

Paradise Lost?

Protecting the Pantanal, a precious ecosystem in crisis



"As much as we report this tragedy, we've been very careful to tell people that even though more than 20% of the Pantanal has burned and turned into ashes, we still have about 80% left to fight for, and to protect. We think that the worst thing that can happen now is for people to think that it's all gone and allow land-grabbers to come and transform this landscape forever"

Brazilian volunteer firefighters and environmental defenders Cecília Licarião and Luciana Leite.

Introduction



2020 has shown us just how dangerous the attacks on our planet are: if the 2019 Amazonian fires were a warning, this year of fire, flood and plague provide a glimpse of what the future holds if we do not take action now to stop global heating. For too long we have ignored the signs and encouraged the unfettered destruction of critical ecosystems to feed our addiction to carbon and meat, palm oil and electronics, and the many other products we consume at the cost of our planet's health.

Some of the victims of our extractive greed are well known, like the Amazon rainforest or the Great Barrier Reef. But, other less well known vital ecosystems around the world are under threat and are rapidly being destroyed including the Pantanal tropical wetlands of Brazil, Bolivia and Paraguay. These wetlands are home to a rich array of rich biodiversity, and their unique flood pulse ensures healthy water flows for an entire region. The Pantanal is quickly disappearing under the expansion of cattle ranching and farming which are undermining this unique ecosystem and threatening the lives of the millions of people and animals that depend on it. This destruction is a double tragedy: not only is this irreplaceable biome disappearing, but the agriculture, forestry and other land use change driving this destruction globally contributes 23% of annual greenhouse gas emissions¹, pushing our world closer to a dangerous climate tipping point.

Time is running out. We must take action now to protect the Pantanal and other critical ecosystems, reversing deforestation and ecosystem degradation and removing the economic incentives for destructive practices in our global supply chains. Failure in these goals risks the ecological well-being of our world and with it our economic prosperity, social well-being and, ultimately, our survival.

Executive Summary

The Pantanal is facing an existential crisis: 29% of the ecosystem was burnt in this year's fire season².

- Land use change for cattle and agricultural intensification directly threatens the Pantanal wetlands. Over 12% of Pantanal forest cover has already been lost due to the growth of ranching and agricultural activities³. Illegal forest clearance has been on the rise since the start of President Jair Bolsonaro's term⁴. If the current rate of deforestation persists, the Pantanal as an ecosystem will effectively disappear by 2050⁵.
- The Pantanal suffered a severe drought this year: rainfall from January to May was 50% lower than average⁶.
 Experts link the drought to climate change, and predict more severe droughts in the future⁷, which makes the wetlands more vulnerable to more extreme fire seasons.
- The Pantanal fires were started by farmers illegally setting fire to forests to clear more land for cattle pastures⁸, but the uncontrollable spread of the wildfires and their impacts disproportionately affected indigenous territories and conservation areas⁹.
- President Jair Bolsonaro's policies are directly to blame for the destruction of the Brazilian Pantanal and other critical ecosystems. Bolsonaro's administration has actively pursued the economic development of the Pantanal, prioritised agribusiness and mining interests, encouraged a culture of impunity which empowers illegal agricultural expansion against conservation and indigenous rights, and weakened the institutions of the Brazilian government responsible for protecting the environment and indigenous peoples.
- The EU is responsible for 10% of global deforestation¹⁰, and as one of the biggest markets for Brazilian agricultural exports, European consumption is directly linked to deforestation in the Pantanal and other key regional ecosystems.

EJF calls on the EU to take urgent action to protect the Pantanal and other critical ecosystems around the world by:

- Halting further progress on the EU-Mercosur Association Agreement until proper measures are put in place to protect ecosystems in Brazil and other Mercosur countries and limit EU market exposure to deforestation-risk products.
- Passing robust, legally binding legislation to ban deforestation-risk products from the EU market and EU supply chains.
- Leveraging the international community to "name and shame climate outlaws", including the Bolsonaro administration, that fail to protect climate-critical ecosystems.
- Adopting a leadership role and working with other countries to harmonize anti-deforestation measures, and leading achievement of the Paris Agreement targets to combat climate breakdown.



