

WWF European Office additional comments to the European Commission's public consultation: Deforestation and forest degradation – reducing the impact of products placed on the EU market

This document provides additional input from the WWF European Policy office to further explain the choices made in its response to the European Commission's [public consultation](#) on reducing the impact of products placed on the EU market to deforestation and forest degradation.

The European Union has committed to halt deforestation by 2020 under the Agenda 2030 for sustainable development - and we are far from achieving it. New legislation in the EU, together with additional complementary measures such as support to producing countries are urgently needed to protect the natural resources of the planet and to tackle climate change, biodiversity loss or violations of the rights of those people that depend on forests and other ecosystems for their livelihoods.

From a WWF perspective, new legislation should help to protect forests and other ecosystems by providing a clear European framework that ensures:

- The scope of EU legislation includes deforestation and degradation of natural forests as well as the conversion of natural ecosystems and their degradation;
- Products and commodities on the EU market are sustainable instead of only being legal according to the country of origin;
- Human rights violations linked to the harvest or production of commodities placed on the European market are addressed;
- Due diligence and traceability of commodities and products along the supply chain by companies and proper and clear enforcement of new legislation by EU and Member State authorities;
- The finance sector is covered by the legislation, to ensure financial institutions, investors etc. are not directly or indirectly supporting the destruction of ecosystems (including forests) or their degradation, neither the violation of human rights;
- Clear definitions on what constitutes a natural forest or a natural ecosystem, deforestation, degradation and conversion, preferably aligned with the Accountability Framework;
- Complementary additional measures addressing underlying drivers of the destruction and degradation of forests and other ecosystems are introduced, especially financial and technical support for producer countries.

Section I: The problems of deforestation and forest degradation

Q1.1 To what extent do you think an EU-level intervention on EU consumption of goods would reduce global deforestation and forest degradation?

- Not at all
- Very little
- Somewhat
- Much
- **X Very much**
- I do not know

WWF European Policy Office additional comments:

An intervention at EU level would have a significant impact on global deforestation, forest degradation as well as ecosystem conversion and degradation.

According to a feasibility study financed by the European Commission in 2018, the EU is responsible for around 10% of the global share of deforestation, and is the world's second-largest market for forest-risk commodities after China. A recent study estimates that the EU had the highest exposure to deforestation embodied in imports of any consumer region at nearly 300,000 ha per year from 2005 to 2013. Specific drivers include the EU's consumption of commodities (and of products derived from them) such as palm oil, soy, and beef from Latin America, but also coffee, cocoa and rubber.

Also, there is a close link between biodiversity loss and the rise of pandemics¹. It is deforestation and degradation of natural habitats that can release 'new' zoonotic diseases, as they can bring pathogens in closer contact with humans and livestock. Land-use changes, including deforestation and the modification of natural habitats, are held responsible for nearly half of emerging zoonoses². These pandemics do not only have consequences from a health perspective but have massive implications on the economy, as the current COVID 19 pandemic shows.

According to IPCC³, about 23% of GHG emissions derive from Agriculture, Forestry and other Land Use. Delaying climate mitigation and adaptation responses across sectors would lead to increasingly negative impacts on land and reduce the prospect of sustainable development.

What is missing in this question is a link to the impact of EU consumption on other ecosystems, though "consumption of globally traded agriculture products like soy is one of the primary causes of deforestation

¹<https://wwf.panda.org/?361716&fbclid=IwAR1GBMEUirmKvIkXeAIUdhZkbqX5qpOwpmw4MEnjUFgNnQza7QCwhj6MzVI>

² Loh et al. 2015. Targeting Transmission Pathways for Emerging Zoonotic Disease Surveillance and Control. Vector borne and zoonotic diseases 15(7):432-43. doi: 10.1089/vbz.2013.1563

³ https://www.ipcc.ch/site/assets/uploads/sites/4/2020/02/SPM_Updated-Jan20.pdf

and biodiversity loss in some of the world's most species rich ecosystems", as an [article](#) in Proceedings of the National Academy of Sciences of the US (PNAS) found in 2019.

Q1.2 In your opinion, to what extent do each of the economic sectors below contribute to deforestation and forest degradation through the goods and services they provide (on the EU market)? Please rate each option below on a scale of 1 to 5, with 1 as no contribution at all, 2 as a low level of contribution, 3 as a moderate level of contribution, 4 as a high level of contribution, and 5 as a very high level of contribution. [Another option is I don't know]

- Animal-based food and non-food (e.g. wool, leather) sector : 5
- Chemicals: 4
- Construction/infrastructure: 4
- Energy/biofuels:5
- Manufacturing: 4
- Other services (e.g. education, hospitals, advisory services, ICT): 4
- Textiles: 4
- Mining/oil and gas : 4
- Plant-based food and feed sector: 5
- Tourism: 4
- Transport: 4
- Other: 5

Q1.2.1 If other, please specify sector(s) (300 characters with spaces)

All sectors, including the finance sector should be assessed based on scientific criteria, evidence and facts regarding their contribution to deforestation and ecosystem conversion, but also for their impact on ecosystem conversion and degradation, as well as related human rights violations.

