



Ministry of Food, Agriculture
and Fisheries of Denmark

Action plan against deforestation

Efforts to protect and restore the world's forests
and to promote responsible and deforestation-
free supply chains for agricultural commodities

September 2021

Edited by:

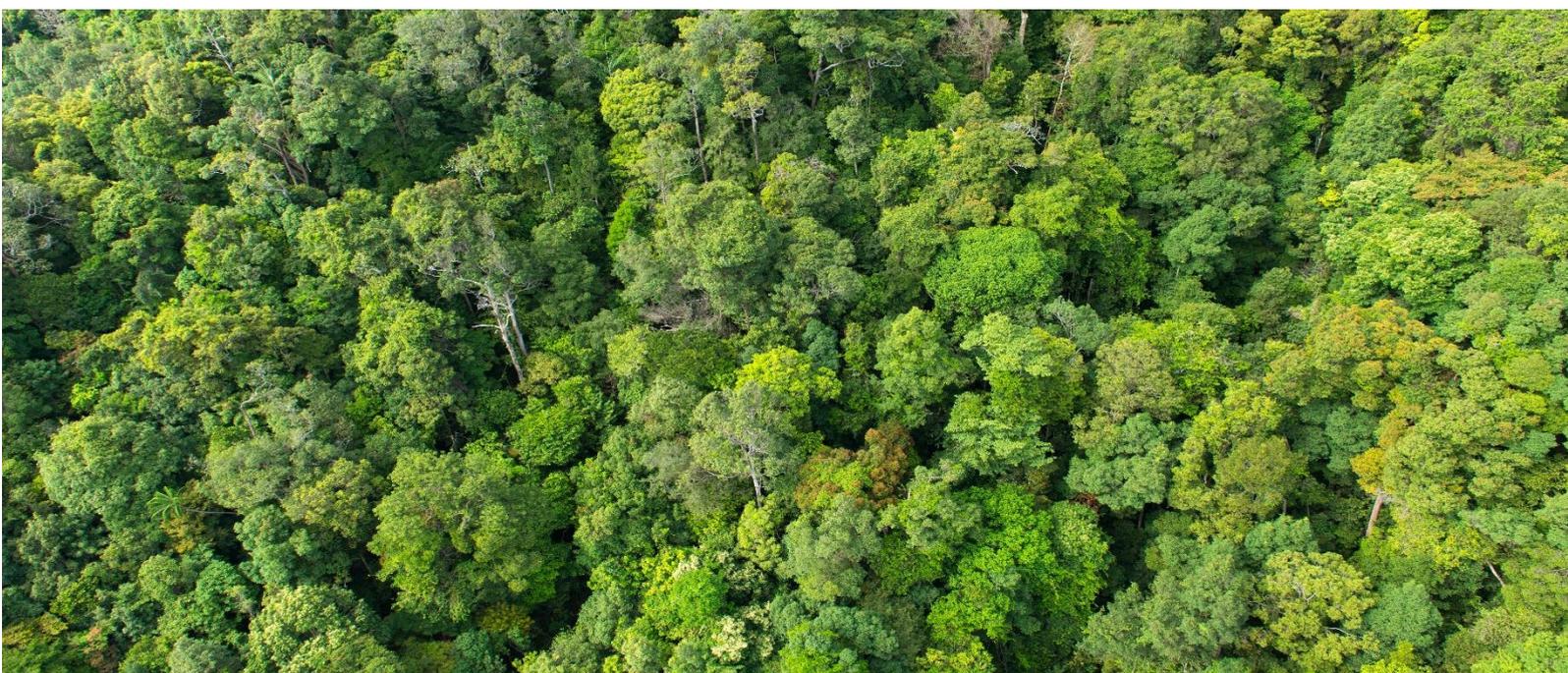
Ministry of Food, Agriculture

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Preface

The world's forests continue to disappear, and decisive action is necessary to halt and reverse this development. Denmark's imports of agricultural commodities for food production and other consumer products can contribute to deforestation. The Danish government will therefore take action to promote responsible and deforestation-free supply chains for agricultural commodities for non-energy related purposes.

Deforestation is a significant contributor to global warming, it is a strain on nature, biodiversity and the environment, and it has major negative consequences for some of the affected communities.

An ambitious effort is required to protect and restore the world's forests; an effort focused on the root causes of deforestation. The primary cause of deforestation is the expansion of land use for agriculture, for example for soy and palm oil production. Therefore, we have to ensure responsible imports of agricultural commodities to Denmark that do not lead to the deforestation or the conversion of other valuable ecosystems. Any effort to save the world's forests will also contribute to fulfilling Denmark's commitment to the Paris Agreement temperature goal, and contribute globally to a sustainable and climate-neutral future.

A broad majority of the Danish Parliament reached an agreement on ambitious climate regulation in December 2019. Denmark must reduce its greenhouse gas emissions by 70 per cent in 2030 compared to emission levels in 1990. Pursuant to the Danish Climate Act, an annual global report on Denmark's impacts on the global climate, both negative and positive, must be prepared. The first global report was published on 30 April 2021.

Protecting the world's forests is necessary if we are to reach our goals both nationally and globally.

We will launch a number of national, European and global initiatives in the years up to 2025. Denmark imports agricultural commodities for the production of energy, biofuels, food and other consumer products. The government has entered into agreements to ensure that imports of products for energy purposes become more sustainable. The Danish Climate Agreement for Energy and Industry of 22 June 2020 sets out legislative sustainability criteria for woody biomass used for energy, as well as requirements for documentation and verification. The requirements will ensure that the use of woody biomass for electricity and heating is as sustainable as possible, while taking into account security of supply. The specific requirements were agreed between the parties in a follow-up agreement of 2 October 2020. The sustainability requirements aim to reduce the risk of non-sustainable woody biomass being used in Denmark and to counteract deforestation as a result of Danish woody biomass consumption.

At European level, the European Union Timber Regulation (EUTR) means that there is already focus on ensuring the legality of timber and wood-based commodities that make their way onto the internal market. To that end, a Danish circular letter stipulates rules to ensure public procurement of sustainable wood.

