

Vice President Frans Timmermans
Commissioner Jutta Urpilainen
Commissioner Virginijus Sinkevičius



7 October 2021

Dear Vice President Timmermans, Commissioner Sinkevicius, Commissioner Urpilainen,

We are writing to you regarding the upcoming deforestation regulation proposal, which aims to ensure that products imported into the EU are not associated with deforestation. This much-anticipated regulation is a crucial missing piece of the puzzle to halt tropical deforestation. As co-legislators, we look forward to working together on ensuring that EU citizens can trust that the purchases in their shopping trolleys are not driving biodiversity loss.

However, there are aspects in the current draft of the Commission's proposal that was recently leaked to the press that concern us greatly. Foremost, we believe that the regulation in its current format runs the risk of alienating stakeholders in producer countries, with whom cooperation is critical if we wish to halt global deforestation.

DG Environment's proposal, in its current form, will at best clean EU supply chains. But with so many remaining consumer markets that do not impose similar standards, the risk for leakage – and continued deforestation – is large. Given the link between deforestation and climate change, that risk once again becomes a European problem, since we share one climate.

For this reason, in addition to developing EU regulation to determine market access, there is a significant opportunity for the EU to use its trade leverage to support the development, reform and implementation of improved national policies and laws in producer countries. This way, the EU can have an influence over the whole market, not simply supply chains to the EU. For this to be effective, these partnerships must be linked to the regulation, for example via country risk rating, to ensure that progress towards improved forest and land use governance are recognised and incentivised.

This is an approach that the EU has undertaken before with considerable effect in tropical timber producing countries, through its landmark policy to tackle illegal logging by improving forest governance - the FLEGT Action Plan. For this reason, we are also alarmed that the European Commission appears poised to revoke Voluntary Partnership Agreements – a decision that is in any case out of its power since they are bilateral trade agreements. Such a position undermines the credibility of the EU as a serious trading partner and goes precisely in the wrong direction— it is the only supply-side measure we have, and such measures are one of the main missing elements in the current draft regulatory text.

The FLEGT/VPA system has been the only system capable of tackling issues such as corruption and the need for good governance for forests. It has been argued that the VPA agreements are difficult and costly to implement. However, it seems naïve to assume that issues such as corruption or lack of proper forest governance would be easily and quickly fixed. If the

questions of governance and legality are left unaddressed, it will also become increasingly challenging to implement a deforestation regulation targeting undertakings and their value chains. Furthermore, it would be a serious blow to the credibility of the EU as a global leader on the path towards sustainability if it sidelines a mechanism of sustainable trade that has proven to be effective - contrary to the surprising findings of the Fitness Check, commissioned by DG ENVI.

We will work hard to ensure that the EU's regulation on supply chains is fit to fight global deforestation and be a real tool to combat climate change, and do so hand in hand with people in producer countries. The EU's global reputation in the fight against climate change and biodiversity loss is at stake here. On the eve of the COP15 and COP26, we urge you to send the right signals and integrate partnerships into the forthcoming regulation.

Sincerely,

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Manon Aubry, MEP

Saskia Bricmont, MEP

Delara Burkhardt, MEP

Anna Cavazzini, MEP

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