

Article

The Interaction between FSC Certification and the Implementation of the EU Timber Regulation in Romania

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Abstract: This explorative study aims to shed light on the ways in which Forest Stewardship Council (FSC) certification interacts with the implementation of the EU Timber Regulation (EUTR) in Romania. To this end, the EUTR implementation process is examined, and the relationship between this implementation and FSC certification is explored. There is a particular focus on the extent to which certification has helped companies to comply with EUTR requirements. The study uses the analytical framework of Transnational Business Governance Interactions (TBGI) and a mixed research approach. It is found that FSC certification has to a large extent helped companies to prepare for and align with the EUTR’s requirements, in particular concerning risk assessment and risk mitigation procedures needed for a due diligence system (DDS), and in the context of a “policy vacuum” period related to EUTR implementation. Moreover, recent changes in the FSC standard make it theoretically in line with EUTR requirements. However, difficulties remain in relation to the lack of information, costs and bureaucracy associated with both EUTR implementation and FSC certification. Notably, in the absence of a monitoring organization, the establishment of a viable DDS is still problematic as many companies remain unprepared for developing their own systems. Finally, the EUTR and its risk management requirements may have partly fueled the increase in uptake of chain of custody (CoC) certification in Romania. However, due to the risk of CoC certificates including illegally sourced timber, this recent uptake in certification does not necessarily indicate improved sustainable forest management (SFM) or full compliance with EUTR.

Keywords: EU Timber Regulation (EUTR); forest certification; FSC; due diligence; policy vacuum; Romania

1. Introduction

Illegal logging in Romania represents a serious and pervasive issue closely linked to corruption, economic hardship, and institutional and governance factors [1–3]. Illegal logging in the Romanian context involves the circumvention of a highly restrictive legal framework through various means [4]. Illegal activities usually include overestimating the age of trees (permitting an earlier harvest), altering the stand density in order to apply clearcutting, initiating paid afforestation which never materializes, or performing salvage cuttings applied to healthy and vigorous trees [2]. Incorrect estimations of wood volume and quality, illegal harvesting, and illegal transport and export of logs are also part of the illegal logging issue in the country [2,4].

Although gaps in government statistics make it difficult to estimate the exact level of illegal logging in Romania [2,5], substantial proportions of timber exports from the region are considered to be illegal [1]. Existing estimations of illegal logging in Romania range from 1% to 6% or even 10% of the total volume harvested yearly [5,6]. Indeed, satellite image analysis indicates that between 2000 and 2010, forest cover in Romania declined by 1.3% [7]. These issues have been attracting a great deal of attention from the media [8] and civil society organizations such as the World Wildlife Fund (WWF), who expressed concerns that timber legality issues in new EU countries like Romania might lead to major EU internal market problems unless they are addressed in a timely manner [9].

In 2010, as part of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, Regulation No. 995/2010, commonly known as the EU Timber Regulation (EUTR), was adopted [10]. The Regulation came into force on 3 March 2013 and aims to stop the circulation of illegally logged wood within the EU. To this end, EUTR introduces new prohibitions and obligations for natural and legal persons involved in timber harvesting, processing, transport, or trade operations. First, it prohibits the placing on the EU market of illegally harvested timber and products derived from such timber; second, it requires operators who place timber and timber products on the internal market for the first time to exercise due diligence through a precautionary risk-based approach; third, it requires EU timber traders to keep appropriate records of their suppliers and customers [10].

The Regulation is legally binding in all 28 EU Member States. As a large proportion of Romanian timber exports go to other EU countries (e.g., Austria, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Spain, Sweden, UK) [2,11] EUTR is expected to reinforce efforts for discouraging the trade of illegally logged timber coming from countries like Romania.

Two internationally recognized forestry certification schemes are present in Romania: the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). However, FSC, the single scheme for forest management (FM), is by far the most present with 2.55 million ha of forest currently managed according to the FSC international standard. To date, over 453 companies have obtained the FSC chain of custody (CoC) certification [12] while only 44 companies have obtained PEFC CoC certificates [13]. Romania is leading the charts among countries with the highest growth of FSC certified area and highest growth of FSC CoC certificates [14]. Awareness of sustainably managed forests is growing, and many companies in the country obtain certification as a result of customer demand, demonstrating the reactive character of this instrument [11]. Both EUTR and FSC address illegal logging and ultimately promote sustainable forest management (SFM) and good forest governance. Both mechanisms can provide additional assurances through the world's supply chains of timber legality verification [15]. FSC sets criteria based on an international set of standards for SFM. As legality is part of sustainability, forest market-driven certification schemes can potentially provide evidence of legally and sustainably sourced timber. For example, the FSC principles and criteria are in line with the definition of legality under the EUTR as it requires certified companies to “respect all national and local laws” (Principle 1). However, the current FSC standard does not explicitly refer to each of EUTR's requirements (*i.e.*, environment, forest management and biodiversity conservation) [16]. Although FSC certification can provide evidence of legally sourced timber, certification alone does not ensure compliance with the requirements of EUTR. In the case of Romania, the interplay between such initiatives becomes particularly interesting considering the recent uptake in FSC certification [17].