A CO₂ displacement requirement has also been introduced. This long-term, technology-neutral regulation promotes the use of sustainable fuels with a high global reduction effect.

With this action plan, the Danish government launches a number of initiatives that address the risk of global deforestation caused by imports of agricultural commodities for non-energy-related purposes. These purposes include the production of food and consumer products that require soy, palm oil, coffee, cocoa, etc. In general, the action plan aims at increasing protection of the world's forests and promoting responsible and deforestation-free supply chains for agricultural commodities.

The Danish government also wants to increase Danish self-sufficiency on proteins, for example by using proteins from protein production from grass, starfish flour, insects, algae, fungi and broad beans. Increased self-sufficiency on proteins supports a positive development in Danish agriculture and can contribute to reducing the amount of soy imported to Denmark. However, note that the vast quantity of soy imported by Denmark is produced on an area of land almost the size of Zealand.

The national focus is on initiatives in both the public and private sectors, and we will strive to increase corporate and consumer awareness of deforestation and deforestation-free supply chains for agricultural commodities.

At the **European** level, we will focus on developing joint European initiatives and regulations to effectively address global deforestation under common framework conditions with a common understanding of deforestation-free supply chains, including EU imports of agricultural commodities. The EU is a large market and we will have more success working in partnership rather than individually.

Globally, Denmark will lead the way in advancing the green agenda, including aspects related to climate, respect for human and Indigenous Peoples' rights, nature and biodiversity. Denmark therefore needs to proactively promote the deforestation agenda in multilateral forums, by engaging in constructive dialogue with key consumer and producer countries and via development efforts against deforestation.

In the fight against global deforestation, we will also collaborate with both the business community and civil society in Denmark to find the best solutions to combat deforestation together. It is a considerable challenge that will require contributions from all Danish stakeholders, both in the public and private sectors.

With this action plan, the Danish government wants to present the following vision for Denmark:

Vision

Denmark and Danish stakeholders contribute actively to protect and restore the world's forests. The objective is to use 100 per cent responsible and deforestation-free imported agricultural commodities by no later than 2025. This will be achieved by requiring documentation throughout the supply chain that commodities are responsible and deforestation-free. Dependence on imports of proteins is to be reduced by increasing Danish self-sufficiency on sustainable alternatives.

The Danish government will continuously monitor the effects of the action plan. Before the end of 2022, we will carry out a preliminary assessment of the action plan's initiatives with a view to increasing the level of ambition if necessary.

Our vision is ambitious, but realistic. Danish stakeholders have increasingly taken the deforestation agenda to heart and acknowledged the importance of taking better care of the world's forests. We are pleased about this, but we have to go further, and faster. We will systematically travel the road to 100 per cent deforestation-free agricultural commodities for non-energy related purposes in two phases. Initially, we will focus on Danish imports of soy and palm oil, as these commodities pose the greatest risk of contributing to deforestation. These imports also make up the bulk of Danish imports of agricultural commodities in terms of volume. Concurrently with this, a mapping of other agricultural commodities that can contribute to deforestation will be completed. The second phase, from 2023 and onwards, will see the launch of initiatives to include other agricultural commodities such as coffee, cocoa, rubber, and beef in the action plan.

In the following chapters, we will present the specific initiatives divided into national, European and global levels.



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**Dan Jørgensen, Minister for Climate,
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1. List of initiatives

National initiatives

Deforestation-free, green public procurement

Active support of voluntary initiatives to promote responsible and deforestation-free supply chains

Deforestation awareness

Global reporting on Denmark's impact on the global climate

Support increased awareness of deforestation issues, for example through research-based public-sector consultancy

Promotion of the development of sustainable proteins to reduce dependence on imports

Ongoing inclusion of stakeholders and monitoring of the action plan

Collaboration with the financial sector on how best to support responsible and deforestation-free supply chains

European initiatives

The Danish government is pushing for joint EU initiatives and regulation that effectively prevent deforestation associated with imports of agricultural commodities to the EU and promote responsible and deforestation-free supply chains

The Danish government actively contributes to the preparation of European Commission regulation on due diligence and minimising deforestation connected to products from outside the EU

Denmark promotes sustainability in EU trade agreements

Denmark is active in the Amsterdam Declarations Partnership to promote responsible and deforestation-free supply chains for agricultural commodities

The Danish government is active in the Nordic Council of Ministers' discussions on challenges and solutions related to global deforestation

Global initiatives

The Danish government is working to increase awareness of deforestation and to place it high on the agendas of multilateral forums

Denmark engages in a dialogue with key consumer and producer countries to support initiatives to combat deforestation

Danish development assistance is being used to promote sustainable supply chains and initiatives to combat deforestation

2. Introduction

The world's forests are valuable ecosystems and play a pivotal role in the survival of humans and millions of other species. Forests cover 31 per cent of the Earth's surface and are home to 80 per cent of its land-based biodiversity. Forests are crucial if we are to combat climate change and reach the targets we set in the Paris Agreement and the UN Sustainable Development Goals.

We are in the midst of a climate, environmental and biodiversity crisis. A crisis that may have become more evident during the COVID-19 pandemic, when many people had their eyes opened to the mutual interdependence between human beings, animals and nature. The global over-exploitation of nature has led to a loss of biodiversity and the destruction of habitats, and this has forced wild animals to move closer to urban areas, thereby increasing the risk of spreading disease from wild animals to humans. According to the UN Environment Programme (UNEP), more than 70 per cent of new viruses arose due to zoonoses, which are diseases that can spread from animals to humans. The UNEP also points out that deforestation and the destruction of biodiversity play a role in increasing the spread of zoonoses (UN Environment Programme, 2021). Deforestation increased in some areas during the COVID-19 pandemic due decreased legislative enforcement and increased poverty (Daly, 2020). Fortunately, the current pandemic may also be a chance to stem the tide of deforestation by including provisions promoting the global green transition in initiatives aimed at re-booting the economy.

The world's forests play an important role in reaching a number of the UN Sustainable Development Goals

In many countries, forest resources are crucial to growth and employment. Some population groups depend on forests for income, education and healthcare. Responsible management of forest resources benefits the climate, the environment and poverty reduction.



