

Forests & Climate: The Impact of Forests and Forestry on the EU Climate and Energy Policy

SUMMARY REPORT

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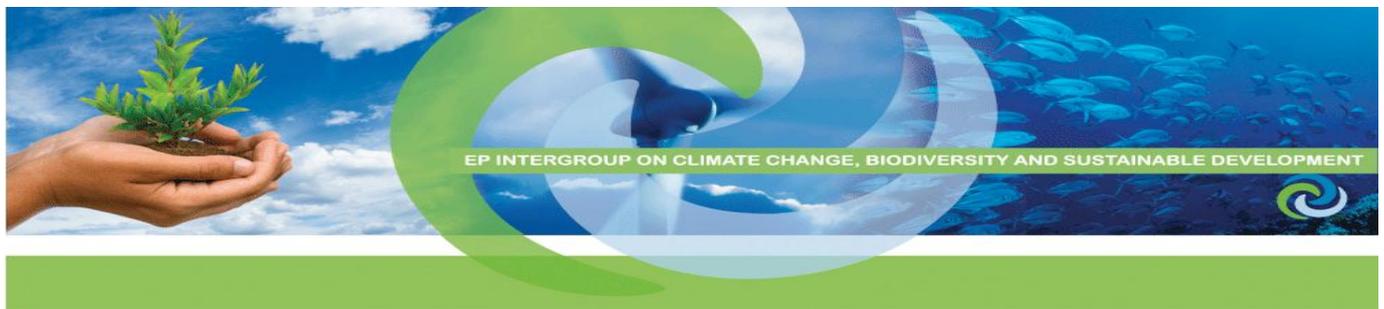
European Parliament, Brussels

Policy-makers, experts, foresters, and civil society gathered in the European Parliament to illustrate and discuss the contribution that the forest sector can provide to climate change mitigation, and how this can be effectively implemented at the European level.

Elisabeth Köstinger MEP and chair of the “Sustainable Forest Management” working group of the EP Intergroup on “Climate Change, Biodiversity, and Sustainable Development” welcomed participants by highlighting the importance of implementing active sustainable forest management. It was said that when discussing the legislative proposals on land use, land use change, and forestry (LULUCF) and the Effort Sharing Regulation (ESR) it is important to keep in mind the role that forests have in combating climate change mitigation. Further, it was said that focus should not only be on afforestation but also recognising and promoting the contribution of active forest management and wood products as carbon sinks.

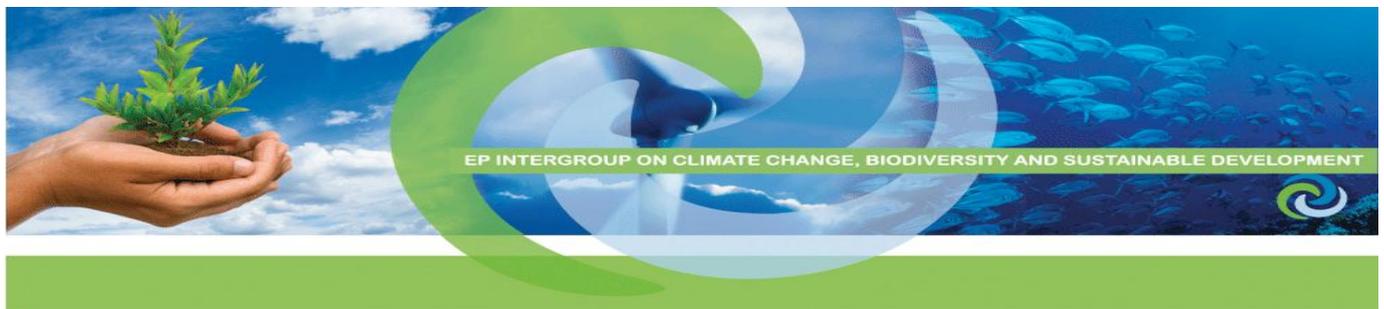
Artur Runge-Metzger, Director for “Climate Strategy, Governance and Emissions from non-trading sectors”, DG Climate Action, European Commission outlined that the Commission is fully committed to the Paris Agreement and the long-term goal of achieving a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century. Mr Runge-Metzger said that in the past the world took a cautious approach on including LULUCF into climate policies due to knowledge gaps but has in the last five years been integrated into EU climate and energy policy also stressing that it must evolve beyond 2030. The Commission further outlined some of the most often heard arguments against its proposal, highlighting the thinking beyond the choices made in the proposal.