Few empirical studies have addressed the complex interplay between forest certification and the EUTR [15,16,18–21] and scholars have just recently begun to theorize the interactions between such public and private regimes [22–24]. As regards Romania, Nichiforel and Nichiforel [6] have analyzed the perceptions of stakeholders on the potential of implementing the EUTR in Romania. However, this study had a regional focus, limited to three Romanian counties, and was conducted in 2011, before the EUTR came into force. The formal and practical implementation of EUTR in Romania, and in most EU countries, remains largely unexplored [25,26].

The overarching research goal of this paper is to shed light on the ways in which the FSC interacts with EUTR's implementation in Romania by focusing on the drivers, shapers and effects of this interaction. In order to achieve this goal, the study sets two instrumental research objectives: (1) to examine the EUTR implementation process in Romania; (2) to explore the relationship between FSC certification and EUTR implementation, in particular examining to what extent FSC certification has helped companies to comply with EUTR requirements.

Legality Verification and Forest Certification in Romania

The Romanian Competent Authority (CA), responsible for conducting regular checks on operators and monitoring organizations in order to ensure compliance with the provisions of the EUTR, is the Ministry of Environment, Water and Forests (MoEWF). The main piece of legislation formally implementing the EUTR is the governmental decision HG 470/2014, a regulatory act aiming to improve the traceability of timber in supply chains. HG 470/2014 introduces new due diligence and timber tracking obligations for timber operators and traders, as well as sanctions to enforce these obligations as required by the EUTR. This includes a comprehensive wood tracking system known as the “forest radar”, designed to monitor timber transports along the value chain, from timber harvest to final processing, or export of logs. HG 470/2014 was adopted in June 2014 and came into force on 8 October 2014. Between June and October 2014 the new traceability system was tested within nine pilot counties of Romania.

As regards the EUTR's due diligence requirements, HG 470/2014 stipulates the obligation of economic operators to use a due diligence system (DDS) in line with EUTR as of 1 January 2015. From this date on, fines are applicable to operators without DDS in place. Additionally, starting with the same date, harvesting authorizations are not issued for operators with no DDS, thus prohibiting them from conducting their harvesting operations. According to EUTR, a DDS needs to include three elements: access to information, risk assessment and mitigation of the risk identified. In order to assist forestry companies in meeting these requirements, a stakeholder working group based on a partnership between the CA and WWF Romania has developed a best practice guideline for national operators for the correct implementation of EUTR [27].

FSC is currently the only FM scheme certifying 39% (2.55 million ha) of Romania's forests area (6.538 million ha) (Figure 1). Romania ranks fourth among the top countries that experienced high growth in FSC-certified forest area between 2013 and 2015 [14].

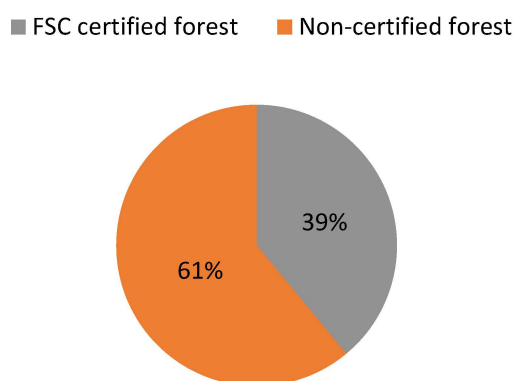


Figure 1. Certified forests in Romania.

The first FSC chain of custody (CoC) certificate was obtained by two foreign investors in wood processing in December 2001. FSC CoC has since then gained momentum in Romania, today reaching over 346 certificates. In fact, Romania ranks first among the countries with the highest number of FSC CoC certificates that have experienced the highest average annual percentage growth between 2013 and 2015 [14]. From the total of 346 CoC certificates, 29 are CoC together with Controlled Wood

(CW) certificates. Other types of issued certificates are Forest Management (FM)-CoC (16 certificates) and CW-FM (1 certificate) [12]. Over 45% of certified companies have more than 100 employees, whereas the rest have less than 100 employees. 91% of the certified companies have one processing site, whereas the rest have multiple branches around the country.

