

Possible Postponement of EUDR



Sustainability

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EU Commissioner Jessica Roswall, Directorate-General for Environment, Water Resilience and a Competitive Circular Economy, wrote a letter to the European Parliament today declaring the Commission's intention to postpone the application of the European Deforestation Regulation ("**EUDR**") by one year. The same was confirmed by Alois Rainer, the German Minister for Agriculture, Food and Regional Identity. The Regulation, which entered into force on 29 July 2023, was originally scheduled to apply from 30 December 2024. Following a previous deferral, the application date had already been moved to 30 December 2025.

With today's announcement, the Commission signals a further delay, pushing the expected application date to 30 December 2026.

The Commissioner explicitly referred to concerns with regards to the functioning of the information system ("**TRACES**") but also emphasized that the information system is currently still being tested. The Commission did not indicate any plans for substantive amendments to the regulation. As such, the EUDR is expected to apply in its current form once the new timeline takes effect.

The information system TRACES is the central system for submitting a Due Diligence Statement, one of the key requirements according to Article 3 lit. c) EUDR for relevant products to enter and leave the Union market but also to be allowed to sell relevant products on the Union market. In the case of import and export, the reference number generated by TRACES for a Due Diligence Statement needs to be indicated in the respective customs declarations. Therefore, a working information system is key for undisrupted supply chains.

The Commission currently finds that new projections on the number of expected operations and interactions between economic operators and the IT system have led to a substantial upward reassessment of the projected load on the IT system. Therefore, the Commission believes this might lead to the system slowing down to unacceptable levels and even complete shutdowns. Operators and traders would then be unable to register, upload, and retrieve the necessary information for customs which could lead to disruptions in the flow of goods.

Similar to last year's procedures, the European Commission now needs to formally propose a change to the EUDR. As the EUDR is already in force since 29 June 2023, a formal legislative procedure will follow, whereby the European Parliament and the Council of the European Union must approve of the proposed delay.

The timeline for implementing the postponement of the EUDR is currently still unclear. However, given the support of numerous Member States and the EU Commission, it is likely that the applicability of the EUDR will be postponed until 2026. Whether the EUDR will also become subject to an omnibus-package remains to be seen.

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