

A photograph of a man and a woman in a forest. The woman, on the left, is wearing a light green jacket and dark pants, and is pointing upwards. The man, on the right, is wearing a plaid shirt and jeans, and is also looking upwards. The background is a dense forest of tall trees.

Possible economic impacts of recent EU forest-related policies

*International Softwood Conference Copenhagen
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Who are we
representing?



European forest owners



~16 millions forest owners

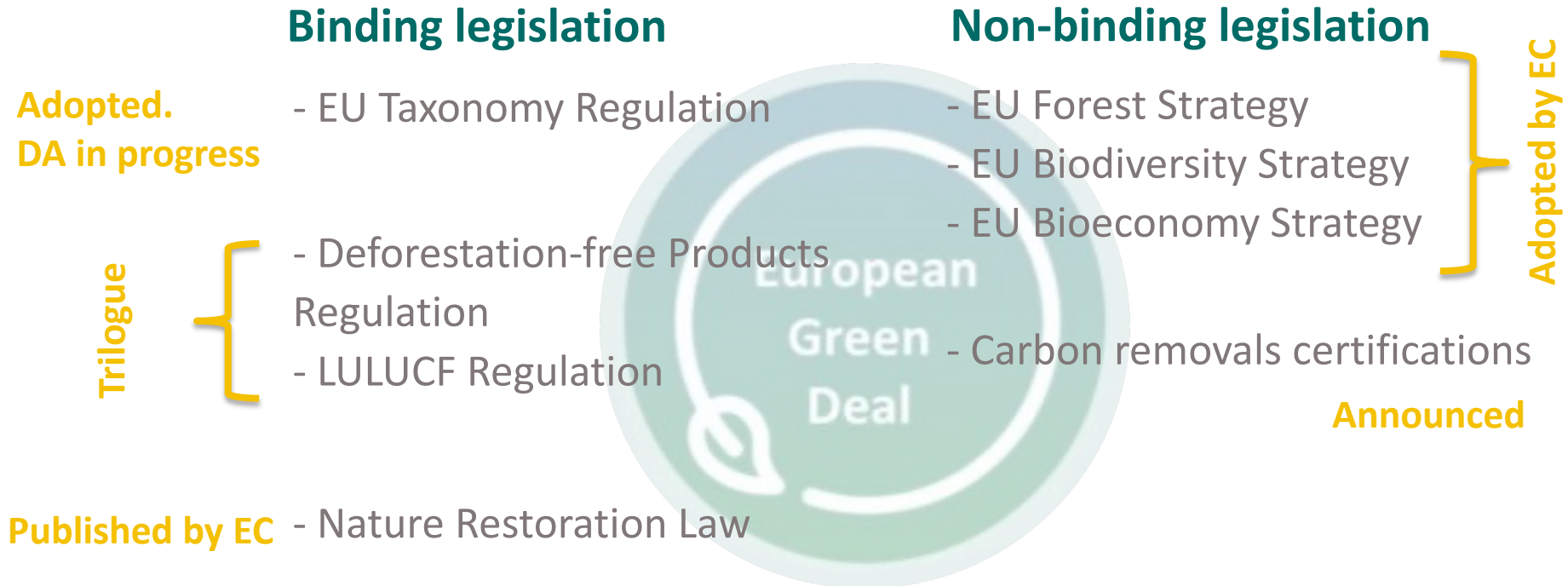
60% EU forest area



EU forest- related policies



Most relevant EU forest-related policies under development



**EU forest-
related
policies**

**Possible
economic
impacts**



EU Forest Strategy for 2030

Non-binding

- Adopted July 2021
- All aspects of SFM included, but listed actions show imbalance of goals
- Some key actions :
 - EU voluntary closer-to-nature forest management certification scheme
 - new EU SFM indicators, thresholds, and ranges
 - strict protection of all primary and old-growth forests

→ Area available for wood supply; Costs of management;
Products available



Deforestation and Forest Degradation Regulation

Binding

- EC proposal on November 2021 → in trilogue
- Enhanced Due Diligence System compared to EUTR
 - EC estimated one-off costs for Due Diligence System of 5,000 to 90,000 € per operator (+ yearly costs)
- Key definitions still being discussed
 - e.g. forest degradation



