



# EUROPEAN REGULATION ON DEFORESTATION-FREE PRODUCTS

Risks of Excluding the Cerrado Biome  
and Recommendations for Revision





## DATA SHEET

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## PRESENTATION

**T**his publication is part of the efforts of FASE's Center for Policies and Alternatives to critically analyze and influence international regulatory frameworks and their impact on territorial dynamics in the Global South. It focuses on the Regulation on Deforestation-Free Products (EUDR), adopted by the European Union as part of its commitment to the European Green Deal and other environmental and food strategies of the bloc.

The regulation seeks to prevent commodities linked to deforestation from entering the European market by imposing a due diligence process on producers and traders. However, its provisions contain limitations that may result in socio-environmental violations, especially in countries like Brazil, whose Cerrado biome — heavily affected by deforestation — was excluded from the regulation's definition of forest.

This document starts from the understanding that, while the objective of combating deforestation is urgent and necessary, the EUDR, as currently designed, may deepen structural inequalities in international trade, disproportionately affect smallholders and traditional communities, and overlook key socio-environmental

dimensions of the territories affected by the regulation.

Throughout the text, the political, economic, and legal implications of the regulation are examined, with a focus on its impact on family farming, Indigenous peoples, and the territories of traditional communities. The document also discusses the conceptual and methodological limitations of the due diligence process proposed by the European Union, as well as the unilateral nature of the risk assessment system imposed on exporting countries. Finally, it presents recommendations aimed at contributing to the revision of the regulation, highlighting the need to recognize other biomes such as the Cerrado, to reformulate risk assessment criteria, to include social safeguards, to ensure shared responsibility of European importers in compliance costs, and to value the socio-territorial diversity of Southern countries.

This technical analysis seeks to support public debate and is aimed at movement leaders and civil society organizations, policymakers, parliamentary advisors, and journalists, as well as all those committed to environmental justice, food sovereignty, and the rights of traditional peoples and communities in the face of global regulations that directly affect their ways of life.

# SUMMARY

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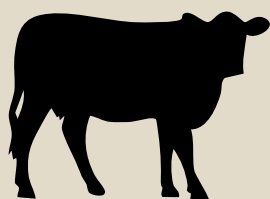
In December 2022, the European Commission, the European Parliament, and the Council of the European Union reached an agreement on the Regulation on Deforestation-Free Products (EUDR). It is part of a broad action plan by the EU bloc to combat deforestation and forest degradation, first outlined in the 2019 Communication on Stepping Up EU Action to Protect and Restore the World's Forests.

Aiming to prohibit the import of commodities and derived products (Table 1) originating from forest areas deforested after December 31, 2020, the regulation falls within the framework of the 2019 European Green Deal — the EU's plan to achieve net-zero greenhouse gas emissions by 2050 — the EU Biodiversity Strategy for 2030 — which sets out a comprehensive framework of commitments and measures to address the main drivers of biodiversity loss — and the Farm to Fork Strategy — a strategic framework with initiatives and political objectives aimed at making the EU food system more sustainable and environmentally responsible.

Table 1 - Commodities and derived products covered by the EUDR

## COMMODITIES

## RELEVANT PRODUCTS



### CATTLE

Live cattle, meat of cattle (fresh or chilled), meat of cattle (frozen), edible offal of cattle (fresh or chilled), edible cattle livers (frozen), edible cattle offal (excluding tongues and livers, frozen), other prepared or preserved meat, meat offal, blood, of cattle, raw hides and skins of cattle (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared, whether or not dehaired or split), tanned or crust hides and skins of cattle (without hair on, whether or not split, but not further prepared), leather of cattle (further prepared after tanning or crusting, including parchment-dressed leather, without hair on, whether or not split, other than leather of heading



### COCOA

Cocoa beans, whole or broken, raw or roasted; cocoa shells, husks, skins and other cocoa waste; cocoa paste, whether or not defatted; cocoa butter, fat and oil; cocoa powder, not containing added sugar or other sweetening matter; chocolate and other food preparations containing cocoa



