

EU Regulation on Deforestation-free Products (EUDR)

To prevent supply chain disruptions and penalties, companies should consider the impact of the EUDR on their supply chain and timely prepare for the new obligations effective per 30 December 2025



Purpose of the regulation

Effectively **combat deforestation, forest degradation and promote deforestation-free supply chains** while taking into account the protection of **human rights including the rights of indigenous peoples and local communities** and to reduce the European Union's contribution to GHG emissions and global biodiversity loss. Relevant commodities and relevant products **shall not** be placed or made available on the market or exported, **unless**:

- they are deforestation-free;
- they have been produced in accordance with the relevant legislation of the country of production and with international human rights law (in particular FPIC); and
- they are covered by a due diligence statement.



Which commodities/products are in scope?

The Regulation covers the most relevant commodities in the Union consumption in terms of driving global deforestation and forest degradation:

Cattle incl. live cattle, meat, leather

Cocoa incl. beans, paste, butter, powder, chocolate

Coffee incl. roasted, unroasted, decaf, substitutes

Oil Palm incl. nuts, kernel, acids

Rubber incl. natural, compounded, tyres, inner tubes

Soy incl. beans, flower, oil

Wood incl. printed books, furniture, pallets

Commodities / products that fall within the scope of EUDR will be determined from classification by the 4 - 6 digit EU HS codes.



Who is affected and which obligations apply?

Obligations for operators and traders, i.e. everyone in the course of a commercial activity **placing (importing) or making available (supplying/trading)** commodities and products **on the EU market** in return for payment or for free, as well as **exporting** from EU to comply with the deforestation-free and legality requirements**. Items entering the EU market must not be from land that has been deforested or subject to forest degradation since 31 December 2020.

Companies in scope should establish and implement due diligence systems consisting of:

- 1. information requirements** (incl. geolocation of all plots of land where the relevant commodities were produced)
- 2. risk assessment measures**
- 3. risk mitigation measures**

Completed by **reporting obligations** such as making available **due diligence statements** when placing products on the market or exporting and an **annual public reporting obligation** for non-SMEs.



What is the risk of non-compliance?

Risk of business disruption in addition to penalties and exposure. Consequences can vary but actions that can be taken are:

- **Seizure** of products/revenues;
- **Suspension** of placing a product on market/export;
- **Imposing penalties** (maximum amount up to 4 % of the operator's or trader's total annual EU-wide turnover)
- **Criminal prosecution**

In addition, companies that do not act appropriately will risk having their **identity published** on the EU Commission website. The website will include a list of final judgments against companies for infringements relating to the EUDR (including name, date and summary of infringements) and the infringements/penalties imposed on them.

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** Different requirements for non-SMEs and SMEs. Responsibilities for EU established parties in supply chain with non-EU established operators.