



The EU Deforestation Regulation (EUDR): a bureaucratic monster ahead of us

Season 2

AFVP – 20 June 2024

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Introduction



**We all want
to avoid
this**

Introduction

- It's the reason why a new EU regulation has been published on the Official Journal of EU on 9 June 2023.
- This regulation entered into force on 29 June. Companies will have to comply with it 18 months after, that is **29 December 2024**.
- But is this new Regulation a proper tool to curb deforestation? And what consequences for the pulp sellers and buyers of this regulation?
- **DISCLAIMER:** substantial information is still missing, and the understanding of the EUDR is subject to various interpretations. I do not ascertain that the understanding we have now will be the final one (we are waiting a *Frequently Asked Questions* from the Commission).

Content of the presentation

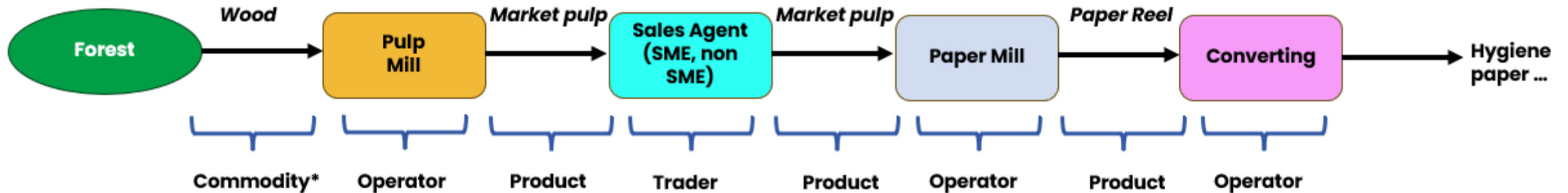
- Overview of the Regulation on Deforestation of the EU (EUDR)
- What will be expected from the companies?
- Focus on the Information System
- What information is still missing?
- Main remaining problems

Overview of the EUDR



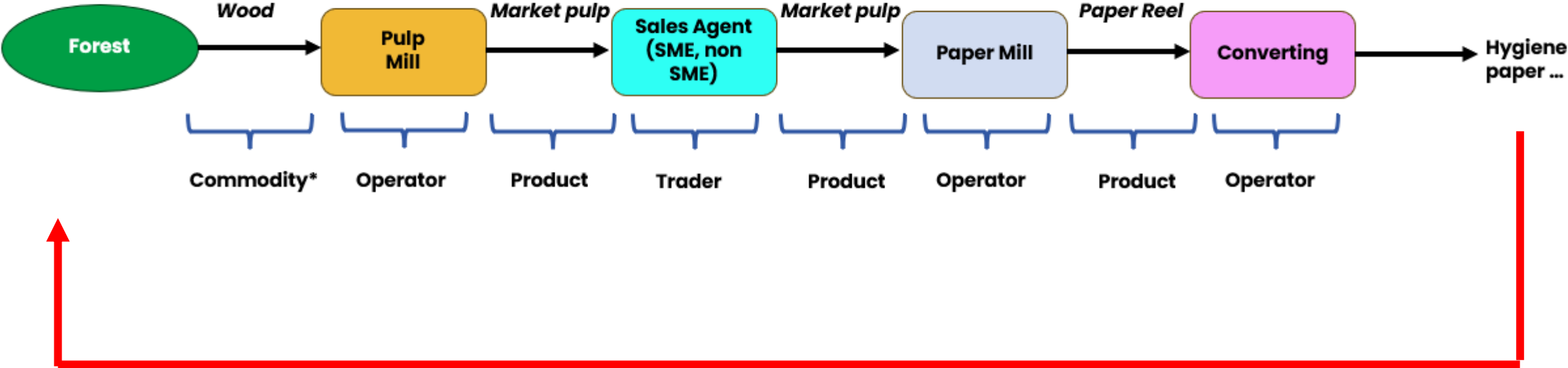
Overview of the EUDR

- Main principle: full traceability of the fibers, from the forests to the end products (office paper, packaging, hygiene paper, books, magazines ...)
- As an intermediate product, market pulp is in the scope of this full traceability.



* Other commodities: cattle, cocoa, coffee, oil palm, rubber, soya ...

Overview of the EUDR



Has this given product contributed to déforestation?

What will be expected from companies?

