



Forests and Climate Change: How to tackle deforestation and emissions of imported raw materials?

Event Summary Report

5 February 2019- European Parliament



Land use, forestry and agriculture together already make up 30% of the global GHG emissions. As one of the largest importers of food and raw materials, the EU has a leading role to prevent practices damaging the environment. The EU imports of inter alia soy, palm oil, paper, rubber and wood, as well as their by-products, account among the many sources of imported emissions. When managed in a correct way, forests have a unique capability to capture greenhouse gases. But deforestation in third countries threatens this potential and causes about 10% of worldwide GHG emissions, and the EU indirectly contributes to such problems and needs to reduce its contributions. Following up on the Climate Change Conference (UNFCCC COP 24), this panel discussion brought together policy-makers and key stakeholders from the private and NGO sectors to discuss about ongoing policy developments, alongside best practices that could contribute to limiting embedded deforestation in imported materials and goods.

The panel included:

- **MEP Jytte Guteland**
- **Hugo Schally** HoU Multilateral Environmental Cooperation, DG ENV, European Commission
- **Laura Jungman**, Forests Policy Manager, CDP
- **Catarina Ringborg**, Svensk Skogsdata
- **Hervé Deguine**, Michelin
- **Mikhail Tarasov**, Global Forestry Manager, Ikea
- **MEP Herbert Dorfmann**

In her opening speech, **MEP Jytte Guteland** explained that the EU is now taking more action to fight climate change and she believes that the bioeconomy can contribute in a constructive way. The import of goods in a more sustainable way can therefore be achieved with the help of trees.

Maximizing the tools at our disposal to transit toward a decarbonized world is part of the challenges the world must face. In light of the Paris agreement, there is now a need to enhance those targets and forests play an important role in the decarbonization of the future. Although a lot of work has yet to be done the EU needs to increase efforts on climate policy by joining action on this matter as well as on biodiversity. **Jytte Guteland** explained the role that forests play as green gold and lungs of Europe, by underlining how crucial their role is in a circular economy, also via providing bio-based products. The use of such resources in a balanced way will create new green jobs and will allow connecting the climate policy to a social transition. She concluded by saying that, although forests are national competence and legislation differs from country to country, giving hope to people for a better future can be achieved by using sustainable forest management as a tool.

Hugo Schally from DG ENVI informed the audience that the Commission (DG ENV jointly with DG AGRI and DG DEVCO) is currently working on a proposal for action against deforestation ([see the roadmap here](#)) and that this issue should be viewed in a holistic way. A healthy forest implies environmental and economic impacts. Taking action against deforestation and forest degradation has become a political priority not only in the context of the implementation of the Paris Agreement, but is also crucial for in achieving the Sustainable Development Goals and targets as well in the process in towards a post-2020 framework to protect biodiversity.. Concerning deforestation, **Hugo Schally** believes that Europe as a market for timber and agricultural commodities is part of the problem, but through support for supply side, but also demand side measures can also be part of the solution. Such consumption of commodities, which may be linked to agricultural production, mining and logging are the main drivers that make Europe indirectly responsible for the deforestation in other countries. Although deforestation is generally not present in Europe, illegal logging and forest degradation in some EU Member States present a real problem. **Mr. Schally** emphasized the necessity for a partnership between Europe and producing countries to promote sustainable forest management and sustainable agricultural practices, as well as for the need to involve the private sector more closely and for increasing the demand for sustainable timber and commodities to lower the environmental impact of our consumption. “We have to improve our tools and work towards an international cooperation”, he said. The Commission is currently working on a communication on stepping up EU Action against Deforestation and Forest Degradation, which may include proposals for action on how to promote forest restoration, lower deforestation and promote transparency in timber production. The Action Plan on Sustainable Finance as well as the results of the 2018 review of the EU Bioeconomy strategy can play a key role in achieving these goals too.

In her [presentation](#), **Laura Jungman**, Policy Manager at CDP, stressed that the future of forests depends on action from different sectors, including investors, companies and policy makers. Incentivizing corporate disclosure is a tool to act against deforestation and would tackle the lack of accountability and engagement that is now putting the forest at risk. Companies identify risks in forests risks commodity supply chains, such as regulatory uncertainty, brand damage, social impacts, ecosystems and habitats impacts. Companies still don't identify many financial opportunities for a deforestation free supply chain, and investors and policy makers can help to change that. Governments can play a regulating role in the matter to allow a change in corporate behavior. They could strengthen disclosure requirements of companies by implementing a fit-for-purpose framework with information on deforestation to financial markets. That would ensure that companies comply with best practices of transparency on commodity-driven deforestation

throughout supply chains. **Laura Jungman** added that the European companies should work with their suppliers to ensure that their purchases are aligned with sustainability criteria, including deforestation-free standards. They should also work with governments from producing countries to develop public private partnerships for monitoring zero-deforestation commitments and to unlock sustainable finance for forests. Ms Jungman called for investors to engage with their portfolio companies and request disclosure of deforestation risk in business operations on the entire supply chains. She further pointed out that forests account for 30% of the solution for climate crisis but only receive 3% of funding.

