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Delegations will find attached document COM(2019) 352 final + ANNEX 1 + ANNEX 2.

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Brussels, 23.7.2019
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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Stepping up EU Action to Protect and Restore the World's Forests

{SWD(2019) 307 final}

I. Setting the scene

The state of the world's forests

Forests are indispensable. They are our lungs and life-support system, covering 30% of the Earth's land area and hosting 80% of its biodiversity. They give us the air we breathe, taking carbon dioxide out of the atmosphere. Forests provide vital organic infrastructure for some of the planet's densest, most diverse collections of life. They provide subsistence and income to about 25% of the world's population, hold cultural, social and spiritual values and represent a large part of the land traditionally inhabited by indigenous peoples.

Today, the world's forests are in serious danger from deforestation¹ and forest degradation², with a forest area of 1.3 million square kilometres lost between 1990 and 2016; this is the equivalent of 800 football fields of forest lost every hour³. In order to ensure human health and well-being and put our societies on a sustainable development path, we must work with others to reverse this trend, and we must protect and regenerate the world's forests.

The threats to the world's forests are one of the biggest sustainability challenges of our time. Deforestation is a major cause of biodiversity decline⁴. Emissions from land-use and land-use change, mostly due to deforestation, are the second biggest cause of climate change after burning fossil fuels. They account for nearly 12% of all greenhouse gas emissions, and action in this area is important to fight climate change⁵. Deforestation can also have a dramatic impact on the livelihoods of the most vulnerable people, including indigenous peoples, who rely heavily on forest ecosystems⁶.

The EU has put in place a variety of regulatory and non-regulatory actions to deal with the challenges of deforestation and forest degradation. While in the EU forest cover has increased over recent decades (see Box 1), the rate of deforestation in other regions, namely in tropical areas, continues at alarming levels⁷.

Box 1 - Forests in the EU

43% of EU land – 182 million hectares – is forest or other wooded land⁸. Of this, 134 million hectares are available for supplying wood. Forests in the EU have grown: from 1990 to 2015, forest cover increased by an area the size of Greece⁹, thanks to afforestation and reforestation programmes and natural regrowth. The EU Forest Strategy¹⁰ is the framework to ensure the coherence of forest-related policies. Forest account for half of the Natura 2000 network of nature protection areas, covering 38 million hectares, i.e. more than 20% of the EU's forest resources. More needs to be done also in the EU to protect and restore forest cover, also because forest expansion has happened recently at a lower rate.

Despite all efforts so far, conservation and sustainable use of forests cannot be ensured by current policies. Therefore, stepping up action to protect the existing forests, manage forests sustainably and actively and sustainably create new forest coverage, has to play a crucial role in our sustainability policies. Primary forests¹¹ require special attention as they are unique and irreplaceable, and heavily affected by deforestation. Afforestation and restoration¹² of degraded forest lands can help to reduce the pressure on natural forests, and be an effective additional defence in our battle against climate change. However, newly planted forests cannot replace primary forests, which have high carbon stocks, and are characterised by their great age, unique ecological features and the established protection they provide to

biodiversity¹³.

Further EU measures to protect forests would be consistent with international agreements and commitments, which fully acknowledge the need for ambitious action to reverse the trend of deforestation. The Paris Agreement on Climate Change and the Global Strategic Plan for Biodiversity 2011-2020 adopted under the UN Convention on Biological Diversity and the Aichi Biodiversity Targets promote sustainable forest management, protection and restoration efforts¹⁴. Reducing forest loss and degradation is a priority under the UN Strategic Plan on Forests¹⁵. Strengthening efforts to manage forests sustainably is also central to the UN 2030 Agenda for Sustainable Development as forests play a multifunctional role that supports the achievement of most Sustainable Development Goals.

Figure 1 - Forest goods and services supporting the UN Sustainable Development Goals

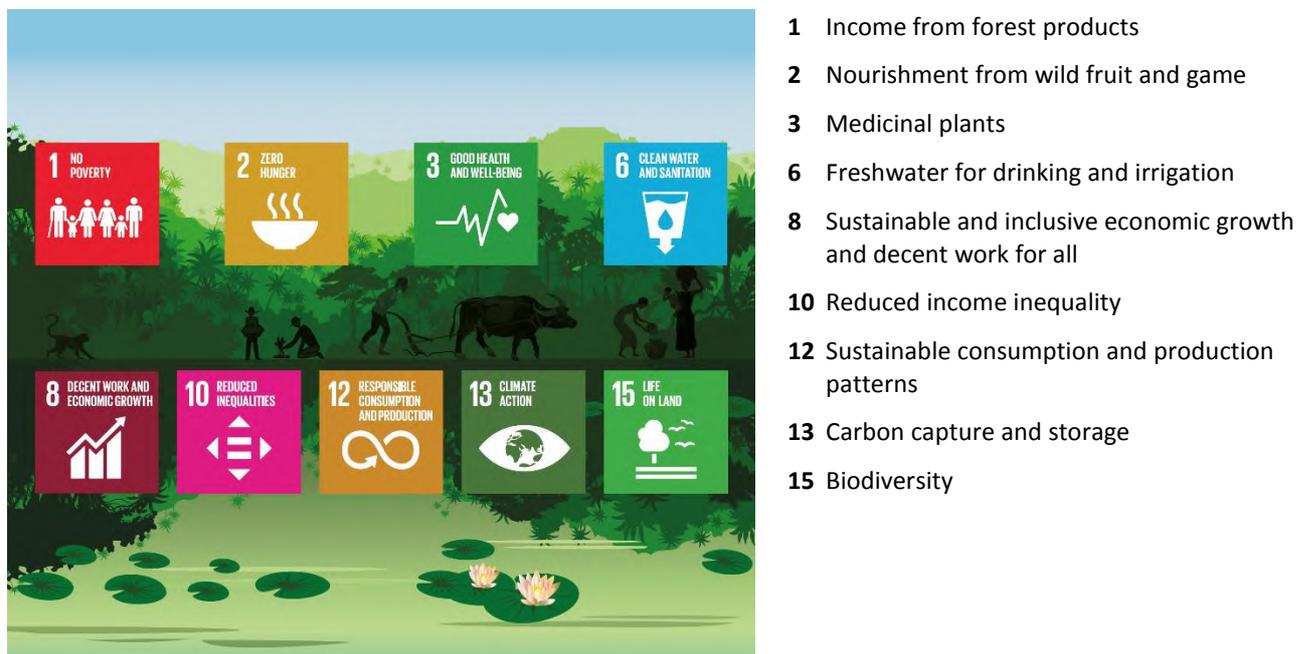
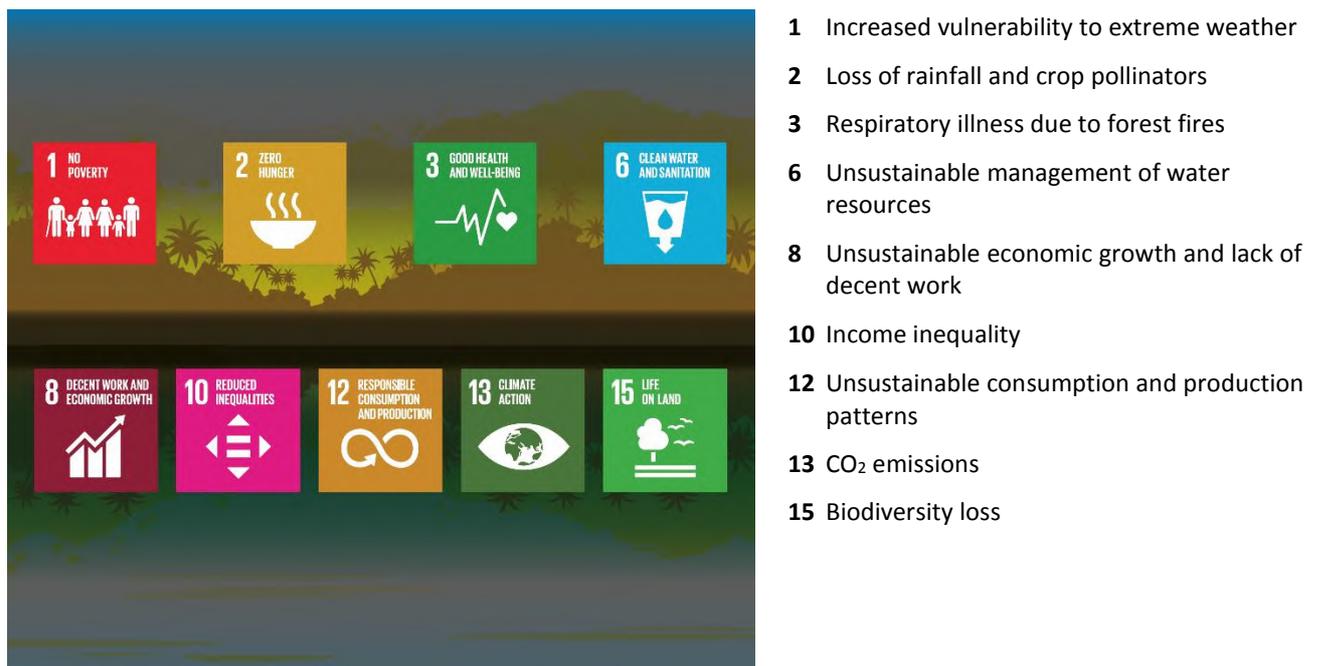


