



Sustainable deforestation-free markets

MVO position paper

Introduction

MVO - The Netherlands Oils and Fats Industry (MVO) supports and underlines the importance of sustainable and deforestation-free commodity markets in the European Union. This position paper builds on the national as well as the international private industry initiatives and experiences to tackle deforestation in our supply chains (mainly palm oil and soy) generated over the last decade. This document reflects on the official communication from the European Commission (EC): 'Stepping up EU Action to Protect and Restore the World's Forests'¹.

Summary

- MVO supports sustainable and deforestation-free commodity markets (consumption and trade) in the European Union. Sustainability initiatives should take into account the main pillars: environmental, social and economic aspects.
- The EC should use its leverage in a positive manner to promote sustainable production and trade. The aim is to make a real difference on the ground.
- The EC should promote sustainable production in Europe.
- Measures should not create more (unnecessary) administrative burdens and/or to hamper international trade, and should not be used as an instrument of protectionism or as a non-trade barrier.
- Producers should receive reward or compensation for conservation and sustainability efforts especially when this requires to go beyond the law.
- Measures should keep in mind the need for a level playing field for all vegetable oils;
- MVO supports ideas to assess regulatory and non-regulatory measures. We think that a mandatory due diligence system at EU level should and can be based on current voluntary systems implemented.
- MVO believes that the inclusion of specific provisions within the Trade and Sustainable Development (TSD) chapters of EU trade agreements should be made in order to stimulate sustainable production and uptake.
- Principles and criteria for sustainable and deforestation-free commodities:
 - should recognize and build upon existing developments in the private industry and existing international voluntary and national standards;
 - should respect the laws of producing countries as well as internationally recognized human rights standards;
 - should be based on sound scientific methodologies and should take into account possible differences in regional progress made by e.g. initiatives both on certified products as well as on verified areas of origin.
- MVO supports the partnership approach of the communication and the need to intensify cooperation with the industry and producing countries.
- MVO stresses the importance of communication about the need for sustainable and deforestation-free commodities also to the EU consumers.

MVO - The Netherlands Oils and Fats Industry



General

MVO welcomes the Communication (COM (2019) 352 final) of the European Commission. We acknowledge that the topic of deforestation is of prime importance also for our members. MVO supports the idea that strengthening efforts to protect, restore and manage forests sustainably is also central to the UN 2030 Agenda for Sustainable Development as forests play a multifunctional role that supports the achievement of most Sustainable Development Goals (SDGs).

The topic of deforestation is complex. As a consequence, possible solutions can never be simple as they will probably have side-effects that need to be taken into account as well. Adverse effects like disengagement of companies or exclusion of certain players need to be avoided. Additionally, solutions need to be specific to each country, region and commodity. Finally, a smart mix of voluntary and/or mandatory measures should be carefully analyzed and not lead to unsustainable production in other regions.

The Communication proposes a set of new actions and aspirations. In addition, the EC identifies the following five priorities to step up EU action against deforestation and forest degradation:

Priority 1: Reduce the EU consumption footprint on land

- MVO welcomes the idea of setting up a platform for multi-stakeholder dialogue on deforestation. It is on the basis of mutual understanding and collaborative efforts, that deforestation can be put to halt.
- MVO believes that voluntary schemes in the vegetable oil markets (e.g.: RSPO, ISCC, RTRS) have shown to be effective in bringing parties together, defining common goals and increasing (certified) volumes of sustainable and deforestation-free oils. MVO has played an important role (in the Netherlands and globally) discussing and promoting the uptake of both sustainable palm oil and soy, as well as promoting sustainable land-use practices and reducing pressure on forests in countries of origin.
- MVO fully underscores the need for transparency and traceability. Knowing where commodities are produced, and having awareness of the deforestation impacts of their entire supply chains will help to give a clearer picture of the EU's current land use footprint. At the same time we see that commodity supply chains can be very complicated and depend on numerous sourcing plots.
- MVO stresses the need to come up with a smart mix of measures including mandatory due diligence at EU level. Obligations should be applicable to all supply chain actors.
- Mandatory due diligence could be based on already implemented voluntary due diligence. The [six steps](#) as defined by the OECD due diligence guidance for responsible business conduct can be used as a base.
- MVO supports the idea that consumers need to be able to make an informative decision on sustainable consumption. MVO welcomes the idea to actively develop and disseminate communication and educational materials on the importance of sustainable and deforestation-free commodities. We stress the importance to come up with trustworthy sources for this communication.

Priority 2: Work in partnership with producing countries

- MVO supports the partnership approach with governments, civil society and industry in both EU and the producing countries and believe this is fundamental.
- MVO stresses the importance of national frameworks (good governance). Buy in can only be guaranteed on the basis of a solid country policy.
- MVO underlines the importance for the EU to increase the help to producing countries to implement sustainable deforestation-free value chains and promote sustainable deforestation-free economies.



Priority 3: Strengthen international cooperation

- MVO agrees to strengthen cooperation on policies and actions to halt deforestation, forest degradation and restore forests.
- The EC should recognize and build own policies upon the experiences of private sector initiatives for sustainable supply chains like those for palm oil and soy.
- As for palm oil, MVO considers the Dutch market as near to 100% sustainable. Over the last years the volumes of sustainable produced palm oil in Europe has grown considerably. We believe that European palm oil import and consumption should be fully sustainable and deforestation-free.
- MVO supports regulatory measures like mandatory due diligence and inclusion of specific conditions within the Trade and Sustainable Development chapter of EU trade agreements to create such market.
- When considering regulatory measures, this should be implemented on the basis of a true level playing field (for all relevant commodities and for all relevant producers).
- Regulatory measure should not result in administrative burdens and respect the WTO framework.
- MVO considers the role of producing countries in developing regulatory measures indispensable. MVO underlines that a solid link to the SDG framework is important. We need this as a firm base to think about our common sustainability requirements.
- The EU market is important but collaboration with other markets is crucial. We need to take into account global developments and possible synergy effects at a global level.

Priority 4: Redirect finance to sustainable land-use practices

- MVO agrees with the Commission that financial markets have a role to play in ensuring a more sustainable future and help implement the UN SDGs and the Paris Agreement.
- Linked to this, there should be adequate reward or compensation for conservation and sustainability efforts, in line with the recent Farm To Fork strategyⁱⁱ, especially when this requires to go beyond the law.
- MVO thinks that financial institutions can be more vocal about their role and should step up their communication. This can go hand in hand with the suggestion made by the Commission to improve company reporting on the impacts on deforestation and forest degradation.

Priority 5: Support information, research and innovation

- MVO fully underlines the need to improve monitoring and availability of reliable data and information. Too often specific policies have been building on erroneous and/or incomplete and/or non-actual information, spoiling any balanced discussion at forehand.
- MVO calls upon the EC that standards and criteria for sustainable and deforestation-free commodities should be based on sound scientific methodologies.
- The Commission wants to establish an EU Observatory on deforestation, forest degradation, changes in the world's forest cover, and associated drivers. Geospatial technologies and satellite imaging can be helpful tools and should be available to perform the necessary verification and help to stop deforestation. MVO stresses the importance of giving credibility to this observatory as well. Thorough research about who and what to contribute is key.

MVO is willing to cooperate constructively to the further elaboration of the above plans and to contribute where possible.

ⁱ https://ec.europa.eu/info/publications/eu-communication-2019-stepping-eu-action-protect-and-restore-worlds-forests_en

ⁱⁱ https://ec.europa.eu/food/sites/food/files/safety/docs/f2f_action-plan_2020_strategy-info_en.pdf