



INPUT PUBLIC
CONSULTATION

FEBRUARY
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DEFORESTATION AND FOREST DEGRADATION -STEPPING UP EU ACTION-

WWF's contribution to the public consultation and overall debate

Recommendations

According to the Food and Agriculture Organization of the United Nations (FAO), 8.8 million hectares of natural forest were lost each year between 2010-2015. Such destruction causes massive loss of biodiversity, often violates the rights of indigenous peoples and local communities, and contributes to climate change.

WWF welcomes the European Commission's initiative to address its role in deforestation and forest degradation globally, as action is urgently needed. However, we are of the opinion that singling out measures proposed in the public consultation in combination with the aim of the roadmap on EU action on deforestation and forest degradation to work on existing policies will not live up to the challenge. We believe that a comprehensive set of both existing but also new measures is mandatory to reduce the EU's footprint, and that the future communication should include new legislation within the scope of possible actions.

From a WWF point of view a new and ambitious action plan is needed that is developed in a multi-stakeholder process and includes a range of measures:

- ***It should ensure action to properly address the drivers of deforestation, forest degradation and the conversion of natural ecosystems.***
- ***It should address the problem from a demand side perspective in the EU as well as from a supply side perspective in producer countries.***
- ***It should provide support for better governance, respecting the rights of indigenous peoples, smallholders and local communities, enabling balanced multi-stakeholder processes.***
- ***It should combine voluntary measures such as certification with binding measures such as legislation.***
- ***New legislation, such as a due diligence regulation should ensure forest/ecosystem risk commodities being placed on the EU market are sustainably produced and not linked to deforestation or ecosystem conversion or violation of human rights; the legislation should reflect existing best practices from business and already existing policies.***
- ***It should ensure the EU meaningfully implements the international commitments it has made, as under the Paris Agreement for climate change, the Convention for Biological Diversity and the Agenda 2030 for sustainable development***
- ***It should ensure coherence across existing EU policies.***
- ***It should ensure that all measures taken are complementary.***

THE NEED FOR COMPREHENSIVE ACTION BY THE EU

WWF welcomes the European Commission's intention to step up EU action against deforestation and forest degradation, following numerous calls by NGOs, civil society organisations as well as clear demands by the European Parliament and EU Member States that are signatories of the Amsterdam Declaration.

However WWF is of the opinion that singling out measures proposed in the public consultation¹ in combination with the aim of the roadmap² on EU action on deforestation and forest degradation to work on existing policies will not live up to the challenge. We believe that a comprehensive set of both existing but also new measures is mandatory to reduce the EU's footprint, and that the future communication should include new legislation within the scope of possible actions³. The EU also needs to urgently address policies in other sectors that are not addressing deforestation, degradation or conversion but actually can potentially drive it – such as the EU's new bioenergy policy.

WWF supports the assessment made by the European Commission in the roadmap that the EU is “part of the problem but also part of the solution” and agrees that “stepping up action against deforestation and forest degradation” will help the EU to meet its related international commitments⁴. We think the EU has the power, the possibility but also the duty to take urgent action to reduce global deforestation and conversion of other natural ecosystems.

THE EU HAS THE POWER,
THE POSSIBILITY BUT
ALSO THE DUTY TO TAKE
URGENT ACTION AGAINST
DEFORESTATION,
FOREST DEGRADATION
AND CONVERSION OF
NATURAL ECOSYSTEMS

The need for urgent action is supported by scientists and policy makers:

- *The report on 1.5°C published by the Intergovernmental Panel on Climate Change (IPCC) in October 2018 makes clear that to keep global temperature rise below that level, urgent action is required to stop – and then reverse – deforestation and forest degradation⁵.*
- *In a resolution on the transparent management of natural resources adopted in September, the European Parliament demanded immediate action from the Commission in delivering an Action Plan on Deforestation and Forest Degradation that includes regulatory measures to tackle the EU's global forest footprint⁶.*
- *Seven countries, that are part of the Amsterdam Group called on the European Commission to deliver an ambitious action plan in November 2018⁷.*
- *France published its national strategy against imported deforestation, which should include legislative proposals notably the development of a due diligence obligation for forest risk commodities⁸.*
- *Belgium has launched together with the private sector the “Beyond Chocolate”⁹ programme for more sustainable cocoa following an announcement during the world cocoa forum, in April 2018, where industry called to strengthen human rights due diligence across the supply chain, including through potential regulatory measures by governments.*

¹ https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-6516782/public-consultation_en

² https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-6516782_en

³ In the EC funded study Feasibility study on options to step up EU action against deforestation from March 2018, the EC had already looked into different actions and policy options, including further legislation. Despite its higher cost, the study concludes that measures including new legislation would have the greatest impact and that relying on existing policies, measures and legislation would be the less effective option.

