

Aligning deforestation-free supply chain initiatives

The current upheaval in trade, climate and other international policies, due in large part to abrupt changes in U.S. domestic and foreign policy imposed by the Trump administration, has the potential to derail crucial global policy processes, not least the need to slow climate change. Yet while the turmoil creates new obstacles to achieving the necessary agreements and releasing the necessary funding, it in no way reduces the imperative to find better solutions to these global problems.

The European Union Deforestation Regulation (EUDR) is one such global process, offering a new approach to halting deforestation, which is closely linked to exports of timber, minerals and agricultural commodities from forested regions. The EUDR establishes a set of regulations that hold corporations accountable for their emissions across the supply chain, requiring them to certify that the production of the goods they bring into the EU have not caused further deforestation.

Implementation was set to begin in December 2024 but has been delayed due to pressures within Europe and now additional hurdles from the changed international context. Still, the delay has also created a window of time to resolve concerns about the initiative's fairness and effectiveness. Similar anti-deforestation proposals from the UK and other importing countries are also on hold, in part because of the pause by the EU. The U.S. also has deforestation legislation to limit imports pending, now stalled by the political situation. Despite these delays, the story is not over.

This article outlines some key elements of the EUDR and compares it with proposals emerging in other importing countries. While the pause opens the door

to weakening the EUDR, it also provides an opportunity for countries to align their deforestation measures so they are consistent with each other and to revamp trade policies so that they reinforce, rather than undermine, environmental and social goals. Alignment is critical for the countries, especially the producers whose exports are affected by the legislation.

We know from certification initiatives that if consumer markets have different rules, the costs for producers quickly become prohibitive. Most importantly, these new proposals should serve as elements of the just transitions needed in food production and trade. To do so, deforestation initiatives must balance the imperatives to halt deforestation with fair trade and enhanced rural livelihoods.

The EUDR and other new supply chain proposals have learned from prior initiatives. For example, the voluntary Sustainable Roundtable on Palm Oil, which was established in 2004, brings together groups representing producers, processors, traders and environmental groups who have agreed on specific criteria to halt deforestation. Since their inception, this and similar voluntary initiatives on other commodities have been [plagued with violations](#) of the agreed standards. The problem was recognized in a [2020 report adopted by the EU Parliament](#). Brazil's Soy Moratorium is an initiative that legally restricts deforestation and human rights violations, but research by [Greenpeace's Unearthed](#) found that while the program reduced the acreage of forests being converted to soy specifically, farmers were evading the restrictions, in many cases simply by shifting to other crops that still added

to deforestation. These initiatives continue but are widely seen as being of limited use.¹

The EUDR is intended as a fresh approach that will create binding obligations on the companies funding deforestation, rather than relying on the goodwill of companies in the supply chain.

What is the EUDR?

The mandatory [EUDR](#) requires companies importing certain goods to Europe to certify they do not originate from recently deforested land or have contributed to deforestation. The regulation covers palm oil, cattle, soy, coffee, cocoa, timber, rubber and products derived from those goods, such as beef, furniture and chocolate. It was approved in June 2023, with a deadline for large and medium-scale companies to comply by December 30, 2024. That deadline has been extended to December 30, 2025. Future mandatory reviews will also consider possible expansion to other products and biomes and will evaluate the impacts on small-scale farmers.

Once implementation of the EUDR begins, companies will be required to [conduct due diligence](#) to demonstrate that, as of December 31, 2020, goods in these supply chains have not been produced on land that has been deforested for agricultural use or on forested land that is structurally degraded (i.e., natural forests converted to timber farms). The regulation covers all forms of deforestation, whether resulting from illegal deforestation or goods produced on land that is eligible for production but that violates other local environmental and other relevant laws. It also prohibits the import, sale or export of goods that result from legal forms of deforestation. Importing companies are responsible for submitting due diligence statements and are subject to significant fines for non-compliance.

