

## EUDR – One Step Forward, Two Steps Backward Dance



The European Union continues to try to thread the needle of their European Union Deforestation Regulation (EUDR) that is coming apart at the seams.

*In 2024* the EU delayed implementation of the EUDR by one year in response to opposition based on compliance requirement clarity and process concerns.

*In April* they issued new guidance reportedly designed to reduce compliance and reporting burdens by 30%. Effectively, although insufficiently, conceding that the compliance complexities are problematic and burdensome.

*In July* they failed to adopt the classification system (high risk, standard risk, low risk) which tossed the program into disarray. This step backwards was based on criticism of the process and data utilized to classify countries. Only four countries (Belarus, Myanmar, North Korea, and Russia) were classified as high risk. It is interesting to note that these countries also represent geopolitical similarities. Additionally, this begs the question regarding the decades of deforestation clamor regarding Brazil's Amazon Rainforest as the poster child for deforestation and the credibility of the proposed classification process and standards that designates Brazil as standard risk.

**In August** the European Parliament Committee on Environment, Public Health, and Food Safety (ENVI) adopted the classification of another country risk category of “negligible” (although this is an indication of progress, it would require approval by the EU Commission). In essence “no risk” but an exercise in semantics to make it more palatable. Countries classified as negligible, or no risk, would have reduced compliance requirement.

This new category would significantly reduce compliance requirements such as:

- Reduced Due Diligence: For commodities from a country categorized as low-risk or exhibiting negligible risk, the due diligence process is simplified.
- No Plot-Level GPS or Supply Chain Mapping (in some cases): This exemption may include not requiring detailed information like plot-level GPS coordinates, which are standard for higher-risk countries.
- Provisional Status: The "negligible risk" classification is not permanent and can be revoked if new information suggests a risk of deforestation.

Recently there was a *Joint Statement on the United States – European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade* which included this reference:

***“Recognizing that production of the relevant commodities within the territory of the United States poses negligible risk to global deforestation, the European Union commits to work to address the concerns of U.S. producers and exporters regarding the EU Deforestation Regulation, with a view to avoiding undue impact on U.S.-EU trade.”***

**Finally**, if and when everything is said and done, the EUDR will likely be subject to potential legal challenge in the World Trade Organization

due to its non-tariff trade barriers and extraterritorial reach. These concerns are demonstrated by the fact that the U.S. Trade Representative's Office has included the EUDR as one of the top ten non-tariff trade barriers.

Clearly from the two-step (one forward, two backwards) shuffle that the EU is dancing, internal and external opposition and concern exist. If the EU keeps stepping backwards, they'll eventually get to where they need to be and quit "tilting at windmills." (Tilting at windmills is commonly used to describe misguided efforts, fighting against imagined threats, or pursuing unrealistic goals.)

The continued delays, changes, opposition, uncertainty, and legal concerns are all evidence that the EUDR warrants reconsideration and abandonment. It is time to put a fork in it (it's done), the fat lady has sung (it's over), the music has stopped, and the jig is up. It is time to learn a new dance.

