



Regulation on deforestation- and forest degradation free supply chains

*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.
- The **EU is a major consumer of commodities** associated with deforestation and forest degradation. Imports of the commodities and products covered - EUR 85 billion / year

Legislative and implementation track

- **November 2021:** Commission proposal
- **December 2022:** Preliminary political agreement between European Parliament and Council
- **May-June 2023 (tentative):** Entry into force
- **December 2024 (tentative):** Entry into application of obligations for operators

Main elements [1]

- No ban against any country or commodity
- Based on **internationally-backed definitions** (FAO)
- **Mandatory due diligence** rules for all operators that place the relevant 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**
- **Strict traceability** linking the commodity to the plot of land where it was produced
- **Legality**: Products will need to be legal according to the laws of country of production, including applicable human and labour rights and free, prior and informed consent
- **FLEGT-licensed timber from Indonesia is recognized as compliant with the new Regulation's legality requirement**

Main elements [2]

- **Commodities covered:** Palm oil, soy, wood, cattle, cocoa, coffee, rubber and some derived products (e.g. chocolate, furniture, tyres, printed products)
- **Non-discrimination:** 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:** Aligned with UNSDG 15.2, aims to minimise disruption for smallholders and benefit from reliable satellite monitoring data

Main elements [3]

- **Benchmarking system** that will assign risk to countries or regions according to risk of deforestation – standard (by default), low and high
- **Specific obligations for operators** – simplified due diligence for low-risk (still required to collect information, but not assess and mitigate risks)
- **Minimum level of inspections** for Member States authorities to perform (9%, 3% and 1%, depending on the level of risk)
- **Review:** Other wooded land (one year); other ecosystems, commodities, products and financial institutions (two years); general (five years)

Main elements [4]

Cooperation with partner countries:

- The Regulation is part of a broader set of policies laid out in the 2019 Communication on Stepping up EU Action to Protect and Restore the World's Forests
- The EU will **step up cooperation** to ensure that partners are able to reap the benefits of new EU rules on deforestation
- The Commission will also intensify engagement with **consumer countries** such as China and USA as well as in international fora

Expected results

- Answers EU citizens' demands and guarantees that the products that they buy will not contribute to destroying forests worldwide
- Allows Indonesia and the EU to **jointly create more sustainable supply chains** and take action against deforestation and forest degradation to deliver on the SDGs, the Paris Agreement and other international commitments.
- **Supports the Government of Indonesia's ambition to promote trade in sustainable products and reduce deforestation and forest degradation and to curb illegal practices.**
- **Creates new businesses opportunities**, which will ensure the long-term sustainability of smallholders' livelihoods and boost opportunities for all actors in the deforestation-free supply chains.
- **Improves companies' competitiveness** in a changing global market with growing demand for green products.
- Allows producer countries' local populations to suffer less from deforestation, climate change, biodiversity loss and disrupted weather patterns

Thank you!

Learn more here:

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



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