### COFFEE

Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion



**PALM OIL**

Palm nuts and kernels; palm oil and its fractions, whether or not refined, but not chemically modified; crude palm kernel and babassu oil and fractions thereof, whether or not refined, but not chemically modified; palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified (excluding crude oil); oilcake and other solid residues of palm nuts or kernels, whether or not ground or in the form of pellets, resulting from the extraction of palm nut or kernel fats or oils; glycerol, with a purity of 95% or more (calculated on the weight of the dry product); palmitic acid, stearic acid, their salts and esters; saturated acyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives (excluding formic acid, acetic acid, mono-, di- or trichloroacetic acids, propionic acid, butanoic acids, pentanoic acids, palmitic acid, stearic acid, their salts and esters, and acetic anhydride); stearic acid, industrial; oleic acid, industrial; industrial monocarboxylic fatty acids; acid oils from refining (excluding stearic acid, oleic acid and tall oil fatty acids); industrial fatty alcohols



**RUBBER**

Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip; compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip; unvulcanised rubber in other forms (e.g. rods, tubes and profile shapes) and articles (e.g. discs and rings); vulcanised rubber thread and cord; plates, sheets, strips, rods and profile shapes, of vulcanised rubber other than hard rubber; conveyor or transmission belts or belting, of vulcanised rubber; new pneumatic tyres, of rubber; retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber; inner tubes, of rubber; articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanised rubber other than hard rubber; other articles of vulcanised rubber other than hard rubber, not elsewhere specified in chapter 40; hard rubber (e.g. ebonite) in all forms including waste and scrap; articles of hard rubber





## WOOD

Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms; wood charcoal (including shell or nut charcoal), whether or not agglomerated; wood in the rough, whether or not stripped of bark or sapwood, or roughly squared; hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking sticks, umbrellas, tool handles or the like; chipwood and the like; wood wool; wood flour; railway or tramway sleepers (cross-ties) of wood; wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm; sheets for veneering (including those obtained by slicing laminated wood), for plywood or for other similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of a thickness not exceeding 6 mm; wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed; particle board, oriented strand board (OSB) and similar board (for example, waferboard) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances; fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances; plywood, veneered panels and similar laminated wood; densified wood, in blocks, plates, strips or profile shapes; wooden frames for paintings, photographs, mirrors or similar objects; packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood (not including packing material used exclusively as packing material to support, protect or carry another product placed on the market); casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves; tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood; builders' joinery and carpentry ►



## WOOD

of wood, including cellular wood panels, assembled flooring panels, shingles and shakes; tableware and kitchenware, of wood; wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in Chapter 94; other articles of wood; pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products; printed books, newspapers, pictures and other products of the printing industry, manuscripts, typescripts and plans, of paper; seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof, of wood; wooden furniture, and parts thereof; prefabricated buildings of wood



## SOY

Soya beans, whether or not broken; soya bean flour and meal; soya-bean oil and its fractions, whether or not refined, but not chemically modified; oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil

The EU Regulation on Deforestation-Free Products, however, raises a number of questions concerning both the protection of socio-biodiversity and the bloc's relationship with its trading partners. Before delving into possible consequences

and key issues at stake in this new scenario — increasingly pressured by the adoption of anti-deforestation measures — it is important to understand some technical aspects of the regulation.

## Due diligence and penalties

**B**efore making products available on the European market, and to ensure they are not associated with deforestation and have been produced in compliance with the laws of the country of production, EU operators<sup>1</sup> and traders<sup>2</sup> must carry out a three-step **due diligence** process. The regulation will establish a **Country Benchmarking System** that initially classifies all countries as standard risk. Based on **due diligence**<sup>3</sup> and the European Commission's evaluation, countries may be reclassified as high, standard, or low risk. This classification will be formalized via implementing legislation and revised as often as necessary.

**The first step** involves gathering information about the product, including the geolocation of all plots of land where the commodities were produced, covering the entire supply chain, and data and documents proving that the product does not originate from deforested land and was produced in compliance with the laws of the country of origin — including laws protecting the rights of Indigenous Peoples and traditional communities. This step is problematic in itself, as the EU considers producers' self-declaration of land location an acceptable geolocation criterion. In Brazil, for example, the Rural Environmental Registry (CAR), which is self-declared, would serve as a mechanism to lend credibility to

the product. However, issues with CAR and self-declaration<sup>4</sup> persist, such as overlaps with lands occupied by family farmers, Indigenous Peoples, quilombola communities, and other traditional groups. Therefore, we believe that self-declaration should not be considered an acceptable geolocation criterion.