The hyacinth macaw is the world's largest parrot. It is considered 'Vulnerable' to extinction, with decreasing populations across its range. Photo credit: Abraao Paes, Unsplash The Pantanal ("swamp" in Portuguese) is the largest tropical wetland in the world, extending over 42 million acres (17 million hectares) across two Brazilian states and parts of neighbouring Bolivia and Paraguay. The Pantanal ecosystem comprises wetlands and flooded grasslands, with a lattice of waterways that are influenced by seasonal floods that give way to vast savannas and thick "gallery forests". The lowland Pantanal floodplain is surrounded on two sides by the Cerrado tropical savanna biome and to the north is bounded by the Amazon¹¹.

This wetland ecosystem acts as a sponge, absorbing water from the surrounding highland plateau during rainy seasons and protecting downstream ecosystems and communities from floods and slowly releases water during the dry season¹². According to WWF-Brazil, over 8 million people living in the wider Paraguay river basin rely on the Pantanal for flood protection and water supply¹³. The Pantanal wetlands also serve a water purifying role, helping to filter toxins and pollutants out of the water supply¹⁴. In total, experts have valued the ecosystem services provided by a healthy Pantanal as ranging from US\$ 8,120 to US\$ 17,477 per hectare¹⁵ (2007 dollars), or US\$ 165.8 billion to US\$ 358.8 billion in today's currency¹⁶. This does not include revenue generated by ecotourism, including jaguar tourism: in the Encontro das Aguas Park alone, an estimated US\$6.8 million is generated each year¹⁷.

Biodiversity value

The remote and largely inaccessible region supports a rich biodiversity with more than 2000 plant species; more than 580 bird species; 271 fish; 174 mammal species; and 57 amphibian species¹⁸. The Pantanal hosts substantial populations of vulnerable and threatened species including giant otter (*Pteronura brasiliensis*), considered one of the most threatened mammals in the neotropics, is classified as endangered by the IUCN¹⁹; giant anteater (*Myrmecophaga tridactyla*) and hyacinth macaw (*Anodorhynchus hyacinthinus*)²⁰, the world's largest parrot^{21 22}.

It is a stronghold for the jaguar (*Panthera onca*) - the largest feline in the Americas and one of the Pantanal's keystone species: the wetland is home to the highest density of jaguars in the world. There are between 4,000 and 7,000 jaguars in the Pantanal, out of a total of about 170,000 animals throughout Central and South America²³. IUCN lists the jaguar as near threatened, as they face the destruction of their habitat and fragmentation of their historic range: jaguars have lost 50% of their historic range in the past 50 years²⁴.

Despite the high ecological value, most of the Pantanal is unprotected and held in private lands comprising 93% of the land in the Brazilian side²⁵, of which 80% is used for cattle ranching²⁶. Even with its status as a UNESCO Biosphere Reserve (2000) and with specific areas designated as Ramsar sites - wetlands of international importance - the existing protected areas network falls far short of providing adequate protection for the representative ecosystems and their diverse wildlife.



Photo credit: Birger Strahl, Unsplash

People and the Pantanal

The last Brazilian census in 2010 counted 474,000 people living in the Brazilian Pantanal²⁷. However, according to a

The Guató tribe lost 90% of their land in the 2020 fires.

more recent study by WWF-Brazil, the Pantanal is currently home to an estimated 1.2 million people²⁸. Traditionally, the Pantanal was a remote frontier of Brazil's territory, with a small population practicing low density cattle ranching, indigenous subsistence farming techniques, and artisanal fishing²⁹.

There are approximately 270 communities, known as *pantaneiros*, with long histories in the region, including indigenous peoples, whose livelihoods depend on small scale ranching, subsistence fishing and farming, and ecotourism³⁰. Since the early 2000s, these communities have increasingly been displaced by large agribusiness interests using intensive, destructive agricultural techniques which are cited by most conservationists as the biggest threat to the Pantanal³¹.

