



# 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).
- Deforestation and forest degradation are important drivers **climate change** and **biodiversity loss** - the two key environmental challenges of our time.
- 90% of deforestation is provoked by the **expansion of agricultural land** (FAO), which is linked in particular to a series of commodities.
- The **EU is a major consumer of commodities** associated with deforestation and forest degradation.

# Context

*“European voters and consumers are making this increasingly clear to us: **They no longer want to buy products that are responsible for deforestation or forest degradation.***

*This is why we will soon propose a regulation to tackle EU-driven global deforestation. **Commodities and products placed on our market should not lead to deforestation.** But we will do that with a principle to working in close partnership with the producing countries. This is so important.*

*As I have said: Listen to each other, work with each other. To stop deforestation, working in partnership is essential.”*



President von der Leyen  
2 NOV, COP26 Glasgow

# Political commitments

## 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.**”

- Agenda 2030: SDG 15.2: All countries commit to halt deforestation by 2020
- COP26: Commitment to halt and reverse deforestation by 2030

# Legislative proposal - Timeline

- **Open Public Consultation:** 2nd most popular in EU history with 1.2 million respondents
- **Multi-stakeholder Platform on Deforestation:** Workshops and feedback collected and taken into account
- **Resolutions of EP and Council conclusions:** Support for EU measures against deforestation
- Fitness Check of EUTR, FLEGT Regulation and IA: Positive opinion of RSB in May/July
- **Adoption: 17 November**
- Presentation in EP ENVI Committee on 18<sup>th</sup> November
- Presented to the Council (WPF, WG ENV) in Nov, will be discussed by both Council in December
- **Co-decision procedure not expected to conclude before the end of 2023**

# EUTR / FLEGT Regulation Fitness Check

## Main findings for the FLEGT Regulation / VPAs

- VPAs processes have been useful in stimulating processes for forest governance reforms in Partner Countries;
- The multi-stakeholder dialogues have promoted the inclusion of civil society into decision making processes;
- The awareness of the challenges of illegal logging to national governance systems has been raised

# EUTR / FLEGT Regulation Fitness Check

## Main challenges for the FLEGT Regulation / VPAs:

- Key trading partners have shown no interest in engaging in VPAs
- After more than 15 years, only one country out of 15 has an operating licensing system in place (Indonesia covering 3% of relevant trade)
- VPA negotiations long, complex and resources intensive and there is no clear evidence of their impact in terms of stopping illegal timber from being placed on the EU market, and/or reducing illegal logging globally.
- Costs generated by VPA processes have been comparatively high both for the EU and for VPA countries, given that only a small fraction of trade is actually covered by FLEGT licenses.

# Impact Assessment

- **Options discarded after the viability screening:** Voluntary labelling, voluntary due diligence, voluntary private certification, voluntary partnership agreements, mandatory information disclosure.
- **VPA approach:** Based on legality, not compatible with the approach based on a definition of “deforestation-free“ (not up for negotiation). Serious shortcomings detected in the Fitness check would be even more pronounced, including even larger resource and continued lack of willingness of major producing countries to engage.
- **Private certification:** Varying levels of transparency, different rules and procedures as well as different quality assurance systems. Concerns over the efficiency and integrity of chain of custody (CoC) systems and the lack of independent audits. SMEs at a disadvantages regards costs.





# Impact Assessment

An initial analysis of approximately 20 options resulted in the following options that are shortlisted for further analysis:

- 1) Mandatory due diligence
- 2) Mandatory due diligence with country benchmarking (the best option)
- 3) Mandatory due diligence with mandatory public certification
- 4) Mandatory due diligence with mandatory labelling
- 5) Public certification combined with country benchmarking (IUU system)

# Objectives

## 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



# Key principles

- **Transparency, accountability** and sound scientific and methodological basis
- **Consistency with agreed international commitments and definitions**, notably halting deforestation at the levels of December 2020 (SDG 15.2)
- **Non-discrimination**, as it equally treats domestic and imported commodities and products and covers both imports, EU operators/traders and their exports
- There will be **no ban** against any country or commodity

# Scope

- **Commodities covered**: Palm oil, soy, wood, beef, cocoa, and coffee & some derived products (e.g. leather, chocolate, furniture)
- The Regulation would apply both to **domestically produced and imported commodities and derived products** (EU imports of the commodities and products covered - **EUR 60 billion / year**)
- **Progressive scope** - To be updated regularly. Initially covering selected derived products, will be expanded over time.
- **'Cut-off date' of 31 December 2020**: No commodities allowed to enter the EU market if produced on land subject to deforestation/degradation after that date.

# Key elements

- **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** according to the laws of the country of origin would be allowed on the EU market
  - We rely on **definitions** from Renewable Energy Directive and from FAO to set out what shall be considered deforestation-free commodities and products
  - **Geolocation - Strict traceability obligations** 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.

# Key elements

- **Benchmarking system** that will assess countries according to the level of risk of deforestation [low, standard, high]
- **Specific Obligations for operators and Member State authorities** – simplified due diligence for low-risk and enhanced scrutiny for high-risk categories
- **Minimum level of inspections** for Member States authorities to perform

# Key elements

## Country benchmarking system

- Countries may be assigned three categories: **low, standard and high risk**
- Initially all countries are considered “standard” risk
- Assessment of risk based on criteria:
  - **rate of deforestation**
  - **rate of expansion of agriculture land for relevant commodities**
  - **production trends of relevant commodities and products**
  - **whether the country’s NDCs covers emissions and removals from agriculture, forestry and land**
  - **existence of relevant agreements and other instruments concluded between the country and the Union**
  - **national or subnational laws in place, including in accordance with Article 5 of the Paris Agreement, and takes effective enforcement measures**
- Provisions on notification and cooperation with country affected by a possible change in risk status

# Cooperation with partner countries

- The regulation is part of a broader set of policies
- Promote transition to sustainable agricultural production, sustainable forest management and the development of transparent and sustainable supply chains;
- Make sure they are ready to adapt to the new rules;
- This engagement will include structured dialogues with partner countries, administrative arrangements and provisions in existing agreements or agreements



# Cooperation with partner countries

- **Support to producing countries** (where possible), dialogue with other large consumer countries and cooperation at international level.
- The Commission will **step up cooperation programs** to ensure that EU partners are able to reap the benefits of new EU rules on deforestation
- The new **Forest Partnerships** are a key tool in this regard
- The Commission will also intensify engagement with consumer countries such as China and USA as well as in international fora.

# Expected results

## Benefits:

- At least **71,920 hectares of forest saved** from EU-driven deforestation and forest degradation annually
- At least **31.9 million metric tons of carbon fewer emitted** to the atmosphere due to EU-driven deforestation annually (monetized into economic savings of at least **EUR 3.2 billion**)

# Thank you!

Learn more here:

[https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12137-Deforestation-and-forest-degradation-reducing-the-impact-of-products-placed-on-the-EU-market\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12137-Deforestation-and-forest-degradation-reducing-the-impact-of-products-placed-on-the-EU-market_en)



© European Union 2021

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.