

Understanding the potential impacts of the European Union Deforestation Regulation (EUDR)



Oil palm harvesting. Photo: Tropenbos Indonesia

Key Takeaways



The European Union Deforestation Regulation (EUDR) has significant potential benefits in the form of reduced deforestation and greater supply chain transparency.



Implementation challenges remain, especially for smallholders, including traceability requirements, compliance costs, and inconsistencies in legal definitions.



Harmonized monitoring and collective learning are crucial in order to draw lessons from the EUDR's implementation and improve its effectiveness.

Background

The European Union Deforestation Regulation (EUDR) aims to prevent the import of products that contribute to deforestation and forest degradation, targeting commodities such as coffee, cocoa, soy, palm oil, timber and rubber. It marks a significant step in the global effort to combat deforestation and forest degradation.

This summary presents the key findings and recommendations from a review of case studies of early EUDR readiness and impact¹ assessment. It provides valuable insights for policymakers and support organizations that will help to ensure effective implementation.

¹ This review discusses impacts of the EUDR. Since the EUDR has not yet been implemented, these are potential, not actual, impacts.

Benefits, Challenges and Solution pathways

The studies reviewed did indicate that the EUDR has significant potential benefits. By promoting deforestation-free practices, the regulation can help protect ecosystems and reduce greenhouse gas emissions. Additionally, the push for compliance can drive greater transparency and better practices in supply chains, especially where smallholder cooperatives are well-organized and supported. The studies also identify a range of challenges, however, as well as the solution pathways to overcome them (Table 1).

These are the main challenges identified by the case studies:

- Producers may not have access to the tools and information required to comply with the regulation. This is compounded by their limited awareness and understanding of EUDR requirements.
- Legal frameworks in producer countries may not align with EUDR requirements. For example, a plot classified as forested under a country's national law may not meet the EUDR's criteria, and smallholders may face uncertainties regarding the legality of their land tenure.
- Tracing commodities back to their source is difficult in the absence of adequate systems for mapping and georeferencing, especially for complex value chains where smallholders dominate.
- In areas where historical land-use data are incomplete, disputed or inconsistently documented, it is difficult for companies to provide evidence that commodities are not linked to deforestation or land degradation after a specified cut-off date.
- Producers, particularly smallholders, struggle with compliance costs and volatile commodity prices, which hinder their ability to meet EUDR requirements.
- Lack of clarity about the definitions in the EUDR, and how they relate to differing definitions across jurisdictions, leads to confusion, such as variations in how "deforestation-free" is interpreted in different contexts.

Table 1. Solution pathways for addressing challenges to effective EUDR implementation

Solution pathway	Recommendations for action	Who can take the lead? *
Enhance knowledge and awareness of the EUDR and improve access to tools and information	Increased clarity about EUDR requirements	European Commission, national and local governments in producer countries
	Support for and training in EUDR requirements	Operators, NGOs, national governments, support programmes such as TEI* *
	Outreach to enhance EUDR awareness	Strategic Framework for International Cooperation (TEI Hub)
Improve legal compliance in producer countries	Technical support and capacity building	EU and other government programmes
	Improved or developed land tenure registries	National and local governments in producer countries
	Technical support and training by the private sector	Private sector (associations)
	Strengthened capacity of smallholders through structured and organized cooperatives	NGOs, support programmes
Facilitate mapping, georeferencing and traceability	Support for collecting farm boundary data	NGOs, national and local governments in producer countries, private sector
	Support to set up and harmonize national traceability systems	Private sector, national governments in producer countries

Solution pathway	Recommendations for action	Who can take the lead? *
	Enhanced autonomy and data ownership by smallholder cooperatives	Farmer/smallholder cooperatives
Tackle underlying drivers of deforestation and degradation	Use of the landscape approach and regional land-use planning	National and local governments in producer countries, NGOs, farmer cooperatives, private sector
	Risk mitigation measures to support high-risk farms	Private sector, national and local governments in producer countries
Enhance access to finance, decrease costs and increase prices of commodities and their products	Cost sharing	Private sector
	Fair prices to make investments	Private sector
	Targeted funding	European Commission, donor organizations, financial institutions
Increase clarity on the interpretation of definitions and concepts	More clarity in concepts and definitions, e.g., on forests, deforestation and degradation	European Commission, national and local governments in producer countries, private sector
Other	Strengthened smallholder cooperatives	NGOs, national and local governments, (donor) support programmes
	Attention to issues beyond deforestation (e.g., poverty, gender, labour conditions)	Operators, sector initiatives and roundtables, national and local governments, European Commission

* Suggestions from the authors of the review

** TEI: Team Europe Initiative on Deforestation-Free Value Chains

Strengthening Impact Assessment for effective EUDR implementation

Assessing and monitoring the EUDR's impacts on the ground are essential in order to understand how these impacts affect stakeholders, now and over time. Insights into specific regional challenges in producer countries can help donor organizations and support programmes tailor their assistance to those areas where it is most needed. Moreover, harmonized and coordinated impact assessments can provide valuable input for upcoming EUDR reviews. Preventing negative consequences and addressing unintended impacts, while maximizing positive trends and best practices, requires timely interventions. Therefore, a continuous and harmonized system for monitoring on-the-ground impacts is needed.

