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Opinion of the European Economic and Social Committee

Deforestation of the Amazon rainforest – impact on climate change and the global environment; consequences for companies, workers and population

(own-initiative opinion)

(C/2024/6882)

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1. Conclusions and recommendations

1.1. The link between deforestation of the Amazonian rainforest and climate change is a matter of concern for the EESC. The EESC believes that the drivers of this deforestation need to be examined in order to develop effective climate change mitigation policies while respecting the imperatives of a just transition and the human, social and environmental rights of local communities. Support for smallholder farmers and indigenous communities must be a central part of the solutions for protecting the Amazonian rainforest while promoting sustainable development and trade.

1.2. The aim of this opinion is to give an overview of the EESC's views on deforestation and the considerable impact of deforestation on climate change, biodiversity and the environment, both globally and in local communities, including farmers, companies and especially indigenous people.

1.3. Measures to address deforestation must cover all the main forest-risk commodities. They must involve action on both supply and demand sides: governing trade as well as production. Moreover they will need to be agreed in partnership, and, if it is to be effective, this must be a pluralistic partnership involving both producers and consumers of the relevant commodities. Implementation will need agreed systems for monitoring, traceability and transparency so that everyone can see which commodities have met required standards and which have not.

1.4. Strengthening collaboration with Latin American countries is a geopolitical, environmental and geo-economic imperative for the European Union. It is necessary to engage with all countries that share the Amazon biome, especially Brazil. Other critical biomes in terms of biological diversity, such as the Chaco, Cerrado and Pantanal, are also in great danger.

1.5. The signature of a balanced Strategic Partnership Treaty between MERCOSUR and the EU would create a stable framework to foster trade while securing the environmental and labour aspects, including the fight against deforestation. The agreement must be based on the premise that trade should not take place at the expense of the environment or labour conditions;, it must promote sustainable development. It has to foster deep integration between the two parties, modern and sophisticated regional value chains, lower trade costs and less uncertainty.

1.6. The EESC can play a supportive role by suggesting confidence-building recommendations, identifying areas where the EU and Brazil can work together and providing pathways for synergy. The EESC can also play a facilitative role by developing a meaningful dialogue with counterparts in Latin American countries and by building trust that the transition to sustainable land use can be a move towards greater prosperity.

1.7. Ultimately, the EESC serves as a bridge between the European institutions and civil society. Organised civil society, as represented in the EESC, has a meaningful say on the way the EU is working with Amazonian countries to protect the Amazonian rainforest while promoting sustainable development, trade and support to the rights of smallholder farmers and indigenous communities.

1.8. The critical impact that deforestation has on society, on the environment and on business cannot be ignored. Brazil, home of the largest Amazon reserve, plays a crucial role in combating deforestation, with a target of zero illegal deforestation by 2030. The new government has taken resolute action to put the environmental issue at the centre of its political agenda. In 2025, Belém do Pará will host the climate summit (COP30).

1.9. The EESC believes that measures should be taken with all due regard for the sovereignty of Latin American counterparts, transparency and compensation, since the preservation of tropical forests is a responsibility of all countries, which all benefit from the standing forests.

1.10. Measures to achieve these objectives require a new paradigm and mechanisms in EU-Latin America relations, based on scientific and knowledge exchange. The EESC has called for an urgent response mechanism to support people and civil society who are protecting forests inside and outside the EU and to support the just transition of these people to more sustainable pathways and practices. A growing number of farmers and smallholders are engaged with local, European and international counterparts in documenting responsible practices under certification schemes or landscape initiatives.

1.11. The EESC believes that the biggest challenge for EU climate diplomacy is working together with partner countries to increase their climate ambitions while supporting the most vulnerable. Climate change must be seen as both an environmental problem and a social problem to which solutions must be found that address multiple challenges, including tackling poverty and inequality, food and water insecurity, biodiversity loss and health crises.

1.12. The EESC recognises that not all countries have the financial and technological capacities or the necessary capacity-building resources to take the path of climate transition. The EU must lead the mobilisation of public and private financial sources to assist partner countries in managing the impact of the European Green Deal, from an economic, green and social perspective that shapes just transition plans.

2. **Objective of the opinion**

2.1. The objective of this opinion is to provide the EESC's overall perspective on the issue of the deforestation of the Amazon rainforest and highlight the impact on climate change, biodiversity and global environment and the consequences for farming, companies, workers and local communities. The opinion also looks at the consequences of the interplay between the deforestation of the Amazon rainforest and climate change policies on the economic and trade flows between the European Union and Mercosur. It is addressed primarily to the recently-elected members of the European Parliament, the new European Commission and the Council.

