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RIS Policy Brief

Green on Paper, Red in Practice: the EU Deforestation Regulation and its Implications for BRICS Trade

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1. Background

More than USD 47 billion exports of BRICS[1] members to the EU now face a new timeline under the EU's deforestation rules. On 18th December 2025, the EU announced a further postponement in the application of the EU Deforestation Regulation (EUDR)[2], pushing its implementation to December, 2026.

Adopted in 2023 as part of the European Green Deal, the regulation aims to curb global deforestation driven by EU consumption, by preventing products linked to forest loss or degradation from being placed on the EU market. It targets seven commodities including cocoa, coffee, palm oil, cattle, wood, rubber and soya, and some of their derived products, such as leather, chocolate, tyres, or furniture, with the EU indicating scope for future expansion.[3]

Although the EU maintains that the rules mainly apply to EU companies, in practice exporters outside the EU will have to provide information and documentation for EU companies to meet the requirements. As a result, the EUDR effectively conditions market access for covered commodities[4] on requirements that extend beyond the EU's territorial jurisdiction.

BRICS members have raised concerns regarding the feasibility, equity, and systemic implications of the regulation across multiple multilateral forums, including the World Trade Organisation (WTO) and the United Nations Framework Convention on Climate Change Conference of the Parties Conference of Parties (UNFCCC COP), as well as within BRICS and G20 discussions.

More recently, in 2025, BRICS explicitly rejected unilateral, punitive, and discriminatory protectionist measures that are not in line with international law and are adopted under the pretext of environmental concerns, such as deforestation regulations and due-diligence requirements and reiterated their commitment to avoiding unilateral and discriminatory environmental

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trade measures. [5] Moreover, in the 2025 G20 Summit, members many of whom are also BRICS members, emphasised that forest protection efforts must account for development realities and avoid trade measures that undermine WTO rules and multilateral environmental agreements.[6]

Against this backdrop, India's BRICS presidency in 2026, combined with the EUDR delayed implementation, creates a critical policy window to shape collective responses of BRICS to the regulation. In this context, this brief will examine implications of the EUDR on BRICS members trade, concerns raised at different multilateral forums and way forward.

2. EUDR Key Features and Developments

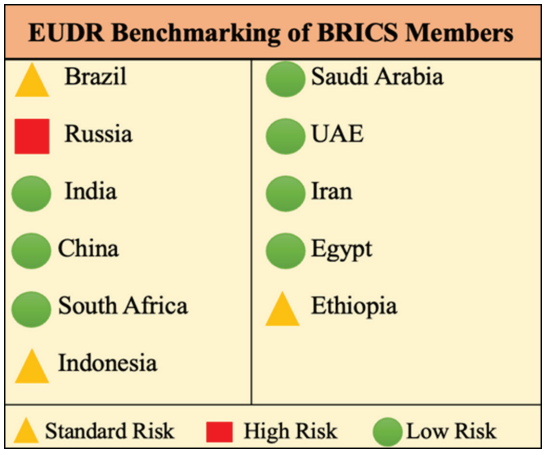
EU Green Deal: The European Green Deal launched in 2019 as EU's roadmap to reach climate neutrality by 2050. In pursuit of this, the EU has embedded its climate and sustainability goals into trade policy, through a series of unilateral measures that extend standards beyond its borders. These measures include, the EUDR and many other measures such as Carbon Border Adjustment Mechanism (CBAM), Corporate Sustainability Due Diligence Directive (CSDDD), the EU Forced Labour regulation. In particular, the EU CBAM has entered its full implementation phase from 1st January 2026.

EUDR Rationale: Prior to adopting the EUDR, the EU conducted an impact assessment on deforestation and forest degradation linked to products placed on the EU market. The assessment concluded that a limited number of commodities are responsible for much of global deforestation and that the EU is among the major consumers of these commodities. It also highlighted the need to level the playing field by holding both EU producers and importers to the same environmental standards.

Compliance requirements: At the core of the EUDR are stringent conditions for placing covered commodities on the EU market. The regulation prohibits placing of the seven commodities and certain derived products on the EU market unless they are (i) deforestation free, meaning they cannot come from land cleared after the cut-off date of 2020 (ii) produced in accordance with the producer country's laws, including on labour, environment, human rights etc. (iii) backed by a formal "due diligence" declaration confirming that no or only negligible risk of deforestation has been identified.

