



Committee on the Environment, Public Health and Food Safety

2018/2003(INI)

23.5.2018

OPINION

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Development

on transparent and accountable management of natural resources in developing countries: the case of forests
(2018/2003(INI))

Rapporteur for opinion (*): Kateřina Konečná

(*) Associated committee – Rule 54 of the Rules of Procedure

PA_NonLeg

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that deforestation and forest degradation are the second leading cause of global warming and are responsible for about 15 % of global greenhouse gas emissions¹; emphasises the importance of taking the right policy approaches for the integral and sustainable management of forests in order to deliver both carbon and non-carbon benefits;
2. Recalls that the Paris Agreement requires all Parties to take action to conserve and enhance sinks, including forests;
3. Notes that halting deforestation and forest degradation and allowing forests to regrow would provide at least 30 % of all mitigation action needed to limit global warming to 1.5°C²;
4. Notes that deforestation is responsible for 11 % of global anthropogenic greenhouse gas emissions, more than all passenger cars combined;
5. Affirms the relevance of the type of forest management for the carbon balance in the tropics, as highlighted in recent papers³, which indicated that subtler forms of degradation, and not only large-scale deforestation as previously thought, are likely to be a very significant source of carbon emissions, accounting for more than half of emissions;
6. Points out that reforestation, restoration of existing degraded forests and increasing tree cover on agricultural landscapes via agroforestry represent the only available sources of negative emissions with significant potential to contribute to the achievement of the Paris Agreement goals;
7. Acknowledges that forest crime, such as illegal logging, has been estimated⁴ to represent a value of USD 50-152 billion in 2016, up from 30-100 billion in 2014, and is ranked number one in terms of revenues among environmental crimes globally; notes that it has a major role in financing organised crime and that it significantly impoverishes governments, nations and local communities due to uncollected revenues;
8. Recalls the Bonn Challenge⁵, whose goal of restoring 350 million hectares of degraded and deforested land by 2030 could generate about USD 170 billion per year in net

¹ <https://www.forestcarbonpartnership.org/what-redd>

² Goodman, R.C. and Herold, M., Why Maintaining Tropical Forests is Essential and Urgent for Maintaining a Stable Climate (November 2014), Working Paper 385, Centre for Global Development. McKinsey & Company, Pathways to a low-carbon economy (2009). McKinsey & Company, Pathways to a low-carbon economy: Version 2 of the global greenhouse gas abatement cost curve (2013).

³ Baccini, A. et al., Tropical forests are a net carbon source based on aboveground measurements of gain and loss (2017).

⁴ UNEP, The Rise of Environmental Crime report (2016).

⁵ See <https://www.iucn.org/theme/forests/our-work/forest-landscape-restoration/bonn-challenge>

benefits from watershed protection, improved crop yields and forest products, and could sequester up to 1.7 gigatonnes of carbon dioxide equivalent annually;

9. Notes that forests are not only an essential source of timber, food and fibres, but they are also home to 80 % of the world's terrestrial biodiversity, are a major provider of various ecosystem services and play a significant role in the global carbon cycle;
10. Stresses that secondary forests, regenerating largely through natural processes after significant human or natural disturbance of primary forests, also provide, alongside primary forests, crucial ecosystem services, a livelihood for local populations and a source of timber; considers that as their survival is also threatened by illegal logging, any action addressing transparency and accountability of forest management should also target secondary and not only primary forests;
11. Notes that it is well established and uncontested that the conversion of tropical forest to agriculture, plantations and other land uses causes a significant loss of species, particularly forest specialist species;
12. Calls on the Commission to honour the EU's international commitments, inter alia those made within the framework of COP21, the UN Forum on Forests (UNFF), the UN Convention on Biological Diversity (UNCBD), the New York Declaration on Forests and Sustainable Development Goal 15, in particular target 15.2, the aim of which is to promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally by 2020;
13. Recalls specifically that the Union has committed to the Aichi Targets of the Convention on Biological Diversity, requiring 17 % of all habitats to be conserved, 15 % of degraded ecosystems to be restored and forest loss to be brought close to zero, or at least halved, by 2020;
14. Recalls in particular the Union's collective commitments under the New York Declaration on Forests to restore 150 million hectares of degraded landscapes and forestlands by 2020 and significantly increase the rate of global restoration thereafter, which would restore at least an additional 200 million hectares by 2030;
15. Welcomes the publication of the long-awaited feasibility study on options to step up EU action against deforestation¹, commissioned by the Commission's Directorate-General for Environment; notes that this study focuses mainly on seven forest risk commodities, namely palm oil, soy, rubber, beef, maize, cocoa and coffee, and recognises that 'the EU is clearly part of the problem of global deforestation';
16. Is fully aware of how complex the issue of deforestation is, and emphasises the importance of developing a global solution based on the collective responsibility of many actors; strongly recommends this principle for all those involved in the timber supply chain, including the EU and other international organisations, the Member States, financial institutions, the governments of producer countries, indigenous people and local communities, national and multinational businesses, consumer associations

