

ACEA position on the EU Deforestation Regulation



GENERAL CONTEXT

European vehicle manufacturers have a long-held and firm commitment to sustainability. There is an understanding for the ambition of the EU to minimise the European contribution to global deforestation and forest degradation, to counteract the loss of biodiversity and climate change. To this end, the Deforestation Regulation (EUDR)¹ lays down rules regarding the placing and making available on the Union market as well as the export from the Union of relevant products.

The automotive industry has one of the most **complex supply chains** with multiple layers of parts suppliers. This remains challenging when it comes to mapping out of the OEMs' supply chains, carrying out risk assessments, and risk mitigation (including ending collaborations and finding new suppliers if mitigation is impossible).

Increased complexity that comes with the implementation of the EUDR **places increased burdens on companies**, eg through investments that are needed to comply with implementation, setting up technical support and so on. This all comes with an impact on the OEMs' competitiveness.

The EUDR remains a very complex regulation, despite the Commission's efforts for clarifications through the published FAQs in December 2024 and April 2025, as well as the April 2025 draft Delegated Act.

From our point of view, it remains imperative for the Commission to further simplify the EUDR before it is put into effect and to clarify open questions. An extension of the scope, as currently foreseen in the review process, is therefore not advisable at this time.

KEY CONCERNS

In order to prepare for the implementation of the regulation on 30 December 2025, our members continue to face numerous practical questions. Besides the published and updated FAQs and guidance document (https://green-business.ec.europa.eu/deforestation-regulation-implementation_en), there are still many issues to be clarified. Below, the most critical aspects in need for clarification/amendments are presented:

- **Introduction of a minimum threshold.** The EUDR lacks minimum thresholds for relevant products. This results in disproportional efforts for the setting up of due diligence and risk management processes. If a relevant product contains less than a certain percentage of the EUDR commodity in question, this product should be exempted from the EUDR. The same should apply for products which are below a certain weight threshold of the commodity contained (eg xx grams). Alternatively, deliveries of EUDR relevant products with a value below €1,000 should not be included in the EUDR's scope.
- **Limit focus on the first placing on the EU market; avoidance of intra-EU tracing.** Significant relief for all affected companies can be achieved if the EUDR

¹ Regulation (EU) 2023/1115

due diligence obligations were to apply only to the first placing on the EU market of the relevant raw materials and products. An effective, but simplified approach can be taken, while maintaining the spirit of the EUDR to secure an efficient control of preventing uncompliant material/parts to enter the EU by:

- **Avoidance of intra-EU tracing.** Limitation of the traceability obligation to the first placing on the EU market to avoid repeating due diligence obligations and useless additional burdens and repeated obligations on the various actors' downstream supply chain.
- **General exemption of intra-group activities.** The currently planned renewed due diligence obligations include transfers within a corporate group. As these intra-group activities only have a limited impact on EUDR, but come with an increased bureaucratic burden, group trading activities should be exempted from any obligations.
- **Keep focus on New Type mass production and exempt already on the market spare parts.** It must be ensured that placing on the market of spare parts for vehicles, which are no longer in production, does not trigger due diligence obligations. Spare parts are long-lasting consumer products and the EUDR should take into account the fact that they enable longer use of the product, in this case the vehicle, which is beneficial. Additionally, uncertainty exists due to unclarity which data suppliers will have to pass on to next recipients in the supply chain, eg when parts are placed on the market 10 years after they were purchased by the supplier, given the fact that currently the retention period for EUDR data is five years. Given these concerns, we recommend focus to be kept solely on spare parts, destined to vehicles which are currently being produced (focus on "new type" mass production parts).
- **Imports-only scope.** In particular, there should be equal treatment of traders and SMEs, so that they do not have to fulfill due diligence obligations if these have already been fulfilled once for the products (see for SMEs Art. 4 (8) EUDR). Against this background, and in the view of simplification, the European Commission could consider reducing the scope of EUDR to imports only.
- **Risk-based approach.** Currently the EUDR provides for a success obligation to operators/traders to conduct due diligence. However, the operators/traders highly depend on information provided by the relevant actors of the upstream supply chain. Sometimes, despite high efforts of the operators/traders, information remains unavailable. To resolve this situation, a risk-based approach should be introduced to the EUDR obligations (see eg German Supply Chain Due Diligence Act). The risk-based approach should also be taken with regard to the legality verification process, avoiding contradictions with legal supply chain due diligence obligations and focusing only on deforestation risks. These improvements would allow companies to conduct targeted risk analysis/mitigation and lead to a better implementation of the EUDR.
- **Establishment of more reliable geolocation system (EU Forest Observatory).** The current EU Forest Observatory is an imprecise tool with many mismatches (up to dozens of percentages which operators cannot fully rely on, and which obliges operators to engage costly outsourced services to fully comply with the requirements).

CHALLENGES REQUIRING CLARIFICATION IN ADDITIONAL FAQs OR GUIDELINES

- **Requirements for obtaining information.** The EUDR requires ‘adequately conclusive and verifiable information’ to prove that products are deforestation-free activities. This unclear requirement should be clarified because it practically makes it infeasible for companies to implement the EUDR, leaving companies no choice but investing enormous resources (external interpretation) to decode these uncertainties.
- **Weight information.** The significance of the weight information provided in TRACES needs to be clarified. The exact consequences of incorrect declarations are not laid out yet. Furthermore, it needs to be clarified if a rough and maximum estimate of the weight can be used. Companies typically track quantity of parts within internal part ordering systems and translating these into weight often leads to gross estimations that add little value to compliance. This process increases administrative burdens without contributing to the regulation’s goals. A more focused approach on the number of products, rather than weight, would streamline compliance and improve efficiency.
- **General exemption for test materials, prototype parts, and pre-production parts.** The draft Delegated Act, published in April 2025 by the European Commission, suggests a very narrow exemption for samples of products and products used for examination, analysis and testing. In fact, the latter shall only be exempted from the EUDR, if they are completely used up or destroyed in the course of the examination, analysis or testing. However, in practice, a general and unconditional exemption for test materials, prototype parts, pre-production parts and all parts which are not intended for commercial sale is required to accommodate the practical needs of the companies and should thus be included in the Delegated Act. This is in particular true because the destruction of testing materials or prototypes itself is not sustainable. Furthermore, companies are very often subject to other legal obligations which require them to comply with long retention periods for testing materials and prototypes.

CONCLUSION

Given the substantial number of issues that remains, ACEA and its member companies are of the strong belief that it is necessary to introduce *de minimis* thresholds, limit the scope of EUDR to the first operator/trader, and focus on New Type mass production only when relevant (eg tyres). This would lead to a meaningful reduction in burdens for the European automotive industry.

The European Commission has made regulatory simplification a priority. It would therefore be a sensible and necessary decision to adjust the EUDR regulation and to adapt it in terms of practical feasibility and effectiveness. This would be a win, both for forest protection and for European competitiveness.



ABOUT THE EU AUTOMOBILE INDUSTRY

- 13.2 million Europeans work in the auto industry (directly and indirectly), accounting for 6.8% of all EU jobs
- 10.3% of EU manufacturing jobs – some 3.1 million – are in the automotive sector
- Motor vehicles are responsible for €383.7 billion of tax revenue for governments across key European markets
- The automobile industry generates a trade surplus of €106.7 billion for the European Union
- The turnover generated by the auto industry represents over 7.5% of the EU's GDP
- Investing €72.8 billion in R&D per year, automotive is Europe's largest private contributor to innovation, accounting for 33% of the EU total

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