

**COMBATTING INTERNATIONAL DEFORESTATION  
ASSOCIATED WITH AGRICULTURAL COMMODITY PRODUCTION**

**A Report for the President  
In Response to E.O. 14072**

April 26, 2023

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**MANDATE**

This report responds to Executive Order 14072,<sup>1</sup> dated April 22, 2022, directing that:

Sec. 3. Stopping International Deforestation. As described in the Plan to Conserve Global Forests: Critical Carbon Sinks, my Administration has committed to deliver, by 2030, on collective global goals to end natural forest loss and to restore at least an additional 200 million hectares of forests and other ecosystems, while showcasing new economic models that reflect the services provided by critical ecosystems around the world. The plan recognizes that conserving and restoring global forest and peatland ecosystems, particularly in the Amazon, Congo Basin, and Southeast Asia, can provide significant global greenhouse gas emissions mitigation, both by preventing the emissions caused by deforestation and by increasing the amount of carbon dioxide captured from the atmosphere and stored in soils and forest biomass. My Administration is also committed to combating illegal logging and stopping trade in illegally sourced wood products pursuant to the Lacey Act, as amended, 16 U.S.C. 3371 et seq., and to addressing the related importation of commodities sourced from recently deforested land. To further advance these commitments, conserve these critical ecosystems, and address drivers of global deforestation — including illegal forest clearing to produce agricultural commodities — the following actions shall be taken:

(a) within 1 year of the date of this order, the Secretary of State, in consultation with the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Homeland Security (through the Commissioner of U.S. Customs and Border Protection), the Administrator of the Small Business Administration, the Administrator of the United States Agency for International Development, the United States Trade Representative, and the Special Presidential Envoy for Climate, shall submit a report to the President evaluating options, including recommendations for proposed legislation, for a whole-of-government approach to combating international deforestation that includes:

(i) an analysis of the feasibility of limiting or removing specific commodities grown on lands deforested either illegally or after December 31, 2020, from agricultural supply chains; and

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<sup>1</sup> <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/04/22/executive-order-on-strengthening-the-nations-forests-communities-and-local-economies/>

- (ii) an analysis of the potential for public-private partnerships with major agricultural commodity buyers, traders, financial institutions, and other actors to voluntarily reduce or eliminate the purchase of such commodities and incentivize sourcing of sustainably produced agricultural commodities.

## **REPORT PROCESS**

The Department of State consulted closely with the Departments of Treasury, Agriculture (USDA), Commerce (DOC), Homeland Security (DHS), the Small Business Administration, United States Agency for International Development (USAID), Office of the United States Trade Representative (USTR), and the Special Presidential Envoy for Climate (SPEC) to prepare this report.<sup>2</sup> The Department of State also conducted a broad set of consultations and outreach actions, receiving comprehensive and varied input through:

- Official outreach, via demarche and other official government channels, to more than 50 governments of major producer/origin and consumer countries, with direct consultations and responses covering nearly 40 countries.
- A Request for Information in the Federal Register<sup>3</sup> open to any interested party, and resulting in more than 3,700 page views as of March 10, 2023 and 39 submissions of information.
- Nine focused roundtables with over 120 invited stakeholders ranging from producer associations, retailers, commodity traders, and trade organizations to international organizations and domestic and international civil society organizations.

This report offers an initial assessment of the feasibility of limiting or removing specific commodities grown on lands deforested either illegally (on any date) or legally after December 31, 2020, from agricultural supply chains. It includes topline conclusions on potential approaches and next steps based on an extensive white paper and interagency deliberations. It also notes that additional consideration is needed on some options, especially mandatory measures through legislation, regulation, or other means. As specific policy and programmatic approaches are developed, additional analysis will be needed on costs and benefits; on expected impacts; on viability of monitoring and enforcement; and on technical, legal, and financial resource needs. Definitions of key terms (especially forests and deforestation) and

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<sup>2</sup> A full list of departments, agencies, and White House offices consulted include: Climate Policy Office, Council on Environmental Quality, Department of Agriculture, Department of Commerce, Department of Defense, Department of Energy, Department of Homeland Security, Department of Housing and Urban Development, Department of Justice, Department of the Interior, Department of Transportation, Department of the Treasury, Development Finance Corporation, Environmental Protection Agency, Export-Import Bank, Federal Aviation Administration, International Trade Administration, Millennium Challenge Corporation, National Aeronautics and Space Administration, National Oceanic and Atmospheric Administration, National Security Council, Office of Management and Budget, Office of Science and Technology Policy, Office of the Special Presidential Envoy for Climate, Small Business Administration, U.S. Trade and Development Agency, Office of the United States Trade Representative, and U.S. Agency for International Development.

