



Minutes

Follow-up of the Amsterdam Declarations "Trade and Development in Sustainable Commodities – A European multi-stakeholder dialogue around the case of palm oil"

Setting

The meeting took place in Brussels on 24 June 2016.

Host: Mrs. Tanja Gonggrijp, Member of the Management Team of the Sustainable Economic Development Department, Ministry of Foreign Affairs, the Netherlands.

Facilitated by:

- Mr. Peter de Koning, Mekon Ecology
- Mrs. Maaïke Hofman, Policy Coordinator CSR and Trade, Department for Economic Governance and Trade Policy, the Netherlands.
- Mr. Neil Scotland, Senior Forestry Adviser, Department for International Development (DFID), United Kingdom.

Participants included representatives of NGOs, sector organizations, private sector, national governments, European Commission. See annex.

Key takeaways

- This first multi-stakeholder meeting on the Amsterdam Declarations was focused on bringing stakeholders together.
- In order to take stock of status and progress of sustainability in supply chains and reducing deforestation, and identify follow-up actions, it was deemed useful to organize this multi-stakeholder dialogue annually in June.

Options for policy action in support of the 2020 goals:

- The majority of participants supported the notion of first concentrating on 'strengthening voluntary initiatives certifying sustainably produced commodities' to get the market moving (short-term action, effect before 2020). This step should be followed by getting laggards to at least 'comply with law in the country of origin and/or mandatory due diligence' to establish a level playing field (sets a bottom level in the market but takes time).
- 'Public procurement' was also considered important as a strong market signal, even if the public market share is limited.
- 'Policy targets with sustainability criteria' was also supported by many but it requires time.
- There was no or very limited support for 'mandatory labelling', 'Export/import tariffs among producer and consumer countries', 'national tax regime and fiscal measures' or 'value added tax' as policy measures that can be effective before 2020.

Towards transparency in global supply chains:

- Participants agreed to build on existing initiatives rather than attempting to define one monitoring system. Challenge is to agree on which initiatives could be used that - combined - provide the desired information on status and progress.
- Companies' needs for confidentiality need to be taken into account. Companies probably rather share their information with sector organizations than with government or NGOs.
- Preferably, there should be one benchmark per commodity (such as RSPO has been accepted by the Palm Oil Sector Commitment). Company performance should be assessed against this benchmark. At the moment 'sustainability' and 'eliminating deforestation' are



interpreted differently by stakeholders and in jurisdictions. However, there are internationally accepted definitions that can be used. In many contexts, legal compliance does not equal sustainability.

Follow-up:

- The results of the discussion on policy options were discussed at the Coordination Meeting of Amsterdam Declaration signatory countries, 24 June afternoon.
- The consultation period for the feasibility study of the EU Action Plan on Deforestation will probably be in October 2016. It provides a good opportunity to share the insights of today's meeting. Each stakeholder can provide its suggestions. Signatory countries will discuss the study at their next Coordination Meeting.
- Follow-up meetings may be organized together with relevant stakeholders, to look into the preferred policy actions more in-depth.
- At the "EU High-Level meeting on Corporate Social Responsibility (CSR)" (29 June 2016), organized by the Netherlands, the Netherlands called upon other EU Member States to endorse the Amsterdam Declarations. Besides, the Netherlands briefed them on the outcomes of this meeting regarding enhancing transparency in the supply chains in relation to CSR reporting.
- Amsterdam Declarations signatory countries will look into the possibilities of organizing a study tour, together with China, to Indonesia.
- In order to enhance transparency towards the next annual meeting - where it is the intention to report on status and progress on various commodities - a joint follow-up action is needed. This will be discussed in the Coordination Meeting.

Full Report

1. Welcome & introduction on the Amsterdam Declarations by Mrs. Tanja Gonggrijp
 - The Amsterdam Declarations and the follow-up lines of action were presented (see context). It was emphasized that the declarations are non-legally binding political declarations and builds on existing private sector commitments, and private and public initiatives.
2. On the Norwegian Endorsement of the Amsterdam Declaration, by Mr. Leif John Fosse, Senior Adviser Norwegian International Climate and Forest Initiative, Ministry of Climate and Environment, Norway
 - Prime Minister announced at the Oslo REDD Exchange 14 June 2016 that Norway has endorsed the Amsterdam Declarations. According to Norway the Amsterdam Declarations demonstrate that Europe is serious about eliminating deforestation.
 - Norway strongly supports the efforts of the private sector in eliminating deforestation from its supply chains.
 - On the background of international news coverage, Fosse explained that heart of the matter is that a parliamentary standing committee on energy and environment in a recent remark pointed to the "importance of putting in place requirements to avoid public procurement from contributing to deforestation in rainforests, in line with the international efforts for deforestation free supply chains that Norway has contributed to". The ministry is currently assessing the appropriate follow up.
3. Part I: Options for Policy Actions in support of the 2020 Goals
 - The purpose of this session was to explore preferred and feasible general policy options in support of the 2020 goals and commitments,



with a focus on enhancing the market uptake and the EU policy agenda.

