CALL FOR A MORE AMBITIOUS EU REGULATION ON DEFORESTATION-FREE PRODUCTS: INCLUSION OF NATURAL AND PRIMARY OTHER WOODED LANDS (OWL) IN THE SCOPE OF THE PROPOSAL

Key points

1. Why it is critical to include natural and primary OWL in the scope of the European law on deforestation-free products

- Savannahs and natural grasslands have very **significant ecological and social importance** with huge carbon stocks below ground (upside-down forest), high endemic biodiversity and provide essential ecosystems services to billions of people around the world
- The Brazilian Cerrado is the **world´s richest savannah,** it presents **important ecosystem services** and is the livelihoods for numerous **Indigenous People and Local Communities**
- Brazilian soy is mainly produced and expands over Cerrado savannahs (OWL) at an alarming rate. This soy has the **highest contribution in tropical deforestation/conversion (DC)** linked to all Europe-27 imports.
- If the EU legislation only protects forests and leaves natural[1] and primary[2] savannahs (OWL) unprotected, **soy expansion will exacerbate on the Cerrado savannahs.**
- By only protecting forests, the **new law would have a limited impact** on reducing ecosystem destruction outside EU and particularly in Brazil, as the Soy Moratorium already aims at protecting the Amazon forests.
- The new law would then create rebound deforestation and conversion pressure from forests to savannahs and **aggravate the EU impacts on ecosystem destruction in Brazil,** and **consequently would create the opposite of its intended result, generating strong opposition in Brazil and worldwide.**
- Increasing soy pressure for Cerrado conversion would mean worsening the ongoing pressure on Cerrado Indigenous People and Traditional Communities and **Human Rights violations,** already high and directly associated to soy expansion.

2. How to include natural and primary OWL under the scope of the European law on deforestation-free products ?

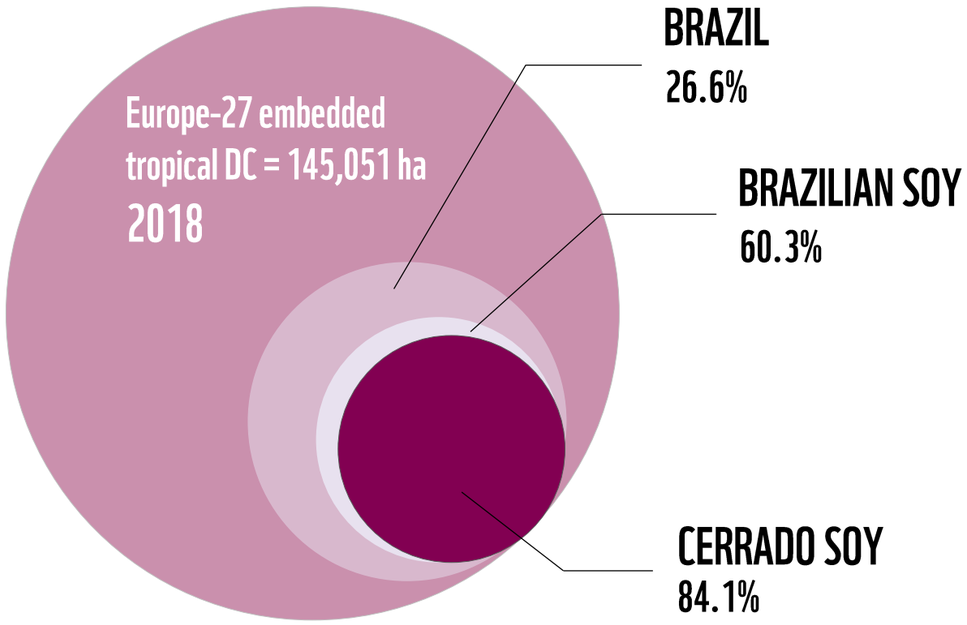
- We ask to add natural and primary OWL in the scope of the definition of deforestation, following the FAO definition of OWL **with the exception of FAO defined areas of agricultural and forestry uses. This follows the amendment 88 proposed by European Parliament** that defines deforestation as "conversion, whether human-induced or not, of forests or other wooded land to agricultural use or to plantation forest".
- Natural and primary OWL e.g. Cerrado in Brazil correspond to stable, spontaneous and primary savannah, shrubland and woodland vegetation, with lower cover and/or height than in the FAO definition of forest, and **exclude plantation forest and systems for agricultural and forestry use**
- **Degraded or exploited (currently or in the past) or regenerating forests** as implied in the proposal of European Council **exist but are not natural nor primary OWL and should be treated under the scope of the definition of forest degradation only.**
- **Inclusion of natural and primary OWL makes EU law enforcement easier** than non-inclusion, as Cerrado and other tropical landscapes are often a mix of natural and primary forests and OWL with complex spontaneous gradients of vegetation cover and height
- Natural and primary OWL inclusion eliminates the challenge of clearly distinguishing between forests and OWL at the farm level, thus facilitates and improves the mapping of the scope of the law
- This limits the risk of contestations about a farm being inside or outside the scope and **reduces the cost for compliance verification**.
- **Adapted tools and data to ensure reliable implementation and enforcement** of the EU law with natural and primary OWL are already available

