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Compliance Checker

The European wood sector and the EU Deforestation Regulation



aid
environment



This report is part of AidEnvironment’s **Compliance Checker** initiative and provides a comprehensive overview of the European wood sector in the context of the EU Deforestation Regulation (EUDR). It examines how wood production, trade, and management across the EU intersect with environmental challenges and regulatory obligations. Europe’s forests cover 159 million hectares and play a crucial role in climate mitigation, carbon sequestration, and biodiversity. Despite increasing forest area and biomass since the 1990s, the intensification of logging and decline of carbon sinks, linked to forest degradation, have raised concerns. The report highlights the structural and ownership dynamics in the sector, as well as growing pressure from biomass demand.

The report describes the evolution and changes from the EU Timber Regulation (EUTR) to the EUDR, emphasizing the shift from focusing solely on legality to requiring full traceability and sustainability across supply chains. The EUDR introduces new roles and obligations for both wood operators and traders. It also implements a controversial country risk benchmarking system, which has faced criticism related to favoring EU member states and underestimating risks in high-deforestation regions. Wood remains central commodity in terms of forest loss and degradation in temperate zones, and the report illustrates how industrial logging, often framed as sustainable, continues to threaten biodiversity, Indigenous rights, and environmental integrity within Europe.

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Overview of the forests in Europe

Forests [have](#) pivotal socioenvironmental roles. Their relevance for climate change mitigation, carbon sinking, temperature regulation, and biodiversity conservation, among others, is well-documented while their socio-cultural value, linked to communal landscapes and resource provision, cannot be understated.

In 2020, Europe¹ [was covered](#) by 227 million hectares of forest - roughly, one-third of Europe's land - which contributed to an average annual sequestration of carbon of 155 million tons between 2010 and 2020. Since the 1990s, there was an increase of nine percent in area covered by European forests, while the volume of wood and weight of carbon stored in their biomass grew by 50 percent. However, although there was a net annual growing stock over this period, the volume of wood harvested also increased, with [73 percent](#) of the net annual gain felled and increasingly threatening the maintenance of annual gains. Moreover, the EU's average net annual carbon sink between 2014 and 2023 was [30 percent](#) smaller than the decade before, showing a decreasing tendency. Forest cover in EU27 reached 159.2 million hectares in 2020, with a variable distribution across the union (Figs. 1 and 2).

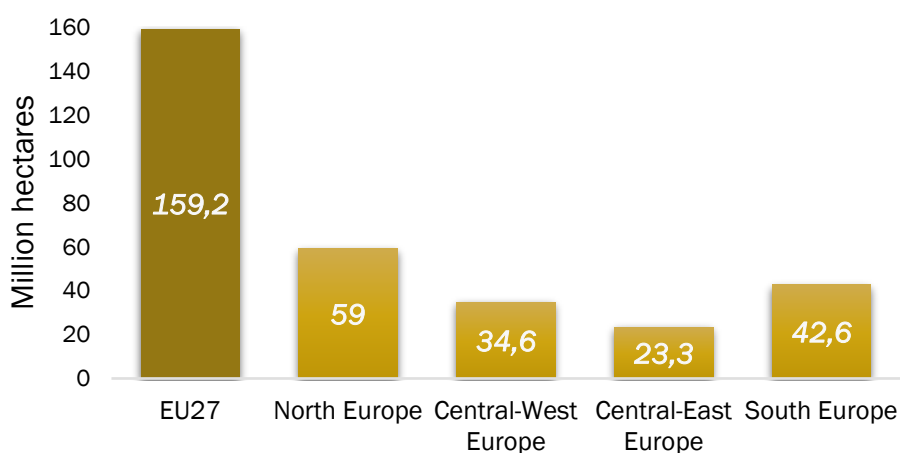


Fig. 1 - Distribution of forest cover per European region in 2020. Source: [Forest Information System for Europe \(FISE\)](#) and [Global Forest Resources Assessment - FAO](#), accessed in July 2025.

Almost [50 million hectares](#) of forests in 2018, in the EU28, were part of the protected habitats covered by the EU Habitats Directive, making forests the most protected type of habitat in the EU. Despite this, most protected forests had a **conservation status considered inadequate or bad** without signs of improvement, that either remained in the same conditions (~42 percent), was deteriorating (~26 percent) or had no update on ongoing status (~19 percent).

¹ Includes all FOREST EUROPE signatory states covered by the State of Europe's Forests 2020 report, namely: Albania, Andorra, Austria, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Union, Finland, France, Georgia, Germany, Greece, the Holy See, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, North Macedonia, Malta, Republic of Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, and the United Kingdom.

EUROPEAN FORESTS

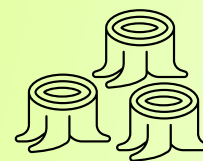
Facts & Numbers



About [159 million hectares](#) of the EU27 land is covered by forest



More than [9,5 thousand metric tons](#) of carbon is stored in the EU28 forest biomass



Of the existing European forest in 2020, around [75 percent](#) was available for wood supply.



In 2018, [34 percent](#) of the EU28's protected habitats were forests.



More than [84 percent](#) of the EU28 protected forest habitats have an unfavorable conservation status. Of these, only around 13 percent have shown signs of improvement.



Forest cover in EU member states

According to the Food and Agriculture Organization of the United Nations (FAO), global forest cover in 2023 was approximately four billion hectares, of which 92.3 percent of natural forests and 7.7 percent of planted forests. The EU27 accounted for only **four percent** of the global forest cover in 2023, including both planted forests and natural forests. However, considering only planted forests, the EU27 countries accounted for **17 percent** of the global forest cover (see Table 1). Forest plantations within the EU27 countries comprise around one third of the forest cover (~ 54 million hectares).

Countries / Forest Cover	Natural forest*		Planted Forest		Forest land (Total)	
	Million ha	%	Million ha	%	Million ha	%
EU27 countries	106	3%	54	17%	160	4%
Other countries	3,627	97%	255	83%	3,884	96%
Total	3,733	92.3%	309	7.7%	4,044	100%

Table 1 - Global Forest Cover and Share of EU27countries (2023). **Note:** Here, natural forest follows FAO’s definition of “[Naturally regenerating forest](#)”, including both natural forest and regenerating forest. Source: [FAO Statistics](#), accessed in July 2025.

The EU Member States with the largest forest area in 2023 were **Sweden, Finland, Spain, France, and Germany** (see Fig. 2). Together, these countries accounted for approximately 61 percent of the EU27 forest cover. When considering only **natural forests**, this changes slightly, with **Italy** figuring among the top 5 EU27 countries and surpassing Germany (see Fig. 3). When considering **planted forests**, **Poland** makes the top 5 group, surpassing Spain, France, and Germany. Poland has the same area of planted forests as Finland, around 7 million hectares. Together, Sweden, Finland, and Poland have 52 percent of the planted forests in the EU.

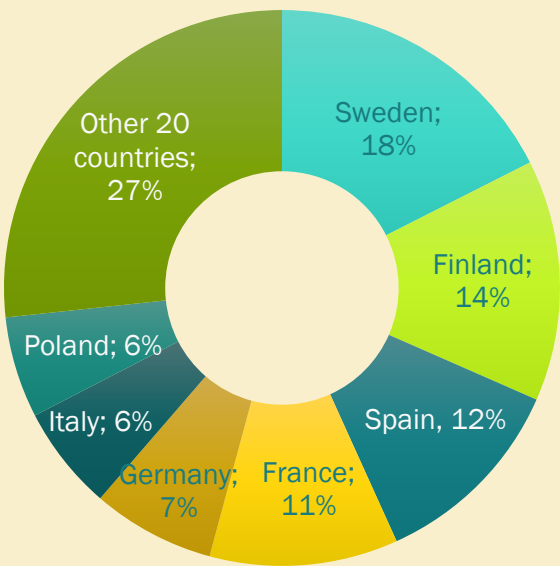


Fig. 2 - EU27 Forest cover by country in 2023 (%). Source: [FAO Statistics](#), accessed in July 2025.

