

TOUTON SPECIALTIES

UNDERSTANDING EUDR

-June 2024-

WHAT CHALLENGES DO WE FACE?

- **420 mil. hectares of deforestation** between 1990 and 2020 (FAO estimate)
- Deforestation causes **11% of greenhouse gas emissions** (IPCC)
- Forests are **crucial for carbon storage**
- **Loss of biodiversity**
- Protection of environmental **human rights**: Attacks primarily affect indigenous peoples who are fighting to protect forests from deforestation and industrial development.

WHICH COMMODITIES DOES THE REGULATION APPLY TO?

- Timber
- **Coffee**
- Cocoa
- Rubber
- Palm Oil
- Cattle
- Soy

COFFEE MAY ONLY BE IMPORTED IF...

- ... it is **deforestation-free** or grown on land that has not been subjected to deforestation or forest degradation after December 31, 2020.
- ... it is produced in accordance with the relevant **laws of the producing country**.
- ... it is accompanied by a **Due Diligence Statement (DDS)** containing the geocoordinates of all plots where coffee was cultivated.

WHICH OBLIGATIONS APPLY?

- The supplier must keep all traceability information and accompanying documents related to the geolocation of each plot where the coffee was produced, including the geolocation coordinates of the parcel, in a register:
 - **Farms under 4 hectares:** a GPS point with a single latitude and longitude point with six decimal places.
 - **Farms over 4 hectares:** polygon.

CHALLENGES

- Processes need to be implemented in short amount of time.
- Concerns arise about the potential **withdrawal of European roasters** from countries like Ethiopia, where coffee is grown by small-scale farmers who depend on coffee for their livelihoods. Small-scale farmers might struggle to provide the necessary documentation. As a result, roasters could shift to countries like Brazil or Vietnam, where coffee is produced by large-scale operations.
- All coffees imported and custom cleared in 2024 are not required to be EUDR compliant. Consequently, a massive **customs backlog** is expected by late 2024.

TIMELINE

