activities	2	6	0	0
6.	Information	1	1	0	0
7.	International commitments	11	0	0	1
8.	Monitoring	6	4	0	0
9.	Planning	0	2	0	0
10.	Record keeping	0	6	4	0
11.	Sanctions	0	2	0	0
12.	Standardization of wood products	1	0	0	0
13.	Wood traffic	0	1	1	0

Source: own elaboration.

#### Appendix C.2.1. EUTR in Serbia

As Serbia is not an EU member state, it did not translate EUTR obligations into policy and regulatory documents. Regardless, identified themes in the four policy documents can be implicitly or explicitly relevant for EUTR.

### Theme International Commitments

The Forestry development strategy states that “The Strategy and legislation in forestry are based on national interests and shall be harmonized with the confirmed international commitments” ([72], p. 30). For the fulfillment of the main objective of the strategy (the conservation and enhancement of forests’ condition and the development of forestry as an economy branch), the Government shall “harmonize the future legislative and institutional framework with the requirements of the European Union” ([72], p. 32).

The Law on foreign trade regulates foreign trade in goods or services according to the World Trade Organization and regulations of the EU (Article 1). Provisions relevant to timber and timber products are referred to in general under the term plants and plant materials.

### Theme Forest Protection

The Forestry development strategy emphasizes that “the valid legislative and regulatory instruments do not ensure the adequate protection and enhancement of current forest resources” ([72], p. 10).

According to the Law on Forests, protection of forests against illegal appropriation, use, destruction and other illegal activities must be provided by the user or the forest owner, who is obliged to organize a forest protection service (i.e., the appointment/employment of forest guardians) ([73], Article 39).

### Appendix C.2.2. EUTR Obligation 1. Placing on the Market of Illegally Harvested Timber or Timber Products Derived from Such Timber (Prohibition)

#### Theme Planning

Forest management bases (for state-owned forest) and forest management programs (for private-owned forests) are both technical and legal bases for conducting all operations in forests, including felling [73].

#### Theme Illegal Activities

Illegal logging is marginally addressed by the Forestry development strategy. It states that the Serbian Government will establish an efficient system of forest protection against illegal felling, illegal occupation, illegal building and other unlawful actions, and efficiently sanction illegal actions related to forests ([72], pp. 38–40). The Law on Forests defines illegal logging as the felling of trees that is not performed according to the forest management basis and programs and prohibits transport and processing of the timber without the stamp [73]. It also prohibits the felling of protected species and Christmas trees.

#### Theme Felling and Felling of Protected Species

According to the Law on Forests, felling of trees in forests can be performed only after selection, marking with remittance stamp, and registration of trees for felling [73] (Article 57). The remittance shall be made by an expert who has a license to perform professional activities in forest management. The right to the remittance stamp is issued to an expert employed by a forest owner who manages the forest following a valid forest management basis or program or is employed by the legal entity that manages forests. The remittance stamp is assigned by the competent Ministry (or other competent institution of the Autonomous Province of Vojvodina) to the name of the expert ([73], Article 58). Felling of protected species is prohibited unless they are a source of infection from diseases and pests, or if they endanger people and objects. In this case, the competent ministry (or other competent institution of the Autonomous Province of Vojvodina) must approve felling. Stumps of illegally logged timber must be marked with a stamp for forest misdemeanor by an expert employed by a legal person [73].



### Appendix C.2.3. EUTR Obligation 2. Due Diligence When Placing Timber or Timber Products on the Market

Every forest owner or user (that manages a forest according to a valid forest management basis or program) that exports timber or timber products from Serbia to the EU could be regarded as an operator. Concerning the measures and procedures to provide access to the information concerning the operator's supply of timber or timber products, the following themes were identified as relevant:

#### Themes Certification and Standardization of Wood Products

Under the objective of creating the highest possible value of forest products, the Forestry development strategy prescribes a measure to “develop the national criteria, indicators, and guidelines for sustainable forest management pursuant to the Pan-European criteria and indicators of sustainable management and stimulate the voluntary forest certification” ([72], p. 54). Similarly, the Strategy prescribes a measure for “creating the conditions for the beginning of the Forest Certification process for wood products” ([72], p. 62), under the objective related to creating an efficient wood industry sector competitive on the world market. Under the same objective, the Strategy prescribes a measure of “introducing the system of production quality control and the harmonization of technical norms in the field of wood industry with the European and international standards” ([72], p. 60).

