

Tackling deforestation through import controls

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Effective policies to reduce demand-led deforestation overseas



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SUMMARY

Various nations and trade blocs are seeking to reduce their contribution to global deforestation by regulating the import and sale of agricultural and forestry products, banning goods grown on illegally or recently-deforested land. Via interviews with topic specialists and a survey of civil servants in relevant countries, this report explores the effectiveness of policy tools – profiling the EU, UK and US approaches, and identifying supplementary and alternative ways to tackle demand-led deforestation.

The three approaches are documenting every product journey (EU), reporting annually on due diligence efforts (UK), and detecting crime and prosecuting offenders (US). All regions also prosecute importers of illegal timber under existing laws against fraud, money laundering, or sanctions. This wider context points to the fragmented way in which this issue of deforestation is being addressed by governments.

We thus identify an urgent need to improve public bodies' use and sharing of data on deforestation topics – both within governments, and between them – including new technological and partnership-based solutions; and the need to monitor implementation to avoid unintended consequences in this emerging policy field.

Key recommendations

To develop policies that reduce nations' contribution to import of 'forest-risk commodities', it is critical that governments...

Invest in data capabilities and deforestation expertise to ensure that public agencies can monitor legal and illegal deforestation, track goods and operators, verify documentation and detect crime. There is a particular need for better sharing of data within and between governments.

Develop technologies and partnerships to create more effective regulations, recognising that digital or scientific methods may generate better outcomes more cheaply and effectively than reporting-based requirements alone.

Watch outcomes carefully, and adjust policy as the consequences of a new system or regulation become clear. The experience of the EUDR show risks of creating unintended consequences, such as on livelihoods of smallholder farmers, in this emerging field of policy.

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1: INTRODUCTION

The vast majority of deforestation occurs in the developing world but is driven by demand for agricultural and forestry goods in importing nations.

According to Our World in Data, rich and upper-middle income countries are responsible for [two thirds](#) of export-driven deforestation, around 12% of the total.¹ Most deforestation is associated with beef, soy, palm oil and timber production for domestic consumption. But volumes for export are rising, so importing nations have a role to play, including in reducing their carbon emissions associated with their impact on global deforestation.

The European Union currently has the most advanced and stringent policies on tackling imports linked to deforestation: its [EU Deforestation Regulation \(EUDR\)](#),² coming into force at the end of 2025, aims to prevent the import of key products grown illegally or on land deforested since 2020.

Other countries focus only on whether deforestation was illegal: Australia has barred the import of illegally-felled timber since 2012, and the UK has legislated to block the import by large businesses of a range of products grown on illegally-deforested land in the 2021 Environment Act.

Joe Biden's US administration also published a [policy framework](#) on the topic,³ and New York State passed state-level regulations for deforestation-risk due diligence in public procurement. China – whose imports contain [far more 'embedded deforestation'](#) than any other nation⁴ – has also at least signalled its commitment to the agenda, pledging in 2021 to “facilitate trade and development policies... that do not drive deforestation” in COP26's [Glasgow Leaders' Declaration on Forests and Land Use](#).⁵

The University of Sussex Business School, which operates research hubs focusing on sustainability and supply chains, has long recognised the potential impact of deforestation policies – both on global supply chains, and on the preservation of forests.

With countries around the world pursuing a range of policies designed to reduce the deforestation catalysed by their imports, we identified a need for research into effective policymaking: how countries and trade blocs can create legislative, regulatory and service delivery frameworks that successfully reduce deforestation at the smallest possible financial, economic and social cost.

Our goals were to understand both the views of specialists and experts in the field – covering the environmental, economic, legal and political aspects of the topic – and the opinions of civil servants, who have valuable perspectives on their governments' capabilities, interests and needs.

With funding from UK Research England's Knowledge Exchange and Impact Fellowship, we commissioned specialist publishing house Global Government Forum to conduct a survey of civil servants in relevant countries, and freelance journalist and researcher Matt Ross to produce this report.

The material here is based on desk research, interviews with eight experts in the field – six of whom are quoted below – and survey answers from 30 serving civil servants, largely based in the UK, Canada and EU nations.

While not a large enough sample size to conduct statistical analysis, these responses provide a rare and valuable glimpse into the views of people who – while reluctant to speak on the record to researchers – will play a key role in developing and delivering anti-deforestation policies. The wording of the survey questions is set out in the Appendix.

1 <https://ourworldindata.org/drivers-of-deforestation>

2 <https://eur-lex.europa.eu/eli/reg/2023/1115/oj>

3 <https://web.archive.org/web/20241219002433/https://fas.usda.gov/newsroom/biden-harris-administration-announces-policy-framework-combat-demand-driven-illegal>

4 <https://ourworldindata.org/grapher/imported-deforestation?tab=table>

5 <https://webarchive.nationalarchives.gov.uk/ukgwa/20230418175226/https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

The report begins with an explanation and brief analysis of three existing ways of reducing the environmental harm associated with imports – those adopted by the EU, UK and US – then considers supplementary measures that could be adopted or integrated into wider deforestation policies.