Some stakeholders have expressed concerns that, in the Commission proposal, there are not sufficient incentives to increase mitigation action for forestry. In response to this it was underlined that accounting rules identify emissions and removals which are the result of human activity, thereby incentivising additional action to mitigate climate change. He also mentioned that the substitution of fossil-based materials will provide benefits to the forest industry by increasing the demand for wood. However uncertainties associated with emission reductions from forests are still high. It was outlined that the proposal limits the use of forests credits towards compliance and excludes forest credits from flexibility with ESR. It was stressed that once experience has progressed and reference levels for the period 2021 to 2030 have been set under a more comparable and transparent EU governance approach, the question of including such credits can be revisited. A second argument against the proposal addressed by Mr Runge-Metzger is the idea that forest reference levels



(FRLs) should include policies. In this regard the example of emissions related to bioenergy was highlighted, as they are zero-rated in the energy sector and accounted within LULUCF as a decrease in carbon stock compared to the reference. It was said that if bioenergy policies were incorporated in the FRLs, associated emissions would disappear from EU accounting and this would invalidate the zero-rating of biomass in the energy sector. A third criticism addressed was the interference of the proposal into national competence for forest policies. Mr Runge-Metzger explained that FRLs are established at a national level based on age-class structure of forests, national forest characteristics, and sustainable management characteristics. The Commission may in the case where a non-standardised methodology is applied re-compute them to ensure comparability with other Member States and correct accounting of the sink in forests. Any re-computation would be carried out on the advice of an expert group review, which includes experts from Member States. Mr Runge-Metzger stressed that the proposal respects Member States sovereign rights to manage their forests in a sustainable manner and to accomplish their national climate targets. Fourthly, some stakeholders have expressed concerns that the proposal would limit production from forestry and constrain the bio-economy. Mr Runge-Metzger underlined that the Commission is not prescribing policies in the proposal and that the optimal mix of mitigation options remains a Member State competence. He also said that the proposal places no limits on the level of harvest and it incentivises national policies for the sustainable management of forests. With regards to forest owners, he explained that they are not impacted by the legislation in a direct way and remain free to choose management and harvest approaches in compliance with national legislation. The last criticism addressed was that the proposal does not sufficiently acknowledge the limited mitigation potential of agriculture, however Mr Runge-Metzger informed that this issue is recognised under the ESR. Furthermore, a too high level of flexibility with LULUCF would reduce the incentives for mitigation under the ESR. Mr Runge-Metzger concluded by saying that the proposal is an accounting framework which incentivises sustainable forest management.

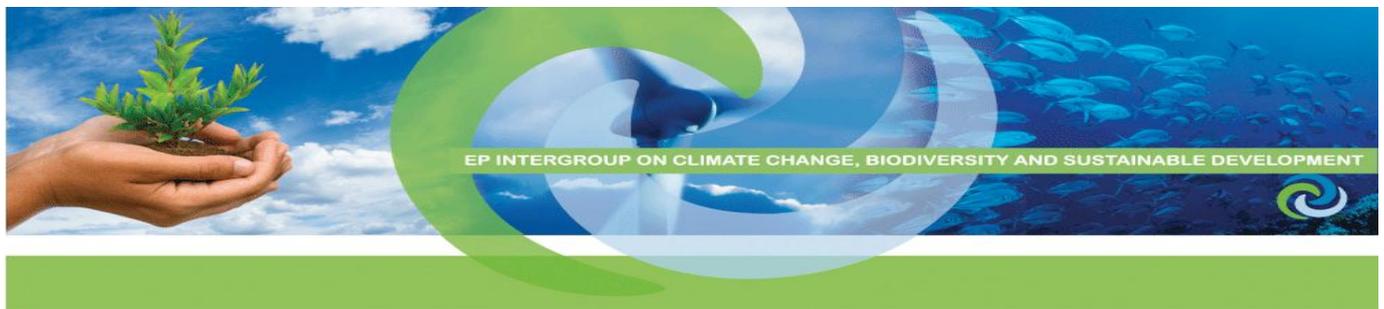
Professor Gert-Jan Nabuurs, Wageningen University highlighted that the growth rate in Europe has gradually increased and is levelling off and in some instances declining due to ageing forests. Further, the harvest level has increased over time but not significantly. The harvest intensity also differs from country to country. The correlation between GDP and CO₂ sink was visualized highlighting that some countries in Europe are building a carbon sink and others are building a forest sector. The example of Italy was mentioned, which has little forest cover but as a large importer of wood have a thriving forest sector. Forests in Europe currently provide 450 Mt of CO₂ capturing 10% of emissions with wood products provide a sink of 44 Mt CO₂ substituting materials such as aluminium and plastics. It was also mentioned that biomass provides 6-7% of total EU energy needs. It was reported that forestry is the only sector that has made a consistent and significant contribution yearly since 1990. It was also said that the sector has improved over time on reporting with the European Commission's Joint Research Centre having made efforts in harmonisation and standardisation. It was stressed that temporal variation becomes spatial variation. It was explained that carbon continuously flows through the forest system and that large losses



