

## **European Union Deforestation Regulation (EUDR) Talking Points – (09/05/23)**

The EU Deforestation Regulation sets forth requirements and penalties for those importing or placing certain products made from cattle, cocoa, coffee, rubber, soy, and wood to ensure that products made from these materials do not come from lands deforested or degraded for agriculture.

The regulation bans import of these five products from deforested lands and degraded natural forests, establishes financial penalties for importers that violate the ban, and specifies record keeping and due diligence for importers to comply with the regulation. For wood products, importers will be required to:

1. Document that the regulated wood products did not come from forest lands deforested or degraded after Dec. 31, 2020. This in turn will require:
  - a. Capturing geolocations (GPS locations of parcels) for each harvest site, so that the wood products can be traced back to each plot of land
  - b. Keeping other documentation such as management plans, harvest prescriptions, harvest plans or timber sale records to prove that the lands were not deforested for agriculture or degraded
2. Keep such records for 5 years.
3. Segregate wood products from compliant lands from other non-compliant lands, and not place wood products from non-compliant lands on the EU market.

Deforestation is defined as parcels > 0.5 hectares (1.25 acres) cleared for agricultural use after December 31, 2020.

Degradation of forest lands is defined as conversion of primary forest or naturally regenerating forest to plantation forest or 'other wooded land' after December 31, 2020.

Note that the EUDR applies to forests cleared for agricultural land uses only – lands cleared for urban development or infrastructure development are not in-scope.

These requirements will presumably be passed on down the supply chain and are anticipated to have a broad impact on the global marketplace. The EU will start to enforce the EUDR after December 30, 2024 for large companies, and June 30, 2025 for smaller companies.

### **Wood Commodities In-Scope:**

Only products listed in Annex 1 are in-scope. Products with an HS code that are not included in Annex 1 (in other words, that include components of products listed in Annex 1) are not in-scope. For example, 'Cars with leather seats' are not in-scope even though leather from cattle is listed as an in-scope product.

In-scope wood products include the following HS codes: 4401 to 4421, 9401, 9403, 9406, 4900. Basically, the following:

- Fuelwood – in chip, log, sawdust, or other solid form, including pellets, briquettes, or other densified wood products
- Logs or other rough form with or without bark
- Any type of wood raw material (chips, sawdust, wood flour, shavings, etc.)
- Pulp and paper, including recycled pulp and paper containing virgin fiber
- Railroad crossties
- Sawn wood
- Veneer
- Paneling, molding, millwork
- Composite board materials – OSB, particle board, hardboard, MDF etc.
- Plywood and laminated panels
- Wood frames
- Wood packing and packaging materials – pallets, crates, boxes, but excluding dunnage
- Casks, barrels, vats, and staves
- Tools and tool handles
- Flooring, pre-assembled flooring panels
- Coffins
- Seats
- Wood furniture – office, kitchen, bedroom, and furniture parts made of wood
- Prefabricated buildings of wood
- Printed books, newspapers, and other materials

### **What does this mean in Tennessee?**

- Timber producers in Tennessee may be required to collect geolocations for harvest sites and keep other records for up-stream clients to document compliance for the EUDR
- The costs of record keeping could be significant
- It is likely that several service providers will develop systems for collecting, storing and transferring geo-location and other record keeping data over the next two years

### **For more information on EUDR, see:**

- [European Union: European Institutions Finalize Deforestation-Free Supply Chain Regulation | USDA Foreign Agricultural Service](#): January 12, 2023 report
- European Commission EUDR page: [Regulation on deforestation-free products \(europa.eu\)](#)
- [Frequently Asked Questions - Deforestation Regulation \(europa.eu\)](#)