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Front cover: Forester measuring the trunk diameter of a tree. Robert Kneschke / Shutterstock

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#### Introduction

iedonis, Marcus, Ray and Vincent, four forest managers from across Europe, have a vision for its forests. But funds are needed to achieve it.

European forests are in a fragile shape. This is particularly worrying as escalating climate change and biodiversity loss are aggravating each other ever more rapidly. Improved forest management could turn this vicious cycle into a virtuous circle by increasing forests' resilience to survive the increased temperatures and linked outbreaks of pests they are going to face.

To end this biodiversity loss we must restore Europe's forests now. Healthy, resilient forests would also help the EU fulfil its international climate commitments.

The first step would be to dramatically phase out the clearcutting and industrial forestry methods such as ploughing, planting, and fertilising which have destroyed forest habitats across Europe, turning landscapes which once teemed with life into desolate monocultural plantations designed for wood production alone.

Instead, we must embrace management methods such as continuous cover forestry, which emphasise forests' ecological and social functions, and where trees are older and more diverse.

While the need for restoration is recognised, funding for a transition to more sustainable forestry proved to be a hot potato. Member States and the European Parliament seemed more focussed on agreeing where funding for restoration should not come from, than proposing a solution.

This briefing is based on interviews with foresters from Ireland, Finland, France and Latvia. They outline **how the transition towards more caring forest management could be financed,** and the rewards and challenges of pursuing continuous cover forestry. Their testimony highlights differing national realities, and offers invaluable insights into why continuous cover forestry has not been properly funded. Despite the different contexts they operate in, two key messages resonated:

- **Ill-adapted subsidies:** Continuous cover forestry is not being more widely adopted because most subsidies are absorbed by those carrying out destructive industrial forestry (clear-cutting and replanting). The funding is there. The problem is that industrial activities are prioritised, because of the type of conditions that are attached.
- Lack of skilled foresters: Improvements are being delayed due to both the lack of access to independent consultants, and the lack of financial support for awareness raising of the need for, and benefits of, a different forestry model.

The interviewees have a vision for forestry that does not separate ecological resilience from the resilience of the people who depend on forests. Through their optimism and practical examples, we can see a realistic alternative scenario for European forests. But for it to be realised, finance will be key.



It is well recognised that common forest bird populations should grow; a good proportion of forests should have an uneven age structure; forests should be dominated by native tree species – to name but a few indicators. The insights in the following pages shed light on where funding to achieve these aims should be directed.

One thing is clear, if we are to restore the continent's fast-declining nature, we will need many more people like Ziedonis, Marcus, Ray and Vincent managing and caring for European forests.

## **Box: Funding is going to industrial forestry**

There are no lack of funds for industrial forestry. The Common Agricultural Policy (CAP) budget for 2023-2027 is nearly 4.2 billion Euros, but funds are often spent on industrial forestry.



600 million Euros

Czechia is planning to pay 600 million Euros to its forest owners



1.3 billion Euros

Ireland has committed to a 1.3 billion Euro forestry scheme



100 million Euros

Finland pays 100 million Euros annually to its forest sector



200 million Euros

France's forest sector received 200 million Euros from COVID recovery funds



87%

of those funds went towards **planting trees after clear cuts.** 

## Walking the path to a brighter future for forests



Ziedonis Vilciņš is the owner and manager of "Kalna Gavieši" a close-to-nature forest management demonstration area

Latvian forest owner Ziedonis Vilciņš has practiced close-to-nature forestry for more than two decades. Its benefits are vast, he says - yet everything from the law to financial incentives is pushing Latvian forest owners in the opposite direction.

I've been involved in forest management for over 25 years. Our family owns around 1,100 hectares (ha) of land - 80 per cent of which is deciduous, spruce forest - in Cesu county in central Latvia.

