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ANNEX

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to the

Communication to the Commission

Approval of the content of a draft Communication from the Commission on the Strategic Framework for International Cooperation Engagement in the context of Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation

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Draft Communication from the Commission on the Strategic Framework for International Cooperation Engagement in the context of Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation



Brussels, XXX
[...] (2024) XXX draft

COMMUNICATION FROM THE COMMISSION

**on the Strategic Framework for International Cooperation Engagement
in the context of Regulation (EU) 2023/1115 on the making available on the Union
market and the export from the Union of certain commodities and products associated
with deforestation and forest degradation**

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1. Introduction

Deforestation and forest degradation are among the main drivers of climate change and biodiversity loss, the two key environmental challenges of our times. The United Nations Food and Agriculture Organization (FAO) estimates that 420 million hectares of forest, an area larger than the European Union (EU), were lost to deforestation between 1990 and 2020. The Intergovernmental Panel on Climate Change (IPCC) estimates that 23% of total greenhouse gas emissions (2007-2016) come from agriculture, forestry and other land uses.¹ At the same time, the growing world population is expected to increase the demand for agricultural land and put additional pressure on forests, alongside other trends such as the expansion of bioeconomy². Stepping up action to fight deforestation and forest degradation, and making a decisive shift at a global level towards sustainable production will be essential to halt the climate and biodiversity crises that threaten our collective future. It will also help address the global water crisis in view of the available scientific evidence on the links between deforestation and rainfall and temperature levels. In addition, forests provide important ecosystem services from flood retention and water purification to medicines, and play a key role in decarbonising the society. The loss of these services often hits poorer and more vulnerable parts of populations hardest.

One of the 17 Sustainable Development Goals (SDG) established by the United Nations in 2015, SDG 15³, committed countries around the world to halt deforestation by 2020. As the goal was missed, at the 2021 UN Framework Convention on Climate Change (UNFCCC) COP26 in Glasgow, the EU, alongside another 143 producer and consumer countries, pledged to halt and reverse deforestation by 2030. At COP28 in Glasgow, the Global Stocktake acknowledged the importance of halting deforestation, preserving and restoring forests as part of global mitigation efforts and the European Commission continued its efforts with partner countries to ensure a successful transition to deforestation-free value chains. This has now been recognized by G7 Climate, Energy and Environment Ministers at their meeting in Turin on 29-30 April 2024⁴ and by G7 Leaders at the Apulia Summit on 12-13 June 2024⁵.

The main cause of deforestation and forest degradation is the expansion of agricultural land to produce commodities such as soy, beef, palm oil, wood, cocoa, rubber and coffee. As a major economy and consumer of these commodities, the EU acknowledges its partial responsibility for deforestation and forest degradation worldwide and the corresponding duty to contribute to bringing it to a halt. Solid demand side measures are also an important complement to the

¹ About 11% of the overall CO₂ emissions are from forestry and other land use, mostly deforestation, while the remaining 12% are direct emissions from agricultural production such as livestock and fertilisers.

² As highlighted in the Commission's bioeconomy strategy: https://research-and-innovation.ec.europa.eu/research-area/environment/bioeconomy/bioeconomy-strategy_en

³ SDG 15.2: "By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally"

⁴ https://www.g7italy.it/wp-content/uploads/G7-Climate-Energy-Environment-Ministerial-Communique_Final.pdf

⁵ <https://www.g7italy.it/wp-content/uploads/Apulia-G7-Leaders-Communique.pdf>

measures already undertaken on the supply side. Without them, there would be a risk that demand for products linked to deforestation will continue to drive production and undermine the supply side efforts.

In addition, in line with its Global Gateway Strategy, the EU has committed to pursue more resilient connections with the world, including through investment in the green and digital transitions, higher social and environmental standards and more sustainable value chains.

2. The EU's Regulation on Chains Deforestation-Free Supply

As part of the European Green Deal (EGD), the European Commission (EC) developed the EU Regulation on Deforestation-Free Supply Chains (EUDR)⁶ building on the 2019 Communication on “Stepping up EU Action to Protect and Restore the World’s Forests”. The EUDR entered into force on 29 June 2023 and will enter into application on 30 December 2024 (30 June 2025 for operators that are micro-undertakings and small undertakings).

The EUDR is the first legislation of its kind aiming to eliminate deforestation and forest degradation driven by the EU production and consumption. It is an essential tool to fulfill the global commitments enshrined in the SDGs, in the Kunming-Montreal Global Biodiversity Framework as well the Paris Agreement.

The EUDR applies even-handedly to selected commodities and products placed on the EU market and exported from the EU market and it has been designed to ensure equal treatment and non-discrimination under the World Trade Organization (WTO) rules. All operators aiming at serving the EU market in commodities and products within its scope will have to apply deforestation-free production practices and supply chain transparency. As the demand for deforestation-free products is growing globally, the EUDR represents a business opportunity to enhance trade in deforestation-free products and boost opportunities for sustainable actors around the globe.

In efforts to facilitate the implementation of the Regulation, to fulfill its objectives and ensure a just and inclusive transition towards deforestation-free and legal supply chains, Article 30 of the Regulation foresees strong international cooperation and engagement based on a dedicated strategic framework. Article 30.1 of the EUDR stipulates the following:

“the Commission, on behalf of the Union, and interested Member States shall engage in a coordinated approach with producer countries and parts thereof that are concerned by this Regulation, in particular those classified as high risk in accordance with Article 29 through existing and future partnerships, and other relevant cooperation mechanisms to jointly address the root causes of deforestation and forest degradation. The Commission shall develop a comprehensive Union strategic framework for such engagement and shall consider mobilising relevant Union instruments.”

Thus, prominent focus is on cooperation with producer countries to facilitate the implementation of the EUDR taking inter alia into account relevant sustainability initiatives and best practices at national, regional and global levels.