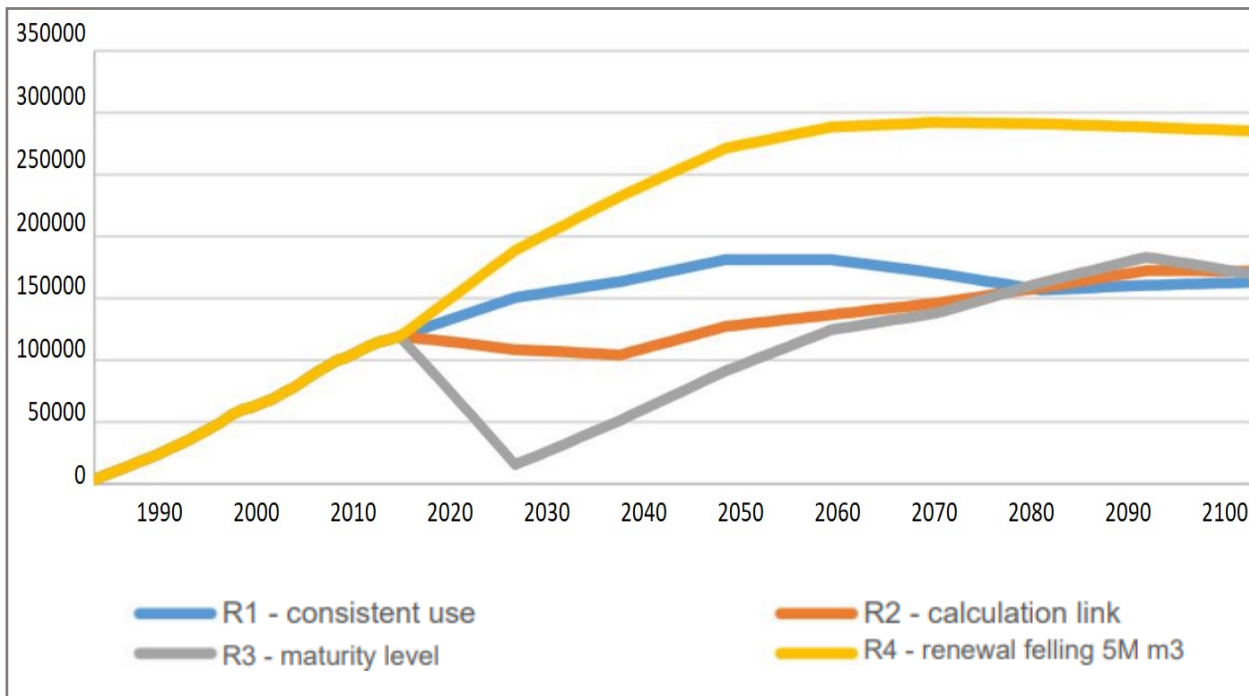
LULUCF Regulation

Binding

- Proposal in July 2021 → trilogue
- Part of the FitFor55 package (incl. 2050 climate neutrality target)
- EU-wide carbon removal target of -310 Mt CO₂ by 2030
 - Increased carbon removals by more than by 15 %
 - Short timeframe: risk of decreasing forest harvesting levels
 - Possibility of an AFOLU target



LULUCF potential impacts on wood provision – Estonian Study

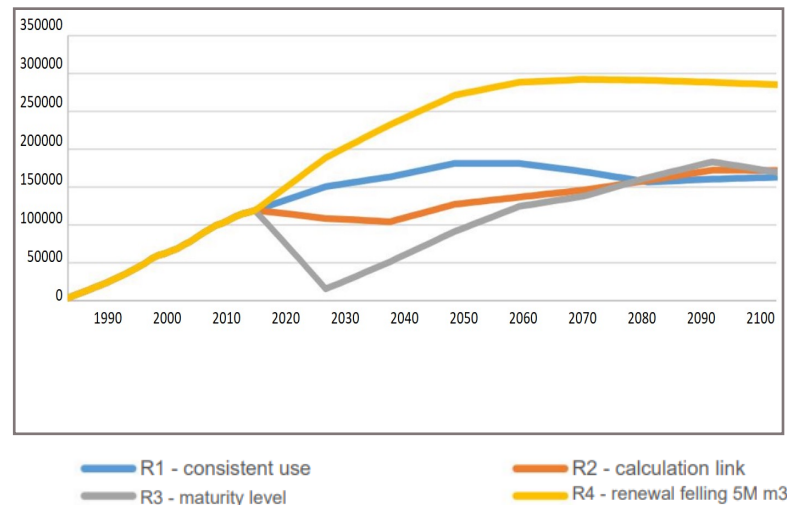


Change in carbon stocks (kt CO₂) compared to 1990 in woody biomass and wood products under different forest use. Scenarios for the period 1990 - 2100

