



**INTERNATIONAL  
COFFEE  
ORGANIZATION**

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**Communication from the  
Government of Brazil**

1. The Executive Director attaches, for the information of ICO Members, a Note Verbale sent by the Government of Brazil, together with a letter on the topic of the proposed EU Regulation on deforestation-free products which outlines some suggested actions.



PERMANENT REPRESENTATION OF BRAZIL  
TO INTERNATIONAL ORGANISATIONS IN LONDON

Rebraslon- 023 -- 2022

The Permanent Representation of Brazil to International Organisations in London presents its compliments to the International Coffee Organization (ICO) and has the honour to refer to the following decisions and resolutions adopted at the 132<sup>nd</sup> and 133<sup>rd</sup> Sessions of the International Coffee Council regarding the project of a regulation on products supposedly associated with deforestation and forest degradation currently under discussion at the European Parliament and at the Council of the European Union:

- Document ICC 132-8, paragraph 50: “Members noted that the proposed obligation for trade actors to exercise due diligence prior to export would increase operating costs to the industry, and in particular coffee farmers. In this regard, Members requested the Secretariat to open a channel for discussion with the European Union and welcomed the webinar jointly organized by the Organization and the EU to further discuss the topic”;
- Document ICC 132-8, paragraph 51: “The delegate of Brazil stressed the importance of the topic for the whole coffee sector and encouraged the Organization to establish a dialogue with the European institutions in order to obtain further clarifications and voice ICO Members’ concerns, suggesting a meeting of the Chair of the Council with the rapporteur of the European Parliament”;
- Document ICC 132-8, paragraph 52: “The Chair of the Council reassured Members that the topic would be dealt with by the Organization as a priority considering its relevance and urgency and that an action plan to address the question would be discussed with the new Executive Director upon her arrival and shared with Members”.
- Document ICC 133-6, paragraph 51: “The delegate of Brazil suggested that the Secretariat reach out to the European Commission and European Parliament to further discuss the EU proposal for a regulation on deforestation-free products and the impact the latter would have on exporting countries and coffee producers as well as on the private sector. He announced that Brazil had organized a meeting with other ICO exporting Members to address the question and that a draft statement containing the countries’ concerns to be submitted to the European Parliament had been prepared”.

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2. Regarding ICC 133-6, paragraph 51, Brazil kindly requests the Secretariat to forward to ICO member-countries the attached draft of a letter of the President of the International Coffee Council to the President of the European Parliament and the President of the Council of the European Union.

3. Given that the final vote of the regulation project by the European Parliament will occur in September, before the next regular session of the International Coffee Council, Brazil kindly requests the Secretariat to evaluate the possibility of convening a session of the Council to be organized in the following days in order to decide upon the following steps to be taken regarding the European Commission project of regulation on products supposedly associated with deforestation and forest degradation.

The Permanent Representation of Brazil to International Organisations in London avails itself of this opportunity to reaffirm its compliments to the secretariat of the International Coffee Organisation for promoting this important webinar and to renew the assurances of its higher consideration.





PERMANENT REPRESENTATION OF BRAZIL  
TO INTERNATIONAL ORGANISATIONS IN LONDON

On behalf of the International Coffee Council, I would like to address the project of a new regulation aimed at banning the circulation, in the European Union market, of commodity imports, and their by-products, allegedly associated with deforestation, proposed by the European Commission and currently being discussed in the European Parliament and in the Council of the European Union.

The inclusion of coffee among the commodities covered by the new legislation is a matter of concern for the entire global coffee value chain. It will affect not only European economic operators and traders, who might have to comply with complex and costly due diligence requirements, but also roasters, distributors, retailers and consumers in Europe and, last but not least, farmers in producing countries.

The new regulation will aggravate the very problems it intends to combat. It will exclude small, vulnerable coffee farmers from the European market and disengage relevant local stakeholders. The currently soaring prices of commodities and fertilizers due to the conflict in Ukraine will only aggravate these problems. The International Coffee Council understands that the new regulation's misgivings are due to serious problems in the preparatory studies carried out by the European Commission. Not only did they ignore the lack of scientific evidence of any major impact of coffee crops on forest coverage, but they also were carried out with insufficient institutional dialogue with relevant actors in the global value chain. Non-Governmental Organisations have also publically expressed their deep concerns about the counterproductive effects of the due diligence requirements. Last, but not least, serious legitimacy issues can also be raised regarding the open consultation process.

