

An aerial photograph of a tropical landscape. On the left, there are green agricultural fields divided by a dirt road. To the right, a river flows through a dense forest. The background shows more forest and a sandy bank.

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# EU regulation on deforestation-free products

Recommendations for a  
forest positive impact

May 2022



# EU Deforestation Due Diligence Regulation – a welcome initiative

An opportunity to stop the import of commodities that cause deforestation and support the transition to forest positive production landscapes

# The Potential Opportunity

## Continuous Improvement

Support transitional jurisdictions that are improving forest and land governance to achieve deforestation-free production

## Collaborative Approach

Empower local stakeholders and global companies to work together to end deforestation across production landscapes globally

## Show Leadership

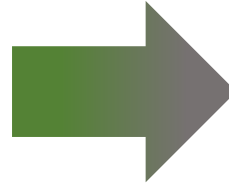
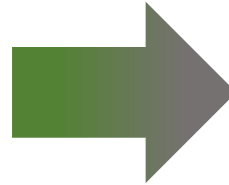
Build on the EU's Forest Partnerships with production base countries, by leveraging European supply chains to support and invest in protecting forests

# Issues with current regulation

Current text of the regulation doesn't stop deforestation on the ground

## Intention

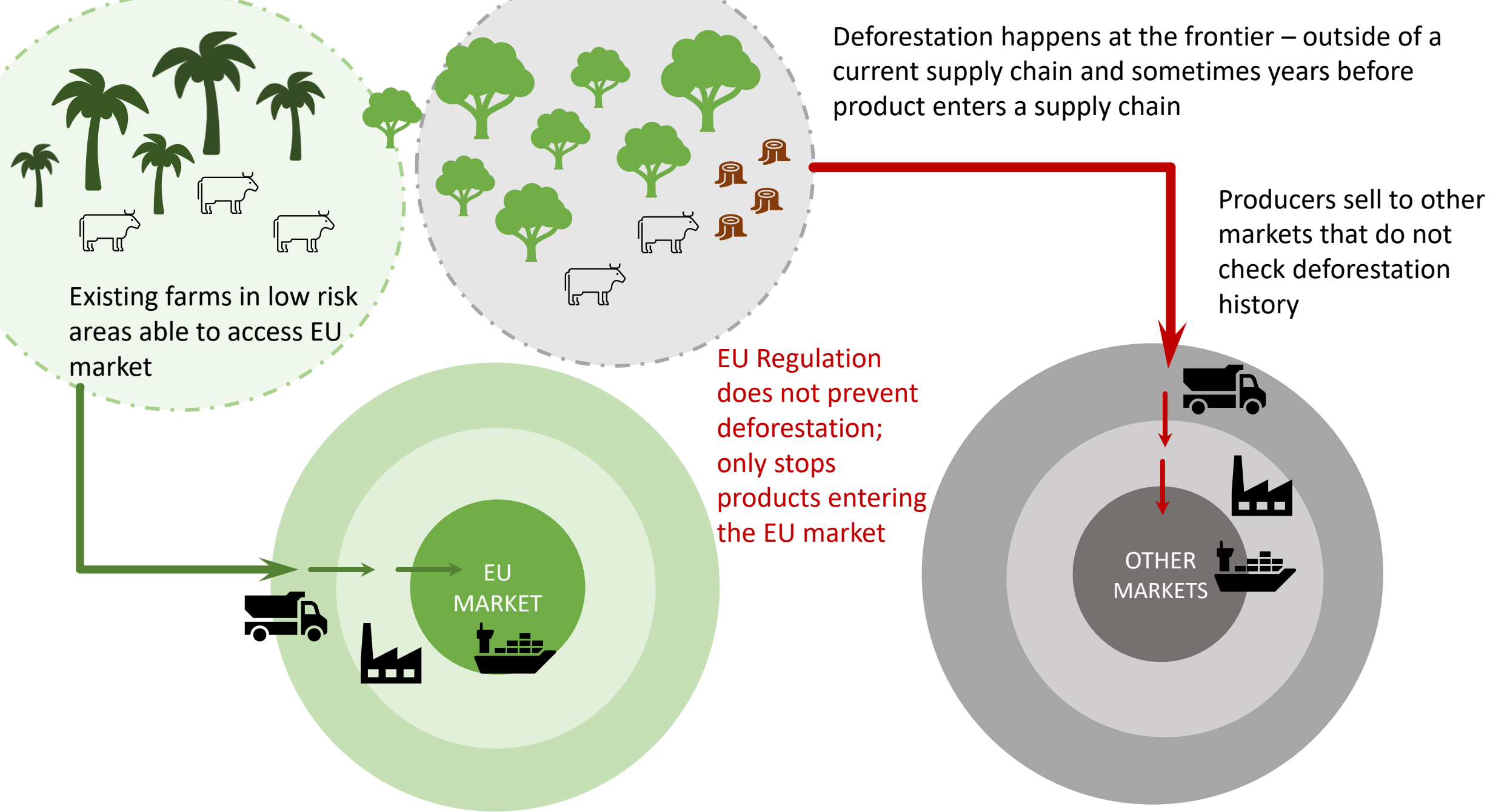
To ensure a deforestation-free supply of product to the EU market



