

Overview of UK Forest Risk Commodities (FRC) Regulation

28 October 2025

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Presentation overview

1. FRCs and their impact

2. Case study: cattle ranching in the Brazilian Pantanal

3. UK FRC regulation: background and provisional scope

4. What would robust UK FRC regulation look like?

What are Forest Risk Commodities (FRCs)?

- FRCs are those responsible for the majority of global deforestation and conversion
- **9-14%** of global annual GHG emissions come from land converted to food and fibre commodity production
- UK Government research has identified seven FRCs as responsible for 65% of the UK's annual tropical deforestation risk: **cattle products, palm oil, soy, maize, coffee, cocoa and rubber**





Pantanal, Brazil



- Approximately **one third** of the biome burned in 2020
- Up to 95% of these fires started on private land, the majority of which is used for **cattle grazing**

Cattle ranching in the Pantanal: **Statistics**

- Cattle ranching is the **leading cause** of deforestation and native vegetation loss in the Pantanal
- **127.5% growth in pasture** 1990-2021 – 2.54 million hectares in 2021
- Not only forests are affected – conversion rate of grassland and wetland into pasture **almost doubled** in 2010-2021 compared to 1990-2000

Cattle ranching in the Pantanal: **Key drivers**

Increasing global demand for beef




Stronger protections for the Amazon and Cerrado biomes



Deforestation **leakage**

UK legislation tackling deforestation in supply chains

Schedule 17 of the Environment Act 2021

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- Introduces a framework to ban the use of forest risk commodities and derivatives in the UK that have been produced in a manner that does not comply with local land use laws – a different approach to the EUDR
 - **Secondary legislation** is required to determine scope, due diligence reporting requirements and implementation timeline
 - However, this legislation has not been introduced – **four years** after the passing of the Environment Act

The consequences of delay to UK FRC

- Over the last year, UK imports of forest risk commodities have wiped out forest areas the size of major cities such as **Newcastle**
- As a signatory of the Glasgow Leaders' Declaration at COP26 in 2021, the UK committed to:

'working collectively to halt and reverse forest loss and land degradation by 2030'
- According to the latest Forest Declaration Assessment, **8.1 million hectares** of forest were lost in 2024 – **64% higher** than the trajectory needed to halt deforestation by 2030



Provisional scope of UK FRC regulation



- Does not cover legal deforestation – creating a **race to the bottom?**
- May initially apply only to soy, cocoa, palm oil and cattle products (excl. dairy) – not all seven key FRCs
- May be subject to legislative sequencing
- May only apply to businesses with a global turnover of more than £50 million

What would robust UK FRC regulation look like?

Effective UK FRC legislation should:

- Include in its scope, in the first instance, the **seven high-risk FRCs** and their derivatives – cattle, palm oil, soy, maize, coffee, cocoa, and rubber – with provision for future review for expansion
- Prohibit both **illegal and legal** deforestation in UK commodity supply chains, thereby helping to tackle **deforestation leakage**
- Apply to businesses **of all sizes**
- Include forests, **other wooded land** and **other natural ecosystems** in its scope
- Avoid potential loopholes such as 'no-risk countries'



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Overview of EUDR regulation and recent developments



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- ✓ Regulation to prevent further forest loss and forest damage driven by EU consumption
- ✓ Works through due diligence obligations of those trading with the products in scope: cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products
- ✓ Targeting legal and illegal deforestation, and verification with local laws (labour, environment and human rights)
- ✓ Benchmarking for risk-categories
- ✓ Replacing the EU Timber Regulation

Importance for forests – 2024 saw a forest loss of over 8 million hectares, an area the size of England.