WWF European Policy Office additional comments:

WWF considers the agriculture sector and its products to be a main contributor to deforestation and ecosystem conversion. Large-scale commercial agriculture accounts for about 40% of deforestation in the tropics and subtropics as well as mining and infrastructure (both at 27%). This question however does not provide an option to choose the agriculture sector as such.

In addition, the European Commission should assess all economic sectors in the EU on whether the commodities or products they use contribute to deforestation and forest degradation or ecosystem conversion and human rights violations. The relevant sectors assessed must include the finance sector, as investors or banks can be linked to companies that are involved in deforestation or human rights violations. Only a broad assessment will ensure an effective legislation. This question is misleading as there is already a lot of information and data available to assess the impact of commodities and products on deforestation and ecosystem conversion, through FAO, TRASE or other sources. It should not be the role of survey participants to carry out this assessment.

Human rights violations linked to EU consumption also need to be part of the assessment, especially as 80 per cent of States Members of the United Nations (156 out of 193) legally recognize the right to a safe,

clean, healthy and sustainable environment according to a report of the Special Rapporteur on human rights and the environment of the United Nations.

Q1.3 In your opinion, to what extent do the following commodity groups contribute to deforestation and forest degradation, due to their consumption within the EU market? Please rate each option below on a scale of 1 to 5, with 1 as no contribution at all, 2 as a low level of contribution, 3 as a moderate level of contribution, 4 as a high level of contribution, and 5 as a very high level of contribution. [Another option is I don't know]

- Animal-based products (e.g. animal fat, blood, flesh, milk, eggs, skin, wool, and products made from these raw materials): 5
- Cereals (e.g. wheat, maize, rice, barley, oats, rye, sorghum):5
- Fodder crops (i.e. crops cultivated primarily for animal feed): 5
- Fruits and vegetables:5
- Industrial crops (e.g. rubber, tobacco, fibre crops):5
- Mining products (e.g. precious metals, ores, coal):5
- Oil and gas: 5
- Oil crops (e.g. soybeans, palm, rapeseed, sunflower, canola, mustard, flax, jatropha, coconut, hemp):5
- Stimulants (coffee, cocoa, tea):5
- Sugar crops :5
- Wood and wood-based commodities, including pulp and wood pellets:5
- Other: 5

Q1.3.1 If other, please specify commodity group (max 300 characters)

All commodities should be assessed on an ongoing basis and based on objective and scientific criteria, for their impact on deforestation, forest degradation, ecosystem conversion & degradation and human rights violations.

WWF European Policy Office additional comments:

Though we consider the first focus for legislation to be on agriculture commodities and related products, all commodities should be assessed based on objective and scientific criteria and using existing credible facts and evidence in order to identify those commodities with the highest risks on deforestation, forest degradation, ecosystem conversion, ecosystem degradation but also related human rights violations.

There is already a lot of information and data available to assess the impact of commodities and products on deforestation and ecosystem conversion, through FAO, TRASE or other sources, including a feasibility study from 2018⁴ financed by the European Commission, which found that EU consumption of commodities including, amongst others, palm oil, soy, rubber, beef, coffee and cocoa create risks for forests. The study

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

assessed criteria including the global scale of production, trends in production (average increase since 2000) and EU consumption.

The assessment of the impact of certain commodities should not be left to survey respondents.

Q1.4 In your opinion, to what extent do the following factors contribute to the consumption (within the EU) of products linked to deforestation and forest degradation? Please rate each option below on a scale of 1 to 5, with 1 as no contribution at all, 2 as a low level of contribution, 3 as a moderate level of contribution, 4 as a high level of contribution, and 5 as a very high level of contribution.[Another option is I don't know]

- Lack of awareness about the contribution of specific products or companies to deforestation: 2
- Lack of agreed regulations/standards to define “deforestation-free” products or commodities: 5
- Lack of availability of products from “clean” supply chains:2
- Lack of reliability of products marketed as forest-friendly or deforestation-free:2
- The price paid for such products does not reflect the negative social/environmental externalities caused by the impact of their production on forests : 2
- Regulations do not restrict the sale of goods associated with deforestation: 5
- Inaccurate or insufficient reporting about the impact of business activities on forests: reporting:5
- Citizens cannot afford to buy deforestation-free products, which are marketed at higher prices
- Other

WWF European Policy Office additional comments:

The EU currently has no legislation in place tackling consumption of commodities linked to ecosystem destruction or conversion. Getting a law in place that can assure EU citizens that the products they buy are not linked to the destruction of nature or the violation of human rights should therefore be prioritised. New legislation would also provide clear rules for companies willing to tackle their environmental and human rights footprint, while providing the means to take action against those that do not follow the rules.

