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**Assessment of the potential impact of the
proposal for an EU regulation to prevent
deforestation-products originating from Thailand
to enter the EU Market**

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FINAL REPORT

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**Assessment of the potential impact of the proposal for
an EU regulation to prevent deforestation-products
originating from Thailand to enter the EU Market**

DRAFT FINAL REPORT

July 2023

Prepared by:

David Gritten

Weeraphart Khunrattanasiri

Address:

Landell Mills International

The Old Station House

15a Main Street

Blackrock

Co. Dublin

Ireland

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FINAL REPORT		
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Prepared by:	Name	Position
	David Gritten	Team Leader
	Weeraphart Khunrattanasiri	Thailand-based expert
Checked by:	David Gritten	Team Leader
	Matilde Anttila	Project Executive, Landell Mills
	Harriet Bull	Manager, Framework Division, Landell Mills

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ACRONYMS

AMAF	ASEAN Ministers on Agriculture and Forestry
AMS	ASEAN Member States
ASEAN	Association of Southeast Asian Nations
ASEAN FPD	ASEAN Experts Group on Forest Products Development
ASEAN WEN	ASEAN Wildlife Enforcement Network
ASOF	ASEAN Senior Officials Meeting on Forestry
ASW	ASEAN Single Window
AWG-SF	ASEAN Working Group on Social Forestry
BCG	Bio-Circular Green Economic Model
CA	Competent authority
CBAM	Carbon Border Adjustment Mechanism (EU)
CF	Community forestry
CoC	Chain of Custody
COVID-19	Coronavirus Disease 2019
CSO	Civil society organisation
DD	Due diligence
DDS	Due diligence system
DFT	Department of Foreign Trade, Thailand
DLD	Department of Livestock Development, Thailand
DMCR	Department of Marine and Coastal Resources, Thailand
DNP	Department of National Parks, Wildlife and Plant Conservation, Thailand
DTN	Department of Trade Negotiations, Thailand
EC	European Commission
EFI	European Forest Institute
EIA	Environmental Investigation Agency
EU	European Union
EU-ABC	EU-ASEAN Business Council
EU-CSDDD	EU Corporate Sustainability Due Diligence Directive
EUD	EU Delegation (in Thailand)
EUDR	EU Deforestation Regulation (also known as Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010)
EU MS	EU Member States
EUTR	European Union Timber Regulation
FAO	Food and Agriculture Organization
FIO	Forest Industry Organisation, Thailand
FLEGT	Forest Law Enforcement, Governance and Trade
FPP	Forest Peoples Programme
FSC	Forest Stewardship Council
FTI	Federation of Thai Industries
GAP-CC	Implementation Agreement for ASEAN-German Programme on Response to Climate Change: Agriculture, Forestry and Related Sectors
GFW	Global Forest Watch
GIA	Green Invest Asia
GIS	Geographic information system
GPSNR	Global Platform for Sustainable Natural Rubber

HS	Harmonised Commodity Description and Coding System
IMPECT	Inter Mountain Peoples Education and Culture in Thailand Association
IPLCs	Indigenous Peoples and local communities
IUCN	International Union for Conservation of Nature
ITTO	International Tropical Timber Organization
LM	Landell Mills
MEL	Monitoring, evaluation and learning
MOAC	Ministry of Agriculture and Cooperatives, Thailand
MNRE	Ministry of Natural Resources and Environment, Thailand
NCPO	National Council for Peace and Order, Thailand
NRF	National Reserved Forest
NSA	Non-state actor
OAE	Office of Agricultural Economics, Thailand
OECD	The Organisation for Economic Co-operation and Development
OIE	Office of Industrial Economics, Thailand
OSMEP	Office of Small and Medium Enterprise Promotion, Thailand
PEFC	Programme for the Endorsement of Forest Certification
PFPC	Private Forest Plantation Cooperative Limited
RAOT	Rubber Authority of Thailand
RECOFTC	Regional Community Forestry Training Center for Asia and the Pacific
RED2	Renewable Energy Directive
RFD	Royal Forest Department, Thailand
RSPO	Roundtable on Sustainable Palm Oil
RTG	Royal Thai Government
RTRS	Round Table on Responsible Soy
RO	Regional Office
SA	State Actor
SMEs	Micro, small and medium sized enterprises
SPOTT	Sustainable Palm Oil, Timber and Rubber Platform
TACFS	Thai Agricultural Commodity and Food Standard
TAS	Thai Agricultural Standard
TIS	Thai Industrial Standard
TEFSO	Thai-EU FLEGT Secretariat Office
TFCC	Thailand Forest Certification Council
TICA	Thailand International Cooperation Agency
TLAS	Timber Legality Assurance System
TSPOA	Thailand Sustainable Palm Oil Alliance
ToR	Terms of Reference
UN	United Nations
VPA	Voluntary Partnership Agreement
VSS	Voluntary Sustainability Standards
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Background

The European Union's (EU) Regulation on deforestation-free supply chains, the EUDR, came into force on 29 June 2023, with the main obligations due to apply to most companies from 30 December 2024 onwards, with small and medium sized enterprises (SMEs) having to comply from 30 June 2025. The Regulation covers seven commodities - cattle, cocoa, coffee, palm oil, rubber, soya, and wood - and their derived products. The Regulation effectively means that operators and traders will have to prove that the traded products are deforestation free - produced on land that was not subject to deforestation (or degradation for wood) after 31st December 2020 and compliant with all the relevant laws in the country of production. The implementation of the EUDR is centred on mandatory due diligence, with strict traceability for the commodities.

This innovative Regulation could have significant impacts on the protection of forests around the world. The EU, however, acknowledges the risks associated with such a regulation, including for smallholders and SMEs in the producer countries. Recognising these risks, the EU Delegation (EUD) in Thailand has commissioned an "Assessment of the potential impact of the proposal for an EU regulation to prevent deforestation and forest degradation on products originating from Thailand that are placed on the EU market." Specifically, the assessment includes assessing the possible effects of the proposed EUDR on those involved in the supply chains for the relevant commodities in Thailand, in particular on smallholders and SMEs. The work also examines the readiness of Thai industry, The Royal Thai Government (RTG) and farmers to facilitate compliance with the Regulation and the need for a more comprehensive cooperation approach, covering all relevant commodities and the deforestation-free elements beyond legality. One output of the work will include potential options for continued EU support, building upon the positive aspects of the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT VPA) negotiations, in particular policy and regulatory reforms and broad stakeholder engagement, including with smallholders.

A team, facilitated by Landell Mills (LM), has been tasked with conducting the assessment.

Methodology

The assessment is based on the following methodology:

Desk review

The desk review covered the following overlapping areas:

- i. Due diligence analysis
- ii. Forest and land use data and mapping
- iii. Legal analysis
- iv. Stakeholder analysis
- v. Supply chain analysis
- vi. Trade data analysis

Interviews

Interviews were held with representatives of various stakeholder groups during the period 9th February to 7th March 2023. In total 63 individuals from 40 organisations and smallholders were interviewed. Some individuals represented more than one organisation.