⁴ in particular the Sustainable Development Goals, the Paris Agreement on climate change, the UN Strategic Plan for Forests, the UN New York Declaration on Forests, and the Convention on Biological Diversity Aichi target

⁵ <https://www.ipcc.ch/>

⁶ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2018-0333&language=EN&ring=A8-2018-0249>

⁷ https://mfvm.dk/fileadmin/user_upload/MFVM/Miljoe/Letter_to_European_Commissioners_on_Deforestation.pdf

⁸ Stratégie Nationale de Lutte contre la Déforestation Importée 2018-2030 Objectif 4

⁹ https://diplomatie.belgium.be/fr/newsroom/nouvelles/2018/beyond_chocolate

**WORKING WITH
EXISTING POLICIES
ALONE IS NOT ENOUGH.
WE NEED AN EU ACTION
PLAN THAT ALSO
INCLUDES LEGISLATION.**

The conclusions made in the roadmap on the framework of the future communication: “this framework will aim at increasing the coherence of existing EU policies and tools” are not shared by WWF. Existing EU policies and voluntary mechanisms, such as certification schemes, have their merit and value and increased policy coherence is much needed, but such measures alone are not sufficient to effectively address the complex problem of global deforestation, forest degradation, conversion of natural ecosystems or violation of human rights linked to both legal and illegal trade in forest-risk commodities.

WWF invites the Commission to seize the opportunity of the upcoming communication to properly address the EU’s impact on forests and other natural ecosystems. This should include support to global efforts for protection and restoration of forests and other ecosystems as part of the long awaited and needed EU Action Plan on deforestation and forest degradation, proposing the most ambitious solutions to the next European Commission.

By doing so, the EC will send a strong signal to producing and trading countries that the EU intends to play its part in addressing deforestation, forest degradation and conversion while supporting responsible actors. This is an indispensable element to the wider global forest agenda to tackle forest and biodiversity loss and therefore climate change through better forest governance and trade.

A NEW AND COMPREHENSIVE SET OF MEASURES IS NEEDED

WWF supports the need for better mainstreaming of deforestation and degradation considerations through EU policies, however better coherence and implementation of existing policies and approaches alone will not be sufficient, neither will an approach that does not address the destruction and degradation of other natural ecosystems (savannahs, grasslands, wetlands etc.).

Better mainstreaming has to include new policy measures to close the gaps in existing EU and Member States’ policies, such as the lack of legislation at EU level addressing deforestation and conversion.

Measures taken by the EU should address the sustainability of commodities and products, as any focus solely on illegally produced agricultural commodities or forest products would fail to properly tackle deforestation, degradation and conversion. While a legality approach should reduce illegal activities, it will not be sufficient to address legal deforestation¹⁰. In Brazil, the Forest Code allows for about 88 million hectares of legal deforestation¹¹.

The different measures should be complementary and mutually reinforcing and therefore be bundled in a new Action Plan. Actions should include (but not be limited to):

- *Legislation, such as a due diligence regulation ensuring forest/ecosystem risk commodities being placed on the EU market are sustainably produced and not linked to deforestation or ecosystem conversion or violation of human rights; the legislation should build on corporate zero deforestation commitments and reflect existing best practices and existing legislation (e.g. EUTR or IUU), creating a single baseline for commodities and derived products, using compatible definitions e.g. on deforestation, forest degradation and conversion such as proposed by the Accountability Framework Initiative¹². It would make claims easily comparable and verifiable by all stakeholders.*
- *Introduction of legislation on transparency and due diligence including the development of Key Performance Indicators (KPIs) ensuring that all financial institutions, including banks, investors, insurers and public agencies don’t support in any way activities contributing to deforestation, forest*

¹⁰ As pointed out in the feasibility study, “The main disadvantage of the legality approach is [...] that the national laws in question may not be adequate to deliver the underlying objective of reducing the impact on forests