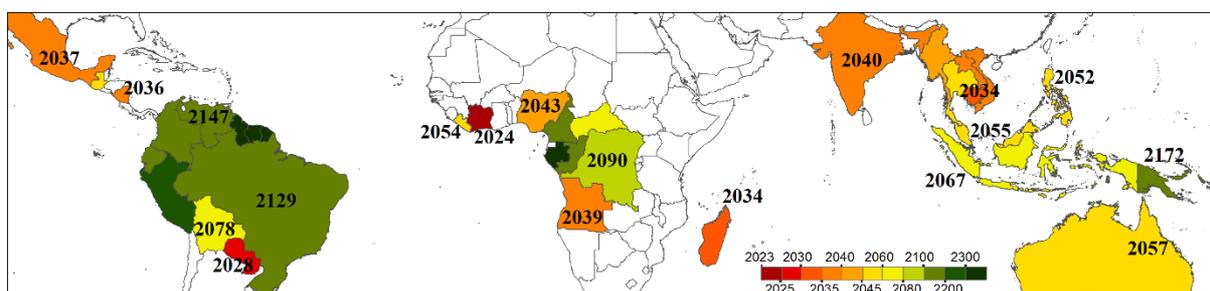
Figure 2 - Impacts of deforestation on Sustainable Development Goals



Drivers of deforestation and forest degradation

Deforestation and forest degradation are driven by many different factors. The increasing demands from a growing global population for food, feed, bioenergy, timber and other commodities, combined with low productivity and low resource efficiency, put more and more pressure on land use and threaten the conservation of the world’s forests. Approximately 80% of global deforestation is caused by the expansion of land used for agriculture¹⁶. Urban expansion, infrastructure development and mining are also factors driving deforestation.

Figure 3 - Forecasted year of disappearance of moist primary forests¹⁷



Other drivers of deforestation include the absence of sound policies (such as integrated land planning and clear land tenure and land rights), weak governance and lack of enforcement, illegal activities¹⁸, and lack of investment in sustainable forest management. Negative impacts on forests can also occur when pasture or agricultural land previously used for food and feed markets is diverted to the production of fuels from biomass (indirect land use change – ILUC).

Forest degradation is more difficult to quantify. Direct drivers of forest degradation include unsustainable exploitation of forest resources, e.g. for use as domestic energy, and natural events such as fires and pests. Action is needed as the demand for wood for use as fuel will continue to increase, and in 2030 it is estimated that 2.8 billion people will depend on this fuel source, compared to 2 billion today¹⁹.

While most commodities associated with deforestation and forest degradation are consumed at local or regional level, the EU imports²⁰ products such as palm oil²¹, meat, soy, cocoa, maize, timber, rubber²², including in the form of processed products or services. When looking at deforestation embodied²³ in total final consumption, the EU consumption represents around 10% of the global share²⁴.

From challenge to opportunity: EU as a global trailblazer

The disappearance and the degradation of forests has received global attention. In the long run deforestation and degradation of forests do not only threaten the economy but humanity itself.

There is no one-size-fits-all solution. **Fighting deforestation and attaining sustainable forest management are complex challenges. Solutions need to be specific to each country and region, with an overall two-fold objective of protecting existing forests, especially primary forests, and significantly increasing sustainable, biodiverse forest coverage worldwide.**

It is clear that the EU by itself cannot reverse the trend of deforestation. It needs to be part of a global alliance.

The EU has already developed partnerships with other countries to reduce pressures on forests and fight deforestation.

Box 2 - EU Forest Law Enforcement, Governance and Trade Action Plan (FLEGT)²⁵

Since 2003, measures have been introduced under the EU FLEGT Action Plan to fight illegal logging and associated trade. Working with partner countries to improve forest governance and capacity building are key components of the Action Plan. One of its central components, the EU Timber Regulation²⁶, obliges operators who place timber and timber products on the EU market to carry out due diligence to minimise the risk of importing illegally harvested timber. The action plan also promotes dialogue and cooperation with other major markets.

The 2016 evaluation of the EU FLEGT Action Plan concluded that it continues to: i) be a relevant response to the challenge of illegal logging; ii) be effective in terms of raising awareness; iii) contribute to forest governance globally; and iv) help reduce demand for illegal timber in the EU. Building on the findings of the evaluation, the European Commission and the Member States have agreed a FLEGT Work Plan 2018-2022²⁷, which is guiding the work for the coming years.

In 2008 the European Commission issued a Communication on Deforestation²⁸ where it set the EU an objective to halt global forest cover loss by 2030 at the latest and to reduce gross

tropical deforestation by 50% by 2020. It identified ways to improve EU policies to help conserve the world's forests, making use of new scientific knowledge and tools.

Comprehensive EU free trade agreements include Trade and Sustainable Development (TSD) chapters with binding provisions on environmental protection, climate change, biodiversity and forests, including the obligation to ensure multilateral environmental agreements, such as the Paris Agreement and the Convention on Biological Diversity, are implemented effectively.

The European Commission's 'Clean Planet for All' strategic long-term vision for a climate neutral economy by 2050²⁹ recognises that increasing the natural sink of forests, soils, agricultural lands and coastal wetlands is crucial for addressing climate change successfully. The EU Directive on promoting the use of energy from renewable sources³⁰ includes binding sustainability criteria to avoid direct land use impacts associated with biofuels consumed in the EU.

The European Consensus on Development³¹ aims to eradicate poverty, notably through well-functioning ecosystems to support the transition to a green economy. It promotes sustainable agricultural value chains to halt, prevent and reverse deforestation.

The EU is also raising consumer awareness about the need to reduce our consumption footprint on land and encourages people to consume products from supply chains which are 'deforestation-free', i.e. those not causing deforestation either directly or indirectly.

Despite these efforts, the EU's objective to reduce gross tropical deforestation by 50% by 2020 is unlikely to be met³², and therefore we must step up action and take an even stronger leadership role in protecting and restoring world's forests.

As a major trader and investor and the largest provider of development assistance, the EU works with partners worldwide. There are many opportunities to work more closely together to protect and restore forests.

Forests provide important ecosystem services to society, such as clean air, water flow regulation, carbon sequestration, soil protection from water and wind erosion, providing habitats for animals and plants, restoring degraded land, and resilience to disasters and to climate change. Through these functions, they can mitigate the risk of regional conflicts, reduce migration flows, and increase the output of agricultural activities and the well-being of local communities.

Restoring degraded forests and planting new forests have been identified as effective complementary measures to the efforts to halt deforestation. Such reforested areas can provide multiple benefits if they are properly planned and implemented (e.g. by avoiding the replacement of other legitimate and sustainable land uses), in full respect for ecological principles favourable to biodiversity. They can serve as buffer zones for primary forests, protect the soil, accumulate clean water, and ensure genetic diversity. Planting trees on a large scale would also contribute significantly to mitigating climate change³³. Some pathways identified by the Intergovernmental Panel on Climate Change to limit global warming to 1.5° would require an increase in forests by up to around 1 billion hectares by 2050 relative to 2010³⁴.

In addition, protecting existing forests and sustainably increasing forest cover can provide

livelihoods, increase income for local communities and allow for sustainable bio-economies to be developed. Forests represent a promising green economic sector, with the potential to create between 10 and 16 million sustainable and decent jobs worldwide³⁵.

The EU will continue developing and sharing its knowledge and experience, ensuring that sustainable forest management, afforestation and reforestation projects take into account local environmental, social and economic conditions. The EU will also continue sharing solutions such as the diversification of clean energy sources that reduce pressure on forests, sustainable timber sourcing, and eco-tourism projects based on rich biodiverse natural forests.

II. Objectives and scope

This Communication's objective is to propose ways to step-up EU action to protect the world's forests, in particular primary forests, and restore forests in a sustainable and responsible way. The overall aim is to protect and grow the world's forest cover to improve people's health and livelihoods and ensure a healthy planet for our children and grandchildren.

Stepping up EU action is in line with the EU objective to halt global forest cover loss by 2030 and with EU's existing international commitments. It answers the calls of the European Parliament³⁶, the Council, stakeholders from private and public sectors³⁷.