**The second step**, following verification and analysis of the collected information, consists of a risk assessment of the country or production region. Operators must assess the data and any additional relevant documentation to determine whether products can be exported. The

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**1.** “Any natural or legal person who, in the course of a commercial activity, places relevant products on the market or exports them”. They are the ones who make the products available for the first time.

**2.** “Any person in the supply chain other than the operator who, in the course of a commercial activity, makes relevant products available on the market”. They are those who sell a product that has already been made available by operators.

**3.** Operators of small and medium-sized enterprises are not required to carry out due diligence declarations for products containing or manufactured from products that have already been subject to due diligence, but are required to provide the reference number of the respective declaration to the competent authorities if requested.

**4.** As Fase already pointed out in its 2018 publication “Car pra quem? Pra quê?”.

assessment must consider the presence of forests, the presence of Indigenous Peoples, the consultation and cooperation with these communities, the existence of land use or ownership claims by Indigenous Peoples, the prevalence of deforestation or forest degradation, the origin, reliability, and validity of the documents, any links with other available documentation, the country's corruption levels, prevalence of document and data forgery, lack of law enforcement, human rights violations and armed conflicts, the complexity and traceability of the supply chain, the risk of regulation evasion, expert group findings from the Commission, the operator's or trader's compliance history, any signs of non-compliance risk, and additional information from certification or third-party verification systems. Unless the risk assessment shows no risk or only negligible risk, operators will not be allowed to place products on the market or export them. Risk assessments must be reviewed at least once a year and made available to competent authorities upon request.

Finally, **the third step** is risk mitigation, which involves adopting procedures and measures to reduce risk. Unless the assessment indicated zero or negligible risk, this step must be implemented by operators before placing products on the market. Mitigation measures may include independent investigations or audits, requesting additional

information, data or documents, and other actions related to the information requirements set out in Article 9 of the regulation, which corresponds to the first due diligence step. Operators must adopt appropriate and proportionate policies, controls, and procedures to effectively mitigate and manage the risks of non-compliance identified in the assessment. This includes risk management practices, reporting, record-keeping, internal controls, and compliance management, as well as independent audits to verify policies and internal procedures. All measures and decisions must be documented, reviewed annually, and made available to competent authorities. Operators must also demonstrate how the risk mitigation decisions were taken.

In cases where countries are classified as low or negligible risk, operators and traders will not be required to undertake risk mitigation procedures. After completing these steps, the due diligence statement must be submitted to European authorities through an information system, and operators must review this statement at least annually. If they become aware of any new developments that may affect due diligence, they must update the system accordingly. Operators must keep records of updates and retain all documentation submitted during the due diligence process for a period of five years. If requested, this documentation

must be made available to European authorities. It is important to note that the costs associated with due diligence processes impact actors differently. Family farmers and traditional peoples and communities, for example, face greater burdens than medium and large producers, as they have fewer financial resources to invest in the required compliance measures.

In addition to due diligence, EU Member States must annually verify whether operators and traders established in the EU are complying with the regulation. These checks must cover at least 9% of operators sourcing commodities from high-risk countries (and 9% of the volume of each product in those countries). For standard-risk countries, the verification rate drops to at least 3% of operators, and for low-risk countries, to at least 1%.

With respect to the compliance timeline, operators and traders will have 18 months from the regulation's entry into force to adapt. Small and medium-sized enterprises (SMEs) will be granted an additional 6 months. In practice, this means the regulation will only become enforceable in 2026. The rules were originally scheduled to apply from December 30, 2024, but were postponed by one year following a vote in the European Parliament on November 14, 2024<sup>5</sup>. The postponement was proposed by the European Commission in early October 2024 in response to concerns raised by Member States, partner countries, and traders, who

claimed they would be unable to meet the original timeline. The Council of Ministers subsequently endorsed the proposal, and the European Parliament ratified the 12-month extension by a vote of 371 in favor, 240 against, and 30 abstentions.

Under the new timeline, operators and traders will have to comply with the regulation starting December 30, 2025, while SMEs will have until June 30, 2026. This postponement not only represents a setback in EU environmental policy but also increases pressure on affected territories. One possible consequence is a rush to export products sourced from deforested areas while such trade is still legally permitted. This projection, of course, should be monitored over time.