- **Requirements of the companies are in art. 4** (obligations of operators)
 - (1) Exercise a **Due Diligence** (as described in art. 8: collection of information, risk assessment and risk mitigation)
 - (2) Submit a **Due Diligent Statement** (to the Competent Authority, via the Information System)
 - (7) Companies shall communicate to customers information, **including the reference number of the DDS**, necessary to demonstrate that the DD was exercised and that no or negligible risk was found
- **Regarding the DD System, companies shall:**
 - Establish a framework of procedures.
 - Review the DD System at least once a year.
 - (For non SMEs) report publicly on their DD System.
 - Keep for at least 5 years all documentation.

What will be expected from companies?

Collection of information (art. 9). Example below:

- (a) Name of the product (reels of paper) from Eucalyptus, beech, and poplar (+ scientific names).
- (b) Paper reels of 18 500 kg.
- (c) Countries of origin: Brazil, Germany, Finland.
- (d) Geolocations of all the plots and time of range of production: Plot 1(latitude, longitude, harvest between April 18th 2025 and April 28th 2025), Plot 98 (...).
- (e) And (f) Contact detail of the pulp suppliers and of customers.
- (g) Adequately conclusive and verifiable information that the paper reels are deforestation free.
- (h) Adequately conclusive and verifiable information that the pulp has been produced in accordance with the legislation of the 3 related countries.

Information (a) to (h) as to be kept for 5 years and made available to the Competent Authority upon request.

What will be expected from companies?

Important: only the information in blue is in the DDS

(a) Name of the product (reels of paper) from Eucalyptus, beech, and poplar (+ scientific names)

(b) Paper reels of 18 500 kg

(c) Countries of origin: Brazil, Germany, Finland

(d) Geolocations of all the plots and time of range of production: Plot 1 (latitude, longitude, harvest between April 18th 2025 and April 28th 2025), Plot 98 (...).

(e) And (f) Contact detail of the pulp suppliers and of customers.

(g) Adequately conclusive and verifiable information that the paper reels are deforestation free.

(h) Adequately conclusive and verifiable information that the pulp has been produced in accordance with the legislation of the 3 related countries.

What will be expected from companies?

Risk Assessment (art. 10)

The risk assessment shall take into account:

(a) The assignment of risk to the countries (low, standard, high) see art. 29.

(c) The presence of indigenous people (Yanomami in Brazil, Sami in Finland).

...

(i) The complexity of the supply chain.

Operators shall document and review the risk assessments at least on an annual basis and make them available to the Competent authority.

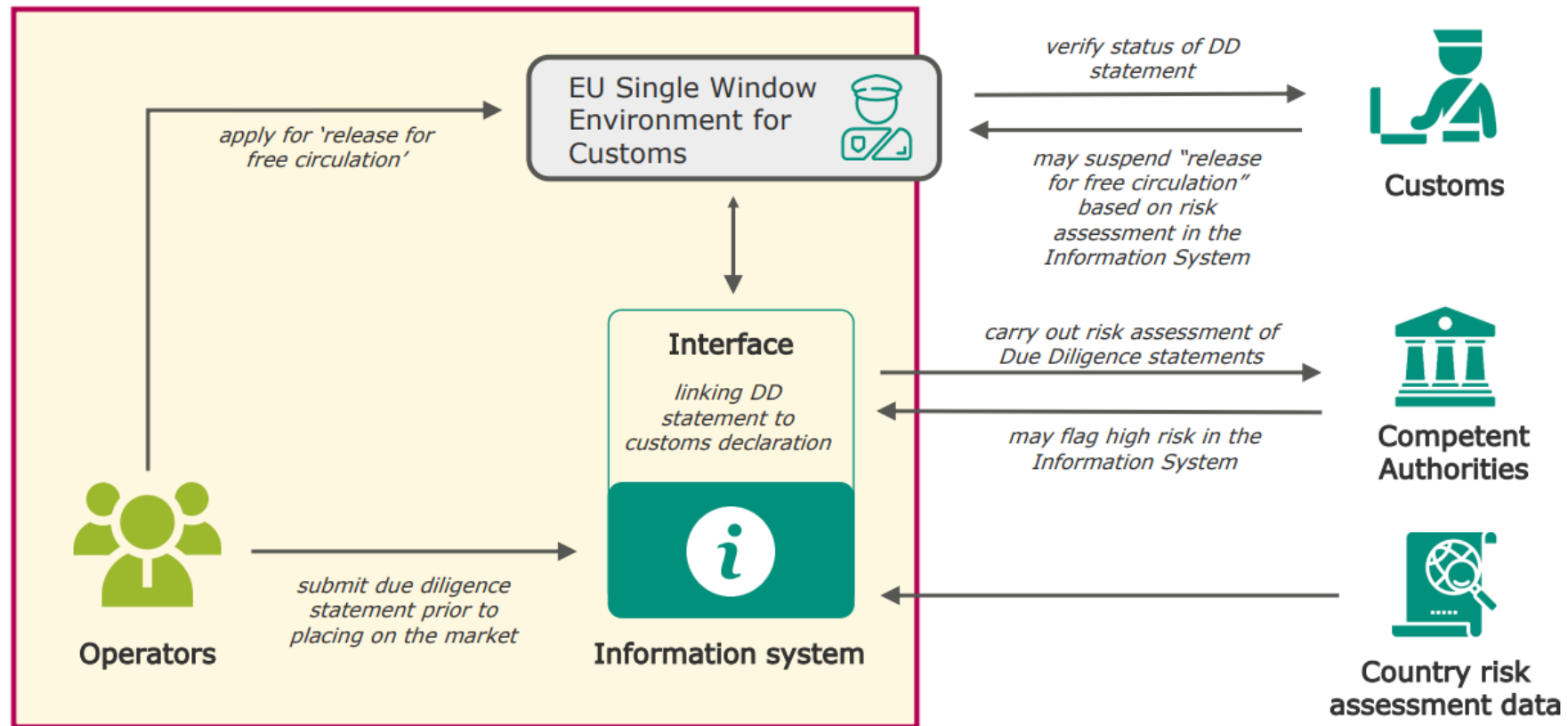
What will be expected from companies?