The use of trade measures to address an environmental problem is contrary to the spirit and to the letter of the entire United Nations multilaterally agreed legal framework on Sustainable Development, and, in particular, of the Agenda 2030 Sustainable Development Goals (SDGs). Agenda 2030 states, in its very preamble, that the SDGs are integrated and indivisible and must balance the three dimensions of sustainable development: the economic, the social and the environmental. Moreover, it reaffirms the principle of common but differentiated responsibilities, as set out in the 1992 Rio Declaration on Environment and Development.

In order to justify the new legislation, the European Commission has deliberately interpreted SDG 15.2 in a restrictive manner, reducing it to the objective of curbing deforestation and ignoring Europe's own responsibilities in terms of afforestation and reforestation of its territory. Moreover, the EU has committed to invest 0.7% and up to 0.2% of gross national income for overseas development assistance in developing and least developed countries, respectively (SDG 17.2), as well as US\$ 100 billion for climate change mitigation and adaptation measures in

developing countries (SDG 13.a). Other commitments include technology and knowledge transfer. These pledges are yet to be implemented.

Since 2019, within the International Coffee Organisation, a Public-Private Task-Force has been working with the objective of incrementing sustainable production in the coffee global value chain until 2030. Non-governmental organisations, farmers, distributors, traders and industry take part in the discussions side-by-side with importing and exporting countries' governments. This mechanism would provide an innovative framework for the implementation of SDG commitments through Overseas Development Assistance, technology and knowledge transfer and capacity building. The top-down, punitive and one-size-fits all approach of regulation not only ignores this opportunity, it shatters the multi-stakeholder consensus which has been built among exporters and importers on the actions to be taken to fully implement the SDGs in the coffee sector.

I invite the European Parliament to engage in a formal dialogue with the International Coffee Organisation to contribute to the sector's efforts to render the coffee global value chain fully sustainable.

Please find attached document that we submit to the consideration of the European Parliament.

**COMMENTS OF THE INTERNATIONAL COFFEE COUNCIL  
ON THE PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE  
COUNCIL 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**

THE NEW REGULATION CAUSES TRADE DISTORTION, STAKEHOLDER DISENGAGEMENT AND EXCLUSION OF SMALL FARMERS OF THE EUROPEAN MARKET

The European Commission regulation proposal is accompanied by a 20-page *Explanatory Memorandum* and a 187-page *Impact Assessment*<sup>[1]</sup>. These studies do not contain one single econometric estimation of the impact of the new measures on operational costs or final prices, not to mention the way in which this burden will be absorbed by the various participants along the coffee value chain, from farmers to traders, to the industry and to consumers. There is no mention to the price-elasticity of demand for coffee and the risk of reduction in consumption.

The large number of organisations, both representatives of the affected commodities' value chains, and of civil society organisations, that have publically alerted to the unintended consequences of the new regulation for smallholders, and called for modifications, attests the shortcomings of the EC preparatory assessments<sup>[2]</sup>.

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<sup>[1]</sup> EC. *Commission staff working document - IMPACT ASSESSMENT: minimising the risk of deforestation and forest degradation associated with products placed on the EU market. 2021. In* [https://environment.ec.europa.eu/system/files/2021-11/SWD\\_2021\\_326\\_1\\_EN\\_impact\\_assessment\\_part1\\_v4.pdf](https://environment.ec.europa.eu/system/files/2021-11/SWD_2021_326_1_EN_impact_assessment_part1_v4.pdf)

\_\_\_\_\_. *Commission staff working document - IMPACT ASSESSMENT REPORT: minimising the risk of deforestation and forest degradation associated with products placed on the EU market. 2021* [https://environment.ec.europa.eu/system/files/2021-11/SWD\\_2021\\_326\\_1\\_EN\\_impact\\_assessment\\_part2\\_v2.pdf](https://environment.ec.europa.eu/system/files/2021-11/SWD_2021_326_1_EN_impact_assessment_part2_v2.pdf)