<sup>3</sup> <https://www.federalregister.gov/documents/2022/04/27/2022-09138/strengthening-the-nations-forests-communities-and-local-economies>

data availability are essential considerations that need additional deliberation and clarity in the context of addressing commodity-driven deforestation. Voluntary actions, especially through technical assistance and public-private partnerships, offer major potential for near- and longer-term action addressing both illegal and legal deforestation. Increased resources and outreach would allow the United States to enhance its leverage to decouple agricultural commodity production from deforestation globally.

A complementary report addresses paragraph 3(b) of E.O. 14072,<sup>4</sup> which focuses on actions U.S. government agencies may take through international programming, assistance, finance, investment, trade, and trade promotion to address the risks and drivers of deforestation, other land conversion, and forest degradation. That report should be considered together with this one in further deliberations on how the U.S. government can best direct its resources, actions, and influence to combat global deforestation and contribute to addressing climate change, conserving biodiversity, and other goals.

## **THE ISSUE: COMMODITY-DRIVEN DEFORESTATION**

The world lost 6.8 million hectares of forest (26,255 square miles) in 2021<sup>5</sup>—an area larger than the state of West Virginia. Deforestation threatens biodiversity, soils, water, and other ecosystem functions; increases the risk of transmitting zoonotic diseases; and impacts communities and livelihoods. It also is a major contributor to climate change. Almost a quarter of global greenhouse gas (GHG) emissions come from the agriculture, forests, and other land use sector,<sup>6</sup> with tropical deforestation contributing around eight percent of global GHG emissions.<sup>7</sup>

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<sup>4</sup> The directive for the second report is: (b) within 1 year of the date of this order, the Secretary of State, in coordination with other appropriate agencies, shall submit a report to the President on how agencies that engage in international programming, assistance, finance, investment, trade, and trade promotion, can, consistent with applicable law, accomplish the following:

- (i) incorporate the assessment of risk of deforestation and other land conversion into guidance on foreign assistance and investment programming related to infrastructure development, agriculture, settlements, land use planning or zoning, and energy siting and generation;
- (ii) address deforestation and land conversion risk in new relevant trade agreements and seek to address such risks, where possible, in the implementation of existing trade agreements;
- (iii) identify and engage in international processes and fora, as appropriate, to pursue approaches to combat deforestation and enhance sustainable land use opportunities in preparing climate, development, and finance strategies;
- (iv) engage other major commodity-importing and commodity-producing countries to advance common interests in addressing commodity-driven deforestation; and
- (v) assess options to direct foreign assistance and other agency programs and tools, as appropriate, to help threatened forest communities transition to an economically sustainable future, with special attention to the participation of and the critical role played by indigenous peoples and local communities and landholders in protecting and restoring forests and in reducing deforestation and forest degradation.

<sup>5</sup> Forest Declaration Assessment Partners. (2022). Forest Declaration Assessment: Are we on track for 2030? Climate Focus (coordinator and editor). Accessible at <https://forestdeclaration.org/>

<sup>6</sup> IPCC Special Report on Climate Change and Land <https://www.ipcc.ch/srccl/chapter/chapter-1/>

<sup>7</sup> IPCC Special Report on Climate Change and Land <https://www.ipcc.ch/srccl/>

The United States supports collective goals to halt and reverse forest loss by 2030, as noted in E.O. 14072; and is committed to pursuing efforts to limit the global temperature increase over preindustrial levels to 1.5 °C.<sup>8</sup> Halting deforestation and land degradation—including by decoupling agricultural commodity production from deforestation—and restoring ecosystems at scale, is fundamental to achieving these aims.<sup>9</sup>

The primary direct driver of global deforestation is the conversion of land to produce major agricultural commodities. Estimates of the portion of global deforestation attributable to agricultural commodity production vary from about 30 to 90 percent.<sup>10</sup> According to the World Resources Institute, seven commodities (cattle, oil palm, soy, cocoa, coffee, wood fiber, and rubber) accounted for 58 percent of agriculture-linked tree cover loss from 2001-2015, but the contribution to deforestation from the production of these commodities varies across regions and countries where they are produced.<sup>11</sup> The underlying drivers of this deforestation are complex, ranging from poverty to lack of clear land tenure, to economic incentives for different land uses, among other causes.<sup>12</sup>

Domestic consumers in producer countries represent the largest markets for most commodities. Around seventy percent of commodity production associated with tropical forest loss is destined for domestic markets in producer countries.<sup>13</sup> However significant shares of these commodities still are traded internationally.