Despite the delay in implementing the EUDR, companies and farmers around the world have begun the preparatory process, as summarized in [a policy brief](#) by the European NGO [Fern](#). It involves three steps:

1. Gathering information about the product, location and deforestation on the ground
2. Conducting a risk assessment, including an assessment of the interests of Indigenous peoples in the region of production and whether they are making land claims
3. Mitigating risks, potentially including supporting smallholders through capacity building and investment

It encourages—but does not require—companies to make “reasonable efforts” to ensure producers are paid fair prices, “in particular smallholders, so as to enable a living income and effectively address poverty as a root cause of deforestation.” The EUDR includes foreign assistance to set up systems to gather and analyze satellite data to enable compliance. After two years, the EU will assess whether to extend the scope of commodities and products included in the initiative, and whether it should cover additional ecosystems such as grasslands and wetlands.²

The U.S. moves forward (and then back again)

A similar initiative was introduced in both chambers of the U.S. Congress in November 2023. The U.S. [Fostering Overseas Rule of Law and Environmentally Sound Trade](#) (the FOREST Act) would ban imports of palm oil, soybeans, cocoa, cattle and rubber resulting from illegal deforestation. It builds on the Lacey Act, which prohibits illegal timber and wildlife from entering the country. The FOREST Act is backed by a coalition of more than 40 U.S. environment, sustainable business, faith-based and other civil society organizations.

It would be an important step forward if enacted, although it is a somewhat weaker approach than the EUDR, as it only seeks to restrict trade of products grown on illegally deforested land. What is considered illegal deforestation includes violations of local laws related to corruption, land tenure and free prior and informed consent. The FOREST Act would require the office of the U.S. Trade Representative to conduct an annual review of eligible products and to consider

1. For example, a recent survey of a broad range of Brazilian stakeholders organized by the Making Agricultural Trade Sustainable research project found that private certification strategies “observed certain “exhaustion”. Soy industry and farmers have preferred less stringent certifications due to lack of demand, and it is difficult to observe regional-scale impact, even in regions with strong penetration of more demanding certifications like the RTRS.” [Policy Brief. MATS CS14 Results eng \(sustainable-agri-trade.eu\)](#)

2. Stakeholders in the Brazilian MATOPIBA region interviewed in the MATS study cited above expressed broad support for extending the EUDR requirements to the Cerrado region, citing political feasibility and potential effectiveness in Brazil.

changes in covered goods. The distinction around legal vs. illegal forms of deforestation leaves open the possibility that governments choose to reduce forest protection measures, legitimizing formerly illegal deforestation rather than risk losing an export market. That could encourage additional land grabs and the expansion of activities by agribusinesses (see Box 1 on the experience in Peru).

The Trump administration is rolling back many measures related to climate change and even [encouraging deforestation](#) in the U.S. The Republican-led Congress seems unlikely to challenge those actions at this time.

Even though there is little chance that the FOREST Act will pass Congress soon, advocates continue to build the case at the state level. The New York Tropical Rainforest Economic and Environmental Sustainability (TREES) Act would require that companies selling to state government agencies ensure that their goods are not products of deforestation. It was approved by the state legislature but vetoed by Governor Hochul in December 2024.

[Friends of the Earth's Jeff Conant commented](#), "We are hopeful that the TREES Act will be re-introduced in the year ahead and will enjoy the same overwhelming support from the New York legislature and state businesses that it has enjoyed for the previous

BOX 1: CHALLENGING THE ANTI-FOREST LAW IN PERU

Peru has the second-largest expanse of lands in Amazon rainforests, after Brazil. Most coffee, cocoa, palm oil and wood production takes place in the interior, including in many areas subject to deforestation. Exports of those goods produced in the Amazon region will be subject to regulation under the EUDR.

The lead up to the implementation of the EUDR (and potentially, similar legislation in the U.S.) in Peru has been rocky. In anticipation of the new requirements, the Peruvian Congress rushed through a new law to amend the Forestry and Wildlife Law. The amendment legalizes agricultural production on private forested land without requirements for environmental assessments. In addition, there will no longer be a requirement for landowners or businesses to prove they previously received these authorizations. By legalizing what had been illegal intrusions into protected lands, the new law allows production on that land to technically fulfill an EUDR requirement that production complies with local laws.