Due diligence and Traceability requirements: To place coffee, cocoa, rubber and other EUDR covered commodities in the EU market, companies must show exactly where and how they were produced. They have to prove that the goods are 'deforestation free,' trace every shipment back to individual farms, provide GPS coordinates for each plot of land involved, and indicate the time range during which the crops were grown. In effect, the entire supply chain has to be mapped and documented from farm to port.

Benchmarking: The EU has classified countries according to risk of deforestation associated with EUDR covered commodities, placing them in low, standard and high risk categories. In principle, EU companies importing from low-risk countries will face fewer checks while those sourcing from standard-or high risk countries will be subject to more frequent checks at the border.



[1] BRICS is a grouping of eleven countries: Brazil, Russia, India, China, South Africa, Saudi Arabia, Egypt, the United Arab Emirates, Ethiopia, Indonesia, and Iran. *BRICS*, 'About BRICS'. accessed 13 January 2026.

[2] Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation [2023].

[3] European Commission, EU rules to minimise deforestation and forest degradation: amendment of Annex I to the Deforestation Regulation.

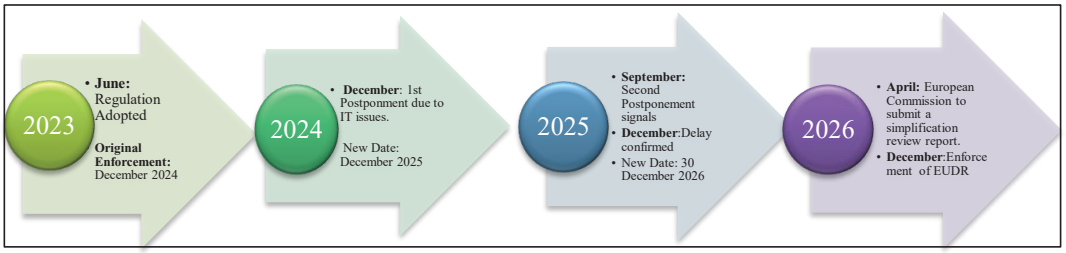
[4] In this document, "covered commodities" refers to the seven commodities and their derived products listed in Annex I to Regulation (EU) 2023/1115 (EUDR).

[5] Press Information Bureau, Government of India, 'Rio de Janeiro Declaration- Strengthening Global South Cooperation for a More Inclusive and Sustainable Governance,' [July, 2025].

[6] G20 South Africa Summit: Leaders Declaration [November 2025], paragraph 99.

Delay in Implementation: The EU's decision to delay implementation reflects challenges identified by several EU member states, but the regulation's core objectives and traceability requirements remain unchanged.

Figure 1: Timeline for the adoption of European Union Deforestation Regulation (EUDR)



Source: Based on the Council of the EU, Press Release on targeted revision of the EUDR (2025)[7]

3. Impact of EUDR on BRICS Trade

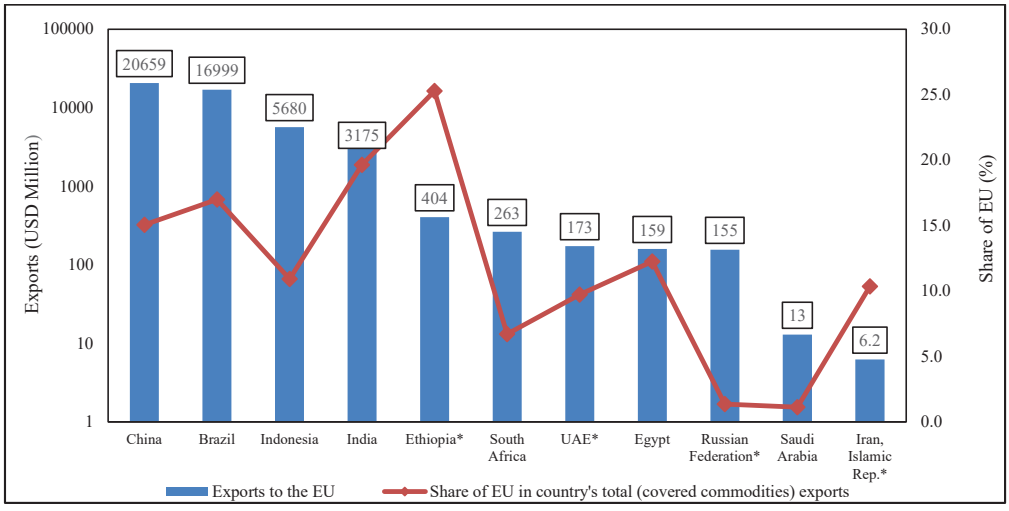
3.1 Impact on Total Trade of BRICS

In 2024, the total exports of the covered commodities from BRICS members to the EU amounted to USD 47.6 billion. This accounted for approximately 43 percent of the EU's total imports of covered commodities from the world[8], which valued at around USD 110.7 billion.