[1]**Natural ecosystem definition in European Parliament proposal** : "*an ecosystem, including a human-managed ecosystem, that substantially resembles, in terms of species composition, structure, and ecological function, an ecosystem that is or would be found in a given area in the absence of major human impacts; this includes, in particular, land with high carbon stocks and land with a high biodiversity value*". This definition fits with **AFi** definition.

[2]**Primary forest definition in European Council**: *"naturally regenerated forest of native tree species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed"*

1. WHY IT IS CRITICAL TO INCLUDE NATURAL AND PRIMARY OTHER WOODED LANDS (OWL) IN THE SCOPE OF THE EUROPEAN REGULATION ON DEFORESTATION-FREE PRODUCTS

Cerrado soy from natural and primary OWL have the highest contribution in tropical deforestation/conversion (DC) linked to agricultural commodities imported by EU

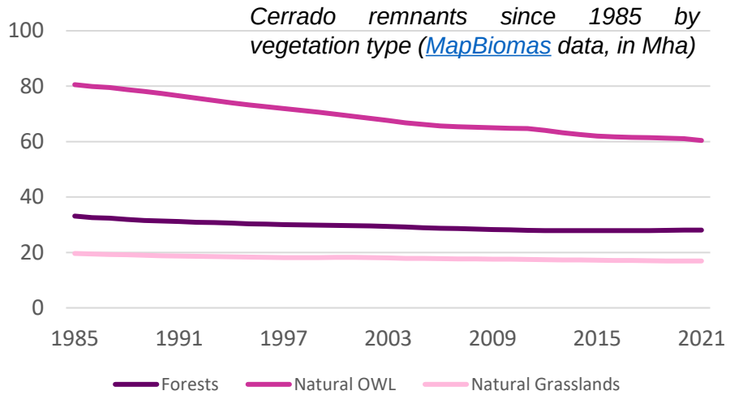


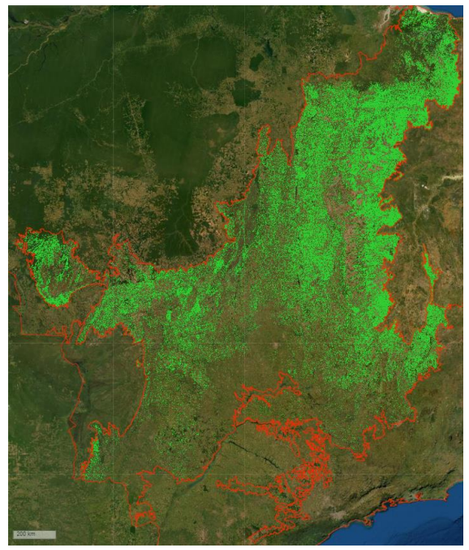
Cascading highest tropical DC contributions[3] linked to European consumer market in 2018. Based on Pendrill et al. 2022 and Trase data

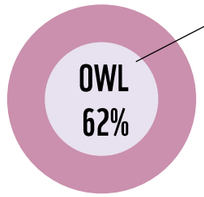
EU embedded DC would remain very high if not addressing the issue of Cerrado soy DC

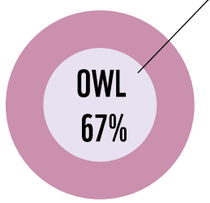
Cerrado natural and primary OWL are the main place where soy is produced and expands

- **Cerrado OWL destruction rate** is 3 times higher than of Cerrado forests (MapBiomas data, in Trase).
- **OWL** = 56% of remaining natural vegetation cover in Cerrado (MapBiomas, see map above) with negligible area subject to strict protection and high potential for soy expansion.









