

Statement on the implementation process of the EU Deforestation Regulation

As members of the American Chamber of Commerce to the EU (AmCham EU) prepare to comply with the European Deforestation Regulation (EUDR), the current level of detail and guidance is insufficient for effective compliance and implementation. To ensure a successful, smooth and timely transition, as soon as possible, the European Commission must:

- 1. Issue detailed FAQs and guidance:** Develop and disseminate by the end of June 2024 comprehensive frequently asked questions (FAQs) and guidance documents for economic operators and national administrations. These materials should address the specific concerns and ambiguities already raised by stakeholders and provide clear and practical instructions on compliance requirements, reporting mechanisms and enforcement procedures. Despite being anticipated for many weeks, the latest set of FAQs have not yet been published. Clarification and guidance should ensure a harmonised approach to EUDR enforcement in all Member States as well as simplify the regulation's implementation to facilitate compliance and reduce the administrative burden on economic actors. In this way, the legislation can most effectively deter and prevent deforestation globally.
- 2. Implement a second pilot of the information system by mid-September:** This additional pilot would allow stakeholders to better understand and interact with the system, identify potential issues, suggest improvements and propose solutions to obstacles. It would also allow them to make necessary adjustments to ensure timely and full implementation. A robust and well-tested information system is crucial for the EUDR's success. The current plan to release the information system in November, despite serious issues encountered by the first pilot, raises concerns. It is not clear what the impact would be if these issues are not identified and addressed before the information system's intended inauguration.
- 3. Ensure proper benchmarking of third countries by Member States:** Timely and accurate benchmarking of EU Member States and third countries is essential to avoid needless disruption of critical supply chains, costs for economic operators and potential unintended and unforeseen administrative burdens. As stated in the EUDR, 'benchmarking information should make it easier for operators in the Union to exercise due diligence and for competent authorities to monitor and enforce compliance'.
- 4. Implement rules and timelines:** Assuming that the implementing act is published in July 2024, traders have less than six months to learn the procedural rules, which are critical to the submission and processing of due diligence statements (DDS). Stakeholders need sufficient lead time to bridge major changes in digital tools and logistical process and ensure smooth operations in the supply chain. Additional time is essential to preventing product shortages and mitigating any contractual liability associated with delayed deliveries
- 5. Process intra EU and/or involving SMEs:** The Commission must provide clarity in practical terms on processes in the supply chain distinguishing small and medium-sized enterprises (SMEs) trade and other trade at the border or where goods subject to a diligence reference statement circulate in the Single Market. In the latter

scenario no customs declaration is submitted in the transaction, although certain requirements must be met.

6. **Introduce meaningful thresholds.** Meaningful thresholds would eliminate administrative burden on less impactful (finished or semi-finished) products, small and individual stakeholders, and small land holders. As there is no value, volume or area threshold, there is currently no distinction between commercial and non-commercial consumers. Consumer-to-consumer and business-to-consumer e-commerce orders or gifts, newspapers, correspondence, postcards and letters are in scope of the legislation and require private individuals to step up processing DDS, which is likely not intended by the legislators.

If the Commission is unable to address these essential elements by early-September, AmCham EU members and other economic operators will not be able to comply with the EUDR by 30 December 2024, which would require a grace period or additional time for EUDR implementation to prevent unintended disruptions and ensure an effective, efficient and successful EUDR implementation. Even so, the Commission should use any grace period or delay to urgently address the remaining issues and ensure that the regulation can be properly implemented to achieve its objectives.