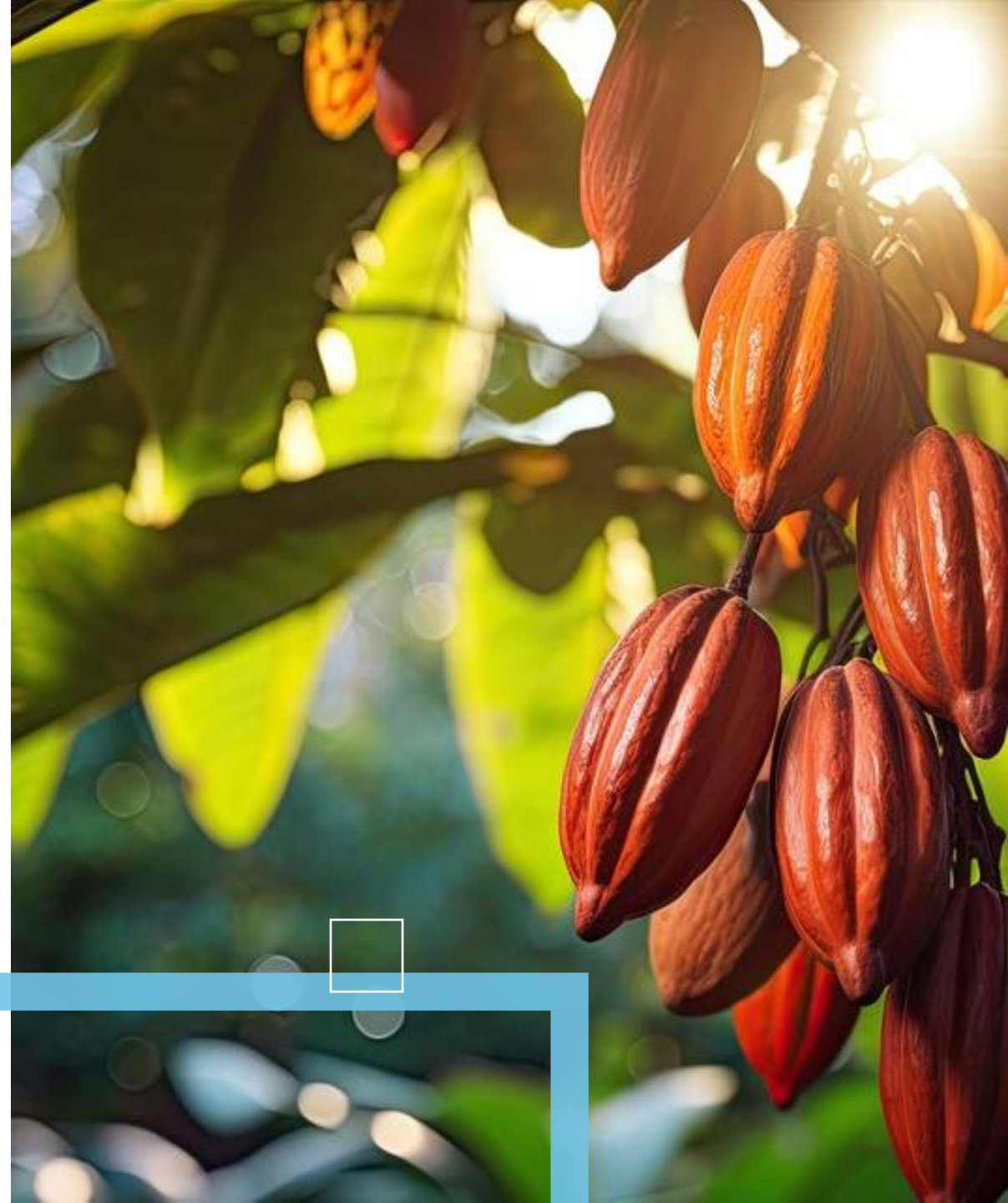




ICE CoT Update: EU Commission EUDR Simplification and Transition Proposals

ICE Benchmark Administration



Summary of Commission Proposals

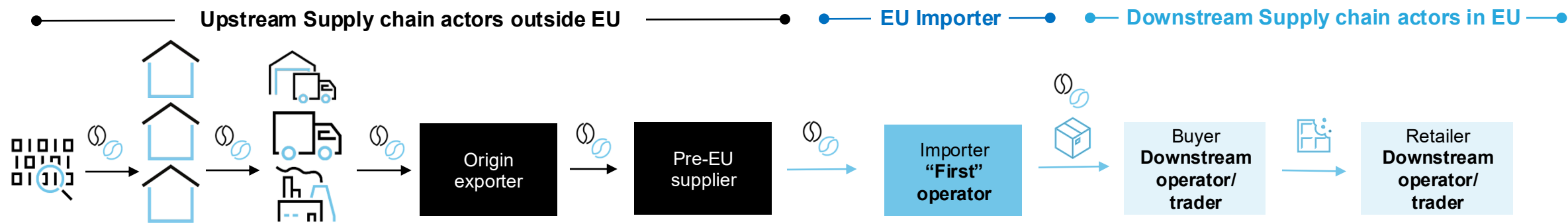
- **Substance proposal – *targeted simplifications***
 - Relaxation of due diligence requirements on downstream operators and traders – *no DDS, no ascertaining DD*
 - Focus on ‘first’ operator – *the only DDS submitter, due diligence, reporting, responsibility*
 - New category of micro and small primary operators from low-risk countries – *new one-off simplified declaration (expected to cover close to 100% of farmers and foresters in the EU)*
- **Transition proposal – *grace period and application dates***
 - EUDR still applies from 30 December 2025 for large and medium companies - *six months grace period for mandatory checks and enforcement, but questions remain as grace period scope*
 - EUDR applies from 30 December 2026 for micro- and small enterprises
- **Next steps to become law**
 - Parliament and Council need to agree proposal
 - Amendments trigger negotiations
 - Failure to agree results in current EUDR application

New Concepts

New concepts	Meaning
• Downstream operators	• Any operator placing on the market or exporting relevant products already covered by a DDS (or an SD) • Same obligations as traders
• Micro and small primary operators (MSPOs)*	• A natural person or an entity which may exceed at most one of the following on its balance sheet date: • balance sheet total: EUR 4 000 000 • net turnover: EUR 8 000 000 • average number of employees during the financial year: 50 • established in a low-risk country • places on the market or exports relevant products it has produced itself
• Simplified declaration (SD)*	• Declaration in the form of Annex III required to be submitted to NCAs by MSPOs before placing/exporting • Geopoints may be replaced with postal address of production plots • Declaration identifier (DI) is assigned after submission

* Not expected to be applicable at scale to cocoa or coffee supply chains

First Operator vs Downstream Operator



Requirement	'First' operator (e.g. importer)	Downstream operator/trader
• Due diligence statement (DDS)	• Only the first importing/placing/exporting operator is required to submit a DDS	• No longer required to submit a DDS