There are currently eleven indigenous territories in the biome covering just under 7,000 square kilometres, including the homes of the Guató, Terena, Bororo, and Kadiwéu peoples³². The arrival of cattle herders in the Pantanal in the seventeenth century pushed indigenous groups off their traditional land and threatened their subsistence fishing and farming livelihoods, specifically designed to survive the flood cycles³³. Over 40% of claimed indigenous territories in Brazil have received no government protectionary provisions, in clear violation of Brazil's 1988 Federal Constitution³⁴.

Cattle ranching is now the primary economic activity in the Pantanal, with approximately 3,000 ranches in Brazil and an unknown number in Bolivia and Paraguay³⁵. The total cattle herd in the Brazilian Pantanal has been estimated at 3.8 million heads, producing approximately 1 million calves per year³⁶. While traditional *pantaneiro* cattle ranching techniques are generally viewed as sustainable and have the potential to be certified carbon neutral, low density ranchers have struggled to compete with the intensive beef production of Brazil's growing megafarms³⁷. Since the 2000s, cheap land prices have brought new external agribusiness interests to the region, with intensive farming methods including increased clearing of native vegetation, the planting of non-native pasture grasses, and use of agrochemicals. This has had devastating consequences for the traditional people of the Pantanal and the ecosystem itself.

Long-term ecological stressors in the Pantanal

If the current rate of deforestation persists, the Pantanal as an ecosystem could effectively disappear by 2050.

Land use change for cattle and agricultural intensification directly threatens the health of the Pantanal wetland

ecosystem³⁸. Less than 5% of the Pantanal is protected; the rest is under private ownership, the majority of which is used for cattle grazing³⁹. Over 12% of Pantanal forest cover is already gone due to the growth of ranching and agricultural activities⁴⁰. If the current rate of deforestation persists, the Pantanal as an ecosystem could effectively disappear by 2050⁴¹. Since the 2000s, land ownership has shifted away from local subsistence farmers and traditional cattle ranchers to 'asphalt farmers' - agribusiness owners who live in the city rather than in the Pantanal, use intensive farming techniques and lack a personal connection to the land⁴². These farmers are typical of the indirect and opaque supply chains which end up in the international supply chains of major operators destined for EU markets⁴³.

Illegal deforestation in the Pantanal has more than doubled in the first six months of 2020⁴⁴. This increase is part of a larger trend of expanding agriculture in the biome – according to Mapbiomas, the area devoted to pasture in the Pantanal increased by 210% from 1988 to 2018, from 8,600 sq km to 26,700 sq kms⁴⁵. In addition to land use change, other cattle farming practices such as the planting of non-native grasses, continuous grazing, and higher stocking densities threaten the Pantanal ecosystem⁴⁶.

The rise in intensive farming in the upland plateau - where the Cerrado meets the Pantanal - is of additional concern due to erosion and agrochemical run-off into waterways which threaten biodiversity and the regulated flood pulse which is the life blood of the Pantanal⁴⁷. The environmental degradation of these highlands is occurring around three times faster than in the floodplain⁴⁸. The plateau's native vegetation has been under attack by intensifying mechanized agriculture since the 1970s, with a focus on monocultures of soybean, maize, and sugarcane for biofuel production⁴⁹. Agricultural area increased by 39% from 2001 to 2013 in this critical highland region⁵⁰; soybean cultivation doubled in just seven years from 2009 to 2016, according to a study conducted by an NGO coalition on the ground⁵¹.

Lastly, in November 2019, President Bolsonaro reversed a ban on sugarcane plantations in the Amazon and Pantanal biomes in order to increase Brazil's biofuels production⁵², one of its targets under the Paris Agreement. Other threats to the Pantanal ecosystem include planned additional hydroelectric projects and mining and industrial activities upstream in the highlands which further degrade the biome's unique waterways⁵³. The Transpantaneira Highway, which crosses the Pantanal, connecting it with Brazil's urban centres and ports and facilitating economic expansion into the region, is also one of the world's deadliest roads for wildlife, killing thousands of animals in collisions every year⁵⁴.

The Bolsonaro administration has made economic development in the Pantanal a priority, and has encouraged deforestation by relaxing environmental restrictions and protections for indigenous territories. Since the start of

President Bolsonaro's term, Brazil's environmental agency, IBAMA, has imposed fewer fines for environmental violations. According to data collected by Agência Pública, there was a 71% drop in the number of deforestation-related fines in the Pantanal in 2019, compared to the previous year⁵⁵.

