

Title: EU Forced Labour Regulation Compliance Guide: What Companies Must Do Before the 2027 Trade Ban

Key Takeaways

- The EU's Forced Labour Regulation creates a sweeping product ban, not just a reporting obligation. Beginning December 14, 2027, any product made wholly or partly with forced labor at any tier of the supply chain can be removed from the EU market or blocked at the border, regardless of company size or sector.
- Enforcement will be risk-based, data-driven, and EU-wide. Authorities can investigate based on "substantiated concern," require detailed supply chain documentation, and impose market withdrawal, disposal, and customs measures that apply across all member states.
- Companies should treat FLR compliance as trade compliance and prepare now. Product-level supply chain mapping, strengthened forced labor due diligence, investigation-ready documentation, and updated contractual protections will be critical to avoid disruption, write-offs, and long-term exclusion from the EU market.

As of December 12, 2024, the European Union has adopted the Regulation on Prohibiting Products Made with Forced Labour on the Union Market (Regulation (EU) 2024/3015), commonly called the Forced Labour Regulation ("FLR"). Beginning December 14, 2027, the FLR will prohibit the sale, import, and export of goods made wholly or partly with forced labor anywhere in their supply chain. This is not a disclosure regime. It is a trade ban with potentially severe consequences for companies with any EU touchpoint.

Below we outline why the FLR matters now, how it works, and what practical steps companies should take.

Why This Matters Now

From disclosure to product bans. Unlike modern slavery and ESG reporting laws, the FLR allows EU and national authorities to remove products from the EU market and block their import or export if they are found to be made with forced labor. Companies face the risk of stock write-offs, supply interruptions, and long-term exclusion of affected products from the EU.

All companies, all products, all tiers. The FLR applies to any "economic operator" placing products on the EU market or exporting from it, regardless of size, sector, or turnover. It covers goods at any stage of production (raw materials, components, finished products) and reaches forced labor occurring both inside and outside the EU, using the International Labour Organization's ("ILO") definition.

Long lead time, short runway. Although enforcement starts on December 14, 2027, the EU expects companies to retool their supply chains and due diligence now. Member states were required to designate their competent authorities by December 14, 2025. Guidance, databases, and tools are currently rolling out, creating a moving but accelerating compliance target.

Overview of the FLR

Core Prohibition

- The FLR bans products made with forced labor from being:
 - Placed or made available on the EU market; or
 - Exported from the EU.
- “Forced labour” is defined in line with ILO Convention No. 29 and encompasses work exacted under menace of penalty and not voluntarily offered, including through coercion, debt, document retention, or threats.

A single tainted component or one stage of production involving forced labor can be enough to trigger the ban for the final product.

Scope of Products and Actors

- Products: Any good with monetary value, including raw materials, intermediate goods, and finished products, regardless of origin.
- Economic operators: Any entity that places products on the EU market, makes them available there, or exports them, including manufacturers, importers, brand owners, and online platforms, with no revenue threshold.
- Geographical reach: Applies to forced labor within and outside the EU, with different lead authorities depending on where the suspected forced labor occurs.

How Enforcement Will Work

Risk-Based Screening and “Substantiated Concern”

Authorities will not investigate every product. Instead, they use a risk-based approach to identify cases where there is a “substantiated concern” that products may involve forced labor.

Key tools include:

- Publicly available information (NGO reports, media, international organizations).
- A forthcoming EU-level database of high-risk regions, sectors, and products.
- Complaints or submissions from civil society, trade unions, and other stakeholders.

If the information threshold is met, the competent authority can open a formal investigation.

Division of Roles: Commission and Member States

- When suspected forced labor occurs outside the EU, the European Commission acts as the lead competent authority, coordinating with national bodies.
- When suspected forced labor occurs within a member state, that member state’s designated authority leads the investigation.

- All member states must designate competent authorities and cooperate through an EU network, sharing information and aligning enforcement decisions.

Investigative Powers

Once an investigation is opened, authorities can:

- Request detailed supply chain information from economic operators, including supplier identities, production sites, and due-diligence documentation.
- Seek information from third parties (civil society, international organizations, affected workers).
- In exceptional cases, support or coordinate on-the-ground checks outside the EU, often via cooperation with local or international bodies.

