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TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

ON

A FORESTRY STRATEGY FOR THE EUROPEAN UNION

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Introduction

On the basis of the second paragraph of Article 138b of the EC Treaty, on 31 January 1997 the European Parliament approved a resolution¹ on the European Union's forestry strategy calling on the Commission to put forward "a legislative proposal on European forestry strategy" in accordance with a number of considerations and recommendations.

This communication has two aims:

- to present a coherent outline for a forestry strategy for the European Union;
- to respond to the European Parliament's request while taking account of the opinions handed down by the Economic and Social Committee² and the Committee of the Regions³;

This strategy should be considered within the scope of the principles and commitments adopted at international level and in particular within the framework of the UN Conference on Environment and Development⁴ (e.g. the Kyoto Protocol on Climate Change) and the pan-European Conferences on the Protection of Forests⁵.

The EU forestry strategy is based on the recognition of the diversity of Europe's forests, their multifunctional role and the need for ecological, economic and social sustainability⁶.

I. Certain forestry challenges facing the European Union

1. General remarks

Forest resources

Forests are estimated to cover around 3 500 million hectares (ha) or 27% of the world's total land area. More than 60% of the world's forests are located in seven countries, namely Russia, Brazil, Canada, the US, China, Indonesia and the Congo (formerly Zaire).

The European continent has nearly 215 million ha of forests and other wooded land, accounting in total for nearly 30% of the continent's land area. The forest area is

¹ A4-0414/96 (OJ C 55, 24.2.1997, p. 22)

² Opinion of the Economic and Social Committee of 24 April 1997 on "The situation and problems of forestry in the European Union and potential for developing forestry policies" (OJ C 206, 7.7.1997, p. 128)

³ CoR 268/97 final - Opinion of the Committee of the Regions of 19 November 1997 on "Management, use and protection of forests in the EU" (OJ No C 64, 27.2.1998, p. 25)

⁴ UNCED, Rio de Janeiro 1992.

⁵ Strasbourg (1990), Helsinki (1993) and Lisbon (1998).

⁶ For Europe, the concept of sustainable forest management was defined in 1993 at the pan-European Ministerial Conference on the Protection of Forests in Europe as follows: "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".

currently stable or even increasing and is characterised by a huge variety of climatic, geographic, ecological as well as socio-economic conditions.

The EU has a total forest area of 130 million ha, accounting for about 36% of its total land mass. Some 87 million ha are considered exploitable forests (managed for wood production and non-wood goods and services).

In comparison with the vast boreal and tropical forests of other regions of the world, the EU's forest resources may seem unimportant at first glance. However, following the accession of Austria, Finland and Sweden, the EU has become the world's second largest paper and sawnwood producer, its foremost importer of forest products and third largest exporter of forest products.

Structure and competitiveness of EU Forest-based industries

- The forest-based industries consist of woodworking industries, that is *inter alia* sawmilling, wood-based panels, wooden building components and wooden packaging; pulp, paper and board production and their converting; as well as, further down-stream, printing and publishing.
- This industry is characterised by global, regional and local companies, including some big, globally present multi-nationals as well as hundreds of thousands of small- and medium-sized enterprises, mostly privately owned.
- Altogether, the EU forest-based industries' production value amounts to close to 300 billion ECU, which represents 10 % of the total for all manufacturing. According to official statistics these industries directly employ some 2.2 million people, in all parts of the Union.
- The EU is the biggest trader and second biggest consumer of forest products in the world, with a positive trade balance overall. However, within this context, the EU is a net importer of raw materials, mainly roundwood, mostly from the CEECs and CIS, and woodpulp from N. and S. America and other regions having high growth rates and low costs in timber growing. Within certain sectors where there is a particularly high level of domestic supply and for some, the EU is a prominent exporter, especially for the more highly value-added products.
- The EU industry achieves advantage by using both fresh raw material (virgin fibre) and recovered wood and paper.
- The EU forest-based industries depend in certain areas on a fragmented forest resource which, with other disadvantages, are tending to make EU wood less competitive than that from elsewhere.
- Thus, to be competitive in the future, the EU forest-based industries must assure a secure and competitive raw material supply and strive for continuous specialisation, quality and innovation, supported by R&D.

Thus, it can be seen that the forestry sector is an enormously important one for the EU in economic terms.

European forest diversity

There is a wide variety of forest types as defined in terms of their bio-climatic and soil conditions. Their ecological characteristics can be divided into numerous vegetation

zones, ranging from the sub-Mediterranean zone to the Arctic belt and from coastal plains to the Alpine zone.

Forestland in the EU is 65% privately owned. As there are about 12 million private forest owners in the EU, privately owned forests tend predominantly therefore to be highly fragmented into small plots and most holdings are smaller than five hectares. Ownership, however, varies widely within the Community. In Greece and Ireland, the State owns about two thirds of forestland, while in Belgium, Spain, Italy, Luxembourg, France and Germany, local communities play an important role as forest owners.

Threats to forests

Apart from deforestation as a result of urban and industrial uses and the creation of large-scale infrastructures, forests are also exposed to serious threats from air pollution, fires, climatic change, and attacks from parasites and diseases. Such threats can seriously upset and even destroy forest ecosystems. Between 350 000 and 500 000 ha of forests are destroyed by fire in the EU every year. Air pollution, on the other hand, is reducing tree vitality and it is estimated that about one third of Europe's forests are visibly affected by air pollution.

2. Sustainably managed forests provide vital services to nature and society.

Traditionally, the foremost function of forests is considered to be their use as a regenerative source of timber and other products, such as resin, cork, mushrooms and berries : this is known as the raw-material function of forests. Besides their economic role, forests offer many other benefits which could be regarded as useful to society. Increasing leisure time, for instance, has made the recreational use of forests important socially⁷. Environmental aspects associated with forests' protective functions, like biodiversity, local and regional climates, water and soil protection, are highly valued. In mountain areas, avalanche control and protection against erosion⁸ are additional functions. Over the last decade, the role of forests in the fixation of carbon oxides has grown in importance⁹. Because forests generally perform several of these functions, their value is best illustrated by their multifunctionality. That means for example that in a forest essentially providing soil protection but which is also important for biodiversity and recreation, selective timber harvesting can be performed without any loss of the forest's functions.