It explores and demonstrates the need for much improved government data capabilities in this field – both within nations, and between them – and examines the current state of play with the EUDR: the world’s most ambitious deforestation law, set to come into force by the end of this year.

We hope that this report will be valuable to policymakers and governments around the world with an interest in reducing the deforestation footprint of imports, providing information and analysis to support the development of policies that help tackle deforestation at the smallest possible cost to businesses, taxpayers and communities.

2: MODELS FOR DE-LINKING DEFORESTATION AND IMPORTS

The European Union Deforestation Regulation (EUDR) model: document every product journey

The EUDR, which aims to reduce EU nations’ contribution to deforestation around the world, requires every business selling specific agricultural and forestry goods within the Single Market to ensure that these have not been grown on land deforested since 31 December 2020.

These goods comprise cattle, cocoa, coffee, palm oil, rubber, soy and wood, along with all the products derived from them such as leather and furniture.



Image © Adobe Stock / Lubo Ivanko

To demonstrate compliance, any company “placing relevant goods on the EU market” must prepare ‘Due Diligence Statements’ (DDS): these must both identify the specific location where goods were produced via the [EU Forest Observatory⁶ platform](#) - enabling Member States to check it against a global database tracking deforestation – and document their journey to the EU, proving that there is no greater than a “negligible risk” that they come from recently-deforested land.

Any company purchasing these goods within the EU for resale or processing must access and hold the DDS, in case they too need to prove compliance.

This regulation represents a significant extension of the EU’s approach to product standards, extending their reach beyond the design, manufacture and ingredients of goods to cover their provenance.

“The international trading system is not ready for that,” comments Antoine Oger, director of research at think tank the Institute for European Environmental Policy (IEEP). “The EU is really a front-runner on this matter, and that’s why it’s creating such a backlash.”

The ‘competent authorities’ named by each Member State are responsible for policing compliance, working with national border authorities and EU bodies.

⁶ <https://forest-observatory.ec.europa.eu/>

This will involve checking a proportion of the DDSs submitted by operators, says Luca Moffat, a research analyst at the EU economics think tank Bruegel. “If a country is thought to be high-risk in terms of deforestation, then [9% of operators will be checked](#),”⁷ he explains; standard- and low-risk countries will see fewer inspections.

Survey respondents and interviewees acknowledge that the EU’s approach will place a significant burden on businesses as operators must build and fund the systems to produce DDSs, adding to the cost of supplying goods to EU markets.

“For most of the sectors involved, this does represent an important evolution in the monitoring they do of their supply chains. Initially, there will be a cost involved,” comments Michael Rice, value chains, trade and investment lead for environmental law charity Client Earth – although he argues that costs will fall substantially after the transition period.

Asked to rate the burden on importers of four approaches to improving the sustainability of imported goods, survey respondents ranked the EUDR model as the second most onerous: the average answer rated it a little heavier than a ‘moderate burden’.

Despite this administrative burden on importers, our research found concerns that the EUDR may not prevent unscrupulous operators from importing non-compliant goods. In recent years, we’ve seen Russia avoid western sanctions by importing and exporting goods via third countries: the EUDR is vulnerable to similar practices designed to conceal goods’ real points of origin.

“Discovering fraud or deliberate circumvention will be a challenge for competent authorities, because it will require a certain degree of expertise,” comments Rice. “Potentially, using information from historical shipments for new shipments – for example – will be quite hard to detect.”

“Something that needs to be monitored very closely in the first years of implementation of the EUDR is whether customs authorities have the capacity” to carry out sufficient checks, says Oger, warning that a “staggering amount of counterfeit products” already evade existing EU import controls.



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Such concerns may help explain survey respondents’ view that the EUDR model is the second-least effective of four suggested ways to prevent people from breaking the rules, with an average score suggesting that it’s seen as less than ‘moderately’ effective. Clearly, competent authorities and border agencies will need additional resources and capabilities if the EUDR is to prove effective.

Bruegel’s Luca Moffat raises two further worries about the EUDR.

The first concerns the definition of deforestation: the EUDR applies primarily to forested land that’s suffered substantial tree loss since 2020, he points out – yet today, many of the trees being felled globally are in other habitats, such as the vast savannas of Brazil’s Cerrado.

“Deforestation in the Cerrado region is going up, mainly driven by cattle ranching,” he comments. “None of that will be taken into account under the EUDR: traders can freely import goods from there.”

Second, he argues that there was insufficient consultation with businesses before the European Commission produced its guidance governing how the EUDR will operate.

⁷ https://green-business.ec.europa.eu/deforestation-regulation-implementation/eudr-cooperation-and-partnerships_en#products-from-high-risk-countries

Operators have, for example, complained that the EUDR applies to coffee samples as well as bulk imports – imposing disproportionate costs on the process of scoping new suppliers – and to retreads as well as new tyres: it’s often impossible to identify the origin of a worn tyre used as the core of a new product, he points out, so the EUDR threatens a recycling business of real environmental value.

“This lack of tailoring in the design phase, I think, comes from a lack of communication,” he says, arguing that the EC should have held more “individual consultations with major players in industry, to answer their specific queries and reassure them.”