The United States is an important player in agricultural commodity trade globally. The United States is the world's largest agricultural exporter (second, if the European Union is considered one entity), with substantial sales abroad of grains, soybeans, and meat, as well as forest products.<sup>14</sup> In terms of imports of major forest-risk commodities, the United States is less significant, behind both China and the EU in imports of soy, beef, and palm oil.<sup>15</sup> However, the United States has strong trade with many producer countries and has a larger role in supply chains for particular products from some countries.<sup>16</sup> In addition, U.S. companies play a key role in financing, producing, and transporting many globally traded forest-risk commodities even when such commodities are not imported into the United States. For example, three U.S.-based companies are the top transporters of Brazilian soy destined for Chinese markets.<sup>17</sup>

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<sup>8</sup> [https://unfccc.int/files/meetings/paris\\_nov\\_2015/application/pdf/paris\\_agreement\\_english\\_.pdf](https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf)

<sup>9</sup> [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15\\_Chapter2\\_Low\\_Res.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf)

<sup>10</sup> [https://web.archive.org/web/20201113103030id\\_/https://files.wri.org/s3fs-public/estimating-role-seven-commodities-agriculture-linked-deforestation.pdf?c5LkqUrzu26\\_c17r7DE9AZB6mGWN5g7o](https://web.archive.org/web/20201113103030id_/https://files.wri.org/s3fs-public/estimating-role-seven-commodities-agriculture-linked-deforestation.pdf?c5LkqUrzu26_c17r7DE9AZB6mGWN5g7o), <https://www.ipbes.net/resource-file/102079>, <https://www.fao.org/3/cb7449en/cb7449en.pdf>, P. G. Curtis, C. M. Slay, N. L. Harris, A. Tyukavina, M. C. Hansen, *Classifying drivers of global forest loss. Science* **361**, 1108–1111 (2018).

<sup>11</sup> [https://web.archive.org/web/20201113103030id\\_/https://files.wri.org/s3fs-public/estimating-role-seven-commodities-agriculture-linked-deforestation.pdf?c5LkqUrzu26\\_c17r7DE9AZB6mGWN5g7o](https://web.archive.org/web/20201113103030id_/https://files.wri.org/s3fs-public/estimating-role-seven-commodities-agriculture-linked-deforestation.pdf?c5LkqUrzu26_c17r7DE9AZB6mGWN5g7o)

<sup>12</sup> <https://www.fao.org/3/cb7449en/cb7449en.pdf>

<sup>13</sup> [https://www.forest-trends.org/wp-content/uploads/2021/05/Illicit-Harvest-Complicit-Goods\\_rev.pdf](https://www.forest-trends.org/wp-content/uploads/2021/05/Illicit-Harvest-Complicit-Goods_rev.pdf)

<sup>14</sup> <https://www.fas.usda.gov/sites/default/files/2022-04/Yearbook-2021-Final.pdf>,

[https://www.usitc.gov/research\\_and\\_analysis/tradeshifts/2021/forest](https://www.usitc.gov/research_and_analysis/tradeshifts/2021/forest)

<sup>15</sup> [http://resources.trase.earth/documents/Trase\\_Yearbook\\_Executive\\_Summary\\_2\\_July\\_2020.pdf](http://resources.trase.earth/documents/Trase_Yearbook_Executive_Summary_2_July_2020.pdf)

<sup>16</sup> <https://explore.trase.earth/>

<sup>17</sup> <https://insights.trase.earth/yearbook/highlights/traders-and-markets>

## **U.S. GOVERNMENT ACTION**

This report outlines options for action by the U.S. government to help end international deforestation by addressing international deforestation associated with commodity production. Based on the E.O. 14072 directive to consider the feasibility of limiting or removing specific commodities grown on deforested lands from agricultural supply chains, this report has a significant focus on potential actions to address U.S. imports of globally traded agricultural commodities associated with international deforestation, with a priority to effectively target commodities and locations of risk.

The report also includes a series of options to limit international deforestation associated with all agricultural commodity production, recognizing that the majority of commodity production supplies domestic markets in producer countries and that there are other major consumer markets besides the United States for traded commodities. It therefore includes potential approaches to limit deforestation for commodities both consumed domestically in producer countries and traded internationally. The report also considers the potential actions to address demand, finance, production, and transportation of globally traded commodities. This includes consideration of strengthening international frameworks and bilateral technical cooperation for activities such as improving forest governance and monitoring, agricultural productivity, and cross-sectoral land-use planning to assist in collective efforts to address international deforestation associated with commodity production.

The analysis in this report focuses primarily, though not exclusively, on potential demand-side measures, possibly mandatory, addressing trade and imports. The options in the report (see Boxes) offer a range of potential actions that include incentives and other cooperative approaches. While the focus of the report is on actions to halt international deforestation, many of these actions will impact U.S. domestic stakeholders through global market dynamics.<sup>18</sup> The potential for impacts on U.S. domestic stakeholders is a central consideration of this analysis; U.S. policy can and should seek to minimize unwarranted costs to our producers and other domestic stakeholders. Actions related to forests in the United States are addressed under other sections of E.O. 14072 and are not included in this report.

## **ADDRESSING ILLEGAL, OR ALL, COMMODITY-DRIVEN DEFORESTATION**

E.O. 14072 mandates an analysis of the feasibility of limiting or removing specific commodities grown on lands deforested either illegally or after December 31, 2020, from agricultural supply chains (underline added). There are examples of both approaches.