Companies that cannot provide credible, product-level evidence of forced-labor risk management will be at heightened risk of an adverse finding.

Consequences of a Violation

If authorities conclude that products were made with forced labor, they can impose far-reaching measures:

- Market and trade ban. Prohibit placing or making the products available on the EU market and prohibit their export.
- Withdrawal orders. Require withdrawal of affected products already on the EU market, including from distributors and retailers.
- Disposal or remediation of components. Order disposal of products or, where feasible, replacement of specific components made with forced labor rather than destruction of the entire product.
- Customs enforcement. Instruct EU customs to systematically stop and retain non-compliant products at the border, blocking both imports and exports of identified SKUs.

These measures have EU-wide effect, meaning that once a product is subject to an FLR ban, it cannot simply be re-routed through another member state.

How the FLR Differs From Other Forced-Labor and Modern-Slavery Regimes

For companies used to dealing with UK Modern Slavery Act statements, U.S. due-diligence expectations, or the forthcoming EU Corporate Sustainability Due Diligence Directive, the FLR changes the risk landscape in three important ways:

1. Outcome-focused, not disclosure-focused. The FLR's primary remedy is removal of products from trade, not improvement of public reporting. Even a company with strong policies and reporting can face product withdrawal if authorities find forced labor in its supply chain.

2. No turnover threshold; broader product coverage. Many modern-slavery and due-diligence laws apply only to companies above certain revenue or employee thresholds. The FLR applies to all operators and products entering, circulating in, or leaving the EU, regardless of company size.
3. Different approach from the U.S. UFLPA. The U.S. Uyghur Forced Labor Prevention Act (“UFLPA”) uses a rebuttable presumption that goods linked to Xinjiang are made with forced labor. The FLR instead relies on a risk-based investigative model grounded in “substantiated concern,” without a region-specific presumption, but with global coverage.

Practical Steps for Companies

With less than two years until enforcement, companies should treat the FLR as a new layer of trade compliance alongside customs, export controls, and sanctions.

1. Map and prioritize supply chains.
 - - Identify products placed on or exported from the EU.
 - Identify high-risk regions, sectors, and tiers in those products’ supply chains (e.g., raw materials, contract manufacturing, labor-intensive processing).
 - Focus first on SKUs most likely to attract scrutiny under forthcoming EU risk indicators and databases.
2. Upgrade forced-labor due diligence. Existing ESG programs are often too high-level. Under the FLR, companies should be able to show, at a product level:
 - - Screening and risk assessment for specific suppliers and facilities.
 - Contractual requirements prohibiting forced labor and providing audit/termination rights.
 - Monitoring mechanisms (audits, worker-voice tools, grievance mechanisms).
 - Remediation processes if forced labor is identified.
3. Build an “investigation-ready” evidence file. Prepare to respond quickly if an authority opens an FLR investigation by organizing:
 - - Supplier lists and production site information by product line.
 - Documentation of human-rights due diligence, audit reports, and corrective action plans.
 - Clear internal ownership for responding to authority information requests.

4. Align contracts and governance. Review and update supplier and distributor contracts to:

- - Include robust forced-labor prohibitions and cooperation obligations.
 - Require provision of information needed for FLR investigations.
 - Address allocation of costs and risk if products must be withdrawn or destroyed due to a forced-labor finding.

5. Coordinate with other EU developments. Integrate FLR preparations with compliance under the Corporate Sustainability Due Diligence Directive (“CSDDD”) and national human-rights due-diligence laws, so that supply-chain mapping and risk management are not duplicated in silos.

Conclusion

Firms trading into, within, or out of the EU should treat the FLR as a new customs-style enforcement regime that can suddenly render products unsellable — irrespective of existing voluntary policies. Early, targeted action now will be far less costly than scrambling after an investigation has begun.

AGG’s International practice advises leading companies on forced labor compliance, supply chain transparency, and cross-border due diligence. Our team delivers tailored risk assessments, compliance frameworks, and remediation support across hospitality, retail, and manufacturing sectors.

For assistance with modern slavery compliance, supply chain audits, or risk management strategies, contact AGG’s [International practice](#).