## Potential outcome

Deforestation continues outside EU supply chains and commodities associated with deforestation are diverted to other export markets

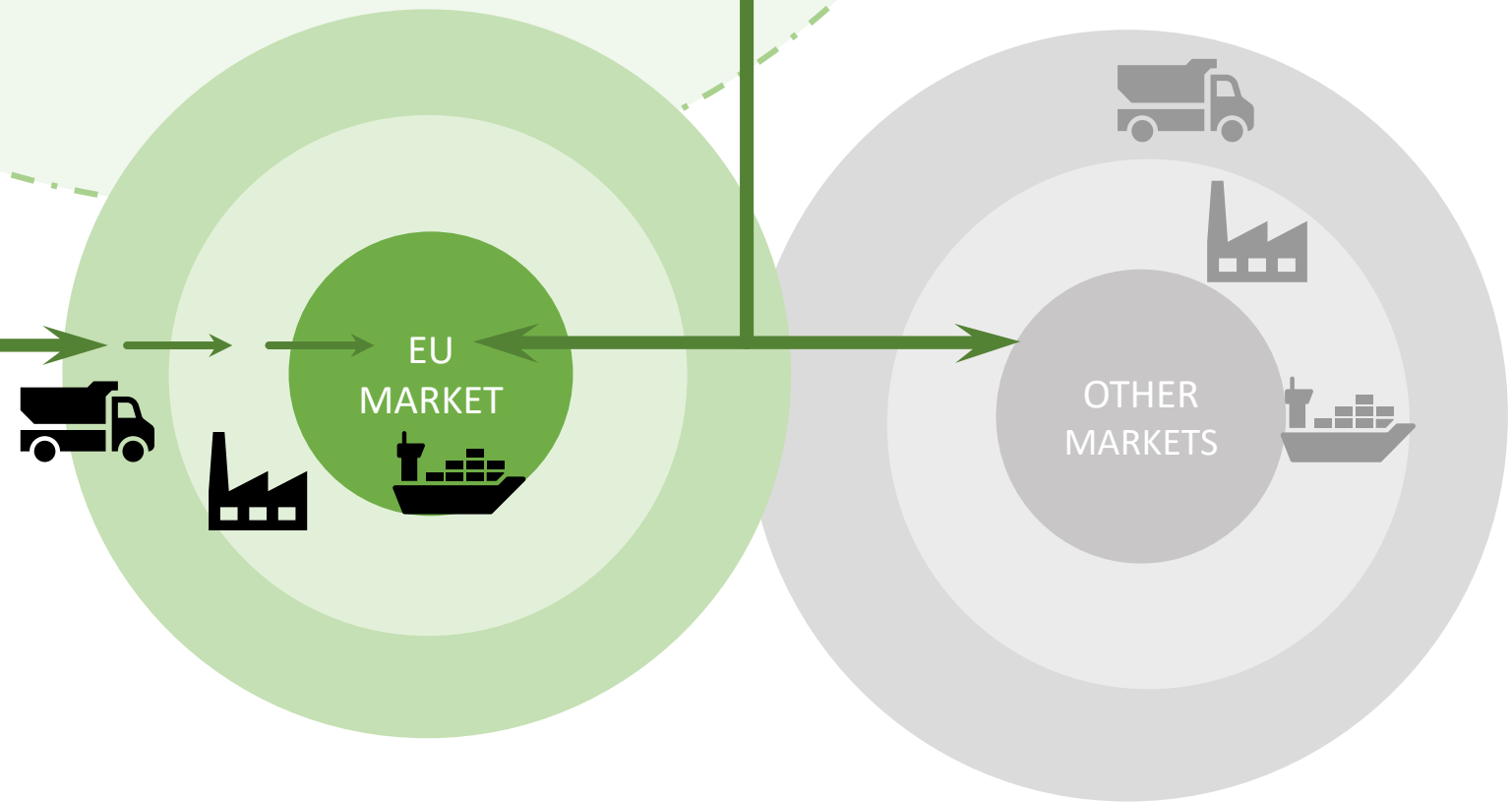
Missed opportunity to incentivise the protection and restoration of forests





