

To: Janusz Wojciechowski, European Commissioner for Agriculture

Cc: Wolfgang Bartscher, Director General for Agriculture

8 April 2024

Global forest-based industries' call for legal clarity and adequate transition time to ensure a smooth and effective implementation of the EU Deforestation Regulation

Dear Commissioner Wojciechowski,

The undersigned associations represent producers in the forest sector and related industries at global level. Every day, we manage forests sustainably and provide products such as paper, construction products, packaging, hygiene products, printed products and media, as well as renewable energy.

Our industries fully support initiatives and actions to fight deforestation and forest degradation. Ending deforestation is critical in order to address climate change, preserve biodiversity and ensure reliable and sustainable raw materials and supply chains. For decades our industries have supported the use of third-party certification to additionally prove responsible forest management. For example, in the pulp and paper sector 50% of the wood fibres used at global level are certified¹.

We share and support the objectives of the Regulation but our concerns on the details of its implementation are increasing. Eight months before the entry into application of obligations for operators, traders and Competent Authorities, we are facing substantial uncertainties and delays; below are the most important ones:

1. At the present time, the Information System is not fit for purpose, as revealed by the pilot testing carried out by selected operators in January 2024. On top of being almost entirely based on manual entry, and therefore not workable, the system presented serious gaps that would make it difficult to show compliance as of 30 December 2024. For example, operators should be able to flag in their Due Diligence Statement (DDS) that their products contain commodities or semi-finished products already placed on the market in the transitional time between the entry into force and entry into application of the Regulation, hence not geolocalised.

We appreciate the Commission's efforts to refine the system based on the feedback received and, as this will be a mandatory compliance tool, we urge the Commission to allow a second round of testing with as many operators as possible. Once the final version is ready, adequate time should be given to operators to make the necessary changes and interfaces in their IT systems and train their staff. Therefore, we want to highlight that if the final version of the platform is only available in September/October 2024, companies will not have enough time to adapt their systems to be interoperable with the EU system by the end of the current year.

¹ Source: ICFPA 2023 Sustainability Progress Report

2. Guidance and clarification on essential elements of the Regulation are still lacking.

To date, many of our questions have not been addressed by the FAQs provided by the European Commission. In some cases, the FAQs offer an even more restrictive interpretation of the Regulation, while others insufficiently address sector-specific issues; to name but a few:

- How to ensure traceability while respecting the confidentiality of information about supply-chain business relationships?
- What does it mean in practice for different upstream and downstream operators and traders in the same value chain that the operator must “ascertain” that the supplier has done the due diligence?
- How to report the origin of commodities in a case where physical segregation is impossible and when the “reporting in excess” approach would still lead to the aggregation of hundreds of thousands of geolocation data and would therefore imply an overload of information in each DDS provided by the operator?
- As per article 37(2), Regulation (EU) No 995/2010 shall continue to apply until 31 December 2027 to timber and timber products that were produced before 29 June 2023. Which Regulation will apply to the same products produced after 30 June 2023, considering that the EU Deforestation Regulation (EUDR) obligations were not yet in application?

The above are just a handful of examples of uncertainties leaving operators and traders in a difficult position which, if not addressed, will cause frictions and disruption in supply chains. We would like to emphasise the need for consultation and in-depth understanding of how our supply chains work in order to produce helpful guidance for operators and Competent Authorities alike.

3. The announcement that all countries will be classified as “standard risk” at entry into application, instead of being assessed according to the three-tier system as per art. 29(2), **is highly concerning for our sector**. It will impose additional and unnecessary burdens on operators sourcing wood in countries or regions with no or negligible evidence of deforestation which would presumably qualify as “low risk”, as they will have to conduct the full due diligence instead of the simplified version as per art.13.

4. The Regulation unveils a lack of understanding of how forest-based supply chains work and the role of SMEs. The forest-based sector offers a unique economic ecosystem where raw materials, by-products and residues are supplied across the various parts of the value chain. For example, sawmilling by-products are used for wood pulp and wood-based panels’ manufacturing as well as for energy production. SMEs are essential elements of this chain, both in the primary production and processing and in intermediary and final steps. The misalignment of the date of entry into application for small and large operators raises questions: how to handle the submission of new DDSs in the Information System when dealing with timber or intermediary products supplied by small and micro-enterprises, for which there will be no obligation until June 2025?

Even after the transition period, without an adapted approach to implementation, the Regulation may affect the market by imposing de facto harsher requirements on SMEs, and generally making the European market less attractive for established international trade partners, including but not limited to, Brazil, the US and Canada.

5. Based on the information available at the time of writing, 11 European countries have not been able to nominate a Competent Authority, despite the December 2023 deadline.

For all the above-mentioned reasons we believe that the current timeline before entry into application is neither realistic nor reasonable. **We therefore urge the European Commission to set a longer transition time for all actors, which should be used to offer necessary clarifications and develop workable solutions for the effective implementation of the EUDR.** While we are fully committed to the fight against deforestation, it would be vital that the Commission completes the task of country benchmarking, prioritising the identification of low risk countries; builds a common understanding of the implications of the Regulation among all actors, including SMEs, and sets in place effective and efficient compliance tools such as the Information System.

We thank you for your attention and look forward to your kind reply.

Yours faithfully,

Signatories:

AF&PA – American Forest & Paper Association
AHEC – American Hardwood Export Council
Bioenergy Europe– The voice of European Bioenergy
CEI-Bois – European Confederation of Woodworking Industries
Cepi – Confederation of European Paper Industries
CITPA – International Confederation of Paper and Board Converters in Europe
Coalition on Sustainable Timber
CORMA – Chilean Timber Corporation
CPI – Confederation of Paper Industries, United Kingdom
EDANA – Nonwovens Industry
EOS – European Organisation of the Sawmill Industry
ETS – European Tissue Symposium
ETTF – European Timber Trade Federation
FEFCO – European Federation of Corrugated Board Manufacturers
FEP – Federation of European Publishers
FEP – European Parquet Federation
FPAC – Forest Products Association of Canada
Ibá – Brazilian Tree Industry
INTERGRAF – European Federation for Print and Digital Communication
NAFO – National Alliance of Forest Owners, United States
New Zealand Forest Owners Association
PAMSA – Paper Manufacturers Association of South Africa

