

# The data speaks

The urgent need to transform no-deforestation, sustainable agriculture and development pledges into actions



COCOA



PALM OIL



TROPICAL  
TIMBER



SOY



the sustainable  
trade initiative



**22% soy  
is responsible  
in Europe**



**74% of the palm  
oil is sustainable  
in Europe**



**≈ 30% of  
the world's  
cocoa area is  
certified**



**28.5% of natural  
tropical timber  
is sustainable  
in Europe**

# Moving beyond pledges

## The next steps for creating deforestation-free commodities and markets

**Our forests hold the key to addressing the climate emergency while driving sustainable economic development for millions of people around the world. And yet, despite pledges by companies, NGOs and governments to make tropical commodity production and markets deforestation-free by 2020, forest loss continues at an alarming rate and farmers often struggle.**

Sustainable production of commodities such as palm oil, soy, cocoa, and timber still only accounts for a small share of global production. For example, only 19% of the world's palm oil supply was certified by the Roundtable for Sustainable Palm Oil (RSPO) in 2018, and responsible soy production certified under the European Feed Manufacturers' Federation's Soy Sourcing Guidelines (Fefac-SSG) accounted for only 6% of global production.

In the next chapters, IDH sets out facts and figures on the import and use in Europe of certified palm oil, soy and timber, and on the world's cocoa, of which Europe is the biggest importer.

The market data shows that we must rapidly scale the sustainable commodity production and market uptake. Stakeholders along value chains and in critical production areas are aligned that we need to act, but we need to 'crowd in' the mainstream and go beyond first movers to have a real impact.

What does "moving beyond pledges" look like in practice?

In consumer markets, we need to redefine sourcing mechanisms so sustainability is embedded in procurement, rewarding sustainability efforts of farmers, producers and governments in producing regions. In producing countries, it means bolstering national legislations and enforcement capacity, the development of new business models that balance sustainable production and forest protection with real benefits to farmers and producers, jurisdictional approaches and conservation initiatives.

All together we need to combine investments, sourcing, and knowledge from governments, companies, NGOs and bilateral partners in identified priority regions to kick-start the delivery on our pledges. We need to create real partnerships in these priority regions, with each partner taking his/her responsibility, complementing and strengthening one another in terms of knowledge, tools and role.

To list them, this means:

- 1 Introduce sustainable sourcing requirements in public procurement for all commodities throughout the EU to drive market uptake growth towards 100%.
- 2 Industry associations need to develop sustainable sourcing roadmaps with clear and realistic targets working towards 100%, together with government offering incentive packages like for the renewable energy transition, and NGOs supporting with knowledge.
- 3 Adopt mandatory reporting guidelines for firms importing (and using) large commodity volumes to drive transparency and market-shifts.
- 4 Identify the key current and future sourcing regions, overlay these with the current and future deforestation hotspots, and agree to prioritize those regions for shared action between governments, farmers, companies, NGOs and donors.

- 5 Enhance traceability and direct linkages between commitments in the market and these priority regions transitioning to sustainable land-use, with clear incentives to farmers and governments, through establishing Verified Sourcing Areas in key sourcing locations.
- 6 Increase investment in mainstreaming sustainable production, starting in the priority regions. This can be a combination of (inter)national public money and investment by supply chain companies + (impact) investors. By pooling efforts and resources, a real impact can be achieved, and an example set.
- 7 Mobilize European sourcing towards the priority areas: by pooling market demand the collective demand for commodities from the hotspots will cover most production and thus offer a real incentive and reward to mainstream sustainable production, protect forest and support farmers to increase and diversify their income.
- 8 Establish G2G partnerships between European governments with governments in key producing regions to support capacity development and strengthen enforcement, land-use planning and a cadaster.
- 9 Work towards sustainable imports by markets outside Europe, by first facilitating mainstream sustainable production, not just for Europe, and secondly dialogue with those market governments to share lessons learned and explore how collaboration can be achieved based on shared needs and different realities.

