



Press statement

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## **EU legislation against deforestation: the EU grain and oilseed chain flags wrong approach as the proposal only focuses on cleaning up domestic supply chains from deforestation**

**Brussels, 17 November 2021** – The European Commission released today its proposal for a Regulation covering certain commodities associated with deforestation, demonstrating that Europe is serious about fighting the issue. COCERAL, FEDIOL and FEFAC, together representing the EU grain and oilseed trade, crushing and animal feed industry, support the EU Commission's ambition in taking a leading role in the fight against deforestation.

However, the set of requirements contained in the new legislation gives priority to the objective of 'cleaning up' EU supply chains from goods potentially associated with deforestation, rather than focusing on curbing the issue at origin. *"We are concerned that the regulation would not have the desired impact in producer countries, where deforestation remains a serious issue."* said Philippe Mitko, President of COCERAL. *"The EU risks missing out on an opportunity for a global leadership role in ending deforestation."*

The text sets out binding due diligence obligations for operators and traders to carry out risk assessment and mitigation measures to comply with the marketing prohibition on goods associated with deforestation. Concretely, this translates into detailed requirements for traceability, including geo-localisation of the farm or plot of production, transmission of information and physical segregation of products. *"These requirements do not reflect the reality of the market in our commodities and risk leading to the exclusion of those small players in the supply chain who cannot be singled out to mitigate the risks."* argued Jordi Costa, President of FEDIOL. *"By implementing such restrictive measures, the Commission does not leave room for tailored approaches adjusted for instance to smallholders, good farmers in problematic areas or developing countries in their attempt to improve their production practices."*

The provision to benchmark producer countries according to a low, standard or high level of risk represents another area of concern, as the requirements and scrutiny increase alongside the risk profile. Asbjørn Børsting, President of FEFAC, explained: *"If sourcing from countries that are considered high-risk gets too complicated, the supply chain will adjust to risk-avoidance. This will reduce the EU's leverage to positively influence the situation in those countries and we can expect farmers and operators at origin to lose interest to cater to market demands that hold sustainability in high regard."*

COCERAL, FEDIOL and FEFAC agree on the need for the EU to take a leading role in the global fight against deforestation. While our industries remain committed to improving their sustainable practices, we wish to re-emphasize that deforestation can only be tackled in partnership with producing countries. Practical solutions are needed to steer change on the ground, for which a set of different measures will be needed to support a gradual transformative process.

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**COCERAL** is the **European association of trade in cereals, oilseeds, pulses, olive oil, oils and fats, animal feed and agrosupply**. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above-mentioned agricultural products. COCERAL's direct members are located in 14 EU countries, with one European association, Unistock representing the professional portside storekeepers for agribulk commodities within the EU and one associated member in Switzerland. With about 3,000 companies as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. Gafta is an extraordinary member of COCERAL.

**FEDIOL**, the **EU vegetable oil and protein meal industry association**, represents the interests of the European oilseed crushers, vegetable oil refiners and bottlers. FEDIOL members are 10 national associations and associated company members in 7 other EU countries. With about 180 facilities in Europe, the sector provides 20,000 direct employments. Its members process approximately 55 million tonnes of basic products a year, both of EU origin and imported from third country markets. The sector processes notably rapeseed, sunflower seed, soybeans and linseed into oils and meals for food, feed, technical and energy uses essentially on the European market.

**FEFAC**, the **European Compound Feed Manufacturers' Federation**, represents 23 national Associations in 23 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status. The European compound feed industry employs over 100,000 persons on app. 3,500 production sites often in rural areas, which offer few employment opportunities.