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Pasture has increased by 210% in the Pantanal from 1985 to 2018. Over 12% of the Pantanal's original vegetation cover is already gone.

Source: MapBiomas platform

A wetland on fire



Source: New York Times graphic based on NASA data

The Pantanal is currently in the middle of a severe drought: rainfall from January to May 2020 was 50% lower than average⁵⁶. Researchers link this year's droughts to climate change, with warming ocean temperatures affecting rainfall in the Pantanal: climate models indicate an increase in the frequency of extreme precipitation events and extended periods of drought ⁵⁷. Additionally, studies have found that the Amazon forest generates its own rainfall and as forest cover diminishes, it will impact precipitation patterns in the region⁵⁸.

Partly as a result of the exceptionally dry period, the Pantanal is experiencing record fires. Brazil's space agency, the INPE, estimated that by the end of October, some 38,617 square kilometers - an area larger than Belgium - had burned in the Brazilian Pantanal⁵⁹. LASA, a satellite mapping project by the Federal University of Rio de Janeiro, estimates that 29% of the entire Pantanal ecosystem has burned in 2020⁶⁰. INPE also recorded more than 19,000 fire hotspots in 2020, 72% of all fire outbreaks occurring in August and September⁶¹. **This is the highest number of fires in recorded history of the biome and triple the annual average.**

Satellite data reveals that in some of the areas hardest hit by the fires, the burning first appeared - and multiplied - on private properties before spreading to indigenous territories. Some began inside reserves and and native forest on private properties that are ostensibly legally protected⁶². Fires have impacted every indigenous territory in the Pantanal: one of the worst hit has been Guató tribe, which has lost 90% of their land in this year's fires⁶³. The largest reserve, the Kadiweu Indigenous Territory home to the Terena and Kadiweu peoples in Mato Grosso state has suffered from 176 fire outbreaks since May 2020. ⁶⁴ The burning of indigenous lands not only jeopardizes livelihoods, but also represents an existential threat to indigenous identity, knowledge, and culture by eroding the connection to land and biodiversity which is a cornerstone of indigenous communities.

Biodiversity burned



Photo credit: EJF

"It is really an apocalyptic scene and it seems like you are in war...we're losing this biome and it's happening right in front of our eyes"

Luciana Leite, conservation biologist and volunteer firefighter.

The fires have devastated the Encontro das Aguas Park ("Meeting of Waters" lying on the confluence of the Rio Negro and the Amazon). The Park is home to hundreds of jaguars, some 200 of which have been killed, injured, or displaced due to the fires which have destroyed 93% of the park's vegetation⁶⁵. The intense heat has taken a huge toll on reptiles in particular, and volunteers have rescued countless animals that have survived the flames only to suffer from the lack of food and water; intense competition over diminishing food resources is expected to intensify⁶⁶. Based on the amount of land burnt, experts believe that around 600 jaguars have had their habitat impacted by the fires, which may lead to food insecurity and genetic instability for the Pantanal's jaguar population⁶⁷. It's also likely that many jaguars have been injured or killed by the fires. In addition to the immediate effects of the fires on the wildlife, biologists are concerned about a phenomenon known as dequada - when heavy rains flush large quantities of ash into waterways, killing fish and other aquatic organisms key to the Pantanal's wetland ecology⁶⁸.

Most fires are set by cattle ranchers and soy farmers in the dry months of July and August⁶⁹. This year, drought conditions and strong winds have caused fires to jump normal fire boundaries like streams and roads. In July 2020, President Bolsanaro issued a 120 day moratorium on fire clearing in the Amazon and Pantanal and deployed the military to fight deforestation, but this is widely viewed as a public relations stunt because it has not been enforced⁷⁰. Witnesses report that almost all of the fires in 2020 have been started by illegal land clearing activities initiated after the moratorium was announced⁷¹. The police recently launched an investigation into a group of farmers who are suspected of having organised a "Day of Fire" to illegally clear their land, which quickly grew out of control and jumped from private properties to indigenous territories and protected areas⁷²: initial data shows that two thirds of this year's fires originated in nine different privately owned farms⁷³. Wetland ecology means that during the dry season or periods of drought, dense peat vegetation can catch alight and fires can burn underground escaping fire breaks and making them very difficult to contain⁷⁴.

