EU ongoing work on deforestation

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EU Agenda on forests

Halt deforestation and forest degradation and ultimately promote sustainable management of the world's forests

Improved forest governance and law enforcement as precondition

Range of policy instruments and initiatives to achieve these goals:

- fight illegal logging with the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan
- to reduce deforestation and forest degradation notably in the framework of the REDD+ process
- Promote forest protected areas and forest biodiversity conservation
- Combat wildlife trafficking and forest crime
- Support national and regional capacity building, agroforestry and sustainable forest management, and forest research

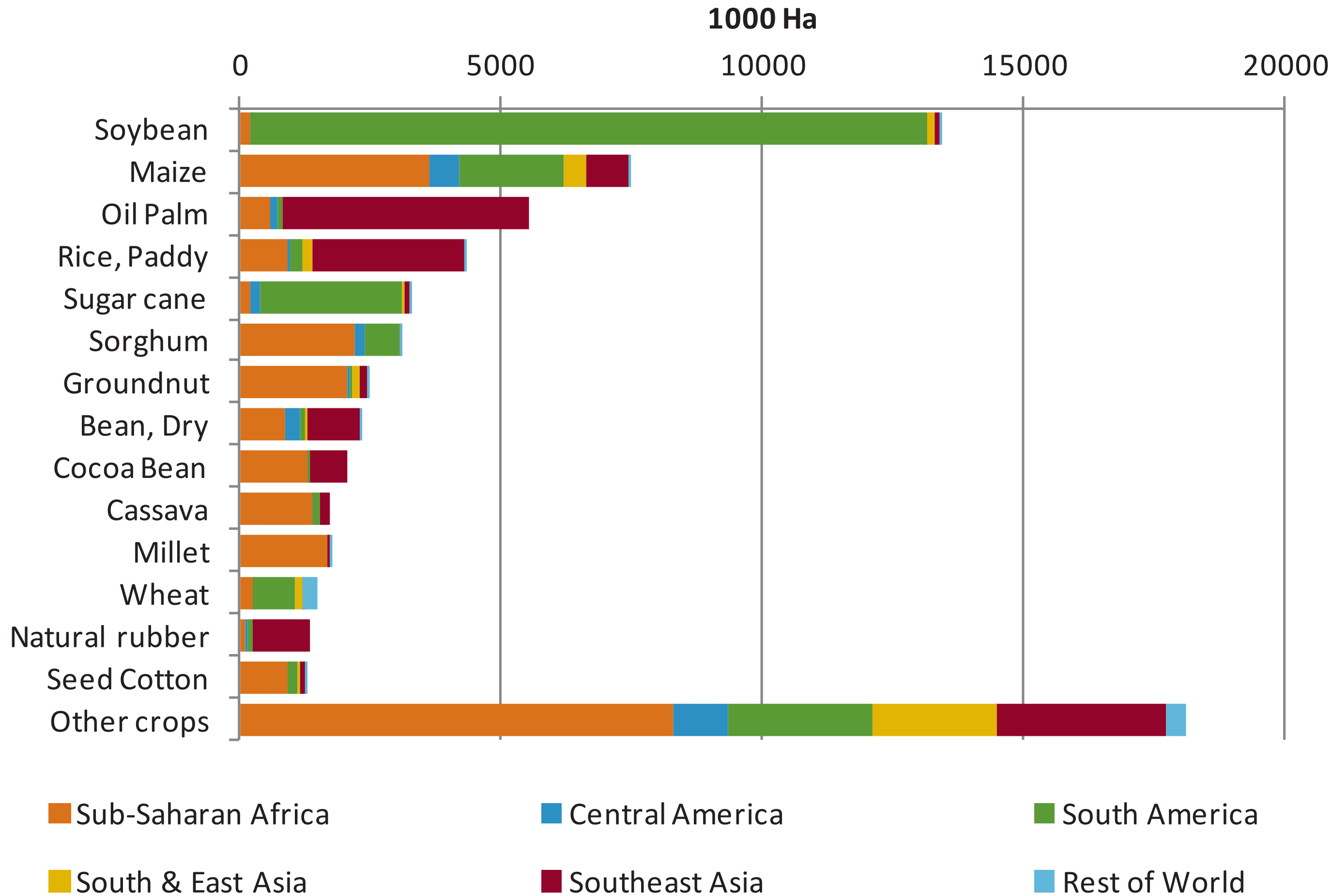
Can the EU further step up its efforts to address deforestation?