Risk Mitigation (art. 11)

Except where the risk assessment reveals that there is no risk, the operator shall adopt risk mitigation procedures:

- Requiring additional information, data or documents.
- Carrying out survey or audits.
- Companies shall have procedures to mitigate the risk. Those procedures shall include an independent audit function to check the internal policies.

Focus on the Information System



Focus on the Information System

The Information System has been tested from 18 December 2023 until 31 January 2024

- 6 European p&p companies selected (Smurfit Kappa, UPM, Navigator, Lenzing, Papier Holz Austria, Sylvamo)
- At least one non European company (Suzano)

Focus on the Information System

The operator logs in

The screenshot shows a web browser window with the URL `webgate.acceptance.ec.europa.eu/tracesnt-alpha/certificate/dds/create`. The page title is "New Declaration" and it features a "NEW" badge in the top right corner. The form is divided into two tabs: "Declaration Details" (active) and "Attachments".

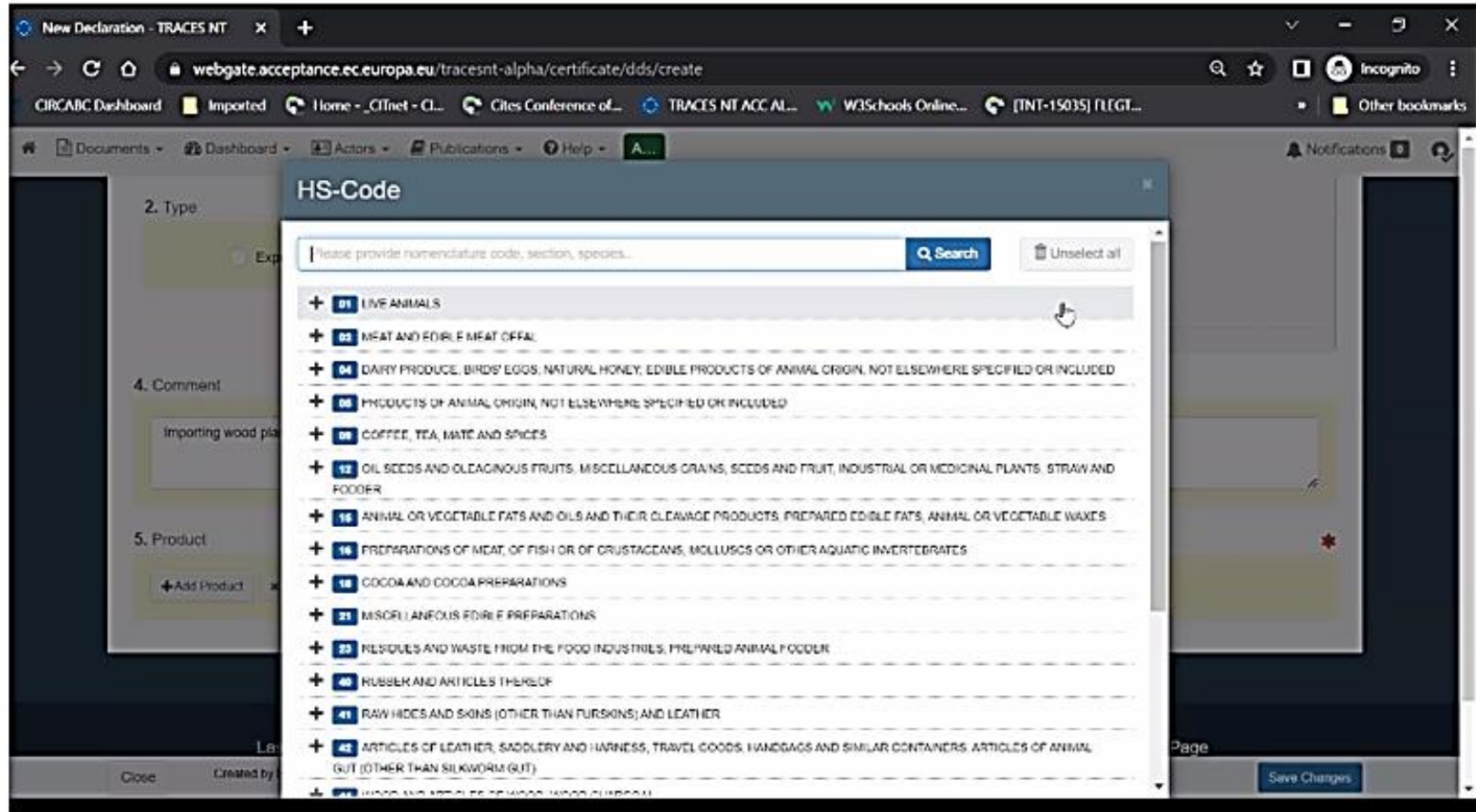
The "Declaration Details" section contains the following fields:

