

Forests Need Protection from EU Unsustainable Finance

05 February 2020



On the days of the International [Conference](#) on Forests for Biodiversity and Climate in Brussels, [a growing number of MEPs](#) are calling on the EU to adopt mandatory due diligence against deforestation. International NGO Global Witness published a briefing to stress the importance of legislation.

[The latest analysis by Global Witness](#) shows that six agribusiness companies linked to forest destruction received funds from EU-based financial institutions. In total, banks and investors backed those companies to the tune of €7 billion between 2013 and 2019.

In a recent investigation called [‘Money to Burn’](#), the NGO exposed over 300 banks and investors backing JBS, Minerva, Marfrig, Olam International, Sinochem Group and Halcyon Agri - implicated in worldwide deforestation.

According to the research, EU-based banks such as Santander and Deutsche Bank provided €7 billion in total.

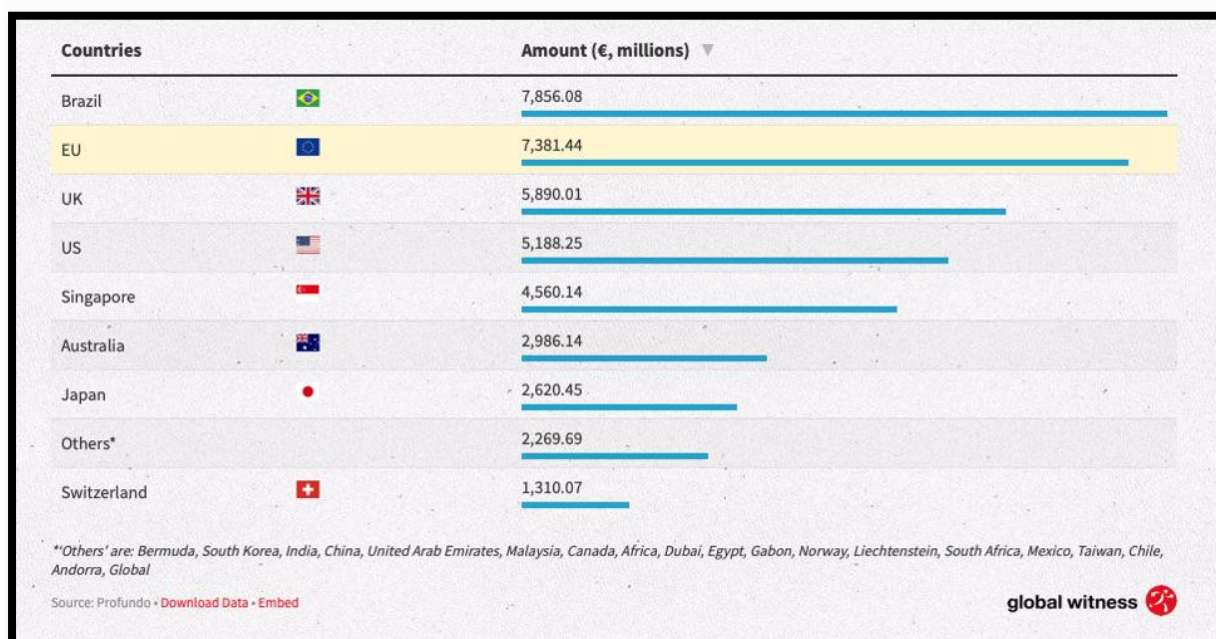
“Europe’s imports have a huge impact on our global environment,” EU forests campaigner at Global Witness Giulia Bondi told *Forbes.com*.

“The EU imported and consumed 10% of the global production of crops and livestock products associated with deforestation over the period 1990-2008. When talking about forest risk commodities (like beef, soy, palm oil, timber) causing deforestation, these are rainforests in the Amazon Basin, the Congo Basin and Asia Pacific, particularly Papua New Guinea.”



Primary rainforests are unique, non-replaceable ecosystems, which play a crucial role in regulating the global climate and are home to 80% of terrestrial biodiversity according to [FAO](#).

That's why Global Witness among others is asking the adoption of "new measures to require all companies, including banks, to undertake checks on the risks of deforestation and related human rights abuses associated with their supply chains and investments."



While the European Commission highlighted the importance of redirecting private finance towards activities that are deforestation free, NGOs insist that this will only occur through a

coherent approach that places the same due diligence obligations on supply chains and banks.

On January 23, the European Parliament Committee on the Environment, Public Health and Food Safety ratified the final text on taxonomy for sustainable finance.

The European Council and Parliament services have now entered legal-linguistic revisions that will last from two to three months. The Council will adopt its position in April or May and the Parliament's Plenary vote is foreseen for June. The final step, publication in the Official Journal, is expected for July or August this year.

"The final taxonomy agreement is a step in the right direction as it should help ensure that investments are subject to ethical scrutiny before being labelled as sustainable. However, it only applies to those financial products sold as sustainable investments," Bondi said.

Yet, deforestation around the world is accelerating and it is mainly caused by the clearing of land for agriculture.

"Ending EU banks and investors' complicity in this requires new laws guaranteeing that not just products sold in the EU – but, crucially, the financial markets underpinning them – are free from deforestation, as well as the land grabs and human rights abuses that so often accompanies it," said Nicole Polsterer, sustainable consumption campaigner at the forests and rights NGO Fern.

"The EU must make it mandatory for companies to be able to trace the source of the products they import to the land it was produced on and report on it."

Meanwhile, EU Commissioner Frans Timmermans addressed the audience at the Forest conference saying he pledged the European Commission will "start giving some parameters and setting some goals".

But Bondi points out that, measures alone are "likely to prove ineffective when it comes to requiring financial institutions to identify and mitigate deforestation risks and are even less likely to redirect private finance away from deforestation." This is due to limited scope, reliance on very limited reporting, inadequate detail on due diligence processes and lack of detail on deforestation risks.

And she concludes: "We hope therefore that finance is not let off the hook from any forthcoming legislation addressing the EU's global deforestation footprint."

Source: <https://www.forbes.com/sites/emanuelabarbiroglio/2020/02/05/forests-need-protection-from-eu-unsustainable-finance/#28aeb45f7055>

