



European Union Deforestation Regulation (EUDR) Frequently Asked Questions

What is the EUDR & why was it implemented?

The EU Regulation on Deforestation-free products ([EUDR](#)) is an EU Regulation passed in May 2023 that seeks to prevent products being consumed or produced in the European Union that contribute to deforestation or forest degradation.

How does the EUDR affect my business?

The obligations of a company under the EUDR vary depending on the size of a company and the role that it plays in the market.

- Operators: any natural or legal person who, in the course of a commercial activity, places relevant products on the market or exports them. Most importers, exporters, or manufacturers who bring a product into or out of the EU market fall into this category.
- Trader: any person in the supply chain other than the operator who, in the course of a commercial activity, makes relevant products available on the market.
- SMEs: Small and Micro Enterprises have [different obligations](#) compared to larger firms in the same category.

What obligations do I have under the EUDR?

Obligations of operators are laid out in Article 4 of the EUDR and the obligations of traders in Article 5. In general, most firms must develop a due diligence system which collects information, assesses risks, and effectively mitigates those risks. These systems should be laid out in a Due Diligence Statement which will be based on Annex II of the EUDR. Firms must share these Due Diligence Statements with the relevant Competent Authorities (the oversight bodies of each EU member state) and update them annually. Some requirements are different for SMEs (reporting, due diligence, level of mitigation, etc.).

What is “Due Diligence and what data do I need to collect?”

The EUDR has a three-step due diligence system for operators and non-SME traders. First, firms subject to the regulation must collect and [provide](#) information including the product, CN code, HS code, quantity, evidence of legal harvest, country of production, and geolocation coordinates. Companies will then need to assess the information they have gathered and determine the risk of non-compliant materials in their supply chain. Operators will need to show how they determined risk and how they have checked their determination against risk assessment criteria. Finally, companies will need to execute and document mitigation measures to reduce the risk of non-compliant products entering their supply chains to negligible levels. These measures must be proportionate to the assessed risk that was determined in the second step.

Do different countries have different levels of risk?

Yes, under [EUDR different countries will be assigned different risk levels](#) based on criteria which the EU claims will be objective and transparent. The methodology for this system has not yet been developed, nor has the risk level of any country been announced. Under the EUDR the EU Commission will have 18 months from when the regulation enters into force to assign these risk levels. Under the regulation, countries will be labeled as either low, standard, or high risk. While the risk level of the country of origin will be an important component of a company's risk assessment of any product, the risk level of a product must be determined by conducting due diligence on that product's individual supply chain. Products from countries that are determined to be low risk will be subject to simplified due diligence requirements. Products from high-risk countries will be subject to increased scrutiny by regulators. The EU Parliament passed several amendments that could substantially change the assessment of risk categories and add an additional "no-risk" category; these have not yet been formally approved.

Do I need satellite imagery for geolocation?

As part of the traceability requirements of EUDR, the [geographic coordinates](#) of where products subject to the regulation were harvested must be reported and retained. The use of satellite imagery is NOT required by the regulation. The use of satellite and other aerial imagery may be used by regulators, operators, and traders to help confirm the absence of deforestation.

What are the requirements for a company to be an SME?

The category of SME predates the EUDR and is conceptually similar to the SBA's definition of small business in the United States. The qualifications to be an SME are currently codified in Directive 2013/34/EU. Generally, a business is an SME when its average number of employees is ≤ 250 , its average net turnover is $< \text{€}50,000,000$, and it keeps a balance sheet of $< \text{€}25,000,000$. SME's are subject to reduced [regulatory requirements](#).

What changes might be coming to the EUDR?

On October 1st, 2024, the EU Commission proposed delaying the date when the regulation becomes applicable by one year – meaning the regulation would become effective on 30 December, 2025 for most firms and 30 June, 2026 for SMEs. The EU Parliament agreed to this proposal, as well as passing additional amendments that were not proposed by the Commission. For the delay or other proposals to pass, the EU Commission and Council will need to agree to the additional amendments proposed by the EU Parliament, or the Parliament will need to bring their amendments in line with the Commission's original proposal. The timeline for these changes is uncertain. The next plenary session of the European Parliament occurs in mid-December and would be the final date that the Parliament could bring their version of the changes in line with the original changes proposed by the Commission and the Council. As the original version of the EUDR would become effective on December 30th, 2024, that would be the final realistic date for the EU Commission and Council to agree to the additional changes proposed by the EU Parliament.

Access the [primary documents here](#) or using the QR code.

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