BUSINESSEUROPE

THE DIRECTOR GENERAL

Ms Jessika Roswall
European Commissioner for Environment, Water Resilience and a Competitive Circular Economy
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

17 July 2025

Dear Commissioner,

I would like to address this letter to you in the context of the implementation of the EU Deforestation-Free Products Regulation (EUDR). BusinessEurope stands fully behind the set objectives of the Regulation, recognising the serious threats posed by deforestation on the environment, as well as on our economic and social prosperity. Given the complexity of the legislation, we have been concentrating our efforts in ensuring that rules are clear and easy to navigate for companies and authorities alike, while safeguarding effectiveness.

In this context, we welcome the postponement of the Regulation by 12 months, until 30 December 2025, as well as all the continuous efforts by the European Commission to provide additional guidance and clarifications through the Frequently Asked Questions (FAQ), that already address many concerns raised by the business community. We also recognise the efforts of the European Commission to constantly improve the information system established under the Regulation and take note of the publication of the Implementing Regulation classifying countries according to their risk of deforestation.

While these endeavours have contributed to more clarity, companies continue to call for significant and legally binding improvements in the Regulation, to prevent excessive burden on companies while safeguarding effectiveness and regulatory coherence. Unpredictability is a concern for many economic operators who are seeing market disruptions in certain products, incipient deviation of trade flows and price increases – and price differentials to the global market – in commodities and derived products in the scope or related to the EUDR. In this respect, BusinessEurope would like to request the European Commission to consider launching a more ambitious simplification procedure of the EUDR through an omnibus. We view this as a necessary step to ensure that operators, products and supply chains are not disproportionally impacted, and that the implementation of the Regulation is feasible both by EU and third countries' operators.

Recognising the efforts that many, especially large companies, have already undertaken to comply with the EUDR, we would like to share with you a number of proposals that we believe will be important to consider in the context of an ambitious yet targeted omnibus procedure.

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A. Priority areas to look in the context of an omnibus

Due diligence responsibility focusing on products placed in the market for the first time

Revising the EUDR to clearly assign full due diligence responsibility only to the first operator or trader placing a relevant product or commodity in the EU market will be the most effective way to ensure that only deforestation-free products are placed in or exported from the EU market. Whereas downstream operators and traders may retain a limited responsibility to verify if direct suppliers have due diligence systems in place, true simplification is to be achieved by significantly reducing the administrative burden caused by the duplication of DDS. Moreover, given the complexity of collecting, treating and storing data, this responsibility should be borne by the first operator or trader placing a relevant product or commodity in the market.

Overall, a targeted approach enables both high environmental integrity and practical implementation. We believe that this approach will support the efforts on stopping deforestation, with increased focus on the parts of value chains where non-compliant material can be effectively stopped. It will also maintain the requirement of full traceability and control over all commodities entering a supply chain, while lowering implementation cost through the whole supply chain, strengthening competitiveness of EU businesses and not the least benefit SMEs. Finally, it will also improve legal clarity and predictability for companies and competent authorities and facilitate implementation and harmonisation across the single market. The European Commission has extensive experience in EU Regulations that focus on the placement of products in the EU market, such as the EU Regulation on organic production. This expertise could be invaluable during the simplification process of the EUDR.

Simplifying traceability requirements

Focusing traceability requirements through geolocation in those parts of the supply chain (upstream) where it is feasible is a must to lift unreasonable burden for both downstream operators and authorities. This will ensure that requirements apply proportionally and only to products that are relevant in the framework of the EUDR, avoiding adverse impact on other parts of the supply chain. Moreover, implementing the mass balance principle, as already developed by several voluntary sustainability standards, would allow for a more scalable and cost-effective implementation, without risking the effectiveness of traceability.

Finally, removing geolocation requirements from the obligations of operators importing from countries in the low-risk category will also contribute to reducing administrative burden. In parallel, we need to address potential cases of fraud and circumvention.

B. Other areas that are important to consider in the context of the omnibus

We recognise the significant efforts of the European Commission to clarify a number of practical issues raised by the private sector in the implementation of the EUDR through the FAQ and the Guidance documents. At the same time, economic operators believe that achieving full legal clarity on these questions is important to ensure a more effective and streamlined implementation of the EUDR, and more predictability. We would like to highlight the following areas:

Clarifying product classification for mixed tariff codes

Accurate product classification is essential for legal certainty and effective enforcement under the EUDR. Some tariff codes include both EUDR-relevant and irrelevant items, making it difficult to determine applicability. For example, in the case of rubber, synthetic and natural variants are lumped under overlapping HS codes, despite only natural rubber posing a deforestation risk. This leads to disproportionate compliance efforts, as companies must prove the absence of natural rubber even in wholly synthetic products. Similarly, for complex, multi-component, or processed goods, there is no clear standard for what constitutes sufficient evidence of non-applicability. This legal grey area increases the risk of inconsistent enforcement and unnecessary trade disruptions.

