

EU Deforestation Regulation

As from **30 December 2024**, the obligations under the **EU Deforestation Regulation (Regulation (EU) 2023/1115)** will take effect for medium and large operators and traders. For micro and small operators or traders, these obligations will take effect on **30 June 2025**. This Regulation, which entered into force on **29 June 2023**, aims to combat deforestation and forest degradation resulting from EU consumption and production. Under this Regulation, certain relevant products¹ that contain, have been fed with, or have been made using palm oil, soya, wood, cocoa, coffee, cattle, or rubber may no longer be placed on, made available on, or exported from the EU market, unless they are deforestation-free, produced in accordance with the relevant legislation of the country of production, and covered by a due diligence statement. The relevant products must have been produced on land that has not been subject to deforestation (or, where relevant, forest degradation) after **31 December 2020**. If such products do not comply with the EUDR, they cannot be placed on, made available on, or exported from the EU market.

Does this Regulation apply to you?

Operators and traders bear the obligations of the EU Deforestation Regulation. Micro, small and medium-sized enterprises are subject to a mitigated regime.

- **Operators** are natural or legal persons who, in the course of a commercial activity, place relevant products on the EU market or export such products from the EU market (e.g., manufacturers, producers, distributors and importers).
- **Traders** are persons in the supply chain other than operators who, in the course of a commercial activity, make relevant products available on the EU market (e.g., retailers and wholesalers).



How will this Regulation impact your business?

The obligations imposed by the EU Deforestation Regulation can be categorised into the following 3 pillars (the **due diligence system**):

Information requirements

Operators and traders must **collect relevant information** to ensure that the relevant products and commodities have not been produced on land deforested or degraded after **31 December 2020**, **have been produced in accordance with the relevant legislation of the country of production and are covered by a due diligence statement**. Among others, the due diligence statement should contain references to the relevant products.

Risk assessment

Operators and traders must diligently verify and analyse the information they collect. Their responsibility includes conducting a comprehensive risk assessment to ascertain whether there is a **risk** that the relevant products, intended for placing on, making available on, or exporting from the EU market, are **non-compliant** with the regulation.

Risk mitigation

If a risk assessment indicates any risk of non-compliance with relevant products, unless such risk is negligible, operators and traders are required to implement **appropriate risk mitigation procedures and measures** before placing the relevant products on, making them available on, or exporting them from the EU market, such as conducting independent surveys or audits.

¹ Such as bovine leather, chocolate, roasted coffee beans, refined palm oil, tyres, soya beans or wooden furniture. Please refer to [Annex 1](#) of the EU Deforestation Regulation for a list of all relevant products.

Other key points to note



Operators and traders must **retain** their due diligence statement and ensure the **ongoing maintenance** of their due diligence system that outlines a framework of procedures and measures to ensure compliance with this Regulation. This includes **annual evaluations** and **updates**, as well as promptly incorporating any new developments. Additionally, operators and traders are obligated to maintain a record of all updates made to their due diligence system over a **5-year** period.



The due diligence statement, which contains the associated reference numbers, will be **publicly accessible** through an (anonymised) information system established and maintained by the EU. This system will house the available due diligence statements and facilitate the exchange of essential information among operators and traders within the supply chain.



The EU will also employ a **country benchmarking system** to assess deforestation risk at the national level. This system categorises countries into standard, low or high-risk based on deforestation rates, agricultural expansion related to relevant commodities, and production trends. Operators and traders can use this information to make informed decisions within their supply chains.



Operators and traders have the option to conduct **simplified due diligence** after ensuring that the relevant products originate from countries or regions classified as **low risk**. When applying this simplified due diligence system, the pillars risk assessment and risk mitigation may be excluded.

Enforcement



Compliance with the EU Deforestation Regulation is overseen by the **Member States' competent authorities**.



Natural or legal persons can report **substantiated concerns** to the competent authorities if they believe that operators or traders are not complying with the EU Deforestation Regulation. The competent authority in each Member State can assess the situation based on these concerns, take necessary steps and, where appropriate, take interim measures to prevent the placing or making available on the EU market and export from the EU of the relevant products.



The **penalties** for non-compliance, such as **failing to provide a due diligence statement** or **trading products linked to deforestation**, are determined by individual Member States. However, the EU Deforestation Regulation provides specific guidelines in this area. The penalties outlined include:

- fines proportionate to environmental damage and the value of the relevant commodities or products. In the case of a legal person, the maximum amount shall be at least 4% of the annual turnover generated within the EU from the previous year. This amount can be increased to exceed the potential economic benefit gained;
- confiscation of the relevant products concerned;
- confiscation of the revenues gained from transactions with the relevant products concerned;
- temporary exclusion for a maximum of 12 months from public procurement processes and from access to public funding;
- in the event of a serious infringement or of repeated infringements:
 - temporary prohibition from placing or making available on the EU market or exporting relevant commodities and relevant products from the EU; or
 - prohibition from exercising the simplified due diligence.

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