- 1. Declaration Number:** A text input field with a bookmark icon on the left.
- 2. Type:** A radio button group with three options: "Export", "Import", and "Domestic Production". A red asterisk is visible to the right of the options.
- 3. Economic Operator:** A form with the following pre-filled information:
 - Name: BE DDs Operator
 - EORI: BE0001DDS0001
 - Email: (empty)
 - Address: Rue 1 1000
 - Country: Belgium
- 4. Comment:** A large text area for entering a comment.

At the bottom of the form, there is a "Close" button on the left, a status indicator "Created by BE: DDs Operator on" in the center, and a "Save Changes" button on the right.

Focus on the Information System

Selection of a product



Focus on the Information System

Selection of the species

The screenshot shows a web browser window with the URL `webgate.acceptance.ec.europa.eu/tracesnt-alpha/certificate/dds/create`. The page is titled "New Declaration - TRACES NT". The main content area is a form for creating a declaration. The product description is "WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL" with a sub-description "Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared". The product description field contains "Acacia wood planks". The form has fields for "Net Mass (kg)", "Volume (m3)", and "Number of Units". The "Net Mass (kg)" field contains "600". Below these fields are fields for "Scientific Name" and "Common Name". The "Scientific Name" field contains "aca" and a dropdown menu is open, showing a list of species:

- Pachystroma ilicifolium (PKOIL)
- Faltherbia albida (ACAAB)
- Acacia aculeata (ACAAA)
- Acacia albicorticata (ACAAC)
- Acacia argyrodendron (ACAAD)
- Acacia auriculiformis (ACAAP)
- Acacia angustissima (ACAAG)
- Acacia alata (ACAAL)
- Acacia amythophylla (ACAAM)
- Acacia anoura (ACAAN)
- Acacia alpina (ACAAP)
- Acacia paradoxa (ACAAR)
- Acaphylla sp. (ACAASP)

The "Common Name" field is empty. There is an "Import" button and a "Remove Product" button. At the bottom of the form, there is a "Save Changes" button and a "Close" button. The footer of the page contains the text: "Report a Problem Legal Notice Terms of Use Cookies Privacy statement Credits Contact Top Page European Commission - DG Health & Food Safety. IMSOC - TRACES.NT 6.8.0-SNAPSHOT (02/06/2023 17:59:55) - processed by TRACESNT003_ACCWs11."

Focus on the Information System

Selection of the producer/country

The screenshot shows a web browser window with the URL `webgate.acceptance.ec.europa.eu/tracesnt-alpha/certificate/dds/create`. The page title is "New Declaration - TRACES NT". The browser's address bar shows several tabs, including "CIRCABC Dashboard", "Imported", "Home - Clinet - Cl...", "Cites Conference of...", "TRACES NT ACC AL...", "W3Schools Online...", and "[TNT-15035] FLEGT...".