⁶ Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

In parallel, the EU is stepping up engagement with other major consumer countries of commodities that contribute to deforestation on effective demand side measures that can help deliver on the 2030 objective. The EU is also pursuing stronger dialogue on policies and actions to halt deforestation and forest degradation in relevant multilateral fora.

The EU is committed to the effective implementation of the EUDR, working in dialogue and partnership with producer countries. The EU has, therefore, intensified its information-sharing efforts on the various building blocks of the EUDR, especially in the context of the dedicated Multi-Stakeholder Platform and through technical discussions with producer countries and stakeholders, including via the EU Delegations. The EU is also making available various support tools to help stakeholders subject to the rules of this regulation getting ready for their obligations. These include:

- a) A **Frequently Asked Questions** (FAQs) document⁷ (which is updated regularly) aims to provide clarifications on several provisions on the EUDR.
- b) **Formal guidance** will clarify certain key aspects of the EUDR implementation, notably on the definition of “agricultural use”, certification, legality and on other topics raised by stakeholders in the EU and globally.
- c) The **EU Observatory on deforestation**, a free-of-charge tool⁸ put forward by the Commission, allows any user to access scientific data on the world’s forest cover (see more details in Section 5.5).

In addition, Article 29(3) of the Regulation sets out that the classification of low-risk and high-risk countries (or parts thereof) “*shall be based on an objective and transparent assessment by the Commission, taking into account the latest scientific evidence and internationally recognised sources*”. In this regard, the EU attaches great importance to developing a comprehensive risk classification system underpinned by a sound methodology to generate solid, verifiable, and reliable data based on a comprehensive assessment of quantitative and qualitative information in accordance with Article 29(3) and (4) of the Regulation. The EU is also committed to intensify its dialogue and cooperation with the countries that are considered high risk or at risk of being high risk in efforts to reduce their risk levels (see Annex).

This document sets out this Strategic Framework, which will be the basis for country specific analysis, where appropriate.

3. Objectives of the Strategic Engagement Framework on Deforestation

The general objective of the Strategic Engagement Framework is to support the work **in partnership with countries and stakeholders across the globe** on the basis of a number of established principles and across relevant value chains in efforts to jointly address the root causes of deforestation and forest degradation, within the scope of the EUDR, but also beyond.

The Framework’s specific objectives include the following:

- Enhance bilateral, regional, international and multi-stakeholder dialogue and cooperation on policies and actions to halt deforestation and forest degradation,

⁷ https://environment.ec.europa.eu/publications/frequently-asked-questions-deforestation-regulation_en

⁸ <https://forest-observatory.ec.europa.eu/>

including conservation and sustainable use of forests as well as sustainable land use, commodity production, processing, consumption and trade.

- Strengthen cooperation with impacted third countries towards economic incentives to preserve forests and enhance investments in sustainable supply chains.
- Assist producer countries and regions, especially those with weaker capacity and high deforestation exposure, to facilitate their transition to deforestation-free and legal supply chains.
- Continue engagement with other consumer countries to promote the adoption of ambitious requirements to minimise such countries' contribution to deforestation and forest degradation.

In this context, the Framework outlines in a general manner the key needs and priorities for cooperation with third countries to inform, as relevant the EU, Member States' and Development Finance Institutions (DFIs) cooperation plans and strategies. It also aims to help steering the possible deployment of appropriate instruments that could be considered for relevant support for the EUDR's implementation.

The Framework also paves the way for the EU and its Member States to continue their engagement in the relevant multilateral fora such as the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the UN Convention to Combat Desertification (UNCCD), the Food and Agriculture Organization (FAO), the UN Environment Assembly (UNEA), the UN Forum on Forests, the World Trade Organisation (WTO) as well as the G7 and G20 and the Organisation for Economic Cooperation and Development (OECD). The overall aim is to promote a common understanding of the need for a global transition to sustainable, deforestation-free agricultural production, strengthened sustainable forest management, the development of transparent and deforestation-free sustainable supply chains, and for the creation of enabling policies in this regard. The EU and EU Member States will also continue their efforts and joint work with partners at the global level towards identifying and agreeing on robust standards and definitions that ensure a high level of protection of forests and other natural ecosystems and associated human rights.

4. Principles of the Strategic Engagement Framework on Deforestation

The following **8 key principles** will guide the implementation of the Framework by the EU and its Member States:

- 1) **Continued dialogue and cooperation with third countries concerned** to exchange on practices and efforts and to support them in creating enabling environments for an inclusive and just transition to deforestation-free supply chains, relying on existing and future mechanisms such as structured dialogues, administrative arrangements, existing agreements or provisions thereof. Engagement will also include other actions to support partner countries in making the transition towards more transparent supply chains, building up new or existing traceability systems to ensure new standards and facilitate information sharing alongside the supply chain. This will include showcasing good practices in the digital field, in particular as regards traceability solutions via geolocation, in the Multistakeholder Platform on Protecting and Restoring the World Forests. This is particularly relevant, for countries classified or that risk to be classified as high-risk in terms of deforestation and forest degradation under Article 29 (assessment of countries).

- 2) **Support for actions** focusing on the conservation, restoration and sustainable use of forests, halting deforestation and forest degradation, and the transition to sustainable commodity production, consumption processing and trade methods. This includes sustainable land use practices and traceability systems as well as smallholders' access to markets, finance, and technology.
- 3) **Capitalising on the lessons learnt and established good practices** across producer and consumer countries, including successful EU cooperation projects, initiatives and relevant best practices, such as in relation to fighting illegal logging, the EU Sustainable Cocoa Initiative, existing certification and third-party verification schemes, including traceability.
- 4) **Favouring the engagement** at country level of all relevant stakeholders that have a role to play in the pursuit of sustainable agriculture, forest management and deforestation-free supply chains in producer and consumer countries. These stakeholders include, among others, national and local authorities, the private sector including smallholder farmers and producers' associations, civil society, local communities, and indigenous peoples.
- 5) **Human rights-centred approach** protecting those rights associated with deforestation or forest degradation, including the rights of indigenous peoples, local communities, and customary tenure right holders, as well as promoting their role in protecting forests.
- 6) **Transparency and access to information.** This includes public participation in decision-making, public access to relevant documents related to forest and agricultural supply chains and access to justice (access to administrative or judicial procedures to review the decisions, acts or failure to act of the authorities).
- 7) **Synergies with other EU policy initiatives** such as those focusing on forced labour, sustainable finance, corporate sustainability due diligence as well as broader environment policies and the EU Global Gateway.
- 8) **Coordination with relevant development partners** to facilitate complementarity and mutually reinforcing support.

