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Joint COCERAL, FEDIOL, and FEFAC Reaction to the European Parliament vote on the Deforestation Regulation

Following the European Parliament's plenary vote on the Deforestation Regulation, **COCERAL, FEDIOL, and FEFAC regret that the outcome falls short of the ambition to tackle global deforestation and risks fuelling supply chain shortages and price inflation in the EU.**

Furthermore, the approach taken by the European Parliament **disincentivises action against deforestation globally and particularly in high-risk areas** due to:

- The requirement of traceability to plot, which is currently not feasible for many smallholders and risks causing their exclusion from supply chains.
- The country benchmarking system, which will lead companies to source away from high-risk areas as part of their risk avoidance strategy.

The **lack of alternatives to traceability to plot** for soy and palm products in combination with some of the **trade disruptive measures** adopted by the European Parliament will most likely affect the availability of these commodities in the EU and thereby contribute to inflationary pressures on these commodities and the food and non-food products that contain them.

Given that the European Commission, European Parliament, and Council have not sufficiently considered the practical challenges operators and their suppliers will face when it comes to the proposed traceability and chain of custody requirements, **we urge all three institutions to work with supply chain actors to identify solutions to minimise all the foreseen negative impacts.** We also stress the need for pilot programmes to test the implementation of the proposed requirements across relevant countries in order to identify appropriate solutions against the practical challenges we have previously highlighted.

We continue to strive for a Regulation that will work in practice and remain open and available for further dialogue during the trilogue discussions.