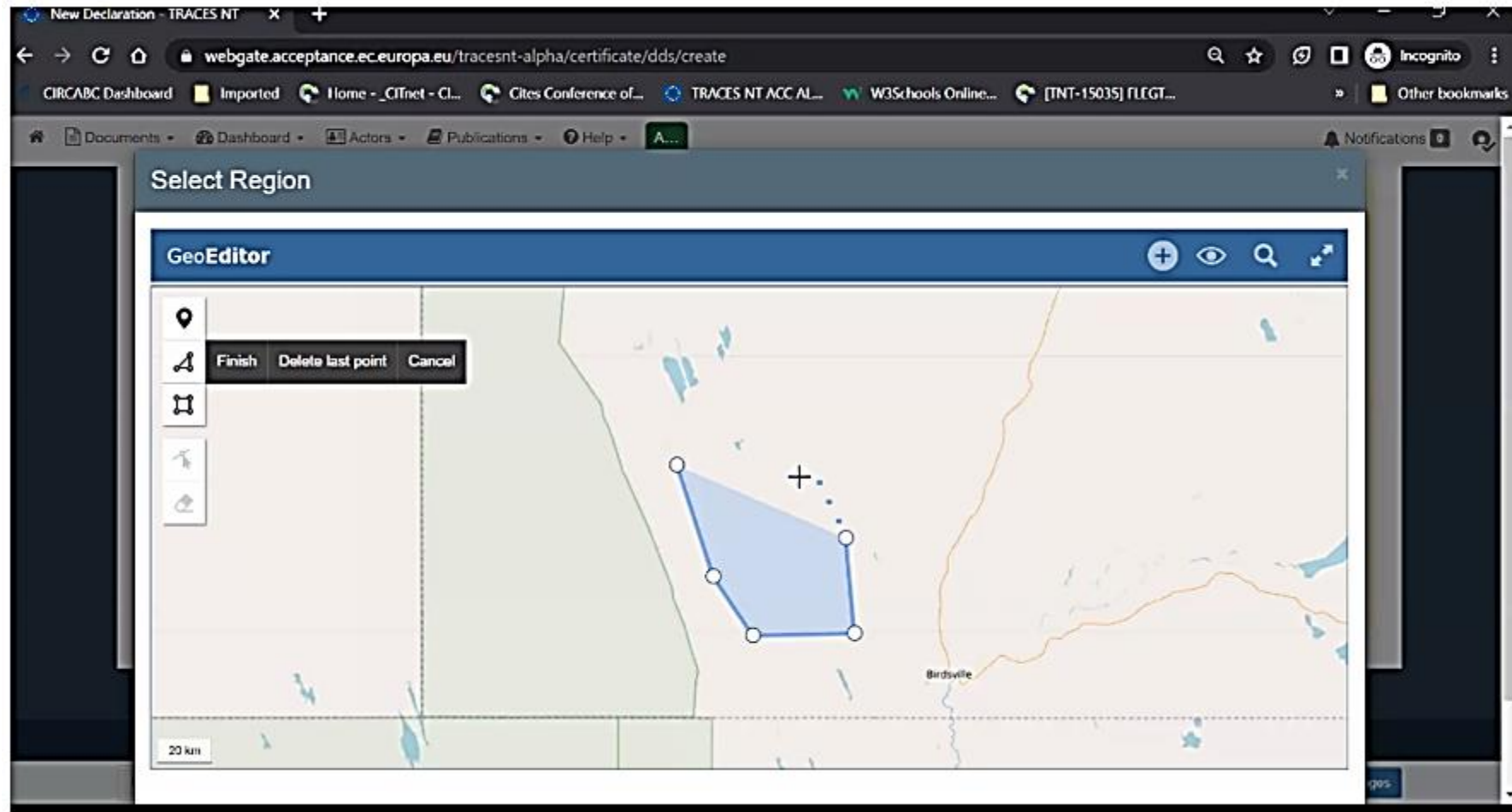
The main content area is a form for creating a new declaration. It features a yellow background and a dark blue sidebar on the right. The form is titled "WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL" and includes a "Remove Product" button. Below the title, there is a "Product Description" field containing "Acacia wood planks", a "Net Mass (kg)" field with "600", and empty "Volume (m3)" and "Number of Units" fields. The "Scientific Name" field contains "Acacia acutifera" and the "Common Name" field contains "Acacia wood". There are "+" and "-" buttons next to the scientific and common name fields. Below these fields, there is an "Add Production Place" button and "Import" and "Export" buttons.

The "Producer Name" field is currently empty, and the "Producer Country" dropdown menu is set to "No country selection". There are "+" and "-" buttons next to the producer name and country fields. At the bottom of the form, there are fields for "Production Place Name", "Area", "Type", and "Actions".

