



Call of the European forest-based industries on the proposal for a regulation on minimising the risk of deforestation and forest degradation associated with products placed on the EU market

Brussels, 27 June 2022

The European forest-based industries would like to share some considerations on the proposal for a regulation on deforestation-free value chains ahead of the Environmental Council meeting of 28 June 2022.

The signatories of this statement represent the European forest-based industries: these include the woodworking industries, the industries manufacturing pulp, paper and paper products, the panel industry, the furniture industry and the printing industry. Together they amount to around 420.000 enterprises with a total turnover of over 520 billion euros, supporting 3,5 million direct and indirect jobs in communities across Europe, while providing everyday products such as paper, furniture, construction, packaging, and more.

The forest-based industries are supplied essentially from European forests¹, which are managed sustainably for multiple purposes, while also making efficient use of secondary sources such as residues and waste materials. This allows to strengthen the resilience of the European economy, while developing a sustainable bioeconomy replacing fossil-based and carbon-intensive materials. European forest-based industries are strongly relying on market-based certification schemes demonstrating the sourcing of wood from sustainably managed forests according to internationally set criteria and indicators.

We would like to share some considerations ahead of the adoption of the Council General approach on the draft regulation:

- 1) We recommend that the definition of **deforestation** is not changed compared to the European Commission's proposal ("*Deforestation means the conversion of forest to agricultural use, whether human induced or not*"). The proposed definition is closer to the internationally agreed definition of the Food and Agriculture Organization of the United Nations. Using internationally agreed definitions would facilitate the implementation and enforcement of the regulation.

¹ Over 56% of wood supply to the EU comes from domestic removals, around 19% from wood by-products of the wood industries, and 4% from post-consumer wood. Source: European Commission, EIP on Raw materials, Raw Materials Scoreboard 2021.

- 2) In the interest of focusing the legislation on the main problem to be addressed, we believe that the regulation should focus on deforestation. The problem of **forest degradation** should be tackled via the support to enhanced adoption of sustainable forest management at pan-European and international level, rather than via a commodity-focused regulation. However, if forest degradation is to be included in the regulation, the definition should be as clear and operational as possible. We therefore support the definition of forest degradation as “*structural changes to forest cover, taking the form of conversion of primary forests into plantation forests or into other wooded land*” as well as the deletion of the definition of “*sustainable harvesting operations*”. The proposed definition of forest degradation would leave little room for uncertainty and would target the most severe problems of forest degradation.
- 3) The requirement to provide **geolocation coordinates** presents a challenge to the industry for technical reasons and may entail potential breaches of EU competition rules. Currently, it is sometimes not possible to pin down the specific plot of land of origin, but operators would be able give information about the potential areas of origin. The regulation should adopt a risk-based approach to the information requirements. An obligation for operators to provide plot-level/production area level geo-localisation data should only apply as part of risk mitigation mechanism for commodities that are sourced from countries classified as high-risk.
- 4) We ask to recognize the value of high-standard, international voluntary certifications. **Third-party certification** provides an added credible source of due diligence and verification which can supplement the operator’s own efforts without reducing liability. As a practical way forward, legislators could vet market based third-party certification systems against legally binding essential requirements. This would result in companies having the option to employ a market based third party certification scheme to prove compliance with the essential requirements based on ground realities. At a future date, areas certified against such vetted schemes may be considered “low-risk”.
- 5) We recommend to avoid duplication of due diligence efforts along the value chain. **Liability of traders** should be limited to their access to information on the implementation of requirements (including traceability, risk assessment, risk mitigation etc.) by their operators in the supply chain. This will avoid duplication of effort and costs for undertaking due diligence requirements by both operators and traders, without any additional benefit.
- 6) The **scope of the regulation** should be as complete as possible and cover all relevant wood and paper products. We thereby ask to extend the scope of the regulation to wood charcoal and printed products, in order to avoid the risk of creating environmental loopholes and circumvention that would result in an uneven playing field for manufacturing industries located within or outside the EU.

The undersigned organisations remain available to provide more detailed explanations:

ACE – The Alliance for Beverage Cartons and the Environment

CEI-Bois – The European Confederation of Woodworking Industries

CEPI – Confederation of European Paper Industries

CITPA – The International Confederation of Paper and Board Converters in Europe

EDANA – Voice of the nonwovens

EFIC – European Furniture Industries Confederation

EOS – European Organisation of the Sawmill Industry

EPF – European Panel Federation

ETS – European Tissue Symposium

FEFCO – The European Federation of Corrugated Board Manufacturers

FEP – The European Federation of the Parquet Industry

IKEA of Sweden AB

INTERGRAF – European Federation for Print and Digital Communication