The Brazilian federal government has proved highly ineffective at putting out the fires. Despite assurances from the administration and the military that hundreds of federal agents had been deployed, those on the ground at the frontlines of the firefighting - ranchers, tour guides, veterinarians, journalists, and local fire departments - said that the federal presence was almost completely absent⁷⁵. "I can't see much federal help; it is basically us here," said Felipe Augusto Dias, the executive director of local non-profit SOS Pantanal. In a speech to the UN General Assembly for the World Biodiversity Summit on September 30, 2020, President Bolsonaro denied the gravity of the crisis in the Pantanal, and attempted to use the ongoing wildfires in the Western United States to deflect attention - for comparison, the fires in the Pantanal have now burnt more than double the area of the California 2020 wildfire season⁷⁶.



Thousands of animals including ocelots and caimans have died in the Pantanal fires from burn injuries, dehydration, and starvation.

Biologists expect the effects of the fires will have a long lasting impact on the Pantanal's wildlife by damaging unique ecological processes and increasing competition over scarce food and water.



Photo credit: Luciana Leite

Pantanal, Amazon, Cerrado - A pattern of devastation

The devastation of the Pantanal mirrors the intensifying threat to the Amazon and the Cerrado from intensive agriculture. Unscrupulous operators have taken advantage of the Bolsonaro administration's anti-conservation agenda, and set illegal fires to clear land for cattle ranching, soybean and sugarcane plantations. The INPE has recorded a 34% increase in deforestation alerts in the Amazon in the 12 month period from August 2019 to July 2020 as compared to the previous year⁷⁷. Meanwhile, when accounting for size, the Cerrado's savanna biome that covers some 23% of Brazil is disappearing at a rate almost four times faster than the Amazon⁷⁸. Both 2019 and 2020 have been record-breaking years for wildfires in all three ecosystems⁷⁹.

Furthermore, the health of the lowland Pantanal is directly linked to the health of the Cerrado highlands surrounding it, whose rivers feed the wetland flood pulse, and the Amazon rainforest's ability to generate rainfall in the region⁸⁰. **Protection of the Pantanal is therefore inextricably linked to conservation of all of Brazil's key biomes. Any conservation efforts must take into account the complexity and interconnectedness of all ecosystems.**

"People have been reporting more of the fires, but people are failing to connect what is actually going on. You watch the main news and people don't speak of climate change, people don't speak of land-use change. People don't speak of political inaction. People don't speak of any of the roots of the problem. They just document as they document something that is happening as if it was totally disconnected from human activity...no one is discussing what to do to avoid the 2020 fires [from happening] again," says Leite.

Failures to enforce environmental protections fits within the Bolsonaro administration's larger strategy of prioritizing agribusiness and mining interests over conservation. Local civil society organisations note that the expansion of agricultural activity into key biomes like the Pantanal has not actually improved the lives of Brazilians⁸¹: most agricultural production is destined for export, whereas food insecurity in Brazil has risen dramatically, wiping away all gains made since 2004 when the national survey began⁸².



Photo credit: Luciana Leite

EU consumption drives deforestation

The EU is the second-largest destination market for forest and ecosystem risk commodities (FERCs) after China⁸³. In recent decades, Member States have generally seen an increase in forest cover at home, but that has not translated into a net decrease in deforestation impact - it has just moved it farther out of sight⁸⁴. EU consumption is cited as currently responsible for around 10% of global deforestation⁸⁵: every year, the EU causes around 72,900 square kilometers of forest loss, an area the size of Ireland⁸⁶. It is therefore critical for the EU to adapt its import, investment, and consumption behaviors to protect the Pantanal and other key ecosystems worldwide.