At the bottom of the browser window, there is a "Close" button, a status bar that says "Created by BE DDS Operator on", and a "Save Changes" button.

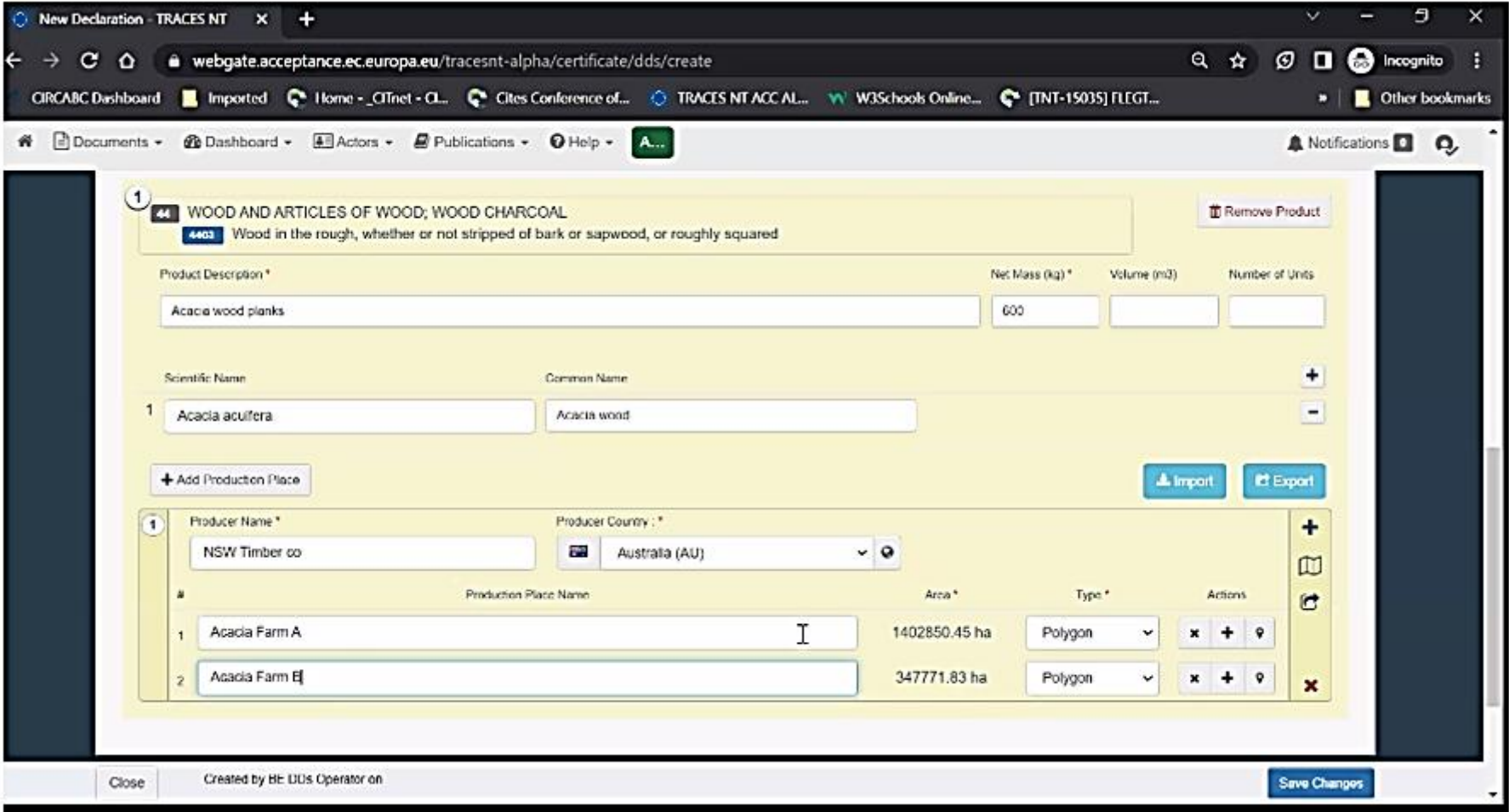
Special Subject Dossiers/EU Deforestation Regulation (EUDR)

