THE FINANCIAL SECTOR'S EXCLUSION FROM THE EUDR:

Evaluating the Influence of Discourse Coalitions

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List of Abbreviations

ADA	Argumentative Discourse Analysis
AFi	Accountability Framework initiative
CSRD	Corporate Sustainability Reporting Directive
ECR	The European Conservatives and Reformists European Parliamentary Group
EPP	The European People's Party European Parliamentary Group
EPRS	European Parliamentary Research Service
EU	European Union
EUDR	European Union Regulation on Deforestation-free Products
EUTR	European Union Timber Regulation
FAO	Food and Agriculture Organization of the United Nations
FERCs	Forest and Ecosystem Risk Commodities
FLEGT	(EU) Forest Law Enforcement Governance and Trade
Greens/EFA	The Greens and European Free Alliance (EFA) European Parliamentary Group
NGO	Non-Governmental Organization
PAA	Policy Arrangement Approach
S&D	Socialists and Democrats European Parliamentary Group
SCG	Sustainable Corporate Governance

Summary

In April of 2023, the European Union adopted a Legislative Resolution for a new Deforestation Regulation (EUDR), in which the financial sector is not included in the scope of the legislative text. As the impact of the financial sector as a driver of deforestation has been established, the exclusion of the sector is of societal interest. In the European Parliamentary Resolution, a request for the inclusion of the financial sector in deforestation legislation was made. During the development of the EUDR, the potential inclusion was considered and advocated for by certain actors; but ultimately decided against. This study provides an overview of the process of the development of the EUDR, methodologically drawing from Process Tracing. This is followed by an analysis of the development of discourse coalitions regarding the inclusion of the financial sector, and the arguments used, methodologically drawing from Argumentative Discourse Analysis. A record number of responses to the Public Consultation regarding the legislation were received, offering a rich data source for such discourse analysis. Whereas discourse coalition formation regarding the inclusion of the financial sector emerged, the findings do not show a strong exclusion narrative. The study concludes that there may have been a 'quiet opposition' which became dominant during the development of the legislation.

Key words

Deforestation; Financial sector legislation; Discourse coalitions; European Union Deforestation Regulation.

1. Introduction

In December of 2022, the European Council and European Parliament reached a provisional agreement for deforestation-free products, resulting in a Legislative Resolution in 2023. The resolution entails enforcing mandatory due diligence rules for all operators and traders who place, make available or export the following commodities from the EU market: palm oil, beef, timber, coffee, cocoa, rubber, and soy (Council of the European Union, 2022). Under the proposed legislation, private financial actors (banks, pension funds and insurance funds) are not obligated to disclose or limit their scope as drivers of deforestation, nor are any such legal instruments currently under consideration. During the process of development of the proposal, a shift of positions seems to have occurred. Where in the parliamentary resolution the inclusion of the financial sector was called for, the provisional agreement has forgone to do so. This exclusion is striking, as the financial sector has a large stake and corresponding impact on global deforestation (Kuepper & Warmerdam, 2021; Milieudefensie, 2021).

This study maps the process in which the provisional agreement was developed, subsequently followed by a discourse coalition analysis to establish which arguments were used and by whom, in said process. The following research question and sub-questions have been formulated:

RQ: How have discourse coalitions influenced the exclusion of the financial sector in the EU Deforestation Regulation between the initial proposal in 2021 and the legislative resolution in 2023?

- *SQ1:* Which periods can be recognized in the development of the EU Deforestation Regulation?
- *SQ2:* Which discourses, actors and discourse coalitions between the actors can be recognized during each of the periods of development of the EU Deforestation Regulation?
- *SQ3:* How influential were the discourse coalitions in each of the stages of development of the EU Deforestation Regulation?

Whereas a substantial body of academic publications has formed surrounding the topic of climate finance, the main area of focus for most of this research is REDD+: Reducing Emissions from Deforestation and forest degradation in Developing countries (Dehm, 2021; Golub et al., 2021; Streck, 2016). Research into the role of private financial actors proves to be a topic of interest for NGO publications (Brink et al., 2017; Deutza et al., 2020; Kuepper & Warmerdam,

2021; Milieudefensie, 2021; Portfolio Earth, n.d.). By taking an academic approach, this research aims to add to a smaller body of research into legislation targeting the role of the financial sector in global deforestation. Moreover, as the EU proposal for a regulation on deforestation-free products was issued in 2022, and its application was postponed to December 2025, the analysis of the process will add a scientific level of insight to current developments.

The research problem's social relevance is recognizable when taking the problematic context of deforestation into account. The fact that deforestation is a driver of climate change has been well established in the scientific community (Lawrence & Vandecar, 2015; Li et al., 2022; Shukla et al., 1990). A growing awareness of the social relevance of forest protection, and its urgency, is demonstrated by developments surrounding the policy arena surrounding deforestation. The European Commission launched an Open Public Consultation for the legislative proposal for deforestation-free products, which proved to be the second most popular in the history of EU Public Consultations. The Commission interpreted this as a sign of a high level of citizen interest in tackling deforestation and forest degradation (European Commission, 2021d). In a broader context, addressing measures to combat deforestation is of social relevance as the negative impacts of deforestation have been established. As deforestation is strongly linked to climate change through land-use change, loss of biodiversity and natural carbon sinks (Lawrence & Vandecar, 2015; Li et al., 2022; Shukla et al., 1990), the public interest in the matter becomes clear. From this linkage follows the need to ensure regulations aiming to limit deforestation and its impacts are adequate. Taking a critical position, we can argue that when limiting deforestation is the goal, the scope of the regulation is incomplete without restricting the cash flows enabling business as usual. What follows is that there is a social interest in making sure the regulations are comprehensive, and in the context of this research it means including the financial sector in the legislation. Considering the growing interest from governments and citizens, strengthened by the advantages of a critical analysis of policy, the social relevance of this study is established.

2. Theoretical Framework

The study centers around the development of the new EU policy regarding deforestation-free products. The legislation includes the following points:

- mandatory due diligence rules for all operators and traders who place, make available or export the following commodities from the EU market: palm oil, beef, timber, coffee, cocoa, rubber, and soy;
- geo-specific reporting of product origins;
- mandatory enforcement of the regulations by EU member states.

For this study, the research problem is formulated as the ambiguity of the process of exclusion of the financial sector from the regulation. The possibility of including financial institutions in the scope of the legislation has been proposed and discussed but ultimately was dismissed, arguing that the sector is currently under separate, different due diligence legislation. As the proposal includes a review timed at two years after its entry into force, the sector's inclusion may be reconsidered (Ministerie van Landbouw Natuur en Voedselkwaliteit, 2021). This chapter reviews the current understandings regarding the financial sector as a driver of deforestation and discusses the relevance of discourse theory. To conclude this chapter, the theoretical framework underpinning this study is presented.

2.1 Financial Sector as Driver of Deforestation

Between 2014 and 2019, a mere 5% of research and policy reports on non-state climate action included investors as actors (Hale et al., 2021). However, the role and influence of the financial sector regarding climate change and biodiversity issues seems to be gaining traction as a topic of discussion and research. An array of publications, ranging from sector initiatives to papers from NGOs, showcase the relevance of the financial sector. The Glasgow Financial alliance on Net Zero (GFANZ) acknowledges that while financial institutions may not emit greenhouse gasses through their own operations, their global financial flows may do so (Kuramochi et al., 2022). Deutza et al. (2020) propose a mix of measures for the financial sector which could partially close the current gap in funding for global diversity conservation (Deutza et al., 2020). Aside from presenting the potential positive impact, the negative impact of the financial sector as driver of biodiversity loss, especially deforestation, has been established (Gregory, 2016; Kuepper & Warmerdam, 2021; Portfolio Earth, n.d.). One trend which was observed is the 'displacement' of deforestation by countries which have successfully reduced their local deforestation by becoming drivers of deforestation in other areas through financiering or

importing (Pendrill et al., 2019). The European Union is shown to have a bigger deforestation impact than the United States (Gregory, 2016), with France, Germany and the Netherlands being the largest EU drivers (Gregory, 2016; Kuepper & Warmerdam, 2021). Most investments in forest-risk commodities were funded through multiple banks (Gregory, 2016), limiting the potential impact of responsible behavior by individual actors or institutions. Moreover, an assessment of systems currently implemented by banks to limit their forest-risk exposure deemed those insufficient (Portfolio Earth, n.d.). These insights form the basis on which the exclusion of the financial sector from the legislation is problematized in this study.

2.2. Discourse Theory

The research question *"How have discourse coalitions influenced the exclusion of the financial sector in the EU Deforestation Regulation between the initial proposal in 2021 and the provisional agreement in 2022?"* indicates clearly that this study draws from discourse theory in its theoretical underpinnings. The study aims to provide an analysis of the influence of discourse coalitions on the development of the proposal of the EUDR.

Discourse coalitions are part of a broader theoretical body of work: Discourse Theory. A brief review of this body of work, where relevant to this research, is thus appropriate. Discourse can be defined as 'an ensemble of ideas, concepts and categories through which meaning is given to social and physical phenomena, and which is produced and reproduced through an identifiable set of practices' (Hajer, 2005, p. 300). In relation to policies, the concept *policy discourses* is coined. Policy discourses are defined as sets of ideas, concepts and narratives which give meaning to a certain phenomenon in the real world, in this case related to policy (Hajer, 1995; Veenman et al., 2009). In the context of policy development, discourse analysis thus can showcase how "a particular understanding of a policy problem at some point has gained dominance and authoritative status while other understandings are discredited, pushed to the margins or silenced" (Pautz, 2018, p. 158).

Different types of discourse analysis have developed since its emergence (Torfing, 2005). For this study, *argumentative discourse analysis* (ADA) is especially relevant, as it combines "analysis of the discursive production of reality with analysis of the socio-political practices from which social construct emerge and in which actors are engaged" (Hajer, 2002, p. 62). It extends the analysis beyond the meaning of words and places them into the argumentative context in which they are uttered. By taking the argumentative context into consideration, the option of analyzing and criticizing positions becomes available (Hajer, 2002). Analyzing the argumentative context and the positions of both discourses and their related actors, may lead to

the finding of *discourse coalitions*. A discourse coalition can be defined broadly as 'a group of actors who share a social construct' (Hajer, 1993, p. 45) or, more specifically, as "a group of actors that, in the context of an identifiable set of practices, shares the usage of a particular set of story lines over a particular period of time" (Hajer, 2005, p. 302). Discourse coalitions are engaged in a (political) process of framing or constructing problems, with the aim of exercising influence over others through debate, persuasion or manipulation (Hajer, 1993). It becomes apparent that not only is the argumentative basis of the coalition of importance, the aspect of its power and influence is highly relevant too. Hajer (2005) distinguishes different levels of influence; *discourse structuration* to signal the dominance of a discourse within a given social unit, and *discourse institutionalization* to signal that it has been solidified in institutional arrangements. This aim for achieving dominance can also be characterized as a *framing contest*. Such a contest is defined as an effort to mobilize other actors by engaging in framing activities, possibly in response to changes in the environment which create political opportunities (Kaplan, 2008). The concept of political opportunities can in turn be linked to John Kingdon's policy streams theory, which shows how policy entrepreneurs make use of windows of opportunity by linking problems, policy ideas and politics, with the aim to shape government agendas (Mintrom & Norman, 2009). *Agenda setting* is a recurring theme in publications regarding framing and discourses (Kaufman et al., 2003; Princen, 2011). Moreover, the struggle of competing frames is mentioned as a determining factor for which issues are placed on the EU agenda (Princen, 2011).