¹ http://ec.europa.eu/environment/forests/pdf/feasibility_study_deforestation_kh0418199enn_main_report.pdf

and NGOs; is convinced, moreover, that all of these actors must necessarily play a part by coordinating their efforts in order to resolve the many serious problems linked to deforestation;

17. Welcomes the fact that major private sector actors (very often from the EU) have pledged to eliminate deforestation from their supply chains and investments; notes, however, that the EU must rise to the challenge and reinforce private sector efforts through policies and appropriate measures creating a common baseline for all companies and levelling the playing field; considers that this would boost pledges, generate trust and make companies more accountable for their commitments;
18. Notes the opening of the public consultation on the product scope of the Timber Regulation; considers that the possibility of selecting an option in the questionnaire on reducing the scope to be covered by the regulation is not justified, given that illegal trade flourishes within the current scope of the regulation; further notes the favourable position of the European Confederation of the Woodworking Industries on extending the scope of the Timber Regulation to all wood products;
19. Notes that it was not possible to assess in the 2016 review of the EU Timber Regulation (SWD(2016)0034) whether penalties laid down by Member States are effective, proportionate and dissuasive, as the number of sanctions applied so far has been very low; questions the application by some Member States of the criterion 'the national economic conditions' for set penalties, given the international aspect of the crime and the fact that it is ranked number one in environmental crimes in the world;
20. Notes that it was revealed that Forest Law Enforcement, Governance and Trade (FLEGT) export licences allow illegally sourced wood to be mixed with legal timber and that such wood could therefore potentially be exported to the EU as compliant with the EU Timber Regulation (EUTR)¹;
21. Calls on the Commission to update the EUTR guidance to address conflict timber and recommend more detailed risk mitigation measures to strengthen enforcement, including requesting enhanced due diligence from operators importing from conflict-affected or high-risk areas, anti-bribery terms and conditions in contracts with suppliers, the implementation of anti-corruption compliance provisions, audited financial statements and anti-corruption audits;
22. Calls on the Commission and the Member States to fully implement and enforce the EUTR, and for the EUTR to cover all products that are or may be made of wood, and that contain or may contain wood; emphasises the requirement to carry out adequate and effective checks, including on complex supply chains and imports from processing countries, and calls for robust and dissuasive sanctions for all economic players, given that this is an international crime generating the largest revenues among environmental

¹ The Environmental Investigation Agency's (EIA) and the Indonesian Forest Monitoring Network's (Jaringan Pemantau Independen Kehutanan/JPIK) 2014 Permitting Crime Report found that some TLAS-licensed companies are involved in 'timber laundering', mixing illegally sourced woods with legal timber. Today, these woods could potentially be exported to the EU as FLEGT-licensed timber. Available at <http://www.wri.org/blog/2018/01/indonesia-has-carrot-end-illegal-logging-now-it-needs-stick>, primary source <https://eia-international.org/wp-content/uploads/Permitting-Crime.pdf>

crimes;