Across interventions, strengthening data will lead to better enforcement of commitments and more targeted actions.

And the data so far is clear – we must do more to scale up solutions to protect our forests, sustainable agriculture and the development of communities and farmers.



## **22% soy is responsible in Europe**

The EU+ used an estimated 34.4 million tonnes of soybeans, soymeal and soybean oil in 2017 - approximately 12% of global soybean production. By conservative estimates only 7.6 million tons (22%) of this total use in Europe was responsible (compliant with the FEFCO Soy Sourcing Guidelines). Only 13% can be considered deforestation-free.

The seven signatory countries of the Amsterdam Declaration used 19.7 million tonnes of soy. Of this total, 33% was responsible and 17% was deforestation-free. The countries vary greatly in their adoption of sustainable soy, from Norway at 80% deforestation-free to Italy at below 3% responsible.

Northern European countries demonstrate higher percentages of responsible and deforestation-free soy, largely thanks to pressure from civil society organizations and support from governments. In Italy, Portugal and Spain there is virtually no demand for responsible soy, despite high soy use (combined these countries account for 30% of European soy use in 2017).



The demand  
for responsibly  
produced soy  
needs to  
increase

Deforestation-  
free

**13%**

FEFAC Soy  
Sourcing  
Guidelines

**22%**

Certification schemes and the FEFAC Soy Sourcing Guidelines have made it easier for companies to demand responsible soy, but adoption has remained low over the past years despite strong commitments from the industry and government actors. Production of responsible soy currently exceeds demand.

The demand for responsibly produced soy needs to increase dramatically, and besides working on a more transparent supply chain, new sustainable sourcing solutions need to be developed.

\*Responsible soy refers to soy that is compliant with the FEFAC Soy Sourcing Guidelines and deforestation-free soy in particular refers to those certified by RTRS, ISCC +, Proterra, Danube / Europe Soy, CRS / BFA and SFAP-Non Conversion.

# CHOOSING RESPONSIBLE SOY

Insights on the European use of responsible and deforestation-free soy in 2017

## 22% OF SOY USED FEFAC SSG COMPLIANT & 13% DEFORESTATION-FREE

% FEFAC SSG Compliant | % Deforestation free



\*Deforestation free = certified by RTRS, ISCC +, Proterra, Danube / Europe Soy, CRS / BFA and SFAP-Non Conversion

## MILLION TONNES USED FOR FEED, FOOD & BIOFUELS IN THE EU+



Food Use



Technical use

**Soybeans** MT

**241**

**Soymeal** MT

**Soybean Oil** MT

**1,325**

**228**

## GLOBAL SOY OVERVIEW



**337 MMT**

global soy  
production



**127 M**

hectares total  
production

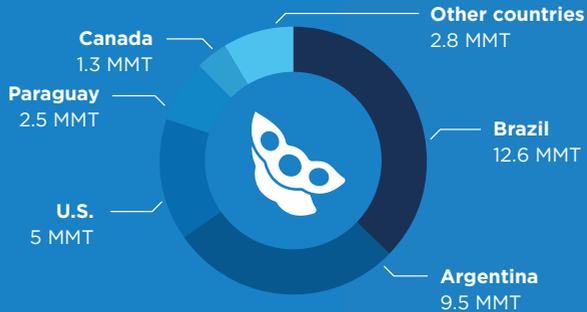


**19.4 MMT**

of this is FEAC  
SSG compliant soy



## KEY COUNTRIES OF ORIGIN OF SOY IMPORTS TO EU+



Feed Use



Biodiesel



Other uses

696

30,885

628

176



**34.4 MMT**

Total use EU+



## **74% of the palm oil is sustainable in Europe**

As the second largest global importer of palm oil, Europe has an important role to play by ensuring 100% of the palm oil in the products we manufacture and use is certified.

Currently, 99% of palm oil entering Europe is traceable to oil mill level. Over 84% of all palm oil imports is covered by company sourcing policies that focus on 'No Deforestation, No Peat and No Exploitation'. Some 74% of palm oil imported for food into Europe was RSPO certified sustainable palm oil, an increase of 5% compared to the year before.

