



EU CONSUMPTION AS A DRIVER OF GLOBAL DEFORESTATION

Our planet's resources are finite, and yet the way we consume them today – at a high rate and along a largely linear trajectory – is not sustainable. In the simplest terms, if everyone around the world were to consume like Europeans, we would need three Earths' worth of natural resources to maintain our way of life (IEEP, 2018).

By 2050, each European will have to reduce by 80% the amount of natural resources they currently use for nutrition, housing, mobility and leisure. This means an annual reduction of about 1 tonne of material footprint per capita over the next 30 years – equal to a return trip from Brussels to Madrid or 33 kg of meat (IEEP, 2018).

But changes at consumer level will not be enough on their own. As shown in IEEP's two recent reports on **the Sustainable Development Goals** (IEEP and SDSN, 2019) and **Circular Economy and Trade** (IEEP, 2019), the European Union's internal policies have a significant impact on third countries – and will continue to even more as the EU pursues a more environmentally and socially conscious path within its own borders under the Green Deal.

This brief compiles various findings that reveal how the EU's demand for imported food and agricultural products contributes to the deforestation and ecosystem degradation globally. As one of the top importers of commodities linked to deforestation, Europe has an important role to play in protecting the world's limited natural resources.



Deforestation and ecosystem degradation

Between 2010 and 2015, around 7.6 million hectares of forest were lost every year globally. The EU's food sector is a significant contributor to deforestation and ecosystem degradation in third countries – largely due to its demand for imported agricultural products. Many European companies are at the apex of the global value chains for palm oil, soy, cocoa, coffee, and other commodities that drive tropical deforestation and other degradation.

In 2018 alone, the world lost 3.6 million hectares of primary rainforest – an area the size of Belgium (GFW, 2019). Primary rainforests are critically important for storing carbon and provide habitat for many endangered animals, including jaguars, orangutans and gorillas. Much of the deforestation was caused by human activity, including fires and land-clearing for farms and mining.



Facts

- International trade is one of the key drivers of deforestation. The EU is the world's main trader in agri-food products, with combined imports and exports of €242 billion in 2015. (*Brack et al., 2016*)
- The EU is one of the top importers of commodities linked to deforestation, including palm oil (17% of global demand), soy (15%), rubber (25%), beef (41%), maize (30%), cocoa (80%) and coffee (60%). (*DG Environment, 2019*)
- Between 1990 and 2008, the EU imported almost 36% of all deforestation embodied in crop and livestock products traded between regions. (*Vito et al., 2013*)
- Deforestation is the second-largest source of greenhouse gas emissions. CO₂ emissions linked to deforestation account for a sixth of the total carbon footprint of an average EU diet (*Pendril et al., 2019*)

Policy recommendations

- Set a target date by which commodities produced without a guaranteed deforestation-free origin would not be accepted in the EU.
- Establish a regulatory framework to determine the agricultural and forest commodities that can be placed on the EU market without jeopardising natural ecosystems within the EU and in third countries.
- Encourage and facilitate the consumption of sustainable and locally sourced food commodities and products across the Member States.
- Introduce EU guidelines for labelling food commodities and products that are deforestation and ecosystem degradation-free.

Addressing international spillovers: The case of zero-deforestation supply chains

The EU's demand for imported agricultural products has been a major contributor to tropical deforestation, particularly through imports of palm oil from South East Asia and soy, sugar, and cattle from Latin America. Several studies have shown that the devastating 2019 fires in the Amazon were driven largely by unrestrained slash and burn for cattle ranching for export markets, including in the EU (Mercure et al., 2019; Nature Plants, 2019). Another report found that Europe's well-intentioned policy to reduce greenhouse emissions through the enhanced use of biofuels actually accelerated the already widespread deforestation (Valin et al., 2016). The impact of US policies to promote domestic biofuels has been equally destructive in South-East Asia and elsewhere (Lustgarten, 2018).

The case of tropical deforestation can serve to illustrate the recommendations of the *2019 Europe Sustainable Development Report's* for tackling international spillovers by the EU. First, the EU's biofuel policy and targets were developed without sufficient tracking of their impact on international supply chains; and pathways towards decarbonising Europe, including the 2020 biofuel targets, did not consider their impact on Latin America, Africa, and South East Asia. The European Green Deal must not repeat such errors – its constituent strategies for energy decarbonisation, sustainable land use and food systems, and circular economy must include full life-cycle assessment of their impacts in countries outside the EU.

To date, many large international companies, including European multinationals, lack the most basic traceability and monitoring systems to track their own commitments towards zero-deforestation value chains (Greenpeace, 2019).

If voluntary commitments do not work, European regulators should require full traceability of all international supply chains and bring deforestation to zero. Tracking tools, including Transparent Supply Chains for Sustainable Economies (TRASE, 2015) and Global Forest Watch (GFW, 2019) can help make this ambition a reality. Each major value chain implicated in tropical deforestation – including soy, palm oil, timber, cacao, and coffee – will require its own governance arrangements.

European countries have been in the vanguard of leading diplomatic efforts to promote zero-deforestation supply chains, including through the New York Declaration on Forests (NYDF, 2019) and the Bonn Challenge (IUCN, 2019). These and other efforts have been critical in bringing forest countries together with importing countries. They need to be strengthened, and similar diplomatic efforts are needed for other major spillovers. Since China has become the largest import market for many agricultural commodities, European diplomacy should seek to find common ground with China on the need for deforestation-free supply chains. The 2020 Kunming conference on biodiversity, hosted by China, and the 2020 climate conference in Glasgow offer an unprecedented opportunity for collaboration between Europe and China. The EU and its European partners can contribute lessons from efforts to curb international spillovers, including through the Tropical Forest Alliance (TFA, 2019), and provide international finance. China can contribute learnings from its own domestic ecological zoning (Gao, 2019) and incipient efforts to green the Belt and Road Initiative.

In spite of efforts by several EU countries and Norway to increase the volume of predictable funding for forest conservation and restoration, there is a lack of adequate funding that must be addressed. The EU and its European partners need to play a leadership role in promoting predictable climate finance and other forms of finance to preserve forests.

Case study adapted from the 2019 Europe Sustainable Development Report by IEEP and SDSN

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