Soy pressure mostly threatens Cerrado OWL, where wide expansion is likely to occur in the next years

Consequences of non-inclusion of natural and primary OWL in the regulation scope

- As Amazon Soy Moratorium (ASM) already ains at protecting the Amazon forests, a leakage of conversion from Cerrado forests to unprotected OWL would occur due to exacerbate soy expansion, as already experienced in Cerrado after ASM implementation.
- Pressure and Human Rights violations will increase on Cerrado Indigenous People and Traditional Communities

The new law will thus not reduce and may even aggravate the EU impacts on ecosystem destruction in Brazil, and as a result would be considered as a severe setback in Brazil

- Extending the scope of the law to natural and primary OWL will increase the coverage of Cerrado conversion from less than 20% to more than 80% (60 Mha)

[3]**Soy contribution in DC values are conservative** as they are based on current methodology that only considers soy planting within a 5-years period after the conversion event. Real soy contributions should thus be higher than the values presented in this document.

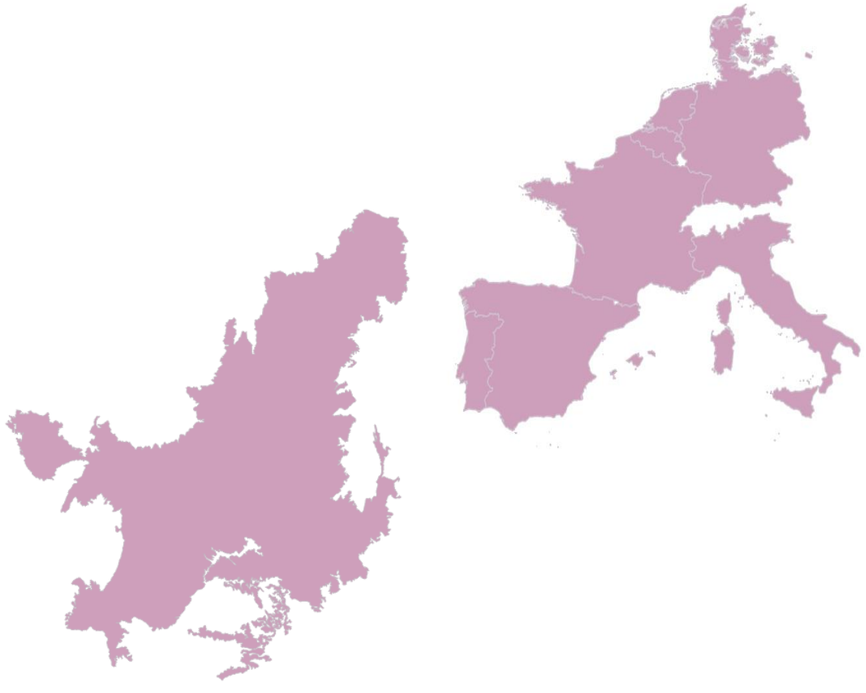
[4]**Some general numbers about DC in Cerrado**
Conversion in Cerrado (8,531 km2 in 2021) increased 35% between 2019 and 2021 and is more than two times higher than in the Amazon, relative to the remaining natural ecosystems area (PRODES). More than half of the native vegetation of the biome has already been destroyed and the recent trend is alarming.