Mandatory due diligence legislation would set a level playing field supporting and rewarding existing voluntary efforts by businesses to uphold high environmental and social standards in their supply chains, by ensuring these efforts are not undercut by unfair competition with products that harm people and nature.

The EU is a major consumer market, trading bloc and financial player. New legislation would provide a framework for all companies and provide the legal instruments to hold those businesses accountable that do not want to follow the rules, including ways to stop them from placing their products on the EU market.

There is certainly a lack of awareness in the EU on how certain products contribute to deforestation and as there are no common rules for labels, the marketing of products as being “deforestation-free” can be questioned but both of those elements would put the burden of choice on the consumer, whilst in our opinion this should be dealt with by the European Union, especially as the EU committed to halt deforestation by 2020 under the SDGs.

It remains unclear what is meant by “clean” supply chains, however, though certification systems exist, they do not cover the whole market and there are challenges linked to implementation. Also, there are challenges in companies reporting on their impacts on other ecosystems or commitments they have made to halt deforestation.

The question of price and affordability of products has not been answered, as it assumes that deforestation-free products will be marketed at a higher price but setting up a due diligence system will have increased costs –something that might not be the case.

Q1.5 In your opinion, to what extent do the following problems contribute to deforestation and forest degradation? Please rate each option below on a scale of 1 to 5, with 1 as no contribution at all, 2 as a low level of contribution, 3 as a moderate level of contribution, 4 as a high level of contribution, and 5 as a very high level of contribution. [Another option is I don't know]

- Absence of sound policies at the global level, contributing to deforestation and forest degradation: 3 GP
- Absence of sound policies at the EU level that minimise the contribution to deforestation and forest degradation: 5
- Absence of sound policies at the national/sub-national level that minimise the contribution to deforestation and forest degradation in EU Member States : 3
- Absence of sound policies at the national/sub-national level that minimise the contribution to deforestation and forest degradation in non-EU countries:4
- Lack of enforcement of existing policies in EU Member States:3
- Lack of enforcement of existing policies in non-EU countries: 3/4
- Lack of investment in sustainable land management in countries experiencing deforestation and forest degradation in EU Member States: 3
- Lack of investment in sustainable land management in countries experiencing deforestation and forest degradation in non-EU countries:4
- Corruption in public institutions in EU Member States 3
- Corruption in public institutions in non-EU countries: 4
- Lack of interest and/or political leadership on the issue in EU Member States: 3
- Lack of interest and/or political leadership on the issue in non-EU countries:4
- Poverty, uncertain land tenure, lack of resources and other problems in countries experiencing deforestation and forest degradation: 4
- Other

WWF European Policy Office additional comments:

The EU currently has no legislation in place that tackles our consumption of commodities linked with deforestation or ecosystem destruction. As a major consumer market, trading bloc and financial player, the EU has the power and the duty to act on its own consumption.

Getting a law in place at European level that can assure EU consumers that the products they buy are not linked to the destruction of nature or the violation of human rights is the biggest challenge we are currently facing and should therefore be prioritised. New legislation that is aligned across the EU would also provide clear rules for companies willing to tackle their environmental and social footprint, while providing the means to take action against those that do not follow the rules. We therefore think that the first option is the most important one to be answered and should receive the highest ranking.

Whilst regulatory measures to address environmental and/or social challenges in supply chains are in place (France) or under development (UK, Germany) in a limited number of EU Member States, a harmonized

framework to ensure the EU consumption does not contribute to nature destruction or human rights violations does not exist in the EU.

Though the European Union performs best in the Corruption Perception Index of Transparency International in 2019, it also clearly shows that there are challenges within the EU Member States linked to corruption.

Also, there is currently not legislation at EU level that directly relates to deforestation or forest degradation. In general, the implementation of policies in the EU varies across EU Member States and its one of the main challenges the EU needs to address. The WWF enforcement review of the EU Timber Regulation in 2019 made that very clear.

The EU should also lead on complementary efforts, providing support for producer countries to address underlying drivers, such as securing the rights of Indigenous Peoples and local communities and supporting poverty alleviation and better land governance in producer countries.

Section II: Responsibility for decision-making

Q2.1 At what level of authority should measures tackling EU-driven deforestation and forest degradation be designed and implemented (i.e. at what level would they be most effective)?