<sup>[2]</sup> The International Coffee Council is aware of the following studies, a list that is, by no means, exhaustive; Rainforest Alliance: *Our Response to the EU Regulation on Deforestation-Free Products*; Rainforest Alliance, Solidaridad, Tropenbos, Fair Trade Advocacy Office, FERN: *Recommendations for a smallholder-inclusive EU Regulation on deforestation-free products*; IDH – The Sustainable Trade Initiative and Proforest: *EU regulation on deforestation-free products - Recommendations for a forest positive impact*; In: <https://www.internationalcoffeecouncil.com/cpptf-eu-deforestation-regulation> Environmental Investigation Agency, Fair Trade Advocacy Office, Fern, Rainforest Alliance, Solidaridad and Tropenbos International: *An EU Strategic Plan for working with countries to achieve deforestation-free production. Why it is needed, and what it could look like (discussion paper)*.

According to the European Coffee Federation, 85% of the existing 12.5 million coffee farms are smaller than 2 hectares<sup>[3]</sup>. Because production is pulverized among thousands of small farmers, a single shipment inevitably contains grains from a myriad of producers. Not only plot-of-land level traceability but also segregated chains of custody would have to be established to prevent grains from different producers to mix during the distribution process. The economic and operational feasibility of such measures remains to be proven, given there is insufficient broadband coverage (actually, this has not been achieved even in Europe), which prevents any possibility of implementing low-cost mobile-device-based geo-localisation systems.

The increase in operational costs required for complying with the due diligence requirements of the new regulation will impact the whole global coffee chain and reduce income for its weakest link: the small farmers that constitute the immense majority of coffee producers, unless the increased costs were to be borne entirely by European consumers, which is highly doubtful. There will inevitably occur a reduction in total consumption. Less cost-efficient producers would be driven out of the market – probably those who are more vulnerable and would most benefit from accessing the common market.

Furthermore, the due diligence and benchmarking systems will cause market distortion and, consequently, concentration – both at the international and national levels. The complexity and rigidity of the procedures will incentivize traders and operators to concentrate on fewer countries and suppliers. This will benefit institutionally sounder exporting countries and larger businesses and, accordingly, penalize smaller exporters and producers. Most farmers will be excluded from the European market not because they plant in deforested land, but simply because it will be too costly to prove that their coffee is deforestation-free.

Farmers excluded from the European market will have little choice but to flood their production, at depressed prices, into other importing markets that do not require compliance with mandatory due diligence. Some may simply turn to a different crop or business altogether. Unpredictable consequences to local communities can arise from this diversion process, including rural exodus, emigration to developed countries, growth of crops which can be used for the production of stupeficient drugs, such as coca opium poppy, something not to be overlooked, and less sustainable economic activities in general.

Thus, the new legislation aggravates the exact problems it claims to combat. Increased operational costs, trade distortion and diversion, market concentration and exclusion of small farmers will cause poverty and, consequently, a less sustainable coffee sector. Furthermore, it will aggravate the problem of food insecurity. The disengagement of local stakeholders from the common market will reduce Europe's capacity to promote sustainable development.

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<sup>[3]</sup>European Coffee Federation. 2022. *An alternative approach to ensure forest protection*. In [https://www.ecf-coffee.org/wp-content/uploads/2022/05/1.-Final\\_ECF-Alternative-approach.pdf](https://www.ecf-coffee.org/wp-content/uploads/2022/05/1.-Final_ECF-Alternative-approach.pdf)

Last, but not least, no serious attempt was made to evaluate the effect of alternative policies. The Commission repeatedly referred, in the Explanatory Memorandum and the Impact Assessment, to the alleged failure of the Voluntary Partnership Agreements under the 2003 European Union Forest Law Enforcement, Governance and Trade Action Plan (FLEGT). Instead of examining the shortcomings of this mechanism (which was devised to address deforestation in the timber market) and correcting them, it seems that the EC simplistically extrapolated its negative results to all other five commodities included in the new regulation.