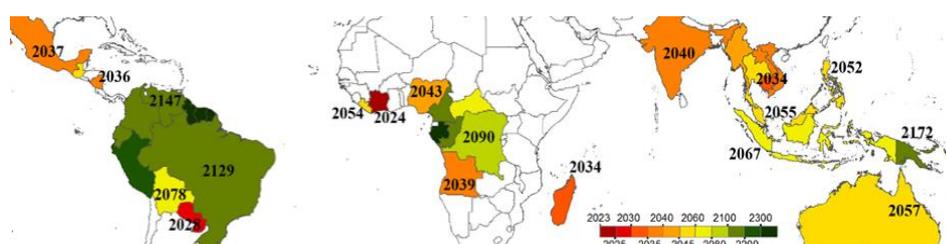
Global deforestation has far-reaching consequences for the climate, the environment and the people who live in forests and those whose livelihood depends on forests

Approximately 80 per cent of global deforestation is the result of expansion of land use for agriculture, for example to produce soy and palm oil, and deforestation takes place both legally and illegally (European Commission, 2018). Some agricultural activities are also problematic due to the irresponsible use of pesticides and the lack of respect for the rights of workers and Indigenous Peoples. Urban expansion, infrastructure development and mining are also factors driving deforestation.

Figures from the Food and Agriculture Organisation of the United Nations (FAO) show that forests currently make up 31 per cent of the Earth's surface, corresponding to approximately 4 billion hectares. The UN has also estimated that the livelihoods of 1.6 billion people depend on forests, including the livelihoods of 70 million indigenous people. Primary forests are a unique and particularly valuable category of nature. These are natural forests of native trees without any clearly visible indication of human activity. Since 1990, approximately 420 million hectares of forest have been cleared and converted for other land use ("The State of the World's Forests 2020", 2021). Even though the rate of deforestation has decreased since the 1990s, 1.3 million km² of forest area was cleared between 1990 and 2016, corresponding to 800 soccer pitches per hour (European Commission, 2019). So the world's forests are still disappearing at an alarming rate.

The climate impact of land use and land use change, particularly with regard to deforestation, is the second-largest contributor to climate change after the burning of fossil fuels. Combatting deforestation and restoring converted or deforested areas would contribute to the fight against climate change.

The expansion of land use for cattle and crops has long been the primary cause of deforestation in South America. This includes deforestation in the Amazon, the Brazilian savannah region of Cerrado, as well as the Gran Chaco region, which includes parts of Brazil, Argentina, Paraguay and Bolivia. The expansion of land use for soy resulted in the loss of 1.2 million hectares of forest, mainly in South America, between 2008 and 2015. Palm oil has resulted in deforestation of 5 million hectares, mainly in Indonesia (Bosselmann, 2020).



Forecasted year of disappearance of moist primary forests
 Source: Communication from the European Commission, July 2019: Stepping up EU Action to Protect and Restore the World's Forests
 The illustration shows when moist primary forests (e.g. primary tropical forests) will disappear if deforestation continues at the same rate as during the period 2009 - 2018 (European Commission, 2019).

Globally, there is no single driver behind deforestation, just as there is no single solution to the issue. The drivers of global deforestation are complex and often due to a combination of factors. They will also vary from region to region and depend on the agricultural commodities in question. However, it is clear that the increasing global demand for food, animal feed, bioenergy, wood and other raw materials, combined with low exploitation of resources and low operational efficiency of land use, are the main reasons behind the extreme strain on the world's forests (European Commission, 2019).

The strain is particularly felt by the world's poorest countries, especially those in the tropics. The same previously applied for many European countries, including Denmark. Large parts of Denmark were originally covered by forests, but they gradually disappeared as Denmark began cultivating the land and overexploiting the forests. By the start of the 1800s, Denmark's forests covered less than 3 per cent of the country. Since then, however, the forests have steadily returned. Today, forests cover 14.6 per cent of Denmark and the area continues to increase. Forest coverage has increased from 531,444 hectares in 1990 to 627,338 hectares in 2018, i.e. an increase of approx. 100,000 hectares or corresponding to an area one-third the size of Funen. Forests have also increased carbon sequestration in above-ground biomass by 10.6 million tonnes since 1990, corresponding to removal of 39 million tonnes of CO₂ from the atmosphere (Nord-Larsen et al., 2020).

3. The role of Denmark and the EU

Denmark and the EU import large quantities of agricultural commodities that may be associated with deforestation in other parts of the world. Therefore, we have a shared responsibility for the loss of the world's forests and will need to address our imports and consumption patterns, both in Denmark and in the EU.

In July 2019, the European Commission published its 'Communication on 'Stepping up EU Action to Protect and Restore the World's Forests'. The communication stresses the need for further measures to preserve and protect the world's forests. The European Commission emphasises that the EU, its Member States, businesses and civil society need to increase their efforts to protect existing forests, strengthen sustainable forest management and actively increase sustainable afforestation (European Commission, 2019). The European Commission therefore recommends that Member States prepare and implement national action plans against deforestation and forest degradation.

The Danish government has welcomed the European Commission's communication. This action plan is a follow-up to the European Commission's communication, and a contribution towards addressing global deforestation and promoting responsible and deforestation-free supply chains.

EU imports of agricultural commodities

The EU plays a key role in global deforestation because imports of agricultural commodities for food and feed products increase the strain on forests in countries outside the EU. As described in figure 1 below, the EU imports large quantities of agricultural commodities such as palm oil, meat, soy, cocoa, wood and rubber. Figures from the European Commission show that between 1990 and 2008, EU Member States imported one-third of the agricultural commodities on the world market, and were responsible for 10 per cent of global deforestation as a result of imports of goods and services (European Commission, 2019). At EU level, imports of soy are estimated to be the largest driver of deforestation, with other agricultural commodities such as palm oil, coffee and cocoa accounting for other significant percentages. However, there are large differences between the volumes of agricultural commodities imported by each Member State.

