

This is a joint submission by the Global Forest Coalition and Biofuelwatch. We welcome the opportunity to comment on European Commission consultation "Deforestation and forest degradation – stepping up EU action". The Global Forest Coalition is an international coalition of 99 NGOs and Indigenous Peoples' Organizations from 64 countries founded in 2000 to defend social justice and the rights of forest peoples in forest policies. It has undertaken extensive research and joint work on issues that are of high relevance to this consultation, including [drivers of forest loss](#) and [the role of subsidies and other perverse incentives, unsustainable livestock production](#) and [bioenergy](#) (see globalforestcoalition.org/). Biofuelwatch (a member group of the Global Forest Coalition) is based in the UK and US and carries out research, campaigning and advocacy related to the impacts of large-scale bioenergy.

We hope that our detailed comments will be fully considered, together with our response to the questionnaire.

We believe that a coherent EU Action Plan on deforestation and forest degradation is long overdue. Such an Action Plan must include binding legislative measures and ensure that other EU Directives and decisions on trade policy do not undermine the aims of halting deforestation as well as biodiversity loss by 2020, set out in the Sustainable Development Goals, nor the EU's commitments under the Convention on Biological Diversity (CBD), including its Aichi Targets.

Deforestation, forest degradation and perverse subsidies:

An EU Action Plan must set out a pathway for rapidly ending all subsidies which incentivise deforestation and forest degradation, in line with CBD Aichi Target 3. Those must include all subsidies which, directly or indirectly, incentivise high and increasing levels of consumption of the four main products responsible for deforestation and forest degradation worldwide: palm oil, wood, beef and soya. Those four products are the main drivers for tropical deforestation, contributing to an estimated 3.38 million hectares of deforestation annually (ucsusa.org/global-warming/stop-deforestation/whats-driving-deforestation#.XDibPFX7QkK).

It is important to highlight that so-called "zero-deforestation commodity chains" and other industry-driven standards and criteria that address the quality of production only are not able to address indirect land use change, leakage, and the lack of permanence of these schemes. Research within the framework of REDD+ has revealed these factors can only be addressed through reducing overall demand in commodities, which is why schemes such as the Forest Stewardship Council or Roundtable for Sustainable Palm Oil have failed to reduce overall forest loss. Voluntary standards and certification mechanisms are also unable to address the lack of compliance with these standards and – often more advanced – legally binding regulations. This lack of compliance is linked to persistent governance failures in the producing countries, including an increasingly threatened civil society facing death threats and other human rights violations. As a result, there is no capacity for independent monitoring and verification of compliance with voluntary standards such as "zero deforestation standards" in most producing countries.

The EU Action Plan should therefore, first and foremost, focus on demand-side drivers and phase out and/or reform all perverse incentives and cancel trade agreements that would further increase demand for the four main drivers of forest loss.

Palm oil:

The majority of palm oil imported by the EU is used for bioenergy, especially biofuels for transport, but also bioliquids for heat and power. Palm oil use for bioenergy has risen from 825,000 tonnes in 2009 to 3.9 million tonnes in 2017 (transportenvironment.org/what-we-do/biofuels/why-palm-oil-biodiesel-bad).

This has significantly boosted overall EU palm oil imports: In 2010, the year the Renewable Energy Directive came into force, the EU imported 4.9 million tonnes of palm oil. In 2017, it imported 6.7 million tonnes (indexmundi.com/). The Globiom study commissioned by the EC found that indirect land use change emissions alone make palm oil biofuels three times as bad for the climate as the fossil fuels they replace because of the deforestation and peat drainage associated with oil palm plantations

(ec.europa.eu/energy/sites/ener/files/documents/Final%20Report_GLOBIOM_publication.pdf). Palm oil is one of the two leading causes of forest destruction in Indonesia and Malaysia (together with pulp and paper), and increasingly a cause of deforestation in countries across South-east Asia, Africa and Latin America, including Cameroon, DR Congo, Philippines and Guatemala. It is linked to widespread land conflicts, human rights abuses, water and land grabbing.

We are deeply concerned about the European Commission's proposals for regarding the definition of high-ILUC (indirect land use change) biofuels which are to be capped at 2019 levels until 2023 and phased out by 2030, according to the post-2020 Renewable Energy Directive. The EC is proposing that soya biofuels should not be capped and phased out – despite the clear evidence that soya demand and prices are directly lined to deforestation rates in South America. Furthermore, the EC allows palm oil biofuels to be exempt, too, provided the palm oil is produced on smallholdings or 'unused land'. This exemption opens the door for increased palm oil use for EU biofuels in future, contrary to what the European Parliament voted for. Smallholders are commonly contracted to produce palm oil for large companies, with little or no choice, for example to grow food in future. Such contract farming is a widespread method used by companies to force all financial risks onto small farmers. The term 'unused land' is widely abused and commonly used by companies to describe lands on which communities depend for their livelihoods, including forests.