#### ABSENCE OF PRECISE AND CONCLUDE SCIENTIFIC ASSESSMENT OR EVIDENCE OF LARGE-SCALE, WORLDWIDE COFFEE-DRIVEN DEFORESTATION

The inclusion of coffee among the main commodities that cause deforestation is, perhaps, the most serious problem of the European Commission preparatory work. Pages 30-32 of the Impact Assessment affirm that that the new legislation is based on a list of deforestation-driver commodities “consensual” among unspecified “stakeholders”, but admit that data are insufficient and, in most cases, outdated<sup>[4]</sup>.

Actually, when one examines the various studies on commodity-export-driven deforestation cited on the Explanatory Memorandum and the Impact Assessment, there are very few mentions to coffee. Frequently, when the product is mentioned at all, there is no explanation for its inclusion among the suspected commodities. Its role as a world-level deforestation inductor is simply taken for granted.

“Feasibility study on options to step up EU action against deforestation”, research commissioned by the Commission in 2018 offers a good example of this distorted and contradictory rationale<sup>[5]</sup>. It states that coffee plays a “rather minor role in global deforestation”, and that “shade-grown coffee has helped to protect existing tropical forests like in Ethiopia”. It should be noted that there is no deforestation attributed to coffee in the 2015 source mentioned in the text.

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<sup>[4]</sup> “A number of research papers and reports have attempted to use deforestation, agricultural production and trade data to estimate the EU’s deforestation footprint, and to link that footprint to specific commodities. An extensive literature review was carried out by the study supporting this impact assessment with the aim of making a first list of commodities. This review, and the underlying research, is not without gaps. The statistics used by some of those reviewed reports are old, and the numbers have substantially changed. Some papers start from a preliminary list of commodities, which makes them uncomprehensive. Others focus only on tropical deforestation. A majority disregards forest degradation, which is much more difficult to measure. In spite of these caveats, the literature review shows consensus on which commodities the EU’s embodied deforestation is mostly concentrated” (Impact Assessment, pages 3-32). *In*

[https://environment.ec.europa.eu/system/files/2021-11/SWD\\_2021\\_326\\_1\\_EN\\_impact\\_assessment\\_part1\\_v4.pdf](https://environment.ec.europa.eu/system/files/2021-11/SWD_2021_326_1_EN_impact_assessment_part1_v4.pdf)

<sup>[5]</sup> COWI. 2018. Feasibility study on options to step up EU action against deforestation *in*

[https://ec.europa.eu/environment/forests/pdf/feasibility\\_study\\_deforestation\\_kh0418199enn\\_main\\_report.pdf](https://ec.europa.eu/environment/forests/pdf/feasibility_study_deforestation_kh0418199enn_main_report.pdf)



As mentioned in the Impact Assessment, the EC commissioned an extensive literature review on the impact of European trade on deforestation<sup>[6]</sup>. Among 37 papers, the review identifies the following seven specific studies as primary sources for estimating deforestation caused by coffee (they are numbered below according to page 89 of the review):

- [1] Goldman, E., M.J. Weisse, N. Harris, and M. Schneider. 2020. *Estimating the Role of Seven Commodities in Agriculture-Linked Deforestation: Oil Palm, Soy, Cattle, Wood Fiber, Cocoa, Coffee, and Rubber*. Technical Note. Washington, DC: World Resources Institute<sup>[7]</sup>
- [3] Vito. 2013. *The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation*<sup>[8]</sup>
- [16] Ordway, Asner and Lambin. 2017. *Deforestation risk due to commodity crop expansion in sub-Saharan Africa*<sup>[9]</sup>
- [18] Hylander et al. 2013. *Effects of coffee management on deforestation rates and forest integrity*<sup>[10]</sup>
- [24] CBI. 2019. *What is the demand for coffee on the European market?*<sup>[11]</sup>
- [25] Conservation International. 2016. *Coffee in the 21st Century - Will Climate Change and Increased Demand Lead to New Deforestation?*<sup>[12]</sup>
- [37] EC (2017), *EU Agricultural Outlook 2017-2030*<sup>[13]</sup>

