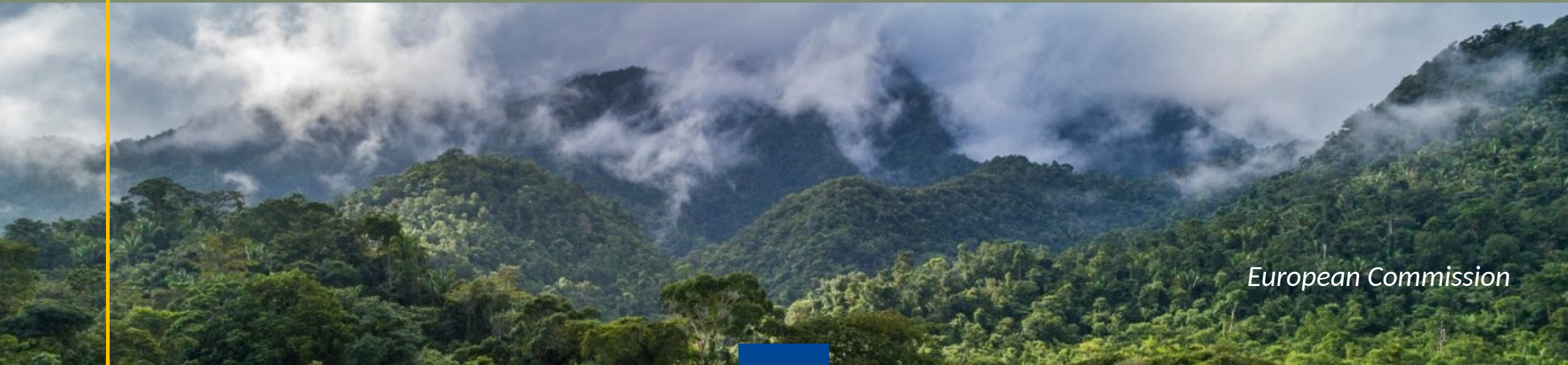




EU Regulation on deforestation- and forest degradation free supply chains



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** – **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.
- Need both **demand and supply** side measures.

Main elements [1]

- **29 June 2023: Entry into force - December 2024: Entry into application of obligations for operators and traders**
- Based on **internationally-backed definitions** (FAO)
- **Mandatory due diligence** rules for all operators that place the relevant products on the EU market or export them from the EU
- **No ban against any country or commodity**, but only products that are both **deforestation-free and legal** allowed on or can be exported from the EU market – need to be covered by **a due diligence statement**
- **Strict traceability** linking the commodity to the plot of land where it was produced
- **Legality**: according to the laws of country of production

Main elements [2]

- **Commodities covered:** Palm oil, soy, wood, cattle, cocoa, coffee, rubber and some derived products (e.g. chocolate, furniture, tyres, printed products)
- **Progressive scope** - Initially covering selected commodities and derived products; to be updated regularly
- **Non-discrimination:** The Regulation applies both to domestically produced, exported 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 benefit from reliable satellite monitoring data

Main elements [3]

- **Benchmarking system** that will assign risk to countries or regions according to risk of deforestation – standard (by default), low and high. Data gathering starting soon, input welcome. Dialogue with countries that may present high risk of deforestation. Transparent process all along its development.
- **No additional due diligence requirements for high risk**
- **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); general (five years)

Facilitating compliance

- **Multistakeholder Platform** to share information and discuss implementation challenges
- **FAQs** covering technical questions on implementation. Available at: https://environment.ec.europa.eu/system/files/2023-06/FAQ%20-%20Deforestation%20Regulation_1.pdf
Frequent updates.
- **Guidelines** on some aspects of the Regulation: concept of ‘agricultural use’, certification, legality
- **Commodity-specific concerns:** collect and publish best practice
- **EU forest observatory:** non legally binding reference maps under development
- **Information system:** core IT tool for operators and CA

Cooperation with partner countries:

- The Regulation is part of a broader set of policies laid out in the 2019 Communication on Stepping up EU Action to Protect and Restore the World's Forests
- Active outreach to stakeholders through Commission, EU Delegations, MS etc
- The Commission is **stepping up cooperation** to address potential challenges in producer countries (e.g. **SAFE project, Cocoa Dialogue, Foreign Partnership Instrument Project**)
- 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

Key takeaways

- The Regulation provides an essential tool to fulfil the commitments made in the **Sustainable Development Goals, in the Kunming-Montreal Global Biodiversity Framework as well as the Paris Agreement**. It is an environmental measure, developed to comply with EU's international commitments, including trade agreements, and WTO requirements.
- **This is the EU taking its responsibility** as one of the main consumer markets.
- **Going beyond legality** is necessary to avoid perverse incentives.
- 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:

Link 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 \(europa.eu\)](#)



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