Multiple choice question

- Local/sub-national in EU Member States
- National in EU Member States
- EU level
- International
- I do not know

WWF European Policy Office additional comments:

If everybody in the world lived like the average EU resident, humanity would consume the equivalent of 2.8 planets a year (2019 figures). It is clear that the EU is part of the problem, but it can also be part of the solution by taking its responsibilities seriously. Action at EU level would be necessary to ensure a harmonized approach to address the challenges related to deforestation and ecosystem conversion across the EU, especially for companies, whilst providing the means to take action against those that do not follow the rules

As the world's largest economy and a single market, the EU has not only the responsibility but also the power to act. Rather than having different kinds of national rules, the same rules need to apply to everyone wanting to sell products in the EU market, for the sake of fairness and consistency but also to reduce administrative burden for companies: with an EU regulation the same rules would apply to all European Member States. There are also a number of major companies with headquarters in the EU. This means that the global impact on supply chain systems of companies could have a broad reach.

Section III: Potential demand-side measures and their impacts

Q3.1 From a consumer's perspective, how would information on the deforestation and forest degradation impact of the products and services you purchase influence your purchasing decisions?

- Not at all
- Not much
- Neutral
- Somewhat
- Very much
- I do not know

WWF European Policy Office additional comments:

The loss of forests and ecosystems is a crisis of global scale that requires far reaching action of the European Union and the responsibility should not be left to consumers or businesses alone. Access to commodities that are free from deforestation and nature destruction should be an underlying guarantee. Complementary measures to address the underlying drivers of nature destruction and human rights violations should be taken by the EU, including development support. Therefore, this question has been left unanswered as it diverts attention from the need for a new EU legislation that stops products linked to ecosystem and forest destruction, and to human rights violations, from entering the EU market.

Q3.2 Taking into account costs and benefits, which range of products linked to deforestation and forest degradation should, in your view, be covered by the future EU policy measures?

[[47278053]]

- A large number of products including all (or nearly all) that have a potential impact on deforestation [[47278054]]
- A reduced number of products focusing on those that have the most impact [[47278055]]
- I do not know [[47278056]]

WWF European Policy Office additional comments:

A broad range of commodities and products linked to deforestation and ecosystem destruction need to be addressed by EU legislation to address the EU's role but also to prevent indirect land use change and substitution with commodities whose production could also have very harmful effects. Solid and exhaustive criteria to assess potential negative impacts of commodities on the environment and human rights are needed to determine which products should be included in legislation. The assessment also needs to cover their contribution to human rights violations, which is not reflected in this question.

Q3.3 In your view, what kind of issues related to the origin of products should future EU measures aim to tackle?

- Their legality, understood as their compliance with the legal requirements of their country of origin as relates to forestry and land-use change
- Their forest-related sustainability, understood as their compliance with EU-determined requirements (compliant with World Trade Organization rules and building on international

commitments) as relates to forestry and land-use change based on an EU definition of “deforestation-free”

- Both their legality and their forest-related sustainability, as defined above
- I do not know
- Other

Q3.3.1 If you selected both their legality and forest-related sustainability, please indicate how this could be achieved, in your view (max 300 characters)

Goods should not be placed on the EU market if there are risks that they are produced in breach of the country of origin law and unless they meet EU sustainability criteria to prevent forest and ecosystem destruction and human rights breaches.

WWF European Policy Office additional comments:

For the EU to be able to fulfill its international commitments but also to ensure the protection of our natural resource base for the future, all commodities and products placed on the EU market should be sustainable: they should not be linked to deforestation, forest degradation, but also not to the conversion or degradation of natural ecosystems and be traceable back to source. They should also comply with international standards and obligations on human rights, including the rights of Indigenous Peoples and local communities. Unfortunately, national laws cannot always guarantee this, which is why additional sustainability requirements are needed.

Deforestation and land conversion are legally allowed in a number of countries (e.g. Brazil and Indonesia) if the correct authorisations or permits are acquired. Under the Brazilian Forest Code⁵, legal conversion can amount to 88 million hectares, with further devastating impacts on indigenous and other local communities and on wildlife populations.

National laws to prevent deforestation and conversion in producer countries can be weak and/or lack the necessary provisions to protect natural forests and natural ecosystems as well as the people depending on them for their livelihoods. Laws governing other sectors but that affect forests may contradict forest laws, for example in relation to agriculture activities⁶. This creates legal confusion as to whether forest but also other land may be converted for other uses. In high deforestation and conversion areas, conflicts may be extreme and governance low.

Commodities and products placed on the EU market should therefore be sustainable: they should not be placed on the EU market if there are risks that they are produced in breach of the country of origin law and unless they meet social, human rights related and environmental sustainability criteria laid down in the EU regulation.

In implementing a due diligence law based on legality only, it may become complex to define what legality means and how to verify it accurately. In high deforestation and conversion areas, conflicts may be extreme and governance low. These areas may have higher levels of violence, corruption and threats on vulnerable populations, sometimes masked or even supported by a bureaucracy. A due diligence on legal compliance will have to rely on documental evidence, formalizing a “pro-forma legal enforcement”,

⁵ https://www.researchgate.net/publication/261882221_Cracking_Brazil's_Forest_Code

⁶ <http://www.fao.org/3/a-i5588e.pdf> , p 37

potentially reinforcing and covering up abuses and violations. This may in fact, create a huge risk to these populations and an uncontrollable liability to the companies themselves.