3. Key issues

The major concerns in relation to forestry are:

- the promotion of the development of the forestry sector as a contribution to rural development and in particular to the creation and preservation of jobs in rural areas,
- the protection of our natural environment and our forest heritage (e.g. soil protection, erosion control, water regulation, improvement of air quality, carbon

⁷ In the Nordic Countries, for example, it is estimated that at least 400 million visits a year are made to forests.

⁸ In Mediterranean forests catchments soil erosion varies from 2-3 tons/ha/year while on bare soils it goes up to 20 to 30 t/ha/year.

⁹ The Dobris report points out that European Forests contain about 2.8 Gt of carbon in trees and litter, plus 3-4 Gt of C in forest soil. 2.8 Gt of carbon is the amount of carbon emitted from fossil fuels in the EU about 4 years.

sequestration, prevention of climate change, protection of natural habitats and biodiversity) and the restoration of damaged forests,

- the maintenance of the social and recreational functions of forests,
- the improvement of ecological, economic and social sustainable forest management within the framework of the internal market, and in line with the Union's international obligations, including WTO compatible trade rules,
- support for international and pan-European cooperation to protect forests at European level and globally (see below), in particular to avoid forest destruction in other parts of the world which could have long-term implications for the sustainability of forests and the environment of the world,
- the fulfilment of the targets of the 5th Environmental Action Programme and the protection of forests against deforestation, forest fires and atmospheric pollution.
- promoting the role of forests as carbon trapping mechanisms and wood products as carbon sinks, especially in the post-Kyoto climate change debate,
- promoting environmental virtues of wood and other forest products,
- assuring the competitiveness of the EU forest-based industries.

The United Nations Conference on Environment and Development (UNCED) and its follow-up

The UN Conference on Environment and Development held in Rio de Janeiro in 1992 has given forests an increasingly important role in the context of sustainable development and environmental conservation. The concept of sustainable forest management has been recognised as a fundamental guiding principle by all participating countries. The following commitments are of particular importance:

- the non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests;
- Chapter 11 of Agenda 21 (combating deforestation) with four main principles:
 - sustaining the multiple roles and functions of all types of forests, forestlands and woodlands;
 - enhancing the protection, sustainable management and conservation of all forests, and the greening of degraded areas, through forest rehabilitation, afforestation, reforestation and other means of rehabilitation;
 - promoting efficient utilisation and assessment to recover the full valuation of the goods and services provided by forests, forestlands and woodlands;
 - establishing and/or strengthening capacities for the planning, assessment and systematic observation of forests and related programmes, projects and activities, including commercial trade and processes;
- the Conventions on Biological Diversity on Desertification and on Climate Change as well as their Protocols and Work Programmes (e.g. the Kyoto Protocol).

This global process on sustainable development needs to be taken into account when devising an EU forestry strategy, in particular by:

- implementing forest-related commitments resulting from this process at European level;
- contributing to overall sustainable development in forest development cooperation through the implementation of the IPF (International Panel on Forests) proposals;
- continuing the policy dialogue on forests at international level with the aim of negotiating a legally binding instrument on all types of forests.

The pan-European process on Protection of Forests

The Ministerial Conferences on the Protection of Forests in Europe constitute a major initiative in the process of cooperation amongst European countries (38 European countries as well as the European Community) to contribute to the protection and sustainable management of European forests. They represent a joint response and a political commitment by the countries of Europe to the sustainable management and conservation of forest resources, as suggested in Agenda 21 and in the non-legally binding "Forest Principles" adopted at UNCED, taking into account the specific conditions and needs of Europe's forests.

The resolutions adopted by the countries of Europe and the European Union at the conferences held in Strasbourg (1990), Helsinki (1993) and Lisbon (1998) are:

- S1: European network of permanent sample plots for the monitoring of forest ecosystems
- S2: Conservation of forest genetic resources
- S3: Decentralised European data bank on forest fires
- S4: Adapting the management of mountainous forests to new environmental conditions
- S5: Expansion of the EUROSILVA Network of research on tree physiology
- S6: European network for research into forest ecosystems
- H1: General guidelines for the sustainable management of forests in Europe
- H2: General guidelines for the conservation of the biodiversity of European forests
- H3: Forestry cooperation with countries with economies in transition
- H4: Strategies for a process of long-term adaptation of forests in Europe to climate change
- L1: People, Forests and Forestry: enhancement of the socio-economic aspects of sustainable forest management
- L2: Pan-European criteria, indicators and operational level guidelines for sustainable forest management

The resolutions cover the main points for the protection, conservation and sustainable development of Europe's forests and lay down guidelines for achieving those three objectives, including the implementation of objectives stemming from the Convention on Biological Diversity. The comprehensive nature of the resolutions is a major reason why the European Parliament has emphasised the importance of the pan-European process in relation to the EU forestry strategy.

II. A common strategic approach for the Community and the Member States

1. Common objective and guiding principles of the Strategy

The overall objective of the EU forestry strategy should be to strengthen sustainable forest development and management as stated in the "Forest Principles" adopted by the United Nations Conference on Environment and Development and as defined in the resolution adopted at the pan-European Ministerial Conferences on Protection of Forests (mentioned before). This approach should be defined in and implemented through national or subnational forest programmes or equivalent instruments applied by the Member States and, in accordance with the principle of subsidiarity, through action taken by the European Community where there is an added value to be gained therefrom.

A forestry strategy for the Union should comply with the following guiding principles:

- it should further the objectives of the Community policies;
- it should contribute to the implementation of international commitments entered into by the Member States and the Union;
- it should entail a flexible approach, based in particular on the principle of subsidiarity;
- it should operate in accordance with the principles of free movement of goods and free competition, as well as avoid any distortion of competition;
- it should enhance the competitiveness of the EU's forestry sector, including forestry and forest-based industries,
- it should contribute to enhance the potential for wealth generation and rural and industrial employment within a sustainable society, particularly in many rural areas having few economic alternatives,
- it should further the principle of integration of sustainable development and environment protection in forest-related policies.