LULUCF potential impacts on wood provision – Estonian Study

- **Uniform use** (same annual renewal felling throughout whole cycle)
- **Calculated harvest** (volume of renewal felling higher in the coming decades followed by steady decline)
- **Maturity harvest** (all stands that have reached maturity are cut within 10 years)
- **5 M m³ of regeneration harvesting** (throughout the whole period)

Change in carbon stocks (kt CO₂) compared to 1990 in woody biomass and wood products under different forest use scenarios in the period 1990 -2100



Taxonomy Regulation

Binding

- Adopted in June 2020 → Delegated Acts
- Classification system, establishing a list of environmentally sustainable economic activities
- New (reporting) requirements
 - Climate DA - climate benefit analysis and forest management plan
 - Biodiversity DA - Forestry criteria still not agreed upon



Biodiversity Strategy for 2030

Non-binding

- Adopted in June 2020
- Protect 30% of EU land and sea and strictly protect 10% of these areas
 - *Covering areas of very high biodiversity value and important for mitigation and adaptation to climate change, including all primary and old growth forest*
- No deterioration target
- Guidelines on closer-to-nature forestry practices



EU Biodiversity Strategy – Study by Thünen Institute

EU roundwood production (industrial roundwood + fuelwood) development up to 2050

Reference scenario

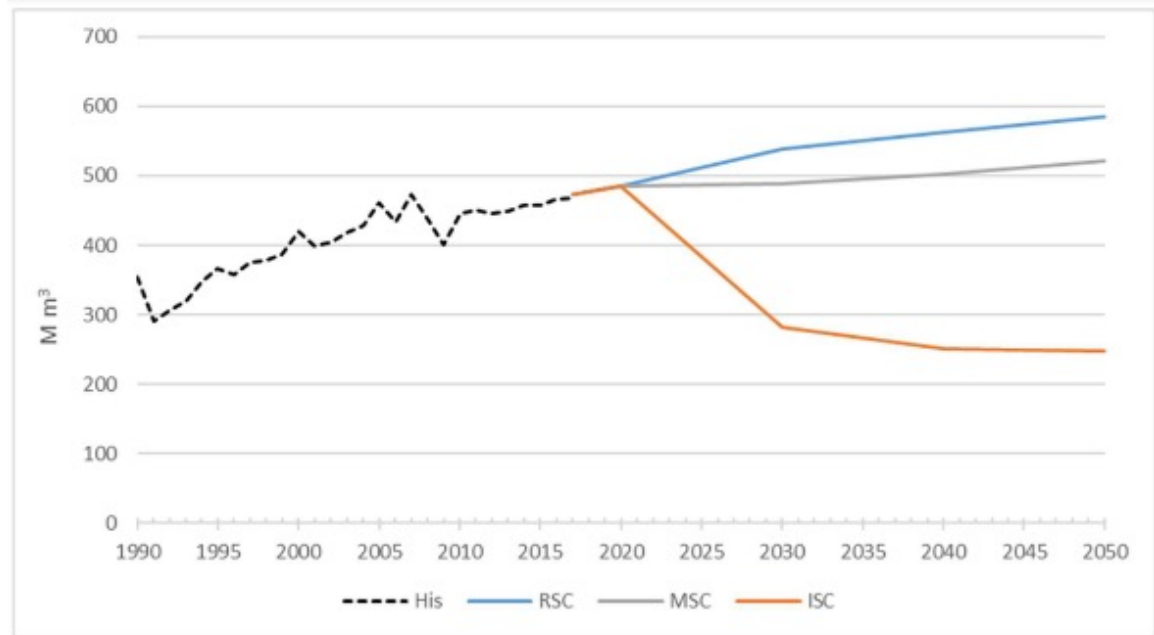
539 M m³ of roundwood production in 2030

Intensive scenario:

281 M m³ of roundwood production in 2030 (- 48 %)

Moderate scenario

490 M m³ of roundwood production in 2030 (- 9 %)



Nature Restoration Regulation

Binding

- Published in June 2022 → EP and EU Council
- Restoration measures within Annex I of the Habitats Directives and beyond
- For all forest ecosystems, increasing trends to be achieved on set of indicators:
 - Standing and lying deadwood, uneven age structure, forest connectivity, common forest birds index, soil organic carbon.