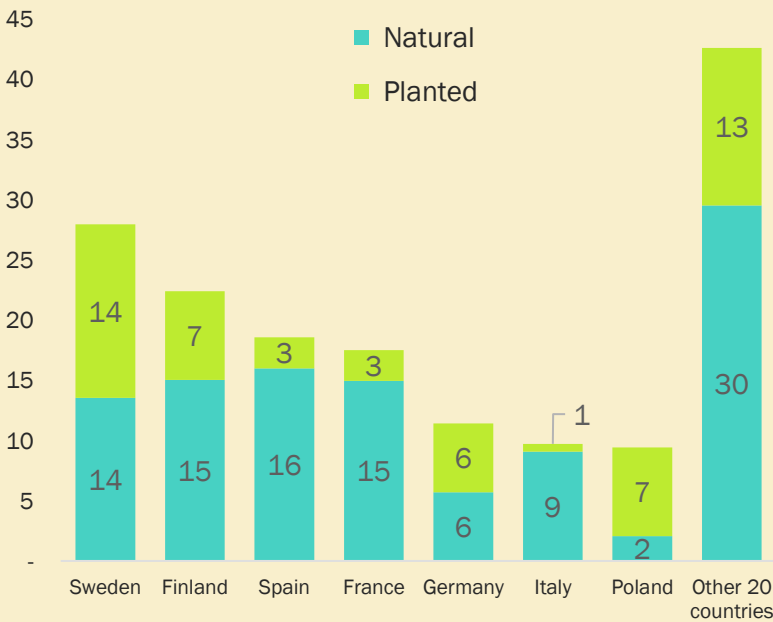


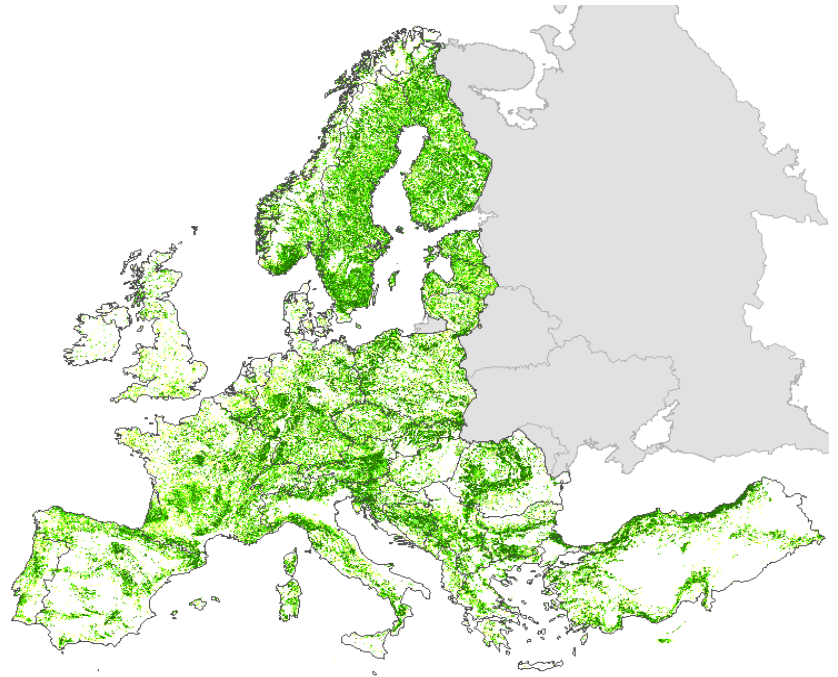
Fig. 3 - EU27 proportional forest cover by country and type of forest in 2023 (Million ha). Source: [FAO Statistics](#), accessed in July 2025.



Forest management in Europe

Within the European context, both natural and planted forests are considered productive forests, so their maintenance is not only relevant from a nature conservation perspective, but also from an economic one. However, **around 80 percent of the EU's ecosystems (including forests) have a poor conservation status**, which has led the way for forest conservation and restoration strategies to increasingly become part of European approaches focused, directly or indirectly, on forests.

The [EU Biodiversity Strategy for 2030](#), for instance, commits to protecting all remaining primary and old-growth forests in the EU, while the [EU Nature Restoration Regulation](#), which entered into force in August 2024, aims to regulate national restoration plans. These plans collectively aim to restore forests and sea ecosystems in 20 percent of the EU territory by 2050.



Source: European Forest Institute based on [Kempeneers et al. 2011](#)

Industrial logging is one of the most significant drivers of forest loss in Europe. Traditionally, forests were [cultivated for efficiency](#): even-aged stands, dominated by a handful of economically valuable tree species, optimized for timber or fuel. Over the years, and especially due to a focus on wood production, European forests were gradually replaced by fast-growing species such as polar, eucalyptus, and some pine and spruce species.

As wood production increased, so did the vulnerability of European forests, especially to extreme climate events, due to the increment of broad-leaved and mixed species production strategies. Consequently, and with the adoption of sustainable forest management practices, a more diversified [forestry strategy in Europe emerged](#) and led to a new classification of forest management practices, including the categories “unmanaged forests”, “close-to-nature forestry”, “combined objective forestry”, “intensive forestry”, and “very intensive forestry”.

Regarding this, Northern Europe stands out for its sharp contrast: vast areas of “intensive forestry” sit alongside significant tracts of “unmanaged forests”. Conversely, Eastern, Southern, and Western Europe are dominated by a “combined objective forestry”, managed for multiple purposes and balancing timber production, for instance, with other objectives. Meanwhile, “close-to-nature forestry” has taken root in mountainous and Western regions while “very intensive forestry” is concentrated in specific regions of Portugal, Spain (Galicia), and France (Gascony).



Credit: Creative Commons Attribution

In recent years, increasing demand for biomass as an energy source became a relevant pressure factor on forest resources in Europe. The demand for biomass is not only a consequence of the energy crisis caused by the war in Ukraine but is also justified by its adoption as a renewable source that can contribute to the shift in the energy matrix. One-third of the EU renewable energy production comes from the burning of woody biomass. Currently, [Poland, Romania, Bulgaria, and Slovakia](#) are the largest recipients of tax benefits and subsidies from the EU for producing wood biomass. Most of the wood biomass produced by Eastern European countries is exported to Western European countries.

Forest ownership in the EU

In Europe, the area of private forests [has significantly increased](#) since 1990. One of the drivers of this expansion was the structural changes in the European agricultural sector and the family farming system. Historically, small-scale forest ownership was associated with small-scale farming, but this connection has been dissolving throughout the years. As seen in Fig. 3 below, private forests include not only traditional, non-industrial types of owners, such as families, churches, farms, and rural commons, but also industrial ones, including forest industry companies producing, for instance, pulp and paper or bio-energy resources.

Ownership regime	Description	% of EU27 forest area (Mha)
Public	All forests owned by the State (including Public Administration units or institutions/corporations owned (entirely or the majority of the shares) by the Public Administration.	35%
Private	Broad category encompassing all private ownership regimes of forests, including forests owned by individuals and families, communities, private cooperatives, business entities, private educational institutions, pension or investment funds, NGOs and CSOs, and other private institutions.	56%
Individuals	Private ownership regime wherein the forest is owned by individuals and/or families.	55%
Business entities or institutions	Private ownership regime wherein the forest is owned by a private entity or organization, be for-profit or non-profit.	13%
Local, tribal, and indigenous communities	Private ownership regime wherein the forest is owned by 1) a group of individuals of the same community residing within or in the vicinity of a forest area or 2) communities of indigenous or tribal people. The community members are co-owners and share exclusive rights, duties and benefits.	3%
Unknown	Other kinds of ownership arrangements that do not fall under any of the previous categories or where ownership is unclear or disputed	1%

Fig. 3 - Ownership regimes and percentage of forest area under each one of them in EU27 in 2015 (last available year). **Note:** The percentages of forest area are based on the forest area in each broad ownership category (public, private and unknown) in relation to the total forest area in the EU27 in 2015. For the different types of private ownership regimes (individuals; business entities or institutions; and local, tribal, and indigenous communities), the percentage reflects the forest area under each of these categories in relation to the total amount of forest area in private ownership. Source: [Global Forest Resources Assessment – FAO](#), accessed in July 2025.

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Patterns of public and private ownership vary across Europe. Western Europe tends to be dominated by private forest estates while, in Eastern Europe, public forests take the lead. As illustrated in Fig. 4, an estimated 70 percent of the forests in Northern Europe were already privately owned in 2013, while in Southeast Europe the opposite trend could be seen, with around 90 percent of forest being under public ownership.

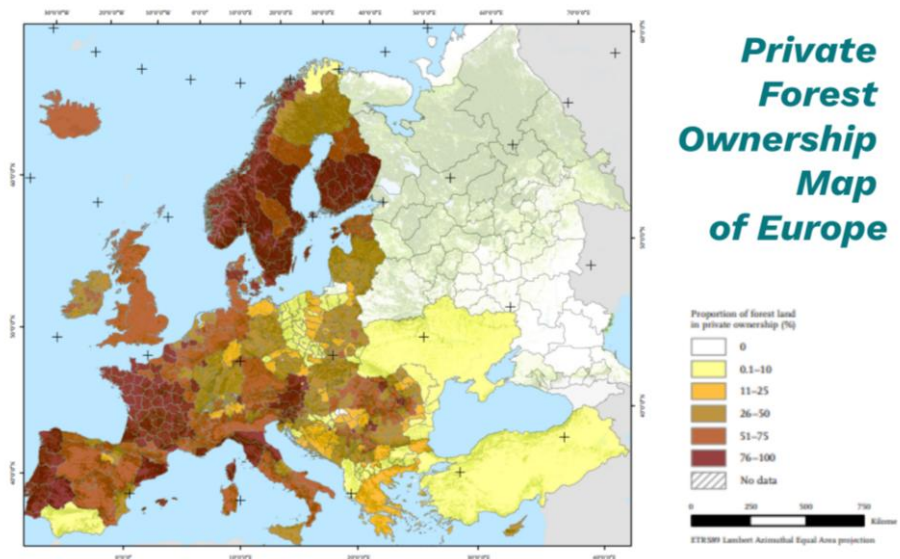


Fig. 4 - Distribution map of forest ownership in Europe. **Note:** This forest ownership map of Europe is part of [EFI's Technical Report 88](#) (2013), authored by Pulla P., Schuck A., Verkerk P.J., Lasserre B., Marchetti M., and Green T. Source: [European Forest Institute](#), accessed in July 2025.

