

Joint Statement on the Environmental Omnibus Proposal

Introduction

The "Competitiveness Compass" presented by the European Commission on 29 January 2025 is generally welcomed by the associations of the wood industry from Austria, Croatia, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. In recent years, the European Union has moved far away from economic realities, while other world regions have deliberately strengthened their competitiveness and become more attractive to businesses. Our positions are aimed at enhancing the competitiveness of the economy, which is under significant cost pressure. Companies urgently need concrete relief measures and a clear signal of economic renewal. An immediate moratorium on new burdens is an effective and necessary step to align the Commission's competitiveness objectives with the actual conditions faced by Europe's businesses.

Against this backdrop, we have identified five key EU legislative acts that should be addressed within the framework of an Environmental Omnibus Proposal, as they will impose unmanageable obligations on our member companies, the majority of which are small and medium-sized family businesses. In particular, the EU Deforestation Regulation (EUDR) is yet another regulatory initiative that has created great uncertainty and frustration throughout the entire wood value chain. While we support the goal of the EUDR to stop global deforestation, the regulation is the wrong instrument to achieve this objective. In our view, it is essential to strengthen the competitiveness of the European economy by reducing bureaucracy, thereby providing effective relief especially to small and medium-sized enterprises.

Below you will find an initial overview:

- I. Regulation on Deforestation-Free Products**
- II. Ecodesign for Sustainable Products Regulation**
- III. Industrial Emissions Directive**
- IV. Packaging and Packaging Waste Regulation**
- V. Nature Restoration Regulation**

I. Regulation on Deforestation-free Products (EUDR):

While we fully support the objective of halting global deforestation, we are convinced that the EUDR is not the right instrument to achieve this goal. The regulation weakens the domestic forest-based sector—despite the fact that no large-scale deforestation is occurring in Europe. Postponing the application by one year at the end of 2024 was a first step towards mitigating urgent risks. However substantive concerns regarding the regulation's scope and obligations persist (not only for SMEs, but for the entire value chain, as it often relies on data from SMEs.). The core problems of the EUDR remain unchanged: the Regulation requires operators to collect a vast amount of highly detailed information, which adds no real value but creates excessive complexity and significant bureaucratic burdens. Furthermore, we are concerned that the potential increase in costs resulting from the EUDR will undermine the competitiveness of our products in international markets.

In our point of view the current version of the EUDR does not appear to be legally enforceable in practice. The regulation, FAQs, and guidelines lead to contradictory information and a lack of legal certainty for companies during implementation. Without improvements, the EUDR risks unintended consequences for the EU's economic resilience and may undermine public confidence in its policymaking processes. To create a better balance between environmental protection and economic viability, we propose the following key principles for a revised approach:

- Establish an "no risk" classification for countries with negligible deforestation risks. This category would streamline requirements, limiting them to basic documentation rather than requiring full due diligence.
- Focus due diligence responsibility on products placed in the market for the first time. Downstream operators and traders should have only very limited responsibilities without duplication of due diligence obligations.
- Apply risk-based enforcement instead of a presumption of guilt. Deforestation is largely a concern outside Europe: In Europe, forest cover has grown by over 14 million hectares since 1990. The burden should not fall uniformly on all actors. Instead, the EU and EU Member States should identify risk hotspots and respond with targeted measures — product-specific, region-specific, or company-specific. This risk-based approach is used effectively in other EU instruments, such as the Forced Labor Regulation.

These proposals would retain the regulation's environmental integrity while significantly reducing red tape. To enable this, legislative amendments to the EUDR are essential. We therefore strongly emphasize the need to incorporate the EUDR into a forthcoming Omnibus initiative and to stop-the-clock for all specific entry into force dates by at least two years which provides enough time for a thorough reassessment of the current regulation.

II. Ecodesign for Sustainable Products Regulation (ESPR):

The ESPR is intended to be the cornerstone of the EU's circular economy strategy, expanding the earlier Ecodesign Directive beyond energy efficiency to cover up to 16 product requirements. These address both performance and information, with the Digital Product Passport (DPP) as the key tool for data transmission. To ensure a manageable transition, a step-by-step approach is recommended. The ESPR does not provide SME exemptions. In general, we recommend a gradual, proportionate rollout of ESPR measures that avoids overburdening industry and ensures real added value. As whole sectors will have to adapt, we predict a strain on available consultants and rising costs.

The DPP is designed to provide a spectrum of information: Handbooks, labels, health & safety, and all additional information. This requires full digitalisation of company workflows, which demands high upfront investment and specialist personnel, particularly for SMEs. In essence these are change management processes. Feedback from leading SMEs states that adaptations ideally require 2+ years (3-6m preparation, 6-12m implementation, 6-9m stabilisation). As whole sectors will have to adapt there very likely is a foreseeable shortage of market consultants and specialist companies. We recommend sufficiently long transition periods for DPP implementation which enable companies to adapt the necessary transformation to their business model while helping to achieve the ESPRs goals.

While the EU aims to lead the world in circular economy practices by 2030, the current ESPR implementation is ambitious in terms of time and complexity. New rules for key intermediate (iron, steel, aluminium) and final products (textiles, furniture, mattresses, tyres) will only start to from 2028 onwards. The importance of preparatory studies is very high as these lay the foundations for product rules. From our perspective, we recommend that the process should include economic feasibility, in-depth knowledge of the sector – both large and SME participants – and adequate time frames for transition. Currently, we see a disproportionate focus on reporting requirements. First-movers report to us that markets are not yet prepared to pay the higher costs associated. We would like to highlight that the transition costs will ultimately have to be borne by the consumers. Additionally, we recommend longer phasing-in of product rules as the currently communicated 18-months present an extremely tight deadline in which to adjust designing and production processes and the digitalisation of data management in companies.

