



Re: Why the EU Deforestation Regulation must include Other Wooded Lands

6 November 2022

Dear Members of the European Commission and Council,

We, the undersigned organisations, are calling on the Member States within the European Council and members of the European Commission to support the inclusion of other wooded lands ecosystems within the scope of the EU Deforestation Regulation.

While the EU regulation on Minimising the Risk of Deforestation and Forest Degradation Associated with Products Placed on the EU Market goes a long way towards protecting the world's forests, the FAO definition of forests¹ as included in the regulation excludes many carbon and biodiversity-rich woody habitats, which instead fall under the FAO definition of Other Wooded Land.² The EU plays a large role in driving native vegetation conversion in Other Wooded Lands through its imports of forest-risk commodities, especially in two vital South American biomes, the Cerrado and Chaco. To minimize the EU's contribution to rapid habitat loss in these biomes and the associated climate impacts, the EU regulation must include Other Wooded Lands within scope of the regulation.

EU demand is driving habitat loss in the Cerrado and Chaco through imports of soy and cattle products

Known as the breadbasket of Latin America, the Cerrado biome is a hotspot of South American grain production. Soy production represents 90% of all agriculture in the Cerrado,³ and the EU is tied to this production through its soy imports. The vast majority of soy entering the EU, 68%, is sourced from South America, and almost half of all soy imports come from Brazil alone (48%),⁴ which is the largest global exporter of soy, accounting for over 50% of all global trade.⁵ Not only is almost half of Brazilian soy grown in the Cerrado biome,⁶ but the Cerrado is also experiencing the fastest rates of habitat conversion for soy expansion of any biome. Soy expansion accounted for 23% of habitat loss in the Cerrado between 2003-2010,⁷ compared to just roughly 7% of

deforestation in the Amazon,⁸ and relative to size, habitat conversion is occurring four times faster in the Cerrado than in the Amazon.⁹

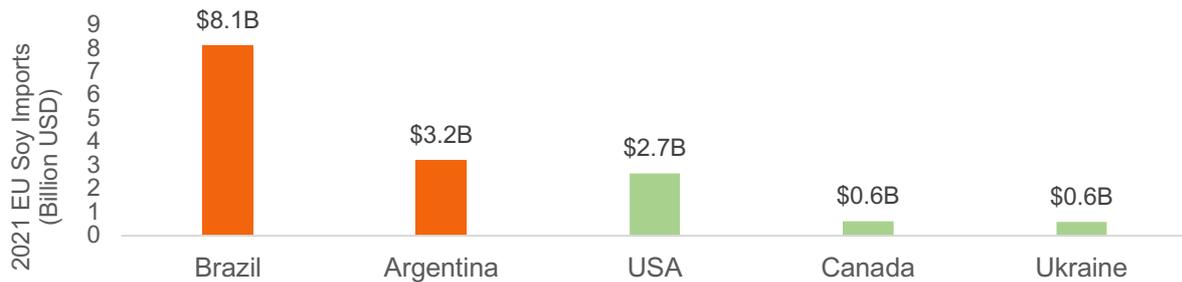
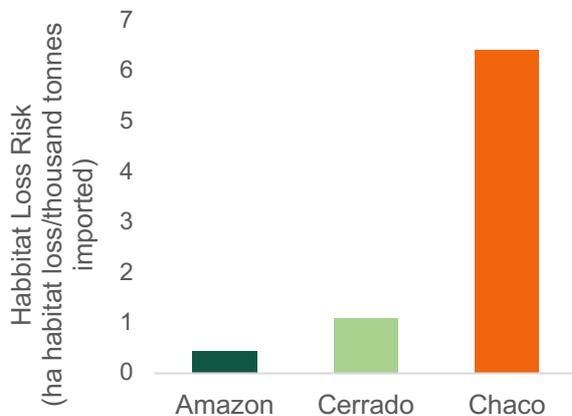


Figure 1. 2021 EU soy import values (UN Comtrade, 2021)

The 2nd largest source of soy imports to the EU, accounting for 20% of all imports, is Argentina, where soy expansion is driving the habitat loss in the Gran Chaco,¹⁰ the largest continuous tropical dry forest in the world and one of the most deforested areas on the planet. For example, in June 2018 an area twice the size of Portugal was cleared in just one month alone.¹¹ The EU is also the largest market for cattle products exported from Paraguay,¹² another commodity driving the destruction of the Chaco.

The accelerated habitat conversion in these biomes is embedded in EU soy and cattle imports. In fact, EU soy imports from the Brazilian Cerrado carry over twice the habitat loss risk (hectares habitat loss per tonne) than soy imports from the Brazilian Amazon, soy imports from the Argentine Chaco carry over 14 times the habitat loss risk than soy imports from the Brazilian Amazon, and beef imports from the Paraguayan Chaco carry over 34 times the habitat loss risk than beef imports from the Brazilian Amazon or Cerrado.¹³

Habitat loss risk of EU soy imports



Habitat loss risk of EU beef imports

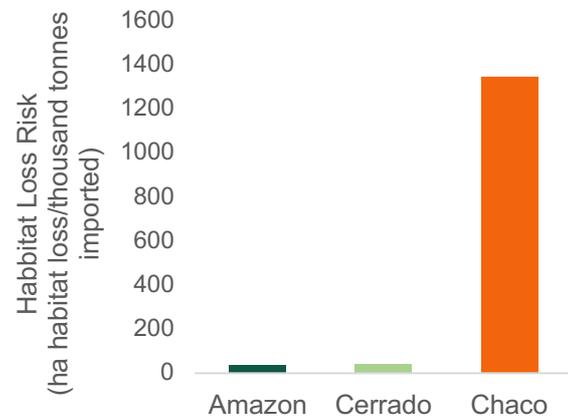


Figure 2. Habitat loss risk of EU soy and beef imports (Trase Earth, 2022)