In her speech, **Catharina Ringborg** from Svensk Skogsdata explained how the use of new technologies could play a key role in protecting the world's forests. She accused illegal logging as being one of the main causes of deforestation, climate change and the loss of biodiversity. This practice is often linked to corruption, as protected timber is often sold through this action. The threat to forests is an imminent problem, she said, and this negative impact affects not only the climate and biodiversity, but also the local economy. The Interpol's Environmental Crime Programme has calculated that close to 100 billion USD per year are stolen from taxpayers and this is mainly due to illegal logging and stolen wood trade. She gave examples from Africa, where countries suffer enormously from this harvest, as this money could be better used. To fight this problem, **Catharina Ringborg** talked about "Tracy Forestry", a comprehensive global business system that works according to the requirements of the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification Schemes (PEFC) and the EU. It is a timber regulation based on digitalizing the forest flow where the true origin of each individual log is identified and traceable from the original site in the forest and all the way to the final consumer. It provides the best security system available and its technology is impossible to manipulate. It is therefore possible to guarantee the place of origin of the timber. They are two systems, one manual and one automatic. More information can be found on the website: www.tracyofsweden.com

Hervé Deguine, representing the French company Michelin, talked about the use of natural rubber. This resource is sustainable, renewable, long lasting, provides jobs and has no negative impact on the environment, he said. Today, 85% of the natural rubber production is made by small producers. The rubber used today is mainly used for tires (70%). He pointed out that the increasing number of cars will inevitably lead to the expansion of this production. This will therefore impact the forests of Asia and around the world in the search of land to mass produce. It is in prediction of such events that the members of Tire Industry Project (TIP), are working with representatives of the natural rubber supply chain and non-governmental organizations to develop an independent global platform for the sustainable sourcing and production of natural rubber. This multi-stakeholder platform will be launched in March 2019. Their objectives are to address the environmental and social issues associated with the life cycle of natural rubber. **Hervé Deguine** expressed the commitment of Michelin to promote both the responsible production of natural rubber and the responsible use of this raw material, in particular by developing long lasting tires.

Mikhail Tarasov, Global Forestry Manager at IKEA, said that IKEA is not using carbon credits in its carbon calculation but working to secure forest degradation and deforestation and related emissions at its root, upstream the value chain. He highlighted benefits of using wood as a durable, renewable and recyclable material which, when produced responsibly, helps mitigate climate change. Wood

and cotton are among the main raw materials used by IKEA. “Making more from less” is part of the IKEA culture, aiming to use less material while delivering the same quality of products to customers. IKEA also works hard to secure that materials it uses are sourced responsibly. From 2015 100% of its cotton originate from Better Cotton Initiative (BCI) and similar initiatives. 87% of wood used by IKEA today is from More Sustainable Sources (FSC certified and recycled). Since 2017 100% of its wood originating from high forestry risk countries, where forest degradation and deforestation are the issues, is FSC certified or recycled. Certification helps IKEA’s own verification system to secure the wood is sourced responsibly. IKEA aims to become “forest positive” by 2020 with the ambition of promoting sustainable forestry beyond their personal needs. In achieving this, **Mikhail Tarasov** explained that IKEA has been working since 2002 in a global partnership with WWF and other organizations to increase the FSC certified forests around the world. He believes that IKEA partnerships drive market transformation and set an example for other companies and encourage them do to the same. He presented an [infographic](#) to illustrate IKEA forestry agenda.

During the discussion, a question was raised by a representative from Fern concerning leading companies trying to do their best in the supply chain and on how the EU could provide regulation for those not ready to make a change. **Hervé Deguine** underlined the need to embark as many stakeholders as possible to act responsibly towards nature. “We need to regulate those who do not produce in a sustainable way and support those who produce long-lasting products”, he said. **Mikhail Tarasov** recognized the importance of such regulations like EU Timber Regulation and mentioned they have to be designed and implemented in the way not placing unnecessary burden on responsible players. He stressed the power of leadership that along with voluntary certifications can play a key role. In his view, encouraging a multi-stakeholders discussion around voluntary standards is of high importance. **Catarina Ringborg** highlighted the fact that the power is in the hands of the consumers as they only rely on the price. The standards of production and consumption need to be raised by the implementation of goods regulations and the EU needs to be proactive in timber regulation. **Hugo Schally** further expressed the importance for the EU to assess what is produced and what is consumed, while changing the business model to allow sustainable finance and green businesses to grow. Lastly, **Laura Jungman** stressed the importance of the contribution of industry and the need for partnerships and coalition to share their experience to motivate others to be more transparent and create a fairer market.

In his closing speech, **MEP Herbert Dorfmann** reiterated the important role that forests play in combatting climate change as well as the urgency to promote active sustainable forest management on a global scale. In his opinion, the forestry sector can only be sustainable if it fulfils several purposes such as: the provision of wood, the contribution to a better civil protection, water balance and air quality and its use as a recreational environment. He welcomed the efforts undertaken by the public and private sectors to reduce the impacts of deforestation and invited the political sector to act. The open consultation on Stepping up EU Action against Deforestation and Forest Degradation would be the perfect opportunity to discuss further measures, he said. **Mr Dorfmann** proposed some key actions: European countries should create detailed sustainability criteria for commodity imports, drawing on the experiences of the Forest Law Enforcement, Governance and Trade (FLEGT), working with governments from producing countries and with the help of EU public procurement standards. European companies should work with their suppliers to ensure that the supply chains associated with their purchases are aligned with sustainability criteria, including

deforestation-free standards. He concluded by saying that, if the Commission was to publish an ambitious communication this would provide an actionable framework and help implement effective strategies for public and private actors, in producer as well as in consumer countries. He believes the debate will need the collaboration of all parties involved.

[All meeting documents can be found here.](#)