To address these challenges, we propose to explicitly define "rubber" as natural rubber only, excluding synthetic rubber, revise HS and TARIC codes to clearly differentiate natural from synthetic rubber, and provide more detailed implementation guidance on how customs should handle mixed tariff codes and what constitutes acceptable evidence for exclusion from scope.

Reforming the recycled content exemption

Under the current Regulation, products qualify for exemption only if they are composed entirely of recycled materials. While well-intentioned, this "100%" requirement is overly rigid and fails to reflect real-world practices, particularly in the paper and packaging sectors, where a small proportion of virgin material is often necessary to maintain product functionality. This narrow formulation may discourage the use of recycled inputs by penalising mixed-content products. We therefore propose introducing a realistic minimum recycled content threshold.

Exempting empty packaging from EUDR scope

The exemption of empty packaging under the scope of the EUDR should be considered upon the application of conditions, for instance related to the amount of empty packaging as a percentage of the total amount of imported packaging material with products, in case of low value shipments and if the intended use of the empty packaging is different from being provided as separate consumer products. While the recent guidance provided some clarity on packaging, amending the relevant provisions of the EUDR are necessary to provide legal certainty.

Simplifying DDS requirements for intra-group transfers

A product should need a DDS the first time it enters into a Company Group, and once it is processed into a new product and placed again on the market, not every time it is transferred between different legal entities within the same Group with no changes to the product. Requiring every legal entity within the same group, including intermediaries that only resell the product within the same group, to submit due diligence statements, imposes an unnecessary administrative step that does not contribute to the objective of the Regulation. Clarifications provided in the context of the latest FAQ go to the right direction. However, updating the relevant provisions in the EUDR will be helpful, providing the necessary legal certainty for economic operators.

Facilitate procedures in case of re-import in the European market

Where a product, previously exported from the EU market, is re-imported and placed under the customs procedure 'release for free circulation', the downstream operator would fulfil its due diligence obligations by making reference to the Due Diligence Statements submitted at the point of export for the relevant products or commodities.

Ensuring an enforceable and proportionate penalties framework

The penalties framework under the EUDR should be enforceable and proportionate. Potential non-compliance cases should be handled by national competent authorities in dialogue with the operator concerned. Any penalties imposed should be proportional to the violation committed, taking into consideration the operator's intent and the actual environmental impact, and ensuring that operators that did not have control over the situation are not disproportionately affected. Such differentiation is essential to protect responsible operators striving to comply with the rules but who – or whose suppliers – may make unintentional mistakes, while effectively deterring and addressing serious misconduct. To offer an example, withdrawal, confiscation and disposal are overly punitive measures that are usually reserved for severe and irremediable cases, i.e. immediate health or safety risks to customers. In the context of the EUDR, mandatory withdrawal or recall across all Member States is not justified and would cause disproportionate economic harm to operators. Moreover, mandatory disposal of valuable resources (when donation is not a viable option) is also an excessive measure that would create negative environmental impacts, contradicting the principles of the circular economy.

C. **Horizontal, issues** that we believe should be addressed in the framework of an omnibus on the EUDR include:

Recognising international standards and certification systems, such as the ISCC, FSC, PEFC, FairTrade, Rainforest Alliance and RSPO as mechanisms to demonstrate compliance with EUD requirements.

Considering the relevance of the Regulation to the EEA / EFTA countries, as a means to reinforce the objectives of the Regulation while ensuring the resilience of supply chains.

Considering better access for non-EU-established companies to TRACES in order to ensure smooth trade of goods between EU-established and non-EU-established companies.

Considering the first year after the application date as a learning period dedicated to support, guidance, capacity building, instead of issuing fines, in agreement with EU Competent authorities.

We hope that our request for a broader simplification of the EUDR through an omnibus, where some flexibility on the implementation timelines could be considered, if necessary, from a legislative point of view, and our relevant suggestions will be taken into account with the view of ensuring its effectiveness.

Yours sincerely,

Markus J. Beyrer