



INFORMATION

The Agreement on the EU Deforestation-free Products Regulation

The Members of the European Parliament reached a preliminary deal with European Union (EU) governments on a new law on deforestation-free products on December 2022. The European Union takes this action to help stop a significant share of global deforestation and forest degradation. According to the press release shared on the European Parliament's official website, the new law obliges companies to ensure that a series of products sold in the EU do not come from deforested land anywhere in the world. There are several products that will be covered by this new regulation including palm oil, cattle, soy, coffee, cocoa, timber, rubber, as well as derived products (such as beef, furniture, or chocolate).

When the new regulation enters into effect, it will be obligatory for companies to conduct, verify, and issue a due diligence statement if they want to place goods on the EU market. It means the operators and traders will have to prove that the products are both deforestation-free (produced on land that was not subject to deforestation after 31 December 2020) and legal (compliant with all relevant applicable laws in force in the country of production). In addition, companies will also be required to collect precise geographical information on the farmland where the commodities have been grown. Later, the list of commodities that are covered in the new regulation will also be regularly reviewed and updated.

The European Commission also added that they will run a risk-based control, which is a benchmarking system that will assess countries or parts thereof and their level of risk of deforestation and forest degradation. Therefore, companies will have different obligations depending on the country's risk level. Furthermore, the EU will also step up its engagement internationally, both bilaterally and multilaterally to ensure the new law is effectively implemented and to assist producer countries where necessary.

As the next step for this agreement, the European Parliament and the Council will have to formally approve the agreement before it can be entered into effective. The new regulation is expected to enter into effective in May or June 2023, followed by an 18-months implementation period for larger stakeholders (operators and traders) and a 24-months implementation period for micro and small enterprises.

References:

- European Commission Press Release concerning Green Deal: EU agrees law to fight global deforestation and forest degradation driven by EU production and consumption
- European Parliament Press Release concerning Deal on new law to ensure products causing deforestation are not sold in the EU

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id
Thank you for your attention and hope this information would be valuable for you.

Italian Business Association in Indonesia (IBAI)

c/o Istituto Italiano di Cultura Jakarta

Jl. HOS Cokroaminoto No. 117 Menteng Jakarta 10310 INDONESIA

P: +6281 1979 4262 E: ibai@ibai.or.id