

India Calls For Details on EU's Deforestation Norms

Proposed rules may hit India's agri exports worth \$1.3 b

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New Delhi: India has sought information from the European Union about its proposed regulation that seeks to benchmark exporting countries as low or high risk basis deforestation levels. The EU's deforestation-free product regulation has implications for India's coffee, cocoa, soya, wood products, rubber and its products, and leather goods exports.

The regulation requires firms to ensure that the product exported to the EU has been grown on land which has not been deforested after December 31, 2020. It prescribes fines up to 4% of a firm's annual turnover in the EU, confiscation of product and revenues gained from a transaction.

The new rules will apply to large firms from December 2024 and small firms from June 2025.

New Delhi's concerns relate to one of the conditions on whether the Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change cover emissions and removals from agriculture, forestry and land use.

"India has asked the EU to

Bone of Contention

- **Rules** benchmark exporting nations as low or high-risk basis deforestation levels
- ▶ **Rules prescribe fines** up to 4% of a firm's annual turnover in the EU
- ▶ **Also confiscation** of product and revenues gained from a transaction

India asks EU if it would cover traceability, due diligence costs

- **Grants provided to protect, restore, manage forests in partner nations details sought**

elaborate on the rationale behind setting agriculture-related NDC commitments as a criterion for the benchmarking system," said a Geneva-based official.

The EU's Deforestation Regulation (EUDR) is expected to hit India's agricultural exports worth \$1.3 billion to the EU starting from December 2024.

"Indian exports may take a bigger hit than exports from other competing countries to the EU because of India's higher deforestation rate," said a trade expert.

At the World Trade Organization (WTO), India has also asked the bloc if it would cover adaptation costs in traceability and due diligence requirements of the unilateral measure.

As per the regulations, operators in third countries, including smallholders, could face costs to develop or implement systems to allow EU operators to comply with the new requirements, where they do not already have systems in place.

Further, additional costs in producing countries to ensure compliance with the regulation would be any costs of switching to production practices compliant with the "deforestation-free definition".

India has also sought details of the grants provided to protect, restore and sustainably manage forests in partner countries, as well as details pertaining to grants provided to support sustainable agriculture in partner countries.

