

EUDR: Annex I extension to restore EU industries' competitiveness

What is the EU Deforestation Regulation (EUDR)?

The EUDR aims to reduce EU's contribution to global deforestation, reduce carbon emissions and address illegal deforestation and forest degradation. Products may only be placed on the EU market if they meet the following conditions:

- They are deforestation-free (cut-off date: 31/01/2020)
- They have been produced in compliance with relevant legislation of the country of production
- They are accompanied by a due diligence statement

Commodities in Scope

→ cattle, rubber, cocoa, soy, coffee, wood and **palm oil**

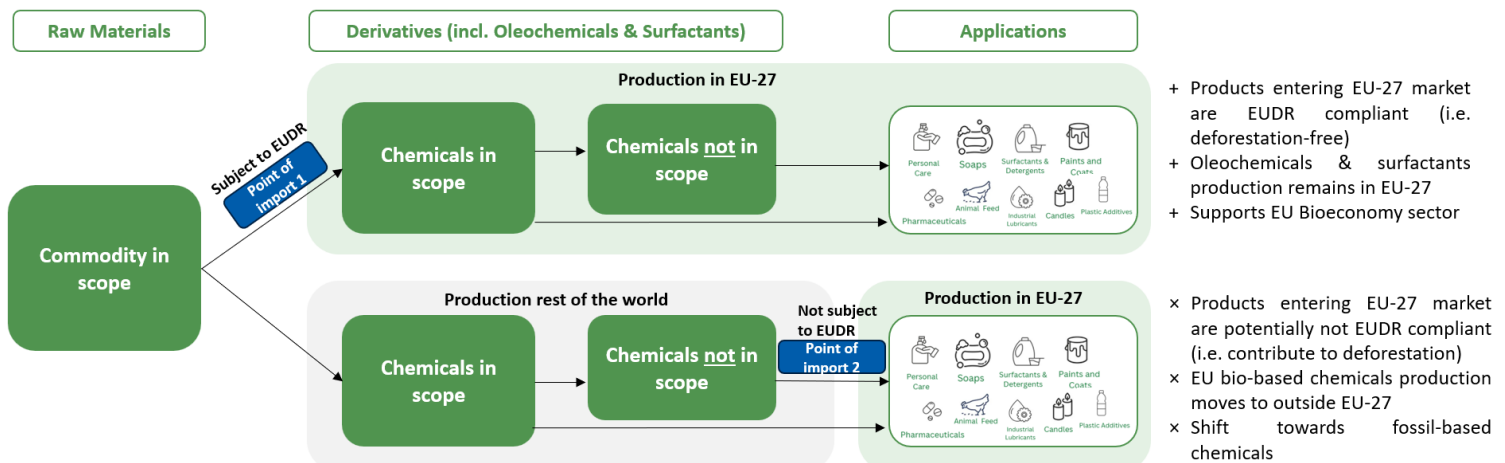
→but also certain products derived from these commodities.

E.g.: selected palm and palm kernel oil based derivatives are in scope. But soap or shampoo that may contain palm oil derived products, do not fall under the EUDR obligations.

Impact of current EUDR Annex I list on the European oleochemical and surfactant industries

The current list in Annex I contains loopholes that allow circumvention of the regulation, going against the spirit of the regulation. Here are two case examples:

- (1) Identical chemical products can be imported under different CN codes, where one is covered by Annex I and the other is not. This creates opportunities for market operators to reclassify products to avoid EUDR obligations, gaining a competitive advantage over companies that comply with the regulation. Such actions undermine the regulation's aim to halt deforestation and forest degradation.
- (2) In other cases, operators may carry out an additional processing step outside the EU, allowing the product to fall outside the scope of Annex I upon import. These practices risk undermining the level playing field, disadvantaging European producers, and could ultimately result in production relocation and job losses within the EU.



Call for action: extend the EUDR Annex I to safeguard the oleochemical and surfactant industry in Europe, and avoid production to move outside of EU-27.

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