2. What role for the European Union?

The Treaties on European Union make no provision for a comprehensive common forestry policy. The management, conservation and sustainable development of forests are nevertheless vital concerns of existing common policies like the CAP and the rural development, environment, trade, internal market, research, industry, development cooperation and energy policies.

The bases for action under existing responsibilities in accordance with the terms of the Treaty are as follows:

- with their many functions, forests are essential to rural areas and constitute a major component of an integrated rural development policy, particularly because of their contribution to income and employment and their ecological and social value;

- forests and their diversity are an important part of the European natural environment and their protection and conservation falls within the scope of a number of Community policies and is the subject in particular of specific environmental issues such as the EU Biodiversity Strategy, Natura 2000 and the implementation of the Climate Change Convention;
- for forest products, and in particular wood (as well as cork and resins), the rules of the Internal Market apply, including the normal EU competition rules on state aids, mergers and cartels.

A number of important actions within existing Community policies have a considerable impact on forests. On the other hand, direct and indirect linkages exist between Community and national forestry policies. The Community therefore has a vital role to play in achieving the objectives laid down by the Member States and the Community in the framework of the strategy.

3. The role of the Member States

In line with the principle of subsidiarity, the Member States are responsible for planning and implementing national forest programmes or equivalent instruments¹⁰. These programmes are essential instruments in the implementation of the principles laid down at the UN Conference on Environment and Development, the proposals for action of the Intergovernmental Panel on Forests (IPF) the resolutions adopted under the pan-European conferences held in Strasbourg, Helsinki and Lisbon as well as Member States' initiatives in the context of international Conventions (such as those on Climate Change, Biological Diversity, Desertification, and Transboundary Air Pollution) and the 5th Environmental Action Programme.

III. The Community action frame

A. Introduction

While taking into account the existing Community actions related to forestry, the Community legislative action frame for the EU forestry strategy is based above all on two Commission proposals in the context of Agenda 2000: the proposal for a new regulation on support for Rural Development¹¹ and the proposal for a regulation on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe¹². This proposed legal framework together with the existing actions constitute the Commission's response to the Parliamentary initiative.

The present Communication does not cover the evaluation of forest measures conducted in the past. An appraisal of the forestry measures has been presented, for

¹⁰ National or sub-national forest programmes provide a global framework within which to address forestry issues in the context of sustainable forest management. They are tools for the planning, implementing and monitoring of forestry and forest-related activities and provide an environment for the concerted and coordinated implementation of programmes and activities by all interested parties on the basis of mutually agreed objectives and strategies.

example, in the report on the application of Regulation (EEC) No 2080/92 relating to forestry measures in agriculture¹³, the recently published reports on the health of forests¹⁴, and the report on the Community information system on forest fires¹⁵. Various assessments of practical programmes managed by the Structural Funds have also been undertaken.

B. Existing actions and their development

1. Existing Regulations relating to CAP structural and accompanying measures

The continuation of the following forestry measures is the subject of the Commission proposal on rural development in the context of Agenda 2000 and they are therefore mentioned under Section C.1:

- Forestry measures in agriculture¹⁶ seek to promote afforestation as an alternative use for agricultural land and the development of forestry activities on farms. This horizontal measure is part of the CAP accompanying measures (EAGGF Guarantee Section). In total, between 1993 and 1997, over 500.000 ha of agricultural land were afforested, and around 26.000 farmers have taken advantage of the scheme to improve their existing woodlands through new investments.

While stressing that it was premature to draw any firm conclusions after the short implementation period, the report mentioned before on the application of the regulation formulated some positive observations in relation to the fixed objectives of the regulation, as regards for example :

- the contribution of the scheme to rural development by encouraging pluriactivity, a dynamic approach to land use and proper maintenance of the countryside, although afforestation probably had only a small impact on reducing surplus agricultural production;
 - the generation of a number of positive environmental effects such as preventing erosion and desertification, encouraging biodiversity and regulating the hydrological regime;
 - the contribution of the regulation to overall regional planning policy and national forestry policy objectives.
- The scheme to develop and optimally utilise woodlands in rural areas¹⁷ includes a wide range of forestry measures to promote the economic, ecological and social functions of forests as part of the operational programmes under Objectives 1, 5(b) and 6. Furthermore, the regional development measures in Objectives 1 and 2 areas may include actions related to the forest sector. The Community is assisting the

¹¹ COM (1998)158 final - Proposal for a Council Regulation (EC) on support for Rural Development from the European Agricultural Guidance and Guarantee Fund (EAGGF) (OJ C 170 , 4.6.1998, p. 67)

¹² COM (1998) 153 final (OJ C 150, 16.5.1998, p. 14)

¹³ Report from the Commission to the Council and the European Parliament on the application of Regulation (EEC) No 2080/92 instituting a Community aid scheme for forestry measures in agriculture (COM(97)630 final, 28.11.1997).

¹⁴ Forest Condition in Europe, 1998 Executive Report, ISSN 1020-587X

¹⁵ Forest Fires in the South of the European Union 1989-1993, ISBN 92-827-5369-7

¹⁶ Council Regulation (EEC) No 2080/92 (OJ L 215, 30.7.1992, p. 96)

¹⁷ Council Regulation (EEC) No 1610/89 (OJ L 165, 15.6.1989, p. 3)

regions by a wide range of measures such as the creation and improvement of nurseries, soil and water conservation measures, the extension and restoration of woodlands in areas at risk from soil erosion and flooding, the reconstitution of woodland damaged by fires or other natural causes, silvicultural and infrastructural improvements and start-up aid for forest management associations. Priority is given to regional programmes in areas where the promotion of silviculture may help in improving the economy of the area concerned, where soil and water conservation and measures to combat erosion play a major role, or where the social and recreational function of the woodland is particularly important.

- The development of the forestry sector by improving the processing and marketing conditions for forestry products¹⁸ provides for support in the framework of Objective 5(a) for forestry operations upstream of industrial processing. The operations concerned are for example felling, dismembering, stripping, cutting up, storage, protective treatment and drying. The financing of investments is directed preferably to those concerning small and medium-sized undertakings the restructuring and rationalization of which may contribute to the improvement and economic development of the agricultural and rural environment.

