

# What does 'Fit for 55' mean for forests?

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## WHY THE EUROPEAN COMMISSION'S 2030 CLIMATE AND ENERGY PROPOSAL IS UNFIT FOR FORESTS

As part of her bid to be European Commission President, Ursula von der Leyen committed to increasing the European Union's (EU) target for cutting greenhouse gases from 40 to 55 per cent. Now that she is President, the Commission has set about revising its climate and energy legislation to be 'fit for 55'. They released their proposals in July 2021.

This briefing looks at three key parts of that legislation package (the Renewable Energy Directive (RED), the Land Use, Land Use Change and Forestry Regulation (LULUCF) and the Forest Strategy) and analyses what effect they will have on forests.

Its conclusions are worrying.

Overall the package will **increase pressure on forests**. This is because the **RED's** increased renewables target does not include strong enough safeguards to stop forests from being harvested for energy. This means that Member States' climate-destroying plans to increase harvesting can go ahead.

There are positives, such as the **LULUCF Regulation's slightly increased target for carbon dioxide removals**, and the Forest Strategy's proposed harmonised EU forest monitoring, **biodiversity benchmarks and thresholds** for forests, and requirement for **Member States to be transparent about their Forest Plans**. But none of this will be strong enough to leave the EU with the healthy, biodiverse forests we need to tackle the climate crises.

### KEY CHANGES TO THE RENEWABLE ENERGY DIRECTIVE

#### ❌ 1. INCREASED RENEWABLES TARGET TO 40 PER CENT

The Commission proposal increases the target for renewables from 32 to 40 per cent (with a 49 per cent indicative target for renewables in buildings).

This new target could end up harming forests as it is likely to increase the amount of wood that is cut for energy. While most renewables reduce emissions immediately, burning forest biomass actually increases greenhouse gas emissions in the near term. It also has a detrimental impact on air quality and biodiversity.

#### 🚫 2. REMOVED SUBSIDIES FROM SOME BIOENERGY FEEDSTOCKS

The Commission proposal removes financial subsidies for feedstocks such as sawn and veneer logs, roots and stumps.

The removal of subsidies for these specific feedstocks will have little effect on the present problems. Sawn and veneer logs are barely burnt because of their high market value, and while burning roots and stumps is a terribly destructive practice for forest soils whose ending is much-needed, it has remained rather marginal.

### ✓ 3. BANNED THE SOURCING OF BIOMASS FROM HIGH BIODIVERSITY VALUE LAND

The Commission proposal states that forest biomass extracted from land with a high biodiversity value (primary and highly biodiverse forests) or a high carbon stock (wetlands, peatlands) should not be eligible for subsidies.

This is welcome, as these ecosystems are the most precious we have from a biodiversity and climate resilience perspective. But they are often already protected, and only represent a small proportion of European forests. It is very regrettable that a larger area of high carbon stock forest has not been included in the proposal.

### ✗ 4. REMOVED SUBSIDIES FROM "ELECTRICITY-ONLY" POWER INSTALLATIONS BURNING BIOMASS FROM 2027

The Commission proposal excludes subsidies for wood for "electricity-only-installations" except in "regions identified in a territorial just transition plan... due to its reliance on solid fossil fuels." It also broadens the greenhouse gas emission savings criteria to include all power utilities, as opposed to only those that started operation after 2021.

The removal of subsidies for electricity-only-installations will have little effect as most European power plants combine electricity and heat production. In addition, "region identified in a territorial just transition plan" is a euphemism for coal-dependent regions. These are the areas where the threat of coal power plants switching to biomass is the highest, and where meaningful exclusion would be most needed. Finally, 2027 is too late, biomass burning is already harming forests, subsidies need to be removed now.

### ✗ 5. APPLIED SUSTAINABILITY CRITERIA TO INSTALLATIONS OF FIVE MEGAWATTS AND ABOVE

The Commission proposal reduces the threshold at which installations using solid biomass to produce electricity, heating and cooling must apply sustainability criteria from 20 to 5 megawatts.

The reduced threshold will have little effect if the sustainability criteria remain comparable to what is proposed by the Commission.

