



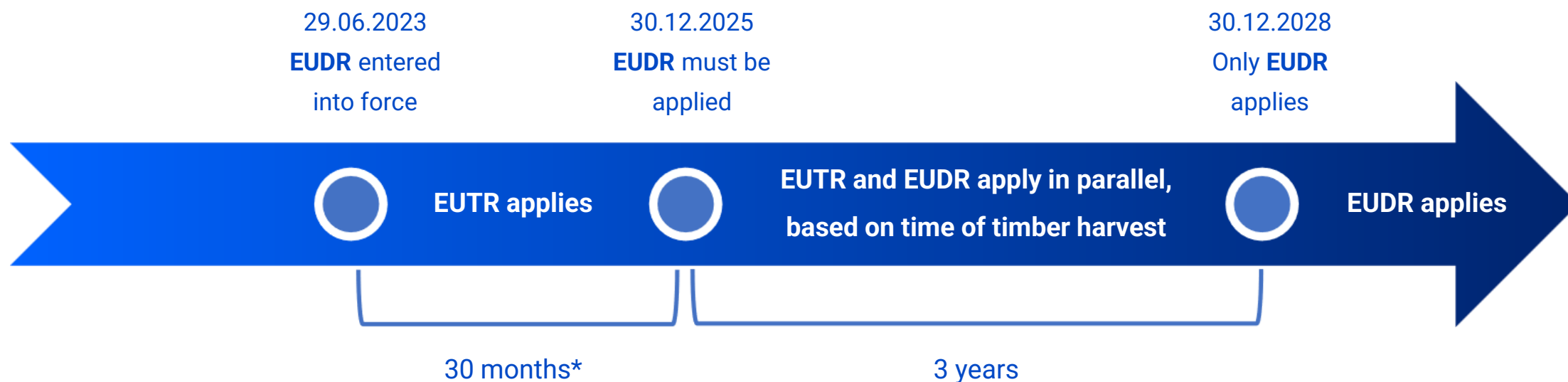
# EUDR

IN PRACTISE





# Timeline for the implementation of EUDR



\*36 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 30.12.2025 and 30.12.2028

EUDR applies for wood harvested from 29.6.2023



# EUDR highlights

## On 29 June 2023, EUDR came into force.

One year delay to be approved by EU Parliament on November 14th, 2024.

Companies should consider now the impact of the EUDR on their supply chain due diligence to prepare for the new obligations that apply from 30 December 2025.

Here are the key things that companies need to know:

### 1. A wide range of products are covered, from beef to books

The EUDR covers **seven commodities** (i.e., cattle, cocoa, coffee, oil palm, rubber, soya, and wood), HS product list is defined in the regulatory annexes.

Timber and timber products, which are covered if produced before that date and placed on the EU market from 31 December 2028). However, it does not apply to goods produced entirely from material that has completed its lifecycle and would otherwise have been discarded as waste.

### 2. EUDR non-compliance precludes access to (and exports from) the EU

From 30 December 2025 (or 30 June 2026 for micro or small businesses), it will be **prohibited to place relevant products on the EU market**, or export them from the EU, unless they are:

- 'deforestation-free';
- produced in accordance with the relevant legislation of the country of production; and
- covered by a due diligence statement indicating no more than a **negligible risk** of non-compliance.





# EUDR highlights

## 3. EUDR also covers legal deforestation and forest degradation

'Deforestation-free' means that for products that contain or have been made using wood, it means they were harvested from forests without inducing forest degradation after 31 December 2020. 'Forest degradation' means the conversion of primary forests or naturally regenerating forests into plantation forests or into other wooded land. Importantly, and unlike previous EU laws on illegal logging and related trade (such as the EU Timber Regulation).

The EUDR **targets deforestation that is legal in accordance with the laws of the country of production**. The regulation cites a report by the Forest Policy Trade and Finance Initiative which estimates that between 2013 and 2019, around 30 % of deforestation destined to commercial agriculture in tropical countries was legal. The presented transactional crime report demonstrates the scope of the problem. (<https://gfintegrity.org/issue/transnational-crime>)

### Transnational Crime

### Estimated Annual Value (US\$)

Counterfeiting

\$923 billion to \$1.13 trillion

Drug Trafficking

\$426 billion to \$652 billion

Illegal Logging

\$52 billion to \$157 billion



## EUDR highlights

### **4. The area of production must comply with local social and environmental laws**

The EUDR requires that products be produced in accordance with the relevant legislation of the country of production concerning the legal status of the area of production in terms of: land use rights; environmental protection; forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting; third parties' rights; labor rights; human rights protected under international law; the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples; and tax, anti-corruption, trade, and customs regulations.

### **5. Today's production shapes tomorrow's compliance**

Operators must ensure that the items entering the EU market are not from land that has been deforested or subject to forest degradation since 31 December 2020. If such products do not comply with the EUDR, they cannot be placed on the EU market – meaning making them available for the first time on the EU market - from 30 December 2025.

