

WHY IS THE EU TAKING ACTION TO STOP DEFORESTATION?

The European Union adopted a [Regulation on deforestation-free supply chains \(Deforestation Regulation or EUDR\)](#) in June 2023. The main driver of this Regulation is the expansion of deforestation and forest degradation due to the production of commodities like soy, beef, palm oil, wood, cocoa, coffee, rubber and some of their derived products, such as leather, chocolate, tyres, or furniture. The EU is taking responsibility as a major consumer market of these commodities and wants to lead the way to solving this issue.

Deforestation and forest degradation are important drivers of global warming and biodiversity loss. Agriculture, forestry and other land uses account for 23 % of greenhouse gas emissions.

By promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation, the new Regulation is expected to reduce greenhouse gas emissions and biodiversity loss.

WHY A NEW LEGISLATIVE INSTRUMENT?

Existing European Union legislation that addressed the issues of deforestation and forest degradation was assessed as being insufficient in controlling trade in timber to prevent harm. Deforestation as such was not addressed.

Therefore, the EU Timber Regulation (EUTR) will be repealed by the Deforestation Regulation, which integrates lessons learned and improves the framework established by existing legislation. The Regulation is part of a broader plan of actions first outlined in the 2019 Commission Communication on Stepping up EU Action to Protect and Restore the World's Forests, and confirmed in the [European Green Deal](#), the [EU Forest Strategy](#), the [EU Biodiversity Strategy](#) for 2030 and the [Farm to Fork Strategy](#).

KEY ELEMENTS

OBJECTIVES

The new rules aim to:

- ensure that the listed products Europeans buy, use and consume, or export do not contribute to deforestation and forest degradation in the EU and globally;
- reduce carbon emissions caused by EU consumption and production of the relevant commodities by at least 32 million metric tonnes per year; and
- address all deforestation driven by agricultural expansion to produce the commodities in the scope of the Regulation, as well as forest degradation, and incentivise the creation of deforestation-free supply chains.

SCOPE

The Regulation lays down rules regarding the **placing and making available on the Union market** as well as the **export** from the Union of relevant **products** that contain, have been fed with or have been made using listed **commodities**, namely **cattle, cocoa, coffee, oil palm, rubber, soya and wood** (Article 1). Products covered by the Regulation are listed in detail in **Annex I** for each commodity. The rules do not apply to listed products produced before the entry into force of the Regulation, i.e. before 29 June 2023.

OBLIGATIONS

Operators and traders

Operators and traders shall not place relevant commodities and products on the EU market or export them, unless all the following **conditions** are fulfilled:

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

Prior to placing the products on the market or exporting them, operators and traders must exercise due diligence according to Article 8 to ensure that there is at most a negligible risk of non-compliance of relevant products. Operators are companies that place a relevant product on the EU market for the first time or that export relevant products from there.

What does due diligence entail for operators?

- Due diligence includes collection of **information**, **risk assessment** and **risk mitigation** measures. Due diligence is not a 'tick-the-box' exercise but risk assessment and risk mitigation are a key part of the process and must be conducted based on the information and documents collected. Conducting due diligence is mandatory for operators and non-SME traders.
- Most importantly, the collected information must identify the **geo-location** of all plots of land where the commodities contained in the product or used to make it were produced, as well as the date or time range of production so that **strict traceability** is ensured linking the commodity to the plot of land where it was produced. For the risk assessment, operators must assess the risk if relevant, traceable products with a negligible risk of non-compliance could have been mixed with relevant products of unknown origin or produced in areas with a risk of deforestation and forest degradation.
- Operators must **review**, **update** and **report** annually to the public regarding their due diligence systems.

As part of the due diligence exercise, operators and non-SME traders need to submit a **due diligence statement** containing all the elements specified in the Regulation's Annex II in the Information System, a digital repository for all the statements.

The EUDR & smallholders

Smallholders and companies in third countries who do not place these products on the EU market themselves are under no direct legal obligations. However, they might be asked by their business partners, for example buyers, to provide information on their production, especially on the land of production. Business partners need this information to fulfil their own obligations under the regulation. For further information on the EUDR and smallholders, please consult the [following factsheet](#).

What obligations for the EU and its Member States?

Competent authorities of Member States must perform **checks on operators and traders** (Articles 16 and 18) and must establish effective, proportionate and dissuasive **penalties** (Article 25). Checks by the competent authorities within their territory will ensure that operators and traders established in the Union comply with the Regulation. The scope of the checks is detailed in the Regulation. There will be no checks or penalties on companies or producers outside the EU that do not place relevant products on the EU market themselves.

Competent authorities in each Member State will cooperate among themselves and with relevant authorities of other Member States as well as with the Commission and, if necessary, **with the administrative authorities of third countries** in order to ensure compliance with the Regulation.

By **30 April of each year**, Member States are obliged to **report** and make available to the public as well as to the Commission information on the application of the Regulation during the previous calendar year.

KEY CONCEPTS

DEFORESTATION

The conversion of forest to agricultural use, whether human-induced or not.

Oil palm and rubber plantations as well as agroforestry systems are considered as agricultural plantations. Relevant products produced on plots of land where forest was converted into those plantations after 31 December 2020 cannot be placed on the EU market.

DEFORESTATION-FREE PRODUCTS

- The relevant products contain, have been fed with or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after 31 December 2020; and
- in the case of relevant products that contain or have been made using wood,
- the wood has been harvested from the forest without inducing forest degradation after 31 December 2020.