Top country in Europe is France with 99% RSPO certified import. Spain has 44% sustainable imports, with an increase of 26% from the previous year the highest riser. The Netherlands, Germany, Spain and Italy in particular are large importers who hold a key position in the distribution of palm oil in the European market.

With 74% of all palm oil imported for food into Europe achieving RSPO certification, we can safely say that certified palm oil is becoming the norm. There is still a long way to go in a short time to reach the goal of 100% sustainable palm oil by 2020. But our shortfall is our hope: the fact that there is currently more certified palm oil available than is being purchased. The more we drive mainstream demand in Europe for sustainable palm oil, the more we will also help incentivize smallholder palm oil producers in Asia, Africa and Latin America to implement responsible production practices and halt deforestation connected to palm oil.

\*Sustainable palm oil refers to palm oil that is certified by RSPO.



Traceable  
and  
improving  
numbers

EU  
**74%**

FRANCE  
**99%**

SPAIN  
**44%**

# SUSTAINABLE PALM OIL IN EUROPE

Import and use of sustainable palm oil in 2017

## WHY WE USE PALM OIL



**GLOBAL  
FOOD SECURITY**



**HIGHEST  
YIELD**



**VERSATILE  
PROPERTIES**



**RURAL INCOME  
AND DEVELOPMENT**

### MAKING PALM OIL SUSTAINABLE TO:



Respect  
human rights



Protect forests  
and wildlife



Use best practises  
to increase yield  
without expanding  
into new areas



Provide education  
and health  
services to rural  
communities



#### RSPO

2.51 million hectares certified under the Roundtable on Sustainable Palm Oil standard in 2017

#### ISPO

2.1 million hectares certified under the Indonesian Sustainable Palm Oil standard in 2017

#### MSPO

518,793 hectares certified under the Malaysian Palm Oil standard in 2017



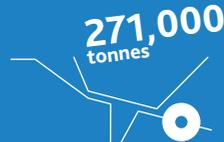
**99%**

of the palm oil imported  
into Europe was traceable  
to the oil mill

**84%**

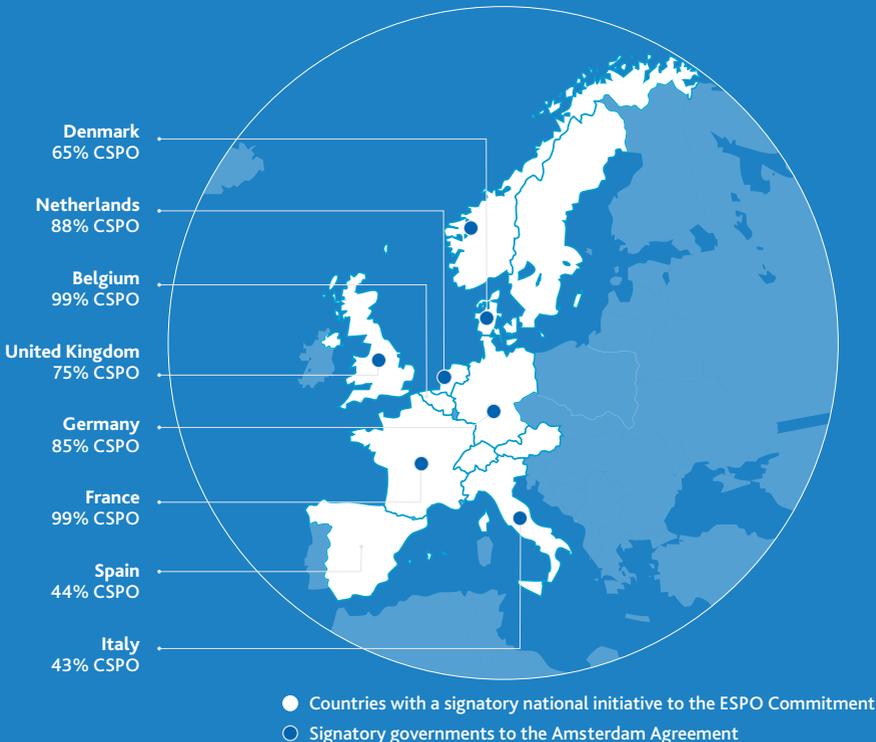


of palm oil imported into  
Europe is sourced under  
No Deforestation, No Peat,  
No Exploitation  
(NDPE) policies



