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### **COCERAL-FEDIOL-FEFAC joint annex to deforestation consultation**

COCERAL, FEDIOL and FEFAC welcome the possibility to provide views on the public consultation on a "*Deforestation and Forest Products Impact Assessment*" launched by the European Commission. Our associations – representing the EU grain and oilseed trade, crushing and feed industry – acknowledge the responsibility they have for the sustainable production of commodities that they trade or process.

As a general remark, we believe the overall approach adopted in the consultation might be misleading, insofar as it implies that EU demand-side measures alone – which are considered in this consultation – can have an effective impact on global deforestation and reduce deforestation and forest degradation associated with EU consumption. In our views, many questions can lead to the conclusion that none of the measures, considered in isolation, would actually have a substantial impact on global deforestation rates and some may even be counter-productive as to their effectiveness.

We have always insisted on the need to act at origin and we strongly promote an approach based on the joint use of measures that target supply-side and demand-side initiatives ("smart mix") in conjunction. Also, however desirable up to a certain extent, the underlying objective to limit imports and increase domestic production is unrealistic and the EU should carefully balance the implementation of measures at consumption level in order to avoid possible unintended consequences on its supply of essential raw materials.

We recognise that some of the foreseen measures – such as a deforestation-free standard or a mandatory labelling – would trigger higher operation costs on the industry. Producers do not receive sufficient reward for their efforts in sustainable production, because those are not translated into obtaining higher prices along the value chain up to the consumer. Instead, the wrong framework could steer investments into logistical solutions that facilitate risk avoidance.

As such, we consider it essential to find ways to ensure that the additional price payed would actually trickle down to the farmer, instead of remaining downstream. This can be achieved by ensuring appropriate players' engagement in origin countries and by providing adequate financial incentives to farmers to improve their agricultural practices.

At the same time, most consumers do not understand the impact of their purchasing choices and the importance of knowing the sustainability characteristics of the products they buy. While structured information campaigns across the EU would certainly help raise awareness on the importance of favouring

the consumption of sustainable products, no demand-side measures alone will have a concrete impact on tackling global deforestation rates. This can only be done by deploying supply and demand side measures in conjunction and ensuring effective partnership with producer countries, making use of an EU leverage for achieving better practices worldwide.

Regarding a mandatory due diligence, COCERAL, FEDIOL and FEFAC advocate for a due diligence approach as defined by the UN principles and the OECD/FAO guidelines, coupled with a supporting use of certification and verification, a voluntary use of labelling and appropriate financial tools. Part of a "smart mix" of measures, a due diligence legislation could then trigger the involvement of all players to effectively contribute to the sustainable transformation of our supply chains.