

Under EU deforestation rules, Malaysia makes contingency plans for agriculture exports

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Malaysia is implementing contingency plans to maintain its competitiveness in European markets and avoid being classified as a "standard risk" country under the European Union's new Deforestation Regulation (EUDR).

The commodities ministry announced in a parliamentary reply that it is working to ensure industries exporting agricultural products to Europe comply with EU requirements. Currently, Malaysia is categorized as a "standard risk" country under the EUDR, alongside Indonesia and Brazil.

Under these regulations, 3% of shipments from "standard risk" countries are subject to inspection, while "low risk" countries face less stringent due diligence. The four "high risk" nations—Belarus, Myanmar, Russia, and North Korea—face the strictest compliance checks. The EU law, set to take effect in December, applies to commodities like soy, palm oil, wood, cocoa, and coffee, as well as downstream products such as leather, chocolate, and furniture.

The Malaysian government has expressed concerns over its "standard risk" classification, arguing that it is based on outdated data. To address this, the ministry is taking steps to meet the qualitative assessment criteria for the EU's country benchmarking system. Through the Special Committee for EUDR Implementation, the government will propose solutions to address cross-jurisdictional issues involving various ministries and agencies.

If Malaysia fails to secure "low risk" status, the ministry plans to engage with industries exporting agricultural products to Europe to ensure compliance with EU requirements. This proactive approach aims to mitigate the impact of the EUDR on

Malaysian exports and maintain the country's position in European markets.

The EUDR, which focuses on preventing deforestation linked to agricultural commodities, is part of the EU's broader efforts to promote sustainable trade. Malaysia's efforts to comply with the new regulations highlight its commitment to sustainable practices and maintaining access to key international markets.