Q3.4 What kind of forests should be prioritised by the measures to minimise environmental damages from deforestation and forest degradation? Please rate each on a scale of 1 to 5, with 1 representing not at all important and 5 representing very important.

- Primary forests (defined as "naturally regenerated forests of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed"): 5
- Other naturally regenerated forests (i.e. a naturally regenerated forest where there are clearly visible indications of human activities) : 5
- Plantation forests (defined as "a forest that at maturity is predominantly composed of trees established through planting and/or deliberate seeding")
- Other (please indicate which):5

Q3.4.1 If other, please indicate the kind of forest(s) (max 300 characters)

For the purpose of this legislation all natural forests and natural ecosystems should be prioritised. The definitions of the Accountability Framework should be used, where applicable. The possibility to replace natural forests with commercial plantations should be excluded.

WWF European Policy Office additional comments:

We consider the protection of primary forests as well as regenerated forests as important but would like to express that the definitions provided are not exhaustive and should not form the basis of legislation. Also, the world is not only losing forests due to our growing consumption of commodities, but also savannahs, grasslands, peatlands, wetlands and other valuable ecosystems. Destruction of these ecosystems is detrimental to the local communities and Indigenous Peoples depending on them.

From our perspective the Accountability Framework provides the needed definitions for natural forests and natural ecosystems- which should be aligned with existing definitions in the EU, as long as this alignment does not weaken the approach of the Accountability framework.

Natural forest: A forest that is a natural ecosystem. Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. Natural forests include:

Primary forests that have not been subject to major human impacts in recent history.

Regenerated (second-growth) forests that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained much of the species composition, structure, and ecological function of prior or other contemporary natural ecosystems.

Managed natural forests where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as:

- Harvesting of timber or other forest products, including management to promote high-value species.

- Low intensity, small-scale cultivation within the forest, such as less-intensive forms of swidden agriculture in a forest mosaic.

Forests that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or sustained loss of other main elements of ecosystem composition, structure, and ecological function.

The categories “natural forest” and “tree plantation” are mutually exclusive, though in some cases the distinction may be nuanced.

Natural ecosystem: An ecosystem that substantially resembles – in terms of species composition, structure, and ecological function – one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.

- Natural ecosystems include:

Largely “pristine” natural ecosystems that have not been subject to major human impacts in recent history.

Regenerated natural ecosystems that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained species composition, structure and ecological function similar to prior or other contemporary natural ecosystems;

Managed natural ecosystems (including many ecosystems that could be referred to as “semi-natural”) where much of the ecosystem’s composition, structure, and ecological function are present; this includes managed natural forests as well as native grasslands or rangelands that are, or have historically been, grazed by livestock.

Natural ecosystems that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where much of the ecosystem’s composition, structure, and ecological function remain present or are expected to regenerate naturally or by management for ecological restoration.

Q3.5 Do you think that forest clearances (for example, cutting forests to replace them with crop plantations) in one location can be compensated by tree planting in another location for the purpose of assessing whether a product is deforestation-free?

- Yes
- No
- Only to some extent
- Only for specific types of forests (please indicate which)
- I do not know

WWF European Policy Office additional comments:

The EU needs new legislation to tackle its contribution to global deforestation and to ensure that products sold in Europe do not contribute to forest or ecosystem destruction, and related human rights abuses. Rather than focusing on measures to address EU-driven deforestation, it diverts the attention towards

action that could potentially undermine the protection of existing natural forests. Indeed, newly planted forests are not comparable to old-growth forests: they often do not provide benefits such as climate mitigation and adaptation at a comparable level. Also, it is not possible to offset biodiversity that has been destroyed. In addition, if leading to the expulsion, exclusion and replacement of indigenous peoples and other local communities, such action can lead to the disappearance of unique cultures.

In alignment with the Accountability Framework initiative, definitions, deforestation should be defined as “gross deforestation” of natural forest, where “gross” is used in the sense of “total, aggregate; without deduction for reforestation or other offset”. Forest clearances in one location can therefore not be compensated by tree planting in another location for the purpose of assessing whether a product is deforestation free.