Geolocation of the polygons



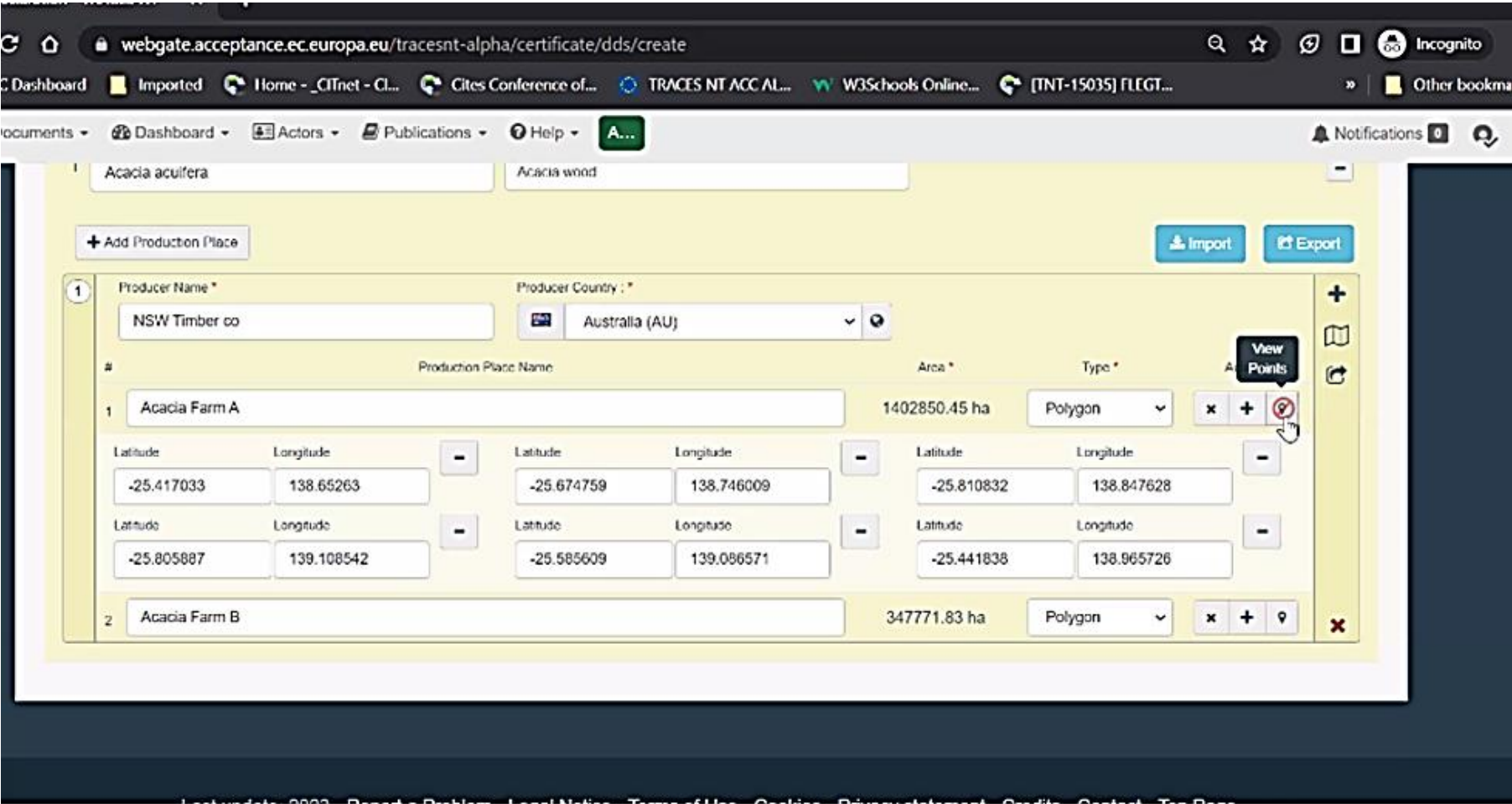
Focus on the Information System

Two Accacia farms (= two polygons) are considered



Focus on the Information System

The polygon is characterized by several points



Focus on the Information System

When operation is completed, the operator can issue the DDS

The screenshot displays a web browser window with the URL `webgate.acceptance.ec.europa.eu/tracesnt-alpha/certificate/dds/edit/c6684335-8163-4380-a13d-922fc82379b9`. The page header includes the European Commission logo and the IMSOC system name. A green banner indicates the system version: **ACCEPTANCE α LPHA 6.8.0-SNAPSHOT** dated 07/08/2023 17:59:55. The main content area is titled "Edit Due Diligence Statement - 23BEBJL858" and is marked as "SUBMITTED".

