The
Food and Land Use
Coalition

Report: Assessing the G7's international deforestation footprint and measures to tackle it

Key messages

September 2022

The urgency for action:

- Tropical forests are home to 50% of global biodiversity and provide the highest carbon sequestration rate per hectare. Yet, in 2021 alone, the tropics lost 3.75 million hectares of primary forest, which is equivalent to the loss of 10 football pitches per minute. There is no pathway to limiting global warming to 1.5℃ above preindustrial levels without immediate action to halt deforestation.
- 90% of tropical deforestation is caused by agricultural expansion. The majority of this clearing is to produce seven main commodities: palm oil, soy, cattle, wood fibre, cocoa, coffee, and rubber.
- With every increment of warming, food production systems will become more susceptible to climate-related extremes, with global implications for food security, nutrition, and livelihoods. These impacts will be especially felt across Sub-Saharan Africa, Asia, Small Island States, Central and South America, as well as by small-scale food producers across the world.

The G7's international deforestation footprint:

- Between 2005 and 2017, G7 members (including the EU) were responsible for 30% of tropical deforestation linked to internationally traded agricultural commodities. This contributed over 2.7 billion tons of CO_2 in emissions – equivalent to the annual emissions of India.
- Within the G7's footprint, imports of beef and palm oil accounted for the largest share of associated deforestation between 2005 and 2017.
- EU member states and the United Kingdom have showed a downward trend of imported commodities linked to tropical deforestation. Meanwhile, the US and Japan have continued to increase imports of tropical deforestation-linked agricultural commodities. Canada's exposure has remained consistently low over the same period.

Current deforestation approaches and commitments in G7 member states:

- G7 countries share membership of a range of voluntary and legally non-binding political commitments, but many of the targets have been missed. At the same time, the rate of primary tropical forest loss has remained consistently high over the past decade.
- There is growing momentum across the G7 for binding, legislative measures on environmental and social aspects of supply chains including deforestation, with a rise in due diligence approaches.
- The EU and UK have introduced proposed regulatory measures and there is draft legislation in the US both at Federal and State levels (New York and California). Canada and Japan have not published any plans to regulate.
- The EU, UK and US have adopted or proposed measures that would prohibit products that do not meet certain criteria from entering their markets. While there are some similarities, there are important differences including in approach, commodity coverage, prohibitions and timeframes for implementation.
- There is increasing attention on the financial institutions that bank with companies linked to deforestation. Financial institutions fall within the scope of the EU's corporate sustainability due diligence directive, however deforestation-linked finance is not directly addressed in other existing or proposed regulatory measures across other G7 members.

- Other critical stakeholders that should be consulted include producers, and particularly smallholders, who produce an estimated third of our food globally. These groups will require transitional support and continued access to markets. Small-and-medium enterprises, as well as multinationals operating across borders will also need to be consulted and can help establish proof points for regulatory measures.

Key recommendations:

1. As a first step, all G7 members should introduce demand side measures that are aligned on key minimum criteria, for example, cover the same list of deforestation-risk commodities and timeline for implementation to avoid unsustainable products or production shifting to other regions.
2. As major financial hubs, G7 members could play a significant role in promoting deforestation-free finance, potentially through regulatory measures. G7 members should consider how to include the financial sector in new policies and measures, and collectively engage with the Taskforce on Nature-related Financial Disclosures (TNFD), which is intended to provide a risk management and disclosure framework for nature-related risks.
3. The G7 must form genuine partnerships with producer countries that advance the transition to more sustainable production methods, improve rural livelihoods and facilitate continued participation in global markets.
4. The G7 must enter dialogue with other major consumer markets to avoid displacement of unsustainable products to other markets. This includes engaging with other major consumers in intergovernmental fora such as the G20 and the Forest, Agriculture and Commodity Trade (FACT) Dialogue to share lessons and align on best practices.

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