5. Priority Areas for Action

In efforts to facilitate the transition to deforestation-free global value chain and in alignment with the objectives of the EU Global Gateway, the EU and its Member States are teaming up to deploy necessary support and coordination to ensure an inclusive and just transition to deforestation-free and legal supply chains to and from the EU. For this, five broad areas of priority needs have been identified. These are indicative and will be analysed in greater detail at country and regional levels:



5.1 Support to smallholders

Smallholders supply a significant share of global production of several of the EUDR products and commodities. . The EUDR legal obligations apply to the operators and traders placing and making available products on the EU market, . As operators will need information from earlier parts of the supply chains, however, smallholders may be asked by operators to provide a limited set of information. The main tasks of producers are to ensure legality of production, not to convert their forest land into agricultural use, and to provide the geolocation data, which can be obtained with low key technical means and only needs to be established once. They do not have to conduct due diligence.

Where relevant, and in accordance with set EU cooperation priorities the EU and Member States support smallholders’ inclusion in deforestation-free supply chains. The EUDR’s traceability requirements, should benefit smallholders by reducing supply chain complexities, opening new market opportunities and achieving fairer prices.

Possible actions could include technical assistance and training, e.g. on sustainable agricultural and land use practices and traceability, as well as access to finance and relevant equipment/technology.

The EU will also seek to include smallholders and/or promote their interests in the EU bilateral dialogues with the relevant authorities of partner countries and in the specific support measures such as the Team Europe Initiative on Deforestation-free Value Chains (see below 6.2.1).

Box 1: AL-INVEST VERDE

AL-INVEST VERDE⁹ is a long-standing EU-funded programme that implements actions in 12 countries in Latin America. In its current sixth iteration, it supports them in their transition towards a low-carbon, resource-efficient and more circular economy and facilitates sustainable production models. It has three main components (1) Innovation and green

⁹ https://alinvest-verde.eu/en_gb/

transition of SMEs, (2) Technical assistance to the public sector, (3) Use of intellectual property for sustainable development.

Under the SME component for example, the European Commission is helping SMEs expand their marketing possibilities under the new EU standards and regulations by shifting to cleaner and more efficient products, processes, and services, while countries adopt more sustainable consumption patterns.

Box 2: EUDR Engagement in South East Asia

The project Engagement with Indonesia, Malaysia, Laos, Thailand and Vietnam to promote better understanding and capacity building on the EU approach to reducing EU-driven deforestation and forest degradation (EUDR Engagement¹⁰) focuses on dialogue and trainings with political stakeholders, smallholders, the private sector and civil society on the EUDR key traceability requirements in Southeast Asia.

5.2 Support for developing high-standard traceability schemes.

Together with certification and third-party verification schemes, high standard traceability schemes can facilitate operators' compliance with relevant market access requirements while recognising efforts made on the ground. The EU may engage in dialogue and technical cooperation at country, regional and global level with relevant stakeholders. It should be based on a transparent exchange of information, data and best practices. The goal is to identify, develop and/or strengthen relevant schemes, with a focus on transparency and traceability and ensure their effective implementation and interoperability.

The EU supports partner countries in strengthening existing high standard traceability schemes, with a focus on deforestation-free supply chains based on the FAO definitions and legality. In this context, the EU may finance joint analyses with partner countries (on demand) to identify gaps, together with key recommendations on further steps for alignment, with a view to facilitating information gathering for all relevant stakeholders.

Several programmes under the global Team Europe Initiative on Deforestation-free Value Chains, such as SAFE, the Sustainable Cocoa Initiative and AL INVEST Verde, already provide concrete support to national and local traceability systems in partner countries.

¹⁰ <https://zerodeforestationhub.eu/projects/eudr-engagement/>

The **Sustainable Agriculture for Forest Ecosystems (SAFE) programme**, financed by the EU, Germany and the Netherlands, provides support to traceability systems at national and local level in different producing countries. In Brazil, SAFE supports the development of a traceability system in the cattle sector through a multistakeholder dialogue process in the framework of the “Brazilian Coalition on Climate, Forests and Agriculture”. Furthermore, SAFE aims to support the Brazilian Ministry of Agriculture in its implementation of the national, cross-commodity traceability platform “AgroBrasil + Sustentável”.



5.3 Transition to sustainable commodity production and land use

Increasing the efficiency of agricultural land use and transitioning to more sustainable agricultural production methods can accelerate the fight against deforestation. The EU is committed to developing and supporting the implementation of innovative and/or alternative practices that strike a balance between protecting ecosystems and meeting the global demand for key agricultural commodities.

The European Commission finances already a broad range of programmes and projects geared towards supporting partner countries in their transition to sustainable and deforestation-free agricultural production, including by providing technical assistance and capacity building to smallholder farmers.

Box 3: EU Sustainable Cocoa Initiative

Launched in 2020, the **EU Sustainable Cocoa Initiative**¹¹ is a multi-stakeholder dialogue between the EU, Cote d'Ivoire, Ghana and Cameroon on economic, environmental and social sustainability in the cocoa sector. It is a flagship initiative under the EU Green Deal articulated around two key pillars:

1. an inclusive multi-stakeholder dialogue, the **Cocoa Talks**, organised by the European Commission to bring consensus and identify priority actions for the sector.
2. financial and technical support mainly through a **regional Sustainable Cocoa Programme (SCP)**, a €25 million programme for Côte d'Ivoire, Ghana and Cameroon to ensure the needed resources to make progress on the action points defined through the multi-stakeholder dialogue. The programme was complemented by further resources at country level. The activities include capacity-building to monitor deforestation, development of traceability systems, improvement of public/private standards and certification for cocoa production and assessment of specific agricultural practices such as agro-forestry.

