

# EU Deforestation Regulation: Commission proposes 12 month delay to implementation

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European Parliament supports extra 12 months for phase-in of EUDR and proposes new category of "no risk" deforestation countries

<u>Proposal</u> for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/1115 as regards provisions relating to the date of application

## **Update**

The European Commission has proposed a delay in implementation of the EU Deforestation Regulation (EUDR) so that it will apply from **30 December 2025** for large EU companies, and **30 June 2026** for micro- and small EU companies, 12 months later than originally planned. For the extension in the implementation period to apply, this proposal must be adopted by the European Parliament and the Council of the EU before the end of 2024. On 16 October, the Council announced that it agreed to the Commission's proposal.

On 15 November, the European Parliament voted in favour of the Commission's proposal for a 12-month delay. The Parliament also proposed to amend the previously agreed categorisation of individual countries' deforestation risk. In addition to the agreed three categories – high risk, standard risk, and low risk – the Parliament proposes to introduce a fourth "no risk" category. Under this proposal, operators putting on the market products from "no risk" countries would have to provide certain documentation requirements, but would not have to produce a due diligence statement for those products.

The European Commission, Council of the EU, and European Parliament will now enter negotiations on the amendments proposed by the Parliament.

The proposal to delay the EUDR is in response to concerns expressed by some EU Member States and trading partners that many operators are not sufficiently prepared to comply with all the Regulation's requirements by the end of 2024.

# **Impacted products**

Cattle, cocoa, coffee, palm oil, soya





## What is changing?

Under the EUDR (Regulation 2023/1115), EU operators must only trade and sell cattle, cocoa, coffee, palm oil, rubber, soya, wood and their products on the EU market if they are "deforestation-free" and "legal". EU companies putting these products on the EU market must issue a due diligence statement that includes the country or countries of production, and geolocation of all plots of land where the products were produced [see <u>EU Deforestation Regulation (EUDR)</u>].

The new rules were due to apply from 30 December 2024 for large EU companies, and from 30 June 2025 for micro- and small EU companies.

The European Commission now proposes to delay the application dates to **30 December 2025** for large EU companies and to **30 June 2026** for micro- and small EU companies.

The Commission is **not** proposing to change the Regulation's objectives or detailed requirements.

Under the EUDR, the Commission is also planning to classify countries or regions as low or high risk. Companies importing commodities or products from a country classified as low risk will not have to undertake the full risk assessment required under due diligence. Also, controls by EU Member State authorities will be lower for commodities or products from a low-risk origin. The Commission was due to publish these lists of countries by 30 December 2024, but now proposes to publish them by **30 June 2025**.

# Why?

Several trading partners have repeatedly expressed concerns that operators in their countries are not sufficiently prepared to supply commodities or products covered by the EUDR in line with the new rules by 30 December 2024. Some EU Member States and European stakeholders have expressed similar concerns. The extra 12 months are intended to provide a phasing-in period to ensure the new rules are implemented effectively. This period will also allow further time for the EU to engage with trading partners that have expressed concerns.





#### **Timeline**

As the European Parliament's proposed amendments go beyond the Commission's initial suggested 12-month delay, these will need to be negotiated with the Commission and the Council. The three institutions could agree compromises or, in the absence of agreement, the Commission could withdraw its proposal for a delay. A final legal test will have to be adopted and published by both institutions before the end of 2024 in order for the proposed delay to take effect.

### What are the major implications for exporting countries?

The Commission's proposal does not change the steps producers and exporters of beef, cocoa, coffee, palm oil, and soya must take to meet the new requirements. However, it does provide additional time to put the necessary information and traceability systems in place.

## **Background**

See EU Deforestation Regulation (EUDR).

#### Resources

European Commission (2024) <u>Commission strengthens support for EU Deforestation Regulation implementation and proposes extra 12 months of phasing-in time, responding to calls by global partners</u>. Press release, 2 October.

Commission website: Regulation on Deforestation-free Products - EUDR

Commission website: Obligations for SMEs operating under EUDR

#### Sources

<u>Proposal</u> for a Regulation amending the EU Deforestation Regulation as regards provisions relating to the date of application

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