23. Notes the existence of models of community forestry/collective customary tenure, which can bring a number of benefits¹, including an increase in the forest area and in available water resources, a reduction in illegal logging by putting in place clear rules on timber access, and a robust forest monitoring system; proposes that more research and support be provided to help develop legal frameworks on community forestry;
24. Stresses that recognition of peoples' tenure rights, for example via a constitution, is not necessarily applied in practice², and that the EU should therefore carry out active screening to ensure that tenure rights are respected, for the purpose of Voluntary Partnership Agreements (VPAs) and for individual cases of EU development funding;
25. Recalls that the Commission's report on the functioning of the Transparency Directive 2013/50/EU, which introduces a disclosure requirement for payments to governments by listed and large non-listed companies with activities in the extractive industry and involving logging of primary (natural and semi-natural) forests, should be submitted by 27 November 2018 to Parliament and the Council; further notes that this report should be accompanied by a legislative proposal; in light of a possible review, calls on the Commission to consider extending the obligation to other industry sectors affecting forests, and to forests other than primary forests;
26. Calls for the EU to maintain its commitment to step up ongoing negotiations on the FLEGT VPAs; stresses the need to ensure that logging concessions awarded corruptly or illegally are not legitimised through any agreement or legislation, that legislation and these agreements are in line with international law and commitments concerning environmental and biodiversity protection, human rights and sustainable development, that they bring about adequate measures for the conservation and sustainable management of forests, including the legal protection of the rights of local communities and indigenous peoples by recognising their tenure and customary rights, and that they address problems in the global trade in timber products, such as conflict timber and conversion timber;
27. Calls on the Commission and the Member States to coordinate donor policies and to ensure that development funding through these policies is not used to support the expansion of industrial-scale logging into intact tropical forests; calls for suspension of funding for any project where a substantiated claim of such logging exists, until such time as the claim is dismissed or corrective measures are applied;
28. Calls on the EU to support initiatives by forest-rich developing countries aimed at counterbalancing the unfettered expansion of agricultural practices and mining activities which have had an adverse impact on the management of forests and on the livelihood and cultural integrity of indigenous peoples, and detrimental consequences for social stability and the food sovereignty of farmers;

¹ A case from Nepal presented by ClientEarth, available at <https://www.clientearth.org/what-can-we-learn-from-community-forests-in-nepal/>

² A recent case (WaTER project financed by DG DEVCO) involved the violation of tenure rights of Kenya's Ogiek and Sengwer indigenous peoples, despite the recognition of their rights to land in the Constitution, particularly Article 63(2)(d) thereof, and in the 2016 Community Land Act.

29. Notes that the FLEGT process should tackle the underlying causes of deforestation in producer countries, which include insecure land tenure, weak law enforcement and weak governance;
30. Calls for the EU, in its dialogue with forest-rich developing countries, to raise the need to introduce adequate compensation schemes and programmes for local communities who have been forcefully displaced and deprived of access to their customary land and resources, and in all situations where their free prior and informed consent (FPIC) was not obtained;
31. Calls for the EU to create, as a supplementary element of VPAs, follow-up legislation on such agreements along the lines of the EU Timber Regulation which includes both companies and financial institutions, and to review the functioning of existing VPAs in practice in order to ensure that the joint assessment on the country's timber legality assurance system functions as described in the VPA and that timber laundering can be excluded; notes with concern that while the EU – to its credit – has regulated the supply chains of timber, fish and conflict minerals, it has not yet regulated any forest risk agricultural commodity supply chains; urges the Commission and the Member States to step up their efforts to implement the Timber Regulation, in order to better gauge its effectiveness;
32. Calls on the Commission and the Member States to develop a process that is triggered when conflict breaks out in a VPA partner country, including appointment of an independent panel to conduct an assessment of the risk of conflict timber and the need for VPA suspension at all stages of negotiations where there is evidence that timber trade revenues are fuelling conflict;
33. Calls on the Commission to ensure the coherence of and to boost synergies between the common agricultural policy (CAP) and other EU policies, and to ensure that they are conducted in a manner consistent with programmes aimed at combating deforestation in developing countries, including REDD+; calls on the Commission to ensure that the import of forest risk commodities is eliminated from direct or indirect support of the future EU food and farming policy; calls on the Commission to encourage, where practical, an increase in the practice of agroforestry and reforestation; calls on the Commission and the Member States to ensure that the environmental problems relating to deforestation are also addressed in the light of the objectives set by the EU Biodiversity Strategy to 2020, which should be an integral part of the Union's external action in this area;
34. Considers that mapping, including by means of satellite and geospatial technologies, is crucial to ensure transparency and accountability in the management of forests and to put in place targeted strategies for forestation, reforestation and the creation of ecological corridors; calls, therefore, on the Commission and the Member States to provide technical and financial assistance to forest-rich developing countries in order to support the thorough mapping of their forests, also by backing projects on collaborative mapping run jointly by NGOs, forestry organisations, scientists and local experts;
35. Notes that more than half of the commodities produced and exported into the global

