



## Considerations of the European forest-based industries on the proposal for a regulation on deforestation and forest degradation adopted by the European Parliament

Brussels, 20 September 2022

The European forest-based industries would like to share their considerations on the proposal for a regulation on deforestation-free value chains adopted by the the Plenary of the European Parliament on the 13 September 2022.

The forest-based industries, which include the woodworking industries, the industries manufacturing pulp, paper and paper products, the furniture industry and the printing industry are supplied essentially from European forests<sup>1</sup>, which are managed sustainably for multiple purposes, while also making efficient use of secondary sources such as residues and waste materials. The forests and forest-based products have a great role in tackling climate change and for this reason, we call for a Regulation that puts in place feasible obligations for operators and involves third Countries in eradicating illegal timber from the market and fighting against deforestation.

We call on legislators to introduce an extended transition period to allow smallholders, companies and other actors to adjust their operations to the numerous new requirements introduced by the new framework, in dialogue with producing countries. In this sense, country benchmarking should be done before the legislation enters into force and should contain relevant elements to assess the compliance with international standards on human rights and the rights of indigenous people, if the final Regulation includes such requirement. This assessment should not be done by operators.

Our considerations on the European Parliament Report:

- 1) The key priority is to have a definition of **forest degradation** that is as clear and operational as possible. This is necessary to avoid that operators who source wood from sustainably managed forests are put in a situation of legal uncertainty. The definition proposed by the European Parliament is too open to interpretation and may even hinder sustainable management practices and/or forest restoration activities, as those often require to bring changes in species composition to adapt forests to changing climate. The definition put forward in the Council orientation is much more realist and implementable.

---

<sup>1</sup> 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) The term '**forest conversion**' in the context of this proposal is not justified and should be removed. Namely, conversion of forests to other land-uses is covered by the definition of deforestation, and therefore there is no need for duplication. More alarming, introducing this new term of 'forest conversion' in sense of changes in composition, structure, and function of forest ecosystem will hinder necessary forest management practices, including those for climate adaptation. Therefore, the regulation will become also a tool to regulate and limit forest management, undermining Member States' legal provisions and going against the principles of subsidiarity and proportionality.
  
- 3) The requirement to provide **geolocation coordinates** presents a challenge to the industry for technical reasons. The Regulation should reflect the realities and complex dynamics of each targeted supply chain. Delineation of plots of land by polygons is not common practice among forest owners. Moreover, for certain products it is not possible to always pin down the specific location of origin and/or date & time of the harvesting, but operators would be able to give information about the potential areas of origin. In such scenarios, the information requirements should permit operators the flexibility to list potential sources of origin, provided each of those locations can be proven to be 'deforestation-free'. The obligation for operators to provide plot-level/production area level geo-localisation data should also not apply for commodities that are sourced from countries classified as low-risk.

**The co-signatories of these recommendations support the Council approach presented in its general approach that simplified and clarified the due diligence system, while preserving a strong level of environmental ambition. We call on the Council to confirm its approach in avoiding duplication of obligations and reduces administrative burden for operators and member states' authorities.**

- 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.
  
- 5) We express concern regarding the EU Parliament amendment on "**limit liability of traders**". 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) We call for opposing to **additional mandatory annual checks requirement**. This requirement on operators and commodities (minimum 5%, going up to 15% for high-risk countries) brings direct operational costs for companies and creates logistical bottlenecks without adding value. Checks should be risk based and evidence driven, not arbitrarily uniform without accounting for the nature of commodities or the risk profile.
- 7) We welcome the inclusion of **printed products and wood charcoal** in the scope of the Regulation. This allows to create an even playing field for manufacturing industries located within or outside the EU and avoids the risk of circumvention.
- 8) Several articles empower the Commission to adopt **Delegated Acts** to change crucial parts of the regulation, such as the scope of the regulation or the due diligence requirements which operators would have to fulfil. The impact that these changes could have is too high, to simply be extended by a delegated act. Therefore, new requirements for operators should only to be decided in co-legislation, i.e. together with the European Parliament and Council.

Finally, we would like to point out that the newly introduced obligation to make available to the competent authorities a due diligence statement via the information system referred to in Article 31 entails an additional administrative burden and may force operators and large traders to disclose confidential information along the value chain.

The undersigned organisations remain available to provide more detailed explanations:

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

EFIC – European Furniture Industries Confederation

EOS – European Organisation of the Sawmill Industry

EPF – European Wood-based Panels Federation

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