Regarding property sizes, some variability can be found in Europe, with property sizes ranging between below one hectare to up to several thousands of hectares. However, while the average size of private forest holdings is around 13 hectares, the majority - almost 90 percent - are smaller than 10 hectares. In close relation with this is the fact that most private forest owners constitute micro, small and medium-sized enterprises (SMEs). There are more than 400 thousand forest-based companies in the EU, of which most are considered SMEs according to the definition established at EU level. To be classified as such, according to the EU definition, businesses (including those operating in the forest industry, as forest owners or otherwise) must fulfil two out of the three criteria summarized in Fig. 5 below:

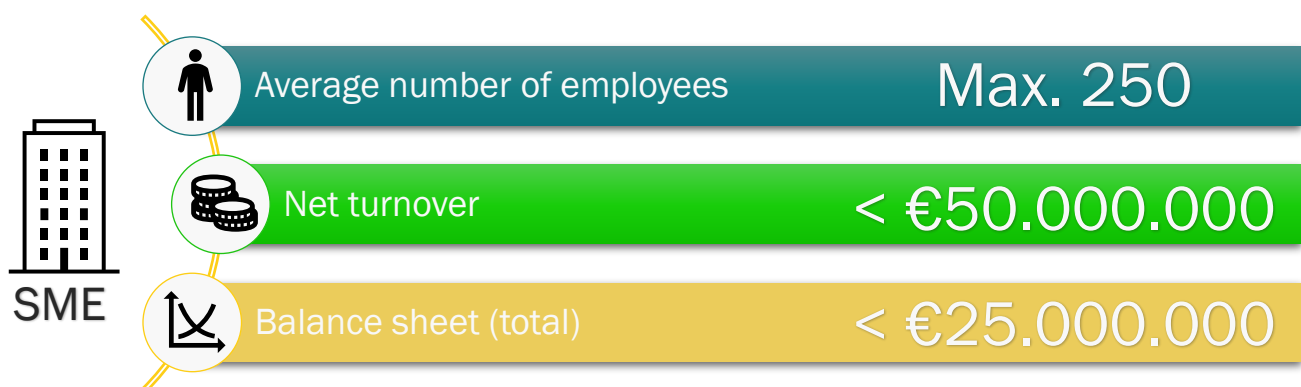


Fig. 5 - Criteria-based definition of SMEs in the EU, according to Commission Delegated Directive 2023/2775 amending Directive 2013/34/EU. Sources: [Forest Governance and Policy](#) and [Factsheet for SMEs – EU Commission](#), both accessed in July 2025.

The forest landscape in the EU is therefore a patchwork of not only different types of forests and forest sizes, but also of ownership regimes and management practices. This fragmentation and diversity made it crucial, albeit complex, to define common forest policy goals that could support the sector, in overcoming existing challenges, while addressing issues linked to climate change and biodiversity loss, which affect both forests and people worldwide.



Forests in the EU policy landscape

The importance of forests has found resonance in the policy goals and initiatives [established](#) by the EU. Among other initiatives, the European Commission launched, in December 2019, the European Green Deal (Fig. 6). As an overarching strategy to make the EU's economy sustainable, climate-neutral, and resource-efficient by 2050, the European Green Deal [consists of](#) a comprehensive package of policy initiatives aiming to set the EU on the path to a green transition aligned with the goals of the Paris Agreement. The essential role of forests is recognized under different policies which, notwithstanding their particular focus, emphasize the underlying significance of forests by setting goals that, directly or indirectly, reinforce the protection, conservation, and enhancement of forests as crucial elements of the natural capital. Some examples of these are the European Climate Law, the Farm to Fork Strategy, the EU Biodiversity Strategy for 2030, and the EU Forest Strategy for 2030.



Fig. 6 - The European Green Deal (2019). Accessed in July 2025.

Another important steppingstone for the protection of forests, albeit not originally part of the European Green Deal, is the [EU Timber Regulation \(EUTR\)](#). The EUTR, adopted in 2010 and in force since March 2013, predates the Green Deal, but it was retroactively aligned with it. Existing environmental legislation, such as the EUTR, was re-evaluated and referenced once the Green Deal was launched, serving also as a foundation for more ambitious policies developed under its scope. The EU Deforestation Regulation (EUDR), an EU law that is clearly embedded in the Green Deal framework, was highly influenced by the EUTR.

EU Timber Regulation: Lessons learned and pathway toward the EUDR

As mentioned, the EUTR was developed and adopted as a first-of-its-kind regulation. Its underlying goal was to combat illegal logging and its trade by shifting the responsibility of ensuring legal sourcing to companies. In the EUTR, illegal logging is understood as the harvesting of timber that is in violation of the laws of the country of production/harvest, whether it is an EU Member State or a third country since this regulation applied both to domestic and imported timber. The EUTR incorporated [three main obligations](#), namely:

- Prohibiting the placement of illegally harvested timber and timber products on the EU market
- Requiring operators in the EU to conduct due diligence in order to ensure that there was no or only minimal risk of placing illegally harvested timber/timber products on the EU market
- Requiring traders in the EU to keep records of their suppliers and customers

The EUTR was one of the tools developed to operationalize the [EU's Forest Law Enforcement, Governance and Trade \(FLEGT\) Action Plan](#) adopted in 2003. Its purpose was to, on the one hand, reduce illegal logging and associated trade and, on the other hand, incentivize legal timber production by improving forest governance. This comprehensive framework to combat illegal logging and promote legal and sustainable forest management relied on a two-pronged approach to achieve its goals: 1) Bilateral trade agreements between the EU and (non-EU) timber-producing countries – the [Voluntary Partnership Agreements \(VPAs\)](#) – coupled with the [FLEGT Regulation](#), in force since 2005, which required the implementation of the FLEGT licensing scheme; and 2) The EUTR, requiring companies from countries without pre-established VPAs to ensure the legality of the timber traded to and placed on the EU market.



FLEGT Action Plan

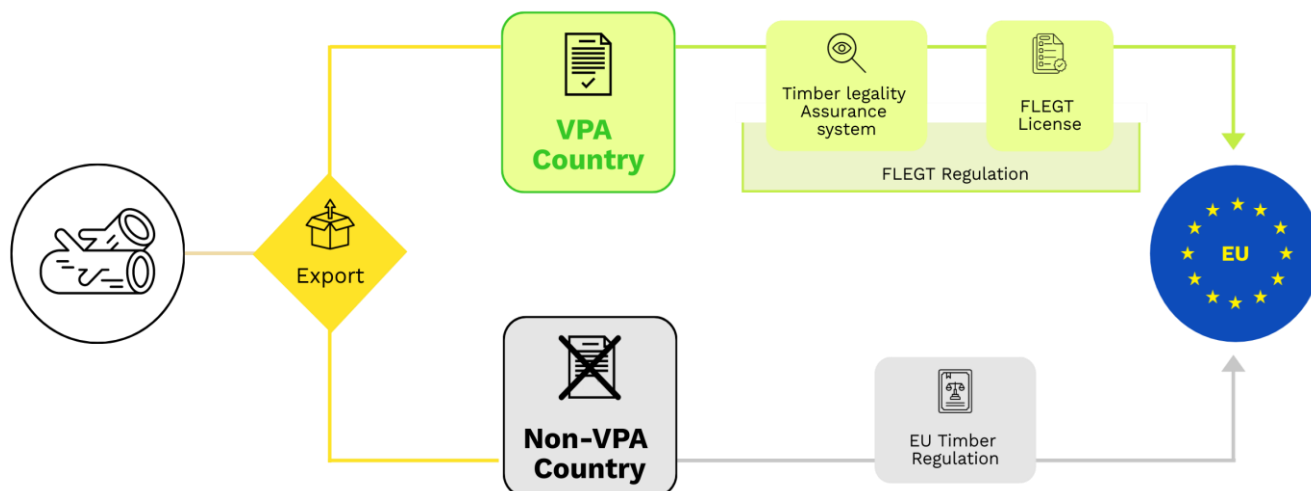


Fig. 7 - Pathways for timber export to the EU market under the FLEGT Action Plan framework (2003). Source: [European Commission](#), accessed in July 2025.

As illustrated in Fig. 7, the FLEGT licensing scheme implied establishing a timber legality assurance system to certify legally harvested timber and issue FLEGT licenses enabling the timber exported to the EU to be automatically compliant with the EUTR.

The strategic decision to develop the FLEGT Action Plan and all the associated legal tools stemmed from the perception that it was crucial to tackle the global problem of illegal logging and associated trade, mostly because of its wide-reaching economic, environmental, and social impacts. Illegal logging's contribution to environmental damages, such as deforestation, climate change, and biodiversity loss, was undisputable and the EU, as a consumer market importing large quantities of timber, acknowledged its responsibility to take action.

However, with time, it became clear that the existing framework focused exclusively on timber, in particular the EUTR, was insufficient to address the full scope of deforestation, forest degradation, and associated environmental and human rights' harms. The drivers of deforestation are not static and, over the last two decades, in some of the most eminent deforestation frontiers around the globe, logging was not the [primary driver of deforestation](#). Instead, large-scale logging and small-scale timber extraction were found to be, in most deforestation fronts, a secondary cause of forest loss and/or severe degradation, with agriculture (e.g., cattle and soybeans production) or tree plantations becoming the primary drivers of deforestation.

