



Brussels, 17 November 2022

Christophe Hansen
Group of the European People's Party
(Christian Democrats)
Rapporteur for Deforestation
European Parliament

Her Excellency Ambassador Edita Hrdá
Permanent Representative
of the Czech Republic to the EU

Florika Fink-Hooijer
Director General
Directorate General for Environment
(DG ENVI), European Commission

Christophe Edita Florika -

Dear Mr Hansen, Ambassador Hrdá and Ms Fink-Hooijer:

On behalf of the Government of Canada, I would like to convey Canada's concerns and proposals regarding the European Commission proposed Regulation on deforestation-free products. Despite raising these concerns with the Commission since November 2021, Canada has not received assurances that our concerns will be adequately addressed.

Canada and the EU share the goal of preventing deforestation globally, and we support the objectives that the EU is trying to achieve. Furthermore, Canada is a world leader on forest management. In Canada, 92% of forests are on public lands, and by law all harvesting on public lands requires regeneration. As a result, Canada's total forest area has been stable for many years and our overall annual deforestation rate is <0.02%. Agricultural and forest products sourced in Canada are at very low risk of originating from deforestation.

Despite our shared objectives and Canada's strong forest management practices, we are greatly concerned that some elements of the EU's draft regulation on deforestation-free products will lead to significant trade barriers for Canadian exporters to the EU. In particular, the requirements in the Regulation will result in increased costs, add burdensome traceability requirements (e.g. geo-location requirements) and risks negatively impacting trade, including well over CAD \$1 billion in forest and agricultural products exported from Canada to the EU (based on 2021 trade figures).

Canada and the EU enjoy a robust trading relationship in forest and agricultural products. As the world's leading importer of these products, the EU plays a leadership role in ensuring a predictable and open trade environment. A functioning global trade system depends on the adoption of regulations, standards and rules that are based on science and that are no more trade restrictive than necessary.

As the proposal is in final trilogue negotiations, we wish to ensure that the Parliament, Council and Commission are all aware of Canada's interests and proposals to address our concerns. Our three key concerns are outlined below:

1- Geo-location coordinates on due diligence statement

Canada is concerned with the proposed requirement for geo-location coordinates on the due diligence statement, as laid out in Annex 2 of the Regulation. Given the highly complex and integrated nature of Canada's supply chains, including for bulk commodities, providing geo-location data by plot-of-land as proposed by the Commission, or all points for the polygon of the plots of land as proposed by the European Parliament, would be difficult for the vast majority of Canadian agricultural and forest product exporters. This, despite Canada's excellent track record on preventing deforestation.

Proposal: Canada asks the EU to consider requiring region of origin in the due diligence statement, instead of geo-location coordinates by either plot of land or all points for the polygon of the plots of land. This would be flexible and risk-based alternative, especially for products coming from low-risk regions and countries, and a practical way to convey origin while at the same time achieving the objective related to deforestation globally. It could, however, be appropriate for the EU to consider exact geo-location coordinates as part of risk mitigation. Our technical experts are ready to further engage on this proposal.

2- Definition of deforestation-free and forest degradation

There is currently no internationally accepted and operationalized definition of degradation. However, the EU Regulation references 'forest degradation' in the definition of 'deforestation-free' and, Article 27 of the EU Regulation includes the 'rate of degradation' as a proposed country benchmarking criteria. While Canada recognizes the importance of forest degradation in terms of its GHG emissions and biodiversity impacts, without an accepted definition or consistent reporting methodology, it is unclear how degradation can be verified in a measurable, consistent way by EU operators or their suppliers.

Proposal: Canada asks that the EU delay the degradation requirement, including the *rate of degradation* from the benchmarking criteria, until such time as the definition and reporting methodology are verifiable and measurable. To this end, Canada commits to work with the EU, and alongside other like-minded countries to explore how best to develop and/or recognize definitions and a reporting methodology that would be appropriate for multiple forest biomes. This could include the creation of an expert working group between the EU, Canada and other third countries.

3- Phased approach to implementation

The scope of the proposed regulation is far-reaching and will affect many products.

Proposal: Canada asks that the EU adopt a phased approach to the product coverage implementation. Upon entry into force, implementation could first include a limited number of products with simple supply chains, followed by products with more complex supply chains which could be implemented in a second phase. The gradual phase-in of regulated products would be set out in a multi-year schedule to provide adequate advance notice to all stakeholders.

I would like to underscore that these proposals are intended to help ensure that the regulation does not unnecessarily and inadvertently impede trade in agricultural and forest products, especially from countries with low risk of deforestation. This is consistent with Canada's view that there is no 'one-size-fits-all' approach to achieving sustainable production and that we must work with the EU to prevent deforestation globally, including in venues such as CETA and Canada-EU SPA dialogues and other multilateral fora.

Canada deeply values its relationship with the EU, as a trading partner and a like-minded nation with shared values. At a time where global food and energy security is at the forefront of many of global discussions, it is imperative that we work together on ensuring a stable and open trade environment for agricultural and forest products while working to advance environmental objectives, including related to preventing deforestation globally.

I would like to thank you for considering these proposals. Our technical experts in Ottawa are ready to further engage on these issues.

Sincerely,



Her Excellency Dr. Ailish Campbell
Ambassador of Canada
to the European Union

*P.S. I look forward
to our experts talking to
land this quickly.
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- Cc. Ms Delara Burkhardt, Member of European Parliament
Mr Nicolae Ștefănuță, Member of European Parliament
Ms Marie Toussaint, Member of European Parliament
Ms Anna Zalewska, Member of European Parliament
Ms Kateřina Konečná, Member of European Parliament
His Excellency Ambassador Jaroslav Zajíček, Permanent Representative to COREPER I Deputy Head of the Czech Permanent Representation to the EU
Mr Frederic Bernard, Head of Cabinet, Office of President Charles Michel, Council of the European Union
Ms Thérèse Blanchet, Secretary-General, Council of the European Union
His Excellency Lars Danielsson, Permanent Representative of Sweden to the EU
Mr Wolfgang Burtscher, Director General, Directorate General for Agriculture, European Commission
Ms Sabine Weyand, Director-General for Trade, European Commission
Mr Björn Seibert, Head of Cabinet, Office of President von der Leyen, European Commission
Mr Kurt Vandenberghe, European Green Deal Advisor, Office of President von der Leyen
Mr Simonas Satunas, Head of Cabinet, Office of Commissioner Sinkevicius
Mr Michael Hager, Head of Cabinet, Office of Commissioner Dombrovskis
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