



Update – 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** – have been lost between 1990 and 2020 (FAO).
- A **significant share of that forest loss is legal** (Forest Trends.)
- Deforestation and forest degradation are important drivers of **climate change** (IPCC: 11% of GHG emissions) **and biodiversity loss**
- 90% of deforestation is provoked by the **expansion of agricultural land** (FAO), which is linked in particular to a series of commodities.
- The **EU is a major consumer of commodities** associated with deforestation and forest degradation.

Objectives of the Regulation

GENERAL

Minimise the EU's contribution to deforestation and forest degradation worldwide

(thus reducing global deforestation and forest degradation as well as greenhouse gas emissions and biodiversity loss)

Specific

Minimise risk that products from supply chains associated with deforestation / forest degradation are placed on the EU market or exported from it

Increase EU demand for and trade in legal and 'deforestation free' commodities and products

Legislative and implementation track

- *Lex signing on the margins of the EP plenary on 31 May*
- **June 29, 2023:** Entry into force
- **December 29, 2024:** Entry into application of obligations for operators (June 2025 for small enterprises)

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** would be allowed on or exported from the EU market – need to be covered by a **due diligence statement**
 - 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. Using **geolocation** coordinates is the simplest and most cost-effective way of obtaining the necessary geographic information.
 - **Legality**: Products will need to be legal according to the laws of country of production

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 EU impact.
- **Non-discrimination:** The Regulation applies both to domestically produced and imported commodities and derived products
- **Progressive scope** - Initially covering selected commodities and derived products; to be updated regularly
- **‘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, for competent authorities, and partner countries

Team Europe Initiative on the Deforestation Regulation Hub

September 2023



Strategic aim

A one-stop-shop for partnerships on the EU Deforestation Regulation that:

1. Contributes to Article 30 and the forthcoming comprehensive strategic framework for cooperation with partner countries.
2. Focuses on the Global South and address all commodities and relevant products relating to the EUDR.
3. Facilitates an inclusive transition to deforestation-free and legal supply chains to the EU and thereby contribute to minimizing the EU's contribution to deforestation and forest degradation.
4. Coordinates existing and forthcoming initiatives and projects by the EU and Member States relevant to the operationalisation of the Deforestation Regulation.

