



Brussels, 2<sup>nd</sup> November 2022

Our organisations represent European industry sectors trading, using and processing agri-food products as palm oil, coffee, soy, livestock and meat. We would like to express our views regarding the ongoing negotiations on a regulatory framework for deforestation-free supply chains (Regulation (EU) No 2021/0366).

### **Unintended consequences of the regulatory proposal**

We share the ambition to tackle climate change, deforestation, and forest degradation and believe that regulatory intervention at EU level is appropriate to address these issues. However, we fear some of the foreseen provisions may discourage actors who were on the right track to more sustainable production. For instance, the provisions around information requirements do not appear to reflect current market practices and are not inclusive of important players in the various supply chains. This is especially the case for smallholders and farmers, whose production output represents a significant volume of traded commodities. Furthermore, the current text of the regulatory proposal will lead to serious disruptions in the supply chains of several commodities unless pragmatic solutions take into account the reality of commodity-specific trade. These disruptions will be felt by the European agri-food and chemical sectors, at the core of manufacturing key ingredients/building blocks for our daily products – from food and pharmaceuticals to personal care products.

### **The need for adequate information requirements**

Today most of the operators and/or traders have commitments and are actively engaged in sustainably sourcing their raw materials and are working towards achieving full traceability of their supply chains. The reality and complexity of the supply chains are such that not all commodities listed in Annex I of the proposed regulation can be fully traced back to the plot of land. The proposed due diligence obligations and information requirements as currently described in the regulatory proposal do not mirror (1) the current production process of each commodity and/or product, (2) the traceability of supply chains across commodities grown and/or produced by smallholders and (3) the local laws and governance of producing countries. Therefore, we strongly support the European Parliament's position to develop commodity-specific guidelines to help operators, in particular SMEs, to comply with the requirements of this Regulation.

The proposed regulation requires information on geolocation coordinates of the plot of land where commodities are produced. This provision raises concerns in several producing countries, where governments forbid the sharing of such information (e.g. concession maps and auctions), considered to be personal information of farmers and smallholders and ultimately a breach of data privacy protection laws of producing countries.

### **Strengthen partnerships with producing countries and industries**

Efforts of producing countries need to be acknowledged. If no incentives are guaranteed to such countries, they will turn to other markets located in other parts of the world. We call upon the European Commission to strengthen partnerships with producing countries and address any legal and practical impediments to compliance with the EU Regulation, to avoid discouraging sustainable production in areas already engaged in addressing deforestation and forest degradation.

Europe is leading the climate change journey and has been engaging with producing countries in the framework of the Free Trade Agreements (FTA) negotiations, but also with other industrialised nations (such as Glasgow Climate Pact).

European industries have also been front runners in moving towards fully sustainable supply chains and have been leading several voluntary initiatives. These partnerships need to be strengthened to secure an effective plan to prevent further deforestation and continue to secure a level playing- field for all parties involved.

**The need for a realistic timeframe**

We welcome the continuous revision of implemented measures to minimise negative unintended consequences upon all parties – from smallholders to industry. We call upon the decision-makers for a sufficient transition period to allow a workable cooperation with producing countries and relevant stakeholders. Where smallholders are concerned, a longer timeframe should be envisioned for geolocation to plot implementation, allowing in the meantime for other workable traceability systems to prove that smallholders in the supply chain are compliant with the deforestation-free objective of the Regulation.

The undersigned associations,

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| <p><b>APAG – The European Oleochemical Industry (a sector group of Cefic)</b></p>   | <p><b>AVEC – Association of Poultry Processors and Poultry Trade in the EU countries</b></p>  | <p><b>CESIO – Surfactants Europe (a sector group of Cefic)</b></p>  |
| <p><b>COCERAL – European association of trade in cereals, oilseeds, rice, pulses, olive oil, oils and fats, animal feed and agrosupply</b></p>  | <p><b>Copa-Cogeca – European Farmers and agri-cooperatives</b></p>                           | <p><b>ECF – European Coffee Federation</b></p>                      |
| <p><b>FEFAC – European Feed Manufacturers Federation</b></p>    | <p><b>Fediol – the EU vegetable oil and proteinmeal industry association</b></p>              | <p><b>UECBV – European Livestock and Meat Trading Union</b></p>     |