Brazil is the single biggest exporter of agricultural goods to the EU, which in turn is the largest foreign direct investor in the Brazilian economy⁸⁷. A recently released report found that up to one-fifth of EU soy imports and 17% of beef imports from Brazil may be linked to deforestation in key biomes⁸⁸. Import quantities are not the only factor that matters when assessing the EU's impact on deforestation: sub-national provenance and supply chain complexity of the products increases the risk of deforestation-linked commodities ending up in EU supermarkets. For example, even though the EU has imported significantly less soy from Brazil than China, over the past decade the EU's soy imports have been exposed to twice the relative deforestation risk as China's⁸⁹. The same report which linked EU imports to Brazilian deforestation, narrowed down deforestation risk, finding that 2% of farms were responsible for 62% of potentially illegal deforestation in the Brazilian Amazon and Cerrado⁹⁰.

The EU currently has two prominent measures at differing levels of development which could drastically affect the EU's impact on global deforestation, and determine whether or not Europe, and the world, will meet the climate protection commitments laid out in the Paris Agreement. The first, the EU-Mercosur association deal, aims to facilitate free trade with Mercosur otherwise known as the Southern Common Market, a South American trade bloc which includes Brazil, and carries significant deforestation risks with it. Secondly, the EU Parliament and Commission are currently deliberating over trade measures to reduce the EU's 'footprint' on global forests and other important biomes such as the Pantanal.

EU-Mercosur Trade Deal

Mercosur is a South American trade bloc including Brazil, Argentina, Paraguay, and Uruguay, which represents 295 million consumers and, as a bloc, is the world's 5th largest economy⁹¹. The EU-Mercosur association deal, which The EU is already Mercosur's biggest trade partner, with trade flows valued at almost €80 billion (2019).

includes the free trade agreement, was agreed on in principle in 2019 after two decades of negotiations. The aim of this agreement is to reduce tariff barriers between the two blocs and strengthen rules around intellectual property, competition, food safety, and customs regulations so as to increase the volume of trade.

The EU is already Mercosur's biggest trade partner, with trade flows valued at almost $\in 80$ billion (2019)⁹². The EU is also the largest foreign investor in the Mercosur region, with total investment stocks in 2017 valued at $\in 365$ billion⁹³. This deal has been pegged as a "cows for cars" deal: if ratified, the deal would allow for increased access to EU markets of Mercosur agricultural goods, including beef, soy, poultry, sugar, and ethanol, in exchange for facilitated access to Mercosur markets for EU cars, chemicals, and other manufactured goods⁹⁴.

Chapter X of the provisional free trade agreement text includes mutual commitments to biodiversity conservation, sustainable forest management, the Paris Agreement, and other environmental and human rights multilateral agreements that the signatories are party to. It also pledges transparency and cooperation towards achieving the targets set out under the Paris Agreement and the SDGs⁹⁵. However, there is no enforcement structure beyond expert consultations providing review and recommendations, and Article 15.5 specifically excludes sustainability agreement breaches from dispute resolution channels.

The EU-Mercosur association deal text seeks to promote trade in some products - particularly soy and beef - that have been clearly linked to deforestation and damage to critical biomes such as the Pantanal. In the absence of sufficient and effective law enforcement, the deal could dangerously accelerate ecosystem degradation in Mercosur countries and should be rejected in its current form. Several EU Member States have acknowledged the potential negative environmental impacts and called for a halt to further negotiations until these are resolved. "A growing number of country states and interested parties underline the significance of sustainable development in Mercosur countries, supporting the Paris Agreement and stopping deforestation, especially in Brazil"

EU Trade Commissioner Valdis Dombrovskis, September 2020.

The EU has however stated that it expects a clear commitment from Mercosur countries to respect sustainability issues before any deal can be ratified.

EU Leadership for deforestation-free supply chains

Recognising that the expansion of agriculture is an important driver of damage to global ecosystems and biodiversity, the EU Commission is currently assessing the adoption of demand-side measures to minimise the 'footprint' of EU consumption patterns. These measures are the legislative continuation of the EU Communication on Stepping up EU Action to Protect and Restore the World's Forests, adopted in July 2019⁹⁶. On October 22, 2020, the EU Parliament voted to adopt an anti-deforestation report, which calls on the EU Commission to propose a legally binding framework to halt deforestation in EU supply chains based on mandatory due diligence, reporting, disclosure and third party participation requirements, based on the model of the existing EU Timber Regulation⁹⁷.