Q3.6 From the list below, which measures are the most suitable to address the issue of deforestation and forest degradation associated with EU consumption? Note that some of the measures presented below are complementary and could be combined. Please rate each measure on a scale of 1 to 5, 1 representing not suitable at all, 2 representing somewhat not suitable, 3 representing neutral, 4 representing somewhat suitable, 5 representing completely suitable. [Another option is I don't know]

- A deforestation-free requirement or standard that commodities or products in their product category must comply with to be placed on the EU market (and consequently a prohibition, in line with EU international commitments, of the placing on the market of commodities that do not comply with those standards) : 5
- Voluntary labelling (e.g. similar to organic labels for organic products): 1
- Mandatory labelling (e.g. similar to nutritional information labels on food products): 2
- Public national legality verification schemes, prohibited operators list, country carding system and export ban to the EU (a replication, with the necessary adaptations, of the EU legislation in place for illegal, unreported and unregulated (IUU) fishing): 2
- Voluntary due diligence: 1
- Mandatory due diligence: 5
- Mandatory public certification system: 2
- Private certification systems, new and the ones already in place in the EU market. 2
- Build benchmarking or country assessments (e.g. index) showing which countries are exposed to and effectively combat deforestation or forest degradation for information purposes. 3
- Promotion through trade and investment agreements of trade in legal and sustainable products 2
- Mandatory disclosure of information (including corporate non-financial reporting):5
- Development and cooperation assistance to producing countries:5
- Consumer information campaigns in the EU: 3
- Green diplomacy: 3
- Other measure(s) (please specify): 4

Q3.6.1 If other, please specify measure(s)

Whilst new legislation is a priority, it is also important to strengthen other policy measures, including cooperation with producer and other consumer countries to address deforestation, forest degradation and conversion or degradation of natural ecosystems and human rights violations.

WWF European Policy Office additional comments:

Decisive EU action to address deforestation, forest degradation and conversion or degradation of natural ecosystems as well as on human rights violations is needed urgently. Implementing a comprehensive set of measures and initiatives, led by new legislation and complemented with additional measures both within the EU and in producer countries, is essential to reduce the EU footprint on the world's natural ecosystems.

The development of legislation should be complemented by other measures, especially increased technical and financial support to producer countries, to address the drivers of deforestation and ecosystem conversion and secure the rights of Indigenous Peoples and local communities but also to allow for better transparency along the supply chain. Special support should be provided to smallholders and small & medium size enterprises.

We should ensure full transparency of due diligence systems to ensure businesses can easily learn from each other and drive rapid transformation at scale. This will also enable businesses to better understand their exposure to environmental and human rights risks across their operations and supply chain and proactively manage these risks. This would provide a wide range of benefits to businesses, including improved supply chain resilience, social license to operate and often reduced operational costs.

Such transparency would also allow businesses to benchmark themselves against peers and assess progress across the entire industry/sector, and it would prove invaluable in enabling financial institutions to assess risk across their portfolios.

Voluntary measures have proven to be not sufficient to halt deforestation or ecosystem conversion, therefore they cannot be recommended as very suitable to have major impact.

Promoting the trade in sustainable products under Trade and Investment agreements will have very limited impact when looking at the current structure of EU Trade Agreements: though chapters on Trade and Sustainability exist, there is no enforcement mechanism included and the possibility of national and local stakeholders to participate are not really provided.

Q3.7 If a due diligence approach, or some of its elements, was to be considered as an option (also in combination with other measures), which of the following due diligence approaches would you find most appropriate?

- A mandatory product-specific approach, focusing on information, risk assessment and risk mitigation covering the whole supply chain
- A general approach focusing on sustainable corporate governance initiative addressing human rights, and environmental duty of care and mandatory due diligence across economic value chains
- A voluntary approach to identify, prevent, mitigate and account for ways of addressing actual and potential adverse impacts in operations, supply chain and other business relationships
- Other (please specify)
- I do not know

WWF European Policy Office additional comments:

The legislation that we are advocating for aims to specifically address forest and other ecosystem destruction and related human rights violations embedded in commodities and products. If a company fails to prove that they have assessed and minimized the risk in their supply chains and therefore undermine the level playing field, the new law would provide the necessary means to hold them legally responsible. We believe such a product-specific due diligence legislation is urgently needed, considering the current pace and scale of deforestation.

While an overall sustainable corporate governance law, as currently explored by DG JUST is also needed to ensure environmental and social sustainability is fully embedded in companies' operations and policies overall, such legislation would not be able to provide the necessary means to stop commodities and products from entering the EU market. We consider both legislations as complementary, but different, and that they should not be mutually exclusive, as the question potentially implies. Finally, several voluntary approaches to halt forest destruction - such as corporate pledges and certification schemes have already proven to be not sufficient alone to put an end to deforestation and ecosystem conversion.

Q3.8 If the approach of illegal, unreported and unregulated (IUU) fishing, or some of its elements, was to be considered as an option (also in combination with others), which of the following elements would you find relevant?