2. Theoretical and Analytical Framework

Scholars' efforts to theorize the emerging timber legality regime have produced new insights on potential interactions between public and private standards. Cashore and Stone [23], Overdevest and Zeitlin [22], and Bartley [24] all provide guidance for theorizing private standards and public authority. These theories offer two opposing views on public–private standards interactions.

On the one hand, some scholars predict that the new legality regime will encourage voluntary initiatives that certify sustainable forests. Overdevest and Zeitlin [22] theorize public policy-driven legality verification and private forest certification through the lens of experimentalist governance and argue that the strict prohibitions of illegal timber imports are far less experimentalist and offer fewer possibilities of learning than private forest certification. Along the same lines, Cashore and Stone [23] postulate that public legislation initiatives have fostered the “reinvigoration” of private third-party certification schemes.

On the other hand, Bartley [24] opposes such predictions and argues that the rise of the timber legality regime could constrict, rather than expand the expansion of private forest certification. After pointing out several problematic aspects related to risk management, the infrastructure for certification, and market segmentation, Bartley [24] argues that surpassing certification by the legality regime would not necessarily be a negative development.

All these contributions build on the Transnational Business Governance Interactions (TBGI) [28] both theoretically and analytically. The TBGI is the preferred analytical framework for the present study as well, since it addresses the challenges of understanding the key implications of the interaction of different transnational business governance schemes with each other, and/or with state-based regimes. The TBGI framework is rooted in regulatory governance theory and it divides the regulatory process into six different components in order to identify potential points of interaction, while suggesting analytical questions that probe the key features of interactions at each point [28]. The present study examines the interactions between TBG schemes and state-based regulations [28]. The focus of the study is on the implementation component. Special attention is given to identifying the drivers and shapers of the interactions between EUTR and FSC, as well as the character and the effects of these interactions.

3. Methodology

This article is based on a mixed research approach, where quantitative and qualitative research were combined in order to study the formal and practical implementation of EUTR in Romania, and the influence of FSC certification in this process. Data collection streams were designed to capture the perceptions of respondents on key aspects regarding EUTR implementation and FSC certification.

3.1. Quantitative Data Collection and Analysis

The quantitative assessment of FSC certified companies' perceptions about the EUTR was conducted by distributing a questionnaire to all FSC certified companies in Romania. The questionnaire was part of a broader study assessing the impact of FSC certification in Romania. The questionnaire was distributed in June 2014 to all Romanian-based companies which had been FSC certified by December 2013.

To quantify the impact of FSC and EUTR, the questionnaire included four closed questions related to the impact of EUTR application on company management problems related to implementing EUTR, implementing of own DDS, and the general role of forest certification in fulfilling EUTR requirements. The questionnaire for the certified forest companies was based on a

qualitative analysis and participatory observations conducted between 2012 and 2013 during general assemblies of the Forest Certification Association and Working Group for Forest Certification.

The questionnaire was pretested with 10 companies from Braşov County in order to eliminate possible misunderstandings or redundant questions. Based on the pretested questionnaire, a nationwide quantitative survey was carried out in June 2014. Companies without any valid FSC certificate and companies with PEFC certificate were not included in the survey. Of the 171 companies certified in December 2013, 25 were eliminated from the survey because they were no longer selling FSC-certified products or because their FSC certificates had been suspended. This resulted in a final sample of 146 companies. The questionnaire was distributed by e-mail to all 146 certified companies. After one month, 92 answers were received representing a response rate of 65.2%.

3.2. Qualitative Data Collection and Analysis

A set of 22 semi-structured, in-depth interviews with key Romanian forestry stakeholders were conducted in November 2014, almost eight months after the quantitative assessment was carried out. This qualitative research is part of a broader research focused on the drivers of illegal logging, the formal and practical implementation of EUTR in Romania, the main factors facilitating and hindering this implementation, as well as the corresponding political process at national level.

In order to get a largely unbiased view of the different stakeholder perceptions, the qualitative interviews covered a broad spectrum of participants, not limited to FSC certified companies. Selected interview participants were key state and non-state actors involved in the implementation of EUTR in Romania, including competent authorities (national, regional), public and private forest owners and administrators, forestry industry representatives, economic operators (timber harvesters, processors, traders), environmental NGOs, forestry consultants and certification bodies. The questionnaire used for these semi-structured interviews included one question on the link between FSC certification and implementation of EUTR. The rest focused on other aspects, such as the drivers of illegal logging in Romania, the formal and practical implementation process of EUTR and related difficulties. Thus, raw data from these interviews were used only in part for this paper.