2.2. The EESC wishes to take an institutional position and provide EU organised civil society's view on the crucial role that the Amazon rainforest, home of local and indigenous communities, plays in protecting biodiversity, mitigating and adapting to climate change, securing world food production and absorbing and fixing carbon dioxide. Preserving forests contributes to agricultural sustainability, soil and water conservation. Combatting deforestation should align with the imperatives of the just transition set out in the 2015 Paris Agreement on Climate Change and the 2019 European Green Deal, guaranteeing that indigenous peoples can develop, in accordance with ILO Convention 169 on Indigenous and Tribal Peoples in Independent Countries.

3. **General comments**

3.1. According to the FAO and ECLAC, the world's forest area is 4,06 billion hectares (ha), covering 31 % of the planet's land surface and holding half of all species. More than half (54 %) are in only five countries: Russia, Brazil (second most forested), Canada, United States and China. Brazil is home to 53,3 % of South American forests (497 million ha) but has lost 92,3 million ha in the last 30 years. (Paraguay, ranked second, has lost 9,4 million ha).

3.2. Between 1990 and 2020, forests in Latin America and the Caribbean declined steadily from 53 % to 46 %, and 138 million hectares were lost, which is equivalent to half of Argentina. Deforestation alone is responsible for 11 % of greenhouse gas emissions. Protecting soils and their minerals is essential for agricultural and livestock activities, as well as for human survival. Deforestation impacts climate change, causing desertification, soil erosion, fires, flooding, droughts and insect-borne diseases. Scientific studies warn that at the current rate of deforestation the Amazon could become a savannah by 2050.

3.3. Agriculture depends on biodiversity; biodiversity depends on forests. More than 75 % of the world's food crops depend on animal pollination. Industrial sectors depend on genetic diversity and ecosystem services as essential for production (medicines, including antimicrobials). More than half of GDP depends on nature, including three economic sectors (construction, agriculture and food and beverages).

3.4. There is increasing evidence of the effects of climate change on food and nutrition. A comprehensive analysis by the European Environment Agency documents the impact on agriculture and fisheries of changes in temperature, precipitation, extreme weather events and variation in patterns of pests and diseases, further spreading livestock infections.

3.5. The Amazon with 7,4 million km^2 represents 4,9 % of the world's continental area, approximately the size of EU27, covering parts of Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela. The Amazon Basin has the greatest concentration of tropical rain forests in the world (885 million ha), of which 60 % is in Brazil. Brazil is considered to be the world's richest ecosystem in terms of biodiversity. It is estimated that 28 million people live in the Amazon, which is home to at least 400 indigenous peoples speaking more than 300 languages.

3.6. Satellite imagery from the Legal Amazon Deforestation Satellite Monitoring Project (PRODES), of the Brazilian National Institute for Space Research (INPE) between 1988 and 2020, clearly shows that forests were replaced by forestry plantation (274 % increase between 1986 and 2019), agriculture (160 %) and livestock (grazing) activities (in decline since 2000). The oil, gas and critical minerals extractive industries are also a major cause of Amazonian deforestation. In 2023, 9 064 km^2 of forest was lost (a 28,2 % decrease after five years of increase). The Brazilian regions that suffer the most from deforestation are Pará, Amazonas and Mato Grosso. Other critical biomes are also in great danger, such as the Chaco, Pantanal and Cerrado (where deforestation has increased by 25 % in 2022 and 3 % in 2023).

3.7. Deforestation has significant social, economic and environmental impact and Brazil traditionally plays a leading role in the fight against deforestation and climate change. At the 2023 United Nations Climate Change Conference (COP28) in Dubai, environmental issues and the protection of tropical forests were put back at the centre of the Brazilian government's agenda.

3.8. The Brazilian president, Luiz Inácio Lula da Silva, and the Minister for the Environment, the environmentalist Marina Silva, confirmed that Brazil is willing to fight climate change by adjusting its targets and reducing deforestation in the Amazon to zero by 2030. The momentum is excellent, COP30, to be held in Belém do Pará, in the heart of the Brazilian Amazon, will be a historic opportunity to open the discussion with the newly-elected European Parliament.

3.9. Mr Lula reaffirms his commitment to 'zero illegal deforestation' in Brazil by 2030, through mechanisms such as the recently announced partnership with the Amazon Fund and Floresta+, which will disburse R$ 730 million (approximately MEUR 132) to municipalities to combat deforestation and forest fires in the Amazon. This project is part of the Brazilian Action Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm), which will link up with the municipalities that contribute most to deforestation with financial support. 11,6 % of Brazil is indigenous land; over the last year and a half, 10 indigenous territories have been demarcated. The initiatives demonstrate a renewed will to reverse the situation.