¹¹ http://lerf.eco.br/img/publicacoes/Soares_Filho_et_al_2014_artigo_Science.pdf

¹² <https://accountability-framework.org/framework/#definitions>

EU ACTION NEEDS TO ENSURE ENGAGEMENT IN THE EU BUT ALSO IN PRODUCER COUNTRIES, ADDRESS THE CHALLENGES FROM A DEMAND AND SUPPLY SIDE PERSPECTIVE, INCLUDE THE FINANCE SECTOR AND RESPECT HUMAN RIGHTS.

degradation, conversion and illegal logging or violation of the rights of local and indigenous peoples

- *Introduction of specific provisions in EU trade and investment agreements to address deforestation, forest degradation and conversion, and inclusion of formal complaint mechanisms, allowing stakeholders to report breaches of environmental, social and human rights obligations in current and future EU trade agreements.*
- *Engagement with producer countries to protect, maintain and restore forests and other natural ecosystems, as well as protecting the rights of smallholders, local communities and indigenous people, strengthening land tenure and compliance with international human rights norms and standards, addressing poor or absent land-use planning or corruption. Support for multi-stakeholder processes and empowerment. The EU should analyze the development of bilateral partnership agreements with producer countries focusing on sustainable and deforestation/conversion-free production and trade.*
- *New incentives for actions that reduce the pressure of the food system, including significantly reducing food loss and waste across the supply chain, restoring degraded soils, improving yields and working with farmers to support better practices and promoting diets that are sustainable from a health and environment perspective*
- *Proper implementation of existing policies such as the EU Timber Regulation or the EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) combined with improvement of existing measures such as public procurement to reflect the need for sustainable sourcing and sustainable supply chains.*

A BETTER INTEGRATION IN EU POLICY AREAS

WWF encourages the EC to look for synergies between different policy areas and ensure that future decisions taken by the EC are consistent with EU action against deforestation, forest degradation and conversion.

WWF encourages the Commission to make clear links between the environment, trade, food, agriculture, development and climate agendas to design consistent policies. We have listed some policy areas, where we think more coherence with action on deforestation, forest degradation and ecosystem conversion would be necessary:

The EU's **bioenergy policies** are seriously flawed, and pose a threat not just to forests globally but also the climate. The revised Renewable Energy Directive contains no meaningful restrictions on what types of forest biomass can be burnt for energy in the EU – contrary to the clear advice of nearly 800 scientists, including multiple IPCC lead authors and winners of the Nobel Prize and US national medal of science – and the provisions on liquid biofuels will allow an ongoing increase in the use of food and feed based biofuels that can drive deforestation and increase emissions compared to fossil fuels. EU rules must be changed to ensure that incentives for bioenergy are limited to fast-decaying waste and residues with no significant alternative uses.

EU support for FLEGT, forest management and forest protection through **international development** programmes makes a very important contribution to sustainable development in partner countries and developing countries. However the impact of this funding is completely undermined when at the same time, EU consumption continues to accelerate unnecessary deforestation and degradation and ecosystem conversion globally. The EU has a legal commitment to policy coherence for development in the Treaty and is rightly proud of its leadership on Policy Coherence for Development. But lack of attention to the impacts on forests and their importance for climate, livelihoods, poverty reduction

and national revenues is a clear example of policy incoherence. Measures need to be taken to address this incoherence and regain the EU's credibility. In addition, climate and environment funding should be significantly strengthened, clear incentives for producing countries for sustainable production and land use planning should be integrated into EU development funding.

The **EU Action Plan on Financing Sustainable Growth** needs to ensure that deforestation, forest degradation and conversion of natural ecosystems are properly addressed:

**EXISTING EU POLICIES
NEED TO ADDRESS
DEFORESTATION,
FOREST DEGRADATION
AND CONVERSION OF
NATURAL ECOSYSTEMS
IN A COHERENT MANNER.**