2. The Community Scheme for the Protection of Forests against Atmospheric Pollution¹⁹

Using a suitable observation network, this measure establishes a uniform periodic inventory of damage caused to forests. The inventory provides information on the extent and development of forest condition deterioration in the various regions of the European Union. Furthermore, an intensive monitoring system in the form of a European network of permanent observation plots for monitoring forest ecosystems aims to contribute to a clearer understanding of the impact of air pollution and other factors on forest ecosystems thanks to the collection of accurate data on the extent and development of a number of forest pollutants, together with detailed information on basic ecological parameters. The European Commission and UN/ECE publish a report annually on the health of Europe's forests. The 1998 Executive Report on Forest Condition in Europe notices a steady increase in defoliation over large areas of Europe, which is influenced mainly by air pollution and long periods of drought, especially in southern Europe.

This scheme should further develop, on the basis of a scientific review, the framework for a feasible monitoring system which is at the sharp edge of work in this area and which covers the range of potential impacts such as air pollution, climate change, diseases, pests or other stress factors on forest ecosystems. It should also provide a sound database for decision-makers and for research to improve the protection of forest ecosystems.

In 1999 the Commission intends to organise a workshop bringing together scientific experts and other interested parties, with a view to preparing a critical review of the current state of knowledge and experience in this field and to open up new prospects for amending the existing legislation in the year 2001. One of the main aims of the workshop will be to streamline future activities in the field of intensive monitoring to

¹⁸ Council Regulation (EEC) No 867/90 (OJ L 91, 6.4.1990, p. 7)

¹⁹ Council Regulation (EEC) No 3528/86 (OJ L 326, 21.11.1986, p. 2)

obtain a clearer understanding of the impact of air pollution and other stresses on forests and forest ecosystems in Europe and by thus also contributing to the implementation of IPF proposals for action (No 50).

Directive 96/62/EC on ambient air quality assessment and management provides a framework for the measurement, reporting and improvement of air quality in the EU. Local and regional action plans to comply with the limit values are required. There are plans for a regular assessment of air quality, including air in forests, as an important instrument for local authorities. Forests are expressly mentioned in Annex II to the Directive as a factor to be taken into account when limit values and alert thresholds are set. Assessment of data of the impact on forests of air pollutants, particularly ozone, is therefore important and needs to be coordinated with existing activities, especially under Council Regulation (EEC) No 3528/86 and Commission Regulation (EC) No 1091/94.

3. Forest fires²⁰

Forest fires constitute a major factor endangering sustainable development in nearly half of the EU's forests. The Union is currently part-financing forest-fire prevention measures within the framework of the rural development policy and through the specific Community action to protect forests against fires.

This action underpins the efforts of the Member States to prevent forest fires, while ensuring at the same time that forestry measures with support from other sources, such as rural development in areas subject to fire risk, are linked with protection systems through the implementation of global forest-fire protection plans.

The Cohesion Fund also provides assistance for the rehabilitation of forest areas destroyed by fire with the environmental objective of preventing erosion and ensuring water regulation.

The specific action to protect forest against fires will be continued and strengthened in view of the positive impact it has had on the effectiveness of protective measures and the importance of providing for a coherent scheme to protect existing forests and new plantations.

Special attention will be paid to close cooperation with the experts of the Standing Forestry Committee and will rely in particular on the Community information system on forest fires. This system enables fire-prevention measures to be assessed more precisely and priorities to be redefined, where required; in the framework of the follow-up to the pan-European Conferences on the Protection of Forests in Europe and of the implementation of the IPF proposals for action (No 46) the system also contributes towards the development of international cooperation, both at pan-European level and throughout the Mediterranean countries.

²⁰ Council Regulation (EEC) No 2158/92 (OJ L 217, 31.7.1992, p. 3)

4. Establishing a European Forestry Information and Communication System (Efics)²¹

This measure which was last amended by Council regulation 1100/98 along the lines of the Parliament's resolution concentrates on achieving the following objectives:

- improving the quality of, and encouraging the changes required in, national forest inventories so they can fulfil information needs with a view to reporting on sustainable forest management, in close cooperation with the members of the Informal Intersecretariat Working Group (representatives of the Commission, Eurostat, UN-ECE, FAO, OECD and ITTO²²). Special emphasis should be placed on the provision of objective, comparable data based on pan-European criteria and indicators and on forest ownership structure within the Union.
In addition, efforts will be made to investigate the practical application of remote sensing and Geographical Information Systems (GIS) techniques, especially in the provision of spatial data as a source of information complementing more conventional statistics, in order to obtain standardised information on forests in Europe;
- obtaining information and achieving better communication by setting up an EU database containing all relevant information about Community measures relating to forestry as well as basic information on Member States' national or subnational forest policies and programmes;
- carrying out information gathering and analysis of the future development of the forestry sector with respect to trade, industry, employment and environmental issues.

These actions will contribute to the implementation of IPF proposals (No 89).

5. The Internal Market and EU trade

Forestry and forest-based commercial activities are part of the open sector of the economy, and the production of timber, as the main commercial function, is guided primarily by market forces.

The EU forestry sector cannot be considered in isolation from those of other countries. Any measures must be compatible with our international trade obligations as well as subject to any other commitments to which the EU is signatory. In particular, the WTO provisions on international trade, including trade and environment issues, apply to the trade of all forest products with third countries.

Fiscal measures and public aid for forestry are devised and implemented by the Member States; any aid granted by Member States to the forestry sector must be compatible with the rules of the common market and must be notified to the Commission. EU support for forestry is in general based on financial contributions within the framework of aid systems established by the Member States under their forestry policies and programmes; such support must respect market-based discipline and ensure the effective functioning of competition policy.

²¹ Council Regulation (EEC) No 1615/89 (OJ L 165, 15.6.1989, p. 12)

²² International Tropical Timber Organization.