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<sup>18</sup> While the United States is a large producer of soybeans, beef, and forests products, U.S. commodity production is not driving deforestation. In the United States, land conversion from forest to agriculture rose rapidly until the 1930s, but since at least the 1980s forest land has generally increased or remained stable, including through reversions of agricultural land into forests. Oswald, S., W.B. Smith, P.D. Miles, and S.A. Pugh (2019). *Forest Resources of the United States, 2017: a technical document supporting the Forest Service 2020 RPA Assessment*. Washington, DC: U.S. Department of Agriculture, Washington Office. <https://www.fs.usda.gov/research/treesearch/57903>

Approaches that focus on only illegal deforestation include the 2008 Amendments to the U.S. Lacey Act,<sup>19</sup> which prohibit the import, export, transport, sale, receipt, acquisition, or purchase in interstate or foreign commerce of any plant (excluding common food crops such as roots, seeds, parts, or products thereof) and their derivative (excepting wood, paper, and a limited number of other products) taken, possessed, transported, or sold in violation of any U.S. or foreign law. The United Kingdom's 2021 Environment Act<sup>20</sup> addresses illegally produced commodities in UK supply chains, stipulating that a regulated entity may not use a forest-risk commodity, or product derived from that commodity, in UK commercial activity unless relevant local laws were complied with in relation to that commodity.

Approaches that focus on all deforestation include the proposed EU deforestation regulation (EUDR),<sup>21</sup> which requires that operators exercise due diligence to ensure that relevant commodities and products that are derived from or composed of those commodities are legally produced, and are not produced on land that was deforested or degraded after December 31, 2020. The EU regulation covers both EU domestic and imported commodities and products.

### ***Feasibility Aspects: Addressing Illegal Commodity-Driven Deforestation***

Independent assessments conservatively estimate almost 70 percent of land conversion to agriculture in tropical forest countries is illegal, violating national laws and regulations.<sup>22</sup> In key countries that are producers of forest-risk commodities, the figures are as high as 80 percent (Indonesia) to 95 percent (Brazil).<sup>23</sup> In terms of commodities, it is estimated that in tropical production, illegal deforestation is associated with more than 90 percent of soy and cocoa production, more than 80 percent of beef and leather production, and at least half of palm oil production.<sup>24</sup> In addition, some 8-10 percent of global timber production (and as high as 40-50 percent in some forests) may occur illegally.<sup>25</sup>

Addressing illegal deforestation associated with commodity production thus has the benefit of addressing a significant proportion of deforestation associated with some, but not all, crops. It is consistent with U.S. legal precedent through the Lacey Act. Focusing on illegal deforestation supports laws and regulations in producer and intermediary countries and respects the countries' prerogatives regarding their own land use. Abiding by laws in any country of production, operation, or trade also aligns regulations, standards, and expectations for private sector and corporate behavior.

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[https://www.doi.gov/ocl/hearings/113/2008laceyact\\_051613#:~:text=Under%20the%202008%20amendments%2C%20it,tribal%20or%20foreign%20conservation%20law](https://www.doi.gov/ocl/hearings/113/2008laceyact_051613#:~:text=Under%20the%202008%20amendments%2C%20it,tribal%20or%20foreign%20conservation%20law)

<sup>20</sup> <https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted>

<sup>21</sup> [https://environment.ec.europa.eu/publications/proposal-regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/publications/proposal-regulation-deforestation-free-products_en)

<sup>22</sup> [https://www.forest-trends.org/wp-content/uploads/2021/05/Illicit-Harvest-Complicit-Goods\\_rev.pdf](https://www.forest-trends.org/wp-content/uploads/2021/05/Illicit-Harvest-Complicit-Goods_rev.pdf)

<sup>23</sup> [ibid.](#)

<sup>24</sup> [ibid.](#)

<sup>25</sup> <https://www.worldwildlife.org/industries/timber>

An approach focused on combating illegal deforestation associated with commodity production also can contribute to addressing significant problems with corruption, governance, law enforcement, and security. For these reasons, as well as because it is already familiar based on the U.S. Lacey Act and other demand-side measures,<sup>26</sup> this approach may be more widely supported by a broad range of stakeholders.

Evidence shows that a focus on illegal production and trade can have a measurable effect. In less than ten years after the 2008 Amendments to the U.S. Lacey Act, it was estimated that imports of illegal wood products into the United States declined by between 32 and 44 percent.<sup>27</sup> Studies also found that higher perceived risks led suppliers to seek more secure supply chains, which in turn pushed high-risk producing and processing countries to exercise greater caution.<sup>28</sup>

However, approaches associated with restrictions on commodities produced on illegally deforested land present significant resource and logistical challenges related to application and/or enforcement. Identifying areas of illegal deforestation requires land-cover and land-use mapping and monitoring over time. Addressing illegal deforestation requires thoughtful allocation of enforcement authorities among relevant agencies, and careful consideration of how to gather and maintain information on legal frameworks in other countries, including verification of the legality of permits, leases, and information on land and resource tenure which is often unclear. An approach focused solely on illegality does not inherently address the potential for legally permitted deforestation, which may be substantial in some countries. This also might create perverse incentives to legalize deforestation that was illegal under previous laws.