- Ensure action on the forthcoming sustainable taxonomy integrates deforestation forest degradation and conversion. This includes two issues: (i) the do no harm clause should be properly implemented with tight technical screening criteria ensuring that no economic activity deemed sustainable can risk leading to deforestation and forest degradation (in particular low carbon economic activities related to biomass), and (ii) economic activities leading to ecosystem and biodiversity protection should be defined with tight technical screening criteria to ensure that controversial activities are excluded from the sustainable taxonomy.
- The EU Green Bond Standards and EU Ecolabel should not support any economic activity that can be linked to deforestation, forest degradation and conversion of natural ecosystems.
- InvestEU and the European Investment Bank should not support harmful projects.
- Sustainability considerations in financial advice should explicitly address deforestation, forest degradation and conversion, notably in MiFID II and IDD delegated acts and the guidance/guidelines proposed by European Supervisory Authorities, ESMA and EIOPA.
- Specific mandatory reporting under the Investor disclosure regulation or the Non-Financial Reporting Directive should be ensured, at least for the companies in sectors carrying most risks as well as their financiers. This deserves specific indicators enabling comparisons between peer companies.
- Credit rating agencies should put more attention to deforestation, degradation and conversion-related risks, including deeper risk analysis, for the companies in sectors creating most risks or being at risk, and their financiers.
- Investigations are required to assess which risks are financially material for financial institutions, in the short, mid and long term, and how such financially material risks should be integrated in prudential rules, be it through capital requirements, supervisory processes or risk disclosure. This should be addressed through the Capital requirement regulation for banks and the Solvency II directive for insurers, and through the two assessments that the European Banking Authority is required to write in the next two years on sustainability risks and capital requirements/ supervisory processes.
- The Commission needs to work on corporate governance, at least for companies in sectors carrying most risks of deforestation, forest degradation and conversion, and their financiers. This includes four issues: (i) ensuring that deforestation is explicitly addressed at Board level, and that the Board has knowledge and experience on this issue to make informed decisions; (ii) ensuring that the company (be it non-financial or financial) has a proper due diligence process in place to address deforestation degradation and conversion issues; (iii) notably, ensuring that the company sets measurable target(s) to fix the issue. More generally, an EU directive requiring companies to set sustainability targets for the most salient risks they create is needed; (iv) ensuring that the above points are taken into account in the remuneration policy of the company.

The EU's **Common Agricultural Policy** must also use its enormous leverage to move EU's food and farming systems away from being drivers of deforestation, forest degradation and ecosystem conversion. To this end, several actions would be needed:

- Progressively diminish CAP support to feed production and intensive livestock farms, and offer support to farmers to transition away from this sector that fuels demand for imports of feedstock that could be linked to deforestation or conversion.
- Rebalance support in favour of livestock farms which are well coupled to crop agriculture, are closely linked to pastures and land, and are hardly dependant (in any of their production phases) on imported feed.
- Increase CAP support to productions such as vegetables and pulses, which can be directly used for human consumption, thus favouring a shift towards healthier and more sustainable diets.

- Incentivise enhanced crop rotation practices which include a leguminous crop, as this is the best approach to boost plant protein production in Europe in a meaningful way.

For the **EU Timber Regulation (EUTR)** to be effective, authorities need to devote resources to engaging businesses and carrying out checks. There should be a coherent approach to applying and enforcing the EUTR across the EU, and national legislation needs to include strict penalties to deter illegal behaviour. The ongoing review of the EUTR should ensure that the product scope of the EUTR is extended to all wood-based products, to achieve its goal of halting the trade in illegal timber on the EU market. For the next review of the EUTR in 2021 it should be assessed, whether elements of sustainability can be included in the legislation.

EXPECTATIONS FROM THE FUTURE COMMUNICATION

For The aim of EU action against deforestation and conversion should be to meaningfully reduce the EU's footprint, tackle the drivers of deforestation, forest degradation and conversion of natural ecosystems whilst at the same time delivering sustainable, resource-efficient production and consumption, and supporting human rights and governance.

The public consultation is focused on forests and deforestation, but the EU's footprint impacts a much wider range of natural pristine ecosystems: natural grasslands, savannahs, peatlands and shrublands. The pressure is growing fast on savannahs, wetlands and steppes. As corporate commitments, such as the SOS Cerrado Initiative¹³ are now increasingly including all natural ecosystems, we urge the EC to also consider the importance of threats to all natural habitats in its future communication.

The communication should address a broad range of commodities and products. We believe that all the commodities and products mentioned in the public consultation are important¹⁴. Singling out some commodities/products is not the appropriate approach as it will create loopholes. We consider it key to support a cross-commodity/product approach. This would provide a clear framework for action, instead of supporting a patchwork of different measures which would likely lead to more administrative burden both for industry and enforcement agencies.

The actual roadmap and consultation also seem to focus primarily on the tropics. WWF would like to stress the fact that deforestation, degradation and conversion are pervasive problems in northern regions too, such as Russia¹⁵, where illegal logging of valuable temperate hardwoods has reached crisis proportions in the Russian Far East, or the destruction of the great plains in the U.S, where in 2017, 1.7 million acres of grasslands were lost due to crop production¹⁶.