For over 20 years, we've mainly used non-clearcutting forestry methods. Even in the rare instances when we clear-cut, we preserve trees whose economic value could still increase. Our goal is to ensure a constant financial flow, while conserving the diversity of nature and leaving the surrounding landscape relatively unchanged.

In our forest, biologically valuable places and habitats are preserved, while in day-to-day forestry we pay special attention to conserving dead wood, biologically old trees, undergrowth bushes and trees.

I support the European Green Deal, because we need to think more seriously about nature and climate issues. I also support diverting 30 per cent of land to achieve nature goals, continuing the extraction of wood in the remaining forests, as seen in the Biodiversity Strategy. However, I believe that each country should have its own detailed, specific conditions and tasks related to nature and climate.

#### Barriers

In Latvia lack of money is the biggest obstacle preventing foresters from adopting alternative forest management methods, such as continuous cover forestry (sometimes called close-to-nature forestry).

A lot of people do not have savings, and in order to make a larger purchase or to repair a house or apartment, they opt to cut down the forest by clearcutting.

Likewise, education levels on how to manage one's land or knowledge of the forest, are very poor. Fewer people live on their land, with many now living elsewhere, including abroad.

Forest managers, consultants and logging companies almost always prioritise clearcutting and easily persuade forest owners with their





financial offers. Selective felling services are not widely developed in consulting and logging, and if they are, then it is at the local, not the national level.

Everything from Latvia's laws, to financial incentives to the timber industry, push forest owners towards clearcutting, rather than selective felling.

All means of financial support are linked to promoting intensive forestry, for example, precommercial thinning, afforestation with trees all of the same age, and replacing low-quality forest stands by planting.

In my opinion, there should be no financial support for intensive forest management. Funds should only be provided for compensating private forest owners for designating protected areas on their lands which have high biodiversity goals and for restricting economic activity on it.

#### An alternative vision

For a Latvian forest owner to choose selective felling over clearcutting, they must have tremendous confidence in this choice.

Yet there are multiple benefits of selective felling: protecting nature and the local landscape, enabling forest owners to work on their land, develop skills, and ensure a continuous flow of money.

Currently, the EU LIFE+ program project is being implemented in Latvia. It provides support for implementing close-to-nature forestry, as well as for creating and protecting biologically valuable habitats.

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It is currently only a pilot scheme, set up to determine whether such support could be provided in future to forest owners. Our family has applied for support to create biologically high-value forest stands. Economic profitability is a relative concept and can encompass a great deal more than income, profit or the financial value of a property.

#### **Benefits**

Of course, I believe that managing our family properties is economically beneficial. I am very satisfied and do not intend to change our forestry methods.

Labour costs of caring for and planting young trees are also growing, as are the costs of planting material.

By not clearcutting, I reduce maintenance and planting costs.

Likewise, selective felling forestry allows me to more successfully follow timber market fluctuations, and choose the best species at the most attractive prices.

We've also managed to provide supplies for specific niche products, such as very thick, slender logs for log house builders.

I believe that the value of the land has also remained sufficiently high, despite the fact that we cut between 3000 and 5000 cubic metres of wood annually.

But it is no less important that the forest around me has been preserved - its berries, mushrooms and the surrounding landscape have not changed significantly.

Moreover, I have preserved the diversity of nature, and provided work for my family and local residents. With the right legislative and financial backing, it is a vision that could prevail across Latvia.

"Everything from Latvia's laws, to financial incentives to the timber industry, push forest owners towards clearcutting, rather than selective felling."

## From clearcut to continuous cover



Marcus Walsh is the founder and Board Chairman of Innofor Finland, which manages 40,000 hectares of forest on behalf of its clients. He also owns 300 ha of forest, most of which is commercially used and managed under the continuous cover forestry method.

Clearcutting forests in Finland is hastening climate change and saddling forest owners with costs for decades. Yet the government subsidises this destructive forestry model over more economically and environmentally sustainable methods, says Marcus Walsh.

