



Summary of the Fern event:

How Partnerships complement the EU Deforestation Regulation

In December 2022 a final political agreement was reached on the EU Regulation on deforestation-free products (EUDR). This will impose due diligence obligations on operators and traders placing various forest risk commodities on the EU market. But to really stop deforestation, we need to go beyond cleaning up EU supply chains and engage with forested countries to help tackle deforestation's root causes. On 9 March 2023, the Responsible Business Conduct working group of the European Parliament and Fern organised the event, 'How partnerships complement the EUDR', to discuss what effective partnerships should look like in the context of the Regulation. Government representatives from Brazil and Colombia, a Brazilian civil society member and a smallholders' representative from Côte d'Ivoire took part, The event was chaired by Vice President of the European Parliament **Heidi Hautala**.

All presentations are available [here](#) and a recording of the event is available [here](#).

Indra Van Gisbergen presented '[An EU Strategic Framework for working with countries to achieve deforestation-free production](#)'. She explained that we need partnerships to improve governance across countries, and to mitigate risks like segregated supply chains, or leakage to non-forest ecosystems or non-forest commodities. Existing initiatives like Forest Partnerships and the Central African Forest Initiative (CAFI) are not enough, as they do not directly relate to deforestation-free supply chains and the specific requirements needed for implementing the EUDR. The report identifies eight guiding principles including the need for a clear Theory of Change and direct incentives to change. Partnerships should be individually tailored and the EU should engage with the most strategic countries and take into account existing partnerships.

Ambassador to the Mission of Brazil in Brussels, Pedro Michel da Costa e Silva stated: *"We need to combat illegal deforestation to protect the Amazon, other biomes and protect Indigenous populations and other communities living in the biomes. We think the EUDR is not the appropriate way to tackle deforestation. Brazil has repeatedly conveyed its views to the European institutions about the unilateral, punitive and discriminatory aspects of the Regulation."*

His concerns included that the EUDR contains no incentives for reforestation or the recovery of degraded land. The concept of zero-deforestation ignores national definitions and efforts to engage farmers in sustainable practices. He also stated that the Regulation is burdensome, contains criteria

that are not widely applied in today's supply chains and will require segregated supply chains for Europe, even for products produced with full compliance with Brazilian legislation. Operators in Brazil won't disrupt their whole supply chains just for the EU Regulation.

He stated that Brazil is nevertheless, ready for dialogue, cooperation and partnerships and that he hopes that those responsible for implementing the EUDR will be open to input as EU initiatives must be built on existing practices. There will need to be a constant process of improvement on what was designed unilaterally and we must avoid trade diversion and disruption, as well as shutting out smallholders.

The increase in Brazil's deforestation rate in the past few years is regrettable and needs to be reversed. Since the beginning of this year, Brazil has prioritised forest protection and Indigenous Peoples' rights and took immediate actions in terms of monitoring, law enforcement, and funding forest protection. President Lula has set a target to end deforestation in the Brazilian Amazon by 2030. We urge the EU to support our own initiatives. This is kind of partnership we can accept.

Camila Polo Flórez, *Chargée d'affaires, Embassy of the Government of Colombia in Brussels* reinforced the Ambassador's concerns and said that dialogue has been missing. Producer countries' realities are different and hard to capture in one legislation which sets EU standards. In Colombia, the drivers of deforestation are cattle ranching, illegal mining, logging and urban expansion. Coffee and cocoa are not the main problem, but those producers will have to bear the burden. They will dedicate 70 per cent of the carbon tax towards a national environmental fund.

She said that Colombia is implementing legal measures to tackle environmental crime, including security for land tenure, containment and to prevent illegal logging. This will cost \$70m (US) which can't be reallocated to the needs of one specific market. We need international cooperation to support our own priorities. The proposed benchmarking system may result in political and reputational damage, creating barriers and mistrust. Colombia is also concerned that the EUDR will divert existing resources to so-called risky products that aren't causing deforestation. Establishing a traceability system is not a priority for Colombia. If other countries consider similar measures this could mean segmenting production to meet each market's requirements, which would make some crops unviable.

Tackling the root causes of deforestation and providing a sustainable future for smallholder farmers is a big priority. We need concrete support and new resources, either from the private sector or through transferring technology, so productive sectors can comply and fair prices are recognised.

Adriana Ramos from *Instituto Socioambiental in Brazil* said the EUDR comes when 95 per cent of Brazilian deforestation is illegal, and Brazil is ready and committed to combat deforestation. Brazil's plans are going further than the EUDR requires. She said that she hopes that the Cerrado biomes will be included in the EUDR in future because we already observe leakage there.

She was clear that partnerships offer opportunities, especially after Bolsanaro's dismantling of policies and laws. The Strategic Framework should be designed to survive different governments and not depend on the will of the private sector. An EU-Brazil partnership should support Brazil's Low Carbon

Agriculture Plan and the Rural Environmental Register establishing polygon maps of properties. Smallholder associations should also be supported to ensure they get a fair price for their produce and are EUDR compliant. Forest governance and the rights of Indigenous Peoples and Quilombolas should be strengthened. This includes ensuring territorial rights and real economic development for people living in rural areas, forest restoration, monitoring and improved transparency. Human rights violations such as slave labour need to be part of the dialogue. The EUDR can help Brazil step up enforcement of its own policies, so Brazil can again be the country with the most reduced emissions from deforestation.