The form contains the following fields:

- 1. Declaration Number:** 23BEBJL858
- 2. Type:** Radio buttons for Export, Import (selected), and Domestic Production.
- 3. Security Token:** A masked input field with a visibility toggle.
- 3. Economic Operator:**
 - Name: BE Dds Operator
 - EORI: BE00001DDS0001
 - E mail: [empty]
 - Address: Rue 1, Brussel
 - Country: Belgium

At the bottom, a "Close" button and a timestamp "Created by BE Dds Operator on Thu Jun 08 2023 11:01:27 GMT+0200" are visible.

Focus on the Information System

What is the outcome of the test phase of the Information System?

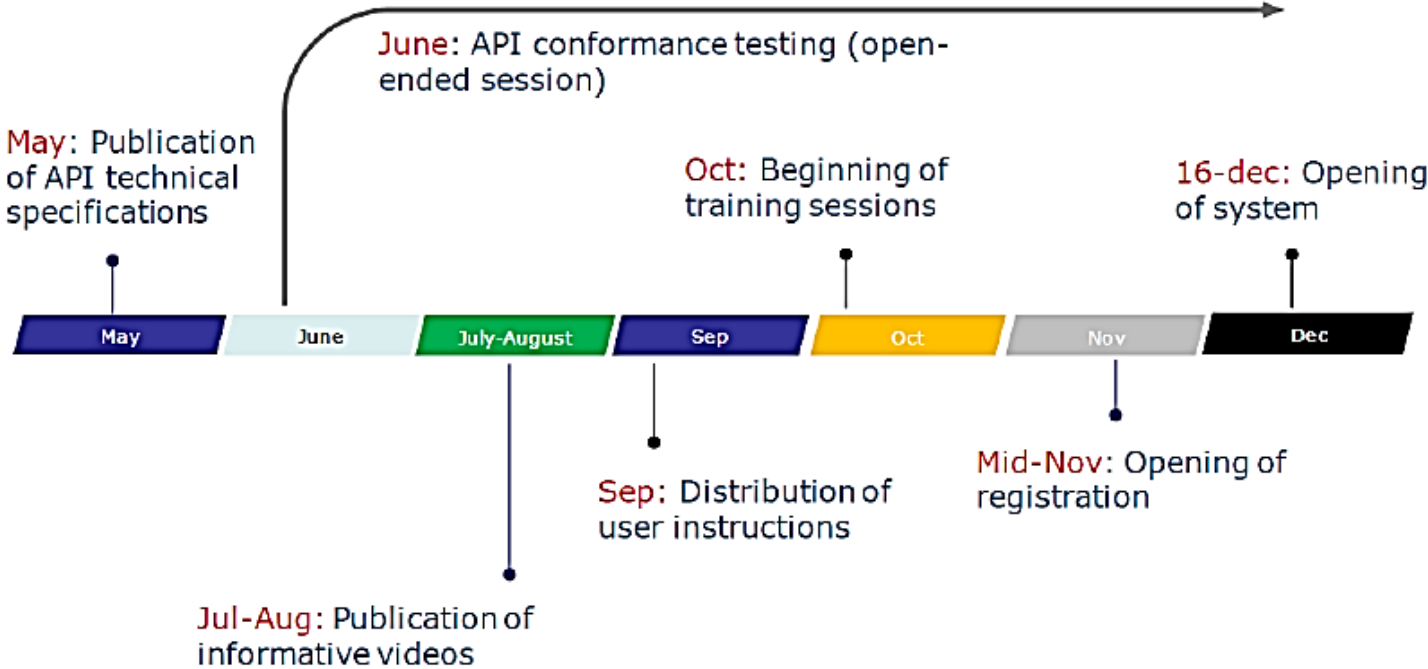
- The Information System runs OK.
- But not user friendly (no selection of default parameters).
- Main criticism: All operations are manual.
- Draft technical specifications for an Application Program Interface (API) are available as of 27 May. No test in « real life » foreseen before 30 December 2024.

Focus on the Information System

Next steps



DDS Information System - Next steps



What information is still expected?

- Assessment of the countries (art. 29) .
- Implementing act on the rules for the functioning of Information System (art. 33).
- New version of the Information System (compatible with API).
- Guidelines on the EUDR (is in the course of an intersevice consultation).
- New version of the FAQ.
- Full list of competent authorities.

Still many remaining problems

- Many key information still missing (see above)
- Some examples of unanswered questions:
 - To what quantity of sold product the DDS has to be applied (every shipment, weekly production, quaterly production ?)
 - How to handle the diifferent dates of applications between SMEs (June 2025) and non-SMEs (December 30, 2024)?
- Will companies be able to manage the huge amount of data (especially the SMEs and the downstream operators of the value chains)?
- How to avoid that commercial sensitive information is disclosed?
- How high is the risk of market disruption (Canada, Chili) ?

Roundtable



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