This scenario, in tandem with the European Commission's [Impact Assessment of the EUTR](#) and the objectives of the European Green Deal, led to the conclusion that the EU should not only extend its focus beyond timber to significantly reduce and/or eliminate its contribution to global deforestation, but also strengthen its regulations in this area by tackling the shortcomings of the EUTR. With [agriculture becoming the primary driver of deforestation](#), especially in the tropics, it became clear that new legislative initiatives would have to cover soft commodity sectors such as grains and cattle. Moreover, it was important to recognize the limitations of the EUTR and use the lessons learned from the 2013-2023 EUTR enforcement period to improve future regulations. Besides the clear need to broaden the commodity scope, other relevant improvements were the focus on sustainability in addition to legality, considering that deforestation could still be legally allowed according to the country of origin's laws, and requiring full traceability of the commodities and derived products since this is crucial to verify the origin and confirm compliance claims.

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The dawn of the EU Deforestation Regulation

In July 2019, following a public consultation prompted by the increasing concern from civil society over imported deforestation, the European Commission issued the Communication "[Stepping up EU Action to Protect and Restore the World's Forests](#)" as part of its goal to intensify efforts against global deforestation. This Communication allowed for the shift from voluntary actions to mandatory legal requirements, preparing the groundwork for new legislation and signaling that the EU was ready to make use of market influence to support sustainable forest products. The first of the five priority areas listed in the Communication was **"Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU"** (p. 7). The [EU Deforestation Regulation \(EUDR\)](#) became the legislative embodiment of this goal, building upon the work done with the EUTR, regarded as a good example of an EU policy focused on improving supply chain transparency.

The EUDR, adopted in June 2023 and expected to enter in application on 31 December 2025 (after a [one-year postponement](#) from the original application date), aims to ensure that the commodities and products under its scope are deforestation-free, legally produced and covered by a due diligence statement before being placed in the EU market. These requirements are set on companies defined as operators or traders according to the definitions established in [Art. 2](#) of the regulation, who will be subject to penalties if they fail to comply. Nationally-defined Competent Authorities (CAs) are responsible for the enforcement of the regulation, performing mandatory controls and applying sanctions when non-compliance is found. The EUDR covers seven commodity groups – cattle (beef and leather), cocoa, coffee, oil palm, rubber, soy, and wood –, which are considered the most relevant in terms of deforestation footprint linked to EU consumption.

The EUDR introduces a series of improvements in relation to the EUTR, which are based on the limitations and shortcomings identified. Table 2 below offers an overview of the most important differences between these two regulations.

Aspect	EUTR	EUDR
Objective	Prevent or minimize illegal logging and associated trade	Prevent or minimize deforestation and forest degradation linked to the EU market
Product Scope	Timber and timber products	7 commodities and selected derived products
Deforestation criteria	Exclusive focus on legality (compliance with country of origins' laws)	Focus on sustainability (deforestation-free) and legality (country of origin's laws)
Traceability	No obligation on full traceability	Requirement on providing the geolocation of the plot of land of production of the products in scope
Supply chain Scope	Limited to the first placing of a product in the EU market (operators)	Expanded to making available on the market (traders), with different requirements for SMEs and non-SMEs
Due diligence	Obligation to conduct due diligence without a standardized reporting system	Obligation to submit mandatory due diligence statements
Enforcement and minimum checks	<ul style="list-style-type: none">• Uneven and inconsistent stringency among EU MSs (increasing possibility of forum shopping and circumvention)• No centralized registry system• No formalized cooperation between CAs• No specification on number of checks	<ul style="list-style-type: none">• Formalization of Cas role and needs, as well as of cooperation between EU MSs• Central registry system for companies and commercial transactions requiring due diligence• Expansion on type of penalties that can be applied• Pre-defined minimum percentage of mandatory checks
Cut-off date	Not applicable	31 Dec 2020

Table 2 - Summary of the main relevant differences between the EUTR and the EUDR. Source: AidEnvironment, based on [EU Commission](#) (n.d.); [Forest Governance and Policy](#) (n.d.); [Kothke, Lippe & Elsasser \(2023\)](#); [UNEP-WCMC \(2018\)](#); [WWF \(2019\)](#)



The Fitness Check of the EUTR and the FLEGT Regulation, [published](#) in 2021 by the European Commission, were important exercises to evaluate the effectiveness of these regulations, determining where their weak points lied, and whether they could still be considered fit for purpose. Besides echoing some of the aspects listed in Table 2, it became clear that the goals of these two pieces of legislation – curbing illegal logging and its associate trade and reducing illegal timber consumption in the EU – were not met, mostly because of their limited scope.

The EUTR will be officially repealed by the EUDR once the latter enters into application, and it will cover a wider range of wood products. While the EUTR covered [87 percent](#) of all wood derived products imported from third countries to the EU in 2020, the EUDR will cover 93 percent of these, recognizing the importance that wood still plays as a driver of deforestation and the relevance of a broad coverage of derived products.

Another argument to maintain wood within the commodity scope of the EUDR was the fact that it remains an important commodity in terms of its linkages to deforestation and forest degradation in temperate forests. While other commodities that were added to the scope of the EUDR are currently more relevant than wood in terms of impacts on tropical forests, illegal logging continues to be the primary driver of forest loss and degradation in temperate forests. Although forest cover loss in this type of forests is lower when compared to other types, its [proportional degradation](#) is considerably high, including, in some of the EU's largest forest countries, such as Romania, Sweden, Bulgaria, and Finland.

The wood supply chain in the EU: Roles and requirements for companies

The EUDR also has a broader scope in terms of the business activities and companies to which its obligations will apply. In the EUTR, the role of operator was limited to businesses who first placed timber products on the EU market, requiring them to exercise due diligence and ensure requirements were met while traders only had to keep records of suppliers and customers to enable basic traceability. In the EUDR, however, operators are all those that place products on the EU market or export them from it and their obligations are extended to businesses that make covered products available on the market, including thereby traders.

Furthermore, the EUDR introduces specific requirements for SMEs, distinguishing the obligations for SME operators and traders from those reserved for non-SME companies. While non-SME operators and traders are bound to the same obligations and must conduct due diligence according to the requirements of the regulation, SME operators and traders have different requirements under the law.

SME Operators

- a) If trading commodities or products that are [already covered by a submitted due diligence statement](#):
 - Do not have to exercise due diligence on the commodities or products that have already been subject to it
 - Must provide the reference number of the existing due diligence statement to Competent Authorities.
- b) If “[first placer](#)” of the [product](#) on the EU market:
 - Must conduct due diligence according to the regulation, in the same way as non-SME operators/traders.

SME Traders

- Do not have to conduct due diligence
- Must collect and keep records of name, details, and reference numbers of due diligence statements from operators or traders that have supplied the covered commodities or products

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Like the EUTR, the EUDR applies not only to imported commodities and products, but also to those that are domestically produced, that is, which are produced and traded within the EU, in which case timber has a place front and center. It is crucial then to consider how these EU supply chains are organized, understanding how raw materials are produced and sourced, as well as how business operate inside the EU.