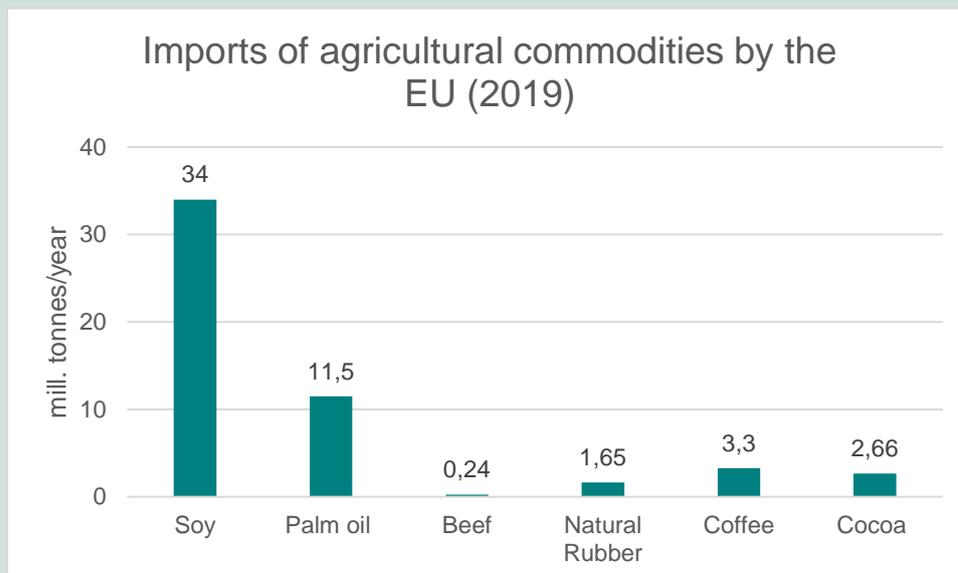


FIGURE 1 List of EU imports of various agricultural commodities for purposes other than energy production. The figures are based on calculations by the Department of Food and Resource Economics (IFRO) at the University of Copenhagen (Bosselmann, Callesen and Hagelund, 2020)

Imports of agricultural commodities by Denmark

In 2019, Denmark imported more than 2 million tonnes of agricultural commodities that may be associated with deforestation, including soy, palm oil, beef, natural rubber, coffee and cocoa (figure 2). Denmark's largest imports are soy and palm oil. Soy is primarily used as a protein feed product for farmed animals and palm oil is used for food production, feed and non-food products such as cosmetics and soap. The University of Copenhagen has calculated that imports of soy and palm oil alone have resulted in global emissions exceeding 7 million tonnes CO₂ equivalents annually (including emissions linked to direct land use change) and has calculated that these emissions could be more than halved if production becomes deforestation-free (Bosselmann, Gylling and Callesen, 2020).

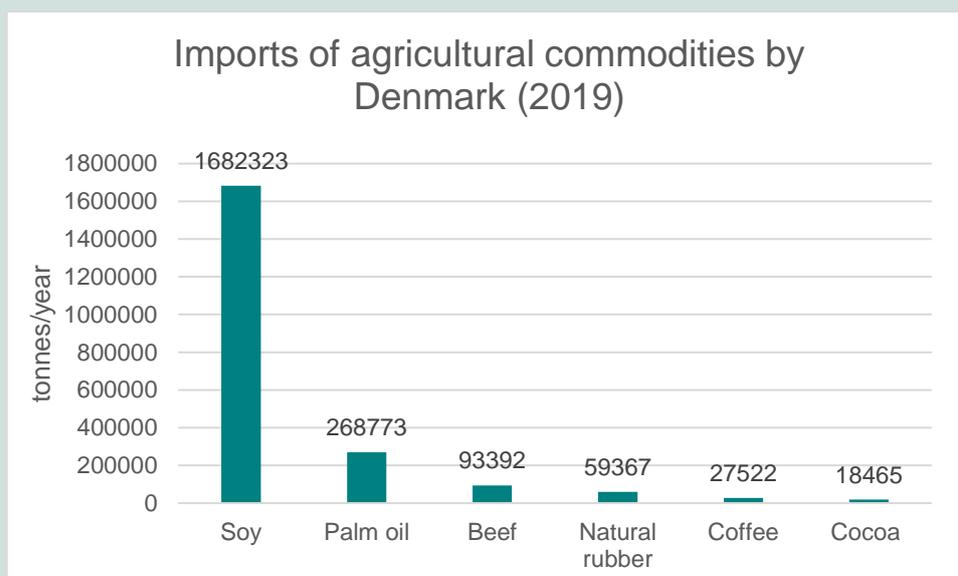


FIGURE 2 List of Danish imports of various agricultural commodities for purposes other than energy production. The figures are based on calculations by the Department of Food and Resource Economics (IFRO) at the University of Copenhagen (Bosselmann, Callesen and Hagelund, 2020)



According to the University of Copenhagen, approximately 13 per cent of Danish soy imports are deforestation-free (RTRS certified) and 65 per cent of palm oil imports are deforestation-free (RSPO certified). With regard to soy, and to some extent palm oil, responsible and deforestation-free imports are expected to increase as companies implement their soy and palm oil action plans under the auspices of the Danish Alliance for Responsible Soy and the Danish Alliance for Responsible Palm Oil, and as more and more companies develop similar action plans (DIEH, 2020).

The University of Copenhagen has calculated that an area of 838,000 hectares is required to produce the soy, palm oil, coffee, cocoa and natural rubber that Denmark imports (Bosselmann, Callesen and Hagelund, 2020). This corresponds approximately to an area the size of Zealand and Lolland combined. The production of soy and palm oil imported by Denmark accounts for 90 per cent of the land area, with soy alone accounting for 686,000 of the 838,000 hectares (82 per cent). This makes soy and palm oil the key commodities in this action plan.

However, Danish imports of other agriculture-related commodities such as coffee, cacao, beef and natural rubber are also important and should be responsible and deforestation-free as well. We will therefore begin mapping other agricultural commodities that may be contributing to deforestation. Expanding the scope of the plan to include other agricultural commodities may be considered in the assessment of the action plan in 2022.

