VDA German Association of the Automotive Industry

EU Deforestation Regulation: Position of the Automotive Industry on the amendments of Annex I to the EUDR proposed by the European Commission

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The German automotive industry is committed to the objective of combating deforestation and forest degradation set out in the EU Deforestation Regulation to counteract global warming and the loss of biodiversity. However, the automotive industry believes that changes to Annex I of the Regulation are needed to enable a practice-oriented implementation of the EUDR that reduces avoidable bureaucracy. For instance, the package presented by the Commission confirms that there are no volume or value thresholds – even the smallest quantities of relevant raw materials trigger full EUDR obligations (*"no threshold volume or value"*). This interpretation continues to result in disproportionate administrative effort, particularly for products containing minimal raw material content and presenting no relevant deforestation risk. From a company perspective, there is therefore a need for a practical delineation that makes it possible to treat micro-quantities with negligible risk appropriately. A corresponding clarification or relief measure – for example through a delegated act or guidance – would significantly facilitate the implementation of the EUDR without undermining the protective purpose of the Regulation.

With regard to the European Commission's proposal for amending Annex I, the automotive industry would like to emphasize that the inclusion of further commodities and products on short notice ahead of the date of application will not lead to the legal certainty necessary for implementing the Regulation. Apart from that, the automotive industry recommends the following changes to Annex I in order to make the Regulation more manageable for companies.

- **Excluding customs tariff number 4016:** A significant reduction in the administrative burden could also be achieved by excluding customs tariff number 4016, 'other articles of vulcanised rubber'. This tariff number comprises small and very small parts such as sealing elements in the automotive industry. In these cases, the costs and benefits of the planned due diligence obligations are disproportionate in the current form of the Regulation.
    - To this end, it is necessary to understand that the choice between synthetic and natural rubber in the automotive sector is not arbitrary, but rather a technical necessity for vehicle safety and reliability. Synthetic rubber is the automotive standard because it is technically more stable and predictable. For instance, it provides higher temperature resistance, superior chemical resistance, lower aging effects and consistent material properties.
    - The technical necessity for synthetic rubber is clearly reflected in real-world supply chain data. The figures from a single VDA member company highlight the scale of the problem:
        - The company received over **1.5 billion** individual pieces of rubber parts in 2025.
        - More than **99%** of these parts fall under the tariff code **HS 4016**.

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        - Of these billions of pieces, **92.8% are confirmed to contain no natural rubber** at all.
        - Only a negligible **~0.3%** are confirmed to contain any amount of natural rubber.
- This data shows that the Regulation in its current form is **profoundly misaligned with industrial reality**. While full due diligence is only required for the ~0.3% of received parts containing natural rubber, the administrative burden extends across the entire portfolio. For all parts falling under HS 4016, every single transaction and material movement is now subject to potential checks by authorities, such as customs, to prove whether it is affected by EUDR. This creates a massive compliance overhead and risk for virtually all 1.5 billion received parts (pieces). With regard to the remaining **~7%** of received parts, the composition is still being investigated as companies are required to determine if these components contain even minute **traces of natural rubber**.
- This multi-layered process — proving non-relevance for the vast majority, investigating the unknowns, and performing due diligence for the tiny minority — creates a disproportionate and unsustainable administrative burden. Thus, **HS Code 4016 should be removed from Annex I.**

- **Remove reference to Council Regulation (EC) No 1186/2009 contained in Paragraph 11 in the Explanatory Memorandum:** “Samples of products and products used for examination, analysis, and testing.”
    - We welcome the clarification in the current draft to exclude products used for examination, analysis or testing purposes from the scope of the EUDR. However, the current reference to Articles 86 and 95 of Council Regulation (EC) No 1186/2009 could be understood as making the narrowly defined customs categories in those provisions a mandatory condition for the EUDR exemption. For instance, in practice, development and testing activities include not only samples, but also prototypes and, where necessary, serial production parts required for testing, validation or trial purposes. These products are used exclusively for development and testing activities and are not intended for commercial use.
    - The reference to Council Regulation (EC) No 1186/2009 should be removed, as it undermines this exemption and introduces excessive additional bureaucracy.
        - In practice, only very few items actually fulfil the narrow definition for samples and prototypes provided in the Council Regulation (EC) No 1186/2009.
        - In practice, under a restrictive interpretation of this reference, this could lead to significant additional administrative burden for both companies and customs authorities, including mandatory involvement of customs in every shipment — even within company sites — and the creation and verification of additional documentation. This creates a disproportionate effort, delays processes, and directly slows down time-to-market, resulting in tangible competitive disadvantages.

- **Packing materials and packing containers**: The automotive industry highly welcomes the proposal to exclude packaging materials and packing containers “clearly suitable for repetitive use” from the scope of the EUDR according to paragraph 6 of the proposed Delegated Act, as this leads to more sustainability and efficiency.

Further needs for clarification aside the Annex I revision

Apart from the revision of Annex I to the EUDR, the automotive industry has identified several aspects in the updated FAQs and guidance document that require clarification by the European Commission to make the Regulation more workable for companies. These particularly include the following aspects:

- **Grandfathering (legacy stock & inventory management)**
  - **Current status:** The grandfathering provision for products that were already placed on the EU market before **30 December 2026** is generally confirmed.
    In these cases, downstream operators are **not required** to carry out a full due diligence assessment, but they must provide appropriate evidence that the product in question was already on the EU market before the cut-off date.
  - **Need for clarification:** There is still no binding and standardized guidance on which types of evidence are accepted as *“adequately conclusive and verifiable evidence”* (e.g. specific document types, level of detail, formal requirements).
  - The technical support concepts mentioned in the FAQs (e.g. dummy codes, authentication numbers, or conventional reference numbers) are not yet available in practice or have not yet been fully defined.
  - The practical implementation of inventory management (separation of legacy/new stock, re-imports, mixing of inventories) is complex and requires realistic implementation timelines.
  - From a company perspective, there is a need for clearly aligned and practical EU-wide guidance to enable consistent and legally secure implementation.

- **Re-imports & returned goods**
  - **Current status:** According to the current FAQs, re-imported products may, under certain conditions, be treated as downstream operators and are not subject to due diligence obligations again, provided that it can be demonstrated that the relevant products have already been previously placed on the EU market and have been subject to due diligence.
  - **Need for clarification:** We welcome the clarifications provided in the current FAQs regarding the treatment of re-imported products. However, re-imports and returned goods represent common and relevant constellations in industrial supply chains, for example where

products are temporarily exported (e.g. for testing, processing or repair purposes) and subsequently re-imported into the EU.

- In practice, however, significant uncertainties remain:
  - which specific types of evidence are considered sufficient,
  - how such evidence can be provided consistently and efficiently within operational processes, and
  - under which conditions re-imports are not considered as a new placing on the market.
- In the absence of clear and practicable guidance, this can lead to a **disproportionate administrative burden and legal uncertainty**, particularly where re-imports are effectively treated as first imports.
- Against this background, a clearer and more practicable design of the requirements for re-imports and returned goods is requested to ensure a consistent and proportionate implementation.