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**NOTE FOR THE ATTENTION OF DG ENV, CLIMA, AGRI
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REPLY FROM DG ENER TO THE INTER-SERVICE CONSULTATION ON THE NEW FOREST STRATEGY POST-2021

Note signed by:

Dated: 24/06/2021
Reference: ISC/2021/05087
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Reference DG ENER: *Ares save n°*

Title: ISC/2021/05087 – NEW FOREST STRATEGY POST-2021 DG ENER REPLY

-
- Agreement
 Favourable opinion with comments to take into account
 X Negative opinion (see attached comments)

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Thank you for consulting DG ENER on the new Commission Forest Strategy, which is an important element in the European Green Deal. As indicated in the ISG meeting, DG ENER has significant reservations about the current draft for the following key reasons:

- None of the sections seem to be based on a solid evidence base;
- Section 2 does not include a clear analysis of the causes of alleged forest deterioration and it does not seem to be aligned with the Climate Target Plan as regards the role of afforestation and reforestation;
- Section 3 ignores the role of bioenergy for contributing to EU biodiversity and climate goals, supporting the rural sectors and promoting the wider bioeconomy; in particular, section 3.2 on bioenergy does not align with the upcoming review of the REDII sustainability criteria.

Therefore, we express our negative opinion until our comments below and in the attached document are fully integrated in the revised version of the Strategy. We look forward to work with the co-leading DGs in this regard, and are ready to provide our support in addressing our comments, particularly as regards the section on bioenergy.

Section 1 – Introduction and data on forest status

This section misses a link with the current Forest Strategy, including achievements or lessons learned from its implementation, which could help identifying the key problem the Strategy aims to address, and the underlying drivers and causes. According to the current narrative, the main issue seems to be that European forests are facing a biodiversity crisis. However, the information available from official evaluations seems to indicate a more nuanced picture.

For instance, according to the latest forest assessment of Forest Europe, the volume of wood and the weight of carbon stored in the biomass of European forests have grown by 50% over the last 30 years as forest area expanded, and only a part of the increase has been harvested. Furthermore, nearly 24% (almost 50 million ha) of forests are in areas protected for the conservation of biodiversity and landscape, considerably more than several decades ago. The area of forests designated for biodiversity conservation has increased by 65% in 20 years, and the area designated for landscape conservation by 8%. In addition, according to the European Environment Agency, the amount of deadwood in European forests is growing.

The strategy should better reflect the findings of the official assessments of the current status and trends of European forests. The document should also contain more robust evidence underpinning the many statements, sometimes contradicting, on the deteriorating status of European forests. Furthermore, the governance of the Strategy should be clarified, including the timeline for the proposed Commission actions highlighted in the boxes.

Section 2 on protecting, restoring and enlarging EU's forests. This section does not include a clear analysis of the underlying causes of the alleged forest deterioration issue. The recent decrease of the land sink is often mentioned in public debates on the sustainability of current forest management in Europe. In this respect, the Strategy should provide a comprehensive and more detailed assessment of the reasons for the observed decrease in the forest sink, highlighting particularly the key role of forest aging and disturbances.

The Strategy should also better elaborate on the role of biotic and abiotic threats to the health and resilience of European forests, including wildfire, disease/pest infestations, invasive species, and storms, which are becoming more frequent and problematic due to climate change. In addition, the strategy should better acknowledge that forests impacted by such natural disasters are not likely to recover without stand rehabilitation and improvement. The recovery operations needed for damaged stands could generate significant additional volumes of biomass (e.g. salvage logging), while requiring significant work and financial investments to carry them and to support the development of a regenerated forest.

For instance, in 2019, around 200 million m³ of damaged wood was accumulated in Germany, Austria, Italy and Czech Republic (about three times more than in 2017). Recovery operations come at a cost, and the development of the bioenergy sector

is a potential solution. This industry creates biomass markets for low value timber (such as damaged wood), and thus simultaneously stimulates forest management for the production of high-quality timber. In this respect, the Strategy should fully acknowledge that sustainable bioenergy markets contribute to improve forest health and long-run economic viability for forest owners.

