



Proposal for a Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/201

*European Commission
DG Environment*

Context

- **420 million hectares** of forest worldwide – **an area larger than the EU** – have been lost between 1990 and 2020 (FAO).
- A **significant share of that forest loss is legal** (Forest Trends.)
- Deforestation and forest degradation are important drivers of **climate change** (IPCC: 11% of GHG emissions) **and biodiversity loss**
- 90% of deforestation is provoked by the **expansion of agricultural land** (FAO), which is linked in particular to a series of commodities.
- **Cattle pasture expansion** is the most important deforestation driver by far
- The **EU is a major consumer of commodities** associated with deforestation and forest degradation.

Objectives of Regulation proposal

GENERAL

Minimise the EU's contribution to deforestation and forest degradation worldwide
(thus reducing EU-driven GHG emissions and biodiversity loss)

Specific

Minimise the risk that products coming from supply chains associated with deforestation or forest degradation are placed on the EU market

Increase EU demand for and trade in legal and 'deforestation free' commodities and products

Legislative track

- **November 2021:** Commission adopts the Regulation proposal on deforestation and forest degradation
- **June 2022:** The Council of the EU adopts its general approach
- **September 2022:** Plenary of the European Parliament passes its resolution on the proposal
- **September 2022:** Start of inter-institutional negotiations among Commission, Council and Parliament (trilogues)

Fitness check and Impact Assessment

EUTR / FLEGT Regulation Fitness Check

EUTR: Improvements in raising awareness and transparency in the supply chains. Lessons learned on challenges in implementation, including on operators' ability to validate information obtained from their supply chains.

FLEGT VPAs: Positive in terms of multi-stakeholder dialogues and governance, however long, complex and resource-intensive. After more than 15 years, only one country out of 15 has an operating licensing system in place (covering 3% of relevant trade).

Impact Assessment

Process: Scientific analysis. Stakeholder meetings. **Multi stakeholder platform on deforestation** with more than 250 participants, also from partner countries and international organisations; Targeted interviews within the EU and in partner countries.

High support for binding measures. Analysis of approximately 20 options resulted in the selected option: **Mandatory due diligence with country benchmarking**

Main elements [1]

- **Commodities selected:** Palm oil, soy, wood, cattle, cocoa, and coffee and some derived products (e.g. leather, chocolate, furniture)
- The Regulation applies both to **domestically produced and imported commodities and derived products**
- **Progressive scope** - Initially covering selected commodities and derived products; to be updated regularly
- **‘Cut-off date’ of 31 December 2020:** Commodities not allowed to enter the EU market if produced on land subject to deforestation after that date

Main elements [2]

- **Mandatory due diligence** rules for all operators that place the commodities and products on the EU market or export them from the EU
 - Only products that are both **deforestation-free and legal** would be allowed on or exported from the EU market – need to be covered by **a due diligence statement**
 - Based on **existing definitions** (coming from international work esp. FAO and EU legislation i.e. RED)
 - Main obligations applicable to **operators and non-SME traders**
 - **Strict traceability** linking the commodity to the plot of land where it was produced
 - **Information system**: Host due diligence statements and related information to facilitate enforcement by Member States

Main elements [3]

- **Benchmarking system** that allows to assign risk to countries according to the level of risk of deforestation [low, standard, high]. Dialogue / information exchange with partner countries concerned.
- **Specific obligations for operators and Member State authorities** – simplified due diligence for low-risk and enhanced scrutiny for high-risk countries
- **Minimum level of inspections** for Member States authorities to perform
- **Effective, proportionate and dissuasive penalties**

Main elements [4]

Cooperation with partner countries

- Imports of the commodities and products covered - **EUR 60 billion / year**
- **No ban** against any country or commodity
- The Commission will **step up cooperation** to ensure that EU partners are able to reap the benefits of new EU rules on deforestation
- E.g. **Forest Partnerships, cocoa dialogue**
- The Commission will also intensify engagement with consumer countries such as China and USA as well as in international fora.

Key takeaways

- The Regulation is **part of a broader set of policies**. Communication on Stepping up EU Action to Protect and Restore the World's Forests (2019):
 - Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU
 - Work in partnership with producing countries.
 - Strengthen international cooperation.
 - Redirect finance in support of more sustainable land-use practices.
 - Support research, innovation and access to information.
- Support to **producing countries**, dialogue with other **consumer countries** and cooperation at international level, especially in the relevant **multilateral fora**.
- Cooperation with other **consumer countries like the U.S. and China** is also a priority. We need to increase ambition at global level.

Expected results

- **EU guarantees to its citizens** that the products that they buy will not contribute to destroying forests worldwide
- **EU leads the way at global level** with most ambitious attempt to curb consumption-driven deforestation – inspiring others to take action
- **EU reduces its contribution to global deforestation** – saving a minimum of 72,000 hectares of forest and 32 million tons of carbon per year
- **EU encourages partner countries to step up protection of its forests** via the cooperation programs, the benchmarking system and the market incentives of the Regulation – creating **new businesses opportunities** for sustainable farmers around the globe

Thank you!

Learn more here:

https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en



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