Support for responsible and deforestation-free production of agricultural commodities

Supporting responsible and deforestation-free agricultural commodities means that production processes must take a number of factors into consideration and document them appropriately. Companies aiming to use responsibly produced and deforestation-free agricultural commodities can consider the following factors:

1. Production has not led to deforestation and the conversion of other valuable ecosystems in the supply chain, regardless of whether such actions are legal or illegal in the producer country,
2. Compliance with relevant legislation,
3. Production is subject to thorough environmental consideration,

4. Safe handling of agrochemicals and compliance with the FAO's/WHO's International Code of Conduct on Pesticide Management¹,
5. All forms of forced and compulsory labour have been abolished; the effective abolition of child labour; elimination of employment and professional discrimination,
6. Safe working conditions, freedom of association and decent salaries, and respect for legal and grandfather rights to land, and the rights of indigenous peoples.
7. Production has been certified by a third party or verified by a third party according to a standard that meets the above criteria.

However, there may be challenges attached to some product groups if companies cannot obtain certification schemes that cover all the above factors. In such cases, companies are encouraged to select the most ambitious standards on the market and help improve the relevant standards. The Danish government is closely following the European Commission's current efforts to define common and operational central terms, for example "deforestation-free" and "primary forests". A common vernacular will enable more uniform framework conditions and strengthen the basis for cohesive and prioritised measures.

¹ As covered by the Rotterdam Convention (imports of chemicals), the Stockholm Convention (persistent organic pollutants) and the EU health-related cut-off criteria.

4. National initiatives

The Danish government will implement initiatives to promote responsible and deforestation-free supply chains, and support positive developments among Danish stakeholders. The government will lead the way and aims to make public procurement deforestation-free by as soon as 2023.

National initiatives

- Deforestation-free, green public procurement
- Active support of voluntary initiatives to promote responsible and deforestation-free supply chains
- Promote public awareness of deforestation
- Global reporting on Denmark's impact on the global climate
- Support for increased knowledge on the area, for example through research-based public-sector consultancy
- Promotion of the development of sustainable proteins to reduce dependence on imports
- Ongoing inclusion of stakeholders and monitoring of the action plan
- Collaboration with the financial sector on how best to support responsible and deforestation-free supply chains

We must engage all Danish stakeholders in efforts to promote responsible and deforestation-free supply chains in Denmark. The Danish government will focus on initiatives that address Danish imports of soy and palm oil, for example for use in food production. The government will implement initiatives that promote the use of deforestation-free supply chains by both the public and private sectors, and create awareness of deforestation among companies and consumers and encourage changes in behaviour. Focus will be on initiatives that increase the knowledge and development of sustainable alternatives to soy that could reduce the agricultural sector's dependence on imports.

Danish companies, food producers, retailers, sector organisations, civil society, etc., have already embraced the deforestation agenda and there is broad participation in various voluntary initiatives, such as the Danish Alliance for Responsible Soy; an initiative under the Danish Ethical Trading Initiative (DIEH). Companies participating in the soy alliance envision a future where all soy imports to Denmark are produced responsibly and do not contribute to deforestation or the conversion of other natural vegetation. Several participants in the

alliance have already taken action and are working towards procuring certified deforestation-free soy by 2025, preferably earlier. It is expected that the percentage of well-documented, responsible and deforestation-free soy will increase significantly in the coming years. Similarly, a number of stakeholders have established the Danish Alliance for Responsible Palm Oil, an organisation centered on ensuring that imported palm oil is responsibly produced and does not cause deforestation or the conversion of other natural vegetation.

Deforestation-free green public procurement

The strategy for green public procurement will see gradual implementation of the Danish government's requirements for responsible and deforestation-free procurement of a number of agricultural commodities. We will begin with palm oil and soy. In the long term, this requirement may be extended to apply to other agricultural commodities, for example coffee, cocoa and rubber. Gradual implementation will take place in close dialogue with relevant markets, and the goal is to make public procurement deforestation-free where possible by 2023, or 2025 at the latest.

With its strategy for green public procurement, the Danish government is leading the way and contributing to the goal of responsible and deforestation-free supply chains. The Danish government is using the strategy to send a strong signal to the Danish business sector that the State takes the issue extremely seriously and also hopes to be an inspiration to any companies that have not yet committed to the agenda.

Support of voluntary initiatives to promote responsible and deforestation-free supply chains

The Danish government supports voluntary initiatives to promote responsible and deforestation-free supply chains. The government also wants to support the great interest in more sustainable supply chains shown by many Danish companies.

The ministries will actively participate in voluntary measures, including multi-stakeholder collaborations. They are already supporting members of the Danish Alliance for Responsible Soy and the Danish Alliance for Responsible Palm Oil. The ministries will also advise voluntary initiatives, for example, by regularly increasing the knowledge base, including via research-based public-sector consultancy. The ministries will continue to gauge interest in setting up new alliances for other relevant product groups, and consider whether any alliances can be combined into a joint deforestation alliance in the future.

Voluntary initiatives in the business sector are important because they support positive change among Danish companies. They can also inspire and influence global market demand and thereby impact the development of more sustainable practices in producer countries.

The Danish government wants to spotlight deforestation and increase awareness of deforestation-free agricultural commodities among Danish consumers and companies, including the magnitude of the issue and its solutions. Involving companies and consumers is important, as increased awareness of the deforestation agenda can help increase demand for responsible and deforestation-free agricultural commodities, and may ultimately help achieve the goal of deforestation-free imports of agricultural commodities to Denmark. During the term of the action plan, the ministries will launch a number of awareness campaigns, possibly in collaboration with other central stakeholders and under the auspices of multi-stakeholder collaborations.

Global reporting on Denmark's impact on the global climate

The Danish government wants to illustrate both positive and negative impacts by Denmark on the global climate. The Danish Climate Act stipulates that the annual energy and climate

projection, which presents developments in Danish territorial emissions, should be supplemented by a global report to ensure continued focus on a number of the areas that are not covered by the target to reduce greenhouse gas emissions from Danish territory by 70 per cent in 2030. An important element in the global report will be the calculation of Denmark's total consumption-based climate impact.

Support increased knowledge of the area, for example through research-based public-sector consultancy

The Danish government wants to support increased knowledge about deforestation. Research-based public-sector consultancy covers the tasks undertaken by Danish universities on behalf of the ministries. For example, the Ministry of Food, Agriculture and Fisheries regularly collaborates with Aarhus University, the University of Copenhagen and the Technical University of Denmark on research-based public-sector consultancy.

