



THE EUROPEAN UNION'S REGULATION ON DEFORESTATION-FREE SUPPLY CHAINS

Combatting deforestation and forest degradation is a part of the **European Green Deal**, the EU's package of measures introduced in 2019 with the goal of reaching net zero emissions by 2050 and decoupling economic growth from resource use. This new regulation will build on and replace the existing EU Timber Regulation.

July 2019



Communication published on Stepping up EU Action to Protect and Restore the World's Forests

November 2021



European Commission proposes for new regulation

December 2022



Final text of regulation agreed upon

WHY?



Deforestation is occurring at an unsustainable rate, **exacerbating climate change and biodiversity loss**. The primary driver of deforestation and forest degradation is the **expansion of agricultural land** to produce commodities such as cattle, wood, palm oil, soy, cocoa or coffee.



The EU is a large consumer of commodities associated with deforestation. From 1990-2020, 420 million hectares was lost to deforestation with EU consumption causing around 10% of losses. The regulation aims to **curb deforestation and forest degradation resulting from EU production and consumption**.

HOW?



The regulations set mandatory **due diligence rules** for companies that want to place relevant products on the EU market. Operators and traders will have to prove that the products are:

1. **Deforestation-free** (produced on land that was not subject to deforestation after 31 December 2020)
2. **Legal** (compliant with all relevant applicable laws in force in the country of production)



A **benchmarking system** will be used that will assess countries' levels of risk of deforestation and forest degradation (divided into high, medium, and low risk). The risk level determines the extent of due diligence required; traders of products from low-risk countries will be allowed to apply simplified due diligence.

PRODUCTS COVERED



The regulations cover **seven commodities** and a **range of derivative products**. The scope of covered commodities will be regularly reviewed and **may be expanded**.



Derivative products include goods such as beef, chocolate, furniture, charcoal, and printed paper products. The full list of goods covered can be found in **Annex I** of the regulation.



soya



wood



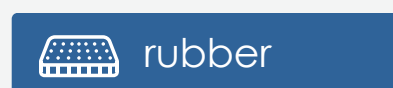
coffee



Cattle



cocoa



rubber



palm oil

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European Importers will require the following information from third-country producers in order to complete their due diligence statements:

1. The **geolocation** of all plots of land where the relevant commodities were produced. The EU authorities will use this information to verify compliance with the deforestation-free requirement.
2. **Date** or time range of production.
3. **Verifiable information**, data or documentation showing that the products are deforestation-free and that the production process has not violated any domestic laws.