2.3. Discourse Coalitions in Sustainable Policy Development

Discourse (coalition) analyses have previously been applied to the intersection of the topics deforestation regulation and the financial sector (Dimmelmeier, 2021; Sotirov et al., 2017) Previous research by Dimmelmeier (2021) has shown how contesting frames exist regarding sustainable finance and how these are positioned (Dimmelmeier, 2021). A publication by Sotirov et al. (2017) also provides an analysis of the role of advocacy coalitions in the development of the European Union Timber Regulation (EUTR), which is a forestry regulation preceding the EUDR (Sotirov et al., 2017). While the exact topics differ from that of this study, their conclusions show that within the field of sustainable finance and the development of forestry regulation, discourse coalitions arise and can be of significant influence.

Furthermore, the research interest in the influence of discourse coalitions is present in the broader field of sustainable and societal transformation studies. Markard et al. (2021) analyzed the formation and changes in discourse networks in German newspaper reporting on coal phase-

out (Markard et al., 2021). Niskanen et al. (2023) observed the rise of a new discourse coalition hindering the sustainable transformation of transportation in Sweden, also drawing from press material (Niskanen et al., 2023). Lowes et al. (2020) use a critical discursive approach to analyze discourse coalitions arising in the discussion of the UK's decarbonization of heat (Lowes et al., 2020). Pautz (2018) also looked at UK policy development, specifically at the role of think tanks in discourse coalitions regarding austerity in the UK. This study used interviews, political party publications, newspapers and think tank publications as its source material. On the European Union level, Elsner (2024) published a narrative discourse analysis of the EU Taxonomy, a legislative body aiming to push green/sustainable finance through mandatory measures. This study specifically questioned how nuclear energy gained its sustainable status in the context of this policy. Finally, Riedy (2020) contributes a more global perspective of discourse coalitions in the discussion of sustainability transformations. The publication addresses the dominance of a neoliberal capitalist discourse. In this study, memes are used as source material for analysis, resulting in the finding of conflicts that may offer "productive sites for agonistic dialogue" (Riedy, 2020, p. 100).

2.4. Theoretical Framework

In context of this study of the EUDR, literature would suggest that the proposal as agreed upon, was the result of discourse coalitions engaging in a contest to assert dominance over the agenda and policy ideas. The actors would have utilized discourses, narratives, to give meaning as to what the inclusion or exclusion of the financial sector would mean. Coalitions could have formed based on the meaning given to that matter, but also based on the arguments used. Such coalitions could arise between the political actors that were involved, for example within the European Parliament, but are expected to be found too, between other, non-governmental parties. The expectation would be to find that discourse coalitions were formed, and by engaging in framing contexts, a certain discourse would have asserted its dominance: structuration. The discourse institutionalization has occurred, as an agreement was reached on the proposal. What remains to be determined in this research, is if such behavior occurred in the development. And if so, exactly which actors positioned themselves in which coalitions, and how their interactions lead to a certain discourse rising to structuration, followed by said institutionalization.

From literature regarding and linked to discourse theory, it has thus become apparent that the emergence and influence of discourse coalitions are impactful on the political agenda, which in

turn shapes policy. In order to trace this process, this study draws from discourse tracing, a method upon which is elaborated in the following methodological chapter.

3. Methodology

3.1. Theoretical Perspective

To strengthen the reasoning behind the research, the theoretical perspective of the researcher should be acknowledged, as reflexivity is crucial for contextualizing the choices made in the research design. My aim as researcher to understand an underlying or hidden meaning from texts is closely related to hermeneutics (Moon & Blackman, 2014), placing the research in an interpretivist context. Moreover, the study draws from critical theory, as the research was designed under the assumption that what we perceive as reality, is shaped by social, political, cultural, economic, ethnic, and gender factors (Guba & Lincoln, 1994). The study can be specifically linked to advocacy or participatory theory is as the core aim can be described as an attempt to account for the political agenda (Moon & Blackman, 2014).

The research is of descriptive nature in the sense that it aims to provide a precise report of the developments within the policy arena and the developments in discourse networks. Additionally, it is of explanatory nature as it aims to connect the changes in discourse networks to the corresponding developments in the policy arena (Babbie, 2014).

3.2. Process and Discourse tracing

To answer the sub-questions, a blend of elements from process tracing and discourse tracing will be used as the method for analysis.

SQ1: Which periods can be recognized in the development of the EU Deforestation Regulation?

SQ2: Which discourses, actors and discourse coalitions between the actors can be recognized during each of the periods of development of the EU Deforestation Regulation?

SQ3: How influential were the discourse coalitions in each of the stages of development of the EU Deforestation Regulation?

Process tracing suits the intended research purpose for sub-question 1, as its aim is "converting a purely historical account that implies or asserts a causal sequence into an analytical explanation couched in theoretical variables that have been identified in the research design" (George & Bennett, 2005, p. 170). The focus is on the relevant actors, their actions, events and underlying causalities in the policy process, which are mapped out by qualitative methods for data collection and analysis. The method has been applied in similar research into the emergence of the EU Timber Regulation (Sotirov et al., 2017), which is the preceding EU

forestry law. However, the process tracing approach does is not fully suitable for the scope of the study, as it is most suited to research from a positivistic epistemological position (LeGreco & Tracy, 2009). LeGreco & Tracy remark how the approach does not set out to analyze "concepts of meaning making, discourse, power, and practice, that are of primary interest to critical-interpretive scholars" (LeGreco & Tracy, 2009, pp. 1521-1522). The perspective of critical theory and the aim to account for the political agenda, makes aspects of *discourse tracing* fitting to uncover relevant dynamics in the process. Discourse tracing analyzes "how the production of a text is shaped, reproduced, and reshaped by social practices" (LeGreco & Tracy, 2009, p. 1519). The approach is to analyze the formation, interpretation, and appropriation of discursive practices across micro, meso, and macro levels of analysis (LeGreco & Tracy, 2009). Its main advantages are its insights into the formation and changes of discourses over time, their connection to systems of power, and ultimately assessing their impact in transformations (Redden, 2017). While the micro, meso, macro level approach to analysis proved too detailed for the scope of this study, the benefits ascribed to discourse tracing almost directly correspond with this research's sub-questions; making its relevance clear. Moreover, discourse tracing as a method allows for the observation of *discourse coalitions*, one of the core concepts of this study, as set out in chapter 2. For this type of discourse analysis, Hajer, a theorist commonly cited on the topic, proposed a set of very concrete steps of analysis:

1. *Desk research*
2. *'Helicopter interviews'*
3. *Document analysis*
4. *Interviews with key players*
5. *Sites of argumentation*
6. *Analysis of positioning effects*
7. *Identification of key incidents*
8. *Analysis of practices*
9. *Interpretation*
10. *Second visit to key actors*

(Hajer, 2005, pp. 306-307).

As previously mentioned, this study draws from this method but is not an exact execution of the steps described by Hajer. The limited access to resources and data lead to the decision to

keep the analysis at a document level. The design of the study does correspond to Hajer's steps to a large extent.

Implementing the method as prescribed by Hajer, has resulted in the following methodological approach in this study. Step 1, desk research, should enable the researcher to form a first reading of events, drawing up a chronology (Hajer, 2006), which in this study is reflected in sub-question 1. Step 2, the helicopter interviews, were substituted with orienting conversations with employees at an NGO which kept track of the developments in this field. Access to the NGO (Friends of the Earth the Netherlands) was gained through a research internship position. These conversations weren't considered suitable to use as interviews for analysis, due to their one-sided perspective. However, they helped shape the general direction of the research, for example by identifying key resources for documents. Other restrictions in data selection are discussed in section 3.3 on Data. Document analysis, proposed as step 3, is the most extensive part of the study. Here, the researcher starts defining structing discourses, gaining an understanding of processes and "sites of discursive production" (Hajer, 2006, p. 73). The analysis of the selected documents is intertwined with step 5, where sites of argumentation offer insights into argumentative exchanges. Hajer proposes to use parliamentary debates or meeting minutes to gain access to such sites of argumentation. In this study, the minutes of the European Parliamentary debates were included. The analysis then allows for step 7, the identification of key incidents, to gain insight in the discursive dynamics and their political effects (Hajer, 2006). Step 9, where the researcher aims to create "an account of the discursive structures within a given discussion, as well as an interpretation of the practices, the sites of production that were of importance in explaining a particular course of events" (Hajer, 2006, p. 74), most resembles how the gathered insights were used to draw the conclusions for this study.

Upon reviewing the characteristics of both process and discourse (coalition) tracing, it was thus decided to use a blend of the two approaches to answer the research questions in this project. Elements from the process tracing approach informed the first sub-question and can be found in the first segment of the results (4.1.), which consist mainly of a historical account of the development of the legislation. This is in line with step 1 from Hajer's recommendations, and similar to Elsner's (2024) approach of opening with a chronological review. The following sub-questions and their corresponding results segments (4.2. and 4.3.) draw strongly from the discourse coalition analysis approach, presenting the finding of the argumentative discourse analysis.

3.3. Data

Qualitative data was collected from policy documents and other publications by the actors that emerged from sub-question 1, using official European Union databases as sources. Policy documents were collected through a snowballing approach, with governmental announcements regarding the proposal for the legislation on deforestation-free products as a starting point. Such announcements or press releases have been made, for instance, by the European Council and European Commission, (Council of the European Union, 2022; European Commission, 2021d). These publications include the publication of the aforementioned EU Public Consultation, of which the responses and the EU's conclusions have been published. This 2020 Public Consultation makes up the majority of the collected data. An attempt was made to include an earlier EU public consultation from 2019. However, the full set of responses to the consultation are not publicly available, nor were they made available upon request. Due to this practical restraint, the 2019 public consultation did not become part of the dataset for analysis in this research.

These collected policy and consultation documents were categorized into the distinguished periods of development of the EUDR. To establish which discourses emerged during each of these phases, a discourse analysis was done, making use of the software ATLAS.ti for the coding process. The analysis was kept at a document level, because, due to concerns regarding the scope and representativeness, sources such as interviews were considered unsuitable. This means that the data on which the analysis rests, is of linguistic, non-reactive nature (Howarth, 2005).