Native vegetation conversion in the Cerrado and Chaco is contributing to regional and global climate impacts

The Cerrado and Chaco are critical biomes for carbon storage, harbour immense amounts of biodiversity, and provide crucial ecosystem services for human life and agricultural production. The Cerrado, one of the world's largest woody savannahs, is home to 5% of the world's biodiversity,¹⁴ and contains 4,800 endemic species.¹⁵ The Chaco is also home to thousands of plant and animal

species, although it's estimated that more than half of all birds and 30% of all mammals found in the Chaco today will be extinct in just 10-25 years if habitat conversion continues.¹⁶

Both ecosystems also store large amounts of carbon, which is released when native vegetation is converted to cropland. These emissions even have the potential to negate some of the benefits from avoided Amazon deforestation if conversion to cropland continues unabated. For example, between 2011 and 2013, native vegetation conversion to cropland in the Cerrado negated 5%–7% of the avoided emissions from reduced Amazon deforestation.¹⁷

Not only does removing native vegetation release carbon emissions, it also disrupts the regions' water cycles and increase surface temperatures, leading to decreased and more variable rainfall, more frequent droughts, longer dry seasons, and shorter growing seasons.¹⁸¹⁹²⁰²¹²²²³²⁴²⁵²⁶⁶ In Matopiba, the Cerrado's agricultural frontier, rainfall during the dry season has already been reduced by 60% due to conversion for crops.²⁷ Models predict even further reductions of rainfall and more frequent dry spells under a business and usual scenario for habitat conversion.²⁸ These effects are expected to extend to the Amazon as well, and could even lead to a month-long increase in the Amazon's dry season by 2050 under a business as usual scenario.²⁹

Crop yields in both the Cerrado and Chaco are being harmed by these effects, particularly soy and maize yields.³⁰³¹³²³³³⁴³⁵ For example, droughts in December 2015 and February 2016 led to a 11% decrease in soy production in the Cerrado compared to the previous year, despite a 1% increase in planted area.³⁶ Droughts also impacted the 2020-21 season soy harvest, although the full effects were masked by aggressive soy crop expansion, which compensated for yields lost due to drought.³⁷



Figure 3. The Brazilian Cerrado (left) and the Paraguayan Chaco (right, credit: NWF and Hendata)

Strong demand-side regulations are needed to protect the Chaco and Cerrado

While the Amazon is protected both by the Amazon Soy Moratorium, an agreement between soy traders to not purchase soy from land that has been recently deforested, and the Brazilian Forest Code, which stipulates that 80% of any parcel of land in the Amazon must be preserved as forest, the Cerrado and Chaco lack strong market-based protections, and are only weakly protected by national regulations. Brazil's Forest Code only requires that 20-35% of a parcel of land in the Cerrado be reserved as native vegetation, and the Chaco is only partially protected under Argentina's and Paraguay's Forest Laws. These gaps in protections make demand side regulation like the proposed EU regulation crucial for safeguarding these biomes.

If Other Wooded Lands are left out of scope of the regulation, the EU will become even further implicated with habitat loss in the Cerrado and Chaco, both since it is likely that to comply with the regulation retailers will increase sourcing of soy from the Cerrado and cattle products from the Chaco, where conversion will not be regulated, and also because habitat conversion in these

biomes is expected to accelerate in the future. For example, between now and 2050, Brazilian soy production is set to expand by 12 million hectares, with over 90% of that expected to occur in the Cerrado.³⁸ For these reasons, we urge you to include Other Wooded Lands within scope of the EU regulation.

We, the undersigned organisations, are calling on the Member States within the European Council and members of the European Commission to support the inclusion of other wooded lands ecosystems within the scope of the EU Deforestation Regulation.

Signed by:

Amigos da Terra-Amazônia Brasileira

Canopée

Deutsche Umwelthilfe, Environmental Action Germany (DUH)

Earthsight

Mighty Earth

Verdens Skove

¹ The FAO defines forests as lands of more than 0.5 ha, with a tree canopy cover of more than 10 percent, which are not primarily under agricultural or urban land use.

² The FAO defines Other Wooded Land as land of at least 0.5 ha that is covered by trees higher than 5 m, and either the tree canopy cover is 5–10%, or the total cover of trees, shrubs and bushes exceeds 10%.

³ <https://earthobservatory.nasa.gov/images/92717/convertng-savannahs-into-soybeans>

⁴ UN Comtrade, 2021

⁵ <https://apps.fas.usda.gov/psdonline/circulars/oilseeds.pdf>

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¹⁰ UN Comtrade, 2021

¹¹ <https://news.mongabay.com/2019/09/gran-chaco-south-americas-second-largest-forest-at-risk-of-collapsing/>

¹² UN Comtrade, 2021

¹³ Trace Earth, 2018

¹⁴ Critical Ecosystem Partnership Fund. (2017). Ecosystem Profile: Cerrado Biodiversity Hotspot. <https://www.cepf.net/sites/default/files/cerradoecosystem-profile-summary-english-revised-2017.pdf>

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reduziram-8-4-em-tres-decadas<https://www.unbciencia.unb.br/biologicas/34-engenharia-florestal/569-chuvas-no-cerrado-reduziram-8-4-em-tres-decadas>

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