

EU-regulation on deforestation-free supply chains

Excessive bureaucracy and lack of environmental benefits

Berlin, July 2024

The introduction of EU Regulation 2023/1115 on deforestation-free supply chains (EUDR) on the European internal market will oblige German soya growers, cattle farmers and foresters to implement a comprehensive, bureaucratic verification system with due diligence declarations from 2025. The German Farmers' Association (DBV) fundamentally supports the original objectives of this EU Commission regulation to stop the clearing of primary forests, but firmly rejects the way it is being implemented. For Germany and large parts of Europe, the "deforestation problem" is sufficiently documented and practically non-existent. As a first step, the DBV is calling for the start of application to be suspended and, as a second step, for the regulation to be amended to exclude primary producers from its application in countries such as Germany, which are characterised by forest expansion and far-reaching forest protection laws.

Companies affected must prepare due diligence declarations from 2025

The EUDR is a central pillar of the European Commission's Green Deal. This regulation is intended to make a significant contribution to combating deforestation and forest degradation in favor of agricultural land and for human rights.

The aim of the EUDR is to ensure that certain products can only be made available and traded on the European market in future if they can be proven to be free from deforestation and forest degradation from the cut-off date of 31 December 2020. In addition, raw materials and products must have been legally produced in accordance with the laws of the country of origin. The conformity of the relevant products and commodities with the EUDR must be verified by due diligence declarations along the entire supply chain. In addition to the classic imported goods palm oil, soy, coffee, cocoa and rubber, the relevant raw materials also include soya, wood and cattle, as well as the relevant derived products in accordance with Annex I of the regulation.

In Germany, all cattle and soy farmers are affected by the EUDR in addition to foresters and must prepare due diligence declarations prior to sale from the date of application (for large companies from 01/01/2025 for small companies from 01/07/2025).

Shortcomings in content, technical errors and immature framework conditions

Aside from the many substantive and technical shortcomings of the regulation just a few months before the start of its application, the current status in June 2024 also looks disastrous in terms of the framework conditions to be created by the EU Commission. Ten EU member states have not yet designated a competent authority, the test phase of the central information system showed glaring weaknesses, necessary legal definitions and binding clarifications are still pending and the country

benchmarking system will not be available by the end of the year. Transparent, simple and comprehensible application is still impossible. Member states of the European Union and non-European third countries complain about disproportionate requirements, high bureaucratic costs and uncertainties in the implementation of the EUDR. Agriculture Commissioner Wojciechowski confirms this fatal status report in his letter to Commission President von der Leyen.

Federal states recognize concerns of farmers and foresters and demand relief from bureaucracy

The Spring Conference of Agriculture Ministers unanimously recognized the concerns of farmers and foresters with regard to the Deforestation Regulation and called on the German government to lobby the relevant Directorates-General in Brussels to ease the bureaucratic burden on market participants - especially where there is no demonstrable risk of deforestation as defined by the EUDR. There were also calls to postpone the start of application of the EUDR.

The well-documented goal of the German government, above all the Federal Ministry of Food and Agriculture (BMEL), is to complete the preparatory work for the implementation of the EUDR as quickly as possible and on time. The focus is exclusively on the effectiveness and enforceability of the regulation, support for third countries and the review mechanisms for extending the scope of the EUDR. The BMEL and the Federal Ministry for the Environment are not addressing the major concerns of local cattle farmers, soya growers and forest owners.

The concerns raised by the responsible department of the BMEL in this regard against an exemption of the producer level from the EUDR were confirmed by the government but contradict the results of the legal opinion by the lawyers Dombert-Rechtsanwälte. In their opinion, they confirm that a blanket exemption of relevant raw materials from certain countries under qualified conditions is compatible with world trade law, in particular WTO law, and that the rejection of simplification is legally unfounded.

DBV criticizes excessive bureaucracy and lack of environmental benefits

The German Farmers' Association (DBV) criticizes the fact that the EUDR does not generate any environmentally positive added value on the German market apart from excessive bureaucracy but must be applied for trade law reasons without compensation for the additional costs.

According to FAO estimates, 420 million hectares of forest were converted into agricultural land worldwide between 1990 and 2020. The European Union is responsible for around 10% of this, while other countries account for the lion's share. Global deforestation is progressing at an annual rate of 10 million hectares of forest loss. Irrespective of the unanswered questions regarding the causal relationships, the question of Germany's influence on these events must be asked, as palm, which plays only a minor role in animal nutrition, and soya, which accounts for around two thirds of the area in question, are predominantly grown on these areas. German agriculture took a decisive step in the use of soya-containing animal feed at the beginning of the year with the introduction of the QS Soya Plus module. The resources of soya feed must prove that there are no negative impacts in the region of origin through certification standards that are compliant with the FEFAC Soya Sourcing Guideline of 2023. QS goods, which cover the majority of agricultural livestock farming,

are therefore not only socially sustainable and deforestation-free but are already completely conversion-free.

The EUDR is also not expected to create added value for the local forest. In Germany, normative, legal and voluntary restrictions that guarantee sustainable forestry without deforestation and forest degradation. These facts are secured by proven sustainable forest management, applicable federal and state forest laws and various certification systems. In addition, the forest area in Germany has been demonstrably growing for decades, which is why the EUDR is trying to combat a problem that does not exist in Germany and many other countries.

Suspend the start of application and adapt the regulation

As a first step, the DBV is calling for the start of application to be suspended and, as a second step, for the EUDR to be amended. Countries such as Germany, where deforestation and forest degradation are prohibited as per national law, must be excluded from implementation at producer level and any additional verification procedures. As a member of the German Forestry Council (DFWR), we also refer to the demand from the Eisenach Declaration of 11 June 2024.