If the EU is to reduce deforestation and forest degradation, it must ensure that all palm as well as soya oil are excluded from the definition of biofuels and bioliquids that count towards renewable energy targets under the second Renewable Energy Directive. This exclusion must also apply to Palm Fatty Acid Distillate (PFAD), a fraction of crude palm oil which is increasingly diverted from other uses to biofuels, resulting in other industries (e.g. soap and cosmetics) replacing it with crude palm oil.

We believe that the EU must go further: Global vegetable oil markets are closely coupled and diverting any one type of plant oils to biofuels or converting agricultural land for this purpose, can indirectly cause oil palm expansion and

the deforestation associated with it. This has been confirmed by various studies about Indirect Land Use Change.

Finally, we are deeply concerned about the prospect of large-scale aviation biofuel use in future. For technical and economic reasons, palm oil is the most likely – and possibly the only credible feasible – feedstock for larger scale production of biofuels for aircraft (biofuelwatch.org.uk/2017/aviation-biofuels/). So far, only very small amounts of biofuels have been used in aviation worldwide sourced primarily from wastes and residues which are only available in very limited supplies. However, if CORSIA is adopted by the EU and other countries, aviation biofuel use is likely to rapidly expand. Nothing in the current draft CORSIA standards would prevent them being sourced from palm oil. We believe that CORSIA is incompatible with the aim of halting deforestation and forest degradation and that the EU Action Plan must include a rejection of this scheme.

Indonesia's main objective in the Comprehensive Economic Partnership Agreement or CEPA negotiations is to increase exports of raw materials, especially palm oil, to the EU. The EU imported 3.7 million tonnes of Indonesian palm oil in 2017, most of it for biofuels. Indonesia has already used the ongoing negotiations to put pressure on EU policy makers against a rapid phaseout of palm oil in biofuels under the RED2. RSPO and ISPO certification of palm oil, which has already been discussed as part of the negotiations, are not designed to address the indirect impacts of increasing palm oil demand through biofuel mandates

(transportenvironment.org/sites/te/files/publications/Joint%20paper%20on%20Indonesia%20forest%20final%20version%20%281%29.pdf). A 2016 European Court of Auditors Report found that "the EU certification system for the sustainability of biofuels is not fully reliable" (eca.europa.eu/Lists/ECADocuments/SR16_18/SR_BIOFUELS_EN.pdf).

Regardless of the EU's decision on palm oil and soy in the RED2, a CEPA agreement that does not explicitly exclude palm oil from its remit would undermine the aim of halting deforestation.

Soy:

Soy and beef production are by far the main drivers of deforestation in Brazil, Paraguay, Argentina and Bolivia. Unsustainable livestock and feedstock production is also responsible for a very significant percentage of all greenhouse gas emissions, as well as for widespread land-grabbing, pesticide poisoning, soil and water pollution and for many cases of human rights abuses.

Biofuel incentives and subsidies under the Renewable Energy Directive have boosted imports of soya/soya oil, too, although to a lesser extent than those of palm oil.

However, most EU soy imports are for livestock feed. Moreover, EU beef, pork and poultry imports from Latin America do not only trigger direct deforestation, they also incentivise growing soy production for feeding livestock in a rapidly growing intensive livestock industry there. Worldwide, 70-75% of all soy is used for livestock. The EU imported 46.8 million tonnes of soy and soybean products in 2016, most of it from Latin America. EU soy imports require 8.8 million hectares of land abroad.

Top soy exporters Bunge and Cargill source soy primarily from the Paraguayan Chaco and the Brazilian Cerrado regions, both of which have suffered high deforestation rates in recent years (mightyearth.org/avoidablecrisis/). EU CAP subsidies incentivise soy imports because larger livestock farms attract more CAP subsidies, a policy which has been leading to the concentration of land, water resources and finances in the hands of an ever smaller number of producers. Large livestock producers are far more likely to rely on soy imports than small ones (<https://globalforestcoalition.org/wp-content/uploads/2018/11/incentivising-deforestation-for-livestock-products.pdf>).

Ending incentives for deforestation through soy expansion requires a reform of the CAP in order to stop all direct payments that favour livestock intensification. The CAP must provide support for livestock farmers who raise smaller numbers of animals to higher animal welfare standards and who are not reliant on soy imports. Please see the section about CAP reform below.