The documents have been coded based on arguments used regarding the in- or exclusion of the financial sector in the development of the EUDR. The assumption that the process of development experienced influence of discourse coalitions is informed by theory, being deductive reasoning; however, the coding process was of inductive nature. As there is no available literature to predict which arguments are used to argue for this specific case, the data was read and coded, based on categories that emerge during the process. This resulted in the data being observed and analyzed three times: a first round of reading, in which remarkable phrases were highlighted; a second round of formulating codes; and finally, a third round of respecifying the codes.

As the European Union and its bodies form a multilingual institution, a part of the data consists of written texts in languages other than English. The implications of translating such texts were considered. When translating from the original languages, there is the risk of specific meanings

or nuances to be lost. However, the prospective of not including such documents in the analysis would mean the data itself will be lost. As the discourse analysis will be done on an argumentative level, not syntax level, it was decided that the possible loss of nuance in case of translating was acceptable. The documents in languages other than English are thus translated, making use of Google's translation service. The translated documents were then subject to the same coding process as the others, making use of ATLAS.ti.

For each phase of the process (for the formulation of the phases, see chapter 4.1.4.), the following number of documents were collected:

Table 1: Overview data collection

Phase		Documents
1	Impact of EU Consumption & Stepping Up	Report: 1 file (2013) Communication: 1 file (2019) Q&A: 1 file (2019) Factsheet: 1 file (2019) Staff working document: 1 file (2019)
2	Parliament Resolution & Commission Impact Assessment	Study: 1 file (2020) Resolution: 1 file (2020) Briefing: 1 file (2020) Consultation submissions: 120 files (2020) Synopsis report: 1 file (2020)
3	The Commission Proposal	Proposal: 2 files (2021)
4	Parliament Committee Opinions, National Opinions & Parliament Debates	Parliamentary Committee Opinions: 4 files (2022) National Parliament Opinions: 3 files (2022) Parliament debates: 2 files (2022-2023) Parliament Press Briefing: 1 file (2022)
5	The Legislative Resolution (2023)	Regulation: 1 file (2023)

4. Findings and Results

4.1 Development of the EU Deforestation Regulation

To answer sub-question 1: "*Which periods can be recognized in the development of the EU Deforestation Regulation?"* a review of the background and process of the Deforestation Regulation is necessary. In this section, the content and policy context of the directive are presented, followed by a timeline visualizing its development. The developments are reviewed afterwards. Upon this review, phases of the development are established. The other sub-questions are then answered per each of the established phases.

4.1.1. Content

The content of the regulation as was adopted is summarized here, based on the explanatory memorandum and the legal text. Chapter 1 "General Provisions" is most relevant for gaining a general understanding of the text. Articles 1 and 2 contain the most important information to understand the scope of the regulation. Article 1 details the subject matter and scope, Article 2 details the agreed upon definitions. The legislation sets out rules,

> *"Regarding the placing and making available on the Union market as well as the export from the Union of relevant products, that contain, have been fed with or have been made using* ***relevant commodities, namely cattle, cocoa, coffee, oil palm, rubber, soya and wood****".*
>
> *(The European Parliament & The Council of the European Union, 2023, p. 219)*

From article 2, the definition of "deforestation-free" is the most relevant one:

> *"Deforestation-free means:*
>
> *(a) that the relevant products contain, have been fed with or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after 31 December, 2020; and*
>
> *(b) in the case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation after 31 December, 2020"*
>
> *(The European Parliament & The Council of the European Union, 2023, p. 220)*

Other definitions in the article include that of different types of forest, 'operator', 'trader', and other concepts relevant to authoritative and legislative procedures. In the following articles, the responsibilities of each of the defined roles are specified, including the ways in which these responsibilities are monitored and enforced.

4.1.2. Policy context

Previous legislation related to the topic, thus part of the policy context, is the *EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan*, originating from 2003. The EUDR mentions how FLEGT targets illegal logging and associated trade, but does not address deforestation as such; making additional policy necessary. Part of the FLEGT Action Plan was the *EU Timber Regulation (EUTR)*, prohibiting illegally harvested timber and timber products from being placed on the EU market.

What is taken as both as the broader context and the starting point of the EU Deforestation Regulation, was the publication of the 2013 report on the *Impact of EU Consumption on Deforestation*. This report seems to have informed policymakers in the following phases and is referred to in multiple publications. Moreover, it was followed by a public consultation in 2019, inviting stakeholders to review the EU's interpretations from the research. The outputs from this consultation were used to develop new EU policy. It was followed by the 2019 publication of *Commission Communication on Stepping up EU Action to Protect and Restore the World's Forests*. Following this commitment were the European Green Deal, the EU Biodiversity Strategy for 2030 and the Farm to Fork Strategy.

The EUDR proposal itself is said to be designed to be complementary to the *Sustainable Corporate Governance (SCG)*. What is especially interesting in the context of this research, is how the EUDR proposal has positioned itself in terms of policy context regarding the financial sector. It states:

> *"Existing initiatives in the area of sustainable finance, such as the implementation of the* EU Taxonomy Regulation *and the future* Corporate Sustainability Reporting Directive, CSRD *(current Non-Financial Reporting Directive, NFRD) are well suited to address the deforestation impacts of the finance and investment sectors, thereby complementing and supporting this legislative initiative on deforestation."*
>
> *(European Commission, 2021c, p. 3)*

4.1.3. Timeline

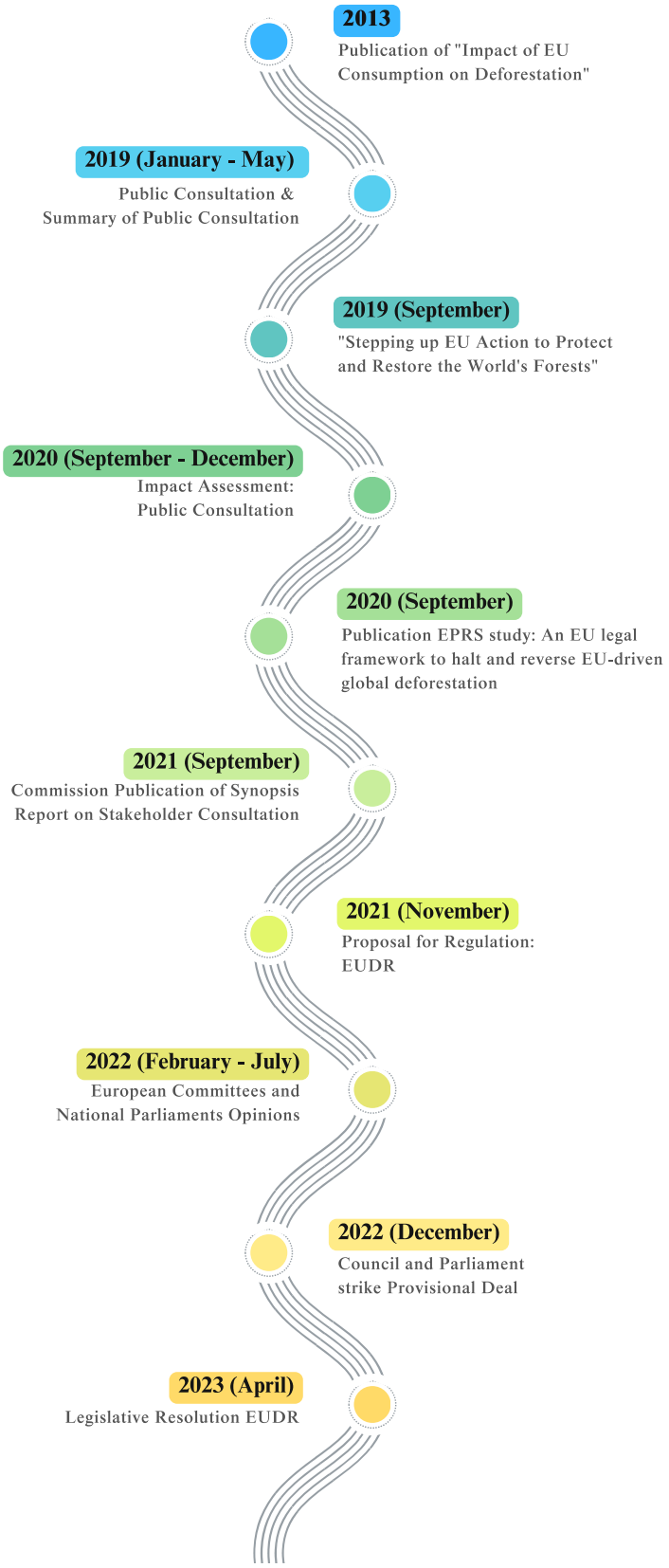

Figure 1: Timeline of the Development of the EUDR

As the policy context of the EUDR originates in the Commission Communication *Stepping up EU Action to Protect and Restore the World's Forests* (European Commission, 2019a), the inclusion of the origins of that publication allow the reader to gain a full understanding of the development of the EUDR. The 2019 Commission Communication was preceded by a public consultation, which was open from January to February 2019. The motivation behind this a consultation was the 2013 publication of the research *The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation* and its implications on further, more stringent policies in the field of forest protectionism (European Commission, 2019a). The 2013 publication formed the evidence base for the 2019 consultation. A summary of the replies was published in May 2019.

The input from the 2019 consultation was used as preparation for the publication of the Commission Communication *Stepping up EU Action to Protect and Restore the World's Forests* (European Commission, 2019b), which was released in July 2019. Multiple National replies were received in response to the Commission Communication.

The European Parliamentary Research Service published an "own-initiative legislative report calling on the European Commission to take legislative action on the matter" in September 2020, named *An EU Legal Framework to halt and reverse EU-driven global deforestation* (European Parliament: Directorate-General for Parliamentary Research Services et al., 2020). On the 22nd of October 2020, the European Parliament adopted a resolution "with recommendations to the Commission on an EU legal framework to halt and reverse EU-driven global deforestation" (European Parliament, 2020).

These publications by the Parliament coincide with the European Commission *Public Consultation on Deforestation and forest degradation – reducing the impact of products placed on the EU market*, which was open from September 3rd to December 10th of 2020. This was part of the Commission's Impact Assessment *Minimizing the risk of deforestation and forest degradation associated with products placed on the EU market* (European Commission, 2021a). Part of this assessment were a stakeholder consultation and a consultancy report as well. After completion of the Impact Assessment, the Commission published a proposal for the EUDR on 17 November 2021 (European Commission, 2021c).