This Communication proposes a set of new actions and aspirations, building upon the 2013 EU Forest Strategy, the EU Biodiversity Strategy to 2020³⁸, the 7th Environment Action Programme³⁹ as well as the European Commission's 'Clean Planet for All' strategic long-term vision for a climate neutral economy by 2050.

The Commission's Reflection Paper 'Towards a Sustainable Europe by 2030'⁴⁰ emphasises that deforestation 'is not somebody else's problem'. It highlights the fact that the EU consumption of food and feed products is among the main drivers of environmental impacts, creating high pressure on forests in non-EU countries and accelerating deforestation. Therefore, the consumption of products from deforestation-free supply chains in the EU should be encouraged both via regulatory and non-regulatory measures as appropriate.

Halting deforestation and forest degradation combined with sustainable restoration, re- and afforestation activities provide opportunities for economic development. This requires putting a particular emphasis on the sustainable production and consumption of agricultural and forest-based products. Action at international, national, regional and local levels as well as substantial investments will be necessary.

Consequently, this Communication proposes **a partnership approach - close cooperation with producer and consumer countries as well as business and civil society**. Such partnerships can facilitate action promoting land governance, sustainable forest management and reforestation, transparent supply chains, effective monitoring, sustainable finance and multilateral cooperation. Actions identified in this Communication can also be beneficial for certain other natural ecosystems as their loss is largely caused by the same drivers that cause loss of forests⁴¹.

In preparing this Communication, the Commission consulted widely with stakeholders⁴² including through two conferences in 2014 and 2017, and an open public consultation in

2019. The evidence base for this Communication was further strengthened through three studies, in particular the ‘Feasibility study on options to step up EU action against deforestation’ published in February 2018, which identified existing gaps and assessed possible additional policies. For example, while the EU FLEGT Action Plan tackles illegal logging and contributes to strengthening forest governance, it does not address deforestation caused by agricultural expansion. The EU Directive on promoting the use of energy from renewable sources specifies sustainability criteria, which liquid biofuel feedstock and certain biomass sources used for biogas and solid biomass fuels must meet if they are to qualify for financial and regulatory support. However the Directive does not cover uses of commodities other than for biofuels.

As the mandate of the current Commission is drawing to a close, this Communication will stop short of laying out a definitive blueprint for the incoming Commission. However, the challenges we face are urgent enough to merit a serious analysis of the problems, a discussion on how to tackle them, the identification of a number of proposals that can be put forward immediately, and the preparation of regulatory and financial responses, which are for the incoming Commission’s political leadership to decide upon.

III. Five priorities to step up EU action against deforestation and forest degradation

Priority 1: Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU

Over the past decade, the Commission has worked to increase political awareness of deforestation and forest degradation. A mix of voluntary and mandatory actions have been introduced in areas such as environmental labelling, sustainability reporting, human rights, due diligence, sustainable investment and finance, public procurement, and corporate social responsibility/responsible business conduct. While these actions have had some impact, few of them focused specifically on deforestation, forest degradation and reforestation. Also, while voluntary commitments from the private sector to help address deforestation have multiplied over recent years, the implementation and transparency of these efforts could be further improved.

The EU has also started to address the risk of deforestation arising from the increased use of biofuel. Directive (EU) 2018/2001 on promoting the use of energy from renewable sources⁴³, in addition to binding sustainability criteria, includes rules to minimise the risk of deforestation and sets an overall cap for counting the use of biofuels produced from food and feed crops under the renewables targets. Commission Delegated Regulation (EU) 2019/807⁴⁴ includes criteria for determining the high indirect land use change (ILUC) risk feedstock for which a significant expansion of the production area into land with high carbon stock is observed. The possibility to take biofuels from high ILUC feedstock into account when calculating the overall national share of renewable energy will be limited for 2021-2023, and phased out by 2030 at the latest.

To encourage the EU consumption of products from deforestation-free supply chains we have to make it easier for suppliers, manufacturers, retailers, consumers and public authorities, to identify, promote and purchase such products. Good examples of EU policies to improve supply chain transparency are the Regulation (EU) No 995/2010 laying down the obligations for operators who place timber and timber products on the market (also known as the EU Timber Regulation), and Regulation (EU) No 1169/2011 on providing

information on food to consumers, which allows them to distinguish the various vegetable oils contained in products. Other instruments include the EU Ecolabel, green public procurement and other initiatives in the context of the circular economy. Tools such as the product environmental footprint and organisation environmental footprint can also help to better assess pressures on deforestation from various categories of products. However, these initiatives could focus more specifically on promoting forestation and on the fight against deforestation and forest degradation.

Certification and verification schemes can also play a role in supporting sustainable supply chains if high standards are observed. The Commission has developed a Guidance Document⁴⁵ for the EU Timber Regulation that addresses the role of third-party verification schemes in risk assessment and risk mitigation. Also, in 2018, a study evaluated the sustainability standards for palm oil and summarised the impact of existing initiatives on the sustainable production and consumption of palm oil⁴⁶. **Standards and certification schemes that help to identify and promote deforestation-free commodities should be strengthened through, among other things, studies on their benefits and shortcomings and by developing guidance, including assessment based on certain criteria** to demonstrate the credibility and solidity of different standards and schemes. Such criteria should address aspects such as the robustness of the certification and accreditation processes, independent monitoring, possibilities to monitor the supply chain, requirements to protect primary forest and forests of high biodiversity value and promote sustainable forest management.

Consumers and producers should also be better informed about the link between consumption of commodities and deforestation. People should be encouraged, both via regulatory and non-regulatory incentives, to adopt more balanced, healthy and nutritious diets⁴⁷ and to reduce food waste. This more sustainable lifestyle will decrease the pressures on land and resources.

Key actions

The Commission will :

- **Establish a Platform for multi-stakeholder and Member State dialogue on deforestation, forest degradation and on sustainably increasing world's forest cover** to provide a forum to foster exchanges with and among stakeholders in order to build alliances, push for and share commitments to significantly reduce deforestation, and share experiences and information.
- **Encourage the strengthening of standards and certification schemes that help to identify and promote deforestation-free commodities** through, among other things, studies on their benefits and shortcomings and by developing guidance, including assessment based on certain criteria to demonstrate the credibility and solidity of different standards and schemes.
- **Assess additional demand side regulatory and non-regulatory measures to ensure a level playing field and a common understanding of deforestation-free supply chains, in order to increase supply chain transparency and minimise the risk of deforestation and forest degradation associated with commodity imports in the EU.**

In addition, the Commission will enhance the implementation of the following ongoing actions:

- **Carry out analytical work with relevant stakeholders to assess the need to require corporate boards to develop and disclose a sustainability strategy**, including appropriate due diligence throughout the supply chain, and measurable sustainability targets⁴⁸.
- **Promote the integration of forest-relevant considerations into corporate social responsibility/responsible business conduct practices** and foster the transparency, and uptake of voluntary commitments from the private sector, in line with international guidelines.
- **Further integrate deforestation considerations** within the EU Ecolabel, green public procurement and other initiatives in the context of the circular economy.
- **Actively support the development and dissemination of information and educational materials** to help reduce demand for products whose supply-chains may involve deforestation, and at the same time increase the demand for products from deforestation-free supply chains.
- In the context of the clean energy for All Europeans legal framework in place, **address relevant aspects on renewable energy and biofuels, review all relevant aspects of the report accompanying Commission Delegated Regulation (EU) 2019/807 in 2021 and, if appropriate, revise Delegated Regulation (EU) 2019/807 in 2023** based on the latest available evidence.
- **Implement the EU FLEGT Work Plan 2018-2022, in particular strengthen the implementation of the EU Timber Regulation.**

Priority 2: Work in partnership with producing countries to reduce pressures on forests and to ‘deforest-proof’ EU development cooperation

In line with EU development-cooperation principles, the Commission will work in partnership with producing countries to fight deforestation and forest degradation. Since 2014, the EU has invested on average €1.2 billion a year to support agriculture programmes in partner countries which face challenges in this area. The investment has focused on supporting climate-resilient agriculture; sustainable intensification and diversification; agro-ecology; and agroforestry. The Commission seeks to promote sustainable and transparent agricultural value chains on the basis of a robust methodology⁴⁹ which is shared by partner countries. This enables the Commission to support action to transform commodity value chains such as coffee, cocoa, palm oil, and livestock.

The Commission has also increased its focus on sustainable forest management (SFM) as a tool for preventing, halting and reversing forest loss and degradation. SFM reconciles economic, environmental and social objectives to: (i) ensure that forests retain their productive value; (ii) increase the resilience of forests to climate change; and (iii) sustain the ecosystem services that forests provide (including biodiversity conservation and carbon sequestration). SFM also helps to promote an innovative bio-economy and tap the high

socioeconomic potential of the forest-based sector. Investment in the forest-based sector generates more than twice the amount in other sectors of the economy. For every 100 jobs generated in the forest-based sector, 153 jobs are generated in other sectors as a result⁵⁰.

