VDA German Association of the Automotive Industry

Statement by the German Association of the Automotive Industry on the revision of the EU Deforestation Regulation as part of the review process

Date
30th January 2026

The German automotive industry is clearly committed to the goal set out in the EU Deforestation Regulation of combating deforestation and forest degradation in order to counteract global warming and the loss of biodiversity. At the same time, the automotive industry warmly welcomes the simplifications that have already been made. Nevertheless, the automotive industry believes that further adjustments and clarifications are necessary as part of the review process in order to enable a practical and low-bureaucracy implementation of the EUDR.

Need for improvements to the Regulation

- Interpretation as an obligation of means or an obligation of results in human rights due diligence: Beyond the actual core area of deforestation, the EUDR also provides for due diligence obligations in the area of human rights throughout the supply chain. The legal system of the EUDR, the lex specialis principle and the principle of proportionality all argue in favour of these being interpreted as obligation of means[1]. As the regulator, the European Commission must urgently create legal certainty for the companies subject to the regulation. This requires clarification that the EUDR provides for an obligation of means for human and labour rights in supply chains, either in the official guidelines of the European Commission or, ideally, in the legal text itself. This step is also important to ensure uniform application of the regulation in all Member States.

- Setting a minimum share of relevant commodities in relevant products, exceptions for very small quantities: In order to reduce avoidable bureaucracy, a specific minimum proportion of relevant raw materials in relevant products should be set, below which due diligence obligations do not apply. For the same reason, an exception should be made for very small quantities of relevant raw materials. In addition, it should be ensured that products containing recycled materials as raw materials are completely exempt from the obligations of the regulation.

- Exemptions for testing and development purposes and samples: In order to ensure practical application of the regulation, the automotive industry welcomes the exemption proposed by the EU Commission as part of the amendment to Annex I EUDR for products used for **testing and development purposes** (e.g. imports of test tyres made from rubber raw materials) if these would have to be completely consumed or destroyed in the course of the investigation, analysis or test. As it is still unclear how proof that the test components have been completely consumed or destroyed is to be provided, there is a **risk of additional bureaucratic burdens**, especially since proof must already be provided at the time of import. In addition,

[1] A new legal opinion commissioned by the VDA also comes to this conclusion.

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companies are often subject to further obligations that require them to comply with long retention periods for test materials and prototypes. Therefore, the approach of only exempting those prototypes that are destroyed or completely consumed will not work in practice. The automotive industry proposes instead to focus on the specific intention to use prototype parts exclusively for testing purposes, i.e. prototypes that are used solely for testing should generally not fall within the scope of the EUDR. In this case, no proof is required that the components will be consumed or destroyed, as this will happen after testing. Proof that a prototype is used solely for testing purposes could be provided by marking the prototype in question (e.g. with a part number, test number, permanent sticker, milling, stamp or other visible markings). In this way, the part could only be used as a prototype and would not enter the regular market. For **samples**, it is also necessary to specify the size of possible sample deliveries with precise threshold values. Clarification is also needed as to when samples fall under the definition of a 'negligible value'.

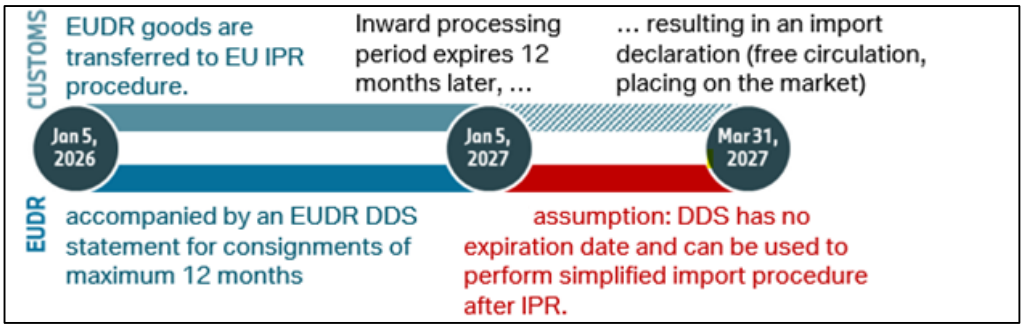
- Excluding tariff number 4016 'other articles of vulcanised rubber': With regard to the revision of Annex I to the Regulation, a significant reduction in the administrative burden could also be achieved by **streamlining this Annex**. **Excluding customs tariff number 4016**, 'other articles of vulcanised rubber', which in the automotive industry comprises small and very small parts such as sealing elements, would reduce the administrative burden. In these cases, the costs and benefits of the planned due diligence obligations are disproportionate in the current form of the regulation.

- Political risks with supplying countries: One problem that has not yet been addressed by the EU Commission are **political risks associated with individual countries**. The automotive industry is characterised by very international critical supply chains. For safety and compliance reasons, there is often little flexibility when changing suppliers or modifying the composition of parts. According to the FAQ on EUDR, market participants and traders may not place goods on the EU market if their suppliers abroad are prohibited by their governments from passing on the EUDR data. This would in some cases mean massive supply bottlenecks and severe economic problems for the entire European automotive industry. It is still unclear whether there will be a centralised EU approach to addressing this issue, in addition to the individual risk minimisation measures taken by the respective market participants and dealers.

- Removal of the remaining obligations of downstream operators: The automotive industry welcomes the measures recently taken to ease the burden on the downstream value chain. At the same time, the **obligation to pass on and store the reference number to the first downstream operator or the first downstream trader needs to be removed** in order to significantly ease the burden on companies. Since the time of raw material extraction is decisive for deforestation, a downstream check does not add any value in terms of protection against deforestation but merely creates an

enormous additional bureaucratic burden. Accordingly, Article 4(7) of the revised Regulation should be deleted.

- Aligning the EUDR's Obligations with Inward Processing Relief (IPR): To preserve the competitiveness of EU manufacturing within complex global automotive value chains, it is crucial that established customs/tax mechanisms like the Inward Processing Relief (IPR) are not compromised by the provisions of the EUDR. However, even after simplifying the regulation, the **requirements regarding an EUDR DDS and the IPR might not be aligned** – this is because the EUDR (and the corresponding FAQ provisions) can be interpreted in different ways regarding the validity of a DDS: We argue that while a DDS shall indeed only cover deliveries within one year, it can otherwise be used over a longer period of time. Nevertheless, the provisions can also be understood to mean that the validity of a DDS is actually limited to 12 months. The following illustration shows the discrepancy that arises when assuming the validity of a DDS is strictly limited to 12 months, since this could lead to a DDS expiring before a product is placed on the market based on the IPR procedure. Accordingly, we strongly recommend a clarification through an updated Guidance Document or FAQs **that the validity of a DDS is not limited to 12 months**, which would allow relevant products free circulation under IPR.



Open questions requiring clarification

- New Article 26(4): 'This paragraph shall not apply to the export of a relevant product by a downstream operator.' It follows from this that the downstream operator is not subject to any obligations in the case of export. It needs to be clarified that when exporting a part previously imported with an existing due diligence statement, the company in question is acting as a downstream operator and not as an operator.

- "Only the first operator who is placing a product on the market has to submit a due diligence statement." What happens when a new product is created, e.g. chocolate made from cocoa or a car seat with a wooden component? Is

a DDS then only required for the first time the commodity is placed on the market?

- „The first downstream operator has to collect and retain the reference number“. Previously, the reference number did not have to be collected if, for example, the manufacturer was from the EU and the EUDR-relevant component was installed in a non-EUDR-relevant product. Will this change?