How does EU consumption impact global deforestation?

- *Report published on 2nd July 2013*

- ***http://ec.europa.eu/environment/forests/impact_deforestation.htm***

Deforestation and crops



Amount of deforested land to produce specific crops over the period 1990-2008

Deforestation and trade (1990-2008)

- substantial part of the embodied deforestation remains in the country or (world) region of production: crops (two thirds), livestock (92%) and wood products (two thirds)

- EU27 imported 36% of all deforestation embodied in crop and livestock products traded internationally (equivalent to 9Mha of deforested land).

- The second ranked region was Eastern Asia (includes China and Japan), with 4.5 Mha. North America imported 1.9 Mha.

How to step up EU action?

European Commission

- **Feasibility study on a possible AP on Deforestation**, implemented by a consortium of consultancy firms

- Terms of Reference available at: http://ec.europa.eu/environment/forests/pdf/ToR%20-%20Feasibility%20Study%20Deforestation%20final_dec15.pdf

- Three deliverables, available by end of 2017:
  - ✓ 1) a **mapping** of existing EU policy, legislation and initiatives that can address, directly or indirectly, the drivers of deforestation and forest degradation within and outside EU borders.
  - ✓ 2) to identify and assess the **policy interventions** that can address the drivers of deforestation and forest degradation at global scale.
  - ✓ 3) Stakeholders online **survey** (for potential follow-up by EC)

Preliminary findings and proposals from the Feasibility study

N.B.: The contents do not necessarily reflect the position or opinion of the European Commission

Situation Analysis: Production, Trade and EU imports

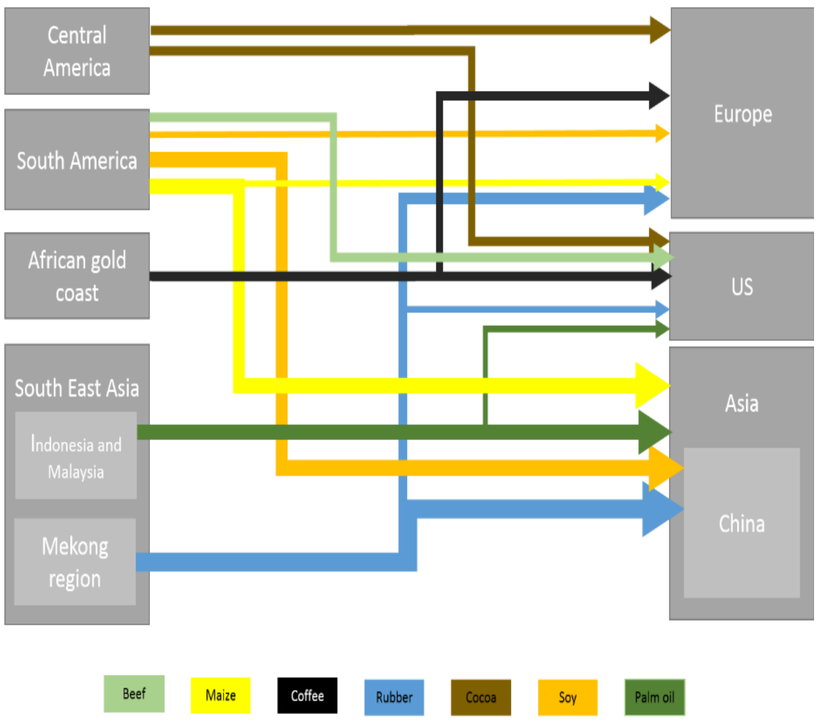
12 commodities assessed

Annual Crops	Perennial Crops	Forest based	Livestock	Extractive industries
Maize, **Sugar** (cane), Grain crops, **Soy,** **Rice,** Alfalfa, Cassava, Sugar beet, Hay	**Coffee,** Coconut, Pineapple, Mango, **Cocoa,** **Palm oil,** **Rubber,** Tea, **Cotton**	**Timber,** **Wood pellets**, Cellulose, Pulp, Paper, Processed wood (e.g. MDF)	**Beef,** **Leather**, Milk/dairy products, and all free ranging animal husbandry	Gold, Silver, Diamonds Zinc, Potassium, Rare earth minerals, Oil, Coal