Promoting sustainable consumption and production of diversified wood-based products is a key element of the bio-economy. The EU has invested more than €20 million in pilot projects related to the forest industry since 2010 through its ‘SWITCH To Green’ programmes. An evaluation in 2018 concluded that EU support for green business development (mostly in Africa and Asia) achieved ‘high impact, in terms of uptake of sustainable consumption and production practices, increased levels of investments and creation of green jobs’⁵¹.

Biological diversity underpins the productive value of forests and forest-ecosystem services, and is therefore essential to counteract forest degradation. The EU has supported the creation and management of protected areas, which amounted to a total of 14.7 million hectares of tropical humid forest in 2018. The EU has also promoted innovative and effective tools to protect forests, such as community conservation (especially by indigenous peoples) and the landscape-based approach⁵².

Illegal activities create a high risk of deforestation. It is therefore essential to address drivers such as weak governance, and this has been a key element of the EU FLEGT Action Plan. Since 2003, this Action Plan has helped improve transparency, accountability, legal reform, inclusiveness and participatory approaches in supported countries. Promoting responsible land and forest tenure⁵³ remains a top priority of the EU’s international cooperation and development policy. The EU is currently supporting land governance actions in about 40 developing countries, and the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security⁵⁴ in another 18 countries. The EU also provides direct support to defenders of human rights and land rights. In the framework of the EU Action Plan against Wildlife Trafficking⁵⁵, the involvement of local authorities and communities enhances the effectiveness and impact of efforts to combat forest crime.

EU actions have helped to develop and implement policies in producer countries that have already led to a decrease in forest loss and forest degradation. Based on the experience so far, the Commission will scale up existing actions and develop additional actions such as those outlined below.

Key actions

The Commission will :

- **Ensure that deforestation is included in political dialogues at country level, and help partner countries to develop and implement national frameworks on forests and sustainable forest management.** These national frameworks will reflect domestic needs as well as global commitments. This can include helping partner countries to implement their National Determined Contributions to the Paris Agreement and/or the inclusion of forest-governance-related measures in budget-support and public-finance-management policy.

- **Ensure that EU support for agricultural, infrastructure, mining, urban, peri-urban, and rural policies in partner countries does not contribute to deforestation and forest degradation.** When justified, EU support should be accompanied by compensation measures, such as support for restoration, reforestation and/or afforestation.
- **Help partner countries to implement sustainable forest-based value chains and promote sustainable bio-economies** inspired by the example of the Commission Communication ‘A new Africa-Europe Alliance for Sustainable Investment and Jobs: Taking our partnership for investment and jobs to the next level’.
- **Develop and implement incentive mechanisms for smallholder farmers to maintain and enhance ecosystem services** and products provided by sustainable forest management and agriculture.

In addition, the Commission will enhance the implementation of the following ongoing actions:

- Scale-up efforts to support the rights of indigenous peoples and local communities dependent on forests, as well as environmental rights defenders in accordance with Resolution 28/11 of the UN Human Rights Council.
- Strengthen the policy and regulatory framework for promoting sustainable forest management and land-use planning, while integrating biodiversity and climate considerations.
- Promote the restoration of forest landscapes, as well as reforestation projects that integrate ecological principles favourable to biodiversity, local population rights, and livelihoods through the provision of enhanced ecosystem services⁵⁶.
- Continue to support forest conservation through the creation and effective management of protected forest areas, while exploring high conservation values⁵⁷ and high carbon stocks⁵⁸.
- Scale-up actions on the sustainable production and use of wood fuels based on lessons learnt from the Global Climate Change Alliance (GCCA+) initiative, while continuing to promote other forms of sustainable renewable energy.

Priority 3: Strengthen international cooperation to halt deforestation and forest degradation and encourage forest restoration

The EU’s leadership in this area is reflected in its commitment to multilateral action and through the EU FLEGT Action Plan. Action by the EU alone will only have a limited impact in reducing deforestation and forest degradation and in increasing forest cover globally. It is therefore important to strengthen cooperation, encourage consistent action, and avoid the diversion to other regions in the world of trade in products whose supply chains may involve deforestation.

At multilateral and bilateral level, the EU already actively contributes to designing policies

and standards that address the drivers of deforestation and forest degradation. The EU is promoting a global agenda for sustainable use of natural resources, rural development, food security, sustainable forest management, reforestation, and restoration of degraded forest areas in key international fora. The EU is also working through sectorial intergovernmental organisations, between countries, key stakeholders and initiatives such as the Task Force on Rural Africa⁵⁹, where it shares experience and knowledge, exploring opportunities to develop employment and revenue-generating activities. These actions lead to initiatives to use natural resources more efficiently – producing more with less.

As a major trading partner, the EU contributes to growth and socioeconomic development in many regions in the world, while promoting sustainability. In line with the commitment to make EU trade policy contribute to the responsible management of global supply chains⁶⁰, the Commission aims to ensure that all new comprehensive EU trade agreements contain provisions on sustainable forest management and responsible business conduct, as well as commitments to implement effectively the Paris Agreement. Some of the EU’s existing trade agreements already include specific provisions to promote trade in forest products that do not cause deforestation or forest degradation; and to encourage the conservation and sustainable management of forests⁶¹.

Key actions

The Commission will:

- **Strengthen cooperation on policies and actions to halt deforestation, forest degradation and restore forests in key international fora**, including the Food and Agriculture Organization (FAO), G7/G20, the UN Framework Convention on Climate Change (UNFCCC), the UN Forum on Forests (UNFF), the Convention on Biological Diversity (CBD), the United Nations Convention to Combat Desertification (UNCCD), the UN Environment Assembly (UNEA), the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO), for instance by promoting best practices and a common understanding of sustainable supply chains, and advocating for the adoption and implementation of strong commitments and provisions.
- **Promote trade agreements that include provisions on the conservation and sustainable management of forests and further encourage trade of agricultural and forest-based products not causing deforestation or forest degradation.** The Commission will also explore possibilities to provide incentives to trade partners to address deforestation. It will engage with trading countries to step-up implementation and enforcement of relevant provisions in the EU trade agreements and will draw lessons from these experiences.

In addition, the Commission will enhance the implementation of the following ongoing actions:

- Assess the impacts of trade agreements on deforestation in Sustainability Impact Assessments (SIAs) and other relevant assessments, based on solid impact assessment and evaluation methodologies.

- Address the sustainability of supply chains, including the issue of deforestation and forest degradation, in the context of relevant international commodity bodies⁶² (e.g. coffee, cocoa, timber).
- Within bilateral dialogues with major consumer and producer countries: (i) share experience and information on the respective policy and legal frameworks; and (ii) identify joint activities to inform policy developments based on an advanced understanding of the impacts of deforestation and forest degradation.

Priority 4: Redirect finance to support more sustainable land-use practices

Substantial investments are needed to address drivers of deforestation, promote sustainable reforestation and afforestation, as well as actively increase the world's forest coverage and create the enabling environment for more sustainable practices⁶³. There is increased international recognition that financial markets have a role to play in ensuring a more sustainable future and help implement the UN Sustainable Development Goals and the Paris Agreement. It is of paramount importance to redirect the important flows of private finance in the agricultural sector, both in graduated countries and those which qualify for receiving official development assistance, towards activities that are deforestation-free. At the same time it is essential to remove counter-productive financial incentives and subsidies.

For the period 2014-2020, the Commission has committed more than €500 million to support forests in partner countries. While this is a substantial amount, investment on this scale will clearly not be sufficient to meet the objectives set out in this Communication. According to the Secretariat of the United Nations Forum on Forests⁶⁴, financing needs for sustainable forest management alone amount to €60-€140 billion a year worldwide. Besides attracting new public funding, the key challenge will be to make forest-related investments consistent with development that is climate resilient and that reduces greenhouse-gas emissions (Article 2 of the Paris Agreement).

In this context, **the EU External Investment Plan (EIP) and Regional Blending Facilities** are efficient tools in leveraging private funding in sectors like energy, agriculture or infrastructure. While those innovative financial mechanisms can be attractive for the private sector in domains where return on investment is substantial, like sustainable forest management, reforestation and agroforestry, they are less suited to support investments in forest protection, conservation of carbon sinks and biodiversity. Therefore, appropriate public funding for those purposes will remain necessary to support the balance between the multi-purposes of forests (production, conservation, climate, livelihood, peace and health). The Commission has also committed to ensuring that projects under the InvestEU⁶⁵ sustainable infrastructure window for the 2021-2027 funding period promote sustainability and do not contribute to climate change.

