

# EU Deforestation Regulation: Implications for Ethiopian agricultural export sector and the need for timely preparedness



## Introduction

The European Union Green Deal is a comprehensive and long-term policy initiative aimed at defining the EU strategy towards a green economy by 2050. Its goal is to make Europe the first climate-neutral continent by 2050. To this end, the EU has developed policy initiatives and implementation strategies and enacted laws enforcing practices that combat climate change. These include initiatives on climate, energy, industry, building, environment and ocean; agriculture, transport, research and innovation; and finance and regional development, which are designed to deliver to a specific target within key policy areas (EU Commission, 2019). The associated legislations are believed to significantly impact businesses worldwide, necessitating a shift towards more sustainable production practices. Companies exporting raw materials or processed products to EU markets need to adapt specifically to sustainable production; the Deforestation Regulations; Circular Economy Action Plan, and Farm to Fork Strategies that demand for stopping climate change and biodiversity loss; cutting pollution; improving resource use efficiency; geolocation data and information sharing; and making the transition just and inclusive for all (EU commission, 2019).

The European Union's Deforestation Regulation (EUDR), which will be effective as of 30th December 2024 is a major part of the Green Deal aiming at preventing global deforestation induced by EU's commodity production, supply chains and consumption. The policy demands gearing the EU food supplies towards environmentally sustainable and climate-friendly production through 1) regulating deforestation-contributing commodities production and consumption; 2) efficient resource utilization; 3) ensuring traceability by collecting Geolocation data; 4) thorough risk assessments and due diligence reports; 5) limited use of pesticides and fertilizers; 6) protecting human and animal rights and ensuring inclusiveness; 7) promoting fair trading; and 8) providing technical and financial support to alleviate poverty (EU Commission, 2023; OJEU, 2023).

## KEY messages

- The European Union Green Deal aims to make Europe the first climate-neutral continent by 2050, impacting businesses worldwide and necessitating a shift towards sustainable production practices.
- The EU's Deforestation Regulation (EUDR) targets commodities such as coffee, cattle, wood, palm oil, soya, cocoa, and rubber, posing trade barriers for non-EU countries and potentially impacting Ethiopia's agricultural export sector.
- Ethiopia's long-standing trade relationship with the EU and its reliance on agricultural exports to the EU market makes it imperative for the country to proactively tackle the potential economic impact of the EUDR.
- The EUDR compliance certification experiences in Ethiopia, especially in the coffee sector, highlight the challenges related to geolocation data collection, certification mechanisms, and the potential impact on smallholder farmers' income.
- To ensure timely readiness for EUDR compliance, a national multi-stakeholder consultative meeting was organized in Ethiopia to create awareness and discuss ongoing strategic interventions, with a focus on developing a concise guideline and establishing a national task force for coordination.

Companies based in the EU and sourcing products both from local and international producers are obliged to sign a declaration stating that they will take responsibility for managing the supply chain. The EUDR targets cattle, wood, cocoa, soya, palm oil, coffee and rubber, including their derived products that have a large impact on forest degradation. Understandably, the regulation is most likely to pose a trade barrier on products coming from non-EU countries where awareness, technology, and financial resources are very limited, and infrastructure is less developed. Because of that, low and middle income

---

countries are voicing their concerns over the EUDR's one-size-fits-all approach (LiveEO, 2023).

As a country dependent on proceeds from agricultural commodities export, Ethiopia is not an exception. The EUDR has thus a great potential to impact its economy through trade discrimination. To proactively tackle the economic impact, the EUDR is likely to entail, the country needs to do the following: (1) understand the EU policy measures and requirements; and (2) raise awareness of stakeholders engaged in export of these commodities. That is a cornerstone in complying with the Green Deal and EUDR. Moreover, (3) identifying key policy measures and their requirements as well as (4) designing strategy and taking immediate action with a clear monitoring, evaluation and learning system is essential to minimize the impacts of the Green Deal and the EUDR on the country's economy.