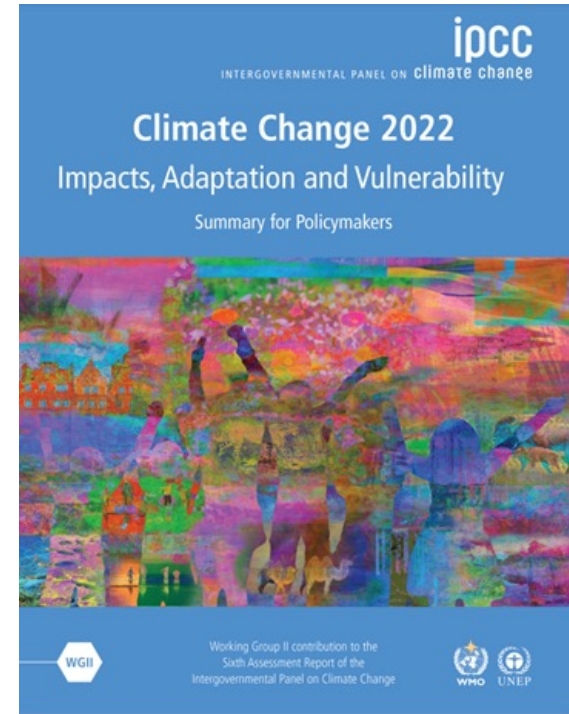
Beyond EU policies



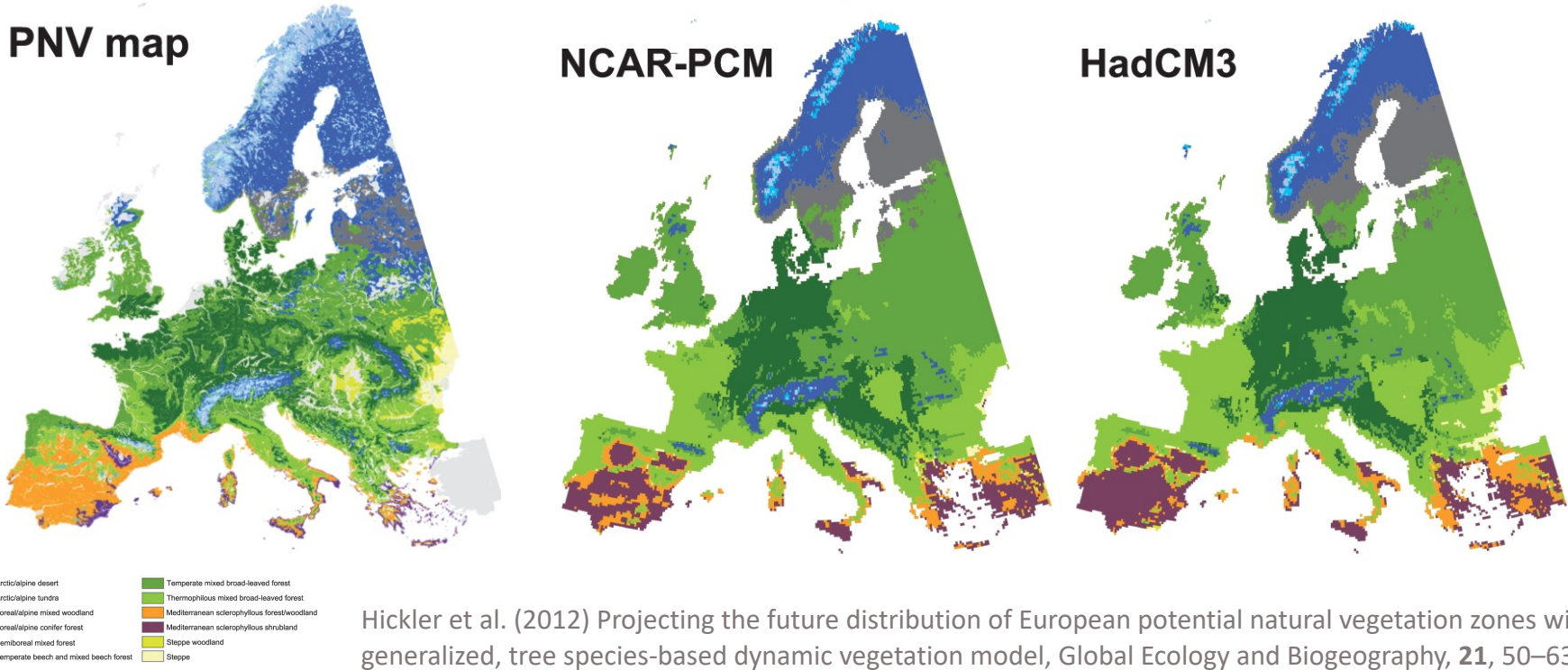
Other factors with an impact on wood provision