**271,000  
tonnes**  
of palm oil imported into  
Europe were covered  
by RSPO credits  
bought by European  
companies

# WHERE WE ARE WORKING ON SUSTAINABLE PALM OIL<sup>1</sup>



**8100**  
tonnes

of palm oil imported into Europe were covered by RSPO independent smallholder farmer credits bought by European companies

Source: RSPO (2017)



**74%**

of the palm oil imported for food<sup>1</sup> into Europe was RSPO certified sustainable palm oil

<sup>1</sup>Including small volumes for feed and oleochemical

Source: RSPO, Eurostat and Oil World (2017)

Target  
**100%**  
sustainable  
palm oil  
in Europe by  
2020

<sup>1</sup> Data based on reporting by national initiatives to the ESPO commitment.



## **28.5% of natural tropical timber is sustainable in Europe**

Europe's markets for tropical timber have long been the leader of demand for sustainable timber and a driving force in leading market demand for certified tropical wood. However, with over two decades of hard work, even in the EU, the market share of verified sustainable natural tropical timber products is estimated to be only around 28.5%.\*

FLEGT (Forest Law Enforcement, Governance and Trade) licenced timber products have a market share of 11% within the total imports of natural tropical timber products by the EU, a stepping stone towards sustainable tropical timber. There is significant scope for increasing the market share of verified sustainable tropical timber.

France is the largest European importer of tropical roundwood and veneer, as well as tropical timber overall. In tropical sawn wood, Belgium and the Netherlands are significant consumers, while the UK and Italy are the biggest consumers of tropical plywood.

The amount of verified sustainable tropical timber that European countries import varies greatly. Among top imports, the UK and Netherlands are importing 42.5% and 67.5% respectively. Germany



and Belgium buy 32.5% and 27.5% respectively. In Italy and Spain, this only accounts for a maximum of 10%. The vast majority of European tropical timber imports remain uncertified.

A lack of reliable market demand for verified sustainable tropical timber is a key challenge faced by forest managers and countries that have committed to sustainable forest management. Although tropical timber is not a commodity covered by the Amsterdam Declaration, if the seven main timber-importing countries (Belgium, Germany, France, the UK, Netherlands, Italy, and Spain) source only sustainable natural tropical timber, an estimated additional 12.5 million ha of tropical forests can be positively impacted.

Maintaining forest cover and forest quality requires incentives for sound stewardship. Strong demand for verified sustainable tropical timber, through certified sustainable forest management, where possible combined with FLEGT-licensing, can spur the growth and spread of responsible forest management in tropical countries.

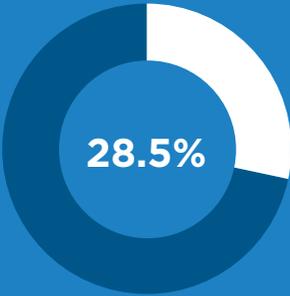
\*All % figures are mid-range of estimates. Verified sustainable timber is timber that are certified by certification schemes, such as FSC and PEFC.

