



April 2023

Common Position Paper on the EU Regulation on deforestation-free products

*EU must establish requirements for legally sound
and practical implementation as matter of urgency*

We support the goal of significantly reducing global deforestation and welcome the efforts of the European Union to make a measurable contribution to this end with its current Regulation on deforestation-free products.

We are willing to cooperate on this objective but note that a great number of legal, technical and administrative challenges remain unresolved with respect to practical implementation.

It also remains entirely unclear how the EU wishes to help the countries of origin, at an international level, as well as the many small and medium-sized companies in Europe to manage the investments associated with the implementation, in particular those that arise from the extensive traceability provisions. The bureaucracy, effort and costs associated with implementing geolocation, requirements concerning evidence and the segregation of commodity flows within a very short space of time will put a strain not just on the countries of origin outside of Europe, but on farmers and operators within the EU as well.

In light of this need for action, we have recently begun submitting concrete questions and evaluations concerning the implementation of the Regulation in the raw materials sectors we represent to the Federal Government of Germany and the EU Commission. In addition to a proper response to these questions and evaluations, we also believe that requirements should be established over the next few months in order that the Regulation can be applied in a way that is both legally sound and practical. As legislator, the primary responsibility here rests with the EU. We therefore urge the Commission to engage promptly with all affected

stakeholder groups and countries of origin – both within and outside of the EU – in order to unpack the many questions, uncertainties and hurdles as swiftly as possible:

- In many countries, public agency information systems and regulations will need to be modified before companies can actually gain access to the information and data they need to fulfil the extensive requirements for evidence.
- The necessary digital systems must be available at a national level – in particular, for all producers – in order that complete and up-to-date location data can be collected and communicated.
- There must be clear guidelines on how and through which digital systems companies must provide the traceability data required to comply with the requirements for evidence (data format, upload, interoperability, database etc.).
- It must be ensured that the traceability data and evidence provided by producers and companies for audit purposes are protected and do not end up in the hands of third parties.

Due to the short transition period of 18 months, there is great time pressure. The Federal Government and the EU Commission should learn from the current issues surrounding the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz), the launch of which was insufficiently prepared: all companies affected by the Regulation must be given clear, detailed and practicable guidelines on implementation, adapted for their respective raw material, in good time, i.e. well before the day on which the Regulation comes into force. The digital data processing and transfer solutions also require sufficient preparation time. This is the only way that companies will be able to prepare for the new rules with the necessary accuracy. The same applies to those public authorities, at a national and EU level, that will be responsible for implementation moving forwards.

We are greatly concerned that if this does not happen, then implementation of the provisions of the Regulation will lead immediately to major disruptions in commodity flows and will unsettle market actors significantly, across the globe. The consequences would be severe both within the EU and outside of it: a massive increase in transport and logistics costs, rising consumer prices, supply bottlenecks, and the exclusion of many farmers and trade partners from the supply chain.

We are prepared to offer our knowledge and experience in complex supply chains in order to facilitate implementation of the Regulation and at the same time minimise the negative effects as far as possible. However, we do expect the EU Commission to acknowledge its responsibility as legislator and to establish requirements over the next few months in order that the Regulation is indeed implemented in a legally sound manner.

If this is not possible within the schedule set out, then the transition period must be extended. The Regulation can only achieve its full impact once all the necessary requirements have been fulfilled. We urge the EU Commission to focus all its efforts in the coming weeks on achieving this goal so that it can make an actual, tangible contribution to deforestation-free supply chains.

**Association of the German Confectionery Industry /
Bundesverband der Deutschen Süßwarenindustrie e. V. (BDSI)**

**Federation of German Wholesale, Foreign Trade and Services /
Bundesverband Großhandel, Außenhandel, Dienstleistungen e. V. (BGA)**

**Federation of German Food and Drink Industries /
Bundesvereinigung der Deutschen Ernährungsindustrie e. V. (BVE)**

The Agricultural Trade Association / Der Agrarhandel e. V. (DAH)

German Coffee Association / Deutscher Kaffeeverband e. V.

German Raiffeisen Association / Deutscher Raiffeisenverband e. V. (DRV)

German Association of Animal Nutrition / Deutscher Verband Tiernahrung e. V. (DVT)

**German Association of Wholesale Traders in Oils, Fats and Oil Raw Materials /
Deutscher Verband des Großhandels mit Ölen, Fetten und Ölrohstoffen e. V. (Grofor)**

**Association of the Oilseed Crushing and Oil Refining Industry in Germany /
OVID Verband der ölsaatenverarbeitenden Industrie in Deutschland e. V. (OVID)**

**German Cocoa Trade Association /
Verein der am Rohkakaohandel beteiligten Firmen e. V.**