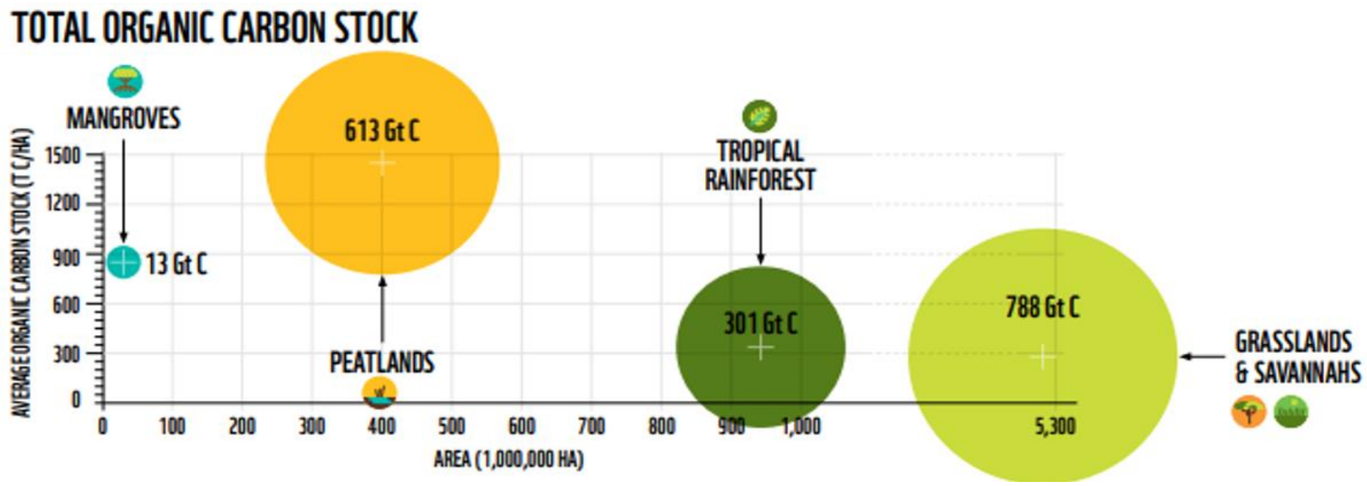
1. WHY IT IS CRITICAL TO INCLUDE NATURAL AND PRIMARY OTHER WOODED LANDS (OWL) IN THE SCOPE OF THE EUROPEAN REGULATION ON DEFORESTATION-FREE PRODUCTS

Brazilian Cerrado presents important ecosystem services and is the livelihoods for numerous Indigenous People and Local Communities (IPLCs)

BRAZILIAN CERRADO

- Is extremely biodiverse (>5% of the world´s biodiversity, 12,000 native plant species)
- Contributes to global climate balance due to its carbon stocks
- Contains the headwaters of 8 of the 12 main basins in Brazil
- Is the livelihoods for 25 million people including numerous traditional peoples
- Covers a territory equivalent to France + Spain + Germany + Italy + Portugal + Denmark + the Netherlands + Belgium areas





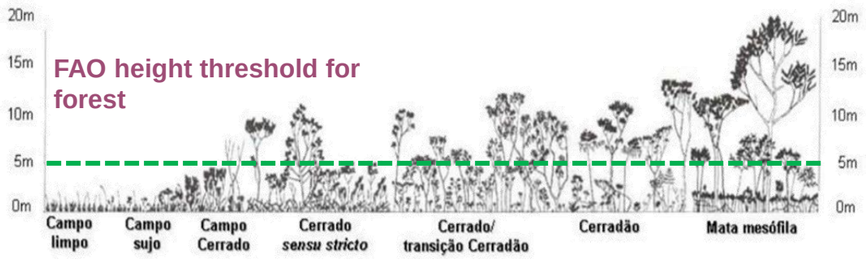
Above and below ground carbon storage in non-forest natural ecosystems (mangroves, grasslands, savannahs (OWL), and peatlands). WWF 2022

2. HOW TO INCLUDE NATURAL AND PRIMARY OTHER WOODED LANDS (OWL) UNDER THE SCOPE OF THE EUROPEAN REGULATION ON DEFORESTATION-FREE PRODUCTS ?