Some important steps have already been taken. These include the EU Action Plan on Financing Sustainable Growth⁶⁶ and the politically-agreed regulations on low-carbon benchmarks⁶⁷ and on disclosures linked to sustainability⁶⁸. They also include the proposal to develop an EU taxonomy⁶⁹ to determine which economic activities can be considered to contribute substantially to greenhouse gas mitigation while not significantly harming any environmental objective for the purpose of investments.

Investing in sectors that are associated with deforestation can expose investors to operational, legal, or reputational risks. Investors should therefore be encouraged to nudge companies to move to deforestation-free practices or deforestation-free supply chains. Increased transparency throughout the investment chain⁷⁰ can facilitate such changes in the real economy. Under the Non-Financial Reporting Directive, large companies in the EU are already required to disclose non-financial information, including on environmental, social and human-rights matters⁷¹. The Commission intends to publish soon the results of a fitness check on the EU framework for corporate reporting, including the Non-Financial Reporting Directive. Meanwhile, the Commission is promoting best practices and exploring the possibility of adopting generally accepted principles in environmental management accounting that will further enhance the options of corporate and financial organisation to identify and reduce environmental impacts and dependencies, including on deforestation and land degradation⁷². That includes work under the Business and Biodiversity Platform and future environmental accounting platforms derived from this partnership approach and supported through the LIFE programme.

Key actions

The Commission will :

- Assess, together with the EU Member States, possible **sustainable mechanisms to catalyse green finance** for forests and how to further leverage and increase **funding** – including through blending mechanisms and building also on the experience of the EU External Investment Plan (EIP). The objective would be to support producer countries in the conservation of existing forest cover and regeneration of forests, and in creating positive incentives for investments in sustainable forest management and sustainable forest-based value chains. Support in particular partner countries in designing and implementing policies and instruments that can encourage better land and forest governance (such as fiscal policies, green accounting, green bonds, payments for ecosystem services schemes).
- **Consider improving company reporting on the impacts that company activities have on deforestation and forest degradation** in the context of any future revision of the Non-Financial Reporting Directive⁷³ further to the conclusions of the Fitness Check on corporate reporting.

In addition, the Commission will enhance the implementation of the following ongoing actions:

- Integrate considerations related to deforestation as part of the assessment of projects in sectors where these considerations are relevant parameters to assess the project's impacts.
- Consider guidance on — and improvement of — different measurement approaches used at EU and Member-State level to better understand the value of forests and the characteristics of forest-risk financing.

- Pay careful consideration to deforestation in the implementation of the Action Plan for Sustainable Finance, including in the creation of an EU taxonomy for economic activities.

Priority 5: Support the availability of, quality of, and access to information on forests and commodity supply chains. Support research and innovation

Effective forest policy needs reliable information on forest resources, their condition, and how they are managed and used. It also needs reliable information on land-use change. The EU has been supporting research and capacity building in this domain at the global, regional and national levels⁷⁴. It has also been supporting the monitoring of deforestation and forest degradation by using Earth Observation data from different sources.

The EU’s Copernicus Earth Observation and Monitoring programme provides full, free and open access to Sentinel satellites data and information from Copernicus services. This has helped to reduce the cost of monitoring Sustainable Development Goals indicators like the indicator on sustainable forest management. Copernicus is a key tool to strengthen global or national forest monitoring systems. The Commission is also implementing the EU’s Bio-economy Strategy⁷⁵, including the establishment of a Knowledge Centre for Bio-economy and an EU monitoring system for the bio-economy, covering ecosystems and their services. However, **there is a need to further harness the EU’s earth-observation and supply-chain data, and to combine research and monitoring capacity to develop an early warning system.**

It is important to encourage the consumption of products from deforestation-free supply chains in the EU and to fine-tune assessments of the impact that consumption by the EU and other markets has on the world’s forests. This requires **better monitoring of trade flows down to national, regional and local levels, and better access to timely information.** A number of initiatives⁷⁶ have emerged in recent years that seek to achieve this, but only a few of these supply-chain transparency initiatives have been developed into truly accessible platforms capable of informing the decisions of a wide range of actors.

The EU research framework programme Horizon 2020 has already financed significant research and innovation in relevant areas⁷⁷. However, more research and scientific evidence is needed for the transition towards more sustainable land-use practices and supply chains to halt deforestation and forest degradation. This research is needed in domains such as: climate-change mitigation and adaptation; the identification and implementation of nature-based solutions⁷⁸; forest and landscape restoration (including afforestation and reforestation); trade-flows; and market monitoring of commodities associated with deforestation and forest degradation. The Commission will enhance its efforts on these issues, not least through the next EU innovation and research framework, Horizon Europe. In addition, it will support the sharing of best EU practices on renewable energy, smart agriculture and other relevant areas with other countries.

Key actions

The Commission will:

- Build on the already existing monitoring tools, and **establish an EU Observatory on deforestation, forest degradation, changes in the world's forest cover, and associated drivers**. The objective of this is to facilitate access to information on supply chains for public entities, consumers and businesses.
- Explore the feasibility of developing a Copernicus REDD+ service component to strengthen the existing global or national forest-monitoring systems, as well as to establish long-term European capacity and leadership in this domain.
- **Improve coordination of work among relevant research institutes**, including through the north-south and south-south cooperation frameworks of the European Innovation Partnership. The aim will be to strengthen capacity and help put research results to good use in key consumer and producer countries, including by supporting regional observatories.
- **Share innovative EU practices** on the circular economy, sustainable bio-economy, renewable energy, smart agriculture and other relevant areas with other countries.

In addition, the Commission will enhance the implementation of the following ongoing actions:

- Assist producer countries in tracking progress in the implementation of policy objectives, including: (i) the forest-related components of Nationally Determined Contributions; (ii) commitments related to deforestation and legal and sustainable commodity production; and (iii) related trade.
- Step up efforts to improve the availability, quality and harmonisation of reliable information on forest resources and land-use change to inform policy-making by a wide range of stakeholders, including in partner countries.
- Continue to support the development of global⁷⁹ and regional⁸⁰ information systems to monitor the effects of forest fires, which burn about 67 million hectares of forest worldwide each year⁸¹.

Conclusion

The Commission is proposing a list of initial actions, and paving the way for additional measures to be considered and decided upon by the next political leadership of the Commission.

Successful implementation of this Communication will require a constant dialogue between the EU and its partners in the world, strong involvement of the private sector, and active consultation with civil society, as identified in Annex 2. Significant financial resources will also need to be mobilised.

The Commission invites the European Parliament and Council to endorse this Communication and to engage actively in implementing the actions it contains, in close cooperation with all relevant stakeholders. The Commission will monitor and report on how the actions are implemented, and will assess whether they successfully address drivers of deforestation and forest degradation.

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- ¹ Deforestation is the conversion of forest to other land use independently whether human-induced or not (FAO 2018, Global Forest Resources Assessment 2020. Terms and Definitions. <http://www.fao.org/3/I8661EN/i8661en.pdf>).
 - ² Forest degradation is a reduction in the capacity of a forest to deliver products and services, which means a forest that has lost, through human activities, the structure, function, species composition or productivity normally associated with a natural forest type expected on that site. Hence, a degraded forest delivers a reduced supply of goods and services from the given site and maintains only limited biological diversity. Biological diversity of degraded forests includes many non-tree components, which may dominate in the undercanopy vegetation. (Source: Convention on Biological Diversity. <https://www.cbd.int/forest/definitions.shtml> and IPBES <https://www.ipbes.net/glossary/forest-degradation>)
 - ³ Five Forest Figures, the World Bank. Available at: <https://blogs.worldbank.org/opendata/five-forest-figures-international-day-forests>
 - ⁴ The need to reduce forest loss is underlined in IPBES. 2019. Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science- Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES Secretariat, Bonn, Germany. <https://www.ipbes.net/global-assessment-report-biodiversity-ecosystem-services>.
 - ⁵ Smith P et al. (2014) Agriculture, Forestry and Other Land Use (AFOLU). In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Edenhofer O et al (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA.
 - ⁶ FAO. 2018. The State of the World's Forests 2018 - Forest pathways to sustainable development. Rome. <http://www.fao.org/3/a-i9535en.pdf>
 - ⁷ United Nations. 2017. Sustainable Development Goals Report 2017. <https://unstats.un.org/sdgs/files/report/2017/TheSustainableDevelopmentGoalsReport2017.pdf>
 - ⁸ https://ec.europa.eu/info/food-farming-fisheries/forestry/forestry-explained_en
 - ⁹ FOREST EUROPE, 2015: State of Europe's Forests 2015. <https://www.foresteuropa.org/docs/fullsoef2015.pdf>
 - ¹⁰ Communication from the Commission. A new EU Forest Strategy: for forests and the forest-based sector. COM(2013) 659. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013DC0659>. See also Report from the Commission Progress in the implementation of the EU Forest Strategy 'A new EU Forest Strategy: for forests and the forest sector' COM(2018) 811. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0811>.
 - ¹¹ A primary forest is a forest that has never been logged and which has developed following natural disturbances and under natural processes, regardless of its age – <https://www.cbd.int/forest/definitions.shtml>