The dialogue culminated in June 2022 with an endorsement by stakeholders of the Roadmap on Sustainable cocoa and the creation of an 'Alliance on Sustainable Cocoa' Roadmap.

5.4 Engage on regulatory measures and environmental standards globally

Policy dialogue with other large consumer markets to promote similar policies will be essential to achieve the ultimate goal of halting global deforestation. The EU is working closely with partner consumer countries and their supply chain stakeholders in efforts to deliver on the shared deforestation targets in multilateral fora. This is being done by identifying and developing best practices and technologies, regulatory measures, higher environmental standards, due diligence and corporate social responsibility as well as possible joint support for the role of smallholders in the deforestation free supply chains. In this context, the EU aims at promoting a better understanding of the EU approach to fight deforestation as well as to raise awareness on the need to enhance deforestation-free supply chains globally based on internationally used definitions such as those of the FAO, with a view to meeting joint international commitments on climate and biodiversity. The EU will also use instruments that support public administrations, notably with regard to the approximation, application and enforcement of EU legislation and facilitating the sharing of EU best practices to partner countries raise environmental standards. For instance, the EU's institution building instruments TAIEX (Technical Assistance and Information Exchange instrument)¹² and Twinning¹³, which bring together public sector expertise from EU Member States and partner countries through peer-to-peer activities.

5.5 Developing knowledge and innovation

Under the EU Framework Programme for Research and Innovation, the EU aims to create new knowledge and scientific data as well develop innovative solutions and technologies that can facilitate the transition to sustainable agricultural production, sustainable land use and

¹¹ https://africa-knowledge-platform.ec.europa.eu/story_life_cycle

¹² https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/taiex_en

¹³ https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/twinning_en

deforestation-free supply chains, accelerate the fight against deforestation across the globe and stimulate a circular sustainable bioeconomy.

More specifically, the EU has established **the EU Observatory on Deforestation¹⁴ and Forest Degradation** led by the Joint Research Centre (JRC). It provides accessible scientific data on changes in the world's forest cover and trade of the commodities of scope of the EUDR that could inform public entities, consumers and private sector. The maps produced by the Observatory have no legal value but represent a valuable support tool for risk assessment and for helping operators comply with the EUDR, without however dispensing them of the duty to carry out due diligence. The Observatory builds and will continue to build on already existing monitoring tools, including Copernicus products and other publicly or privately available sources, as well as close exchange and cooperation on evidence with the partner countries. It will also pursue synergies with the other relevant policy developments such as the EU law on forest monitoring and the Forest Information System for Europe (FISE).

Box 4: Success Stories from the European Research Council funded under the EU Horizon 2020 or Horizon Europe Framework Programmes for Research and Innovation

INCLUDE¹⁵ project (2016-2021) analysed the impact that deforestation is having on marginalised groups such as small farmers and indigenous communities by focusing on Argentina's Chaco Salteno region.

FORESTPOLICY¹⁶ project (2021-2026) examines whether company policies to stop deforestation help to slow forest clearing and whether environmental effectiveness comes at the cost of excluding poorer farmers or rather benefits them. It also seeks to identify why supply chain policies succeed or fail.

SUSTAINFOREST¹⁷ project (2021-2026) analyses the interactive roles of ecologically and economically important forest patches in the agricultural landscapes of the rainforest and savannah zones in Togo, Benin, Nigeria and Cameroon.

6. Implementation Tools

6.1 Outreach and Dialogue

To deliver on the principles and objectives of the Framework, the EU will make the EUDR and the broader fight against global deforestation and forest degradation an integral part of the EU green diplomacy work and efforts. To this end, the EU, first and foremost, will pursue an open, frank and strategic dialogue with the partner countries and regions relying on the relevant bilateral, bi-regional and international fora.

In relation to the pertinent dialogue fora:

- At **international level**, the EU will continue its outreach and engagement on deforestation in the context of G7 and G20, the OECD, the UNFCCC, the UNCCD, the CBD, FAO and in the WTO, as well as other relevant fora.

¹⁴ <https://forest-observatory.ec.europa.eu/forest/gfc2020>

¹⁵ <https://cordis.europa.eu/project/id/681518>

¹⁶ <https://cordis.europa.eu/project/id/949932>

¹⁷ <https://cordis.europa.eu/project/id/101001200>

- At **regional and bilateral level**, the EU is integrating deforestation into all relevant cooperation frameworks for policy dialogue including formal political and sectoral dialogues, Green Alliances and Partnerships, and technical assistance projects, building to the maximum extent possible on existing mechanisms and processes.
- The **EU Free Trade Agreements (FTAs)** and **Economic Partnerships Agreements (EPAs)** with partner countries and regions provide additional platforms for dialogue and cooperation on sustainability issues, including deforestation, involving the competent authorities and civil society on both sides.
- At **expert level**, in October 2020, the European Commission launched the **Multi-Stakeholder Platform on protecting and Restoring the World's Forests** to help protect and restore the world's forests which serves as a forum for exchanges between the consumer and producer countries, civil society organisations, and industry associations in relation to the EUDR implementation. It meets regularly and is open for participation by stakeholders from partner countries.

Box 5: Multi-Stakeholder Platform on Protecting and Restoring the World's Forests

In 2020, the Commission created the 'Multi-Stakeholder Platform on Protecting and Restoring the World's Forests', with the aim of involving stakeholders, researchers and third countries in the legislative process. Meetings of the Platform take place regularly. Via the Multi-Stakeholder Platform, participants, including partner countries, take part in the legislative process via dedicated workshops, updates given by the Commission and requests for feedback and inputs. In the transition period, regular meetings ensure that all issues relevant issues for the preparation of the EUDR implementation are discussed and that views of stakeholders are heard. This will continue in the implementation phase. The platform also shares best practices e.g. on traceability and smallholders.