In addition to data from interviews, data analysis included publicly available documents, such as position papers and reports, proposals from the consultation process on EUTR implementation, and stakeholder position papers on EUTR implementation in Romania. The content analysis of documents and interviews was conducted using the qualitative data analysis software MAXQDA. Data analysis was based on a coding frame, which was the main instrument for organizing and interpreting the data. This coding frame was developed using an inductive approach, whereby codes emerged directly from the data. The main codes covered stakeholders' views on the EUTR formal and practical implementation process, on the advantages and disadvantages of EUTR in addressing illegal logging and associated trade in Romania, and on the link between forest certification and EUTR implementation.

4. Results

4.1. The EUTR Implementation Process

Discussions on the implementation of EUTR in Romania started already in 2012, when a stakeholder working group was set up. However, the initial consultation process did not lead to concrete legislative outcomes, and in March 2014 the MoEWF started a new stakeholder consultation and established a working group at the national level for the formulation of HG 470/2014.

The slow, complex and somewhat ambiguous process of EUTR implementation created a “policy vacuum” in Romanian forest legislation. This policy vacuum period lasted from 3 March 2013, when EUTR came into force, until 8 October 2014, when HG 470/2014 as the implementing law came into force (Figure 2). A policy vacuum typically refers to a situation where there is a lack of public policy

(laws or regulations) addressing a certain situation or policy problem, or where existing policies are inadequate to regulate the conduct in a given situation [29–31].

In the case of the EUTR implementation in Romania, we are in the presence of a policy vacuum because the Regulation, which in principle has direct applicability, came into force in March 2013. However it was not until June 2014 that the national implementing legislation was passed. Therefore, before HG 470/2014 entered into force there was a situation where EUTR requirements were only partly implemented via existing national legislation (*i.e.*, old timber legality and traceability system). This policy vacuum period is considered to have impacted some of the forest sector stakeholders' (and certified companies') perception, understanding, and interpretation of the Regulation.

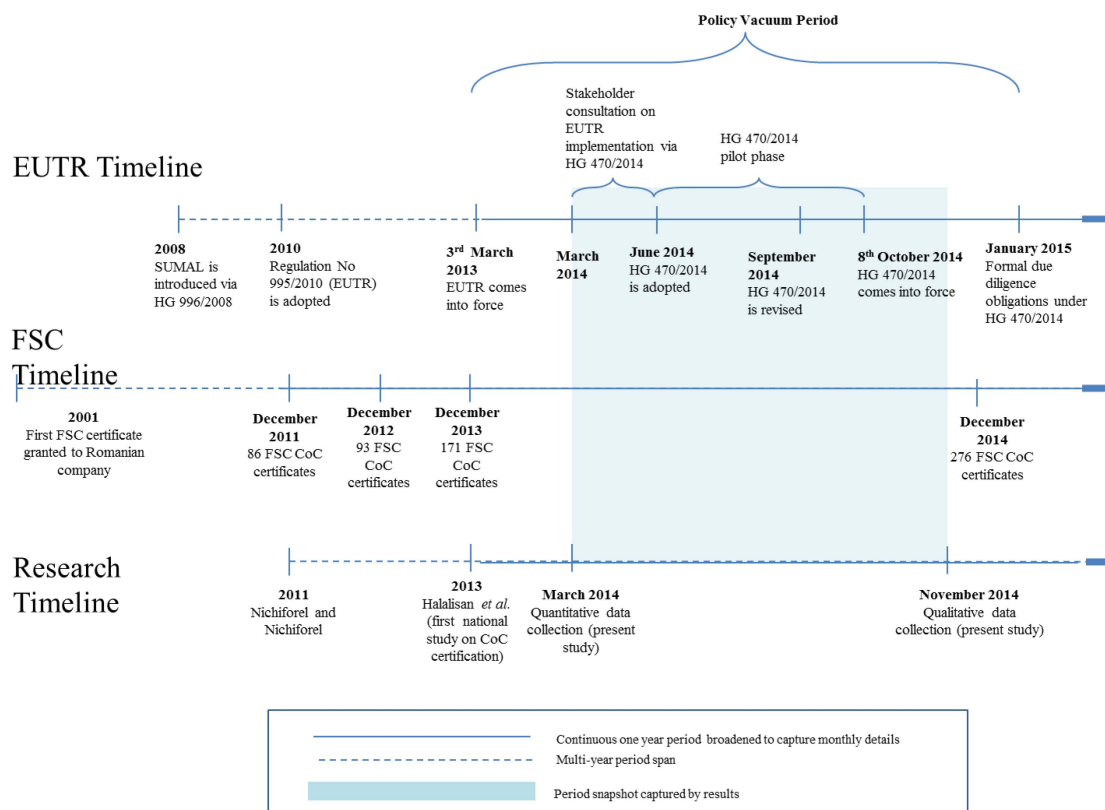


Figure 2. Different timelines and the policy vacuum period in EUTR implementation.