There are many perspectives connected to increased knowledge on reducing deforestation, including credibility and costs connected with certification schemes, as well as sustainable alternatives to certain agricultural commodities. This can be achieved through the Ministry of Food, Agriculture and Fisheries' framework and service agreements with the University of Copenhagen and Aarhus University. The Ministry of Food, Agriculture and Fisheries will prioritise increased knowledge about reducing deforestation, including sustainable alternatives to agricultural commodities in connection with these agreements. Furthermore, progress on the action plan will be monitored via research-based public-sector consultancy.

The Danish government's strategy for investment in green research, technology and innovation has also focused on the agri-food area, where there is need for greater research. One of the four proposed priorities in the strategy is climate-friendly and environment-friendly agriculture and food production. Biomass refining and sustainable proteins are two of the areas which can be realised within the framework of the strategy, and which can help reduce Danish soy imports and thereby reduce deforestation.

Promote development of sustainable proteins

The Danish government aims to increase the production of sustainable proteins in Denmark, and thereby reduce dependence on imports. Among other things, multiannual green crops could be sustainable alternatives to soy protein. The Danish government supports the development of sustainable proteins via funding from the Green Development and Demonstration Programme (GUDP). The GUDP provides funding for ambitious, business-oriented innovation ideas in the Danish food industry that will make Denmark a leader in new solutions and products. In many areas, the Danish food cluster is among the best in the world. Development and demonstration of innovative and green GUDP projects means that the food cluster can maintain its strong position on the world market. In January 2020, GUDP grants for green biomass refining reached DKK 100 million. A number of projects received funding in connection with the regular GUDP calls and in 2018-2020 the most important grant allocations were via a special pool to promote green biomass refining. The Danish government has proposed allocating DKK 260 million to construct green bio refineries beginning in 2023 as part of its plan for the green transition of the agricultural sector.

Ongoing inclusion of stakeholders and monitoring of the action plan

The effectiveness of the action plan will increase as more stakeholders get involved. Therefore, stakeholders will be continuously included in efforts under the action plan and in monitoring the progress of the various initiatives. The close involvement of relevant stakeholders may help support a positive forward motion in Denmark and realise the vision to protect the world's forests and promote responsible and deforestation-free production, imports and consumption.



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Collaboration with the financial sector on how best to support responsible and deforestation-free supply chains

The Danish government welcomes initiatives within sustainable financing as the financial sector can support the agenda to curb deforestation. Financial stakeholders play a key role because they can support the development of responsible and deforestation-free supply chains within agriculture and forestry by ensuring that their financial activities do not contribute to deforestation. In cooperation with the financial sector, the government will complete an analysis of how best to support this development.

The Danish government is closely following the European Commission's work on sustainable finance. The EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation in particular can increase focus on sustainable investment, and thereby help reach the Paris Agreement's temperature target and the UN Sustainable Development Goals, for example. Together, the two regulations establish a framework for sustainable financial activities, including deforestation-free activities, and how and to what extent financial actors should consider sustainability. The regulations will help ensure transparency for the sustainability of financial products and direct capital flows in a more sustainable direction.

Furthermore, the government encourages Danish companies and financial stakeholders to meet the OECD-FAO guidelines for responsible agricultural supply chains. The guidelines form a global framework for how companies and financial stakeholders in the agriculture sector can contribute to sustainable development, including specific efforts to support responsible supply chains from the individual primary producer to the end-use consumer.

5. European initiatives

The EU plays a central and important role in addressing global deforestation. At the EU level, the Danish government will support and work towards common European objectives and measures that effectively prevent deforestation.

European initiatives

The Danish government is pushing for joint EU initiatives and regulations that effectively prevent deforestation associated with imports of agricultural commodities to the EU and promote responsible and deforestation-free supply chains

- The Danish government actively contributes to the preparation of European Commission regulation on due diligence and minimising deforestation connected to products from outside the EU
- Denmark promotes sustainability in EU trade agreements
- Denmark actively participates in the Amsterdam Declarations Partnership to promote responsible and deforestation-free supply chains for agricultural commodities
- The Danish government is active in the Nordic Council of Ministers' discussions on challenges and solutions related to global deforestation

The size of the EU and its global political influence makes the EU a central player, and the Danish government therefore has particular focus on developments within the EU. The EU and its Member States have a shared responsibility as the extensive import of agricultural commodities to the EU drive deforestation in other parts of the world.

As part of the European Green Deal, the European Commission has presented a wide range of actions to address current climate and environmental challenges and to steer the EU economy in a more sustainable direction. These actions include the EU biodiversity strategy and the Farm-to-Fork strategy, and address the issue of deforestation in many different contexts. The European Commission also focuses specifically on deforestation and aims to present regulation on the area late in 2021 based on its communication published in July 2019 on 'Stepping up EU Action to Protect and Restore the World's Forests'.

The Danish government is pushing for joint EU initiatives and regulations that effectively prevent deforestation associated with imports of agricultural commodities to the EU and promote responsible and deforestation-free supply chains

The government will work towards ensuring effective, joint EU measures in connection with the European Commission's expected proposed legislation on deforestation in 2021. The government believes that there is a need for efficiency, common standards and a level playing field for companies in order to address global deforestation and promote responsible and deforestation-free supply chains in the EU. A common European legal framework is key to halting global deforestation and will have a far greater impact than if Denmark prepared its own regulatory requirements. The EU is therefore an important part of reaching the target of 100 per cent responsible and deforestation-free supply chains.

For some companies, deforestation is a significant part of the sustainability and climate efforts they are making in their supply chains. The EU bill is therefore expected to help address global deforestation, protect the world's forests and promote responsible and deforestation-free supply chains in the EU. Furthermore, Denmark has already implemented due diligence in connection with implementation of the EU's Timber Regulation aimed at avoiding illegally harvested timber.