## MAIN ELEMENTS OF THE 2030 FOREST STRATEGY



Photo: Earth Observation imagery of France, by European Space Agency

### ✓ 1. INTRODUCED AN EU-WIDE MONITORING FRAMEWORK

The Commission proposal introduces a new legislative proposal on Forest Monitoring and Data Collection. It will require Member States to develop strategic plans for forests covering issues such as climate change, biodiversity, forest management and bioenergy use. The Commission also committed to better integrate satellite data into the already existing Forest Information System for Europe (FISE). Expert working groups, including EU Member State representatives are developing criteria on less intensive forest management and mapping and protecting old-growth forests.

The introduction of EU-wide monitoring is to be strongly welcomed, but it could be even more effective if informed by real-time data and cross-referencing with data from the ground.

### ✓ 2. INTRODUCED A STRONGER EU FOREST GOVERNANCE SYSTEM

The Commission proposal merges two existing consultation bodies that bring foresters, civil society and Member States,



including from Environmental ministries together to discuss, among other issues, implementation of the Forest Strategy. It also recommends that Member States establish broad multi-stakeholder dialogue platforms to discuss and inform European, national and local forest policies.

This will prevent siloed discussions where larger industry groups can be represented in all spaces and encourages a broad discussion, beyond economic prospects for the industry, with a wider variety of stakeholders. Such transparency will allow a more inclusive group of forest legislators, users and practitioners to share concerns and craft solutions to multiple problems.

### **3. INCLUDED AN ONGOING REVIEW OF THE IMPACT OF NATIONAL SUPPORT SCHEMES FOR BIOENERGY AND THEIR IMPACT ON FORESTS**

The Commission proposal includes an ongoing review of the impact that financial support for forest biomass has on forests. It states that the Commission may assess further limiting support schemes for burning forest biomass.

Although there is already enough information showing the importance of dramatically curtailing financial support for bioenergy, this review is welcome as it shows the Commission is aware of the danger that increasing the target for renewable energy could increase forest destruction.

### **4. PROPOSED QUANTIFICATION OF THE CLIMATE BENEFITS OF USING WOOD FOR CONSTRUCTION**

The Commission proposes reviewing the Construction Products Regulation, and commits to developing a methodology to quantify the benefits of long-lived wood products, focussing on the construction sector.

Focussing on long-lived wood products rather than short-lived ones such as paper and energy could improve forest management as long as the rate of harvesting is not increased.

### **5. PROPOSED TO REVIEW AND UPDATE THE TAXONOMY REGULATION TECHNICAL CRITERIA FOR FORESTRY AND BIOENERGY TO BE CLASSIFIED AS AN ENVIRONMENTALLY SUSTAINABLE ACTIVITY**

The Commission proposal suggests reviewing and updating the Taxonomy Climate Delegate Act technical screening criteria for forestry and bioenergy.

The present criteria put all types of forestry on a par, treating clear-cutting and conservation the same. The Act uses

the RED's definition of sustainability which is insufficient to prevent environmental impacts. Such a review could therefore have a positive effect on forests as long as it leads to new criteria that better promote biodiversity friendly practices.

### **6. PROPOSED IDENTIFYING ENVIRONMENTAL CRITERIA FOR SUSTAINABLE FOREST MANAGEMENT**

The Commission proposal included a proposal for identifying voluntary criteria for sustainable forest management.

If this new proposal remains as a voluntary activity, it will not have much effect on forest governance. If, however, it becomes linked with binding obligations such as forest restoration targets, it will be possible, for the first time, to assess the biodiversity value of forests outside of Natura 2000 areas.

### **7. PROPOSED AN ACTION PLAN FOR CARBON FARMING AND THE CERTIFICATION OF CARBON REMOVALS**

The Commission proposal includes a new carbon farming action plan which would certify and put a financial value on land use activities that increase carbon dioxide removals and carbon storage.

The inclusion of a carbon farming action plan is part of an overall push to extend carbon pricing to all economic sectors. While there is a need to incentivise farmers and foresters to improve practices, the present approach is unlikely to work due to the lack of a strong regulatory framework to prevent land degradation at the expense of carbon capture. They heavy focus on carbon credit generation is also problematic as this has been shown to be a cumbersome approach prone to serious loopholes including negative biodiversity impacts.