4.2. Can EUTR Requirements Be Covered by FSC Certification?

According to EUTR, certification or other third-party-verified schemes including assurance of compliance with applicable legislation may be used in the risk assessment procedure of the DDS. In addition, third party verification can be used in the risk mitigation procedures [10] (see Table 1). Most of these conditions are met by the FSC certification scheme. However, legal requirements related to trade and customs are not covered by the scheme. In addition, the current FSC standard does not explicitly refer to each of EUTR's requirements (*i.e.*, environment, forest management and biodiversity conservation) [16].

When asked about the role of forest certification in fulfilling EUTR requirements, most certified companies (40%) indicated that FSC certification is useful in reducing the risk of trading illegal timber and timber products. The rest of the respondents (30.4% and 29.6%) almost equally agreed that forest certification is useful for information access and risk assessment of the suppliers (see Figure 3). WWF Romania also believes that operators could fulfill their due diligence obligations through forest certification. This indicates that well established and transparent supply chain procedures

and administration implemented through certification prompted respondents to consider that the certification process can help them to prepare for and align with EUTR requirements.

Table 1. Elements of EUTR covered by the FSC certification scheme.

EUTR: Risk Assessment Procedure and Risk Mitigation Procedures Criteria		FSC Certification Scheme
Risk Assessment Procedures	Assurance of compliance with applicable legislation, which may include certification or other third-party-verified schemes which cover compliance with applicable legislation.	Principle 1 includes legality criteria and national application of legality
	Prevalence of illegal harvesting of specific trees species	Certification/verification is made by a body which is accredited to evaluate against a forest management/chain of custody standard.
	Prevalence of illegal harvesting or practices in the country of harvestand/or sub-national region where the timber was harvested, including consideration of the prevalence of armed conflict.	Certification/verification audits include review of documentation and system, and assessment in the forest/company.
	Complexity of the supply chain of timber and timber products.	The mixing of certified/verified and uncertified material in a product or product line is allowed, but the uncertified material must be covered by a verifiable system which is designed to ensure that it complies with legality requirements (FSC Controlled Wood).
Risk Mitigation Procedures	Except where the risk identified is negligible, risk mitigation procedures may include requiring additional information or documents and/or requiring third party verification.	

EUTR: the EU Timber Regulation; FSC: Forest Stewardship Council.

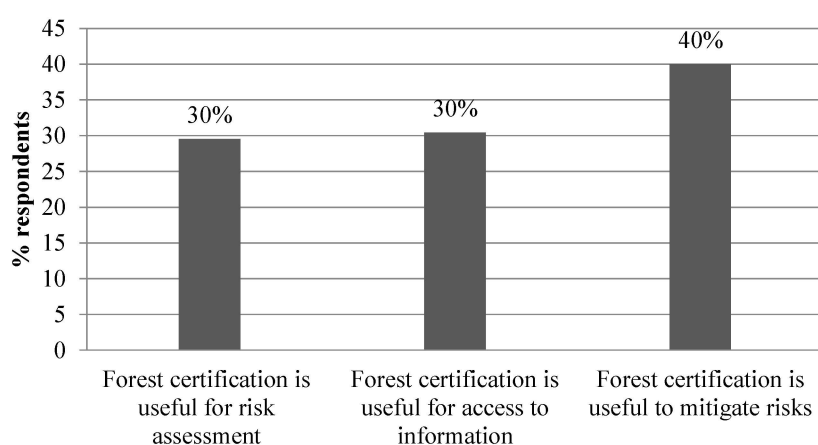


Figure 3. Role of forest certification in fulfilling the EUTR requirements.