In recognition of the importance of the EUDR regulation to Ethiopia, a national multi-stakeholder consultative meeting was organized. The purpose of the meeting was to create awareness about the new EU Deforestation Regulation and the set criteria and requirements for stakeholders and policymakers. Participants included officials and experts from the Ethiopian Coffee and Tea Authority (ECTA); Ministry of Trade and Regional Integration (MoTRI); Ethiopian Agricultural Authority (EAA); Ethiopian Commodity Exchange (ECX); as well as private companies and development organizations. Presentations on the Green Deal, EUDR and the Rainforest Alliance initiatives in compliance with the EUDR helped to raise the awareness of participants. Key points discussed in the consultative meeting included: the EU provisions and requirements, the need to set the required infrastructure, knowing the ongoing initiatives and differentiating the missing elements under the respective organizations helped to understand the urgency and the need for collective action. Thus, this issue brief presents the outcomes of the consultative meeting and it consists of (1) an overview of the key EUDR provisions that Ethiopia needs to comply with; (2) the importance of the EU market for Ethiopian agricultural commodities export; (3) implications of the EUDR on market access and smallholders' income; (4) inventory of the strategic interventions; and (5) action points for timely readiness along with sharing of roles and responsibilities among relevant actors.

## 1. Overview of key provisions of the EU Deforestation Regulation

Europe intends to be the leading climate-neutral continent by 2050 by caring for nature, using resources efficiently for its sustainable economic growth and improving people's health and quality of life. In its strategy known as "The Green Deal", the EU outlined a mechanism by which the continent will reach the

intended economic growth sustainably. Its goals encompass ensuring zero net emission by 2050, decoupling economic growth from proficient use of resources and leaving no person or place behind. As per the Green Deal, member countries are obliged to work on emission reduction, boost natural carbon sinks and social inclusion by crafting target initiatives on climate, energy, industry, building, environment, agriculture, transport, innovation and financial sectors. As noted earlier, The EUDR identified coffee, cattle, wood, palm oil, soya, cocoa and rubber, as well as their derived products like furniture, and chocolate as major contributors to deforestation through production expansion (EU Commission, 2024b).

Production of the commodities listed above contributes to more than 10% of the global greenhouse gas emissions. Thus, the regulation forces producers and traders to put these commodities or their derived products on the EU market to prove that the production process did not contribute to deforestation or forest degradation and does not originate from land denuded after December 31, 2020. The EU aims to evade deforestation because of agricultural expansion and reduce carbon emissions by 32 million tons a year through regulatory enforcement as well as technical and financial support. To achieve at the goals set, the EUDR focuses on deforestation and abuse-free production; determining risk level; geolocation data and due diligence compliance; product certification; ensuring circular economy, and product design and packaging. Generally, the EU Green Deal aims at increasing climate ambition for 2030 and 2050; supplying clean, affordable and secure energy; mobilizing industry for a clean and circular economy; building and renovating and efficiently using energy and resources. The regulation introduces a benchmarking system to assess countries and their level of risk as **low**, **standard**, or **high** for deforestation and forest degradation resulting from the production of the above commodities. Such preferential practices and an arbitrary and one-sided risk assessment approach may affect the risk level that might be assigned to Ethiopia.

**Organic production:** Under the new regulation, it is prohibited to use Genetically Modified Organisms (GMOs), ionizing radiation, hormones, antibiotics and overstocking. It is also recommended to limit the use of synthetic fertilizers and pesticides. Sourcing companies need to encourage and support crop rotation, green manure and natural pest control, and the cultivation of nitrogen-fixing plants. Equally encouraged is the use of resistant varieties, and breeds, and improving the natural immunological defence of animals.

**Geolocation data:** To trace the origin of commodities, the regulation necessitates due diligence from supplying companies. It mandates the recording of supplier names and geolocation, specifying the collection of coordinates for the land where the commodities are being produced.

It states that farm plots below four hectares need a point location reference while those over four hectares are required to have a polygon coordinates of each farm.

