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VIA EMAIL: cab-dombrovskis-contact@ec.europa.eu

Valdis Dombrovskis
Executive Vice President and Commissioner for Trade
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels, Belgium

CC:

Michael Hager, Head of Cabinet
Caroline Boeshertz
Sabine Weyand, Director General, Trade
Kamil Ochmański, Deputy Head of Cabinet of Agriculture Commissioner
Magdalena Majerczyk
Koens Doens, Director General of INTPA

RE: The need to delay the implementation of the EUDR to avoid trade EU-U.S. trade disruption in forest products sector

Dear Executive Vice-President Dombrovskis,

We the undersigned, representing the United States forest products value chain, from forest owners to final product producers are writing regarding the EU Deforestation Free-Supply Chains Regulation (EU) 2023/1115 (EUDR). We welcome the EU's effort to tackle global deforestation and forest degradation and fully support the overarching objectives of the EUDR.

As the EU continues to prepare for implementation and enforcement of the law, it has announced several delays: country risk benchmarking is well behind schedule, critical implementing guidance is not yet available, the Information System is not expected to be operational until Dec. 2, some 28 days before enforcement begins. As the EU delays critical elements required for compliance -- without a corresponding delay to give producers enough time to comply -- we face a mounting trade risk, which is already beginning to jeopardize trade between the U.S. and EU.

As U.S. and EU data shows, the U.S. has an exemplary record regarding deforestation risk. Net forest area in the US has steadily increased over the past 30 years and the largest gains in forest land area have been **reversions of agricultural land into forest**. A recent USDA assessment

found that U.S. agricultural and timber production is not driving deforestation in the United States. This is great news, and further proof that sustainable forest practices work.¹

However, while we are confident that our practices will achieve the forestry outcomes the EUDR seeks to realize, there are several administrative and technical barriers to a successful implementation. As such we would like to add our voice to all those, domestic and foreign, that have asked the EU to delay the implementation of the EUDR.

This delay is crucial to prevent significant trade disruption affecting U.S. forest products exports. As the recent letter (attached) from the U.S. Government indicates, there are serious concerns about the uncertainty and the short timeframe to address significant challenges regarding EUDR implementation. We believe these need to be urgently addressed to prevent trade disruption between the U.S. and EU, which is currently valued at over €3 billion.

Our members are working hard to meet the requirements of EUDR. However, continuing significant uncertainties make full compliance with the current interpretation unachievable in the required timeframe. The U.S. forest products supply chain is long and complex. Approximately 89% of wood harvested in the U.S. comes from private forests owned by 11 million non-commercial families, individuals, trusts, and estates. Additionally, 40% of total fiber consumption by U.S. pulp and paper mills comes from indirect sources such as sawmill residuals, 50% of U.S. wood pellet production comes from similar fiber sources. The complex fiber mixing process that follows makes explicit traceability of these indirect inputs (geolocation) from the original forest plot to the finished product effectively impossible.

With less than six months before shipments to the EU must be in compliance with a complex new law, the EU has announced several delays in its own implementation of the law: Clear implementing guidance is months behind schedule and not yet available, the Information System will not be fully functional until some 28 days before the compliance deadline, and the EU has announced delays in country risk classification that will deny the opportunity for simplified due diligence. In this regard, we also seek your assurance that as these important steps are taken, the U.S. forest products industry will be treated on equivalent terms to their EU counterparts.

Without necessary clarity, many U.S. companies will face too much risk to export goods or materials to the EU. Many of us are already facing obstacles to securing supply agreements with EU partners for this autumn and next year because of the issues outlined above. In the absence of legal certainty, significant trade disruptions are already occurring. For instance, the EU hygiene industry, which relies on over 60% of U.S. fluff pulp imports for its raw material, could face severe shortages. With 85% of global fluff pulp production originating in the U.S., alternative sources are limited.

¹ <https://www.usda.gov/sites/default/files/documents/USDA-Assessment-of-Ag-driven-Deforestation.pdf>

Given these challenges, we urge the European Commission to provide the necessary legal certainty and delay implementation of EUDR and open the door to collaborative efforts that can effectively address EUDR objectives, as well as maintain the valuable trading partnership between the U.S. and the EU.

Sincerely,

American Forest & Paper Association

American Wood Council

Forest Landowners Association

Forest Resources Association

U.S. Industrial Pellet Association

National Alliance of Forest Owners

American Hardwood Export Council

Decorative Hardwoods Association

Hardwood Federation



**DECORATIVE
HARDWOODS**
Association

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