To: [Redacted]
Cc: [Redacted]
Subject: Short Report - Fediol Meeting - 17-02-2022
Attachments: FEDIOL - COCERAL 21ENV387 Position on deforestation free supply chains FINAL.pdf; 2022_02_9 FEDIOL discussion deforestation presentation FINAL version shared.pptx

Dear colleagues,

On February 17, [Redacted] and I had a 60-minute meeting with representatives of Fediol, Coceral and Fefac – and some companies that are members of these organizations.

Prior to the meeting, the organizations had shared the attached position paper on the Regulation proposal on deforestation and forest degradation. During the meeting, they gave a 30-minute presentation on the paper (see slides attached), followed by Q&A.

The most relevant points raised were:

1. The position paper identifies the main features of the proposal and advocates for suppressing or changing them. These include the coverage of large traders, the traceability, the due diligence statement and the benchmarking.
2. If the text remains as it is in the Commission proposal, the organizations warn of scarcity, price hikes, pernicious effects on smallholders, excessive burden for economic operators and a lack of real impact on global deforestation due to leakage.
3. They say the proposal would lead to the EU disengaging from high risk areas, and smallholders in particular, which would make it less influential in curbing deforestation practices.
4. They argued for the need to take another approach than an ‘one-fit-all’ and treat each commodities specifically. The organizations have put in place what they describe as two “feasible” and “workable” alternatives to the traceability and segregation requirements of the proposal, one for soy and another one for palm oil.
5. For palm oil:
   a. They advocate for having traceability to plantation (plot of land) only for large farms, while having traceability to mill for smallholders (at least at the beginning, with a review in five years). It’s unclear where they set the frontier between the two.
   b. They seem to advocate for fully segregated supply chains from the beginning, although that is also unclear.
   c. They advocate for keeping the geolocation data of plantations secret, not sharing it with MS Competent Authorities and only giving the option for third-party audits to control. It’s unclear how MSCAs could exercise their monitoring responsibility in these circumstances.
5. For soy:
   a. They advocate for a transition period, with mass balance being allowed at the beginning and being then progressively phased out until 2030, when the supply chain will be fully segregated.
b. They advocate for different levels of traceability depending on the risk (plantation for high risk, municipality for standard, and province or state for low), with the risk level being decided by the sourcing company.

c. They advocate for keeping the geolocation data of plantations secret, not sharing it with MSCAs and only giving the option for third-party audits to control. It’s unclear how MSCAs could exercise their monitoring responsibility in these circumstances.

7. They raised several questions (final two slides of the presentation), concerning: a) whether segregated or identity preserved supply chains were required; potential exemptions or compensation mechanisms for land deforested after 2020, legality requirements, alternatives to geolocation, and whether the Regulation sets both an obligation of means and of results.

Best regards,

European Commission
Directorate-General for Environment
Planetary Common Goods, Universal Values And Environmental Security