Regulation on deforestation-free products

In November 2021, the Commission tabled a proposal to tackle deforestation and forest degradation linked to specific commodities and products placed on or exported from EU markets. During its September session, Parliament will vote on the related report adopted by its Committee on the Environment, Public Health and Food Safety (ENVI). If it passes, this will form Parliament’s position for trilogue negotiations with the Council.

Background

Covering 31% of the globe’s land surface, forests are host to most of Earth’s terrestrial biodiversity, and are essential for mitigating climate change. According to the United Nations Food and Agriculture Organization, the world has lost some 420 million hectares of forest through deforestation over the past 30 years. The problem is particularly acute in tropical and sub-tropical regions. The latest data indicate that agricultural expansion is driving almost 90% of deforestation worldwide. In October 2020, Parliament called for regulatory action to tackle the role of EU consumption in global deforestation, asking the Commission to propose a legal framework based on mandatory requirements for due diligence for companies placing forest and ecosystem-risk commodities and derived products on the EU market.

European Commission proposal

The proposed regulation aims at curbing deforestation and forest degradation driven by the expansion of agricultural land to produce certain commodities, namely cattle, cocoa, coffee, palm oil, soya and wood. Following up on Parliament’s demands, the proposal would impose due diligence obligations on operators placing these commodities and some derived products on the EU market, or exporting them from the EU. Member States would be responsible for enforcement, and for setting penalties in cases of non-compliance. To facilitate due diligence and controls, a benchmarking system would identify countries as presenting a low, standard or high risk of producing non-compliant commodities or products.

European Parliament position

The report adopted on 12 July 2022 by the ENVI committee would expand the regulation’s scope to cover swine, sheep and goats, poultry, maize and rubber; palm-oil based derivatives; and charcoal and printed paper products. The need to include further commodities and products, specifically sugar cane, ethanol and mining products, and the feasibility of doing so, would be assessed within 2 years of the regulation entering into force. In addition to complying with domestic law, the commodities and products concerned would need to be produced in accordance with human rights protected under international law, in particular those of indigenous people and local communities. Financial institutions headquartered or operating in the EU would be subject to specific obligations to ensure that their services do not support activities leading to deforestation or forest degradation. The minimum level of mandatory controls required of national authorities would be raised significantly. Provisions on penalties would be strengthened, and include an obligation for operators to compensate for the harm that exercise of due diligence would have prevented. The text will be put to the vote during the September plenary session. If adopted, it will then form Parliament’s position for negotiations with the Council, which adopted its general approach on 28 June 2022.