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- ¹² Afforestation is establishment of forest through planting and/or deliberate seeding on land that, until then, was under a different land use, implies a transformation of land use from non-forest to forest (FAO 2018, Global Forest Resources Assessment 2020. Terms and Definitions. <http://www.fao.org/3/I8661EN/i8661en.pdf>). Reforestation is re-establishment of forest through planting and/or deliberate seeding on land classified as forest (ibid). Restoration is defined as actions to re-instate ecological processes, which accelerate recovery of forest structure, ecological functioning and biodiversity levels towards those typical of climax forest (Elliott, S., D. Blakesley and K. Hardwick, in press. Restoring Tropical Forests: a Practical Guide. Kew Publications, London). Afforestation and reforestation projects should contribute to the maintenance or improve the provision of ecosystem goods and services at the landscape level and should benefit climate, change mitigation, biomass production, biodiversity conservation, soil and water protection, erosion and desertification control, and avoid the introduction of invasive species (Pan-European Guidelines for Afforestation and Reforestation – Forest Europe 2008).
- ¹³ See section 3.5 in Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2018). The IPBES Assessment Report on Land Degradation and Restoration. https://www.ipbes.net/system/tdf/2018_ldr_full_report_book_v4_pages.pdf?file=1&type=node&id=29395
- ¹⁴ Targets 5, 7, 11, 14, 15 relate directly to forests.
- ¹⁵ The UN Strategic Plan for Forests 2030 features targets to reverse the loss of forest cover worldwide and increase global forest area by 3% by 2030.
- ¹⁶ FAO. 2016. State of the World's Forests 2016. Forests and agriculture: land-use challenges and opportunities. Rome. <http://www.fao.org/3/a-i5588e.pdf>
- ¹⁷ These projections are based on the ROADLESS-FOR map and the extrapolation of rates of disturbances (deforestation and degradation) observed over the last 10 years (2009-2018) - source JRC, 2019.
- ¹⁸ E.g. According to Interpol, trade in illegal timber is worth USD 51 billion/year. (The Rise of Environmental Crime – A Growing Threat to Natural Resources, Peace, Development And Security, A UNEP-INTERPOL Rapid Response Assessment).
- ¹⁹ Household Energy Access for Cooking and Heating Lessons Learned and the Way Forward, Koffi Ekouevi and Voravate Tuntivate; 2012 International Bank for Reconstruction and Development/The World Bank.
- ²⁰ EU's share of imported embodied deforestation (1990-2008) amounts to 4.45 million ha (Mha) for soy (39%), 0.9 Mha for Palm oil, 0.6 Mha for cocoa (27%), 0.3 Mha for coffee (27%) - Feasibility study 2018 - part I - table 4-3.
- ²¹ The report on the status of production expansion of relevant food and feed crops worldwide (COM(2019) 142 final) showed a significant expansion, on a global scale, of palm oil into land with high-carbon stock such as forests. The data also showed that, for some other biofuel feedstock, expansion could be observed, but limited to specific countries.
- ²² Other products such as cotton, coffee, sugar cane, rape, shrimp (from mangrove areas), coco, and mining products, whose excessive extraction and production can also have significant environmental and social impacts.
- ²³ The concept of 'embodied deforestation' is used for linking deforestation to consumption. It refers to the deforestation embodied (as an externality) in a produced, traded, or consumed product, good, commodity or service.
- ²⁴ European Commission, 2013. The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation. Final report. Study funded by the European Commission and undertaken by VITO, the International Institute for Applied Systems Analysis, HIVA - Onderzoeksinstituut voor Arbeid en Samenleving and International Union for the Conservation of Nature NL.
- ²⁵ Communication from the Commission to the Council and the European Parliament - Forest Law Enforcement, Governance and Trade (FLEGT) - Proposal for an EU Action Plan (COM(2003) 251 final).
- ²⁶ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.
- ²⁷ http://ec.europa.eu/environment/forests/eu_comm_2019.htm
- ²⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss (COM(2008)645 final).

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- ²⁹ Communication from the Commission. A Clean Planet for all. A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy, COM(2018) 773 final. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM%3A2018%3A773%3AFIN>.
- ³⁰ Directive (EU) 2018/2001 of the European Parliament and Council.
- ³¹ https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en
- ³² The reduction in annual forest cover loss from 2005-2010 to 2010-2015 was around 17% (from 6.6 to 5.5 Mha/year); from FAO (2015) Global Forest Resources Assessment 2015 and Keenan et al. (2015) Forest Ecology and Management 352, 9–20.
- ³³ The global tree restoration potential; Science 05 Jul 2019: Vol. 365, Issue 6448, pp. 76-79; <https://science.sciencemag.org/content/365/6448/76>
- ³⁴ Intergovernmental Panel on Climate Change (IPCC), An IPCC Special Report on the Impacts of Global Warming of 1.5 °C Above Pre-Industrial Levels and Related Global Greenhouse Gas Emission Pathways (IPCC, 2018).
- ³⁵ ‘Creating forestry jobs to boost the economy and build a green future’, C.T.S. Nair and R. Rut. Background paper prepared for the special event ‘Impacts of Global Economic Turbulence on the Forest Sector’ at the nineteenth session of the FAO Committee on Forestry, Rome, 20 March 2009.
- ³⁶ The European Parliament has adopted a number of resolutions in relation to forest and deforestation, see for example European Parliament resolution of 11 September 2018 on transparent and accountable management of natural resources in developing countries: the case of forests (2018/2003(INI)) http://www.europarl.europa.eu/doceo/document/TA-8-2018-0333_EN.pdf
- ³⁷ See 2019 Council Conclusions on the progress on the implementation of the EU Forest Strategy and on a new strategic framework for forests (<https://www.consilium.europa.eu/media/39173/ccs-on-forestry-st08609-en19.pdf>); 2014 New York Declaration on Forests, the 2015 Amsterdam Declaration, the 2018 Ministerial Katowice Declaration on Forests for the Climate; hundreds of companies have made commitments to eliminate deforestation from their supply chains (<http://www.supply-change.org/>); and the recent Cocoa and Forests Initiative is also relevant.
- ³⁸ Communication from the Commission. Our life insurance, our natural capital: an EU biodiversity strategy to 2020 (COM(2011) 244) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52011DC0244>
- ³⁹ Decision No 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 on a General Union Environment Action Programme to 2020 ‘Living well, within the limits of our planet’. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013D1386>
- ⁴⁰ https://ec.europa.eu/commission/publications/reflection-paper-towards-sustainable-europe-2030_en
- ⁴¹ Certain natural ecosystems such as peatland and savannah, rich in carbon and biodiversity, do not meet the definition of forests, but are affected by agricultural production and are seriously threatened.
- ⁴² Further information about the 2014 and 2017 Conferences, the studies and the public consultation can be found at <http://ec.europa.eu/environment/forests/deforestation.htm>.
- ⁴³ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.
- ⁴⁴ Commission Delegated Regulation (EU) of 13.3.2019 supplementing Directive (EU) 2018/2001 as regards the determination of high indirect land-use change-risk feedstock for which a significant expansion of the production area into land with high carbon stock is observed and the certification of low indirect land use change-risk biofuels, bio-liquids and biomass fuels (OJ L 133, 21.5.2019, p. 1–7).
- ⁴⁵ http://ec.europa.eu/environment/forests/pdf/eutr_guidance.zip
- ⁴⁶ http://ec.europa.eu/environment/forests/studies_EUaction_deforestation_palm_oil.htm
- ⁴⁷ Food in the Anthropocene: the EAT–Lancet Commission on healthy diets from sustainable food systems. <https://www.thelancet.com/commissions/EAT>
- ⁴⁸ Commission Action Plan on Financing Sustainable Growth.
- ⁴⁹ Value-Chain Analysis for Development Initiative (VCA4D). <https://europa.eu/capacity4dev/value-chain-analysis-for-development-vca4d->
- ⁵⁰ Lia et al. (2019). The economic contribution of the world's forest sector, Forest Policy and Economics Volume 100, March 2019. <https://www.sciencedirect.com/science/article/pii/S1389934118300753?via%3Dihub>

