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**NOTE**

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From:	Presidency
To:	Council
Subject:	Regulation on the making available of certain commodities and products associated with deforestation and forest degradation <i>Information from the Presidency on the state of play</i>

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Delegations will find in Annex an information note from the Presidency on the above-mentioned subject to be presented under "Any other business" at the session of the Council ("Agriculture and Fisheries") on 18 July 2022.

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**Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 laying down the obligations of operators who place timber and timber products on the market**

1. In its conclusions of December 2019 on the Communication on Stepping up EU Action to Protect and Restore the World's Forests, the Council called upon the Commission to propose additional demand-side regulatory and non-regulatory measures to limit deforestation and forest degradation.
2. The proposal for a new Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation was submitted by the Commission in November 2021 and is a key part of the EU's overall effort to fight global deforestation and forest degradation. It addresses imports to the EU, internal trade and exports of products derived from certain commodities (coffee, cocoa, palm oil, soya, beef and wood) that mostly drive global deforestation.
3. The general objective of the proposal is twofold:
  - to minimise the Union's contribution to deforestation and forest degradation worldwide, and reduce the EU's contribution to greenhouse gas emissions and global biodiversity loss by minimising the consumption of products coming from supply chains associated with deforestation or forest degradation;
  - to increase the EU demand for and trade in legal and 'deforestation-free' commodities and products.

4. In order to effectively address the cross-sectoral matters covered by this legislative proposal and to carry out the preparatory work related to its examination within the Council, an Ad Hoc Working Party on Deforestation was set up on 12 January 2022. It reports to the Environment Council and, as per mandate, also to the Agriculture and Fisheries Council on a regular basis.
5. The Commission presented its legislative proposal and accompanying impact assessment to the Ad Hoc Working Party on Deforestation on 24 January 2022. During the first semester of 2022, the Ad Hoc Working Party carried out an exhaustive examination of the text. The Council held two policy debates during its Agriculture and Fisheries configuration on 21 February 2022, and in the Environment configuration on 17 March 2022. On 28 June 2022, the Council (Environment) adopted a general approach which will serve as the Council's mandate for future negotiations with the European Parliament under the ordinary legislative procedure.
6. The compromise text presented by the French Presidency endeavoured to strike the right balance between ambition and pragmatism, a text that should be implementable and compatible with WTO rules.
7. The general approach includes the following main revisions:
  - the scope of the regulation is maintained, with a number of relevant products added to Annex I (list of derived products);
  - the definition of forest degradation was narrowed down to structural changes in forest cover in the form of a conversion of primary forests into plantation forests or other wooded land, with elements based on concepts defined by the FAO. The text provides for a possible extension of this definition to be addressed two years after the entry into force of the regulation;
  - the due diligence rules were simplified in order to reduce the administrative burdens both for companies, especially small businesses, and national authorities;
  - thresholds for obligatory checks by competent authorities were adjusted;
  - the rules for the identification of risk categories of countries were clarified to make them more objective and transparent and to enhance the dialogue with third countries;

- stronger references to the protection of indigenous peoples and local communities and the protection of human rights defenders were added.
8. The vote of the European Parliament ENVI Committee is scheduled for 11-12 July 2022 and the indicative date for the vote in plenary is 12 September 2022.
  9. The Presidency intends to organise an examination of the European Parliament amendments at an upcoming meeting of the Ad Hoc Working Party on Deforestation and initiate the negotiations between the co-legislators once a negotiating position of the European Parliament is adopted.
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