# SOURCING VERIFIED SUSTAINABLE TROPICAL

## TOTAL EU IMPORTS\*

1,473,000 tonnes

Equals an estimated  
2,300,000 m<sup>3</sup> (product)



## VERIFIED SUSTAINABLE TROPICAL TIMBER

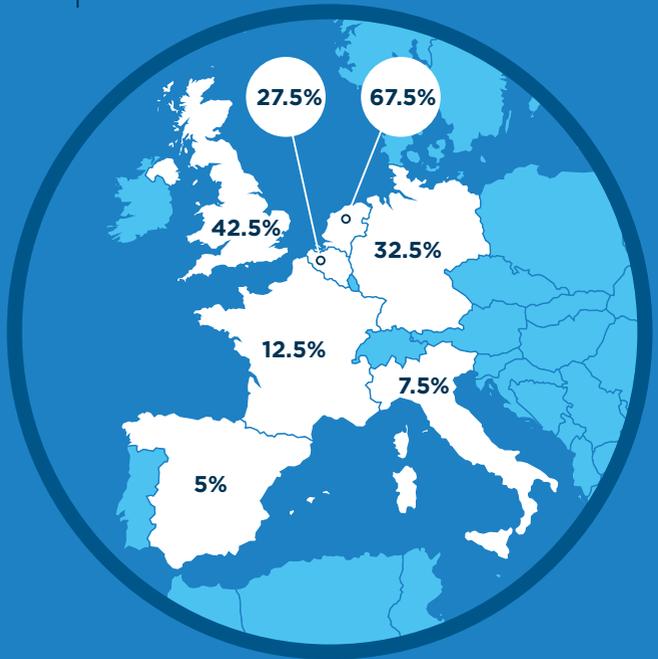
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11% FLEGT-licensed

## VERIFIED SUSTAINABLE TROPICAL TIMBER IMPORT IN EU

These 7 countries cover app. **90%**  
of the total EU28 imports of primary  
tropical timber products



\* Primary timber products (roundwood, sawn wood, plywood and veneer).

## SUPPORT RESPONSIBLE TIMBER SOURCING VIA:



Certification



Sustainable  
Timber  
Procurement  
Policies



Green  
building  
schemes



FLEGT  
licensed  
timber

# TROPICAL TIMBER IN EUROPE

## PRODUCTION AREAS

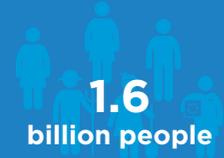


6.5% of natural-semi-natural production forest area is certified in tropics worldwide (excluding plantations)



### SOUTHEAST ASIA

6,689,000 ha FSC®/PEFC™ certified forest area = 9.9% of total production forest area



According to FAO, more than 25% of the global population depend on forests for food and livelihoods



### CONGO BASIN

4,494,000 ha FSC®/PEFC™ certified forest area = 11.4% of total production forest area



### LATIN AMERICA

3,508,000 ha FSC®/PEFC™ certified forest area = 3.8% of total production forest area



12.5 million ha of tropical forest would be impacted if EU imports 100% verified sustainable timber

## SUSTAINABLE TROPICAL TIMBER CONTRIBUTES TO A.O.



**SDG 1**  
Reduce poverty



**SDG 2**  
Improve food security and nutrition



**SDG 8**  
Promote inclusive and sustained growth



**SDG 12**  
Ensure sustainable production and consumption



**SDG 13**  
Support climate action



**SDG 15**  
Protect and restore terrestrial ecosystems

Note: All % figures are mid-range of estimates. Sources: GTF and Probos



## **≈ 30% of the world's cocoa area is certified**

Europe is the biggest importer of cocoa. Most cocoa beans in Europe are produced in West Africa, and in particular Côte d'Ivoire (51%), Ghana (15%) and Nigeria (11%), while around 8% of European cocoa imports come from Latin America.

The three standards certifying cocoa production major certification schemes in cocoa - Fairtrade International, Organic, RA/UTZ -certified a minimum of 2.3 million hectares and a maximum of 3.8 million hectares in 2016 (average 3.1 million hectares).

This figure is expected to increase as European sustainable cocoa platforms are working towards the increase in sustainable cocoa production at country level:

- In Switzerland, the ambition is that in 2025, at least 80% of the cocoa in products containing cocoa is produced and certified according to internationally recognized sustainability standards.
- In Germany, the commitment is that by 2025, at least 85 % of cocoa in cocoa containing end products sold by the producing members in Germany will be certified by sustainability standards or to be equivalently independently verified.