• EU IS	• Registration of operator and submission of every DDS required	• (Unless SME) registration of downstream operator and traders required
• Due diligence and compliance	• Remains subject to full EUDR DD and compliance requirements under Articles 3, 4 and 8 • Submitter of DDS still expressed as assuming responsibility for compliance of products	• No longer required to ascertain DD under Article 4 when referring to a DDS • Downstream operators/traders referring to previously submitted DDS no longer expressed as being responsible for compliance of products

First Operator vs Downstream Operator

Requirement	'First' operator (e.g. importer)	Downstream operator/trader
• Information collection requirements	• Full Article 9 information collection	• When making relevant products available they must have (and keep for 5 years) (Articles 5(1) to (4)): • name, address, email etc. of operators, downstream operators, or traders who have supplied the relevant products to them; • DDS reference numbers or SD identifiers associated with those products (to ensure full traceability) • name, address, email etc. of downstream operators or traders to whom they have supplied the relevant products
• Information sharing requirements	• No longer have to share info to demonstrate DD was exercised to downstream operators and traders • Must continue to share with downstream operators and traders: • DDS reference numbers (or SD identifiers); • any info indicating that a relevant product that they have placed on the market is at risk of non-compliance (including SCs) (this info must be shared with NCAs)	• Must share with downstream operators and traders: • DDS reference numbers or SD identifiers (to ensure full traceability); • any info indicating that a relevant product that they have placed/made available is at risk of non-compliance (including SCs) (this info must be shared with NCAs) • (Unless SME) must inform NCAs prior to placing/making available/exporting of info indicating that a relevant product is non-compliant. In the case of substantiated concerns must verify DD was exercised and no/negligible risk was found. May only place/make available/export relevant products if this verification demonstrates no/negligible risk