market are products of illegal deforestation¹, and that more than 80 % of all deforestation is driven by agricultural expansion, both commercial and subsistence²; further notes that the EU's imports of feed and proteins (e.g. soy), owing to high levels of consumption of meat as confirmed by a recent study, its imports of cocoa and palm oil, the flow of finance to sectors driving deforestation and forest degradation, its biofuel consumption and the growing demand for forest biomass and timber, including for energy, are significant drivers of deforestation and forest degradation³;

36. Calls for the EU to establish a binding regulatory framework to ensure that all agricultural commodity importers' supply chains are traceable back to the origin of the raw material; notes that new technologies, e.g. blockchain technology, can be used to track the origin of commodities, and stresses that this could be used in practice to increase transparency around the origin of different commodities and virtually remove forest degradation and deforestation from the supply chains;
37. Calls on the Commission to develop a certification scheme for sustainably produced, deforestation-free products entering the EU market;
38. Regarding palm oil, acknowledges the positive contribution made by existing certification schemes, but observes with regret that RSPO, ISPO, MSPO and all other recognised major certification schemes do not effectively prohibit their members from converting rainforests or peatlands into palm plantations; considers, therefore, that these major certification schemes fail to effectively limit greenhouse gas emissions during the establishment and operation of the plantations, and have consequently been unable to prevent massive forest and peat fires; calls on the Commission to ensure that independent auditing and monitoring of these certification schemes is carried out, so as to guarantee that the palm oil placed on the EU market complies with all necessary standards and is sustainable; notes that the issue of sustainability in the palm oil sector cannot be addressed by voluntary measures and policies alone, but that palm oil companies should also be subject to binding rules and a mandatory certification scheme;
39. Recalls its resolution of 4 April 2017 on palm oil and deforestation of rainforests⁴, including the recognition that 73 % of global deforestation arises from the clearing of land for agricultural commodities, with 40 % of global deforestation caused by conversion to large-scale monocultural oil palm plantations, and that the EU is a major importer of products resulting from deforestation; also recalls its amendments to the Renewables Directive phasing out the incentives for use of palm oil in transport fuels by 2021;
40. Calls on the Commission to follow up on its aforementioned resolution on palm oil and deforestation of rainforests, introducing sustainability criteria for palm oil and products

¹ Forest Trends Report Series, 2014: Consumer Goods and Deforestation: An Analysis of the Extent and Nature of Illegality in Forest Conversion for Agriculture and Timber Plantations
https://www.forest-trends.org/wp-content/uploads/2014/09/doc_4718.pdf

² Tackling deforestation and forest degradation: a case for EU action in 2017 <https://www.greenpeace.org/eu-unit/Global/eu-unit/reports-briefings/2017/170620%20-%20A%20case%20for%20EU%20action%20in%202017.pdf>

³ Feasibility study on options to step up EU action against deforestation (European Commission)

http://ec.europa.eu/environment/forests/pdf/feasibility_study_deforestation_kh0418199enn_main_report.pdf

⁴ Texts adopted, P8_TA(2017)0098.

containing it that are entering the EU market, and a unique certification scheme, and improving the traceability of imported palm oil;