Studies [1] and [3] consist of analysis of satellite images. Whereas satellite images are certainly an important source of information, their interpretation must be cross-checked with other data collected on the ground. This is very difficult to achieve with world-scale studies encompassing different commodities, like paper [1], and is certainly not the case for coffee in this study. The authors admit that “*there are not publicly available detailed maps at all for cocoa or coffee*”<sup>[14]</sup>. Therefore, they resorted to approximations: “*For commodities and areas where detailed data are not available, we relied on a coarse approach to allocate tree cover loss to different commodities based on the proportion of agricultural area they occupy within 10-kilometer grid cells*” (GOLDMAN et al 2020. p. 6): – i.e., 10,000 hectares. This degree of precision is insufficient to estimate what is really happening on the ground. According to the European Coffee Federation, 85% of the existing 12.5 million coffee farms are smaller than 2 hectares.

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<sup>[6]</sup> WOOD E&IS GmbH. November 2021. Doc Ref. Final report – Impact assessment on deforestation in <https://ec.europa.eu/environment/forests/pdf/IA%20Deforestation%20-%20Final%20report.pdf>

<sup>[7]</sup> GOLDMAN, E., M.J. WEISSE, N. HARRIS, and M. SCHNEIDER. 2020 In <https://files.wri.org/d8/s3fs-public/estimating-role-seven-commodities-agriculture-linked-deforestation.pdf>

<sup>[8]</sup> VITO. 2013. In <https://ec.europa.eu/environment/forests/pdf/1.%20Report%20analysis%20of%20impact.pdf>

<sup>[9]</sup> ORDWAY, ASNER and LAMBIN. 2017. In <https://iopscience.iop.org/article/10.1088/1748-9326/aa6509>

<sup>[10]</sup> HYLANDER et al. 2013. In <https://pubmed.ncbi.nlm.nih.gov/23772911>

<sup>[11]</sup> CBI. 2019. In <https://www.cbi.eu/market-information/coffee/trade-statistics>

<sup>[12]</sup> CONSERVATION INTERNATIONAL. 2016. In <https://www.conservation.org/docs/default-source/publication-pdfs/ci-coffee-report.pdf>

<sup>[13]</sup> EC (2017), In [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/agricultural-outlook-2017-30\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/agricultural-outlook-2017-30_en.pdf)

<sup>[14]</sup> GOLDMAN et al. 2020. p. 18.

Regardless of its methodology problems this study concludes that coffee is responsible for no more than 2% of commodity-driven deforestation<sup>[15]</sup>. This is not the only research that affirms that the coffee crops cause little deforestation. Actually, some of the studies cited by the EC goes even further. Paper [16] affirms that, in the period and region covered, there was **no expansion of coffee crops**. So this study does not actually identifies coffee-driven deforestation<sup>[16]</sup>. Paper [18] even concludes that coffee crops contribute to forest conservation in Ethiopia<sup>[17]</sup>.

Study [3] is from 2013, so it won't be examined here, since it is completely outdated<sup>[18]</sup>.

Study [25] states that coffee-induced deforestation risk exists in certain producing areas, but concludes that "The potential conflict between the expansion of or displacement of coffee plantations and management of established protected areas is relatively small and should be manageable in most instances"<sup>[19]</sup>.

This coincides with the findings of Florence Pendrill, Martin Persson, Javier Godar and Thomas Kastner, who affirm that coffee-related deforestation is restricted to a small number of countries, most of them, small producers<sup>[20]</sup>. These are the authors of the only other study (actually, a set of raw data organized in spreadsheet, with very little analysis) mentioned by the EC Explanatory Memorandum which endeavours to precisely measure the amount of deforestation caused by commodities and which includes coffee<sup>[21]</sup>.

Finally, papers [24] and [37] are market studies that do not tackle deforestation.

The aforementioned conclusions are also supported by studies carried out by the UN Intergovernmental Panel on Climate Change. "*The use of agroforestry for perennial crops such as*

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<sup>[15]</sup> GOLDMAN et al. 2020, p.9.

<sup>[16]</sup> ORDWAY, ASNER and LAMBIN. 2017.

<sup>[17]</sup> HYLANDER et al. 2013.

<sup>[18]</sup> Nevertheless, it must be noted that the conclusions of the aforementioned Feasibility Study (COWI 2018) rely heavily on this outdated document.

