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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: EU Action against Deforestation and Forest Degradation
– *Information from the Netherlands delegation*

Delegations will find in annex an information note from the Netherlands delegation on the above mentioned subject to be dealt with under "Any other business" at the meeting of the Council (Agriculture and Fisheries) on 15 April 2019.

Information note from the Netherlands delegation

The Netherlands as chair of the Amsterdam Declarations Partnership (ADP) strongly welcomes the important initiative of developing a Communication on stepping up EU Action against Deforestation and Forest Degradation. The Amsterdam Declarations are signed by Denmark, France, Germany, Italy, The Netherlands, Norway and the United Kingdom with the objective to lend public sector support to the implementation of existing private and public sector commitments to achieve fully sustainable and deforestation-free agro-commodity supply chains in Europe by 2020. The Amsterdam Declarations Partnership is a forum to exchange views and to determine joint actions to achieve the abovementioned common objectives.

With reference to the letter sent to the Commission on 1 November 2018 by Denmark on behalf of the ADP, and in line with the aim of the ADP strategy, we consider the 2018 EC Feasibility study on Deforestation an excellent basis for further consideration of possible EU interventions. We urge the European Commission on the basis thereof, to present an ambitious EU Action Plan on Deforestation and Forest Degradation.

The study by the Commission on ‘The Impact of EU consumption on Deforestation’ (2013-063) convincingly showed the role of agricultural commodities as drivers of deforestation and biodiversity loss and the important role of the European Union as importer of embedded deforestation. The urgency of action is reflected in the most recent evidence such as the IPCC special report on 1.5oC and the 2018 FAO State of the World’s Forests. Halting deforestation and forest degradation and allowing forests to regrow can provide mitigation actions needed to limit global warming.

The EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) has demonstrated that well-coordinated action by the EU (Commission and MS) can have a positive and transformational impact at a global scale on the underlying causes of forest loss.

The Communication on Stepping Up EU Action Against Deforestation and Forest Degradation offers an opportunity to build on this positive experience and widen the scope in recognition that climate change, forests and agriculture cannot be treated in isolation.

This is an important and timely step, providing an opportunity to set out an ambitious new agenda. A new approach to reconciling sustainability challenges particularly on climate, biodiversity, food security and sustainable land use need to be at the centre of efforts to realise the Sustainable Development Goals and the Paris Climate Agreement. Neither can be achieved without a shift to more sustainable patterns of land use, which protect forests, create jobs, provide a living income and produce sufficient food for a growing population, reduce greenhouse gas emissions and protect the ecosystems and environmental services, which sustain life.

We consider the following strategic points as very important for stepping up EU action:

- The European Union has an important and **strategic value as an economic block and consumer market** to drive change in important producer countries and/or High Forest Cover Countries (that are planning to expand commodity production). We believe this EU initiative has the potential to lead to a reduction of EU-demand for non-sustainably produced agricultural commodities, and recognise that the Communication will be based on a similar approach as the Amsterdam Declarations Partnership and its Strategy, and the New York Declaration on Forests.

- To consider **all deforestation and forest degradation** (as defined by the Food and Agriculture Organisation and the Convention on Biological Diversity) related to forests and natural woodland savannahs and not only in tropical regions.
- To consider new and additional measures to generate the transformational change at the pace and scale needed, to achieve fully sustainable and deforestation-free agro-commodity supply chains. We therefore encourage to consider **all effective options** (both non-binding and binding) in accordance with international law and to consider that a broad range of measures might be most effective.

Urgency: We consider it of highest importance that the EU-COM will propose a respective initiative in the first half of this year.