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- 51 <https://europa.eu/capacity4dev/public-environment-climate/documents/scp-evaluation-final-report-full-package-publications>
- 52 Community management of forests has been shown to reduce deforestation rates in Bolivia, Brazil and Colombia (Stevens et al.2014; Blackman and Veit 2018).
- 53 Although 86% of the world’s forests are publicly owned, in practice, around 60% of land and resources globally are managed on the basis of customary rules, of which less than a fifth are formally recognised.
- 54 The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security set out principles and internationally accepted standards for practices for the responsible governance of tenure. They provide a framework that countries can use when developing their own strategies, policies, legislation, programmes and activities. They allow governments, civil society, the private sector and citizens to judge whether their proposed actions and the actions of others constitute acceptable practices.
- 55 Communication from the Commission. EU Action Plan against Wildlife Trafficking (COM(2016) 87. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:87:FIN>).
- 56 In coordination with existing initiatives such as the Bonn Challenge: <http://www.bonnchallenge.org/>, the New York Declaration on Forests, and the Global Partnership for Forest and Landscape Restoration: <http://www.forestlandscaperestoration.org/>.
- 57 An area designated on the basis of high conservation values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level: <https://hcvnetwork.org/>.
- 58 The high carbon stock (HCS) approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed: <http://highcarbonstock.org/>.
- 59 See https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/report-tfra_mar2019_en.pdf. Other examples of relevant initiatives are the Tropical Forest Alliance, the Sustainable Trade Initiative, the Marrakesh Declaration on Palm Oil, the Cocoa and Forest Initiative, the Extractive Industries Transparency Initiative, and the Tire Industry Project of the World Business Council on Sustainable Development on natural rubber.
- 60 In line with the Commission Communication ‘Trade for All - Towards a more responsible trade and investment policy’, COM(2015) 497.
- 61 See for example the EU-Mexico Agreement in principle, announced on 21 April 2018.
- 62 Such as the International Tropical Timber Organisation, the International Cocoa Organisation, and the International Coffee Organisation.
- 63 Climate Focus. (2017). Progress on the New York Declaration on Forests: Finance for Forests - Goals 8 and 9 Assessment Report. Prepared by Climate Focus in cooperation with the New York Declaration on Forests Assessment Partners with support from the Climate and Land Use Alliance.
- 64 B. Singer ‘Financing Sustainable Forest Management in Developing Countries: The Case for a Holistic Approach’, International Forestry Review 18(1), 96-109, (1 March 2016). <https://doi.org/10.1505/146554816818206159>.
- 65 Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme (COM/2018/439 final).
- 66 COM (2018) 97 final.
- 67 Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks (COM(2018) 355 final).
- 68 Proposal for a Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341 (COM(2018) 354 final).
- 69 Proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (COM (2018) 353 final).
- 70 See the revised Shareholder Rights Directive (EU) 2017/828 and the Commission proposal COM (2018) 354 final on sustainability disclosures by investors which aim to contribute to increased transparency.
- 71 Directive 2014/95/EU on disclosure of non-financial information and diversity information. In this context, the Commission will update the non-binding guidelines (C/2017/4234) by the end of Q2 2019, specifically with regard to the reporting of climate-related information, and will emphasise links with deforestation.

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- ⁷² See, for example, the emerging corporate natural-capital accounting practice supported by the World Business Council on Sustainable Development, its Natural Capital Protocol, and related public-private partnerships.
- ⁷³ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. Text with EEA relevance.
- ⁷⁴ For example, the support to: the FAO's Global Forest Resources Assessment (www.fao.org/forest-resources-assessment/en/), the ROADLESS-FOR project (<https://forobs.jrc.ec.europa.eu/roadless/>), the Observatory for Central Africa (<http://www.observatoire-comifac.net>), prototypes for South East Asia (www.rfo-sea.org/), prototypes for East Africa (<http://apps.rcmr.org/ofesa>), and the REDD+ monitoring, reporting and verification stream of work.
- ⁷⁵ Communication from the Commission. 'A sustainable Bio-economy for Europe: Strengthening the connection between economy, society and the environment' (COM/2018/673 final) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018DC0673>.
- ⁷⁶ E.g. the TRASE initiative (Transparent supply chains for sustainable economies) and the Global Forest Watch Commodities platform of the World Resources Institute.
- ⁷⁷ For example, the EU-Africa Research and Innovation Partnership on Food and Nutrition Security & Sustainable Agriculture (FNSSA), the 2016 ERA-NET co-fund LEAP-Agri, and the ongoing 2019 call topic LC-SFS-34-2019: Food Systems Africa.
- ⁷⁸ Nature-based solutions are understood as living solutions that are inspired and supported by nature, which are cost-effective; simultaneously provide environmental, social and economic benefits; and help build resilience.
- ⁷⁹ Global Wildfire Information System (<http://gwis.jrc.ec.europa.eu>).
- ⁸⁰ European Forest Fire Information System (<http://effis.jrc.ec.europa.eu>).
- ⁸¹ FAO (2015) Global Forest Resources Assessments 2015 and van Lierop et al. (2015) Forest Ecology and Management 352, pp. 78-88.



Brussels, 23.7.2019
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ANNEX 1

ANNEX

to the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Stepping up EU Action to Protect and Restore the World's Forests

{SWD(2019) 307 final}

ANNEX I

Actions to be implemented by the European Commission

Priority 1: Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU
Promote transparent supply chains <ul style="list-style-type: none">- Establish a Platform for multi-stakeholder and Member State dialogue on deforestation, forest degradation and on sustainably increasing world's forest cover to provide a forum to foster exchanges with and among stakeholders in order to build alliances, push for and share commitments to significantly reduce deforestation, and share experiences and information.- Encourage the strengthening of standards and certification schemes that help to identify and promote deforestation-free commodities through, among other things, studies on their benefits and shortcomings and by developing guidance, including assessment based on certain criteria to demonstrate the credibility and solidity of different standards and schemes.- Assess additional demand side regulatory and non-regulatory measures to ensure a level playing field and a common understanding of deforestation-free supply chains, in order to increase supply chain transparency and minimise the risk of deforestation and forest degradation associated with commodity imports in the EU.- Carry out analytical work with relevant stakeholders to assess the need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets.- Promote the integration of forest-relevant considerations into corporate social responsibility/responsible business conduct practices and foster the transparency, and uptake of voluntary commitments from the private sector, in line with international guidelines.- Implement the EU FLEGT Work Plan 2018-2022, in particular strengthen the implementation of the EU Timber Regulation.
Promote deforestation-free consumption <ul style="list-style-type: none">- Further integrate deforestation considerations within the EU Ecolabel, green public procurement and other initiatives in the context of the circular economy.- Actively support the development and dissemination of information and educational materials to help reduce demand for products whose supply-chains may involve deforestation, and at the same time increase the demand for products from deforestation-free supply chains.- In the context of the clean energy for All Europeans legal framework in place, address relevant aspects on renewable energy and biofuels, review all relevant aspects of the report accompanying Commission Delegated Regulation (EU) 2019/807 in 2021 and, if appropriate, revise Delegated Regulation (EU) 2019/807 in 2023 based on the latest available evidence.
Priority 2 – Work in partnership with producing countries to reduce pressures on forests and to ‘deforest-proof’ EU development cooperation
Support sustainable land and forest use practices and forest protection <ul style="list-style-type: none">- Ensure that EU support for agricultural, infrastructure, mining, urban, peri-urban, and rural policies in partner countries does not contribute to deforestation and forest degradation. When justified, EU support should be accompanied by compensation measures, such as support for restoration, reforestation and/or afforestation.- Help partner countries to implement sustainable forest-based value chains and promote sustainable bio-economies inspired by the example of the Commission Communication ‘A new Africa-Europe Alliance for Sustainable Investment and Jobs: Taking our partnership for investment and jobs to the next level’.- Develop and implement incentive mechanisms for smallholder farmers to maintain and enhance ecosystem services and products provided by sustainable forest management and agriculture.- Scale-up efforts to support the rights of indigenous peoples and local communities dependent on forests, as well as environmental rights defenders in accordance with Resolution 28/11 of the UN Human Rights