# Pledges for 2025

SWISS  
2025:  
**80%**

GERMANY  
2025:  
**85%**



- In Belgium, by 2025 at the latest, all the chocolate produced and/or sold in Belgium should comply with a relevant certification standard and/or shall be manufactured from cocoa-based products covered by a corporate sustainability scheme
- In the Netherlands, 100% of all cocoa used in cocoa and chocolate products that are consumed in the Dutch market should be guaranteed sustainable cocoa by 2025.

In cocoa-origin countries, commitments to end cocoa-related deforestation have also been made, with the signature of the Cocoa & Forests Initiative Framework for Action in Côte d'Ivoire and Ghana in 2017 and in Colombia in 2018. In Cameroon, a similar commitment being scoped out, through the Roadmap to Deforestation-Free Cocoa.

\*Certified cocoa is viewed as an important step towards sustainable cocoa. The three major standards certifying cocoa production include Fairtrade International, Organic, RA/UTZ

# DEMANDING CERTIFIED COCOA

Insights on the production and demand of cocoa and chocolate

## TOTAL NUMBERS OF WORKERS (million)

**WORLD | 14.00**

**AMERICAS | 1.39**

- Brazil | 0.21
- Colombia | 0.28
- Dominican Republic | 0.20
- Ecuador | 0.28
- Venezuela | 0.18
- Others | 0.25

**AFRICA | 10.50**

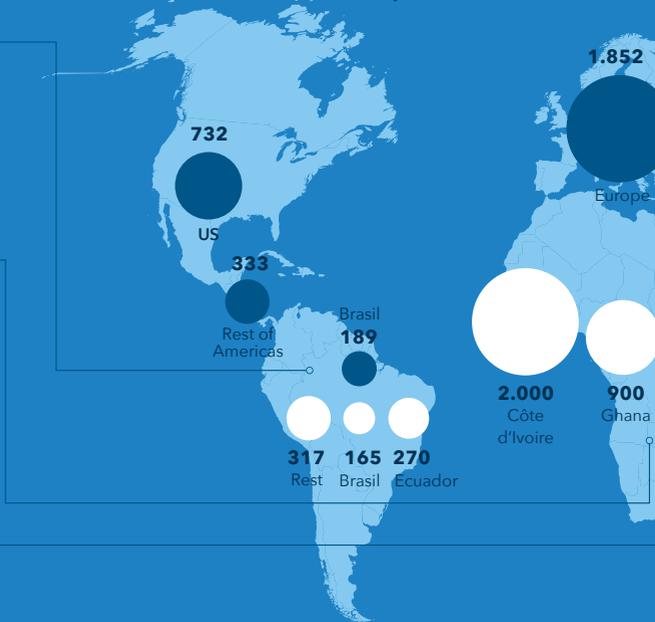
- Cameroon | 1.60
- Côte d'Ivoire | 3.60
- Ghana | 3.20
- Nigeria | 1.20
- Sierra Leone | 0.38
- Togo | 0.40
- Others | 0.12