However, in contrast to the interviewed certified companies who considered forest certification to mitigate risks, one Forest Owner Association and some processing sector representatives expressed skepticism with regard to EUTR's impact on large processors, despite their FSC certification and advanced DDS. This is best reflected in the following statements:

"Forestry certification does not have any effect on illegal logging ... zero"; "A large company such as (...) has 500 suppliers. (...) is certified. Certification is useless, because those 500 suppliers do whatever they want in the forest." (Forest Owner Association)

"For mega-processors ... I don't give any names, but for those mega-processors who used to cut 1,000,000 cubic meters ... I think they were very important beneficiaries of the (previous) system (...) there will be an impact on these (mega-processors), because as half of this torrent of small firms will disappear, they (mega-processors) might have problems"; "I don't know how it's possible to verify 2,000,000 cubic meters, yeah? Honestly, whatever system you had in place ... " (Furniture Company)

4.3. The Relationship between FSC and EUTR Implementation

The majority of FSC certified companies participating in this study (40%) indicated that the introduction of the EUTR had no impact on company management (see Figure 4). The reason behind this lies in the fact that these companies were certificate holders, and were by this time practicing more transparent procedures that fostered good relations with already established customers. From a timeline perspective, the present survey was conducted in March 2014, the beginning of the policy vacuum period, when the EUTR was not yet formally implemented in Romania through HG 470/2014 (see Figure 2). Thus, stakeholders could not yet fully consider the potential impact of the EUTR on their businesses.

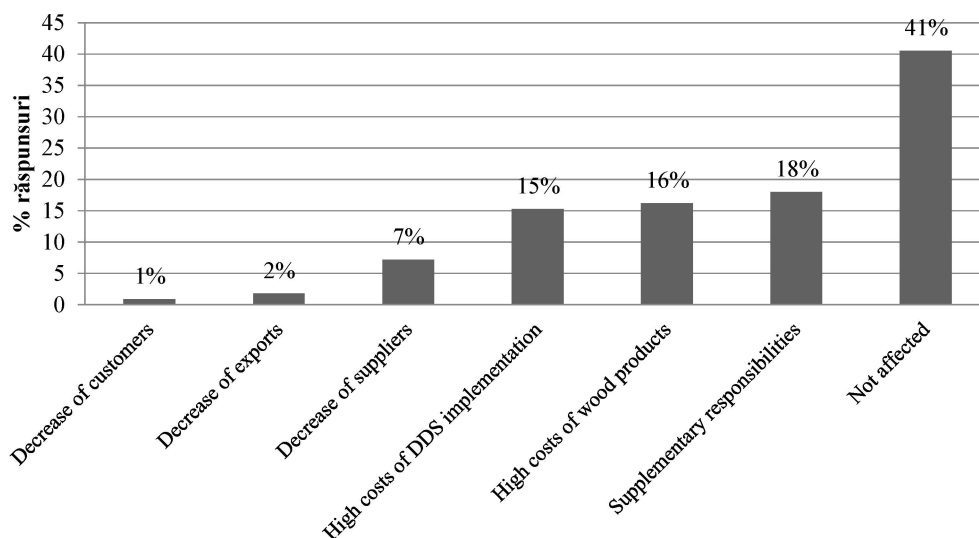


Figure 4. Impact of EUTR application on company management.

Nevertheless, some respondents (18%) indicated that the EUTR may represent an additional burden or contribute to raising costs for purchased timber products. Fewer respondents (15%) indicated that the EUTR will result in higher costs for implementing DDS (see Figure 4). The forest industry association in Romania (ASFOR) expressed concerns that new requirements introduced through the EUTR and HG 470/2014 would not only introduce supplementary responsibilities but also the need to hire more people, and thus they would raise additional costs for Romanian companies. ASFOR representatives feared that such cost increases might affect their competitiveness on the EU timber market. In contrast, only a few respondents from FSC certified companies indicated that the EUTR may decrease supply, consumer demand or exports (see Figure 4).

More than half of the interviewed companies (55%) indicated that the main problem related to implementing the Regulation was the lack of information and guidance on the specific requirements (see Figure 5). Not much has changed in this regard, since lack of information on the EUTR had been identified by Nichiforel and Nichiforel [6] as a main problem that was expected to hinder EUTR implementation and compliance in Romania, already three years before the present study. By the time this other study was conducted, the EUTR was still not fully implemented. HG 470/2014 was just embarking on a stakeholder consultation process. This marked the beginning of the policy vacuum period that slowed down EUTR implementation at the national level.

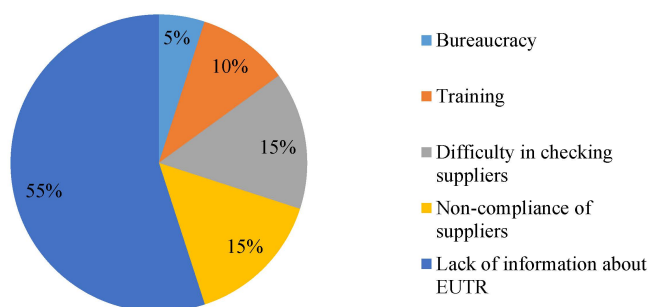


Figure 5. Problems in implementing EUTR.

