

Urgent Clarity Needed: Preparing for EU Deforestation Regulation with Time Running Out

Brussels, 6 June 2024 – APAG & Cesio, two sector groups of Cefic, represent the European oleochemicals and surfactant producers – two traditional sectors of the European bioeconomy. We support the objective of the Commission’s regulation to stop deforestation and forest degradation. With the EU Deforestation Regulation (EUDR) entering into application soon, we seek guidance and clarity to ensure proper execution and compliance with the spirit and letter of the law.

Current state of play

Urgent clarification is needed on numerous practical and legal technicalities to avoid disrupting industries dependent on forward buying and the associated growers in their planning. There is a lack of clarity about the documentation required to prove compliance with the legislations of producing countries as stipulated in Article 9. This ambiguity extends to the extensive requirements for geolocation data, compliance proof and segregated commodity flows, placing a significant (economic) burden on both external producers and smallholders in origin countries.

We call on the European Commission to promptly provide definitive guidance and publish implementation guidelines to make the execution of the EUDR feasible and effective. It is crucial to establish predictability, legal certainty and clear direction to prevent disruptions in these highly expansive international supply chains and ensure a sustainable, inclusive approach to implementing the EUDR.

Finally, the current information system lacks robustness, making it inadequate for handling the complexities and scale of data inherent in the oleochemicals industry and its supply chain. Given the magnitude of necessary data exchange between companies and authorities, automatic interfaces ready as of day one are mandatory to ensure compliant operations. So far, technical details have not been provided to ensure readiness.

The impact

Given the crucial role these sectors play in developing the bio-based economy and moving towards a fossil-free economy, it is vital to quickly address the challenges that the EUDR presents to our industries. The complexity of the EUDR may lead to significant economic competitive disadvantage for the European production facilities, which could lead to their closures and thus job losses and reduced investments. The impact will not only focus on oleochemicals and surfactants productions but extend to downstream units.

On the other hand, imports of some palm-based products will take place without needing to carry the burden of complying with the EUDR requirements, shifting oleochemicals and surfactants production (incl. jobs, investments.) to outside the EU. Therefore, we propose that a revision of Annex I is made to the extent possible to establish a level playing field to reduce internal market disruptions and avoid hampering the free movement of goods within the internal EU market.



Our ask:

With the EUDR entering into force within 6 months, we call upon the Commission to urgently:

- Provide stakeholders with the updated FAQ and guidelines to support a smooth implementation of the regulation (e.g. provide clarity on the documentation required to comply with the legislation)
- Initiate an early revision of Annex I to ensure a level playing field and minimise the impact on the European industry and production of goods
- Ensure that all Member States are in place and ready to implement the legislation

Without these measures in place, there will potentially be market disruptions and negative consequences globally, such as supply shortages, higher consumer prices, the exclusion of smallholders and trade partners from the supply chain, and increased transport and logistics costs.

Should the Commission not be able to provide clarity to impacted stakeholders in due time, industry would welcome the consideration of transitional measures to minimise disruption in the supply chain. These measures can be translated into simplified due diligence or delaying the enforcement of the EUDR.

APAG – the European Oleochemical Industry is a long-established sector of the European bioeconomy. Since the early 19th century, the oleochemical industry has been using rendered animal fats to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications.

Our industry continues to invest in sustainable technologies enabling the development of a circular bioeconomy: for instance, oleochemical products are used to de-ink used paper to enable recycling and to de-ice airplanes as an alternative to fossil-based materials.

For more information visit our website www.apag.eu or visit our [LinkedIn](#) page.

CESIO (the European Committee of Organic Surfactants and their Intermediates) is an industry association that represents manufacturers and marketers in the European surfactants industry. CESIO contributes to better understanding of surfactants and the many ways in which they contribute to economic development and quality of life; and addresses specific issues relating to human health and the environment in order to sustain their beneficial contribution to society. Surfactants have a wide range of end-uses including in household detergents, personal care formulations, industrial and institutional washing and cleaning, as well as technical applications in textiles, leather and paper treatment, agrochemicals, the metal, mining and oil industries, and in plastics, lubricants, paints and coatings.

For more information visit our website www.cesio.eu