41. Urges the Commission, and all Member States that have not yet done so, to work towards the establishment of an EU-wide commitment to source only certified sustainable palm oil by 2020 by, inter alia, signing and implementing the Amsterdam Declaration 'Towards Eliminating Deforestation from Agricultural Commodity Chains with European Countries', and to work towards the establishment of an industry commitment by, inter alia, signing and implementing the Amsterdam Declaration 'In Support of a Fully Sustainable Palm Oil Supply Chain by 2020';
42. Considers that efforts to halt deforestation must include aid and support for the most effective use of existing croplands, to be applied in conjunction with a smart village approach; recognises that agro-ecological practices have a strong potential to maximise ecosystem functions and resilience via mixed high-diversity planting, agroforestry and permaculture techniques relevant also for crops such as oil palm, cocoa or rubber, and also deliver excess benefits in terms of social outcomes, diversification of production and productivity, without resorting to further forest conversion;
43. Calls on the EU to ensure that the measures put in place and the regulatory framework do not give rise to undue burdens on small and medium-sized producers or prevent their access to markets and international trade;
44. Calls on the Commission to show political will and leadership by committing to deliver, as soon as possible and before the end of the current Commission's mandate, an ambitious EU action plan on deforestation and forest degradation, which would include concrete regulatory measures to ensure that no supply chains or financial transactions linked to the EU result in deforestation, forest degradation or human rights violations in developing countries;
45. Calls for such legislative action to include mandatory due diligence requirements on the chain of operators using forest risk commodities and obligations on financial institutions to take action to eliminate the risk of deforestation resulting from financial investments;
46. Emphasises that Union trade negotiations must be in line with Union commitments to take action to reduce deforestation and forest degradation and to enhance forest carbon stocks in developing countries;
47. Calls on the Commission and the Member States to make full use of existing diplomatic and institutional processes and dialogues to encourage countries which process and/or import significant quantities of tropical timber, in particular where those timber products are then exported to the EU, such as China and Vietnam, to adopt effective legislation banning the importation of illegally harvested timber and requiring operators to conduct due diligence comparable to the EU Timber Regulation.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	17.5.2018
Result of final vote	+: 53 -: 1 0: 3
Members present for the final vote	Pilar Ayuso, Zoltán Balczó, Ivo Belet, Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Birgit Collin-Langen, Miriam Dalli, Seb Dance, Stefan Eck, José Inácio Faria, Karl-Heinz Florenz, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Jens Gieseke, Sylvie Goddyn, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, György Hölvényi, Anneli Jäätteenmäki, Benedek Jávor, Urszula Krupa, Jo Leinen, Peter Liese, Lukas Mandl, Valentinas Mazuronis, Susanne Melior, Rory Palmer, Massimo Paolucci, Piernicola Pedicini, Bolesław G. Piecha, Pavel Poc, John Procter, Julia Reid, Annie Schreijer-Pierik, Davor Škrlec, Claudiu Cîprian Tănăsescu, Ivica Tolić, Nils Torvalds, Adina-Ioana Vălean, Damiano Zoffoli
Substitutes present for the final vote	Nikos Androulakis, Nicola Caputo, Esther Herranz García, Jan Huitema, Peter Jahr, Karol Karski, Ulrike Müller, Stanislav Polčák, Bart Staes, Tiemo Wölken
Substitutes under Rule 200(2) present for the final vote	John Flack, Jaromír Kohlíček, Miltiadis Kyrkos

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

53	+
ALDE	Gerben-Jan Gerbrandy, Jan Huitema, Anneli Jäätteenmäki, Valentinas Mazuronis, Ulrike Müller, Nils Torvalds
ECR:	John Flack, John Procter
EFDD:	Piernicola Pedicini
ENF :	Sylvie Goddyn
GUE/NGL:	Stefan Eck, Jaromír Kohlíček
NI :	Zoltán Balczó
PPE:	Pilar Ayuso, Ivo Belet, Birgit Collin-Langen, José Inácio Faria, Karl-Heinz Florenz, Francesc Gambús, Elisabetta Gardini, Jens Gieseke, Françoise Grossetête, Andrzej Grzyb, Esther Herranz García, György Hölvényi, Peter Jahr, Peter Liese, Lukas Mandl, Stanislav Polčák, Annie Schreijer-Pierik, Ivica Tolić, Adina-Ioana Vălean
S&D:	Nikos Androulakis, Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nicola Caputo, Nessa Childers, Miriam Dalli, Seb Dance, Jytte Guteland, Miltiadis Kyrkos, Jo Leinen, Susanne Melior, Rory Palmer, Massimo Paolucci, Pavel Poc, Claudiu Ciprian Tănăsescu, Tiemo Wölken, Damiano Zoffoli
VERTS/ALE:	Benedek Jávor, Davor Škrlec, Bart Staes

1	-
EFDD	Julia Reid

3	0
ECR	Karol Karski, Urszula Krupa, Bolesław G. Piecha

Key to symbols:

+ : in favour

- : against

0 : abstention