Joint Gap Assessment

EUDR information needs and information availability from the MSPO certification

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Presentation Overview

To reinforce EU-Malaysia and EU-Indonesia partnerships by supporting national processes and international dialogue on sustainable natural resource use, with focus on palm oil.

Background

- The gap assessment is conducted jointly with MSPO

- Builds on KAMI's preliminary comparative analysis
  - EUDR requirements against information available from 4 major palm oil certification schemes (MSPO, RSPO, ISPO, ISCC)

- 1st Ad Hoc Joint Task Force (JTF) on the EUDR (Aug 2023) – mandate for an in-depth analysis

- 2nd Ad Hoc JTF (Feb 2024) - Draft findings presented

- Next steps - consultations with industry and other stakeholders
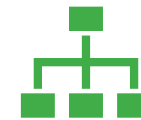
The Objective & Scope

- Identify areas where EUDR and MSPO information needs are aligned and where gaps exist;

- Develop solutions and recommendations to close gaps in preparation for the EUDR

Focuses on MSPO standards and its implementation

Includes EUDR articles 2, 3, 9 & 10

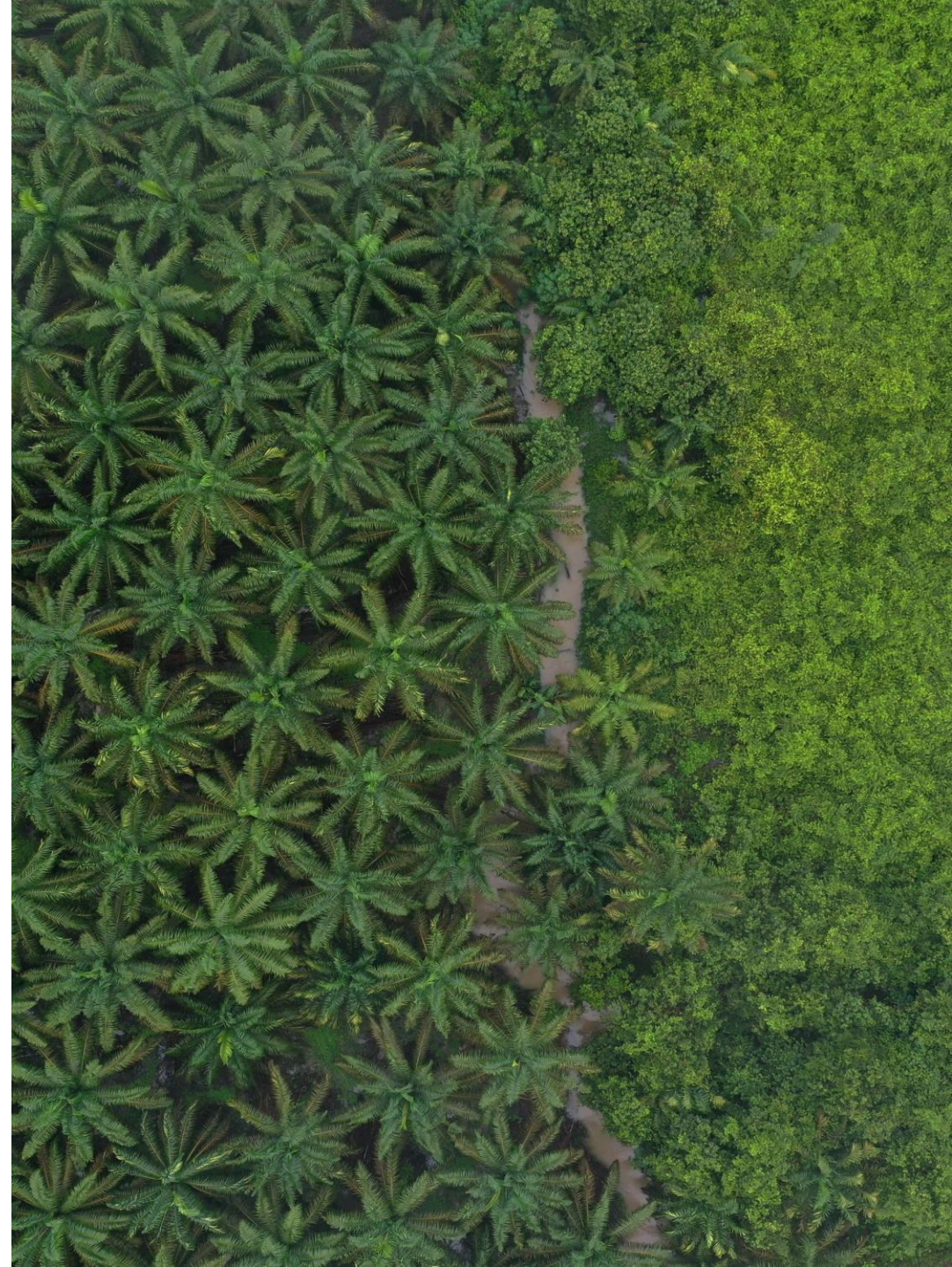Includes MSPO 2022 Standard Series and scheme documents

