



EIBF INFOSHEET

EU Regulation on Deforestation-Free Products

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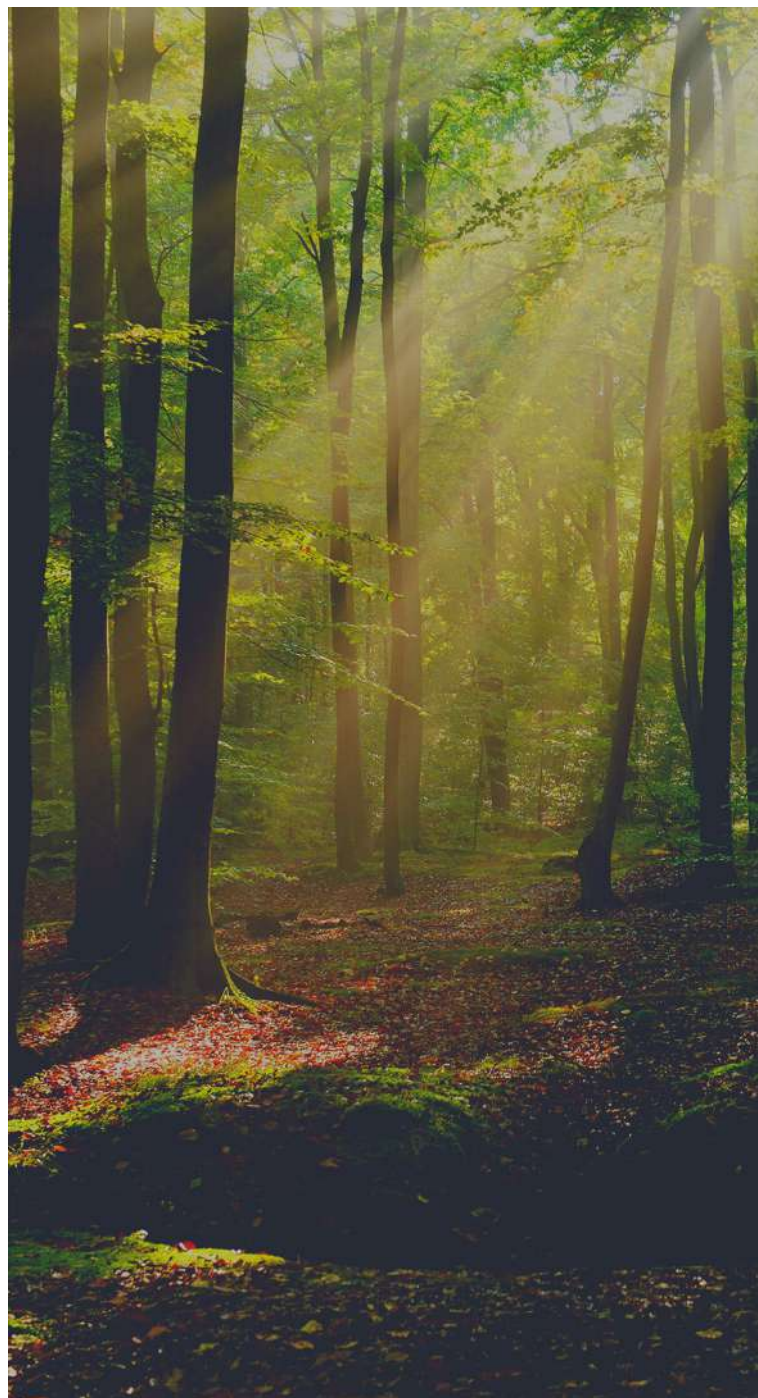
INTRODUCTION

In an effort to double down on deforestation on a global scale, the European Commission has introduced a regulation which will make the placing of goods that are associated with deforestation or forest-degradation on the European single market illegal.

The Regulation will force big and small businesses, like booksellers, to become more transparent and vigilant in reporting the origin of the products they sell. The new rules will apply in all EU countries from 30 December 2024. In this info sheet, we will tell you all you need to know to comply with the new regulation.

OBJECTIVES

The aim of this regulation is to limit the production and consumption of goods connected with deforestation or forest degradation, to guarantee that the products placed on the EU market do not cause further deforestation in Europe or around the world. In turn, the Regulation should contribute to reducing the EU's contribution to greenhouse gas emissions and global biodiversity loss. It also aims to level the playing field for companies by introducing a clear regulatory framework and boost the demand for trade in deforestation-free products.



WHAT IS A DEFORESTATION-FREE PRODUCT?

Deforestation refers to the process of cutting down forests in order to use the land for agricultural purposes. Similarly, forest degradation is defined as the act of converting naturally regenerating forests into monocultural plantations or artificially planted forests. Based on these definitions, the Regulation states that a product is considered deforestation-free

if it was “produced on land that has not been subject to deforestation, “and “that the wood has been harvested from the forest without inducing forest degradation”. Any product produced after the cut-off date 31 December 2020 that does not meet these requirements is not allowed to enter or exit the EU single market.