As the owner of a company which directly manages 40,000 hectares of forest and indirectly manages considerably more, I know the damage that clearcutting causes.

I also know the economic, social and environmental benefits that flow from sustainable methods, such as **continuous cover forestry (CCF)**, which is part of the wider **close-to-nature** forest management method.

Nordic countries and North Europe generally have a poor tradition of anything but rotation forestry. In other words: clearcut, replant, keep the forest even with an aged structure, and then clear cut and replant again. That's the mentality that's pervaded the entire taiga zone - Russia, Canada, the northern United States - wherever conifers are the major tree crop.

In 2007, I started Innofor, a private forest management company that specifically targets owners who want to try alternatives to clearcutting. My customers' interests range from the purely commercial to better gamebird management, and an interest in protecting nature.

These alternative forest management methods have been extensively **researched** since the turn of the **century** and even earlier in Nordic conditions. They've proved to be perfectly viable and economically attractive. But they've been stifled by the paper and pulp industry who benefit from clearcuts.

There are some European regions where the paper and pulp industry's purchasing power is so strong that they can effectively prevent local forest owners from switching to CCF - by not offering to buy their timber, or offering a significantly lower price. What's more, when a forest owner clear-cuts, they take on the liabilities of regenerating a new forest, even though the paper and pulp company have carried out the clearcutting.

Foresters need to be offered a real alternative to a forestry model which is causing so much harm.



#### **Count Dracula**

Many people with vested interests advocate clearcutting because they're dependent on selling their timber to the paper and pulp industry, and feel pressure to talk about its supposed benefits because their major client would want them to. But it's like Count Dracula talking about the benefits of saving blood: frankly their words aren't worth much.

We advise a lot of people on their forest operations. We educate municipalities and private forest owners on how to how to carry out CCF. However, there are barriers preventing foresters switching from rotation forestry to CCF.

First of all, the propaganda put out by the paper and pulp industry has made forest owners hesitant.

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If I switch my forest holdings to CCF, essentially the government, if it has the means to assess how forest is growing across the country, will note – 'Walsh didn't clear cut. He kept his forest standing. So okay, there's extra timber there. In other words, extra carbon is sequestrated'. And the government then includes this in its biannual report under the Paris climate agreement. So my carbon effort is in effect appropriated by the government, even though they don't pay owners money to go with a continuous cover, to get over the transition difficulties and the costs of windthrow [forests or trees damaged by the wind].

If you have protected areas inside or around your CCF area, you're going to sequester an awful lot of extra carbon. This is desirable in itself. It's good for the environment, it's good for people, it's good for biodiversity. But CCF is also is good for foresters and there is nothing to fear in it.

In the slightly longer term, it doesn't lessen the amount of timber coming on the market. It sequestrates more carbon, it leaves forests better for biodiversity and for non-timber users.

But in the short term, the idea that continuous cover forestry should be opposed because it's not beneficial to the forest sector is just nonsensical.

Many of my clients who take up CCF are otherwise traditionalists, because they noticed that gamebird management is far easier with continuous cover. We have huge losses of game birds in Finland, which are legally hunted. But of course if you clear cut all their environment, you're not going to have much left to hunt, so that's a significant issue for some landowners. They want to preserve their game birds and will take up CCF for that reason.

Blueberries and other forest berries also do really well under continuous cover. In addition, you get better timber quality, because natural regeneration sparks competition. So the young trees grow very straight in the beginning and then later on develop no lower branches. This means the first third of the log of some tree species such as pine is almost knotless and of extremely high grade timber compared to planted saplings where knots and lower branches develop very early.

CCF is about growing mixed stands and using natural regeneration. This is one of the main reasons it produces forests that are resilient to climate change and pests. In central Europe there is much avoidance of clearcutting, but single tree species growing is often favoured, and this has led to huge bark beetle outbreaks for instance.

Therefore avoiding clearcuts alone is not enough.