Considers interventions in the pipeline by MSPO

EUDR requirements

From 31 Dec 2024, **palm oil**, coffee, cocoa, soy, cattle, timber and rubber entering the EU have to be BOTH:

a) **Deforestation-free** (FAO/EUDR forest definition);

b) **Legal** (produced in accordance with the relevant legislation of the country of production);

c) Covered by a **due diligence statement**

(Article 3 – Prohibition)

Key Findings - Information Gaps

Deforestation-free Information

EUDR Definitions:

Article 2 (13) 'deforestation-free':

- commodities were produced on land that has not been subject to deforestation after **31 Dec 2020**

Article 2(4) 'forest':

- land spanning more than 0,5 ha with trees higher than 5 m and a canopy cover of more than 10 %, or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use;

MSPO :

Principle 1, Criterion 2: New planting (Indicator 1)
No conversion of **natural forest**, protected areas and High Conservation Value areas after **31 December 2019**;

Natural Forest: primary forest, regenerated (second growth) forests, managed natural forests and partially degraded forests.

Gap: Deforestation-free information

EUDR Definitions:

Article 2 (13) 'deforestation-free':

- commodities were produced on land that has not been subject to deforestation after **31 Dec 2020**

Article 2(4) 'forest' :

- land spanning more than 0,5 ha with trees higher than 5 m and a canopy cover of more than 10 %, or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use;

MSPO defines forest and deforestation differently from the EUDR.

No verification of deforestation after 31 Dec 2019 cut-off date until Jan 2025 (MS 2530:2022 transition period)

Gaps: Legality Information

EUDR Definition:

Article 2 (40) laws applicable in the country of production concerning the **legal status of the area of production**:

a) land use rights;

b) environmental protection;

c) forest-related rules (directly related to wood harvesting);

d) third parties' rights;

e) labor rights;

f) human rights protected under international law;

g) the principle of FPIC, including as set out in the UN Declaration on the Rights of Indigenous Peoples;

h) tax, anti-corruption, trade and customs regulations.

Additional Information is needed in terms of human rights protected under international law (Article 2 - 40f)

Gap: Geolocation Information

EUDR Definition:
Article 2 (28) - geolocation

- one latitude and one longitude point and using at least six decimal digits;

- for plots of land of > 4 ha, polygons with sufficient latitude and longitude points to describe the perimeter of each plot of land

Polygon information in line with EUDR requirements is not available for plots of land >4ha.

The coordinate / boundary information currently not in a format that can be transferred along the supply chain.

Gaps: Traceability information

1. Palm oil produced by smallholders and sold through dealers cannot be traced to the plot of land **until dealers are certified**.

2. **MSPO Mass Balance (MB)** products cannot be traced to the plot of land where the product was produced

3. **MSPO Trace (traceability platform)** cannot trace palm oil products to the plot (unless a **sales announcement** is made).

4. MSPO Trace does not record transactions in real time.
   - Dealers/mills submit weight of FFB received **monthly**.

5. MSPO Trace does not store **geolocation information** in a format that can be transferred along the supply chain.

Summary of Gaps

	EUDR Information	MSPO Information Gaps
1	**Geolocation** Information (Polygon for plots >4ha)	i. Polygon information (in line with EUDR) is not available ii. The coordinate / boundary information currently not in a format that can be transferred along the supply chain
2	**Deforestation free** (EUDR/FAO Definition, after 31 December 2020)	i. MSPO defines forest differently from EUDR/FAO Definition ii. No verification of deforestation-free between after the 31 Dec 2019 cut-off date until Jan 2025
3	**Legal** (in accordance with laws in the country of production)	Information lacking in terms: i. Human rights protected under international law
4	**Traceability** (linking products to the plot of land)	i. Palm oil produced by smallholders and sold via dealers cannot yet be traced back to the plot of land (until dealers are certified) ii. MSPO MB products cannot be traced back to the plot of land where the product was produced iii. MSPO Trace (traceability platform) - currently not optimal for transfer of information

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Thank you

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