The EU has a powerful opportunity to act to protect critical ecosystems such as the Pantanal by implementing rigorous regulations to secure transparent, sustainable and enforceable deforestation-free supply chain regulations.

Conclusions

Given the existing volumes of EU-Mercosur trade, halting the association agreement alone will most likely not have an impact either positively or negatively on ongoing deforestation trends. The EU Commission must act now to pass strong deforestation-free supply chain measures: a rigorous, legally-enforceable system could generate huge impact to reduce deforestation for agricultural products produced in the Mercosur region (and globally). Such regulations have broad interest from EU member state governments, farmers' associations, and civil society. These could be rolled into a future iteration of a trade agreement, in the same way that the existing EU timber regulation have been integrated in the current proposed deal text.



The EU is responsible for 10% of global deforestation: every year, EU consumption causes 72,900 square kilometers of forest loss - an area the size of Ireland.

Photo credit: EJF

Recommendations:

EJF calls on the EU and Member States to:

- 1. Halt further progress on the EU-Mercosur Association Agreement until proper measures are put in place to protect ecosystems in Brazil and other Mercosur countries and limit EU market exposure to deforestation-risk products. Ratification of any future trade agreement must be conditional on measurable, verifiable actions by Brazil's government to halt deforestation, including:
 - o a deforestation moratorium;
 - o improved environmental management plans; and
 - o demarcation of indigenous territory.

Ensure any agreement includes avenues for legally binding arbitration for environmental violations of international law, including the Paris Agreement, and contribute to the global transition to a green economy.

- **2.** A legally binding deforestation-free supply chain regulation covering all FERCs imported into the EU which:
 - o Draws on the language of relevant prior international legal precedent for the protection of forests and other ecosystems, including but not limited to:
 - o 1971 Ramsar Convention
 - o 1989 Convention on Indigenous and Tribal Peoples
 - o 1992 Convention on Biodiversity
 - o 1994 International Tropical Timber Agreement
 - o 2014 UN Declaration on Forests
 - o 2015 Paris Agreement
 - o Applies to both traders and operators of FERCs in the EU (ie: not just first placers of FERCs on the market), as well as investors exposed to deforestation-linked commodities and activities.
 - o Implements science-based definitions of deforestation and ecosystem degradation that are extended to also cover high-carbon stock and biodiversity-rich biomes other than forests, such as marine and coastal ecosystems, wetlands, peatlands or savannas, in order to ensure that environmental degradation risk is actually reduced and not just displaced on to other ecosystems.
 - o Takes a broad view of FERCs to cover cattle (beef, leather, gelatine, and tallow products), soybeans and all derivatives, oil palm and all derivatives, coffee, cocoa, timber and all derivatives, sugarcane, biofuels including ethanol, gold and other mined minerals, rubber, nuts, and other products as deemed relevant by experts. The regulations should also include the possibility of including other FERCs at a later stage, for example, shrimp farmed in mangrove ecosystems.
 - Sets a retroactive cut off date for land clearing, in order to prevent a deforestation rush in the lead up to the regulations going into effect.
 - o Combines demand-side and supply-side measures:
 - Requires operators importing FERCs into the EU to conduct mandatory due diligence & risk
 assessment of their entire supply chain to ensure no deforestation-linked products end up in the EU
 market. The due diligence requirement must be understood as a market requirement for placing any
 product on the EU market. Like the EU Timber Regulation, there must be a prohibition barring FERCs
 sourced from deforested land from entering the EU market. The legislation should require operators
 to collect and declare specific traceability information about their products imported and traded on
 the EU market.