In cases of non-compliance, operators or traders will be given a deadline to adopt corrective measures, which must include at least the following: remedy any formal non-compliance; prevent the product from being placed on the market or exported; immediately withdraw or recall the product; donate it for charitable or public interest purposes; or, if none of these options are feasible, destroy it. If these measures are not adopted within the deadline, the regulation sets out effective, proportionate, and dissuasive penalties.

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**5. EUROPEAN PARLIAMENT.** [Deforestation law: agreement with Council gives companies extra year to comply. Bruxelles: Parlamento Europeo, 2024.](#)

These include: fines proportional to the environmental damage and value of the goods (for legal persons, the maximum fine must be at least 4% of their total annual turnover in the EU in the previous fiscal year)<sup>6</sup>; confiscation of the product in question; seizure of revenues generated by the operator or trader from the transaction; temporary exclusion, for up to 12 months, from public procurement processes and access to public financing (including grants and contracts); temporary prohibition from placing, making available, or exporting the relevant commodities or products in the case of serious or repeated violations; and prohibition from applying simplified due diligence under Article 13 in the case of serious or repeated violations.

Member States must notify the European Commission of final convictions and sanctions against legal persons within 30 days of the date the conviction becomes final, in accordance with data protection regulations. The Commission, in turn, will publish on its website a list of these convictions, including the name of the legal person, the date of the final judgment, a summary of the activities for which the entity was found in violation of the regulation, and the nature and amount of the penalty imposed.








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**6.** To illustrate, if a company's annual turnover with the European Union is €1 million and the fine imposed is the highest possible, it cannot be less than €40,000.

## Impact on Brazil and problems with the regulation

In the case of Brazil, the European Union is one of the country's main trading partners, as shown in the table below<sup>7</sup>:

Table 2 - Brazil's exports to the European Union, 2024

COMMODITIES	VALUE OF EXPORTS IN MILLIONS OF USD	% OF TOTAL BRAZILIAN EXPORTS OF THE PRODUCT	EU POSITION IN THE RANKING OF IMPORTERS
 <b>COFFEE</b>	US\$ 5.658	46%	1st
 <b>SOY</b>	US\$ 7.313	14%	2nd
 <b>PALM OIL<sup>8</sup></b>	US\$ 44	15%	2nd
 <b>CATTLE</b>	US\$ 492	4%	5th
 <b>WOOD</b>	US\$ 3.659	18%	2nd
 <b>COCOA</b>	US\$ 76	12%	3rd
 <b>RUBBER</b>	US\$ 78	5%	6th

<sup>7</sup>. BRASIL. Ministério do Desenvolvimento, Indústria, Comércio e Serviços. ComexVis – Comex Stat. Brasília, DF: MDIC, 2025.

<sup>8</sup>. The Comex Stat platform does not provide information on palm oil, only on vegetable oils in general. Therefore, the data presented on palm oil exports to the European Union is from 2022 and comes from the National Confederation of Industry.



As it is a unilateral and imposing regulation, its impacts are of concern to countries in the Global South. On September 7, 2023, 17 countries from Latin America, the Caribbean, Africa, and Asia sent a letter<sup>9</sup> to European authorities, including European Commission President Ursula von der Leyen, European Council President Charles Michel, and European Parliament President Roberta Metsola. In the letter, they highlight their “deep concern regarding the recent entry into force of the European Union regulation on deforestation-free products” since “this legislation disregards local circumstances and capacities, national legislation and certification mechanisms of developing producer countries, as well as their efforts to combat deforestation and commitments made in multilateral forums, including the principle of common but differentiated responsibilities. Furthermore, it establishes a unilateral risk assessment system that is inherently discriminatory and punitive, which may be inconsistent with WTO obligations.” This pressure from various countries and coordinated sectors of capital (although not mentioned in the document), such as Brazilian agribusiness<sup>10</sup>, was one of the reasons for the aforementioned 12-month postponement of the regulation’s entry into force.

In an assessment carried out by the European Union itself<sup>11</sup>, the bloc acknowledged that the regulation could negatively impact Brazil and favor the United States, for example:

In the case of soy, the commodity is particularly important for the economies of Argentina, Brazil and Paraguay. Deforestation linked to the relevant commodities of the scope has been documented in those countries, and Argentina and Brazil are relevant as origins of soy used in the EU. A shift in preference to low-risk origins could favour imports from the USA, the largest global producer, and already major supplier to the EU. To a lesser degree, it may incentivize an increase in domestic production.

