

# EUDR Extension in the Balance

## A Key Decision Still Pending

19 November 2024

On 14 November, the European Parliament voted in favor of a 12-month postponement for the implementation of the EU Deforestation Regulation (*EUDR*). The approval aims to move the regulation's original application deadline of 30 December 2024 to 30 December 2025, and for micro and small enterprises, to 30 June 2026. However, this postponement is not yet final, as it still requires further debate in the trilogue negotiations involving the Parliament, the Council and the Commission.

## Why the EUDR Deadline Were Extended

Adopted on 9 June 2023, the EUDR aims to combat climate change and biodiversity loss by prohibiting commodities linked to deforestation, such as cattle, cocoa, coffee, palm oil, wood, and rubber, from entering the EU market (see an overview [here](#), a comparison with the CSDDD [here](#), and updates on guidance document issued by the German authority [here](#)).

The EUDR requires operators to ensure that key commodities are deforestation-free and produced in compliance with local laws. It mandates comprehensive due diligence processes, including collecting, analyzing, and documenting supply chain data to verify compliance. The regulation also requires businesses to issue due diligence statements for the commodities they trade or export, ensuring they meet environmental and legal standards, and prohibits goods linked to deforestation from entering or leaving the EU market.

The decision to extend the implementation period reflects an overall pressure from several stakeholders, including some EU Member States, as well as international partners like the US. Many highlighted the complexity of aligning supply chains with the EUDR's due diligence obligations, particularly given the compressed timeline.

The classification of countries into risk categories also remains a crucial aspect of the regulation, especially as the Commission has not yet finalized it. Determining whether a country falls into a high risk or a low risk is vital for ensuring the regulation's effective enforcement and for adapting its provisions to various market realities. This delay in finalizing classifications contributes to uncertainty among operators and stakeholders, complicating their ability to plan and comply with the regulation's standards.

Additionally, concerns were raised due to the late publication of the Guidance and the FAQs, which were only released in October 2024, leaving insufficient time for operators to adapt to the new information. While these documents clarified key terms, compliance frameworks, and due diligence requirements, they still left some critical questions unresolved.

Acknowledging these challenges, the Commission proposed a 12-month delay to allow Member States, operators, and trading partners additional time to prepare. The extended timeline enables the establishment of robust due diligence systems and provides space for further engagement with exporting countries, some of which had raised concerns about the original deadlines.

## Introducing the “Zero-risk” Level

In addition to the 12-month extension for implementation, the European Parliament has also approved significant amendments to the regulation, including the introduction of a new “zero-risk” level within the country risk classification system, which previously comprised only three levels: low, standard, and high risk.

If approved, countries or regions that meet the following criteria will be classified as “zero-risk”:

- Forest development has remained stable or increased since 1990;
- These countries or parts of countries are signatories to the Paris Agreement and international conventions on human rights and deforestation prevention;
- National regulations to prevent deforestation and conserve forests are rigorously applied, complied with, and monitored with full transparency.

The proposal for introducing the “zero-risk” level in the country risk classification system was put forward by the European People's Party (*EPP*). They argued that countries with stable or growing forests face negligible or non-existent deforestation risks, making the existing regulation’s requirements potentially disproportionate. According to the *EPP*’s position, in these regions, the obligation to provide extensive information would be unnecessary and could raise concerns about the regulation’s effectiveness. Consequently, they suggested simplifying these obligations to ensure the regulation remains proportionate and tailored to the specific circumstances of each country.

The proposed change removes most due diligence obligations for “zero-risk” products. Operators and traders will only need to verify compliance with local legislation through document analysis. There will be no requirement to register a due diligence statement, and the analyzed documents will only be reviewed if requested by authorities. Member States must ensure that annual checks conducted by competent authorities cover at least 0.1% of the operators placing or making available on the market, or exporting, relevant products of such “zero-risk” areas. This is in addition to existing obligations for

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audits of 9% of goods originating from high-risk countries, 3% from standard-risk countries, and 1% from low-risk countries.

The proposed “zero-risk” classification raises significant questions, particularly in its practical application and impact on global trade dynamics.

Initial analyses indicate that most countries likely to qualify as “zero-risk” are EU Member States (excluding Portugal and Sweden), along with a few other nations such as Australia, China, and the United States. This geographic concentration has raised concerns about fairness from other producing countries, as it may (unintentionally) favor European countries and disadvantage third countries, particularly those from the Global South. This imbalance could amplify competitive disparities and raise questions about equitable treatment, triggering a new wave of challenges under World Trade Organization (*WTO*) rules. Non-EU countries could resurface the argument that the EUDR amounts to a trade barrier, with arguments that the regulation places discriminatory and disproportionate burdens on them compared to EU countries, questioning its alignment with *WTO* principles on fair trade.

## Next Steps

Following the recently approved amendments to the EUDR by the Parliament, key developments are expected in the coming months as trilogue negotiations begin between this institution, the Council and the Commission.

The Parliament and Council must reach an urgent consensus to ensure the amendments to the regulation take effect before 30 December 2024. The final text will need to be formally adopted by Members of the European Parliament (*MEPs*) during the plenary session scheduled for December 16-19. Otherwise, the EUDR will remain applicable from 30 December 2024. To avoid disruptions due to potential political uncertainties as the deadline approaches, companies should adopt a cautious approach, continue their preparations, and ensure compliance by the end of the year.

BLOMSTEIN will continue to monitor developments related to the EUDR closely. [Roland Stein](#), [Florian Wolf](#), [Bruno Galvão](#), [Ana Carolina Vidal](#), [Sarah Beischau](#) and [Margarida ReisMarques](#) are happy to answer any questions you may have about the potential impact on your company or sector.

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