

Assembly Bill 416

California Deforestation-Free Procurement Act

Assembly Member Ash Kalra

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SUMMARY

Tropical deforestation and primary forest degradation are responsible for a significant portion of global greenhouse gas (GHG) emissions that cause climate change, as well as wide-ranging impacts on biodiversity and human rights. As a large public purchaser, California can use its purchasing power to influence global supply chains towards reducing tropical deforestation while helping to drive more sustainable practices, as part of the state's broad commitment to leadership in the fight against climate change.

AB 416 would require state procurement contracts comprised of forest-risk commodities, entered or renewed on or after January 1, 2023, to certify that their operations and their supply chains are not contributing to tropical deforestation and have in place a No Deforestation, No Peat, No Exploitation (NDPE) policy.

By adopting and implementing NDPE policies, all contractors doing business with the State of California would, at a minimum, ensure their commodity supply chains adhere to High Conservation Values; have a progressive reduction of emissions; respect Indigenous Peoples' rights; protect biodiversity; and prevent poaching of at-risk species in all operations.

BACKGROUND

Tropical forests cover roughly seven percent of the Earth's surface, but harbor close to 50 percent of all species on Earth; an estimated 18 million acres of forest, an area one-fifth the size of California, is lost every year due to human activities. Tropical deforestation is the third leading driver of global CO₂ emissions.ⁱ

The main driver of deforestation is industrial-scale production of "forest-risk commodities," including palm oil, soy, cattle, rubber, paper/pulp and timber, among other commodities. Products containing these commodities are widely consumed—making virtually all consumers inadvertent contributors to the destruction of tropical forests.

Tropical deforestation in many countries is closely associated with violations of land rights of Indigenous People and connected to the exploitation of workers, forced labor, child labor, violence against land defenders, and illegal wildlife trafficking.

Many animal and plant species are lost to or on the edge of extinction due to tropical deforestation and forest degradation. Biologists believe if these trends are allowed to continue there will be a major mass extinction in tropical forests and the biodiverse ecosystem they hold,ⁱⁱ and the disappearance of numerous species in these regions. In some tropical areas deforestation has cut orangutan populations by more than half over the last 15 years.ⁱⁱⁱ

California is the fifth-largest economy in the world and its purchasing power has significant market force. An outspoken leader in addressing the climate crisis, California plans to reduce the state's GHG emissions to 40 percent below 1990 levels by 2030. Additionally, the New York Declaration on Forests, to which California is a signatory, has set a goal to end deforestation by 2030.^{iv}

Hundreds of consumer brands, commodity traders, and national and subnational governments have shown support for ending deforestation and primary forest degradation, and have adopted NDPE policies committing them to zero deforestation in their supply chains. The financial sector has also shown increased scrutiny of companies' forest impacts. In October 2020, 67 percent of Procter & Gamble's

shareholders, including BlackRock and State Street, voted in favor of a resolution calling on the company to report on how and whether it can eliminate deforestation and primary forest degradation from its supply chains. Since 2016, nation-states, notably Norway and France, have also adopted deforestation-free procurement approaches.

SOLUTION

The California Deforestation-Free Procurement Act will complement global efforts to curb deforestation and its attendant contribution to climate change by ensuring that entities contracting with the State of California do not contribute to tropical forest loss directly or through their supply chains.

Specifically, AB 416 requires state procurement contracts entered or renewed by January 1, 2023, that includes wholly or in part a forest-risk commodity to certify that the product has not contributed to tropical deforestation. AB 416 would also require those state contractors dealing with forest-risk commodities to have in place an NDPE policy.

In order to promote guidance and best practices, AB 416 requires the Department of General Services to develop a Deforestation-Free Code of Conduct by July 1, 2022, that includes a list of forest-risk commodities and guidance for contractors in order to identify forest-risk commodities in their supply chain.

Failing to comply with the state's no-deforestation procurement policy shall be grounds for ending a state contract and contractors may be subject to monetary penalties proportional to the size of the contract.

AB 416 extends California's environmental leadership to the protection of tropical forests and sends a crucial signal to global markets that illegal and destructive commodity-driven deforestation and primary forest degradation will not be tolerated.

SPONSORS

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CONTACT

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ⁱ Fritts, Rachel. (2018, October 19). *Tropical Deforestation is the Third-Biggest Carbon Emitter in the World.*

<https://psmag.com/environment/tropical-deforestation-leads-to-more-carbon-emissions>

ⁱⁱ Alroy, J, *Effects of habitat disturbance on tropical forest biodiversity*, PNAS June 6, 2017 114 (23) 6056-6061

ⁱⁱⁱ <https://www.worldwildlife.org/species/orangutan>

^{iv} New York Declaration on Forests, Subnational Governments
http://www.undp.org/content/dam/undp/library/Environment%20and%20Energy/Forests/New%20York%20Declaration%20on%20Forests_DAA.pdf