Although most of the company respondents indicated that the number of suppliers will not decrease under the EUTR, some respondents (15%) still fear that the non-compliance and difficulty in checking national suppliers are equally weighted factors that could impede compliance with EUTR requirements (see Figure 5). This shows that although certified companies had well established relations with some partners in the supply chain, there were still concerns around including uncontrolled wood in FSC supply chain, which may increase the risk of breaching EUTR requirements. Such issues were also raised by the wider group of forest industry representatives. Altogether, this group of stakeholders was, however, skeptical about certification as a means to fulfil due diligence obligations. Some representatives considered that certification implies more requirements for operators and that these requirements might still not ensure proper compliance with the due diligence obligations, unless fully aligned with EUTR's provisions.

Only a small percentage (5%) of interviewed FSC certified companies considered bureaucracy an additional issue created by the domestic implementation of EUTR (see Figure 5). However, the wider group of stakeholders interviewed later in 2014 considered HG 470/2014 to be much more detailed and complex than the already demanding EUTR provisions. Many industry representatives perceived the new obligations introduced by HG 470/2014 as just another bureaucratic burden which does not help, but rather overwhelms them through complicated procedures.

Given the lack of information on the specifics of a DDS that aligns with EUTR, domestic operators generally prefer to adopt an already existing DDS rather than developing one of their own. Indeed, over 60% of respondents indicated they would adopt a DDS developed at a national level (by an officially recognized monitoring organization) as opposed to less than 40% who indicated that they would develop their own DDS (see Figure 6). However, formal DDS requirements under HG 470/2015 were just recently introduced, in January 2015, after the policy vacuum period that hindered EUTR implementation, leaving many operators unprepared to face the new requirements. Furthermore, the establishment of a monitoring organization which would develop a DDS in Romania is still uncertain. Thus, operators are left with only the option of developing their own DDS, but many are concerned that this will yet again increase costs [32]. Nevertheless, in early 2015 a stakeholder working group led by MoEWF and WWF developed a best practice guideline for national operators for the correct implementation of EUTR [33]. This might have alleviated operators' difficulties in developing a DDS, at least with regard to lack of information and guidance.

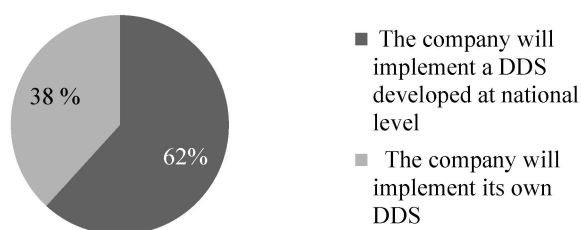


Figure 6. Implementing a DDS.

5. Discussion

The recent emergence of international timber legality regimes which combine private and public policy measures are becoming more prevalent in Romania as well. Whether such initiatives have any impact on SFM and illegal logging is still hard to quantify, but certainly they are more present than ever in the public debate. The complexities of tracking timber origin, avoiding legal liability, and ultimately preventing illegal logging and associated trade are the drivers and shapers that mostly influence the different interactions between the two policy instruments.

Although EUTR and HG 470/2014 appropriately regulate (or overregulate) wood transport and trade, the impacts of their formal and practical implementation are not satisfactory due to poor law enforcement, lack of enforcement capacity, the amount and enforcement of sanctions, as well as the risk of corruption, coupled with deeper drivers of illegal logging in the country. In fact, in most EU Member States legislations implementing EUTR either have gaps and set low penalties, or are completely absent [34]. Furthermore, the process of EUTR implementation in Romania was slow, complex and somewhat ambiguous, thus creating a “policy vacuum” in the Romanian forest legislation. The forest sector stakeholders’ perceptions, understandings, and interpretations of the Regulation are considered to have been affected by this policy vacuum.

The introduction of EUTR has effected changes in FSC’s standards which were aligned and adapted to meet EUTR due diligence requirements. Thus, in theory, the FSC certification scheme can be used in EUTR’s framework of risk assessment and risk mitigation procedures. This was confirmed by FSC-certified companies and NGOs who generally believe that certification plays an important role in fulfilling EUTR requirements and that it is useful for mitigating the risk of trading illegal timber, and/or for facilitating information access and risk assessment of the suppliers. However, some stakeholders are skeptical regarding certification’s capacity to ensure legality and compliance with EUTR requirements. There are indeed loopholes in the CoC-CW standard that allow big companies sourcing from multiple small suppliers to include a certain quantity of uncontrolled wood in their supply chains [24,35]. Other studies have found that operators acknowledge the risk that many CW categories can be of unspecified origin and may potentially include illegal wood [21,24]. With the uptake in certification and legality verification, some stakeholders expect that smaller operators will be driven out of business, this development potentially affecting the sourcing capacities of bigger processors as well.

