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## **Voluntary corporate commitments no substitute for government action against illegal forest destruction, study reveals.**

**26<sup>th</sup> June 2018 Paris and Oslo** – The onus is on governments in both forested and consumer countries to halt the trade in illegally or unsustainably produced agricultural goods, not only on businesses making voluntary zero-deforestation commitments, finds [a new report](#) commissioned by Forest Trends and Fern. Agriculture is the world's biggest driver of tropical deforestation and a major source of carbon emissions.

A second study released today shows that illegal deforestation for industrial agriculture has generated losses to forested nations within their borders of more than \$17 billion (US) per year in tax, revenue, the cost of conflict, and the loss of forest services like clean air and clean water.

*"The companies are in danger of missing their own target to end or halve deforestation globally by 2020 – and we need to ask why. This research shows that voluntary commitments are a crucial first step, but that they need to be followed by government regulation to really get deforestation under control,"* said Kerstin Canby, Director at Forest Trends, who commissioned the work.

The authors investigated the historic trajectory of similar efforts to eliminate illegal and unsustainable behaviour from global supply chains for timber, diamonds and ozone-depleting substances and for business activities potentially associated with modern slavery – all global 'bads' threatening global public 'goods' through global trade of goods.

*"We discovered a consistent pattern showing that tackling these 'bads' can only be achieved effectively through national and international regulations and agreements,"* said Duncan Brack, one of the authors of the study.

The study uses lessons from other supply chains to lay out the next steps for tackling the global trade in commercial agricultural products, such as soy, palm oil, beef and cocoa, that

are responsible for [almost three quarters of tropical deforestation](#). It is published on the eve of major meetings in [Oslo](#) and Paris, where global policymakers will discuss how to tackle deforestation.

The findings come as the United Nations' [Sustainable Development Goal target](#) of ending deforestation by 2020 rapidly approaches.<sup>1</sup> Despite 470 companies already making commitments to halve or eliminate deforestation from their supply chains, at [least 10 million hectares](#) of tropical forest - an area more than three times the size of Belgium - continues to be lost and degraded every year, harming the forest communities that rely on these forests the most and emitting 10 per cent of global greenhouse gas emissions per year.

In March 2018, the European Union, which is the second biggest importer of goods that drive deforestation, published a [feasibility study](#) providing policy options to act on deforestation.

*"EU action would be a significant first step towards regulation and could trigger a global effect. We call on the EU to seize the opportunity provided by the study and rapidly start discussions with producer countries, companies and civil society to develop the standards that determine EU market access. Improving governance and clarifying community tenure rights are pre-conditions for dealing with illegal deforestation,"* said Hannah Mowat, campaigns coordinator of the Forest and Rights group Fern.

#### **Nine key findings of the report**

1. Voluntary corporate zero-deforestation commitments are helpful and should continue to be encouraged, applauded and monitored.
2. Ambitious and progressive companies can lead the way by piloting approaches, showing that costs and operational challenges are manageable, encouraging certification schemes to improve their standards and levels of enforcement, and discovering the challenges and barriers to effective action.
3. They can also press for action, through government regulation and international cooperation, to ensure a level playing field with their competitors.
- 4. Voluntary measures alone, however, are insufficient to successfully address commodity-driven deforestation at the global scale.**
5. The growing engagement of consumer-country governments and their support for action on the ground in producer countries through financial and technical assistance and capacity-building is essential.
- 6. Consumer-country regulation and, ultimately, international cooperation will be needed if international goals are to be reached.**

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<sup>1</sup> In addition, many governments and corporations agreed to either end or halve deforestation by 2020. In 2010 for example, the Consumer Goods Forum, a global industry network of retailers, manufacturers and service providers, adopted a target of achieving net zero deforestation in its membership's supply chains by 2020. In September 2014, the New York Declaration on Forests, signed by governments, corporations and NGOs, committed its signatories to collectively 'at least halve the rate of loss of natural forests globally by 2020 and strive to end natural forest loss by 2030'.

7. Advancing from voluntary to regulatory action, either by consumer-country nations or through international cooperative agreement, will require a greater level of consensus on common standards than currently exists, including by producer-country governments.
8. Leadership by NGOs, progressive companies, and consumer-country governments will be necessary to push through action due to the likelihood of companies opposing national or international regulation that they perceive as increasing their costs or affecting their competitiveness.
9. Continued awareness-raising and campaigning by NGOs is critical.

### **The high cost of illegal deforestation in producer countries**

A second paper (available upon request) released by Forest Trends today underlines the huge financial cost that the illegal conversion of forests to industrial agriculture poses to tropical forested countries. Every hectare of land illegally cleared of forest is costing forest countries more than \$4,000 in lost revenue and values. This amounts to more than \$17 billion a year during the early 2000s. This is calculated based on three major classes of cost: tax evasion, the loss of ecosystem function, and conflict with forest communities, and doesn't even include the global value of climate stabilization.

### **Model due diligence regulation**

A [third paper](#) released by Fern suggests what government regulation in such situations could look like. It shows that there is already an international 'soft law' framework agreed by almost all global governments that could be adopted as a basis for measures to ensure agricultural supply chains are free of illegal deforestation and their accompanying human rights violations: the [Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security](#), otherwise known as [VGGT](#). Since razing forests to plant agricultural crops is often tied to human rights abuses, including dispossessing indigenous and local people of the land they customarily own, respecting tenure rights is an essential part of halting global deforestation.

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[Fern](#) is a non-governmental organisation (NGO) and a Dutch Stichting created in 1995 to make the EU work for forests and people. Our work centres on forests and forest peoples' rights and the issues that affect them such as EU consumption, trade, investment and climate change. All of our work is done in close collaboration with social and environmental organisations and movements across the world.

[Forest Trends](#) works to conserve forests and other ecosystems through the creation and wide adoption of a broad range of environmental finance, markets and other payment and incentive mechanisms. Forest Trends does so by 1) providing transparent information on ecosystem values,

finance, and markets through knowledge acquisition, analysis, and dissemination; 2) convening diverse coalitions, partners, and communities of practice to promote environmental values and advance development of new markets and payment mechanisms; and 3) demonstrating successful tools, standards, and models of innovative finance for conservation.