The proposal received three National Parliament Opinions, namely from Sweden, Czech Republic and Spain, in March 2022. The commission responded to these opinions in May and June 2022 (European Commission, n.d.). The proposal also received responses from four

European Parliament committees: the Committee on International Trade, the Committee on Agriculture and Rural Development, the Committee on Development; and the Committee on the Internal Market and Consumer Protection (Legislative Observatory European Parliament, n.d.). These committee opinions were all offered between May and July of 2022, and included suggested amendments to the proposal text.

The proposal was debated in the Parliament on 17 April 2023 and came to a final vote in the Parliament on 19 April 2023, where it was approved (with 552 for, 44 against and 43 abstentions). On 2 October 2024, an amendment to the EUDR was adopted by the Parliament, regarding the starting date of the regulation, which was thereby postponed to 30 June 2025 (Legislative Observatory European Parliament, n.d.). Whereas the discussions and decisions made after the 2023 adoption were not included in this study, it is confirmation that the subject matter remains extremely current.

4.1.4. Phases

Based on the developments and publications presented in the preceding segment, the key moments and periods have been identified and selected for analysis, creating 6 phases in which the process will be considered.

1. Impact of EU Consumption & Stepping Up (2013-2019)
2. Parliament Resolution & Commission Impact Assessment (2020)
3. The Commission Proposal (2021)
4. Parliament Committee Opinions, National Opinions & Parliament Debates (2022-2023)
5. The Legislative Resolution (2023)

The division of the development in these phases was deemed suitable, as the phase between 2013 and 2019 [1] can be considered as the scientific and policy context from which the legislation stems. In 2020, the parliament resolution was the change from those scientific insights and a corresponding strategy, towards the action point of a resolution. This phase [2] is characterized by the intent to create the new regulation and then the preparation for it, namely the impact assessment. The choice to observe 2021 as a separate phase [3] was made as the proposal forms a measurable outcome from the efforts in the year before. The responses to the proposal were then taken together as the following phase [4], between 2022-2023. As those responses were ultimately followed by the adopted legislative resolution, the resolution is observed as a separate phase [5] showing the results of the responses in phase 4.

4.2 Development of Discourse Coalitions

To answer sub-question 2: *"Which discourses, actors and discourse coalitions between the actors can be recognized during each of the periods of development of the EU Deforestation Regulation?"* this section sets out to describe these aspects for each of the established phases from section 4.1.4. The discourses, and the actors engaging in them are thus described per phase. Insights into the overarching dominance of certain discourses are presented in section 4.3 *Influence of Discourse Coalitions*. Not in every phase a recognizable dominant discourse emerged, and not all dominant discourse stemmed from coalitions. A general overview is visually presented here:

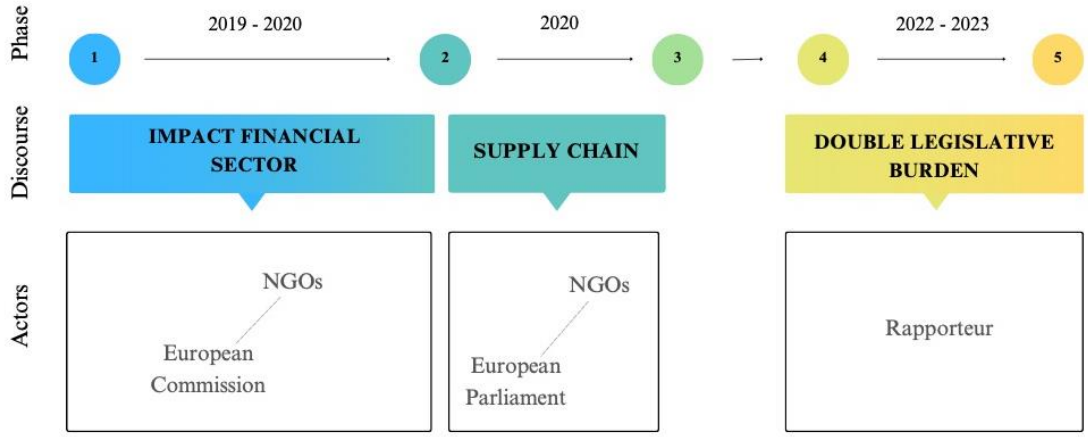

Figure 2: Dominant Discourse Per Phase

4.2.1. Phase 1: Impact of EU Consumption & Stepping Up (2013-2019)

The EU report 'Impact of EU Consumption on Deforestation' was issued under a singular institution as its' author. While this means that the formation of coalitions is not relevant question within the report, an analysis into a dominant discourse remains relevant. The report was subjected to a thematic analysis, which lead to an analysis of the arguments used in discourse. The following codes were derived: Financial advantage driving deforestation, impact financial sector, institutional drivers of deforestation, investment considered consumption, supply chain, and trade streams tracking deforestation. The majority of these, however, was only mentioned once. The frequencies of the established code can be consulted in Annex 2.

The impact of the financial sector on deforestation, is not elaborately discussed. One of the most explicit mentions of the financial sector as a driver is the following:

> *"In the case of forests, household consumption still dominates, but capital investments are significant and dominated by construction activities."*
>
> *(European Commission et al., 2013, p. 118)*

Most mentions of the financial sector, however, are related to the methodology of measuring deforestation. The matter became relevant when discussing what should be considered system boundaries, and whether using modelling based on monetary trade streams was an appropriate solution. Some methods do include the use of 'trade streams to track deforestation', which can be interpreted as including the activities from the financial sector in the measurement. In one instance this was expressed literally, resulting in the code 'Investment considered consumption'. An example of the discussion of such methodological choices is the following:

> *"This top-down approach uses the 'final consumption perspective' defined as the consumption of private households, government consumption and capital investments from both governments and households."*
>
> *(European Commission et al., 2013, p. 197)*

However, the report used a blend of different methodologies; a mix of those that do and do not include the financial sector when measuring consumption. The report does, in that sense, not take a clear position regarding whether it considers the inclusion of the financial sector crucial in measurement.

In 2019, the European Commission released Communication named *Stepping up EU Action to Protect and Restore the World's Forests*, which included a factsheet and a brief with questions & answers. The factsheet and Q&A file did not include any mention or reference to the financial sector. The Communication itself does address the topic, and so does the accompanying staff working document. The Communication mentions of the financial sector do address the financing gap and the impact of the financial sector. Whereas the document also proposes some steps to take to target the financial sector, the proposed 'stepping up' remains at the non-binding policy level.

> *"Consequently, this Communication proposes a partnership approach - close cooperation with producer and consumer countries as well as business and civil society. Such partnerships can facilitate action promoting land governance, sustainable forest management and reforestation, transparent supply chains, effective monitoring, sustainable finance and multilateral cooperation."*
>
> *(European Commission, 2019b, p. 6)*

There is a designated section dedicated to "Priority 4: Redirect finance to support more sustainable land-use practices", which shows an awareness of the role of the sector. However, here the proposed actions do not sound stringent. In the following segment, the use of the words *encourage* and *nudge* are an example of this.

> *"Investing in sectors that are associated with deforestation can expose investors to operational, legal, or reputational risks. Investors should therefore be encouraged to nudge companies to move to deforestation-free practices or deforestation-free supply chains. Increased transparency throughout the investment chain can facilitate such changes in the real economy."*
>
> *(European Commission, 2019b, p. 14)*

In the staff working document, some background information to the communication is found. It includes a reflection upon the preceding 2019 consultation, data that could not be accessed directly for this study. It becomes apparent that the commission was aware of the request for binding legislation for the financial sector:

> *"Respondents to the public consultation proposed mandatory transparent and verifiable forest- risk and human rights-risk due diligence obligations for EU financiers and investors participating in forest risk sectors."*
>
> *(European Commission, 2019a, p. 10)*

It is in this staff document that the possibility of divestment is discussed for the first time.

An array of recommendations was made in the commission publications, mostly leaning towards non-binding actions. The frequency with which these were made, can be consulted in Annex 2. As the recommendations originate from the same set of publications, this can be interpretated as the recommendation to use a blend of instruments and interventions in upcoming legislation.

The dominant discourse within the Commission during this phase does acknowledge that the financial sector has an impact on deforestation. The discourse is centered around encouraging investments in sustainable practices, so the gap of financial funds is closed.

4.2.2. Phase 2: Parliament Resolution & Commission Impact Assessment (2020)

In this phase, both the European Parliament resolution to halt deforestation and the subsequent impact assessment by the European Commission are analyzed.

In 2020, the European Parliament published several documents regarding deforestation. In this phase, the Parliamentary Research Service published the study "An EU legal framework to halt and reverse EU-driven global deforestation", which was followed by a Parliamentary Resolution with recommendations to the Commission.

The study does not dedicate a large amount of its content to the financial sector, but it critically reflects upon the current level of commitment in the sector.

> *"The annual assessment of Forest 500, an initiative tracking the most influential companies and financial institutions taking part in forest-risk supply chains, reports a mixed result involving progress made by some leading players and a lack of action by nearly half of them."*
>
> *(European Parliament: Directorate-General for Parliamentary Research Services et al., 2020, p. 17)*

What is also of interest in this publication is the explicit description of the supply chain:

> *"To ensure broader participation there is a need for an uptake of commitments by players from across the FRCs supply chain, including the financial sector."*
>
> *(European Parliament: Directorate-General for Parliamentary Research Services et al., 2020, p. 18)*

In the resolution, the position from Parliament becomes clear from the text adopted especially in general remarks 24 and 25:

> *(24) Emphasizes that the same legal framework should also apply to all financial institutions authorized to operate in the Union that are providing money to companies that harvest, extract, produce, process or trade forest and ecosystem-risk commodities and derived products;*
>
> *(25) Believes that the Union needs to ensure that it only promotes global supply chains and financial flows which are sustainable and deforestation-free.*
>
> *(European Parliament, 2020, pp. 10-11)*

The scope of the proposed action also explicitly includes the financial sector (bold added for emphasis):

> *The proposal should apply to all operators, irrespective of their legal form, size or complexity of their value chains, i.e. any natural or legal person (excluding non-commercial consumers) that places commodities that are covered by the proposal and their derived products on the Union internal market for the first time,* ***or that provides financing to the operators undertaking these activities****.*
>
> *(European Parliament, 2020, p. 23)*

The adopted text specifically describes the responsibilities for all financial institutions authorized to operate in the Union which provide finance, investment, insurance or other services to operators.

The dominant discourse within Parliament publications from this phase is that the current level of commitment (from the financial sector) is lacking, making legally binding action necessary which targets the whole supply chain, including the financial sector.

Following the European Parliament publications and its resolution, the European Commission commenced its Impact Assessment 'Minimizing the risk of deforestation and forest degradation associated with products placed on the EU market' (Bougas et al., 2021; European Commission, 2021a, 2021b). This assessment consisted of a set of documents: Executive Summary of the Staff Working Document on the Impact Assessment; Staff Working Document on the Impact Assessment; Public consultation on 'Deforestation and forest degradation – reducing the impact of products placed on the EU market'; Synopsis report of stakeholder consultation as part of the impact assessment on demand-side measures to address deforestation; and Consultancy Report on Impact assessment on demand-side measures to address deforestation. The Commission publications were analyzed and are discussed separately from the public consultation, as the consultation makes up such a significant portion of the total dataset of this study.

