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Assessing the impact on Ugandan traders exporting products to the European Union (EU):

The EU's Regulations on Deforestation-Free Products

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As the world comes to terms with the effects of climate change and biodiversity loss, countries are increasingly implementing different laws, regulations and policies geared to sustainability. According to the European Commission, deforestation and forest degradation are among the main drivers of the global environmental crisis.

The European Union (**EU**) defines ‘deforestation’ as the conversion of forest to agricultural use, whether human-induced or not, which includes situations caused by natural disasters.

The European Parliament [recently approved](#) a 12-month extension to the implementation of new Regulations on Deforestation-Free Products (**Regulations**). The Regulations are set to apply to all operators and traders from 31 December 2025 (or 30 June 2026, for micro and small companies). Stakeholders have more time to establish the necessary systems and to engage with countries outside the EU as they prepare to comply with the new requirements.

Regulations on Deforestation-Free Products

The Regulations impose restrictions on certain commodities and products being made available on the EU market, to ensure that such goods are “deforestation-free”.

The EU states that the EU market’s consumption of commodities and products associated with deforestation is disproportionately high. The Regulations seek to address the EU’s contribution to worldwide deforestation through improving the regulation of imports of globally traded agricultural products.

Commodities and products covered by the Regulations

The Regulations therefore apply to both commodities and products produced within the EU as well as commodities and products imported to the EU from across the world, including Uganda.

The Regulations cover palm oil, cattle, soy, coffee, cocoa, timber, rubber, and their derivative products (such as beef, furniture, or chocolate), among others. A full list can be found in Annex I to the Regulations.

Who do the Regulations apply to?

The primary legal obligations apply to the operator who places the products in the EU market. However, the Regulations require all operators purchasing Ugandan products for the EU market to provide certain data and information about the products. This means that suppliers from countries outside the EU, such as Uganda, will be required to provide such data and information to the trade partner (the operator), in addition to complying with existing customs and other trade laws.

Operators must submit due diligence statements to the EU through an online system called the online deforestation registry that is created and managed by the European Commission. The specific statements to be included in the due diligence statement are in Annex II to the Regulations. Before an operator can place products on the EU market, it must confirm there is none or negligible risk that such products do not comply with Article 3 of the Regulations, i.e., that they are “deforestation-free” and compliant with local laws.

Due Diligence requirements to impact Ugandan businesses exporting products to the EU

The operator who places the products in the EU market will need to conduct due diligence and risk assessments to ensure that it can issue the required due diligence statement, i.e., that the relevant products are deforestation-free and were produced in accordance with local laws in the country of production.

This means that foreign businesses exporting their products to the EU, such as Ugandan businesses, will be asked to provide the relevant operator (importing the products for the EU market) with all documents and data required to comply with its obligations under the Regulations.

The due diligence encompasses all the stages from the growing stage through production to shipping. Companies need to ensure that the products are strictly compliant at all stages in the supply chain. For example, “deforestation-free” products must be kept separately from other goods while being shipped. Mixing compliant commodities with goods whose origin is uncertain makes the entire shipment ineligible for being placed on the EU market.

Enforcement

The EU member state where the products are placed is responsible for monitoring and enforcing the Regulations, including vetting the products before accepting them onto the market. Shipments from certain “high risk” countries (to be published by the European Commission) will be subject to more comprehensive checks and inspections.

Non-compliant goods will be confiscated and persons trading in such products will be penalized, including a possible temporary exclusion from trading on the EU market. Each EU member state has discretion to determine the penalties, including the level of fines; however, the Regulations specify that the maximum penalty cannot be lower than 4% of the operator’s total annual EU-wide turnover.

Because the operator bears liability under the Regulations, the foreign traders may be required to provide additional indemnities (and performance security) to the relevant operator in the supply or sales agreements to cover losses incurred as a result of claims against the operator for products that are non-compliant with the Regulations.

Further information and guidance

For operators placing products in the EU that are micro-, small and medium sized enterprises (SMEs), there are simpler rules. [Factsheet for SMEs - European Commission \(europa.eu\)](#)

Further information and guidance on the Regulations, including responses prepared by the European Commission to frequently asked questions can be found here: [Deforestation Regulation implementation - European Commission \(europa.eu\)](#)

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