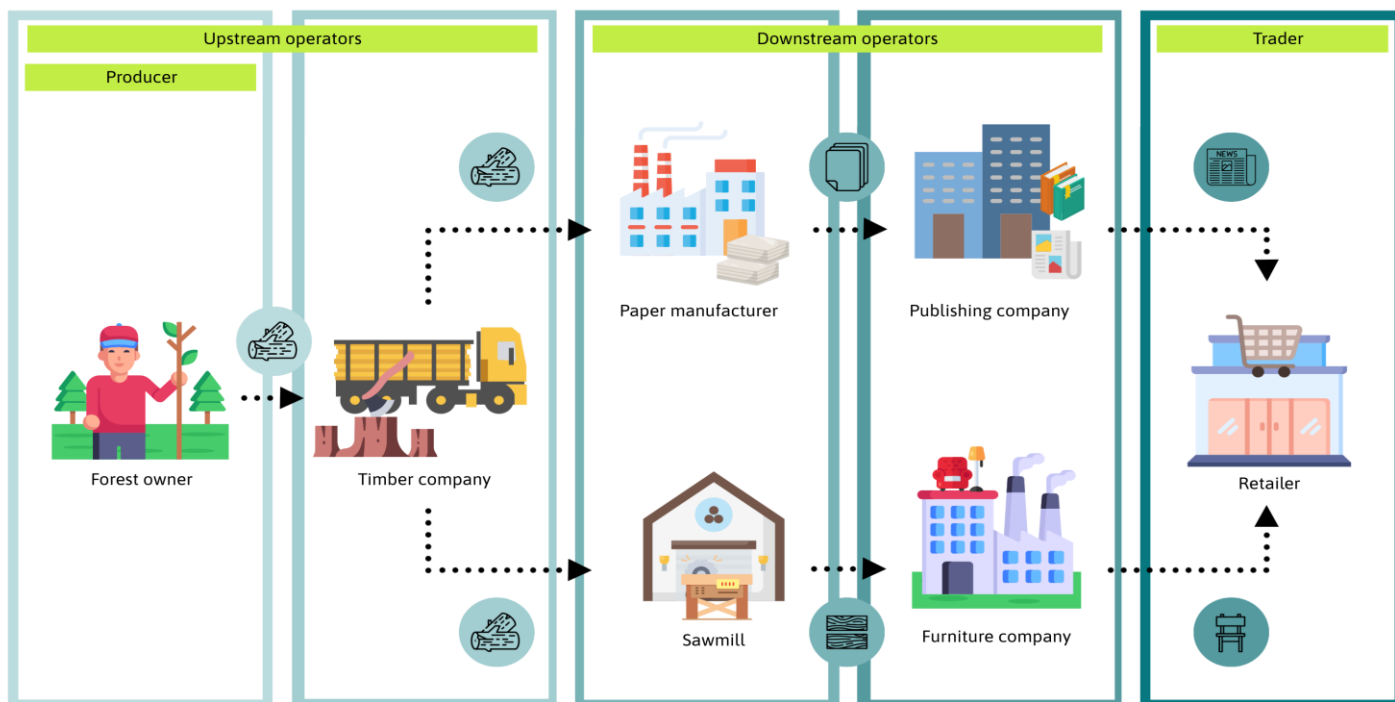


Fig. 8 – Simplified example of domestic supply chains of wood and wood products. Source: Elaborated by AidEnvironment on the basis of [European Commission \(2025\)](#) and [International Trade Center \(2024\)](#), both accessed in June 2025.

Figure 8 above provides a simplified illustration of how the supply chains of wood and wood-based products may be organized within the EU and the roles that each actor can take in the context of the EUDR. In this example, the forest owner, besides being a **producer**, becomes an **operator** by selling wood in the rough (HS code 4403, also known as roundwood) in the form of standing trees to the timber company, which fells the trees and transports the logs to other interested parties. Both the forest owner and the timber company are **upstream operators** who, in the course of a commercial activity, place a relevant wood product in the EU market. The timber company then sells the logs to two different companies: a paper manufacturer, who processes the logs into newsprint paper (HS code 4801), and a sawmill, who processes the logs into sawn wood (HS code 4407). Both the paper manufacturer and the sawmill sell their wood-based processed products to, respectively, a publishing company – which prints newspapers (HS code 4902) – and a furniture company – which produces different furniture items (for example, HS code 9403 30). The paper manufacturer, the sawmill, the publishing company, and the furniture company are all transforming relevant products into other relevant products, in the EU, and placing them on the market, by which they are all considered **downstream operators**. Lastly, the retailer buys newspapers and furniture from the publishing company and the furniture company alike, selling them to end consumers. The retailer is not transforming the newspapers nor the furniture into new products and it is also not placing them on the market for the first time. Rather, the retailer makes the newspapers and the furniture available on the market (for customers) and, therefore, becomes a **trader**.



The difference between upstream and downstream operators rests on whether the raw material has already been through the due diligence process when it is processed into other relevant products. Also important to keep in mind is the size of the companies. While intra-EU production and trade does not change companies' obligations under the EUDR, if some of the companies illustrated in Fig. 8 were SMEs, their obligations and due diligence requirements would have to be adapted according to the provisions of the law described previously, on page 11.

Certification schemes and the EUDR

Voluntary sustainability systems and certification schemes played a central role during the enforcement phase of the EUTR. The provisions of the timber regulation, as well as its complementing guidelines, clarified that certification was not to be considered an automatic “green lane” to meet the due diligence obligations foreseen in the law. A [2021 study](#) on certification and verification schemes in the forest sector, conducted on behalf of the European Commission, revealed that certification provided support to operators' efforts in meeting EUTR due diligence obligations even though it could not be used as a replacement for targeted due diligence actions nor was it acceptable as proof of compliance by default. Certification was found to be valuable for assessment and assurance of legality while also being a good control measure against fraud and corruption.

Nonetheless, several gaps and weaknesses have been identified and are important to take into account when using this type of schemes or buying certified products. Some of these have been listed in box 1 below

BOX 1.

Gaps and weaknesses of certification

- Limited scope and/or ambiguous nature of legal requirements applied
- Differences in the definitions used, levels of ambition, and requirements, leading to misalignment with regulations
- Difficulty in systematically monitoring and verifying commercial transactions of materials between entities because of, for example, the chain of custody models used
- Different focus in terms of burden of proof (“innocent until proven guilty” vs. ensuring negligible risk a priori)
- Poor coverage of fraud and corruption risks in the supply chain
- Challenges guaranteeing the legality of products and preventing human rights violations
- Inherent limitations of the auditing process (e.g., lack of time, lack of expertise), leading to shortcomings in identifying and preventing harms
- Potential conflicts of interests in the auditing process due to lack of independence from entity seeking certification
- Limited transparency regarding auditing reports and findings
- Additional opportunities for greenwashing

Sources: [Preferred by Nature \(2021\)](#); [Changing Markets \(2018\)](#); [EarthSight \(2021\)](#); [MilieuDefensie \(2022\)](#); and [Forests & Finance \(2024\)](#), all accessed in July 2025

Currently, some certification schemes are adapting their standards and developing new modules and/or evaluations to ensure alignment with EUDR, in addition to providing guidance and support to certified members on EUDR-specific requests. [Responsible Wood](#) (one of the largest certification schemes in Australia), [Forest Stewardship Council \(FSC\)](#), [Programme for Endorsement of Forest certification \(PEFC\)](#), [Sustainable Biomass Program \(SBP\)](#), and [International Sustainability & Carbon Certification \(ISCC\)](#) are examples of certification schemes focused on wood that have been taking these steps.



EUDR's country benchmarking

An innovation of the EUDR is the introduction of a [country-level risk classification system](#) which purpose is to classify countries according to a broad assessment of the level of risk involved in producing relevant commodities that are not deforestation-free. Art. 29 of the regulation defines the operation of this system, specifying the categories of risk (high, standard, and low) and the assessment criteria according to which countries are classified. This ranking system is a core element of the regulation and it provides a foundation for actions linked to due diligence and enforcement, allowing for businesses and CAs to, respectively, conduct due diligence and compliance controls according to a pre-defined level of risk.

Even though the European Commission has dismissed claims that the country risk classification is unfair and outdated, it received considerable criticism for it, sparking [diplomatic tensions](#) with some trade partners - notoriously Indonesia, Malaysia, and Brazil, which are major exports to the EU market of several commodities covered.

Several organizations have criticized the country benchmarking's overreliance on [deforestation metrics](#), giving little to no attention to issues linked to governance, enforcement, or legality. In January 2025, a group of 40 environmental and human rights civil society organizations [called](#) on the European Commission to ensure that the country benchmarking “*upholds the law's ambitions and reflects real human rights and environmental risks*”.

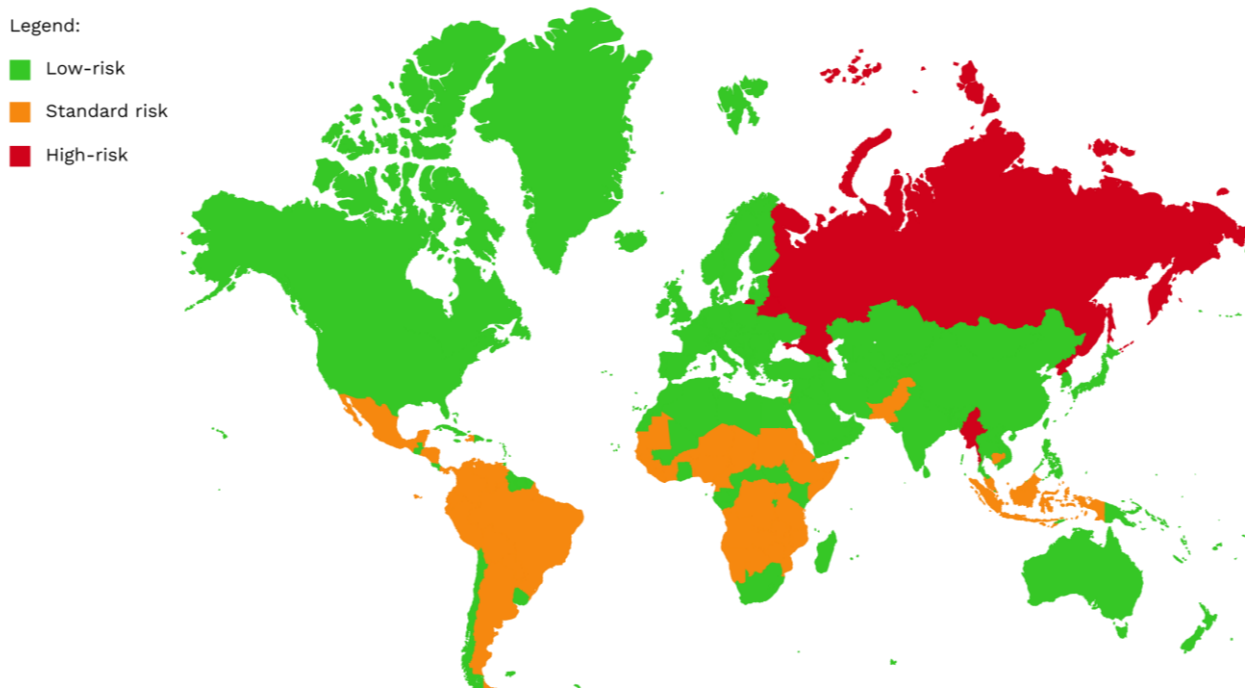


Fig. 9 - EUDR risk-based country classification, as defined by the corresponding Commission Implementing Act. Source: [European Commission \(2025\)](#), accessed in July 2025

The European Commission adopted and [published](#) the official country classification list in May 2025. As illustrated in Fig. 9 above, four countries – Belarus, North Korea, Myanmar, and Russia – were classified as high risk and 140 earned a low-risk classification. The remaining countries received, by default, a standard risk rating. As had already been implied in the annex “[General principles on the benchmarking methodology](#)” (November 2024) and as was [leaked](#) in the news (April 2025), only countries already subject to UN Security and EU Council sanctions were classified as high risk.