In the analysis of the public consultation, the attached opinions and position papers were taken as subject of the analysis. As for the questionnaire answers, the commission published their own summary. An interesting phenomenon is addressed in the synopsis report: 1,194,761 public responses were obtained, but from this set of responses, 1,193,611 originated from an NGO campaign. These responses were segregated and analyzed separately from the non-campaign responses. In the synopsis report, the input from the campaign is discussed.

Upon analysis of the attachments provided in the public consultation, several important themes and concepts related to the financial sector emerged: (lack of) funding, the impact of the financial sector on deforestation and the importance of the supply chain. The frequency of the specific codes is available in Annex 2.

Arguments regarding fairness arose and were sometimes used to argue that the non-inclusion of the financial sector would be a matter of unfairness, but it also arose in arguments of fairness in trade, not creating "undue barriers". Because this argument emerged multiple times, the code "barriers to trade" was created, however it should be noted that not nearly all the arguments

regarding barriers to trade still relate to the in- or exclusion of the financial sector, as these arguments often address the concept of regulation in general.

The other arguments which were observed most frequently were centered around the current level of commitment, the financing gap and supply chains. It became apparent that many industry representatives argued that current commitments were sufficient. The actors addressing the financing gap were varied: they included industry representatives, governments, NGOs and consultancies. Arguments around the importance of the complete supply chain are predominantly made by NGOs. These arguments are especially of interest, as the argument to target the entire supply chain are usually followed by a recommendation to include the financial sector in the legislation. However, they usually do not explicitly define their conception of 'supply chain' to include the financial sector. An example of such a mention is Client Earth's position paper, which first mentions:

> *"ClientEarth, alongside other NGOs, has called for years for the development of new demand side and supply side measures, particularly mandatory due diligence throughout the entire supply chain, to address deforestation and associated human rights violations,"*
>
> *(ClientEarth, 2020, p. 2)*

This is followed by their more explicit position on the inclusion of the financial sector:

> *"We believe that this issue is of critical importance and strongly recommend that the European Commission assess the link between the finance sector and the production of forest risk commodities and unequivocally include the finance sector in its legislative proposal."*
>
> *(ClientEarth, 2020, p. 5)*

The same phenomenon is visible in position papers by other NGOs/Conservation organizations, for example Global Witness and Trase. Even though not defined explicitly, it thus seems that these actors mean to include the financial sector within the system boundaries when they mention the 'supply chain'.

As to the recommendations that actors made in their position papers, three types of suggestions were found: institutional tools to engage the financial sector, legally binding legislation including the financial sector, and non-binding engagement of the financial sector.

A very clear example of wielding institutional tools to close the financing gap, is made by researchers published in the Nature Climate Change journal:

> *"In addition to price premiums, alternate mechanisms can facilitate adoption by covering compliance costs at the producer level, such as subsidies, favorable financing or contract terms, international climate financing and official development assistance."*
>
> *(Lambin et al., 2018, p. 114)*

However, most actors expressing the recommendation to use such tools did not come from academic sources, but industry representatives and governments. Their recommendations were less detailed, which is why the Lambin et al. quotation is showcased here.

NGOs were clearly in favor of legally binding inclusion of the financial sector, being the author behind almost all instances where this recommendation was made. The authors from the Environmental Justice Foundation make one of those recommendations:

> *"Applies to both traders and operators of FERCs in the EU (i.e.: not just first placers of FERCs on the market), as well as investors exposed to deforestation-linked commodities and activities."*
>
> *(Environmental Justice Foundation, 2020, p. 13)*

The previous recommendations (institutional tools and legally binding inclusion) were made quite frequently. There were a couple of recommendations that seemed to aim for something in between these options: legislation engaging the financial sector, but without legal obligation for limiting their impact as drivers of deforestation. An example of this came from the European Palm Oil Association:

> *"We also think that financial institutions can be more vocal about their role and should step up their communication. This can go hand in hand with the suggestion made by the Commission to improve company reporting on the impacts on deforestation and forest degradation."*
>
> *(European Palm Oil Alliance, 2020, p. 6)*

Such recommendations were made infrequently, by industry representatives and one government.

Furthermore, what stood out from the papers submitted in the consultation is that not all actors who positioned themselves in the argumentative discourse regarding the financial sector, followed this by a concrete recommendation towards the European Union legislative proposal. There are also actors who have made multiple recommendations, for example the Sustainable Trade Initiative, who propose a blend of interventions: developmental assistance to leverage private capital, sustainability requirements for financial investments in specific commodities,

and overall sustainability targets for financial institutions (The Sustainable Trade Initiative, 2020).

The remaining documents which are part of the Commission's Impact Assessment are: the Executive Summary of the Staff Working Document on the Impact Assessment; Staff Working Document on the Impact Assessment; Synopsis report of stakeholder consultation as part of the impact assessment on demand-side measures to address deforestation; and Consultancy Report on Impact assessment on demand-side measures to address deforestation.

Though these publications all originate from the Commission, or consultants hired by the Commission, when simply observing the codes derived from the documents, they do appear somewhat repetitive and even conflicting at times. As large parts of the documents are summaries of the public consultation, stakeholder sessions, or similar input from others, this would be unavoidable. This makes it challenging to interpret which position the Commission itself has taken during this time. However, it remains insightful to see which opinions have been included in such summaries, and which have been omitted.

Impact of the financial sector discussed multiple times, for example in the overview of stakeholders:

> *"Financial institutions are knowingly or unknowingly involved in supply chains associated with deforestation or forest degradation.*
>
> *The involvement of financial institutions was supported by many stakeholders involved in the study consultations. Justifications for this include to stop financial institutions investing and lending to companies linked to deforestation and forest degradation and to encourage the investment in more sustainable agricultural practices. The European Parliament emphasized that "the same legal framework should apply to all financial institutions authorized to operate in the Union that are providing money to companies that harvest, extract, produce, process or trade forest and ecosystem-risk commodities and derived products', in relation to mandatory due diligence."*
>
> *(Bougas et al., 2021, p. 60)*

In the report, the authors clearly link the recognition of the sector's impact to the request to apply the same legal consequences to the financial sector.

That current commitment by the financial sector was deemed insufficient, was also discussed in multiple instances.

> *"The second failure is the lack of a level playing field for EU operators that want to source sustainable products. A recent report focusing on 500 relevant corporations and financial institutions concluded that 43% of them did not have in place any deforestation commitments."*
>
> *(European Commission, 2021a, p. 19)*

This lack of commitment from the sector is coupled to an argument of fairness, and the argument for binding legislation, through the reasoning that it would level the playing field for those actors who are already committed.

One of the measures that is presented as a possibility, which had not been discussed elaborately in previous publications, is that of an information requirement for the financial sector. From the documents in the Impact Assessment, it becomes clear that the Commission considered the option, but in review they concluded:

> *"Mandatory disclosure of information (including corporate non-financial reporting): Overall assessment: Negative. Likely not effective as a standalone measure, as whether its implementation will result in achieving the objectives is uncertain. Some elements of this measure may be included in the revision of the Non-Financial Reporting Directive."*
>
> *(European Commission, 2021b, p. 129)*

Interestingly, not just the options for measures are discussed during the Impact Assessment. The definition of deforestation-free is also deliberated in these documents; one version of which includes investments. The choice is depicted as one between the FAO definition or the AFi definition. What is not addressed as a potential (dis)advantage, is that the AFi definition of 'deforestation-free' includes investments:

> *"Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation"*
>
> *(Bougas et al., 2021, p. 278)*

From the assessment overall, no clear position on the matter of inclusion becomes wholly apparent. The suggestion to include the financial sector in legally binding legislation is only mentioned slightly more frequently (10 instances) than to employ institutional tools to engage the sector (7 instances). This becomes even more diffuse considering that often a blend of measures is proposed.

As described, it is challenging to establish which discourse was 'dominant' in the Impact Assessment. In their analysis of the public consultation, there was a selection of which

responses were represented prominently in their evaluation, as the campaign responses were filtered out and analyzed separately. Besides this filtered approach, the general aim of the Impact Assessment seems to have been to represent an array of positions, leading to the relatively diffuse set of discourses.

4.2.3. Phase 3: The Commission Proposal (2021)

In the proposed text by the Commission in November 2021, the financial sector is mentioned very sparingly. The text essentially declares that current and ongoing legislation is sufficient in covering the financial sector, making it unnecessary to include it in the EUDR. This reasoning has been shown in the previous segment on the policy context of the EUDR.

> *"The present initiative will not specifically target the financial sector and investments. Existing initiatives in the area of sustainable finance, such as the implementation of the EU Taxonomy Regulation and the future Corporate Sustainability Reporting Directive, CSRD (current Non-Financial Reporting Directive, NFRD) are well suited to address the deforestation impacts of the finance and investment sectors, thereby complementing and supporting this legislative initiative on deforestation."*
>
> *(European Commission, 2021c, p. 3)*

The Commission refers to other legislative bodies (in progress) to address the impact of the financial sector as a driver of deforestation. The implication that is made, is that the EU Taxonomy and the CSRD will be sufficient in addressing this issue. However, as the Commission explains, these bodies constitute to the following:

> *"The CSRD and taxonomy impose disclosure obligations also on non-financial undertakings: the CSRD foresees the publication of sectoral reporting standards by October 2023; under the EU Taxonomy Regulation, technical criteria have already been established under the delegated act for climate mitigation and adaptation for forestry, while the publication of criteria for agriculture has been delayed. Both economic activities can be covered under the delegated acts for the other four environmental objectives."*
>
> *(European Commission, 2021c, p. 3)*

Disclosure and transparency are the key points of the CSRD and EU Taxonomy, bodies that are referred to under the argument that including the financial sector in the EUDR would cause a double legislative burden. However, as the Impact Assessment concluded, an information requirement is "likely not effective as a standalone measure, as whether its implementation will

result in achieving the objectives is uncertain" (Bougas et al., 2021, p. 353). The use of this argument thus seems a deviation from the earlier dominant discourse.

4.2.4. Phase 4: Parliament Committee Opinions, National Opinions & Parliament Debates (2022-2023)

Between 2022 and 2023, the proposal was discussed in multiple institutional spheres. Here, these institutional avenues of discussion are presented separately.

In early 2022, the Commission received National Parliament Opinions in response to the 2021 proposal, from Sweden, the Czech Republic and Spain. From the national opinions received in response to the EUDR Proposal, only the response by the Czech Republic included an argument which was loosely related to the financial sector: they consider it essential that "the proposal does not significantly disrupt current trade relations and supply chains" (Senate of the Parliament of The Czech Republic, 2022, p. 2). This argument is neither unique nor does it specifically argue for the in- or exclusion of the financial sector. The national opinions do not engage in the discourse around this issue.