Finally, some commentators and environmental bodies have [raised concerns](#)⁸ that, by requiring operators to gather and hold detailed data on their supply chains, the EUDR incentivises them to increase their purchases from major plantations – improving the ease and reliability with which they can collate the data required, but at the cost of cutting out smallholders and SMEs from their supply chains.

THE UK APPROACH: REPORT ANNUALLY

The UK’s Environment Act 2021 gave the Government powers to fine large businesses for failing to conduct due diligence into whether their imports of specific ‘forest risk commodities’ (palm oil, cocoa, cattle products and soy) were produced on illegally-deforested land.

In December, the then-Conservative Government explained that these rules would apply to businesses with a global turnover of more than £50m (US\$61m) that use more than 500 tonnes of these commodities per year.

These companies would, it said, have to undertake a due diligence exercise to ensure their goods aren’t harvested on illegally-deforested land, and to produce an annual report detailing their work.

The new Labour Government has said that it’s committed to implementing these reforms, though it has not yet provided a timetable for the required secondary legislation.

This framework is much looser than the EU’s approach, on several fronts:

- The anticipated UK system bars only the use of products from illegally-deforested land, while the EU’s goes further in banning all products grown on land deforested since 2020.

Critics of the EU approach argue that it weakens exporting nations’ sovereignty, but its defenders warn that the UK’s system – as Parliament’s Environmental Audit Committee [warned in 2024](#)⁹ – may “provide perverse incentives for producer countries to deregulate and remove laws that provide legal protection to areas of forest”;

- The EUDR requires companies to produce separate Due Diligence Statements for every product they place on the market – reporting annually on each – and to accompany statements with documentary evidence tracking the goods’ journey from an identified location of origin.

⁸ <https://www.sei.org/publications/smallholder-farmers-eu-deforestation/>

⁹ <https://publications.parliament.uk/pa/cm5804/cmselect/cmenvaud/405/summary.html>

The UK approach instead relies on an annual report, in which companies explain how they've worked to exclude unlawful materials from their supply chains;

- The UK rules will cover only large businesses selling high volumes of regulated goods, while the EUDR applies to all operators and traders placing relevant goods on the market – albeit with less onerous requirements for SMEs;
- The EUDR covers wood, rubber, coffee and dairy products in addition to the goods so far specified by the UK government.

The UK's approach is clearly far less onerous than the EUDR's, particularly for importers: in our survey it was ranked the second least burdensome of the four options, with average answers placing it a little lighter than a 'moderate burden'. But it was also seen as the least effective, landing about midway between 'slightly' and 'moderately' effective.

Not only is its scope much narrower – permitting any deforestation deemed legal by the exporting nation's government, and any that generates products sold to smaller businesses – but it also imposes far fewer obligations to closely monitor and document goods' provenance on the companies buying these products.

The Environmental Audit Committee [urged government](#) to extend its scope, covering “all deforestation activity”, “all major forest risk commodities” and “businesses in the financial sector”.¹⁰

While ostensibly softer than the EUDR, the UK approach includes significant threats to companies that break the law: [the government has suggested](#)¹¹ that there will be a “wide array of sanctions” available, including an unlimited monetary penalty.

While EUDR traders who've done their duty in honestly producing Due Diligence Statements are unlikely to face serious punishment, UK businesses will ultimately be accountable for any use of products from illegally-deforested land – even if their annual report missed that danger. So UK operators will face less cost than their counterparts in the EU, but in return they may be taking on more risk.

However, overall the UK system does look much lighter – and, probably, far less impactful in terms of preventing deforestation.

“The more global the logistical chain becomes, the easier it is to hide what's actually happening on the ground,” comments Ville Niinistö MEP, a Green Member of the European Parliament and its Committee on Industry, Research and Energy, and a former Minister for the Environment in Finland. “It's very difficult to trust in a company saying: ‘We have a nice system that we can show in a Powerpoint exercise,’ if you don't go to the source to make sure that in specific cases it actually lives up to that promise.”

“You can try that approach,” he concludes. “But it should also include checks on the ground, and there's a high risk that it won't follow the standard of the EU system.”

10 <https://publications.parliament.uk/pa/cm5804/cmselect/cmenvaud/405/summary.html>

11 <https://www.hilldickinson.com/insights/articles/uk-forest-risk-commodities-regulations-overview>

THE US APPROACH: DETECT CRIME AND PROSECUTE OFFENDERS



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The US's long-standing Lacey Act, which governs the illegal traffic in wildlife and plants, including timber, places very few requirements on importers to document or report their actions – but threatens lawbreakers with huge fines and prison sentences.

The US approach, says Jade Saunders, executive director of anti-deforestation initiative World Forest ID, can be characterised as: “We don't care what your systems, paperwork, all that stuff looks like. But if we can get any evidence together that you're buying stuff from an illegal source, we will take you to court and you will get a significant fine.”

Relative to the EUDR, says Saunders, “it's the shepherd versus the wolf approach. The European approach is the shepherd: ‘Here we go, little sheep, through the gate.’ The US's is the wolf: ‘The Department of Justice is watching you, and if we can, we'll get you’.”