<p>Council.</p> <ul style="list-style-type: none"> - Strengthen the policy and regulatory framework for promoting sustainable forest management and land-use planning, while integrating biodiversity and climate considerations. - Promote the restoration of forest landscapes, as well as reforestation projects that integrate ecological principles favourable to biodiversity, local population rights, and livelihoods through the provision of enhanced ecosystem services. - Continue to support forest conservation through the creation and effective management of protected forest areas, while exploring high conservation values and high carbon stocks. - Scale-up actions on the sustainable production and use of wood fuels based on lessons learnt from the Global Climate Change Alliance (GCCA+) initiative, while continuing to promote other forms of sustainable renewable energy.
<p>Support national efforts in partner countries to reduce pressure on forests</p> <ul style="list-style-type: none"> - Ensure that deforestation is included in political dialogues at country level, and help partner countries to develop and implement national frameworks on forests and sustainable forest management. These national frameworks will reflect domestic needs as well as global commitments. This can include helping partner countries to implement their National Determined Contributions to the Paris Agreement and/or the inclusion of forest-governance-related measures in budget-support and public-finance-management policy. - Scale-up support for improved land and forest governance and law enforcement (EU Action Plan against Wildlife Trafficking, FLEGT Work Plan 2018-2022, the implementation of good governance relevant guidelines and codes of conduct, VGGTs, rights of indigenous peoples and local communities and others).
<p>Priority 3: Strengthen international cooperation to halt deforestation and forest degradation and encourage forest restoration</p>
<p>Push for strong commitments</p> <ul style="list-style-type: none"> - Strengthen cooperation on policies and actions to halt deforestation, forest degradation and restore forests in key international fora, including the Food and Agriculture Organization (FAO), G7/G20, UN Framework Convention on Climate Change (UNFCCC), UN Forum on Forests (UNFF), Convention on Biological Diversity (CBD), United Nations Convention to Combat Desertification (UNCCD), UN Environment Assembly (UNEA), Organisation for Economic Co-operation and Development (OECD) and World Trade Organization (WTO), for instance by promoting best practices and a common understanding of sustainable supply chains, and advocating for the adoption and implementation of strong commitments and provisions. - Address the sustainability of supply chains, including the issue of deforestation and forest degradation, in the context of relevant international commodity bodies (e.g. coffee, cocoa, timber). - Within bilateral dialogues with major consumer and producer countries: (i) share experience and information on the respective policy and legal frameworks; and (ii) identify joint activities to inform policy developments based on an advanced understanding of the impacts of deforestation and forest degradation.
<p>Address deforestation and forest degradation in the trade policy</p> <ul style="list-style-type: none"> - Promote trade agreements that include provisions on the conservation and sustainable management of forests and further encourage trade of agricultural and forest-based products not causing deforestation or forest degradation. The Commission will also explore possibilities to provide incentives to trade partners to address deforestation. It will engage with trading countries to step-up implementation and enforcement of relevant provisions in the EU trade agreements and will draw lessons from these experiences. - Assess the impacts of trade agreements on deforestation in Sustainability Impact Assessments (SIAs) and other relevant assessments, based on solid impact assessment and evaluation methodologies.
<p>Priority 4: Redirect finance in support of more sustainable land-use practices</p>
<p>Support producing countries to mobilise public and private financing and ensure its effectiveness</p> <ul style="list-style-type: none"> - Assess, together with the EU Member States, possible sustainable mechanisms to catalyse green finance

for forests and how to further leverage and increase funding – including through blending mechanisms and building also on the experience of the EU External Investment Plan (EIP). The objective would be to support producer countries in the conservation of existing forest cover and regeneration of forests, and in creating positive incentives for investments in sustainable forest management and sustainable forest-based value chains. Support in particular partner countries in designing and implementing policies and instruments that can encourage better land and forest governance (such as fiscal policies, green accounting, green bonds, payments for ecosystem services schemes).

- Integrate considerations related to deforestation as part of the assessment of projects in sectors where these considerations are relevant parameters to assess the project's impacts.
- Consider guidance on — and improvement of — different measurement approaches used at EU and Member-State level to better understand the value of forests and the characteristics of forest-risk financing.

Step up consideration as part of the Sustainable Finance Action Plan

- Consider improving company reporting on the impacts that company activities have on deforestation and forest degradation in the context of any future revision of the Non-Financial Reporting Directive further to the conclusions of the Fitness Check on corporate reporting.
- Pay careful consideration to deforestation in the implementation of the Action Plan for Sustainable Finance, including in the creation of an EU taxonomy for economic activities.

Priority 5: Support the availability of, quality of, and access to information on forests and commodity supply chains. Support research and innovation.

Improve monitoring and provision of reliable information

- Build on the already existing monitoring tools, and establish an EU Observatory on deforestation, forest degradation, changes in the world's forest cover, and associated drivers. The objective of this is to facilitate access to information on supply chains for public entities, consumers and businesses.
- Explore the feasibility of developing a Copernicus REDD+ service component to strengthen the existing global or national forest-monitoring systems, as well as to establish long-term European capacity and leadership in this domain.
- Assist producer countries in tracking progress in the implementation of policy objectives, including: (i) the forest-related components of Nationally Determined Contributions; (ii) commitments related to deforestation and legal and sustainable commodity production; and (iii) related trade.
- Step up efforts to improve the availability, quality and harmonisation of reliable information on forest resources and land-use change to inform policy-making by a wide range of stakeholders, including in partner countries.
- Continue to support the development of global and regional information systems to monitor the effects of forest fires, which burn about 67 million hectares of forest worldwide each year.

Mobilise and better coordinate research and innovation

- Improve coordination of work among relevant research institutes, including through the north-south and south-south cooperation frameworks of the European Innovation Partnership. The aim will be to strengthen capacity and help put research results to good use in key consumer and producer countries, including by supporting regional observatories.
- Share innovative EU practices on the circular economy, sustainable bio-economy, renewable energy, smart agriculture and other relevant areas with other countries.



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ANNEX 2

ANNEX

to the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Stepping up EU Action to Protect and Restore the World's Forests

{SWD(2019) 307 final}

ANNEX II

Actions recommended to Member States' authorities, industry and civil society

Member States' authorities are encouraged to:

- Develop and implement national strategies and action plans on deforestation and forest degradation, including:
 - o awareness campaigns and engagement with relevant businesses;
 - o voluntary commitments to support the Communication's objective, in particular as regards reducing EU demand for products from supply chains associated with deforestation and forest degradation;
 - o actions to promote supply chains transparency.
- Support partner countries in:
 - o improving relevant policy and regulatory frameworks;
 - o improving innovative financing instruments such as green bonds;
 - o improving payments for ecosystem services schemes;
 - o encouraging their national banking sectors to support investments in sustainable agriculture, forestry and infrastructure.
- In the framework of development cooperation:
 - o ensure that financial contributions do not contribute to deforestation and forest degradation;
 - o scale up support provided to sustainable agriculture, agroforestry, agro-ecology, and other climate-resilient/ecological farming, including to smallholders to ensure sustainable agricultural and forest value chains;
 - o support management of protected forest areas, sustainable forest management and efforts to restore degraded forests, including afforestation and reforestation;
 - o support the protection of the rights of indigenous peoples and local communities and the improvement of land governance and law enforcement.
- Continue to actively engage with other countries and key stakeholders in the multilateral context, e.g. in multilateral environmental agreements, policy processes and fora such as UN agencies and committees, to support the adoption and implementation of strong commitments and provisions halting deforestation and forest degradation.
- Further strengthen the inclusion of provisions on sustainable value chains in trade agreements, with a particular focus on deforestation, in the context of OECD and other relevant fora.
- Contribute to research and innovation related to halting deforestation and forest degradation through national and EU funding programmes.
- Support international and bilateral cooperation and collaboration with relevant research institutions and organisations working on deforestation and forest degradation.

Industry is encouraged to:

- Make voluntary commitments in support of the communication's objective, in particular as regards reducing use of products from supply chains associated with deforestation and forest degradation and promoting supply chain transparency.
- Integrate deforestation considerations into their corporate social responsibility/responsible business conduct actions.
- Support progress towards sustainable land-use practices and reducing pressure on forests.
- Support investments in sustainable management of forests, restoration and reforestation of degraded forest landscapes and ecosystems.
- Step-up efforts to empower and protect the rights of indigenous peoples and local communities, including land and forest tenure rights and labour rights.
- Actively commit to and implement integrated, cross-border actions halting deforestation and forest degradation.
- Increase cooperation and partnerships with international commodity bodies, and relevant initiatives and key stakeholders to tackle deforestation and forest degradation.
- Ensure that investments do not contribute to deforestation and forest degradation and increase transparency.
- Increase support to research and innovation in areas that are directly relevant to fulfilling the Communication's objectives and scale up the use of monitoring and traceability tools throughout the supply chain.

Civil society is encouraged to:

- Mobilise its networks to raise awareness about deforestation and forest degradation and promote the objectives of this Communication.
- Support the protection of the rights of indigenous peoples and local communities, including land and forest tenure rights, by supporting dedicated facilities, civil society organisations, human and land right defenders and participatory processes, as well as by providing expertise and sharing best practices.
- Play an active role in integrated, cross-border actions halting deforestation and forest degradation.
- Continue raising awareness of deforestation and forest degradation issues throughout all relevant international fora.
- Contribute to increasing investment-related transparency.
- Contribute to the traceability and transparency of supply chains.