Later in 2022, Parliamentary Committee Opinions were published by the committees on Agriculture and Rural Development, International Trade, Development and Internal Market and Consumer Protection. The Committee on the Internal Market and Consumer Protection did not make any remarks or amendments related to the financial sector. The arguments made by the other committees are centered around barriers to trade, the financing gap and supply chain. These are arguments, which have been frequently used in the previous phases, seem to deviate little to not at all from previous statements by other actors. For example, the ever-present mention of the 'supply chain', in this amendment by the Committee on Agriculture and Rural development:

> *"The Commission should ensure a level playing field as well as a better common understanding of non-deforestation supply chains to increase supply chain transparency and minimize the risk of deforestation and forest degradation."*
>
> *(European Parliament Committee on Agriculture and Rural Development, 2022, p. 8)*

More insightful are the explicit pleas for inclusion of the financial sector, of which two were made in the form of amendments by the Committee on Development. One of such amendments was the following:

> *"This Regulation also lays down obligations for financial institutions operating in the Union that provide financial services to natural or legal*

> *persons whose economic activities consist, or are linked to, the production, supply, placing on or export from the Union market of relevant commodities and products."*
>
> *(European Parliament Committee on Development, 2022, p. 28)*

This committee also recommended institutional tools, such as pricing mechanisms to attract investments. The Committee on Agriculture and Rural Development recommended to include a segment on creating partnerships to attract investments. The discourse present in these documents gives little argumentative basis, as the committee's contributions consist predominantly of amendments to the legislative text.

In the parliamentary debate of September 2022, the matter of inclusion of the financial sector was elaborately discussed. These (translated) fragments from the debate show a strong desire to use the EUDR to regulate the financial sector:

> *"This also applies to banks that finance these practices. We are making it clear that the deforestation business model has no place on the EU market." Delara Burkhardt (S&D)*
>
> *"This is an essential first step, but I want to say to the right that refusing to force our banks to stop financing deforestation is turning a blind eye to the power of money to destroy the world." Marie Toussaint (Greens/EFA)*
>
> *"But we are not there yet. As long as our banks, insurers and pension funds continue to invest in the deforestation of the Amazon and other vulnerable forests, Europe will remain guilty of the destruction of our global natural heritage. Financial institutions must be subject to this law!" Anja Hazekamp (The Left)*
>
> *(European Parliament, 2022b, pp. 49-52)*

The political fractions in the Parliament that strongly plead for the inclusion of the financial sector are the Greens/EFA, The Left and S&D. Their reasoning relates to the impact of the sector and were followed by the recommendation of inclusion of the sector. There was one comment on the governmental level, regarding the coherency and soundness of the text, which came from the ECR fraction. What stands out from the debate notes, is how representatives from the EPP fraction do not share a position on the issue. Where Hildegard Bentele and Henna Virkkunen argue in favor of excluding the financial sector from the legislation, Benoît Lutgen stresses the impact of the sector and argues for legally binding inclusion. Noteworthy is how the discussion was finalized by Virginijus Sinkevičius, the representative member of the Commission. His reply to the pleas to include the financial sector was, that due to the ongoing

development of other legislation, the inclusion of the financial sector in the EUDR would potentially create a double legislative burden.

This argument seems to have been impactful, as in the debate of April 2023, the issue was addressed only twice. Two of the aforementioned speakers argued for the inclusion of the financial sector in the legislation: Marie Toussaint (Greens/EFA) and Delara Burkhardt (S&D).

The debates were followed by a press release in September 2023, in which it was mentioned that "Parliament also wants financial institutions to be subject to additional requirements to ensure that their activities do not contribute to deforestation" (European Parliament, 2022a, p. 1)

During the debates, for the first time two clearly opposing sides can be distinguished in the discourse around the financial sector. S&D, the Greens/EFA and The Left agreed on the impact of the financial sector and the importance of legally binding inclusion. The opposing opinions came from the EPP group, which interestingly was not united – one EPP group member did plead for the inclusion of the financial sector in legislation. Sinkevičius was one of the other actors who argued for the exclusion of the financial sector, though on a different argumentative basis: that of a double legislative burden. The opposing coalition remained silent during the second debate, the coalition in favor of inclusion was less vocal in comparison to the previous debate but still active.

4.2.5: Phase 5: The Legislative Resolution (2023)

In 2023, the Parliament adopted the Legislation Resolution on the EUDR. The text includes few mentions of the financial sector. In the introductory text, it acknowledges that:

> *This Regulation should also respond to the Glasgow Leaders' Declaration on Forests and Land Use issued at the November 2021 UN Climate Change Conference, which recognizes that 'to meet our land use, climate, biodiversity and Sustainable Development Goals, both globally and nationally, will require transformative further action in the interconnected areas of […] trade, finance and investment; and support for smallholders, indigenous peoples, and local communities'.*
>
> *(The European Parliament & The Council of the European Union, 2023, p. 209)*

The text thus acknowledges that the current level of commitment has resulted in a financing gap regarding funding the realization of the SDGs. This is one of the two mentions of finance in the text. The second mention is in article 34:

> *4. The impact assessment referred to in paragraph 2 shall also evaluate the role of financial institutions in preventing financial flows that contribute directly or indirectly to deforestation and forest degradation and assess the need to provide for any specific obligations for financial institutions in Union legal acts in that regard, taking into account any relevant existing horizontal and sectoral legislation.*
>
> *(The European Parliament & The Council of the European Union, 2023, p. 240)*

Here, there is acknowledgement of the fact that in the current version of the legislative text, the financial sector is not included. It also acknowledges that the impact of the sector should be part of a review of the legislation, and its inclusion might be considered for a later revision.

4.3 Influence of Discourse Coalitions

In this segment, the previous findings are combined to find patterns and shifts in positions. Such findings would form an answer to sub-question 3: *How influential were the discourse coalitions in each of the stages of development of the EU Deforestation Regulation?* The aim is to connect shifting positions of actors to adjustments in proposals and/or policy documents. Of interest are the concepts structuration and institutionalization as coined by Hajer: *discourse structuration* to signal the dominance of a discourse within a given social unit, and *discourse institutionalization* to signal that it has been solidified in institutional arrangements (Hajer, 1993, 2006). In the context of the discussion and development of the EUDR, this means that it is of interest when discourse structuration, especially changing discourse structuration, leads to discourse institutionalization, in the legislative proposal and adopted texts.

From 2013 to 2019, we observe the position of the European Commission in what is here taken as the starting phase. This can be described as acknowledging the impact of capital investments and the consideration of using a blend of measures with the intent to close the financing gap. In 2020, we observe what can be seen as the starting position of the European Parliament. This is characterized by their critical opinion on the current level of commitment from the sector, and by their conceptualization of 'supply chain' to include the financial sector.

The 2020 Impact Assessment by the European Commission, including the Public Consultation, are then the first instances where we can observe input from an array of actors, and the Commissions response to it. Within the consultation, the emergence of (argumentative) discourse coalitions can be observed. The strongest coalition that arose, was that of the NGO-lead campaign. However, as this resulted in the obvious repetition of a predetermined narrative, it was filtered out by the Commission's research team (Bougas et al., 2021). Even though it was

not wholly dismissed, to evaluate it separately instead of in proportion to the other responses did manually shift the influence of the coalition. Simultaneously, one can argue (in line with the EU guidelines) that the dominance of that discourse would also have been artificial, as it was caused by a campaign. When looking for Hajer's conceptualization of *discourse structuration,* we can observe that recognizable dominance was hindered by the decision to filter these responses from actors in the coalition.

Within the Consultation input, the argumentative discourse coalitions which formed, had recognizable similarities regarding the type of actors who engaged in certain arguments. The arguments regarding the supply chain, and the importance of the entire value/supply chain being targeted by the legislation, were predominantly made by NGOs. Arguments centering the impact of the financial sector were made by a broader scope of actors, namely from NGOs, researchers and consultancies. These arguments were seen to be used to legitimize and plead for the inclusion of the financial sector in the legislation. Those opposing, pleading for the exclusion of the financial sector, barely engaged in argumentative discourse. The arguments used which loosely connect to the issue, were centered around trade, and suggested that current efforts and legislation were already sufficient. Such arguments were almost exclusively made by industry federations/representatives and large manufacturers.

A shift in the Commission's output can also first be observed in their publications in the Impact Assessment phase, as the preference for the FAO definition of deforestation-free is expressed. This is a deviation from the earlier positions by the Commission and Parliament, where the financial sector was considered to be part of the supply chain, or at least within the methodological system boundaries.

This movement away from inclusion of the sector is then continued by the Commission, as became visible in the 2021 Proposal. In the Proposal, discourse around the financial sector is limited to the mention of other legislation in development, which is suggested to be sufficient.

Following the proposal, in 2022, the responses by the National Parliaments barely engaged in the discourse around inclusion of the financial sector. The narrative remained related to trade. In that sense, their input can hardly be described as a coalition or as part of the structuration of discourse. Another interpretation may be that their lack questioning or addressing of the exclusion of the financial sector, also shows a position. In their acceptance of that aspect of the proposal, they might have contributed to the structuration of a discourse of exclusion.

From the responses and amendments by the European Parliamentary Committees, most did not engage with the discourse regarding the financial sector at all. The Committee of Development made an amendment which would include the financial sector in the legislation, but did not engage in any argumentative discourse. The amendment was not adopted, so did not reach *institutionalization*. However, in the Parliamentary debate in 2022, the issue of the financial sector was elaborately discussed. It could thus have been, that the amendment did build towards the structuration of the inclusion discourse.

In the first Parliamentary Debate wherein the EUDR proposal was discussed, two opposing coalitions were recognized. The coalition pleading for the inclusion of the financial sector, drew from the argumentative discourse around the impact of the sector. The actors voicing these points came from socialist, left and green political groups in the Parliament. The coalition explicitly pleading for the exclusion of the financial sector, was made up from actors from the EPP political group. They did not engage with the argumentative discourse which arose in the previous phases, but the expression of their aim can be seen as building towards further structuration of the exclusion discourse.

The most impactful argument during this debate seems to have been that of the double legislative burden; this arose in a response by Sinkevičius, during the first debate. Which, during the second debate, in 2023, can be seen to almost completely have stumped any further pleading for the inclusion of the sector. Interesting there is that the discourse of exclusion, which came primarily from the EPP political group, fell silent during this last debate. It seems to be the case that those who want the sector to be and remain excluded, stick to a primary strategy of not mentioning the topic rather than making a case for their position. During the 2023 debate specifically, the legislative text as proposed already did exclude the financial sector; meaning that the exclusion discourse was on the verge of being *institutionalized*. For this coalition, maintaining the status quo meant that their objective would be obtained, possibly the reasoning behind remaining silent on the topic. The discourse which did remain, was by the Left and Green political groups. They remained pleading for the inclusion of the financial sector in a manner which is legally binding, but the 'volume' of the narrative was visibly diminished.