The two approaches, Niinistö comments, reflect a “philosophical difference” between the EU's tradition of Roman law and the US's common law framework.

“We make legislation that says what you should do, and then do a check – as with environmental impact assessments, or industrial permits,” he explains. “In the US, they have a punishment criminal code that says: ‘If you don't do what you're supposed to, you get huge penalties’, and the judicial system then retrospectively makes sure that companies follow the law.”

Some argue that the American system creates more possibilities for growth, for entrepreneurship and trying new things,” says Niinistö. Jade Saunderson's points to how this is seen in policies such as The Lacey Act having bipartisan support in the US because it defends US logging firms from being undercut by illegal imports from abroad. In Europe, says Niinistö, “there's a scrutinising system that puts the burden on companies to prove they're doing what they're supposed to do.”

The UK's approach – characteristically – sits between the EU's and the US's, combining some reporting requirements with a greater level of direct corporate responsibility for averting illegal deforestation; in the EU, traders' primary responsibility is that of wholeheartedly following the process set out by the European Commission.

As Antoine Oger points out, nations must find an approach to tackling deforestation that fits with their legal traditions and public sector capabilities. In terms of detecting and prosecuting offenders, he says, “the EU could talk the talk, but I don't think they could walk the walk like the US does. The USA is known for that: when they decide to act on something, you'd better beware. The EU has always been built on a multilateral trading system: that means open trade based on a set of rules, and it lives and dies with that approach.”

However, enforcement across the 27 member states is a challenge. As Jade Saunders notes, “EU assessments on the effectiveness of the EUTR [the previous EU Timber Regulation] showed the variability of enforcement as being one of its weakest points. One country might halt imports from one source, while other member state countries carry on.” The rules based trading system might be widely supported, but enforcement of its rules might not be universal across member states.

3: SUPPLEMENTARY AND ALTERNATIVE MEASURES

Our research has identified a handful of measures that could either be integrated into wider systems to tackle deforestation caused by imported goods – including those outlined above – or adopted by nations as an alternative measure or a stepping stone on the road to a more comprehensive solution. Here too, we have both interview and survey data explaining people’s views.



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Accredit certification bodies

Some national and international bodies operate voluntary sustainability certification schemes, verifying that their members’ products comply with various sustainability criteria. The Forest Stewardship Council, for example, approves timber and wood products. The Roundtable on Sustainable Palm Oil certifies palm oil products at an international level. Indonesia and Malaysia, major palm oil exporters, also set up their own national certification schemes.

These industry certifications offer a potential opportunity to move the regulatory burden of deforestation initiatives from importing country public bodies to producers and exporters, while potentially helping to reduce duplication and encouraging convergence towards common global standards.

Importing nations could examine the standards, approval processes and compliance monitoring systems of certification bodies, and work with them to develop certification schemes that would meet their requirements.

These certified goods would then be deemed compliant with import rules – freeing traders of the need to inspect and document relevant supply lines, and public agencies of the task of verifying those records. “It could ease the burden of monitoring and enforcement if the assurance process is conducted by a third party,” acknowledges Michael Rice.

Survey respondents favoured this idea, deeming it the least burdensome on importers and the second most effective: on the latter, its average score sits almost halfway between ‘moderately’ and ‘very’ effective.

However, there are practical challenges around where legal liability lies, comments Jade Saunders. “If you’re importing palm oil and it turns out that it’s not, in fact, from where your certified tier-one supplier said it was, who’s liable?” she asks. “Is it you? Is it the supplier? Is it the standard-setting body? And is that person ‘gettable’, in a legal sense?”

Michael Rice of Client Earth has a more fundamental objection: such accreditations can “make the due diligence process easier for corporate actors,” he says, but they “shouldn’t be relied upon as evidence of satisfying European Union legal obligations”. In his view, “Member States should not be reliant on systems outside their control to demonstrate compliance with their own laws.” Saunders also highlights that the development of mandatory laws came about precisely because of [the failure of voluntary standards](#) to have significant impact on deforestation levels at a macro-scale.¹²

However, Bruegel’s Luca Moffat argues that “one of the flaws in the EUDR is that it is too rigid”: several industries have well-developed international standards and accreditation bodies, he argues, and the European Commission should have included a mechanism for recognising them within the EUDR. “There definitely could have been room to include third-party certification schemes, which would have reduced the administrative burden on industries and traders,” he says.

¹² <https://www.forest-trends.org/publications/getting-the-bads-out-of-goods/>

Incorporating such accreditation bodies into national anti-deforestation regimes would require agreement on both the precise standards required, and how third parties will police those standards – presumably with importing nations retaining some form of oversight over their accreditation partners.

It would also require a solution to the question of legal liability, perhaps on the basis that importers cannot be prosecuted for purchasing accredited products. But there is some potential here to bring together the voluntary and public sectors in ways that benefit them both, as well as the private companies required to meet new anti-deforestation standards.