“(...) In temperate and boreal regions, some forest productivity gains are projected, but tree mortality will increase in some areas (...). Some models project a possible increase in global wood supply and lowering of average wood prices, but they do not account for the negative impacts of extreme events and thus possibly overestimate the wood supply (...).

6th IPCC Report, Food, Fibre, and Other Ecosystem Products. Climate Change 2022: Impacts, Adaptation and Vulnerability, 2022, Page 718



Projections of futures distributions of European vegetation zones

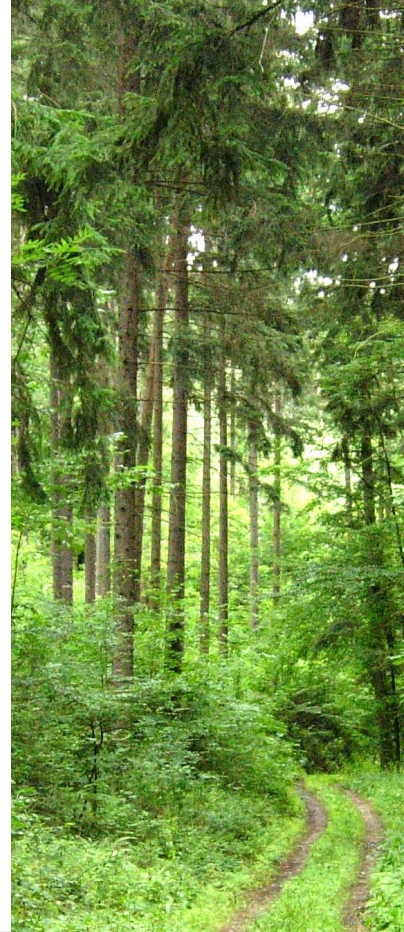


Conclusions



Conclusions (1)

- Productive aspects and realities of forest management are often overlooked in EU-forest related policies
- Many of these policies are still being discussed, and several key provisions are not yet settled
- Implementation at the level of the Member States will be crucial
- All of this is, in a context of changing climate and geopolitical instability

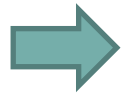


Conclusions (2)

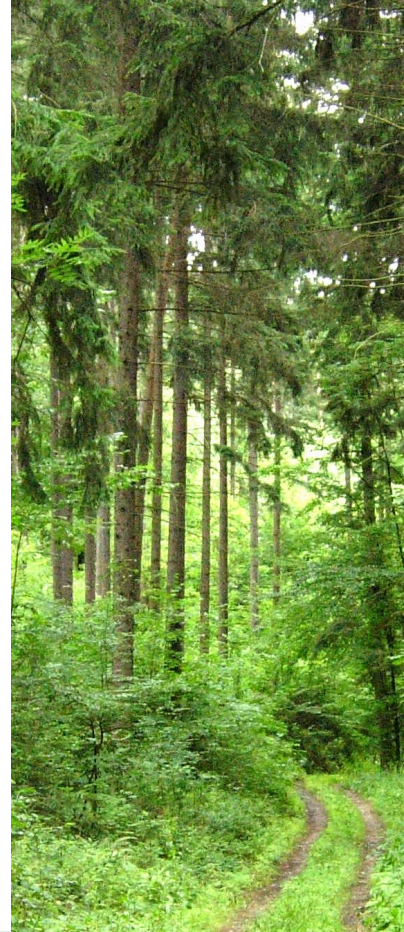
Possible economic impacts of EU forest-related policies on

- Areas available for wood supply
- Costs of management and harvesting
- Products available (species and assortment types)

Concrete numbers and assessments of long-term consequences are lacking



Motivation to manage for uncertain futures



Thank you for you attention.

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Confederation of European Forest Owners