Beef:

Livestock is the single biggest cause of deforestation worldwide and especially in the Mercosur region. According to the FAO 2016 State of the World's Forests report, amongst seven South American states, demand for pasture, i.e. for cattle, was the single biggest cause of deforestation in Brazil (>80%), Paraguay (70%), and Colombia (>60%) (reliefweb.int/sites/reliefweb.int/files/resources/a-i5588e.pdf, Figure 2.10). Cattle ranching is estimated to be responsible for around 80% of deforestation in the Amazon, covering some 450,000 km² in the Brazilian Amazon alone (globalforestatlas.yale.edu/amazon/land-use/cattle-ranching). In the Paraguayan Chaco, over one million hectares of forest were cleared between 2014 and 2018, according to official government figures, most of it for cattle (news.mongabay.com/2018/12/investigation-reveals-illegal-cattle-ranching-in-paraguays-vanishing-chaco/).

Increased beef exports, together with increased ethanol exports, are the main expectations which the Mercosur countries' governments have from a free trade agreement with the EU. Beef exports from Mercosur countries to the EU already account for 12% of the global trade in beef (globalforestcoalition.org/wp-content/uploads/2018/04/EU-Mercosur-EN.pdf). Increasing EU beef imports from South America would fuel yet more deforestation, at a time when the new president of Brazil has publicly stated his intention to dismantle protections for forests and forest-dependent peoples, including Indigenous Peoples.

Wood:

Excessive demand for wood and wood products – as well as for agricultural commodities - is one of main underlying causes of deforestation and forest degradation. EU subsidies and other incentives for bioenergy from forest wood under the Renewable Energy Directive are fuelling a rapid major increase in the demand for wood, both from EU forests and from forests elsewhere. A recent report published by the Environmental Paper Network shows the scale of the new and the planned demand for wood-based bioenergy in the EU and elsewhere, although significant additional capacity has been announced since the data the report is based on was published (environmentalpaper.org/biomass-threat-map-2018/).

Indirect impacts mean that, regardless of how the wood is sourced, total demand for wood and thus prices for it increase, fuelling greater destructive logging and more expansion of harmful monoculture tree plantations across the world. The majority of what is classified as renewable energy in the EU today is bioenergy, mainly from burning wood, and demand for wood is expected to significantly increase under the post-2020 Renewable Energy Directive. Over 135 civil society organisations have called for an end to all subsidies for energy from forest biomass (environmentalpaper.org/the-biomass-delusion/). Renewable energy support must be reserved for genuinely low-carbon renewable energy such as sensibly sited wind, solar and wave power, not for burning wood which fuels forest destruction and high carbon emissions. The RED 2 must be amended accordingly.

Moreover, the EU Bioeconomy Strategy threatens to increase the demand for wood further by promoting the use of wood for a variety of biomaterials. The pulp and paper industry, itself a major driver of deforestation, from Indonesia, to Russia to South America, is seeking to co-locate so-called 'integrated biorefineries' with pulp mills, which means that 'bioeconomy' incentives and subsidies are expected to cross-subsidise pulp and paper expansion. Together with a total of 120 organisations, we believe that the EU Bioeconomy Strategy must be revoked (globalforestcoalition.org/the-industrialisation-of-the-bioeconomy-poses-risks-to-the-climate-the-environment-and-people/). Reduced consumption of wood, agricultural commodities and energy need to be prioritised instead.

Common Agricultural Policy – comprehensive comments

Until now, the European Commission (EC) appears to have disregarded the social and environmental crises caused by EU agricultural policies¹.

The European Commission's 2018 proposal for the post-2020 Common Agricultural Policy (CAP) fails to bring about the fundamental transformation that is needed in Europe now. We believe that those proposals must be substantially amended. We believe that the CAP, including the changes proposed by the EC post-2020 undermines the goals of reducing deforestation and forest degradation:

1. It makes no credible attempt to support the promised transition to sustainable farming, and leaves the door wide open to perverse subsidies, It ignores the major contribution of the CAP to the collapse of biodiversity across Europe by proposing to maintain direct payments to farmers regardless of their agricultural practices and the impacts on wildlife, healthy soils and freshwater. It could even worsen this situation by handing greater legislative power about allocating payments to member states, without insisting on strict environmental safeguards
2. It would maintain perverse CAP subsidies to meat and dairy farmers, driving further 'intensification', including the trend towards more factory farming and imports of soya for animal feed. Most coupled CAP payments

¹ https://storage.googleapis.com/planet4-eu-unit-stateless/2018/08/8e7f6821-8e7f6821-20180320-ngo_letter_timmermans_cap_objectives.pdf

currently go to this sector. The CAP is thus directly driving increased soya imports and thereby increasing deforestation in South America. At the same time, it completely overlooks the need to change dietary and wider consumption patterns, especially the need to reduce meat consumption and food waste;

3. We are concerned that it would continue to reward landowners for preventing forest regrowth and other ecosystem regeneration in order to remain eligible for CAP payments for keeping land as pasture.