China accounted for the largest share, exporting covered commodities worth USD 20.6 billion, followed by Brazil (USD 17.0 billion), Indonesia (USD 5.7 billion), and India (USD 3.2 billion).

Notably, while some BRICS members show smaller absolute export values, their relative dependence on the EU market is pronounced. For example, Ethiopia's exports of covered commodities to the EU reached USD 404 million in 2024, representing around 25 percent of its total global exports of these commodities. Similarly, the EU accounted for over 12 percent of Egypt's total exports of the EUDR covered commodities (see Figure 2).

Figure 2 : BRICS members exports of covered commodities to the EU- 2024 (USD Million)



Source: Authors' calculation based on data from WITS Database

Note: *Mirror data has been taken for 2024

[7] Council of the EU, Deforestation: Council signs off targeted revision to simplify and postpone the regulation [Press Release, 18 December 2025].

[8] Note: Data on EU imports from the World for 2024 exclude intra- EU trade.

3.2 Sector specific impact of BRICS

A disaggregated, sector-level analysis indicates that the impact of the EUDR is further intensified by high levels of commodity concentration within individual exporting BRICS members. In Ethiopia's case, nearly 99 percent of its exports of covered commodities to the EU consist of coffee, with exports valued at approximately USD 403 million. This heavy reliance on a single commodity amplifies vulnerability to changes in EU market access conditions.

Comparable patterns are observed in other BRICS exporters. China's exports of covered commodities to the EU are largely concentrated in wood, which accounts for over 74 percent of its exports in this category, valued at USD 15.4 billion. In Indonesia, palm oil alone represents more than 57 percent of covered-commodity exports to the EU, amounting to around USD 3.3 billion.

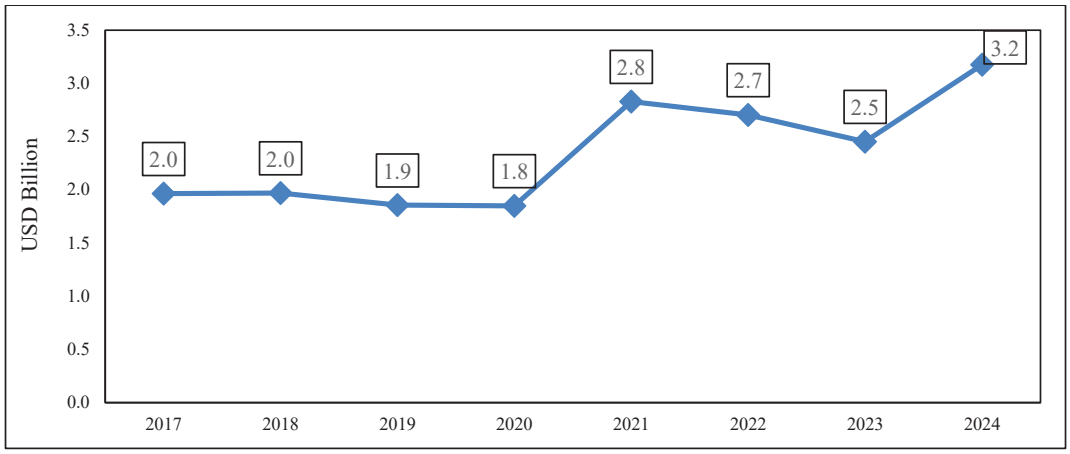
Such high export values and dependence on the EU market indicate that non-compliance could result in significant economic losses, with effects extending across entire value chains, impacting millions of producers livelihoods.

3.3 Trade Impact on India

India's exports of covered commodities to the EU increased from around USD 2 billion in 2017 to USD 3.2 billion in 2024. Notably, over the last five years (2020-2024), these exports have grown by more than 77 percent, highlighting the EU's growing significance as a destination market for Indias' exports of covered commodities. (see Figure 3). The EU's centrality in India's exports of covered commodities positions the country to face significant potential impacts from the EUDR regulation.