The Danish government actively contributes to the preparation of the European Commission's regulations on due diligence

The European Commission intends to propose new legislation on statutory due diligence at EU level during the second half of 2021. The Danish government strongly supports the European Commission's initiative to establish balanced and uniform due diligence legislation across EU Member States to encourage European companies themselves to take responsibility for sustainability and climate in their supply chains. The Danish government supports common, horizontal EU regulation on due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. However, with the option to further regulate particularly at-risk areas, as applies in the Timber Regulation and the Conflict Minerals Regulation.

Denmark will promote sustainability in EU's trade agreements

The EU's new bilateral trade agreements contain sections on trade and sustainable development. These sections promote compliance with international agreements and standards regarding the environment, climate and labour, as well as sustainable trade in natural resources, including forest products. With the appointment of the new Chief Trade Enforcement Officer, the EU is placing greater focus on implementation of EU trade agreements. The Danish government is working to ensure that the increased focus on compliance and enforcement also includes the sustainability sections in trade agreements.

Denmark actively participates in the Amsterdam Declarations Partnership to promote responsible and deforestation-free supply chains for agricultural commodities

As an active member of the Amsterdam Declarations Partnership, Denmark will continue to lead the way with other like-minded countries in efforts to halt global deforestation in the EU and globally, and to put pressure on the EU to advance ambitious initiatives. Denmark's participation in a strong European alliance has a considerable positive effect on developments in Denmark, at EU level, and in dialogue with central producer countries and other significant consumer countries.

In January 2021, the Amsterdam Declarations Partnership published a renewed Statement of Ambition, which was signed by the Danish Minister for Food, Agriculture and Fisheries and the Danish Minister for the Environment. The Amsterdam Declarations Partnership

European Union efforts to prevent deforestation

The European Commission's communication from July 2019 on 'Stepping up EU Action to Protect and Restore the World's Forests' presents five priorities to step up EU action against deforestation, including

- 1) Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains.
- 2) Work in partnership with producer countries to reduce pressures on forests and to 'deforest-proof' EU development cooperation.
- 3) Strengthen international cooperation to halt deforestation.
- 4) Redirect finance to support more sustainable land-use practices
- 5) Support the availability of, quality of, and access to information on forests and commodity supply chains and support research and innovation.

Progress is being made within all five priorities. The European Commission is currently conducting a study on standards and certification schemes to promote deforestation-free goods, as well as an impact assessment of both legal and binding measures. A number of instruments are being analysed. The European Commission is expected to finalise the impact assessment and present a bill towards the end of 2021. The European Commission is also exploring the option of entering into forest partnerships with producer countries, etc.



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simultaneously welcomed two new members, Spain and Belgium, bringing the total number of signatories to nine European countries working together to promote responsible and deforestation-free supply chains.

Active participation in the Nordic Council of Ministers

The Danish government will actively participate in the council and will highlight global deforestation and Nordic imports of agricultural commodities in the Nordic Council of Ministers for Fisheries, Aquaculture, Agriculture, Food and Forestry. Focus will be on promoting the development of projects, including independent financing, which can help increase sustainable protein production in the Nordic countries and thereby reduce imports of non-sustainable agricultural commodities. These efforts will help the Nordic Council of Ministers achieve their goal of a green Nordic region and help reduce the environmental and climate impacts of agriculture, fisheries and aquaculture.

6. Global initiatives

An ambitious and global effort is required if we are to effectively address the issue of global deforestation and contribute to a sustainable and climate-neutral future. A global initiative will supplement the Danish government's efforts to promote the green agenda and global green ambitions, particularly with regard to climate, nature and biodiversity.

Global initiatives

- The Danish government is working towards increasing awareness of deforestation and placing it high on the agenda of multilateral forums
- Denmark will enter into a dialogue with key consumer and producer countries to support initiatives to combat deforestation
- Danish development assistance is being used to promote sustainable supply chains and initiatives to combat deforestation

Denmark must become a green super power. The Danish government's long-term strategy for a global climate effort, "*A green and sustainable world*", sets the direction for Denmark's international green ambitions. Deforestation-free supply chains for agricultural commodities are included as an important action area for improving climate, biodiversity and social conditions in producer countries and for reducing Denmark's climate and environmental impact.

It is important to deploy all the tools in the diplomatic toolbox. We will therefore draw on all policy areas within foreign, trade and development policy where it makes sense to consider the environment and sustainability. Denmark's international work against deforestation will draw on collaborations with partner countries and civil society, development aid, and not least international organisations and forums.

The Danish government is working towards increasing awareness of deforestation and placing it high on the agenda of multilateral forums

Denmark has had a long and stable involvement with the UN and is recognised as a reliable and loyal actor. Denmark is also an active player in the green agenda. This includes efforts in connection with drafting resolutions and negotiations during the UN's convention on biodiversity, where Denmark is pushing for ambitious and specific global targets for the future global framework up to 2030.

The Danish government is working towards increasing awareness of deforestation and placing it high on the agenda for multilateral forums. Moreover, Denmark will participate in extensive international initiatives and processes to promote the protection, conservation and restoration of nature, including forests.

The Danish government will support ambitious initiatives in connection with the upcoming negotiations during the UN Biodiversity Conference (UNCBD COP 15) in 2021. The COP 15 negotiations are important for establishing an ambitious framework for nature up to 2030 and as a stepping stone towards achieving ambitious results for the United Nations Framework Convention on Climate Change (UNFCCC) COP 26. Efforts are being made to include initiatives against deforestation in the global post-2020 framework for biodiversity. Moreover, Denmark will work towards achieving protection for 30 per cent of global land and sea, including forests, by 2030. This is part of the EU's efforts and position in connection with negotiations on the UN Convention on Biological Diversity (CBD). The EU's biodiversity strategy is a proposal for the European Union's position, objectives and priorities in connection with negotiations regarding new global nature targets for the UN Convention on Biological Diversity after 2020. The EU wants an ambitious global framework and objectives for biodiversity post-2020 in accordance with the commitments and proposals set in the strategy for the EU. Denmark will help by urging both the EU and COP 15 to increase their level of ambition.

Furthermore, Denmark will actively participate in preparing a number of Danish key issues ahead of the UN Food Systems Summit. Denmark will particularly focus on deforestation-free supply chains as part of transitioning to more sustainable food systems. Denmark has also expressed willingness to take a leading role in connection with the preparation and execution of the summit.