Bakary Traoré from Côte d'Ivoire representing the Sustainable Cocoa Platform made up of NGOs and cooperatives and representing 150,000 cocoa growers, reminded the audience about Article 10 of the EUDR which is related to operators' obligation to mitigate risks by supporting and investing in smallholder capacity building - an important entry point for smallholders. He highlighted that there are too many intermediaries in the cocoa supply chain, each of which reduces farmer revenue. They want to put in place a quota for small suppliers to have direct access to the European market – bypassing intermediaries and big traders like Cargill to allow producers to keep more profits. All stakeholders should think about market access.

Sebastien Lesch from BMZ in Germany, speaking as member of Amsterdam Declaration Partnership, stressed the importance and priority of engaging with partner countries and working with various stakeholders including companies and producers. Due Diligence should not only aim to avoid risks but to prevent and mitigate them. He strongly welcomed Article 28, on participatory and inclusive cooperation, which is quite unique in EU law-making. The Strategic Framework should define relevant activities – incentives for preservation at deforestation hotspots, smallholder support, and support for tenure rights and traceability. There is a strong argument for companies to source from countries with robust traceability systems.

He explained that Germany's cooperation will be stepped up as part of EUDR implementation, including through a new program called SAFE with Brazil, Ecuador, Zambia and Indonesia, and Fit for Fair - a Global program on Agricultural supply-chains. Germany will support the Organisation for Economic Cooperation and Development (OECD) to produce a handbook for companies on deforestation in supply chains. DG INTPA and several Member States are initiating a Team Europe initiative on deforestation-free supply chains to reduce deforestation and support smallholders.

Questions and answers

How do we increase access to justice for Indigenous Peoples?

The Government of Brazil have an ongoing open dialogue with the EU. Adriana from ISA stressed there is a need to go further and bring human rights to the forefront – through an observatory on human rights. A problem is that the private sector is also violating rights on the ground and pushing against respect for rights. This will be one of the most difficult areas in which to achieve compliance.

The Colombian representative said that 47.6 per cent of the forest is held by Indigenous Peoples in Colombia; 4.7 per cent by Afro-Colombians. A big part of our forest protection plans is supporting them to use their ancestral knowledge to protect the forest.

What sort of incentives or concrete support are you expecting the EU to put in place?

The Brazilian government said that more dialogue, financial assistance, technology transfer and trilateral cooperation are needed. Germany promised to provide political, technical and financial support to smallholders and Indigenous Peoples.

To Brazil and Colombia: can you take the EUDR as an incentive to improve production across the board, rather than create segregated supply chain?

The Brazilian government stressed it is presently difficult to see it as an incentive as “an incentive should be positive”. Adriana from ISA said, “National policies actually go beyond the EUDR. So we should see it not as a threat but an opportunity to strengthen implementation of existing laws. The process was unilaterally developed but we should take lemons and make lemonade—try to make something positive. We have been talking for decades – expecting that the private sector will end deforestation on their own. If they didn’t do it by now, they should feel the strong hand of consumers on this.”

What financial assistance will producers receive to meet the requirements of the Regulation?

Bakary said, “We must support smallholders, no one would disagree. But we also saw the Commission say they won’t put any additional money on the table – which means it will be taken from things that are already planned. It’s not only about financial assistance; we also need to train producers to support themselves – that’s why we want direct access to markets and to stop intermediaries from taking the value.”

DG INTPA

Marjeta Jager (Deputy Director General of DG INTPA) joined the panel to react to the discussion. “Partnerships is in the DNA of DG INTPA. This event is very timely, as we are going into the implementation phase of the Regulation,” she said. She responded to concerns about the lack of consultation by saying a public consultation had more than 1.2 million responses, and there was a multi-stakeholder platform. It’s important to discuss the Regulation after the Commission makes its proposal, she added.

She pointed out that the EU has been working on forest protection for decades with our partner countries, including via the Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (FLEGT-VPAs) and licensing in Indonesia; and the Forest Partnerships that Ursula von der Leyen signed with five countries. They will help us understand how to use the experiences and synergies of these processes to implement the EUDR.

The Multiannual Financial Framework puts about one billion Euros towards forests. They also have funding for agricultural supply chains which can be used to implement the EUDR and SAFE which has a budget of around 40 million Euros. This will be oriented towards EUDR implementation. With German partners they can now discuss putting more partner countries on the list of recipients. With more Member States participating in our Team Europe initiative, they might also attract better resources.

She stated that the EU will support stakeholders with all tools – not only policy dialogue, but more meetings, explanations and structured dialogues. Multi-stakeholder dialogue will be vital – including engagement with civil society and local communities – especially on gender issues. The EU will also intensify work with small and medium sized enterprises (SMEs) and smallholders. She stated that we should build on the Cocoa Talks experience, which was a huge success – the participants are driving the roadmap for a sustainable cocoa sector. “We are really looking forward to close collaboration and partnership with all of you. Once we have a Terms of Reference for the Team Europe initiative, we will share it,” She ended by saying, “I am looking forward to having comprehensive Strategic Framework discussions with all of you.”

Heidi Hautala MEP closed the event by highlighting that the EUDR implementation time is very short: 18 months for operators and 24 months for SMEs. So we have to be very focused. The cocoa talks with Côte d’Ivoire, Ghana and Cameroon are potentially a model for other commodities.

We are now moving to real partnerships: INTPA changed its name to “partnerships” so it’s clearly a priority. We should support all efforts to eradicate illegal logging and mining. It won’t be easy but there are very good organisations working on this and the EU should give them more support. We should see whether the Strategic Framework report that Fern has created could show the way forward. Let’s make this a cooperative project, not unilateral, even if it was at the outset, she said.