Consequently, the dominant discourse around the double legislative burden became institutionalized, as it was used as the legitimization of excluding the financial sector in the adopted texts.

Taking the structuration/institutionalization perspective once more, there are three arguments which can be observed to be recurring, and wherein a dominant discourse eventually arose. The first, is the argument of the impact of the financial sector as an argument for its inclusion. This argument arose in the 2019 Commission Communication but gained traction especially in the 2020 Public Consultation, where it was one of the most used arguments. However, after this phase, attention dwindled, and structuration did not lead to institutionalization. The second argumentative discourse which can be recognized centered the matter of whether the financial sector was to become part of the definition of the supply/value chain. This argument arose very early, with the Parliament taking a very clear stance on its inclusion in 2020. This argument was repeated by the NGO coalition during the public consultation, but after 2020 the commission developed a preference for the FAO definition of deforestation-free, which excludes the financial sector from the definition of the supply chain. The eventually adopted text and definitions are based on the FAO definition, meaning that this argument too, had a moment of structuration but did not reach institutionalization. And interestingly, the argument ended up being institutionalized was that of the double legislative burden. This argument lacked a recognizable coalition, but with it was uttered, the discourse around inclusion of the financial sector in the EUDR was nearly completely silenced. The argument thus did not have a visible, recognizable phase of structuration, but did reach institutionalization as its reasoning was included in the adopted legislative text.

5. Conclusion and Discussion

5.1. Conclusion

The insights gathered from the applied analysis are presented in this concluding chapter. While the influence of specific discourse coalitions has not been fully crystalized, certain phenomena and key insights which (partially) answer the research questions are presented. The findings and the new questions they raise, are presented here, contextualized with related work on the topics.

The overarching phenomenon which became visible through the analysis, was the presence of discourse pleading for the inclusion of the financial sector, and the in comparison lacking discourse pleading for exclusion. Most actors who voiced an opinion about the financial sector, are in favor of some form of legislation or at least some measure engaging the sector. It seems that those in opposition (or possibly without an interest in the issue) simply do not address it – skewing the arguments to the side arguing *for* the inclusion. This tendency makes it harder to distinguish networks of actors engaging in coalition building, as there is one 'audible' coalition whose opposition remains relatively 'silent'. Actors voicing their opposition were present in the parliamentary debates, but did not argumentatively connect to ongoing or established discourse.

This finding might provide an interesting contribution to the body of work regarding the strategic choices made by different kinds of interest groups in climate change policy development. It has been theorized that mainly groups with corporative interests focus on influencing bureaucracy, targeting administration; whereas public interest groups rely on publicly visible strategies, for example trying to gain media attention (Binderkrantz, 2008). The most distinguishing characteristic between these kinds of advocacy is thus the level of visibility, since 'insider tactics' are often not open to the public (Wagner et al., 2023). More specifically, such nonpublic insider strategies are described as influencing policy through direct lobbying, or participating in formal policy making such as hearings (Vesa et al., 2020). Vesa et al. present the argument that a preference for nonpublic advocacy is especially present when corporatist interests contradict public interests and the public opinion (Vesa et al., 2020). The threat of public backlash may encourage corporatist interest groups not to publicly oppos ambitious climate policies; especially when there are clear signs that citizens perceive climate change as a threat (Vesa et al., 2020). This strategic insider advocacy is what they have called the 'quiet opposition'.

In this analysis, the opposition of inclusion can certainly be described as 'quiet', and in that sense the findings fit with existing theories on lobbying coalitions. However, what is interesting is that the literature points towards especially 'corporatist' lobby initiatives interacting with Parliament. Since these institutional venues were exactly where the study was focused, it is striking that such a coalition was not found in the data. As the theoretical framework upon which the study was built would suggest that for the argument to reach institutionalization, we would expect this to be preceded by a phase of coalition building and discourse structurization. This leaves the question: where did the coalition building from the exclusion lobby take place?

Regarding the insights from the data, the discourse structurization which was recognized was also limited. The most recognizable recurring argumentative discourse centered the use of the concept 'supply chain'. This argument became connected to the discussion of which definition of deforestation-free would be used in the legislation: one of the proposed definitions included the financial sector as part of the supply chain in its conceptualization. Within the discourse, the definition of 'supply chain' remained contested and undefined. With the use of this concept, the difference between value chain and supply chain is also never made explicit, and by some actors the words were used interchangeably. Positions on whether the supply chain includes the financial sector, or not, vary and are not consistently made explicit. It seems the European Commission has in time shifted between these positions and uses a blend of methodologies; a blend of methodologies which do and do not include the financial sector. The adopted legislative text includes an elaborate list of concepts with agreed upon definitions, but supply chain remains undefined therein. The lack of such an agreed upon definition in the adopted legislative text left room for a shifting position regarding its meaning – making it possible for the financial sector to be left out without explicitly giving arguments for it.

The aim of the third sub-question was to connect shifting positions of actors to adjustments in proposals and/or policy documents. While such connections did not become apparent from the analysis, it is nonetheless insightful to observe when the biggest shifts in the discourse and policy documents occurred. The largest shift concerning the inclusion of the financial sector that was observed, was in the period between 2022 and 2023. In 2022 the discourse coalition for the inclusion of the sector seemed to peak, especially originating from strong pleas in the parliamentary debate. The presence of this coalition had significantly decreased by the 2023 parliamentary debate, and with the available data it seems to have been curbed by the rapporteur's dismissal of the pleas in the 2022 debate. This dismissal was based on the argument

of double legislative burden. The rapporteur was not part of any discourse coalition which was recognized in the analysis. The argument made during the debate was almost instantly institutionalized, without going through a phase of structurization as described in the theoretical framework. This development contributes to the surmise regarding a 'quiet opposition'. Besides, on a content level the argument itself referred to developments outside of the scope of the analysis, making its interpretation more difficult. While we can thus conclude that the argument of double legislative burden seems to have been pivotal in the policy shift, this observation does not lead to an insight that can give a satisfactory answer to the sub-question.

While the seemingly very impactful statement by the rapporteur can be a signal of the quiet opposition, this phenomenon could also be related to the topic of incumbency[1]. Incumbency was signaled by Lowes et al. (2020) as an important issue to consider when applying critical discourse analysis. Their study paid specific attention to ways in which power can affect transitions as the policy process may be a crucial venue of power struggle (Lowes et al., 2020). On the matter of incumbency, they remark that it is recognized as "an issue which can slow or inhibit change", despite lacking evidence of the actual impact of the power of actors (Lowes et al., 2020, p. 4). The holding of the rapporteur's position, the power that comes with it, and its influence on the policy process are aspects that make the incumbency issue addressed by the authors, potentially relevant.

Another factor contributing to the lack of a clear answer to this third sub-question, is how there were very few clear position changes of actors and coalitions found through the analysis. The most recognizable position changes were by actors within the EU governance structure and often were most clearly seen in policy shifts. This made the initial idea of connecting coalition shifts to policy shifts, unsuccessful. The overarching conclusion which follows, is that discourse coalition analysis as a theoretical framework may not have been the most insightful framework to approach the research question. While it did offer insights into which arguments were recurring, the research design did not lead to a satisfactory answer to the research question, namely whether these arguments have been influential. The questions which remain are whether a different research design, including other sources and actors, would have shown stronger coalition forming (and their respective influence). Perhaps other factors, such as other parallel

[1] The holding of an office or the period during which one is held.

legislative developments, would have offered more explanatory value: this conception is especially caused by the impact of the discursive argument of double legislative burden.

5.2. Discussion

It became apparent that the recurring argument that was used to exclude the financial sector from the EUDR, was that of the other ongoing legislative efforts. A full review of those proposals was outside of the scope of this research. The developments leave the impression that an analysis with a different scope and/or a different theoretical framework could have been more insightful. The actors within the scope of this study, shifted the focus to developments outside of the scope. An alternative theoretical framework which was considered in the early phases of this study, was Policy Arrangement Approach (PAA). This approach considers not only discourses and actors, but resources and rules as well (Liefferink, 2006). As a result, an analysis of policy arrangement using this approach includes the distribution of power and influence, and political interaction. This approach thus might offer insights into current gaps of findings from the study. PAA would have offered the chance to consider that even though actors might form coalitions, which might gain dominance; there is always a formal power aspect at play. For instance, the strong NGO coalition which formed during the 2020 Public Consultation, that did not gain power due to the Commission guidelines. Or Sinkevicius' argument seemingly being very influential, possibly related to the issue of incumbency: he had a formal responsibility in the development of the legislation. The formal distribution of power seems to answer for some of the surprising developments, but as it was not distinctively analyzed in this study, no robust insights into the matter can be offered here. Especially because there is literature that presupposes that there should be structurization before institutionalization, and other literature which suggests there may have been a 'quiet opposition', it would be imprudent to draw absolute conclusions from these findings. Argumentative Discourse Analysis can be helpful in showing who is listened to, and which arguments they used – but here, the question remains if the arguments actors used were the reason they were listened to.

Aside from the theoretical approach for the study, the practical choices in research design have influenced the outcomes of the study too. The documents which were selected as part of the analysis were primarily selected based on their availability. This resulted in documents which rarely represented the positions of the same actors throughout the timeline, taking away from the process, longitudinal, aspect of the analysis. The documents were sourced from official

European Union databases, which confirmed the legitimacy but limited the venues of the discourses which were analyzed. The selected documents offered some insights into the development, but for further research a wider scope of source selection would be recommended, in combination with a theoretical framework which includes aspects of formal power. Such a research design would hopefully offer clearer insights into the venues of coalition formation, and the influence which can be attributed to those coalitions. From a critical and emancipatory point of view, this would serve not only the scientific interest but also the public interest, making visible the political processes behind the sustainable policy development.

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Annex 1: EU Publications Consulted

In chronological order:

2013: Final Report European Union Research The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation

18-12-2018: Roadmap to Commission Communication on Deforestation and Forest Degradation – Stepping up EU Action

23-07-2019: Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions: Stepping Up Eu Action To Protect And Restore The World's Forests.

23-7-2019: Commission Staff Working Document, Accompanying the document: Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions: Stepping Up Eu Action To Protect And Restore The World's Forests.

23-07-2019: European Commission Factsheet Protecting and restoring the world's forests: stepping up EU action to halt deforestation and forest degradation.