That law has generated substantial opposition by civil society groups in Peru and their allies overseas. Some 70 organizations (including 24 Peruvian farmers organizations and 13 Indigenous groups, as well as allies in the EU and U.S.) sent [letters to EU and U.S. officials](#) protesting the Peru law. In an [interview](#)

[in Mongabay](#), Julia Urrunaga, director of Peru's Environmental Investigation Agency, explains, "Unfortunately, what we've called the anti-forest law is a perverse incentive that drives deforestation because when you legalize illegal deforestation, the message you're sending is 'it doesn't matter, go ahead, just deforest, we'll legalize it eventually.' Furthermore, it's unconstitutional because it overrides the protection of forest heritage, as defined in the Constitution, and violates the rights of Indigenous peoples, as it has not been subject to prior consultation."

These issues also [connect with existing free trade agreements](#). When the U.S.-Peru Trade Promotion Agreement (TPA) was approved in 2009, it was the first U.S. trade agreement to include binding labor and environment chapters. In 2024, Peruvian organizations utilized the complaint mechanism set up under the Secretariat for Submissions on Environmental Enforcement Matters to submit a [formal complaint](#) over the law on the grounds that it violates the terms of the U.S.-Peru TPA by lowering environmental standards in order to attract trade. As of April 2025, that process was still unfolding. In the meantime, the Peruvian groups continue to challenge the constitutionality of the measures in domestic courts.

two sessions. We eagerly await the moment when Governor Hochul’s administration gains the political will to address the grave issues that the TREES Act seeks to address and seizes the opportunity for climate leadership that this legislation affords.”

Both the EUDR and the FOREST Act would differentiate among countries at various levels of risk. Countries designated as high risk under the FOREST act would be prohibited from exporting covered goods to the U.S. unless companies had filed more stringent due diligence statements including specific action steps. The EUDR categorizes countries as being at low, medium and high levels of risk, with different due diligence requirements for each category. This differentiation, along with complaints about the specific traceability requirements, became a source of contention in the lead up to implementation of the EUDR.

The EUDR has faced opposition in the U.S., too. [More than 70 U.S. Senators sent a letter](#) complaining about the problems the U.S. forestry industry would have completing the necessary documentation for the due diligence process. Those controversies contributed to pressure within the EU that led to the delay in EUDR implementation until December 30, 2025, for most companies, and June 30, 2026, for small and medium-sized enterprises.

The delay has not satisfied U.S. critics. In his written response to questions at his January confirmation hearing, U.S. Commerce Secretary [Howard Lutnick commented](#), “I am concerned about the technical barriers to trade posed by the EUDR and its impact on the American forest products industry. Upon confirmation, I will direct my staff to review the impact of the EUDR as part of the reports and reviews the Department will conduct pursuant to the President Trump’s America First Trade Policy presidential Memorandum.”

The UK framework

Other European countries are also considering new rules on deforestation-free supply chains. In 2021, the UK parliament set out [Schedule 17 of the UK Environmental Act](#), which established [conditions similar to the EUDR](#). The Environmental Act sets out a Forest Risk Commodities Due Diligence framework, but the process to establish the implementing regulations is a work in progress. Several key issues, such as precisely which commodities would be covered or the timeline for implementation, were [left to be determined](#) in

secondary legislation. While there have been consultations with various stakeholders, as of April 2025, that process is still pending. Like the U.S. FOREST Act, the UK program would only cover illegal deforestation. Unlike the EUDR, it would cover only large businesses and likely a smaller range of commodities.

A [November 2023 report](#) by Steve Barclay, the UK Secretary of State for the Environment, Food and Rural Affairs, indicated that the program would likely cover cattle products (excluding dairy), cocoa, palm oil and soy. Barclay noted that “These four commodities are estimated to account for 64% of the UK’s tropical deforestation footprint, with as much as 93% of this deforestation likely to be in violation of local laws. Regulating these four commodities will tackle over half of the UK’s estimated deforestation footprint and enable us to quickly put this critical regulation into force, whilst not disrupting trade and supply chains.” Imports of timber are covered in other legislation—but notably coffee and rubber, two goods included in the EUDR, are not included in the UK proposal.

Friends of the Earth UK’s Kierra Box commented that, while civil society groups in the UK continue to push for improvements in the law, many are shifting their focus to enactment of the [Business, Human Rights and Environment Act](#). That bill would include enforceable measures to require companies to prevent human rights violations on a broader range of issues throughout their supply chains. In the EU, too, there are other regulations on corporate climate disclosure that could bring complementary pressure to bear on corporations whose supply chains cause deforestation.

