



Brussels, 3 February 2022

Joint Statement of Cross-commodity Sector Organisations to EU Council Presidency on the Proposal for a Regulation on Deforestation-free Products

Dear Minister Pompili,

The **undersigning associations**, representing the European coffee, cocoa and derived products, palm, and soy value chain sectors, **support the political objective and high level of ambition** pursued through the European Commission's recent legislative proposal **for a regulation on deforestation-free products** and are committed to increasing transparency and traceability along the supply chain.

However, the undersigning associations are concerned with regard to traceability requirements along the supply chain, in particular the element of connecting geo-localisation data from farm plot-level to the placing on the EU market. This requires significant further efforts from governments of producing countries, in cooperation with industry, in order for this level of traceability to be sufficiently in place by the time we expect this Regulation to enter into force, which is unlikely at the current rate.

To ensure that the political ambition of the Regulation is delivered on successfully, and that the objectives of the regulation are achievable for all stakeholders along the supply chain, **we call for the proposed regulation on deforestation-free products to integrate the important differences that exist between all the 'relevant commodities'** in terms of practicable traceability and chains of custody methods, as well as the complex dynamics of each targeted supply chain. Indeed, the current proposal's one-size-fits-all approach for showing compliance with the deforestation-free obligation does not take into account the practical realities, both logistical and legal, that differ greatly across commodities and sourcing areas. It also puts the integrity of bulk commodities at severe risk. Given that a one-size-fits-all approach is likely to lead to practical difficulties, we are seeking adapted technical solutions for each commodity that we trust will not only contribute to the discussion, but also support the important objectives of the proposal.

For the last two decades, our companies have been working on and promoting a wide array of initiatives to implement deforestation-free supply chains. Such initiatives have also centred around improving living conditions for millions of local farmers and small producers in producing countries, while dedicating resources to minimising the impact of their respective commodity production upon the environment. **The Proposal's current approach risks undermining these efforts, especially where smallholders are concerned**, as smallholders are expected to be negatively affected if the provisions are not sufficiently adapted to encourage their participation in deforestation-free supply chains. In

addition, undesired effects such as the leakage of products linked to deforestation to non-EU markets should be avoided by working in partnership with producing countries.

We therefore urge the EU Council Presidency to engage with the undersigning sector organisations to understand the specificities of their sectors' respective supply chains and **adapt the Regulation's information requirements to each sector in a way that also effectively facilitates the full participation of smallholders** in deforestation-free supply chains to the EU. Given the complexity of the commodities' supply chains and smallholder engagement, we believe sector-specific requirements and guidance would be best served in secondary legislation.

We appreciate your understanding and look forward to a constructive dialogue so that in practice our companies shall be able to support and ensure that only deforestation-free products enter the EU.

We thank you for your consideration.

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