Interviewees emphasized that robust methodologies and trustworthy data are crucial to ensuring credible impact assessments. This is particularly important given the often-heated debates surrounding the EUDR, where misinformation can influence public

discourse. To improve the credibility and robustness of impact assessments, it is important to clearly define their scope. This includes ensuring transparency about the objectives and focus while accounting for the diverse challenges faced by smallholders and other vulnerable groups, such as women and youth. Additionally, assessments must consider external factors, such as macroeconomic changes and price fluctuations, to capture the broader context of the EUDR's impacts. A meaningful comparison of EUDR impacts with a business-as-usual scenario is also essential.



Summary of Recommendations

1

Embed impact assessments and monitoring in the EUDR framework

Impact assessments should be strategically embedded in the EUDR framework, and independently coordinated to provide insights that lead to actions. This will guide the development of accompanying measures to support implementation and promote best practices. Ground-level monitoring should be prioritized as a learning tool to enhance the regulation's effectiveness. It is recommended to embed monitoring and learning as a structural component within the Strategic Framework for International Cooperation Engagement and its support programmes. To ensure transparency, impact studies and summaries should be made publicly available, sharing key insights while protecting sensitive information.

2

Organize a consolidated effort for continuous monitoring across supply chains and landscapes

Continuous and coordinated monitoring is essential in order to assess EUDR impacts and inform policy adjustments. Efforts should combine national and cross-sectoral assessments with regional case studies, incorporating input from local stakeholders. NGOs and local communities, including smallholder cooperatives, are well-positioned to provide on-the-ground monitoring and act as watchdogs. Initiatives such as Trase (which aims to bring transparency to deforestation and the trade in agricultural commodities) can offer insights into EU sourcing patterns and ecosystem risks, while support programmes, such as the Team Europe Initiative on Deforestation-Free Value Chains, should lead coordination to ensure consistency and effectiveness.

3

Provide dedicated and targeted funding for impact monitoring in key landscapes

Dedicated funding must be allocated to enable timely and accurate tracking of EUDR impacts in landscapes where significant changes are expected, particularly those involving the most vulnerable stakeholders, such as smallholders, Indigenous peoples, women and youth. This funding should support continuous monitoring, improve data collection processes, and ensure that any negative impacts are identified and proactively addressed.

4

Develop guidance for a harmonized and robust approach to impact assessment

To ensure that EUDR impact assessments are reliable and comparable, guidance should be developed for NGOs and other organizations. This guidance should define key parameters, data requirements, and stakeholder inclusion, to ensure that assessments are comprehensive and consistent. Building on existing studies and stakeholder feedback will improve assessment quality and support better decision-making. To maintain objectivity, this guidance should be developed by independent scientific institutions and NGOs, and free from regulatory or market influences.



Photo: Adobe stock

Conclusion

The EUDR sets ambitious goals to halt deforestation and forest degradation by requiring companies importing products such as coffee, cocoa, timber and soy to ensure that their supply chains are deforestation-free.

By promoting sustainable practices, the regulation has the potential to protect biodiversity, reduce greenhouse gas emissions, and support livelihoods in producer countries. While the EUDR holds significant potential for environmental and social benefits, its success depends on addressing critical challenges such as traceability, compliance costs, and inconsistencies in legal definitions.

To maximize its effectiveness, there is an urgent need for harmonized and continuous impact assessment efforts. These will help track the on-the-ground impacts of the EUDR and enable timely adjustments to address any unintended negative consequences. Additionally, a coordinated approach to impact assessments — one that aligns methodologies and provides actionable insights — will ensure that lessons are shared across contexts and drive meaningful improvements in implementation.

Approach

This is a summary of a detailed review of 11 EUDR readiness and impact assessment studies. The studies primarily focused on coffee and cocoa supply chains in Latin America and Southeast Asia, with notable gaps in coverage; for example, for Ethiopia, Malaysia, Nigeria and Viet Nam. Interviews conducted during the assessments provided additional insights into the practical challenges to and potential solutions for EUDR implementation.

Most of the studies concentrated on identifying risks and challenges to compliance and exploring ways to address these issues, with the aim of informing responsive actions. Please note that

the assessments focused on specific commodities, geographic contexts and moments in time.

The studies reviewed thus differ in focus and methodology, making direct comparisons difficult.

Also, as EUDR readiness in key producer countries is evolving rapidly, with new initiatives and information, some insights may become outdated. Furthermore, as the primary focus of these studies was on identifying challenges to compliance, they often lacked a holistic perspective. As a result, certain elements — such as examining the potential positive impacts of the EUDR — were not consistently addressed.

This summary is based on the report "**Achieving Deforestation-Free Supply Chains: Review of preliminary findings from studies of EUDR readiness and assessments of potential impacts**"



Read the full report here

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