Besides Member States, representatives of all relevant industry sectors and civil society participate, in addition to the partner countries representatives.

Detailed information, including agendas, minutes, all presentations and other relevant materials can be found on the Commission Register website.¹⁸

6.2 Specific Initiatives

In addition to outreach and dialogue, the EU will continue to offer support and assess further measures on deforestation free value chains in close cooperation and coordination with the Member States in a Team Europe Approach.¹⁹ Moreover, the EU will strengthen its engagement with the DFIs and the private sector to crowd-in long term investments into deforestation-free value chains in line with the objectives of the EU Global Gateway Strategy. The EU will also continue to nurture its partnerships with the relevant international institutions (e.g. WTO, OECD, World Bank, UNEP, FAO etc.) to accelerate the global movement to halt deforestation.

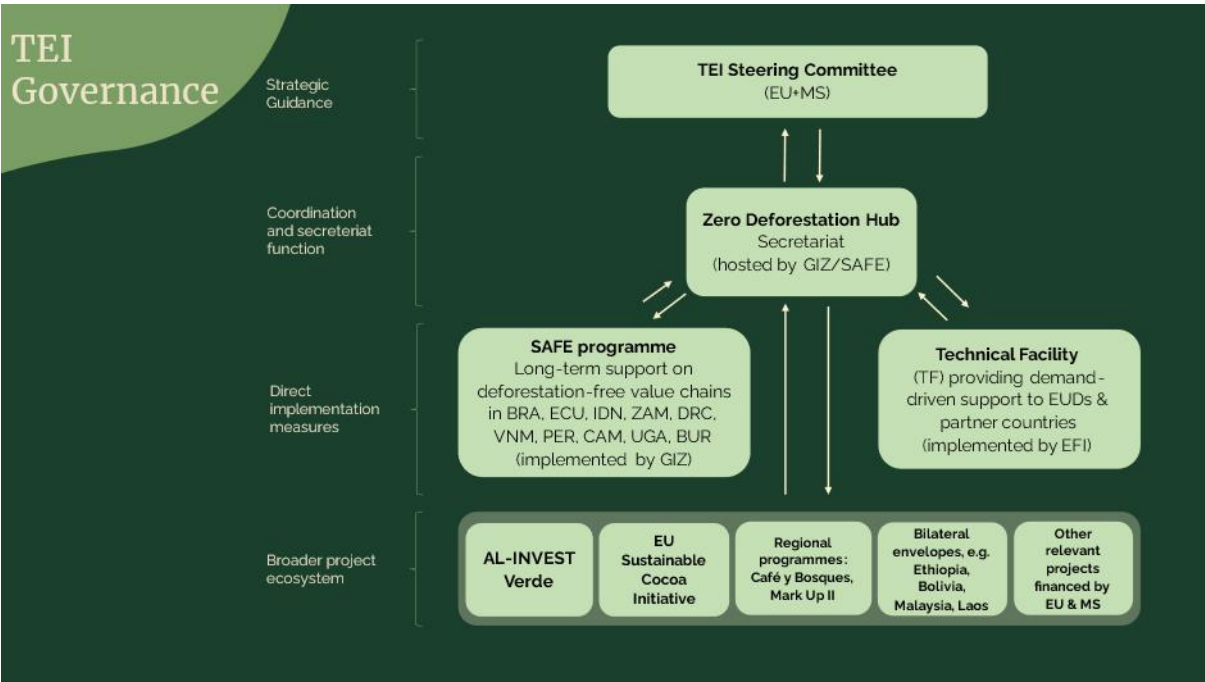
¹⁸ <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3282>

¹⁹ For the period 2021-2024, the EU allocated EUR 1 billion in grants to protect, restore and sustainably manage forests in partner countries and EUR 2.5 billion in grants to support sustainable agriculture.

6.2.1 Team Europe Initiative on Deforestation-free Value Chains

During the UNFCCC COP28, the EU and its Member States launched a global Team Europe Initiative (TEI) on Deforestation-free Value Chains with the following operational elements to facilitate an inclusive transition to sustainable and deforestation-free production in partner countries:

- The **TEI Hub** will provide information and outreach to partner countries on deforestation-free value chains and will conduct knowledge-management to coordinate relevant pre-existing projects from the EU and Member States with upcoming activities dedicated to the goals of the TEI. This will ensure that different TEI activities on deforestation-free value chains in producing countries can be better aligned, gaps identified and redundancies avoided.
- The **Sustainable Agriculture for Forest Ecosystems (SAFE)) programme** is the most important pillar of the TEI with ongoing activities in Brazil, Ecuador, Indonesia and Zambia. Work is ongoing to support Vietnam and DRC will be added in 2024. The programme focuses on support to smallholders in their transition to sustainable and deforestation-free value chains and assisting producing countries in creating an enabling environment to ensure access to the EU market. SAFE will be further scaled up with upcoming contributions from Member States.
- The **Technical Facility on Deforestation-free Value Chains** is a flexible and on-demand instrument to assist producing countries with expertise on technical requirements, such as geolocation, land-use mapping and traceability, with a particular focus on smallholders inclusion. These activities will be closely coordinated with EU Delegations and aligned through the TEI Hub with pre-existing projects including SAFE, in order to create synergies and avoid duplications.



6.2.2 Forest Partnerships

In the context of the EU Global Gateway strategy, the EU pursues **Forest Partnerships (FP)** with like-minded partner countries to offer a long-term and holistic framework to preserve their

forests, while creating value for them and generate socio-economic development. The FPs focus on improving forest governance, including multi-stakeholder participation, strengthening forest-based value chains, stimulating stable and legal business environments and ensuring the sustainability of trade in forest products with emphasis on legality, sustainability and halting deforestation.