3.10. The Brazilian 2023-2027 Action Plans put emphasis on expanding the area of federal public forests under concession by up to 5 million hectares by 2027, more human resources to fight deforestation and the use of artificial intelligence for remote tracking of environmental crimes. The main pillars of action rely on sustainable and economic alternatives, environmental control and monitoring, territorial and land-use planning and legislative and economic measures to contain deforestation such as the carbon market.

3.11. The EESC welcomes these positive developments and hopes that the anti-deforestation policies will be able to achieve a positive outcome, with due regard for the necessary transparency, respect for sovereignty and compensation for Latin American counterparts in the mutual interest of preserving the Amazon. The EESC also believes that preserving forests should not be seen as giving up economic growth and food security. The main difficulties lie in reconciling the protection of the Amazon and indigenous peoples and local communities' fundamental rights with reviving the economy, reducing poverty and achieving a just transition that will leave no one behind.

3.12. The rainforest provides livelihoods for the most vulnerable populations. However, on a larger scale, its contribution as a resource to the national economies of the subregion is still very low, less than 2 % of GNP, except for Brazil, where it is estimated to be 5 %. Nevertheless, in the informal economy, particularly in rural and native settlements, forests play a crucial role as the main source of the population's livelihood, including food, water, housing materials and other forest products. Around 28 million people live and work in this biome and need to make a living from stable, decent, quality employment with value-added activities ranging from agroecology to the new economies derived from the medicine of the future, where the conservation of forests is a critical asset. Fair prices and stable employment for their livelihoods must be guaranteed and preserved.

3.13. Therefore, a new relationship between the EU and the countries of the Amazon region needs to be forged, based on technical and scientific knowledge, with the aim of combating the side effects of illegal activities in these forests, such as drug trafficking, logging and illegal mining. International financial compensation can provide funds for participatory research, higher education based on new technologies and the opening-up of spaces for dialogue between EU decision-makers and the local groups suffering from this situation. The dialogue between the EESC and the Sustainable Economic and Social Development Council of Brazil, which has recently been resumed, is a good starting point in this respect.

3.14. The EU's recently-launched Amazonia+ programme, in cooperation with the South American countries that share this biome, will build on regional initiatives through a mechanism for involving local communities, including indigenous peoples, in forest governance and the greening of supply chains. Moreover, use of funds from the Global Gateway can be encouraged in compensation mechanisms with local communities, to ensure that preserving forests remains profitable. An example of combining progress and forest conservation is the Tropical Forest Forever Fund.

3.15. The EU has for a long time contributed to deforestation by consuming a significant share of associated products. After the adoption of the 2019 European Green Deal and the EU Biodiversity Strategy for 2030, the EU has taken further action. According to EU statistics, Europe is one of the largest importers of raw materials linked to deforestation, including 50 % of the world's coffee and 60 % of cocoa. Impact assessment studies estimated that consumption of these products would, in the EU alone, increase deforestation by approximately 248 000 hectares per year by 2030. The EU has committed to protecting ecosystems by controlling deforestation-linked products at its borders.

3.16. This action includes the Deforestation Free Products Regulation concerning the placing on the EU market and the export from the EU of products associated with deforestation and forest degradation, namely: palm oil, soy, timber, cocoa, coffee, cattle and rubber, but the list can be extended. The regulation establishes a three-tier system for the assessment of countries or parts thereof in three risk categories, provides for a control and monitoring mechanism and delegates control power to the competent authorities in the Member States. Information and protection of consumers should be essential components of these policies.

3.17. The effects of environmental EU legislation on the value chains concerned may be diverse and difficult to predict, as they depend on multiple factors: preparedness of each value chain, access to technology or financing, risk classification of each country, decisions taken by producers and traders, price elasticity, demand from other, non-EU markets, etc. Trade flows may be seriously affected, and commodity exports could be redirected to faster growing markets. Micro and small companies will be the most vulnerable because of their difficulty in complying with traceability, environmental requirements and related costs.

