



## **European Union Deforestation Regulation (EUDR) Update:**

### **Timing of Implementation May Be Impacted on Political Events Following Recent EU Parliamentary Elections and Forthcoming National Elections**

In recent months there have been numerous calls to delay implementation of the EU Deforestation Regulation (EUDR) with mounting evidence that neither the regulators nor industry are adequately prepared. The loudest calls for delay are now coming from within the EU itself as some government officials and many industry groups have become alarmed that the challenges of implementation will undermine the competitiveness of European industry and contribute to inflationary pressures in the food sector.

The first signs of internal dissent came on 12 March in a letter sent to the EC signed by six European wood industry organisations calling for a delay to EUDR implementation. Signatories to this letter were the European Confederation of Woodworking Industries (CEI-Bois), the European Furniture Industries Confederation (EFIC), the European Organisation of the Sawmill Industry (EOS), the European Panel Federation (EPF), the European Timber Trade Federation (ETTF), and the European Federation of the Parquet industry (FEP). This was followed on 13 March by a similar letter signed by 19 wood trade organisations in France sent to the French Environment Minister.

The calls for delay escalated in a meeting of the European Agriculture and Fisheries Council on 26 March when Agriculture ministers from 20 of the EU's 27 member countries supported a call by Austria to revise the law. On the doorstep of that meeting, the German Federal Minister of Food and Agriculture called explicitly on the EC to “urgently extend the actual transition phase [of EUDR]” suggesting that “if it does not quickly succeed in doing so, the law cannot be implemented in Germany as it would result in an unbearable workload for our economy, but especially for our [Competent Authority] and SMEs”. These concerns were aired again in May at a meeting of the EU Member State Working Party of the Environment by Sweden, Czechia, Slovenia, Romania, Bulgaria and Ireland. The EU Agriculture Commissioner Janusz Wojciechowski then spoke out in favour of postponement for a year at the EU Agriculture Council in May, the first time a representative of the EU Commission had broken ranks in public on this issue.

Despite all the political noise, in practice there is no simple legal mechanism to delay or alter the text of EUDR at this late stage. The law is already on the books and was jointly endorsed only 12 months ago by the European Parliament, Council, and Commission. The mandate for introducing the law does not lie with the EC Agricultural Commissioner or the Member State Agricultural Ministers leading the calls for delay, but with the EC’s DG for Environment that is resisting any suggestion of a delay. Green groups are campaigning vigorously to demand that EC keeps to the original timetable. The only conceivable way to change or formally delay the law

would be to alter the composition of the European Parliament and Commission in such a way that these institutions might prioritise such a move.

For this reason, all those impacted by EUDR are closely watching the results of the European Parliamentary elections held 6-9 June in expectation of a swing to the right which might encourage dramatic changes in the make-up of the European Parliament and leadership at the European Commission. The results to date<sup>1</sup>, while revealing a big surge in support for right wing groups in the largest EU Member States (France, Germany, and Italy), in practice haven't shifted the needle a huge amount at the EU level. The EU constitution is so arranged that smaller countries have a relatively larger role in political decision making at the EU level. In Sweden and Finland, the right-wing parties lost ground. In Denmark they made only slight gains and were overshadowed by a surge in support for the green left which became the largest party.

Overall, the centrist parties have retained control of the European Parliament. The centre-right European People's party (EPP) gained 14 seats and consolidated its position as the largest group in the parliament with 26% of the seats. This strongly implies that the Commission will continue to be led by Ursula Von der Leyen, who is the EPP's lead candidate and who has a personal interest in ensuring full implementation of the Green Deal, of which the EUDR is a key component. The leaders of the Member States are expected to tie their support for von der Leyen's nomination to their chances of getting prestigious portfolios in the Commission. This process might also strengthen commitment to EUDR implementation. While France and Italy are angling for big economic jobs in the Commission, Spain's ruling Socialist Workers' party is pushing for their environment minister, Teresa Ribera, to be put in charge of EU climate and nature policy. Last month Ribera said she would do everything in her power to save the Green Deal.

Nevertheless, the timing and implementation process for EUDR could still be strongly influenced by the coalition building now on-going in the European Parliament following the election as the various groupings negotiate to create a stable majority. The centrist parties will likely need the support of either the Eurosceptic ECR group, which includes the Italian PM Giorgia Meloni's Brothers of Italy party, or of the Greens to form this majority. The Greens lost a few seats in the parliamentary election but are still large enough to be an influential partner in a coalition. They would likely make continued commitment to the existing Green Deal measures a condition of their support. The ECR group that gained a few seats would be much more focused on cost and competitiveness issues and inclined to support delays and potential changes to laws like the EUDR.

Another factor is the French election, hastily called by President Macron to be held between 30 June and 7 July following his own party's humiliation at the EU elections. If won by Marine Le Pen's far-right National Rally (RN), which achieved 33% support compared to 19% for Macron's centrist Renaissance party 19% at the EU election, the French government would become a powerful voice in the European Council calling for slower implementation of Green Deal laws like EUDR.

Therefore, there is still considerable uncertainty over just how far and fast EUDR enforcement measures will be imposed in the EU. At present, given the significant legal obstacles to any official change in the law, the working assumption must be that the official timetable will remain

---

<sup>1</sup> At time of writing on 17 June, 17 of the 27 Member States had published final results and 10 Member States had published preliminary results. The overall trend is not expected to change significantly.

unchanged, and enforcement will begin on 31 December 2024. However, it is equally clear that regulators both in the Commission and Member States are not at all prepared to effectively enforce the law. Numerous legitimate concerns are now being raised around the state of readiness of the Information System being set up to accept all the millions of due diligence statements to be submitted by EU operators every day and the fact that many Member States have yet even to appoint an agency to enforce EUDR. Those that have appointed an agency have yet to recruit anything close to the numbers of staff required to do the job. The necessary sector-specific guidance has yet to be issued by the Commission. And the delay to the country benchmarking means that the "simplified" due diligence procedures for low-risk countries are unlikely to be available until the second half of 2025. This creates significant problems for internal EU trade as many regulators and operators inside the region are relying on the low-risk designation to keep down the costs of both enforcement and implementation.

Taking all this into account, the expectation is that, while a formal delay is unlikely, there may well be an "informal" transition period of perhaps one to two years when sanctions will not be imposed and both regulators and businesses will be given time to become accustomed to the requirements and to work out how best to deliver against the legal objectives. The extent of "flexibility" allowed in interpretation might well vary between member states, and the extent to which the EC chooses to force individual Member States to strictly adhere to the requirements, and the timing of this, will depend partly on the composition of the ruling coalition in the European Parliament and partly on the outcome of the French election.

In the interim, AHEC continues to work with stakeholders both in the US and Europe to continue to push for a delay while simultaneously seeking to further develop a mechanism to provide robust assurance to EU regulators and consumers that deforestation to agriculture is practically non-existent in the US, and to demonstrate the provenance of US hardwood products placed on the European market.

We will, of course, keep you updated on any developments as they occur.