WWF believes an action plan that also includes legislation will help to better protect all forests and other natural ecosystems, respecting human rights and have positive impacts on the entire value chain. Comprehensive EU action will be beneficial for all and support the development of a more sustainable economy.

WWF considers it crucial that the upcoming communication on deforestation and ecosystem destruction supports the implementation of the EU's international commitments such as the Paris Climate Agreement, the Convention on Biological Diversity and the Agenda 2030 for sustainable development and establishes links between the different commitments. It should also explore what other measures need to be taken to fulfil the EU's commitments. The EU should also work together with other consuming countries such as the U.S. or China to address deforestation, forest degradation and conversion.

WHY ACTION IS GOOD FOR BUSINESS

Companies have shown leadership in addressing deforestation and conversion, e.g. endorsing the Consumer Goods Forum [zero net deforestation by 2020](#) initiative and the [New](#)

¹³ <https://cerradostatement.fairr.org/>

¹⁴ (Bio-diesel, Bioethanol, Charcoal, Other wood-based fuels, Cocoa, Coffee, Extractive materials, Maize, Meat (including leather), Palm oil, Paper, Pulp, Rubber (natural), Soy, Wood, Wood pellets and Wooden products)

¹⁵ https://www.wwf.se/source.php/1527925/Illegal-logging-in-Russia-Report_ENGLISH.pdf

¹⁶ <https://www.worldwildlife.org/projects/plowprint-report>

FOR WWF, A FUTURE COMMUNICATION HAS TO LOOK AT FORESTS BUT ALSO AT OTHER ECOSYSTEMS UNDER THREAT.

**DEFINING COMMON
RULES, METHODS AND
DEFINITIONS WILL HELP
TO LEVEL THE PLAYING
FIELD FOR BUSINESS.**

[York Declaration on Forests](#), as well as engaging with the [Tropical Forest Alliance 2020](#) and developing their own ambitious policies, showing EU businesses are strongly committed to play their role in delivering key international commitments. The Cerrado Manifesto [Statement of Support \(SOS\)](#) now counts 130 global consumer goods and finance companies, committed to actively eliminating all conversion of the Cerrado, the world's largest deforestation and conversion frontier.

However, progress on many company commitments is not sufficient. Companies are currently struggling to achieve deforestation and conversion-free agricultural commodity supply chains on their own by 2020.

Collaboration with business to develop policies that steer all actors towards the desired outcome of protecting the most important natural landscapes is needed more than ever – particularly given the need for urgent and drastic cuts in GHG emissions and the large scale removal of CO₂ from the atmosphere (for example through reforestation and forest restoration). We believe EU action that includes legislative measures is the best way from an industry and global perspective to:

- Make sure that all companies trading on the EU market are treated equally, restoring fair competition. Harmonized action at the EU level would allow a common baseline, level the playing field and therefore boost pledges, generate trust and make the companies more accountable to their commitments. By cleaning their supply chains, companies will likely see business benefits due to cost savings in specification and management of supplier information and of the suppliers themselves.
- Eliminate ambiguities and confusion as to whether some commodities/supply chains require action/engagement/procedures/enforcement/measures taken by companies in some countries and not others, and clarify where legal requirements are applicable making the process more effective, and less burdensome.
- Define common rules, methodologies and definitions as a way to have the most efficient action possible.
- Secure a demand-side signal for sustainable commodities to spur sustainable agricultural production and to reward good practice. Legislative measures, such as public procurement requirements and due diligence regulation, are a strong way to assure all stakeholders that there will be long-term demand for sustainable commodities.
- Mitigate the risks of being associated with deforestation, illegal land acquisition and associated human rights violations for companies and investors.
- Provide guarantees to the consumers who do not want to buy from brands linked to negative environmental and social impacts. European consumers have indeed been increasingly concerned about the impacts of some commodities, such as palm oil and cocoa, on ecosystems and local communities.
- Develop innovative tools that can help companies monitor the progress on their commitments in assessing deforestation risks and drive sourcing and investment decisions.
- Ensure companies reap the benefits to their brand from being deforestation free wherever they operate in the world.

Better implementation of laws in the EU and in producing countries can provide benefits to all stakeholders. By providing a clearer framework to operate in and a basis for a regulated market, legislation will ultimately lead to a more streamlined and competitive industry in the EU and support comparable approaches to legality and sustainability in a globalized markets environment.