



EU Action on Deforestation : State of Play

Enforcing a due diligence based regulation for forest risk commodities

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1) EUTR/FLEGT Fitness check

- **EUTR** shows positive results with regard to keeping supply chains clean, however:
 - **Difficult to prove in the courts**, undermining the dissuasive power (MS authorities complaining).
 - **Complex supply chains** = high costs for companies (especially SMEs) and authorities (checking).
 - **Imports of illegal timber increasing from some high-risk countries**: Unfair to companies that invest in clean supply chains.
 - Way forward: **Improved due diligence complemented by other measures**, covering gaps.

2) EUTR/FLEGT Fitness check

- **FLEGT Regulation** shows positive results in stakeholders' participation and improvement of governance, however:
 - No evidence that VPAs have contributed to reducing illegal logging in the partner countries and the consumption of illegally-harvested wood in the EU.
 - Since 2005, only one country (out of 15) has an operating licensing system in place.
 - Only one VPA country among the top 10 EU trading partners.
 - Way forward: Determine whether it fits into a system that is based on sustainability rather than legality.
 - Alternative support mechanisms to enable partner countries to comply with requirements (Forest partnerships), without the elements which do not work (licencing).

MS CAs insights

- **EUTR:**

- Current provisions are not sufficient to ensure operators and CAs can effectively assess risks
- Cases have difficulties being accepted by administrative and criminal courts
- Demands from prosecutors are hard for CAs to meet
- Breach of EUTR is difficult to prove in court
- DDS obligation is complex and time-consuming to comply with, especially for those not specialized in wood products.
- Often hard to find detailed information on the origin of timber (source countries, exporter, concession)
- Term ‘negligible risk’ is subjective – operators can have a different view to CAs
- Difficult for economic operators to take sufficient action when there is a ‘large’ (not negligible) risk

- **FLEGT Regulation:**

- VPA do not necessarily lower the risks
- For VPAs without an licensing system in place (14 out of 15) it is sometimes even more difficult to get the necessary information to implement EUTR
- The lack of progress undermines credibility of the whole process
- Can be difficult for CAs to identify the status of recognition of VPA documents

2) EU forest policy and deforestation – problems to address

The Problem

- Recent studies and data¹ show that forest cover around the world continues to decrease at an alarming rate.
- Deforestation is a major driver of global warming and biodiversity loss.
- Deforestation threatens the wellbeing of all citizens on the Earth and in particular the livelihoods of 1.5 billion people that rely on forest for their subsistence.

The drivers

- 80% of global deforestation is driven by agricultural expansion², in turn driven by the global demand for products such as soy, cattle, palm oil, and wood products.
- EU's role: Over time, the EU is the market for one third of the globally traded agricultural products related to deforestation, corresponding to 10% of global deforestation associated with the production of goods or services.³

1. [Including FAO Global Forest Assessment, FAO and UNEP State of the World's Forest and data from Global Forest Watch](#)
2. FAO, 2016, Report on land use
3. https://ec.europa.eu/environment/forests/impact_deforestation.htm

Political commitment

European Green Deal:

“The Commission will take measures, both regulatory and otherwise, to promote imported products and value chains that do not involve deforestation and forest degradation.”

EU Biodiversity Strategy:

“The Commission will also present in 2021 a legislative proposal and other measures to avoid or minimise the placing of products associated with deforestation or forest degradation on the EU market.”

Farm to Fork Strategy:

“The Commission will present in 2021 a legislative proposal and other measures to avoid or minimise the placing of products associated with deforestation or forest degradation on the EU market.”

Objectives

General

Minimise the EU's contribution to deforestation and forest degradation worldwide

Reducing deforestation and forest degradation at global level thus reducing GHG emissions and loss of biodiversity

Specific

Minimise the risk that commodities and products are placed on the EU market that are associated with deforestation and forest degradation

Raise awareness of consumers and EU citizens on the impact of the demand for specific commodities and products

Promote the demand for and consumption of commodities and products that are not associated with deforestation and forest degradation.

Incentivise financial and economic investors to integrate such concerns into their investment decisions

Timeline — next steps

- February 2020: Roadmap and Inception Impact Assessment published
- September – December 2020: open public consultations for the IA and Fitness Check
- October 2, 2020: First meeting of the deforestation platform
- February 25, 2021: Second meeting of the deforestation platform
- Q2 2021: Results of the fitness check and the impact assessment
- Q2 2021: Legislative proposal

Ongoing work: Deforestation-free criteria

- **Objectives:**

1. Based on solid science
2. Building on existing, internationally used definitions and criteria
3. Non-discriminatory
4. Implementable and monitorable in practice

- **Three main sources** (plus the cut-off date):

1. FAO definition of deforestation (slight modification to exclude plantations)
2. Accountability framework (flexibility based on national policy within UNFCCC range)
3. Range of UNFCCC plus High Carbon Stock approach
4. Cut-off date: Between 2015 and 2020

Ongoing work: Scope - Commodities and derived products

- **Main points:**
 - Cover selected **bulk commodities and selected derived products**
 - Preliminary list of commodities: **Beef, wood, palm oil, soy, rubber, cereals, cocoa and coffee**
 - **Three options : Limited, progressive, and broad scope**
- **Methodology for the choice of commodities and products:**
 - Review literature on commodities with the highest global contribution to deforestation
 - Further refine the selection based on EU market power (consumption of those commodities)
 - Select derived products to be included based on a cost-impact analysis

Ongoing work: Options for Policy measures

An initial analysis of approximately 20 options resulted in the following shortlist:

- 1) Improved due diligence requirement
- 2) Benchmarking / country carding
- 3) Mandatory public certification
- 4) Mandatory labelling
- 5) A deforestation free requirement

Options 2, 3 and 4 are complementary and to combined with option 1. Option 5 is the option directly derived from the IUU system . It would result in a direct impact on market access.