The classification [unleashed](#) a wave of criticism from companies, business associations, and civil society organizations alike. The low-risk classification attributed to all EU Members States was seen as favoritism while also being considered “too generous” to be attributed to countries such as Canada, Ghana, or Papua New Guinea where there is significant evidence of deforestation and forest degradation. Moreover, countries like Brazil not being rated as high-risk was considered a major blow to the regulation’s objectives, especially given that EU imports from the four countries classified as high-risk represented, in 2024, less than [1 percent](#) of all the wood, palm oil, coffee, cocoa, rubber, and cattle products imported in the union.

The EUDR country benchmarking has been at the center of many controversies, and it has often come under attack with the aim of, ultimately, weakening the regulation entirely. Attempts to modify the current structure of the country benchmarking in the expectation of creating easier rules have increased in the past year and they have come both from groups in the EU Parliament and the EU Council. For instance, the introduction of a no-risk category was one of the last-minute amendments tabled by the European Peoples’s Party (EPP) in November 2024, which was [allegedly crafted](#) to benefit EU Member States and, had it not been rejected in the plenary voting, it would have raised discrimination claims and escalate tensions with other producing countries.

Similarly, in May 2025, the ministers from Luxembourg and Austria put forward a [proposal](#) to simplify the EUDR, which included a proposal to create a “zero” or “insignificant” risk category. This was initially supported by nine EU Member States, besides Austria and Luxembourg, and [later](#), in a letter sent to the European Commission, by seven more, in a total of 18¹ out of 27 Members States. Lastly, after the publication of the implementing act listing the country risk classification, the European Parliament objected to the methodology and results of the country benchmarking by [tabling a motion](#) that was adopted through plenary voting. Even though this does not annul the country risk classifications defined and does not impose an obligation on the European Commission to change the benchmarking altogether, it was seen as another attempt to delay or prevent the implementation of the EUDR.



Fig. 10 – European Parliament Motion for the Resolution B10-0321/2025. Source: accessed in July 2025

These attacks to the country benchmarking and, thereby, to the regulation as a whole, have been, in no few cases, linked to the wood sector. Several EU Member States manifesting support for the simplification of the regulation requirements have a strong wood industry and echoed the calls of business associations regarding the need to introduce changes to the law. Notably, some associations of the European wood sector have [explicitly stated](#) that they favor the inclusion of the EUDR in the omnibus legislative package, considering this an opportunity to conduct a comprehensive review of the regulation and ensure its simplification.

The European wood sector and the EU Deforestation Regulation



Countries in the Global North outside of the EU have also been aligning with the wood industry arguments and pushing for exemptions from EUDR requirements, including by supporting the creation of a no-risk category in the country benchmarking. The United States (US) is one of such cases. A group of 18 Southern and Midwest US states, represented by their agricultural commissioners, [co-signed a letter](#) addressed to several key state officials including US Secretary of State Marco Rubio, requesting the current administration to force the EU into adding a no-risk forth tier to the country risk classifications. Their opposition to the EUDR rests on the fact that the law takes a one-size-fits-all approach that is allegedly burdensome, costly, and unnecessary towards the US which, as stated, is “among the most responsible suppliers of forest fiber in the world” (p. 2).

This backlash is symptomatic of a deeper issue linked to the wood sector not only in Europe, but in the Global North in general. In regions like North America and Europe, where boreal and temperate forests exist, tree cover loss is, in addition to wildfires, highly linked to logging (Fig. 11). Significant portions of primary forests [are cut](#) each year by industrial logging to feed demand for products, such as furniture and construction materials, and [bioenergy](#).

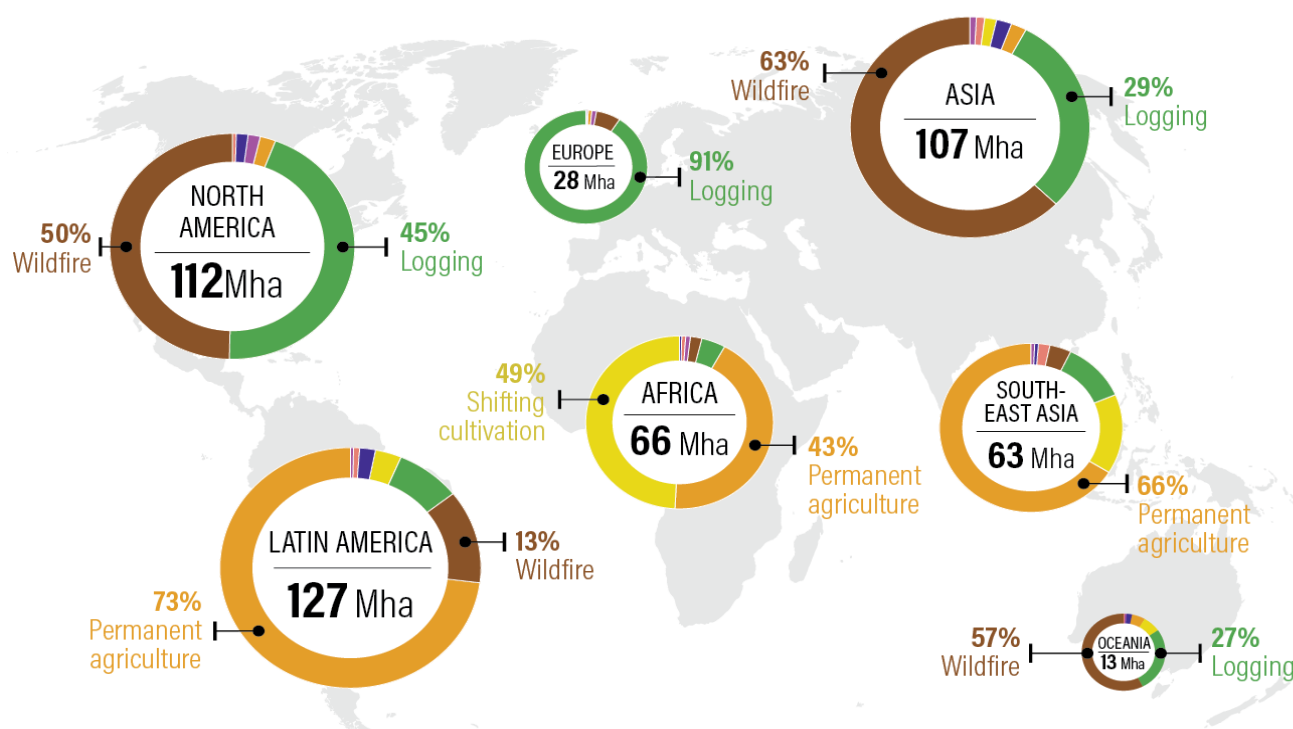


Fig. 11 - Drivers of tree cover loss by region, 2001-2024. Source: [World Resources Institute – Global Forest Review](#), accessed in July 2025

Between 2001 and 2024, logging was associated with [131 million hectares](#) of tree cover loss, of which roughly 79.4 million hectares (or 61 percent) happened in Global North countries, specifically in North America, Europe, and Oceania. Here, logging includes 1) forest management and logging activities occurring within managed, semi-natural and natural forests or plantations; 2) Clear-cut and selective logging; 3) Establishment of logging roads; 4) Forest thinning; and 5) Salvage or sanitation logging. Clear-cutting, for instance, continues to be a commonly used practice in global north countries even though it is controversial because, depending on purpose, size and type of forest, it can be classified as unsustainable. For instance, in December 2024, [the Netherlands banned clear-cutting](#) as a forest management practice due to civil society pressure. It was successfully demonstrated that clear-cutting was being used strictly for economic gains linked to the national logging industry while scientific evidence proves that clear-cutting, at any scale, harms biodiversity.

The European wood sector and the EU Deforestation Regulation



Trade statistics of EU27 wood products

As made explicit in the regulation's text, EUDR requirements apply to all relevant actors (operators or traders) that place or make available relevant products on the EU market (listed in [Annex I](#) of the regulation). Besides imports and exports, this applies as well to intra-EU trade, which includes the act of placing or making products available in the market. Given this scope, EU-based operations that produce and trade relevant commodities such as wood in the EU must be mindful of whether and how the regulation applies to their case.

