

Question 12

What is the impact of the EU's consumption on the world's forests?

Authors: Alice Bisiaux (EFI), Valerie Merckx (EFI), Christophe Van Orshoven (EFI)

Consumption of agricultural commodities drives forest loss

The world's forests are under threat. A forest area of 1.3 million square kilometres was lost between 1990 and 2016; this is the equivalent of 800 football fields of forest lost every hour. While deforestation rates are alarmingly high in the tropics, forests in the EU have grown over the last decades. Between 1990 and 2015, forest cover increased by an area the size of Greece, thanks to afforestation and reforestation programmes and natural regrowth, albeit recently at a slower rate.

Deforestation is driven by a myriad of complex factors. The increasing demands from a growing global population for food, feed, bioenergy, timber and other commodities, combined with low productivity and low resource efficiency, put more and more pressure on land use and threaten the conservation of the world's forests. Other drivers include the absence of sound policies (such as integrated land planning and clear land tenure and land rights), weak governance and lack of enforcement, illegal activities, and lack of investment in sustainable forest management. The identification of these drivers is further complicated by the fact that they also depend on specific regional and national contexts. However, agricultural expansion for the production of commodities such as soy, beef, palm oil, coffee or cocoa, drives almost 80% of all deforestation (FAO, 2016). In contrast, activities like mining and urbanisation/infrastructure are responsible for less than 10% each. A significant portion of this deforestation is illegal.

Most commodities associated with deforestation and forest degradation are consumed at local or regional levels. However, the EU's imports and consumption of these commodities play a non-negligible part of the problem. In addition to its environmental impacts, deforestation driven by EU imports of agricultural commodities from tropical forest countries also threatens human rights and social development gains.

A study commissioned by the European Commission concluded that the EU Member States imported and consumed between 7 and 10% of the global crops and livestock products associated with deforestation in the countries of origin (European Commission, 2013). This is equivalent to the import and consumption in the EU of a deforested land area of the size of Portugal over the period 1990-2008. The EU is one of the major global importers of a number of specific commodities associated with deforestation, including palm oil (17%), soy (15%), rubber (25%), beef (41%), maize (30%), cocoa (80%), and coffee (60%).

A more recent study (Henders et al., 2015), which covers the period 2000-2011 finds that the role of EU and China is of comparable size when it comes to imports of embedded deforestation. It also finds the most important forest-risk commodities for embedded deforestation to be livestock (beef), soy, and palm oil. A notable aspect being that livestock is also in this case found to be consumed mainly within the region of production, while soy and palm oil (and wood) is exported to other regions, the most important being China, the EU, with large intraregional trade in Latin America (beef) and South East Asia (timber and palm oil).

A need for focus

Imported soy, primarily used for animal feed, is responsible for half of the EU's tropical forest footprint. Brazil is the main source of soy imports to Europe, with the Netherlands, Spain and France among the top importers. Just 7% of the EU's soy imports from Brazil in 2018 came from high-risk areas. Yet these imports accounted for 61% of the EU's exposure to soy deforestation risk. It demonstrates that deforestation associated with soy is highly concentrated in specific places and suppliers. Therefore, targeting action in limited number of municipalities and with a small number of suppliers can have a relatively high impact. Supply chain transparency can help governments and companies to work together to identify the priority, high-risk areas within global supply chains (**EU REDD Facility, 2020**).

The EU is also one of the largest consumers of timber products in the world. When timber is not produced in compliance with national laws or sustainability goals, harvesting could lead to forest degradation and ultimately forest loss, impacting the people who live in forests and rely on the resources they provide.

EU action to restore and protect the world's forests

Conscious about its impact on the world's forests, the EU has initiated several policies to tackle deforestation and forest degradation. The communication from 2008 (**European Commission, 2008**) aimed to halt global forest cover loss by 2030 at the latest and to reduce gross tropical deforestation by at least 50% by 2020 compared to 2008 levels. The FLEGT Action Plan (**European Commission, 2003**) sets out a range of measures to tackle illegal logging and related timber trade at the global level. Furthermore, the new European Consensus on Development (**European Union, 2017**) promotes sustainable agriculture and sustainable agricultural value chains that contribute to halt, prevent and reverse deforestation.

Nine European countries, including Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Spain and the United Kingdom joined the **Amsterdam Declarations Partnership** and committed to eliminate deforestation in relation to agricultural commodities by 2025.

Despite these efforts, the EU will not meet its objective to halve deforestation between 2008 and 2020; annual deforestation dropped from 12 million hectares per year during the period 2010-2015 to 10 million hectares per year in the period 2015-2020. Hence, in its communication to protect and restore world's forests, the European Commission proposes a partnership approach - close cooperation with producer and consumer countries, as well as businesses and civil society (**European Commission, 2019**). These partnerships can facilitate action promoting land governance, sustainable forest management and reforestation, transparent supply chains, effective monitoring, sustainable finance and multilateral cooperation.



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The Communication sets out five priorities to reduce the pressure on the world's forests:

1. Reduce the footprint of EU consumption on land and encourage the consumption of products from deforestation-free supply chains in the EU
2. Work in partnership with producer countries to reduce pressures on forests and to 'deforest-proof' EU development cooperation
3. Strengthen international cooperation to halt deforestation and forest degradation, and encourage forest restoration
4. Redirect finance to support more sustainable land-use practices
5. Support the availability and quality of information on forests and commodity supply chains, the access to that information, and support research and innovation

The Communication also recognises that the EU consumption of food and feed products is among the main drivers of environmental impacts, creating high pressure on forests in non-EU countries and accelerating deforestation. It therefore calls to encourage the consumption of products from deforestation-free supply chains in the EU both via regulatory and non-regulatory measures, as appropriate.

Member States have expressed deep concern that current policies and action at the global level on the conservation, restoration and sustainable management of forests are insufficient to halt deforestation (**Council of the European Union, 2019**). They agree on the need for enhanced EU action, and encourage the Commission to urgently prioritise and implement the actions set out in its communication, together with Member States, industry, organisations and institutions, civil society and partner countries as part of the European Green Deal. In addition to strengthened international cooperation, partnerships with producing countries and redirecting finance to sustainable land-use practices, the Council and the Member States also request the Commission to fast-track an assessment of new demand-side regulatory and non-regulatory measures and to produce proposals to this end.

Following an own-initiative report (**European Parliament, 2020a**), the European Parliament approved a resolution on the EU's role in protecting and restoring the world's forests (**European Parliament, 2020b**). While welcoming the Commission's Communication 'Stepping up EU Action to Protect and Restore the World's Forests', the European Parliament argued that the EU and its Member States should be more ambitious in their actions to meet their commitments and address the urgency of deforestation and forest degradation worldwide.

In October 2020, the European Parliament approved a resolution (**European Parliament, 2020c**) calling on the European Commission to put forward rules to stop EU-driven global deforestation through mandatory due diligence for companies placing products on the EU market, since voluntary initiatives failed to halt global deforestation so far. The European Parliament stated that a new EU legal framework should be based on traceability requirements and mandatory due diligence, meaning companies must take appropriate measures to identify, prevent, mitigate and account for how they address the issue. Companies that place products on the EU market derived from commodities that endanger forests and ecosystems should face penalties. The European Parliament made use of their prerogative in the Treaty of the EU (**Office Journal of the European Union, 2016**) to ask the Commission to come forward with legislation.

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