3.18. The EU-Mercosur Agreement must be based on the premise that trade should not take place at the expense of the environment or labour conditions, it must promote sustainable development. The EESC demands that this Agreement guarantee a stable framework for regulating the rules on trade flows, environmental standards and workers' rights. The economic gains of the agreement must be balanced by the social and environmental dimensions. Moreover, it has to foster deep integration between the EU and Latin America, the development of modern and sophisticated regional value chains, lower trade costs and less uncertainty. From a geo-economic view, the EU will be the first major trading partner to formalise an agreement with Mercosur: neither the US nor China have a similar trade agreement, and its geopolitical, geo-environmental and geo-economic importance should not be overlooked.

3.19. Brazil plays a critical role in assessing the situation of deforestation, particularly in the Brazilian Amazon. The ratification of the agreement may ensure sustainable development and a stable and reliable legal framework for the enforcement of environmental legislation, in particular as regards the fight against deforestation. At the same time, it should guarantee that the legitimate demands of civil society will be met and secure the human, social and labour rights of vulnerable actors, in line with the mechanisms set out in the International Labour Organisation core conventions, specifically those relating to decent work. It also represents an opportunity in terms of cooperation for the transfer of knowledge, technological cooperation and greater innovation for Latin American and European companies.

4. **Specific comments**

4.1. The EESC has already expressed concerns about the economic and social impact of the implementation of the European Green Deal and EU policies on deforestation in particular. At the same time, reducing poverty, offering and boosting opportunities to access a decent and dignified livelihood including quality jobs and investment in the development of rural areas will have a direct impact on deforestation. The EESC further acknowledged that when reducing deforestation the cultural importance of the forest must be considered, especially for the rural and forest communities.

4.2. In the opinion on Minimising the risk of deforestation and forest degradation associated with products placed on the EU market, the EESC highlighted the importance of cooperation with producer countries to support the EU in addressing the root causes of deforestation.

4.3. The EESC has called for an urgent response mechanism to support people and civil society who are protecting forests inside and outside the EU. The vast majority of farmers and smallholders do not engage in illegal practices or deforestation. A growing number of farmers and smallholders are engaged with local, European and international counterparts in documenting responsible practices under certification schemes or landscape initiatives. The EU must engage with producer countries to support the just transition of these people to more sustainable pathways and practices. The European commission must urgently provide clear guidelines to solve problems created by anomalies in the implementation of the Deforestation Regulation in the European Union.

4.4. Moreover, in the opinion on the Climate Diplomacy of the European Union, the EESC stated that the biggest challenge for EU Climate Diplomacy is to work together with partner countries to increase their climate ambitions while supporting the most vulnerable. The EESC also affirmed that it promotes a holistic approach. It views climate change not only as an environmental problem requiring technical or behavioural solutions, but also as a social problem where the solutions expand to include economic, political, cultural and institutional changes. Some of these solutions have the potential to transform society in ways that address multiple challenges, related to climate change and building resilience, including tackling poverty and inequality, food insecurity, water insecurity, biodiversity loss and health crises. At the same time, solutions to these challenges may contribute to climate mitigation and adaptation. For this reason, climate diplomacy should be an integral part of an overarching strategy, following the EU's commitments for achieving the UN Sustainable Development Goals.

4.5. The EESC recognises that not all countries have the financial and technological capacities or the necessary capacity-building to follow the climate transition path. In order to improve capacity and skills, the EESC supports agreements between universities promoting clean technologies and building careers related to the healthy exploitation of forests, among others. The EU should spearhead and develop infrastructure, finance and governance pathways by mobilising public and private financial sources to assist partner countries in managing the impact of the European Green Deal, foster their economic diversification, shape just transition plans and support adaptation and risk management projects to prevent and reduce climate fragility risks.

4.6. More recently, the EU has launched the Global Gateway, an initiative that will secure EUR 300 billion in investments for the period 2021-2027. The Global Gateway addresses key global challenges through regional and bilateral cooperation. Priority partnerships with Latin America and Brazil in particular are aimed at combating climate change, boosting the energy and digital transition and protecting forests. Latin America has the second largest GG budget and it is essential to know what percentage will be allocated to projects involving and for civil society. Bilateral cooperation projects (Amazonia +, European Horizon, EUROsociAL+, EUROCLIMA+, Green Al Invest, etc.) will help to tackle inequalities and achieve a just transition to more sustainable pathways.

4.7. The EU is determined to mitigate the effects of the implementation of the recent environmental regulations, through regional cooperation. To that end, the EU launched the Neighbourhood, Development and International Cooperation Instrument - Global Europe for the 2021-2027 period. The NDICI has an overall budget of EUR 79 billion, and a number of tools to enable the EU to leverage its investments, in particular the European Fund for Sustainable Development plus (EFSD+).

Brussels, 19 September 2024.

The President
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