- Includes a public national legality verification scheme, like the one currently in use for IUU fishing, which monitors adherence to anti-deforestation measures at the national level across all supply chains, whether or not they are bound for the EU market and including products for domestic consumption. This scheme would promote a cooperative approach to reducing deforestation in supply chains by instituting a consultative carding system, and working with violators to improve practices within their extended supply chains. The carding system should be extended to sub-national and corporate actors in addition to the national level.
- o Provides support to companies by publishing information and conducting continuously updated risk assessments on high risk areas. This role could be taken on by the EU Commission or a trusted third party body.
- o Includes mandatory customs data sharing to support enforcement of anti-deforestation regulations.
- o Holds violators civilly and criminally liable for breaches of deforestation regulations. Punitive measures should be harmonized across EU Member States, as should resources earmarked for monitoring and enforcement. Specialised courts in each Member State should adjudicate cases based on a standard understanding of due diligence and burden of proof.
- o Integrates respect for indigenous and local community land ownership, including adherence to all relevant international and national-level law and proof of Free, Prior and Informed Consent for any supply chain productive activities taking place in or having a downstream impact on indigenous and community-owned land.
- o Takes a holistic and comprehensive approach to guaranteeing human and social rights, with special attention to:
 - o fair land acquisition, respect for customary rights and Free, Prior and Informed Consent;
 - o treatment of smallholders;
 - o social and environmental safeguards;
 - o core labour standards;
 - o gender and discrimination;
 - o quality assurance; and
 - o access to remedy.
- o Complements and supports the effective implementation of the forthcoming EU Commissioner for Justice's human rights due diligence legislation for companies operating in the EU, expected in 2021.
- **3.** The EU must adopt a global leadership role and leverage market power and bilateral political dialogue to persuade other major buyers of FERCs such as the US, India, and China to harmonize anti-deforestation measures to ensure that a high benchmark is set between major market players.
- **4.** The EU must revisit its biofuels policy under the Renewable Energy Directive II to break the link between supposed renewable fuels and deforestation. While phasing out palm oil from EU biofuels is a commendable step, it does not address the deforestation risk of other biofuels derived from soybeans and sugarcane, which are increasingly linked to ecosystem damage and exacerbated climate change impacts.
- **5.** The EU must work with other nations, including the US and the new Biden-Harris administration, to hold to account countries that fail to meet the Paris Agreement targets or that undermine global climate solutions. The new US administration's climate plan specifically calls for "naming and shaming climate outlaws", and President-elect Joe Biden has labelled Brazil's government as a likely target for coordinated international diplomatic pressure on environmental protection. By collaborating with the US and other states on a Global Climate Change Report, in the same way that nations work together to pressure human rights violating states, the EU can leverage the international community to protect key ecosystems including the Pantanal.

EJF calls on industry to participate in protecting our shared environment and halting deforestation worldwide. In addition to voicing support for robust deforestation-free supply chain members at the EU level, industries must commit to:

- Strengthening due diligence and risk processes by investigating supply chains for environmental and human rights violations, prioritising high-risk sectors and geographies;
- Working with verified suppliers of products whose provenance is independently and robustly verified, or supporting existing suppliers in transitioning to legal, sustainable supply chains;
- Developing internal processes to ensure fully transparent and traceable supply chains and publishing detailed and verifiable information on performance;
- Creating grievance mechanisms for addressing environmental and human rights violations within supply chains; and
- Calling for a halt on the EU-Mercosur association deal on environmental grounds.

EJF calls on consumers to add their voice to the fight against environmental degradation through their power as consumers and democratic citizens:

- Ask your retailers for proof of the legality and sustainability of their products, with a particular current focus on the provenance of Brazilian beef products, leather, and soy. Demand transparent, accountable and independently-verified supply chains from field to consumer. Avoid Brazilian beef, leather and soy and choose organic, locally-produced, legal and sustainable alternatives.
- Contact your elected representatives and let them know you support robust legislation for deforestation-free supply chains in your country.



Photo credit: Kate Evans/CIFOR

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"People have been reporting more of the fires, but people are failing to connect what is actually going on. You watch the main news and people don't speak of climate change, people don't speak of land-use change. People don't speak of political inaction. People don't speak of any of the roots of the problem. They just document as they document something that is happening as if it was totally disconnected from human activity...no one is discussing what to do to avoid the 2020 fires [from happening] again,"

Luciana Leite, conservation biologist and volunteer firefighter.