can occur locally but at a large scale a continuous build-up has occurred in Europe. In the study *“A new role for forests and the forest sector in the EU post-2020 climate targets¹”*, prepared for the European Forest Institute, the concept of Climate Smart Forestry (CSF) is introduced. It aims at sustainably increasing forest productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions. The concept entails examining the whole value chain and the study highlights regionally specific measures. It was stressed that additional potential of CSF is not recognised sufficiently in the LULUCF proposal as it was said that forests, harvested wood products, and energy can compensate 20% of EU emissions. CSF also entails looking at local circumstances to improve the potential. With regards to CSF it was said that looking at local circumstances is an integral part. For example in storm prone areas a solution could be to invest in the utilisation of new wood based products. Another example would be to use remote areas as strict reserves and former coppice could be regenerated with climate adapted species to increase growth. It was stressed that forest owners all have various roles to play. It was said that large forest owners must be the frontrunners in CSF with private forest owners working in collaboration as well as state forest owners being closest to policy-makers. The need to set up joint Action Plans was suggested providing the example of the Dutch National Action on Forest and Wood as a way of implementing the requirements under LULUCF. It was concluded by reiterating the significant role that forest, wood and bio energy play in mitigation and by applying CSF this role can be enhanced. It must also be recognised that every sector must contribute to reducing emissions if to achieve the EU climate and energy targets. Further, forest owners, architects, building companies, bio-based chemical industries etc. need to be incentivised.

Aigar Kallas, CEO Estonian State Forest Enterprise (RMK)/ European State Forests Association (EUSTAFOR) highlighted the role of state forest management with a particular focus on Estonia, which is covered by 52% of forest. The importance of the meaning of sustainable forest management was highlighted reiterating the European commonly agreed definition *“the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfil, now and in the future, relevant ecological, economic and social functions at local, national, and global levels, and that does not cause damage to other ecosystems”*. The need to focus on now and in the future was particularly stressed. The role of forests was also visualised showcasing that forests stand for 4% of GDP in Estonia, provides 6% of the country’s employment, and accounts for 16% of the export value, all while practicing sustainable forest management. Four concluding remarks were made with regards to forests versus climate. Firstly, the growing cycle of forests exceeds the time-line of climate policy many-fold. Secondly, variations in stand age and tree species structures as well as management practices cannot be overcome within the climate policy target horizon for 2030. Thirdly, the long-term effect of cascading CO₂ absorption in the economy should

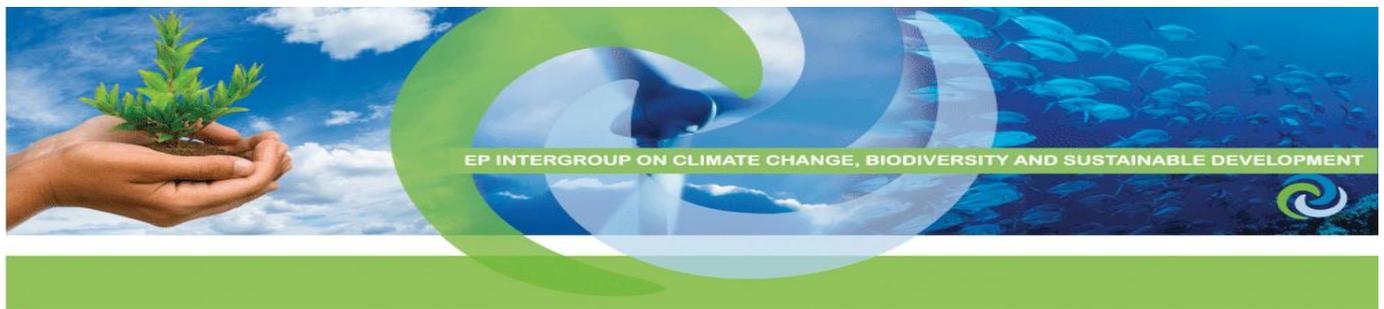
¹ http://www.efi.int/files/attachments/publications/efi_fstp_2_2015.pdf



offset the short-term effect of carbon sink accumulation in the forest. Finally, land use policies should help countries to compensate other sectors, CO₂ emissions, but in order to avoid pressure to Europe's natural ecosystems other sectors should also be allowed to aid sustainable land use choices.