Denmark will enter into dialogue with key consumer and producer countries

Working together with significant consumer and producer countries for whom deforestation is a visible, tangible issue, as well as partnerships with like-minded countries, civil society, authorities, businesses and universities, is a lever for Denmark's contribution to combat deforestation and promote responsible and deforestation-free supply chains.

Both politically and via our embassies, Denmark is in dialogue with significant consumer and producer countries about deforestation and Denmark advocates taking political action. Denmark is also in constructive dialogue on how Denmark can help support national efforts to combat deforestation and to protect Indigenous Peoples. Going forward, Denmark will enter into dialogue with significant consumer and producer countries, including China and India that are major consumers of palm oil.

The aim of bilateral dialogue with producer countries that are especially affected by deforestation is to further their own efforts to combat deforestation. For example, Denmark is working with Brazilian public authorities, universities and companies on sustainable agriculture. We also collaborate with large Danish companies on campaigning future politicians through civil society organisations focused on sustainable soy and palm oil, and the reduction of CO₂ emissions by the agricultural sector, for example. We will also focus on the issue of deforestation via collaboration with our forward operating bases on climate in Jakarta, Addis Ababa and Brasília.

Danish development assistance promotes sustainable supply chains and initiatives to combat deforestation

Denmark has launched a number of initiatives to promote the protection, conservation and restoration of forests as part of its development cooperation. We work directly in the countries themselves through our embassies and through international and local organisations. We do not have a narrow approach to deforestation. Rather, we employ an integrated approach to the issue that includes climate change, climate adaptation and sustainable growth. We also focus on poverty, which is often a consequence and cause of deforestation. Danish development assistance supports organisations that plant new forests

and protect existing forests and areas that are important for biodiversity. Denmark works together with the IUCN, UNEP, the World Wildlife Fund, and Forests of the World to combat deforestation.

On the basis of the long-term strategy for global climate efforts, the Danish government has already begun to adapt its development cooperation according to the government's climate agenda and new development policy strategy. An increased focus on the green transition and climate change adaptation in developing countries will help promote integrated and nature-based solutions to protect, preserve and restore biodiversity, forests and nature. Poverty reduction will remain a central aspect of our development cooperation, and there will be focus on particularly vulnerable groups, including women, girls, and Indigenous Peoples. There will also be focus on local civil society organisations engaged in the fight against deforestation.

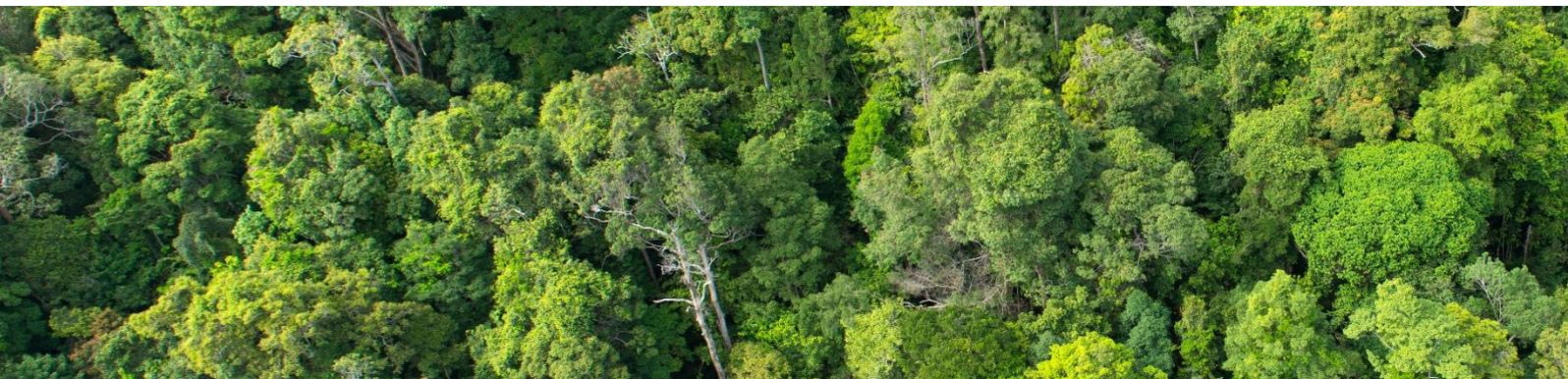
Joint investments and dialogue will take place at several levels, including with small holders/producers, business houses/purchasers, authorities in producer countries as well as companies, investors, consumers and authorities in recipient countries.

The Danish government plans to allocate DKK 30 million for an initiative aimed at CO₂ reductions and the promotion of biodiversity in global supply chains of traditionally deforestation-heavy agricultural commodities (particularly soy and palm oil) in developing countries and emerging economies.

The government also plans to allocate DKK 80 million for a four-year continuation of its partnership with the Sustainable Trade Initiative (IDH). The IDH's overall objective is to support the involvement of international companies in meeting the targets of the UN Sustainable Development Goals and the Paris Agreement. The partnership with IDH will focus on corporate social responsibility in relation to ensuring a green and more socially fair transition of trade, including the traditionally deforestation-heavy value and supply chains of soy, palm oil, coffee, tea and cocoa.

Finally, the Danish government will set aside DKK 6 million to establish a national, public-private initiative for sustainable, global value and supply chains. This initiative will support efforts to make companies' value and supply chains more sustainable and responsible through knowledge development, market analyses and consultancy. In addition to existing sector-specific alliances within soy and palm oil, and in accordance with demand from the Danish resource base, the initiative will focus on trade in traditionally deforestation-heavy agricultural commodities such as coffee, tea and cocoa. The initiative will also forge the framework for stronger strategic support in relation to relevant government policies and strategies, which in turn will ensure increased synergy between development and commercial policy initiatives and investments (for example the two funding allocations mentioned above).

Denmark will strengthen its commitment to restoring and protecting biodiversity, natural resources and the environment through its activities with important partnership countries. Today, Denmark is working towards responsible and deforestation-free supply chains through its partnerships with international organisations, the Danish Ethical Trading Initiative (DIEH), and Danish companies and NGOs.



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