<sup>[19]</sup> CONSERVATION INTERNATIONAL. 2016. p. 19.

<sup>[20]</sup> "Although traditional tropical export crops — such as rubber, sugar, coffee, cacao—overall contributed little (<5%) to deforestation embodied in production, they did make a larger contribution in a handful of countries. An analysis of expansion of different cash crops showed that this was mainly due to rubber in Asian countries (Thailand, Vietnam, Indonesia), coffee and cacao in some African countries (Liberia, Uganda, Congo, Ethiopia, Cameroon, Madagascar), and coffee in some Latin American countries (Honduras, Ecuador, Peru)". PENDRILL F., PERSSON M., GODAR J. and KASTNER T. 2019. *Deforestation displaced: trade in forest-risk commodities and the prospects for a global forest transition*. Page 8. In <https://iopscience.iop.org/article/10.1088/1748-9326/ab0d41>

<sup>[21]</sup> PENDRILL F., PERSSON M., KASTNER T. *Deforestation risk embodied in production and consumption of agricultural and forestry commodities 2005-2017*. 2020. Chalmers University of Technology, Senckenberg Society for Nature Research, SEI, and Ceres Inc In DOI: 10.5281/zenodo.4250532

*coffee and cocoa is increasingly promoted as offering a route to sustainable farming, with important climate change adaptation and mitigation co-benefits”<sup>[22]</sup>.*

In conclusion, deforestation is not a widespread problem in the coffee sector. Some studies go as far as showing that small effects are offset by coffee’s contribution to the preservation of forested areas in some regions. Therefore, the severity of the measures included in the new legislation project is completely disproportionate to the level of eventual coffee-induced deforestation.

#### LACK OF LEGITIMACY OF THE 2020 OPEN CONSULTATION PROCESS (OPC)

The European Commission argues that public consultations held in 2020 have indicated strong public support for a risk-based approach and due diligence measures. According to the EC Explanatory Memorandum (page 7), *“the OPC showed strong support for legally binding options (deforestation-free requirement, mandatory due diligence, mandatory public certification, etc.) while soft, voluntary measures like voluntary due diligence, voluntary labelling or voluntary private certification were considered to lack in effectiveness.”*

Whereas the widespread – and salutary – concern of the world public opinion with the preservation of the environment is unquestionable, it is doubtful that European citizens would be acquainted enough with the problematics of trade-driven deforestation or with the intricacies of customs requirements as to show preference for rather specific and obscure procedures like risk assessments or due diligences.

The way the OPC inquiry was framed raises the concern of whether the citizens polled could freely assess the consequences of a possible legislation and of the additional costs to consumers that such a scheme is likely to entail.

#### THE NEW LEGISLATION IS CONTRARY TO THE EUROPEAN UNION’S COMMITMENTS UNDER THE UNITED NATIONS FRAMEWORK TO PROMOTE SUSTAINABLE DEVELOPMENT

United Nations General Assembly Resolution A/RES/70/1, *Transforming our World: the 2030 Agenda for Sustainable Development* establishes 17 Sustainable Development Goals (SDGs). The 2030 Agenda states that SDG are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental. The resolution also reaffirms the principle of common but differentiated responsibilities, as set out in the 1992 Rio Declaration on Environment and Development.

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<sup>[22]</sup> IPCC. *Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems*. 2019, page 383.  
*In*  
<https://www.ipcc.ch/site/assets/uploads/2019/11/SRCCL-Full-Report-Compiled-191128.pdf>

Contrary to the integrated approach that must prevail in the pursuit of sustainable development, the proposed new legislation singularizes one aspect of only one SDG - deforestation. Actually SDG 15.2. aims at promoting the implementation of sustainable management of all types of forests, halting deforestation, restoring degraded forests and substantially increasing afforestation and reforestation globally by 2020. On the other hand, the proposed European legislation ignores exporting countries' achievements in forest management and afforestation. SDG 15.2-inspired legislation should focus on the measures and actions to be taken on European territory, where only about 3% of original forests survive.