Full list (above) and reference studies (right)

Study	Year	Palm oil	Soy	Pulp & Paper	Timber	Beef	Leather	Biofuels	Cotton	Maize	Sugar	Rice	Food	Crops for feed	Wood Panels	Fossil fuels	Minerals	Gold
GCP	2013	√	√	√	√	√	√											
VITO	2013	√	√			√				√	√	√		√				
Henders et al	2015	√	√	√	√	√												
IIED	2016	√	√		√	√	√	√										
Brack et al.	2016	√	√			√	√											
Rautner et al.	2013				√			√					√			√	√	
Lammerant J. et al.	2014		√			√			√									√
Union of Concerned Scientists	2012			√	√										√			

Situation Analysis: Production, Trade and EU imports



Size of arrow only indicative. Large = main. Small = not main importer

Commodity	Main exporters	Main importers	EU role in demand
Soy	US, Brazil, but with Paraguay and Argentina as important minor producers	China,	EU as main for soy oil cake.
Palm Oil	Malaysia, Indonesia	Asia, EU	EU significant second
Beef/Meat/Leather	Brazil, US, Australia	EU, SE-Asia, US	Main importer, but large differences between MS
Cocoa	Cote D'Ivoire, Ghana, Nigeria and minor role for Cameroon and Indonesia	EU, US, Malaysia	Main importer, but large differences between MS
Maize	US, Ukraine, Argentine, Brazil, France and India as a small but only Asian exporter.	EU, Asia (Japan), Mexico	Main importer, but large differences between MS
Coffee	Brazil, Vietnam, Columbia but also in aggregate the many smaller Central American producers (Honduras, Costa Rica, Mexico etc.)	EU, US	Main importer, but large differences between MS
Rubber (Natural)	Lao, Indonesia, Thailand, Vietnam, Nigeria	China, EU, US	Second to China
Timber (Non-coniferous sawlogs)	Malaysia, Russia, and the US are among the biggest exporters, but also Uruguay, Gabon, Myanmar, and Papua New Guinea	China, India, EU	Third after China and India
Pulpwood	EU, Vietnam, Australia, the US, Chile, and Russia.	EU, Japan, China	Largest importer, but much trade is intra-EU
Wood pellets	European countries, Russia, the US and Canada	EU, South Korea	Largest importer
Biodiesel	Analysis of product and trade dynamics differ as the focus is on feedstock rather than end-product. Largest producer of biodiesel globally.	N/A	N/A
Bioethanol	Analysis of product and trade dynamics differ as the focus is on feedstock rather than end-product. US, Brazil and EU are the largest producers.	N/A	N/A

Twelwe study specific drivers identified

Supply side

→ S1: Low productivity and profitability
→ S2: Low resource efficiency
→ S3: Insure tenure
→ S4: Weak governance and law enforcement

Demand side

→ D1: Lack of public policies promoting sustainably or legally produced commodities
→ D2: Lack of incentives for private sector sourcing of legal/sustainable FRCs
→ D3: Lack of consumer awareness of FRC-related issues
→ D4: Consumption levels of FRCs
→ D5: High dependence on feed imports
→ D6: Inefficiencies in food supply chain

Investment and finance

→ F1: Insufficient finance for investment in sustainable agriculture
→ F2: Inadequate controls of flows of finance and investment from EU

Criteria for identifying possible actions by the EU

1. Address the problem including the drivers of deforestation
2. Clear EU added value
3. High complementarity with existing EU legislation
4. Respect international policy architecture and WTO rules
5. Favouring partnerships, and bilateral and multilateral initiatives
6. Preference for softer measures
7. Possibly preparing the ground for further measures as a second step
8. Supportive for SMEs/small holders
9. Addressing several or all commodities
10. A variety of approaches and intervention logics
11. Better Regulation Guidelines

Proposals by COWI for the framing of a possible EU initiative

Overall objective:

To reduce tropical commodity driven deforestation and forest degradation by developing a more coherent and comprehensive EU approach and stepping up EU action (incl. to deliver on Paris Agreement and 2030 Agenda for sustainable development).