### ***Feasibility Aspects: Addressing All Commodity-Driven Deforestation***

While the majority of deforestation for agricultural production in tropical forest countries is currently illegal, in many countries the potential for legal conversion is great. In Brazil, for example, between 20 percent and 80 percent of a rural property may be legally cleared, with the specific allowable percentage varying by biome. In many other countries, the restrictions on land clearing are fewer. A focus on all deforestation would likely avoid the perverse incentive to weaken laws to legalize additional deforestation.

Addressing all deforestation clearly conveys the overall intent to reduce global deforestation, in line with international goals the United States has supported to halt and reverse forest loss and land degradation by 2030,<sup>29</sup> including as reflected in the U.S. Plan to Conserve Global Forests: Critical Carbon Sinks.<sup>30</sup> According to the Intergovernmental Panel on Climate Change (IPCC),

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<sup>26</sup> Australia, China, European Union, Japan, Republic of Korea, and the United Kingdom are among those that have adopted regulations to halt the import of illegal forest products. See <https://forestlegality.org/policy-law/laws-policies>, for example.

<sup>27</sup> <https://www.ucsusa.org/sites/default/files/attach/2015/10/ucs-lacey-report-2015.pdf>

<sup>28</sup> <https://www.ucsusa.org/sites/default/files/attach/2015/10/ucs-lacey-report-2015.pdf>

<sup>29</sup> <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

<sup>30</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/11/Plan\\_to\\_Conserve\\_Global\\_Forests\\_final.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/11/Plan_to_Conserve_Global_Forests_final.pdf)



ending emissions from deforestation is necessary to keep global temperature rise of 1.5 degrees C within reach.<sup>31</sup> Supporting tools to address all deforestation is a strong policy statement that can influence other producer and consumer governments, companies, and a range of other actors.

Addressing all deforestation associated with commodity production has the potential to build on approaches to address illegal deforestation, with additional options for policy and program engagement, incentive mechanisms, and partnerships, as described in subsequent sections of this report. Current monitoring approaches incorporating remote sensing imagery make it possible to track tree cover change at a scale sufficient to determine whether land is forested as of a certain date (e.g., December 31, 2020), simplifying a determination of whether land was deforested before or after that date. (Plot sampling and reconstruction techniques still may be necessary to determine land-use change.)

However, the use of demand side measures to address all deforestation associated with commodity production also raises challenges and concerns. This approach disregards the land use decisions of producer country governments and can impinge on the ability of landowners to use their lands consistent with national and local laws. It may be less supported in producer countries than an approach focused exclusively on legality. Any restrictions on legally produced commodities could create inconsistencies between the approach taken by the United States and laws of the producing country.

### ***Feasibility Aspects: Shared Challenges and Combined Approaches***

Whether addressing only illegal, or all, commodity-driven deforestation, measures focused on trade or import restrictions face similar challenges, including: defining due care or due diligence requirements and enforcement if relevant; complexity and difficulty of achieving traceability of commodities to a specific piece of land; and the potential diversion or leakage of questionable products to less regulated markets.

Addressing illegal deforestation and addressing all deforestation are not mutually exclusive. Policies can blend a focus on illegal only and all deforestation, for example by using conservation incentive payments to reduce all deforestation, legal and illegal, while focusing enforcement efforts on addressing illegal deforestation in high-risk (or high-value) landscapes and jurisdictions.

A multi-layered approach to addressing deforestation could be considered. For example, programs with partner governments might support enforcement cooperation to combat illegal deforestation, while public-private partnerships could expand technical assistance to reduce all agriculture-related deforestation by supporting the sustainable intensification of agriculture, use of restored land, or integrated farming systems. Additional approaches might first be implemented addressing commodities produced on illegally deforested land; based on

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<sup>31</sup> [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15\\_Chapter2\\_Low\\_Res.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf)

implementation experience, subsequent approaches might address commodities produced on all deforested land, or on illegally converted land in other ecosystems. Different variations can be explored to identify cost-effective options with greater reach and impact.

### ***Further Considerations on Addressing Illegal and All Commodity-Driven Deforestation***

U.S. agencies considered these and other feasibility aspects of measures to address only illegal commodity-driven deforestation, or to address all commodity-driven deforestation. Based on this, the report identifies possible approaches for the U.S. government to address deforestation associated with commodity production through a broad suite of measures including capacity building, technical assistance, and public-private partnerships. For some potential policy and programmatic approaches, such as mandatory or trade measures, a particular focus on illegal deforestation may be more appropriate. Additional interagency discussions would help advance possible steps on these topics.

