Deforestation Regulation

2021/0366(COD) - 13/09/2022 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 453 votes to 57, with 123 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council on making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010.

The matter was referred to the committee responsible for inter-institutional negotiations.

The main amendments adopted in plenary are as follows:

Broadening the scope

While the Commission proposal covers cattle, cocoa, coffee, palm oil, soya and wood, including products that contain, have been fed with or made from these products, Parliament also wants to include **swine, sheep and goats, poultry, maize and rubber, as well as charcoal and printed paper products**.

Members defined ‘zero deforestation’ as goods produced on land that has not been deforested or degraded after **31 December 2019**, one year earlier than the Commission proposes.

The Commission should:

- present, no later than one year after the date of entry into force of the regulation, an impact assessment accompanied, if appropriate, by a legislative proposal to **extend the scope of the regulation to other natural ecosystems**, including land with a high carbon stock and land with a high biodiversity value, such as grasslands, peatlands and wetlands, in addition to forests and other wooded land;

- assess, no later than two years after entry into force, whether the rules should be extended to other commodities such as **sugar cane, ethanol and mining products**, and to what extent this is feasible.

Provision of financial services

Members included a new article stipulating that financial institutions should provide financial services to customers only when the financial institutions conclude that there is no more than a negligible risk that the services in question potentially provide support directly or indirectly to activities leading to deforestation, forest degradation or forest conversion.

Due diligence obligations of operators

Companies placing products on the EU market would be required to carry out due diligence to assess the risks in their supply chain.

Operators should make a **due diligence statement** available to the competent authorities before placing the commodities and products concerned on the EU market or exporting them. The statement, which should be **transmitted and certified electronically**, should confirm that due diligence has been carried out, disclose the steps that have been taken in this regard to verify the compliance of the relevant commodities and products concerned with the Regulation and explain why the assessment found no or negligible risk.

The operator should assume **responsibility** for the compliance of the relevant commodity or product with the requirements of this Regulation. Operators should therefore undertake reasonable, documented efforts to support the compliance of smallholders with the provisions and requirements set out in this Regulation. They should keep record of the due diligence statements for 5 years from the date of making available via the information system and share the due diligence statements with subsequent operators and traders in the supply chain.

Operators should also: (i) **engage meaningfully with vulnerable stakeholders**, such as smallholders, indigenous peoples and local communities, in their supply chain; (ii) ensure that those vulnerable stakeholders receive adequate assistance and fair remuneration so that their commodities and products can comply with the rules.

Human rights and indigenous peoples

Members also wanted companies to ensure that goods are produced in accordance with human rights provisions in international law and with respect for indigenous peoples. Operators should:

- collect **adequate and verifiable information** disclosing the views of any indigenous peoples, local communities and other groups that claim tenure rights in respect of the area used for the purpose of producing the relevant commodities and products regarding the production of those relevant commodities and products;

- ensure, where relevant, that risk assessments and mitigation measures are adopted which provide for the participation and consultation of indigenous peoples, local communities, and other customary tenure rights holders that are present in the area of production of the relevant commodities and products.

Country monitoring and assessment

Members believe that the Commission should classify countries, following a transparent and objective assessment process, as **low, standard or high risk**, within six months of the proposed regulation coming into force.

Each Member State should ensure that the annual checks carried out by their competent authorities cover at least **10 %** of the operators placing, making available on or exporting from the Union market each of the relevant commodities and products on their market as well as 10 % of the quantity of each of the relevant commodities and products placed or made available on or exported from their market. Where commodities have been produced in a country identified as high risk, annual checks should cover at least 20% of operators. For commodities from countries considered low risk, Member States could reduce annual checks to **5%**.

Satellite imagery and access to forest data

The Commission should establish a **platform** using satellite imagery, including Copernicus Sentinel, that covers forest areas worldwide and is accompanied by a range of tools to enable all parties to quickly move towards no-deforestation supply chains.

Guidelines

No later than one year after the entry into force of the Regulation, the Commission should issue user-friendly commodity-specific guidelines to clarify due diligence responsibilities and traceability rules of operators that are tailored to fit their respective supply chains.