With sufficient similarity between the EUDR and schemes such as the RSPO, members of these voluntary sustainability certification schemes face a benefit in terms of existing experience and data. However, with EUDR becoming a mandatory legal requirement, the voluntary schemes can open up new areas of attention. With the RSPO this includes working with governments on helping to implement similar schemes to improve the sustainability criteria of their production for export. The RSPO is now working with the government of Ecuador to implement more sustainable palm oil production policies in an exporting country.

Require importers to commission accredited auditors

Another approach is that of requiring importers to commission approved auditors to monitor and approve their business processes and supply lines, verifying to national governments that their clients' goods comply with anti-deforestation rules. National authorities would produce a list of accredited auditors – chosen for their independence and specialist expertise – and these could assume some legal liability for importers' adherence to the rules.

This would represent a development of the UK's approach: one that prevents companies from marking their own homework. The concept "has legs" and has been "bounced around in the UK," comments Jade Saunders. "The weakness with all audits is that the auditor is paid by the company, so there's a conflict of interest."

Survey respondents see this approach as the second least-burdensome on public authorities, but the most burdensome on importers: government actors would simply have to check that an auditors' verification is genuine, while traders would be saddled with the annual costs of providing fees, data and access to independent auditors. They also see it as the most effective of the four options provided, with an average score closer to 'very' than 'moderately' effective.

The approach has its risks, particularly around the cost to operators and the need to maintain auditors' integrity and autonomy; but a thorough, deep and regular independent audit of every large importer's supply chains might well prove more effective in identifying deliberate fraud than depending on a document trail assembled by the company itself.

Scientific testing of imported goods

All the approaches covered above depend on auditors or paper trails to track the movement of goods from the point of origin to the importing national market.

But these methods are vulnerable to fraud, and require a high level of resources and expertise among public authorities: there are well-established ways of trans-shipping goods to conceal their provenance, and public bodies assessing documents generated at a local level in a developing country on the other side of the world will often struggle to distinguish between genuine and fabricated information.

However, various organisations are working on scientific ways to verify goods' origin that eliminate the need to assemble and check documentary evidence.

Jade Saunders' [World Forest ID](#)¹³, for example, tests product samples for trace elements and isotopes, then compare the results to a growing database covering the distribution of these materials in environments around the world.

Because each location contains a different mix of trace chemicals and isotopes, leaving this unique signature in products produced there, scientists can identify the real source of forestry and agricultural products via testing – enabling companies to prove their products' origin, and public bodies to spot fraudulent declarations.

To develop this system to the point where it can be used on a daily basis by importers and public authorities, says Saunders, her organisation is gathering and testing physical samples from around the world. It has collected 58,000 samples from 59 countries, covering materials including timber, soy and cocoa – but there's a long way to go yet, and more capital investment is required.

“We need to fund the collecting of the samples and the creation of the reference data, which is what we've been doing since 2018 on the timber side, and have started to do now on the soy and cocoa side,” she says.

The EUDR permits traders and competent authorities to make use of such tests, but Saunders faces a chicken and egg problem. “The way the law is written, [operators] don't need to do anything other than state the plot [of origin] based on the paperwork – so there's no driver in the system for companies to be testing until enforcement agencies are testing,” she says. “Once enforcement agencies are testing, and saying: ‘Actually, this doesn't come from the plot that you've declared,’ then companies will want to get ahead of the curve”.

Asked their view of various innovative methods of verifying goods' origins, survey respondents expressed strong optimism about this approach – giving an average answer close to ‘high’ potential.

Nicole Polsterer, sustainable consumption and production policy specialist at forestry protection charity Fern, says she finds World Forest ID's work “quite fascinating: it would be great if there were a larger database.”

And Ville Niinistö is also positive: “I believe that in the future, we will use this kind of analysis more and more,” he says. “The question is whether you can do it solely, or whether it will be additional; that, I think, remains to be seen.”

Other scientific methodologies have been considered. Some, for example, suggest testing the DNA of imported goods. This could help identify when, for example, a tree species has been deliberately misidentified, and was highly successful in [detecting illegal substitution in European beef supply chains](#).¹⁴

However, given today's highly globalised agricultural production, many crops grown around the world share the same DNA – so while it may help detect some kinds of fraud it is less helpful in identifying geographical origin.

Others have proposed producing a register of the typical output capacity of the world's environmentally-sustainable plots of land, alongside a system to check that the goods claimed to be grown on those plots do not exceed this figure.

In some instances, a sharp rise in output from a specific farm can be a warning sign for an attempt to smuggle illegally produced goods through a legal farm. AI monitoring of such geo-spatial trade data can help identify these risks.

13 <https://worldforestid.org/work>

14 <https://www.irishtimes.com/health/2023/01/07/a-decade-on-how-the-horsemeat-scandal-changed-the-way-the-world-thinks-of-food-safety/>

4: USING DATA TO TACKLE TRADE-RELATED DEFORESTATION

Of all the questions put to our survey respondents, two received overwhelmingly positive and unanimous answers.

Asked whether “to effectively enforce laws governing the origin and environmental footprint of imported goods, we must improve data exchange between national governments,” the average response was closer to ‘agree strongly’ – the highest possible answer – than to ‘agree’.