The options in the report apply to a range of U.S. federal government departments and agencies, which are cited in detail or limited in scope, as relevant. In all cases, the consideration of possible approaches refers to actions that U.S. government entities may take to the extent consistent with their mandates and authorities.

Possible approaches, key points, and information on further steps are summarized below.

- **The United States should set a clear policy goal to address all international deforestation associated with agricultural commodity production, recognizing that specific measures might address illegal deforestation in particular, or be targeted in scope to certain commodities, geographies, or by other criteria.**

*The United States should select, define, and effectively implement policy and programmatic approaches to reduce international deforestation associated with agricultural commodity production in a manner that maximizes the benefits of these efforts while minimizing the costs. This requires balancing U.S. priorities and policy goals for food security, the environment, climate, agriculture, economic growth, and trade, including explicit recognition that:*

- Policies should consider the efficacy of proposed measures and their potential impacts, direct and indirect; avoid undue burdens and unwarranted costs on U.S. domestic stakeholders including farmers, producers, forest owners and managers, food manufacturers, and consumers; and consider the costs and impacts on farmers, forest owners, and other stakeholders internationally.
- **Additional analysis needs to be conducted to fully inform understanding the feasibility—and expected impacts—of possible regulations or legislation addressing**

**illegal deforestation or all deforestation in commodity supply chains, in particular mandatory measures related to trade or imports.**

*This report offers preliminary consideration of potential opportunities and challenges of both approaches. Additional analysis could include those below:*

- Relevant agencies might conduct additional analysis of existing authorities it has (e.g., the Trade Facilitation and Trade Enforcement Act) to examine the potential to apply them directly, expand coverage to address commodity-driven deforestation, and/or draw on experience to inform new models/actions.
- A more detailed analysis should address the distinction between due care and due diligence where relevant — whether on illegal deforestation only or on deforestation generally—and corresponding implications for designing and implementing any relevant policy and programmatic approach.
- Trade-oriented analysis should cover potential trade impacts, including on U.S. supply chains and prices, as well as compliance with commitments under international trade agreements to which the United States is a party.
- Examination of specific trade data, especially on trade with key producer countries and by commodity, would help identify where U.S. import actions could have the most effect.
  - In developing approaches to address commodity-driven deforestation, the initial focus should be on U.S.-imported commodities and associated products with the greatest role in driving deforestation globally, and imports from countries or areas of high deforestation risk.
- Trade, sales and other types of data would help determine the extent of, and feasibility of addressing, derivative products of forest-risk commodities.

➤ **Effective implementation of trade-related and other measures will require additional resources and possibly additional authorities.**

*Experience with relevant legislation and regulations, such as the U.S. Lacey Act 2008 Amendments and the Endangered Species Act, demonstrates that timely and effective implementation and enforcement of any new regulations, legislation, or assistance will require significant new resources and capacity, including for information-gathering, data analysis, and inspections, among other actions. Analysis is needed to inform further interagency discussion on the expected resource requirements and impact of possible steps such as:*

- Proposed or potential legislation, such as the FOREST Act introduced in the 117th Congress in 2021, or elements thereof.
- Possible means to incentivize, monitor, and/or enforce due care or due diligence by producers, suppliers, traders, processors, and consumers in relevant commodity supply chains.

- Federal public procurement measures.
- Measures mandating specific actions (e.g., reporting) by U.S. companies and investors operating or involved in international operations of forest-risk commodities.

➤ **The U.S. Government should identify core competencies for its actions.<sup>32</sup>**

*U.S. agencies have essential roles to play in combating commodity-driven deforestation. The U.S. Government action should focus especially on those areas that cannot be easily or adequately carried out or duplicated by other actors, such as those below:*

- Direct government-to-government engagement with producer and consumer countries
  - Engagement with producer countries can focus on supporting steps and commitments by those governments to address illegal deforestation and commodity-driven deforestation. Policy engagement can be combined with technical assistance and other measures.
  - The United States can engage consumer countries to consider how demand-side measures might be reasonably harmonized and leveraged to reduce costs and burdens for stakeholders that engage with multiple markets.
- Technical assistance
  - U.S. agencies that provide capacity-building, technical assistance, and financing should seek to continue and expand assistance to partners to end deforestation linked to commodity production, including in areas below:
    - Capacity-building and systems training for forest assessments and land use monitoring.
    - Policy analysis and support for inclusive land governance systems that incentivize sustainable production and land management.
    - Training in sustainable land management practices.
    - Support for restoration and use of degraded land, sustainable agricultural intensification, and sustainable productivity growth.
    - Incorporating climate-related financial risk in guidance and programs associated with forests, agriculture, and land use.
    - Co-financing programs to de-couple agricultural production from deforestation.
    - Development of voluntary carbon markets.
- Trade policy
  - The U.S. government should continue to prioritize monitoring and enforcement of environment provisions in existing U.S. trade agreements, including those related to effective enforcement of environmental laws and to deforestation and other land-use changes.

