

The new EU Deforestation Regulation (EUDR)

Basics & Requirements

Agenda

- Timeline
- Affected products and companies
- Obligations of EU importers
- EUDR: Due diligence
- EUDR: Necessary information
- Conclusion
- Questions

About us

- Subsidiary of GD Holz (German Timber Trade Federation)
- Consultants for EU Timber Regulation (EUTR), working with ca. 160 importers (mostly Germany)
- More than 10 years of experience with EUTR
- Own due diligence system (DDS) for EUTR, currently developing digital solution for EUDR

Contact: eudr@gdholz.de

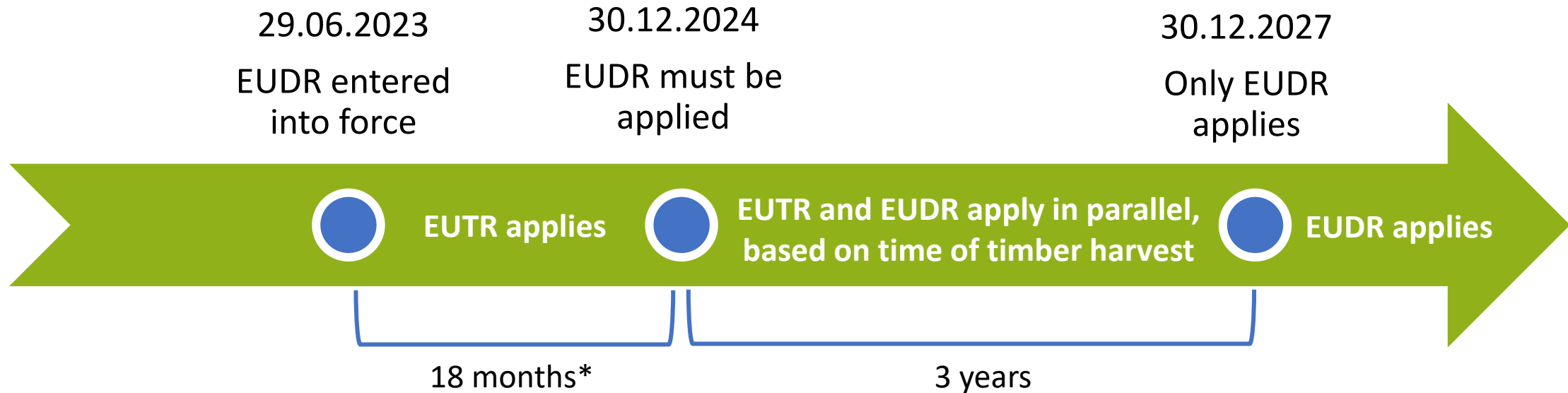


Sources of information

- [Text of the regulation](#)
 - [EUDR FAQ](#) (new 02.10.2024)
 - [EUDR Guidance Document](#) (new 02.10.2024)
 - EUTR/FLEGT Expert Group meetings
 - BMEL stakeholder forum
 - Direct contact with ministries, authorities and EU Commission
- Important: **Implementation by national competent authorities**
- Webinar is based on our current understanding of the regulation and experience with EUTR in Germany – **information supplied without liability!**

Timeline

Timeline for the implementation of EUDR



*24 months for small enterprises – but only for products not affected by EUTR

EUTR continues to apply for:

- Wood harvest before 29.06.2023
- Placing on the market between 30.12.2024 und 30.12.2027

EUDR applies for wood harvested from 29.6.2023

Delay in implementation

- EU Commission [proposal](#) of 02.10.2024: Postpone EUDR by one year
→ EUDR would thus apply from 30.12.2025
- Council and Parliament must agree - timing and outcome unclear
- No substantive change planned (but demanded by some countries)
- Planned publication of country benchmarking: 30.06.2025

Affected products and companies

Scope

- EUDR applies to **relevant products** made from **relevant commodities**
- Relevant commodities: cattle, cocoa, coffee, oil palm, rubber, soya and wood
- Relevant products: listed in Annex I of the EUDR based on HS Codes

Relevant products: Wood and wood products

- HS-chapter 44. **New:**
 - 4402 Wood charcoal
 - 4404 Poles
 - 4405 Wood wool, wood flour
 - 4417 Tools, tool handles
 - 4419 Tableware and kitchenware
 - 4420 Wood marquetry, caskets
 - 4421 Other articles of wood
- HS-chapters 47 and 48: Pulp and paper
 - **New: 4900 Printed paper**
 - **New: 9401 Seats**
 - Wooden furniture (9403 30, 9403 40, 9403 50 00, 9403 60 und 9403 91 00)
 - Prefabricated buildings (9406 10 00)



Exemptions

Products listed in Annex I that are exempt of the regulation:

- Packaging (if used as such)
 - Products made of recycled wood (e.g. paper, furniture)
 - Products that don't contain wood (e.g. bamboo)
- Importers will need paper evidence that product is exempt
- Components made from virgin wood fibres are not exempt!



