



**AMERICAN  
HARDWOOD  
EXPORT  
COUNCIL**

42777 Trade West Drive  
Sterling, VA 20166  
Telephone: (703) 435-2900  
[americanhardwood.org](http://americanhardwood.org)

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## AHEC Trade Policy Alert EU Deforestation Legislation

The EU Anti Deforestation legislation, first presented as a draft in November 2021, is still passing through the EU law-making process, but this is happening more quickly than expected for such a complex, not to mention controversial law. In order to pass, the law must be agreed upon by consensus between both the EU Council of Ministers and the European Parliament.

On June 28, the EU Council of Ministers - which represents the governments of all 27 EU Member States- did in fact agree on the draft text. It now only needs to be agreed by the European Parliament (which is usually more inclined than the Council to implement far-reaching environmental measures). A vote may take place as early as September.

While we applaud the goals of the legislation, which are designed to fight deforestation and unsustainable agricultural practices, one aspect of this law would be a major obstacle for U.S. hardwood product exports to the EU - that is the requirement to provide geolocation data for the specific "plot(s) of land" from where all regulated material (including wood) contained in products placed on the EU market is sourced.

The requirements and definitions relating to geolocation have a strong potential for discrimination against products from smaller landowners, particularly when derived from diverse natural forests, such as is the case in the U.S. hardwood industry:

- Under Article 9 paragraph (g), all first placers of regulated products on the EU market are required to collect and organize data on "Country of production and geolocation of all plots of land where the relevant commodities were produced. Where the relevant product contains or has been made using commodities produced in different plots of land, the geolocation of all different plots of land shall be included."
- A 'plot of land' is defined as "an extension of land within a single real-estate property, as recognized by the laws of the country of production, and which enjoys sufficiently homogeneous conditions as to allow to evaluate, on the aggregate level, the risk of deforestation and forest degradation associated with commodities produced on that extension of land."
- A 'geolocation' is defined as "the geographical location of a plot of land described by means of latitude and longitude coordinates corresponding to at least one latitude and longitude point and using at least six decimal digits. For relevant commodities other than cattle, for plots of land of more than 10 hectares, the geographical location shall be provided using sufficient latitude and longitude points to describe the perimeter of the plot of land."



AHEC is engaging with our colleagues in the European wood trade through the *European Confederation of Woodworking Industries* which is organizing a campaign to educate Members of the European Parliament on the real-world implications of adopting the legislation as it currently exists.

*Also, attached is a document with AHEC Comments on the regulation, its potential for discrimination, as well as what we believe to be relatively simple amendments to the EU text.*

**We encourage all U.S. exporters to communicate with their customers in Europe as well, to ensure that they are aware of the implications and are in communication with their respective Members of the European Parliament.** The Comments document is designed to facilitate this discussion.

AHEC is working closely with Dana Cole, and the Hardwood Federation, to ensure that the U.S. government is also engaged in this process; and will keep you up to date on any progress, as we move forward.

**MICHAEL S. SNOW**  
**EXECUTIVE DIRECTOR**

**AHEC Headquarters**  
**42777 Trade West Drive**  
**Sterling, VA 20166**

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