There were no negative responses at all, and the ‘standard deviation’ – the range of responses – was the lowest of any question, at about half of the survey average.

Similarly, asked whether to achieve the same goals “we must improve data exchange between government agencies within my country,” the average response was above ‘agree’; again deviation was low, with no negative responses.

These emphatic answers highlight the existing gaps in data exchange both between and within governments, and illustrate civil servants’ awareness of the potential benefits of strengthening data management and sharing.

If, for example, governments shared data on individuals and organisations suspected of fraud, forgery and evasion, they could better identify and prosecute bad actors. And if they exchanged examples of the documents produced at local level to confirm goods’ origin – both genuine and forged – they’d be better able to check the paper trails provided by importers.

The EUDR vividly illustrates the need to improve data exchange both between and within Member States: its effective operation will necessitate slick, real-time data-sharing between a wide range of actors.



Image © Adobe Stock / Frank

“If the competent authorities of the Member States don’t have the capacity to verify whether or not a product that enters the EU market has contributed to deforestation, then the whole system collapses: it’s as simple as that,” comments Antoine Oger.

The EUDR is one of a “flurry of autonomous measures designed to improve the sustainability of the value chain, and...that of the produce consumed in the EU market,” Oger adds: alongside the EUDR, he cites the Carbon Border Adjustment Mechanism and the Ecodesign for Sustainable Products Regulation.

The EU is developing a “new form of trade that needs to be much more highly monitored to ensure that the products flowing from one territory to another are compliant with new rules,” he explains: that requires both systems to manage and distribute the data relating to each measure and, ultimately, the integration of those systems. “If officials are faced with 17 different platforms for 17 different legislations, it’s not going to work,” he says.

Even on its own, the EUDR creates the need for multiple new data systems and channels. The EU has set up [a system enabling operators to submit Due Diligence Statements¹⁵](https://green-business.ec.europa.eu/deforestation-regulation-implementation/information-system-deforestation-regulation_en), linked to [satellite data¹⁶](https://forest-observatory.ec.europa.eu/) that shows the state of the world’s forests in 2020 and tracks deforestation since that point.

15 https://green-business.ec.europa.eu/deforestation-regulation-implementation/information-system-deforestation-regulation_en

16 <https://forest-observatory.ec.europa.eu/>

But the Member States' competent authorities will also need their own data platforms to, for example, maintain lists of all the companies placing regulated goods on the market within their jurisdictions.

Member States will need to exchange this information to monitor compliance, detect fraud, and track products' movement across the EU – ensuring that goods sold within a Member State have already cleared the DDS verification process. This in turn, says Fern's Nicole Polsterer, will require the EU to set common data collection, handling and structuring rules: in monitoring compliance, Member States will “want to use their own data and definitions to the extent where it's possible and useful for them, but then it becomes a comparability issue,” she comments.

Another definitions issue will arise around exactly which products comply with the rules, notes Luca Moffat: “Different competent authorities might have different interpretations of the regulation, so they might check similar Due Diligence Statements and come to different conclusions about whether that product can enter the EU.” A centralised system will be required to resolve such differences.

Within each Member State, adds Moffat, competent authorities and border agencies will also need to exchange data frictionlessly: “The competent authorities will have to inform the customs authorities where products do not comply and cannot enter the EU.” And then there's the need to assess DDS evidence and documentation, he says: this requires the “technical capacity to very quickly combine, review and assess the databases that exist” – identifying suspect information and goods for closer inspection.

What's more, says Ville Niinistö MEP, Member States will require better information on the nature and distribution of deforestation in exporting nations. “We will need more satellite data to make sure that countries and governments give honest assessments, along with additional data from drones,” he says, adding that this information should also be available to support the UN's biodiversity and climate change work.

This glance at the data requirements created by one market's new deforestation rules illustrates the complexity and scale of the work required.

There is enormous potential to tackle deforestation through better use and sharing of data, and the EU is – as its December 2025 deadline approaches – leading the way in creating those capabilities. At a global level, however, we are barely out of the starting gate: this agenda will need strong leadership and substantial resources if we're to realise its potential.

5: THE EUDR ROLL-OUT



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Since the European Parliament's rightwards swing at the 2024 elections, the EUDR has run into opposition – with the European People's Party (EPP) last year [controversially allying with hard and far right MEPs](#)¹⁷ to back amendments weakening the legislation.

The EPP's plan to designate some exporting nations as 'no risk' – a proposal criticised by environmentalists as creating ready-made smuggling routes for trans-shipping fraudsters – ultimately fell, and the EUDR now looks set for full implementation during 2025.

However, the timetable for full enforcement of the EUDR [has slipped by one year](#)¹⁸: the delay ostensibly recognises the need for operators and public agencies to establish the data-management capabilities outlined above, but Ville Niinistö MEP suggests that it also owes something to political opposition among recalcitrant Member States.