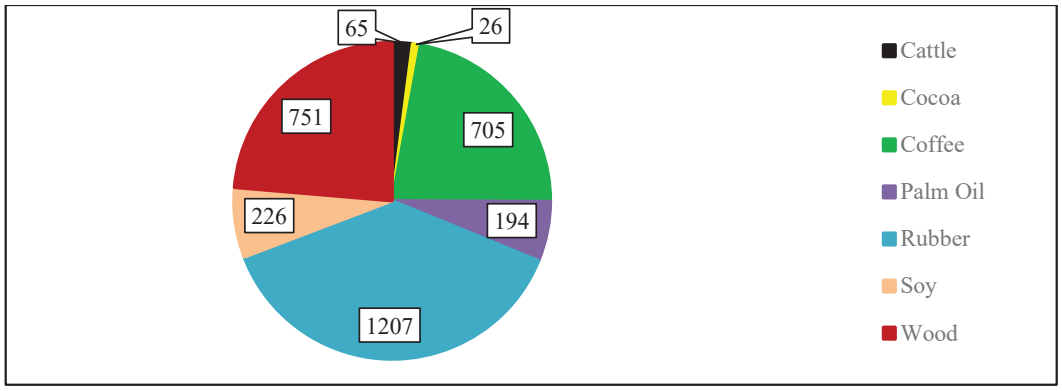
At a disaggregated level, India's export exposure is highly concentrated in a few sectors. In 2024, India's rubber exports to the EU stood at USD 1,207 million, accounting for a 38 percent share in total exports of covered commodities to the EU. The second-highest exports were concentrated in wood, worth USD 751 million representing a 24 percent share, followed by coffee with exports value of USD 705 million (22 percent) (see Figure 4). Taken together these three commodities account for 84 percent of India's EUDR-covered exports.

Figure 3: Trend in India's exports of covered commodities to the EU (USD Billion)



Source: Authors' calculation based on data from WITS Database

Figure 4: India's export composition of covered commodities to the EU (2024)-USD Million



Source: Authors' calculation based on data from WITS Database

High Dependence High Stake- India's Coffee Sector and the EUDR

India's coffee sector is brewing under pressure from the EUDR due to its high dependence on the EU market and a fragmented smallholder-based supply chain. In 2024, India exported coffee worth USD 1.11 billion globally, with over 63 percent (USD 705.1 million) destined for the EU alone, underscoring the sector's heavy reliance on the EU market. This exposure is particularly acute as around 99 percent of India's coffee growers (around 4.2 lakh farmers) are smallholders.[9] Although rubber dominates India's EUDR-covered exports in value terms, coffee's high market concentration and smallholder dependence make it especially vulnerable to compliance-related disruptions, with potential impacts on livelihoods, export continuity, and competitiveness.

4. BRICS Position on the EUDR in Multilateral Forums

Several concerns related to the EUDR and its extraterritorial impacts have emerged as a recurring issue for the BRICS members. The following section outlines how these concerns have been articulated in multilateral forums, in particular the WTO and UNFCCC COP.

4.1. World Trade Organisation (WTO)

At the WTO, a wide group of members including several BRICS members such as India, Brazil, Indonesia, China, Russia, have repeatedly raised concerns regarding the EUDR, across multiple WTO Committees, including the Committee on Technical Barriers to Trade, Council for Trade in Goods, the Committee on Agriculture, the Committee on Trade and Environment.

Key concerns raised include the following:

Implementation challenges and Cost of compliance:

The EUDR covered commodities such as palm oil, coffee, cocoa are usually stored along the supply chain, not according to origin/producer, but to other criteria related to their physical characteristics, quality, and chemical composition, moreover production is pulverised among thousands of farmers. Tracing products to the plot level across complex, multi-actor supply chains is operationally challenging and, in many cases, impractical.

A major concern relates to the requirement for precise geolocation which would require

[9] Press Information Bureau, Government of India, "Brewing Prosperity: India's Coffee Story from Farm to Global Fame," [November, 2025].

GPS coordinates and production timelines, which are difficult to meet particularly where landholdings are small, informal, or lack digital land records. Compliance with due-diligence and traceability requirements would require substantial investments in technology, certification, data systems, segregated storage, and logistics, thereby generating high compliance costs throughout the supply chain.