A number of legal instruments established at EU level influence commercial activities relating to the forestry sector. In particular these are:

- technical and environmental standards for forest products, which seek to improve the operating conditions for forestry and forest industries inside the Community and to remove any market distortion and obstacles;
- common rules on the quality and marketing of forest reproductive material, which help to ensure high quality in forest reproductive material in the Community; the Commission will shortly be putting a proposal for a new directive to the Council;
- plant-health controls: the Community is playing an increasingly active role in the protection of the health and vitality of forest ecosystems through its responsibility for preventing plant-health risks deriving from imports of timber in the rough from non-member countries.

The Commission considers that the current and proposed Community measures permit the commercial exploitation of forests within the framework of the single market and is not therefore suggesting any new initiatives in this context.

6. The EU forest-based industries

As far as the EU forest-based industries are concerned, the EU industry wants to contribute to the sustainable development of the whole forestry sector by maintaining its competitiveness vis-à-vis other materials within global competition and the challenges brought about by environmental goals, whilst taking advantage of the opportunity offered by the Information Society.

The main action points for the EU forest-based industries will be addressed in a separate, forthcoming Communication to Council and Parliament on the sustainable competitiveness of the EU forest-based industries.

7. Community support for forestry research

In the Fourth Framework Programme for RTD (1994-1998), research activities on forestry are essentially carried out by the specific programme, "Agriculture and Fisheries (including agro-industry, food technologies, forestry, aquaculture and rural development)" (FAIR). In addition, a number of other specific RTD programmes and actions are also dealt with issues relevant to forestry namely: the Environment and Climate programme, the Co-operation with Third Countries and International Organisations (INCO) programme, COST (Cooperation on Science and Technology) actions, Training and Mobility of Researchers and Technology Stimulation Measures for SMEs.

With respect to the FAIR programme, the objectives are

- i) to strengthen the competitiveness of the European forest sector by improving, consolidating and harmonising research activities in Europe and
- ii) to support the protection, development and exploitation of European forests and the Union's commitment to sustainable multifunctional management of forests.

The concept of forestry-wood chain is introduced and implemented under the FAIR programme. Projects in this field have evolved from relatively small in size and budget,

solving specific problems along the "chain", to integrated ones aiming at optimising the efficiency and productivity of the entire "production and processing chain" and matching the sustainable production of forest resources to industrial and market needs and requirements.

Concerning the multifunctional management of forests, the priority is essentially put on:

- The socio-economic situation of the forestry sector and the policies applied therein; the prospects for supply and demand in the short, medium and long-term.
- The functioning of forestry ecosystems and the interaction between forestry and ecosystems.
- The impact of natural hazards and human activities; the causes of forest dieback, the adaptive capacity of forests, forestry protection, and the restoration of damaged forests.
- The sustainable and multifunctional management of forests, analysis, methods and suitable indicators, the appropriate afforestation, management and exploitation techniques and methods, the genetic improvement of trees for better growth, resistance and quality, and the optimisation of agro-forestry systems.
- Support for cork production through genetic improvement and the improvement of production, management, health protection and exploitation techniques.

The Environment and Climate programme contributes to forest research with the emphasis of forest issues linked with environmental concern. Besides fundamental ecosystem research, the impact of air pollution, climate change, fertilisation effects on European forests have been investigated. Management strategies for the conservation of carbon stores in forests have been developed and the effects of land-use change practices have been assessed by using remote sensing tools and other advanced technologies.

Research cooperation on tropical forestry, cooperation with third countries and international organisations will be subject of a future communication from the Commission on development and cooperation (see chapter 8).

As to the future, in April 1997 the Commission has put forward a proposal for the Fifth Framework Programme for RTD, which will take over during the period 1998-2002. As stated in the proposal, European research should be made more efficient and directed towards meeting social and economic needs. The concept of "Key Action" is introduced as a major research support carrier under which, multidisciplinary and integrated research efforts are focused upon problems of major socio-economic importance.

Forestry research is incorporated within the Key Action: "Sustainable agriculture, fisheries and forestry including integrated development of rural areas" under the Specific Programme "Quality of life and management of living resources". The objectives are to provide methods and instruments for the conservation, protection and sustainable multifunctional management of forests thereby supporting the implementation of Community measures and international commitments and ensuring the sector's competitiveness and valuation. In addition, systems of forestry production and process technologies will contribute to the delivery of new or improved forest

products with high value-added and lower impact on the environment. The research priorities will concentrate on:

- multifunctional management of forests: support to forest policy issues; diversification (non-wood uses, agro-sylvo-pastoral systems), multifunctional and sustainable management combining quality production with conservation and protection. Forest ecosystems biodiversity and protection of forest soils.
- sustainable and multipurpose utilisation of forest resources: the forestry-wood chain: strategies for the sustainable management and utilisation of forest resources; efficient, environmentally-friendly processes and recycling technologies; high value-added and diversified products accounting for market needs and consumer requirements.

Forest research remains a key issue in Key Action "Climate, Global Change and Biodiversity" of the Specific Programme "Preserving the Ecosystem". Priority will be given to ecosystems, biodiversity research issues and development of strategies and adaptations to climate change in order to fulfil the commitments of the Kyoto Protocol. Research issues on renewable energy systems, in particular biomass to energy systems, will also be addressed within this specific programme.

The implementation of the above RTD specific programmes will also comprise activities and mechanisms aimed at stimulating, disseminating and exploiting RTD results.

8. Development Cooperation

The overall goal of the Community forest development cooperation is to promote sustainable forest management in developing countries as a contribution to sustainable development globally. This goal will be pursued in accordance with the legal and political commitments arising from various international forums and agreements. The activities seeking to achieve this goal will have to recognise the role of forests in economic and social development, the conservation of biological diversity, action to combat desertification, carbon sequestration that mitigates climate change, and the safeguarding of natural habitats and their ecological functions. This entails the proper upgrading of natural resources and the recognition of the role of the various stakeholders in the forestry sector.

The EC will concentrate its assistance to developing countries in the forestry sector on those areas where it will have maximum positive impact, whilst taking into account the socio-economic environmental and cultural importance of developing countries' forest resources and their progress towards sustainable development.

Priority areas for dialogue and assistance are policy and institutional reform, stakeholder involvement, capacity building and research for sustainable forest management as well as forest ecosystem conservation. Assistance will be provided at national, regional and international level, including support to fulfil commitments arising from the relevant international environmental agreements.