## Packaging and packaging waste management

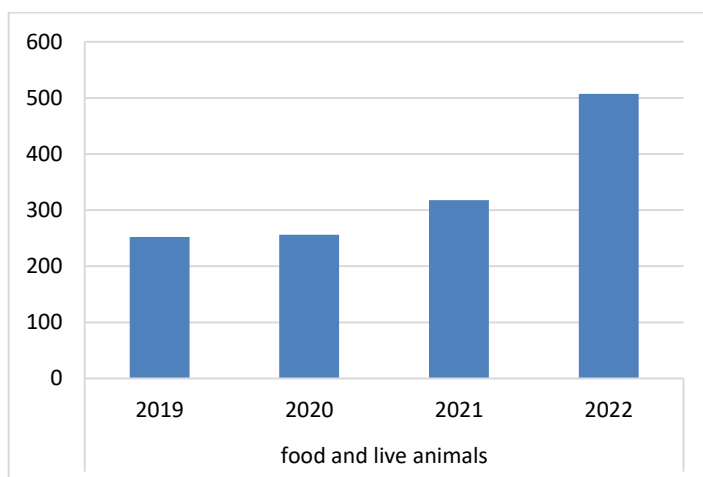
As of the 3<sup>rd</sup> of July 2021, the EU no longer allows single-use plastic items. By December 31, 2025, it will have required that at least 65% of the weight of all packaging materials must be made from recycled ingredients (50% recycled plastic; wood 25%, ferrous metal 70%, aluminium 50%, glass 70%, paper and cardboard 75%). The EU also requires that labels stuck on fruits, vegetables and plastic bags should be very light and compostable.

## Experiences with EUDR Compliance Certification in Ethiopia

Rainforest Alliance is an international non-profit organization that has been operating in Ethiopia for over a decade. The organization has been certifying farms, including smallholder plots that produce forest coffee. The Alliance has so far geo-located and certified over 100,000 hectares of land. It has also been supporting farmers in forest and biodiversity conservation and climate resilience. It has been backing farmers in implementing sustainable coffee production practices; respecting human rights in the due of forest coffee production; marketing and consumption; geo-locating the plots; and certifying farms and coffee produced according to the sustainable agricultural standards. The alliance also provides training to farmers; monitors their farms; supports them in data collection and analysis; conserving and promoting coffee landscapes and ceremonies. It also attempts to link farmers with buyers offering higher prices, thereby improving rural livelihoods. Experiences of the Alliance surfaced that geolocation data collection requires capacity, ample resources and time for improved accuracy. Using the geo-data, buyers in any corner of the world can trace pruned coffee plots and identify fallen trees via satellite images and reject the produce from marketing because of the reduced forest area or the green cover. Failure to differentiate coffee clipping from deforestation is one of the drawbacks of the EUDR system which requires validations that lengthen the certification process thereby delaying the marketing process. This may have price implications. Such limitations can, however, be minimized by collecting accurate data, by making the information accessible, and by pre-informing the sourcing companies.

## 2. Importance of EU market for the Ethiopian agricultural commodities export

Ethiopia has a long-standing trade relationship with the EU and has been exporting various products to the EU countries. According to the European Commission report, in 2022 Ethiopia exported 910 million Euros worth of agricultural products (food 80% and textile 9.4%). Among the currently listed commodities and their derivatives in the EUDR, Ethiopia exports coffee, live animals and leather products. The trade relationship between the two parties has come a long way since 2012, during which Ethiopia has exported over Euro 550 million and imported around Euro 1050 million. Ethiopia's food and live animal exports to the EU doubled between 2019 and 2022 (Figure 1). From the total exports to the EU in 2022, 82.2% (Euro 748 million) constituted agricultural products, mainly food and raw materials of which 57.7% were food and live animals while 24.5% was raw materials (EU Commission, 2022).



**Figure 1:** Export of Food and Live Animals to the EU (Million Euros), (Source: EU Commission, 2023)

Intending to reduce greenhouse gas emissions and biodiversity loss, the EUDR puts a lot of pressure on the growing path of Ethiopian exports to the continent. To comply with prevailing European regulations, exporters of coffee, horticulture, oilseeds, spices and processed foods have built trade relations with EU member countries; developed internal infrastructure; and supply chain systems. Adjustments to the new EU regulations require finance and capacity, intensive public-private engagement and strategy development. All this is necessary to keep pace with global developments. It is well known that the EU is a global influencer and game changer in promoting the green economy. That is because of its climate-neutrality, deforestation-free production, Geolocation data requirements and inclusiveness initiatives. These regulations might easily be comprehended by the USA, Japan, Korea, Australia, Scandinavian, and Asian countries sourcing commodities

---

from Ethiopia. Maintaining the current market share and expanding new destinations needs stakeholders' collaboration and following system-level thinking to meet the new EU standards and requirements. Unless timely preparations are made and necessary measures are taken, the Green Deal, EUDR, and many other provisions may, nevertheless, significantly affect Ethiopia's export performance and pose exclusion from the EU markets and that of other low and middle income countries. Though the process is lengthy and resource-intensive, it is pertinent that Ethiopian regulators step up and craft essential regulatory frameworks. Equally important is the need to design efficient marketing and service provision systems. That would enable the country to create new trade relations and at the same time maintain the current market share with the EU countries.

