

## STATEMENT

# EUROPEAN PARLIAMENT AGREES ON GAME-CHANGING RULES TO DRIVE DOWN DEFORESTATION WHILE ENSURING A JUST TRANSITION FOR SMALLHOLDERS

Brussels, 13 September 2022 – Today, the European Parliament has adopted with a large majority its negotiating position on the proposal for an EU Regulation on deforestation free products. Following in the footsteps of the report adopted by the Committee on the Environment, Public Health and Food Safety, the Members of the European Parliament have agreed on a position that goes well beyond the level of ambition of the Council’s general approach adopted in June 2022.

In addition to broadening up the material scope of the Regulation to cover additional commodities such as poultry, maize or rubber, the Regulation as understood by the Parliament, would also address forest conversion along deforestation and forest degradation.

Furthermore, “The Parliament’s recognition of the strong link between deforestation and widespread human right abuses is a major breakthrough”, stated Charlotte Vernier, Policy and Project Officer, FTAO lead on deforestation. Indeed, in addition to respecting national laws, commodities covered by the Regulation would need to be produced in accordance with human rights protected under international law, in particular instruments protecting customary tenure rights and the right to free, prior and informed consent (FPIC).

The Fair Trade movement particularly welcomes the recognition of the economic importance of commodity export for producer countries as well as the potential compliance challenges that upstream actors like smallholders might face and thus, the specific responsibility both the EU and companies share to prevent smallholders being pushed out of EU market.

*“For it to deliver on its promises, the Regulation must take account of the characteristics of smallholder intensive sectors, and hereby recognize the rights and roles of smallholders and local communities as a vital part of the systemic solution to effectively reduce global deforestation rates. Today, the European Parliament has made an important step in that direction”,* stated Charlotte Vernier, Policy and project officer, FTAO lead on deforestation.

The European Parliament strengthens the Commission’s legislative proposal in several ways, notably by:

- Ensuring that the costs of compliance are not pushed down to producers, but instead shared fairly amongst actors of supply chains, in accordance with their respective capacities,
- Outlining a new obligation for operators to engage meaningfully with vulnerable stakeholders in their supply chains, such as smallholders, indigenous peoples and local communities,
- Ensuring that those same stakeholders receive adequate assistance and a fair remuneration so that their commodities and products can comply with the new market access rules such as the geolocation requirement.

The Fair Trade Movement strongly welcomes the European Parliament's effort to spell out the duty of operators in supporting the compliance of smallholders they source from as well as the attached reporting obligation. The explicit references to pricing mechanisms and fair remuneration signals a clear appetite of EU policymakers to address structural underlying patterns that prevent smallholders to produce in a sustainable and deforestation-free way.

In line with our recommendations, the Parliament today joins forces with the Council in asking the Commission to develop a comprehensive EU strategic framework on Partnerships, paying specific attention to the needs of smallholders to transition towards sustainable farming and forestry practices. In order to reduce the risk of creating a double dynamic in trade flows, that would attract clean product to the EU while shifting deforestation-related goods towards less regarding markets, we value this holistic approach that aims at tackling the root causes of deforestation.

In this context, we call upon EU policymakers to push the needle forward, by conducting a [needs assessment](#) in close cooperation with producer countries, local civil society organisations and producer representatives so as to identify and understand existing compliance gaps and decide on collective actions needed to close the latter.

The European Parliament and the Council will now need to compromise on their positions. In light of the upcoming trilogue phase that is about to begin, today's vote gives us hope that the EU might live up to its expectations by shaping a future proofed and fair regulatory framework that could effectively clean up EU supply chains, reduce global deforestation rates while ensuring no one is left behind.

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