Destination	Extra-EU		Intra-EU		Total	Proportional volume of exports	
HS Code - product	Million Tons	%	Million Tons	%	Million Tons		
48 - Paper and paperboard	20.07	30%	47.74	70%	67.82	28%	79%
4403 - Wood in the rough	5.64	16%	30.30	84%	35.94	15%	
47 - Pulp of wood	12.64	37%	21.61	63%	34.25	14%	
4407 - Sawn wood	15.41	50%	15.11	50%	30.52	12%	
4401 - Fuel wood	3.12	13%	21.76	87%	24.88	10%	
other 26 wood products	11.54	23%	39.41	77%	50.95	21%	

Table 3 – Intra-EU and extra-EU EU27 exports of wood products in the scope of the EUDR in 2024. Source: EU Statistics, accessed in June 2025 (<https://trade.ec.europa.eu/access-to-markets/en/statistics>).

The EUDR covers 31 HS Codes linked to wood, from wood in the rough, to fuel wood and charcoal, plywood, and pulp and paper. Considering the **total exported volumes of the EU27** to both intra-EU and extra-EU destinations, the top 5 products by volume are: paper, wood in the rough, pulp of wood, sawn wood, and fuel wood.

The exported volume of these five products in 2024 accounted for **79 percent** of the EU27's exported volume of wood products (see Table 3). These five wood products are also those that are less processed, and therefore, they likely carry a higher risk of originating from European forests. Additionally, the proportional EU imports of these products from EU27 and extra-EU27 countries also highlight that the deforestation risk associated with these products is more likely to originate from European forests (see Fig. 12)².

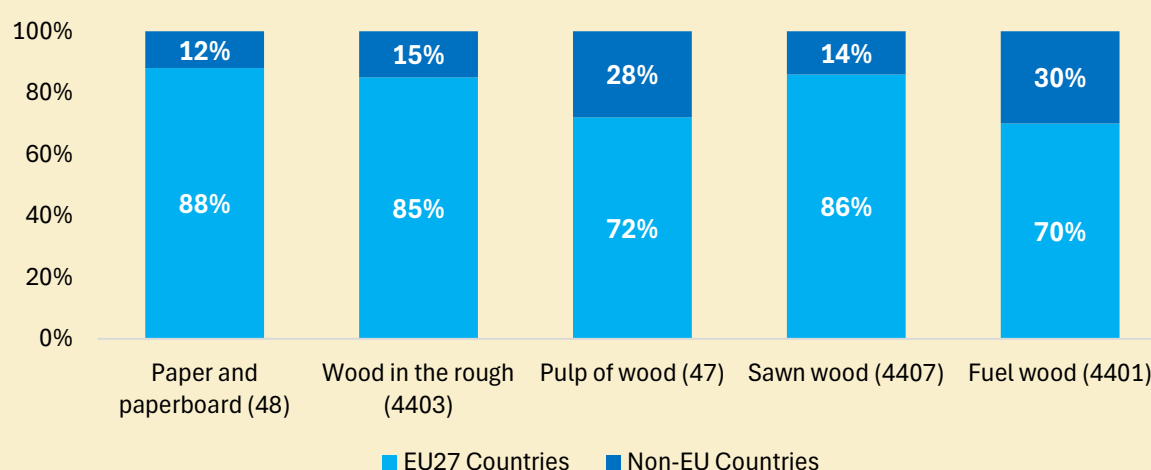


Fig. 12 – EU member states' imports of selected wood products by origin (EU and extra-EU) in 2024. Source: EU Statistics, accessed in June 2025 (<https://trade.ec.europa.eu/access-to-markets/en/statistics>).

² The comparison of total volume of EU27 intra-EU exports might be not consistent with the EU27 total volume of intra-EU imports. This is because the export and import data from the [EU statistics](#) has different sources and updating methods, and data by country can vary.



Intra-EU suppliers of wood products

When considering the top 5 wood products within the EUDR scope by trade volume (paper, wood in the rough, pulp of wood, sawn wood and fuel wood), it becomes clear that European countries are the largest suppliers of the EU market (see Fig. 12 in the previous page). In other words, the wood consumption in Europe is largely feed by European forests.

The big EU forested countries are key to ensure the supply of wood to the EU market. This includes Sweden and Finland, but also Spain, France, and Germany. However, depending on the wood product, there are other EU countries that are also relevant suppliers. The EU27 largest suppliers of paper (HS code 48 - “paper and paperboard”) to the EU market are, for instance, Germany, France, Poland, and Italy, which are among the most forested countries, but the Netherlands, with one of the smallest forest areas among the EU27, is also a relevant paper supplier to the EU market, being the fifth largest supplier. Figure 13, below, shows the proportional intra-EU suppliers of the five selected wood products.

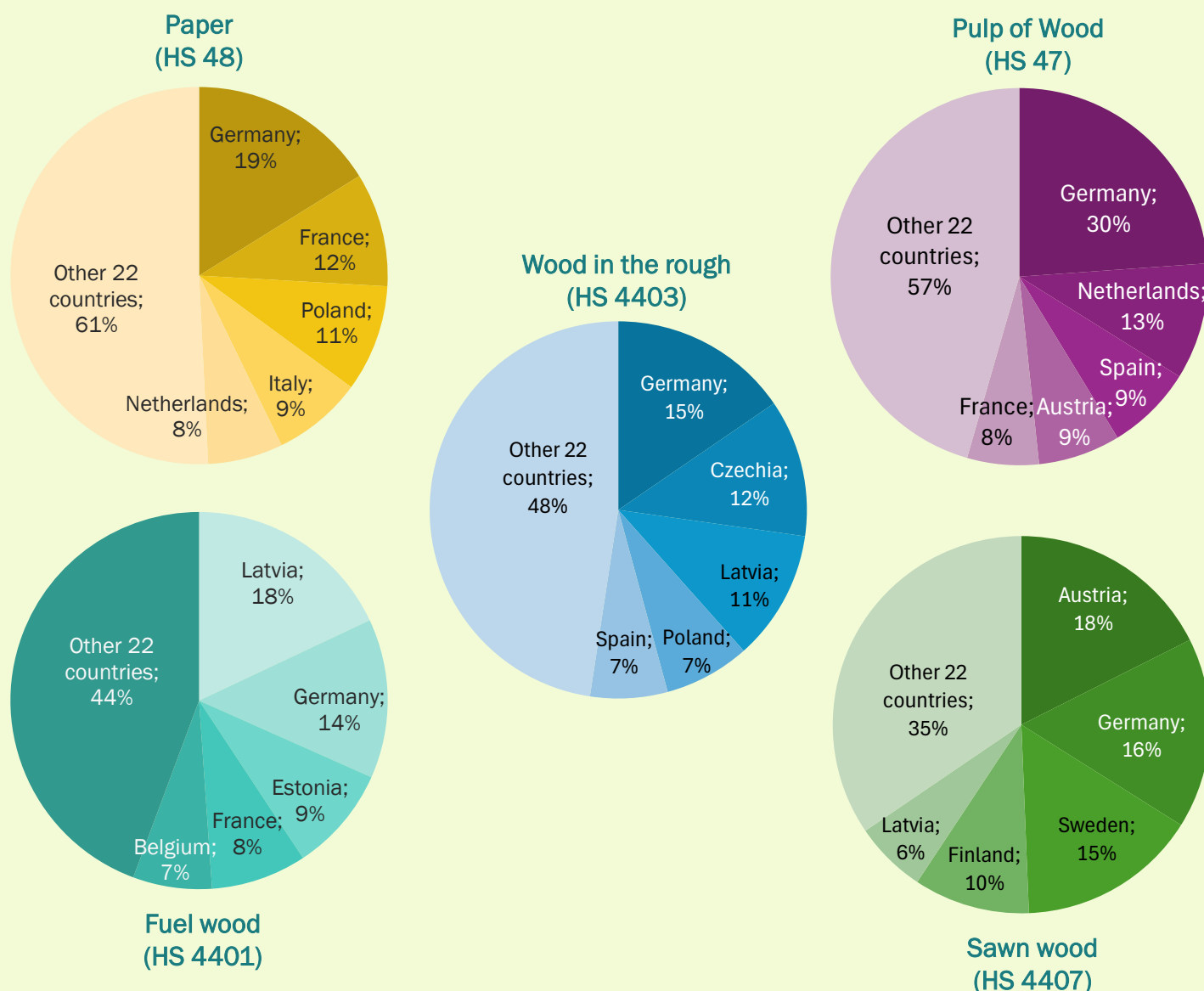
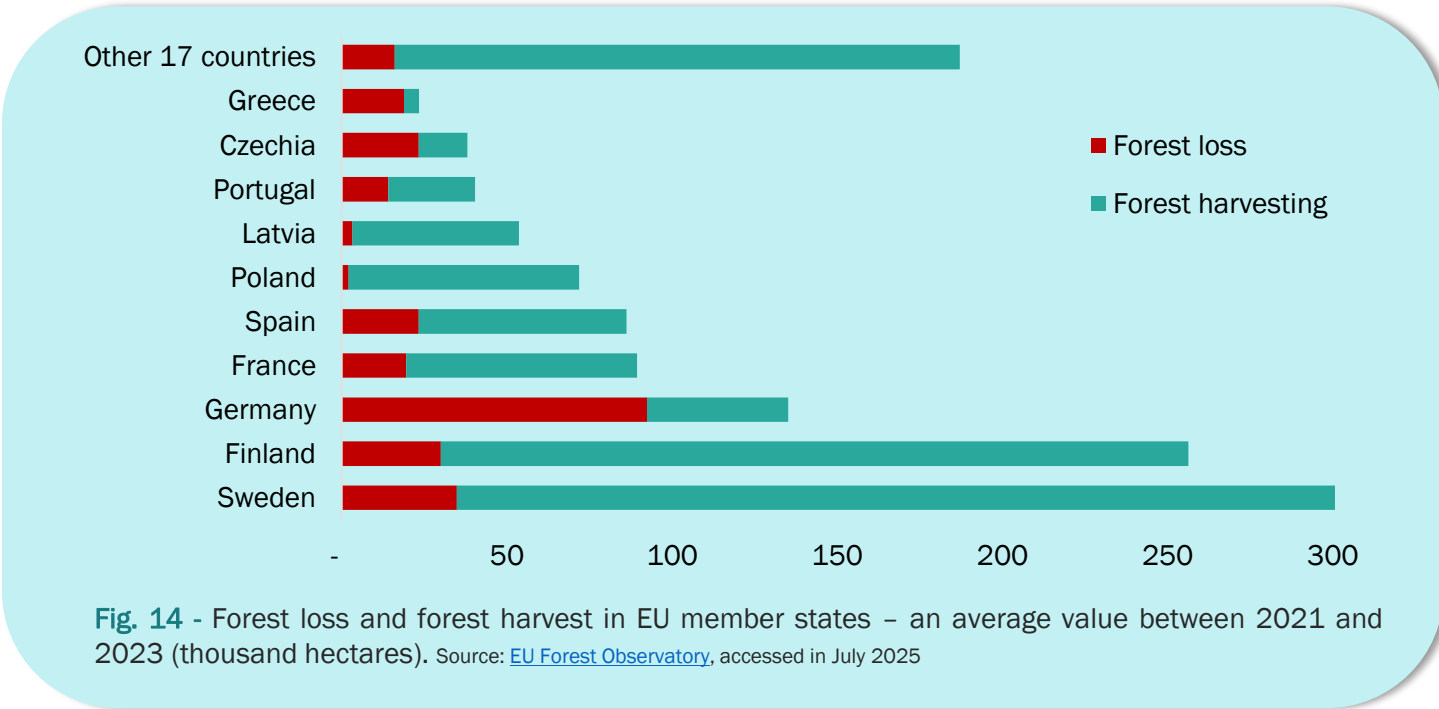