### **3. Implications of the EUDR on Market Access and Smallholders' Income**

Even though the overarching Green Deal promises to ensure a fair transition without leaving anyone behind, the division between non-complying and complying countries will significantly impact the global trade dynamics. More specifically,

- Deforestation-free certified products might command higher prices while products from non-compliant countries may fetch lower prices on the global market;
- Price disparity may encourage the development of two types of marketing systems in the world. Whereas countries complying with the EUDR will have access to the lucrative EU markets; while non-compliant countries may face exclusion or narrow down their trade destinations;
- The non-complying countries might be forced to form a new trading alliance;
- The EUDR might be adopted by other nations as well and that may result in a global shift towards eco-conscious trade practices presenting a challenge for Ethiopia. This marginalization may in turn adversely affect the livelihoods of millions of smallholder farmers in the country;
- Due to a lack of digital infrastructure, expertise in geolocation data collection and certification mechanisms, coffee companies currently operating in Ethiopia might be forced to look for sources with better infrastructure;
- The stringent EUDR requirements may increase production costs and reduce the income of farmers, thereby hindering the acceptability and adoption of sustainable practices. This may lead to relinquishing commodity production and shifting to other crops, thereby diminishing the country's export earnings.

### **4. Inventory of ongoing strategic interventions towards the EUDR compliance**

The Green Deal, EUDR and other EU provisions cover all commodity value chain stages (production, processing, transportation, storing, certification, marketing and consumption) and concern all actors. In the consultative meeting, stakeholders from public institutions were briefed on the ongoing initiatives and activities in their respective organizations to ensure timely adjustment and meet the EUDR requirements. It was, for example, reported that:

- The Ethiopian coffee, tea and spices authority (ECTSA), which is the lead institution, has been running a development project since 2023. Currently, the project targets acquiring equipment for geo-data collection, recruiting staff and providing capacity building;
  - The coffee and tea authority, Ministry of Trade and Regional Integration (MoTRI), the Ethiopian Agricultural Authority (EAA) and the Ethiopian Commodity Exchange (ECX) are in preparation to lobby the EU to delay the starting date of the EUDR or situation-based treatment as it is difficult to comply within the given period (i.e. until 31 December 2024);
  - The ECTSA has signed agreements with a couple of coffee-producing companies to start with EUDR complying with farm activities;
  - The EAA and MoTRI are under discussion with major actors to have a common understanding of the provisions and for possible collaboration in planning the way forward;
  - The EU Commission is trying to create awareness of the EUDR and the provisions for coffee sector actors through organized workshops;
  - A guideline on the EUDR and its requirements is under preparation by the EU Commission and will be shared with primary actors for better understanding, preparedness and implementation.
-

---

## 5. Action points for timely readiness along with sharing of roles and responsibilities among relevant actors

The consultative meeting revealed the existence of some initiatives by the various actors. At the same time, it was noted that the efforts are fragmented and do not encompass all stakeholders who have a stake in implementing the EU provisions and fulfilling the requirements, which need a consolidated and holistic approach. Most actors (both public and private) from the coffee, animal, and pulses sectors are either not fully aware or not at the same level in understanding on the provisions and their implications on marketing with the EU countries. For example, exporters are still not very clear on the regulation and its requirements. Nor do they know what they have to exactly do to comply with the provisions. That implies a lot more has to be done on the part of the leading institutions and development partners by way of clarifying the issues and creating a wider awareness among stakeholders. Moreover, creating awareness at smallholder level to ensure compliance with the EUDR and the Green Deal provisions is a time and resource-consuming effort that requires setting up an internal financing system or soliciting external funds.

Given the short implementation period (December 2024), it was noted that the preparations made so far in response to the Green Deal and EUDR are insignificant. The suggestion made during the workshop on abandoning EU markets and shifting elsewhere rather simplistic and easier is said than done; it is not easy to switch to other markets overnight without value or trade relationship loss. It is also important to note the significant market share the EU holds specifically for coffee. The efforts in Ethiopia focused on coffee and fully neglected other sectors, which have non-negligible contributions to currency earnings. To counteract the danger, urgent countrywide strategy development and execution is essential.