This assessment points to a problem highlighted earlier: the agreement impacts the various actors involved differently. The procedures thus favor actors and countries with production chains that already have a lower socio-environmental impact or that have greater financial conditions to adapt their production to the new requirements.

The impacts of the EUDR were even discussed in a session of the Brazilian

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**9.** [BRASIL. Ministério das Relações Exteriores. Carta de países em desenvolvimento a autoridades europeias sobre a entrada em vigor da chamada “lei antidesmatamento” da União Europeia. Brasília, DF: MRE, 2023.](#)

**10.** [BRASIL. Senado Federal. Pacheco busca sensibilizar UE para evitar perdas para o agronegócio. Brasília, DF: Senado Federal, 2024.](#)

**11.** [EUROPEAN COMMISSION. Commission Staff Working Document: Impact Assessment – Minimising the risk of deforestation and forest degradation associated with products placed on the EU market. Bruxelas: European Commission, 2021.](#)



Chamber of Deputies, with the participation of the head ambassador of the European Union Delegation in Brazil, Ignacio Ybáñez, the ambassador-director of the Department of Trade Policy of the Ministry of Foreign Affairs, Fernando Pimentel, the secretary of Foreign Trade of the Ministry of Development, Industry, Trade, and Services, Tatiana Prazeres, the director of the Department of Deforestation and Burning Control Policies of the Ministry of Environment and Climate Change, Raoni Guerra, the manager of natural resources at the National Confederation of Industry, Mário Augusto de Campos, the director of International Relations at the National Confederation of Agriculture, Sueme Mori Andrade, and lawyer Daniel Tronco, head of Agribusiness at the law firm Felsberg Advogados.

In the Brazilian government's assessment, the regulation directly harms agricultural trade, especially small and medium-sized producers<sup>12</sup>, in addition to exceeding the limits of legislation on its own territory and market, without observing international principles and encouraging increased inequalities in trade relations. According to the Ministry of Agriculture and Livestock, the criteria of the regulation are misaligned from the point of view of social, economic, and environmental sustainability, in addition to being incompatible with the Brazilian reality. In figures, an analysis<sup>13</sup> by the Brazilian Ministry of Development, Industry, Trade, and Services pointed out that

about one-third of Brazilian exports to the European Union could be affected by the entry into force of the EUDR, representing about US\$ 14.7 billion. In 2023, Brazil sold US\$ 46.3 billion to the European bloc.

In addition to the financial and commercial impacts, the definition of deforestation used in the regulation is problematic. When referring to deforestation or forest degradation, the European Union bases its definition on the FAO category – which considers forests to be only land areas larger than 0.5 hectares, with trees taller than 5 meters whose crowns cover more than 10% of the land surface, or trees capable of reaching these thresholds in situ, excluding predominantly agricultural or urban land. As a result, the EUDR disregards biomes such as the Cerrado, currently the main focus of deforestation in Brazil, with 1.11 million hectares deforested in 2023 (MapBiomas, 2024).

By not being considered a forest, the biome would suffer enormous pressure to meet the commercial demands of the international market, especially in the context of the signing of the Mercosur-European Union Agreement, which will stimulate an increase in exports of

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**12.** It is important to note that the government does not establish a precise definition of medium and small producers.

**13.** OLIVEIRA, Eliane; NOGUEIRA, Danielle. Lei antidesmatamento da União Europeia ameaça quase um terço das exportações brasileiras para o bloco. Rio de Janeiro: O Globo, 11 jun. 2024.

certain commodities, as assessed by the Brazilian Front Against the Mercosur-EU and Mercosur-EFTA Agreements<sup>14</sup>. Thus, the burden of increased production would fall on the Cerrado. It is important to note, however, that the regulation provides for reviews that will assess the need and feasibility of expanding the rules to other wooded lands within one year of its entry into force, which, after the postponement, would only occur in 2027. Even if they broaden the definition of what is considered forest, two years could put the Cerrado at serious risk given the pressure already facing the biome and its peoples.