Furthermore, section 2.3 does not acknowledge the Climate Target Plan findings on the key importance of afforestation and reforestation activities for delivering increased biomass resources for the wider economy, while increasing the carbon sink and restoring biodiversity. This balance to ensure biodiversity, carbon sinks and bioenergy to achieve our climate and energy targets underpins the Fit for 55 package and should be reflected in the Forest Strategy in line with the Climate Target Plan.

Section 3 on supporting the socio-economic functions of forests. This section is negative towards the bioeconomy in general, and forest bioenergy production in particular. It should rather elaborate on the important synergies between bioenergy markets, the wider bioeconomy and sustainable forest management, and highlight the key role of the emerging bioeconomy for the future of forests.

First of all, long- and short-lived products should not be put against each other. The Strategy states that the majority of wood should be used for making long-lived materials and products. “*Wood use for short-lived products and energy production should be minimised and rely namely on secondary woody biomass such as sawmill by-products, residues, recycled materials.*” (...) “*The focus therefore has to be on a drastic shift from short-lived to long-lived uses of wood (...)*”. This approach appears to be too simplistic and it seems to ignore the fact that all different wood-based products are important for climate change mitigation, providing carbon storage and/or substitution, displacing fossil resources and energy.

Typically, in the forest-based industries, all parts of the tree are used in a resource efficient way, resulting in both long- and short-lived products being produced simultaneously. To produce high-quality wood suitable for construction, the forest must be thinned. The small-diameter wood from these thinnings, as well as the side streams from producing the long-lived products, are used to produce pulp, paper and board and for bioenergy production. Therefore, supporting long-lived wood products requires supporting active forest management, including the production and consumption of other wood-based products such as paper, packaging, and renewable energy, which are necessary to replace fossil material and achieve EU carbon neutrality objectives.

Artificially prioritizing long-lived wood products over other wood products would mean ignoring the forest management cycle, as well as the resource efficiency that the entire forestry value chain already applies. In summary, the Strategy should better recognize that all different wood-based products and bioenergy are essential for a successful transition to a fossil free and circular bioeconomy.

Section 3.2 on Promoting sustainable production of wood-based resources for bioenergy. This section fails to highlight the important role, and the many benefits, of bioenergy markets for forest owners and rural communities. Sustainable bioenergy can play a key role in ensuring that low-value wood streams are adequately valorised, and that foresters and the forest-base sector rewarded for providing these materials.

Contrary to the narrative included in this section, the main purpose of European forests is not to deliver wood for bioenergy (although, during the early phases of forest growth, selling wood for bioenergy from thinning can provide some financing for sustainable forest management operations). Rather, pre-commercial thinnings are crucial to increase the stability and resilience of forest stands and provide trees with room to grow straight and tall. Tending operations generate wood qualities suitable for uses such as boards, panels, paper and cardboard, as well as energy. Indeed, forest owners and managers' income is principally derived from the sale of high-quality timber assortments used for long life cycle wood products.

In addition to their environmental and climate role, bioenergy markets have the potential to improve the living conditions of primary producers, namely farmers and foresters, by contributing to the increase and diversification of rural income needed for supporting rural development and diminishing the growing problem of land abandonment. This is true in particular in many parts of Europe (e.g. the Mediterranean countries) where wood and forest-based products from sustainable forest management bring very low economic profitability due to lack of demand of forest biomass.

As such, the additional revenue from bioenergy markets can help securing that forest owners and managers keep the motivation to manage actively their forests, including carrying out, amongst others, prevention measures against pests and diseases, forest fires and catastrophic events. The Strategy should align with the CTP to acknowledge the socio-economic contribution of bioenergy in rural areas, while providing a good base for these regions to become carbon neutral compared to other regions that are strongly dependent on (imported) fossil fuels today.

Finally, this section of the Strategy incorrectly states that the upcoming REDII review will minimize wood use for energy production. This is not correct. Rather, the proposed amendments would introduce the cascading principle and a requirement for Member States to avoid unnecessary distortions of the raw material market when developing their bioenergy support schemes, including not supporting high quality roundwood for energy use.

In conclusion, the current text requires significant revisions in order address the above-mentioned gaps and shortcomings, including acknowledging the role and benefits of sustainable bioenergy for sustainable forest management and fully aligning the text with the REDII review proposal.

Ditte Juul Jørgensen