The accuracy of tools used for Geolocation data collection for tracing and remote checking for deforestation in the rural context of Ethiopia is somehow questionable especially, due to capacity limitations and man-made errors. However, data can still be gathered and shared with buyers around the globe. Moreover, mapping the geographic locations of plots is tiresome as they are very small in size and scattered. The increased activities may put an additional burden on smallholder farmers halting full compliance to the EUDR. To encourage farmers' compliance, putting an incentive or high pricing mechanism is required. That is done until the requirements are fully accepted, adapted and implemented.

Recognizing the implications of the EUDR regulation and the importance of the EU markets for agricultural products export in Ethiopia, stakeholders presented the

ongoing efforts and initiatives to ensure timely adjustment in response to the requirements. Given the multi-faceted nature of the EUDR and the Green Deal provisions, there is a need to engage diverse actors from the public, private and knowledge institutes. Bringing these actors on board requires devising a system that ensures effective collaboration, coordination and joint action. Its realization calls for agreement and establishment of a national task force composed of experts from relevant public organizations, private actors, knowledge institutes and development partners. In light of that the following action points were identified in the consultative meeting:

- Developing a concise and understandable guideline with the relevant provisions and requirements of the EUDR taking into account the target commodities and knowledge of actors engaged;
- It was agreed that representatives from ECTA, MoTRI, ECX and EAA discuss with their line managers whether there is a need to participate in a task force that will be organized to coordinate the ongoing efforts. If they agree to participate, they are advised to nominate a focal person who will represent the institution and participate in the task force;
- Soya bean is one of the commodities included in the EUDR. Ministry of Trade and Regional Integration agreed to explore the need to initiate preparation, mainly assessing the export volume and potential of the commodity to the EU. However, it was underlined that what matters is not the volume, but the intent. It was also noted that what needs more serious consideration is that future provisions may include other commodities as well;
- SWR Ethiopia will follow up with representatives of the above public offices and organize a follow-up consultative meeting to discuss on next steps.

---

## References

- European Commission. (2019) Communication from the Commission. The European Green Deal. Brussels, 11.12.2019, COM (2019) Document 52019DC0640 final.  
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2019%3A640%3AFIN>. (accessed on 26/3/2024)
- European Commission. (2023) European Union, Trades in Goods with Ethiopia.  
[https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_ethiopia\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_ethiopia_en.pdf) (accessed 30/4/2024)
- European Commission (2024a). Organic production and products. Agriculture and Rural Development, European Commission. [https://agriculture.ec.europa.eu/farming/organic-farming/organic-production-and-products\\_en](https://agriculture.ec.europa.eu/farming/organic-farming/organic-production-and-products_en) (accessed 4/4/2024).
- European Commission (2024b). Regulation on Deforestation-Free Production. Agriculture and Rural Development European Commission.  
[https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en) (accessed 4/4/2024)
- LiveEO. (2023). Balancing Act: The EUDR's Impact on Global Trade and WTO Relations. Business & Environment 2023. October 30, 2023. Accessed on 9/4/2024.  
At: <https://www.live-eo.com/article-the-world-Trade-Organization-and-the-eudr/>
- Official Journal of European Union. (2023). The EU Deforestation Regulation (EUDR) 2023/1115. OJEU. 9.6.2023 (accessed on March 26, 2024, at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>)

---

Citation: Getaw H., Geremew T., and Alemu D. 2024. EU Deforestation Regulation: Implications for Ethiopian agricultural export sector and the need for timely preparedness. Stichting Wageningen Research Ethiopia, Addis Ababa. SWRE-RAISE-FS-24-029



For more information, please **contact** either:

Dr. Dawit Alemu  
Stichting Wageningen Research - Ethiopia  
[dawit.alemu.swr@gmail.com](mailto:dawit.alemu.swr@gmail.com)

Dr. Irene Koomen  
Wageningen Centre for Development Innovation  
[irene.koomen@wur.nl](mailto:irene.koomen@wur.nl)

[www.raise-fs.org](http://www.raise-fs.org)