#### Mis-directed subsidies

Finland wants to spend every cent it can of Common Agricultural Policy (CAP) money on agriculture. But if private forestry is as profitable as the forest industry would like you to believe, why does it have to get any national subsidies in the first place?

There can be good, logical reasons for subsidising agriculture, because if people get their basic food more cheaply, that could be considered a levelling up tax. But why should you subsidise forestry, which is private people selling forest timber to private companies? There's absolutely no reason at all! It is subsidised because once you carry out a clearcut, you're looking at 30 or in some cases, in northern Finland, 40 or 50 or 60 years of nothing but outlays.

You have nothing but costs for 30 years after your clearcut and the subsidies are all geared up to mitigating this. So it's just more indirect or sly subsidies to the industry. Industry reaps the benefits, and the forest owner gets all the costs. So governments

give them handouts to encourage them to do clear cuts, all of which could be avoided with CCF.

To sum up, some national subsidies actually work against the transition that needs to happen, even though European nature is reeling from the **damage** that has been inflicted on it over decades.

Our experience has shown that we cannot afford to continue down our current destructive path. Clearcutting decimates the landscape and destroys wildlife. It restricts the social use of forests, as well as economic opportunities which don't involve cutting and removing wood. Clearcuts hasten climate change and leave the forest owner with 20-30 years of nothing but costs.

To deny that EU biodiversity is declining is to deny reality. We don't know where the limit is for when the biodiversity crisis starts to really hurt. And clearly, we shouldn't be taking any chances, because if things start to go downhill at a rapid rate, we don't have the means or the knowledge to do anything about it.

"Avoiding clearcuts alone is not enough [...] In central Europe there is much avoidance of clearcutting, but single tree species growing is often favoured, and this has led to huge bark beetle outbreaks."





## Communities need support to restore Ireland's damaged habitats



Ray Ó Foghlú is a woodland conservationist with a background in Environmental Science. He is Landowner Engagement Coordinator for Hometree, a charity which establishes and conserves permanent native woodland in Ireland.

Hometree grew out of a community garden project that started in the winter of 2014. Knowing how important it is for people to connect with nature, we set up a grassroots-based organisation, so that they could contribute time or money to ecological restoration. Our vision is to incorporate more trees into the Irish landscape, bringing multiple benefits.

We manage around 500 acres, but in the coming years we expect it will be in the thousands. Most of the land is unforested. Some of it is peatland, some heathland, some species rich grassland, but the majority is actually degraded marginal agricultural land.

Our charity's core objective is restoring native woodlands with the express goodwill of the communities who live in the areas. We don't want to operate without considering the impact of woodland creation on local communities and the prevailing land-use culture of these areas, which is often agriculture-based.

We do a huge amount of work in community engagement and education. We're committed to collaborating with farmers, foresters, and ecologists. We are funded by partnerships with people, businesses and the department of agriculture.

We direct funding to our neighbours who are typically farmers because we see them as a key stakeholder. For us to make a big difference, we have to bring on board our neighbours and farmers, and our message needs to resonate with them. We therefore need to find incentives for them to do similar things to us, and only then will we unlock our project's real potential.

## **Single species**

Broadleaf deciduous woodland is Ireland's default habitat. Once, up to 80 per cent of the country was covered in native wildwood. You can see echoes of this in Irish culture: in folklore and songs, in the Gaelic names for common trees, and in the 'tree alphabet' - the ancient Ogham script. Yet with the advent of agriculture, we stopped being a woodland culture and became a pastoralist one. Today Ireland is the most deforested country in Europe.



In the 1950s, the government started identifying forestry as a potential growth area that could drive the rural economy, and Ireland adopted a model that was almost solely based on producing timber on the poorest quality land.

We depended heavily on North American and European conifers, and we planted them essentially on the most marginal land: peat land and clay soils in the west of Ireland. From the 1950s through to today we brought the overall rate of forest land cover up from one per cent to 12 per cent. But the vast majority (almost 70 per cent) is monocultures of non-native conifers, primarily Sitka spruce, as well as Norway spruce, and European and Japanese larch.