Countries such as India, Brazil and Indonesia have cautioned that these costs are likely to fall disproportionately on small and resource-poor farmers, risking income losses. This may result in their exclusion from EU value chains, not because they are causing deforestation but because they can't prove otherwise. A study highlights that, in Indonesia alone, enrolling a farmer in the EUDR traceability system would cost around seven or eight dollars and with around 4.5 million smallholders, this would amount to over 30 million dollars.[10]

Limited recognition of domestic traceability and certification systems:

In addition, the existing certification and traceability systems of the covered products in non-EU countries, may be considered by the EU if only it provides all the required information by the EUDR. As a result, domestic traceability systems function largely as supplementary inputs rather than as evidence of compliance in their own right, limiting their practical value and increasing the compliance burden on exporters.

Benchmarking System

Under the EUDR's benchmarking framework, countries are currently classified into different risk categories. For example, India and China are categorised as low-risk countries, Brazil and Indonesia as standard-risk, and Russia as high-risk. While exporters from all countries are required to comply with EUDR obligations regardless of their risk classification, this differentiation may influence EU buyers' sourcing decisions. As a result, benchmarking risks creating uneven market-access outcomes and trade diversion.

Compliance with the WTO rules

Members have underscored the EU's limited consultations with affected countries during the design of the Regulation, despite its clear extraterritorial reach, and cautioned that the EUDR risks operating as a discriminatory trade barrier, raising serious questions about its compatibility with the WTO rules.

Brazil's Proposal at the WTO

In 2024 and 2025, Brazil has submitted communications[11] to the WTO members reiterating the following:

- While the number of trade measures guided by environmental objectives has increased, not all have proven effective, fair, or inclusive. When such measures fail to extend the benefits of sustainable development to all, including rural communities, they risk becoming trade-restrictive, unfair and protectionist in effect, shifting burdens onto others and reinforcing asymmetries contrary to the principles of the multilateral trading system.
- The proliferation of unilateral environmental trade measures risks regulatory fragmentation, as sustainability is defined differently across standards, leaving no common benchmark for measuring environmental performance.
- Economic and social development considerations, are equally important pillars in the promotion of agriculture sustainability.

[10] GAPKI, Indonesia Palm Oil Association, "Feature: EUDR Might Not Be Effective in Cutting Deforestation," [November, 2023].

[11] WTO, Communication from Brazil, "Dialogue on Sustainable Agriculture in the multilateral Trading System (WT/GC/W/938), [June 5, 2024], and WTO, Communication from Brazil, " Sustainable Agriculture in Brazil" (WT/GC/W/965), [April 30, 2025].

4.2. UNFCCC COP

The BASIC group, including Brazil, China, India, South Africa, have voiced opposition against unilateral trade measures at COP 28, COP 29, and the recently concluded COP 30 in November 2025. In their submission[12] ahead of COP 29, BASIC group members cautioned that such measures when adopted under the guise of climate objectives, risk undermining equity, common but differentiated responsibilities and respective capabilities (CBDR-RC), and nationally determined development pathways. The submission further highlights that unilateral measures with negative cross-border impacts can weaken trust, fragment international cooperation, and increase the overall cost of global climate action.

[12] UNFCCC, Submission by China on behalf of the BASIC Group, [November, 2024].

Regulatory "spaghetti bowl"

Countries such as the UK, the US, have signalled interest in adopting deforestation-free supply chain measures, such as the UK's Forest Risk Commodities regulation. If these countries also implement comparable requirements, an additional USD 49.4 billion in BRICS exports would be placed at risk. In 2024, BRICS members exported USD 41.8 billion worth of covered commodities to the United States and USD 7.6 billion to the United Kingdom. Combined with the USD 47.6 billion already exposed under the EUDR, nearly USD 97 billion in BRICS exports could become subject to parallel due-diligence and traceability regimes.

If such unilateral approaches proliferate, with each country demanding its own traceability templates and verification standards as a condition for market access, BRICS exporters would face increasing compliance costs and regulatory uncertainty. This risks distorting trade flows and further fragmenting the global trading system.

5. Way Forward

The EU's decision to delay the implementation of the EUDR offers temporary relief, but it does not alter the underlying reality: compliance will ultimately be required to maintain access to the EU market. For BRICS exporters, strengthening traceability and due-diligence capacities across agricultural supply chains is therefore no longer optional, but essential for preserving market access.

