Consultation

VCI Position on the EUDR following the Simplification Package and the Delegated Act on Annex I

Context and overall assessment

With the publication of the Simplification Package and the draft Delegated Act amending Annex I, the European Commission has taken important steps to improve the legal clarity and practical implementability of the EUDR. These measures respond to well-documented implementation challenges and reflect extensive stakeholder feedback.

From the VCI's perspective, the clarifications introduced contribute to a more proportionate and workable regulatory framework by providing by providing clearer boundaries of the Regulation's scope and by excluding elements that are not directly linked to deforestation risks. This helps ensure that regulatory obligations are better aligned with the environmental objectives of the EUDR.

Overall, the VCI welcomes efforts that enhance legal certainty, reduce unnecessary administrative burden and support a consistent and enforceable application of the EUDR across complex international supply chains.

Positive developments contributing to better implementability

The VCI explicitly welcomes a number of elements contained in the Simplification Package and the Delegated Act.

First, the clarification and simplification of obligations for downstream operators marks a substantial improvement. The confirmation that downstream actors are subject primarily to passive "collect and keep" obligations, combined with the possibility to bundle reference numbers and the clarification of roles in complex supply chains, significantly reduces unnecessary administrative duplication. This approach better reflects the reality of global value chains and aligns obligations with actual influence over deforestation risks.

Second, the clarification of the scope of Annex I contributes to a more coherent and proportionate regulatory framework by explicitly excluding elements that are not directly linked to deforestation risks. In particular, the following clarifications are clearly positive:

- **the horizontal exemption of samples, test products, and items used for research, analysis and testing,**
- **the explicit exclusion of marketing and information materials,**
- **the clarification that both single-use and reusable packaging are outside the scope of the EUDR only when used as packaging, thereby avoiding overlaps with the Packaging and Packaging Waste Regulation (PPWR),**

These clarifications improve proportionality, reduce unnecessary regulatory friction and help ensure that the EUDR remains focused on products that are genuinely associated with deforestation risks.

Third, the VCI welcomes the progress on implementation tools, including improvements to the EUDR Information System (TRACES), the planned introduction of simplified declarations, and the announcement of Commission-hosted repositories on relevant legislation in production countries and on certification schemes. These instruments can substantially facilitate compliance, especially in complex international supply chains, provided they are fully operational and recognised in enforcement practice.

Outstanding structural issues requiring further action

Despite these improvements, key unresolved issues remain, which currently limit the practical effectiveness and credibility of the EUDR from an implementation perspective.

a) Geolocation requirements: a systemic gap

A major critical unresolved issue continues to be the geolocation requirement. Major producing countries, most notably Indonesia and Malaysia, have repeatedly stated that they are not willing to provide plantation-level geolocation data, citing national legal and sovereignty concerns. This situation is not hypothetical but reflects a structural constraint beyond the control of European operators.

As long as there is no legally secure and operationally realistic approach for cases where required geolocation data cannot be obtained despite good-faith efforts, companies face an impossible compliance situation. The resulting risk is not improved environmental outcomes, but rather the emergence of de facto import barriers for essential palm-oil-based inputs, coupled with significant legal uncertainty.

Recent policy discussions increasingly refer to national certification systems such as Indonesia Sustainable Palm Oil (ISPO) and Malaysia Sustainable Palm Oil (MSPO) as potential contributors to EUDR implementation. While these systems play an important role in promoting sustainability and traceability, publicly available information does not indicate that plantation level geolocation data are currently a mandatory element of these schemes.

A viable way forward would therefore be to **link the regulatory recognition of national systems within the EU repository to clear minimum requirements, including the availability of verified geolocation data.** Making geolocation a mandatory precondition for the recognition of certification schemes would create a clearer and more predictable framework for all actors involved, reduce uncertainty for operators, and help ensure consistent and workable compliance pathways under the EUDR.

A functioning EUDR will thus require regulatorily recognised solutions that are both credible and enforceable—whether through national systems, aggregated or state validated datasets, or other verifiable mechanisms—provided that they fully meet the Regulation's geolocation standards while taking into account geopolitical and legal realities in key supplier countries.

b) De-minimis threshold: proportionality for small volumes

The introduction of a single mass-based **de-minimis threshold of 50 tonnes per operator and calendar year** is essential to ensure proportionate administrative obligations, especially for SMEs and operators handling negligible volumes.

Applying full due diligence requirements to such low-volume, low-risk fractions would impose disproportionate burdens without delivering additional environmental benefits. Establishing a de-minimis threshold avoids unnecessary compliance costs for operators whose overall market impact is minimal and whose activities do not materially influence deforestation risks. This targeted approach maintains the effectiveness of the Regulation while simplifying compliance for smaller operators.

c) Proportionality for technical materials and spare parts with low natural rubber content

A key unresolved issue is the application of EUDR to technical materials and spare parts containing only minor proportions of natural rubber. Many such products—like O-rings or belts—typically contain a minor proportion of natural rubber (*Hevea brasiliensis*) and are essential for maintenance and operation. Tracing the origin of the rubber is practically impossible due to varied supply chains and frequent mixing, while the total imported volume remains negligible.

Applying full due diligence requirements to these items creates disproportionate administrative burdens without measurable environmental benefit. Currently, even 1 % *Hevea brasiliensis* triggers DDS obligations, which is especially problematic for companies with a wide range of low-value components.

Products with minor natural rubber content and low unit weight should be excluded from scope, as their impact on deforestation is negligible, while the cost burden from EUDR processes would be high compared to the current C-item (low value, high quantity) material price. This adjustment would reduce bureaucracy and focus EUDR on genuinely relevant risk products.

Conclusion and expectations

The Simplification Package and the Delegated Act mark a important step forward and are supported, in particular with regard to improving legal clarity, proportionality and the practical implementability of the EUDR. The clarified treatment of samples, marketing and information materials, as well as packaging, contributes to a more focused and workable regulatory framework.

A smooth and effective start of the EUDR will depend on the consistent and reliable functioning of the implementation framework, including the EUDR Information System (TRACES), and on the availability of legally secure compliance pathways for operators across complex international supply chains.

To safeguard the effectiveness and credibility of the EUDR, the VCI therefore considers it essential to:

- **ensure that implementation tools, including the information system, are fully operational and consistently recognised in enforcement practice,**
- **ensure that the simplifications and clarifications introduced through the Simplification Package and the Delegated Act are applied as mandatory elements of EUDR implementation,**
- **establish robust and legally secure solutions for situations where required geolocation data is structurally unavailable despite good-faith efforts by operators.**

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