Here are two examples on the reporting requirements:

- A major concern is the mandatory reporting of Substances of Concern (SOCs), where thousands of substances must be tracked and documented in detail, down to product components. This level of granularity will require significant testing capacity, expert knowledge, and infrastructure, which is currently unrealistic for many producers. We recommend a pilot phase focusing on a limited list of SOCs would be more practical.
- The proposed rules on the destruction of unsold consumer goods also pose challenges. Most companies already avoid destruction for economic reasons, yet new provisions would impose complex reporting, including for "dual use" products such as workwear, depending on whether they are sold B2B or B2C. This creates substantial difficulties in implementation issues. We recommend to revisit pay special attention to the feasibility of the proposed rules in the impact assessment and to understand that the costs of reporting and obligatory reuse or refurbishment will require consumers willing to pay extra costs.

III. Industrial Emissions Directive (IED):

To give a halt to the growing effort and costs of the IED, selective improvements have become necessary:

- The legal requirements with regards to environmental management systems (EMS) should be profoundly simplified (e.g., chemicals inventory and transformation plans). Companies running a qualified EMS (e.g., ISO 14001) should be able to operate it without further adjustments.
- To speed up authorisation and assessing compliance, competent authorities should – in a first step – just check completeness and plausibility of submission documents if these documents were elaborated by qualified planning offices or experts. An in-depth-examination by authorities is only necessary, when considerable objections by authorised parties to these proceedings are raised.

IV. Packaging and Packaging Waste Regulation (PPWR):

Simplification and a reduction of bureaucracy in the recently adopted EU Packaging and Packaging Waste Regulation (PPWR) are essential as several provisions of the regulation do not match with an economic reality. Proof of conformity and the technical documentation of legal compliance (to be held ready for a possible authority inspection) of many provisions of the regulation as well as the detailed data reporting is way too burdensome for many participants in this market.

Please see below some examples of requirements that cannot be implemented in this form:

- The rules for reusable transport packaging in Article 29 (2) and (3) are not feasible, because the 100% quota in these subparagraphs is unrealistic. These requirements would mean repackaging/unpackaging products that are delivered in disposable packaging from third countries but also repackaging/unpackaging products in disposable packaging from Member States if these products are then passed on B2B within a Member State and cross-border in a group of companies.
- This would also mean that single-use transport packaging or sales packaging used for transport, such as intermediate bulk containers, pails, drums and canisters of all sizes and materials, must be repackaged if they are imported from another Member State or a third country and then passed on B2B, as the 100% reusable obligation will apply from 2030. It makes no sense to repack/ refill packaged products just to fulfil the 100% reusable obligation. This generates more packaging (namely the necessary required re-usable packaging), unnecessary labour and costs and the whole thing has no added value.
- This means that an exception is needed for goods imported in disposable packaging both from third countries and from MS.
- This 100% quota also means, that by 2030 plastic pallet wrappings and straps would de facto be banned and there are no re-usable alternatives. Plastic pallet wrappings and straps play a vital role in supply chains: Given that automated process can quickly pack large quantities into stable load units, they are easily scalable and make pallets light and secure during transport.

Overall implementation of the Regulation — including all specific entry into force dates — should be postponed by at least two years or more (*proposal: stop-the-clock after August 2026 by 2-3 years*). During this time, the regulation should be thoroughly revised and adapted to ensure it is practical and feasible for application.

V. Nature Restoration Regulation:

The business community supports the Commission's efforts to restore degraded habitats to protect biodiversity – many economic and entrepreneurial activities use healthy ecosystems in their interconnected functionality. Ensuring competitiveness and Europe's economic standing requires clearly defined objectives, economically sound measures, coherent instruments, and a reliable, long-term development of a regulatory framework for nature conservation.

Our main three key points are as follows:

- The principle of non-deterioration and the large-scale expansion of biodiversity protection reduces the potential uses of existing areas, makes economic activities in these areas impossible, and diminishes Europe's attractiveness as a business location.
- Such an objective requires a careful social, ecological, and economic balancing of the various interests and competing uses. However, it is currently still completely unclear what "protection claim" should exist for the remediated and restored areas outside the Natura 2000 network. From an economic perspective, the principle of non-deterioration is extremely demanding, especially in areas outside Natura 2000 and in areas where no remediation measures are being carried out, and the regulation continues to limit the prohibition of deterioration to Natura 2000 areas.

- Fundamental rights in the regulation are only based on Article 37 (environmental protection) of the EU Charter of Fundamental Rights – the fundamental right to property is not mentioned.
- The implementation of the proposed large-scale targets and measures will interfere with the property rights of landowners and users – achieving these targets requires more emphasis on voluntary participation, consultations, and stronger financial incentives or compensation.
- Restoration plans – more flexible schedules: The timelines and general content requirements for the national restoration plans are very ambitious and difficult to fulfill given the high bureaucratic burden and limited government resources in terms of personnel and money. The Commission also recognizes that the preparation of the restoration plan requires comprehensive, quality-assured data. However, this data availability generally only applies to priority habitat types and species according to the Habitats Directive, which makes it impossible to prepare restoration plans in a timely and comprehensive manner, which form the basis for implementing measures.

Association of the **Austrian** Wood Industries

Croatian Wood Cluster

Association of Wood-Processing Enterprises in the **Czech Republic**

ALDP – Forestry and Wood-Processing Companies Association (**Czech Republic**)

Fabunio – Hungarian Furniture and Wood Association

FAGOSZ – **Hungarian** Federation of Forestry and Wood Industries

Polish Economic Chamber of the Wood Industry

ZSD SR – The Association of Wood Processing Manufacturers (**Slovak Republic**)

CCIS – Wood Processing and Furniture Association (**Slovenia**)

