

Do You Export to Europe?

Urgent Attention to EUDR Needed

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Several years in the making, the EUDR (European Union Regulation on Deforestation-Free Products) quietly went into effect at the end of June 2023, with enforcement to begin on December 30, 2024. Every company that exports wood in any form to Europe will be affected, as will others throughout the supply chain all the way to the forest.

The EUDR is intended to avoid the consumption of products coming from areas of deforestation and forest degradation.¹ The new regulation focuses on seven commodities – cattle, coffee, cocoa, oil palm, rubber, soy, and wood.² The goals and some of the provisions are quite similar to those of internationally recognized forest certification and controlled wood programs. For instance, any exporter of wood or wood products to the EU³ must provide proof that the wood was obtained legally and that its production was not linked to forest degradation or deforestation. But in addition, information must now be provided regarding the date and geolocation (GPS coordinates or defined polygons) of harvest of all commodities or product components included within a shipment. As with chain of custody certification, all commodities, or derivatives of them, for which required information is known must not be mixed with noncompliant material at any point in the supply chain.

A strict cut-off date of December 31, 2020, has been set as a reference point in determining whether commodities subsequently gleaned from any part of a given plot of land are linked to deforestation or forest degradation, with no lower limit as to the extent of land that may have been impacted after the reference date. For example, wood harvested from a woodlot in 2024 where 2% (or any amount) of the management unit had been converted to agriculture in 2021, would be considered in violation of the EUDR regulation. Therefore, knowledge regarding the past-history of parcels of land where commodities are expected to be obtained will be critical to commodity procurers.

¹ Note: The regulation's definition of deforestation is limited to conversion of forest to agricultural use; and the definition of degradation is tied to primary forests and naturally regenerating forests, not degradation of planted forests/plantations. See key EUDR definitions in Article 2 of the regulation: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>.

² For additional discussion, see *Deforestation: Definitions, Trends, and Policies for Forests and Forest Products (Feb 2023, Dovetail Partners)* <https://dovetailinc.org/portfoliodetail.php?id=63f7901a0cca8>

³ The regulation applies as well to all countries within the EU trading bloc.

With respect to wood in particular, the regulation applies to raw wood and all derived products, including fiber, chips, pellets, pulp, paper, cardboard, lumber, furniture, charcoal, coffins, packaging and packing material,⁴ and more. A complete list of products covered by the regulation is available in Annex 1 of the regulation (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>).

A guidance document from the European Commission (2024) provides a clear statement of how the EUDR would apply to a product such as wood furniture:

“For relevant composite products such as wooden furniture with different wood components, the operator needs to geolocate all the plots of land where relevant commodities (wood for example) used for the manufacturing process has been produced. The relevant commodities components may be neither of unknown origin nor from areas deforested or degraded after the cut-off date.”

The implications for how a manufacturer obtains, processes, stores, and tracks materials used in production are many, and significant. Composite products made using wood in various forms and/or from multiple sources must likewise comply with similar requirements.

Several organizations⁵ including international certification systems,⁶ private companies that provide certification related services, and trade organizations are working to develop compliance mechanisms; however, no one-size-fits all approach is currently available to forest product companies. It is worth noting that, a proposed regulation similar to the EUDR has been introduced in the U.S. Congress to affect imported commodities (palm oil, soybeans, cocoa, cattle, and rubber); notably, this bill does not include new restrictions on wood products.⁷



Bottom Line

Any wood and wood products manufacturer or exporter with markets in Europe and who has not already taken steps to comply with EUDR requirements will likely find themselves having to play catch-up to participate in European markets by the end of 2024. This is in part because of a requirement that geolocation data must be provided for any wood harvested after June 29, 2023. Immediate attention is advised, including individual company actions (e.g., communicating with suppliers and tracing supply chains), advocacy through trade associations, and policy engagement.

⁴ This means packaging and packing material as a product for sale in the EU, not packaging material used exclusively to support, protect, or carry another product placed on the market.

⁵ Including work commissioned by the American Hardwood Export Council (AHEC) being completed by Dovetail Partners, see: <https://dovetailinc.org/blogdetail.php?id=65732238895c2>

⁶ FSC: <https://fsc.org/en/eudr-regulation-on-deforestation-free-products>; and PEFC: <https://pefc.org/eudr>

⁷ <https://www.whitecase.com/insight-alert/us-congress-reintroduces-bill-restrict-imports-linked-illegal-deforestation>

References

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