Paragraphs 18, 21, 59 and 78 of the 2030 Agenda recognise that there are different approaches, visions, models and tools available to each country, in accordance with their national circumstances and priorities, to achieve sustainable development. They reaffirm that every State has, and shall freely exercise, full permanent sovereignty over all its wealth, natural resources and economic activity and that national policy spaces and leadership to establish and implement policies for poverty eradication and sustainable development must be respected and that the SDGs can be built on existing planning instruments, such as national development and sustainable development strategies.

Furthermore, paragraphs 71 and 74 of the 2030 Agenda state that the follow-up and review of the implementation of SDGs must be integrated and transparent, country-led, and must take into account different national realities, capacities and levels of development and respect policy space and priorities. These paragraphs state that national ownership is key to achieving sustainable development – thus, the outcome from national level processes will be the foundation for reviews.

The new legislation is based in European-centred assessments which not only ignore exporting countries' national statistics, but also their national policies and their international mitigation commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and, in particular, their National Determined Contributions consolidated in the Paris Agreement, in which conservation, management and enhancement of forest carbon stocks play a major role.

The new regulation also ignores the fact that means of implementation play a major role in the *2030 Agenda*. These include the fulfilment of developed countries' commitments to increase financial resources to sustainability efforts in developing and least developed countries. SDG Target 13.a recalls their commitment, under the UNFCCC, to mobilize \$ 100 billion to address the needs of developing countries in the context of mitigation actions – which include, as discussed above, forest carbon stocks. Moreover, SDG target 17.2 calls for developed countries to fully implement their official development assistance commitments, including the target of consecrating 0.7% of Gross National Income to overseas development assistance to developing countries and 0.15 to 0.2% of GDP to least developed countries, and to further set 0.2% of GDP as a minimum amount towards this goal.

SDG means of implementation also include promoting the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries in favourable terms (SDG Target 17.7) and implementing and enhancing capacity building in those countries, including national SDG plans (SDG 17.9).

Productivity and agricultural productivity play an essential role in promoting sustainability and must be funded by the means of implementation established by the 2030 Agenda. SDG Target 2.a calls for an increase in investment including through international cooperation, in order to enhance agricultural

productive capacity in developing and least developed countries. Goal 2.3 calls for doubling agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

Unfortunately, developed countries are far from fulfilling these commitments. According to the UN Sustainable Development Goals Report 2021, climate finance provided by developed to developing countries reached an annual average of \$48.7 billion in 2017–2018. Net ODA flows represented 0.32 per cent of donors' combined gross national income (GNI) in 2020, falling short of the 0.7 per cent target. The productivity gains achieved through technology sharing would certainly reduce the amount of land used to increase yields.

Paragraph 68 of the Agenda 2030 emphasizes that International trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development, and calls for a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the World Trade Organization (WTO). Paragraph 30 strongly urges States to refrain from promulgating and applying any unilateral economic, financial or trade measures not in accordance with international law and the Charter of the United Nations that impede the full achievement of economic and social development, particularly in developing countries. Goal 2.b calls for correcting and preventing trade restrictions and distortions in world agricultural markets, in accordance with the mandate of the Doha Development Round. Goal 17.12 calls for preferential rules of origin applicable to imports from least developed countries that are transparent and simple, and contribute to facilitating market access.

As discussed above, the new legislation will result in increased operational costs, trade distortion and diversion, market concentration and exclusion of small farmers. Furthermore, it is our understanding that the benchmarking system is discriminatory and thus incompatible with WTO rules.

Paragraph 41 acknowledges the role of the diverse private sector, ranging from micro-enterprises to cooperatives to multinationals, and that of civil society organizations and philanthropic organizations in the implementation of the 2030 Agenda. SDG 17.17 encourages effective public, public-private and civil society partnerships.

Also, paragraph 58 encourages ongoing efforts by states in other fora to address issues related to the 2030 Agenda, recognizes the independent mandates of those processes and aims at supporting, and being without prejudice to, those other processes and the decisions taken therein.

As it will be seen below, the new legislation ignores the ongoing initiatives within the coffee global value chain to promote sustainability in the coffee sector.