Multiple choice question

- Impose on third countries the requirement to establish their own public national legality verification schemes in order to sell products to the EU
- Penalties for EU countries and operators that do not comply with the rules
- Prohibited operators list
- Country carding system whereby the exports of third countries that do not comply with certain criteria can be banned from the EU
- Other (please specify)
- I do not know

WWF European Policy Office additional comments:

The approach and policies suggested by this question would need a proper assessment of the implications for legislation addressing forest and ecosystem risk commodities that should be sustainable, given that the IUU regulation is addressing legality only.

In addition, imposing on third countries the requirements to establish national legality verification schemes in order to sell products on the EU market would not be sufficient to ensure sustainability of products.

A country carding system for exports of third countries could be an option to be further assessed as the system includes the European Commission starting a process of cooperation and assistance if a flag state received a yellow card (warning) by the EC to help improve their legal framework and practices. The implementation of a country carding system might be difficult though for commodities and products linked to deforestation or ecosystem conversion, as there is a difference between officially certifying the legality and ensuring sustainability- this would depend on the willingness of the producer country to cooperate. Though the carding process has helped to ensure reforms in a number of countries, red cards

that have been issued for Cambodia (2012), Trinidad and Tobago (2016) and Comoros (2017) have not been lifted, showing the need for complementary action.

Some final follow-up questions

This section is taking a closer look at how business costs and business policies would be affected by new measures. For this part we have focused on questions which would support the development of legislation.

Q3.12 Do you believe that EU-level demand-side measures would be consistent with your current (voluntary) pledge or commitment?

- Yes
- No
- Maybe
- I do not know

Q3.13 Do you believe that EU-level demand-side measures would reduce unfair competition from other businesses that have not made any (voluntary) pledges/commitments?

- Yes
- No
- Maybe
- I do not know

WWF European Policy Office additional comments:

Unfair competition would be reduced, given the same rules would apply to all companies placing products and commodities linked to deforestation on the European market. Voluntary commitments will never reach out to the whole market due to their voluntary nature. As we can see already today, companies struggle with the implementation. The five year assessment of the New York Declaration on forests came to the conclusion that many private and public have taken action to address deforestation but these often lack ambition and remain isolated. An EU wide regulation would cover 27 EU Member States and provide one legal framework for one of the most important economic regions globally.

A mandatory due diligence obligation would of course incur additional costs on businesses who are not already implementing such practices, but these costs would be borne by all businesses, creating a level playing field. It is also important to note that the estimated economic cost of land degradation is already more than 10% of annual global gross product, resulting in the emergence of stranded assets, abandonment of once-productive land and the loss of livelihoods for local communities⁷. Businesses incur increasing legal, reputational and economic (via market mechanisms) risks from deforestation, conversion and land degradation. It should be taken into consideration though, what the reputational costs of inaction are and the real costs, if legislation is not introduced to level the playing field for operators- which would allow companies to undercut prices through offering products coming from deforestation or ecosystem conversion. The impact on volumes of commodities would not be that significant given that often there is already deforested, suitable land available to absorb the increase of commodity demand,

⁷ WWF (2020), A Blueprint for Responsible Global Business, <https://www.wwf.org.uk/sites/default/files/2020-09/WW2006-01%20WWF%20report%20setting%20v12%20FINAL.pdf>

e.g in Brazil⁸. Cost increases would be mainly due to the development of control systems logistics of segregating commodities from source to end destination. These costs would become negligible if existing systems for transparency and risk assessment in companies are adapted but also when deforestation and conversion-free become mainstream, and there is no need for any segregation.

Q3.16 In your opinion and regardless of any other consideration, what effect will the following measures have in terms of halting and reversing EU and global deforestation? Please rate the following options on a scale of 1 to 5, with 1 being completely ineffective, 2 being somewhat ineffective, 3 being neutral, 4 being somewhat effective, and 5 being perfectly effective.

- A deforestation-free requirement or standard that commodities or products must comply with to be placed on the EU market (and consequently a prohibition, in line with EU international commitments, of the placing on the market of commodities that do not comply with those standards): 5
- Voluntary labelling (e.g. similar to the organic label for organic products) :1
- Mandatory labelling (e.g. similar to the nutritional information label on food products) 2/3
- Public national certification schemes (based on international rules/standards), prohibited operators list, country carding system and export ban to the EU (a replication, with the necessary adaptations, of the legislation in place for illegal, unreported and unregulated (IUU) fishing) 2
- Voluntary due diligence 1
- Mandatory due diligence: 5
- Mandatory public certification system 2
- Private certification systems already in place in the market 2
- Build benchmarking or country assessments (e.g. index) showing which countries are exposed to and effectively combat deforestation or forest degradation for information purposes 3
- Promotion through trade and investment agreements of trade in legal and sustainable products 2
- Mandatory disclosure of information (including corporate non-financial reporting) 5
- Development and cooperation assistance to producing countries 5
- Consumer information campaigns in the EU 3
- Green diplomacy 3
- Other measure(s) (please specify) 4

WWF European Policy Office additional comments:

EU action to address deforestation, forest degradation and conversion or degradation of natural ecosystems, as well as related human rights violations, is needed urgently. A comprehensive set of ambitious measures needs to be introduced, including a new mandatory due diligence legislation. Voluntary due diligence or labelling will not provide the solutions to live up to the challenges we face. The development of legislation should be complemented by other measures, especially increased technical and financial support to producer countries, to address the drivers of deforestation and ecosystem conversion and secure the rights of Indigenous Peoples and local communities.