The Commission will soon present a communication to the Council and Parliament on Forestry Development Cooperation.

9. International cooperation

- at pan-European level:

The Community will continue its active participation in the implementation of decisions taken at the Ministerial Conferences on the Protection of Forests in Europe and will support the further development of cooperative action in this regard. This will be achieved in particular through the Community actions in relation to forest protection, research, forest information and communication as well as through the existing instruments relating to the conservation of natural habitats and genetic resources and through the continued implementation of the IPF proposals for action.

Particular attention should be paid to the protection of boreal forests in Russia and in the New Independent States and to the preservation of its privileged ecological status in particular in terms of biodiversity.

- at global level:

The Community will maintain a pro-active presence in the international discussion and negotiation forums relating to forests, in particular the IFF (International Forum on Forests), and will promote a global legally binding instrument concerning management, conservation and sustainable development of all types of forests. The Community should also seek to develop, where appropriate, international standards in the forestry sector.

10. Coordination

The commitments entered into in the framework of the pan-European and other international processes to establish national or subnational forest programmes emphasise the benefits of effective coordination between the various policy sectors which have an influence on forestry within the Member States. At Community level, coordination and consultation on Community measures relating to forestry will principally involve two main cooperation platforms:

- the Standing Forestry Committee²³, which brings together representatives of the Member States with the Commission in the chair and which has three roles:
 - an advisory, regulatory and management function for specific forest measures;
 - an ad hoc consultation forum providing expertise and monitoring for forestry measures or initiatives in the framework of various Community policies such as those on rural development, environment and research;
 - a venue for the exchange of information among Member States and with the Commission and for voluntary coordination on international forestry issues.
- the Consultative Committees, advising the Commission, providing opinions and promoting exchange of information:
 - Forests, including cork²⁴ bringing together forestry players from the professional and associated worlds in order to exchange information and opinions on forestry matters with a European dimension,

²³ Set up by Decision 89/367/EEC (OJ L 165, 15.6.1989, p. 14)

²⁴ Decision 98/235/EC (OJ L 88, 24.3.1998, p. 59)

- Forestry and Forestry-based Industry²⁵, bringing together representatives from the whole spectrum of EU forest-based industries and forestry, working actively through six working groups.

Coordination within the Commission between departments dealing with Community policies relating to the forestry sector will be organised through ad hoc interdepartmental networks depending on the subject to be dealt with.

C. Forestry measures under Agenda 2000

1. Support for the Member States in their efforts to achieve sustainable forest management

The Commission proposal on rural development policy in the context of Agenda 2000 provides a good basis for providing support for the Member States in their implementation of the strategy to promote the management, conservation and sustainable development of forests.

Taking into account the basic principles of Agenda 2000, e.g. stimulating employment and improving the quality of our natural environment and the quality of life, the main objective of the rural development proposals is to allow Member States to develop integrated programmes at an appropriate regional level to meet the diverse needs of European rural areas. Sustainable forestry management measures dovetailing with other rural development initiatives form a crucial part of the overall strategy.

Rural development programmes will accordingly enable the Community to support the implementation of national and subnational forest programmes or equivalent instruments in line with the objectives of rural development and in accordance with the principle of subsidiarity.

Through their regional and national programmes the Member States will work out their needs at the appropriate level and define their priorities in order to obtain a contribution from the Union to implement the forestry strategy and respond to the need for action stemming from international Conventions, such as those on Biological Diversity, Climate Change and Desertification and the implementation of IPF proposals.

The forestry chapter of the Commission proposal on rural development policy provides support for a whole range of actions to promote sustainable management of forests and to contribute to specific problems, such as biodiversity, climate change or wood as a source of energy, by means of:

- forest protection measures;
- the development and enhancement of the socio-economic potential of forests;
- preserving and improving the ecological value and restoring damaged forests and ensuring the protective functions of forests;
- promoting new outlets for the use of wood and extending the area under forests through afforestation;
- joint management of small woodlands through the setting-up of associations of forest owners;

²⁵ Decision 97/837/EC (OJ L 346, 17.12.1997, p. 95)

- education and training programmes, especially targeting forest owners and managers and focusing on new opportunities and techniques for the production of goods and services from forests and on techniques compatible with the maintenance of the landscape and the protection of the environment.

Forestry measures as laid down in the Agenda 2000 proposals are integrated into the rural development programming and the reorganised financial rules. In regions qualifying for Objective 1 or eligible under the new Objective 2 these measures shall be part of the integrated programmes of the Structural Funds. The evaluating of measures covered by rural development programming including forestry measures, shall be carried out on the basis of principles and procedures laid down in the proposals. These include ex-ante, intermediate and ex-post evaluations concerning the effectiveness and efficiency of community financed interventions.

2. Pre-accession measures

The Commission has presented a proposal for a Council Regulation on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period relating in particular to:

- (a) resolving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries;
- (b) contributing to the implementation by them of the *acquis communautaire* as regards the common agricultural policy and related policies.

Support for agricultural and rural development may in particular cover forestry, including afforestation, investments in forest holdings owned by private forest owners and the processing and marketing of forestry products.

This Commission's proposal contributes to the management, conservation and sustainable development of forests in central and eastern Europe, emphasis being laid on the following problems in particular:

- the health condition of forest ecosystems, disturbed mainly by industrial pollution or poorly regulated domestic heating, is a major concern; solutions to these environmental concerns need to be found in several policy areas whereas forestry policy should seek to preserve or restore the forest heritage whenever possible;
- the adaptation of the forestry sector to internal market rules is uncertain since problems such as the development of ownership pattern are unclear. The Community should focus its efforts on enabling these countries to achieve sound implementation of sustainable forest-management practices and to avoid environmental threats, although the high demand for cutting is increasing owing to the recovery of the market for wood and the general economy. Community support for the processing and marketing of forestry products should focus in particular on environmental issues to enable these countries to comply with the Community's environmental standards and avoid creating any distortion of competition on global markets;
- there is a clear need to improve the infrastructure and functioning of the forestry sector in the applicant countries. Promoting institutional and capacity building

activities, particularly forest statistics, is important during the pre-accession phase to enable sustainable forest management procedures to be set up or reinforced. To ensure wide application of proposed measures, support to establish forest owners associations or other structures that will promote dissemination of relevant information to obtain the objectives of sustainable forest management is needed.