FAO Forest definition[5] creates implementation and enforcement challenges in Cerrado

- Cerrado and many other natural and primary ecosystems comprises **mosaics** of diverse forest, savannah and grassland formations, with **complex spontaneous fine-scale gradients of tightly interspersed vegetation** and varying tree heights that bleed across FAO forest definition thresholds (AFi, Trase)

Complex fine-scale vegetation gradients

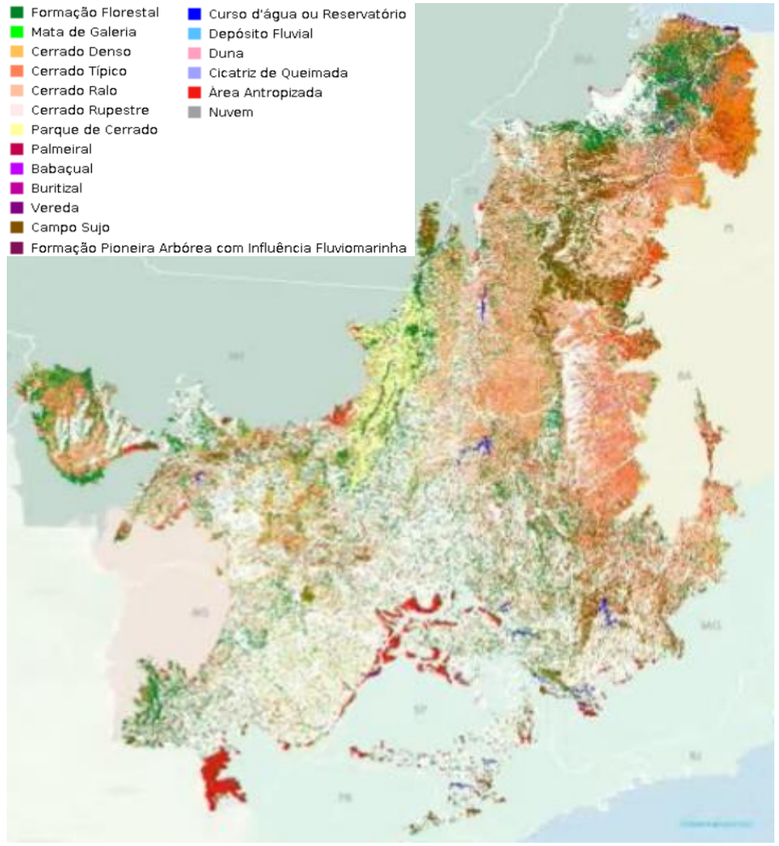


Main phytophysiognomies in the Cerrado biome. FAO height threshold in dash line. (Sources: adapted from Ferreira et al. 2022 and Bitencourt et al. 1996)

Resulting spatial and temporal fluctuations of tree height and cover create **uncertainty in applying the FAO definition of forest** that will lead to **discrepancies between remote-sensing maps of forest and local observations**.

Contestations on non-compliance at the farm level based on vegetation mapping uncertainties **will increase the costs for DCF compliance verification**, as field checking will be necessary and may lead to divergent interpretations.

Mosaic of Cerrado vegetation formations



Sources: FIP Monitoramento Cerrado Project (INPE)

Inclusion of natural and primary OWL in the scope of the definition of deforestation of the EU regulation makes law enforcement easier than non-inclusion[6], as it facilitates and improves the mapping of geographical scope of the law. This limits the risk of contestations about a farm being inside or outside the scope and thus reduces the cost for compliance verification.

- Robust tools for monitoring land use and land cover based on remote sensing techniques, such as Mapbiomas, ESA WOrldCover, Copernicus are already available and free of charge, with high accuracy from regional to local scales, which will dispense field verification.

[5]**FAO Forest definition**: "*Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ".*

[6]**Discrimination between grasslands and wooded ecosystems** based on remote sensing techniques is easier as it is mainly based on the absence of a tree layer.

[6]**"Eliminating the need for threshold-based compliance determinations** can greatly increase regulatory certainty for supply chain actors and feasibility of monitoring and enforcement for competent authorities" (AFi)