### **6. Primary responsibility lies with the company placing the product on the EU market**

As from 30 December 2025, a company that places relevant products on the EU market will need to first upload a **due diligence statement** to their competent national authority, through a dedicated information system to be established by the European Commission. By issuing such a statement, companies assume responsibility for the product's compliance with the EUDR. Similarly, the obligation to conduct due diligence under the EUDR applies to companies who place relevant products on the EU market or export such products from the EU market. Non-EU companies may increasingly be asked by their customers to provide necessary information to comply with their due diligence obligations under the EUDR.



# EUDR highlights

## 7. Due Diligence must follow the prescribed method with transparency and information along the supply chain

The EUDR sets out how the due diligence should be conducted. It should involve:

- **collecting detailed information** that demonstrates the products comply with the EUDR;
- **carrying out a risk assessment** in relation to each product to ascertain the risk of non-compliance with the EUDR.
- This will reflect numerous factors including the **risk category** of the country of production ('high risk', 'standard risk', or 'low risk', to be set out by the European Commission); and
- **mitigating risks** by carrying out independent surveys/ audits, gathering additional documentation, or working with suppliers (particularly SMEs) through capacity building and investments.<sup>3</sup>

**Due diligence statements** will be accessible to authorities, traders, and to a more limited extent the general public. Companies who place relevant product on the market also have an obligation to communicate the reference numbers of **due diligence statements** down the supply chain all information necessary to demonstrate that due diligence was performed, and that no more than a negligible risk was identified.

## 8. Expect regular checks from national authorities

The EUDR will be enforced by competent authorities in the Member States. The EUDR lays down detailed rules on the obligations of competent national authorities to **conduct checks** (in principle without warning) on operators and traders established in their territory to ensure they comply with the EUDR. Where relevant products present **high risk of non-compliance**, the competent authority may require **immediate remedial action** (e.g., interim measures to prevent those products entering the market). Where relevant products are **non-compliant**, the competent authority will require the operator/trader to take **corrective action** (e.g., a correction of any formal non-compliance, or a ban on the item being sold in the EU or exported), within a specified and reasonable period of time.



# EUDR highlights

## 9. Expect scrutiny by private parties

The EUDR allows for the possibility for **private parties** to submit **substantiated concerns** to operators and to competent authorities when they consider that one or more operators or traders are not complying with the EUDR. Such parties must also be entitled to use administrative or judicial procedures to review the legality of the decisions, acts or failure to act of the competent authorities under the EUDR.

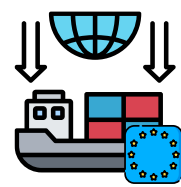
## 10. Potential fines of up to 4% of the company's EU turnover, confiscation or exclusion from public funding or contracts

Penalties for non-compliance will be laid down under national law. In due course, the intention is for breaches of the EUDR to lead to criminal penalties,<sup>4</sup> but under the EUDR itself, penalties may include:

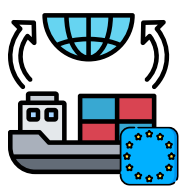
- **Fines** proportionate to the environmental damage and value of the items (it will gradually increase with repeated infringements) with a maximum of **at least 4% of EU turnover** in the preceding year and may be increased to exceed the potential economic benefit;
- Confiscation of the covered products or confiscation of the revenues gained from the items;
- **Temporary exclusion** from public procurement processes and public funding; and
- For serious or repeated infringements, **temporary prohibition** from dealing in the EU in those items, or a **prohibition** from using the simplified due diligence process.



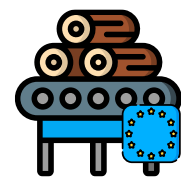
# Who needs to fulfil EUDR obligations?



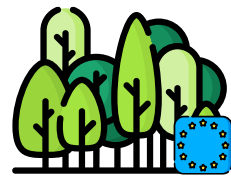
EU  
importers



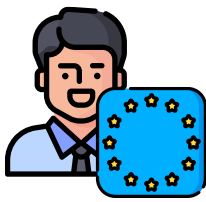
EU  
exporters



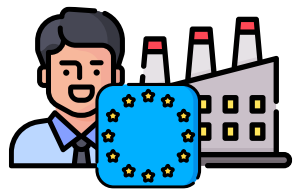
EU Wood  
processors



EU forest  
owners



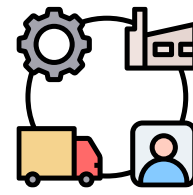
EU non-SME  
traders



EU SME traders



Traders



Operators

Obligations depend on company size  
and the position in the supply chain

Non EU companies are not covered by **EUDR**, nevertheless need to provide to the importers with all necessary data, within the existing supply chain by reaching the geolocation of the source.





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