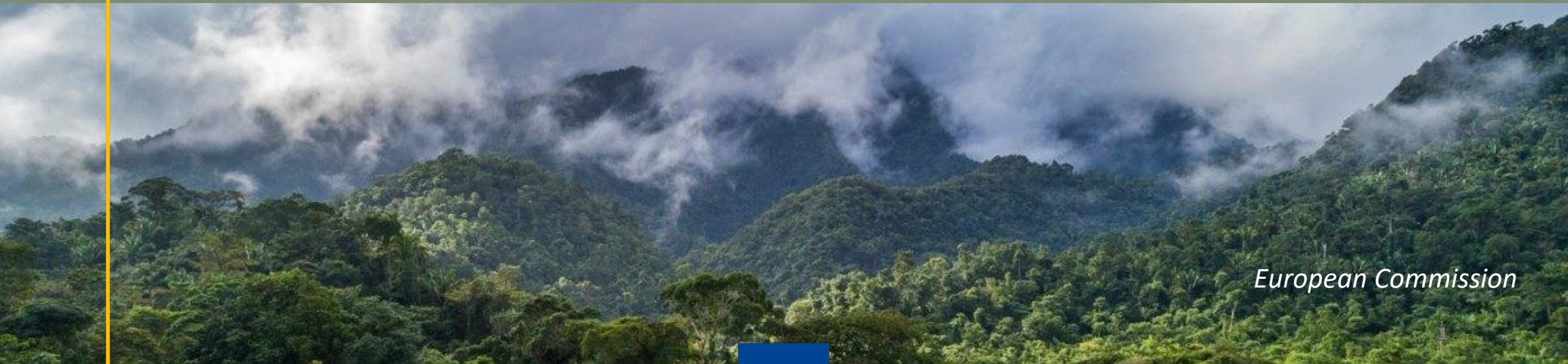




EU Regulation on deforestation- and forest degradation free supply chains



European Commission

Context

- **420 million hectares** of forest worldwide (an area larger than the **EU**) lost between 1990 and 2020 (FAO). A **significant share is legal** (Forest Trends.)
- Deforestation and forest degradation are important drivers of **climate change** (IPCC: 11% of GHG emissions) and **biodiversity loss** – **halting deforestation and restoring eco systems is the second most effective way to bring down emission**
- 90% of deforestation provoked by the **expansion of agricultural land** (FAO).
- The **EU is a major producer and consumer of commodities** associated with deforestation and forest degradation.
- **Demand side measures** are a **key complement** to measures taken by **producer countries**

Timeline

- **June 29, 2023:** Entry into force
- **December 29, 2024:** Entry into application of obligations for operators (6 months more - June 2025 - for micro and small undertakings)
- Text in the Official Journal of the EU: [Regulation \(EU\) 2023/ of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation \(EU\) No 995/2010 \(europa.eu\)](#)

Main elements [1]

- **Mandatory due diligence** rules for all operators that place the relevant products on the EU market or export them from the EU
 - Only products that are both **deforestation-free and legal** will be allowed on or can be exported from the EU market
 - Based on **internationally-backed definitions** (FAO)
 - Main obligations applicable to **operators and non-SME traders**
 - **Strict traceability** linking the commodity to the plot of land where it was produced.
 - **Legality**: Products will need to be legal according to the laws of country of production with regard to a.o. forest-related rules, labour rights, human rights, the principle of FPIC, anti-corruption, customs and tax regulation (Article 2 (40))

Main elements [2]

- **Commodities selected:** Palm oil, soy, wood, cattle, cocoa, coffee, rubber and some derived products (e.g. chocolate, furniture, tyres, printed products), selected objectively, based on best available scientific data, and the biggest impact of EU production and consumption.
- **Progressive scope** - Initially covering selected commodities and derived products; to be updated regularly
- **Non-discrimination:** The Regulation applies both to domestically produced and imported commodities and derived products
- **'Cut-off date' of 31 December 2020:** Aligned with UNSDG 15.2, aims to minimise disruption for smallholders and facilitate satellite monitoring

Main elements [3]

