

Tackling deforestation through EU due diligence

Lessons and proposals from Brazil

Summary report from a webinar on 1 October 2020

The webinar started with Victor Moriyama, a Brazilian photojournalist, who presented new images and shared his testimony of a recent field trip to the Amazon and the Cerrado done with the support of Rainforest Foundation Norway. During his trip, he didn't come across any Brazilian Institute of Environment and Renewable Natural Resources (Ibama) representatives, who fight illegal logging. He highlighted that deforestation and violence are on the rise in Brazil.

Key Speakers:

- **Maria Noichl**, Member of the European Parliament (MEP), S&D Group
- **Helen Bellfield**, Trase Lead at Global Canopy

- **Raoni Rajão**, Professor at the Federal University of Minas Gerais (UFMG)
- **Adriana Ramos**, Instituto Socioambiental (ISA), Brazil
- **José Silva Soares**, Member of Parliament (MP), Brazil
- **Leonel Almeida**, Marfrig
- **Nicolae Stefanuta**, MEP, Renew Group
- **Lisa Kirfel-Ruhle**, Deputy Head of International Agricultural Policy, Agriculture, Innovation

Interventions

MEP Maria Noichl said that European politics is driving deforestation, but that the responsibility for stopping deforestation should be shared by all political parties and countries exporting products to the EU. The European Commission and Parliament need to find a new way of sourcing products in line with its climate policy. A European Green Deal is still on the table, but the current Mercosur-EU Free Trade Agreement (FTA) is a problem. Any commitments need to be sanctionable and binding. Ultimately, she stressed we need to fundamentally change the way we feed animals and our attitudes to intensive farming.

Helen Bellfield, Trase Lead at Global Canopy Programme, explained that the EU risks increasing deforestation by importing soya and beef from

Brazil. EU imported soy is two times more likely to have led to deforestation than China (although China imported five times more soy than the EU over the decade). The Matopiba area (Maranhão, Tocantins, Piauí and Bahia) is at most risk of deforestation. In 2012-2017, twenty per cent of EU soy from the Brazilian state Mato Grosso was linked to farms with illegal deforestation. The problems are highly concentrated as 80 per cent of the deforestation took place on only 2 per cent of the farms. In 2019, Brazilian beef accounted for over a third of the EU's beef imports. In 2017, beef imports had a lower chance of causing deforestation because it was mostly from south and central west Brazil. This risk is expected to rise if beef is sourced from the Cerrado. And if the Mercosur-EU FTA goes ahead, we can expect beef imports to the EU to increase substantially.

Adriana Ramos, Instituto Socioambiental (ISA), Brazil, highlighted the need to establish a Tenure and Human Rights Observatory. She quoted a report by the Indigenous Missionary Council (CIMI), saying that over 85 per cent of deforestation in Mato Grosso is illegal. Recent major developments may, however, legalise presently illegal activities. A new bill, for example, would increase the rate of legal forest reserves that can actually be cleared. Another programme to lower environmental goals was recently released and there is no government oversight of the voluntary carbon market.

Changes to the legal framework and lack of enforcement in Brazil also jeopardises human rights safeguards. The Brazilian government has significantly reduced transparency of data systems, making human rights violations even more invisible. Ramos called for recognition of human rights violations and labour legislation for Indigenous populations.

Raoni Rajão, Professor at the Federal University of Minas Gerais (UFMG) explained that at least 17 per cent of beef exported to the EU is linked to deforestation. EU trade is subject to private certification necessary to register individual farms at the EU Trade Control and Expert System (required to import animals, animal products, food and feed of non-animal origin and plants into the EU), however it is possible to observe a high level of deforestation even in the farms under scrutiny by the EU. Private certification is also expensive for individual producers, small meatpackers and the lack of transparency increases the risk of fraud, and there is no evidence that they have been able to avoid deforestation.

Reactions

Leonel Almeida, Marfrig, explained that they have been using certification and working to reduce deforestation in the supply chain, including through satellite monitoring since 2009, covering an area equivalent to the United Kingdom. They have found Brazilian systems to analyse supply chains to be limited and fragmented. It is difficult to monitor direct links (such as delivery of cattle to slaughter houses) and indirect links (such as providers of services to cattle raisers). In July 2019, they made

Rajão thus proposes establishing a transparent governmental tracking system linking data from the Brazilian Animal Transport Permit (GTA) and Brazil's National Environmental Registry of Rural Properties System (CAR) with invoice and packing information. It would use the CAR code, and as such, doesn't expose personal farmer data. Instead, it provides the location, embargoes, fines, permits and lists of suppliers. This would have no additional cost to the rancher.

This system would enable all farms and buyers in and outside of Brazil to verify their environmental status, based on the CAR. Since this CAR code gives geo-referenced data, it can be independently verified. The system will also cover indirect suppliers since it integrates the GTA. Buyers could demand from meat packers to provide the list of the CAR codes of the farms that are supplying the animals. The same could apply for soy stored in silos.

José Silva Soares, MP, Brazil, presented his proposal for a Green Agricultural Seal for environmentally-friendly producers (based on a proposal by Rajão). The system will be tested in Pará State and involves measuring the size of a property and their compliance with environmental regulations based on CAR data. In Brazil, farms covering 80 million hectares, and 270,000 people don't have land tenure, meanwhile smallholders make up 85 per cent of producers. To provide food for supply chains, smallholders need to have documents and cannot afford expensive private certifications. This new certification system won't bring new costs for producers, will maintain their confidentiality and has a low implementation cost for the government.

a plan to provide all consumers with transparent supply chains, but to really solve the problem, producers need to be included.

Having stable laws is also important as if we join efforts and have common goals, we will have better solutions in the short and medium term.

MEP Nicolae Stefanuta, Shadow Rapporteur on "An EU legal framework to halt and reverse EU-

driven global deforestation", explained that the European Parliament has called on the Commission to present a legal coherent framework. In September 2019, the Environment Committee looked at a possible legal framework. It is important, however, to look beyond deforestation to ecosystem destruction and degradation and human rights violations. Mandatory sustainability rules and due diligence requirements are necessary and level the playing field. The Commission should draw up a list of all commodities associated with deforestation, including palm oil, soy, meat, leather, cocoa and maize and make sure that products placed on the EU market do not come from forests. Operators should take a risk-based approach to due diligence, meaning that they take more care when sourcing from high risk areas. The EU is no longer willing to be part of the problem, we want to ensure we don't have incentives to produce more and more.

Lisa Kirfel-Ruhle, Deputy Head of International Agricultural Policy, Agriculture, Innovation, concluded that as well as regulatory demand side measures, we need to integrate support for producing countries into upcoming EU measures. A

Brazilian observatory could input to an EU observatory on deforestation, although we would need to agree on what the goals of such an observatory could be and who the members would be.

To achieve full traceability, it is crucial to connect global trade data with individual supply chains so we can identify illegal deforestation at the farm level. To ensure acceptance of the EU regulation, we must support producing countries with incentives (non-financial). We have to support those at the forefront of zero deforestation initiatives, such as civil society. CAR is crucial for making deforestation transparent. Our ministry recently extended support for CAR in the Amazon and Cerrado. In conclusion, Kirfel-Ruhle mentioned that a new instrument of EU forest partnerships has been announced by Directorate General Development and that it will be important to design and finance measures in supporting producing commodities.