Based on the classification used in the EUDR, the document also starts from an insufficient and simplistic concept of what deforestation is, understood as something merely restricted to the loss of vegetation cover, without defining what human rights violations would be and without including criteria that consider the social dimension of deforestation (expropriations, displacements, expulsions, land appropriations, among others). In addition, deforestation resulting from urbanization and infrastructure does not fall within the definition of the regulation. Thus, degradation associated with the arrival of agricultural enterprises is disregarded, even though it has a significant impact on the territories. By including only agricultural commodities,

the regulation also ignores mining, legal and illegal mining, land grabbing, and land speculation, which are important drivers of deforestation. By focusing only on certain commodities and a restricted category of what constitutes forest, the regulation runs the risk of failing to generate an effective reduction in deforestation and negatively impacting the socio-territorial practices and dynamics and rights that it should protect.

With regard to due diligence criteria and given that it is in the interest of operators to make products available on the European market, risk assessment is unreliable. This is because, since operators are responsible for assessing the information provided by producers, and since they are interested in marketing such products, what guarantee is there that the risk assessment will be carried out accurately? As third-party contributions are voluntary, the Regulation does not provide tools to ensure an honest assessment. As a result, countries may have their assessment underestimated.

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**14.** [FRENTE BRASILEIRA CONTRA OS ACORDOS MERCOSUL-UE E MERCOSUL-EFTA. Por que parar o Acordo Mercosul-União Europeia? Razões pelas quais a Frente Brasileira Contra os Acordos Mercosul-UE e Mercosul-EFTA apoia o Governo Lula pela reabertura das negociações com participação social. \[S.I.\]: Rebrip, 2023.](#)

## An important policy, but one that needs to be revised

**T**he overall objective of the Deforestation-Free Products Regulation is an important step forward in global commodity trade. It is unacceptable that production chains are not traceable and that the final product is marketed without any consideration for its production process. Furthermore, given the climate commitments made by countries, purchasing products derived from deforestation would be incompatible with their climate policy ambitions. In this sense, incorporating zero deforestation into the conditions for purchasing products is essential.

Although it is important for consumer countries in the European Union to pay attention to the environmental impacts of their imports, the Regulation presents a number of problems that have already been pointed out. The unequal trade relationship between countries in the North, such as those that make up the European bloc, and countries in the Global South is problematic in itself. The asymmetry in negotiations is a legacy of the colonial past, and any political and trade relationship between these actors must consider the impact of centuries of colonization, a historical process that organized the international division of labor and assigned the countries of the South the role of exporting primary goods.

The due diligence process also presents problems when validating self-declared data systems, such as the Rural Environmental Registry. Self-declaration allows overlaps of rural properties on areas of Conservation Units, territories of traditional peoples and communities, indigenous lands, other rural properties in general, among others, to be ignored. This undermines the risk analysis process, since measuring the impact of an activity depends on the size of its territorial extension and on information that does not obscure existing conflicts.

In addition to self-declaration, the risk assessment process is problematic, as it uses extremely subjective analysis criteria, such as “the level of corruption in the country.” What metrics are used to measure corruption in a government? Are these cases tried and convicted violations of Article 317-A<sup>15</sup> of the penal code, in the Brazilian case? How will the legislation of all countries involved be compared with regard to the crime of corruption? Questions such as these are not answered in the European Union document. Another vague

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**15.** “Unjustifiably possessing, keeping or acquiring, for themselves or for others, assets or values of any kind, incompatible with their income or with the development of their assets”

issue is the “presence of indigenous peoples,” which is obviously a relevant element in risk assessments, but raises questions about what will be understood as indigenous peoples. Will only indigenous peoples with demarcated territories be considered? What about those peoples who aspire to or are in the process of demarcation? Approaches restricted to peoples whose lands are demarcated are exclusionary and do not accommodate the variety of indigenous peoples in a country, in addition to ignoring the processes of expulsion and violence suffered by this segment of the population. With regard to the “prevalence of falsification of documents and data” as a risk criterion, who will verify the validity of land ownership documents? This is a particularly relevant issue in countries such as Brazil, where land grabbing is often the rule rather than the exception. Many documents that are currently validated by the competent authorities derive from falsified documents. Therefore, studies on the history of properties are necessary to ensure that this risk assessment criterion is adopted with due accuracy.

In addition to the vague understanding of what some key aspects of risk assessment are, which are presented as generic terms, the unilateral nature of this system is also a problem, as pointed out by the 17 countries of Latin America, the Caribbean, Africa, and Asia in the

letter. A trade relationship that features a unilateral risk assessment system disregards the capacity and removes the agency of the countries with which the European Union trades, imposing the European bloc’s assessment metrics.