First Operator vs Downstream Operator

Requirement	'First' operator (e.g. importer)	Downstream operator/trader
• NCA checks	• Must continue to offer all necessary assistance to the NCAs to facilitate checks • Remain subject to all checks	• Must continue to offer all necessary assistance to the NCAs to facilitate checks • Remain subject to checks on compliance with Articles 5(1) to (4) and, where appropriate, spot checks and field audits
• NCA actions and penalties	• Remain subject to all sanctions	• Remain subject to all sanctions
• Substantiated concerns	• Remain subject to substantiated concerns regarding non-compliance	• Remain subject to substantiated concerns regarding non-compliance

Other Changes

• Application date	• For micro and small operators (established by 31 December 2024) irrespective of legal form and MSPOs application is delayed until 30 December 2026 • No application delay for other operators, downstream operators or traders
• Grace Period	• Grace period for mandatory checks (but NCAs could still conduct voluntarily checks), identification of situations requiring immediate action, and corrective action by NCAs until 30 June 2026 (30 December 2026 for micro and small operators and MSPOs) • NCAs may issue warnings and recommendations to achieve compliance if it becomes aware of non-compliance during grace period
• Country risk classifications	• No Change
• Relevant commodities and products	• No Change
• Review	• Specific commission impact assessments due 30 June 2025 have been removed • General review moved back to 30 June 2030 (from 30 June 2028) and expanded, and now includes role of downstream operators and traders and MSPOs

Risks for Downstream Operators

- EC expects EU IS registration and DDS reference number collection and sharing to ensure full traceability
 - ***Full traceability required within the EU after DDS***
 - ***Risks of NCA action, to reputation if traceability system is inadequate***
- Info on risks of non-compliance and substantiated concerns for placed products must be passed to NCAs and downstream operators and traders
 - ***Info sharing required***
 - ***Risks of NCA action, liability under supply contracts, to reputation if placed non-compliance product or system is inadequate***
- Info indicating non-compliance of product to be placed must be passed to NCAs
 - ***Info sharing required***
 - ***Substantiated concerns require verification of DD and no/negligible risk***
 - ***No placing of impacted product unless verification demonstrates no/negligible risk***
 - ***Risks of holding un-placeable product, NCA action, associated supply contract default, to reputation if holding non-compliance product or system is inadequate***

