

California's Hand in Global Deforestation: Key points and FAQs

How is the state of California linked to deforestation in other countries?

The main driver of deforestation and forest degradation in both tropical and boreal forests is industrial-scale production of “forest-risk commodities,” including palm oil, soy, cattle, rubber, paper/pulp and timber. Products containing these commodities are widely consumed, making virtually all consumers inadvertent contributors to the destruction and degradation of tropical and boreal forests. As the world's fifth largest economy, California has an enormous annual budget that is interwoven in global supply chains, some of which result in degraded or razed forests and ecosystems abroad.

How much of California's yearly budget contributes to deforestation?

An unreleased study based on California's 2019 public purchasing data* reveals that up to one quarter of California's public purchasing -- \$600 million – is linked to deforestation in sensitive tropical and boreal forests across the world. The largest categories of state purchasing potentially linked to deforestation are products that contain palm oil (8% of state purchasing), soy (6% of state purchasing) or timber (5% of state purchasing). (*Note: the study has not been made public, but data can be shared upon request.)

What can California's legislators do to extract state contracts from deforestation?

Assembly Member Kalra (D-San Jose) has introduced the California Deforestation-Free Procurement Act ([AB416](#)), a bill which would require state procurement contracts involving forest-risk commodities to certify that their operations and their supply chains do not drive tropical deforestation or primary forest degradation.

The bill promises protection for forests that are essential to storing carbon and providing habitat and home for threatened species, as well as protecting at-risk Indigenous peoples. The state-level procurement bill will create an important precedent in establishing mechanisms for ensuring supply chain transparency. An overview of the bill can be found in this [Legislative Fact Sheet](#).

California's AB 416 is authored by Assembly Member Ash Kalra, and co-authored by Assembly Members Bloom, Eduardo Garcia, Lee, Friedman, Muratsuchi, and Rivas and Senators Allen, Stern and Laird. AB416 is co-sponsored by Friends of the Earth and Social Compassion in Legislation.

Why is it important to preserve tropical forests?

Tropical deforestation and primary forest degradation is responsible for 10-15% of global greenhouse gas emissions. Ending deforestation in California's public procurement will also address concerns about biodiversity and human rights violations.

Tropical forests cover roughly seven percent of the Earth's surface but harbor close to 50 percent of all species on Earth; an estimated 18 million acres of tropical forest, an area one-fifth the size of California, is lost every year due to human activities, making tropical deforestation the third leading driver of global CO2 emissions. Weak governance, corruption, and lack of transparency in many tropical forest countries such as Brazil and Indonesia contribute to high rates of deforestation and forest degradation.

Is there precedent for legislation like this?

California's AB 416 will be the first law of its kind in the United States. New York has introduced a parallel bill ([S5921](#)) that is part of a trend towards greater regulation of deforestation in public procurement, as reflected in similar initiatives in France, Norway, the EU and other jurisdictions. Both the California and

New York bill are modelled after the California Transparency in Supply Chains Act, which requires the state to ban public purchasing of products linked to slavery and human trafficking. (**Note:** the New York bill, S5921 has been withdrawn from the 2021 legislative agenda, but will likely be re-introduced in 2022.)

Why are these bills important NOW?

Globally, deforestation and forest degradation are at the intersection of multiple overlapping crisis: the climate crisis, the biodiversity crisis, and an epidemic of violence against environment and human rights defenders; on average, four land defenders are murdered every week around the world. If current trends continue there will be a major mass extinction in tropical forests and the biodiverse ecosystem they hold, and the disappearance of numerous species in these regions.

At the 2015 UN Climate Summit, governments, industry and civil society signed the New York Declaration on forests -- a commitment to reduce global deforestation by half by 2020, and end it by 2030.

California, as a climate leader, was a signatory to this declaration. When the UN assessed progress in 2020, it found that global deforestation had increased by over 43 percent since the declaration was signed and noted the broad absence of a regulatory incentive to address the problem.

Who supports this bill?

- Greens: Virtually every environmental organization in the country supports this bill. A support letter from environmental groups can be found [here](#).
- The responsible investment community: a coalition of responsible investors who collectively manage \$1.65 trillion in assets have [expressed support](#) for the bill in California as well as the bill in New York.
- Indigenous peoples: the world's largest federation of indigenous peoples' organizations from Asia and Latin America have expressed support for the bill. In fact, the only opposition to the bills is from industry associations with long records of opposing any regulation of their industries.

How will this bill affect small and medium enterprises (SMEs)?

At its core, the bill requires a contractor to ask its sub-contractors or suppliers the source of their materials and be able to certify that they meet common sense sustainability metrics. The bill's certification requirements include provisions to support businesses, especially Small and Medium Enterprises (SMEs), to achieve compliance without suffering any undue disadvantages. These include liability protections for contractors that unknowingly use forest-risk commodities and a two-year phase-in period before compliance is required.

In order to facilitate implementation, AB 416 requires the Department of General Services (DGS) to develop a Deforestation Free Code of Conduct that includes a list of forest-risk commodities and guidance to contractors in order to identify forest-risk commodities in their supply chains. The bill contains a liability protection for contractors that unknowingly use forest-risk commodities.

The California Deforestation-Free Procurement Act is modeled on the California Transparency in Supply Chains Act, which prohibits forced and child labor by companies contracting with California. Thanks to this Act and other precedents, businesses that have experience contracting with the state should be familiar with certifying desired actions or prohibitions by the state. The certification requirements in AB 416 are modeled on best practice sustainability policies employed by many multinational consumer goods and commodity trading companies.