More specifically, the FPs can help partners understand and adapt to the applicable legislative and non-legislative standards. They will contribute to developing and implementing traceability systems for forest products, including by building on promising experiences in the context of the Voluntary Partnership Agreements (VPAs) under the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan²⁰, and their Timber Legality Assurance Systems. The EUDR builds on the experience of the EU Timber Regulation (EUTR) and FLEGT Regulation²¹, covering additional requirements beyond legality to ensure that timber placed on the EU market is deforestation-free. The FPs also aim to enhance economic incentives for higher environmental standards, improved business environment and access to finance. The FPs aim at supporting partner countries to halt deforestation and forest degradation through the implementation of their National Determined Contributions under the Paris Agreement on climate and National Biodiversity Strategies and Action Plans under the Global Biodiversity Framework. The EU has already concluded FPs with Guyana, Honduras, Mongolia, the Republic of Congo, Uganda and Zambia and is exploring options for more, building on the EU relevant experiences in this domain.

6.2.3 Other relevant initiatives

The EU has other programmes to support sustainable forest management and smallholder farmers in the framework of the EU Global Gateway Strategy and the European Fund for Sustainable Development. Please refer to **Box 4** for specific examples in Latin America.

Furthermore, a complementary approach will be pursued with the future support actions related to the **EU Corporate Sustainability Due Diligence Directive (CSDDD)** once it has entered into application. To this end the EU will inter alia provide support to governments, private sector and civil society in third countries to facilitate the understanding of the respective requirements of the EUDR and the CSDDD and their benefits (e.g., in terms of better protection of human and labour rights and the environment, involvement of local communities, stable supply chains, increased resilience, etc.), while addressing the specific challenges faced by key stakeholders. The Team Europe Initiative on Sustainability in Global Value Chains will be particularly relevant in this regard to support the implementation of the CSDDD in third countries. For example, its helpdesk will share relevant information and provide guidance and will work in synergy with the TEI Hub on Deforestation-free Value Chains, as appropriate.

The EU also provides **targeted support at a country level** considering the actual needs in the producer countries and the allocated financial envelopes under the Neighborhood, Development and International Cooperation Instrument (NDICI).

Finally, **the European Development Finance Institutions (DFIs)** as well as the International Financial Institutions (IFIs), are increasing their commitment to expanding long-term

²⁰ Impact Assessment ‘Minimising the risk of deforestation and forest degradation associated with products placed on the EU market’ (https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en) and Fitness Check on the EU Timber Regulation and the FLEGT Regulation (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52021SC0328>)

²¹ Impact Assessment ‘Minimising the risk of deforestation and forest degradation associated with products placed on the EU market’ and Fitness Check on the EU Timber Regulation and the FLEGT Regulation

investment portfolios in the deforestation free supply chains. The European Investment Bank (EIB), for example, has issued a dedicated guide in December 2022 for increasing financing for the forestry sector²².

A concrete example is the project “Inclusive and Sustainable Forests in Morocco”²³, through which the EIB granted a loan of EUR 100 million to support the inclusive and sustainable development of Morocco’s forests. Supporting the 2020-2030 Forests of Morocco strategy, the operation will be implemented over a period of five years by the National Agency for Water and Forests (ANEF). Moreover, in the Republic of Moldova, the European Union in cooperation with the World Bank have provided support for preparing and costing a national afforestation programme²⁴. The National Forest Extension and Rehabilitation Programme, adopted in 2023, is estimated to cost nearly EUR 759 million²⁵. Regionally in the Eastern Partnership countries, the EU and the World Bank work together to improve regulatory frameworks and capacity for addressing deforestation as part of the respective pillar of the EU4Environment programme.

Box 6: EU Global Gateway Strategy – Examples of ongoing programmes and initiatives with benefits for sustainable forests and sustainable agricultural value chains in Latin America

- **AMAZONIA +** is the EU-funded programme launched in 2023 to improve the capacity of the Amazon Basin countries (Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela) to fight deforestation and forest degradation by working with local, regional and national governments as well as local communities and indigenous people.
- **FIVE GREAT FORESTS OF MESOAMERICA** is a Team Europe Initiative contributing to the protection of the region’s last remaining large forests. The focus is on providing scientific data on the state of these forests capitalising on the EU space programmes; effective forest governance and deforestation-free value chains; as well as environmental rights.
- Under the **EUROCLIMA** programme (initiated in 2008), the EU inter alia supports the ‘Forest, Biodiversity and Ecosystems’ sector in 18 countries in Latin America. The focus has been on innovative projects and institutional capacity to conserve natural resources, increase carbon sequestration of ecosystems and improve nature-driven peoples’ resilience to climate change impacts in alignment with public policies. The EU also contributed to the creation of a regional platform of Indigenous People under the Amazon Cooperation Treaty Organisation to ensure their traditional

²² <https://www.eib.org/en/publications/20220173-forests-at-the-heart-of-sustainable-development>

²³ <https://www.eib.org/en/press/all/2023-558-maroc-bei-monde-100-millions-forets-inclusives-durables#:~:text=The%20EIB%20has%20granted%20a%20loan%20of%20%E2%82%AC100,the%20National%20Agency%20for%20Water%20and%20Forests%20%28ANEF%29.;>
<https://www.eib.org/en/projects/all/20220943>

²⁴ <https://www.worldbank.org/en/news/feature/2024/05/21/investing-in-moldova-s-forest-biodiversity-to-build-a-more-sustainable-future>

²⁵ <https://www.eu4environment.org/news/how-the-european-union-jointly-with-the-world-bank-helps-moldova-green-its-landscapes/>

knowledge and practices are considered in the government-led biodiversity protection, climate adaptation and mitigation efforts.

Box 7: Terre Verte programme on sustainable agriculture and forestry

In 2022, the Commission adopted a new programme²⁶ worth EUR 115 million to support the ecological, inclusive and innovative development of Morocco's agricultural and forestry sectors. The programme “Terre Verte” aims to contribute to the national strategies of Morocco “Green Generation” and “Moroccan Forests” covering the period 2020-2030 by promoting an ecological transition conducive to the creation of decent work opportunities in Morocco in the agricultural and forestry sector. This is part of the EU-Morocco Green Partnership, the first such EU initiative with a partner country. It aims to advance the external dimension of the European Green Deal through action on the ground and is expected to become a model for similar partnerships with other countries, including on the African continent.