23-07-2019: European Commission Questions and Answers - Communication on forests

09-2020: European Parliamentary Research Service: An EU legal framework to halt and reverse EU-driven global deforestation

22-10-2020: European Parliament resolution of 22 October 2020 with recommendations to the Commission on an EU legal framework to halt and reverse EU-driven global deforestation (2020/2006(INL))

30-03-2021: Contributions and attachments of Consultation Deforestation Impact Assessment

14-07-2021: European Commission, Commission Staff Working Document Impact Assessment Report Accompanying the document Proposal for a Regulation of the European Parliament and the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review

13-09-2021: European Commission (DG Environment) Impact assessment on demand-side measures to address deforestation, Synopsis report covering all stakeholder consultation activities undertaken as part of the impact assessment of demand-side measures to address deforestation and forest degradation (final version)

17-11-2021: European Commission, Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010, COM(2021) 706 final 2021/0366 (COD)

17-11-2021: ANNEXES to the Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of

certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 [parts 1-2]

17-11-2021: Commission Staff Working Document Impact Assessment minimizing the risk of deforestation and forest degradation associated with products placed on the EU market Accompanying the document Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 [parts 1-2]

17-11-2021: Commission Staff Working Document Executive Summary Of The Impact Assessment Report minimizing the risk of deforestation and forest degradation associated with products placed on the EU market Accompanying the document Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

17-11-2021: Commission Staff Working Document Fitness Check on Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (the EU Timber Regulation) and on Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community (FLEGT Regulation) Accompanying the document Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

17-11-2021: Commission Staff Working Document Executive Summary Of The Fitness Check on Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (the EU Timber Regulation) and on Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community (FLEGT Regulation) Accompanying the document Proposal for a Regulation Of The European Parliament And Of The Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

17-11-2021: European Commission - Press release European Green Deal: Commission adopts new proposals to stop deforestation, innovate sustainable waste management and make soils healthy for people, nature and climate

26-11-2021: European Commission (DG Environment) Service contract on EU policy on forest products and deforestation Impact assessment on demand- side measures to address deforestation, Final report

17-05-2022: Opinion of the Committee on International Trade for the Committee on the Environment, Public Health and Food Safety on the proposal for a regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

16-06-2022: Opinion of the Committee on Agriculture and Rural Development for the Committee on the Environment, Public Health and Food Safety on the proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

24-06-2022: Council of the European Union Draft Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 – General approach

28-06-2022: Opinion of the Committee on Development for the Committee on the Environment, Public Health and Food Safety on the proposal for a regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

06-07-2022: Opinion of the Committee on the Internal Market and Consumer Protection for the Committee on the Environment, Public Health and Food Safety on the proposal for a regulation of the European Parliament and of the Council Making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

09-2022: European Parliament BRIEFING EU Legislation in Progress European Parliamentary Research Service

06-12-2022: Council of the EU Press Release Council and Parliament strike provisional deal to cut down deforestation worldwide 1049/22

16-12-2022: Official Journal of the European Union L322 Volume 65 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

21-12-2022: General Secretariat of the Council Outcome Of Proceedings Proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 - Letter to the Chair of the European Parliament Committee on the Environment, Public Health and Food Safety (ENVI)

11-04-2023: European Parliament Briefing EU Legislation in Progress European Parliamentary Research Service

09-06-2023: Regulation (EU) 2023/1115 Of The European Parliament And Of The Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Text with EEA relevance)

N.D. Legislative Observatory European Parliament 2021/0366(COD) COD Full Procedure File - Ordinary legislative procedure (ex-codecision procedure) Regulation Deforestation Regulation Repealing Regulation 2010/995 2008/0198(COD) Amended by 2024/0249(COD)

Annex 2: Code Frequencies

Table 2: Code Frequencies 2013 Report Analysis of Impact

Code	Frequency
Financial advantage driving deforestation	1
Impact financial sector	1
Institutional drivers of deforestation	1
Investment considered consumption	1
Supply chain	1
Trade streams tracking deforestation	3

Table 3: Code Frequencies 2019 Commission Stepping Up

Code	Frequency
Current legislation: insufficient	4
Current legislation: sufficient	1
Current level of commitment: insufficient	1
Divestment	1
Financing gap	4
Impact financial sector	2
Supply chain	1

Table 4: Recommendation Frequencies 2019 Commission Stepping Up

Code	Frequency
Recommendation: institutional tools for inclusion financial sector	2
Recommendation: legally binding inclusion financial sector	2
Recommendation: legally non-binding inclusion of financial sector	3

Recommendation: partnership for investment	1

Table 5: Code Frequencies 2020 Parliament publications

Code	**Frequency**
Current legislation: insufficient	1
Current level of commitment: insufficient	1
Financing gap	3
Green procurement	2
Supply chain	4

Table 6: Recommendation Frequencies 2020 Parliament publications

Code	**Frequency**
Recommendation: institutional tools for inclusion financial sector	2
Recommendation: legally binding inclusion financial sector	6

Table 7: Code Frequencies 2020 Public Consultation

Code	**Authors**	**Frequency**
Barriers to trade	United States Government National Federation of Oil Palm Growers of Colombia (Industry federation) European Palm Oil Association (Industry federation)	4
Current legislation: Insufficient	Frances Seymour and Nancy L. Harris (Researchers) Climate Focus (Climate consultancy)	2
Current legislation: Sufficient	FoodDrinkEurope (Industry federation)	3

	Peter Graham, Jos Cozijnsen (Climate consultancy) Brazilian Tree Industry (Industry federation)	
Current level of commitment: Insufficient	The Bureau of Investigative Journalism (Journalist) Conservation International (NGO)	2
Current level of commitment: Sufficient	European Tyre & Rubber Manufacturer's Association (Industry federation) Tetra Pack (Packaging manufacturer) Brazilian Tree Industry (Industry federation) IMACE, European Margarine Association (Industry federation) European Palm Oil Association (Industry federation)	5
Current level of commitment: Undetermined	Climate Chance (Climate Association) The Food and Agriculture Organization (Industry federation)	3
Fairness	Conservation International (NGO) PepsiCo (Food and drinks manufacturer) United States Government National Federation of Oil Palm Growers of Colombia (Industry federation)	4
Financing gap	European Tyre & Rubber Manufacturer's Association (Industry federation) Sustainable Trade Initiative Wildlife Conservation Society	9

	The Rights and Resources Initiative Brazil Government PlanBe Foundation (Climate consultancy)	
Impact financial sector	Climate Chance Environmental Justice Foundation Conservation International The Bureau of Investigative Journalism (Journalist) ClientEarth (NGO/charity) Forest Peoples Programme (NGO/charity) Global Witness (NGO) Accountability Framework (NGO coalition) The Food and Agriculture Organization (Industry federation) The Rights and Resources Initiative	13
Policy gap	Conservation International Trase (NGO coalition)	3
Supply chain	Fern (NGO) Trase (NGO coalition) ClientEarth (NGO/charity) Forest Peoples Programme (NGO/charity) Global Witness (NGO) Conservation International World Resources Institute	10

	IMACE, European Margarine Association (Industry federation) France Nature Environnement (NGO coalition)	

Table 8: Recommendation frequencies 2020 Public Consultation

Code	**Authors**	**Frequency**
Recommendation: institutional tools for inclusion financial sector	E.F. Lambin et al. (Researchers) European Tyre & Rubber Manufacturer's Association (Industry federation) Sustainable Trade Initiative United States Government The National Federation of Oil Palm Growers of Colombia World Resources Institute The Rights and Resources Initiative	8
Recommendation: legally binding inclusion financial sector	Environmental Justice Foundation Trase (NGO coalition) ClientEarth (NGO/charity) Sustainable Trade Initiative Forest Peoples Programme (NGO/charity) Global Witness (NGO) The Food and Agriculture Organization (Industry federation) World Resources Institute	11

Recommendation: legally non-binding inclusion of financial sector	PepsiCo (Food and drinks manufacturer) United States Government European Palm Oil Association (Industry federation)	3

Table 9: Code Frequencies 2020 Commission Impact Assessment

Code	**Frequency**
Barriers to trade	1
Current legislation: insufficient	5
Current legislation: sufficient	3
Current level of commitment: insufficient	4
Current level of commitment: undecided	1
Definition including investment	2
Divestment	1
Double legislation	1
Fairness	1
Financing gap	4
Impact financial sector	9
Information requirement	6
Policy gap	3
Supply chain	1
Trade streams tracking deforestation	2

Table 10: Recommendation frequencies 2020 Commission Impact Assessment

Code	**Frequency**

Recommendation: institutional tools for inclusion financial sector	7
Recommendation: legally binding inclusion financial sector	10

Table 11: Code Frequencies 2021 Commission Proposal

Code	**Frequency**
Current legislation: sufficient	2
Exclusion of financial sector	1

Table 12: Code Frequencies 2022 National Parliament Opinions

Code	**Authors**	**Frequency**
Barriers to trade	Czech Republic	1

Table 13: Code Frequencies 2022 Parliament Committee Publications

Code	**Authors**	**Frequency**
Barriers to trade	Committee on Agriculture and Rural Development Committee on International Trade	3
Financing gap	Committee on Development	1
Supply chain	Committee on Agriculture and Rural Development Committee on Development	4

Table 14: Recommendation Frequencies 2022 Parliament Committee Publications

Code	**Authors**	**Frequency**
Recommendation: institutional tools for inclusion financial sector	Committee on Development	2

Recommendation: legally binding inclusion financial sector	Committee on Development	2
Recommendation: partnership for investment	Committee on Agriculture and Rural Development	1

Table 15: Code Frequencies 2022 Parliament debate

Code	**Authors**	**Frequency**
Current legislation: sufficient	Virginijus Sinkevičius, Member of the Commission	2
Double legislation	Virginijus Sinkevičius, Member of the Commission	1
Exclusion financial sector	Hildegard Bentele (EPP) Henna Virkkunen (EPP)	2
Financing gap	Norbert Lins (Committee on Agriculture)	1
Impact financial sector	Marie Toussaint (Greens/EFA) Anja Hazekamp (The Left) Benoît Lutgen (EPP)	3
Policy gap	Anna Zalewska (ECR)	1

Table 16: Recommendation Frequencies 2022 Parliament debate

Code	**Authors**	**Frequency**
Recommendation: legally binding inclusion financial sector	Delara Burkhardt (S&D) Marie Toussaint (Greens/EFA) Anja Hazekamp (The Left) Benoît Lutgen (EPP)	4

Table 17: Code Frequencies 2023 Parliament debate

Code	Authors	Frequency
Policy gap	Delara Burkhardt (S&D)	1

Table 18: Recommendation Frequencies 2023 Parliament debate

Code	Authors	Frequency
Recommendation: legally binding inclusion financial sector	Marie Toussaint (Greens/EFA) Delara Burkhardt (S&D)	2

Table 19: Code Frequencies 2023 Legislative text

Code	Frequency
Current level of commitment: insufficient	1
Impact financial sector	1
Possibility of later inclusion	1