

Recommendations for Simplified Implementation of the EU Deforestation Regulation

APAG & CESIO, two industry sector groups of CEFIC, representing the European biobased oleochemicals and surfactants industries, call on the European Commission to adopt a simplified approach for an effective implementation of the EU Deforestation Regulation (EUDR).

As committed stakeholders, we emphasise the pressing challenges that need immediate attention to ensure the regulation's effectiveness, transparency and workability. Without simplification and collaborative efforts, EUDR risks escalating business costs, disrupting supply chains and undermining the global competitiveness of the European industry.

To ensure an effective implementation, we suggest the following solutions:

- 1. Recognition and acceptance of national certification schemes as mechanisms to demonstrate compliance with EUDR requirements.**
- 2. Reduce administrative burden related to Due Diligence Statements in the supply chain.**
- 3. Adapt traceability requirements to ensure inclusion of smallholders.**

1. Data Sharing Restrictions & Limited Engagement with Producing Countries

The latest (April '25) FAQ iteration (Question 1.31), states that "Operators cannot rely on the existence of national laws prohibiting the sharing of such (public) data with operators and traders in order to be exempt from the obligation to collect and upload that data into the Information System. Operators must submit the geolocation information as part of their obligations; otherwise, operators and traders when referring to previous Due Diligence Statements (DDS), cannot comply with the requirements on due diligence according to Art. 8 and, therefore cannot place on, make available on or export relevant products from the EU market".

Laws in producing countries (e.g. Indonesia, representing ca. 59% of total palm oil production) prohibiting geolocation data sharing put a significant barrier to track supply chains and meet EUDR compliance requirements. These restrictions are compounded by current geopolitical tensions, which further impede collaboration and mutual trust.

Moreover, there is insufficient transparency on ongoing discussions between the EU and producing countries. This lack of clarity raises concerns among stakeholders and weakens the credibility of the regulatory process. A significant concern is the potential reduction of Southeast Asian palm oil volumes

intended for the EU market, disrupting global supply chains and impacting industries and consumers in the EU.

Proposed Solution:

- Recognition and acknowledgement of national certification schemes, such as ISPO (Indonesia) and MSPO (Malaysia) and the National Dashboard for Sustainable Commodity Data and Information, as mechanisms to demonstrate compliance with EUDR requirements. These mandatory initiatives (which function as permit systems to allow exportation from sourcing countries) would enhance engagement with producing countries, including greater transparency on ongoing dialogues and clearer communication of regulatory expectations.

2. Administrative Burden Related to Due Diligence Statements (DDS)

The latest simplifications allow companies to submit due diligence statements annually instead of for every shipment or batch placed on the EU market. Whilst we welcome the recognition of the high administrative burden for a DDS submission, the level of complexity remains high, and the solution assumes static supply chains.

Palm plantations are a mix of large plantation and smallholders which adds even more complexity to the supply chain requirements, with the commodity being sourced from thousands of plots of land. Not only will it be highly difficult to identify upfront the plots of lands, but also the amount of geolocation data points adds to the complexity. As an example, there are more than 2000 palm oil mills globally, each supplied by hundreds of palm fruit suppliers. Whilst the palm fruit is brought directly to a mill (as the flesh needs to be processed within 24h from harvesting), the palm kernels are collected from several mills and then brought to a crusher located nearby to extract the oil. Due to this additional step for the palm kernels, the geolocation data coordinates will be exponentially large. The number of derivatives/derived products from palm and palm kernel oils will generate several DDSs that will need to be submitted in the Information System, increasing the administrative burden.

Proposed Solutions:

- Allow one (annual) DDS per value chain, streamlining compliance procedures.
- Place the obligation on the first operator or trader placing the product on the EU market, with no further requirement for downstream operators once submission has been confirmed.

3. Smallholders Traceability

Current traceability requirements are extremely difficult to meet for smallholder producers, who represent approximately 40% of global palm oil production. Exclusion of smallholders from the supply chain would have serious social and economic consequences in producing countries and could reduce the overall supply of sustainable palm oil to the EU market.

Proposed Solutions:

- Transition period for smallholders to comply with EUDR of 5 years.

- Acknowledgement of national permit certification schemes (e.g., ISPO, MSPO) as a practical and effective way to include smallholders in EUDR-compliant supply chains. Currently, MSPO includes dealers who take the fresh palm fruits to the mill, which improves traceability and is currently working on geolocation for smallholders.

Conclusion

To ensure that the EUDR achieves its environmental objectives without causing unintended economic harm, simplification and flexibility must be prioritised. Addressing the current challenges through pragmatic solutions—such as recognition of national permit standards and national dashboard(s), streamlined documentation, and support for smallholders—will help create a more inclusive and effective regulatory framework.

Failure to act timely, risks serious disruption across commodity supply chains, threatening the availability of vital goods for European consumers and industries—including food and feed, pharmaceuticals, cosmetics, personal care and detergents.

We call on EU policymakers to consider these practical recommendations to foster collaboration, preserve trade relations and maintain the EU's global competitiveness while advancing and leading sustainable practices globally.

APAG – Oleochemicals Europe is a long-established sector of the European bioeconomy. Since the early 19th century, the oleochemical industry has been using rendered animal fats to manufacture bio-based products used for candles, paints, detergents, cosmetics, pharmaceuticals and many other applications. Our industry continues to invest in sustainable technologies enabling the development of a circular bioeconomy: for instance, oleochemical products are used to de-ink used paper to enable recycling and to de-ice airplanes as an alternative to fossil-based materials.

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CESIO (the European Committee of Organic Surfactants and their Intermediates) is an industry association that represents manufacturers and marketers in the European surfactants industry. CESIO contributes to better understanding of surfactants and the many ways in which they contribute to economic development and quality of life; and addresses specific issues relating to human health and the environment in order to sustain their beneficial contribution to society. Surfactants have a wide range of end-uses including in household detergents, personal care formulations, industrial and institutional washing and cleaning, as well as technical applications in textiles, leather and paper treatment, agrochemicals, the metal, mining and oil industries, and in plastics, lubricants, paints and coatings.

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