¹⁷ <https://www.politico.eu/article/epp-far-right-deforestation-rules-lawmakers-proposal-socialists-climate-change/>

¹⁸ <https://trade.ec.europa.eu/access-to-markets/en/news/application-eudr-regulation-deforestation-free-products-delayed-until-december-2025>

“Some Member States haven’t created systems for how companies can provide information to competent authorities,” he says. “I think Member States that have been opposing or reluctant on this legislation have also been opposing or reluctant to build up the capabilities to enforce the legislation, and they’ve used that to postpone it. There is a political linkage here.”

What’s more, warns Client Earth’s Michael Rice, the guidance and FAQs published by the European Commission to explain in detail how the EUDR will operate appear to have weakened aspects of the regulation.

For example, he says, the guidance permits operators to make a [“declaration in excess”](#)¹⁹ – stating that goods originate from a larger area than a specific geolocation – as long as deforestation is not a problem within this wider patch.

The [FAQs](#),²⁰ meanwhile, state that where a product combines two regulated goods – a chocolate bar containing palm oil, for example – then operators only need to submit a DSS covering the main component. “In our view, that’s simply not consistent with what the law says,” he comments.

In December, environmentalists started warning of another threat to the EUDR: Rice argues that the EU-Mercosur Partnership Agreement – a trade deal agreed in December between the EU and four Latin American nations – “contains some very concerning concessions about how the EU Deforestation Regulation could be implemented, and the rights of Mercosur countries to intervene significantly in domestic EU law administration and enforcement.”

In an [article published late last year](#),²¹ Rice argues that the Partnership Agreement could allow Mercosur countries to influence the decisions made by competent authorities, or to challenge them under its dispute resolution procedure. The Agreement, for example, includes a “rebalancing mechanism” protecting Mercosur countries from any “substantial impairment” to trade: could the EUDR’s provisions fall foul of this clause, particularly if a Mercosur country ends up in the ‘high-risk’ basket for inspections?

“If it’s ratified, there’s huge potential at least for political interference through posturing or threats to use the Mercosur deal to influence how Member States are enforcing the EUDR,” says Rice.

There is uncertainty over whether the rebalancing mechanism will apply, comments Antoine Oger. “The EU insists on the fact that it doesn’t cover the EUDR, because it covers only legislation unforeseen at the time when the Partnership Agreement was signed in December 2024,” he explains. “But the Mercosur countries will argue that the text on the rebalancing mechanism was agreed in 2019. The EU is quite clear that it wasn’t formally approved then, so it’s not a legal text.”

“The Commission’s legal service should review these provisions very carefully during the legal review process,” says Rice – and Niinistö sounds sympathetic. “Free trade agreements are part of creating a just global trading system,” he says. “But we should promote free trade in a way that takes into account the environmental and social preconditions that need to be included in a fair marketplace. We can’t have bad free trade agreements that will worsen the climate and environment in Africa, South America or South-East Asia.”

This aside, the EUDR’s path to implementation looks fairly clear.

Businesses appear to have secured some concessions in the guidance and FAQs: the compromises here were, says Rice, “a result of pressure from private sector actors.” But industry now appears to be lined up behind the regulation. “A lot of companies have invested significantly in preparing to be compliant,” he explains: when the EPP proposed major amendments in late 2024, “there was a big backlash from industry against those bigger changes, and the message was: ‘Can you just give us the certainty we need to start implementing this law?’”

19 https://green-business.ec.europa.eu/deforestation-regulation-implementation/traceability-and-geolocation-commodities-subject-eudr_en

20 <https://circabc.europa.eu/ui/group/34861680-e799-4d7c-bbad-da83c45da458/library/e126f816-844b-41a9-89ef-cb2a33b6aa56/details>

21 <https://www.clientearth.org/latest/news/the-mercotur-trade-deal-risks-derailing-the-eus-plan-to-protect-the-worlds-forests/>

Bruegel's Luca Moffat has picked up the same signals. "I overwhelmingly heard from those who have to comply with the EUDR that they support the regulation. What they don't like is the uncertainty," he says. "Industry wants it, and consumers want it: most consumers don't want deforestation to be caused by the products they consume."



Image © Adobe Stock / Joni

Antoine Oger worries about a new willingness in the European Parliament to "contest any legal text for purely political reasons." But the EUDR has, he thinks, now escaped the political maelstrom: "I'm hoping that we've seen the worst of it, and that now we can start implementing it and see if it works."

So the EUDR is set to come into force this year. The key question now is whether it will prove effective – and that, says Oger, will largely be decided by the ability of public bodies to enforce it. "It will depend on the capacity of customs to do the checks, and on the exchange of information to make sure that products are traceable," he says.

That in turn demands public investments in people, systems and expertise. "We've heard even from some of the most supportive Member States that they're finding it very hard to get additional budgets to recruit new staff to enforce it," warns Rice.

The EUDR seems to be set to transform supply chain transparency for agricultural commodities; and in extending the sustainability requirements on traders operating within the EU, it represents a significant evolution of policy for one of the world's greatest trading blocs.

The risk, as Saunders warns, is that "it's going to be implemented in a way that is not meaningful". Building the detection and verification capabilities to deter and catch a big slice of those seeking to evade the rules would be enormously expensive.