Specific topics

The Netherlands as chair of the ADP considers the possible actions as presented in the Roadmap relevant and appropriate. We urge the Commission to further consider in the preparation of a Communication for Stepping Up EU Action on Deforestation and Forest Degradation the following topics:

In the context of the European Union:

- **Coherence in general:** To strengthen the coherence with other EU policies and tools with regard to integration of forest governance and other measures for reducing deforestation and forest degradation. With regard to market uptake, the EU has an important and strategic value as an economic block and consumer market to drive change in producer countries and/or High Forest Cover Countries (that are planning to expand commodity production). The EU also has an important weight in the dialogue with other consumer countries on issues relating to trade and environment. We also encourage considering new and additional measures, including an EU Action Plan on Responsible Business Conduct as the Council already called for in 2 Council Conclusions in 2016. Furthermore, we support to link the issue of imported deforestation with the implementation discussions of the potential European Commission's action plan "financing sustainable growth" and the evaluation of the EU Directive for Non-Financial reporting.
- **Coherence with EU Trade agreements:** To enhance efforts to use provisions against deforestation in trade and sustainable development (TSD) chapters in European Union's trade agreements.

- **Due Diligence:** To seek active ways in which the EU and member-states can foster companies and the financial sector to comply with internationally agreed upon guidelines for responsible business conduct in order to identify and prevent the social, human rights, environmental and governance risks associated with their activities.
- **Mobilise finance:** to identify ways of mobilising finance including finance for REDD+ and leveraging more private finance into sustainable commodity production by Development Finance Institutions (DFIs), multilaterals, and private investors. The Communication should consider how to mobilise private finance, including the potential role of EU institutions.
- **Seek synergy** with local policies like countries' efforts to qualify for REDD+ and FLEGT-VPA **to foster good** governance and capacity building in sustainable landscape management and seek synergies in forest monitoring.
- **Stimulate EU demand** for sustainable, deforestation-free agricultural commodities: To consider (dis)advantages of new and additional measures, including in measures on sustainable public procurement, to achieve an increase of EU-demand for sustainable, deforestation-free agricultural commodities instead of unsustainable alternatives.

In a global context:

- **Global alignment:** To enhance alignment with the global agenda and commitments made at the United Nations including the Rio Conventions, the Sustainable Development Goals, the UN- Strategic Plan on Forests, and the New York Declaration on Forests and strengthen the role of multilateral bodies such as the relevant United Nations agencies in this regard. Coherent EU action on deforestation could also be used as a leverage to implement the Paris Agreement through dialogue with partner countries. This includes better monitoring and in case of sustained lack of implementation, a resort to government consultations. Complementing bilateral and regional initiatives **strive for reaching an international consensus**, in an inclusive process, on a definition of deforestation-free production and sustainably produced commodities, e.g. ISO standard.
- **Stimulate sustainable, deforestation-free production** of agricultural commodities: To include supply and demand side measures in a mutually supportive manner that promote deforestation-free, sustainable production of agricultural commodities and a coherent multi-sector territorial strategy (landscape or jurisdictional approaches).
- **Strengthen technical assistance for project preparation:** Although there are widespread commitments by companies and governments to eliminate deforestation from commodity production, there is a limited experience on how to turn these commitments into changed practices on the ground. There is an on-going need for technical assistance and other support to address capacity challenges in this regard.

- **Partnerships with producer countries:** To improve enabling conditions in producing countries as partners in development (rather than a traditional donor-recipient relationship), such as supporting policy and regulatory reforms which are necessary to address governance and human rights issues. Furthermore, to foster widespread acceptance and implementation of good governance, legal and sustainable practices and encourage to consider respective legal and sustainable operating standards and tools and their access to smallholders (national standards, publicly recognized certification schemes, legality definitions, monitoring and tracking systems). Examples of recent successful interventions to improve enabling conditions include the definition of legality, which is agreed through FLEGT Voluntary Partnership Agreements.
- **Partner up with major consumer countries:** To show political engagement and take the lead in building awareness between the EU and other consumer countries, provide national government support and facilitate action in other major consumer countries for global deforestation-free, sustainable agricultural production especially related to the already agreed action under the Paris Climate Agreement and the SDGs.

Evidence base and data collection: There is a strong evidence base to support this Communication and provide technical guidance. Studies funded by the Commission are an important part of the evidence base and more specific studies, involving all relevant stakeholders in both producer and consumer countries should be considered. These studies are related to efficacy of measures, monitoring progress, the EU footprint, and impact in producer countries, maybe together with other major consumer countries in order to facilitate awareness and action.