D. Specific items relating to forestry

1. Conservation of forest biodiversity²⁶

Addressing biodiversity concerns in forests requires measures in three areas: the conservation, the sustainable use and the equitable sharing of benefits arising from the use of forests' genetic resources.

In this context, actions for the conservation of forest biodiversity should be taken both "in situ" and "ex situ".

Within the Union the in-situ conservation of forest biological diversity could be largely achieved by appropriate forest management systems as actually there exist only few forest areas which are withheld from commercial utilisation.

Actions for in situ conservation should consider, inter alia, two main aspects :

- a) Conservation and enhancement of biodiversity in sustainable management systems for all forests to ensure that forest species are able to survive under natural conditions and are able to maintain or recover vigorous populations over their distribution area. This implies that forest managers need to take into account guidelines for, inter alia:
- appropriate ecological site adaptation measures through diverse silvicultural techniques combined with accessory measures (e.g. respecting dead wood and other key micro-habitats present in forests). Particular emphasis should be given to regeneration methods, such as natural regeneration, to preserve the local genetic pools; tree species and varieties that are planted should be native or well suited to local conditions and ecosystems;
 - maintenance of forest ecosystem health and vitality by enhancing regenerative capacity, resistance and adaptive capacity of forest ecosystems;
 - restoration and rehabilitation of degraded areas, species, populations, habitats and ecosystems;
 - maintenance of traditional management of silvo-pastoral systems with high levels of biodiversity which may be lost if these areas are abandoned (e.g. in the Mediterranean regions)
 - improving harvesting techniques to keep related damages as limited as possible;
 - conducting afforestation measures in a manner that does not negatively affect ecologically interesting or noteworthy sites, habitats and ecosystems landscapes (e.g. the chosen tree species should be well suited to local conditions and ecosystems; native species or local provenances should be preferred; whenever

²⁶ See also COM(1998)42 final - Communication from the Commission to the Council and the European Parliament on a European Community Biodiversity Strategy

introduced species are used, sufficient attention should be taken to ensure the conservation of native flora and fauna).

The implementation of such guidelines should usually be location-specific and depend on the bio-geographical and biophysical characteristics of the forests and their biodiversity as well as on economic and social aspects.

b) The establishment of specially managed protected zones as a complementary instrument to sustainable management of forests.

The conservation of the remaining areas of primary forests and the protection of areas with high ecological fragility need specific initiatives through the establishment of protected areas.

Such protected areas should contribute significantly in furthering the management of all types of forests on a sustainable basis, and also to enhance social, cultural, environmental and economic benefits of forests. A broader "bio-regional" approach is therefore necessary which incorporates biodiversity conservation objectives with a sustainable use of the biological resources and relevant socio-economic issues when forest sites are selected on the basis of species richness, threats or biological criteria as being of international value for forest biodiversity.

The full participation of all concerned people, including forest owners, during both the decision process to establish these areas and their management is specially relevant as the conservation of biodiversity often depends on the maintenance of human activities in such areas; an active information policy in the scope of any management restrictions is required. The responsible authorities should ensure the involvement of forest owners in developments on protected areas.

In this context, the EU is contributing to the establishment of protected areas through the ecological network "NATURA 2000" consisting of "Special Protection Areas" (SPAs) emanating from the Birds Directive²⁷ and "Special Conservation Areas" (SCAs) emanating from the Habitat Directive²⁸.

Measures taken pursuant to these Directives are designed to maintain or restore, at favourable conservation status, natural habitats and species of wild fauna and flora of Community interest, taking account of economic, social and cultural requirements and regional and local characteristics.

Actions for ex-situ conservation should consider, *inter alia*, measures related to conservation, characterisation, collection and utilisation of genetic resources in forestry in the frame of Council regulation 1467/94²⁹

In addition, it should be also important to enhance:

- efforts to harmonise approaches to data collection and analysis of indicators for assessing biodiversity of forest ecosystems by supporting the applications of the pan-European criteria and indicators for sustainable management in the framework of the EFICS regulation

²⁷ Council Directive 79/409/EEC of 2.4.1979 (OJ No L 103, 25.4.1979, p. 1)

²⁸ Council Directive 92/43/EEC of 21.5.1992 (OJ No L 206, 22.7.1992, p. 7)

²⁹ OJ No L 159, 28.6.1994, p. 1

- research actions on the impacts of management systems in biological diversity and on how forest management systems can maintain and enhance biological diversity, while ensuring their economic viability.

Taking into account the principle of subsidiarity, the Member States have the responsibility to integrate biodiversity concerns in an appropriate way in their national forest programmes or equivalent instruments.

Within the Commission's proposal on Rural Development, the Community will have the possibility to support such efforts of the Member States and in particular by supporting actions to preserve and enhance the ecological values of forest, to support training activities, to preserve and improve the ecological stability of forests or restoring damaged forests in areas of serious natural handicaps as well as by appropriate afforestation measures adapted to local conditions and ecosystems.

Furthermore it should be noted that the Community specific forestry protection measures (atmospheric pollution and forest fires) contribute to the conservation of biodiversity.

The measures proposed by the Commission in Agenda 2000 and in particular in the forest chapter of the draft regulation on rural development are a useful instrument to enhance biodiversity but much of its efficiency will depend on the relevance of the programmes and measures which will be implemented at national and regional level. Therefore, the Commission will maintain the situation of biodiversity in forests under review. Subject to the conclusions of that review, the Commission will present proposals for action on the conservation and sustainable use of forest biodiversity, in accordance with the commitments laid down in the communication on a European Community Biodiversity Strategy, and taking into account the efforts done at global and pan-European level in this context.

2. Wood as a source of energy

The White Paper for a Community strategy and action plan entitled "An Energy Policy for the European Union"³⁰ predicts that the percentage of energy produced from renewable sources will amount to 12% of total energy by the year 2010 (the current level is less than 6%), and thereby anticipates a substantial increase in the use of biomass for energy purposes in addition to extensive use of hydropower, wind and solar energy. The potential that forests can play as a source of energy, either by short rotation plantations or by the use of forest residues and available low quality wood should be favoured.