As time's gone on, the inclination to plant single species stands has increased, meaning that most new forestry creation projects are currently just Sitka spruce.

Up until the mid-90s the state undertook the majority of tree planting, by buying land and planting on it. After around 1995, EU rules about who could receive state aid changed, and this led to a shift towards encouraging farmers to plant trees on their land. The deal was that fencing, land drainage and tree planting would be paid. Additionally, private landowners would get a premium, a payment that would last roughly 20 years. At first that was very successful.

#### **Critical**

Farmers led that planting, supported by forestry companies. This still did a lot of damage to peatland habitats and grassland habitats, but they planted a lot of trees. Around 2010, a culmination of negative factor (payment issues, licencing difficulties and disease) resulted in the slow, steady decline in the area of planted land in Ireland.

In the last three years, the situation has become critical, with just 2000 hectares planted from a target of 8000. So the woodland creation system here has collapsed, it's broken. Farmers have no faith. The state isn't planting anymore. We've got a real problem.

Certainly economics plays a role, particularly on good land, where returns from dairy far exceed those from forestry. I also think that there's something about the psychology of most farmers. They like the idea of creating a product to sell, no matter whether it's a cow, or milk, or a piece of timber. When you plant an oak tree, that product is not going to be available in their lifetime, which can be a little off-putting.

Now regulatory obligations have arrived in the last 20 years, which require a certain percentage of native trees and open space. But the productive block - the commercial block of trees – is still typically 100 per cent Sitka Spruce.

I think it's important to note the bigger problem in Ireland is a lack of cultural familiarity or knowledge with woodland. Irish farmers do not see woodlands as integral to farms in the way maybe some continental European farmers would do.

The state pays more money to create native woodlands than commercial ones, but the current market rewards farmers far more significantly for commercial woodlands. Therefore, the state subsidies aren't as effective as they could be.

They are subsidising a commercial industry, and combined with the short-term revenue earned from timber, this still outweighs economic incentives for restoration. Despite the economic and ecological benefits of preserving land, it is still the less attractive option.

For existing woodlands, like some of our last remaining native woodlands, there is support, but it's not significant enough. Most of Ireland's important old growth native woodlands are in very bad condition and need strong financial support.

So our forestry sector was originally created for economic reasons, and it increasingly functions as a greenhouse gas emissions balancing mechanism to satisfy the requirements of the EU Land Use, Land-Use Change and Forestry (LULUCF) Regulation [which sets out how the land use sector contributes to the EU's climate goals].

Although the planting has helped Ireland with its LULUCF obligations under the current methodology, the climate benefit is questionable, especially with peatland soils and very short rotations.

As well as overcoming financial hurdles, there are also cultural ones to surmount.

But to do so, we need resources to engage with communities who we hope will deliver the better forests that Ireland desperately needs.

"The [Irish] state pays more money to create native woodlands than commercial ones, but the current market rewards farmers far more significantly for commercial woodlands."



## How 'gentle forestry' promotes natural regeneration



Vincent Magnet is part of the growing movement embracing sustainable forestry in France. He explains that although close-to-nature methods are gaining popularity, they won't break clearcutting's lethal hold on French forests without more public funding.

# I'm a forester by training, and a member of the <u>French network of forestry alternatives.</u> I advise people around France about Continuous Cover Forestry.

Since 2019, I've also been part of a commune of around 40 people practicing close-to-nature forestry near the small village of Saint-Moreil, in the Creuse Department in central France, where I live.

Our group comprises unemployed youths, a photographer, an actor and a mechanic, among others. Working with a local NGO, Les Tisserands, we use 'soft' forestry methods – gentle thinning, using light to promote natural regeneration, protecting the diameters of the oak, chestnut, larch and other trees – in our twelve hectare forest. It's a little oasis - an island of diversity – amid the private forests surrounding it, where destructive clearcutting and replanting dominate, and where biodiversity has been eroded.