### **8. PROPOSED THE INTRODUCTION OF REPORTS ON THE STATE OF EU FORESTS**

The Commission proposal includes the introduction of regular, easily accessible summaries on the state of EU forests.

The introduction of regular updates would make it easier to find accessible information and therefore act on forest destruction. This part of the proposal is also welcome as it shows that the Commission recognises that forest discussions are complex and that there is not presently enough available information.

## KEY CHANGES TO THE LULUCF REGULATION

### 1. INCREASED TARGET TO REMOVE CARBON DIOXIDE FROM THE ATMOSPHERE

The Commission proposal suggests increasing ambition to remove carbon dioxide from land and forests, from the current 'de-facto' target of removing -225 million tonnes to -310 million tonnes. This will be distributed between Member States. If any Member State misses their annual target, a slight penalty shall be added the following year. National targets will be negotiated with Member States, which may change the overall EU target.

While an increase in the target will benefit forests, it is far from the -600 million tonne sink which scientists say is needed by 2030. Given the difficult discussions on ambition in the last negotiations on the file, there is also a risk that the overall target will be lowered.

### 2. SIMPLIFIED ACCOUNTING RULES

The Commission proposal states that post-2025, the Regulation will move away from [forest reference levels \(FRLs\)](#) and account for emissions and removals from managed forest land, so as to show the full impact of harvesting. Targets would now be based on the emissions and removals reported in the greenhouse gas inventories.

Simplifying accounting rules is a great step forward as the previous complex ones allowed for cheating, and a significant amount of emissions went unaccounted for, including from bioenergy. However, work still needs to be done to ensure targets are measured from a clear, scientifically agreed starting point, otherwise Member States could be able to claim false progress.

### 3. RESTRICTED OFFSETTING UNTIL 2030, BUT IT IS EXPECTED TO GROW AFTER 2030

The Commission proposal restricts existing offset possibilities. Instead of allowing Member States to use 280 million tonnes of land use carbon credits to offset emissions from agriculture under the Effort Sharing Regulation over ten years, it splits the offsetting possibility over two periods, with half available up to 2025 and the other half for the period 2026-2030. The offsets from the first compliance period, will not be carried into the second phase, so if unused they will disappear.

Additionally, credits in the second phase from 2026-2030 require over-achieving on a more ambitious target.

Another change is that post-2026, the previously agreed 'Managed Forest Land Flexibility' will move from offsetting emissions from the forestry sector to being used to achieve a single target combining all land use sectors, a change that negatively aids in further expanding offsetting to other sectors. Post-2030, offsetting would grow further due to the inclusion of greenhouse gases from fertilizer and animals into the land-use target. The proposal suggests that carbon removals from land could further offset other industries such as transport at a "later stage".

Finally, the proposal introduces a new offsetting mechanism under the Effort Sharing Regulation (ESR). This means that any Member State that goes beyond their LULUCF target can voluntarily add this to an 'additional reserve'. If other Member States have not met their ESR target by 2030, and the EU states collectively achieve the 55 per cent reduction target, Member States can then use this additional reserve to help them achieve compliance. Any level of offsetting delays much needed action to reduce emissions in buildings, transport and agriculture. The restrictions will therefore be beneficial as they could decrease the use of offsets from 140 million megatons to [44 million](#) for the second commitment period.

### 4. INCLUDED MONITORING OF BIODIVERSITY AS WELL AS CARBON

The Commission proposal includes more comprehensive reporting on national greenhouse gas inventories. Member States should have systems for monitoring high-carbon stock land; land units subject to protection; land use units subject to restoration; and land units with a high climate risk. Reports should include an assessment of policies and measures that result in trade-offs on the lands concerned, as well as synergies between mitigation and adaptation, and synergies between mitigation and biodiversity.

The addition of biodiversity monitoring will have a huge benefit for forests as a narrow focus on carbon sequestration can incentivise practices that harm biodiversity. This new requirement will be particularly beneficial if reporting is linked to clear objectives to change bad practices and restore forests and other ecosystems.