## THE NEW LEGISLATION IGNORES THE COMMITMENT OF THE COFFEE GLOBAL VALUE CHAIN WITH THE SUSTAINABLE DEVELOPMENT GOALS

All members of the International Coffee Council are signatories of the 2030 Agenda. They have adopted sustainability-promoting and environment-protection measures within their policy-spaces and have made multilateral, as well as plurilateral and bilateral commitments among themselves to promote sustainable production, including green-house gases emission and deforestation reduction.

In what concerns the coffee global value chain, during the Special Session of the Private Sector Consultative Board of the International Coffee Organization, held on September 23, 2019, the CEOs and Leaders Forum adopted the “London Declaration on price levels, price volatility and the long-term sustainability of the coffee sector” (henceforth referred to as The London Declaration), in which they committed to undertaking concrete shared and individual time-bound actions as well as on long-term and transformational solutions focusing on:

- 1) Promoting competitive and sustainable production, through increasing resilience of farmers against shocks, improving access to finance, promoting research and development in new varieties, supporting further improvements in quality and differentiation, improving production technologies, supporting efficiency improvements among smallholders, promoting sustainable use of natural resources, and preventing deforestation and forest degradation in the supply chain;
- 2) Fostering responsible and equitable growth through contributing to increased market transparency regarding the Living Income gap, sourcing origins, and cost of production considering the diversity of producers and specific geographies, expanding responsible sourcing of sustainably produced and traded coffee from a diversity of origins, fostering the protection of human rights, fighting child labour and illicit labour practices, and enabling a Living Income for coffee producers;
- 3) Promoting responsible consumption by taking measures to stimulate demand for sustainably sourced coffee from diverse origins in traditional and emerging markets, especially in producing countries; and
- 4) Promoting public-private dialogue regarding policy development in exporting and importing countries to ensure efficient functioning of market institutions in order to prevent price distortion.

At the 125th Session of the International Coffee Council, coffee exporting and importing countries, in line with their commitments under the Sustainable Development Goals (SDGs), acknowledged the London Declaration and decided to set up a task force with ICO Members as

well as representatives of the private sector and supporting organizations to draw up a roadmap and recommend further actions on price levels and volatility as well as long-term sustainability.

The International Coffee Council, in its 128th Special Session, and the CEOs and Leaders Forum, have adopted the document “Pursuing Economic Sustainability for an Inclusive and Resilient Global Coffee Sector – Operationalization of the London Declaration on Price Levels, Price Volatility and Long-Term Sustainability of the Coffee Sector and Resolution 465 on Coffee Price Levels of the International Coffee Council”, in which a long term vision for the coffee sector was defined, comprehending: economic resilience and social sustainability; environmental sustainability through sustainable production; better balanced demand and supply, responsible consumption; and effective enabling conditions.

On that occasion the Coffee Public-Private Task-Force was established and a Roadmap was adopted with time-bound commitments and results to be reached by 2030. This mechanism includes major stakeholders in the field and important civil society organizations, which work together with producer and consumer countries to implement the policies and practices necessary to implement full sustainability in the coffee sector.

At the 133rd Special Session of the International Coffee Council, coffee exporting and importing countries have approved the new International Coffee Agreement. The new agreement emphasizes the contribution of a sustainable coffee sector to the achievement of internationally agreed development goals, including the relevant Sustainable Development Goals (SDGs) and enhanced commitments to promoting a sustainable coffee sector in economic, social and environmental terms are made.

One of the major innovations of the new agreement is the transformation of the CPPTF into a permanent body within the framework of the International Coffee Organization, aiming at promoting sustainability in the coffee global value chain.

The new proposed European legislation will disengage local stakeholders and dismantle a network carefully assembled along two years of work of the CPPTF and the ICO.

Last but not least, the top-down, punitive approach of the new legislation is incompatible with the constructive role the world expects from the European Union, especially in the present context of post pandemic inflation worldwide and of a war in the European continent. As a group of European non-governmental organizations have put it<sup>[23]</sup>, “The EU’s reputation as a champion of multilateralism is at stake”.

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<sup>[23]</sup> Environmental Investigation Agency, Fair Trade Advocacy Office, Fern, Rainforest Alliance, Solidaridad and Tropenbos International: *An EU Strategic Plan for working with countries to achieve deforestation-free production. Why it is needed, and what it could look like (discussion paper)*.