EUROPEAN GREEN DEAL RISK RADAR | UPDATE

What to watch out for in the EU's new legislative term 2024-2029



DEFORESTATION REGULATION (EUDR)

Regulation (EU) 2023/1115 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

Under the EUDR, any operator or trader who places commodities like cattle, wood, cocoa, soy, palm oil, coffee or rubber on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land or have not contributed to forest degradation. It aims to: avoid the listed products Europeans buy, use and consume contributing to deforestation and forest degradation; reduce carbon emissions caused by EU consumption and production by at least 32 million metric tonnes a year; and address all deforestation driven by agricultural expansion, as well as forest degradation.

WHAT'S IN IT?

OBJECTIVE

Climate ambition

In view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables

Accelerating the phase-out of fossils and nuclear

Fair participation

Of citizens in the benefits of the European Green Deal

Biodiversity

Preserving biodiversity in the EU and beyond

Zero pollution

Achieving zero pollution and a circular economy in the EU and beyond

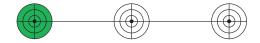
GOOD PROSPECTS
IN VIEW OF
THE OBJECTIVE

MIXED PROSPECTS

A STEP BACKWARDS, UNDERMINING THE OBJECTIVE











WHAT'S NEXT?

STATUS

Entered into force



MILESTONES

By December 2023EU Member States to designate competent

to designate competent authorities (partly delayed)

Since June 2024

European Commission impact assessment on extending the scope to wooded land delayed

By June 2025

European Commission impact assessment on extending the scope to other commodities and ecosystems

LIMITED RISK

From January 2026

European Commission and EU Member States to start full implementation (delayed by one year)

HIGH RISK

WHAT TO WATCH OUT FOR?

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Licence for polluters. Undermining the polluter-pays principle, increasing global pollution.

Inequalities. Allowing for practices that deepen global inequality.

MEDIUM RISK







Deforestation Regulation (EUDR)

WHAT'S IN IT?

Climate ambition

The EUDR promotes the consumption of 'deforestation-free' products and reduces the EU's impact on global deforestation and forest degradation. It focuses on commodities like cattle, wood, cocoa, soy, palm oil, coffee and rubber, and some of their derived products, and aims to minimise the EU's contribution to deforestation and forest degradation, both in the EU and in the rest of the world, and subsequently to reduce greenhouse gas emissions and increase greenhouse gas removals within and beyond the EU territory. It is one of the few instruments tackling imported consumption emissions and hence has exceptional value in the climate change debate.

♣ 100% renewables

As the Regulation aims at products such as wood and palm oil, it will likely impact the import and use of (unsustainable) bioenergy in the EU.

⊕ Fair participation

No direct link to citizens' fair participation in the energy transition. Through partnerships with third countries, it envisages participation of stakeholders in reform processes enhancing forest governance and addressing domestic factors contributing to deforestation. Regular reviews of the Regulation will look at the impact on farmers, in particular smallholders, indigenous peoples and local communities, and the possible need for additional support for the transition towards sustainable supply chains.

Biodiversity

The EUDR is a landmark policy for the EU to contribute to forest protection in the EU and worldwide. It could serve as an example for other countries to take up responsibility for the impacts their consumption patterns have on forests, and thus could have a substantial and necessary impact.

(N/A) Zero pollution

Not directly applicable.

WHAT'S NEXT?



STATUS

Entered into force on 29 June 2023

Implementation has been delayed and should start 1 January 2026, with exemption for small and micro-enterprises, where implementation should start from 30 June 2026.

Transposition by EU Member States

Member States should designate, by the end of 2023, one or more competent authorities responsible for fulfilling the obligations arising from this Regulation (as of 1 January 2025, all Member States but Greece, Malta and Poland have complied). These authorities must develop annual plans to monitor implementation of the Regulation.

Revision clauses and reporting duties

By the end of June 2024, the European Commission (EC) should have made an impact assessment (possibly including a legislative proposal) to extend the scope of the Regulation to include other wooded land (as of 1 March 2025, this has not happened). By the end of June 2025, the EC shall present an impact assessment (possibly including a legislative proposal) to extend the scope to other commodities (such as maize) and/or other natural ecosystems (such as grasslands, peatlands and wetlands). By the end of June 2028 and at least every five years thereafter, the EC shall carry out a general review of this Regulation.

Delegated acts and other related legislative action

Implementing act containing a list classifying all third countries based on high, medium or low risks. Under pressure from a range of countries, the EC, in March 2024, decided to postpone this act and treat all countries as medium risk.

Deforestation Regulation (EUDR)

WHAT TO WATCH OUT FOR? RISKS









Licence for polluters Inequalities



Under pressure from Member States, partner countries and industry, the Commission proposed to postpone the implementation of the Regulation by one year. A majority in the European Parliament tried to make use of this proposal to water down some of the provisions of the Regulation, which was rejected by Member States. However, strong resistance remains and full implementation of the Regulation is still not guaranteed. Certain industry sectors are asking for substantial additional financial support in order to be able to deal with the Regulation, thereby threatening to undermine other financial priorities of the EU.

One of the proposals of the Parliament was to largely exempt domestic products from the Regulation by introducing a new category of countries that would be exempted from the Regulation. This would put the burden exclusively on partner countries, mainly from the developing world.

`We aim to stop illegal global deforestation, but without overburdening European farmers companies or international trading partners.' Christine Schneider, MEP and European People's Party (EPP) lead negotiator, 14 November 2024

HOW TO IMPROVE IT? OPPORTUNITIES

The two reviews on expanding the scope of the Regulation offer opportunities to further expand its coverage to new products and/or ecosystems, and thus increase its impact to protect biodiversity and reduce greenhouse gas emissions in the EU and abroad.

FURTHER READING

FERN: What is the EU Regulation on deforestation free products?, March 2023