The question is misleading, as it is clear that EU legislation will not be able to stop global deforestation on its own. The EU can however make an important contribution.

⁸ <https://www.sciencedirect.com/science/article/pii/S0959378014001046>

Q3.16.1 If other measure(s), please specify (max 300 characters)

It is important to address deforestation, forest degradation and ecosystem destruction and degradation. A set of effective measures needs to include legislation but also other policy measures, including cooperation with producer and other consumer countries to address underlying drivers.

Q3.17 Do you think that reduced deforestation and forest degradation as a result of EU demand-side measures could have unintended impacts of increasing damage to other ecosystems (i.e. leakage problems)?

- Yes
- No
- I do not know

Q3.17.1 If yes, could you please briefly describe these impacts and their drivers?

A focus on deforestation and forest degradation only could lead to more destruction of other ecosystems, due to spill-over effects and indirect land use change driven e.g. by land speculation or displacement of people.

Q3.17.2 In your opinion, how can we ensure that additional protection of forests does not result in more destruction of grasslands wetlands and other habitats?

By including other natural ecosystems such as grasslands and wetlands in the framework of new legislation as well as ensuring that engagement with producer countries also addresses the drivers of ecosystem destruction.

WWF European Policy Office additional comments:

Already today, other ecosystems are affected through conversion to agriculture. The aim is to reduce unwanted spill-over effects to other natural ecosystems, but also to use already existing and available lands, as well as to increase the productivity (within ecological acceptable limits) on existing agriculture land. Spill over effects have already been observed in the Brazilian Amazon, leading to increased deforestation in the Cerrado.

Recent reports show the increasing threat on grasslands, such as the Brazilian Cerrado: The Cerrado has been at the center of the country's recent agricultural boom. In 2015, only 13% of Brazil's soybean production was harvested in the Amazon, while 48% came from the Cerrado biome. Inside the Cerrado, the Matopiba—a region that includes portions of Maranhão, Tocantins, Piauí, and Bahia states—is at the forefront of agricultural expansion, with the soybean area increasing by 253% between 2000 and 2014. Currently, almost a quarter of the Cerrado's soybean area is located in Matopiba. Brazil's soybean production is expected to continue to grow in the coming decades. Given the high availability of suitable land, the country has the potential to become the world's largest soybean producer by 2025, with a production of 135 million metric tons (Mt), surpassing the United States.

Q3.18 Do you think that EU demand-side measures might lead to supply-chain divergence, whereby companies may have a deforestation-free compliant production for placing on the EU market, and another one for the rest of the world?

- Yes

- No
- I do not know

WWF European Policy Office additional comments:

Given the role of the EU in global deforestation and ecosystem conversion but also given the importance of the EU as a global market, EU action has to be taken. It is unlikely that the role of the EU market as global player will change in the near future.

The aim is to reduce unwanted spill-over effects to other natural ecosystems, but also to use already existing and available lands, as well as to increase the productivity (within ecological acceptable limits) on existing agriculture land. Spillover effects have already been observed in the Brazilian Amazon, leading to increased deforestation in the Cerrado.

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Q3.18.2 In your opinion, is there a way to encourage companies and suppliers to “clean” their supply chains not just for their sales in the EU market but also for other markets, preventing supply-chain divergence?

- Yes
- No
- I do not know

Q3.18.2.1 If yes, please explain (max 200 characters)

EU legislation would set up a framework for companies that could be applied for their global supply chains. Also transparency of supply chains at the level of a corporate group should be encouraged.

WWF European Policy Office additional comments:

From a European perspective, new legislation that defines clear criteria for due diligence but also for implementation and enforcement of the legislation would allow companies to apply similar solutions not only across the EU but also at global level. More unified standards would also reduce the costs for the implementation of due diligence systems

Section IV: Concluding remarks

Q4.1 Do you have any further thoughts (that have not come up in the rest of the questionnaire) on the topic of EU consumption and deforestation and forest degradation?

- Yes (please specify)
- No

Q4.1.1 If yes, please specify (500 characters max.)

New legislation is needed, ensuring commodities on the EU market are sustainable, free from conversion and degradation of natural forests and other ecosystems and traceable along the supply chain. The law should comply with international standards and obligations on human rights and also apply to the finance sector. New legislation would ensure a level market playing field for companies and help in the implementation of the EU's international commitments.