- **Benchmarking system** that will assign risk to countries or regions according to risk of deforestation – standard (by default), low and high
- **Specific obligations for operators** – simplified due diligence for low-risk (still required to collect information, but not assess and mitigate risks)
- **Minimum level of inspections** for Member States authorities to perform (9%, 3% and 1%, depending on the level of risk)
- **Review:** Other wooded land (one year); other ecosystems, commodities, products and financial institutions (two years); others (five years)
- **FAQ/Guidelines:** On technical questions on implementation for operators and traders as well as for competent authorities

[FAQ - Deforestation Regulation 1.pdf \(europa.eu\)](#);

further guidance under preparation

Definitions (Article 2 of the Regulation)

- **Deforestation** means the **conversion of forest to agricultural use**, whether human-induced or not
- **Forest degradation** means **structural changes to forest cover**, taking the form of the conversion of:
 - a) Primary forests or naturally regenerating forests into plantation forests or into other wooded land
 - b) Primary forests into planted forests
- **Forest** means land spanning more than 0,5 hectares with trees higher than 5 metres and a canopy cover of more than 10%, or trees able to reach those thresholds (excluding land that is predominantly under agricultural or urban land use)
- **Deforestation-free** means that
 - a) 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.
 - b) In the case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest inducing forest degradation after 31 December, 2020

EUDR and traceability

- **Mandatory due diligence** rules for all operators that place the relevant products on the EU market or export them from the EU to verify that products are deforestation-free and legal
- **Strict traceability** required via the obligation to provide the geolocation of all plots of land of production
 - Ensure that no deforestation or forest degradation took place on the plot of land used for the production of relevant commodities after 31/12/2020
 - Collecting geolocation data of the plot of land and passing it on along the supply chain
 - Operators and non-SME traders to provide geolocation data in due diligence statements

Certification schemes

- **Role of certification schemes, both public and private, recognized in the Regulation** – can help operators collect information to conduct due diligence
 - Strong certification schemes aligned with the requirements of the Regulation (i.e. ensuring strict traceability back to plot of land) can help operators collect the required information on traceability
- **However, not a green lane for certified products to the EU market**
 - Operators retain the responsibility for compliance in all cases
 - Future guidance will provide more details

Cooperation with partner countries:

- The Regulation is part of a broader set of policies (see 2019 EU Communication on Stepping up EU Action to Protect and Restore the World's Forests)
- **No ban** against any country or commodity
- Active outreach to stakeholders through Commission, EU Delegations, EU Member States; **Dedicated outreach project** starting to enhance the understanding in South East Asia for the EU Regulation
- The Commission will **step up cooperation** to address potential challenges in producer countries (e.g. **SAFE project, Cocoa Dialogue**)
- Focus, among others, on traceability systems and smallholder needs
- The Commission will also intensify engagement with other major **consumer countries** such as China and USA as well as in international fora

Other related upcoming legislation

- **Corporate Sustainable Due Diligence Directive (CSDDD)** Ensure that only products which respect internationally recognised environmental standards are placed on the European internal market – entry into force expected in 2024
 - Applicable to large EU companies and third country companies having large activity in the EU
 - Deforestation Regulation has a very specific objective, and its requirements and impacts will complement the general missions of the CSDDD initiative
- **Forced labour Regulation** prohibit products made using forced labour, including child labour, on the internal market of European Union – currently under negotiation – **estimated entry into force end 2024 - two years adaptation period**
 - Scope is all products made available within the EU market, meaning both products made in the EU for domestic consumption and for export, and imported goods
 - Requirements under Forced Labour Regulation are complementary and to Deforestation Regulation requirements

Key takeaways

- The Regulation will have an impact on suppliers whether in the EU or abroad
- The Regulation is based on the following **principles**:
 - Transparency, accountability and sound scientific and methodological basis
 - Consistency with agreed **international commitments**, notably halting deforestation at the levels of December 2020 in line with SDG 15
 - **Non-discrimination**, as it treats domestic and imported commodities equivalently and products and covers both imports and exports.
- All relevant players need to get ready for **application by the end of 2024** – the fastest to adapt will enjoy a competitive advantage
- EU is **ready to work closely with and support the partner countries' efforts** to promote the transition to sustainable agricultural production, sustainable forest management and the development of transparent and sustainable supply chains.

Thank you!

Learn more here:

https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en



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