Hence, at the heart of the issue is a need to create an acceptable funding model that addresses the needs of enforcement, and holds to account those shipping illegally produced goods.

Addressing this as an issue cutting across different areas of government may be important. For instance, fraud and money laundering are treated as far higher priorities with higher resources than environmental harm, yet the two issues are inherently linked where there is illegal production passed off as legal. Greater acknowledgement of this may help establish a more solid basis to justify future government funding.

At this point, though, there is widespread agreement on the need to proceed – with the European Commission, environmental organisations and industry bodies committed to implementation.

Flawed as it is, says Fern's Nicole Polsterer, it's important that the EUDR goes ahead: we can improve it over the coming years. "No system will be perfect from the start," she says. "There will be a five-year review; right now, we need a starting point."

6: RECOMMENDATIONS

Invest in data capabilities and deforestation expertise

There is an urgent need for governments to invest in the skills, technologies and systems required to gather, manage and share data, supporting work to monitor deforestation, track goods and operators, verify documentation and detect crime. Public sector leaders must strengthen both the intragovernmental connections between responsible agencies, and the intergovernmental relationships necessary to better share data and coordinate enforcement. In most countries, the agencies charged with tackling deforestation also need significant investment in skills and staff, ensuring that new regulations can be effectively policed by experts armed with essential information and resources.

Develop technologies and partnerships to create more effective regulations

Existing policies to tackle deforestation via import controls tend to require private companies to document their actions, and public agencies to check those documents. This approach places a heavy burden on both public and private bodies, and overlooks other opportunities that may lie in scientific or digital technologies. Rather than turning instinctively to regulatory tools, governments should first consider whether modern technologies and collaborative partnerships across different stakeholder groups might enable them to achieve a better outcome at a lower cost to both the private and public sectors.

Watch outcomes carefully, and adjust policy

The EUDR should be monitored carefully within its first year of operation, and any perverse incentives or unintended consequences should be tackled rapidly. This research identified both weaknesses in consultation and risks, for example, that in operation the EUDR might unnecessarily damage unexpected parties, such as, say, the tyre recycling industry, or harm the economic prospects of developing world smallholders. The EUDR takes the regulation of free trade into new fields in the interests of environmental sustainability, and its full impacts cannot be predicted; they must instead be closely watched and, if necessary, addressed.



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APPENDIX

The survey questions asked of respondents were as follows:

‘Considering the following means of ensuring compliance with rules governing the environmental sustainability of imported goods, please give your view on the burden on importers in terms of time and resources,’ and presented with four types of rules. They were also asked the same question, but regarding ‘public officials’ rather than importers.

The four methods were:

- a) The importer prepares documentation for each shipment, demonstrating that there is no significant risk that goods do not comply with the rules;
- b) The importer makes an annual report setting out its due diligence processes. The regulator may require it to upgrade processes deemed inadequate;
- c) Importers must commission accredited organisations to audit their processes and procedures, verifying that there is no significant risk that goods do not comply with the rules;
- d) Accredited national and international certification bodies may verify that there is no significant risk that goods carrying their seal do not comply with the rules.

Respondents could answer ‘extremely heavy burden’; ‘heavy burden’; ‘moderate burden’; ‘minimum burden’; ‘no burden’; or ‘don’t know’.

They were also asked to consider the same four methods, but to provide ‘your view on the effectiveness of each in preventing unscrupulous importers from bringing in non-compliant goods.’ Here, they could answer ‘not effective at all’; ‘slightly effective’; ‘moderately effective’; ‘very effective’; ‘extremely effective’; and ‘don’t know’.

Next, respondents were asked: ‘Considering each of the following methods of verifying that imported goods comply with rules governing environmental sustainability, give your view of their potential to develop into a powerful, practical and cost-effective solution.’ They were presented with three methods, namely:

- a) Testing the DNA of imported goods, and comparing the results to a geographical database to verify importers’ statements of origin;
- b) Testing goods for isotopes, trace elements or chemicals, and comparing the results to a geographical database to verify importers’ statements of origin;
- c) Producing a register of the output capacity of the world’s environmentally-sustainable plots of land, and a global system to check that the exports recorded from each plot do not exceed its capacity.

In each case, they could answer ‘no potential’; ‘low potential’; ‘moderate potential’; ‘high potential’; ‘very high potential’; or ‘don’t know’.

Respondents were also presented with a set of statements, including;

‘In order to effectively enforce laws governing the environmental footprint of imported goods, we must improve data exchange between government agencies within my country;’

‘In order to effectively enforce laws governing the origin and environmental footprint of imported goods, we must improve data exchange between national governments;’

In each case, they could reply ‘disagree strongly’; ‘disagree’; ‘neutral’; ‘agree’; ‘agree strongly’; and ‘don’t know’.

The survey was sent by email to civil servants in the USA, Canada, UK, Australia, New Zealand, EU nations and the European Commission during December 2024. Emails were distributed by Global Government Forum, and results were collated and analysed by the University of Sussex Business School and Matt Ross.