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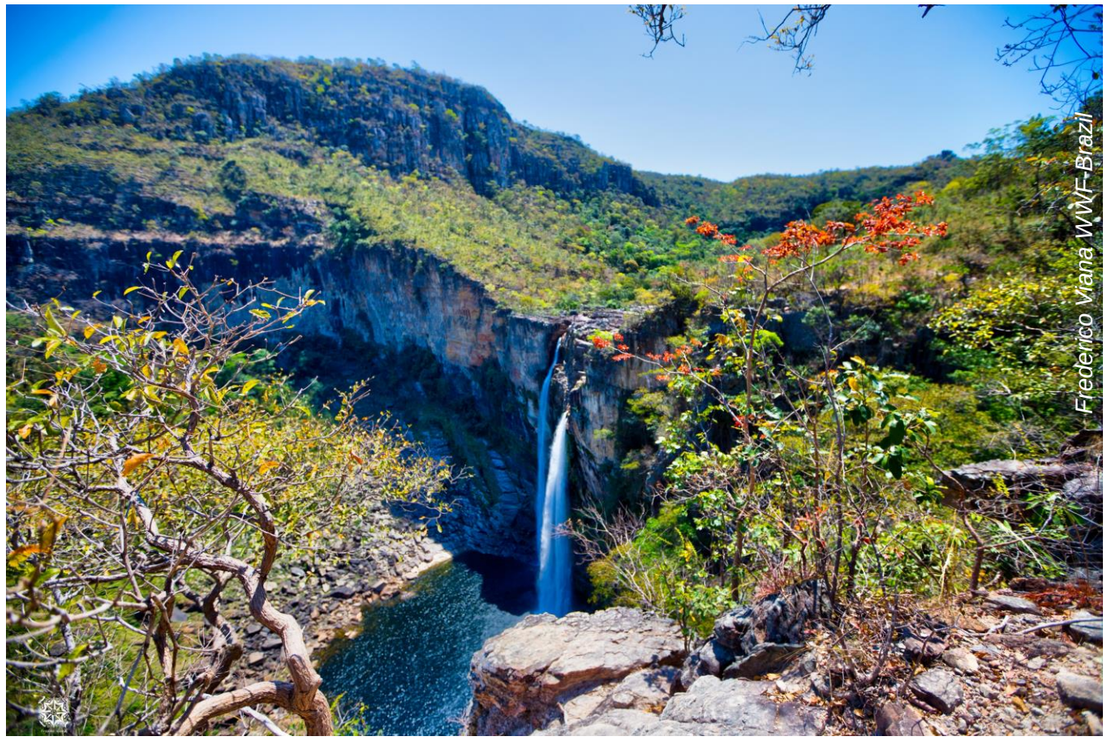
Frederico Viana WWF-Brazil

Important clarifications on OWL and the definition of deforestation

- In order to address the issue of DC by ensuring an extended scope of the definition of deforestation in the EU law to OWL, unique, clear and suitable definitions are needed

- Natural and primary OWL that must be included in the scope of the definition of deforestation[7] follows the FAO definition of OWL with the exception of FAO defined areas of agricultural and forestry uses[8]. This follows the amendment 88 proposed by **European Parliament** that defines deforestation[9]

- Natural and primary OWL e.g. Cerrado in Brazil correspond to stable, spontaneous and primary savannah, shrubland and woodland vegetation, with lower cover and/or height than in the FAO definition of forest, and **exclude plantation forest and systems for agricultural and forestry use**

- **Degraded or exploited (currently or in the past) or regenerating forests** as implied in the proposal of European Council **exist but are not natural nor primary OWL ecosystems[10] and should be treated under the scope of the definition of forest degradation only.** See Afi figure below.

Adapted tools and data to ensure reliable implementation and enforcement in an extended scope of the EU law

- To differentiate natural and primary ecosystems that present stability and area under agricultural and forestry use, robust tools such as Mapbiomas are already available.

- They provide fine-scale and accurate vegetation maps and also build the land use and land cover history, by detecting abrupt changes, degradation and post-conversion recovery, based on cutting edge remote sensing techniques as time series analysis of satellite images.

[7]**No-conversion of natural ecosystems** including OWL is already accepted by industry in numerous policies and voluntary commitments (AFi)

[8]**Agricutural use definition** (AFI) follows the FAO definition of agricultural land as specified in the World Programme of the Census of Agriculture 2020.

[9]**Deforestation definition in** European Parliament proposal (Amendment 88): *"conversion, whether human-induced or not, of forests or other wooded land to agricultural use or to plantation forest"*.

[10]**Natural ecosystem definition in European Parliament proposal** : "*an ecosystem, including a human-managed ecosystem, that substantially resembles, in terms of species composition, structure, and ecological function, an ecosystem that is or would be found in a given area in the absence of major human impacts; this includes, in particular, land with high carbon stocks and land with a high biodiversity value*". This definition fits with **AFi** definition.