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Who needs to fulfil EUDR?

- EU importers
- EU exporters
- EU forest owners
- EU wood processors
- EU non-SME-traders
- EU SME-traders

Operators – obligations depend on company size and position in the supply chain

Traders

→ Non-EU companies are not covered by EUDR, but need to provide EU importers with the necessary data

→ Also relevant if your customers sell to EU importers!

Who is an operator when importing into the EU?

- EU importer = operator
- Definition in reality: Company that is specified as 'consignee' during customs clearance
- Relevant for drop shipping!

Obligations of EU importers

Obligations of importers

- Exercise a **Due Diligence System (DDS)** prior to placing on the market or exporting relevant products
- Aspects to be considered in DDS:
 - Deforestation
 - Forest degradation
 - Production (= logging) according to local laws
- Prepare due diligence statement (DD statement)
- Communicate information along the supply chain (reference number, evidence that DDS has been applied).



Due diligence statement (1/2)

- After applying their DDS and prior to importing, importers must submit a **DD statement** into the “EU information system”
- A single DD statement can be submitted for multiple shipments (if all relevant data is available and has been assessed)
- Operators then receive a **reference number** for each DD statement that must be given to customs
- Without a DD statement **no release** of the goods by customs (import/export)!

Due diligence statement (2/2)

- Anyone who submits a DD statement **assumes responsibility** for the legality of the goods
- Reference number must be communicated along the supply chain
- DD statement can't be submitted by suppliers!

Due diligence statement: content

Required information:

1. Name and address of operator
2. Product description incl. quantity and tree species
3. Country of harvest incl. **geolocation**
4. Confirmation that a DDS has been applied and that the product is of low risk
5. If applicable: reference number of previous DD statement(s)
6. Name, signature

EUDR: Due diligence

Due Diligence System (DDS)

- Same principle as in EUTR, but with additional aspects:
 - Collection of information
 - Risk assessment
 - Risk mitigation
- Import only possible if all risks are negligible!
- Everything needs to be documented!



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Special case: Simplified due diligence

- EU will classify all countries worldwide according to deforestation risk
 - Low risk
 - Standard
 - High risk
- Timber proven to have been harvested in a low-risk-country:
 - Collect information and submit DD statement
 - No risk assessment or risk mitigation necessary
- List initially expected for 30.12.2024, now announced for 30.06.2025

EUDR: Necessary information

Collection of information

All necessary information must be provided by the supplier (if applicable)!

- Description of product (including full scientific names of all included tree species)
- Volume
- Country of harvest
- Supplier
- Customer(s)



Collection of information: Legality

“Information that the relevant commodities have been produced in accordance with the relevant legislation of the country of production”

Land use rights

Forest-related rules

Tax regulations

Labour rights

Environmental protection

Trade and customs regulations

Human rights

Anti-corruption regulations

Third parties' rights

FPIC

Collection of information: Geodata

Geo-coordinates of all plots of land where wood was harvested:

- Area under four hectares: single point
- From four hectares: polygon
- If unclear: every plot of land where wood **could** have originated from **must be specified!**
- Accuracy: six decimal places
- Format used by EU: WGS 84

Also necessary: date or time range of production
(*“duration of the relevant harvesting operations”*)