7. Conclusion

The Framework provides a comprehensive structure for cooperation with partner countries on the EUDR as part of the shared global challenge to halt deforestation.

The Framework is centred on working in partnership towards the implementation of the Regulation and of the global commitment to halt deforestation under the SDGs by 2020 and the Glasgow commitment to halt and reverse forest loss by 2030.

The partnership’s main objective is to promote a just and inclusive transition to deforestation-free agricultural supply chains leaving no-one behind. The EU will continue to engage with partners and stakeholders on the effective demand and supply side measures, on their ongoing efforts towards sustainability and support them in their understanding of and adaptation to the applicable standards.

This partnership is implemented via outreach, political and policy dialogue, dedicated support measures including technical assistance, investments and knowledge and innovation development.

It extends to multiple stakeholders such as regional, national and local authorities, key players in the value chains including large companies, traders, smallholder farmers and consumers, as well as civil society, Indigenous Peoples and local communities.

To make it an effective partnership, the European Commission will continue to work together with Member States and the European DFIs. It will also facilitate stronger collaboration with relevant international organisations.

The partnership’s success will, however, also rest on EU partners’ commitment to deliver on global targets to halt deforestation, illustrated by national efforts to develop their own sustainability driven policies for production and due diligence requirements and to join advocacy for higher environmental standards in international settings.

²⁶ https://neighbourhood-enlargement.ec.europa.eu/news/eu-morocco-green-partnership-commission-adopts-key-programme-support-agricultural-and-forestry-2022-10-25_en#:~:text=The%20programme%20%E2%80%9CTerre%20Verte%E2%80%9D%20aims%20to%20contribute%20to,in%20Morocco%20in%20the%20agricultural%20and%20forestry%20sector.



Brussels, XXX
[...] (2024) XXX draft

ANNEX

ANNEX

to the

COMMUNICATION FROM THE COMMISSION

**on the Strategic Framework for International Cooperation Engagement
in the context of Regulation (EU) 2023/1115 on the making available on the Union
market and the export from the Union of certain commodities and products associated
with deforestation and forest degradation**

ANNEX

General principles on the benchmarking methodology

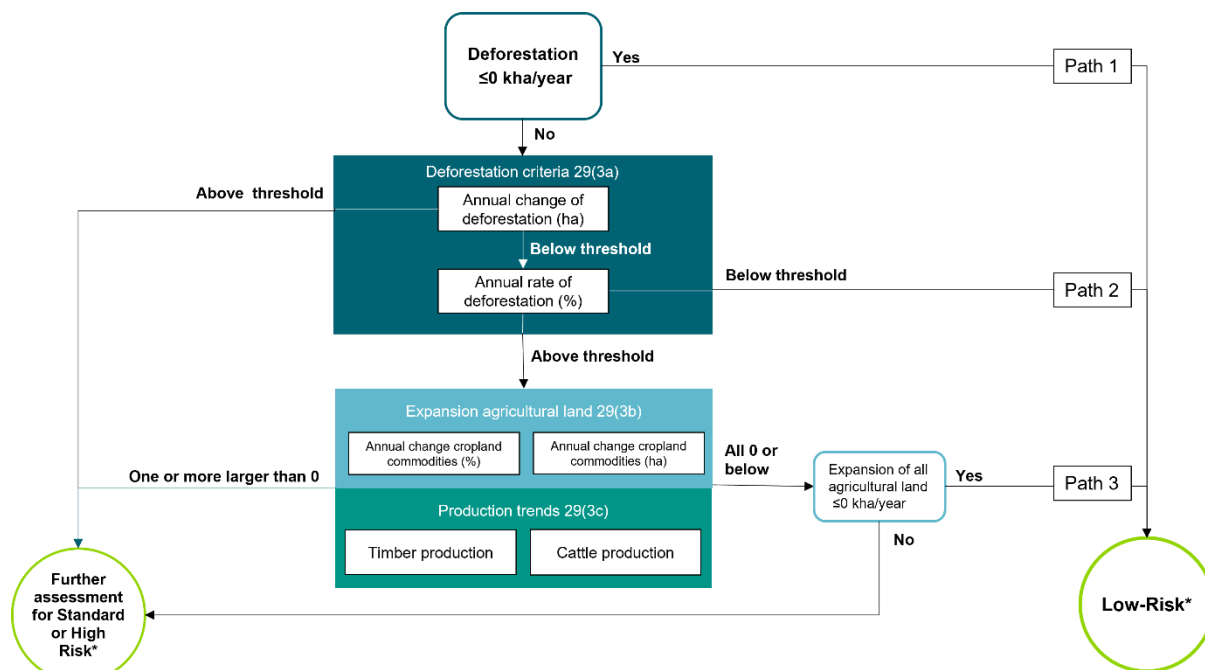
In accordance with its obligations under the EUDR, the European Commission is developing a system to benchmark countries, as required by Article 29 of that Regulation, and a first listing which will be published in an Implementing Act. During this process, the Commission will engage with relevant partner countries. This listing will be regularly updated, in light of new evidence.

To ensure full transparency before the publication of the Implementing Act, with the listing required by the legislation, the Commission shares herewith the general principles on the benchmarking methodology.

This system is intended to classify countries as **low, standard, or high risk**, facilitating operators' due diligence processes and enabling competent authorities to effectively monitor and enforce compliance. Additionally, it serves as an incentive for producer countries to enhance the sustainability of their agricultural production systems and minimize their deforestation impact. It will also allow the Commission to engage in consultations and dialogues with priority countries.

The Commission's methodology is firmly rooted in a commitment to **fairness, objectivity and transparency**. It relies on **quantitative criteria** based on scientific evidence and internationally recognized latest available data, primarily from the Global Forest Resources Assessment by the Food and Agriculture Organization of the United Nations. By focusing on these measurable factors, the Commission ensures that the classification process is grounded in solid data, while combined with a methodology for a **qualitative assessment**, where relevant.