Certification requirements had prepared companies to better deal with administrative routines, which also improved their ability to comply with the EUTR and HG 470/2014. As a market-based initiative, certification had already fostered these companies’ good relationship with international trade partners. Hence, certified companies participating in this study did not perceive the EUTR as negatively affecting their suppliers, exports or customers. These findings are consistent with previous observations that only minor changes and costs are likely to occur for firms with existing forest and CoC certificates [19]. However, there are concerns that new requirements introduced through the EUTR would raise additional costs for companies and in turn hinder their competitiveness on the EU timber market. While bureaucracy associated with EUTR implementation was indicated as a problem expressed both by international and national stakeholders [36], FSC certified companies in Romania did not perceive bureaucracy to pose any problems to EUTR implementation. However, lack of information and guidance still seems to be a persistent issue. The policy vacuum period hindering implementation might have played a role in generating this uncertainty and lack of understanding around EUTR provisions. However, best practice guidelines aim to address this issue [36].

Many certified companies would prefer to implement DDS developed at national level. However, delays in implementation due to the policy vacuum period have just recently allowed the introduction of formal DDS obligations. Whether a monitoring organization responsible for DDS will be established is still unclear. In the meantime, operators will need to develop and implement their own DDS, which somewhat contradicts with their expectations and capacities. The practical implementation of EUTR in Romania requires an appropriate capacity for enforcing the timber

traceability and due diligence systems, and the corresponding sanctions introduced by HG 470/2014. This capacity requires resources in terms of finances, personnel, expertise and technical equipment, both for target groups (operators, traders) and for the CA. Certified companies are to some extent better prepared for such requirements.

Indeed, in accordance with theoretical predictions [23], risk management in the timber legality regime had the effect of increased certification uptake in Romania. However, as postulated by Bartley [24], this seems to be true especially for one particular type of certification, namely CoC. Processing companies in Romania opt for this less costly and less complicated certification mainly to comply with EU customer demands [11]. However, this development is not necessarily indicative of an expansion of forest certification and has no obvious link to greater amounts of forest area being certified. In fact, CoC certification has outpaced growth in the area of certified forests, and especially in other types of certificates (346 CoC certificates vs 16 FM-CoC certificates). There are still loopholes in the CoC-CW systems that need to be thoroughly addressed. Whether this recent development is indeed a sign of improved SFM or compliance with EUTR remains an empirical question. The number of FSC FM certificates (accorded to small-holders as well) would need to be greater in order for certification to have a larger and more positive impact on SFM in Romania.

6. Conclusions

Both voluntary certification schemes (like FSC inventoried in this study) and the EUTR are essentially driven by the need to combat illegal logging. The mechanisms interact at various levels. In fact, the introduction of the EUTR has effected changes within the FSC standard, thus theoretically making it suitable to comply with its requirements. Indeed, in Romania's case where the EUTR's implementation was slow and poorly enforced, and where lack of information is still a persistent issue, FSC certification has prepared companies to better deal with its requirements. However, the establishment of viable DDS still remains problematic as many companies remain unprepared to undertake this task. Finally, the recent uptake in CoC certificates, partly fueled by the EUTR, does not necessarily indicate an expansion of certification. Considering the loopholes in the CoC-CW standard, the staggering uptake in CoC certificates cannot be automatically understood as an indicator of improved SFM or full compliance with the EUTR.

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Author Contributions: The main data collection (via interviews and questionnaires), data analysis and interpretation were done equally by Ines Gavrilut and Aureliu-Florin Halalisan. Alexandru Giurca and Metodi Sotirov contributed by summarizing the state-of-the art, developing a conceptual frame, discussing and supporting the manuscript preparation process. Metodi Sotirov coordinated and guided the research done by Ines Gavrilut in Romania in terms of TGBI theory, methodology and MAXQDA data analysis.

Conflicts of Interest: The authors declare no conflict of interest.

Abbreviations

The following abbreviations are used in this manuscript:

ASFOR	Forest industry association in Romania
CoC	Chain of Custody
CA	Competent Authority
DDS	Due Diligence System
EU	European Union

EUTR	EU Timber Regulation
FM	Forest Management
FSC	Forest Stewardship Council
MoEWF	Ministry of Environment, Water and Forests
PEFC	Programme for the Endorsement of Forest Certification
SFM	Sustainable Forest Management
TBGI	Transnational Business Governance Interactions
WWF	World Wildlife Fund

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