Collection of information: Deforestation

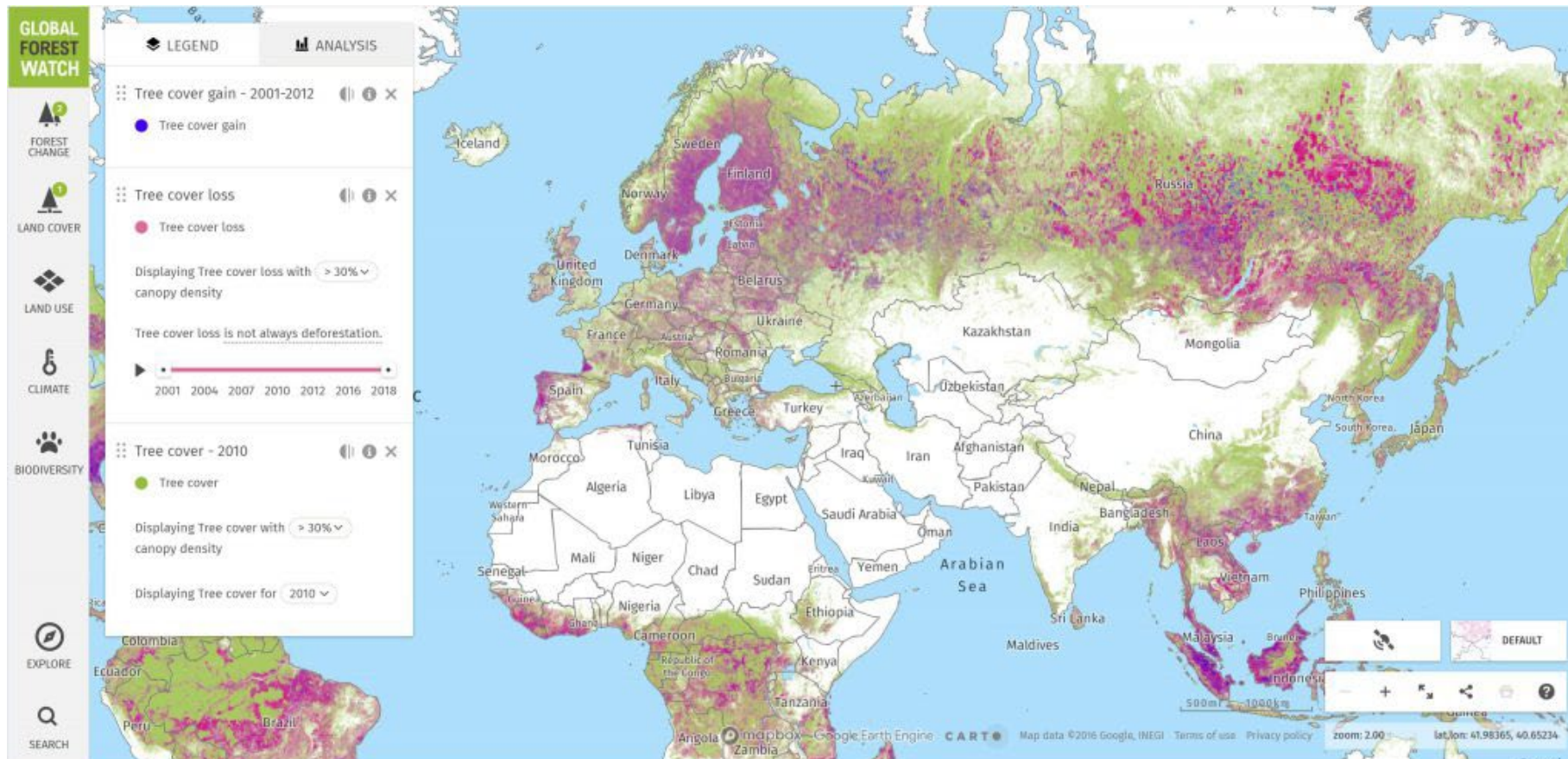
- Evidence that no deforestation has occurred on the plot of land.
- Deforestation = conversion of forest to **agricultural land**.
- Deadline: 31.12.2020



→ Timber harvesting or calamities (i.e. insects, storms, fire, etc.) are not affected, as long as no agricultural land is created

How can deforestation be verified?

