



Ref. 23PRESS167

PRESS STATEMENT

COCERAL, FEDIOL, and FEFAC Call for Targeted Country Partnerships and Clear Guidelines for EU Deforestation-free Commodities Regulation Implementation

Brussels, 19 April 2023 – Following the formal approval of the Deforestation-free Commodities Regulation, **COCERAL, FEDIOL, and FEFAC call on the European Commission and Member States to work with stakeholders to facilitate the implementation of the Regulation.** Many implementation challenges remain unaddressed and will require multistakeholder collaboration, involving the European Commission, Member States, and producing country government and stakeholders. Furthermore, uncertainties around how the provisions translate in practice should be addressed as soon as possible to allow supply chain actors to prepare for implementation.

COCERAL, FEDIOL, and FEFAC have welcomed the EU initiative to tackle deforestation and supported an EU regulation introducing mandatory due diligence. As repeatedly highlighted throughout the regulatory process, some of the provisions and the set timeline for implementation will pose significant problems for numerous stakeholders in the supply chains and risk excluding many players in third countries from supplying the EU market, especially smallholder farmers.

The Regulation will apply to supply chain actors 18 months after entry into force, which is a short timeline considering the serious implementation challenges that need to be tackled. **Challenges around the traceability to plot requirement, for instance, have not been properly acknowledged, and solutions must urgently be found at scale to enable compliance.** Practical challenges include:

- **Obtaining geolocation/polygon to plot data of millions of smallholders who supply mills indirectly through collectors/aggregators:** it is a common problem that middlemen do not want to share information about smallholders they buy from for fear of being bypassed. Without their collaboration, smallholders supplying through them will necessarily be excluded from EU supply chains.
- **Obtaining and maintaining reliable and updated traceability data matching land ownership titles:** in the absence of properly regulated land tenure and inadequate national farm registers, sourcing from farmers whose ownership rights, ownership changes, and land lease contract changes are not officially registered would be a risk to operators. Operators cannot comply with the EU's requirements, which include complying with land use rights under national legislation in producing countries, if such official information is not available or in order.
- **Resolving data sharing impediments in producing countries:** some producing countries consider land ownership data sensitive and prohibit their sharing.

Overcoming these and other obstacles will require the Commission, Member States, producing country governments (including regional and local authorities), operators, smallholders and other local economic actors in the supply chain, and NGOs to work together in synergy. **Without this collaboration, operators will not be able to keep certain smallholders in their supply chains to the EU and may not be able to guarantee sufficient volumes at all times.**

In addition, **we and other commodity sectors have been calling for guidelines to provide assurances on which practices are compliant with the Regulation.** The Regulation's provisions have given rise to many practical questions that have not yet been addressed and which risk delaying efforts to find solutions to enable a successful implementation of the Regulation. Given the important resources and infrastructure and logistical changes required by the industry to comply with the segregation and traceability requirements, among others, we urge the Commission to provide legal clarity as well as solutions to avoid excessive disruptions to the functioning of commodity supply chains. **To that end, we urge the Commission to issue commodity-specific guidelines, as well as guidelines to facilitate the harmonised implementation of the Regulation, by the end of 2023 the latest.** In addition, the Member States should also take up the responsibility of providing guidance to operators, based on their planned enforcement of the Regulation.

We stand ready to provide our knowledge and experience operating in complex supply chains to make the implementation of the Regulation possible, while minimising as much as possible any negative impacts, including supply chain inefficiencies, exclusion of smallholders, trade disruptions, supply shortages, a likely negative impact on the cost of living in the EU, and any counterproductive impacts on the fight against deforestation. As part of this engagement, we support the formation of working groups under the Multistakeholder Platform on Protecting and Restoring the World's Forests to foster exchanges on best practices and find joint solutions to the implementation challenges. We continue to stress the importance of tailoring these solutions to each commodity sector and country of origin for any guidelines to be useful and practicable.

COCERAL is the European association of trade in cereals, oilseeds, pulses, olive oil, oils and fats, animal feed and agrosupply. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above-mentioned agricultural products. COCERAL's direct members are located in 14 EU countries, with one European association, Unistock representing the professional portside storekeepers for agribulk commodities within the EU and one associated member in Switzerland. With about 3,000 companies as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. Gafta is an extraordinary member of COCERAL.

FEDIOL, the EU vegetable oil and protein meal industry association, represents the interests of the European oilseed crushers, vegetable oil refiners and bottlers. FEDIOL members are 10 national associations and associated company members in 7 other EU countries. With about 180 facilities in Europe, the sector provides 20,000 direct employments. Its members process approximately 55 million tonnes of basic products a year, both of EU origin and imported from third country markets. The sector processes notably rapeseed, sunflower seed, soybeans and linseed into oils and meals for food, feed, technical and energy uses essentially on the European market.

FEFAC, the European Compound Feed Manufacturers' Federation, represents 23 national Associations in 23 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status. The European compound feed industry employs over 100,000 persons on app. 3,500 production sites often in rural areas, which offer few employment opportunities.