FOREST DEGRADATION

Structural changes to forest cover, taking the form of the conversion of:

- primary forests or naturally regenerating forests into plantation forests or into other wooded land; or
- primary forests into planted forests.

TRACEABILITY

Traceability to the plot of land (i.e. the requirement to collect the geographic coordinates of the plots of land where the commodities were produced) is necessary to demonstrate that there is no deforestation on a specific location.

The geo-location coordinates need to be provided in the due diligence statements that operators and non-SME traders are required to submit to the Information System ahead of the placing on the Union market or the export of the products. The operators and non-SME traders shall submit the relevant information in the Information System which will not be interconnected with databases of third-country information systems.

Collecting the geo-location coordinates of a plot of land can be done via mobile phones and widespread and free-to-use digital applications (e.g. Geographic Information Systems (GIS)). For plots of land of more than 4 hectares used for the production of commodities other than cattle, the geo-location shall be provided using polygons, meaning latitude and longitude points of six decimal digits to describe the perimeter of each plot of land. For plots of land under 4 hectares, operators (and traders which are not SMEs) can use a polygon or a single point of latitude and longitude of six decimal digits to provide geo-location. For cattle the establishments where cattle are kept shall be geolocated which can be described with a single point of geo-location coordinate.

BENCHMARKING

A benchmarking system operated by the Commission will **classify countries**, or parts thereof, in three categories (high, standard or low risk) according to the level of risk in such countries of producing commodities that are not deforestation-free.

‘High risk’: countries for which the assessment results in the identification of a high risk of producing commodities for which the relevant products do not comply with the deforestation-free requirement.

‘Low risk’: countries for which the assessment concludes that there is sufficient assurance that instances of producing in such countries or in parts thereof, commodities for which the relevant products do not comply with the deforestation-free requirement, are exceptional.

‘Standard risk’: countries which do not fall in either the ‘high risk’ or the ‘low risk’ categories.

For relevant products produced in low risk countries, the due diligence obligations of operators are simplified, and competent authorities of EU Member States will check a reduced percentage of operators. In case of relevant products produced in high risk countries, competent authorities will check an increased percentage of operators and of trade volumes of relevant products produced in the high risk country. The Regulation does not provide for any ban against any country or commodity.

The Regulation does not provide for any ban against any country or commodity. All producers meeting the requirements of the EUDR will be able to sell their products in the EU regardless of the risk category that their country or region is assigned.

The Commission will engage in **specific dialogue with all countries** that are, or are in danger of being classified as, high-risk with the objective to **reduce their level of risk**. The Commission will also formally **notify the country concerned** of its intention to classify that country or a part thereof in a different risk category and invite it to provide any information deemed useful in that regard.

TIMELINE FOR ENTRY INTO APPLICATION AND DEADLINES

The Regulation, which entered into force on 29 June 2023, foresees **transition periods**. The key articles concerning obligations of middle and large enterprises of operators and traders and the related control obligations of Member States will enter into application on 30 December 2024 (18-month transition) and on 30 June 2025 (24-month transition) for micro and small enterprises.

Member States are required to establish **competent authorities** and communicate their coordinates to the Commission by **30 December 2023** at the latest. Authorities may provide assistance and guidance to operators.

By **30 December 2024**, the Commission will establish and subsequently maintain an **information system** which will contain, among other things, the due diligence statements and the register of relevant operators and traders and their authorized representatives in the EU. The Commission will provide access to the information system to **customs authorities, competent authorities, operators and traders and their authorized representatives**.

EU SUPPORTING IMPLEMENTATION

The Regulation pays considerable attention to international cooperation and partnerships to ensure that achieving the objectives is a **joint undertaking of the EU and concerned countries** contributing to halt deforestation and forest degradation globally.

The Commission, on behalf of the Union, as well its Member States will engage with **producer countries** concerned by the Regulation, in particular those classified as high-risk, or in danger of being classified as high-risk, through existing and future partnerships and other relevant cooperation mechanisms, to jointly address the root causes of deforestation and forest degradation.

The Commission will develop a comprehensive **strategic framework** and will consider mobilising relevant instruments which will focus on the conservation, restoration and sustainable use of forests, deforestation, forest degradation, and the transition to sustainable commodity production, consumption, processing, and trade methods.

Partnerships and cooperation mechanisms may include structured dialogues, administrative arrangements, and existing agreements, as well as joint roadmaps that enable the transition to an agricultural production that facilitates compliance with the Regulation, paying particular attention to the needs of indigenous peoples, local communities and smallholders and ensuring the participation of all interested actors.

The Commission and Member States will engage in **international bilateral and multilateral discussions** on policies and actions to halt deforestation and forest degradation, **including in multilateral fora** such as the Framework Convention on Climate Change, the Convention on Biodiversity, the Convention to Combat Desertification, the UN Environment Assembly, the UN Forum on Forests, the FAO, the World Trade Organisation, the G7, and the G20.

MORE INFORMATION

[EU webpage on EU regulation on deforestation-free products \(EUDR\)](#)

[EUDR legal text](#)

[Frequently asked questions on EUDR](#)

[Factsheet on EUDR and smallholders](#)

[Webpage on Team Europe Initiative \(TEI\) on deforestation-free value chains](#)