#### Theme Information

The forestry development strategy reports that information on the status of resources, measures and activities implemented in forests should be available to all stakeholders and the public ([72], p. 68). According to the Law on Forests data from the development program, national forest inventories and development plans shall be available to the public, while data from the forest management basis and programs may be accessed by paying a fee (i.e., the republic administrative tax) ([73], Article 36).

#### Theme Wood Transport, Processing, and Storage

According to the Law on Forests, felled timber must be stamped and accompanied by a consignment or delivery note to be placed on the market (bought, sold, donated, stored and transported). Stamping of felled timber and issuing of a consignment or delivery note is performed by the forest owner or the user who manages the forest following the management plan. It is prohibited to process and store timber if it is not stamped and if it is without a consignment or delivery note ([73], Article 60).

#### Theme Record Keeping

The Law on Forests prescribes that completed forest management operations are recorded and presented as an integral part of the forest management basis, and programs ([73], Article 34). A person who places timber on the market must keep evidence of: stock of sold, processed, and bought timber, number of consignment or delivery note, name and address of the supplier and buyer of the timber, mark, and number of the stamp by which the wood is stamped, types and quantities of timber by assortment, as well as place and date of receipt/delivery of timber ([79], Article 14). A book of consignment or delivery notes must be kept for at least 2 years. Data on illegally logged timber are kept in a book of forest misdemeanors.

#### Theme Monitoring

Under the objective of a sustainable and economically efficient wood industry and forest sector a measure was planned for “strengthening the system of monitoring the flows of raw materials and final products, as the conditions for defining the mid-term measures for the sector development” ([72], p. 61). The strategy states that the regulatory, supervisory

and supportive functions will be executed by the Ministry's division responsible for forestry. The supervision is implemented through the inspection affairs with the aim of sustainable forest management ([72], pp. 80–82).

The Law on Forests prescribes that monitoring activities in state-owned and private forests are performed by forestry inspectors who have the right and duty to determine and check the following ([73], Article 107–108):

- development and implementation of forest management basis and programs;
- whether the forest management basis and programs contain records of performed works in the forest in the form of a forest chronicle;
- the selection, marking, recording of trees for felling;
- the stamping of the felled timber, issuance of the consignment or delivery note, and timber trade;
- the processing, storage and registration of timber;
- the trade of Christmas trees;
- calculation and payment of fees for the use of forests and forest land;
- relevant business books and other documentation.

According to the Law on Forests, the forest guardian is (amongst others) authorized and obliged to ([73], Articles 39–41):

- legitimize a person caught in the illegal activities;
- inspect all types of vehicles and cargo by which timber is transported, as well as documentation that accompanies timber in transit (accompanying and delivery note);
- temporarily confiscate illegally harvested timber and timber placed on the market;
- make a report on the illegal activities and the established factual situation and submit it to the user or the forest owner.

#### Theme Sanctions

For infringements of the Law on Forests, monetary sanctions are prescribed. The amount of fines depends on the type of legal entity that commits a crime, as well as on the severity of illegal activity ([73], Article 111–113):

- legal persons (except entrepreneurs) will be sanctioned with a fine of approximately 850–2,500,000 EUR, depending on the type of crime;
- entrepreneurs will be sanctioned with a fine of EUR 850–4250;
- natural persons will be sanctioned with a fine of EUR 85–850.

#### Appendix C.2.4. EUTR Obligation 3. Traceability

Traceability of timber and timber products is ensured by consignment or delivery notes. This data is stored in the book of consignment and delivery notes, which should be kept for at least 2 years (see Theme Record keeping).

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