We're showing that another way of forestry is possible, and we are just one of the many groups of citizens increasingly acquiring forests in France to protect them from industrial logging.

But while CCF or close-to-nature forestry is gaining popularity, anyone trying to get support for it faces serious barriers ranging from lack of advice and other technical support available, as well as the few financial incentives to do so.

Public funding is particularly geared towards supporting the industrial plantation forestry model at the expense of a more sustainable alternative.

## Weighted towards industry

Subsidies are often heavily weighted in favour of foresters who supply timber to the industry, and there's little aid available for smaller forest owners adopting objectives beyond wood production. My local association applied for regional funding. We wanted to acquire land and increase the area where we are practising CCF, but we were refused. Funding isn't prioritised for small local groups like ours, or individual owners with smaller forests, but towards the large forest owners and financial groups (such as banks, insurers and wood traders) which have institutional ties.



for ecological forestry in France."

Within France's post-covid recovery plan, aid for forestry was only geared towards large-scale forestry mechanisation, with 87 per cent of available government-funds going to forests which are clear-cut, followed by softwood species plantations.

On a national level, there has also been support for forest activities that reward carbon sequestration, through the national low-carbon strategy and carbon subsidies, but this has not seen significant funds redirected to CCF, despite the benefits for the climate and biodiversity.

#### There is five to ten times more aid for intensive than for ecological forestry in France.

In a nutshell, very little funding is available, unless you want to do large-scale monoculture plantations, claiming that they will better adapt to a changing climate. If you want to improve the resilience of existing forests, there aren't public funds designed to help you.

Generally speaking, it's easier for small private forest owners, or small forestry groups to obtain funding to support biodiversity and nature conservation rather than CCF. Public funds aren't available for CCF: that which is available comes from ecological foundations.

#### **Regional variations**

There are differences in financial support for 'soft' forestry, depending on political will or forestry tradition in different areas.

Some regions are more proactive. For example, the Île-de-France Region has taken a big step in this direction as the National Forest Office (ONF) and Institut Paris Region decided to manage all their forests using CCF.

Our particular problem is that former Limousin Region has been absorbed by Aquitaine region which has some of the most intensive forestry practices in France. Such logic applied to our mountainous territory, is inappropriate.

Many young forests in France have been poorly managed for decades, so a lot of investment is needed before CCF methods will lead to financial gains.

There are owners who either want to do it but can't - or they think it won't work for them economically. Even if they're convinced, they don't go for CCF because there's a time lag between the moment when they're going to do the work, the investments, and when the forest finally gives economic returns.

CCF work consists of designating the trees that should be cut and those that should stay longer. It costs less than plantations on vast areas, but it's more brain than machinery work.

#### Islands of diversity

By cutting individual trees, we can create islands of diversity that give forest soft light in small plots. Sometimes there is a need to supplement this with a small amount of planting, which is cheap and can increase diversity. This technical work is accurate, but takes a lot of time and requires qualified manpower.

To sum up, it's rare to find forest owners who are interested in CCF and who are also available to invest. Sadly we don't have the financial tools to support them properly. We are also lacking appropriate skills and manpower.

With today's storms and all the risks associated with climate change, there is a great deal of uncertainty: forest owners don't know whether their trees will survive, and so are reluctant to invest. In my local natural regional park, only two technicians give CCF advice, in connection with Natura 2000. They work on 140 communes with thousands of owners. This means that most forest owners only receive advice from industrial forestry companies.

Nevertheless it's energising to see that we're not alone. There are lots of different initiatives, forestry groups, carpenters and joiners getting together, as well as walking associations getting involved... Such supportive people help us deal with the unbearable.





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**Foresters outline how** to fund a transition that will turn the tide towards positive forest management.