- Eliminating deforestation and sustainable palm oil touches on many policy domains. Policy coherence and collaboration among all stakeholders is essential.
- The Trade4All strategy was presented by Mr. John Bazill, Senior Policy Officer Trade and Sustainable Development, DG TRADE.
 - *There is no specific EU palm oil policy*
 - *Feasibility study for EU Action Plan on Deforestation*
 - *Promote voluntary initiatives based on international guidance eg OECD-FAO Guidelines for Agricultural Supply Chains*
 - *Entry points in Trade and Sustainable Development chapters of FTAs*
 - *Unpack "sustainability"*
 - *Aim for pluri/multilateral approaches, coherence*
- More information can be found in chapter 4 of the Trade4All strategy.
- Different demand-side policy options were presented (see context).
- Main outcomes of this session are presented under 'key takeaways'.
- When assessing demand-side options, also implications on the producer side need to be considered and whether the options will have the desired effect.
- Multi-stakeholder approaches take time but are necessary. Key is moving companies. Not only frontrunners with commitments but also those who have not started commitments yet.
- There is confusion and skepticism in the market as there are many different standards and mixed market signals.

4. Part II: Towards transparency in global supply chains to Europe

- The purpose of this session was to explore what is needed to enhance transparency in global supply chains to Europe.
- Presentations by:
 - European Sustainable Palm Oil (ESPO) on the monitoring of the voluntary European palm oil commitments.
 - Transformative Transparency Platform on traceability and linking commodity supply chains to production landscapes:
<https://ttp.sei-international.org/>
 - Carbon Disclosure Project on carbon footprint reporting:
www.cdp.net
 - Forest 500 on tracking deforestation commitments of 500 of the most important companies:
<http://forest500.org/about/methodology>
- ESPO emphasized that we should keep pushing for sustainability in the food chain but not to forget other applications. ESPO can present status and progress, but monitoring per European country differs. More work needs to be done on enhancing data and information.
- Scorecards (example Forest500) can be used for 'naming and faming' instead of 'naming and shaming'. Companies prefer their performance is assessed against a benchmark rather than comparing with other companies.
- The Transformative Transparency platform shows it is possible to link deforestation impacts to actors in the supply chain.
- Main outcomes are presented under 'key takeaways'.
- Work to be done according the stakeholders: establish co-operation to facilitate the process; further discuss the level (regional, national) and frequency of reporting; agree on a common benchmark per commodity value chain; find out what the actual impact of transparency on the ground is; define sticks and carrots for companies; work on communications and awareness (show the business case for sustainability and the consequences of suspension of voluntary initiatives); think about how to cooperate with producing countries.
- Bottleneck with transparency and monitoring: at a certain level you reach the competition / confidentiality level of a company.



- In the end a common understanding and interpretation of definitions and concepts is needed. This can be supported in the context of the Amsterdam Declarations by bringing together different initiatives and using internationally agreed concepts.
- Cross-learning between commodities on standards and enhanced transparency is important taking into account that every agricultural commodity supply chain is different.
- Transparency and monitoring should also be linked to preferred policy actions; e.g. mandatory due diligence makes transparency possible.

5. Closing remarks by Mrs. Tanja Gonggrijp

- All stakeholders have their own responsibilities and role in eliminating deforestation and sustainable supply chains, like 100% sustainable palm oil in Europe by 2020.
- The main supported line of action in order to achieve the 2020 goals is to work on voluntary measures. This does not mean without obligations. More companies have to become committed on sustainable supply chains and eliminating deforestation. The market has to move towards sustainability and governments should consider mandatory measures to establish a floor in the market and push laggards towards at least legal compliance.
- Governments should look into public procurement as an important market signal regardless of the public market share.

Context

Sustainable global value chains are a special interest of various European countries. In preparation of its Presidency, The Netherlands organized a conference "EU and Global Value Chains" on the 7th of December in Amsterdam.¹ At the conference, private sector organisations of eight European countries presented a commitment to support 100% sustainable palm oil in Europe by 2020. Also the Amsterdam Declarations were signed by Denmark, Germany, the Netherlands and United Kingdom. France is still pending and waits for the outcome of their political debate on palm oil before they take a final decision. Norway endorsed the declarations on 14 June 2016.

Following up on the Amsterdam Declarations a tentative action agenda and roadmap has been developed by the signatory countries which presents the following four strategic lines:

1. Facilitate European action on *climate, deforestation and trade*;
2. *Stimulate a global value chain approach for agricultural commodities, in particular palm oil*;
3. *Dialogue with major consumer and producer countries*
4. *Enhance transparency and voluntary CSR-reporting in agricultural commodity supply chains with Europe.*

In line with strategy 3 a Chinese Delegation was received in the Netherlands on 10 June 2016. The Chinese delegation included the China Chamber of Commerce for IMP&EXP of Foodstuffs, Native Produce and Animal By-Products (CFNA), representatives of the UK-China InFIT programme and WWF China. The visit led to better mutual understanding and insights. Opportunities were identified to strengthen each other's initiatives regarding sustainable sourcing and demand uptake. Joint study tours by signatory countries and China to major producer countries such as Indonesia were identified as interesting opportunities to strengthen cooperation (purpose: learning, fact finding, dialogue).

At the multi-stakeholder meeting of 24 June 2016 mainly strategic lines 1,2 and 4 were addressed.



Discussed policy options:

1. Strengthen voluntary initiatives certifying sustainably produced commodities.
2. Mandatory labelling to raise awareness on the link between food production and environmental footprint/carbon footprint/deforestation.
3. Legal compliance / mandatory due diligence
4. Export/import tariffs among producer and consumer countries
5. National tax regime and fiscal measures
6. Value Added Tax
7. Policy targets with sustainability criteria (example Renewable Energy Directive)
8. Public procurement of sustainably produced commodities.