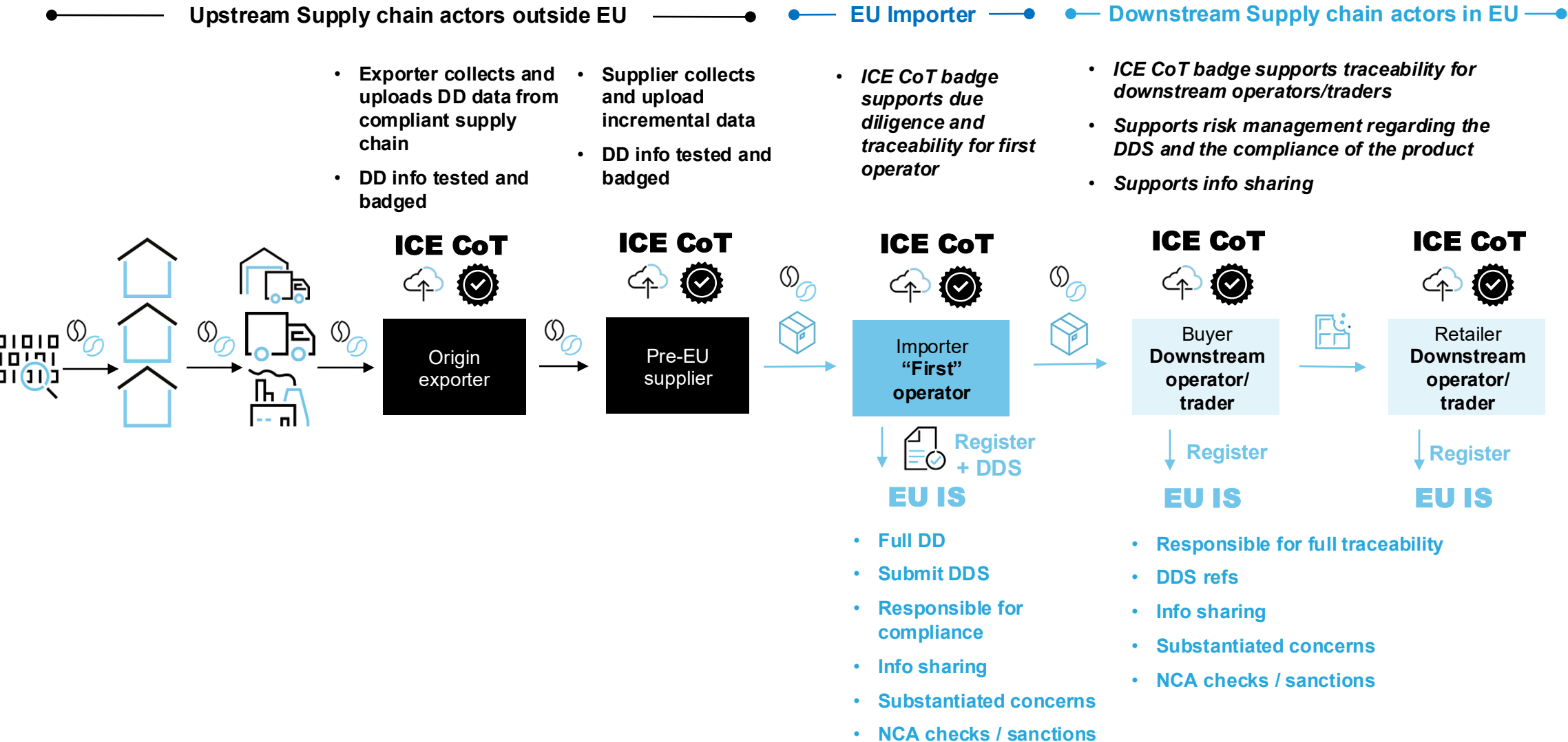
Risks for Downstream Operators

- NCA checks still apply (after grace period for mandatory checks, possible voluntarily checks during grace period)
 - *Must provide assistance, documents and records but could involve spot checks and field audits*
 - ***Risks of NCA action, under contracts, to reputation if placed non-compliant product or if traceability system is inadequate***
- NCA sanctions still apply (after grace period, although technically penalties could apply earlier)
 - ***Risks of non-compliant product seizure, suspension, withdrawal/recall, donation/disposal, NCA costs recovery, penalties (including fines, confiscation of revenues)***
- Effectiveness of grace period
 - ***Risks of mandatory checks / sanctions after July 2026 on product imported during grace period***
- Risks originating outside EUDR
 - *E.g. NGOs identify **product is non-compliant, DD was insufficient, DDS was unreliable***
 - ***Risks under contracts and to reputation (from public identification)***
 - ***Risks under EUDR as above (substantiated concern, holding un-placeable product, NCA action)***

Risks for Importer Operators

- Potential for increased focus on importer DDS and due diligence
 - *Focus of NCA checks and sanctions*
 - *Focus of NGOs and substantiated concerns*
 - *Downstream operator and trader focus on reliability of DDS and sufficiency of DD*
 - ***Risks under EUDR as above (substantiated concern, holding un-placeable product, NCA action)***
 - ***Risks of liability under supply contracts***
 - ***Risks of associated supply contract default***
 - ***Risks to reputation (from public identification)***

Supply chains on ICE CoT following the changes



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