The methodology to classify countries as low risk involves a thorough **quantitative assessment**, pursuant to the criteria listed in Article 29(3) of the EUDR, primarily examining deforestation both in absolute terms (hectares of forest lost per year) and relative terms (percentage of forest cover lost annually), taking into consideration global gross deforestation averages. See below a visual overview of the quantitative assessment.



*This categorization is not final, and a further assessment according to the criteria listed in Article 29(4a-e) is possible.

Following the methodology, a large majority of countries worldwide will be classified as low risk. This gives the opportunity to focus collective efforts and resources to protect forests in those geographic areas where deforestation challenges are more acute. This also creates achievable targets for the countries that need improvement and reduces costs for operators.

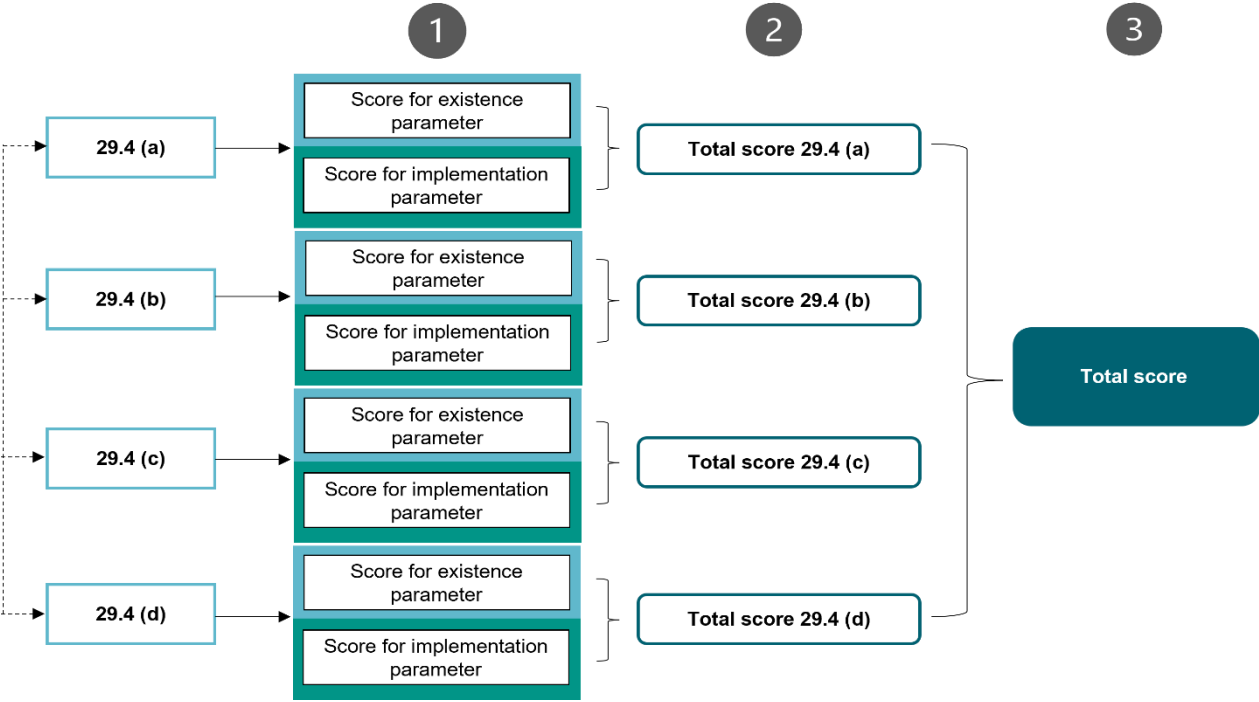
As regards high risk countries, until such time as the classification is reviewed, this category pays special attention to countries subject to UN Security Council and EU Council sanctions, due to particular difficulties to conduct due diligence along the value chains of these countries.

All other countries not classified low or high risk remain in the standard category. Within that category, the benchmarking methodology allows to have a specific approach to the countries which are at the lower or higher end of the risk category, both in absolute terms (hectares of forest lost per year) and relative terms (percentage of forest cover lost annually). These countries will be a priority for the Commission to engage with. In parallel, the Commission may engage with other countries, in particular those that have a significant trade in EUDR commodities with the EU.

A **qualitative methodology** will support the dialogues that will be conducted with these countries, with the objective to improve their deforestation situation and possibly avoid a classification as high-risk countries, including assessments at regional level where relevant.

The qualitative assessment considers the criteria listed in Article 29.4 of the EUDR, more specifically: information submitted regarding effective covering of emissions and removals from agriculture, forestry and land use in the nationally determined contribution to the UNFCCC; agreements and other instruments between the country concerned and the Union and/or its Member States that address deforestation and forest degradation and facilitate compliance of relevant commodities and relevant products with Article 3 and their effective

implementation; national or subnational laws in place; availability and transparency of relevant data concerning compliance with, or effective enforcement of laws protecting human rights, the rights of indigenous peoples, local communities and other customary tenure rights holders; and sanctions imposed by the UN Security Council or the Council of the European Union on imports or exports of the relevant commodities and relevant products. See below a visual overview of the qualitative assessment.



Outreach with all other relevant countries, including those having significant trade with the EU in the commodities concerned by the EUDR, will take place in parallel.

To ensure the latest available scientific data is taken into account, the country classification is a dynamic process, regularly up for revision both in quantitative and qualitative terms. New FAO data are available every five years, which will trigger, pursuant to the Regulation, review of the country classification. The Commission envisages such a first review in 2026.

Overall, the Commission's benchmarking system is a crucial instrument in the global effort to combat deforestation and forest degradation. By applying a rigorous, data-driven and transparent methodology, the Commission is committed to ensuring that the EUDR is implemented in a manner that is both effective and equitable.