3 specific objectives:

a) Achieve broader uptake of sustainable or deforestation-free agricultural practices in producer countries, and promoting better protection of forests in tropical countries.

b) Achieve more sustainable supply chains, including reduced EU demand for commodities associated with deforestation, and increased EU demand for sustainable and deforestation-free products

c) Achieve improved access to public and private investment and financial support, in particular to smallholders, that can promote sustainable landscapes, and achieve enhanced transparency of investment in and financing of deforestation and forest degradation

Proposals by COWI for specific actions (supply-side)

Specific thematic objective	Intervention	Drivers affected
SUPPLY-SIDE INTERVENTIONS		
Support sustainable / deforestation-free agriculture in tropical countries	6.1.1 Best practice support to smallholder producers in risk geographies via technical assistance	S1: Low productivity and profitability S2: low resource efficiency
	6.1.2 Linking REDD+ with initiatives to promote sustainable and deforestation-free agricultural production	S1: Low productivity and profitability S2: low resource efficiency
Promote better protection of tropical forests	6.1.3 Support to jurisdictions to improve forest and land use planning, governance, and law enforcement	S3: insecure tenure S4: weak governance and law enforcement
	6.1.4 Support jurisdictions to improve monitoring of deforestation and illegal activities	S4: weak governance and law enforcement
Working in partnership to increase the flow of sustainable forest risk commodities from tropical countries to the EU	6.1.5 Bilateral partnership agreements on forest risk commodities	S3: insecure tenure S4: weak governance and law enforcement

Proposals by COWI for specific actions (demand-side)

DEMAND-SIDE INTERVENTIONS		
Regulate EU market access to promote sustainable and deforestation-free products	6.2.1 Due diligence regulation for forest risk commodities	D1: Lack of public policies promoting sustainably or legally produced commodities
	6.2.2 Public procurement policies for sustainably produced forest risk commodities	D1: Lack of public policies promoting sustainably or legally produced commodities
	6.2.3 Lower import duties for commodities complying with certain sustainable production and/or deforestation-free criteria	D1: Lack of public policies promoting sustainably or legally produced commodities
	6.2.4 Encouragement for similar actions by other countries	D1: Lack of public polities promoting sustainably or legally produced commodities
	6.2.11 Promotion of trade in legal and sustainable forest risk commodities through trade and investment agreements	S1: low productivity and profitability S2: low resource efficiency S3: insecure tenure S4: weak governance and law enforcement D1: Lack of public policies promoting sustainably or legally produced commodities
Support private-sector initiatives	6.2.6 Encouragement for private sector initiatives on forest risk commodities	D2: Lack of incentives for private sector sourcing of legal/sustainable FRCs

Proposals by COWI for specific actions (demand-side) c'ed

DEMAND-SIDE INTERVENTIONS		
Encourage the consumption of sustainable and deforestation-free products through improved transparency and information	6.2.5 Support for a sustainable agricultural commodity trader platform	D2: Lack of incentives for private sector sourcing of legal/sustainable FRCs
	6.2.7 Strengthen and expand existing transparency platforms through voluntary reporting and data compilation	D3: Lack of consumer awareness of FRC related issues
	6.2.8 Consumer information campaign in partnership with industries and NGOs	D3: Lack of consumer awareness of FRC related issues
	6.2.9 Incubating new certification schemes via partnerships with industry and NGOs	D3: Lack of consumer awareness of FRC related issues
Reduce EU demand for forest risk commodities	6.2.10 Encouragement for lower consumption of forest risk commodities in food	D4: Consumption levels of FRCs D6: Inefficiencies in food supply chains
	6.2.13 Rural Development (CAP) Focus Area dedicated to actions that reduce the protein deficit of the EU livestock sector	D5: High dependence on feed imports
	6.2.12 Extending sustainability criteria for bioenergy feedstocks to uses other than energy	D4: Consumption levels of FRCs

Proposals by COWI for specific actions (finance and investments)

FINANCE AND INVESTMENT		
Increase availability of finance to smallholders	6.3.1 Sustainable financing mechanisms	F1 Insufficient finance for investment in sustainable agriculture
Increase transparency in financing of high deforestation risk sectors	6.3.2 Mandatory disclosure of information on deforestation proofing on financial investments linked to production or processing of FRCs	F2 Inadequate controls on flows of finance and investment from EU

Next steps:

- Finalisation and publication of the report by end of 2017
- Ongoing reflection by the EC on a possible future action. If yes, what shape and with which specific content?
- Potential for further consultation with international partners and stakeholders

THANK YOU