Verification possible via satellite images: www.globalforestwatch.org



Collection of information: Forest degradation

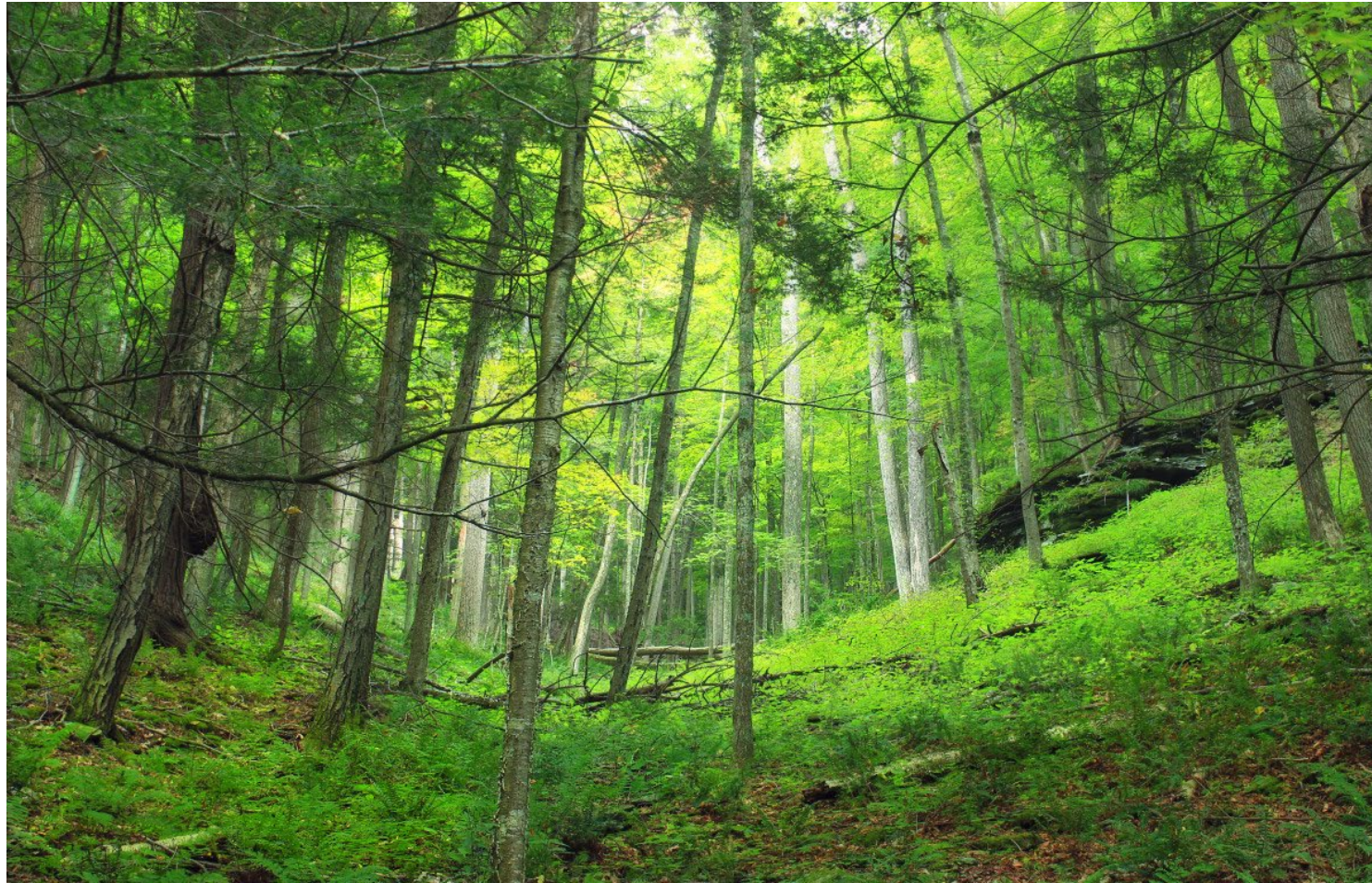
- Evidence that timber harvesting has not led to forest degradation
- Forest degradation is defined as:
 - Conversion of **primary forests** to **planted forests, plantation forests, or other wooded land**
 - Conversion of **naturally regenerating forests** to **plantation forests or other wooded land**
- Deadline: 31.12.2020

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Definition: Primary forest

Primary forest: Forest without signs of human activities



Definition: Naturally regenerating forest

Naturally regenerating forest: Forest predominantly composed of trees established through natural regeneration.



Definition: Planted forest

Planted forest: Forest established through planting or seeding (**over 50% of growing stock at maturity**).