To delay or not to delay – that is the question

- **End of 2024:** proposal to delay by Commission – reason was the readiness of companies and authorities
- **September 2025:** announcement of further delay due to IT issues, without published proposal
- **October 2025:** Commission proposal for changes to the Regulation, without significant delay

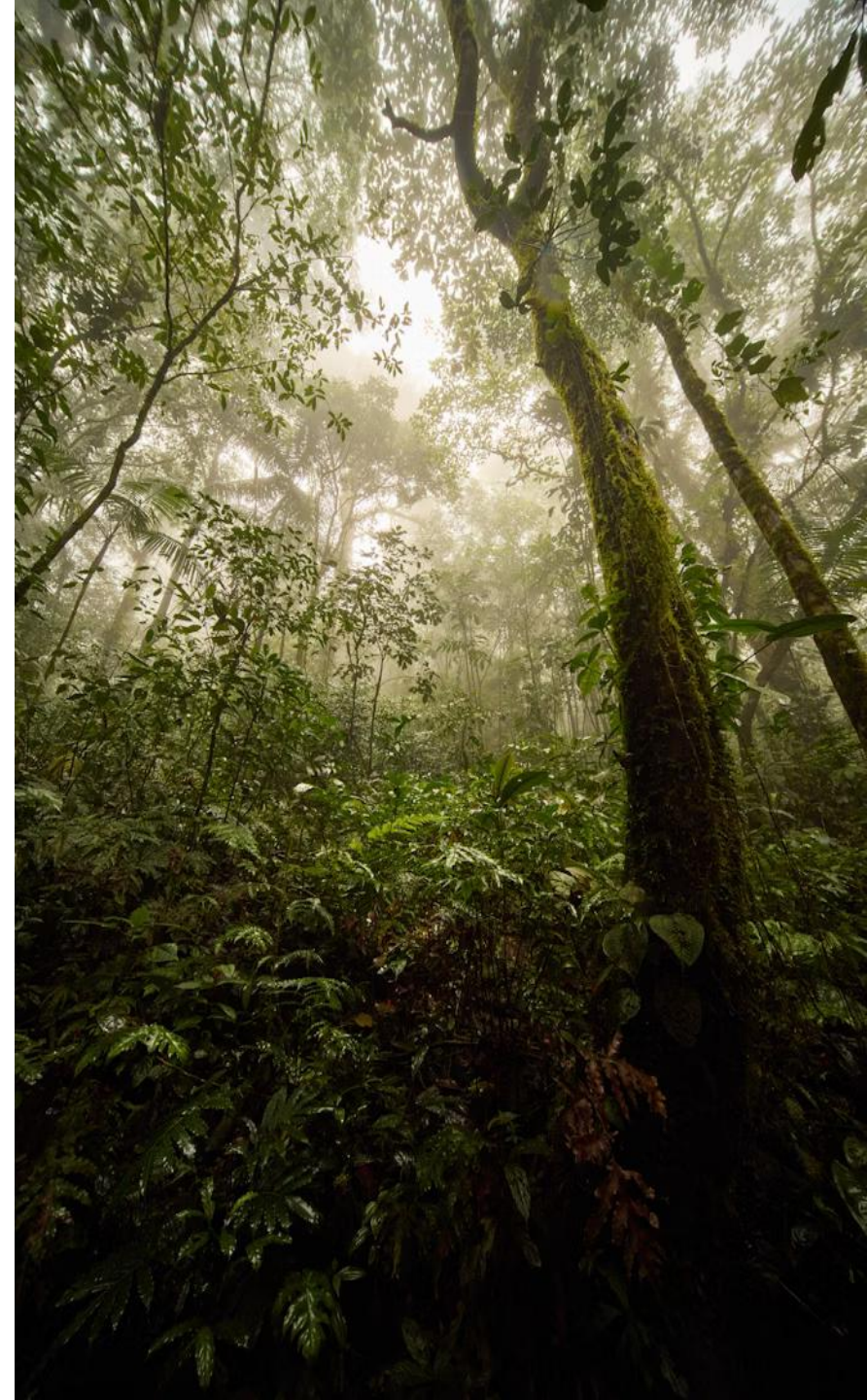
The Regulation will now be re-opened.

Changes proposed for the following areas

- ☐ **Downstream operators** – Due Diligence is only required at the point of entry to the market
- ☐ **SME operators** in low-risk countries: one-off declaration
- ☐ **Implementation delay for SMEs** – to 30 December 2026
- ☐ **Grace period until mid-2026:** relaxed checks by Competent Authorities

Deforestation-free food for thought

- Political and corporate pressures in the era of competitiveness
- IT issues fully addressed through proposed changes?
- Issues of communication and credibility





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