

# **European Union Deforestation-Free Supply Chain Regulation (EUDR)**

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- On April 19, 2023, the European Union passed legislation that bans imports into the EU market of cattle, cocoa, coffee, palm oil, rubber, soy and wood (and a range of products derived from these commodities) if they are linked to deforestation or degradation of forests.
- The Regulation entered into force on June 29, 2023. The main requirements and prohibitions of the EUDR will apply from December 30, 2024.
- Extensive new compliance requirements will be imposed on these agricultural commodities and products derived from these commodities.



- During this period, the EU will establish and conduct a country benchmarking system to determine risk according to high, low, or standard risk of a country's commodity production contributing to deforestation.
- The Commission's benchmarking assessment will be primarily based on three criteria:
  - rate of deforestation and forest degradation
  - rate of expansion of agricultural land for relevant commodities,
  - production trends of relevant commodities and of relevant products.
- Even if the United States is categorized as "low-risk," the compliance requirements will be costly and challenging to meet, with at least \$8 billion of annual U.S. agricultural exports to the EU affected by the new rules.



## Definitions of Deforestation and Degradation under the EU Regulation

- **Deforestation** means the conversion of forest to agricultural use, whether human-induced or not;
  - **Deforestation-free** means:
    - (a) that the relevant products contain, have been fed with or have been made using, commodities that were produced on land that has not been subject to deforestation after December 31, 2020, and
    - (b) in case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation\* after December 31, 2020;
- \* **Forest degradation** means 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 and the conversion of primary forests into planted forests;



## FOREST DEGRADATION clause (with EU regulations' definitions of each italicized word inserted):

(b) In the case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing ***forest degradation*** after December 31, 2020 [structural changes to forest cover, taking the form of conversion of

***primary forests*** [naturally regenerated forest of native species, where there are no clearly visible indications of human activities, and the ecological processes are not significantly disturbed] **or**

***naturally regenerating forests*** [forests predominantly composed of trees established through natural regeneration; it includes forests for which it is not possible to distinguish whether planted or naturally regenerated; it includes forests with a mix of naturally regenerated trees are expected to constitute the major part of the growing stock at stand maturity; it includes coppice from trees originally established through natural regeneration; and it includes naturally regenerated trees of introduces species] **into**

***plantation forests*** [a planted forest that is intensively managed and meets, at planting and stand maturity, all the following criteria: one or two species, even age class, and regular spacing. It includes short rotation plantations for wood, fibre and energy, and excludes forests planted for protection or ecosystem restoration, as well as forests established through planting or seeding which at stand maturity resemble or will resemble naturally regenerating forests] **or into**

***other wooded land*** [land not classified as 'forest' spanning more than 0.5 hectares with trees higher than 5 metres and a canopy of 5 to 10%, or trees able to reach these thresholds in situ, or with a combined cover of shrubs, bushes, and trees above 10 percent, excluding land that is predominantly under agricultural or urban land use]

and the conversion of ***primary forests*** into ***planted forests*** [forest predominantly composed of trees established through planting and/or deliberate seeding provided that the planted or seeded trees are expected to constitute more than fifty percent of the growing stock at maturity; it includes coppice from trees that were originally planted or seeded].



**Regardless of risk ranking, All Operators** will need to collect/keep the following information, accompanied by evidence, for 5 years:

- (a) **Description:** trade name and type of the relevant products as well as, in the case of relevant products that contain or have been made using wood, the common name of the species and their full scientific name; the product description shall include the list of relevant commodities or products contained therein or used to make those products;
- (b) **Quantity:** expressed in net mass or, when applicable, volume, or # of units of the relevant products;
- (c) **Identification** of the country of production and, where relevant, parts thereof;
- (d) **Geolocation** of all plots of land where the relevant commodities that the relevant product contains, or has been made using, were produced, as well as date or time range of production. Where a relevant product contains or has been made with relevant commodities produced in different plots of land, the geolocation of all different plots of land shall be included.



**(continued) Regardless of risk ranking, All Operators** will need to collect/keep the following information, accompanied by evidence, for 5 years:

**(e) Name, email and address of any business or person** from whom they have been supplied with the relevant products;

**(f) Name, email and address of any business or person** to whom the relevant products have been supplied;

**(g) Adequately conclusive and verifiable information** that the relevant products are deforestation-free;

**(h) Adequately conclusive and verifiable information** that the production of relevant commodities has been conducted in accordance with the relevant legislation of the country of production, including any arrangement conferring the right to use the respective area for the purposes of the production of the relevant commodity.



Any deforestation or forest degradation in the given plots of land shall automatically disqualify all products and commodities from those plots of land(\*) from being placed and made available on the market or exported therefrom. For relevant products that contain or have been made using cattle, and for such relevant products that have been fed with relevant products, the geolocation shall refer to all the establishments where the cattle were kept

\* EU regulation definition of ***plot of land*** is an extension of land within a single real-estate property, as recognized by the laws of the country of production, and which enjoys sufficiently homogeneous conditions as to allow to evaluate on the aggregate level the risk of deforestation and forest degradation associated with commodities produced on that extension of land.





## Concerns/Challenges of US producers with EU regulation

- Highly costly and burdensome across global supply chains, even on low-risk actors.
- Lack of impact analysis (food security, prices, trade, etc.) conducted before legislation was passed.
- Geolocation and Traceability down to processed/derived product entering the EU – essentially full chain of custody throughout a product's entire supply chain.
- Highly restrictive forest degradation definition – not internationally agreed upon and doesn't take into account local context or adapting to climate change.
- Reliance predominantly on remote sensing through the EU Earth Observatory could bring serious challenges in accuracy depending on the adopted mapping criteria/scale/definitional interpretation, especially in regard to timber production.
- After 2 years of implementation, the intent is to expand commodities and other ecosystems, including wetlands, savannas and peatlands.



## US Efforts to Combat Global Deforestation Driven by Agricultural Commodity Production

On Earth Day 2022, President Biden released the [Executive Order on Strengthening the Nation's Forests, Communities, and Local Economies](#)

Amongst the directed actions:

- 1) Submit a report on the feasibility of limiting or removing specific commodities grown on lands deforested either illegally or after December 31, 2020, from agricultural supply chains along with an analysis of the potential for public-private partnerships with major agricultural commodity buyers, traders, financial institutions (State lead)
- 2) Submit a report on including risk of deforestation and other land conversion into guidance on foreign assistance and investment programming (State lead)

Press Release and links to Report(s) released May 31, 2023: [Reporting on Whole-of-Government Approaches to Stopping International Deforestation - United States Department of State](#)



## US Efforts to Combat Global Deforestation Driven by Agricultural Commodity Production

### [Proposed Draft Bill S.2950 \(Forest Act of 2021\)](#)

In Fall 2021, Senator Schatz (HI) introduced a bill aimed at combatting illegal deforestation by prohibiting the importation of products made wholly or in part of certain commodities produced on land undergoing illegal deforestation.