**ASIA AND OCEANS | 2.11**

- Indonesia | 1.60
- Malaysia | 0.31
- Papua New Guinea | 0.10
- Others | 0.10

## GLOBAL COCOA PRODUCTION 4,638 thousand tonnes

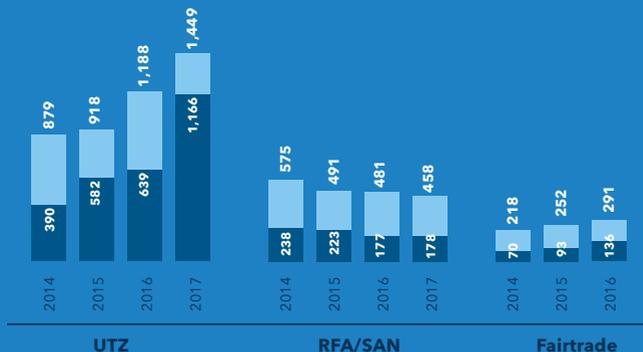
Production | Consumption



source: ICCO 2012

## PRODUCED/SOLD AS CERTIFIED

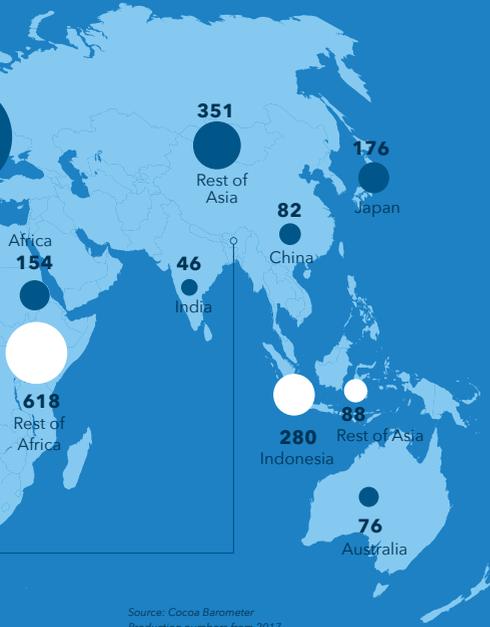
Nearly 2.0 million tonnes of certified cocoa in total



Source: Cocoa Barometer



Cocoa with **multiple certifications** represents a growing segment within the global chocolate market.



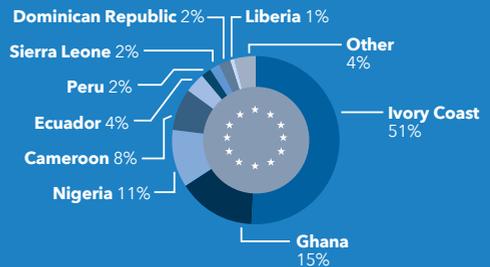
Source: Cocoa Barometer  
Production numbers from 2017

## SMALLHOLDERS WORLDWIDE PRODUCING COCOA

- **ALMOST 90% OF PRODUCTION COMES FROM SMALLHOLDINGS UNDER 5 HECTARES**
- **SMALLHOLDERS INVOLVED IN COCOA:**
  - Smallholding averages 3 hectares
  - **2.5 million smallholders** (incl. those for whom cocoa is not the main activity)
  - Smallholder yields: Average 350kg/hectare (ranges from 200kg in Ecuador to 1,500kg for smallholders in Sulawesi, Indonesia. (Ghana 300kg, Cote d'Ivoire 450kg).

source: ICCO 2012

## MAIN COUNTRIES SUPPLYING COCOA TO EUROPE in volume



source: Eurostat, 2018, numbers from 2017



The global cultivation area of organic cocoa increased by

# 8.5%

between 2015 and 2016.

The demand for organic cocoa is expected to increase.

However, cocoa is a difficult crop to grow organically.

source: CBI, Ministry of Foreign Affairs



# 3.4%

of cocoa is grown organically worldwide.



Supplies from Latin America are increasing, bringing fine flavour Trinitario and Criollo varieties into the market. The increase in European imports of fine flavour cocoa happens at a small scale and within a niche market, but follows the consumer trend for higher-quality chocolate.

source: CBI, Ministry of Foreign Affairs

The development of this report is the result of the joint efforts and contributions of many individuals within and external to IDH, The Sustainable Trade Initiative. We especially would like to thank: European Palm Oil Alliance, IUCN National Committee of the Netherlands and Probos.

## About IDH

IDH, The Sustainable Trade Initiative is an international organization that convenes, finances and manages large programs to accelerate transitions toward sustainability together with multinational and smaller companies, governments and civil society. Headquartered in the Netherlands, IDH delivers scalable, economically viable impact on the Sustainable Development Goals. IDH operates globally in different industry sectors ranging from cocoa and tea to cotton and soy, and encourages joint investment in innovative models to realize long-term solutions for environmentally and socially sustainable production and trade.

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