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From:	General Secretariat of the Council
To:	Delegations
Subject:	Urgent Call For Action: Challenges for European agriculture and forestry businesses posed by the Deforestation Regulation in the context of the current agricultural crisis <i>- Note from the Austrian Delegation supported by the Finnish, Italian, Polish, Slovak, Slovenian and Swedish Delegations</i>

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Delegations will find in the Annex a note from the Austrian delegation supported by the Finish, Italian, Polish, Slovak, Slovenian, and Swedish delegations on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 26 March 2024.

**Urgent Call For Action: Challenges for European agriculture and forestry businesses posed by the Deforestation Regulation in the context of the current agricultural crisis**

*Note from the Austrian Delegation supported by the Finnish, Italian, Polish, Slovak, Slovenian and Swedish Delegations*

The supporting Member States generally welcome the objectives of the EU Deforestation Regulation (EUDR) to minimise global deforestation and forest degradation.

However, the implementation of the EUDR will – against its original intention – negatively affect sustainable and small-scale agricultural and forestry practices in the European Union, while third countries are only banned from importing in the EU. Therefore, we need to urgently address the challenges that have now been identified during the ongoing national implementation processes, in order to avoid contradictory EU core objectives.

First, the EU has set the objective to promote extensive farming practices and increase the share of organic agriculture in the Union. With restrictions on land-use change, the EUDR creates an obvious conflict of interest: the conversion from conventional to organic farming would be hampered for cattle farmers in EU forest rich Member States as organic farming rules require larger grazing areas. Such areas falling under the EUDR-forest definition will trigger associated restrictions and impede sustainable (alpine) pasture management promoting biodiversity and animal welfare. Also the pasture farming practiced in the EU on many different small scale pasture plots will be above-average burden. Furthermore, the requirements contradict the envisaged EU protein initiative to strengthen the cultivation of protein crops, especially soy. The necessary bureaucratic effort would result in a drastic reduction in the cultivation of soybeans in the EU and would even increase the dependency of imports. We therefore demand a revision of the legislative text by reducing administrative burden in order to further enable sustainable farming practices.

Second, the good intentions, but failure in design and structure of the EUDR are also demonstrated when it comes to the instrument for identification and registration of cattle, which already provides for a comprehensive traceability system from birth to slaughter. Effectively, the EUDR requires the introduction of a parallel system multiplying the administrative burden. The existing system requires notifications of up to 7 days after an event, whereas the new rules of the EUDR will demand notifications in advance. Keeping the existing system in place accompanied with additional information is deemed much more appropriate in order to avoid additional bureaucracy.

Third, a large number of transactions have to be recorded on a daily basis in the new EUDR information system. The pilot version, however, only allowed for a manual input. As such, it is unsuitable for the widespread and common electronic data transfer. As reported by participating sectors, the EU information system is absolutely not fit for practical use and there is a need to launch a second pilot phase before the EUDR can be implemented. Under these conditions, it is impossible to implement the EUDR by 30 December 2024, respectively 30 June 2025 for small-scale operators. Furthermore, small-scale operators will be factually forced to fulfil the due diligence requirements as of 30 December 2024, in order to be able to sell products to non-SME operators already obliged to fulfil due diligence.

The supporting Member States thus urge the European Commission to swiftly address simplification measures for farmers and foresters and call for a targeted and immediate revision of the EUDR in the following aspects:

- The implementation period must be significantly extended to allow sufficient time for practicable implementation and legal certainty for farmers, foresters and Member States.
- In terms of simplification and reducing unjustified administrative burden, a concrete de minimis threshold (e.g. 0.5 ha) must be introduced to avoid permanent damage to small-scale agriculture and forestry.
- A general exemption for producers of relevant commodities in low-risk countries is necessary. In particular, it should be ensured that farmers and foresters are not obliged to submit due diligence statements.

- In general, the vast amount of certificates must be unified and drastically reduced in the EU. Given the current efforts to reduce bureaucratic burden across EU legislation, it is important to re-evaluate the existing certification systems and simplify as much as possible.

The supporting Member States thus demand a swift revision of the basic act of the EUDR in order to counteract the conflicts of interest and to urgently address disproportionate administrative burden revealed in the national implementation process. Furthermore, the agreed overall objective of tackling deforestation in third countries must not be to the detriment of the European economy, in particular the European agriculture and forestry sector.

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