<sup>32</sup> As noted earlier, a complementary report addresses paragraph 3(b) of E.O. 14072, which focuses on actions U.S. government agencies may take through international programming, assistance, finance, investment, trade, and trade promotion to address the risks and drivers of deforestation, other land conversion, and forest degradation. That report provides more information especially relevant to this section.

- The U.S. government should continue to utilize existing mechanisms under current trade agreements to engage and encourage cooperation with other governments to address deforestation.
- The U.S. government should continue to seek, in future trade agreements and other initiatives, to include relevant commitments to address deforestation.
- Data
  - The United States should continue to make publicly available information on global land cover data, including through LANDSAT satellite data, along with guidance on how such information may be properly used and interpreted.
  - The United States could consider expanding data through more frequent or higher-resolution imagery.
  - The United States could also provide information on U.S. practices and impacts, for example by developing more complete and accessible data sets on U.S. land use.
  - For relevant imports, U.S. government agencies should evaluate which data on commodity imports collected for food safety, phytosanitary, or other reasons may be relevant to assessing whether such commodity was produced on deforested land.
    - This should include an assessment of the available data, any legal or privacy concerns to be considered in expanding the use of this data, and how such data might be used in the application of any instruments described in this report.

**Additional deliberations among U.S. government agencies, as well as with other countries and potential partners, should be conducted as needed on key issues such as data and traceability.**

*The United States should further consult internally—and with producer and consumer countries, industry, civil society organizations, and other potential partners—on fundamental provisions that determine the scope and the intended, as well as unintended, effects of specific policy and programmatic approaches to address commodity-driven deforestation. The discussions should include the issues below:*

- Definitions, especially of forests and deforestation, in particular when codified in any regulation or legislation, have major implications for the scope of the measure and data requirements, among other aspects.
  - Any definition of deforestation, especially one used in U.S. policies and measures, should exclude sustainable forest management practices and production.
  - If a policy or programmatic approach applies a threshold date (such as December 31, 2020) to identifying deforestation, or applies a definitional approach, the FAO Global Forest Resources Assessment definitions of “forest” and “deforestation,” and related definitional notes, should be used, with the

understanding that the definition may need to be reconsidered with respect to non-human induced deforestation.

- If an approach focuses on illegal deforestation, the definitions of “forest” and “deforestation” used in the relevant laws, regulations or policies of each country should be used for that country.
- Data adequacy and transparency are critical to address commodity-driven deforestation, from understanding patterns of deforestation, to designing the most effective capacity-building programs, to conducting due diligence in supply chains. Depending on the policy or programmatic approach, relevant data and information might include information on the state of forests and land use over time; laws, land ownership, and permitting data; and commodity production volumes, location, supply chain organization, and financing.
- Applications, requirements, and capabilities of traceability systems.

➤ **U.S. actions should apply risk-based or jurisdictional approaches, as appropriate, to help prioritize steps and optimize the use of resources.**

*Risk-based and jurisdictional approaches can be used to target U.S. actions, for example by calibrating actions or requirements based on the levels of deforestation, prevalence of illegal deforestation, or related factors (e.g., land tenure security, governance) in certain countries of origin, specific commodities, or other category. For example:*

- Technical assistance could target support for stronger governance actions where deforestation risks are high or support positive incentives where conservation steps have been demonstrated.
- Institutional arrangements that support public-private networks, planning and collaboration within jurisdictional approaches
- Any import measures could require additional steps where higher risk of illegality and/or deforestation has been determined.
- Risk-based approaches could also inform a stepwise approach focusing on high-priority issues before expanding scope.

### **THE POTENTIAL CONTRIBUTION OF PUBLIC-PRIVATE PARTNERSHIPS**

E.O. 14072 requests an analysis of the potential for public-private partnerships with major agricultural commodity buyers, traders, financial institutions, and other actors to voluntarily reduce or eliminate the purchase of such commodities and incentivize sourcing of sustainably produced agricultural commodities. U.S. government agencies highlighted that near-term cooperative work with industry, financial institutions, civil society organizations, and other private sector partners was especially important given the significant lead time for possible

regulatory, legislative, or trade-related measures. Public-private partnerships can support actions to address either or both illegal and legal commodity-driven deforestation.

In considering the potential contributions of public-private partnerships, U.S. agencies emphasized the options, key points, and information on further steps summarized below.

➤ **The U.S. government should leverage and support, not duplicate, private sector- and civil society-led systems and efforts as much as possible.**

*In key areas, the U.S. should recognize and respect significant ongoing work outside the public sector, and consider supporting activities and platforms through funding, public-private partnerships, and other means. The short list below of possible actions to consider could be expanded:*

- Data on land cover and land use, at various resolutions and over time.
- Certification systems of legal and sustainable production of relevant products.
- Risk assessments on deforestation, governance, and legality.
- Financing and investment information, including climate-related financial risk and enabling environments.
- Data on trade and trade flows.
- Development of jurisdictional and landscape approaches and standards and tools for measuring performance.