When exploring the possibilities of increasing the potential of energy crops from forestry, the following considerations must be taken into account:

- the potential of wood-based biomass as a source of energy should not be overstated on the basis of general theoretical data about the availability of forest resources, because these resources vary in distribution and type, which partly explains the difficulty in evaluating their real potential for energy use at EU level;

³⁰ COM (95) 682 final of 13 December 1995.

- at present wood is in most cases a more expensive raw material for energy production than competing products. One way to address this could involve adjusting taxes. Any change in tax systems in the Member States or at EU level should take due account of demand for wood products and the requirements of industry for sustainable wood products;
- although short rotation forestry for energy production can contribute to a slowing of the rise in atmospheric carbon dioxide concentrations, care should be taken to ensure that this does not have adverse effects on the environment.

The issue of Community support for the use of wood as a source of energy is currently being discussed within the framework of the Commission proposal on Rural Development.

3. Climate change

As explained in the Commission Communication entitled "Climate change - Towards an EU post-Kyoto strategy"³¹, forests play an important role in the global carbon cycle. In some regions they are net sources of carbon dioxide, primarily as a result of deforestation and forest degradation, whereas in other regions, including Europe, they act as net carbon sinks. There is however little scientific knowledge available to date about the potential of carbon sinks in relation to forest ecosystems and research efforts in this area must therefore be stepped up. The authoritative Intergovernmental Panel on Climate Change (IPCC) estimates that about 12% to 15% of projected carbon dioxide emissions from fossil fuel consumption world-wide from now to 2050 could be absorbed by slowing deforestation, promoting forest regeneration and increasing the area in plantation and agro-forestry systems. Tropical America has the greatest potential for increasing carbon storage, followed by Asia and tropical Africa³². However, this will not preclude the Community to encourage the optimisation of the sequestration capacities of European forests.

The potential of forests and forest soils as a carbon sink within the Union can be best utilised through the sustainable development and protection of our forests, even if our contribution to the global problem will remain rather limited. Furthermore, carbon uptake and storage by forests is a long-term process, which may have significant impact on a time scale of 20 to 50 years or even longer.

Forests can contribute to carbon storage through:

- maintaining and/or increasing existing carbon pools by improving existing forest protection and management;
- expanding forest area through afforestation of agricultural land, with species adapted to local conditions or preferably native species or local provenances;
- replacing fossil fuels with fuelwood from sustainably managed forests;
- replacing high-energy products (e.g. steel, aluminium and concrete) with industrial wood products (low-energy renewable raw material).

³¹ COM (1998) 353 final.

³² FAO report on state of the World's Forests, 1997.

All these objectives can be achieved through various forest management practices, land-use practices and marketing efforts which, in line with the principle of subsidiarity, should primarily be initiated by the Member States.

Reporting and verification are major issues which foresters have to face in the future. There is a specific need for a transnational system of accounting, based on current update methodologies, involving measurements, modelling and data-basing in order to fulfil the requirements of transparencies and verification of the implementation of the Kyoto Protocol.

The Community will make full use of its existing instruments such as the forest protection measures, research and development and the proposed forest measures in rural development to support the efforts of the Member States in relation to climate change, whose potential effects on the health status of our forests can not be underestimated either. The Commission will remain open-minded on the possibility of any further instruments.

4. Forest certification

Forest certification is defined as a procedure which consists of the verification, by an independent third party, that the forests in question are managed in a sustainable way. Related labelling to forest certification can be a mark guaranteeing that the raw material of a defined wood-based product is originating from a certified forest.

Forest certification therefore only refers to forest management and not to the entire life cycle of the wood-based product³³.

Forest certification systems and related labelling are market based instruments which aimed primarily to promote the sustainable management of forests and the use of forest products coming from renewable and sustainable sources.

In Europe such systems are also likely to contribute to improve consumer information on the environmental qualities of sustainable forest management and to promote the use of timber as an environmentally friendly and renewable raw material. The main objective is to establish comparability, credibility through sufficient verification of conformity to standards or performance indicators.

Forest programmes and policies of Member States are nevertheless the key instruments for ensuring that sustainable forest management and certification schemes can act as an additional incentive.

European forest-certification schemes and related labelling should be based on criteria and performance indicators comparable and compatible with internationally agreed principles. In addition, they should respect the following general principles: voluntary nature, credibility, transparency; cost effectiveness participation of all related interested parties, open access and non discrimination with respect of forest types and owners. One essential element providing credibility is the independent audit of forest management and chain of custody.

The Commission welcomes the initiatives taken by governments, regional authorities, NGO's or private sector for the potential experience they can offer. Recently,

³³ This aspect is covered by the Commission's proposal for a Council Regulation (EC) on a revised Community eco-label award scheme (COM/96/0603 final, OJ C 114, 12.4.1997, p. 9), amending Council Regulation (EEC) No 880/92 of 23 March 1992 on a Community eco-label award scheme.

representatives of forestry, forest industries and trade from several Member States began to elaborate a pan-European forest certification and authentication framework based on the pan-European criteria and indicators for sustainable management. Given certain limitations, risk of duplication and lack of comparability of all these initiatives, the Commission will analyse them and consider the need for possible complementary action at EC level, possibly involving a legal instrument laying down essential requirements for voluntary certification and labelling initiatives. Such an instrument would then provide for the introduction of an EU logo for sustainable forest management and address such issues as sustainable forest management standards, the level of assessment, auditing bodies, the chain of custody and dispute settlement.

E. Conclusion

At present the Commission considers that, together with the proposals on rural development in the context of Agenda 2000, the existing forestry measures provide an adequate contribution to an EU forestry strategy. The prolongation and eventual revision of the existing forestry measures will be envisaged in line with the objectives and recommendations of this strategy. The Commission will present at an appropriate time any further actions such as for example a Community framework for voluntary forest certification and related labelling initiatives in the Union.

The Commission calls on the Council to adopt the strategy as presented in this Communication.

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