Such subsidies are contrary to the EU's commitments under the Convention on Biological Diversity, including its Aichi Targets, which require member states to phase out, reduce or redirect perverse subsidies which harm biodiversity.

Further free trade agreements and further weakening of regulatory standards within the EU can only speed up the trends towards more environmentally destructive industrial farming, at the expense of biodiversity, healthy soils, clean water as well as to small farmers and wider access to a healthy diet.

We support the position of the Economic Commission Via Campesina (ECVC)².

The CAP ought to be ensuring the transition to a farming framework which is sustainable, economically stable and climate change resilient³ and should establish a healthy environment and a system in which food production and farming respect animal welfare, in line with the position of Action Aid³.

Rather than just considering agriculture, the whole food system should be considered, as is the position of Friends of the Earth Europe⁴. Member States should be obligated to develop Healthy Diet Plans which cover public procurement, urban planning, fiscal and social policies and marketing & nutrition education as a prerequisite for opening CAP payments. Food importers should be held accountable for making sure that their chains of supply are free from deforestation, land-grabs and rights violations and removing investor protection in subsequent trade agreements. There is a need to substantially reinforce initiatives which link farmers and consumers, re-localise processing and value-adding activities, as is proposed in the new plan of the International Panel of Experts on Sustainable Food Systems⁵.

In the same manner stated in the open letter to the EC by key Civil Society Representatives¹, objectives of increasing and intensifying production – such as 'food security' – are not just unwarranted regarding European challenges of overproduction and overconsumption, preeminently considering animal products, but moreover increase the risk of undermining other objectives regarding the long-term resilience of the sector, the environment, animal welfare, climate, human health and fair income for the smallest and most sustainable farms.

Trade agreements:

² <http://www.eurovia.org/wp-content/uploads/2018/05/2018-May-EN-ECVC-CAP-DOC.pdf>

³ <http://www.actionaid.org/2017/03/civil-society-statement-reform-european-agricultural-policies-good-food-good-farming-now>

⁴ <http://www.foeeurope.org/beyond-cap-why-common-food-policy-eu-070219>

⁵ <http://www.ipes-food.org/pages/CommonFoodPolicy>

Trade agreements and policies have a major impact on deforestation and can seriously undermine the EU's and other countries' ability to protect forests. An effective EU Action Plan must require trade policy to be aligned with the aims of halting deforestation and biodiversity loss by 2020. This includes ensuring that trade policies and agreements do not favour high/increased imports of palm oil, soy, beef and wood.

The previously published Roadmap document acknowledged that *"trade policy considerations, economic impacts and feasibility, including from a legal point of view, have not been considered"*. It proposed some policy measures in this context, however those largely rely on sustainability standards that have been shown not to work. It also stated: *"may include actions to address, in an integrated and mutually supportive manner, demand and supply dimensions to promote sustainable value chains, the role of finance and investments, and information, transparency, traceability and monitoring of the supply chain, EU consumption and the financial sector"*, however it contained no credible proposals about how to achieve those aims. As mentioned above, the lack of compliance with voluntary and legally binding standards in most producing countries is due to persistence governance problems and the increasing attacks on civil society groups and other environmental rights defenders are further deteriorating this governance situation.

The trade agreements being negotiated between the EU and Paraguay, Uruguay, Argentina and Brazil (Mercosur Free Trade Agreement) and between the EU and Indonesia (Comprehensive Economic Partnership Agreement or CEPA) threaten to increase EU imports of soy and beef and of palm oil respectively, which would drive further deforestation, as well as land-grabbing and land rights and other human rights violations.

We believe that the EU must not enter into any trade agreement, including with the four Mercosur states and Indonesia, which includes trade liberalisation in palm oil, soy, wood or beef.

Reducing consumption:

We believe that policies to reduce consumption must play a vital role in an EU Action Plan. This includes:

- Policies designed to ensure dietary change in order to significantly reduce meat and dairy consumption. This includes strict regulations, effective procurement policies and strong awareness raising and education campaigns;
- Policies to reduce fossil fuel use in energy, including transport emissions, through demand-side reductions, instead of promoting bioenergy;
- Effective policies to ensure a significant reduction in paper and overall wood consumption, including strict binding standards in the packaging and advertising industry.