➤ **Agencies should explore options within existing authorities to enhance or establish new public-private partnerships and other collaborations with the private sector to address international deforestation associated with commodity production. These partnerships can expand on existing private sector and civil society expertise and efforts (such as those above) and develop new lines of cooperation.**

*Public-private partnerships offer great potential for voluntary action and should be expanded to enhance information-sharing, tools, and cooperative steps. Agencies should employ approaches to address the role of entities that finance, produce, process, transport, trade, or place onto market relevant commodities produced on deforested land. Increased financial resources could help U.S. agencies expand the range of partnerships, including to advance the ideas below:*

- Working through public-private partnerships to build pipelines of investible projects supporting agricultural commodity production, processing, domestic consumption, and trade that is decoupled from deforestation.

- Partnering with private-sector agricultural extension services to enhance the services offered, expand their reach, and assist producers in implementing sustainable agricultural practices as well as monitoring systems.
- Working with large agricultural companies, disclosure and reporting organizations, and investors to facilitate investments in production and purchasing systems that are decoupled from deforestation.
- Partnering with technology companies to train government officials in improved forest, land use, and greenhouse gas monitoring technologies.
- Coordinating with commodity traders or consumer goods companies and other partners on programs to provide incentive payments for farmers, landowners, Indigenous Peoples, and other relevant actors within a supply chain that maintain forest cover beyond what is required by law.
- Providing co-investment, or other de-risking, to facilitate the growth of small businesses and otherwise support private sector actions that help decouple agricultural production from deforestation.
- Working with local or national financial institutions to provide to preferential terms for financing to landowners that have not deforested land after a specified threshold date, or that maintain a higher level of forest cover than that required by law, or to companies that require this of their suppliers.
- Coordinating capacity building to small-scale entities within a supply chain to help meet the requirements associated with any approach adopted by the U.S. government.
- Enhancing the capacity of covered entities to implement credible, comprehensive due care/diligence systems for supply chains from production through to end use, using new technologies where relevant, and to make this information publicly available where possible.
- Drawing on the International Trade Administration’s tools to support U.S. companies in working with international partners on technologies supporting transparency and accountability in supply chains, to artificial intelligence approaches and reforestation tools, to agricultural equipment and technologies to help existing agricultural land be used more productively.

## NEXT STEPS

The National Security Council should continue to convene a sub-Interagency Policy Committee Process (sub-IPC), or other appropriate process, with a view towards refining options and developing recommendations, as appropriate, within one year. Deliberations should include:

- A process, in collaboration with relevant public and private organizations, to compile annual maps of global land cover change that bring together relevant products currently produced by a range of U.S. agencies and others, to provide information in an easily



accessible location and format. Such maps can serve as the common source of information on land cover change for decision-making on any U.S. government approach.

- A process to consider requesting information on imports of any covered commodities, including information on origin and any associated deforestation. The process should be informed by an analysis of which commodities to include, as well as associated costs, benefits, and technical challenges and resource constraints.
- Analyses of potential benefits, costs, resource constraints, technical challenges, and data needs associated with any restriction of imported commodities, and potential means to address the challenges.
- A process to consider development of more complete and accessible data on U.S. land use and cover to facilitate U.S. producers' and manufacturers' participation in deforestation-free supply chains.
- A consideration of the Administration position and possible engagement with Congress on any proposed legislation related to commodity-driven deforestation.
- Consideration of possible Administration recommendations on budget requests to apply adequate resources for stronger U.S. government steps to address global deforestation and commodity-driven deforestation.
- A future process to consider potential expansion of efforts to address other international land conversion, beyond forests, associated with commodity production, based on lessons learned from the development and implementation of actions described above.

## **CONCLUSION**

This report identifies a range of possible approaches to addressing commodity-driven deforestation, most of which are complementary rather than mutually exclusive. The report does not prescribe, or assume, any one approach to address what is a complex, nuanced, and geographically varied issue; nor does it contain a draft of any legislation or regulation, or the design of any program or policy.

The report provides a series of possible policy and programmatic approaches to develop, continue, and/or explore to address international deforestation associated with commodity production. It also identifies possible additional analysis and deliberation on issues such as covered commodities and covered entities, due care/diligence, enforcement, and prioritization of resources that will ultimately determine the feasibility of limiting or removing specific commodities, associated with deforested lands internationally, from U.S. markets.

The implementation of any of the policy and programmatic approaches analyzed in this report would require further development by the appropriate agency(s) or branch of government, including relevant cost-benefit, social impact, and other analyses; capacity and resource requirements; assessments of potential effects on deforestation, production and trade; and

stakeholder consultation. Continued engagement with producer and consumer countries will be paramount given that the potential impact and effectiveness of U.S. approaches will be dependent on the global supply chain and actions taken by other countries.