Zdenko Bogovic, President of the Croatian Union of Private Forest Owners' Associations/ Confederation of European Forest Owners (CEPF) stressed that forests and forest owners have a key role to play in mitigating and adapting to climate change. The need for sustainable forest management was reiterated underlining that through such management a win-win situation is found where carbon sequestration in forests can be maintained or increased and the health of forests can be improved also creating more resilient forests. The case of Croatia was presented underlining that there is huge potential to further develop forestry and the forest-based sector to benefit both the climate and society. The forest cover is approximately 46%, with 26% being privately owned by small scale forest owners. With regards to the EU climate and energy policy it was said that options are needed that further help boost forest growth and the use of wood based products. Within LULUCF the FRL is crucial in order to ensure climate benefits from forests in the long run and should therefore be carefully set. It was said that Croatia has a huge potential to sustainably increase harvesting levels, which may in the short term result in a smaller forest sink but will in the long term generate investments into sustainable forest management and will increase forest growth. It was said that putting large forest areas under protection outside the competence of foresters and forest owners weakens forest ecosystems, as regeneration and adaption cannot be ensured. The only way to keep carbon sequestration in the long term is by managing the forest, harvesting and leaving room for new generation of trees. The importance of education and incentives to forest owners was stressed. For a forester it is a fundamental principle to not harvest more than the growth, ensuring that the forest is maintained along with the net carbon sequestration. However, it was said that foresters must also be able to utilise the resource. It was concluded by reiterating the subsidiary principle and underlining that those who own, live off, and manage forests must be included in the discussions.

Sini Eräjää, EU Bioenergy Policy Officer, Birdlife Europe stressed that all participants agree that forests play a role in mitigating climate change but that views vary on how they can help to combat climate change. Three key messages were presented. Firstly, the sinks need to be enforced and it must be ensured that they keep increasing. As the world attempts to keep the temperature rise by 1.5 or even 2 degrees forests play an important role acting as a buffer for emissions. It was also stressed that emissions must be reduced radically in all other sectors and that forests should not be used as an incentive for other sectors to do less. The second message referred to LULUCF and the need for more ambitious targets as well as accounting rules that are transparent and comparable to other sectors. Emissions from declining sinks should not be allowed to go hidden in the myriad of accounting rules. From a climate perspective emphasis within the new policies should enhance or take advantage of the mitigation potential that standing forests have, increased forest harvests is



hardly ever an effective mitigation measure. With regards to burning wood for energy it was said that accounting for emissions will not be enough but that incentives within energy policy must be correct. Thirdly, it is important to be certain on the definitions of sustainable forest management as within the political debate it is easy to get confused. Precision is essential in order to know what is being said and what the aim is. The concept of sustainable forest management is often overused and can sometimes lose its significance. Forest management practices that lead to a decline in sinks is not sustainable forest management from a climate perspective. This was also mentioned with regards to declining biodiversity. The point was also made that burning a tree that was grown from sustainable forest management does not make it sustainable energy.

The debate with the audience further reiterated the significant importance and role that forests play. **Sean Kelly MEP** and rapporteur on the file in the Committee on Industry, Research, and Energy expressed that the Commission has overall produced good proposals and are not far from what is needed and what needs to be agreed upon. It was said that there are diverging views within the Parliament and that input from stakeholders will help obtain satisfactory conclusions. It was said that participants agree that more forest is needed asking how to best incentivise more forest across Europe. Participants further highlighted that the interlinkage between ongoing dossiers from the Commission is weak stressing for example that forests have a great potential in the circular economy but that this opportunity is not highlighted sufficiently. The Commission highlighted that it has taken a cautious approach calculating the mitigation potential and what can be delivered in the short term. The potential is believed to become more apparent in the long term beyond 2030. The discussion also highlighted that forest cover varies in Member States and that some are not able to increase their cover as it already represents more than half of the country. It was further stressed that forests are biological systems, which must be taken into account when calculating the CO₂ balance as it must be understood that it may vary over time for example due to age class effects. Further emphasis was put on getting the FRLs correct as they play a pivotal role in the calculations and that it is essential to avoid giving unjustified credits. The discussion highlighted the importance of comparing sustainable harvesting rather than historical data. The issue of availability to water was highlighted as the southern part of Europe experiences a much drier climate.

Elisabeth Köstinger MEP concluded the meeting by reiterating that work within the Parliament continues on the ongoing dossiers and thanked all participants for their interventions. It was said that the Intergroup provides a good platform for discussion and bringing together stakeholders as the inclusion of the people working in forestry and the forest-based sector is essential.