### WHAT IS NEEDED:

EU Regulation encourages action at jurisdictional level – not farm level. It incentivizes companies to help protect forests outside their supply chains and recognizes progress towards deforestation-free jurisdictions



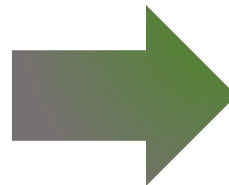
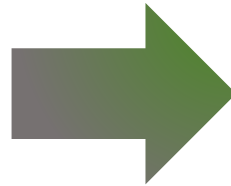
# Proposed Approach

Encourage forest positive strategies in critical areas for deforestation

## Current draft regulation

Production areas that are making progress to improve forest and land governance are currently excluded from supply into EU

Low-risk areas are subject to heavy informational requirements



## Proposed approach

Support transitional jurisdictions that have a time-bound roadmap to deliver deforestation-free and forest positive production.

Encourage private sector to use their leverage to invest in and support mitigation and remedial action in these areas

Focus on high-risk areas for data collection and verification, and reduce the information collection required in low-risk areas

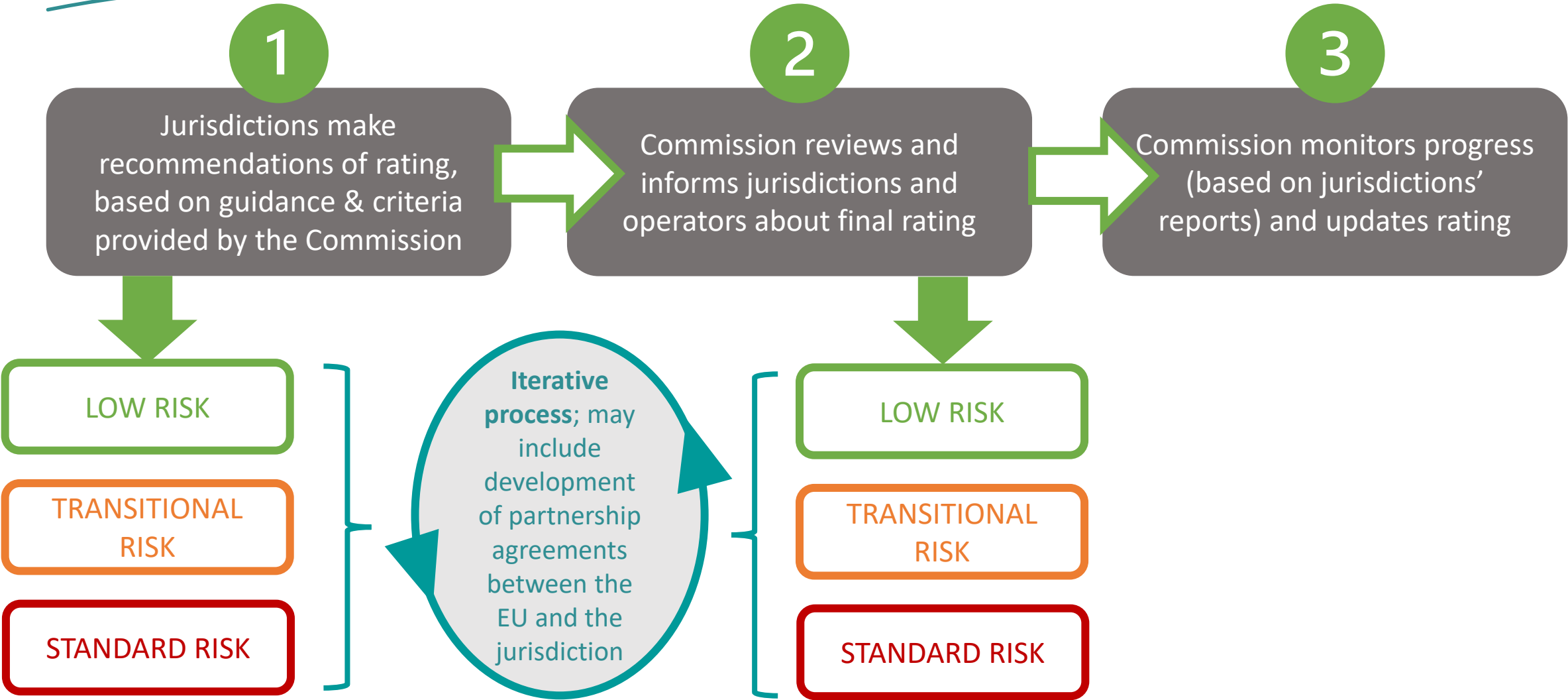
# Why is jurisdictional level action needed?

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- Deforestation increasingly happens outside direct supply chains & by smaller players, e.g. [Austin et al](#), [Tyukavina et al](#).
- This is extremely challenging to tackle “reactively” via individual companies’ supply chain approaches & requires collaborative & bottom-up solutions to protect forests not simply trace commodities.
- Jurisdictional and landscape approaches work proactively with all land users and owners to manage, protect and monitor forest; not just with farmers/farms already producing commodities.



# Benchmarking process: *From country-level to “sub-national” level / jurisdiction\* level*



*\*A jurisdiction is a territory to which legal or political authority applies, such as a country, state, province, district, or municipality.*

