RAISING AMBITION FOR EFFECTIVE EU POLICY TO PROTECT THE WORLD'S FORESTS

23 JULY 2020
WELCOME

Justin Adams,
Executive Director
Tropical Forest Alliance
SUMMARY OF FINDINGS

Industry calls for a smart mix of measures

For more information:
www.tropicalforestalliance.org/en/insights/publications
MODERATOR

Nicole Schwab,
Co-Director, Nature Based Solutions,
World Economic Forum
## AGENDA

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THE EUROPEAN COMMISSION’S EFFORTS TO REDUCE IMPORTED DEFORESTATION

Hugo-Maria Schally,
Head of Unit, Multilateral Environmental Cooperation
DG Environment, European Commission
Effective Measures to reduce the EU consumption footprint on global forests

Hugo-Maria Schally, Head of Unit F3 ‘Multilateral Environmental Cooperation’, DG Environment

23 July 2020, “Raising Ambition for Effective EU Policy to Protect the World’s Forests”, Tropical Forest Alliance
EU legislative proposal on demand-side measures

Overall objectives of the legislative initiative:

• Step up EU action against tropical deforestation and forest degradation by developing a coherent and comprehensive approach to the problem

• Minimise the EU’s contribution to deforestation and forest degradation worldwide

• Reduce the footprint of EU consumption on land worldwide and encourage the consumption of products from deforestation-free supply chains in the EU
Demand-side measures to tackle deforestation

Two supporting processes

• **Impact Assessment** of options for additional demand side measures to minimize the risk that products linked to deforestation are placed on the EU market and to develop a definition of deforestation-free supply chains.

• **Fitness Check of EU timber regulation and FLEGT regulation** to examine how these regulations have worked, how effective and efficient they are, whether they usefully supplement national efforts, and highlight possible difficulties in implementation at national level.
Demand-side measures to tackle deforestation

Options explored include the following areas:

• The impact of a broad range of commodities (including timber) on deforestation and forest degradation worldwide over time

• Due diligence approach

• Labelling

• Certification schemes

• Approach based on IUU

• Mandatory and non-mandatory measures across the supply chains

• Sustainability and legality standards
EU legislative proposal on demand-side measures to tackle deforestation

Way forward

• Launching of two open public consultations in August 2020 to gather stakeholders opinion on the potential demand-side measures at EU level to tackle deforestation

• Final results of the Impact Assessment and Fitness Check (first quarter of 2021)

• Legislative proposal addressing the risk of placing of products associated with deforestation and forest degradation on the EU market (foreseen for first quarter of 2021)
RAISING AMBITION: A PRIVATE SECTOR PERSPECTIVE

Marta Zuluaga Zilbermann,
Vice President Government Relations EMEA
Cargill
TFA EU ROUNTABLE FINDINGS:
THE NEED FOR A SMART MIX OF MEASURES

Emily Fripp
Founding Director
Efeca

Duncan Brack,
Independent Policy Analyst and Advisor
Industry proposes a smart mix of measures for the EC to consider, covering:

- Producer partnerships
- Demand side measures (including due diligence and other)
- International cooperation
- Finance in the context of supply chains
- Verification

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THE SMART MIX

A ‘SMART MIX’ OF MEASURES IS NECESSARY TO ACHIEVE LEGAL & SUSTAINABLE DEFORESTATION-FREE SUPPLY CHAINS.

• Industry alone can only do so much, whether voluntarily or through regulation. Solutions require collective action from all actors: business, finance, governments, producers and civil society.
• A package of measures is needed to reinforce and magnify each other and provide the right enabling environment for change in both producer and consumer countries.
• Actions need to build on progress already made e.g. existing initiatives, legal frameworks.
• The ‘right’ smart mix may vary between regions, or biomes, or commodities.
• The speed of action may vary by commodity and region, but all measures should be adopted as soon as feasible.
5 ELEMENTS OF A SMART MIX

1. Strong collaborative partnerships with producer countries:
   • Enable open, inclusive dialogue
   • Build on existing platforms/national commodity standards (e.g. ISPO)
   • Leverage trade agreements (e.g. VPA-type)

2. A strong demand-side signal from EU markets:
   • Strong support for mandatory due diligence for forest-risk commodities
   • Broad ‘horizontal’ approach combined with commodity-specific legislation
   • Build on existing initiatives and definitions
   • Support legal compliance but going beyond

3. International cooperation:
   • Governments to capitalise on global convening opportunities (Climate COP26, CBD). Industry can support
5 ELEMENTS OF A SMART MIX

4. **Finance that supports sustainable commodity production**
   - Regulate due diligence and reporting for financial actors to steer investment away from unsustainable practices
   - Scale up investment in sustainable practices and provide access where it is needed, e.g. smallholders

5. **Underpinned by credible, robust systems for verification in supply chains**
   - Build on existing actions and initiatives including on traceability and transparency
   - Recognise the importance of existing standards, e.g. ISPO/MSPO to help build capacity
   - Build on international frameworks to ensure consistency
   - Embrace opportunities afforded by new technologies (earth observation, blockchain, worker voice tools)
FOR FURTHER CONSIDERATION

Many questions and areas to explore further

- **Producer partnerships**
  - How could VPA-type agreements work?
  - Could jurisdictional approaches contribute where national agreements are not possible?
  - What alternative frameworks could deliver similar ends? FTAs, investment agreements, EPAs?

- **Demand side measures**
  - Due diligence – the details
  - Other demand side measures e.g. public procurement, competition law reform

- **Finance**
  - The role of green finance instruments: climate finance, REDD+ and ecosystem service payments
  - How best to regulate financial institutions: reporting and disclosure? Conditions on stock market listings? Due diligence?

- **Verification**
  - Role of national standards, e.g. ISPO, MSPO, in producer-country agreements
  - Could the EC help co-ordinate some of the necessary data and intelligence on deforestation risk into a central point? (e.g. through the proposal for an ‘EU Observatory’)
BUILDING AN ENABLING ENVIRONMENT: A PRIVATE SECTOR PERSPECTIVE

Bart Vandewaetere,
VP Corporate Communications & Government Relations,
Nestlé Europe, Middle East & North Africa
MAXIMIZING PRIVATE SECTOR IMPACT:
A CIVIL SOCIETY PERSPECTIVE

Indra Van Gisbergen
Forest and Development Campaigner
Fern
PRIORITIES FOR THE GERMAN PRESIDENCY OF THE COUNCIL OF THE EU

Eva Majewski
Senior Policy Officer
German Federal Ministry for Economic Cooperation and Development (BMZ)
RECTIONS FROM THE EUROPEAN COMMISSION

Hugo-Maria Schally, Head of Unit, Multilateral Environmental Cooperation
DG Environment, European Commission
NEXT STEPS FOR TFA

Felipe Carazo,
Head of Public Sector Engagement
Tropical Forest Alliance
THANK YOU FOR JOINING!