Another issue already pointed out is the proportionally differentiated impact of due diligence costs on the actors involved. Even if the absolute value is not higher for small traders, the weight of these costs will be proportionally greater for them, as they have less capital than wealthier traders. In other words, while large traders are able to absorb the costs of due diligence more easily (they have more capital for this), small traders end up committing a larger portion of their resources to meet the requirements of the standard. Thus, this cost would reinforce inequalities between large and small producers. This impact would be even greater if we consider socio-biodiversity products, extracted or produced by traditional peoples and communities (as may be the case with cocoa, rubber, and wood, already included in the regulation).

Finally, the classification of forests and deforestation is another major problem. Considering only tropical forests as areas that should be protected not only leaves other biomes vulnerable, but also increases pressure on them. In the case of Brazil, while the Amazon rainforest will be the target of European

policy, the Cerrado – a biome that is under extreme pressure from national and international capital, especially in the region known as Matopiba<sup>16</sup> – will be a sacrifice zone. With regard to the classification of deforestation, the problem is that the Regulation does not take into account deforestation and environmental degradation resulting from projects that enable the export of commodities, such as highways and associated infrastructure.

With all the problems in the standard, its entry into force only in 2026 is an opportunity to broaden the debate on the text and its problems and to demand some important points, such as: the establishment of evaluation and

implementation mechanisms that are not unilateral, the exclusion of self-declaration as a criterion for evaluation, the expansion of the concept of forests, a more comprehensive and precise definition of indigenous peoples, among others.

In view of the issues mentioned and recognizing the problems involving the North-South relationship in international trade, some changes to the Regulation and its processes are necessary.

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**16.** Acronym used to designate the territorial boundary that encompasses part of the states of Maranhão, Tocantins, Piauí, and Bahia.

## Recommendations

- ◆ The regulation should not adopt self-declared property mapping systems. Validation of georeferencing by government agencies in each country involved should be mandatory.
- ◆ Risk assessment should be guided by more objective criteria or better explained metrics.
- ◆ It is necessary to establish a precise and comprehensive definition of “indigenous peoples,” which includes indigenous peoples with recognized lands or in the process of recognition. In addition, attention should also be paid to traditional peoples and communities with demarcated territories or in the process of recognition, settlements, and quilombola territories.
- ◆ Within the due diligence process, the risk assessment stage should not be carried out by operators alone. This would prevent underestimation and ensure that those interested in importing

and exporting food are not the only ones to define a country's degree of risk in terms of deforestation. It is essential that the risk assessment system be carried out in partnership between the countries involved and their regulatory agencies.

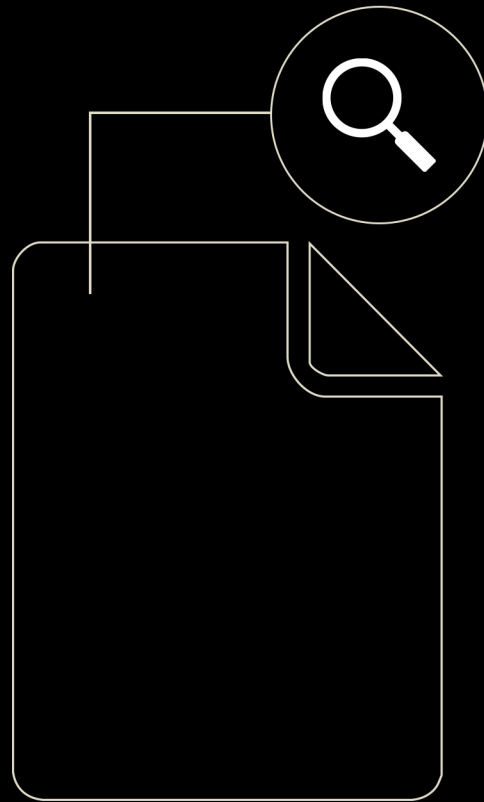
- ◆ Adapting production chains to produce without deforestation should be in everyone's interest. Therefore, it is essential that the costs of due diligence are shared equally between the European Union importer and the exporter in the country of origin. This would mean that the financial burden of adapting to the standard would not fall solely on the seller, but also on the buyer, ensuring that all those involved in the business bear the costs of deforestation-free trade equally.
- ◆ Finally, the concept of forest should be expanded to include other biomes and not just those that fall under the FAO definition. In addition, other forms of deforestation associated with enterprises that produce and export commodities should be considered.

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