# Requirements & incentives related to risk levels

Amendments  
to the EU draft  
regulation  
(in blue)

## BENCHMARKING RISK LEVEL

LOW RISK

## REQUIREMENTS & CONDITIONS FOR OPERATORS

- Information collection, including origin by jurisdiction
- Risk analysis
- Risk mitigation
- No deforestation after 2020

TRANSITIONAL  
RISK

- Demonstrated progress on time-bound jurisdictional roadmap to end deforestation (and restore forest cover)
- Information collection, including origin by production area
- Risk analysis
- Risk mitigation (including provision of support)
- No deforestation at jurisdictional level after date specified

STANDARD RISK

- Information collection, including origin by production area
- Risk analysis and mitigation
- No deforestation after 2020
- Increased checks by EU authorities

## INCENTIVES TO MOVE FROM ONE CATEGORY OF RISK TO ANOTHER (e.g.)

- Lighter traceability requirement: no need for segregation by production area
- Continued financial and technical support from EU member states and from companies (see below)

### Financial and technical support from EU member states and from sourcing companies. Possible examples:

- Partnership between EU and origin countries, focusing on jurisdictional level support
- Incentives from operators support the compliance of their suppliers, in particular smallholders, via investments and capacity building (From Hansen's proposed amendments)

*\*Production area means an area of land delineated for traceability and monitoring purposes, including a plot of land, farm, plantation, cooperative or village (Definition from Hansen's amendment)*

# Thank You

[www.proforest.net](http://www.proforest.net)

<https://www.idhsustainabletrade.com/>

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