Fig. 13 - EU member states' supply of paper, wood in the rough, pulp of wood, sawn wood, and fuel wood to the EU27 market in 2024. Source: [Access2Markets – EU trade statistics](https://access2markets.eu/), accessed in June 2025

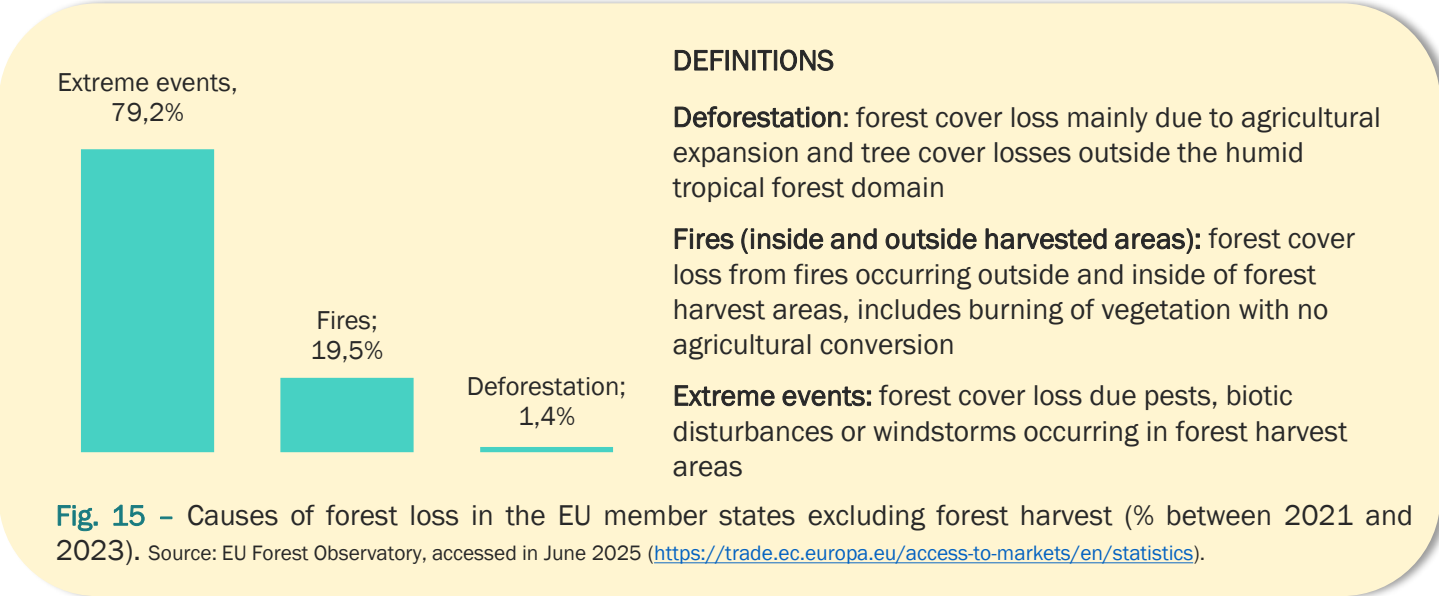


Forest loss and forest harvesting in the EU

The [EU Forest Observatory](#) classifies forest cover change in two main categories: Forest loss and Forest Harvesting. The “Forest loss” category encompasses loss by three main reasons - **deforestation**, **fires**, and **extreme events**. Among EU countries, those in which forest loss is proportionally higher than forest harvesting are **Greece, Germany, and Czechia** (see Fig. 14).



Excluding the amount of forest harvest from the forest cover change statistics, it becomes clear that forest loss driven by “extreme events” is the most significant category of forest cover change in Europe, followed by fires and deforestation. Figure 15 shows the proportion of the causes of forest cover change in the EU member states, excluding the category “forest harvest” and considering an average loss between 2021 to 2023.





(Un)sustainable Forest Management

The “extreme event” category of forest cover loss in EU member states includes forest loss due to **pests, biotic disturbances or windstorms** in forest harvest areas. In Germany, between 2021 and 2023, forest loss by “extreme events” [represented 99.9 percent of the forest cover loss](#). In this period, around 92 thousand hectares of forest were lost per year either by pest or biotic disturbances or by windstorm, while in the same period around 51 thousand hectares of forest cover were harvested yearly. This might be explained by the fact that clear cutting is considered a sustainable forest management practice when used for pest control, for instance. As science has proved clear cutting is not always the best practice in this case, which was the key discussion in a court case in [the Netherlands](#) requesting the classification of any clear cutting, including for pests and biotic disturbance control, as an unsustainable and, consequently, an illegal practice. The case proved that economic interests were the actual reason behind the clear cutting of forest areas.

Countries in the Global North, such as Canada and Sweden, [have been linked](#) to unsustainable logging and to the clear cutting of millions of hectares of forests. These countries and others in the Global North alike have been claiming to use sustainable forest management and facing a level of scrutiny that is strikingly lower than that devoted to tropical countries. This double standard has allowed these countries and their wood industries to avoid accountability and perpetuate not only deforestation patterns but also forest degradation.

In Sweden, where one of the largest areas of biodiversity-rich forests in Europe can be found, [60 percent](#) of natural forests have been replaced by production forests since 1950, at least 19 percent of all clearcuts since 2003 occurred in old forests, and there has been a steady rate of 1.4 percent of old forest cutting per year. Maintaining the pace observed since the beginning of the 2000s, old forests in Sweden will disappear by the 2070s. Besides the environmental impacts, Swedish forestry practices and logging have a significant negative impact indigenous peoples in the region and conflicts between companies and indigenous and local communities continue to ensue.



Credits: Jana Eriksson (2025) | @Skogsupproret

Fig. 12.. Blockade at the operation site of SCA in Ohredahke, Sapmi, Sweden (2025). Source: [Global Atlas of Environmental Justice](#), accessed in July 2025

A [recent case](#) is that of Svenska Cellulosa Artiebolaget (SCA), Europe’s largest private forest owner, who are systematically converting old forest into plantations and enclosing on indigenous Sámi lands and infringing on the rights of the Ohredahke Sámi community. Sámi people, together with supporting civil society organizations, have been protesting SCA’s wrongdoing and rights’ violations (Fig. 12). This is bound to take a turn for the worst since, in June 2025, the company officially announced that it would leave the sustainability certification FSC as its rules, according to the [company’s statement](#), threatened the availability of raw materials.

While the Global North and mostly the EU tries to set the stage in terms of international forest policy, through initiatives such as the EUDR, these events are still happening and being enabled by its own Member States, who are still pushing for exemptions and simplification. It is high time for sustainable transformation and accountability.

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