WHICH PRODUCTS WILL THE REGULATION APPLY TO?

The regulation will be accompanied by a list of countries where the risk of forest degradation and deforestation is high, alerting bigger companies to be extra vigilant when trading with goods from those countries. Additionally, an EU forest observatory, charged with monitoring forest coverage and the production and trade of commodities globally, has been launched.

Furthermore, the Regulation mainly targets a set of “high-risk” goods, such as **cattle, cocoa, coffee, palm oil, rubber, soy, and**, most noticeably for the book trade, **wood**. Here it is worth underscoring that the Regulation will apply to a range of paper products derived from wood, including **stationeries** and **printed books**.

To the right is a list of relevant commodities derived from wood to which the regulation will apply, that may have an impact on the bookselling business:

- **Printed books, newspapers, pictures and other products of the printing industry**
- **Pulp and paper**
- **Kraft paper (paper typically used for paper bags, envelopes and other packaging)**
- **Glassine (Glassine is among other things employed as an interleaving paper in bookbinding, especially to protect fine illustrations from contact with facing pages)**
- **Envelopes, letter cards, postcards and correspondence cards of paper and paperboard**
- **Cartons, boxes, cases, bags and other packing containers;** box files, letter trays, and similar articles, of paper or paperboard, of a kind used in offices, shops or the like.
- **Stationeries:** Registers, account books, notebooks, order books, receipt books, letter pads, memorandum pads, diaries and similar articles. Exercise books, blotting pads, binders (loose-leaf or other), folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers, of paper or paperboard.

WHO WILL BE AFFECTED BY THE REGULATION?

The Regulation will apply to any entity placing and/or trading commodities on the EU Internal Market, regardless of their legal form or size. However, the responsibilities differ depending on the size and activity; smaller traders, like most booksellers are, are liable to fewer obligations because the products they handle have already been placed on the market by other entities. Traders, especially the larger ones, do nonetheless play an important role and may influence the supply chains of their products into becoming deforestation-free, which is why they still have some obligations under the scope of this regulation.

Importers of goods and large traders* are obliged to comply with an extended set of rules. For instance, they must draw up a “due diligence statement”, in which they assume responsibility to ensure that the products they offer are deforestation-free.

The due diligence statements need to include relevant information, such as the geographic coordinates of the plots of land where the concerned products were derived from. Importers and large traders also need to conduct risk assessment and, if necessary, take risk mitigation measures for the concerned products. Should the due diligence report find that there is a more than negligible risk that the product in question was derived on land subjected to deforestation or forest degradation, the trader cannot place it on the EU market. The due diligence statement must be kept as a record for at least 5 years.

*Large traders are defined by having an annual turnover of over €40 million and a staff of over 250 people. Any businesses with lower capacities are defined as small or medium sized and have other obligations, detailed to the right.

WHAT ABOUT BOOKSHOPS?

Under this regulation, small and medium sized traders (SMEs), like most bookshops are, have two clear obligations:

1. They must hold a record of:

- a. **The contact details to all suppliers from which they purchased, or sold, the relevant goods to,**
- b. **The reference numbers to the respective due diligence statements that was drawn by the supplier/large trader**

They also need to store that information for a minimum of five years, and deliver such information to competent authorities, should they require it.

2. If they access new information which shows that the products they sell do not comply with the regulation, they are obliged to act and inform the competent authorities.

The Commission expects that these requirements will pose only a small burden and negligible costs to SMEs, since the requested information is usually already part of normal business operations.

WHAT HAPPENS IF YOU DON'T COMPLY WITH THE REGULATION?

It is up to each member state to decide on which penalties to impose for non-compliance with the legislation. Possible penalties include fines, confiscation of the concerned commodities or confiscation of revenues, exclusion from public procurement processes, prohibition to conduct business, and publishing a list of non-compliant traders, to increase accountability.

The Regulation states that competent national authorities, designated by the member states, will identify and carry out checks on traders and relevant products to make sure they comply with the due diligence statements.

WHAT HAPPENS NEXT?

EU Member States are currently implementing the Regulation into national law, with the main obligations set to apply from 30 December 2024. SMEs have until 30 June 2025 to comply with the legislation.

SOURCES

EUR-Lex

- [Regulation of the European Parliament and the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation \(EU\) No 995/2010 \(Text with EEA relevance\)](#)

Federation of European Accountants

- [Factsheet](#)

The European Commission

- [Proposal for a Regulation on Deforestation-Free Products](#)
- [Environment – Proposal for a regulation on deforestation-free products](#)
- [Council agrees on new rules to drive down deforestation and forest degradation globally](#)
- [EU observatory covering deforestation and forest degradation worldwide goes live](#)

The European Parliament

- [Legislative Train Schedule](#)

Politico

- [4 things you should know about the EU's effort to stop deforestation](#)