Definition: Plantation forest

- Plantation forest: Intensively managed, one or two species, even age classes, regular spacing

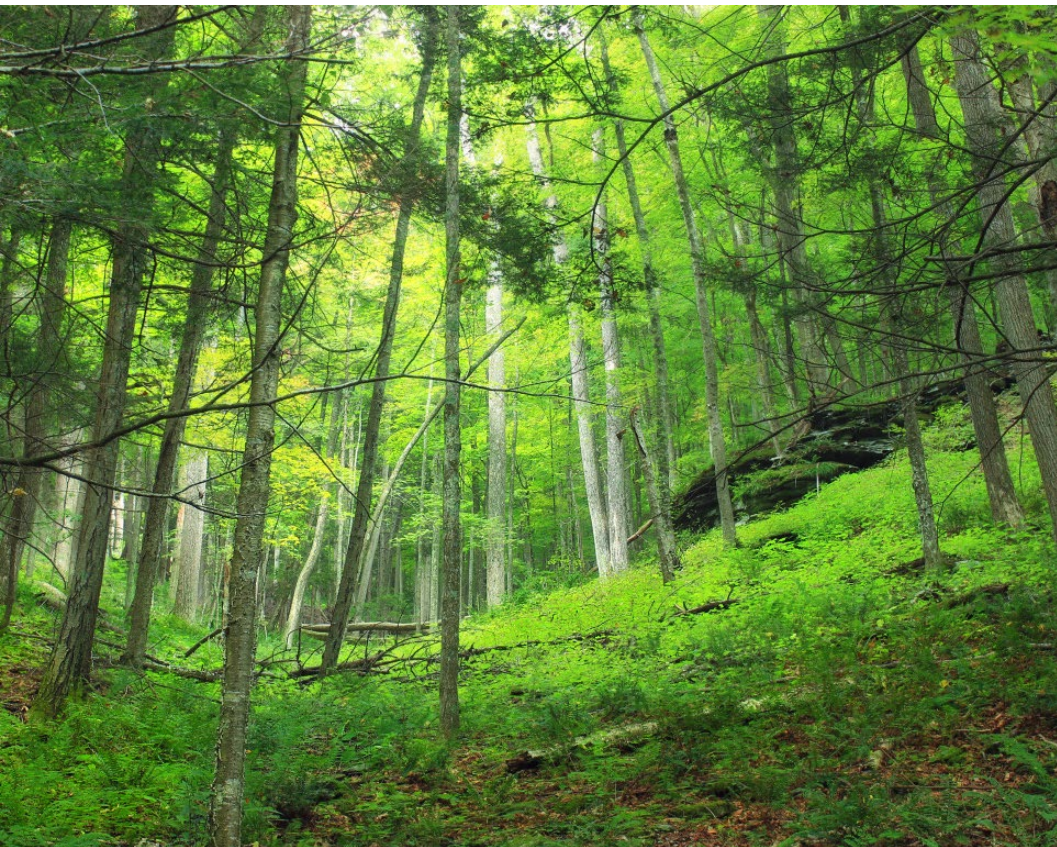


Definition: Other wooded land

Other wooded land: Areas with a canopy cover between 5 and 10%.



Forest degradation: Primary forest



Forest degradation: Naturally regenerating forest



Forest degradation: Other types of forest



Forest degradation: Clear-cutting, etc.?



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- Conversion of primary forest to naturally regenerating forest allowed
- Extreme case

Forest degradation

How can forest degradation be assessed?

→Varies depending on the individual case

Ideas:

- Satellite imagery
- Credible documents, e.g. forest management plans
- Photos (with coordinates)
- Own or external visit
- Certification



Certification

- EUTR: Certification is often used as a risk mitigation measure
- Also mentioned in EUDR
- Full due diligence must still be applied – no “green lane”
- Acceptance by authorities not yet clear (but we have high hopes, at least for Germany)



Conclusion

Conclusion: Wood from USA or Canada

Information necessary for wood harvested in USA or Canada
(Assumption: classified as low-risk countries and based on current implementation of EUTR in Germany):

- Country of harvest + coordinates (long lists are possible!)
- Date or time range of harvest
- Tree species (full scientific name)
- Proof that wood was harvested legally and is deforestation free
 - Statement that wood was harvested in USA or Canada (+State if possible)
 - Printed on invoice or separate document
 - Certificate of origin is not sufficient!

Conclusion

- Several details are still not clear
- Put simply: EUDR = EUTR + coordinates
- Several ill-informed stakeholders are currently spreading false or incomplete information – be careful!
- The „sense of the regulation“ should always be considered, but in the end the exact wording of the regulation must be observed, whether it makes sense or not
- Importers need **plausible paperwork**, otherwise they can't import

Thank you for your attention!

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