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PRESS STATEMENT

COCERAL, FEDIOL, and FEFAC Welcome Stronger EU Partnerships with Producing Countries in ENVI Report on EU Deforestation-free Commodities Regulation but Regret Traceability Provisions

Brussels, 13 July 2022 - Following the vote in the ENVI committee on the Regulation for Deforestation-free commodities, **COCERAL, FEDIOL, and FEFAC support the stronger role that the committee has given to partnerships between EU and producing countries facilitating the implementation of the requirements of the Regulation.** This will be crucial to enhance traceability, as many obstacles will need to be removed, which can only happen if the Commission, Member States, producing country governments (including regional and local authorities), operators, smallholders and other local economic actors in the supply chain, and NGOs work together in synergy.

While the ENVI committee has reinforced this important aspect of the Regulation, **we regret that production area traceability has not been retained to allow operators time to address the challenges linked to the requirement for geolocation coordinates of plots of land or polygons.** We maintain that production area traceability should be the starting point, as this form of traceability, combined with satellite monitoring and checks on the ground, is sufficient to prove negligible risk of deforestation linked to an operator's supply chain, especially when audited annually. In our view, it is essential that the challenges be addressed before making geolocation of plots of land and polygons the requirement, as a delay in addressing the obstacles will create uncertainty, especially around the risk of sourcing from smallholders and their potential exclusion in order to be compliant with the Regulation. It is apparent that those challenges have been underestimated, given the short timeframe for implementation relative to the number of years required to make progress in this area. It is equally concerning that the impact on smallholders and possible need for support is proposed for no later than 2 years after entry into force. Given that the specific challenges per sector and country vary and are complex, we are disappointed that such an assessment is not envisaged ahead of the entry into force of the information requirements. **Either way, COCERAL, FEDIOL, and FEFAC stand ready to continue to work with the Commission and other stakeholders to enhance efforts to make traceability data requirements feasible, cost-effective, and controllable without leaving out smallholder suppliers.**

As for the country benchmarking system, **we have previously highlighted the damaging impact of classifying countries and their parts into high, standard, and low risk,** which may result in stigmatisation of high-risk areas and shifting sourcing away from them. Abandoning such areas would have a destructive effect on private sector deforestation-free commitments and efforts which have minimised and prevented deforestation to date. MEP Hansen's original proposal for a two-tier system at least had the merit of minimising the stigmatisation that comes with being labelled "high-risk".

COCERAL, FEDIOL, and FEFAC will look further into other provisions retained in the ENVI committee position and aim to engage in dialogue with all relevant stakeholders to ensure that the parliament position is workable and delivers on the goal of global deforestation reduction.