Moreover, the challenges posed by EUDR underscores the risks of exclusion of smallholder farmers in BRICS members thereby impacting their livelihoods. *No farmer will go green if they are in the red,* underscoring that environmental transitions cannot succeed in isolation from development realities.

There is no one-size-fits-all approach to sustainability. When standards are imposed without adequate recognition of national circumstances and capacities, they risk becoming barriers to trade rather than tools for climate action, further fragmenting an already strained global trading system.

Against this backdrop, BRICS members have both a responsibility and an opportunity. Collectively, they can act as a counterweight to unilateral norm-setting, advocate equity-based sustainability, and promote multilateral cooperation as the most effective pathway to address the global challenge of deforestation. This includes reinforcing opposition to trade measures inconsistent with WTO rules, strengthening engagement in multilateral forums, and supporting cooperative, development-oriented solutions.

At the same time, BRICS members can, *brick by brick*, deepen cooperation in agricultural trade, strengthen domestic capacities, and facilitate technology transfer to support equitable, inclusive, sustainable, and resilient supply chains, in line with national development priorities.

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RIS specialises in issues related to international economic development, trade, investment and technology. It is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues. The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. Through its following centres/forums, RIS promotes policy dialogue and coherence on regional and international economic issues.

The word "DAKSHIN" (दक्षिण) is of Sanskrit origin, meaning "South." The Hon'ble Prime Minister of India, Shri Narendra Modi, inaugurated DAKSHIN – Global South Centre of Excellence in November 2023. The initiative was inspired by the deliberations of Global South leaders during the Voice of the Global South Summits. DAKSHIN stands for Development and Knowledge Sharing Initiative. Hosted at the RIS, DAKSHIN has established linkages with leading think tanks and universities across the Global South and is building a dynamic network of scholars working on Global South issues.

AIC at RIS has been working to strengthen India's strategic partnership with ASEAN in its realisation of the ASEAN Community. AIC at RIS undertakes research, policy advocacy and regular networking activities with relevant organisations and think-tanks in India and ASEAN countries, with the aim of providing policy inputs, up-to-date information, data resources and sustained interaction, for strengthening ASEAN-India partnership.

CMEC has been established at RIS under the aegis of the Ministry of Ports, Shipping and Waterways (MoPS&W), Government of India. CMEC is a collaboration between RIS and Indian Ports Association (IPA). It has been mandated to act as an advisory/technological arm of MoPSW to provide the analytical support on policies and their implementation.

FITM is a joint initiative by the Ministry of Ayush and RIS. It has been established with the objective of undertaking policy research on economy, intellectual property rights (IPRs) trade, sustainability and international cooperation in traditional medicines. FITM provides analytical support to the Ministry of Ayush on policy and strategy responses on emerging national and global developments.

BEF aims to serve as a dedicated platform for fostering dialogue on promoting the concept in the Indian Ocean and other regions. The forum focuses on conducting studies on the potential, prospects and challenges of blue economy; providing regular inputs to practitioners in the government and the private sectors; and promoting advocacy for its smooth adoption in national economic policies.

FIDC, has been engaged in exploring nuances of India's development cooperation programme, keeping in view the wider perspective of South-South Cooperation in the backdrop of international development cooperation scenario. It is a tripartite initiative of the Development Partnership Administration (DPA) of the Ministry of External Affairs, Government of India, academia and civil society organisations.

FISD aims to harness the full potential and synergy between science and technology, diplomacy, foreign policy and development cooperation in order to meet India's development and security needs. It is also engaged in strengthening India's engagement with the international system and on key global issues involving science and technology.

As part of its work programme, RIS has been deeply involved in strengthening economic integration in the South Asia region. In this context, the role of the South Asia Centre for Policy Studies (SACEPS) is very important. SACEPS is a network organisation engaged in addressing regional issues of common concerns in South Asia.

Knowledge generated endogenously among the Southern partners can help in consolidation of stronger common issues at different global policy fora. The purpose of NeST is to provide a global platform for Southern Think-Tanks for collaboratively generating, systematising, consolidating and sharing knowledge on South South Cooperation approaches for international development.

DST-Satellite Centre for Policy Research on STI Diplomacy at RIS aims to advance policy research at the intersection of science, technology, innovation (STI) and diplomacy, in alignment with India's developmental priorities and foreign policy objectives.

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