Building capacity to meet deforestation requirements

A few other importing countries are also considering deforestation legislation. The Wyss Academy for Nature (WA) and the Centre for Development and Environment at the University of Bern (CDE) convened Swiss civil society, business, and academic organizations last year to consider new approaches to sustainable trade that are compatible with the EUDR. The CDE’s [Elisabeth Bürgi Bonanomi notes](#) that, “Switzerland could make better use of its policy space. Besides providing technical support to small farmers, as the EU does, it could also introduce policy incentives to specifically support socially responsible business models. This would still be EU-compliant, but it would also help advance the debate.”

The delay in EUDR implementation, while not ideal, provides some time to consider changes, both in the EUDR itself and in complementary programs, that would strengthen the legislation's contribution to a just transition. Burgi and other researchers propose a series of measures that would enhance the broader goals of the EUDR, including an increased focus on capacity building related to production and traceability in producer countries, linkages to climate and other funding mechanisms, promoting South-South learning exchanges, educating EU consumers on the benefits of the supply chain programs, and "readiness to pay an EUDR price differential to remunerate farmers for the ecological services they provide."³

Companies exporting to the EU, including from other European countries, will also need to find ways to ensure their products are compatible with the EUDR, either through similar legislation or other standards development. Ideally, those programs would not only pave the way for market access but also fill in some of the gaps in the provisions for EUDR implementation. These proposals could include new approaches to supply chain, such as set of 10 recommendations for "[transformative traceability](#)" advanced by a coalition of European, African, Asian and Latin American NGOs.

Conclusions

The EUDR represents an important new approach to trade and deforestation, one that sets legally binding conditions on companies' supply chains. It is not a free-trade agreement; if it were, it would cover a much broader range of rules on flows of goods, services and investment across borders. Since trade agreements are designed to facilitate trade flows, they often serve to drive exports, including from fragile environments. There is a growing consensus around the ways trade agreements and policies should be changed to better address labor and environmental standards, but actual changes have been limited.

Many recent trade agreements, such as the US-Peru TPA and the Trade and Sustainable Development Chapters included in all of the EU's trade agreements since 2009, take some [first steps along those lines](#). But there is real potential for backsliding, especially in the current political environment.

A "[rebalancing mechanism](#)" included in the final text of the European Union-Mercosur Agreement (EUMA), for example, would allow for the activation of a dispute settlement mechanism over new measures that change the balance of concessions made at the time of the signing of the agreement. The delay in the implementation of the EUDR could open the door to these kinds of challenges down the road.

Civil society and governments should continue to learn from each other's proposals and experiences to pave the way for coherent deforestation and trade policies that contribute to a just climate transition, including:

- Exchanges among policymakers and advocates on the EUDR and similar approaches in other countries to achieve greater alignment on issues such as product coverage, which kinds of forests and biomes are included and rules on illegal vs. legal forms of deforestation.
- Transparent and participatory processes to define supply chain rules that prioritize the interests of small-scale producers in developing countries, ensuring fair prices and preventing corporations from pushing the costs of compliance on to those producers.
- Specific binding measures to ensure that commitments in free-trade agreements do not undermine countries' efforts to reduce deforestation, enhance biodiversity and transition to agroecological approaches.

The flood of contradictory trade proposals emanating from the Trump administration (as well as its withdrawal from the Paris Agreement and international cooperation more generally) could derail many global trade policy debates, at least in the short term. That shift in focus is a huge setback, but it doesn't mean the end of new and more sensible trade and deforestation policies. Continued advances in EUDR implementation and similar initiatives in other countries are critical to that process.

3. Bürgi Bonanomi, Elisabeth and Zabel, Astrid and Afriyie, Lydia and Eckert, Sandra and Bantider, Amare and Musselli, Irene and Vitanova, Ivana and Zeleke, Gete, Time for change: Recommendations for action during the proposed EUDR postponement (January 22, 2025). Available at SSRN: <https://ssrn.com/abstract=5174801> or <http://dx.doi.org/10.2139/ssrn.5174801>